

Good morning. Thank you for being here.

Today the Surface Transportation Board is holding an Oversight hearing in Finance Docket 33388, CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway company -- Control and Operating Lease/Agreements -- Conrail Inc. and Consolidated Rail Corporation.

That is a long way of saying the proceeding in which the Board approved the split of Conrail between CSX and Norfolk Southern. As part of its approval of that transaction, the Board provided for a five-year period of oversight of the transaction. That five-year period is set to expire on June 1 of this year.

As many of you know, the Board is the successor to the Interstate Commerce Commission, and it is the federal agency that regulates the railroad. While its sister agency the Federal Railroad Administration regulates safety matters regarding railroads, the Board has exclusive jurisdiction over economic matters, including the review, and approval or rejection, of mergers in the railroad industry.

Now since I became Chairman I've made it my policy to conduct hearings in major matters. The Board held a hearing regarding the proposed merger between Kansas City Southern and Tex Mex, a proposal that is now on hold, and most recently regarding the proposed merger of Canadian National and the Great Lakes Transportation Company. For the Board, these hearings then are just a part of doing business. They are important opportunities to learn more about each transaction.

Today's hearing is the first of two related to the Conrail transaction, and we'll focus on the shared-assets areas. The areas of New York and New Jersey, Philadelphia, and Detroit became shared-asset areas after the split of Conrail. Shippers in these areas can be served by either of CSXT or Norfolk Southern, while Conrail remains as an entity to maintain the infrastructure and to act as a switching railroad. Next month in Washington D.C., the Board will hold another hearing regarding the Conrail transaction more generally.

The creation of the shared-assets areas was certainly something of an experiment. I can't think of any similar situation in the United States railroad industry. The novelty of the idea is reason enough to take a few minutes, five years later, to step back and see where we stand. We have a diverse group participating in this hearing, and I look forward to learning how each of you feels.

A few housekeeping matters before we start.

We will first hear from the railroads: Conrail, CSXT, and Norfolk Southern. From there we will move through the panels so that we hear from everyone.

I usually ask that you please turn off your cell phones, but the courthouse has done one better by confiscating them from you.

Again, thanks for being here this morning.