MR. GITOMER: Good morning, Chairman Nober, Vice Chairman Mulvey and Commissioner Buttrey.

I'm Lou Gitomer. I'm representing CSXT. To my left moving down the table is Bob Bryant, President and one of the principal owners of the Buckingham Branch, Keith O'Brien of Ray Cross, Buckingham Branch's counsel, and Peter Shudtz of CSXT and with us today in the front row is Ron Johnson of Akin Gump, also
counsel to CSXT. As the chairman said, we would like to reserve ten minutes for rebuttal.

There's no evidence in the record before the Board that a substantial lessening of competition, creation of a monopoly or restraint of trade in a significant region of the United States will be caused by the lease of this 200-mile line between Richmond and Clifton Forge from CSXT to the Buckingham Branch. Without a showing that the proposed lease will cause anti-competitive effects, the Board must grant the application under Section 11324(d). Section 11324(d) was enacted in the Staggers Act as amended by the ICC Termination Act.

Since the first decision interpreting 11324(d), the ICC and the Board have consistently applied this anti-competitive analysis. From the Norfolk Western purchase of Illinois Terminal in 1981 through the Wilmington Terminal lease from CSXT in 1990 and up to the Canadian National control of the Duluth Messabi and Iron Range Railroad early in April 2004, the Board has applied this competitive analysis. All we are asking you to do is to follow your clear
precedents developed by the Board and the ICC.

Throughout the morning, we expect that you will hear a great deal about issues other than competition involving the lease of this line. Please keep in mind that the very specific and clear statute 49 USC 11324(d) governs this proceeding and requires that the Board grant the application unless there is an anti-competitive effect.

The joint application filed by the Buckingham Branch and CSXT demonstrates that there are no anti-competitive effects from the lease. The lease from CSXT to Buckingham Branch is part of CSX’s ongoing plant rationalization program which involves the abandonment, sale and lease of railroad line. CSXT expects that this transaction will provide benefits to the shippers on the line and will result in the safe maintenance of this line by the Buckingham Branch.

Buckingham Branch Railroad, which is owned by the Bryant family, is an independent Class III railroad that successfully outbid five other parties to lease the line. Since Buckingham Branch was the
successful bidder, it's been involved in arm's length negotiation with CSXT to complete the lease of the line.

As is the case with many other leases that CSXT has entered into, this is a 20-year lease. CSXT entered a 20-year lease with the Wilmington Terminal back in 1990 and just a couple of months ago the Board approved a notice of exemption where the CSXT leased the Fort Wayne line to a subsidiary of Rail America also for 20 years.

CSXT has maintained this line safely contrary to allegations in the record. There have been no FRA-reportable track-caused derailments on the line since January 8, 2002. The Federal Railroad Administration inspects the lines of all Class I railroads. When it finds violations, it prepares a report, issues fines and requires corrections to the line. CSXT, on a system wide basis and on this line specifically, resolves the fine, repairs the line, puts the line back in service and continues to operate the line safely. For 2004 to date, CSXT has the lowest FRA-reportable track-caused-derailment rate of
0.65 derailments per one million ton miles. That's the lowest of all the Class Is in the United States.

Amtrak's operations over CSXT are governed by a contract between Amtrak and CSX. CSX is the host to more Amtrak-train starts per day than any other private railroad in this country, about 62 trains per day. We believe that through negotiations between CSX and Amtrak, and the Buckingham Branch, we can resolve any of Amtrak's concerns with this proceeding.

CSXT and the Buckingham Branch welcome the opportunity to respond to your questions today and respectfully request the approval of this application subject only to the condition for the protection of employees under the Mendicino Coast decision as modified by the Wilmington Terminal case. At this point, Mr. Bryant will make a brief presentation.

Bob.