

**SURFACE TRANSPORTATION BOARD SUMMARIZES "CONRAIL DOCKET" ACTIVITY AND PRESENTS OVERVIEW OF THE PENDING OVERSIGHT PROCEEDINGS RELATED TO THE "CSX-NS-CONRAIL" RAILROAD MERGER, "CN-IC" RAILROAD MERGER, AND "UP-SP" RAILROAD MERGER**

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that, to date, the Board has issued 157 written decisions in the Conrail railroad control proceeding [FN1:Docketed as 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 (Conrail)] and 9 decisions in related arbitration review proceedings.[FN2:Docketed as 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 (Arbitration Review), STB Finance Docket No. 33388 (Sub-Nos. 88, 89, and 92). Of these arbitration review proceedings, only STB Finance Docket No. 33388 (Sub-No. 92) remains pending.]In addition, the Board has recently instituted five merger-related oversight proceedings - three are related to the Conrail proceeding, [FN3:See CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway - Control and Operating Leases/Agreements -Conrail Inc. and Consolidated Rail Corporation (Buffalo Rate Study), STB Finance Docket No. 33388 (Sub-No. 90) (STB served Dec. 15, 1999, and published Jan. 4, 2000, at 65 FR 319) (discussed in "Surface Transportation Board News" release No. 99-54 issued December 15, 1999); 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 (General Oversight), STB Finance Docket No. 33388 (Sub-No. 91) (STB served Feb. 9, 2000, and published Feb. 14, 2000, at 65 FR 7414) (discussed in "Surface Transportation Board News" release No. 00-7 issued February 9, 2000); and 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 (Buffalo Area Infrastructure), STB Finance Docket No. 33388 (Sub-No. 93) (STB served June 9, 2000) (discussed in today's release).] one is related to the CN-IC railroad merger, [FN4: See Canadian National Railway Company, Grand Trunk Corporation, and Grand Trunk Western Railroad Incorporated-Control-Illinois Central Corporation, Illinois Central Railroad Company, Chicago Central and Pacific Railroad Company, and Cedar River Railroad Company (General Oversight), STB Finance Docket No. 33556 (Sub-No. 4) (STB served and published Mar. 9, 2000, at 65 FR 12623) (discussed in "Surface Transportation Board News" release No. 00-16 issued March 9, 2000). Also, see "Surface Transportation Board News" release No. 99-23 issued May 25, 1999, discussing the Board's approval, subject to certain conditions, of the acquisition by CN (Canadian National Railway Company, Grand Trunk Corporation, Grand Trunk Western Railroad Incorporated) of control of IC (Illinois Central Corporation, Illinois Central Railroad Company, Chicago, Central & Pacific Railroad Company, Cedar River Railroad Company).] and one is related to the UP-SP railroad merger (the fourth oversight proceeding in this case). [FN5:See Union Pacific Corporation, Union Pacific Railroad Company, and Missouri Pacific Railroad Company-Control and Merger-Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company [Oversight], Finance Docket No. 32760 (Sub-No. 21) (STB served and published May 7, 1997, at 62 FR 25014) (discussed in "Surface Transportation Board News" release No. 97-33 issued May 7, 1997).Also, see the Board's decision in Union Pacific/Southern Pacific Merger, 1 S.T.B. 233 (1996), that approves, subject to certain conditions, the common control and merger of UP (Union Pacific Corporation, Union Pacific Railway Company, and Missouri Pacific Railroad Company) and SP (Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company).

By decision issued to the public on July 23, 1998, the Board approved, subject to various conditions, the application of CSX Corporation and CSX Transportation Inc. (collectively, CSX) and Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively, NS) to

acquire control of Conrail Inc. and Consolidated Rail Corporation (collectively, Conrail) and to divide Conrail's assets between them. [FN6: This decision, which is commonly referred to as Decision No. 89, is discussed in "Surface Transportation Board News" release No. 98-44 issued July 23, 1998.] The conditions imposed by the Board included, among many others, a 3-year rate study in the Buffalo area in New York in addition to others addressing competitive issues, a 5-year general oversight, the New York Dock labor protective conditions, [FN7: New York Dock-Control-Brooklyn Eastern Dist., 360 I.C.C. 60, 84-90 (1979).] and also a number of environmental conditions. [FN8: Out of the hundreds of parties that participated in this proceeding affecting rail service throughout the Eastern United States, six parties are challenging the Board's decision in the United States Court of Appeals for the Second Circuit. A court date has yet to be set in that case. ]

Acquisition of control of Conrail was effected by CSX and NS on August 22, 1998 (referred to as the Control Date). The division of the assets of Conrail was effected on June 1, 1999 (generally referred to as Day One, but also referred to as the Closing Date and the Split Date). Since Decision No. 89, we have issued, to date, 68 written decisions in the Conrail proceeding, of which 30 decisions have been issued after our May 20, 1999 decision announcing Day One. [FN9: See "Surface Transportation Board News" release No. 98-86 issued December 23, 1998, for a summary of the 22 written decisions in the Conrail proceeding that the Board issued in 1998 after Decision No. 89; and "Surface Transportation Board News" release No. 99-22 issued May 20, 1999, for a summary of 25 written decisions (16 decisions in the Conrail proceeding and 9 decisions in two of the related arbitration review proceedings) that the Board issued in the first part of 1999 through the May 20th decision announcing Day One. ]

#### DECISIONS IN THE CONRAIL PROCEEDING AFTER DAY ONE ANNOUNCEMENT

In Decision No. 128 (issued May 28, 1999), the Board revised Environmental Condition No. 51 to reflect the terms of a negotiated agreement that had been entered into between CSX and the Ohio Department of Transportation, and deleted Environmental Condition No. 29(A) because it was superseded by the negotiated agreement.

In Decision No. 129 (issued June 16, 1999), the Board revised two environmental conditions (Condition Nos. 8(A) and 51) to reflect the terms of a Railroad Corridor Agreement entered into by CSX, the Public Utilities Commission of Ohio, and the Ohio Rail Development Commission, regarding highway/rail at-grade crossing improvements in Ohio.

In Decision No. 130 (issued July 9, 1999), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Village of New London, OH, and a negotiated agreement between CSX and the City of Plymouth, IN, concerning the mitigation of train wayside noise at noise-sensitive receptor locations on certain rail line segments.

In Decision No. 131 (issued July 13, 1999), the Board revised two environmental conditions (Condition Nos. 8(A) and 51) to reflect the terms of a Railroad Corridor Safety Agreement entered into by NS, the Ohio Rail Development Commission, and the Public Utilities Commission of Ohio, regarding grade crossing safety upgrades in Ohio.

In Decision No. 132 (issued September 22, 1999), the Chairman of the Board granted the request by Canadian Pacific Railway Company (CP) to withhold action on its petition to reassess the "east-of-the-Hudson" condition the Board imposed to permit CP to serve New York City via trackage rights over CSX. The Chairman stated that, to facilitate ongoing private negotiations to resolve the dispute, the Board would not act on CP's petition at that time.

In Decision No. 133 (issued November 4, 1999), the Board's Secretary granted the joint request by CSX and CP to extend the period of time the Board would withhold action on CP's pending petition.

In Decision No. 134 (issued November 19, 1999), the Board dismissed, at the parties' request, CP's petition seeking resolution of its dispute with CSX regarding trackage rights to serve New York City. The parties were able to resolve their differences privately during the time given them

by the Board.

In Decision No. 135 (issued December 10, 1999), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Town of Etna Green, IN.

In Decision No. 136 (issued December 30, 1999), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the City of Tontogany, OH.

In Decision No. 137 (issued December 30, 1999), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Township of Washington, Wood County, Tontogany, OH.

In Decision No. 138 (issued February 2, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Township of Middleton, Wood County, Haskins, OH.

In Decision No. 139 (issued February 16, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Township of New London, Huron County, New London, OH.

In Decision No. 140 (issued February 16, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Township of Weston, Wood County, Weston, OH.

In Decision No. 141 (issued February 16, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Village of Haskins, OH.

In Decision No. 142 (issued February 18, 2000), the Board revised two environmental conditions (Condition Nos. 8(A) and 51) to reflect the terms of a Railroad Corridor Safety Agreement between CSX and the Indiana Department of Transportation, regarding highway/rail at-grade crossing improvements in Indiana.

In Decision No. 143 (issued March 16, 2000), the Board's Secretary dismissed a petition by the United Transportation Union seeking intensified safety oversight by the Board in conjunction with the Federal Railroad Administration (FRA). FRA had advised the Board that the pre-Split Date incidents had no direct relationship with the Conrail acquisition transaction.

In Decision No. 144 (issued March 21, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between NS and Madison County, IN. Condition No. 51 was amended to delete the receptors that meet wayside noise mitigation criteria applicable to the Madison County receptors not located within the City of Alexandria, IN, from those identified on the Alexandria to Muncie, IN line segment because such receptors/noise mitigation were superseded by the negotiated agreement.

In Decision No. 145 (issued March 21, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between NS and the City of Muncie, IN.

In Decision No. 146 (issued April 13, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Borough of Belle Vernon, PA.

In Decision No. 147 (issued April 13, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the

Borough of Elizabeth, PA.

In Decision No. 148 (issued April 13, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Village of Custar, OH.

In Decision No. 149 (issued April 18, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Township of Milton, OH.

In Decision No. 150 (issued April 18, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Village of Lagrange, OH.

In Decision No. 151 (issued April 18, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between CSX and the Township of Washington, Belle Vernon, PA.

In Decision No. 152 (issued April 18, 2000), the Board revised two environmental conditions (Condition Nos. 11 and 51) to reflect the terms of a negotiated agreement between Consolidated Rail Corporation and Brownstown Township, MI. The negotiated agreement was added to Condition No. 51 of Appendix Q of Decision No. 89 in a new Subsection called "Shared."

In Decision No. 153 (issued May 31, 2000), to accommodate ongoing negotiations with the State of New York, the Board's Secretary extended for a year, to August 22, 2001, the compliance deadline for NS in Environmental Condition No. 8(A) of Appendix Q of Decision No. 89 with respect to the Loomis Street grade crossing in Chautauqua County, Ripley, NY.

In Decision No. 154 (issued May 31, 2000), to accommodate ongoing negotiations with the Commonwealth of Virginia, the Board's Secretary extended for a year, to August 22, 2001, the compliance deadline for NS in Environmental Condition No. 8(A) of Appendix Q of Decision No. 89 with respect to the SR 7 grade crossing in Clarke County, Berryville, VA.

In Decision No. 155 (issued May 31, 2000), with respect to the compliance deadline for NS in Environmental Condition No. 8(A) of Appendix Q of Decision No. 89, pertaining to the Guilford Springs Road grade crossing in Guilford Township, Franklin County, Guilford Springs, PA, the Board's Secretary extended the deadline until August 22, 2001, or until 6 months following completion of the construction of the relocated Guilford Springs Road and the NS grade crossing, if the construction is not completed by February 23, 2001.

In Decision No. 156 (issued May 31, 2000), to accommodate ongoing negotiations with the Commonwealth of Pennsylvania, the Board's Secretary extended for a year, to August 22, 2001, the compliance deadline for NS in Environmental Condition No. 8(A) of Appendix Q of Decision No. 89 with respect to the Lucas Road grade crossing in Springfield Township, Erie County, Erie, PA.

In Decision No. 157 (issued May 31, 2000), to accommodate ongoing negotiations with the Commonwealth of Pennsylvania, the Board's Secretary extended for a year, to August 22, 2001, the compliance deadline for NS in Environmental Condition No. 8(A) of Appendix Q of Decision No. 89 with respect to the York Road/SR 74 grade crossing in Cumberland County, Mechanicsburg, PA.

#### MERGER-RELATED OVERSIGHT PROCEEDINGS

In STB Finance Docket No. 33388 (Sub-No. 90), the Board issued a decision on December 15, 1999, initiating a proceeding to conduct a 3-year study of Buffalo, New York-area rail rates and switching fees. The Buffalo Rate Study has begun with a review of the Buffalo-area rail rates and switching fees during the first 6 months following the June 1, 1999 integration of Conrail into CSX and NS. The first

full-year review will be conducted in the Summer of 2000.

In STB Finance Docket No. 33388 (Sub-No. 91), the Board issued a decision on February 9, 2000, initiating a Conrail general oversight proceeding to implement its 5-year general oversight condition; requiring CSX and NS to file progress reports on the Conrail transaction and to make certain data available to interested persons; and requesting comments from interested persons on the progress of Conrail-transaction implementation and the workings of the various conditions imposed. The first annual oversight of the Conrail transaction has begun with the filing of the railroads' progress reports [FN10: Also, see the Board's Decision No. 2 in STB Finance Docket No. 33388 (Sub-No. 91), served on May 30, 2000, denying as unnecessary the request of Indianapolis Power & Light Company (IP&L) that we dictate the specifics of applicants' initial progress reports, but granting IP&L access to a confidential trackage rights agreement subject to the existing protective order.] on June 1, 2000, a full year after Day One (the date that CSX and NS effectuated the division of Conrail). Comments and reply comments from interested persons are due this summer for the Board's review.

In STB Finance Docket No. 33388 (Sub-No. 93), the Board issued a decision today, June 9, 2000, initiating a proceeding to examine railroad infrastructure issues related to the Buffalo, New York area. Under this private-sector solution model, an initial report from CSX and NS will be due within 90 days, and comments from interested parties will be due 40 days thereafter.

In STB Finance Docket No. 33556 (Sub-No. 4), the Board issued a decision on March 9, 2000, initiating a CN-IC general oversight proceeding to implement its 5-year general oversight condition; requiring CNR [FN11: Canadian National Railway Company] to file progress reports on the CN-IC transaction and to make certain data available to interested persons; and requesting comments from interested persons on the progress of the transaction implementation and the workings of the various conditions imposed. The first annual oversight of the CN-IC transaction will begin with the filing of CNR's progress report due on July 3, 2000. Comments and reply comments from interested persons are due this summer for the Board's review.

In STB Finance Docket No. 32760 (Sub-No. 21), the Board issued a decision on May 7, 1997, initiating a UP-SP general oversight proceeding to implement its 5-year general oversight condition; requiring UP [FN12: "UP" refers to the combined UP/SP railroads] and BNSF [FN13: The Burlington Northern and Santa Fe Railway Company] to file progress reports on the UP-SP transaction and to make certain data available to interested persons; and requesting comments from interested persons on the progress of the transaction implementation and the workings of the various conditions imposed. The fourth annual oversight [FN14: See "Surface Transportation Board News" release No. 97-89 issued October 27, 1997 (regarding Board's first annual oversight decision); "Surface Transportation Board News" release No. 98-83 issued December 21, 1998 (regarding Board's second annual oversight decision and related Houston/Gulf Coast oversight decision); and "Surface Transportation Board News" release No. 99-50 issued November 30, 1999 (regarding Board's third annual oversight decision). Also, see "Surface Transportation Board News" release No. 00-25 issued June 1, 2000 (regarding decisions issued implementing pro-competitive conditions imposed on the UP-SP transaction).] of the UP-SP transaction will begin with the filing of the railroads' progress reports due on July 3, 2000. Comments and reply comments from interested persons are due this summer for the Board's review.

A printed copy of today's decision in STB Finance Docket No. 33388 (Sub-No. 93) is available for a fee by contacting: **D -To-D Office Solutions, Room 405, 1925 K Street, N.W., Washington, DC 20006, telephone (202) 466-5530**. Today's decision is also available for viewing and downloading via the Board's website at **[www.stb.dot.gov](http://www.stb.dot.gov)**.

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