

SURFACE TRANSPORTATION BOARD APPROVES "NORFOLK SOUTHERN" & "PAN AM RAILWAYS" JOINT CONTROL & OWNERSHIP OF "PAN AM SOUTHERN"

The Surface Transportation Board today announced that it has approved the joint control and ownership of Pan Am Southern LLC (PAS), a new railroad carrier, by the Norfolk Southern Railway Company (NS), Pan Am Railways, Inc. (PARI), and two of PARI's rail subsidiaries, the Boston and Maine Corporation and the Springfield Terminal Railway Company, subject to Board-imposed conditions. In reaching its decision, the Board found that the control transaction, along with its related operational agreements, should produce substantial transportation benefits to the New England region of the United States.

PAS will operate approximately 437 miles of track, including an east-west section called the Patriot Corridor between points in New York and Massachusetts, and a north-south section between Vermont and Connecticut. NS has committed to infuse \$87.5 million into PAS for infrastructure improvements in order to improve traffic flows and expand capacity.

In announcing this unanimous and bipartisan decision, Board Chairman Charles D. Nottingham stated:

"I commend the management of Norfolk Southern and Pan Am Railways for their vision in developing a transaction that will give more New Englanders access to first-rate freight and passenger rail service."

The Board considered both the transportation-related issues and the potential environmental impacts of the proposed transaction. In considering the transportation issues, the Board found that this "end-to-end" transaction will not result in a substantial lessening of competition, the creation of a monopoly, or a restraint of trade in freight surface transportation in any region of the United States. Rather, the Board determined that the transaction and the resulting upgraded east-west main line route should significantly increase competition. The agency imposed limited conditions on the transaction, including conditions to ameliorate potential adverse environmental effects and standard labor-protective conditions.

The Board issued its decision approving, with conditions, NS and PARI's control and ownership PAS today, March 10, 2009, in [Norfolk Southern Railway Company, Pan Am Railways, Inc., et al.—Joint Control and Operating/Pooling Agreements—Pan Am Southern LLC, STB Finance Docket No. 35147](#). That decision is available for viewing and downloading, via the Board's Web site at <http://www.stb.dot.gov>, under "E-LIBRARY," then under "**Decisions & Notices**," beneath the date "**3/10/09**."

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