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BRYCE REA, JR.

BRIAN L. TROIANO

ROBERT A. WIMBISH

ENTERED
Office of the Secretary

JUN 15 1998

Part of
Public Record

June 15, 1998



Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

Re: Finance Docket No. 33388, CSX Corporation and
CSX Transportation, Inc., Norfolk Southern
Corporation and Norfolk Southern Railway
Company--Control and Operating Leases/
Agreements--Conrail, Inc. and
Consolidated Rail Corporation

Dear Mr. Williams:

I am writing on behalf of the Wheeling & Lake Erie Railway to express appreciation for the Board's recognition of the importance of smaller railroads in providing essential and competitive service in regions affected by the CSX/NS/Conrail transaction. In particular, W&LE appreciates that conditions intended to provide competition and to further regional development were adopted specifically with the expectation that the Wheeling and other adversely affected smaller railroads will remain viable and will continue to be able to compete effectively in the interest of shippers and communities that depend on this service.

It is our understanding that the Board fully intends that the Wheeling is to be in a position to effectively compete for traffic to replace the substantial amount of interchange traffic and revenue it will lose within the region served by W&LE. We do understand and appreciate that time constraints and the number of issues addressed during the voting conference did not allow for detailed discussion of specific conditions recommended and adopted. However, the summary description of conditions adopted as remedies for the W&LE need clarification. If they are not clarified interpretation could result in unintended disputes, and affect not only the measure of relief intended but also the viability of the W&LE.

Mr. Vernon A. Williams
June 15, 1998
Page Two

The W&LE is aware of the Board's strong preference for direct negotiation and resolutions accomplished by private parties wherever possible. In this regard we urge that prompt clarification of the conditions adopted for the Wheeling will serve to assist in recouping lost revenue and to avoid serious disputes and disruptive delays in implementing the intended relief.

1. Rights to Toledo --

The W&LE requested a condition which sought haulage rights with underlying trackage rights in order to allow for the flexibility to move traffic with initial movements of smaller car load traffic via haulage and later, if opportunities are developed, via trackage rights for larger train size movements. Forcing an early decision on trackage rights or haulage rights could produce inefficient results and could be prohibitive to developing traffic if trackage rights had to be elected early in the business development. Conversely, if hauling election excluded subsequent conversion to trackage rights, the flexibility of providing W&LE service options would be limited and trainload traffic costs could be prohibitive. We seek clarification that the Board intends to grant this W&LE condition listed as #2 in its Trial Brief (WLE-8).

The standard transaction related trackage rights agreement between NS and CSX provides that the alternative carrier is to compensate the incumbent at a rate of 29 cents per car mile. Thus, the W&LE is willing to accept NS/CSX merger reciprocal trackage rights charges at 29 cents a mile and will negotiate for a reasonable haulage rate.

2. Huron Dock --

The W&LE currently has a lease with the NS for Huron Dock which is restricted to the commodity taconite (iron ore pellets) in conjunction with trackage rights to the Dock which are also restricted to taconite. (We have received lease waivers on minor commodities.) The Lease also may be canceled by NS on 90 days' notice. Post merger Dock

Mr. Vernon A. Williams
June 15, 1998
Page Three

traffic will compete directly with NS Wheeling Pittsburgh Steel traffic (and potentially with other NS/W&LE served integrated steel mills). The NS thus has a strong incentive to keep the restriction, shorten the duration or cancel the Lease. In order to maintain or enhance competition to its shippers and secure W&LE revenue to offset merger losses, the W&LE seeks to ensure it can maintain long term competitive access to the Huron Dock without fear of cancellation or restrictions. This condition will be critical to W&LE in refinancing its debt. Thus the W&LE seeks to clarify that its requested condition for a fifteen year conditional sale is granted in accordance with condition listed as #3 in the Trial Brief (WLE-8).

W&LE is willing to accept NS/CSX merger trackage rights charges at 29 cents a mile and will negotiate for reasonable conditional sale contract.

3. Rights to Lima, OH --

These rights, if they are to have value for developing future traffic, must, like the Toledo rights, be haulage rights with underlying trackage rights.

W&LE is willing to accept NS/CSX merger trackage rights charges at 29 cents a mile and will negotiate for reasonable haulage rates, terms and conditions.

The W&LE also seeks to confirm that the staff provision for the access to aggregate reflects W&LE condition #5 which attempts to establish a systematic coordination of originations and destinations over both applicants' lines in order to serve appropriate aggregate markets and generate revenues to offset merger losses. W&LE's evidence in WLE-4 and WLE-7 (Verified Statements of Steven W. Wait) substantiates the need for access over both applicants' lines to serve aggregate markets. While CSX has an aggregate origin (quarry) all new destinations are on NS. For example, in

Mr. Vernon A. Williams
June 15, 1998
Page Four

order for the W&LE to serve the Twinsburg, Macedonia or Hugo customer destinations, both NS and CSX trackage rights are required. To serve Ohio aggregate customers it is critical to receive rights over both applicants. In addition, if these markets are to be served, a low cost carrier is the most likely service provider for such a low rated commodity. Please confirm the Board intends to grant condition listed as #5 in WLE's Trial Brief (WLE-8).

W&LE is willing to accept NS/CSX merger reciprocal trackage rights charges at 29 cents a mile.

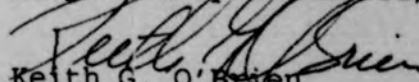
For the captive shippers on the Benwood to Brooklyn Junction line as well as for the W&LE, this condition involving local service is also very important. Thus, W&LE seeks to confirm and clarify that the Board intends that the rights to be granted to W&LE for local serve to Brooklyn Junction from the CSX Benwood interchange (with haulage and underlying trackage rights) are in accordance with W&LE requested condition #4 of its Trial Brief (WLE-8).

W&LE is willing to accept NS/CSX merger reciprocal trackage rights charges at 29 cents a mile and will negotiate for a reasonable haulage rate.

These requested clarifications are sought on an expedited basis in the conviction that they are needed to establish what revenues might be gained and to facilitate timely and effective negotiations among the affected rail parties in the interests of all those who are concerned with continuing availability of rail service from the W&LE within the region it serves.

I hereby certify that a copy of this request has been served upon all parties of record in this proceeding by first class mail, properly addressed with postage prepaid.

Respectfully submitted,


Keith G. O'Brien
Counsel for Wheeling & Lake
Erie Railway Company

cc: All Parties of Record

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CHARLES A. SPITULNIK
(202) 835-8196
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June 12, 1998

Honorable Vernon A. Williams, Secretary
Office of the Secretary
Case Control Branch
ATTN: STB Finance Docket No. 33388
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

ENTERED
Office of the Secretary

JUN 12 1998

Part of
Public Record



Re: Finance Docket No. 33388, CSX Corp., et al. - Control and Operating Leases/Agreements - Conrail, Inc., et al.

Dear Sir:

The City of Cleveland, Ohio, a party of record in the above referenced proceeding, hereby responds to the letter to this Board dated June 6, 1998, from Dennis G. Lyons, counsel for CSX Corporation and CSX Transportation, Inc., (collective "CSX"). In his June 6 Letter, CSX makes certain representations about the Settlement Agreement dated June 3, 1998 between CSX and Cleveland. The June 6 Letter also includes a copy of the Cleveland Settlement as Attachment 1. We are submitting this letter to clarify the statements made in that letter, particularly those that are not entirely accurate in their description of the contents of the Cleveland Settlement. It is important that this Board understand that the City of Cleveland agreed to the terms in the Settlement with the understanding that it would provide for the mitigation of adverse effects that are specific to the City, but that the mitigation that the FEIS would require CSX to undertake to address system-wide or regional impacts would be completed notwithstanding the Settlement, unless the parties agreed otherwise.

In the description of the Cleveland Settlement on page 1 of Attachment 1, the June 6 Letter states the following:

The parties' intent is that this agreement supersedes the following Recommended Conditions of the Final Environmental Impact Statement ("FEIS") with respect to the City of Cleveland: 11, 37 (A-F), 38(D): With respect to Recommended Condition 38(C), please note CSX's proposed modification in CSX's Comments on the FEIS, filed June 2, 1998.

The June 6 Letter is correct with respect to the following Conditions: 11, 37(B), 37(C) and 37(F). However, with respect to the others, the June 6 Letter is incorrect in some instances and incomplete in others, as explained further here:

1. Condition 37(A) would require CSX to adopt and modify the local component of the required Hazardous Material Emergency Response Plan to account for special needs of minority and low income populations adjacent to or in the immediate vicinity of rail lines in Cleveland. Section 6 of the Settlement Agreement requires CSX to "develop comprehensive pre-emergency response plans that are realistic and effective for prevention and mitigation of CSX rail incidents." CSX also agrees to adopt and implement the detailed Emergency Response Plan it had previously provided to the City. Since CSX will be working with the City to develop a pre-emergency plan for this community, the City expects that the process will include consideration of the special needs of at-risk populations near the CSX lines.
2. Condition 37(D) would require CSX to install emergency vehicle access points each half mile on the Marcy-to-Short Line segment. This segment is approximately 7.5 miles long, which would require 15 access points. The draft pre-emergency response plan that CSX has developed includes only 11 access points, but states that additional access points may be identified with the goal of placing them every 1/2 mile. The Marcy-to-Short segment is a part of a longer segment from Quaker (at the west end of Collinwood Yard) to Short, which is approximately 18 miles long and which is all grade separated. In discussions on this point with the City, CSX had stated that it would work towards development of 30 or more access points, which is closer to the objective of reaching one every 1/2 mile along the entire grade-separated line. CSX has provided the City's Fire Chief with a list of proposed access points along the entire length of the Short Line. This is what the City had expected would be included in the final pre-emergency response plan. When that is accomplished in accordance with CSX's oral representations during the negotiations, the Settlement Agreement will supplement but not supersede the mitigation proposed in the FEIS.

3. Condition 37(E) requires CSX to make improvements along 152nd Street. This condition is specifically incorporated into the Settlement Agreement at paragraph 12. It is not superseded.
4. Condition 38(D) is not superseded in any respect.
 - (a) The reference in paragraph 2 of the Settlement Agreement to installation of continuous welded rail ("CWR") on the Short Line was not intended to remove the obligation stated in sub-paragraph (a) of Condition 38(D) to install CWR where practicable in all new rail construction and rail replacement and to implement a program to eliminate jointed rail in residential neighborhoods.
 - (b) Nothing in the Settlement Agreement supersedes the obligation to install rail lubrication on curves where doing so would produce effective mitigation of noise.
 - (c) The Settlement Agreement includes in paragraph 3 a specific obligation to maintain bridges in accordance with existing Conrail agreements and with applicable and enforceable laws. This was not intended to supersede any obligation to inspect these bridges regularly to insure structural integrity and adequate maintenance.
 - (d) The Community Advisory Committee established in paragraph 7 is intended to implement, not supersede, this requirement.

In a filing on June 2, CSX proposed changes to the mandate of Condition 38(C), which establishes an "early warning" ring around the greater Cleveland area to warn of equipment defects that could create an accident involving hazardous materials. Before addressing the specifics of those changes, it is important to note that this condition is clearly not superseded by the Settlement Agreement. In its June 2 filing, CSX attempts to limit the installation of Wheel Impact Load Detectors. While the City's experts have not yet had an opportunity to study this matter completely, the initial reaction is that such a device may be sufficient 60 miles to the east of Cleveland for trains approaching from that direction, but that such a device is also needed near the west side to provide the protection this device affords for trains entering from that direction. A defect discovered by one of these detectors will not necessarily cause the train to stop immediately, but will likely lead to a reduction in speed, which could reduce the noise from the defective wheel as well as the likelihood of a dangerous incident that could involve hazardous materials. Accordingly, the City believes that installation of a detector in Olmsted Falls or elsewhere near the west side is a good idea.

Honorable Vernon A. Williams, Secretary
June 12, 1998
Page 4

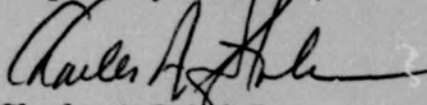
With respect to hot bearing/dragging equipment detectors ("hot boxes"), the City does not object to the proposed change in location that is identified in the CSX June 2 filing.

Other than the clarifications included here, the City of Cleveland agrees with CSX that, except as indicated here, the Settlement Agreement does not supersede any of the other required mitigation measures in the FEIS.

Thank you for allowing the City to respond to the points raised in CSX's June 6 Letter.

Please note that a copy of this letter is enclosed on a 3.5 inch diskette in WordPerfect 5.1 format. An additional 25 copies of this letter are also enclosed, along with an extra copy for file stamp and return with our messenger.

Respectfully submitted,



Charles A. Spitznik
Counsel for the City of Cleveland, Ohio

cc: Dennis Lyons, Esquire
Peter Shudtz, Esquire
Richard Allen, Esquire
All Parties of Record

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BALL JANIK LLP

A T T O R N E Y S

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TELEPHONE 202-638-3307
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LOUIS E. GITOMER
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(202) 466-6532

188163
ORIGINAL



APL-24

June 9, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: STB Finance Docket No. 33388, CSX Corporation and CSX Transportation, Inc.,
Norfolk Southern Corporation and Norfolk Southern Railway Company--Control
and Operating Leases/Agreements--Conrail Inc. and Consolidated Rail
Corporation

Dear Secretary Williams:

Pursuant to the decision reached at the voting conference on June 8, 1998, APL Limited ("APL") requests that the Surface Transportation Board (the "Board") clarify, in its decision on CSX/NS-206, that in modifying the protective order in Decision No. 1 to allow CSX and NS to examine Conrail's rail transportation contracts with shippers that the terms of APL's contract with Conrail be protected from disclosure to any and all of CSX's ocean carrier, water carrier and intermodal affiliates, specifically including, but not limited to, Sea-Land Service, Inc. (including all of its subsidiaries) and CSX Intermodal, Inc. (including all of its subsidiaries). It was not clear from the voting conference on June 8, 1998 that this specific disclosure protection would be included in the decision granting CSX/NS-206. If disclosure protection is not provided in the decision on CSX/NS-206 it would be futile to later include disclosure protection in the decision approving the application since CSX's affiliates would have already had access to the contract and the irreparable harm to APL already would have occurred.

APL also requests that the disclosure protection not be dictated by Applicants, but that Applicants be required to agree with APL on the disclosure protection. APL has a greater interest in protecting the confidentiality of its contract with Conrail from CSX's affiliates than either CSX or NS. In addition, APL commits to act expeditiously to agree on disclosure protection with CSX and NS.

BALL JANIK LLP

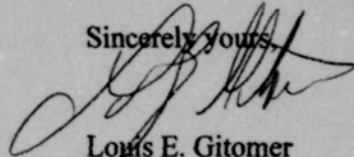
Honorable Vernon A. Williams

June 9 1998

Page 2

Twenty-five copies of this letter are attached. A 3.5-inch diskette with the file name apl.24 in Word 6.0 format is also enclosed. Please time and date stamp the extra copy of this letter and pleading. Thank you for your assistance. If you have any questions, please call me.

Sincerely yours,

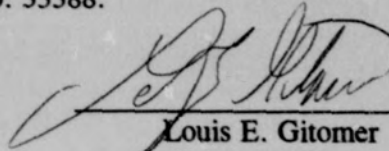


Louis E. Gitomer

Attorney for APL Limited

CERTIFICATE OF SERVICE

I hereby certify that I have caused APL-24 to be served by hand on Applicants' representatives in this proceeding and by first class mail, postage pre-paid on all other parties on the service list in STB Finance Docket No. 33388.



Louis E. Gitomer

June 9, 1998

STB

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COMMONWEALTH of VIRGINIA

Office of the Governor

James S. Gilmore, III
Governor

June 2, 1998



Mr. Vernon A. Williams
Secretary
Surface Transportation Board
STB Finance Docket No. 33388
1925 K Street, N.W.
Washington, D.C. 20423-0001

RE: CSX Corporation and CSX Transportation, Inc.
Norfolk Southern Corporation and Norfolk Southern Railway Company
-Control and Operating Leases/Agreements-
Conrail Inc. And Consolidated Rail Corporation

Dear Mr. Williams:

As the Surface Transportation Board prepares to conclude its review of the proposed acquisition of Conrail by CSX and Norfolk Southern, I would like to reiterate the Commonwealth of Virginia's strong support for this pending merger.

CSX and Norfolk Southern (NS) have both earned a well-deserved reputation for providing quality customer service while fostering a strong tradition of community service. As the long-time base of operations for both of these companies, the Commonwealth of Virginia is uniquely qualified to recommend that CSX and NS be allowed to expand their operations. Undoubtedly, NS and CSX will both be responsive to communities throughout the new regions they propose to serve.

The addition of Conrail routes will create two stronger transportation companies, offering Virginia businesses and citizens better access to the northeast markets. Improved routes between Hampton Roads and the Midwest and beyond will assist our ports and we are confident that the enhanced rail configuration in the eastern United States will open new market opportunities for products produced throughout Virginia.

The agreement reached by CSX and NS will bring much more rail competition and better access to areas that our industries have had difficulty in reaching. Seamless railroad access to the Northeast markets will improve freight transit times and this competitive rail package should benefit those in our communities who ship and receive goods both to and from these areas.

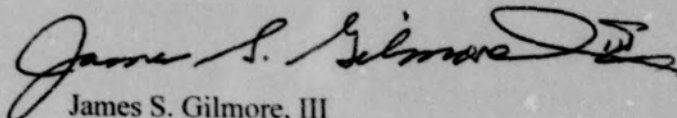
Mr. Vernon A. Williams
May 27, 1998
Page Two

NS and CSX are host railroads to our commuter rail service, the Virginia Railway Express (VRE) that began in 1991. CSX, NS, are working with VRE to improve commuter rail service along the Manassas to Washington, D.C. and Fredericksburg to Washington, D.C. corridors. I am confident that, as CSX and NS prepare to interact with additional commuter rail systems, they will continue to honor their commitments to VRE and to Virginia's rail commuters.

Again, on behalf of the Commonwealth of Virginia, I am pleased to strongly recommend the Surface Transportation Board's prompt approval of the proposed acquisition of Conrail by CSX and Norfolk Southern. If you require further details regarding the impact on Virginia of this merger, kindly contact me or my Secretary of Transportation, Shirley J. Ybarra.

With warm regards, I remain,

Very truly yours,



James S. Gilmore, III
Governor of Virginia

JSGIII/dbb

cc: The Honorable Linda J. Morgan, Chairman
Surface Transportation Board

The Honorable Gus A. Owen, Vice Chairman
Surface Transportation Board

STB

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JONES, DAY, REAVIS & POGUE

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WRITER'S DIRECT NUMBER:

June 8, 1998

ENTERED
Office of the Secretary

JUN 08 1998

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Public Record

BY HAND

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001



Re: CSX Corporation and CSX Transportation Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreements -- Conrail, Inc. and Consolidated Rail Corporation. Finance Docket No. 33388

Dear Secretary Williams:

We write to assure that the public record in the above referenced proceeding is clear with regard to a matter that arose in oral argument on Thursday June 4, 1998. We represent National Lime & Stone Company (National), a small corporation operating in Ohio that produces limestone in various forms. National ships its limestone products on Conrail from Western Ohio to points east of Crestline, Ohio. As the result of the transaction contemplated in the above referenced proceeding, National Lime is threatened with having the single-line service it now receives from Conrail replaced by two-line service, which offers inferior service quality at higher cost. If the transaction has such 1 to 2 results for National, National will experience the significant business losses that are described in the record.

During the rebuttal phase of oral argument on June 4, Mr. Richard Allen, speaking on behalf of Norfolk Southern, stated:

With respect to the three Ohio stone shippers that have presented requests for conditions in this case, we have had discussions with them with respect to their problems and have tried very hard to work out their problems. We have not succeeded in reaching an agreement with all of them.

However, for perfectly valid and independent commercial reasons, Norfolk Southern and CSX concluded that, well, indeed, if a reciprocal grant -- not a reciprocal, but a grant to each other of

Mr. Vernon A. Williams, Secretary
June 8, 1998
Page 2

operating rights would make sense, a grant to each other of operating rights that would permit one or the other of them to continue providing single-line service to those three shippers on the -- for the movements that they are currently moving, would make sense to both of our railroads.

* * * * *

We have offered each of those shippers to sign on to that agreement. One of them -- Martin Marietta -- has done so, and has, therefore, withdrawn from this proceeding. The other two are not satisfied even so -- even still with what we have agreed to do. I think they -- I suppose that they want more and want to be able to have single-line service for the rest of time to wherever they want to go.

Transcript at 371-73. See Attachment A hereto. The existence of this new agreement between Norfolk Southern and CSX was later confirmed by Mr. Lyons, counsel for CSX, when he appeared during the rebuttal phase of oral argument. Transcript at 433-34 ("the others who are remaining apparently want routes to be kept open which do not exist today -- where no traffic is moving today, but they think they might like to go in the future.").

Because the representations made by Messrs. Allen and Lyons appeared to offer to our client continued single-line service, and our client had been unaware of any such proposal, we returned to the office late Thursday evening to write to Messrs. Allen and Lyons to describe our understanding of the implications of what they had said. That letter was sent by facsimile transmission to each of them Friday morning. A copy of the letter is attached. See Attachment B.

To the time of this writing we have had no response from either Mr. Allen or Mr. Lyons. However, at approximately 2:15 p.m. on Friday afternoon, June 5, our client received a copy of an agreement between Norfolk Southern and CSX, which National was asked to sign. The agreement appears to be the agreement referenced by Messrs. Allen and Lyons during oral argument.

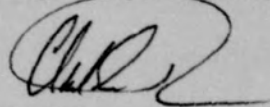
The agreement falls far short of offering National continued single-line service to all destinations currently served by Conrail (or in the words of Mr. Allen "for the movements that they are currently moving"). Indeed, the only one of National's current single-line rail movements that would be covered by the agreement is National's shipments from its Bucyrus (Spore), Ohio quarry to its Wooster sales yard, and then only for aggregates that are shipped in 40-car unit trains. As explained in National's Protest in this proceeding, relevant excerpts of which were

Mr. Vernon A. Williams, Secretary
June 8, 1998
Page 3

attached to our June 5 letter to Messrs. Allen and Lyons, the single-line service that National now receives from Conrail is not nearly so limited. A copy of the agreement CSX sent to National for the first time Friday afternoon is attached. See Attachment C.

We write to assure that the Board, as it considers its disposition of this matter this afternoon, does not operate under a false impression that the agreement described by Mr. Allen and Mr. Lyons even begins to remedy the injuries that National will experience if the transaction is approved without conditions assuring to National continued single-line service to current destinations. Your immediate attention to this letter and the enclosures is sincerely appreciated.

Respectfully submitted,



Clark Evans Downs
Counsel for National Lime
& Stone Company

cc: Chairman Morgan, by hand
Vice Chairman Owen, by hand
Administrative Law Judge Levantahl
Richard A. Allen, Esq., by facsimile
Dennis G. Lyons, Esq., by facsimile
All Parties

ATTACHMENT A

UNITED STATES OF AMERICA

+ + + + +

SURFACE TRANSPORTATION BOARD

+ + + + +

ORAL ARGUMENT

+ + + + +

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

STB FINANCE DOCKET NO. 33388

+ + + + +

THURSDAY

JUNE 4, 1998

+ + + + +

WASHINGTON, D.C.

+ + + + +

The Public Hearing convened at The Surface
Transportation Board, 1925 K Street, N.W., Room 760,
at 10:00 a.m.

BEFORE:

LINDA J. MORGAN, Chairman

GUS A. OWEN, Vice-Chairman

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 CHAIRMAN MORGAN: And that's the main
2 point?

3 MR. GITOMER: That is their main point and
4 certainly that is APL's main point.

5 CHAIRMAN MORGAN: Thank you. Questions?

6 VICE CHAIRMAN OWEN: No questions.

7 CHAIRMAN MORGAN: Thank you all.

8 MR. GITOMER: Thank you very much for your
9 time.

10 CHAIRMAN MORGAN: I think what we're going
11 to do now is take a 20 minute break. Come back about
12 25 after 5 and then we will go to the applicants for
13 their rebuttal.

14 (Off the record.)

15 CHAIRMAN MORGAN: Okay. We are on the
16 last group.

17 As I understand it, Mr. Allen, you have 45
18 minutes. And Mr. Lyons and Mary Gay Sprague and
19 Samuel Sipe have 45 minutes.

20 MR. ALLEN: Thank you, Madam Chairman --
21 Chairman Morgan, Vice Chairman Owen.

22 As we did in our briefs, my rebuttal will

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 lose a friendly connection at Bellevue. And in the
2 spirit of Chairman Morgan's statement this morning
3 that she hopes that the railroads will respond to the
4 concerns that have been expressed, we have discussed
5 this issue and are hereby responding by saying we
6 would not object to the Wheeling's getting trackage
7 rights from Bellevue to Toledo to connect there with
8 all the railroads serving Toledo, including the Ann
9 Arbor, and including the Canadian National, a
10 transcontinental railroad. And so we would not have
11 - an objection to that, even though we would otherwise
12 believe it not to be competitively justified or
13 justified under the Board's precedents.

14 Does that answer your question?

15 CHAIRMAN MORGAN: Yes, it does.

16 MR. ALLEN: Okay.

17 (Laughter.)

18 CHAIRMAN MORGAN: You've heard me answer
19 it -- asking questions about Toledo. You've --

20 MR. ALLEN: Yes. We heard those questions
21 loud and clear.

22 CHAIRMAN MORGAN: That's good.

1 (Laughter.)

2 It's hard to misunderstand me, you know.

3 (Laughter.)

4 MR. ALLEN: Ohio stone shippers -- we have
5 also heard considerably about Ohio stone shippers and
6 think we have, likewise, a response of the same
7 nature.

8 Originally, in this case, there were three
9 Ohio stone shippers that were seeking conditions.
10 Their basic contention is that they'll be suffering
11 - because they're going to be going from single-line
12 service to joint-line service, and they have asked for
13 various conditions that would ensure that they would
14 continue forever to get single-line service anywhere
15 they want to go.

16 The NIT League agreement, of course, has
17 dealt with the question of shippers that are going
18 from one railroad to two, and we believe provides a
19 reasonable accommodation for those shippers.

20 With respect to the three Ohio stone
21 shippers that have presented requests for conditions
22 in this case, we have had discussions with them with

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1 respect to their problems and have tried very hard to
2 work out their problems. We have not succeeded in
3 reaching an agreement with all of them.

4 However, for perfectly valid and
5 independent commercial reasons, Norfolk Southern and
6 CSX concluded that, well, indeed, if a reciprocal
7 grant -- not a reciprocal, but a grant to each other
8 of operating rights would make sense, a grant to each
9 other of operating rights that would permit one or the
10 other of them to continue providing single-line
11 - service to those three shippers on the -- for the
12 movements that they are currently moving, would make
13 sense to both of our railroads.

14 Because of, really, the unique nature of
15 this transportation -- its fairly short haul, it's a
16 very low-rated commodity -- and for that reason, we
17 have agreed among ourselves and have reached an
18 agreement with ourselves -- between ourselves -- to
19 give each other operating rights to permit single-line
20 service to these three shippers.

21 We have offered each of those shippers to
22 sign on to that agreement. One of them -- Martin

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1 Marietta -- has done so, and has, therefore, withdrawn
2 from this proceeding. The other two are not satisfied
3 even so -- even still with what we have agreed to do.
4 I think they -- I suppose that they want more and want
5 to be able to have single-line service for the rest of
6 time to wherever they may want to go.

7 We don't, with all respect, think that's
8 a reasonable request. We think what we have done,
9 what we have agreed with CSX to do, is a reasonable
10 response to their concern. And to the extent that
11 - doesn't satisfy them, we think the provisions in the
12 NIT League agreement should. And that's what we have
13 done with respect to those stone shippers.

14 I leaped ahead a little bit when I
15 finished talking about the Wheeling. I meant to talk
16 right thereafter about the Ann Arbor. The Ann Arbor
17 makes a similar claim to the Wheeling. It is a claim
18 that -- their basic claim is that the transaction will
19 hurt them and thereby jeopardize essential services.

20 As in the case of the Wheeling, we believe
21 that the Ann Arbor has simply made no case for
22 essential services. They have not identified any of

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1 MR. ALLEN: Vice Chairman, I don't know --

2 VICE CHAIRMAN OWEN: Just speculating.

3 MR. ALLEN: I don't know how it would
4 operate.

5 VICE CHAIRMAN OWEN: I don't either.

6 MR. ALLEN: NS gets there. They're going
7 to be operating traffic through Buffalo. They are
8 going to be serving industries in Buffalo.

9 You know, they are a very aggressive,
10 resourceful organization. I'm not privy to their
11 - marketing plans, but I expect that customers in
12 Buffalo of all sorts are going to be benefitting from
13 the presence of NS. But I can't tell you how the
14 shared assets area scenario would unfold.

15 CHAIRMAN MORGAN: Thank you.

16 Mr. Lyons?

17 MR. LYONS: Thank you, Madam Chairman.
18 and I would only confuse you by pretending to explain
19 it.

20 Vice Chairman Owen, if I might add a word
21 or two to what Mr. Sipe said.

22 I think it is the case that we have gone

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1 New York -- has a complaint which is clearly about a
2 preexisting situation. It presently lacks
3 connectivity with the Rochester Southern.

4 It accepted some additional track in terms
5 of getting closer to the Rochester Southern, though it
6 was aware that Conrail would not sell it rights to
7 make a connection. And now that Conrail is going out
8 of the picture, it seeks trackage rights in order to
9 make the connection.

10 As this is a preexisting situation, the
11 general issues of connectivity, I think, are not
12 presented by it. And it seems to be a clear violation
13 of the teachings in decision number 40 that
14 preexisting conditions were not to be imposed by the
15 Board and not to be filed.

16 There are a few other isolated shippers
17 which I'll mention very briefly. I was going to touch
18 on the two -- the so-called one to twos, but my
19 thunder was stolen by Mr. Allen who revealed the
20 proposal that has been made that has taken one of the
21 three Ohios out.

22 The others who are remaining apparently

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1 want routes to be kept open which do not exist today
2 -- where no traffic is moving today, but they think
3 they might like to go in the future.

4 And, you know, soon we have to adapt
5 ourselves to the rail map as it changes, and we can't
6 move new traffic over routes that we never had moved
7 traffic on before. That is one of the marginal costs
8 of this transaction; that in order to divide Conrail
9 between the two carriers, you had to divide it, and
10 that meant that some things which were single line
11 became joint line.

12 The NIT League settlement addresses that.
13 This particular win-win transaction which provides for
14 single line service on trackage rights, which is
15 suitable in a few cases, has been proposed, and that
16 is proposed for that situation.

17 I think that about covers the points I
18 intended to make. I had one answer to a question that
19 was put to Mr. Allen about the labor issues which
20 would be a little different, that was to remind you of
21 a statement that Mr. Snow made yesterday.

22 And that is that CSX expects to front end

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ATTACHMENT B

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CLEVELAND NEW YORK
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WASHINGTON, D.C. 20005-2088

TELEPHONE: 202-879-3939
TELEX: DOMESTIC 892410
TELEX: INTERNATIONAL 64363
CABLE: ATTORNEYS WASHINGTON
FACSIMILE: 202-737-2832
WRITER'S DIRECT NUMBER:

(202) 879-3883

June 5, 1998

VIA FACSIMILE

Richard A. Allen, Esq.
Zuckert, Scoutt & Rasenberger, L.L.P.
888 Seventeenth Street, N.W.
Suite 600
Washington, D.C. 20006-3939

Dennis G. Lyons, Esq.
Arnold & Porter
555 12th Street, N.W.
Washington, D.C. 20004-1202

Re: STB Finance Docket No. 33388

Gentlemen:

In discussing the request of our client National Lime and Stone Company (National) for conditions during the rebuttal phase of the oral argument held last evening, each of you separately stated that the Primary Applicants, for their own commercial reasons, had agreed to grant to each other operating or trackage rights that would permit continuing single-line service for current movements of the Ohio stone producers. Although you suggested to the Board that this agreement had been communicated to our client, the only proposal of which National has been informed was an offer by Derek Smith, a CSXT Assistant Vice President for Marketing, that would have preserved single-line service from National's production facility at Bucyrus, Ohio (Spore) to National's sales yard at Wooster, Ohio.

We understand your statements last evening to mean that the Primary Applicants will make the necessary arrangements to assure National continued single-line service from National's production facilities located at Carey and at Spore to all destinations (and customers) currently served by single-line Conrail service. These movements and the products shipped by National were identified in National's protest and request for conditions filed in this proceeding on October 21, 1997. A copy of the relevant pages of the protest is attached to this letter.

We further understand your statements to mean that, while possible future additional destinations east of Crestline, Ohio are not covered, the proposal to continue single-line service to

Richard A. Allen, Esq.
Dennis G. Lyons, Esq.
June 5, 1998
Page 2

current destinations (and customers) covers all products moved by National on Conrail today and that the proposed arrangement is not temporally limited. In other words, the Primary Applicants would continue to offer such single-line service until the holder of the trackage or operating rights that make such continuing service possible obtained permission to abandon such rights.

By copy of this letter, we are making National aware of the Primary Applicants' proposal. We believe this proposal, after all the details are understood and properly memorialized, might provide a reasonable basis for National to withdraw its request for conditions regarding single-line service. In order to reach such a settlement it will be necessary that the Applicants first confirm the understandings described in this letter and that the parties agree upon other important details. This would, of course, include the rates for service and whether the Primary Applicants contemplate an exchange of operating rights, as Mr. Allen said, or trackage rights, as Mr. Lyons said. In addition we request that the Primary Applicants promptly advise the Board in writing that National had not been advised of the arrangements you described to the Board last evening during oral argument and that, consequently, National did not reject such arrangements on the basis that the arrangements did not contemplate single-line service to new destinations notwithstanding your representations to the contrary.

I urge that representatives of the Primary Applicants immediately contact Chuck Hodgkiss at National (telephone number 419-422-4341) to confirm our understanding of your proposal and to further explore a private resolution of National's concerns regarding the loss of essential rail service to its existing markets east of Crestline. I note that the proposed arrangements do not address National's concern for the continuing viability of the Wheeling and Lake Erie and it would be useful to discuss with National what plans the Primary Applicants have to address that situation.

Sincerely,

Clark Evans Downs / KBD

Clark Evans Downs

cc: Thomas W. Palmer, Esq.
Chuck Hodgkiss

ATTACHMENT

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

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

PROTEST OF NATIONAL LIME AND STONE COMPANY
AND REQUEST FOR IMPOSITION OF CONDITIONS

Thomas W. Palmer
Clare K. Smith

MARSHALL & MELHORN
Four Seagate
Eighth Floor
Toledo, Ohio 43604

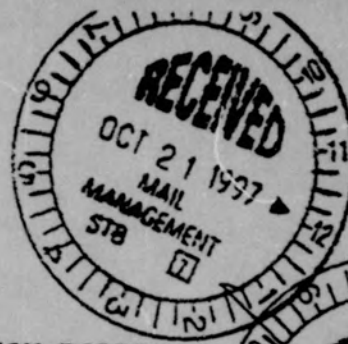
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419.249.7151-fax

Clark Evans Downs
Martin V. Kirkwood
Kenneth B. Driver

JONES, DAY, REAVIS & POGUE
1450 G Street, N.W.
Washington, D.C. 20005-2088
202.379.3939-voice
202.737.5906-fax

Counsel for
NATIONAL LIME & STONE COMPANY

October 21, 1997



used by National. Without this remedy, National will lose an important rail option serving its Carey facility.

A. Rail Shipments from Carey, Ohio That Will Be Adversely Affected by the Transaction.

At Carey, National is currently served by Conrail, CSXT and WLE to various markets. Carey is one of two sources in Ohio of dolomitic limestone, which is desirable for its high magnesium and low silica and sulfur content. National's single-line shipments from Carey via Conrail east of Crestline, Ohio include the following:

1. Shipment of calcined dolomitic limestone (i.e., lime) to Weirton Steel Company at its Weirton, West Virginia. These sales by National to Weirton provided National revenues of \$564,005, \$780,433 and \$438,953 in 1996, 1995, and 1994, respectively. Weirton pays the rail freight cost for these shipments under contract with Conrail.
2. Shipment of dried dolomitic limestone to PPG's Meadville (Stoney Point), Pennsylvania plant. These sales by National to PPG provided National revenues of \$259,000, \$252,986 and \$264,302 in 1996, 1995, and 1994, respectively. National pays the rail freight cost for these shipments under contract with Conrail and paid Conrail an average of \$14/ton for the three years 1994-1996.
3. Shipment of dried dolomitic limestone to Lesco's Martin's Ferry, Ohio plant. These sales by National to

Lesco provided National revenues of \$374,000 and \$243,000 in 1996 and 1995, respectively. Lesco pays the rail freight cost for these shipments under contract with Conrail.

National's single-line shipments from Carey via WLE east of Crestline, Ohio include the following:

1. Shipment of crushed dolomitic limestone to Medina Supply in Medina, Ohio. These sales by National to Medina Supply provided National revenues of \$2,410,000, \$2,641,000 and \$3,333,000 in 1996, 1995, and 1994, respectively.
2. Shipment of crushed dolomitic limestone to National's sales yards in Canton, Ohio. These shipments by National provided National revenues of \$2,757,273 and \$1,997,393 in 1996 and 1995, respectively.
3. Shipment of crushed dolomitic limestone to National's sales yards at Tuskey Valley in Midvale, Ohio, and in Cadiz Ohio. These shipments by National began in June 1996 and April 1997, respectively.

In 1996, National paid rail freight costs of \$3,300,000 to WLE and has budgeted \$3,500,000 for such costs in 1997.

3. Rail Shipments from Bucyrus, Ohio That Will Be Adversely Affected by the Transaction.

At Bucyrus, National is currently served only by Conrail. National's single-line shipments from Carey via Conrail east of Crestline, Ohio include the following:

1. Shipment of limestone to Weirton Steel Company at its Weirton, West Virginia plant. These sales by National to Weirton provided National revenues of \$776,440, \$521,393 and \$373,617 in 1996, 1995, and 1994, respectively.

2. Shipment of limestone to National's sales yards at Wooster, Ohio. These shipments by National via 50-car unit trains provided National revenues of \$2,331,000 and \$1,659,997 in 1996 and 1995, respectively.

National's estimates that its annual freight costs for movements to Weirton Steel from Bucyrus exceed \$1,100,000. National's freight costs for movements to its sales yards in Wooster were \$970,000 in 1996 and National has budgeted \$1,300,000 for such costs in 1997.

- C. The Transaction Will Materially Injure National and its Customers in Their Business Unless Conditioned to Prevent Harm.

The Railroad Control Application filed by CSX and Norfolk, in boasting about the substitution of single-line service for two-line service ("2 to 1") that the transaction will apparently offer to many shippers, amply explains the kinds of business injuries that the proposed transaction will visit upon National and its customers if it is approved without appropriate conditions. Kalt at 28; Gaskins at 13; Jenkins at 18. The 1 to 2 impacts on National will surely include significantly higher freight costs, delays in delivery and poorer service.

ATTACHMENT C

JUN -05' 98 (FRI) 14:14 CSX MINERALS
JUN-05-98 13:58 FROM:

TEL: 904 366 5847

P. 002

ID:8

PAGE 4

From
DELUCK
Smith
6/5/98**SETTLEMENT AGREEMENT**

NORFOLK SOUTHERN CORPORATION (NS) and CSX CORPORATION (CSX) on behalf of their rail carrier subsidiaries, NORFOLK SOUTHERN RAILWAY COMPANY (NSR) and CSXT TRANSPORTATION, INC. (CSXT) have filed an application before the Surface Transportation Board (STB) in Finance Docket No. 33388 (Application) for the authority to operate and control specified portions of Conrail.

CSXT and NSR recognize that the transportation attributes of short-haul aggregate do not in all instances lend themselves to efficient joint line rail service.

CSXT and NSR further recognize that CSXT will operate certain Conrail lines in western Ohio that will serve stone origin points of MARTIN MARSETTA MATERIALS, INC. (Martin), NATIONAL LIME AND STONE COMPANY (National) and WYANDOTTE DOLOMITE, INC. (Wyandotte) and NSR will operate certain Conrail lines in eastern Ohio that will serve certain stone destination points to which these stone shippers have recently shipped.

In light of the foregoing, CSXT and NSR agree as follows:

1. NSR will grant CSXT operational rights between Crestline and Wooster, Ohio, so that CSXT may provide the functional equivalent of single-line service to National's aggregate traffic between Spore and Wooster, Ohio.
2. NSR will grant CSXT operational rights between Crestline and Alliance, Ohio, so that CSXT may provide the functional equivalent of single-line service for Wyandotte's aggregate traffic between Carey and Alliance, Ohio.
3. CSXT will grant NSR operational rights between Toledo and Woodville, Ohio, so that NSR may provide the functional equivalent of single-line service to Martin for aggregate traffic between Woodville and Twinsburg, Ohio, and between Woodville and Hugo, Ohio.
4. CSXT will have full pricing authority for rates and transportation contracts for the rail transportation outlined in Paragraphs 1 and 2 above. NSR will have the same pricing authority for the rail transportation outlined in Paragraph 3 above.
5. The above-mentioned operating rights and single-line service will pertain to shipments to current receivers of stone shipments at the above-referenced destinations in unit trains or blocks of 40 or more cars, and will apply only to movements of aggregate (STCC 1421965 and 1421990), and not to lime, shipments. This arrangement will remain in place for five (5) years. Renewal will be at the mutual discretion of NSR and CSXT.

JUN -05' 98 (FRI) 14:15 CSX MINERALS
SUB-05-98 12:15 PM FROM:

TEL:904 366 5847

ID:8

P. 003

PAGE 5

2

6. The parties hereto acknowledge that CSXT and NSR are proposing the foregoing functional equivalent of single-line service and related operating rights because, given the routes and distances involved, it appears to NSR and CSXT to be economically superior for CSXT and NSR than is joint-line service. CSXT and NSR will make all regulatory filings necessary to implement the foregoing as soon as practicable, so as to become effective on the date on which the divided allocation of Conrail's lines for operation by NSR and CSXT is effected. Movements not qualifying for the above treatment, such as lime, or which may for any other reason not be eligible for such treatment will remain eligible for handling under the terms of Paragraph III.E of the NITL settlement with CSXT and NSR dated as of December 12, 1997.

NORFOLK SOUTHERN RAILWAY
COMPANY

CSX TRANSPORTATION, INC.

Accepted this 1st day of June, 1998Accepted this 1st day of June, 1998By: D. W. SealeBy: Danish W. Smith

In return for the above-referenced actions of NSR and CSXT, National agrees to promptly rescind and withdraw its request for protective conditions, its support for conditions proposed by others, and opposition to the Application at the STB, and further agrees to support the proposed transaction.

NATIONAL LIME AND STONE COMPANY

Accepted this ____ day of _____, 1998

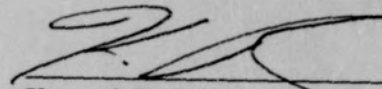
By: _____

CERTIFICATE OF SERVICE

I certify that I will cause today to be served a conformed copy of the foregoing letter of National Lime and Stone Company filed in Finance Docket No. 33388, by first class mail, properly addressed with postage prepaid, or more expeditious manner of delivery, upon all persons required to be served as set forth in 49 C.F.R. § 1180.(d), namely:

- (i) The applicants;
- (ii) The Secretary of the United States Department of Transportation (Docket Clerk, Office of Chief Counsel, Federal Railroad Administration, Room 5101, 400 7th Street, S.W., Washington, D.C. 20590);
- (iii) The Attorney General of the United States;
- (iv) Judge Jacob Leventhal; and
- (v) All parties of record in Finance Docket 33388.

Dated at Washington, D.C., this 8th day of June, 1998.


Kenneth B. Driver

STB

FD

33388

6-8-98

J

BUSINESS

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FD 33388



May 28, 1998

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Dear Secretary Williams:

The purpose of this letter is to express my continued strong support for the joint acquisition of Conrail by CSX and Norfolk Southern.

It is long overdue to have the largest consuming area in the New York, United States, served by more than one railroad. Finally, New York will have the benefit of strong north-south rail links allowing freight to move both to and from Upstate New York via a single rail line to everywhere east of the Mississippi. Southeastern states have had this benefit for many years, and now New York can finally see an end to this competitive disadvantage.

The acquisition of Conrail will benefit shippers and receivers east of the Hudson River simply because that for the first time since the formation of Conrail there will be a choice of carriers. I have personally watched and listened to Conrail claim that they wanted to provide intermodal service east of the Hudson in conjunction with the Long Island and New York Cross Harbor railroads. All it was was lip service. When the topic of rates came up, all Conrail would offer to the LIRR and NYCH were the base rates in effect to North Jersey. Not much of an offer when nearly all the traffic in and out of North Jersey moved on reduced rates -- SPQ's (Special Commodity Quotes). Now both the Norfolk Southern and CSX are aggressively looking at ways to extend their service to points east of the Hudson.

The benefits of this unique acquisition go far beyond commercial considerations. Both CSX and the Norfolk Southern have outstanding safety records. Both carriers also have strong commitments to protecting the environment -- a position that will be carried over into all new operations once the joint acquisition of Conrail is approved.

In fact, single-line service will make the rail option even more attractive to shippers and receivers in New York. It is not hard to foresee in excess of 12 million truck miles diverted each year from New York highways. This will provide safer roads, savings on fuel as well as air quality benefits. Also, there will be an estimated \$1.5 million in annual highway maintenance savings for New York. Again, I strongly urge the Surface Transportation Board to approve the joint acquisition of Conrail with minimal conditions.

Sincerely,

Kenneth C. Gentz, President

cc: Linda Morgan
Gus Owen



PATTERSON-STEVENSON, INC.

400 SAWYER AVENUE

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TONAWANDA, NEW YORK 14151-0117

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June 2, 1998

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N. W.
Washington, DC 20423

Dear Secretary Williams:

I am writing to you to express my strong support for the joint acquisition of Conrail and Norfolk Southern.

From a pro-competitive standpoint, the division of Conrail between two major railroads of roughly equal size and scope will mean more options and lower costs for New York shippers and consumers. For the first time in history, New York State will enjoy strong, direct north-south rail links, allowing Upstate companies and communities to ship and receive freight via a single rail line from everywhere east of the Mississippi, from Montreal in the north to Miami and New Orleans in the south. This has been a fact of business life in the southeastern states for many years and New York can finally look forward to the erasure of this competitive disadvantage.

I have watched Conrail's indifference drive many of my smaller rail clients to trucking over the last twenty years. I have found even my larger clients who get unit trains are dropping rail freight and going to boats and trucks. I look forward to the aggressive marketing and desire on the part of CSX and Norfolk Southern to solicit all rail freight a wonderful diversion from the past. I can't see this acquisition to be anything but a blessing.

The benefits of this unique rail acquisition go beyond commercial considerations. From a safety perspective, CSX Transportation and Norfolk Southern have extraordinary track records and both CSX and Norfolk Southern have a strong commitment to environmental excellence, a commitment which will be carried over into all new operations once the joint acquisition of Conrail is approved. In fact, as single line service makes the rail option more attractive to New York shippers, we may see as many as 12.6 million truck miles diverted annually from New York highways. This will mean added road safety, fuel savings and air quality benefits as well, not to mention an estimated 1.5 million in highway maintenance savings annually for the state.

I urge the Surface Transportation Board to approve the joint acquisition of Conrail with minimal conditions.

Sincerely,
Patterson-Stevens, Inc.

R. Charles Patterson
President





TITAN DISTRIBUTION SERVICE, INC.

May 28, 1998

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K. Street N.W.
Washington, DC 20423



FD 33388

Dear Secretary Williams:

I am writing to you to express my strong support for the joint acquisition of Conrail by CSX and Norfolk Southern.

This will be a great transaction for the State of Ohio. It will mean more options and lower costs for Ohio shippers and consumers. The acquisition will result in an extension of single line service into new markets so that Ohio shippers and receivers will be able to benefit from the numerous efficiencies including the elimination of unnecessary interchanges and delays on route, shorter trip distances, faster deliveries and quicker interchanges with other railroads.

Titan Distribution Service, Inc. is a public warehouse and local trucking company. We look forward to the acquisition and anticipate the increased business it will bring to Ohio. By opening up new marketing areas and opportunities.

There are also other benefits of this unique rail acquisition that go beyond commercial considerations. From a safety viewpoint, CSX Transportation and Norfolk Southern have extraordinary track records. CSX and Norfolk Southern also have a strong commitment to environmental excellence which will be carried over into the new operations once the joint acquisition of Conrail is approved.

The single line services the rail option more attractive to many businesses. The merger will also divert millions of truck miles from Ohio roads thereby increasing road safety, fuel savings and air quality.

I urge the Surface Transportation Board to approve the joint acquisition of Conrail with minimal conditions.

Sincerely,

Bob Martin
Warehouse Operations Manager

cc: Linda Morgan
Gus Owen

TDS

4663 Dues Drive Cincinnati, Ohio 45246

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STB

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33388

6-5-98

J

BUSINESS

TRANSCO RAILWAY PRODUCTS INC.

P.O. Box 271

820 Hopley Avenue

Bucyrus, Ohio 44820-0271, 419-562-1031

Facsimile No. 419-562-3684

Celebrating our 62nd Year (1936-1998)

**I. A. THOMPSON
PRESIDENT & CEO**



June 2, 1998

**Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D. c. 20423**

Dear Secretary Williams:

I am writing to you to express my strong support for the joint acquisition of Consolidated Rail Corporation by CSX Transportation and Norfolk Southern Corporation.

This is a great transaction for the State of Ohio. It will mean more options and lower costs for Ohio shippers and consumers. The resulting extension of single-line service into new markets means that Ohio shippers and receivers will be able to take advantage of numerous efficiencies including the elimination of unnecessary interchanges and delays on route, shorter trip distances, faster transit times and expedited interchanges with other railroads.

But the benefits of this unique rail acquisition go beyond commercial considerations. From a safety viewpoint, CSX and Norfolk Southern have extraordinary track records. Both CSX and Norfolk Southern have a strong commitment to environmental excellence, a commitment which will be carried over into all new operations once the joint acquisition of Conrail is approved.

In fact, as single line service makes the rail option more attractive to Ohio shippers, we may see as many as 97.6 million track miles diverted annually from Ohio's highways. This will mean added road safety, fuel savings and air quality benefits as well, not to mention an estimated \$11.7 million in highway maintenance savings annually for the state.

TRANSCO RAILWAY PRODUCTS INC.

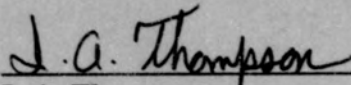
Vernon A. Williams

June 2, 1998

Page 2

I urge the Surface Transportation Board to approve the joint acquisition of Conrail with minimal conditions.

Sincerely,



I. A. Thompson

Writer's Extension - 201

IAT/jcr

cc: Linda Morgan, Surface Transportation Board
Gus Owen, Surface Transportation Board
Vicki May, TRAC

STB

FD

33388

6-5-98

J

188116

LAW OFFICES

REA, CROSS & AUCHINCLOSS

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THOMAS M. AUCHINCLOSS, JR.

LEO C. FRANEY

JOHN D. HEFFNER

KEITH G. O'BRIEN

BRYCE REA, JR.

BRIAN L. TROIANO

ROBERT A. WIMBISH

ENTERED
Office of the Secretary

JUN - 8 1998

Part of
Public Record

June 5, 1998

DONALD E. CROSS (1923-1986)

Via Facsimile and Hand Delivery

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423



Re: Finance Docket No. 33388, CSX Corporation and
CSX Transportation, Inc., Norfolk Southern
Corporation and Norfolk Southern Railway
Company--Control and Operating Leases/
Agreements--Conrail, Inc. and
Consolidated Rail Corporation

Dear Mr. Williams:

Near the end of the oral argument in this proceeding last evening, Richard Allen, counsel for Norfolk Southern Corporation ("NS"), indicated to the Board for the first time that NS "would not object" to Wheeling & Lake Erie Railway Company ("W&LE") obtaining trackage rights over NS to Toledo, OH.

While NS' last minute concession is clearly helpful, W&LE does not want there to be any misunderstanding with respect to the effect of that concession. Trackage rights to Toledo including connection with the railroads there will not in and of itself generate sufficient traffic revenue to W&LE to prevent a W&LE bankruptcy and loss of essential service if the merger is approved. As W&LE explained in its evidence and in its brief, additional conditions must also be imposed if W&LE is to remain a viable carrier. For one thing, the Huron Dock Lease will expire in September and could bring significant and immediate loss of steel revenue.

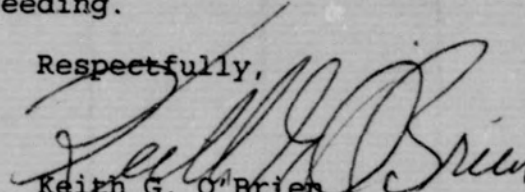
The Applicants have made no communication of settlement as of today.

We apologize for the rush nature of this response, but the last minute nature of NS' announcement precludes us from responding in any other way. We simply do not want the Board to proceed on a false assumption.

Mr. Vernon A. Williams
June 5, 1998
Page Two

Twenty-five copies of this letter are enclosed for filing at the Board. I certify that copies of this letter have been served by facsimile on counsel for the Primary Applicants and by first class mail, postage prepaid, on all other designated parties of record in this proceeding.

Respectfully,


Keith G. O'Brien
Counsel for Wheeling & Lake
Erie Railway Company

Enclosures

cc: Hon. Linda J. Morgan (via facsimile)
Hon. Gus A. Owen (via facsimile)
Mr. David M. Konschnik (via facsimile)
Dennis G. Lyons, Esq. (via facsimile)
Richard A. Allen, Esq. (via facsimile)
Parties of Record

STB

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GOV



LAWTON CHILES
GOVERNOR

STATE OF FLORIDA

Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

June 1, 1998



Honorable Vernon A. Williams
Secretary, Surface Transportation Board
1201 Connecticut Avenue, N.W.
Washington, D.C. 20423

FD 33388

Dear Mr. Williams:

Last year, I urged the Surface Transportation Board to expedite approval of the sale of Conrail to Norfolk Southern and CSX. Now a year has gone by; a year of study and deliberation. In that time, you have heard from hundreds of shippers – a substantial portion from Florida – who have told you that they need approval of this transaction for the growth of their businesses, for the good of their employees, and for the enhancement of our state's economy.

Now, at last, we stand at the eve of this historic vote. The benefits of this transaction should be clear to all. I urge the Board to move quickly to approve this transaction so that the companies can move forward to implement their respective operating plans.

Tens of thousands of Florida businesses depend on the movement of goods by rail. Our shippers have long been ready to see reductions in transit time and increased efficiency in rail operations for Florida businesses.

Once approved, this sale will, for the first time, allow the creation of a rail system that will link vitally important Florida markets to the Northeast over fast, direct, single-line service. It will combine the benefits of a more efficient system with meaningful competition throughout the East. In public policy you rarely find more of a "win-win" than that. The benefits of this transaction are numerous and far-reaching. They warrant the Board's unqualified and enthusiastic endorsement. The result will be an Eastern rail transportation network that will be better positioned to meet the challenges and demands of the 21st century.

Thank you for the opportunity to reiterate my support of this transaction.

With kind regards, I am

Sincerely,

LAWTON CHILES

LC/loh

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BUSINESS



June 2, 1998

Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

FD 33388

Dear Secretary Williams:

This letter is written to express my strong support for the joint acquisition of Conrail by CSX and Norfolk Southern.

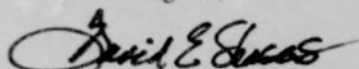
I feel this will be a very beneficial transaction for the state of Ohio. It should provide Ohio's shippers and consumers with increased options and reduced costs. This extension of single line service into new markets should allow Ohio shippers and receivers to take advantage of various benefits such as: decreased en-transit time as a result of fewer interchange disruptions and less circuitous routings, which will also result in faster transit times. We personally, are hampered with numerous interchange problems and even experience unexplainable delays here in Cincinnati, just trying to get our incoming cars interchanged from Conrail interchanged to our delivering carrier.

The benefits of this rail acquisition extend beyond mere commercial considerations. Both CSX Transportation and Norfolk Southern have exemplary safety records and a commitment to environmental excellence which, I'm sure, will be carried over into the new operation, once the joint acquisition of Conrail is approved.

As single line service makes rail a much more attractive option for Ohio shippers, we could see many trucks diverted annually from Ohio's highways. I drive frequently from Cincinnati to Columbus and Cleveland and the fewer of those huge vehicles clogging the passing lane at 50 or 55 miles an hour on I-71, the better, I say. Fewer trucks running on our Ohio highways will also reduce the number of my tax dollars necessary to keep those highways in good operating condition.

I urge the Surface Transportation Board to approve the joint acquisition of Conrail with minimum conditions.

Kind regards,


David E. Skaggs, C.P.M.
Director, Purchasing

STB

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BUSINESS

API Basco

Phil Shady
Traffic Manager
API Basco
2777 Walden Ave
Buffalo, NY 14225



June 1, 1998

Dear Secretary Williams,

FP 33388

I am writing to you to express my strong support for the joint acquisition of Conrail by CSX and Norfolk Southern.

From a pro-competitive standpoint, the division of Conrail between two major railroads of roughly equal size and scope will mean more options and lower costs for New York shippers and consumers. For the first time in history, New York State will enjoy strong, direct north-south rail links, allowing Upstate companies and communities to ship and receive freight via a single rail line from everywhere east of the Mississippi, from Montreal in the North to Miami and New Orleans in the South. This has been a fact of business life in the southeastern states for many years, and New York can finally look forward to the erasure of this competitive disadvantage.

API Basco, Inc manufactures Heat Exchangers with shipping weights of 50 to 150 thousand pounds. Rail service is crucial to our business. In fact, a single line service makes the rail option more attractive to all of us in Western New York.

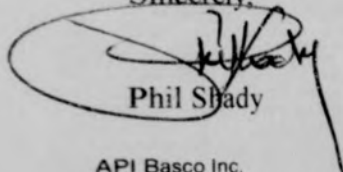
The benefits of this acquisition go beyond commercial consideration. It is my understanding that CSX and Norfolk Southern have an excellent safety record and a strong commitment to environmental issues, something we need and expect from all business.

Diversion of overweight and over dimension loads from highway to rail is also in the State taxpayer's best interest. It reduces highway congestion and in turn reduces highway maintenance cost.

These are the reasons for my support.

I urge the Surface Transportation Board to approve the joint acquisition of Conrail with minimal conditions.

Sincerely,



Phil Shady

API Basco Inc.
2777 Walden Avenue, Buffalo, New York 14225
(716) 684-6700 • Fax (716) 684-2129

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6-4-98

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BUSINESS

CHAMBER OF COMMERCE
CORTLAND
COUNTY

34 Tompkins Street • Cortland, New York 13045 • (607) 756-2814

June 1, 1998

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N. W.
Washington, DC 20423



Dear Secretary Williams,

The Cortland County Chamber of Commerce representing over 400 businesses in Cortland County expresses our strong support for the joint acquisition of Conrail by CSX and Norfolk Southern.

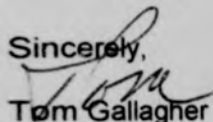
From a pro-competitive standpoint, the division of Conrail between two major railroads of roughly equal size and scope will mean more options and lower costs for New York shippers and consumers. For the first time in history, New York State will enjoy strong, direct north-south rail links, allowing Upstate companies and communities to ship and receive freight via a single rail line from everywhere east of the Mississippi, from Montreal in the North to Miami and New Orleans in the South. This has been a fact of business life in the southern states for many years, and New York can finally look forward to the erasure of this competitive disadvantage.

Cortland County has several companies in the lumber, marine and plastics business that rely on the railroad for transportation. But the benefits of this unique acquisition go beyond commercial considerations. From a safety perspective, CSX Transportation and Norfolk Southern have extraordinary track records. And both CSX and Norfolk Southern have a strong commitment to environmental excellence – a commitment that will be carried over into all new operation once the joint acquisition of Conrail is approved.

In fact, as single line service makes the rail option more attractive to New York shippers, we may see as many as 12.6 million truck miles diverted annually from New York highways. This will mean added road safety, fuel savings, and air quality benefits as well. Not to mention an estimated \$1.5 million in highway maintenance savings annually for the state.

We urge the Surface Transportation Board to approve the joint acquisition of Conrail with minimal conditions.

Sincerely,


Tom Gallagher
Executive Director
Cortland County Chamber of Commerce

Cc: Linda Morgan
Gus Owen

STB

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CITY

OFFICE OF THE MAYOR

72 West High Street
Mount Gilead, Ohio 43338
419-946-3626

Fax: 419-946-8111

Mount Gilead - A Good Place To Live

TOM WHISTON
Mayor

BETTY WILLIAMS
Clerk-Treasurer



Vernon A. Williams
Secretary of Surface Transportation Board
1925 K Street, N. W.
Washington, D.C. 20423

Dear Secretary Williams,

I am writing to you to express my strong support for the joint acquisition of Conrail by CSX and Norfolk Southern.

This is a great transaction for the state of Ohio. It will mean more options and lower costs for Ohio shippers and receivers will be able to take advantage of numerous efficiencies, including: the elimination of unnecessary interchanges with other railroads.

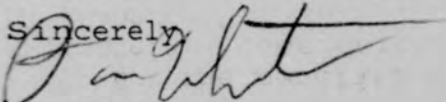
Mt. Gilead looks forward to council development that will occur in our area with the merger.

But the benefits of this unique rail acquisition go beyond commercial considerations. From a safety viewpoint, CSX Transportation and Norfolk Southern have extraordinary track records. And both CSX and Norfolk Southern have a strong commitment to environmental excellence—a commitment which will be carried over into all new operations once the joint acquisition of Conrail is approved.

In fact, as single line service makes the rail option more attractive to Ohio shippers, we may see as many as 97.6 million truck miles diverted annually on Ohio's highways. This will mean added road safety, fuel savings and air quality benefits as well. Not to mention an estimated \$11.7 million in highway maintenance savings annually for the state.

I urge the Surface Transportation Board to approve the joint acquisition of Conrail with minimal conditions.

Sincerely,



Tom Whiston
Mayor

TW/jl
cc: Linda Morgan
Gus Owen

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BUSINESS



The Conrail Acquisition

The Tri-State Transportation Campaign represents a coalition of 13 transit, environmental, and planning groups, and their tens of thousands of members. Tri-State seeks to improve freight movement efficiency by advocating for more shipping options for firms located in the heavily truck-dependent New York City metropolitan region.

The most serious shortcoming of the proposed Conrail acquisition plan is that the preservation of one-carrier service will create a competitive imbalance between downstate New York and northern New Jersey. Tri-State has proposed a series of conditions that would correct this imbalance through the restoration of efficient cross-harbor car float service and the establishment of trackage rights for Norfolk Southern east of the Hudson River. Twenty-four members of Congress have petitioned the Surface Transportation Board to require similar conditions, and their request has been endorsed by both the State of New York and the City of New York.

Our request for conditions is not a matter of trying to gain for New York benefits that other regions stand to receive under the proposal. Rather, it is a recognition that unless balanced competition is established for the entire New York - New Jersey region, the price that downstate New York has paid during several decades of rail monopoly will only grow higher.

There are numerous compelling reasons why downstate New York needs--and can support--increased rail freight service. The area in question is home to 12.5 million people and a freight market of at least 140 million tons a year. Only 3% of this freight moves by rail, far below the average for other cities across the country. The highway congestion caused by this overreliance on trucks has driven up shipping costs and encouraged businesses to relocate. Air quality has suffered to the point that the region is now a severe-II non-attainment area for ozone, and is about to fall out of compliance for particulate matter as well. Asthma rates are among the highest in the nation.

Meanwhile, a huge freight market lies waiting. Mercer Management conducted a study for the City of New York in 1997 in which it identified 97 million tons of cargo that can be diverted from highway to rail. The same study found that a renovated car float service would carry up to 10 million of tons of cargo a year and prevent as many as 550,000 truck trips. Public agencies are serious about making rail freight investments. The City of New York is conducting a major investment study geared toward getting divertible freight off the highways and \$14 million has been set aside in the ISTEA authorization for car float enhancements.

The costs of not correcting the competitive imbalance the acquisition will cause in the region are staggering. The EIS for the current proposal found that an additional 1,800 trucks a day will serve distribution facilities in northern New Jersey as a result of increased intermodal activity by the shared assets operator. Without question the majority of these truck trips will be made on New York highways, exacerbating existing conditions.

Requiring two-carrier service on both sides of the Hudson is the only way to ensure balanced competition and avoid the harmful impacts the current proposal would cause. The Board has the authority to impose the conditions that Tri-State has requested, and we encourage you to take advantage of the opportunity to do so. If the Board is disinclined to require two-carrier service, we request that it take measures to ensure that truck traffic on Hudson River crossings does not increase. At a minimum, the railroads should be required to file annually for a five-year oversight period a truck impact report. Should there be a significant growth in truck traffic at the crossings, such growth should serve as grounds to reconsider the terms of the acquisition agreement and alter it as needed.

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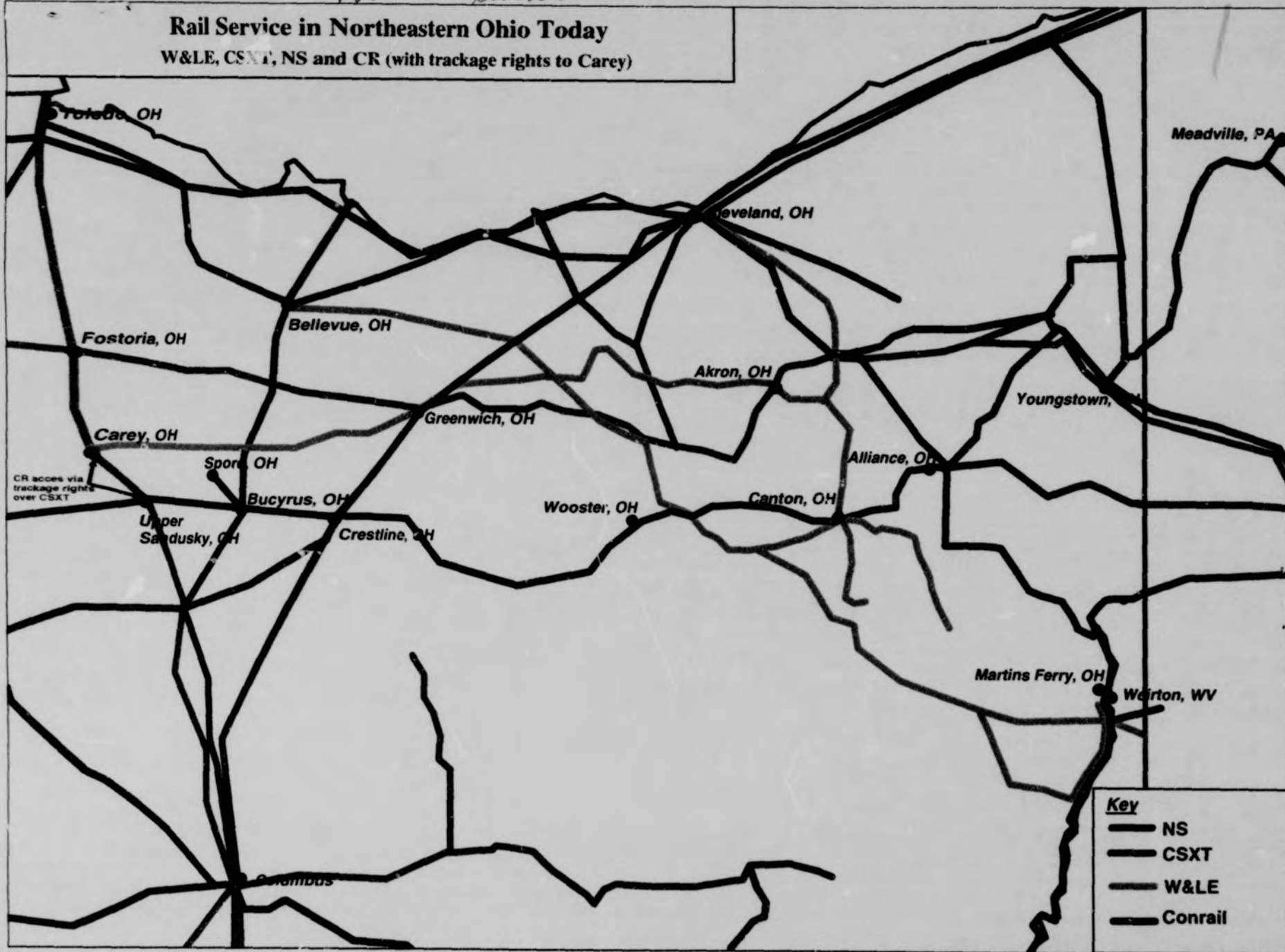
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BUSINESS

Robert W. Winkler

Rail Service in Northeastern Ohio Today

W&LE, CSXT, NS and CR (with trackage rights to Carey)

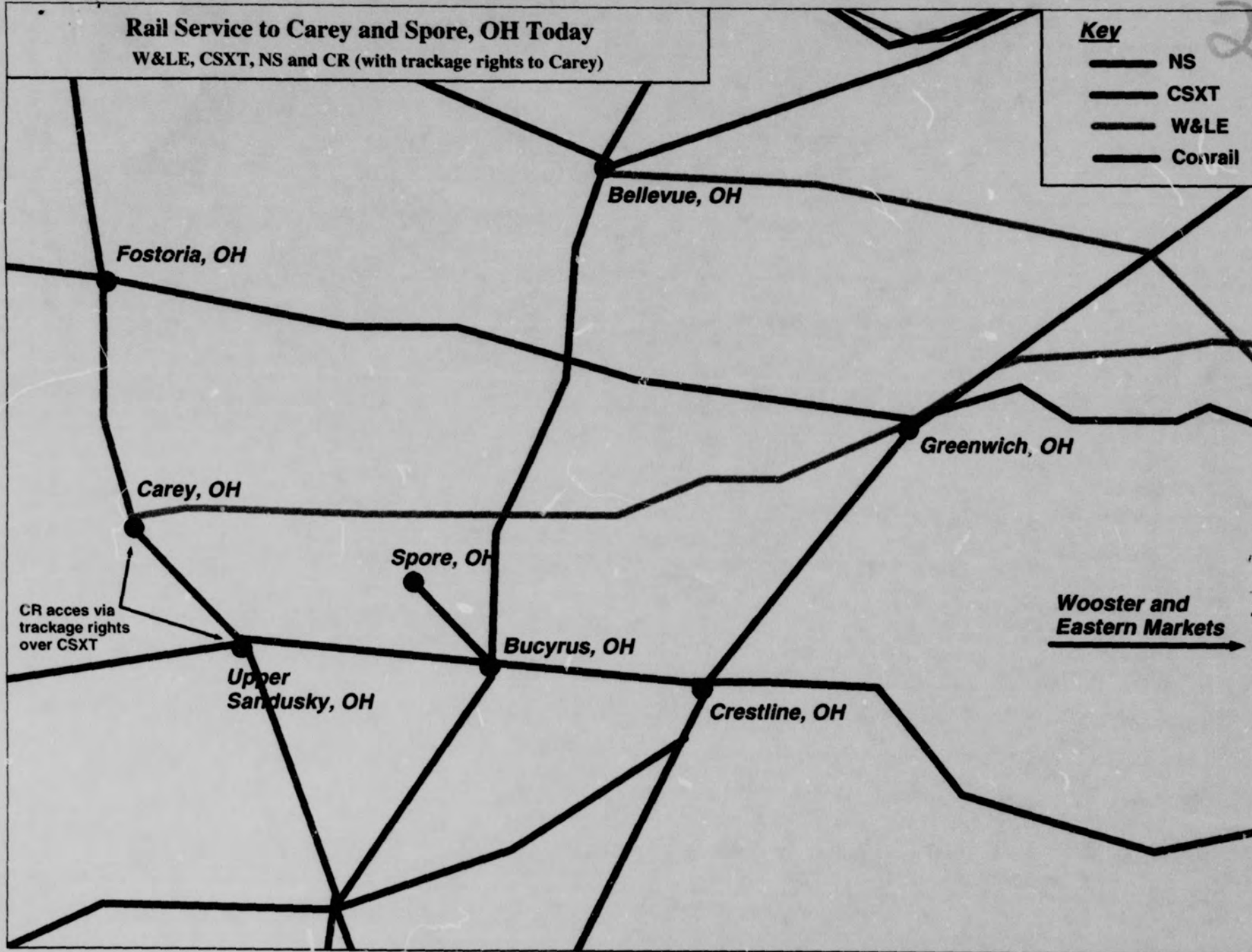


Rail Service to Carey and Spore, OH Today

W&LE, CSXT, NS and CR (with trackage rights to Carey)

Key

- NS
- CSXT
- W&LE
- Conrail

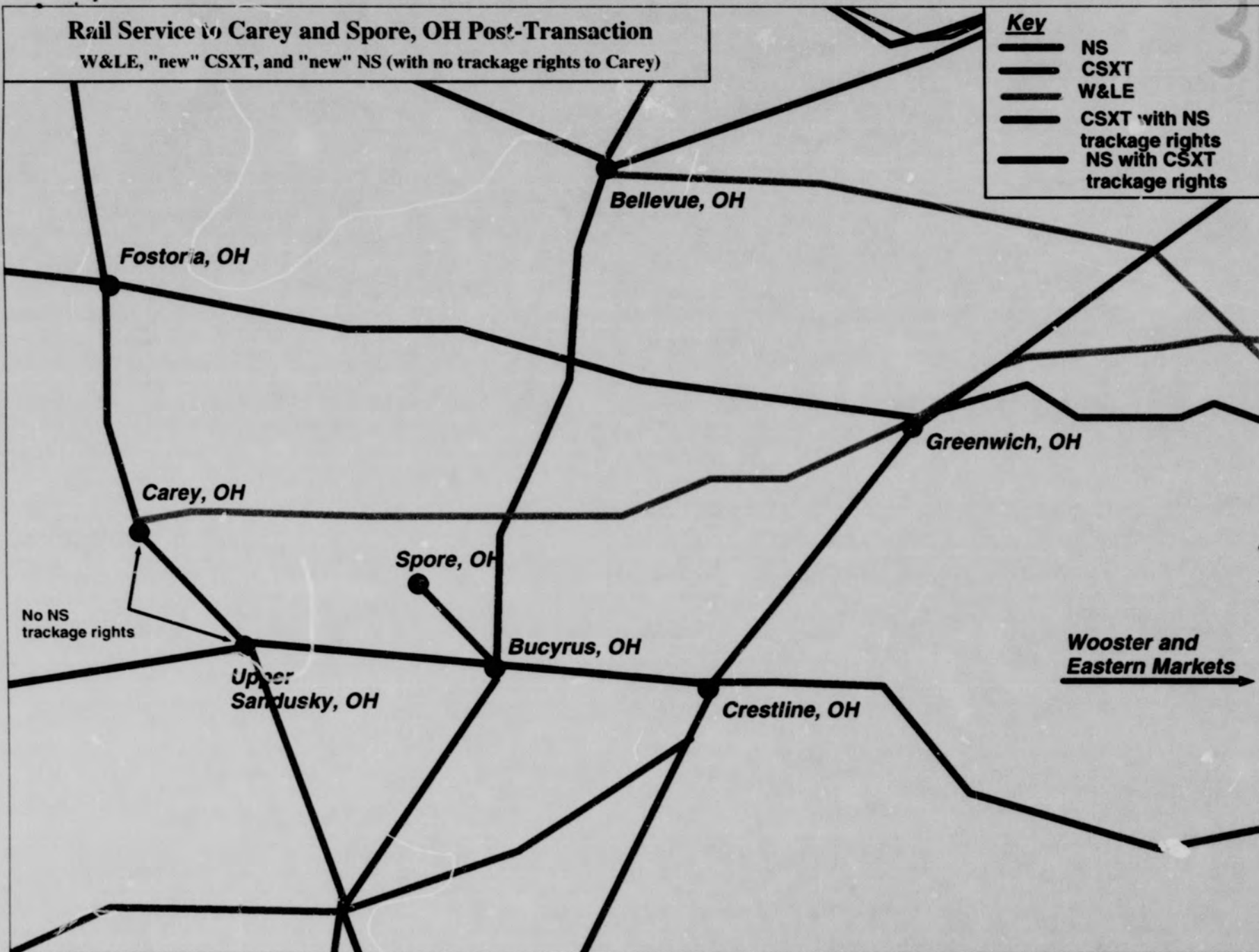


Rail Service to Carey and Spore, OH Post-Transaction

W&LE, "new" CSXT, and "new" NS (with no trackage rights to Carey)

Key

- NS
- CSXT
- W&LE
- CSXT with NS trackage rights
- NS with CSXT trackage rights



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BUSINESS

Text of Oral Argument presented on Wednesday, June 3, 1998, on behalf of ASHTA Chemicals Inc.

WHY IMPOSE CONDITIONS?

Consistent with the Ohio Attorney General's Office (OAG), the Ohio Rail Development Commission (ORDC), and the Public Utilities Commission of Ohio (PUCO), ASHTA has asked this Board to impose conditions on the proposed acquisition that would best serve the public interest. Specifically, a reciprocal switching or other competitive access arrangement between N S and CSX in Ashtabula, Ohio will reduce the number of times hazardous cargo is shipped to and from Ashtabula and Buffalo and in and about the Ashtabula area. Reciprocal switching or other competitive access remedy will reduce the volume of hazardous materials (hazmat) transported back and forth from Cleveland to Ashtabula to Buffalo. Ultimately, these conditions will benefit the public by promoting rail efficiency as well as environmental health and safety in Ashtabula, Ohio.

ENVIRONMENTAL IMPACT

In its Final Environmental Impact Statement, the SEA has recognized that there are increases in hazmat transport (inclusive of ASHTA carloads) on the CSX Cleveland to Ashtabula (C-060) and Ashtabula to Buffalo rail segments (C-690), although it opines that this 10% increase on CSX lines does not warrant mitigation. The SEA also acknowledges that the transaction will produce the greatest increases in hazmat traffic on the NS rail segments from Ashtabula to Buffalo rail segment (NS-070)-- a 225% increase. This Board must look at the total impact to the Ashtabula community, we have a 235% increase in hazardous materials traffic impacting the Ashtabula area. We do not agree that CSX rail line segments do not warrant key route mitigation. The approach taken and suggested to the Board by the SEA is unduly narrow, and the potential safety risks associated with increased hazmat transport are not adequately addressed. The SEA concedes that it did not analyze

the effects of a reciprocal switching agreement in addressing the effects of hazmat transport in the Ashtabula area. This Board should conduct such an analysis before reaching a decision on this issue. The Board must not segregate the impacts. Rather, the Board must look at the total environmental impact on the Ashtabula community, the total volume of hazmat traffic routed through the Ashtabula area by all rail line segments, whether NS or CSX generated, where there is the potential for increased hazmat accidents. When NS and CSX rail line segments are viewed together and the total sum of the environmental impacts on the Ashtabula community is assessed, it is clear that public health and safety require action by this Board.

ASHTA's concerns about the health and safety problems posed by the circuitous routing of its chemical products are well-founded. ASHTA previously expressed its concerns to Conrail that chemical products with southern and western destinations were unnecessarily being shipped to Buffalo; that this trip should be eliminated for economic and safety reasons.

ELIMINATE CIRCUITOUS ROUTING/INEFFICIENT TRAFFIC

This Board must impose reciprocal switching or other competitive access remedy on the Applicants because conditions overall will reduce inefficient transport of chemical products in the Ashtabula area. As it currently stands and as is proposed by the Applicants, hazardous chemical materials are being routed in a circuitous manner. Although the Applicants claim that no one seriously disputes the transportation efficiencies resulting from the transaction, ASHTA does dispute the efficiency argument as it relates to Ashtabula, Ohio. Product ASHTA ships to southern or western destinations is routed up to Buffalo, New York then back through Ashtabula to southern and western destinations. Given the additional rail traffic expected in the Ashtabula area, this Board is justified in imposing reciprocal switching or other access arrangement. Imposition of a reciprocal

switching arrangement at the West Yard in Ashtabula, Ohio will allow ASHTA to route directly MORE THAN 1/3 of the HAZARDOUS MATERIAL PRODUCT it ships ANNUALLY out of Ashtabula. Public safety requires that hazmat traffic on the rail lines in the Ashtabula area be reduced. Under the standards set forth in the UP/SP, Burlington Northern/Santa Fe and other cases, environmental effects are properly considered by this Board as a part of the public interest determination. Public interest considerations in Ashtabula, Ohio substantially outweigh any claimed benefit of the proposed transaction in this community.

A switching arrangement in this case is practical and feasible. Imposition of such a condition would not burden the Applicants nor this transaction. Switching facilities already exist at the West Yard and at the rail interconnect southeast of the West Yard (near Gary and Fitch Streets) in Ashtabula (the map provided for your reference illustrates both of these locations). ASHTA would agree to pay a reasonable switching fee for access given. Use of these existing switches would promote safety, reduce congestion and rail traffic in Ashtabula and would allow for chemical products to be routed in a more direct manner.

Because the switching arrangement would reduce travel time and the volume of hazardous materials on the Ashtabula to Buffalo and Ashtabula to Cleveland rail lines, there will be a corresponding reduction in risk of harm to the public and the national policy of promoting safe rail transportation in this area is furthered. Since switching facilities already exist in the area, reciprocal switching is narrowly tailored, operationally feasible and meets the statutory standards for the imposition of conditions. There is simply no reason for this Board not to act to protect the Ashtabula community from the risk of harm posed by hazmat transport.

ANTI-COMPETITIVE HARM/ECONOMIC DISADVANTAGE

ASHTA has also provided this Board with an analysis of the competitive harm it, too, will suffer as a result of the proposed transaction, if this relief is not granted. There are cumulative harmful effects flowing from the Applicants' proposal. ASHTA will suffer an obvious economic hardship in instances where rerouting of single line (Conrail) movements to two-line or multiple movements occurs. The proposed transaction will eliminate many direct routes and create the need for multi line (two or more) movements of ASHTA's chemical product. Because many of ASHTA's customers will be receiving product from a different carrier (post transaction), a significant portion of ASHTA's business will change to double or multi line movements. It is likely that no direct one through rate will be available; hence additional transportation costs to ASHTA.

This change in product line movement will result in increased freight costs and a potential loss of customers in areas where transaction costs can not be absorbed. Also, ASHTA anticipates that it will incur enormous costs correcting logistical inefficiencies that will impede its ability to compete in the chemical industry. These are valid competitive considerations, and the STB must look at more than whether or not ASHTA loses rail alternatives previously available to it. The Board must examine the variety of ways in which competitive harm/economic disadvantage is caused by the transaction.

PROTECT THE PUBLIC INTEREST/PROMOTE HEALTH AND SAFETY

The Board does not err in imposing a condition on the applicants that would require reciprocal switching or other access at the West Yard or at the Gary & Fitch Street rail interconnect, given the need to redress the harm to ASHTA and to further the public interest in the Ashtabula area.

The reciprocal switching remedy is a remedy based on simple logistical argument.

The public will benefit if access is mandated so that chemical product is routed directly to its final destination. By imposing an access or switching requirement in Ashtabula, this Board acts to protect and promote public safety. Conditions will allow ASHTA product with southern and western destinations to be routed more directly and will reduce the potential for hazmat accidents in Ashtabula.

CONCLUSION

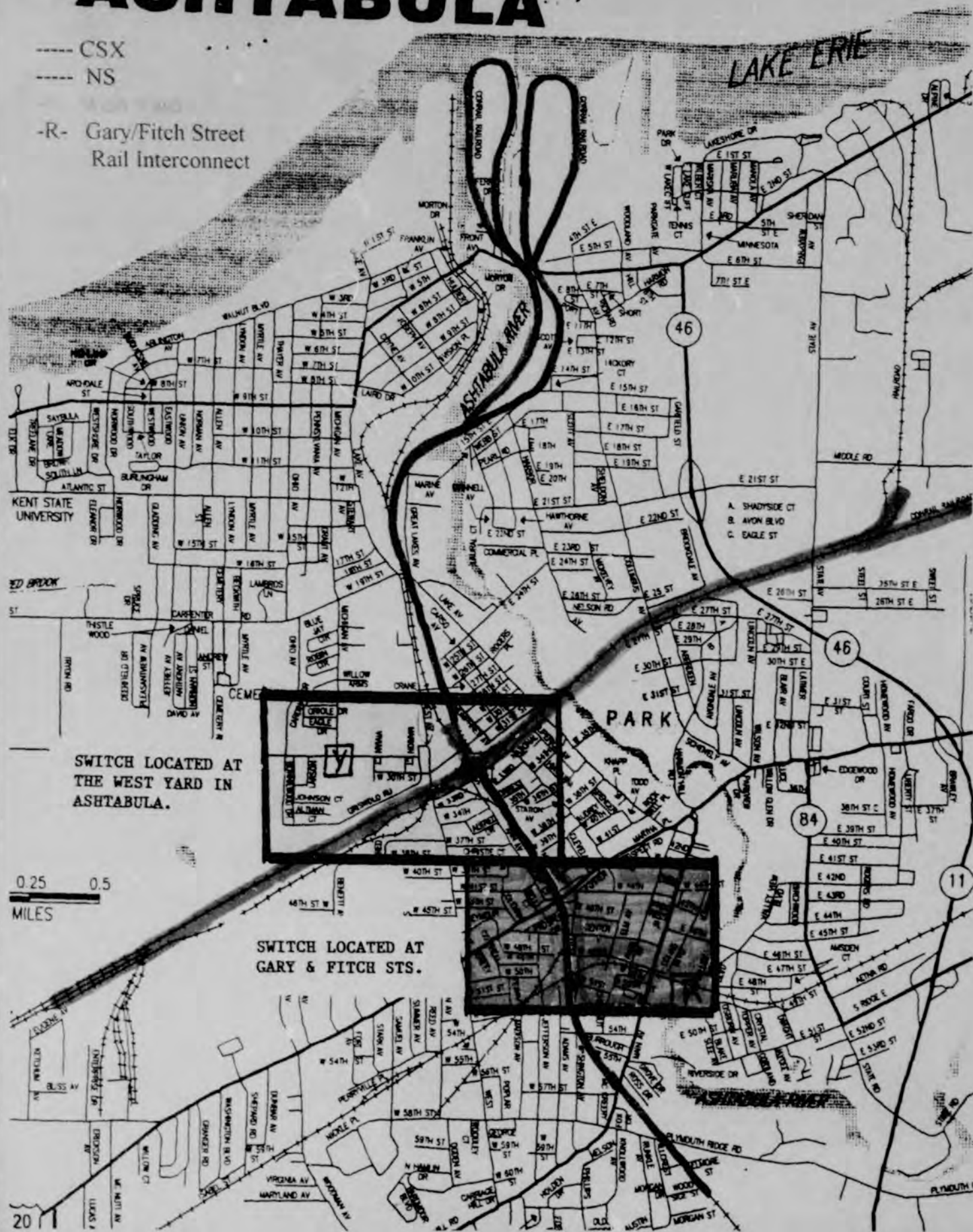
Statutory standards require that the transaction be consistent with the public interest. Competitive, logistical, efficiency, and environmental considerations all require this Board to condition the transaction on reciprocal switching or access at the West Yard or at the Gary and Fitch Street rail interconnect in Ashtabula, Ohio. Common sense also dictates this result.

ASHTABULA

--- CSX

--- NS

-R- Gary/Fitch Street
Rail Interconnect



0.25 0.5
MILES

SWITCH LOCATED AT
GARY & FITCH STS.

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CITY

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is entered into this 2nd day of June, 1998 by and between the Cities of Bay Village, Ohio, Rocky River, Ohio, and Lakewood, Ohio (hereafter collectively "BRL") and Norfolk Southern Corporation.

WHEREAS, Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively, "NS") is an Applicant in the railroad control application currently pending before the United States Surface Transportation Board (the "STB") under Finance Docket No. 33388 (the "Conrail Application"), in which NS and CSX Corporation and CSX Transportation, Inc. (collectively, "CSX") are seeking authority to jointly acquire Conrail, Inc. and Consolidated Rail Corporation (collectively, "Conrail") and to thereafter separately operate parts of the rail lines, facilities and other assets of Conrail; and

WHEREAS, NS submitted to the STB an Operating Plan and Environmental Report as part of the Conrail Application, which submissions describe certain changes in rail traffic and operations that are projected to result from the Conrail Transaction (the "Transaction"); and

WHEREAS, the changes in rail traffic and operations projected to result from the Transaction include changes on the NS' Nickel Plate rail line, which runs through BRL; and

WHEREAS, the Cities of Bay Village, Ohio, Rocky River, Ohio, and Lakewood, Ohio (hereafter collectively "BRL") have participated as parties in the proceedings at the STB regarding the Conrail Application and have in filings and comments submitted to the STB requested that the STB order NS to revise certain terms of the Transaction

agreements and/or revise its Operating Plan to avoid what the BRL have described as significant adverse environmental impacts of the Transaction upon BRL and their residents, or alternatively, that the STB condition any approval of the Conrail Application on the imposition of various conditions designed to mitigate such impacts; and

WHEREAS, the STB's Section of Environmental Analysis ("SEA") issued a Draft Environmental Impact Statement ("DEIS") with respect to the Conrail Application in December 1997 which, among other things, characterized the western suburbs of Cleveland, Ohio, which area includes BRL, as a community with "unique circumstances," and directed NS to consult with government agencies, elected officials and interested parties in BRL regarding certain projected train traffic increases on the Nickel Plate line through BRL post-Transaction; and

WHEREAS, NS and BRL have engaged in such consultations with the goal of reaching agreement on mitigation measures to ameliorate the environmental impacts in BRL of the projected changes in rail traffic and operations on rail lines and facilities to be operated by NS post-Transaction resulting from the Transaction; and

WHEREAS, NS and BRL have reached agreement on such mitigation measures and have made certain commitments to each other as described hereinafter, including but not limited to certain commitments by NS to make certain changes to its Operating Plan, certain capital investments and certain financial contributions for mitigation of Transaction impacts and for the benefit of BRL; now therefore

IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

* * * *

I. Modifications to Operating Plan. In consideration of the concerns of BRL and other communities in the Greater Cleveland area about increases in train frequencies projected for certain of the lines that NS will operate following approval by the Surface Transportation Board of the Conrail Application, NS agrees to modify its original Operating Plan. The modifications to the Operating Plan are described in NS' Mitigation Proposal for Train Frequencies in Greater Cleveland and Vicinity, which was submitted to the STB on April 16, 1998 (hereinafter, the "Mitigation Proposal"), and these modifications are summarized herein. NS agrees to modify its Operating Plan by constructing what is termed the "Cloggsville Connection," as described more particularly in subsection A hereof; by revising the routing of certain trains that would have been routed on the Nickel Plate east of Cloggsville under the original Operating Plan to a different routing on existing Conrail lines, as described more particularly in subsection B hereof; and by revising the projections of train frequencies for lines to be controlled by NS post-Transaction from the numbers contained in the original Operating Plan to a different set of numbers, as described more particularly in subsection C hereof.

A. Cloggsville Connection Construction: NS agrees to construct the Cloggsville Connection, which construction is comprised of two main elements: upgrading the rail lines and facilities between the NS Nickel Plate line at Cloggsville and the Conrail Lakefront line at CP-190 to double-track main line standards through changes and improvements to tracks, bridges, connections, signals and other appurtenant rail facilities, as described more fully in the Mitigation Proposal; and building a double connection at Vermilion between NS' Nickel Plate line and the Conrail

Chicago line to be operated by NS post-Transaction, instead of the single connection described in NS' original Operating Plan, as described more fully in the Mitigation Proposal.

1. Funding: The cost of the construction and improvements to the rail lines and facilities between Cloggsville and CP-190 is currently estimated at \$24,350,000. The cost of constructing a double connection at Vermilion is currently estimated at \$3,000,000 more than constructing the single connection originally proposed in the Operating Plan. NS hereby commits to fund up to the full cost of these Cloggsville Connection projects. (NS previously committed in its Operating Plan to spend the approximately \$2,587,000 needed to construct a single connection at Vermilion.) NS' commitment to fund up to the full cost of these projects is not limited to the current cost estimates contained herein.

2. Schedule: NS estimates that construction of the double connection at Vermilion will take three to five months to complete, and that construction of the improvements to the rail lines and facilities between Cloggsville and CP-190 will take 18 to 24 months to complete. NS hereby agrees to use its best efforts to complete these construction projects within these time frames. Promptly upon execution of this Agreement, NS shall commence design and planning work for the Cloggsville Connection projects.

Once the STB's approval of the Conrail Application has become effective, NS will promptly commence construction of the Cloggsville Connection projects, and NS will advance completion thereof with reasonable expedition in view of operating, engineering and other constraints, the projects' cost and complexity, and any need to obtain additional governmental approvals.

3. Government Approvals. NS' commitment to construct the Cloggsville Connection project and to so in accordance with the schedule detailed above is subject to the acquisition of any necessary federal, state and local regulatory, governmental, environmental and other permits, approvals and authorizations for the projects specified herein, including but not limited to any necessary and applicable STB approvals.

B. Rerouting of Trains from Nickel Plate to Conrail Lines: NS agrees that promptly upon completion of construction of the double connection at Vermilion, NS will reroute approximately 10.6 trains per day from a Rochester, PA -- Youngstown, OH -- Ashtabula, OH -- Cleveland (Cloggsville) -- Vermilion routing through Cleveland and BRL via the NS Nickel Plate line (as provided in the original Operating Plan), to a Rochester, PA -- Alliance, OH -- White, OH -- Cleveland (CP 181) -- Berea, OH -- Vermilion routing through Cleveland via Conrail lines to be operated by NS post-Transaction. Once this rerouting is accomplished, NS projects that average daily freight train traffic on the Nickel

Plate line between Cleveland (Cloggsville) and Vermilion will be approximately 23.5 trains.

C. Rerouting of Trains from Nickel Plate to Cloggsville Connection

Route: NS agrees that promptly upon completion of the construction and improvements to the lines and facilities between Cloggsville and CP-190, NS will reroute approximately 9.6 trains per day from a Cleveland (Cloggsville) to Vermilion routing via the NS Nickel Plate line (as provided in the original Operating Plan) to the Cleveland (Cloggsville)—CP-190—Berea—Vermilion routing created by virtue of the aforesaid construction and improvements. Once this rerouting is accomplished, NS projects that average daily freight train traffic on the Nickel Plate line between Cleveland (Cloggsville) and Vermilion will be approximately 13.9 trains.

D. Revisions to Traffic Projections: Table 1, attached hereto, contains the average daily freight train traffic projections from NS' original Operating Plan for the lines to be operated by NS in Cleveland and the Greater Cleveland area post-Transaction. NS agrees to modify its Operating Plan by substituting the average daily freight train traffic projections contained in Table 2, attached hereto, for these lines. The traffic projections contained in Table 2 depend upon completion of the full Cloggsville Connection, i.e., completion of both the double connection at Vermilion and the upgrades and improvements to the line between Cloggsville and CP-190. As demonstrated in the attached Table 2, the modifications to the NS Operating Plan associated with the Mitigation Proposal result in a projection that the number of trains running on the Nickel Plate line through BRL following

full completion of the Cloggsville Connection and implementation of the Operating Plan (as revised) will be 13.9 trains per day (an increase of 0.4 trains per day over the base year 1995 traffic level of 13.5 for this line segment).

E. Representations Regarding Traffic Projections. NS represents that it has applied all relevant and appropriate information available to it to project that the number of freight trains on the Cleveland (Cloggsville) to Vermilion rail line segment through BRL will average 13.9 trains per day following full completion of the Cloggsville Connection and through at least the remainder of the period to which the projections in NS' Operating Plan pertains. NS further represents that it is not aware of any information that would render this projection incorrect or unreliable. NS agrees that, in the event that its projection should materially understate the actual average number of freight trains operated on this line segment during such period and thereafter, BRL shall not be deemed to have waived in this Agreement such rights as it may have at such time to seek reopening of the STB's approval of the Conrail Application, pursuant to applicable laws and regulations governing reopening of such proceedings, for the limited purpose of reconsideration of the adverse environmental impacts of the Transaction upon BRL and of the conditions imposed by the STB for mitigation of such adverse impacts. NS further agrees that in the event that BRL were to seek reopening on such grounds, if BRL were to request at that time that the STB utilize an expedited schedule for consideration of the request for reopening and for any proceedings upon reopening, NS will not oppose the utilization of an expedited schedule. The parties further agree that none of them shall be deemed,

by virtue of this Agreement, to have waived any right to seek appellate review of any final order issued by the STB with respect to or following proceedings on such a request by BRL for reopening of the approval of the Conrail Application.

F. Modifications in the Event of Operating Changes. To preserve NS' operating flexibility while affording a mechanism for addressing certain future impacts of any substantial increases in NS train traffic over the projections described in subsection D of this section, the parties agree as follows: If during the period beginning on the date on which construction of the Cloggsville Connection has been fully completed and concluding on the later of (i) the date eight years from the Cloggsville Connection completion date or (ii) the date ten years from the date on which the STB's approval of the Conrail Application becomes effective, there is any period of twelve consecutive months in which the average daily number of trains on the Nickel Plate line between Cleveland (Cloggsville) and Vermilion equals or exceeds 26 trains per day on an annualized basis, NS shall contribute \$1,000,000 (one-million dollars) in additional funds to the Community Impacts Fund established pursuant to Section V hereof for mitigation projects. Such payment shall be made within 90 days after the end of such twelve-month period. The provisions of this subsection shall not apply to train movements prior to the date on which construction of the Cloggsville Connection has been fully completed, and none of the twelve-month periods of traffic increases referred to in this subsection shall include any period prior to such Cloggsville Connection project completion date.

G. NS Reports to BRL. In furtherance of this Section I of the Agreement, NS agrees to provide BRL on a monthly basis with an accurate written report on the average daily number of freight trains that operated over the Nickel Plate line through BRL. Each such report shall be provided to BRL by NS within 30 days of the end of the applicable month, and shall be contemporaneously submitted by NS to the STB. NS shall provide such monthly reports until the later of (i) the date eight years from the Cloggsville Connection completion date or (ii) the date ten years from the date on which the STB's approval of the Conrail Application becomes effective. In furtherance of this Section I, NS also agrees to promptly notify BRL in writing of the date on which construction of the Vermilion double connection has been fully completed and the date on which construction of the remainder of the Cloggsville Connection project has been fully completed.

II. Grade Crossing Improvements. NS hereby commits to work cooperatively with BRL and other interested communities adjacent to the Nickel Plate line between Cleveland (Cloggsville) and Vermilion in seeking the support of and funding from the applicable state and other governmental authorities for upgrading the crossing protection (e.g., installing gates and flashing lights) at the 19 public at-grade highway rail crossings on the Nickel Plate line between Cloggsville and Vermilion, which includes those grade crossings located in BRL. NS will work with and cooperate with the pertinent state authorities in developing prioritization of and a timetable for installation of these upgrades. NS commits to act with all deliberate speed to expedite the engineering, state review and approval and construction phases of such projects. NS agrees to contribute

the customary railroad share of the cost of such upgrades, and to promptly commence construction following state approval of the projects in accordance with established practices for grade crossing upgrade projects.

III. Electronic Notification Regarding Train Locations. BRL has requested that NS provide for electronic notification to BRL emergency service providers as to the location of NS trains on the Nickel Plate line within BRL. In recognition of the fact that there are several possible methods for providing such electronic notification, some of which are experimental and some of which may not be appropriate for BRL, NS and BRL hereby agree to negotiate in good faith the issues of whether any of the available methods are appropriate for BRL and, if so, whether and on what terms such method shall be provided to BRL, or to any one or more of the cities comprising BRL.

IV. Clague Siding. In response to community complaints about noise associated with NS train operations in the Clague Siding, NS has recently imposed an operating restriction on eastbound trains. Eastbound trains are now restricted by a Superintendent's Bulletin from stopping at the easternmost end of the siding. The Bulletin states as follows in pertinent part:

When train lengths permits, eastbound movements having to stop at Elmwood, Milepost B-194, will stop as far west of Elmwood Road as possible and still be in a position to observe the eastbound signal and not block Columbia Avenue. . . .

When eastbound trains are going to be stopped at Elmwood, they are to stop trains west of Milepost B-194.2 and do not leave that point until they have positive knowledge that they will be allowed east of signals at Elmwood (east end of Clague siding).

NS agrees to abide by and enforce this restriction. NS has erected an "Engine Stop Here" sign to further advise crews of this stopping point. If at the expiration of a period of one year from the date on which the STB's approval of the Transaction shall have taken effect BRL notifies NS that the above-described operating restriction has failed to adequately remedy the community's concern about noise at Clague Siding, NS agrees to enter into further discussions with BRL on this subject.

V. Community Impacts Fund. In consideration of BRL's concerns about adverse environmental impacts from the Transaction, including the fact that during the interim period between Day One (i.e., the date following control on which NS and CSX split the lines and facilities of Conrail and begin operating those properties separately pursuant to each of their respective Operating Plans) and the date on which NS fully completes construction of the Cloggsville Connection projects, NS train traffic on the Nickel Plate line through BRL could potentially increase over current and historic levels, NS will provide a total amount of \$150,000 to BRL to fund a Community Impacts Fund (the "Fund"). BRL may utilize the Fund for mitigation of what BRL determines to be adverse environmental impacts resulting from the projected train frequency increases on the Nickel Plate line during the interim period, including but not limited to use for enhancements to emergency response capabilities and for other projects related to vehicular delay and pedestrian and vehicular safety, and BRL may also utilize the Fund

for other purposes and expenses determined by BRL to have been or to be related to the impacts of the Conrail Transaction upon BRL. NS will make payment of this total amount of \$150,000 to BRL no later than 30 days after the date on which the STB's approval of the Transaction has become effective. The Fund shall be established and administered solely by BRL or their duly appointed designee(s), and BRL shall have sole responsibility for selecting, managing and maintaining the projects funded by the Fund. Additionally, in the event that NS becomes obligated to make the payment of \$1,000,000 to the Fund pursuant to the terms of Section I. F. hereof, such payment may be used by BRL, in its sole discretion, for mitigation of what BRL determines to be adverse environmental impacts resulting from the train frequency increases on the Nickel Plate line and for other purposes and expenses determined by BRL to have been or to be related to such impacts.

VI. FRA Study of Horn Noise. The parties understand that the Federal Railroad Administration ("FRA") is considering issuing new rules on procedures for blowing of train horns at highway/rail at-grade crossings, which rules may allow communities to apply for an exception to horn blowing at certain grade crossings that meet explicit criteria and could be designated as "quiet zones." In the event that the FRA does issue rules with such provisions, and in the further event that Bay Village, Rocky River, Lakewood or any one or more of them decides to seek to qualify one or more of the grade crossings in its community as such a "quiet zone," NS agrees to engage in discussions with such community or communities with respect to such an effort.

VII. Other Understandings and Undertakings.

A. BRL agrees that through NS' consultations with the officials and elected representatives of BRL, which consultations have culminated in this Agreement, NS has complied with the directives in the DEIS regarding consultations with BRL with respect to potentially significant impacts resulting from the Transaction.

B. BRL agrees not to seek any conditions or mitigation with respect to the STB's approval of the Conrail Application other than as provided in this Agreement at the STB, in any court, or in any other forum. By so agreeing, BRL shall not be deemed to have waived such rights as it may have in the future to seek reopening of the STB's approval of the Conrail Application, pursuant to applicable laws and regulations governing reopening of such proceedings, for the limited purpose of reconsideration of the adverse environmental impacts of the Transaction upon BRL and of the conditions imposed by the STB for mitigation of such adverse impacts.

C. NS acknowledges that it is bound by any system-wide mitigation measures mandated by the STB for hazardous materials transport and intends to apply NS' own system-wide program for the safe transportation of hazardous materials (as further described in Attachment A hereto) to the lines and facilities it will operate in BRL post-Transaction. Additionally, NS agrees to work with BRL to provide hazardous materials response training to BRL emergency service providers. NS also agrees to provide each of Bay Village, Rocky River and

Lakewood with an Operation Respond software package, to install such software for each of the cities and to train each city's personnel in the use of such software.

VIII. STB Notification. Promptly upon execution of this Agreement:

A. BRL and NS will notify the STB in writing that they have entered into this Agreement and will advise the STB of the terms of this Agreement. BRL and NS will further request at that time that the STB adopt the terms of this Agreement as a condition of the STB's approval of the Conrail Application; and

B. BRL will advise the STB in writing that, in consideration of this Agreement, it is withdrawing its request for conditions to be imposed on NS or affecting NS to mitigate environmental impacts of the Transaction.

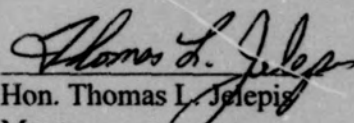
IX. Conditions. The commitments set forth above, with the exception of the commitments made in the third sentence of Section I. A. 2. hereof and in Section VIII. hereof, are conditioned on:

A. The STB's approval of the Conrail Application, provided that such approval does not include the imposition upon NS of any conditions for mitigation in BRL that are both: (1) other than the conditions recommended in the Final Environmental Impact Statement ("FEIS") issued by the STB's Section of Environmental Analysis on May 22, 1998, and (2) materially inconsistent with, in lieu of, or supplemental to the commitments in this Agreement, including but not limited to any imposed condition requiring further study and evaluation of impacts and mitigation options for BRL as related to the operations of NS; and

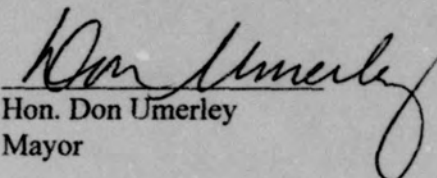
B. The approval of the Application by the STB having become effective.

IN WITNESS WHEREOF, the undersigned have duly executed this
Agreement, all as of the day and year first above written.

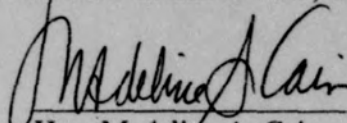
THE CITY OF BAY VILLAGE, OHIO

By: 
Hon. Thomas L. Jelepis
Mayor

THE CITY OF ROCKY RIVER, OHIO

By: 
Hon. Don Umerley
Mayor

THE CITY OF LAKEWOOD, OHIO

By: 
Hon. Madeline A. Cain
Mayor

NORFOLK SOUTHERN CORPORATION

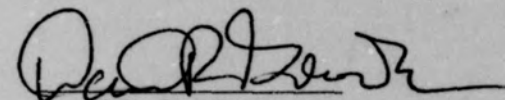
By: 
David R. Goode
Chairman, President and
Chief Executive Officer

Table 1 NS Original Operating Plan

Segment	Freight Trains per Day		
	Pre	Post	Change
Rochester to Youngstown	12.6	17.7	5.1
Youngstown to Ashtabula*	11.7	23.8	12.1
Ashtabula to Cleveland (Cloggsville)	13.0	36.6	23.6
Cleveland (Cloggsville) to Vermilion	13.5	34.1	20.6
Rochester to Alliance	37.9	26.3	-11.6
Alliance to White	26.4	30.1	3.7
White To Cleveland (CP-181)	12.5	29.7	17.2
Cleveland (CP-181) to CP-190**	48.4	42.9	-5.5
CP-190 to Berea	48.4	42.9	-5.5
Cleveland (Cloggsville) to CP-190	2.0	4.2	2.2
Berea to Vermilion	48.4	34.9	-13.5
Vermilion to Bellevue	15.6	27.0	11.4
Bellevue to Oak Harbor	7.7	27.2	19.5
Vermilion to Oak Harbor	48.3	41.4	-6.9
Vermilion Connection west of Coen Road	0	7	7
Vermilion Connection east of Coen Road	n/a	n/a	n/a

* Post numbers include 7 CSX trains per day

** Post numbers include 10 CSX trains per day

*** Post numbers include 2 CSX trains per day

n/a = not applicable

Table 2 NS Revised Cloggsville Connection Mitigation Proposal

Segment	Freight Trains per Day		
	Pre	Post	Change
Rochester to Youngstown	12.6	7.1	-5.5
Youngstown to Ashtabula*	11.7	13.2	1.5
Ashtabula to Cleveland (Cloggsville)	13.0	26.0	13.0
Cleveland (Cloggsville) to Vermilion	13.5	13.9	0.4
Rochester to Alliance	37.9	36.9	-1.0
Alliance to White	26.4	40.7	14.3
White To Cleveland (CP-181)	12.5	40.3	27.8
Cleveland (CP-181) to CP-190**	48.4	53.5	5.1
CP-190 to Berea	48.4	63.1	14.7
Cleveland (Cloggsville) to CP-190	2.0	13.8	11.8
Berea to Vermilion	48.4	55.1	6.7
Vermilion to Bellevue	15.6	26.0	10.4
Bellevue to Oak Harbor	7.7	26.2	18.5
Vermilion to Oak Harbor	48.3	42.4	-5.9
Vermilion Connection west of Coen Road	0.0	0.9	0.9
Vermilion Connection east of Coen Road	0.0	11.6	11.6

* Post numbers include 7 CSX trains per day

** Post numbers include 10 CSX trains per day

*** Post numbers include 2 CSX trains per day

n/a = not applicable

ATTACHMENT A.
NORFOLK SOUTHERN'S COMMITMENT TO
SAFE TRANSPORTATION OF HAZARDOUS MATERIALS

Safety, including safe transport of hazardous material is Norfolk Southern's (NS') highest priority. This unflagging commitment, which goes beyond simply complying with existing regulations and accepted industry practices, has resulted in NS' industry-leading safety performance. NS is dedicated to being a responsible member of the communities it serves and is also motivated by the tenet that safety is good business. Simply put, accidents are both damaging and expensive, and NS is devoted to preventing them. The following summarizes NS' ongoing commitment to safe transportation of hazardous materials.

WHAT IS HAZARDOUS MATERIAL?

The U.S. Department of Transportation (DOT) defines a hazardous material as "*Any substance or material in a quantity or form which poses an unreasonable risk to health, safety, and property when transported in commerce.*" This includes a rather extensive list of chemicals of varying degrees of hazard.

Norfolk Southern has transported over 250,000 loads of hazardous materials annually for the last several years with an excellent safety record. Overall, 99.96 percent of the hazardous materials shipped on NS arrive without incident, and NS is continually working to improve their safety and environmental performance. System-wide, hazardous materials traffic amounts to about five percent of the 3.8 to 4.0 million total carloads of freight handled by NS each year. Completion of the Conrail Transaction will increase hazardous materials loads on some rail line segments, and decrease loads on others. However, NS expects the system-wide percentage of hazardous materials to other freight to remain about five percent post-Transaction.

NS' EXISTING RISK MANAGEMENT PROGRAM FOR HAZARDOUS MATERIALS

Prevention is the primary objective of the NS Risk Management Program for Hazardous Materials. Prevention means minimizing risks while maximizing employee safety and protection of the environment. NS achieves this objective through effective training, regulatory compliance, safe operating practices, equipment and right-of-way maintenance, risk assessment, and contingency planning.

Employee Training - Effective employee training is the cornerstone of hazardous materials incident prevention. Since 1993, over 20,000 NS employees have successfully participated in the NS hazardous materials training program. Since then, NS has provided refresher training annually to employees with key hazardous materials management and handling responsibilities - even though federal regulations only require such refresher training every three years. Environmental Awareness training is also conducted for all employees on a regular basis.

Regulatory Compliance - NS must abide by several federal laws and regulatory programs designed to ensure the safe handling and transport of hazardous materials, including:

- U.S. DOT hazardous materials regulations (49 CFR 170-179)
- Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA)
- Resource Conservation and Recovery Act of 1976 (RCRA)

The DOT regulations closely regulate the transportation of hazardous materials. For example, each rail car (or block of cars) containing hazardous materials must have the proper documentation, including identification of the material and an emergency telephone number. Most cars containing hazardous materials must display a placard or other markings to identify the contents and the associated hazards. The regulations also control the placement of hazardous materials cars in a train. Cars containing incompatible materials are not to be placed next to each other to reduce the risk of a chemical reaction. Similarly, incompatible cars are not to be placed next to each other. For example, a hazardous materials tank car may not be placed next to a flat car carrying steel pipe, as the pipe could shift and damage the tank car.

NS also must comply with Federal Railroad Administration (FRA) regulations covering track and signal safety standards, locomotive and freight car safety standards, and railroad operating rules and practices, all of which reduce the risk of hazardous materials releases from accidents.

Safe Operating Practices - Industry recommended safe operating practices for the transportation of hazardous materials are provided in the American Association of Railroads (AAR) Circular OT-55. There are four main areas addressing incident prevention:

- **Key Trains** are trains that carry a specified amount of hazardous materials, and have certain restrictions such as a maximum speed of 50 mph and procedures for meeting and passing other trains.
- **Key Routes** are any rail line segments with an annual volume of 10,000 car loads (or greater) of any hazardous materials. Key routes are subject to specific track maintenance requirements (twice yearly inspections of main track and annual inspections of sidings), and a maximum distance of 40 miles between track-side safety detectors (sensors that monitor performance of passing train cars, including such items as wheels and dragging equipment). *Since 1992, NS has applied key route requirements to rail line segments with 9,000 car loads of hazardous materials. Track-side safety detectors are placed only 11 to 15 miles apart over the entire NS system.*
- **Yard Operating Procedures** establish safe train car switching operations in rail yards, often going beyond the federal regulations. *NS has even tighter restrictions*

limiting the number of cars of certain commodities which can be cut-off, prohibiting any tank cars containing flammable gas from being cut-off in motion, and limiting loaded hazardous materials car coupling speeds to 4 mph or less.

Storage Distance defines the minimum distances from railroad mainline tracks and passenger operations for storage and handling of hazardous materials. *In addition, NS has a general policy against transloading hazardous materials on company property. Where transloading is approved, special precautions are taken to provide spill containment and environmental protection.*

Although compliance with each of these areas is totally voluntary, NS has adopted OT-55 as part of its operating policy and practice.

NS is also a member of the Chemical Manufacturers Association (CMA) Responsible Care partnership program. This program focuses on prevention of accidents by adopting a code of management practices established by the CMA for safer handling and transport of chemicals. The program includes chemical transport risk management, compliance review and training, safety performance reviews and recommendations, handling and storage practices, and emergency preparedness procedures. *The incorporation of these elements into NS' existing safety and environmental programs further strengthens NS' risk management of hazardous materials transportation.*

Maintenance - Maintenance of the railroad infrastructure and equipment is an extremely important element in preventing accidents. Large annual expenditures are made to keep NS rails in "tip-top" shape and ensure the safest travel for all traffic, including hazardous materials. Most tank cars are privately owned and NS is not responsible for their maintenance other than ensuring safe running gear. Nonetheless, accidents with hazardous materials cars can result from other cars in the train. Therefore, NS has an effective maintenance and inspection program in place to keep all railroad owned equipment up to the required standards of safety.

Contingency Planning - NS has two types of plans that address potential hazardous materials incidents. These are the *NS Emergency Action Plans for Hazardous Materials Incidents* and *Division Emergency Action Plans for Hazardous Materials Incidents*. Both of these contingency plans emphasize finding and fixing the source of the spill or release, containing and controlling the spill or release, identifying the material and notifying the proper authorities, and cleaning up the spill and restoring the environment. Both plans are updated as required by regulation, and when warranted by changes in NS operations. In addition, NS uses internal and external Hazardous Materials audits to evaluate their emergency response plans and hazardous materials training programs.

Additional emergency response resources include private, on-call contractors, who provide supplemental hazardous materials handling knowledge, personnel, and equipment.

These resources are located strategically throughout the NS system, and are available to support railroad personnel and local police and fire departments during incidents.

ADDITIONAL SAFETY MEASURES TO BE TAKEN BY NS IN RESPONSE TO POST-TRANSACTION INCREASES IN HAZARDOUS MATERIALS TRAFFIC

Implementation of the Conrail Transaction will affect the volume of hazardous materials shipped on NS lines, and the routes used to move the hazardous materials to customers. Some NS rail line segments will experience increases in hazardous materials traffic, while other line segments will experience decreases. The Draft Environmental Impact Statement (DEIS) on the Transaction, prepared by the Surface Transportation Board (STB), identifies NS rail line segments which are anticipated to experience increases in hazardous materials traffic. The DEIS recommends specific safety measures for rail line segments projected to experience increases in hazardous materials traffic above the key route threshold of 10,000 cars annually as a result of the Transaction, with additional safety measures for rail line segments where hazardous materials traffic is expected to double and exceed 20,000 car loads annually.

NS concurs with the DEIS recommendation that the increases in hazardous materials transportation warrant additional safety measures. In keeping with the DEIS recommended mitigation strategy and NS' own proactive approach to safety, and contingent on the STB's approval of the joint CSX-NS application to acquire control of Conrail, NS commits to the following:

System-Wide Safety Measures

NS will implement its existing Risk Management Program for Hazardous Materials across the entire post-Transaction NS system. This will include the following specific actions:

1. **NS will develop and maintain Emergency Action Plans for Hazardous Materials system-wide.** NS has two types of plans that address potential hazardous materials incidents. These are NS *Emergency Action Plans for Hazardous Materials Incidents* and *Division Emergency Action Plans for Hazardous Materials Incidents*. Similar plans will be prepared and implemented for the newly-acquired Conrail rail lines and facilities.
2. **NS will maintain and continue to improve its safety policies and procedures to reduce the risk of hazardous material incidents.** NS has established a Risk Management Program for Hazardous Materials within its Environmental Protection department. In addition, NS corporate operating policies and procedures incorporate the safety policies and procedures of AAR Circular OT-55 for the safe transport of hazardous materials and the CMA Responsible Care program for the safe transport and handling of chemicals. These operating policies and procedures will be implemented throughout the expanded NS system. A Safety Integration Plan (SIP) was prepared by NS and submitted

with it's application to the STB. The SIP details NS' plans to incorporate the NS safety policies and procedures into the Conrail operations acquired by NS.

Local Safety Measures - Key Routes

NS will provide the following risk management measures to rail line segments that become "Key Routes":

1. **NS will implement the AAR Circular OT-55 guidelines for the safe transportation of hazardous materials, including:**
 - Wayside defective bearing detectors shall be placed a maximum of 40 miles apart on key routes, or an equivalent level of protection may be installed based on improvement in technology.
 - Main track on key routes must be inspected by rail defect detection and track geometry inspection cars or any equivalent level of inspection no less than two times each year; and sidings must be similarly inspected no less than one time each year.
 - Any track used for meeting and passing key trains must be Class 2 or better. If a meet or pass must occur on less than Class 2 track due to an emergency, one of the trains must be stopped before the other train passes.
 - Training of employees who handle shipments of hazardous materials on a key route must be conducted on an annual basis.
2. **NS will provide hazardous materials contingency plan information to counties along key routes for distribution to the Local Emergency Planning Committees (LEPCs).** These contingency plans will contain information on NS hazardous materials emergency response plans, key sources and contacts for additional emergency assistance, and NS contacts. The information provided by NS will supplement existing contingency planning efforts by the LEPCs, but is not intended to take the place of local planning. It is neither necessary nor cost-effective for every local firefighter and policeman to have the expert skills and equipment to respond personally to any hazardous materials emergency. Through the proper awareness training and contingency planning, states and local communities will be able to pool their response capability with those of federal agencies and NS to provide for a more coordinated and better managed emergency response system.
3. **NS has an established 24-hour toll-free telephone line which can be used to obtain hazardous materials emergency response information.** The emergency response

information "hotline" is established in the NS Police Communications Center in Roanoke, Virginia, which can immediately access all NS dispatch centers.

Additional Safety Measures on Routes Where Hazmat Traffic is expected to Double and Exceed 20,000 car loads annually

NS will provide the following risk management measures to rail line segments where hazardous material traffic doubles and exceeds 20,000 car loads annually:

1. **NS will implement the mitigation measures noted above for Key Routes**, including implementation of the OT-55 guidelines for Key Routes, provision of hazardous materials contingency planning information to affected counties for dissemination to LEPCs, and a 24-hour toll-free "hotline" for hazardous materials emergency response information.
2. **NS will provide hazardous materials emergency response training drills for each rail line segment within two years after Approval of the Transaction.** These drills will be held in cooperation with the LEPCs, and interested federal and state agencies.

STB

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PUBLIC

PETITION FOR WHEELING & LAKE ERIE RAILWAY

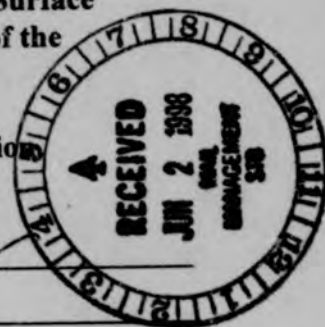
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The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

The upcoming merger between Norfolk Southern and CSX Transportation may be detrimental to the future of the Wheeling & Lake Erie. On June 8, 1998, the Surface Transportation Board will vote on the merger, which will determine the fate of the Wheeling & Lake Erie.

We are asking you to show your support as a community by signing this petition.

FD 33388



Name

Address

ES Hardie

432 2nd St Brewster

Robert Latham

324 1st St Brewster

Donna Beggel

11685 angleway S.W. Navarre

Donald

7938 Alabama Ave SW NAVARRA

M. Simmons

127 2nd Ave SE POB 35 Beach 49608

Dan K. Simpson

413 Willow St Brewster Oh.

Don Riley

15221 Wyncrest S.W. Navarre

Carl B. Bickel

6001 Brownsville Navarre

W. H. Bickel

506 W. Hickory St

Chris Lamborn

6174 BONDADALE S.W. NAVARRA

John K. Hanson

475 N. Lakeland Brewster Oh.

Begun, J. W. Bickel

400 Walbridge St. Brewster, OH 44608

Speedy Bickel

1604 W. 7th St. Brewster, OH 44603

Carl Bickel

447 W. Main Brewster " "

Carl Bickel

P.O. Box 376 - Navarre OH 44662

Carol Magala

255 E. Main St Brewster 44603

Don

414 W. 2nd Street

Ed Lamb

P.O. Box 460 Beach City, OH 44608

Kevin Krotky

139 Elm St Brewster

John Spiller

155 6th St. Brewster

James Campbell

9945 Shetler Ave Sw. Navarre Oh. 44662

Kathy Schultz

521 Barber Ave Brewster, OH 44613

7752 Justice Ave. Navarre OH 44662

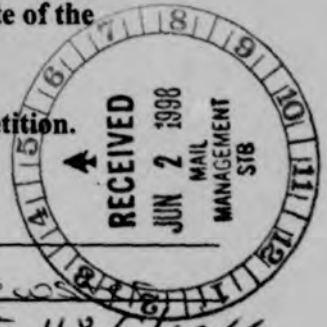
PETITION FOR WHEELING & LAKE ERIE RAILWAY

2

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We are asking you to show your support as a community by signing this petition.



Name

Address

Dawn Furber
 Julie Douglas
 Ken Gungler
 Calen Tagg
 Payne Auto
 Porvins Cafe
 Cheekata Boyd
 Arthur
 Penny Spry
 Greg Ziegler
 Thurea Sinton
 Fritz Fekner
 McGehee Olson
 Goss Farnsworth
 J. Karlosky
 Clarence J. Francis
 Beel Morris
 Jamie Payne
 Michael Freeling
 Just Cistrick
 Heidi Cox
 B. A. Smith
 Am Deaton
 Robin Drutale

223 2nd St SW.
 405 Tusc. NW Brewster
 181 WEST 4TH ST 118611CK
 676 TUSC. ST. N.
 1121 Angeway St. Navarre
 123 S. Walsh Brewster
 323 Barber St Brewster
 / /
 141 Elm St. NE. Brewster
 141 Elm St. NE. Brewster
 134 Barber Brewster
 5811 Massillon Rd Dalton O
 508 Walhanding St Brewster
 113 Birch St. SW Beach City, OH 44608
 246 west 5th St Brewster, Ohio 44613
 588 Amherst St E. Brewster OH 44613
 354 E. 2nd St Brewster Ohio 44613
 306 McKinley Brewster OH 44613
 622 SCIOTO AVE Brewster, OH 44613
 851 Hamman SW Brewster OH 44613
 525 N. Walsh Brewster OH 44613
 460 1st St. Brewster, OH 44613
 677-Tuscarawas Av. N.W. Brewster, Oh.
 677 Tusc. Ave NW Brewster

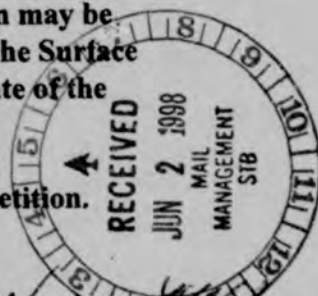
PETITION FOR WHEELING & LAKE ERIE RAILWAY

#3

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

The upcoming merger between Norfolk Southern and CSX Transportation may be detrimental to the future of the Wheeling & Lake Erie. On June 8, 1998, the Surface Transportation Board will vote on the merger, which will determine the fate of the Wheeling & Lake Erie.

We are asking you to show your support as a community by signing this petition.



Name

Address

Walter E. Basell

11685 Anglinway SE NW Nantuxet

John J. Van

275 W 2nd ST BREWSTER 44613

Zetta Carpenter

275 W 2nd St Brewster 44613

Yolanda Rivers

306 McKinley Brewster 44613

Marta K. Hickey

460 1st St. Lot #21 Brewster

Edmund Gaudy

196 7th ST. SW, BREWSTER OH

David E. Mauer

6910 PIGEON RUN NAYARRE, OH 44662

Angie East

460 1st St SW #10 Brewster OH

Robert Adams

324 6th Ave Beach City, OH

Anna Reichenbach

640 Washington Brewster Ohio 44613

Emma Nelson

4949 Manchester Ave SW Navarre OH 44662

Cheryl Betont

134 E Harmon St Brewster 44613

Dale Mathison

227 7th St. S.E., Brewster, OH 44613

Cynthia J. Wiles

278 Kingshighway Brewster OH 44613

Michelle J. Mc

120 E 1st St. Brewster OH

Janet D. Hulse

7484 JUSTUS AVE NAVARRE OH 44662

Bob Briggs

381 WEST MAIN ST. BREWSTER, OHIO 44613

Sean Nichols

159 BARBER ST NE BREWSTER OH 44613

Donald Rahn

249 E HARMON, Brewster Ohio

Gay Furbish

931 S Walnut Navarre Ohio

Kelly Cuthright

851 Harmon Ave Brewster Ohio 44613

Jeff Bernick

284 East 2nd St Brewster Ohio 44613

John Mc

3861 BRINKER RD. SW. NAVARRE OHIO 44662

Amy Simons

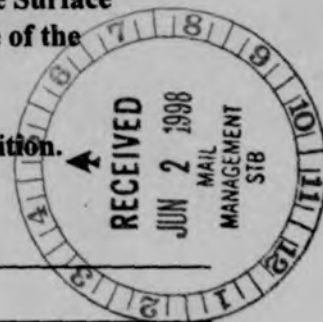
306 McKinley Ave Brewster OH 44613

PETITION FOR WHEELING & LAKE ERIE RAILWAY

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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We are asking you to show your support as a community by signing this petition.



Name	Address
Bryce W. Smith	312 E Harmon
Michael L. Zott	445 E. 2nd St.
Chris Harris	394 W 2nd St
Martha A. Trotter	5936 Manchester Ave. S.W.
Danell B. B. Jr	1700 Manchester Ave. N.W.
Ryan A. A. Jr	368 W. 2nd St.
Josh A. A. Jr	460 W. 1st St #3
Dan A. A. Jr	417 West Main Street
Terry A. A. Jr	429 Wallow St Brewster
Teresa A. A. Jr	1345 Elton St. Navarre.
Oban A. A. Jr	+ 67 Wadsworth St Brewster, Oh
R. A. A. Jr	614 E 7th St #2
L. A. A. Jr	
A. A. A. Jr	413 Willow St
R. A. A. Jr	656 N. 2nd
K. A. A. Jr	252 W 2nd St
B. A. A. Jr	541 W Main Beach City, Oh
Mitch Metz	
Barbara Hider	169 Elm NE Brewster OH
DAN RADER	7708 HILLS & DALES MASSILLON
John S. Childs	264 Mohican St Brewster
TERESA BROWN	13723 ELTON SW NAVARRE OH
JOHN W. GUY	P.O. Box 520 Uhrichsville, Ohio.
Edward J. C. Jr	P.O. BOX 219 Massillon, Ohio

44648

PETITION FOR WHEELING & LAKE ERIE RAILWAY

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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We are asking you to show your support as a community by signing this petition.



Name

Address

Flora Godwin

417 West Main Brewster, OH

Theresa Swain

644 Wells St NE Brewster, OH

Vic Church

7190 Pigeon Run Rd NAVARRE, Ohio

Bob Cochran

12235 Eitan St. Navarre Ohio

Mary D. Vincenz

10357 Chestnut Rdg. Beach City OH 44608

John Houghen

297 West 6th Brewster OH 44613

Bill Beister

7135 Lebanon Rd Navarre OH 44662

Paul Smith

230 E 5th St. Brewster, OH 44613

Joe R. French

9410 Wadsworth Rd. Medina, Ohio 44256

Ken Smith

240 WHARMON BREWSTER OH

William Wassman

968 Lincoln Way W Massillon Ohio 44647

Carol McNamee

800 Supreme St. Beach City, OH 44608

Alfred Seay

12263 Baughman St Navarre OH

Darryl Samner

1963 Deermont Ave NW Massillon OH

Karl Strach

18879 Harrison Rd Navarre, OH

Walter D. Cristale

207 - E. 7th St. Brewster, OH 44613

Oliver Ducker

314 Mohican St. Brewster

Georgia Ducker

374 Mohican St. Brewster

W. Kevin

4193 Royal Ln SE. M. P. Huba, OH

I. Adams

10800 40 corners NW Massillon Ohio

M. M. O'Connell

7603 Sustus Ave. Navarre, OH 44613

James D. Light

851 Harrison Ave. Brewster, OH 44613

Tom Thompson

52 W. 7th St. Brewster OH 44613

Justin Williams

9245 Freysburg Rd. DREXEL, OH

43821 28.00
price

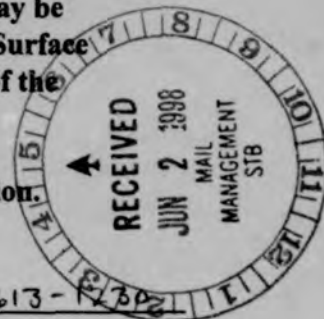
PETITION FOR WHEELING & LAKE ERIE RAILWAY

#6

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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We are asking you to show your support as a community by signing this petition.



Name

Address

<u>Charles Larson</u>	<u>486-2nd St E. Brewster, OH 44613-4302</u>
<u>Jeffrey A. Sunderland</u>	<u>363 Lockwood St. Akron OH 44314</u>
<u>Norma Smith</u>	<u>671 Dartmouth Brewster OH 44613</u>
<u>Clarence L. Miller</u>	<u>426 W. Main Beach City, Ohio 44608</u>
<u>John H. Wright</u>	<u>3345 Lockland Dayton OH 45418</u>
<u>Harold E. Antkowiak</u>	<u>246 Wesley Avenue North, East Canton OH 44720</u>
<u>John D. Clendinning</u>	<u>1691 Woods Rd Akron Ohio 44306</u>
<u>Cindy Bair</u>	<u>973 Gordon St NE Bolivar OH 44612</u>
<u>Lisa Lantier</u>	<u>500 4th Ave #37 Beach City OH 44608</u>
<u>Michael Demerutis</u>	<u>151 HUDSON ST N.E. Brewster OH 44613</u>
<u>Robert W. Patterson</u>	<u>7022 LAKESHORE SW NAVAHO, OH 44662</u>
<u>Eugene Haas</u>	<u>1176 Cyril ave SW, Massillon OH 44647</u>
<u>L. Evans</u>	<u>124- 7th Ave N.W. - Beach City, OH 44608</u>
<u>JE Jones</u>	<u>1066 SOUTHPORT DRIVE MEDINA OH 44126</u>
<u>R. Byler</u>	<u>6253 Kemany S.W. Navarre OH 44662</u>
<u>J. Vaughan</u>	<u>6661 High tre SW Navarre OH 44662</u>
<u>Jim Jurekoff</u>	<u>460 1ST SW BAKERSIA, OHIO 44613</u>
<u>Peggy Failor</u>	<u>1950 Southway S.W. MASSILLON OH 44646</u>
<u>Brandon Gillespie</u>	<u>1544 Stark Ave SW Canton Oh 44706</u>
<u>Larry McConaway</u>	<u>3078 Ransford Ave S.W. Massillon, OH 44646</u>
<u>DAVE FULTON</u>	<u>6452 BROUGH AVE. S.W., NAVARRE, Ohio 44662</u>
<u>David Lenzel</u>	<u>350 twp Hwy 108A, HidenA Ohio 43901</u>
<u>Dexter A. Emmer</u>	<u>323 N. WABASH BREWSTER OHIO 44613</u>
<u>J. Mike Fowler</u>	<u>4083 PARROT Rd. STRASBURG OHIO 44680</u>
<u>J.P. Lamb</u>	<u>9221 Hensel S.W. Navarre Ohio 44662</u>

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#7

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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We are asking you to show your support as a community by signing this petition.



Name	Address
James Joe Miller	264 4TH St S.W.
O'Malley	515 S. Wabash Ave
Mark Wenting	419 E Harbor Brewster
Howard Napier	13161 Mt Eaton St
Bob Edens	185 E. 2ND, BREWSTER
Del & L. Goff	1128 3/4 St NE Marion OH 44641
P.E. Page	549 N. Wabash Brewster OH
Michelle Kiko	219 Rose Ave Massillon OH 44646
Norman R. Youngman	186 W. 5th St, Brewster, OH 44613
Dale Stadel	283 W. Main Brewster OH 44613
Stanley Owens	
KAREN BING	643 CHURCH ST. BREWSTER
Rosetta Meyer	11558 Rorman H Navarre, OH 44662
Robert J. Thomas	407 North Wabash / Brewster, OH 44613
J. Gray & Smith	164 W. 7th St. Brewster, OH. 44613
Amelia Ewing	285 West 2nd St. Brewster Ohio 44613
Charles R. Sturtevant	157 5th St. E. Brewster, Ohio 44613
Jane Zick	223 WABASH Brewster, OH 44613
K. Shurtuff	7460 Alabamas Ave S.W. 44662
Chris Bucher	856 Hariman Ave SW Brewster 44613
Harry Bucher	856 Hariman Ave SW
Becky Helmut	601 Dartmouth - Brewster - OH 44613
Dwight Helmut	601 Dartmouth - Brewster OH 44613
John Wise	15160 Mt. Eaton St. SW Navarre, OH 44644

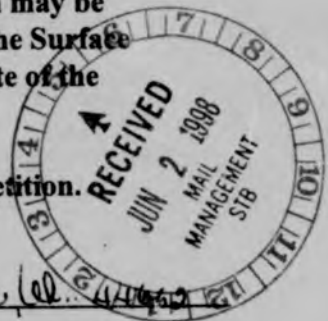
PETITION FOR WHEELING & LAKE ERIE RAILWAY

#8

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We are asking you to show your support as a community by signing this petition.



Name

Address

Deanna D. Dwyer

6186 Broadale Ave., New Haven, Ct. 06467

Gregory D. Smith

193 4th St SW Brewster Ohio 44613

Heather M. Smith

193 4th St. SW Brewster OH 44613

Philip L. East

219 Church St Beach City OH 44608

Don Delaney Jr.

8021 Manchester SW

Jack S. Lash Jr.

11499 SARBACKH ST. S.W. MASSILLON 44649

Don J. Lash

7391 Adams Ave. N. N. Mass 44102

B.J. Smith

460 1st St. #1 Brewster, Oh 44613

Robert J. Lee

215 W. 4th St. Brewster

Youngman

186 W 5th St Brewster

Sam Pale

1509 N WALNUT ST. Dover Ohio 44622

E. Bocock

206 E. 5th St Brewster, O.

P. Quigley

410 Walhonding Brewster Oh 44613

J. Nyk

166-5TH Brewster, O.

Tina M. Mow

201 McKinley Av Sw Brewster OH

Patti Dugay

6061 Muffly Ave. S.W. Navarre, OH

Don C. C. C.

13105 ELTON RD SW NAVARRE Ohio

J. H. Hall

394 Jackson Brewster Oh

Larry J. Paulsen

P.O. Box 82 Walnut Oh 44687

Michael D. Marshall

P.O. BOX 16 BREWSTER OH.

John Mercen

460 N. Walnut Brewster Ohio

Maria L. Myers

177 E. 5th St. Brewster Ohio

Jeanne Reptis

119 E. 4th St. Brewster Oh.

Dawn Richards

352 1st St SE Brewster Ohio

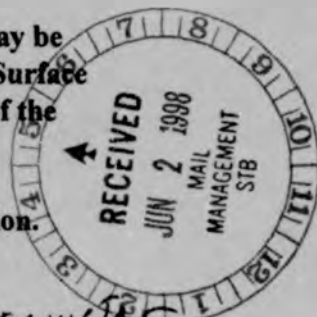
PETITION FOR WHEELING & LAKE ERIE RAILWAY

#9

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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We are asking you to show your support as a community by signing this petition.



Name

Address

<u>Joe Martin</u>	<u>189 W 6TH ST Brewster</u>
<u>Phil S. L.</u>	<u>8020 Erie Ave Navarre</u>
<u>Benedict Frisley</u>	<u>221 Harmon Ave NE Brewster, Oh.</u>
<u>Ruth A. Frein</u>	<u>114 4th St, SW Brewster, Oh.</u>
<u>R. F. Davis</u>	<u>368 W 2nd ST, Brewster, O.</u>
<u>Annette Lantier</u>	<u>6102 Maffly Ave Navarre, Oh. 44662</u>
<u>Kenee Sut</u>	<u>855 McKinley SW Brewster</u>
<u>Vernon Neidenholz</u>	<u>394 Susslow Ave NW Brewster</u>
<u>Kim Gallathin</u>	<u>8021 Manchester Ave Lot 21 Navarre 44662</u>
<u>Nauf Costa</u>	<u>7661 Putman Rd #2 Navarre</u>
<u>Tom Augerberg</u>	<u>424 Tusawana Brewster</u>
<u>Jim Sutz</u>	<u>10137 Kiefer Rd Black City</u>
<u>Victorie Wiles</u>	<u>769 HARRIMAN AVE SW Brewster</u>
<u>Jannsworth's (4)</u>	<u>11345 Navarre Rd SW. Navarre</u>
<u>Mary Hilliard</u>	<u>771 McKinley, Brewster</u>
<u>Jill McFeneel</u>	<u>12580 Poorman Navarre Oh 44662</u>
<u>Jim Rice</u>	<u>" " " "</u>
<u>Michelle Vogel song</u>	<u>11421 Navarre Rd SW / Navarre</u>
<u>MICHAEL M VOGELSONG</u>	<u>" "</u>
<u>James K Lawrence</u>	<u>180 4th St SE Brewster</u>
<u>Cheryl D'Amato</u>	<u>8021 Manchester Navarre</u>
<u>Karen Kouch</u>	<u>460 W. First St Lot 3 Brewster</u>
<u>TRACY LUMING</u>	<u>3971 L. W. Wash Brewster</u>
<u>LESTER D. McNeil</u>	<u>192-514TH ST BREWSTER</u>

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#10

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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We are asking you to show your support as a community by signing this petition.

Name

Address

Jean Wheeler

193 W. 5th St. Brewster 44613

Gay Klein

184 W. Main Brewster Ohio 44613

Vickie Difford

435 Tuscarawas Brewster Ohio 44613

Tim Daboff

172 E Main St Brewster Ohio 44613

Kathleen Tucker

4541 Manchester Blvd Navarre 44662

John Kront

104 W. Main Brewster O

Robert Minson

212 Kings Hwy Brewster OH

John Miller

13615 Elton St Navarre, OH

Mrs. Wm J. Lutz

8021 Manchester Rd Navarre Ohio

Nanna Rohr

8365 Manchester Ave N.E. OH

Dick [unclear]

3710 7th St. St. Brewster Oh 44613

Ann L. Jessell

3832 Deerfield Ave Dalton OH 44618

Rick Annon

502 Milton, Wilmot, 44689

Noima J. Seward

12433 Harpendale SW Navarre OH 44662

Larry Barbey

14872 Elton Rd SW. Navarre Oh

Karen Shook

13665 Elton St. Navarre Ohio

Richard W. Mott

485 Wabash Ave. Brewster, Ohio

Michael A. Hefner

325 East Main St Brewster Ohio 44613

John Dumas

312 Harmon St. Brewster OH 44613

Shirley Adams

434 S. Wabash Brewster

Joanne Mills

164 W. 7th St. Brewster, OH 44613

B. Telf

827 Zimmerman Sw. Brewster, OH 44613

Donald Lanning

257 Washington - Brewster

Mike Miller

134 E. Front - Brewster OH 44613

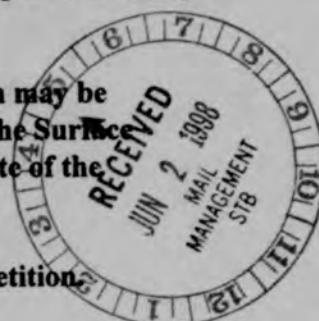
147 E 6th St Brewster

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#11

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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We are asking you to show your support as a community by signing this petition.

Name

Address

Eddie Leasing

134 E. H. H. Brewster OH 44613

Thomas N. Claus

460 W. 1st Brewster OH 44613

Judi Melich

323 Cleveland S.E. Brewster 44613

Ben Elvick

696 Horton NE Brewster 44613

Jaye Nicholson

306 1/2 N. Wooster Ave Strasburg Ohio 44680

Alisha Fedorka

14498 Bellridge SW Navarre OH 44662

Susan Meyer

506 N Jackson Brewster

Jeff Fanning

460 West 1st Lot 34 Brewster, OH 44613

Jeff Fanning

609 N. Walash Brewster

Rod Krotky

155 6th St. BREWSTER, OHIO

LuAnn K. Morrison

212 King Hwy Brewster OH 44613

William L. Moore

8619 ALABAMA AVE S.W. NAVARRE OHIO 44662

L. H. H.

30 Bushette Rd. Rt. 1, Strasburg, OH

Gale Day

637 Wells Ave. Brewster, Ohio 44613

Pat Shepard

105 Cleveland Brewster OH

Stephen A. Palfy

150 W 4th Brewster OH 44613

R. Zumbro

8058 Day Ave Navarre

Lewis M. Council

2976 Day Ave. Navarre, Ohio 44662

Dorothy Foster

12450 NAV. RD SW NAVARRE OHIO 44662

John Skamny

6702 Alabama Ave SW Navarre 44662

Connie Gray

5700 PIGEON RUN AVE NAVARRE 44662

Wanda Ross

13730 ELTON ST NAVARRE 44662

Chester Mann

14620 BELLEVIEW RD NAVARRE OHIO 44662

David C. Pearson

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#12

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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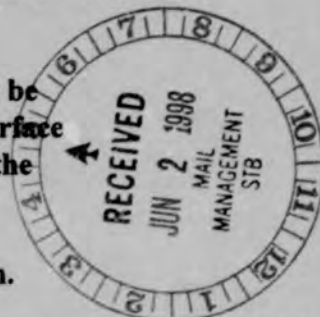
Name	Address
John Rose	310 N WABASH BREWSTER
Cherwile	246 Harmon Brewster
Gary Bradfield	11433 Navarre Rd. Navarre
Dan Mack	Same ↑
Grace Taylor	450 S Wabash Brewster
Bruce McCallin	680 Dartmouth Brewster
Barb Krosky	155 6th St SW Brewster Oh.
Barb Krosky	155 6th St SW Brewster Oh.
Diane Reis	638 Church St Brewster
Rob Van	11578 Popeman Ave Navarre
Vicki Surheim	444 N Wabash Brewster
Katie Rose	264 E First St Brewster
Quintin Williams	348 W FIRST ST Brewster
Virginia Carlson	612 Wabash S. Brewster Oh.
Beth Fisher	405 W 2nd St Brewster
Mark Van	117 W 2nd St Brewster
Mark Van	397 N. Wabash Brewster
Matthew	Brewster Oh.
Ben Pitters	Brewster Ohio
Bob Thompson	460 W. 1st Brewster, Oh.
Jim Blasey	303 7th Ave Beach City, OH 44608
Jan Nelson	226 Buckeye St NW Brewster Oh
Ken Beatty	184 4th St SW Brewster Oh
Pauline Savage	

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#13

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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We are asking you to show your support as a community by signing this petition.

Name

Address

Patricia Otto

7603 Justus Ave. SW Navarre Oh. 44662

~~Patricia Otto~~

~~Patricia Otto~~

Walt Smith

2041 Pigeon Run, Navarre

Jeff H. Merys

7126 PIGEON RUN NAVARRA OH 44662

Joe W. Anderson

226 W 2nd Brewster (Wayno)

Brad Biner

637 Horton NE Brewster

Connie Leiker

9734 Somerville Somerville

Phil K

244 Huron St. NE Brewster

Mike Nicklin

6th ST. BREWSTER

Mahlon L. McKee

210 Jackson & E - Brewster, OH

~~22~~

~~Brewster~~

Grace Krupf

244 HURON ST.

Quincy Shogoh

414 W. 2ND ST. Brewster

John Crawford

2612 Manchester Rd Massillon

Abrienne Brainer

Marty Zisk

JA Heckathorn

345 S. WABASH, BREWSTER, OH

RICE BETTILION

5893 NORDROCK NAVARRA, OH

Jana Simpson

152 5TH ST SW. Brewster

Georgi Kerby

277-2nd St SE Brewster

Kelley Winland

7782 JUSTUS AVE SW Navarre OH 44662

David Piffner

7430 Alabama on SW, Navarre Ohio 44662

Synthia Simons

457 2ND ST EAST Brewster

Karen Gunning

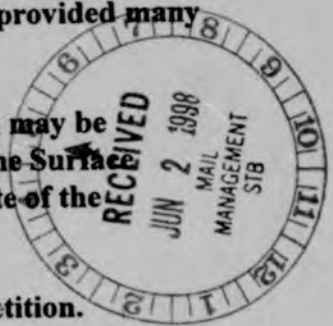
208 7th ST SE Brewster.

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#14

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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We are asking you to show your support as a community by signing this petition.

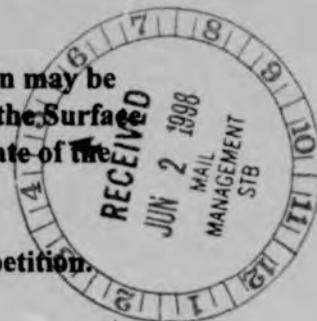
Name	Address
Monica Otto	7603 Justus Ave. Navarre, OH.
Kirk Bridenbaugh	7585 Kellers Rd. Navarre, OH.
Robert Manack	662 Horton NE Brewster, Ohio
Ray Butson	609 McKinley Ave Brewster OH
Kristina Miller	772 McKinley Ave Brewster OH
Kay Huff	756 McKinley Ave Brewster, OH
Anthony Salas	17290 Judd St North Hance
Don Perzoff	284 Edad St Brewster Oh.
Amy Gardner	13119 Cloverleaf St. NW. Mass. Oh.
David W. Hayes	401 East 7th St Brewster Ohio
which Cape land	134 Lincoln St. Brewster, Ohio
Randy Anderson	294 W 4th St Brewster Oh
David Brooks	515 Walkup St. M. Kersburg, OH
William H. Mager	6910 Pigeon Run Rd. Navarre, Oh
Quinn Howard	644 Wells Brewster OH
Melissa Zatta	128 W. Main St. B. Beach City
Cinnie Kirkpatrick	410 S. Main St. Brewster, OH
Amanda Kuehly	155 6th St, P.O. Box 44, Brewster, Oh.
Rich Bernhardt	284 2nd St, Brewster - Oh
Interville Dellinger	345 W Main St. Brewster, Ohio
Angela Moseley	9822 Falls Spring, Alondra
Margaret J. Goble	8631 Alabama Sw Navarre Ohio
Margaret W. Goble	128 N Main Beach City
Maryanne Mager	6910 Pigeon Run Sw. Navarre. O.

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#15

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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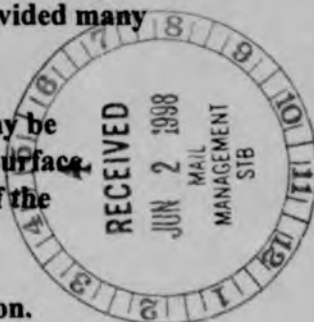
Name	Address
<u>Sheri DeVore</u>	<u>P.O. Box 254 Wilmet OH 44689</u>
<u>ELLEN EVERETT</u>	<u>256 W MAIN BREWSTER OH 44613</u>
<u>Terry Heath</u>	<u>Box 294 WILMERSBURG OH 44690</u>
<u>MIKE MCLEESE</u>	<u>525 WABASH SW BREWSTER OHIO 44613</u>
<u>Lauren Weber</u>	<u>1864 Dolphin St Beach City OH 44608</u>
<u>Jennie East</u>	<u>8021 Manchester #26 N. OH 44662</u>
<u>Casey Jones</u> ^{OR MIKE MICHALOS}	<u>Nuket Plate R.R. A REAL R.R.</u>
<u>Kim B. Jones</u>	<u>Box 617 Beach City, O</u>
<u>E. Ott</u>	<u>Brewster O.</u>
<u>K. Hornstapp</u>	<u>Brewster, Ohio</u>
<u>Cyl Cochran</u>	<u>Navarre Ohio</u>
<u>Don Hesse</u>	<u>Brewster, Ohio</u>
<u>Jim L. Shook</u>	<u>Brewster Ohio</u>
<u>Philip Shook</u>	<u>Brewster Ohio</u>
<u>Wanda Galt</u>	<u>Brewster Ohio</u>
<u>Diane Gyllon</u>	<u>Brewster Ohio</u>
<u>Dou Seifert</u>	<u>Beach City Oh.</u>
<u>Marlene White</u>	<u>Beach City Oh.</u>
<u>Catherine Butler</u>	<u>Navarre, Ohio</u>
<u>Markus Robbins</u>	<u>2477 BELLEVUE SW Mass. O</u>
<u>Uindi Felt</u>	<u>192 E 44 St Brewster Ohio</u>
<u>N. Peck Heckathorn</u>	<u>345 S. Wabash Brewster Ohio</u>
<u>Matt Witting</u>	<u>208 Superior St Brewster OH</u>
<u>Matt Thomas</u>	<u>407 N. Wabash Brewster Oh</u>

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#116

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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We are asking you to show your support as a community by signing this petition.

Name

Address

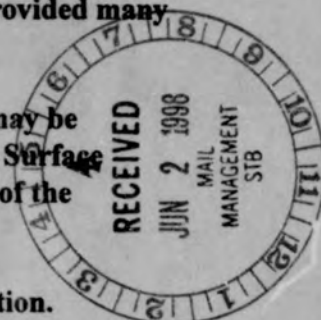
Robert O Wentling	685 Muskingum Ave, Brewster
Dan Reinsel	119 W. 4th St Brewster
William E. D'Annunzio	161 - 4th St S.E. Brewster, Ohio 44613
Justin D'Annunzio	161 - 4th St SE Brewster, OH 44613
Frank J. Hargis	143 - 2nd St SE BREWSTER OH 44613
Greg Wentling	333 Sunnyside Brewster, OH 44613
Virginia Wendling	637 South Walnut Brewster OH 44613
Michael G. Ferguson	321 Barber St Brewster, In
Ron Potock	275 W 7th St SW BREWSTER OH 44613
V. J. Donohoe	148 E 6th St SW Brewster Ohio 44613
Paul Smith	182 W 6th St Brewster Ohio 44613
Robert W. Winkler	13789 Millersburg Rd. San Mass. Mass. Ohio 44647
Heather Wendling	143 E. 2nd St. Brewster, OH 44613
William D. Wentling	7030 Pigeon Run S.W. Navarre, OH 44662
Ferry Philant	5590 Marlond S.W. Navarre OH 44662
Robert Barnett	471 Main St SW Brewster OH 44613
John Overcash	471 Main St Brewster OH
Paul Winkler	3251 CARMONT AVE MASSILLON OH 44647
Mr. W. Stone	670 Dext + Mout St. Brewster, OH 44613
J. E. Schmaecher	217 W. Harmon, Brewster, OH 44613
Anthony Thompson	256 W 4th St Brewster OH 44613
Fang P. Helbert	10685 Northvale Ave SW Beach City, OH 44608
Merlin Keutsticker	259 W. Cherry Canal Fulton, Ohio 44614

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#17

The Wheeling & Lake Erie Railway is asking for the support of their community to help ensure that the Wheeling & Lake Erie remains an independent railway. The Wheeling & Lake Erie has been in our community for many years and in that time has provided many jobs and business to the area.

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We are asking you to show your support as a community by signing this petition.

Name

Address

AARON DAVIES

28334 CRIO FRESNO OH. 43824

Tom OH

Box 517 SCIO OH 43988

John Vergis

23801 BLINKER Rd. S.W. NAVARRA OH 44662

Chad P. Winans

742 Independence Ave Akron OH 44310

Tom Rohn

345 WEST 2ND ST Brewster, Ohio 44613

DAVE SMITH

245 Leeper Rd McConnelsville OH 43752

Brian Berzer

1503 Ridge Rd. N.W. Canton OH 44703

MARK PLACE

66 26th ST NW MASSILLON, OH 44647

Bryan Duvick

MARTIN Ferry OH 42835

Burt D. Lewis

10 Thonvale Ohio 43117

Bob Butler

174 S. CROWN HILL RD, ORRVILLE, OH 44667

KEVIN BARCUS

200 Betscher Dover Ohio 44622

PETITION FOR WHEELING & LAKE ERIE RAILWAY

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We are asking you to show your support as a community by signing this petition.

Name _____

Name Glenn K. Hodge
Larry B. Hodge
W. Moore

Address

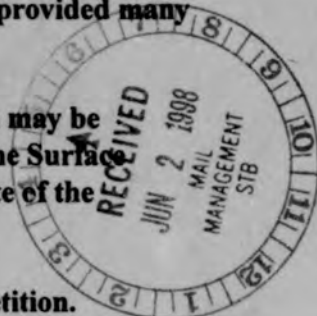
Address
2971 Alal Ave SW Apt D 44618
10,141 PORTLAND AVE BEACH CITY CA 94608
460 W. 1st Lot #32 Bremerton WA

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#20

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We are asking you to show your support as a community by signing this petition.

Name

Address

Miss Borker

245 Main St SW Brewster

Carol Borker

857 P. Ave. Brewster

Carol Borker

13519 Stonewall Beach City

CP Gribble

2008 34th St Canton

Patricia Monds

8014 Justice Ave. Navarre

Robert W. W. W.

637 Wells Ave Brewster, OH

Scott Dingle

12891 Elton St. S.W. Navarre Ohio

Michael J. J.

14754 F. St SW NAVARRA OH.

Natalie J. J.

221 West Main St. Brewster, Oh.

John A. Smith

1297 Willow Fork Rd. Sistersville, W. Va.

Kenneth E. Mayhew

243 S. Wabash Brewster, Ohio

Deborah J. J.

Navarre, Ohio

Ray Bailey

466 Mahican St Brewster Oh 44613

Sharon B. B.

622 Scioto Brewster, OH

Bruce E. E.

443 Tuscarawas Ave Brewster, Oh

Rodney A. A.

637 Wells Ave Brewster, OH

Doreen L. L.

619 Amherst St Brewster, Ohio

Doreen L. L.

Doreen L. L.

Doreen L. L.

Doreen L. L.

Doreen L. L.

Doreen L. L.

Doreen L. L.

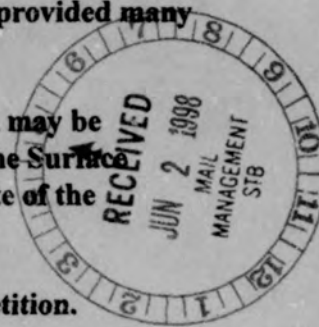
Doreen L. L.

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#21

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We are asking you to show your support as a community by signing this petition.

Name

Brian Margazano

DEARA PAXSON

Michael Shepherd

Address

5230 Fleetwood Ave NW Canton OH 44718

5285 Fleetwood Ave NW Canton Ohio 44718

1612nd Street Brewster OHIO 44613

PETITION FOR WHEELING & LAKE ERIE RAILWAY

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We are asking you to show your support as a community by signing this petition.

Name

Address

William Rockhold

417 TUSCARAWAS BREWSTER

Marcia Rockhold

417 TUSCARAWAS Brewster

AK Lockman

421 Tusc. ST BREWSTER OH

Shaybill

405 Tusc. NW Brewster Oh.

Jane Bailey

385 Tusc. NW Brewster, Ohio

Lynn Henry

365 Tusc. NW Brewster, Oh

Ellis Witting

208 Superior ST Brewster, OH

Yonda Witting

315 Tusc. Brewster OH 44613

John Brewer

304 Tusc. Ave Brewster Oh 44613

Phillip Mason

324 Tusc. Ave BREWSTER OH 44613

Paul Lambeth

366 Tusc. Ave Brewster, Ohio 44613

Ethel Leubuscher

366 Tusc. Ave Brewster, Ohio 44613

Lisa Sheffer

376 Tusc. St NW Brewster 44613

Deanne Spink

424 Tuscarawas Brewster, Ohio

Marguerite McDonald

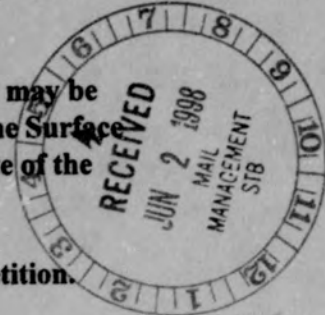
434 Tuscarawas Brewster, Ohio 44613

PETITION FOR WHEELING & LAKE ERIE RAILWAY

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We are asking you to show your support as a community by signing this petition.

Name

Sharon Smith
Scott N. Meltzer

Address

373 Walhanding St NE
695 TASCARAWAS NW

PETITION FOR WHEELING & LAKE ERIE RAILWAY

#24

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We are asking you to show your support as a community by signing this petition.

Name

Address

Paula Keller
Shirley Meyer
Paula Meyer
Beth Malin
Larry D. Wood

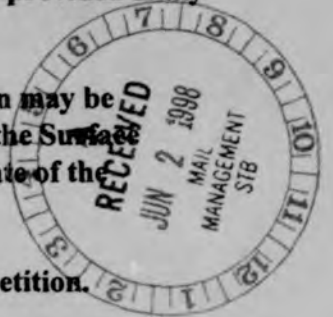
5925 Seneca, Norwalk, Ohio
100 East First St. Brewster, Ohio
Box 114 BREWSTER OH 44613
100 EAST FIRST ST. BREWSTER, OH
8819 Candleberry ST. Massillon, OH 44646

PETITION FOR WHEELING & LAKE ERIE RAILWAY

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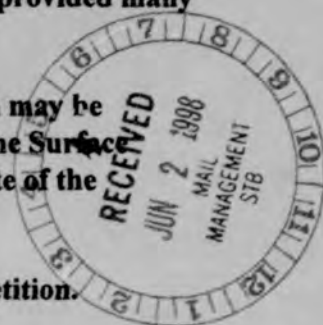
Name	Address
Diana Wade	423 Jackson Ave NE Brewster, OH 44613
Beth Maybough	5567 Pigeon Run SW Navarre, Ohio 44662
Ann Burdge	175 W. Harmon Brewster, OH 44613
Walt Drouine	681 on. Wabash Brewster, OH 44613
Dwight Delute	601 Dartmouth " "
Debi Wilson	12260 Baughman Rt 2 Navarre OH 44662
Johnny Fox	464 Mahican Brewster, OH 44613
Ronald Kaser	382 N. WABASH BREWSTER, OH 44613
Keith Stroud	160 E 5th St Brewster, OH 44613
Jane Horv	425 N. Wabash Ave. Brewster, OH 44613
Kelly Sparks	825 McKinley Ave SW. Brewster, OH 44613
Peggy Lutes	625 Muskingum Brewster, OH
Ray Nichols	159 Baker Street NE, Brewster
Shirley Zeigler	688 Muskingum Ave Brewster, OH 44613
Donna Marie Paulsen	557 N. Wabash Brewster, Ohio 44613
Marguerite Mattem	473 Tuscarawas NW. Brewster OH 44613
Lester Snyder	570 Dartmouth St Brewster OH
Ben Ingram	192 5th St. S.W., BREWSTER, OH 44613
Regina Kallfeld	630 N. Wabash Ave Brewster, OH 44613
Willa Fredenthal	634 Horton St N.E. Brewster, Ohio 44613
Pam Fleisher	145 Harmon Ave NE Brewster
Robt L. Fox	464 Mahican St. NE Brewster OH 44613
Michael Lavi	466 1st St NE 54 Brewster OH 44613
Alberta Christman	453 Susc. N. W. Brewster, OH 44613

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We are asking you to show your support as a community by signing this petition.



Name

Address

Alan Schuchel

375 2nd St. E. Brewster Ohio

Ken Smith

123 - Glick N.W. Brewster OH. 44613

Sheri Kressell

604 DARTMOUTH ST.

Marlene Joad

11070 Greenhaven SW Navarre, OH 44662

Tatty Wilson

1625 Tuscar. N.W. Brewster OH. 44613

Margaret Glick

232 Harmon N.W. Brewster, OH. 44613

Joe Kumpel

225 Washington Ave. S.W. Brewster

Sherley Purney

550 E. 7th St. Brewster, OH. 44613

Nicholas Purney

550 E. 7th Brewster Ohio 44613

Adena Gorman

467 Waldburg, NE Brewster, OH 44613

Luigi Fudd R.

11070 Green Haven S.W. Navarre OH 44662

Wendy J. Schumacher

1664 Muskingum Ave NW, Brewster, Ohio 44613

Judy Maybaugh

877 S. Wabash Ave. Brewster, Ohio 44613

W.D.E.

363 N WABASH BREWSTER, OH

Kathleen Lucking

421 TUSC. - Brewster, OH 44613

Jean Ehrley

696 Horton St. NE Brewster, O. 44613

Dale Shipperly

355 East 2nd St Brewster OH 44613

Carl Glick

13970 Elton SW Navarre

Mrs. Carolyn Ross

955 - N. Howard St. Akron, Ohio

Mrs. Justin Cardelli

302 - Jefferson St. Brewster, Ohio

M. Anon

355 S Wabash Brewster

Kristen

406 Tuscarawas St Brewster, Ohio

James R. Morden

242 W 2nd Brewster, Ohio

Peggy Quady in

249 Barber NE Brewster, OH

STB

FD

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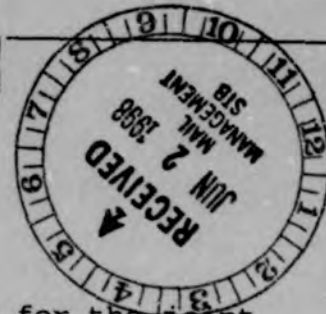
6-2-98

J

BUSINESS

RIEMEIER LUMBER

Vernon A Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423



Dear Secretary Williams, *FD33384*

I am writing to you to express my strong support for the joint acquisition of Conrail by CSX and Norfolk Southern.

This is a great transaction for the state of Ohio. It will mean more options and lower costs for Ohio shippers and consumers. And the resulting extension of single-line service into new markets means that Ohio shippers and receivers will be able to take advantage of numerous efficiencies, including: the elimination of unnecessary interchanges and delays on route, shorter trip distances, faster transit times, and expedited interchanges with other railroads.

The above efficiency points are very real for our lumber company. Often we cannot ship our material on a single-line; the resulting switches delay delivery and add cost. This is particularly noticeable in shipments originating in the Northeast. The joint acquisition of Conrail will resolve this problem.

Because of the existing inefficiencies, often we must choose to ship by truck rather than rail. This weakens a rail system that is needed to be strong for United States' economic future.

The benefits of this unique rail acquisition go beyond commercial considerations. From a safety viewpoint, CSX Transportation and Norfolk Southern have extraordinary track records. And both CSX and Norfolk Southern have a strong commitment to environmental excellence - a commitment which will be carried over into all new operations once the joint acquisition on Conrail is approved.

As single line service makes the rail option more attractive to Ohio shippers, we may see as many as 97.6 million truck miles diverted annually from Ohio's highways. This will mean added road safety, fuel savings and air quality benefits as well. Not to mention an estimated \$11.7 million in highway maintenance savings annually for the state.

I urge the Surface Transportation Board to approve the joint acquisition of Conrail with minimal conditions.

Sincerely,

David A. Luecke

David A. Luecke
President

cc: Linda Morgan
Gus Owen



SHERWOOD LUMBER CORP. 300 Corporate Plaza • Islandia, NY 11722 • (516)232-9191 • Fax (516)232-1976



Vernon A. Williams
Secretary
Surface Transportation Board
1925 K. Street, N. W.
Washington, D.C. 20423

Dear Secretary Williams,

I am writing to you to express my strong support for the joint acquisition of Conrail by CSX and Norfolk Southern.

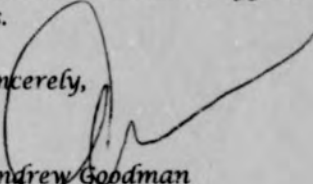
From a pro-competitive standpoint, the division of Conrail between two major railroads of roughly equal size and scope will mean more options and lower costs for New York shippers and consumers. For the first time in history, New York State will enjoy strong, direct north-south rail links, allowing Upstate companies and communities to ship and receive freight via a single rail line from everywhere east of the Mississippi, from Montreal in the North to Miami and New Orleans in the South. This has been a fact of business life in the southeastern states for many years, and New York can finally look forward to the erasure of this competitive disadvantage.

But the benefits of this unique rail acquisition go beyond commercial considerations. From a safety perspective, CSX Transportation and Norfolk Southern have extraordinary track records. And both CSX and Norfolk Southern have a strong commitment to environmental excellence—a commitment which will be carried over into all new operations once the joint acquisition of Conrail is approved.

In fact, as single line service makes the rail option more attractive to New York shippers, we may see as many as 12.6 million truck miles diverted annually from New York highways. This will mean added road safety, fuel savings and air quality benefits as well. Not to mention an estimated \$1.5 million in highway maintenance savings annually for the state.

I urge the Surface Transportation Board to approve the joint acquisition of Conrail with minimal conditions.

Sincerely,


Andrew Goodman
President,
Sherwood Lumber Corp.

Cc: Linda Morgan
Gus Owen

WHOLESALE LUMBER • WAREHOUSE DISTRIBUTION YARDS

GREEN DOUGLAS FIR & HEMLOCK • K.D. WHITE FIR • EASTERN & WESTERN PINES • SPRUCE • CEDAR • REDWOOD & TREATED SYP

STB

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187890

ENTERED 2, 1998
Office of the Secretary

JUN 02 1998

Part of
Public Record



Via Hand Delivery

Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: CSX Corporation and CSX Transportation Inc., Norfolk
Southern Corporation and Norfolk Southern Railway
Company -- Control and Operating Leases/Agreements --
Conrail, Inc. and Consolidated Rail Corporation,
Finance Docket No. 33388

Dear Secretary Williams:

On June 1, 1998, Applicants Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively "NS") and the City of Cleveland, Ohio, publicly announced that NS and Cleveland had entered into a settlement agreement in the above-captioned proceeding. The settlement was encompassed in a Memorandum of Agreement ("Agreement"), which was executed by the Chairman of NS and the Mayor of the City of Cleveland, and which is subject to the approval of the Cleveland City Council.

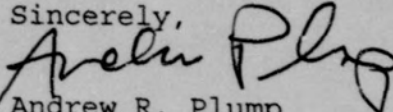
The approval process has been initiated at the City Council, but the City Council will not have had an opportunity to consider and approve the Agreement by the time of oral argument or the voting conference in this proceeding. Under the terms of the Agreement, formal notification to the Board of this settlement and a request for its inclusion as a condition to the Board's approval of the proposed transaction must await City Council approval of the Agreement.

At this time, solely for information purposes, NS and Cleveland are providing the Board with twenty-five copies of the Memorandum of Agreement.

The Honorable Vernon A. Williams
June 2, 1998
Page -2-

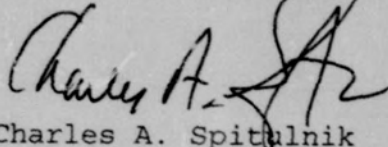
Should you have any questions regarding this, please call.

Sincerely,



Andrew R. Plump
ZUCKERT, SCOUTT & RASENBERGER, L.L.P.
888 Seventeenth Street, N.W.
Washington, D.C. 20006
(202) 298-8660

Counsel for Norfolk Southern Corporation
and Norfolk Southern Railway Company



Charles A. Spitulnik
HOPKINS & SUTTER
888 Sixteenth Street, N.W.
Washington, D.C. 20006-4103
(202) 835-8000

Counsel for the City of Cleveland, Ohio

Enclosures

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is entered into this 22nd day of May, 1998 by and for the City of Cleveland, Ohio, by and through its Mayor and subject to the approval of the City Council, and Norfolk Southern Corporation and Norfolk Southern Railway Company, by their undersigned Chairman/President/Chief Executive Officer.



WHEREAS, Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively, "NS") are among the Applicants in the railroad control proceeding currently pending before the United States Surface Transportation Board (the "STB") under Finance Docket No. 33388 (the "Conrail Application"), in which NS and CSX Corporation and CSX Transportation, Inc. (collectively, "CSX") are seeking authority to jointly acquire Conrail, Inc. and Consolidated Rail Corporation (collectively, "Conrail") and to thereafter separately operate parts of the rail lines, facilities and other assets of Conrail; and

WHEREAS, NS submitted to the STB an Operating Plan and Environmental Report as part of the Conrail Application, which submissions describe certain changes in rail traffic and operations that are projected to result from the Conrail Transaction (the "Transaction"); and

WHEREAS, the City of Cleveland, Ohio ("Cleveland" or the "City") has participated as a party in the proceedings at the STB regarding the Conrail Application and has in filings and comments submitted to the STB requested that the STB order NS and CSX to take certain actions to avoid what the City has described as significant adverse environmental impacts of the Transaction upon the City and its residents, or alternatively, that the STB condition any approval of the Conrail Application on the imposition of various conditions designed to mitigate such impacts; and

WHEREAS, the STB's Section of Environmental Analysis ("SEA") issued a Draft Environmental Impact Statement ("DEIS") with respect to the Conrail Application in December 1997 which included a characterization of the City as a community with "unique circumstances" and directed NS to consult with government agencies, elected officials and interested parties in Cleveland regarding certain projected train traffic increases on certain lines to be operated by NS post-Transaction in Cleveland; and

WHEREAS, NS and the City have engaged in such consultations with the goal of reaching agreement on mitigation measures to ameliorate the adverse environmental impacts in Cleveland of the projected changes in rail traffic and operations on rail lines and facilities to be operated by NS post-Transaction resulting from the Transaction; and

WHEREAS, the City recognizes the concerns of its neighboring communities, particularly the City of Berea, Ohio, regarding potential adverse impacts of the Transaction, and has sought to reach an agreement with NS that does not harm the interests of those communities while preserving the right and ability of those communities to pursue their own agreements to protect the interests of residents and businesses located therein; and

WHEREAS, NS and the City have reached agreement on such mitigation measures and have made certain other commitments to each other as described hereinafter, including but not limited to certain commitments by NS to make certain changes to its Operating Plan, certain capital investments and certain financial contributions for mitigation of Transaction impacts and for the benefit of the City; and

WHEREAS, the Mayor has agreed to recommend to the Council of the City of Cleveland that it approve this Agreement and authorize the Mayor and the appropriate Directors of the City

to take such further actions as are necessary to effectuate the terms hereof;

NOW THEREFORE, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

I. Modifications to Operating Plan. In consideration of the concerns of Cleveland and other communities in the Greater Cleveland area about increases in train frequencies projected for certain of the lines that NS will operate following approval by the Surface Transportation Board of the Conrail Application, NS agrees to modify its original Operating Plan. The modifications to the Operating Plan are summarized herein and are described more fully in NS' Mitigation Proposal for Train Frequencies in Greater Cleveland and Vicinity, which was submitted to the STB on April 16, 1998 (hereinafter, the "Mitigation Proposal").

A. Cloggsville Connection Construction: NS agrees to construct what is termed the "Cloggsville Connection," which construction is comprised of two main elements: upgrading the rail lines and facilities between the NS Nickel Plate line at Cloggsville and the Conrail Lakefront line at CP-190 to double-track main line standards through changes and improvements to tracks, bridges, connections, signals and other appurtenant rail facilities, as described more fully in the Mitigation Proposal; and building approximately 7,950 feet of new rail line to connect two parallel rail lines that are approximately 2,100 feet apart, thereby creating a double connection at Vermilion between NS' Nickel Plate line and the Conrail Chicago line to be operated by NS post-Transaction, instead of the single connection described in NS' original Operating Plan, as described more fully in the Mitigation Proposal.

1. Funding: The cost of the construction and improvements to the rail lines and facilities between Cloggsville and CP-190 is currently estimated at \$24,350,000. The cost of constructing a double connection at Vermilion is currently estimated at \$3,000,000 more than constructing the single connection originally proposed in the Operating Plan. NS hereby commits to fund up to the full cost of these Cloggsville Connection projects. (NS previously committed in its Operating Plan to spend the approximately \$2,587,000 needed to construct a single connection at Vermilion.) NS' commitment to fund up to the full cost of these projects is not limited to the current cost estimates contained herein.

2. Schedule: NS estimates that construction of the double connection at Vermilion will take three to five months to complete, and that construction of the improvements to the rail lines and facilities between Cloggsville and CP-190 will take 18 to 24 months to complete, and NS hereby agrees to use its best efforts to complete these construction projects within these time frames. NS will commence implementation of both elements of the Cloggsville Connection projects within ten days of the date on which the approval by the STB of the Conrail Application has become effective, and NS will advance completion thereof with reasonable expedition in view of operating, engineering and other construction-related constraints, and any need to obtain additional governmental approvals.

3. Government Approvals. NS commitment to construct the Cloggsville Connection project and to do so in accordance with the schedule detailed above is subject to the acquisition of any necessary federal, state and local regulatory, governmental, environmental and other permits, approvals and authorizations for the projects specified herein, including but not limited to any necessary and applicable STB approvals. NS shall make all necessary efforts to obtain such approvals within a time frame that will permit completion of the projects within the estimated time frames described in Section I. A. 2. hereof.

4. Removal/Relocation of Utility Facilities. If the Cloggsville Connection construction requires the removal and/or relocation of any electric utility poles or facilities, the allocation of cost of such removal and/or relocation shall be determined in accordance with existing easements, licenses and other agreements applicable to such utility poles or facilities; and NS specifically agrees that no order of the STB approving the Conrail Application or any part thereof shall be interpreted to preempt the application of the terms of any such existing easements, licenses or other agreements to any such removal or relocation. NS will cooperate with the applicable utility company to minimize or avoid interruption of service to utility customers.

B. Rerouting of Trains from Nickel Plate to Conrail Lines: NS agrees to further modify its Operating Plan as follows. Within twenty (20) days after

completion of construction of the double connection at Vermilion, NS will reroute approximately 10.6 trains per day from a Rochester, PA -- Youngstown, OH -- Ashtabula, OH -- Cleveland (Cloggsville) -- Vermilion routing through Cleveland via the NS Nickel Plate line (as provided in the original Operating Plan), to a Rochester, PA -- Alliance, OH -- White, OH -- Cleveland (CP 181) -- Berea, OH -- Vermilion routing through Cleveland via Conrail lines to be operated by NS post-Transaction. Once this rerouting is accomplished, NS projects that average daily freight train traffic on the Nickel Plate line will be approximately 26.0 trains between Ashtabula and Cleveland (Cloggsville) and approximately 23.5 trains between Cleveland (Cloggsville) and Vermilion.

C. Rerouting of Trains from Nickel Plate to Cloggsville Connection

Route: NS agrees to further modify its Operating Plan as follows. Within twenty (20) days after completion of the construction and improvements to the lines and facilities between Cloggsville and CP-190, NS will reroute approximately 9.6 trains per day from a Cleveland (Cloggsville) to Vermilion routing via the NS Nickel Plate line (as provided in the original Operating Plan) to the Cleveland (Cloggsville)—CP-190—Berea—Vermilion routing created by virtue of the aforesaid construction and improvements. Once this rerouting is accomplished, NS projects that average daily freight train traffic on the following line segments will be: Cleveland (Cloggsville) to CP-190 -- 13.8; CP-190 to Berea -- 63.1; Berea to Vermilion -- 55.1.

D. Revisions to Traffic Projections: Table 1, attached hereto, contains the average daily freight train traffic projections from NS' original Operating Plan for the lines to be operated by NS in Cleveland and the Greater Cleveland area post-Transaction. NS agrees to modify its Operating Plan by substituting the average daily freight train traffic projections contained in Table 2, attached hereto, for these lines. Once the rerouting associated with completion of the full Cloggsville Connection is accomplished, the projections contained in Table 2 hereto will be in effect, including the following projections of average daily freight train traffic:

26.0 trains on the Nickel Plate line between Ashtabula and Cleveland (Cloggsville); 13.9 trains on the Nickel Plate line between Cleveland (Cloggsville) and Vermilion; 40.3 trains on the Pittsburgh line (currently operated by Conrail) between White, OH and Cleveland (CP-181); 53.5 trains on the Lakefront line (currently operated by Conrail) between CP-181 and CP-190, 13.8 trains on the "Cloggsville Connection" line between Cleveland (Cloggsville) and CP-190; and 63.1 trains on the Lakefront line between CP-190 and Berea, OH.

II. Grade Separation Projects. Subject to the approval of the projects by the appropriate state authorities and the availability and commitment of funding from federal, state and other public sources necessary to complete the projects, NS agrees to contribute up to \$1,500,000 in the aggregate toward two grade separation projects, one at Dille Road and one at London Road. The total cost of the Dille Road and London Road grade separation projects is estimated to be \$13,500,000. It is expected that amounts exceeding

NS' contribution will come from public sources, including but not limited to funds provided by the federal government and/or the Ohio Rail Development Commission. NS shall pay its portion of the cost of each of these projects in accordance with such schedule(s) as may be established by the appropriate government agency or agencies with jurisdiction over the projects.

III. Community Impacts Fund. In consideration of Cleveland's concerns about adverse environmental impacts from the Transaction, and in order to assist Cleveland with mitigation thereof, NS will provide a total amount of \$10,000,000 (ten million dollars) to Cleveland over a period of five years for a Community Impacts Fund ("CIF") to be established by the City.

A. Schedule of NS Payments. NS will make payments to Cleveland to fund the CIF as follows: An initial payment of \$2,000,000 (two million dollars) will be made no later than 30 days after the date on which the STB's approval of the Transaction has become effective; the balance of \$8,000,000 (eight million dollars) will be paid in four equal annual installments, each installment of \$2,000,000 (two million dollars) to be paid no later than 12 months after the prior payment.

B. Purpose and Use of CIF. Cleveland will utilize the CIF at its sole discretion for mitigation projects designed to mitigate what the City deems to be adverse environmental impacts resulting from the Transaction and associated with the rail lines and facilities that will be operated in Cleveland by NS post-

Transaction. Such impacts may include, but are not limited to, those in the areas of noise and vibration, emergency response and vehicular delay, hazardous materials transport and response, pedestrian and vehicular safety, grade crossing maintenance, and cultural preservation. CIF funds may be used for purposes determined by the City to be related to protection of the City's neighborhoods from the adverse impacts of the Transaction, which may include but are not limited to projects designed to mitigate some or all of these impacts, including but not limited to noise mitigation projects, hazardous materials training and equipment, grade crossing maintenance projects, home value guarantees, fencing projects adjacent to parks and other pedestrian safety projects, landscaping, a maintenance endowment fund and other projects that, in the sole discretion of the City, are reasonably related to the impacts of the Transaction and are associated with the lines and facilities to be operated by NS post-Transaction. It is also understood that the City may expend up to \$250,000 of CIF monies as "seed money" for the furtherance of proposals to preserve and enhance the Mill Creek Waterfall and to better incorporate the Mill Creek Waterfall into the Cleveland Metroparks in the event and to the extent that the City determines that such proposals merit such expenditures.

C. Establishment and Administration of CIF. The CIF shall be established and administered solely by the City or its duly appointed designee(s). NS agrees to participate as a consultant to the City and/or its designee(s) with

respect to CIF matters affecting or relating to NS operations or property.

Cleveland shall have sole responsibility for selecting, managing and maintaining CIF mitigation projects, except as stated hereinafter.

D. Construction/Installation of Noise Mitigation Structures and Landscaping. The City may, in its discretion, utilize CIF funds for noise walls, noise barriers and/or other structures, improvements, equipment or appurtenances designed to mitigate noise (hereinafter, collectively, "noise mitigation structures") as well as for landscaping designed to mitigate noise or visual impacts (hereinafter "landscaping"). To the extent that any such projects are to be constructed or installed on NS' right of way or other NS property, the City shall be required to consult with NS and to obtain NS' concurrence with respect to the design, schedule for construction and/or installation, and, to the extent permitted by law, the identity of individuals or entities performing the construction and/or installation. NS agrees not to unreasonably withhold such concurrence. The City understands that all noise mitigation structures or landscaping constructed and/or installed on NS' right of way and/or property must be in compliance with any applicable federal law or regulations governing railroads, including but not limited to the regulations of the Federal Railroad Administration, and must conform with any applicable engineering and other standards of NS. NS shall grant the City such easements or licenses as may be necessary for construction and/or installation of such noise mitigation structures and landscaping.

E. Ownership and Maintenance of Noise Mitigation Structures and Landscaping.

1. Any noise mitigation structures constructed or installed on NS right of way or NS property by the City shall become the property of NS, subject to the following agreements regarding maintenance of such noise mitigation structures. NS shall be solely responsible for maintaining the structural integrity of such noise mitigation structures in accordance with applicable law and regulations, including all necessary preventive maintenance, ongoing maintenance and repairs; provided, however, that the City shall bear responsibility for keeping the walls free from graffiti or other visual defacement of such structures.

2. Any landscaping constructed or installed on NS right of way or NS property by the City shall be owned by the City, and the City shall have sole responsibility for the maintenance of such landscaping. NS shall grant the City such rights of access as may be necessary for the City to perform such maintenance of the landscaping.

F. Maintenance Endowment Fund. As stated in subsection B of this section, CIF funds may be used for, among other things, a Maintenance Endowment Fund. Such Maintenance Endowment Fund would be used for maintenance of landscaping constructed or installed by the City pursuant to subsections D and E of this Section and for other maintenance projects related to

or associated with impacts from the rail lines and facilities to be operated by NS post-Transaction which impacts are not ordinarily the responsibility of the railroad under applicable laws and regulations. The parties agree that prior to the expiration of a period of five years from the date on which the STB's approval of the Transaction has become effective, NS and the City will engage in discussions regarding the question of whether the Maintenance Endowment Fund should be continued beyond the five-year period of the CIF and, if so, for what period of time and with what level of additional NS commitment of funds. It is understood that NS' agreement to participate in such discussions regarding the Maintenance Endowment Fund does not commit NS to entering into an agreement with the City at that time regarding continuation of the Maintenance Endowment Fund. It is also understood that the establishment of the Maintenance Endowment Fund does not alter NS' maintenance obligations under applicable laws, regulations or agreements, except as otherwise provided in this Agreement.

G. Liability. In providing funds to the CIF, NS does not in any way acknowledge that the mitigation projects to be implemented through the CIF are required as a matter of law. Nor does NS acknowledge or warrant that the projects to be implemented through the CIF will necessarily achieve any mitigation or any particular level or degree of mitigation of the adverse impacts they are intended to remedy. To the extent permitted by law, Cleveland agrees to bear full legal responsibility for any and all damages, claims or injury arising out

of the administration of the CIF by the City, the selection, construction and installation of projects undertaken with CIF funds by the City, the maintenance of any landscaping constructed or installed by the City pursuant to subsections D and E of this section, and the maintenance of other projects undertaken with CIF funds by the City where such other projects are not constructed on NS property. NS agrees to indemnify and hold harmless the City against any and all damages, claims or injury arising out of the maintenance of noise mitigation structures by NS pursuant to subsection E of this section. Further, Cleveland agrees to include in any contract related to the CIF for projects undertaken with CIF funds which requires the contractor to enter onto any property owned by NS a requirement that the contractor indemnify and hold harmless NS against any claims related to the construction, installation or maintenance of such projects.

IV. Modification of Commitments in the Event of Operating Changes. Given the fluctuating nature of rail freight traffic over time, and the possibility that a change in circumstances could have a significant effect on the assumptions and projections of the NS Operating Plan, the parties recognize that deviations from the projected average train frequencies set forth in NS' Operating Plan as revised by Table 2 hereto may be necessary. To preserve NS' operating flexibility while affording a mechanism for addressing certain future impacts of any substantial increases in NS train traffic over the projections contained in Table 2, the parties agree as follows:

A. Nickel Plate Line Noise Mitigation. Except as provided hereinafter, if during the eight-year period beginning on the date on which construction of the Cloggsville Connection has been fully completed, there is any period of twelve consecutive months in which the average daily number of trains on the Nickel Plate line between Cloggsville and Vermilion equals or exceeds 26 trains per day on an annualized basis, NS shall contribute \$2,600,000 in additional funds to the CIF for noise mitigation projects along this rail segment. Such payment shall be made within 90 days after the end of such twelve-month period. The provisions of this subsection shall not apply to train movements prior to the date on which construction of the Cloggsville Connection has been fully completed, and none of the twelve-month periods of traffic increases referred to in this subsection shall include any period prior to such Cloggsville Connection project completion date.

B. W. 117th Street Grade Crossing Mitigation. If during the five-year period beginning on the date on which construction of the Cloggsville Connection has been fully completed, there is any period of twelve consecutive months in which the average daily number of trains on the Nickel Plate line between Cloggsville and Vermilion equals or exceeds 19 trains per day on an annualized basis, NS shall work cooperatively with Cleveland in seeking the support of and funding from the applicable state authorities for a grade separation project for the

W. 117th Street grade crossing, and NS shall contribute up to 10 percent of the cost of funding such project. NS shall pay its portion of the cost of such project in accordance with such schedule as may be established by the appropriate government agency or agencies with jurisdiction over the project.

C. Aetna and Bessemer Streets Grade Crossing Mitigation. If during the five-year period beginning on the date on which construction of the Vermilion double connection has been fully completed, there is any period of twelve consecutive months in which the average daily number of trains on the existing Conrail line to be operated by NS post-Transaction between White, OH and Cleveland (CP-181) equals or exceeds 45 trains per day on an annualized basis, NS shall: (1) work cooperatively with Cleveland in seeking the support of and funding from the applicable state authorities for grade separation projects for the Aetna Street and Bessemer Street grade crossings, and NS shall contribute up to 10 percent of the cost of funding such project and NS shall pay its portion of the cost of such project in accordance with such schedule as may be established by the appropriate government agency or agencies with jurisdiction over the project; and (2) in the event that it is not advisable or possible to construct a grade separation at Aetna Street and Bessemer Street, or at either of them, NS will cooperate with the City on developing an alternative capital improvement or improvements, to be negotiated by NS and the City, designed to improve access to emergency and other public safety responders for the neighborhoods surrounding

such grade crossing(s), with NS' funding commitment for such capital improvement(s) to be up to 10 percent of the cost of a grade separation at such grade crossing(s) but not to exceed the total cost of such capital improvement(s).

D. Mitigation for Capacity Increases. Except as provided hereinafter, if during the ten-year period beginning on the date on which the STB's approval of the Transaction has become effective, NS decides to increase capacity through the construction of an additional main rail line in Cleveland or of a rail siding in excess of three miles in length in Cleveland, NS agrees to provide prior notice of such project(s) to the City and to enter into good faith discussions with the City regarding the question of whether there are any significant environmental impacts resulting from such project(s) and regarding the possible mitigation of any such impacts. As used herein, the terms "construction of an additional main rail line" and "construction . . . of a rail siding in excess of three miles in length" do not include the construction of industrial tracks or spurs, nor do they include other rehabilitation, improvement or upgrading of any existing track or the signals or structures appurtenant thereto, nor do they include the addition of any main line track by or on behalf of any other railroad on the right of way of NS unless NS has the ability to use such main line track. It is understood that NS' agreement to participate in good faith discussions regarding the environmental impacts of and

possible mitigation of such impacts of those projects contemplated by this subsection of the Agreement, does not constitute an acknowledgement that such projects will have significant environmental impacts or commit NS to entering into an agreement with the City at that time regarding mitigation of such impacts. It is further agreed and understood that the provisions of this subsection shall not apply to the capacity increases to be constructed as part of the Cloggsville Connection project.

E. NS Reports to Cleveland.

1. In furtherance of this Section IV, NS agrees to provide the City on a monthly basis with an accurate written report on the average daily number of freight trains that operated over each NS line in the City. Each such report shall be provided to the City by NS within 30 days of the end of the applicable month, and shall be contemporaneously submitted by NS to the STB. NS shall provide such monthly reports for a period of ten years from the date on which the STB's approval of the Transaction has become effective.

2. In furtherance of this Section IV, NS also agrees to notify the City in writing of the date on which construction of the Vermilion double connection has been fully completed and the date on which construction of the remainder of the Cloggsville Connection project has been fully completed, with each such

written notification to be provided within 15 days of each such completion date.

3. In furtherance of this Section IV, NS also agrees to provide timely advance written notification to the City of any planned capacity increases to which the terms of subsection D hereof would apply.

V. Agreements Regarding Berea Interlocking and Other Train Frequency Issues.

The City desires to reduce the frequency of train operations through residential neighborhoods and to minimize the adverse environmental impacts of the Transaction on the City of Cleveland and the surrounding communities, including but not limited to the City of Berea. NS believes that the integrity of its Operating Plan for train operations in and around Cleveland would be compromised if too many trains had to be crossed at the Berea interlocking between the Lakefront line to be operated by NS post-Transaction and the Short line to be operated by CSX post-Transaction. NS has determined after extensive study that a maximum of 15 trains per day can be crossed at the Berea interlocking without causing undue congestion or unduly disrupting NS operations; and the City acknowledges and accepts the validity of this determination by NS. NS agrees that as many as 15 CSX trains can and will be accommodated to operate via trackage rights on the Lakefront line to be operated by NS post-Transaction for as long as NS controls operations on said Lakefront line.

VI. Community/Railroad Committee. The parties hereby acknowledge their intent to continue the working relationship that has developed between them and to work together to strengthen that relationship over time as long as NS conducts operations in the City. NS and the City agree to jointly establish a Community/Railroad Committee (the "Committee") comprised of twelve (12) persons: Three members appointed by NS, three members appointed by the Mayor, three members appointed by the City Council President, and three members of the community appointed by the Mayor. The purpose of the Committee shall be to provide a forum for ongoing discussion and dialogue between NS and the City regarding issues of mutual concern. The Committee shall meet quarterly, beginning in the first quarter after the effective date of the STB's approval of the Conrail Application, and continuing thereafter according to a schedule established by the Committee itself. Issues to be discussed by the Committee may include, but are not limited to, matters discussed in this Section VI, as well as consideration of citizen complaints relating to NS' operations, potential joint economic and job training initiatives, and general monitoring of the mutual obligations set forth in this Agreement. The Committee will prioritize these issues, and will develop for each issue an appropriate process and time schedule. It is understood that with respect to each of the issues of concern identified in this Section VI, the parties' agreement to discuss the issue at the Committee does not commit either NS or the City to enter into any agreements regarding the issue following such discussions, but the City and NS agree to make efforts to resolve issues brought to the Committee.

A. Asset Management. In consideration of concerns expressed by the City regarding ongoing maintenance, condition and appearance of existing NS railroad facilities in Cleveland and of railroad facilities to be operated by NS in Cleveland post-Transaction, including railroad bridges, rights of way and rail yards, NS agrees that within twelve months of the date on which the STB's approval of the Transaction shall have become effective, NS and the City shall conduct joint inspections of such facilities and NS shall, upon completion of such twelve month period, submit to the City an asset management plan for its rail facilities in Cleveland. The scope and content of such asset management plan shall be determined by discussions between NS and the City at the Committee. NS also agrees that within 180 days after the date on which the STB's approval of the Transaction shall have become effective, NS will provide the City with an inventory of all NS bridges, rights of way, rail yards and railroad operating properties located in Cleveland. NS agrees to maintain the structural integrity of its bridges in Cleveland and to maintain its rail facilities in Cleveland in accordance with all applicable laws, regulations and existing agreements to which NS is a party or for which NS is or will be legally responsible. NS agrees to complete any unfinished components of the program of railroad bridge painting/repair agreed to by Conrail and the City in 1993 with respect to those Conrail bridges on the lines to be operated by NS post-Transaction. The parties

agree that they will attempt to resolve any disputes or issues with regard to asset management through discussions at the Committee.

B. Surplus Properties. NS agrees to provide the City with an inventory of all surplus real properties in Cleveland owned or controlled by NS post-Transaction. Such an inventory shall be provided within 90 days of the date on which the STB's approval of the Transaction shall have become effective. NS agrees to discuss with the City's Economic Development Director and the Committee possible dispositions of such surplus real property, including but not limited to possible dispositions that would result in the use of such property for City-supported economic or community development. For purposes of this Agreement, the term "surplus real properties" means those properties located in the City that, as of the effective date of the Transaction, are owned or controlled by NS and are either not then in use by NS in connection with its rail operations or are not believed by NS to have the potential to be used in the future in connection with its rail operations.

C. Billboards. NS will provide the City with an inventory of all billboard leases for billboards on NS' post-Transaction rights of way, bridges and other property in Cleveland, within 90 days of the date on which the STB's decision approving the Transaction shall have become effective. Such inventory shall indicate, to the extent that the information is available to NS, the locations of the billboards covered by the leases and the terms of such leases. Where such

information is not available to NS, NS shall provide the City with pertinent information about the lease or prior parties in interest to the lease that is reasonably available to NS. NS agrees not to enter into any lease that would have the effect of adding a billboard to a location where there is no billboard or increasing the number of billboards at a location where there is already one or more billboards, as of the effective date of the Transaction. NS further agrees to take the following actions to eliminate the advertising of tobacco and alcohol products on the billboards on its property in Cleveland: (1) If a current billboard lease permits NS to do so, NS will instruct the lessee that the billboard cannot be used for such advertisements; (2) when each current billboard lease term expires, NS will incorporate a prohibition on tobacco and alcohol advertisements into the terms of any renewal or replacement lease; and (3) if any billboard lease shall not have expired by the end of five years from the date on which the STB's decision approving the Transaction shall have become effective, NS shall otherwise take all legal and practicable steps to eliminate tobacco and alcohol advertisements from any billboard covered by such lease. NS also agrees to ongoing discussions with the City at the Committee regarding the City's desire to eliminate all billboards from railroad property.

D. Capacity Increases. If during the ten-year period beginning ten years after the date on which the STB's approval of the Transaction has become effective, NS decides to increase capacity through the construction in Cleveland

of an additional main rail line or of a rail siding in excess of three miles in length (as such terms are defined in Section IV. D. hereof), NS will provide timely written advance notice to the Community/Railroad Committee, and NS agrees to enter into good faith discussions with the Committee regarding the question of whether there are any significant environmental impacts resulting from such project(s) and regarding the possible mitigation of any such impacts. Prior to the expiration of the ten-year period beginning ten years after the date on which the STB's approval of the Transaction has become effective, NS agrees to discuss with the Committee the question of whether there should be any continuation of NS' commitment to discuss such capacity increases with the Committee.

E. Lakefront Track Realignment. NS agrees to discuss with the City at the Committee the issue of potentially realigning railroad tracks along a portion of the Lakefront so as to consolidate NS and CSX tracks into a single rail corridor there.

F. Mill Creek Waterfall. NS agrees to discuss with the City at the Committee questions with respect to proposals to preserve and enhance the Mill Creek Waterfall and to better incorporate the Mill Creek Waterfall into the Cleveland Metroparks.

G. Business Development. The parties agree to enter into discussions with the City's Economic Development Director and the Committee with the goal of developing an intermodal business development alliance between NS and

Cleveland. The parties may also discuss business development along the NS rights of way.

H. Old River Channel. The parties agree to discuss at the Committee proposals for development of the Old River Channel and the pedestrian tunnels on the Lakefront line.

I. [Intentionally omitted.]

J. Permitting Generally. The City agrees to discuss with NS at the Committee any issues, concerns or problems that NS is or may experience in obtaining permits or other types of approvals from City or other local governmental organizations for any of NS' business operations and activities in Cleveland for which such permits or approvals are required.

K. Other Topics. Other topics of discussion at the Committee may include, but are not limited to, the following: the I-480/I-71 Junction and Rockport Yard improvements; the Cloggsville construction and improvements; redevelopment of the southeast quadrant of East 93rd and Quincy; issues relating to the Flats Industrial Railroad; the East 9th/Ontario Intermodal Yard; public transit; and issues relating to hazmat.

VII. Other Understandings and Undertakings.

A. NS acknowledges that it is bound by any system-wide mitigation measures mandated by the STB for hazardous materials transport and intends to

apply NS' own system-wide program for the safe transportation of hazardous materials (as further described in Attachment A hereto) to the lines and facilities it will operate in Cleveland post-Transaction. In addition to the program described in Attachment A, NS agrees to provide the City with four OREIS (Operation Respond) software packages, to install such software for the City and to train the City's personnel in the use of such software; to provide, upon request, periodic training in railroad/hazmat issues, including classroom, tabletop and full-scale drills; to provide the City with annual reports of the number of car loads of hazardous materials that have moved through the City (including a breakdown by four (4) digit STCC code of the types of materials transported); and to coordinate with the City's personnel or authorized agents the latter's periodic access to NS yards, lines and facilities for the purpose of hazardous materials incident preparedness and planning. It is expressly understood that nothing in this Agreement would absolve NS of its legal, regulatory or business responsibilities associated with hazmat transportation or incidents in Cleveland.

B. With respect to the Cloggsville Connection projects, Cleveland agrees to cooperate with NS, if such cooperation is requested, in obtaining any applicable City or local governmental permits or approvals for the projects, and agrees to use its good offices to assist in resolving any issues that may arise with respect to these projects between NS and any utility companies or other interested third parties.

C. Cleveland agrees that through NS' consultations with the officials and elected representatives of the City of Cleveland, which consultations have culminated in this Agreement, NS has complied with the directives in the DEIS regarding consultations with the City of Cleveland with respect to potentially significant impacts resulting from the Transaction.

D. The City agrees not to seek at the STB, in any court, or in any other forum, any conditions or mitigation with respect to NS in connection with the STB's approval of the Conrail Application that would be contrary to or otherwise inconsistent with this Agreement, the terms hereof or the acknowledgements made herein. NS agrees not to seek at the STB, in any court, or in any other forum, any conditions or mitigation in connection with the STB's approval of the Conrail Application that would be contrary to or otherwise inconsistent with this Agreement, the terms hereof or the acknowledgements made herein.

E. NS and the City agree that neither of them will enter into any agreement with any other individual or entity, seek any decision or order of the STB or of any court, or take any other actions that would be contrary to or would otherwise be inconsistent with this Agreement, the terms hereof or the acknowledgements made herein; provided, however, that nothing in this subsection E shall prevent the City from protecting its rights or pursuing all available remedies with respect to CSX in connection with the Conrail Application as long as the City does not seek the imposition of a remedy that is

contrary to or otherwise inconsistent with this Agreement, the terms hereof, or the acknowledgements made herein.

F. Notwithstanding any other terms of this Agreement, this Agreement shall not constrain the City from pursuing efforts to obtain reductions in the numbers of trains projected to be operated by CSX post-Transaction on the Short line, through negotiations with CSX and/or requests for conditions at the STB. Notwithstanding any other terms of this Agreement, this Agreement shall not constrain the City from pursuing efforts to obtain other mitigation with respect to CSX, through negotiations with CSX and/or requests for conditions at the STB, provided that such mitigation does not relate to NS.

G. The parties agree that as long as the City shall have complied with the terms of this Agreement, including particularly the terms of subsections D and E of this Section, the imposition by the STB of conditions on the Transaction that would have the effect of requiring more than 15 trains per day to cross at the Berea interlocking shall not itself void this Agreement pursuant to Section X. A. hereof.

H. The parties acknowledge and agree that NS' commitment to build the Cloggsville Connection and NS' commitment to accommodate as many as 15 CSX trains per day on the Lakefront line to be operated by NS post-Transaction are unique commitments that are essential to the purpose of this Agreement. Accordingly, in the event that NS notifies the City or the City otherwise

determines that NS has not or cannot fulfill either of these commitments (or both of them), the parties agree that: (a) if such notification or determination occurs during the term of any STB oversight proceeding with respect to the Transaction, the City shall have the right to petition the STB for an order compelling specific performance by NS of such commitment(s); and (b) if such notification or determination occurs after the term of any STB oversight proceeding with respect to the Transaction, NS shall consent to the reopening of the Conrail Application by the STB for the purpose of the STB considering a petition by the City for an order compelling specific performance by NS of such commitment(s); and (c) in either event, if the STB determines that specific performance of such commitment(s) shall not be ordered, the parties agree that the STB's approval of the Conrail Application shall be reopened for the limited purpose of reconsideration of the adverse environmental impacts of the Transaction upon the City and of the conditions imposed by the STB for mitigation of such adverse environmental impacts. The parties' agreement to this subsection H does not constitute a waiver by either party of any other remedies that may be available to it with respect to the rights and obligations set forth in this Agreement.

VIII. Submission to City Council. Upon execution of this Agreement, the City's Mayor and appropriate Director(s) shall immediately take all actions necessary to place this Agreement before the Council of the City of Cleveland for its earliest

consideration. The Mayor and such Director(s) shall recommend to the City Council that it approve this Agreement, and shall take all other necessary and appropriate actions to ensure the most expeditious consideration of the Agreement by the City Council.

IX. STB Notification. Promptly upon execution of this Agreement and its approval by the City Council:

A. NS and Cleveland will notify the STB in writing that they have entered into this Agreement and will advise the STB of the terms of this Agreement. NS and Cleveland will further request at that time that the STB adopt the terms of this Agreement as a condition of the STB's approval of the Conrail Application; and

B. The City will advise the STB in writing that, in consideration of this Agreement, it is withdrawing its opposition to, and its request for conditions upon, so much of the Conrail Application as relates to NS' acquisition of control of Conrail and NS' proposed post-Transaction rail operations.

X. Conditions. The commitments set forth above are conditioned on:

A. The STB's approval of the Conrail Application, provided that such approval (1) adopts the terms of this Agreement as a condition of such approval, and (2) includes the STB's approval of NS' Operating Plan, as modified by the NS Mitigation Proposal and the commitments made herein; and

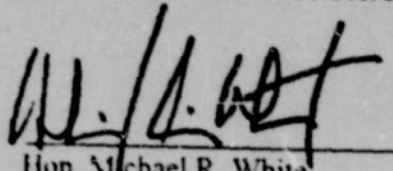
B. The acceptance by NS of any other conditions imposed by the STB upon the approval of the Conrail Application; and

C. The approval of the Conrail Application by the STB having become effective.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement, all as of the day and year first above written.

THE CITY OF CLEVELAND, OHIO

By


Hon. Michael R. White
Mayor

NORFOLK SOUTHERN CORPORATION AND
NORFOLK SOUTHERN RAILWAY COMPANY

By

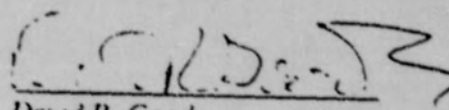

David R. Goode
Chairman, President and
Chief Executive Officer

Table 1 NS Original Operating Plan

Segment	Freight Trains per Day		
	Pre	Post	Change
Rochester to Youngstown	12.6	17.7	5.1
Youngstown to Ashtabula*	11.7	23.8	12.1
Ashtabula to Cleveland (Cloggsville)	13.0	36.6	23.6
Cleveland (Cloggsville) to Vermilion	13.5	34.1	20.6
Rochester to Alliance	37.9	26.3	-11.6
Alliance to White	26.4	30.1	3.7
White To Cleveland (CP-181)	12.5	29.7	17.2
Cleveland (CP-181) to CP-190**	48.4	42.9	-5.5
CP-190 to Berea	48.4	42.9	-5.5
Cleveland (Cloggsville) to CP-190	2.0	4.2	2.2
Berea to Vermilion	48.4	34.9	-13.5
Vermilion to Bellevue	15.6	27.0	11.4
Bellevue to Oak Harbor	7.7	27.2	19.5
Vermilion to Oak Harbor	48.3	41.4	-6.9
Vermilion Connection west of Coen Road	0	7	7
Vermilion Connection east of Coen Road	n/a	n/a	n/a

- * Post numbers include 7 CSX trains per day
- ** Post numbers include 10 CSX trains per day
- *** Post numbers include 2 CSX trains per day
- n/a = not applicable

Table 2 NS Revised Cloggsville Connection Mitigation Proposal

Segment	Freight Trains per Day		
	Pre	Post	Change
Rochester to Youngstown	12.6	7.1	-5.5
Youngstown to Ashtabula*	11.7	13.2	1.5
Ashtabula to Cleveland (Cloggsville)	13.0	26.0	13.0
Cleveland (Cloggsville) to Vermilion	13.5	13.9	0.4
Rochester to Alliance	37.9	36.9	-1.0
Alliance to White	26.4	40.7	14.3
White To Cleveland (CP-181)	12.5	40.3	27.8
Cleveland (CP-181) to CP-190**	48.4	53.5	5.1
CP-190 to Berea	48.4	63.1	14.7
Cleveland (Cloggsville) to CP-190	2.0	13.8	11.8
Berea to Vermilion	48.4	55.1	6.7
Vermilion to Bellevue	15.6	26.0	10.4
Bellevue to Oak Harbor	7.7	26.2	18.5
Vermilion to Oak Harbor	48.3	42.4	-5.9
Vermilion Connection west of Coen Road	0.0	0.9	0.9
Vermilion Connection east of Coen Road	0.0	11.6	11.6

* Post numbers include 7 CSX trains per day

** Post numbers include 10 CSX trains per day

*** Post numbers include 2 CSX trains per day

n/a = not applicable

ATTACHMENT A. NORFOLK SOUTHERN'S COMMITMENT TO SAFE TRANSPORTATION OF HAZARDOUS MATERIALS

Safety, including safe transport of hazardous material is Norfolk Southern's (NS') highest priority. This unflagging commitment, which goes beyond simply complying with existing regulations and accepted industry practices, has resulted in NS' industry-leading safety performance. NS is dedicated to being a responsible member of the communities it serves and is also motivated by the tenet that safety is good business. Simply put, accidents are both damaging and expensive, and NS is devoted to preventing them. The following summarizes NS' ongoing commitment to safe transportation of hazardous materials.

WHAT IS HAZARDOUS MATERIAL?

The U.S. Department of Transportation (DOT) defines a hazardous material as *"Any substance or material in a quantity or form which poses an unreasonable risk to health, safety, and property when transported in commerce"*. This includes a rather extensive list of chemicals of varying degrees of hazard.

Norfolk Southern has transported over 250,000 loads of hazardous materials annually for the last several years with an excellent safety record. Overall, 99.96 percent of the hazardous materials shipped on NS arrive without incident, and NS is continually working to improve their safety and environmental performance. System-wide, hazardous materials traffic amounts to about five percent of the 3.8 to 4.0 million total carloads of freight handled by NS each year. Completion of the Conrail Transaction will increase hazardous materials loads on some rail line segments, and decrease loads on others. However, NS expects the system-wide percentage of hazardous materials to other freight to remain about five percent post-Transaction.

NS' EXISTING RISK MANAGEMENT PROGRAM FOR HAZARDOUS MATERIALS

Prevention is the primary objective of the NS Risk Management Program for Hazardous Materials. Prevention means minimizing risks while maximizing employee safety and protection of the environment. NS achieves this objective through effective training, regulatory compliance, safe operating practices, equipment and right-of-way maintenance, risk assessment, and contingency planning.

Employee Training - Effective employee training is the cornerstone of hazardous materials incident prevention. Since 1993, over 20,000 NS employees have successfully participated in the NS hazardous materials training program. Since then, NS has provided refresher training annually to employees with key hazardous materials management and handling responsibilities - even though federal regulations only require such refresher training every three years. Environmental Awareness training is also conducted for all employees on a regular basis.

Regulatory Compliance - NS must abide by several federal laws and regulatory programs designed to ensure the safe handling and transport of hazardous materials, including:

- U.S. DOT hazardous materials regulations (49 CFR 170-179)
- Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA)
- Resource Conservation and Recovery Act of 1976 (RCRA)

The DOT regulations closely regulate the transportation of hazardous materials. For example, each rail car (or block of cars) containing hazardous materials must have the proper documentation, including identification of the material and an emergency telephone number. Most cars containing hazardous materials must display a placard or other markings to identify the contents and the associated hazards. The regulations also control the placement of hazardous materials cars in a train. Cars containing incompatible materials are not to be placed next to each other to reduce the risk of a chemical reaction. Similarly, incompatible cars are not to be placed next to each other. For example, a hazardous materials tank car may not be placed next to a flat car carrying steel pipe, as the pipe could shift and damage the tank car.

NS also must comply with Federal Railroad Administration (FRA) regulations covering track and signal safety standards, locomotive and freight car safety standards, and railroad operating rules and practices, all of which reduce the risk of hazardous materials releases from accidents.

Safe Operating Practices - Industry recommended safe operating practices for the transportation of hazardous materials are provided in the American Association of Railroads (AAR) Circular OT-55. There are four main areas addressing incident prevention:

- **Key Trains** are trains that carry a specified amount of hazardous materials, and have certain restrictions such as a maximum speed of 50 mph and procedure for meeting and passing other trains.
- **Key Routes** are any rail line segments with an annual volume of 10,000 car loads (or greater) of any hazardous materials. Key routes are subject to specific track maintenance requirements (twice yearly inspections of main track and annual inspections of sidings), and a maximum distance of 40 miles between track-side safety detectors (sensors that monitor performance of passing train cars, including such items as wheels and dragging equipment). *Since 1992, NS has applied key route requirements to rail line segments with 9,000 car loads of hazardous materials. Track-side safety detectors are placed only 11 to 15 miles apart over the entire NS system.*
- **Yard Operating Procedures** establish safe train car switching operations in rail yards, often going beyond the federal regulations. *NS has even tighter restrictions*

limiting the number of cars of certain commodities which can be cut-off,
prohibiting any tank cars containing flammable gas from being cut-off in motion,
and limiting loaded hazardous materials car coupling speeds to 4 mph or less

Storage Distance defines the minimum distances from railroad mainline tracks and passenger operations for storage and handling of hazardous materials. In addition, NS has a general policy against transloading hazardous materials on company property. Where transloading is approved, special precautions are taken to provide spill containment and environmental protection.

Although compliance with each of these areas is totally voluntary, NS has adopted OT-55 as part of its operating policy and practice

NS is also a member of the Chemical Manufacturers Association (CMA) Responsible Care partnership program. This program focuses on prevention of accidents by adopting a code of management practices established by the CMA for safer handling and transport of chemicals. The program includes chemical transport risk management, compliance review and training, safety performance reviews and recommendations, handling and storage practices, and emergency preparedness procedures. The incorporation of these elements into NS' existing safety and environmental programs further strengthens NS' risk management of hazardous materials transportation

Maintenance - Maintenance of the railroad infrastructure and equipment is an extremely important element in preventing accidents. Large annual expenditures are made to keep NS rails in "tip-top" shape and ensure the safest travel for all traffic, including hazardous materials. Most tank cars are privately owned and NS is not responsible for their maintenance other than ensuring safe running gear. Nonetheless, accidents with hazardous materials cars can result from other cars in the train. Therefore, NS has an effective maintenance and inspection program in place to keep all railroad owned equipment up to the required standards of safety.

Contingency Planning - NS has two types of plans that address potential hazardous materials incidents. These are the NS *Emergency Action Plans for Hazardous Materials Incidents* and *Division Emergency Action Plans for Hazardous Materials Incidents*. Both of these contingency plans emphasize finding and fixing the source of the spill or release, containing and controlling the spill or release, identifying the material and notifying the proper authorities, and cleaning up the spill and restoring the environment. Both plans are updated as required by regulation, and when warranted by changes in NS operations. In addition, NS uses internal and external Hazardous Materials audits to evaluate their emergency response plans and hazardous materials training programs

Additional emergency response resources include private, on-call contractors, who provide supplemental hazardous materials handling knowledge, personnel, and equipment.

These resources are located strategically throughout the NS system, and are available to support railroad personnel and local police and fire departments during incidents.

ADDITIONAL SAFETY MEASURES TO BE TAKEN BY NS IN RESPONSE TO POST-TRANSACTION INCREASES IN HAZARDOUS MATERIALS TRAFFIC

Implementation of the Conrail Transaction will affect the volume of hazardous materials shipped on NS lines, and the routes used to move the hazardous materials to customers. Some NS rail line segments will experience increases in hazardous materials traffic, while other line segments will experience decreases. The Draft Environmental Impact Statement (DEIS) on the Transaction, prepared by the Surface Transportation Board (STB), identifies NS rail line segments which are anticipated to experience increases in hazardous materials traffic. The DEIS recommends specific safety measures for rail line segments projected to experience increases in hazardous materials traffic above the key route threshold of 10,000 cars annually as a result of the Transaction, with additional safety measures for rail line segments where hazardous materials traffic is expected to double and exceed 20,000 car loads annually.

NS concurs with the DEIS recommendation that the increases in hazardous materials transportation warrant additional safety measures. In keeping with the DEIS recommended mitigation strategy and NS' own proactive approach to safety, and contingent on the STB's approval of the joint CSX-NS application to acquire control of Conrail, NS commits to the following

System-Wide Safety Measures

NS will implement its existing Risk Management Program for Hazardous Materials across the entire post-Transaction NS system. This will include the following specific actions:

1. **NS will develop and maintain Emergency Action Plans for Hazardous Materials system-wide.** NS has two types of plans that address potential hazardous materials incidents. These are NS *Emergency Action Plans for Hazardous Materials Incidents* and *Division Emergency Action Plans for Hazardous Materials Incidents*. Similar plans will be prepared and implemented for the newly-acquired Conrail rail lines and facilities.
2. **NS will maintain and continue to improve its safety policies and procedures to reduce the risk of hazardous material incidents.** NS has established a Risk Management Program for Hazardous Materials within its Environmental Protection department. In addition, NS corporate operating policies and procedures incorporate the safety policies and procedures of AAR Circular OT-55 for the safe transport of hazardous materials and the CMA Responsible Care program for the safe transport and handling of chemicals. These operating policies and procedures will be implemented throughout the expanded NS system. A Safety Integration Plan (SIP) was prepared by NS and submitted

with it's application to the STB. The SIP details NS' plans to incorporate the NS safety policies and procedures into the Conrail operations acquired by NS.

Local Safety Measures - Key Routes

NS will provide the following risk management measures to rail line segments that become "Key Routes":

1. **NS will implement the AAR Circular OT-55 guidelines for the safe transportation of hazardous materials, including:**
 - Wayside defective bearing detectors shall be placed a maximum of 40 miles apart on key routes, or an equivalent level of protection may be installed based on improvement in technology.
 - Main track on key routes must be inspected by rail defect detection and track geometry inspection cars or any equivalent level of inspection no less than two times each year; and sidings must be similarly inspected no less than one time each year.
 - Any track used for meeting and passing key trains must be Class 2 or better. If a meet or pass must occur on less than Class 2 track due to an emergency, one of the trains must be stopped before the other train passes.
 - Training of employees who handle shipments of hazardous materials on a key route must be conducted on an annual basis.
2. **NS will provide hazardous materials contingency plan information to counties along key routes for distribution to the Local Emergency Planning Committees (LEPCs).** These contingency plans will contain information on NS hazardous materials emergency response plans, key sources and contacts for additional emergency assistance, and NS contacts. The information provided by NS will supplement existing contingency planning efforts by the LEPCs, but is not intended to take the place of local planning. It is neither necessary nor cost-effective for every local firefighter and policeman to have the expert skills and equipment to respond personally to any hazardous materials emergency. Through the proper awareness training and contingency planning, states and local communities will be able to pool their response capability with those of federal agencies and NS to provide for a more coordinated and better managed emergency response system.
3. **NS has an established 24-hour toll-free telephone line which can be used to obtain hazardous materials emergency response information.** The emergency response

information "hotline" is established in the NS Police Communications Center in Roanoke, Virginia, which can immediately access all NS dispatch centers.

Additional Safety Measures on Routes Where Hazmat Traffic is expected to Double and Exceed 20,000 car loads annually

NS will provide the following risk management measures to rail line segments where hazardous material traffic doubles and exceeds 20,000 car loads annually:

1. NS will implement the mitigation measures noted above for Key Routes, including implementation of the OT-55 guidelines for Key Routes, provision of hazardous materials contingency planning information to affected counties for dissemination to LEPCs, and a 24-hour toll-free "hotline" for hazardous materials emergency response information.
2. NS will provide hazardous materials emergency response training drills for each rail line segment within two years after Approval of the Transaction. These drills will be held in cooperation with the LEPCs, and interested federal and state agencies.

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LAW OFFICES

ZUCKERT, SCOUTT & RASENBERGER, L.L.P.

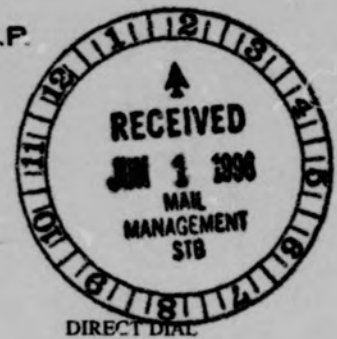
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RICHARD A. ALLEN **ENTERED**
Office of the Secretary

JUN 01 1998

**Part of
Public Record**

June 1, 1998

Via Hand Delivery

Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreements -- Conrail Inc. and Consolidated Rail Corporation --
Finance Docket No. 33388

Dear Secretary Williams:

I am writing on behalf of Applicants to state who will be presenting argument for Applicants on June 3 and 4, 1998, the order of their presentations and the amount of time we wish allocated to each speaker. In the interest of fairness to all speakers and parties, we would also be obliged if the lights could be arranged to signal the expiration of each speaker's allotted time.

On June 3, 1998, the following persons will present opening argument for Applicants during their scheduled one hour in the order and for the times indicated:

David R. Goode, Chairman and CEO of NS	- 4 minutes
John W. Snow, Chairman and CEO of CSX	- 11 minutes
Richard A. Allen, Counsel for NS	- 26 minutes
Betty Jo Christian, Counsel for CSX	- 8 minutes
Dennis G. Lyons, Counsel for CSX	- 11 minutes

On June 4, 1998, we anticipate that I will present rebuttal argument for NS for 45

ZUCKERT, SCOUTT & RASENBERGER, L.L.P.

The Honorable Vernon A. Williams

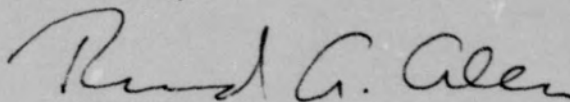
June 1, 1998

Page -2-

minutes and that Dennis Lyons and Mary Gay Sprague will then present rebuttal argument for CSX for 45 minutes.

As noted, to ensure that a speaker for one party does not inadvertently encroach upon the time of another party, we request that the lights be arranged to signal the expiration of the times indicated above of the speakers presenting opening argument for NS and CSX on June 3, and to signal the expiration of NS's rebuttal argument on June 4 after 45 minutes, and the expiration of CSX's time after the remaining 45 minutes of rebuttal time allocated to Applicants. We appreciate the Board's indulgence in these matters.

Sincerely,



Richard A. Allen

Counsel for Norfolk Southern
Corporation and Norfolk
Southern Railway Company

cc: Dennis G. Lyons, Esq.
Betty Jo Christian, Esq.

STB

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KEITH G. O'BRIEN

BRYCE REA, JR.

BRIAN I. TROLANO

ROBERT A. WIMBISH

ENTERED
Office of the Secretary

JUN 01 1998

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Public Record



May 29, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

RE: Finance Docket No. 33388, CSX Corporation and CSX Transportation, Inc. Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreements -- Conrail Inc. and Consolidated Rail Corporation -- Sale of Railroad Line by Norfolk Southern Railway Company to CSX Transportation, Inc.

Dear Mr. Williams:

I am writing on behalf of the New York Cross Harbor Railroad ("NYCH") in connection with the above-captioned proceeding.

On October 21, 1997, NYCH timely filed comments (docketed as "NYCH-3") in this proceeding conditionally supporting the acquisition of Consolidated Rail Corporation ("Conrail") by Applicants CSX Corporation, et al ("CSX"), and Norfolk Southern Corporation, et al ("NS"). After its filing, NYCH had constructive discussions with representatives of both CSX and NS with the result that NYCH did not make any further evidentiary submissions, did not file a brief, and did not request oral argument.

NYCH would not be making any further submissions in this proceeding but for its receipt and review of the legal "brief" submitted by Representative Jerrold Nadler which contains numerous erroneous statements about NYCH. NYCH realizes that the Board's procedures in this case do not contemplate the filing of any sort of reply briefs; however, under these circumstances NYCH requests that it be permitted leave to reply to ensure the accuracy of the evidentiary record before the Board.

NYCH apologizes for the late date of this submission. For several weeks NYCH has been seeking an appointment with Representative Nadler for the purpose of airing its differences

Honorable Vernon A. Williams
May 29, 1998
Page Two

in private rather than in a public forum such as the Conrail Acquisition proceeding. However, Mr. Nadler's schedule has been so full that he has not been able to accommodate even an early morning meeting with NYCH's representatives. When NYCH realized that it would not be able to obtain an appointment before the date of the oral argument, it decided to file this letter.

Nadler's assertions and NYCH's responses are as follows:

Brief, page 1; para. 2: Nadler asserts that CSX is to be given sole ownership and operating control of all terminal and mainline trackage located within the New York Metropolitan Area in downstate New York and Connecticut.

Response: This statement is false. Most of the railroad trackage in downstate New York and adjacent Connecticut is owned and controlled by Amtrak, public agencies (the New York Metropolitan Transportation Authority and the Connecticut Department of Transportation), and the Long Island Rail Road. Conrail trackage in southern New York west of the Hudson River will be transferred to either New York Central Lines, LLC, or Pennsylvania Lines, LLC, for operation by CSX or NS, respectively.

Brief, page 2, numbered para. 1: Nadler seeks the extension of the CSAO across New York Harbor by acquisition of car float and rail facilities owned in part by the City of New York.

Response: In fact, NYCH owns the car float facilities and the railroad trackage. The street trackage occupies a right of way owned by the City.

Brief, page 6, middle para: Nadler incorrectly reports NYCH's daily traffic count as 10-15 cars per day, characterizes NYCH as "undercapitalized" and "dependent" on government funding for all of its improvements, and suggests that NYCH's current traffic base is "in the hundreds of cars per year and not in the thousands."

Response: NYCH's current traffic levels average 24 cars per day and have on occasion approached 100 cars per day. NYCH disputes Nadler's suggestion that it is "undercapitalized," particularly in view of the fact that its shareholders have invested over \$10 million in new capital in NYCH since 1989. Further NYCH has invested \$5 million in nongovernment funding in physical improvements to its facilities. Only \$450,000 in government funds have been provided to NYCH since 1989. Also NYCH will use its own funds to match the nongovernment 20% match for \$3.8 million sought in ISTEA funds. The fact that NYCH's car counts are now increasing from a low of 4,500 cars per year

Honorable Vernon A. Williams
May 29, 1998
Page Three

refutes the suggestion that its traffic base is "in the hundreds of cars per year."

Brief, page 6, bottom para: Nadler says that if the Application is approved, CSX will have even less incentive to treat NYCH fairly.

Response: CSX has stated to NYCH its intent to route traffic via NYCH as appropriate under market conditions.

Brief, page 7, top para: Nadler asserts that neither carrier [Conrail and NYCH] is fulfilling its common carrier obligations.

Response: Lack of local government support for the car float operation as well as Conrail's control of rail freight movements in and out of the New York market have limited the use of rail in the New York freight market.

Brief, page 8, bottom para: Nadler calls NYCH's car float operation "unreliable" and asserts that NYCH has not been able to attract and hold traffic due to these "unreliable" floats.

Response: NYCH has reliably been moving 500 to 2,000 tons of waste matter per day (or 5%-10% of the market) since 1988. Conrail actions, intense truck competition with rates at or below cost, and local government policies have kept rail usage low.

Brief, page 9, top para., and page 10, second para: Nadler claims that virtually all waste traffic generated on Long Island must be handled by highway due to Conrail's refusal to provide adequate service and NYCH's "inability to do so."

Response: See response immediately above.

Brief, page 13, bottom para: Nadler alleges that CSX is unlikely to cooperate with the New York & Atlantic Railroad ("NY&A") and NYCH to utilize the direct routes between the Region and the middle Atlantic and southern states.

Response: In fact, both NS and CSX Railroads have been actively working with NYCH to develop new business and serve existing business. CSX has stated its intent to route traffic via NYCH where appropriate.

Brief, page 15, top para: Nadler states that the City of New York owns the trackage of NYCH in Brooklyn and that these owners [a reference to the State and City of New York and the State of Connecticut] seeks the inclusion of the harbor float

Honorable Vernon A. Williams
May 29, 1998
Page Four

system and connecting lines in the CSAO.

Response: The City of New York owns the tracks in the streets in which NYCH operates. NYCH owns all other trackage over which it runs and owns the car float equipment and facilities. Neither the State of New York nor the State of Connecticut has made any request to include this trackage in the CSAO.

Brief, page 16, bottom para: Nadler again refers to the "imminent inability" of NYCH to provide vital service.

Response: See remarks above regarding NYCH's alleged inability to provide service.

Brief, page 18, top para: Nadler again asserts that CSX has a strong disincentive to route southbound traffic via the car floats.

Response: See previous remarks about CSX's disincentive to use NYCH's service. Contrary to Mr. Nadler's impression, the shipper has the discretion to route the traffic.

Brief, page 18, bottom para: Nadler states that the Congressional Delegation and the owners of the Metro North Railroad, the Long Island Railroad, and some of the New York Cross Harbor facilities have demonstrated that if these assets are not included in the CSAO, the very existence of these vital operations will be threatened to the detriment of the public.

Response: NYCH has reviewed Metro North's filings in this proceeding and finds no request that NYCH's assets be included in the CSAO. Furthermore, the Long Island has not submitted any filing in this proceeding. Finally, Mr. Nadler does not reveal and NYCH does not know the identity of an "owner" (other than the City of New York) that has requested that NYCH's assets be included in the CSAO.

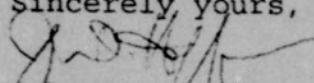
Brief, page 19, second para: Mr. Nadler suggests that the City and State of New York and the owners of all or part of the NYCH and the NY&A have endorsed his position.

Response: NYCH is unaware of any statement by either the City or State of New York endorsing the Congressman's remarks. No owner of any part of NYCH has endorsed the Congressman's remarks. NYCH understands from a filing made by NY&A in March, 1998, that it does not endorse Mr. Nadler's position.

Please date stamp and return one copy of this letter for our files.

Honorable Vernon A. Williams
May 29, 1998
Page Five

Sincerely yours,


John D. Heffner

cc: Hon. Jacob Leventhal
Hon. Jerrold Nadler
John F. McHugh, Esq.
All parties

STB

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Dear Board,

May 21, 1998

(8790)

Hello, my name is Kristopher Michael Klemick and I am number four of six in the Non-Party of Record Requests to Participate in the Oral Argument paragraph, as part of Decision No. 80 page three, Service Date May 13, 1998

I have three comments I wish to file. First, in response to "Sub-article 7" on page three of Decision No. 80, "...entities seeking to participate in this proceeding were required to enter their appearances by August 7, 1997 and file responsive applications, comments, protests, and requests for conditions by October 21, 1997." I feel this statement to be unjust and unfair with reason being that I was not aware in any way that I, or any unknown public figure could participate in the proceedings.

Secondly, I wish to seek copies of all, Decision No. 1 through Decision No. 75 as I have only been presented with Decision No. 76 through Decisions No. 82.

In conclusion, I as one of six worthy parties who wished to participate in the oral Argument but were denied, I feel it only be fair that the board grant me two (2) admission badges to the Hearing Room through all three (3) days of the procedure. (June 3, June 4, and, June 8 at the Voting Conference.) Even though I shall settle for two (2) badges of admission in the Brick Room, I do feel the board shall at the least grant me permission to be present in the Hearing Room.

ENTERED
Office of the Secretary

MAY 29 1998

Part of
Public Record

Thank you for all your time and consideration towards this matter. You may reach me Mon.-Fri from 8am-4pm at (717) 753-3210 (work) or any other time at (717) 398-1536 (home) Please be aware that I wish to speak to someone regarding attendance even if my request towards the Hearing Room is denied.

Sincerely yours,
Kristopher Michael Klemick

Kristopher Michael Klemick
RR#3 Box 101-15
Jersey Shore, Pa 17740-9309

Work Ph.# (717) 753-3210

Home Ph.# (717) 398-1536

STB

FD

33388

5-28-98

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PUBLIC



FD33388

May 19, 1998

Subject - Purchase of Conrail by Norfolk Southern

Surface Transportation Members:

On the second page of letter dated May 15, 1998, fourth paragraph, last sentence reads. "Then in some cases, a General Foreman talks to the injured employee and in some cases withdraws his claim". This is an error.

It should have read "Then in some cases a General Foreman talks to the injured employee and in some cases the injured employee would withdraw his claim."

Thank you,
Robert H. Bedwell

STB

FD

33388

5-27-98

J

187903

187903

LEBOEUF, LAMB, GREENE & MACRAE
L.L.P.

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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TELEX 440274 FACSIMILE: (202) 986-8102

WRITER'S DIRECT DIAL:

(202) 986-8050

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(A LONDON-BASED
MULTINATIONAL PARTNERSHIP)

May 26, 1998

VIA MESSENGER

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
Office of the Secretary
Case Control Unit
1925 K Street, N.W., 7th Floor
Washington, D.C. 20423-0001



Re: CSX Corp./Norfolk Southern Corp. -- Control and
Operating Leases/Agreement -- Conrail; Finance
Docket No. 33388

Dear Secretary Williams:

In response to the Board's request that parties to the above-referenced proceeding indicate whether participants at the oral arguments scheduled for June 3-4, 1998 intend to use visual aids, please be advised that American Electric Power Service Corporation, Indianapolis Power & Light Company, and The Fertilizer Institute, plan to use visual aids -- probably overheads and handouts -- during their presentations.

Respectfully submitted,

Michael F. McBride
Michael F. McBride
Brenda Durham

ENTERED
Office of the Secretary

MAY 29 1998

Part of
Public Record

Attorneys for American Electric
Power Service Corporation,
Indianapolis Power & Light
Company, and The Fertilizer
Institute

cc: Mr. Ronald L. Young
David B. Barnard, Esq.
Mr. Charles D. Rosas

STB

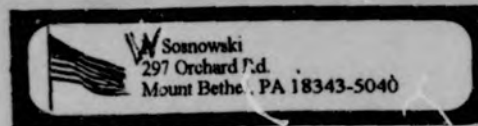
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CONRAIL ELECTRONIC MAIL SYSTEM

PRINTED FOR: [REDACTED]

DEPT: Operations Assets
PAGE: 1

Dow Jones Newswires -- May 14, 1998

U.S. Judge Rules On Potential Strikes In Conrail Merger

Dow Jones Newswires

ROANOKE, Va. (AP)--A federal judge has restricted the ability of railroad unions to go on strike if federal regulators approve the proposed Conrail merger and the workers dislike the terms.

The Surface Transportation Board is expected to rule June 8 on the \$10 billion plan by Norfolk Southern and CSX Corp. to buy and carve up Conrail.

The railroads asked U.S. District James Turk to declare that the STB has exclusive jurisdiction over the transaction terms, including changes in labor agreements, and to bar the unions from striking to thwart the merger.

In a ruling released Wednesday, Turk said the unions were enjoined for 12 months from striking in an attempt to block the Conrail merger or to force changes in the transaction.

The unions involved are the: Brotherhood of Railroad Signalmen, American Train Dispatchers, Brotherhood of Locomotive Engineers, International Brotherhood of Electrical Workers, National Conference on Firemen and Oilers and Sheet Metal Workers International.

Spokesmen for Norfolk Southern and several of the labor unions declined to comment on the ruling until their attorneys could review the 37-page order.

Two major unions, the Brotherhood of Locomotive Engineers and the United Transportation Union, already have lifted their opposition to the proposal to carve up Conrail routes and eliminate 2,000 jobs nationwide.

Edward Wytkind, executive director for the AFL-CIO's Transportation Trades Department, says the labor federation remained opposed to the merger.

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END OF PRT. [REDACTED]



Wm. Sosnowski
RD 2 Box 2132
Mt Bethel PA 18343

May 20, 1998

CASE CONTROL UNIT
Office of the Secretary STB
1925 K St.
Washington D.C. 20423
RE: STB Finance Docket #33388 Oral Agreement



To the secretary of the S.T.R.

As per attached restraining order from the US District Court in Roanoke, Va dated May 14th and if there is validity to this I want respond to this Socialistic Tactic.

I have 28 years on the RR as a Locomotive Engineer and since the Reagan years, I have experienced constant erosion and concessions in my job as to pay, working conditions, health benefits, RR Retirement benefits, work locations, pass privileges just to name a few. However did see increases of taxes, harassment, ^{INVASION OF} privacy, humiliation such as drug & alcohol testing, (Was Judge James Turk on drugs when he issued the enclosed newswire? Probably so, he is one of the Czars that is galvanized from testing.) Getting back the one item that wasn't affected much during the years was Seniority. Now this important issue is in jeopardy thanks to government intervention.

I feel at present I've been railroaded in a literal sense and being sacrificed for greed by the bureaucrats and RR management. Needless to say I'm definitely fed up and had my bellyful of manipulation by this worthless government of ours. with their closed book attitude on important issues such as this. As a taxpayer and your employer I've been ripped off and betrayed by you Czars. Unless I see a change of heart in government towards the working man, I'm prepared to do battle all the way in a non violent but positive way. You see when the rat gets cornered, he'll strike back! You know what comes around, goes around just like the Russian Czars. ^{Yes,} the American Czars could be next.

In closing, I hope you negotiate in good faith on June 6th. You damn well know what is at stake. You know what the terms are as I,m not going to elaborate on that as it is redundant and don,t have enough paper to explain but if you have any common sense you'll get the picture.

Also a lot of enclosures regarding various issues between workers, management and government. You see I,m not alone in the feelings expressed here in this letter. Just more vocal. I'm laying the cards on the table for you. You will know me if I,m betrayed. As a word of caution, beware of the silent ones in the workplace they are all powder kegs just waiting to go off. disgruntlement is in, drugs and alcohol is passsay. Trust Me!



Very Truly Yours

William G. Sosnowski

SENIORITY??? -- AFTER THE MERGER!!!

In the next month, we will be sitting down with the Norfolk Southern, CSXT, and our Brother B.ofL.E. General Chairmen to negotiate an Implementing Agreement. One of the most important issues will be the type of seniority that we are going to work with for the rest of our careers. To allow every B.ofL.E.-Conrail-G.C.ofA. Member to have input, I am providing a chance to vote for the Seniority System they want.

Below is a form listing the different types of Seniority Systems that could possibly be discussed and instituted on the expanded Norfolk Southern and CSXT. Please fill this form out and return it to this office.

**DON'T LET SOMEONE ELSE DECIDE YOUR FUTURE WHEN IT COMES TO YOUR SENIORITY SYSTEM!!!
MAKE SURE TO CAST YOUR VOTE!!!!**



SENIORITY SYSTEM FORM FOR EXPANDED NORFOLK SOUTHERN / CSXT

☐

1. Date of Hire - District Seniority (Engine Service Date)

☐

2. Date of Hire - System Seniority (Engine Service Date)

☒

3. Selection Order List - based on District Equity

☐

4. Selection Order List - based on System Equity

☒

5. Top and Bottom Seniority protecting prior rights - With NS or CSXT at appropriate areas

☒

6. Other - If you have different form of Seniority, briefly explain below



Wm Sosnowski

Print Your Name Above

259

Enter Your Division # Above

STATUS QUO ON ALL AGREEMENTS INCL.
PRIOR RIGHTS PREVAIL. IT WORKED ON CONRAIL
WISHKIND

Sign Your Name Above

IT SHOULD WORK AFTER THE TAKEOVER. WHY
SHOULD I LOOSE AFTER 28 YEARS?

ALSO FLOBACK ON ALL RR INVOLVED

Note: In regard to Seniority, the following rules apply:

1. If you were hired as a Locomotive Fireman before June 28, 1985, your date of hire will be based on entry into Engine Service.
2. If you hired out after June 28, 1985, your date of hire will be established under Article XII - Engine Service as described in the June 28, 1985 Agreement between the Consolidated Rail Corporation and its Employees represented by the United Transportation Union
3. Trainmen that hired out prior to June 28, 1985, your Locomotive Engineer's Seniority is established on your ETS date.

Please return this form AT ONCE to:

B.ofL.E.-Conrail-G.C.ofA.
810 Abbott Road - Suite #200
Buffalo, NY 14220

AMERICAN WORKERS GETTING "THE ROYAL SHAFT" FROM THE ELITE AGAIN Documents: Golden parachutes for 11 Lukens execs

CALL YOUR SENATOR & CONGRESSMAN & THANK HIM FOR SELLING YOUR JOBS & COUNTRY

COATESVILLE (AP) — Eleven top executives at Lukens Inc. will split \$56 million in salary, bonuses, severance pay and personal benefits if they quit or retire following a merger with Bethlehem Steel Corp., according to documents filed for the pending merger.

The compensation packages are spelled out in a "change-of-control" provision that the Lukens board of directors adopted in 1990 to protect top management in a takeover, Lukens spokeswoman Kate Pella said Tuesday.

She said such payouts to executives are common in big mergers to smooth the transition to the new owner and, in Lukens' case, are not excessive. **REALLY**

Pella said about half the package is tied in some form to Bethlehem stock or options. The value of the compensation packages has increased substantially in recent months as Bethlehem's stock price strength-

ened, she said.

Bethlehem agreed to buy Lukens, the nation's oldest steel company and a major employer in Chester and Montgomery Counties, for more than \$700 million in cash and stock earlier this year.

According to a Lukens document filed with the Securities and Exchange Commission in April, Bethlehem said the Lukens executive officers are entitled to the payout if they stay with company for three months after the merger.

This would allow those executives to receive three years' salary and a bonus, in addition to other compensation. R. William Van Sant, Lukens chairman and chief executive, will receive the biggest payout if he quits: \$22 million. **I'M SURE HE WILL NOT!**

Van Sant negotiated the sale of Lukens to Bethle-

hem, saying at the time that it was nearly impossible for Lukens — a regional specialty steelmaker — to survive alone against imports and large domestic steel makers. **NAPTA & GATT AT WORK.**

According to a Bethlehem statement, Van Sant will be a senior adviser to Bethlehem once the merger is completed. He will have responsibility for helping sell the Lukens assets Bethlehem does not want.

Lukens shareholders will vote on the Bethlehem buyout offer at a special shareholders meeting on May 28. Bethlehem shareholders don't have to vote.

If Lukens shareholders approve the merger, about 800 workers in factories and offices at the two companies are expected to lose their jobs. Two sites where layoffs will be the heaviest are the Lukens headquarters in Coatesville and a Bethlehem plant in Sparrows Point, Md.

THE SELLING OF AMERICA & BIG BONUSES "SOCIALISM AT WORK"
WAKE UP AMERICA! THE NEW WORLD ORDER IS CLOSING IN

ALSO FOUND THIS ON Bulletin BOARD.

AS YOU CAN SEE I'm NOT LYING WHEN I SAY THE
TROOPS ARE RESTLESS, AGAIN IN DARK AREAS CHECK
BEFORE YOU BUREAUCRATS USE MATCHES TO SEE. LOTS
OF CONDUITIBULE ATTITUDES AROUND.



WE BECAME A WORLD CLASS RAILROAD THEN... AN EDITORIAL FROM ENGINEER CY MARTIN FROM TEXAS

By Cy Martin

Many of us who came off the old Missouri Pacific recall the morale high point this outfit suddenly had after the Union Pacific took us over. It was almost overwhelming.

We suddenly had supervisors who valued what people told them, instead of snarling, "if we want your opinion, we'll ask for it." They even got rid of, or reassigned a lot of managers who were abusive.

The UP paid valid time claims and arbitrations without a hassle. It was like someone said, "if we owe it, pay it." Now we have people whose sole excuse for being is to unilaterally rewrite and reinterpret our working agreements.

The UP at that time had a motto that said, "We Can Handle It." We did, too. Union Pacific treated its employees like grown men and women. They acted like they cared about us and our families.

Mike Walsh told us that everyone was on a first name basis. He told us that Locomotive Engineers and Conductors were, "Third Level Management." Today, "Level Three" means something else -- something bad.

The rank and file really believed Mike Walsh when he told us what a good job we were doing and how important we were to the company's bottom line -- right up to the time he insulted us before Congress and the whole country and quickly resigned to take a job with an oil company.

In spite of that, morale remained quite high. We still believed Union Pacific was the world's best railroad -- and it was.

We all scoffed at the idea of becoming "A World Class Railroad" because we knew we were already the best. To us, it was nothing but Harvard Business School hype.

Nowadays, many employees say we're becoming "third-world class." We were the best -- past tense -- I don't know who is best any more, but most employees tell you that it isn't us.

Fatigue / Adequate Rest ...

If a crew somewhere on the system goes to sleep and runs by a meeting point, management's first answer is "do more testing."

It is as if they actually believe Locomotive Engineers and Conductors are basically suicidal, or run by meeting points on purpose, and that "more testing" will keep them from falling asleep or deliberately crashing into the train they are supposed to meet.

Management's other answer is to act confused as to why people fall asleep, and pay big bucks to hire a bunch of space cadets to find out why road and extra board engineers can't work 90 hours a week and stay awake.

Damn it, folks, this fatigue problem has been studied to death for over a hundred years. In the 1890s, they called this having "the white eye". In the 1920's, they said it was "psychic epilepsy."

After Casey Jones was killed in the tragic wreck in 1896, his fireman, Sim Webb, told investigators, "Mr. Casey had a white eye."

The book Casey Jones, by Fred J. Lee, c 1940, states on page 265:

"Extreme fatigue of body and mind sometimes is responsible for the creation of the strangest mental and physical conditions. There is a degree of fatigue wherein all sense of weariness and effort is inexplicably lifted up; wherein a feeling persists that one's endurance is boundless, and the brain seems to function with an alert, lightning-like vividness unknown to it in normal times. It is akin to the morbid mental state said to be induced by certain drugs. Yet the borderland between this acute state and fathomless sleep is defined by a hair's breath. At the very moment of supreme effort, when one seemingly is never so wide awake and capable, drowsiness may subconsciously descend with incredible swiftness to cloud the faculties, and a strong effort of will may be necessary to fight off lethargy. It is a condition familiar to trainmen who have been obliged to labor until, almost literally, they have dropped in their tracks. And they have a name for it. They call it 'white eye'."

Psychic Epilepsy

Dennis Hogan of Dallas writes: "A few years ago I ran into a lady at a flea market selling original pages from the Fort Worth Star-Telegram dating back to the turn of the century. Many of the pages had interesting ads and news, including railroad news."

One page was a full-page article on "psychic epilepsy", headlined "WHY ENGINEERS RUN PAST DANGER SIGNALS."

The article recounted a few incidents and then offered opinions about this malady by doctors and psychologists. It seems "psychic epilepsy" was really their term for fatigue, stress, and the railroad equivalent of highway hypnosis.

The recommended cure: two days of rest each work week.

No one in government or the industry wants to seriously address the rest problem, but the employees are not altogether blameless here, either. There are many of us who would work ourselves into the ground for another few dollars each trip.

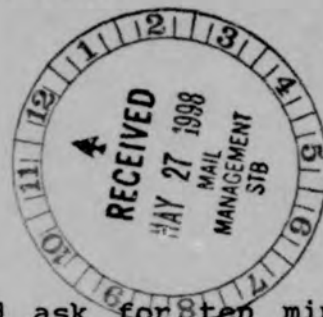
Cy Martin is a locomotive engineer at Centennial Yard in Fort Worth, Texas



ANOTHER LETTER WRITER WITH A DIFFERENT
APPROACH. THE GOALS ARE THE SAME.

April 8, 1998
Thomas J. Moraghan
112 Westwood Drive
Toms River, NJ 08753

Case Control Unit
Office of the Secretary
Surface Transportation Board
1925 K St., NW
Washington, D.C. 20423-0001
Re: STB Finance Docket No. 33388 Oral Agreement



To The Secretary of Surface Transportation Board:

I would like to participate for Oral Argument and ask for ten minutes speaking time at the June 4, 1998 hearing of the "CSX-Norfolk Southern-Conrail" Merger Proposal. I want to show that I oppose the primary application. The reason being, loss of seniority.

The way the agreement was explained to me by Conrail Vice President of Labor Relations Lawrence Finnegan at Port Reading Yard, Port Reading, NJ on March 25, 1998, as quoted by Mr. Finnegan, "If you go with Conrail after the merger you will lose all your seniority on any part of your former railroad". An example would be that I could no longer work on 65% of the jobs I can hold now.

On March 26, 1998 and March 27, 1998 I attended an General Committee of Adjustment Meeting for the Brotherhood of Locomotive Engineers at Cleveland, Ohio. My General Chairman Robert Godwin stated that the union was working on this matter (seniority, flow back). However, at this time no one can give me a definitive answer of what is the truth. It seems to me that all we hear about regarding this issue is chicanery.

The way I perceive, what will happen if this merger is approved, is a lot of disgruntled employees having to move their families from their homes to other states. The hardships and uncertainty to the railroaders is too obscure to phantom at this time.

The summation of my argument is this: The Preamble of the United States Constitution states, that Life, Liberty and the Pursuit of Happiness. To a railroader, seniority is tantamount to the pursuit of happiness. I believe the Surface Transportation Board should hear the Oral Argument from some blue collar workers from the railroad industry, and let them tell it like they see it.

Thomas J. Moraghan

cc: Robert Godwin
Frank Lautenberg

I concur:

116

287
283

4/4/98

This Employee started this
letter. However due to
his busy schedule he
could not edit it

Another case not enough
time but the attitude
is there. I told him I would
forward for him. Again
Beware!



70 211

5046 500 3

SK 330-430-NK 438

YK 535-4743-ay 819

cap 1103 SP 1255 2m 115
108 114

115 128 m 136
119 132 124

NC 145 155

4/5/98 210-200-200 317

209 200 NC 305 ml 326
313

325 335 345
329 339 349

2 355 cap 414 47 559

2/637 715 737

NK 840 NK 850-915

364 940-950

SK- 1015-1030

6738- 5519.

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8
173
37
110
12
104
22

That the great main
policy of 1976
was not a good
one made at that
time we had. Now
we are going to be
told that it is here
that pulled in 1976
we ought to be
easy now. We
are asking for our
peers, STB NS CSX
& UT. BLE & B
lets let us keep our
contracts & our didn't.

P.S. The Ricks are
going to get full contract
of the Rail Roads north
of the main Dixon
line but would still
lose the war & hope
we can keep this
from becoming a war.

(OVER)

Mr. Scott

Here we go again. Big is better, in management
in hope
Regard when they broke the AT&T contracts,
it was the demise of ICC to make way for big
rail road merger, with telling AT&T to give
up their conglomerate & that they cannot be split, for
it was in 1968. Now in the front NS-CSX
take over, not merger, I can find. We on
Con Rail is more like a agreement on
about 1st 1976 & management came in
smelling like a rose. & the 20 years I was
in our group to be told that the STB minimum
& our union that this is the best we can get
for you today, with management gives us 5.9%
halving bonus million. We do not stop again
for 2 years promises. I can see you into
we get this, maybe & I can make only 3.5%
We seriously we worked to get over this days.
No opportunity to make a displacement in our
the one of seriously obstruct the NS-CSX
is going to establish in the street in a way.
& not even being told what management
we now mean our going to run what
Route whose service district will they be
th. & don't forget they can change any
train, route, schedule & terminals in one
second, after we are told this is set
in stone. You would now get what I am
getting in, we & the air, pin right smoothly
over this our service in 1976. Now we
have some semblance of what we had & brought
our new brothers along with us. Can't this
little compromise in least let us keep what
we can expect. Every thought we still don't think

STB FD-3388 5-26-88 JBUSINESS

CO-OP

TENNESSEE FARMERS COOPERATIVE
P. O. BOX 3003, 200 WALDRON ROAD
LAVERGNE, TN 37086-1983
(615) 793-8011

May 20, 1998

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K. Street, N.W.
Washington, D.C. 20423



Dear Sir:

I am writing to express to you my strong support for the joint acquisition of Conrail by the CSX and Norfolk Southern Railroads.

Tennessee Farmers Cooperative is a regional farm supply association with annual sales in excess of \$450 million. Two of our principal items sold through 71 Member Cooperatives are animal feeds and plant food. A major portion of our plant food moves from the north to south as well as a major portion of the ingredients used in the manufacture of animal feeds through our five feed mills. This is a great transaction for the state of TFC as well as the state of Tennessee. It will mean more options and lower costs for our shippers who serve as our suppliers. The resulting extension of single-line service into new markets means that shippers and receivers will be able to take advantage of numerous efficiencies, including: the elimination of unnecessary interchanges and delays in route, shorter trip distances, faster transit times, and expedited interchanges with other railroads.

From a safety viewpoint, CSX and Norfolk Southern have extraordinary track records. In 1996, for example, the two railroads led the nation's major railroads with the lowest train accident rate. Environmentally, both CSX and Norfolk Southern have a strong commitment to environmental excellence—a commitment that will be carried over into all new operations once the joint acquisition of Conrail is approved.

Taken in conjunction with the road safety, fuel savings and air quality benefits resulting from the acquisition's projected diversion of over 1.1 million truckloads of freight annually from the Eastern and Midwestern Interstate highways (with a corresponding annual savings of \$85.3 million in highway maintenance costs), the full story of the division of Conrail is indeed promising.

I strongly urge the Surface Transportation Board to approve this transaction with minimal conditions.

Sincerely,

G. Ray Wilson

G. Ray Wilson, Director
Education & Public Relations

STB

FD

33388

5-26-98

J

PUBLIC

May 15, 1998

Robert H. Bedwell
922 Minnesota Avenue
Knoxville, TN 37921



Surface Transportation Board Members:

Subject: The purchase of Conrail by Norfolk Southern CSX Railroads

I would like to share with you the following reasons why I feel Norfolk Southern should not be allowed to share in the purchase of Conrail:

1. The violation of human rights
2. Placing the general public in danger by allowing unsafe trains to run
3. The dishonest ways of car repair billing
4. And the dishonest ways injuries are not being reported

I am Robert H. Bedwell. I reside at 922 Minnesota Avenue, Knoxville, Tennessee. I hired on with Southern Railway in the year of 1950 and retired in 1992. The things I will share with you happened when I was working. Although, according to some current employees, things are just as bad now, and, in some cases, worse.

I will be brief in giving you the information I am writing about. Although, in some cases, you could multiply the number by the hundreds. If you are really concerned about violations by Norfolk Southern, please phone me at 1-423-524-2678 or write me at the above address. Upon your request, I will send or tell you in detail violations of how employees are treated concerning not reporting some of the injuries, falsifying car billing, changing transcripts by deleting or altering words to the detriment of the one charged.

I have confidence in the members of the Board that you will not let this slide by, allowing the takeover of Conrail by Norfolk Southern until an investigation is made concerning these violations.

Before I retired, a Bulls Gap train was involved in a train and car accident at a crossing near or in Jefferson City. It is reported that one person was killed and one injured. When the train with 87 cars that was in the accident arrived at John Sevier Yards, I inspected the brakes on the first 38 or 40 cars behind the engine and found that a number of these cars had inoperable brakes.

I do not know who was at fault in this accident. I do know that some of the cars had bad brake valves. This was not an isolated accident, and, as you know, many people are killed or badly injured each year. There is no doubt some of these accidents could have been avoided if the brakes had been working right.

In the month of July 1990, the Derrick Crew was called out to rerail a couple of coal hoppers at Cumberland Gap. Some of the crew worked without

proper rest and no sleep at all for about 35 hours. Another employee who was with this crew and who had little rest and no sleep, had an automobile accident when he was returning home. He was badly hurt, but his life was spared. Some said he was so tired and without sleep for so long, that it was possible he had fallen asleep at the wheel. One might wonder if Norfolk Southern reported this accident, or did they cover up this accident also?

Norfolk Southern's safety program could be called clouds without water -- no substance. Is the "Harriman Award" given for how employees are treated after being hurt, or is it given on how good you are covering up an injury? Or both?

Multiply what information I have given by 5,000 other employees who could tell you 25,000 more wrongdoings.

According to the press, the General Accounting Office reports the railroads' firms seen misreporting data on accident reports are too low. Boy, is this an understatement. Since the merger, Norfolk Southern has for years lowered their accident reporting by simply applying the intimidated by intimidation. A Foreman fills out an accident form for an employee. Then in some cases, a General Foreman talks to the injured employee and in some cases withdraws his claim.

The Company sent letters to some employee stating in part, "In order to remain in the employ of this corporation, each of us as employees must demonstrate by his/her continuing performance, In reviewing your career service record, I note you have had X number of years." Another way of not reporting a minor injury was to say, "Let's wait a day or two and see what happens."

For many years at Christmas, the Southern Railway would give a small gift such as pocket knives, hams, and other small items to all their employees. After the change of company officer, the Christmas gift was no longer called a Christmas gift. It was given for not having an injury in the past year. You would be surprised on how many minor accidents were not reported after that.

The Norfolk Southern intimidates some employees so much about their getting hurt, that many of them will not report an injury because they are afraid of losing their jobs. It would be safe to say about one-third of injuries were not reported one way or another. I do know in some cases, a Foreman would cover up because he knew company policy demanded.

Some employees would ask, "Do we have human rights when we are on Norfolk Southern property? Could we employees file charges claiming human rights violations?" The answer would be, "No." The employees would say, "You mean to tell us that when we are treated like dogs by the Company, we would not have a claim?" Then you would be advised that the Company had found a way around being charged with human rights. They take the position of if we treat our employees like dogs and not like human beings, we can get around human rights violations. Now do not take this wrong, people of China, Americans still have human rights, but only after they leave the property of Norfolk Southern.

With the merger came a mass reduction of employees, the closing of repair shops, the reduction of work forces all over the system, the application of pressure to take up the added work load thus cutting short car inspections which allowed the running of unsafe trains.

Also with the merger came the pressure to the employee to achieve one hundred and five percent efficiency. The following is an example on how some employees got their percentage. One night on the third shift, a Carforeman had three Carmen replace 43 air hoses on a 68 car train. A Carman who was used to replace the air hoses told me about this. He said they would have gotten more but had trouble getting them off. I loaded my truck with many air hoses that were not condemned, took them in front of and showed them to Master Mechanic Rollings and two other General Foremen, Mr. Smalley and Mr. Grant. In light of what was taking place, this was not a big deal.

Norfolk Southern could be called the "Harriman Award Thoroughbred" of making money even without moving one freight car.

Norfolk Southern talks about operating a safe railroad. If this is true or just talk, why did they get a brake valve waiver on their coal hopper cars? Brakes are the most important safety thing a railroad has to consider, and they retained a waiver. In short, you might say Norfolk Southern got a waiver on safety. This railroad runs cars with inoperable brakes, low couplers, thin flange wheels, and many other dangerous conditions that could cause a major wreck that could cause hundreds of deaths.

Years ago, I told Norfolk Southern officers about the falsifying of car repair billing by charging for work that had not been done. I told them about the stealing of brake shoes and air hoses. I told them how unsafe trains were being run. Doing nothing proves they do not care.

Being afraid of employees getting fired, I cannot give you current events, although I can say the following of what some have told me: employees are still being treated badly, trains are still running unsafe, but pressure for employees to steal revenue is not like it was.

I was working when the merger of Southern Railway and the N.W. took place. Thousands of jobs were lost, shops were closed, work was contracted to outside firms who paid very little with no benefits. There was the scrapping of thousands of freight cars, the changing of being treated like humans into being treated as dogs, and the running of unsafe trains over street crossings. In my opinion, money made like this is called blood money. Just think, a railroad that does not care about the well-being of their employees will be able to use so-called blood to purchase part of Conrail, which, in time, will lose thousands of jobs in order to get more blood, so they can buy another railroad, and so on and so on.

The F.R.A. inspectors held a meeting in Knoxville, Tennessee last week. They heard the many complaints of employees concerning safety and the ruthless and inhumane ways they are being treated by Norfolk Southern. The meeting here lasted close to six hours. I understand several meetings will be held with the employees at other points over the Norfolk Southern area. I am thankful we have federal inspectors. If it wasn't for them, I would truly

feel sorry for the employees and the unsafe conditions the general public would have to face.

Since all of our families will be looking to what kind of future they will face, I would be pleased for you to share with your families the information I have shared with you. It has been said that families who know of what happened in the past, are better prepared to guide the future. I believe there is truth in this saying. Share with your wife and children how you have a part in shaping not only their future, but millions of other Americans as well. Share with them that you are not going to take part in violating human rights. Tell them you are against cutting off thousands of employees because the railroads want to have a monopoly so they can control all transportation. Tell your family you love them, and that you would never do anything that would cause them not to have a great future.

The decision of turning Conrail over to Norfolk Southern should not be hard to make. God has given you the knowledge to know right from wrong. God has honored you by allowing you to be members of the Surface Transportation Board. God has put you in a position of taking care of His creation. God is not pleased when His creation is put in bondage or in harm's way.

You may talk among yourselves and say, "Who is this man that thinks he knows everything?" My answer would be, "No, sir." I don't know everything and very little about anything. I do know two things, right from wrong.

May God bless and guide while keeping you and yours in His everlasting love.

Sincerely,

Robert H. Bedwell

Robert H. Bedwell

cc:

Vice President Gore
Senators
Rodney Slater

Below is information about a transcript that was changed to make me guilty. Norfolk Southern believes you are guilty and can change the transcript to prove it. Norfolk Southern says you are guilty until we tell you, you are innocent.

922 Minnesota Avenue
Knoxville, Tennessee 37921
October 3, 1987

Mr. L.F. Miller, Jr.
Assistant Director of Labor Relations
Southern Railway System
185 Spring Street
Atlanta, Georgia 30303

Dear Mr. Miller:

This is a follow-up on our meeting in Knoxville, Tennessee on June 2, 1987, concerning my claim and grievance.

During that meeting, various complaints were discussed including the alterations of the transcript by changing, deleting, or altering words to my detriment.

This is to advise that an extensive investigation has been conducted. The findings revealed that the so-called errors in the transcript—were not errors at all. The investigation has revealed that the carrier hired the wife of Mr. Kenneth Solomon (Supervisor of Communications) to transcribe my investigation from the four tape recordings that the carrier furnished her. Mr. Solomon told me his wife had transcribed part of the recorded tapes, but was not able to finish them. I understood Mr. Solomon to say that no handwriting had been written into the transcript that had been returned to the carrier. General Carforeman Smalley took the transcript that had been prepared to the Unlimited Office Services for them to complete. Jo Ann Vaughn and Joanne Gwyn told me that Mr. Smalley brought to the Unlimited Office parts of a typewritten transcript in which words had been handwritten into the transcript. Both ladies said they transcribed the transcript as it was given to them by Mr. Smalley. They said in order to finish the transcript they transcribed only one (last one) tape recording.

Based on the above findings, the carrier changed the transcript after it left Mrs. Solomon and before the people at Unlimited Office Services received the transcript.

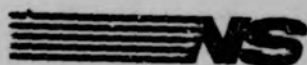
Yours truly,

*The Norfolk Southern goes to the pits of
hell to violate human rights.*

*No Sir, we don't allow human rights
on Norfolk Southern property.*

*There is nothing compared to what Norfolk Southern will do to Carroll if they are allowed
to purchase it.*

Robert H. Bedwell
Robert H. Bedwell



**NORFOLK
SOUTHERN**

Norfolk Southern Corporation
Master Mechanic
P. O. Box 6419
Knoxville, Tennessee 37914

MARCH 6, 1990

MR. ROBERT H. BEDWELL
922 MINNESOTA AVENUE
KNOXVILLE, TN. 37921

DEAR HUB:

OUR COMPANY HAS CLEARLY DEFINED THE PRIORITY THAT SAFETY HOLDS AMONG OUR NUMEROUS JOB RESPONSIBILITIES. I REFER YOU TO YOUR PERSONAL COPY OF "SAFETY AND GENERAL CONDUCT RULES" AND THE "SIX POINT ACTION PLAN FOR SAFETY OF OPERATIONS". THESE, ALONG WITH PUBLISHED POLICY STATEMENTS FROM THE TOP OFFICERS DOWN, CLEARLY GIVE SAFETY OUR NUMBER "1" PRIORITY.

IN ORDER TO REMAIN IN THE EMPLOY OF THIS CORPORATION, EACH OF US AS EMPLOYEES MUST DEMONSTRATE BY HIS/HER CONTINUING PERFORMANCE, THAT SAFETY IS THEIR PERSONAL NO. "1" PRIORITY.

OUR SAFETY PERFORMANCE OVER THE PAST SIX YEARS HAS SHOWN GOOD IMPROVEMENT. IN 1989 WE HAD A TOTAL OF "4" REPORTABLE INJURIES. THIS IS OUR BEST PERFORMANCE TO DATE. HOWEVER, ALL INJURIES CAN BE PREVENTED, AND "0" INJURIES IS OUR ONLY ACCEPTABLE GOAL.

IN REVIEWING YOUR CAREER SERVICE RECORD, I NOTE THAT YOU HAVE HAD "12" INJURIES IN THE PAST "40" YEARS, WITH "2" IN THE PAST "2" YEARS.

YOUR PERFORMANCE RECORD INDICATES YOU HAVE GIVEN SAFETY A VERY LOW PRIORITY. THIS IS AN AREA OF CONCERN IN THAT SAFETY IS A CONDITION OF EMPLOYMENT. I URGE YOU TO CORRECT THIS PRIORITY AND DEMONSTRATE COMMITMENT BY WORKING WITHOUT INJURY TO YOURSELF AND YOUR FELLOW WORKERS IN THE FUTURE.

PLEASE FEEL FREE TO DISCUSS WITH ME PERSONALLY ANY QUESTIONS OR INPUT THAT YOU MAY HAVE.

SINCERELY YOURS,

D. L. ROLLINGS
MASTER MECHANIC

J. T. GRANT
SENIOR GENERAL FOREMAN

CY: PERSONAL FILE

I think I know the reason this letter was drafted like it was by the sender.

I know I know how it was accepted by the receiver.

It has been said that accidents have been cut in half. What has not been said is that about half of the employees are still employed.

RAILROAD RETIREMENT FUND FACES INVESTIGATION - Allegations of non-payment of payroll taxes that cover railroad retirement benefits has prompted calls for a congressional investigation of the Railroad Retirement Board, reports Traffic World.

William J. Doyle III, inspector general of the Railroad Retirement Board, citing the audits of 19 Class I and Class II carriers, estimates that between 1986 and 1988, the nation's railroads failed to pay \$52.3 million in payroll taxes. With interest and penalties, Doyle placed the loss at \$73.6 million.

John D. Crawford, management's member on the Railroad Retirement Board, which administers the industry's pension program, said the inspector general's allegations are "grossly exaggerated and based on conjecture." Last month, the White House Office of Management and Budget proposed substantial increases in railroad industry payments to the retirement fund to help reduce an estimated \$34 billion unfunded liability.

The House Committee on Government Operations is conducting an investigation of the Railroad Retirement Board's vulnerability to both fraud and abuse, specifically in the procedures used to pay, collect and record payroll taxes held in U.S. Treasury fund accounts. A hearing on Doyle's allegations will be held later this month.

I don't know the outcome of the above. If the above is right, has the taxes been paid? Or has it been used to help buy Conrail?

There is more ways to help Railroad Retirement go broke. More than likely that is the reason some railroads tell returning injured employees that they are not able to perform their assigned duties. Thus in some cases forcing them to retire at a early age although they are well able to work their assignments.

There has been early retirement because of bad nerves caused by pressure that is applied by the railroad.

Check on how many thousands of employees lost their jobs when NCS & Southern merged. Not counting the mergers of the other railroads. Check on the tens of thousands of railroad employees who have lost their in the last few years because of merging and buyouts. Check on how the railroads are forcing out the work to people who do not pay into Railroad retirement.

If Norfolk Southern and CSX are allowed to buy Central there will be at least ten thousand employees loose their job. This does not count company buyouts. The railroads intend to brake the retirement system. This is one of their main goals. Check with the Railroad Retirement Board and see how sound it is. See if they will tell you how sound after year 2010. The railroad retirement will go under many years before Social security.

STB

FD

33388

5-22-98

J

187713

687713

ARNOLD & PORTER

555 TWELFTH STREET, N.W.
WASHINGTON, D.C. 20004-1206

(202) 942-5000
FACSIMILE: (202) 942-5999

DENNIS G. LYONS
(202) 942-5858

NEW YORK
DENVER
LOS ANGELES
LONDON

May 22, 1998

BY HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Mercury Building
Room 700
1925 K Street, N.W.
Washington, D.C. 20423

ENTERED
Office of the Secretary

MAY 26 1998

Part of
Public Record



Re: Finance Docket No. 33388, CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company -- Control and Operating Leases/Agreements -- Conrail Inc. and Consolidated Rail Corporation - Oral Argument

Dear Secretary Williams:

This letter is to advise of the names of the representatives of CSX Corporation and CSX Transportation, Inc. (collectively, "CSX"), who will present the oral argument on behalf of CSX in the above matter on June 3 and 4, 1998.

The Applicants have been allotted one hour of argument time on June 3 and 1½ hours on June 4. The Applicants have agreed that CSX and Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively, "NS") will equally share argument time and that Conrail Inc. and Consolidated Rail Corporation will not present oral argument.

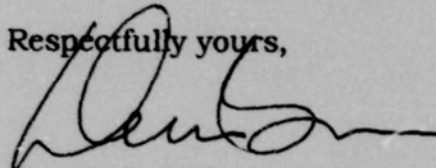
With respect to the 30 minutes of argument time on July 3 allocated to CSX, oral argument will be presented by John W. Snow, Chairman and CEO of CSX; Betty Jo Christian, of the law firm of Steptoe & Johnson LLP; and the undersigned. In the 45 minutes of Rebuttal argument allocated to CSX on the following day, June 4, oral argument will be presented by Mary Gabrielle Sprague of our firm and by the undersigned.

ARNOLD & PORTER

Hon. Vernon A. Williams
May 21, 1998
Page 2

If you need further information concerning the order of the speakers, please advise.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Dennis G. Lyons", with a long horizontal flourish extending to the right.

Dennis G. Lyons
Counsel for CSX Corporation and
CSX Transportation, Inc.

cc: Richard A. Allen, Esq.
Gerald P. Norton, Esq.

STB

FD

33388

5-19-98

J

PUBLIC

Dear Sir,

FD33388 SUB80



I'm writing you this letter in regard to the Conrail split up. My name is Jeffery L. Miller and I'm a second generation railroader. My Grandma and Grandpa worked on the NS when it was in Brewster, and they retired from it here. My question to you is will I? Right now I work for the WLE Railroad. The company has been doing good, but it could do better with the decision that you make. Too many times I hear people say that the government is trying to help the middle man, well a vote or decision for the WLE would be a sign that the government does care, and that the words of others were true. But a vote against the WLE, would prove that our lives in OH, is not people's lives but just numbers on paper. Sir when I came to this company three yrs ago I thought it would be just for a while. You see I have a Degree in Electronics and just when I got out of school I got this job. You could say I probably make more money using my degree if the WLE is my family, the Treat there Employer's like Family. Though we don't always get along like we should, we respect them and I know they respect us. In closing please let our family, the WLE Railway strive for years to come with a positive vote from the Board our dreams can come true.

Thank you

Jeffery L. Miller

Metway Employee

STB

FD-333

5-18-98

J

~~ID-187623~~

187623

**NEW ORLEANS TRAIN CAR LEAKAGE FIRE LITIGATION
PLAINTIFF MANAGEMENT COMMITTEE**

3748 North Causeway Blvd., Suite 301
Metairie, Louisiana 70002
(504) 838-8383

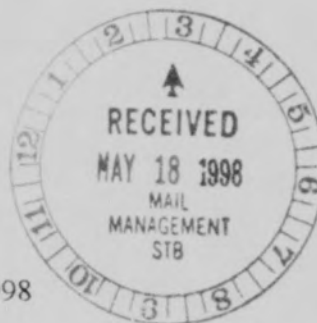
DAVID P. BAINS
JOSEPH M. BRUNO
HARRY F. CANTRELL
FRANK J. D'AMICO, JR.
CALVIN C. FAYARD, JR.
JACK W. HARANG
C. JOSEPH MURRAY
DAVID W. ROBISON
H. EDWARD SHERMAN
THOMAS L. SMITH
VERNON THOMAS
DARLEEN JACOBS
T. ALLEN USRY
WENDELL GAUTHIER

HENRY T. DART
LIAISON COUNSEL

ENTERED
Office of the Secretary

MAY 19 1998

May 11, 1998



Mr. Vernon Williams, Secretary
Surface Transportation Board
The Mercury Building
1925 K Street, N.W.
Washington, D. C. 20423

Re: Before the Surface Transportation Board
Washington, D. C.
CSX Corporation and CSX Transportation, Inc.
Norfolk Southern Corporation and Norfolk
Southern Railway Company - control and
Operating Leases/Agreements-Conrail, Inc.
and Consolidated Rail Corporation
Finance Docket No. 33388, DOT 3

Dear Mr. Williams:

We have reviewed the March 20 and April 23 letters to Senator Breaux from Linda J. Morgan and Jolene M. Molitoris at the Surface Transportation Board. Ms. Molitoris seems to misunderstand our concerns about the CSX - Conrail merger. We are not worried about how we will get paid, but about the effect this merger will have on safety in our community, as well as throughout the entire Conrail system. As we understand it, CSX is spending \$10 billion for the purchase of its share of Conrail. **This is money that CSX will not have to spend on safety.**

Our concern is that, if CSX cannot run its current operation safely, how can it run a much larger railroad with the standard of safety that is expected of it? If CSX is spending billions for the Conrail purchase, how will it have the funds to adequately upgrade its safety program? As a matter of fact, CSX is proposing to **reduce** personnel in the merger, the very people it needs to properly inspect hazardous materials cars as they roll through highly populated metropolitan areas.

The Draft Environmental Impact Statement issued by your office, raised legitimate concerns about potential safety risks of the proposed merger, and it required CSX to come up

Mr. Vernon Williams, Secretary
Surface Transportation Board
May 11, 1998

page 2

with a Safety Integration Plan to address these specific concerns. CSX's Safety Integration Plan does not adequately address these concerns, and in some instances doesn't address them at all. Plans usually sound good, but many times they only serve to whitewash over serious underlying problems that cannot, or will not, be cured by the plan. Please look at the **facts** to determine whether CSX's actions speak louder than its words.

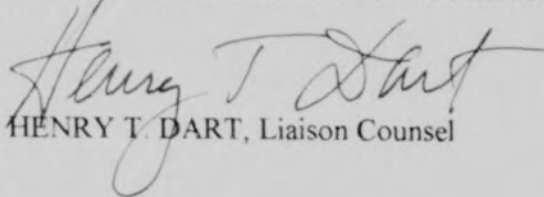
CSX's safety practices have not been up to the standards set by the Federal Government, which resulted in the disaster in New Orleans in 1987. From the evidence we've seen, CSX is doing nothing to correct its unsafe ways, although it has promised to change. In his closing argument to the jury on September 5, 1997, the lawyer for CSX said "No cars will be parked in Gentilly. ... There will be no unattended tank cars at the interchange yard." As this letter is written, eight months later, CSX is still parking hazardous materials tank cars, and leaving them unattended right in the middle of the very same Gentilly neighborhood where the tankcar blew up in 1987. There have been reported leaks from those cars as recently as last year.

We obviously cannot rely on the false promises of CSX, which, in over ten years, has yet to correct the problem that resulted in the calamity that devastated our New Orleans neighborhood. Because this is a neighborhood of mostly lower income African Americans, perhaps CSX believes it can continue its unsafe practices and get away with it. If the merger goes through, will Philadelphia, Cleveland and Washington, D.C. be next?

Our plea to your agency is for safety, not money! For safety's sake, stop the merger!

Yours very truly,

PLAINTIFF MANAGEMENT COMMITTEE


HENRY T. DART, Liaison Counsel

HTD/bjt

cc: Hon. John Breaux
Hon. Mary Landrieu

STB

FD-33388

5-15-98

J

ID-187548

187548

LAROE, WINN, MOERMAN & DONOVAN

ATTORNEYS AT LAW

3506 IDAHO AVENUE, N. W.

WASHINGTON, D. C. 20016

TELEPHONE (202) 362-3010

FAX (202) 362-3050



VIA FACSIMILE

May 15, 1998

Vernon A. Williams, Secretary
Office of the Secretary
Case Control Branch
ATTN: STB Finance Docket No. 33388
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

ENTERED
Office of the Secretary

MAY 15 1998

Part of
Public Record



Re: CSX Corporation and CSX Transportation Inc., Norfolk
Southern Corporation and Norfolk Southern Railway
Company - Control and Operating Leases/Agreements -
Conrail Inc., and Consolidated Rail Corporation,
Finance Docket No. 33388

Dear Secretary Williams:

In NY/NJ-20, filed April 10, 1998, the Port Authority of New York and New Jersey ("the Port Authority") notified the Board that the Port Authority and Applicants had entered into a settlement agreement, and that the Port Authority now supports the primary application. The Port Authority also requested five minutes to present its views at the oral argument scheduled for June 4, 1998.

In its Decision No. 80, the Board granted the Port Authority's request and granted it five minutes to present its views. However, since numerous parties had requested time, two days of argument time was allotted. Further, the Port Authority is currently scheduled to present its argument late in the day on June 3, 1998.

With the long-standing schedule in place calling for argument on June 4, 1998, both the undersigned and Hugh H. Welsh, the Port Authority's Deputy General Counsel who are co-counsel in this matter, have commitments for June 3, 1998, that would be extremely difficult to alter.

In view of the foregoing, the Port Authority hereby requests that its scheduled oral argument be moved from June 3 to June 4, 1998, at such time as may suit the Board.

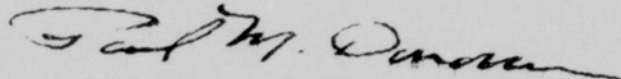
Since grant of this request will not prejudice any party,

Vernon A. Williams, Secretary
May 15, 1998
Page 2

LAROE, WINN, MOERMAN & DONOVAN

and denial would substantially inconvenience Port Authority counsel, the Port Authority respectfully submits that this minor scheduling adjustment should be made.

Very truly yours,



Paul M. Donovan

cc: All parties of record

STB

FD-33388

5-15-98

J

ID-187560

ENTERED
Office of the Secretary

MAY 18 1998

Part of
Public Record

LA ROE, WINN, MOERMAN & DONOVAN

ATTORNEYS AT LAW

3506 IDAHO AVENUE, N.W.

WASHINGTON, D. C. 20016

TELEPHONE (202) 362-3010

FAX (202) 362-3050



VIA FACSIMILE

May 15, 1998

Vernon A. Williams, Secretary
Office of the Secretary
Case Control Branch
ATTN: STB Finance Docket No. 33388
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423-0001

Re: CSX Corporation and CSX Transportation Inc., Norfolk
Southern Corporation and Norfolk Southern Railway
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Conrail Inc., and Consolidated Rail Corporation,
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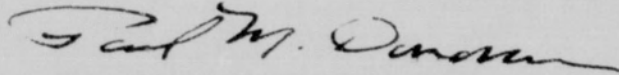
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Vernon A. Williams, Secretary
May 15, 1998
Page 2

LAROE, WINN, MOERMAN & DONOVAN

and denial would substantially inconvenience Port Authority counsel, the Port Authority respectfully submits that this minor scheduling adjustment should be made.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Paul M. Donovan".

Paul M. Donovan

cc: All parties of record

STB

FD

33388

5-11-98

J

BUSINESS

SURFACE TRANSPORTATION BOARD



CONRAIL PURCHASE

DOCKET # FD 33388

Surface Transportation Board
MEMORANDUM

To: **THE FILE**

From: Edward C. Fernandez

Date: 5/13/98

Subject: **FD-33388 - Video cassette**

On 5/13/98 "Rep Geist" filed a videocassette concerning Mr. Noble to Conrails Board of Directors, Mr Levan talks about supplemental pension and Mr Noble merger hearings was filed in the above case . Anyone wishing to view the video should contact me at 565-1655 to schedule a viewing time and place. [REDACTED]

"PENSION REFORM NEEDED"

There currently are a relatively small number of Conrail agreement employees who participate in the Conrail Supplemental Pension Plan on a grandfathered basis because they had participated as agreement employees in the Supplemental Pension Plan of predecessor railroads.

As a result of non-agreement contributions and other monies and wise investments by fund manager these assets have continued to grow and exceed pension commitments by **\$434 million dollars**.

The Conrail Plan does not provide for periodic increases of the monthly pensions being received by persons who are retired. The only ad hoc increase ever made in the past was authorized by Conrail's Board of Directors in 1977 to be effective in January of 1992.

Norfolk Southern in there battle to derail the Conrails & CSX merger made the following statement in a notice sent to the employee shareholders: "Norfolk and Conrail both can boast fully funded healthy persons funds, ensuring piece of mind for both employees and retirees. CSX, on the other hand, had been listed, as one of the "Top 50 companies with the Largest Underfunded Pension Liability." Why let CSX reap the benefit of the protective surplus your hard work has built up?

This last sentence seem to imply that Norfolk Southern would use these protective surplus's for the benefit of plan members. In a letter to Mr. Goode I wrote the following:

These members have helped Norfolk Southern to say "NO" to the CSX/Conrail Merger. Norfolk Southern made the offer and the Conrail employees responded favorably. The language used in the working world is "pay back is a bitch" and are you ready to "put your money where your mouth is".

I hope Norfolk Southern is sincere and committed to using this pension surplus for the employee's that have worked hard to create this surplus over the part 30 some years.

Norfolk Southern acknowledged receipt of my letter with the following:

We now have only publicly available information on the status of any plan or surplus, but we will certainly have your most articulate communication in mind as we go forward with implementation of the transaction.

"LEGISLATORS WANT WRITTEN GUARANTEE WITH MERGER" made the front page on Friday, October 24, 1997 with Rep. Geist stating -

Pennsylvania deserves a written guarantee from Norfolk Southern that our workers, communities, and other businesses will benefit after the breakup of Conrail and Rep. Olasz stated - enduring that Norfolk Southern lives up to its commitment becomes particularly important if the economy weakens and things do not turn out as rosy as they predict in their proposal.

I wish our state and federal legislators luck in getting a solid written guarantee from "Norfolk Southern". The same article stated that according to documents within the joint applications filed by the two Virginia-Based Railroads, Norfolk Southern is planning to invest more than 235 million in the state over the next three years, including \$67 million to update and modernize the Juniata and Hollidaysburg shops.

In a letter date June 30, 1997 I asked Mr. Goode of "Norfolk Southern" the following questions; Has "Norfolk Southern" made any commitment to using these protective surplus's for agreement (pre-Penn Central) Supplemental Pension Plan Members in the application filed with The Surface Transportation Board? The following text is from a letter received from "Norfolk Southern" executive Vice President Henry C. Wolf.

The part of the filing Norfolk Southern, CSX and Conrail made with the Surface Transportation Board ("STB") relating to excess pension plan assets provides as follows:

CSX, NSC and CRC agree to take any actions permitted by law that are necessary or appropriate to determine the amount of excess assets in CRC benefit plans and to allow allocation to CSX and NSC or their respective Affiliates in proportion to their respective Percentage; provided that no such transfer shall reduce the assets remaining in any CRC defined benefit plans to a level that is less than 100% of the Liabilities for benefits on a termination basis as reasonably calculated by Price Waterhouse employing usual and customary methodology and assumptions...CSX, NSC and CRC shall reach as agreement as to the transfer of accrued benefits and related assets with respect to employees that are transferred.

The filing does not discuss allocation of excess assets in the Conrail Pension Plan to provide additional benefits to any group of employees, including former Penn Central Plan participants. Conrail supplemental Pension Plan Administrator states - as of January 1, 1997 the asset value of the Conrail Plan Trust was \$1,190 million. That is \$434 million more than is needed to meet pension commitments based upon estimated accrued benefits through that reporting date.

With "Norfolk Southern" getting 58% of Conrail and thus 58% of the 434 million of the excess pension funds that amounts to 351.7 million and "CSX" getting 42% for 182.2 million.

"NS" can use these excess pension funds to finance buy outs, early retirement and retiree health claims for management. "NS" is receiving \$351.7 million in excess pension money for THE BIG BOYS and plan to invest only 235 million in the State of Pennsylvania over the next three years -- Not a bad deal for "NS".

The only one's loosing on this deal is the current working plan members and current supplemental pension plan retiree's receiving benefits.

Congress had continued to allow this to happen by not making changes to the "Employee Retirement Income Security Act" (ERISA). Our representatives in Washington need to be more responsive to its retired and future retiree's for their financial independence in the coming year. **IT'S YOUR MONEY.**

Charles E. Noble
1306 Hamilton Avenue
Tyrone, PA 166896

SENATOR ARLEN SPECTER

Witness List
Harrisburg Conrail Merger Hearing
April 7, 1997

Panel I

Christopher P. Jenkins, V.P. Chemicals Marketing, CSX
Arthur R. Ouslander, Assistant V P. Federal Affairs, Conrail
Donald W. Seale, V.P. Merchandise Marketing, Norfolk Southern

Panel II

John Antonetti, Chairman, Local 1869, International Association of Machinists
Gene Imler, Chairman, Division 74, Brotherhood of Locomotive Engineers
Aloysius "Al" McElwee, Chairman, Local 830, United Transportation Union
Paris Wilfong, Chairman, Local 2269, International Brotherhood of Electrical Workers

Panel III

Stephan Fisk, Senior Manager, Business Development, Delaware and Hudson Railway
Charles E. Noble, Signal Maintainer, Conrail
C. Alan Walker, President and CEO, Bradford Coal Co.

June 30, 1997

Dear Mr. Goode:

Now that the joint application has been filed with the Surface Transportation Board did Norfolk Southern keep my communication surplus pension monies in mind as you went forward with the application?

I hope Norfolk Southern is sincere and committed to using this pension surplus for the employee's that have worked hard to create this surplus over the past 30 some years.

A new course, a new destiny and a new future must be based on a policy of uncompromising compliance with the highest moral and ethical standards.

A committed work force is one that must have confidence in Norfolk Southern Management to make it a success. Moral and ethical obligations is good corporate citizenship and is basic to achieving quality in Norfolk Southern's operations.

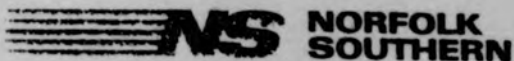
Has Norfolk Southern made any commitment to using these protective surplus's for agreement (pre-Penn Central) Supplemental Pension Plan Members in the application filed with the Surface Transportation Board.

Please reply to the address listed below.

Thank you,

Charles E. Noble

Charles E. Noble
Conrail Signal Maintainer
1306 Hamilton Avenue
Tyrone, PA 16686
(814) 684-0259



Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
757 629-2650
757 629-2345 FAX

Henry C. Wolf
Executive Vice President
Finance

July 18, 1997

Mr. Charles E. Noble
1306 Hamilton Avenue
Tyrone, PA 16686

Dear Mr. Noble:

This is in response to your June 30, 1997 letter to Mr. Goode inquiring about the excess assets in Conrail's Supplemental Pension Plan (the "Conrail Pension Plan"). Your letters suggest that you were a participant in the Plan for Supplemental Pensions of Penn Central Transportation Company (the "Penn Central Plan"). On September 15, 1977, this plan was merged with the Supplemental Pension Plan.

The part of the filing Norfolk Southern, CSX and Conrail made with the Surface Transportation Board ("STB") relating to excess pension plan assets provides as follows:

CSX, NSC and CRC agree to take any actions permitted by law that are necessary or appropriate to determine the amount of excess assets in CRC benefit plans and to allow allocation to CSX and NSC or their respective Affiliates in proportion to their respective Percentage; provided that no such transfer shall reduce the assets remaining in any CRC defined benefit plans to a level that is less than 100% of the Liabilities for benefits on a termination basis as reasonably calculated by Price Waterhouse employing usual and customary methodology and assumptions. . . CSX, NSC and CRC shall reach an agreement as to the transfer of accrued benefits and related assets with respect to employees that are transferred.

The filing does not discuss allocation of excess assets in the Conrail Pension Plan to provide additional benefits to any specific group of employees, including former Penn Central Plan participants. As the STB filing shows, and as the law requires, all parties to the filing intend that participants in the Conrail Pension Plan receive all benefits to which they are currently entitled under that plan.

Mr. Charles E. Noble

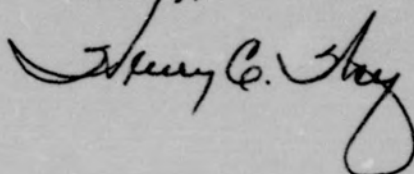
July 16, 1997

Page 2

The STB filing also states, however, that Norfolk Southern must make any decisions about the excess pension assets in concert with CSX. We have not yet reached an agreement regarding these assets. The Internal Revenue Code and ERISA, however, contain many restrictions on the use of pension plan assets. Please be assured that any use of these assets will be in accordance with these laws.

Please let us know if you have any additional questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Henry C. Gray". The signature is written in dark ink and is positioned below the word "Sincerely,".

CONRAIL



February 27, 1997

Section 101(e)(2) Notice
Room N5644
Division of Reports, PWBA
U. S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

This constitutes advance notification, as required under Section 101(e) of the Employee Retirement Income Security Act of 1974, as amended, of the transfer of excess pension assets to pay qualified retiree health liabilities. The appropriate information is as follows:

1. Employer Identification:

Consolidated Rail Corporation
2001 Market Street-18B
P. O. Box 41418
Philadelphia, PA 19101-1418

EIN: 23-1989084

2. Plan Identification:

Supplemental Pension Plan of Consolidated Rail Corporation

EIN: 23-1989084
Plan Number: 001

3. The transfer for the tax year beginning May 1, 1996 (the "1996 tax year") will be made on or before April 30, 1997.

4. The estimated amount to be transferred for the 1996 tax year: \$ 6 million.
5. Projected assets held by the Supplemental Pension Plan prior to the transfer for the 1996 tax year: \$1,185 million
- Projected assets held by the Supplemental Pension Plan after the transfer for the 1996 tax year: \$1,179 million
6. Projected current liabilities under the Supplemental Pension Plan at the time of the transfer for the 1996 tax year: \$ 675 million

If you have any questions regarding the above information, please call me at (215) 209-2693.

Sincerely,

Debbie Melnyk

Debbie Melnyk
Director-Compensation & Benefits Services

PROJECTED ASSETS 1179
CURRENT LIABILITIES 675

EXCESS 504 million

CONRAIL

Working safely requires continuous improvement.

DENNIS A. AROUCA
VICE PRESIDENT
LABOR RELATIONS

March 25, 1997

Mr. R. A. Kerr
General Chairman
United Railway Supervisors Association
1112 Maple Avenue
Hollidaysburg, PA 16648

Dear Mr. Kerr:

There currently are a relatively small number of Conrail agreement employees who participate in the Conrail Supplemental Pension Plan (the "Conrail Plan") on a "grandfathered" basis because they had participated as agreement employees in the supplemental pension plans of predecessor railroads. As you may be aware, effective as of April 1, 1976, those predecessor railroads' supplemental pension plans were merged into the Conrail Plan. As a result, Conrail agreement employees who had participated in those merged plans as agreement employees, immediately preceding April 1, 1976, became "grandfathered" participants in the Conrail Plan.

This letter is being sent to you to inform you that on or before April 30, 1997, pursuant to Section 401(h) of the Internal Revenue Code, a transfer will be made of some of the excess assets in the Conrail Plan Trust to a designated retiree health care account to reimburse Conrail for its cost of retiree health care claims incurred by certain recipients of pensions under the Conrail Plan.

During February 1997, letters were sent to, among others, current Conrail Plan participants, retirees receiving pensions and beneficiaries receiving survivors' benefits advising of the matters referenced above.

The Omnibus Budget Reconciliation Act of 1990 -- amends Section 401(h) of the Internal Revenue Code to allow companies to transfer excess assets to a designated retiree health care account within a pension trust to pay certain incurred retiree health care claims. It also provides that the funds transferred (referred to as "401(h) transfers"), and their earnings, may only be used to reimburse those incurred retiree health care claims.

As you previously were advised, six 401(h) transfers, as permitted by Federal law have been made.

To All Conrail General Chairmen
March 25, 1997
Page 2

As permitted by Federal law, on or before April 30, 1997, the seventh 401(h) transfer will be made with respect to medical claims incurred by certain retirees for Conrail's 1996 tax year (May 1, 1996 through April 30, 1997). It will not exceed \$6 million. It is intended to continue making annual transfers as long as there are excess assets in the Conrail Plan Trust and the law allows 401(n) transfers to be made.

Enclosed as information is a copy of the letter that was sent to the United States Department of Labor regarding the seventh 401(h) transfer that will be made during April 1997.

It should be noted that the Conrail Plan is financially sound. In fact, there are more assets in the Conrail Plan Trust than are required to pay vested accrued pensions and survivors' benefits.

As you may know, pension funds are strictly regulated by Federal law. For example, the assets of the Conrail Plan Trust must be used to cover Plan liabilities, such as, pensions and survivors' benefits that are currently being paid, the future payments of deferred vested pensions of those who have terminated Conrail employment and the future payments of vested accrued pensions of active participants. Assets also may be used to pay expenses of administering the Conrail Plan and for the 401(h) transfers.

If they desire additional information or have questions after reading the letters and other materials advising of the foregoing information, Conrail Plan participants, retirees, beneficiaries eligible for survivors' benefits and other recipients of those letters have been asked to contact:

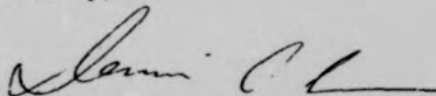
**Benefits Information Center
Consolidated Rail Corporation
2001 Market Street 18-B
Philadelphia, PA 19103**

Conrail SMART Numbers Outside Telephone Numbers

333-2696

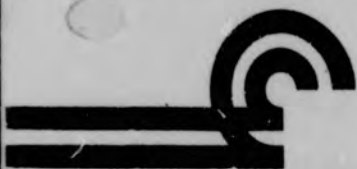
(215) 209-2696

Sincerely,



Dennis A. Arouca
Vice President-Labor Relations

CONRAIL



May 28, 1996

Mr. Charles E. Noble
1306 Hamilton Avenue
Tyrone, PA 16686

Dear Mr. Noble:

This letter is in response to your communication to Dr. Kathleen Feldstein, Chair of the Ethics Committee of the Board of Directors, regarding what you have characterized as unethical behavior on the part of Conrail in relation to the use of excess assets in the Conrail Supplemental Pension Plan (the "Conrail Plan") to fund the recent Voluntary Retirement and Voluntary Separation Programs for certain Conrail employees. As information, your letter was received in this office in early May and I personally delivered it to Dr. Feldstein while she was in Philadelphia for the May 15th meeting of the Conrail Board of Directors. I also have received your letter to David M. LeVan, dated May 17th, regarding this same matter.

After Dr. Feldstein and I discussed your letter during her recent visit, it was agreed that I would respond to your letter to her, and I also am responding to your letter to Mr. LeVan.

As you have observed, the use of excess Conrail Plan assets for the recently available Voluntary Retirement and Voluntary Separation Programs is clearly permissible under terms of the Conrail Plan itself, as well as applicable provisions of Federal law.

In order to remain competitive, Conrail must consistently drive down its operating ratio which requires both revenue growth and cost control. With respect to the latter, Conrail determined that beginning in 1996 it would need to decrease its non-agreement workforce by approximately 900 people. As the first step to accomplish this reduction, Conrail made it possible for eligible employees to elect, during a limited period, to end their Conrail employment through participation in the Voluntary Retirement Program or the Voluntary Separation Program.

Conrail's pension records show that you first participated in the former Pennsylvania Railroad's Pension Plan, which was merged into the former Penn Central Transportation Company's Pension Plan, then you participated in the Penn Central's Pension Plan which was merged into the Conrail Plan where you currently are a

PENNSYLVANIA
RAILROAD

Mr. Charles E. Noble
May 28, 1996
Page Two

PAYROLL
DEDUCTIONS

participant. These records further show that during the period of your participation in these three plans, your combined contributions total approximately \$2,270.

Nonetheless, as a participant in the Conrail Plan, at your retirement you will be eligible to receive a lifetime pension. That pension will be calculated in accordance with the formula that applies to you and to other participants, who as agreement employees are participating in the Conrail Plan and who also as agreement employees previously participated in the two merged Pension Plans previously identified.

The excess assets in the Conrail Plan Trust are the source of much of the funding of benefits provided through the Voluntary Retirement and Voluntary Separation Programs; however, it should be noted that the remaining assets in this Trust are more than sufficient to provide the lifetime pensions for which you and others will be eligible at your retirements. In fact, after taking into account the total amount of the excess Conrail Plan Trust assets that are needed to fund the two Programs, plus the assets that are required to fund present and future pensions, the excess assets in this trust are in the neighborhood of \$400 million.

With respect to the recent Voluntary Retirement and Voluntary Separation Programs, non-agreement employees and certain agreement employees, who were covered by collective bargaining agreements providing them with identical benefits as non-agreement employees, were permitted to participate, provided that certain age and years of service requirements were met. In terms of making programs providing similar benefits available to a wider population of agreement employees, it historically has been, and continues to be, Conrail's policy to consider and negotiate such programs as part of the collective bargaining process with the various labor crafts.

I trust this information has been helpful in further addressing your concerns.

Sincerely,

James D. McGeehan
Corporate Secretary

cc: Dr. Kathleen F. Feldstein
David M. LeVan

STB

FD

33388

5-8-98

J

PUBLIC



Office of the Chairman

Surface Transportation Board
Washington, D.C. 20423-0001

FILE IN DOCKET

70-33388

May 8, 1998

Mrs. Dorothy Husband
2909 Piety St.
New Orleans, LA 70126

Dear Mrs. Husband:

Thank you for your letter concerning a CSX Transportation Company (CSX) tank car fire in New Orleans in 1987. You request compensation for injuries to your home and health resulting from the fire and a subsequent explosion.

The Board is currently considering the joint application of CSX and Norfolk Southern Railroad (NS) to acquire the Consolidated Rail Corporation (Conrail). Within the context of that application, the Board does have jurisdiction over CSX. We may impose conditions on CSX, but such conditions must be related to the proceeding before the Board. The Board does not have the legal authority to address pre-existing conditions. Therefore, suggestions that the Board require CSX to pay its debts related to a 1987 fire before spending substantial sums to purchase Conrail would be beyond the Board's jurisdiction.

The Board's Section of Environmental Analysis (SEA) is conducting an extensive environmental analysis of the Conrail acquisition. Among the potential environmental impacts that SEA is analyzing are the effects of the proposed transaction on public health and safety. That analysis includes changes in the types of hazardous materials and quantities proposed to be transported or re-routed by applicants CSX and NS. SEA is also examining the applicants' safety practices and protocols; their relevant safety data on derailments, accidents, and hazardous materials spills; and contingency plans to address accidental spills, which may be of particular interest to you. SEA is planning to issue the Final Environmental Impact Statement for the Conrail acquisition in late May 1998, and the Board's written decision on the acquisition will follow on July 23, 1998.

I certainly am sympathetic to whatever injuries you may have suffered as a result of the tank car accident in New Orleans. Given the importance of your concerns, I am having your letter placed in the public docket for this proceeding. Please do not hesitate to contact me if I can be helpful in the future.

Sincerely,

Linda J. Morgan
Linda J. Morgan

RECEIVED
SURFACE TRANSPORTATION

APR 21 5 57 PM '98

OFFICE
CHAIRMAN MORGAN

2909 Piety St.
New Orleans La. 70136
April 13, 1998

Dear Sir,

We were one of the victims of the 1987 tank car fire in New Orleans, Louisiana. We suffered from toxic chemical exposure and he (my husband) died of cancer. I have seen my community deteriorate while these hazardous tank cars are still being parked in our neighborhood. My family and I have been suffering with this tragedy for ten years with no relief.

The case went to court in 1997 and the jury gave us three millions dollars in punitive damages. But my lawyers are telling me it may be another ten years before we see any money. There is no justice in this.

We are trapped here surrounded by these tank cars. I would like some kind of compensation for my suffering. My husband is deceased.

Sincerely,
Worthing Husband
Vincent Husband

STB

FD-33388

5-6-98

J

ID-BUSINESS



Office of the Chairman

Surface Transportation Board
Washington, D.C. 20423-0001

FILE IN DOCKET

70-33388

May 6, 1998

Ms. Margaret C. Michael
President
Michael-Walters Industries, Inc.
350 Mockingbird Valley Road
Louisville, KY 40207

Re: Finance Docket No. 33388: CSX and Norfolk Southern -- Control and
Acquisition -- Conrail

Dear Ms. Michael:

Thank you for your recent letter expressing your support for the proposed acquisition of Conrail by Norfolk Southern and CSX and your concerns about the potential adverse effect on public safety and customer service resulting from the proposed City of Cleveland alternative to "flip" the lines between CSX and NS.

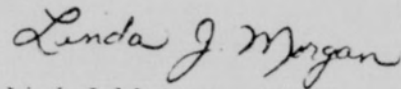
The Surface Transportation Board's (Board) Section of Environmental Analysis (SEA) is conducting an environmental review of the potential environmental impacts associated with the proposed Conrail Acquisition. As part of its environmental review, SEA issued a Draft Environmental Impact Statement (EIS) on December 12, 1997, which addressed various environmental impact areas, including safety, transportation systems, land use, energy, air quality, noise, biological resources, water resources, environmental justice, and cultural and historic resources. Chapter 5 of the Draft EIS focused on the concerns relating to increased rail traffic in Ohio, especially the northeast Ohio and Cleveland areas. SEA recommended numerous mitigation measures to address the potential environmental impacts in that area, including railroad consultations with affected communities to discuss their concerns and possible solutions.

SEA is fully aware that these issues are of major concern to the residents and businesses of Cleveland and northeast Ohio. SEA has attended several public meetings in the area in order to hear those concerns first hand and discussed the issues with numerous local officials. SEA has also formed special Ohio and Cleveland study teams to focus its review and analysis of the unique environmental impacts and concerns in this area, including the advantages and disadvantages of various routing alternatives through the Cleveland area.

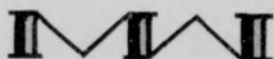
After conducting an independent environmental analysis, reviewing all environmental information available to date, consulting with appropriate agencies, and fully considering all public comments, SEA plans to issue in late May 1998 a Final EIS for consideration by the Board. In its final decision, the Board will consider the entire environmental record, including all public comments, the Draft EIS, and the Final EIS. The Board will issue its final written decision in July 1998.

If you have additional questions concerning the environmental review process, please call me, or contact Elaine K. Kaiser, SEA's Environmental Project Director, or Mike Dalton, SEA's Project Manager for the Conrail Acquisition, at (202) 565-1530.

Sincerely,

A handwritten signature in cursive script that reads "Linda J. Morgan". The signature is written in dark ink and is positioned above the printed name.

Linda J. Morgan



MICHAEL-WALTERS INDUSTRIES, INC.

FILE IN DOCKET

Margaret C. Michael, President/Chairman of the Board
350 Mockingbird Valley Road
Louisville, Kentucky 40207

502/897-5525

April 14, 1998

The Hon. Linda Morgan, Chairman
Surface Transportation Board, Suite #820
1925 K Street, N.W.
Washington, D.C. 20423

To The Honorable Linda Morgan,

As the former owner of one of our Nation's largest independent manufacturers of lubricants and other miscellaneous items for underground coal mines, I have long been interested in surface transportation conditions.

It has come to my attention that the city of Cleveland is filing a proposal with your Board which would not only negate, but actually reverse and disastrously affect benefits which were expected to expedite transportation efficiencies concomitant with the merger agreements between Conrail, CSX, and the Norfolk Southern railroads.

Frankly, I am appalled. After the vast media coverage of the too-recent operational fiasco in the Houston area when the Union Pacific and Southern Pacific merged, I certainly hope you and your prestigious Board will be able to put a quick halt to such foolish, untimely, and unnecessary plans as Cleveland's overhead bridge ideas appear to generate.

Thank you for the opportunity to speak up for advocates of efficient, sensible transportation everywhere, but especially in the Northeast and Midwest. As you, of all people I am sure, are well aware, stalled services carrying a myriad of businesses to entrenched dysfunctionality causes waves of major and minor disruptions all over the country.

It is an alarming thought. Hopefully your Board will not seriously consider such an inept course of action as the Cleveland filing proposes.

Thank you again for the privilege of voicing my strong opinion.

Margaret C. Michael
President

MCM:pc

cc to: The Hon. Rodney Slater
The Hon. Jolene Molitoris Administrator
The Hon. George Voinovich Governor
Mr. John Q. Anderson