

**SURFACE TRANSPORTATION BOARD ISSUES PROCEDURAL SCHEDULES
CONCERNING "CSX-CONRAIL" AND "NS-CONRAIL" MERGER PROPOSALS**

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**SURFACE TRANSPORTATION BOARD
ISSUES PROCEDURAL SCHEDULES CONCERNING
"CSX-CONRAIL" AND "NS-CONRAIL"
MERGER PROPOSALS**

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that the Board has issued final procedural schedules--following the receipt of public comments and replies to those comments--in the case CSX Corporation and CSX Transportation, Inc.--Control and Merger--Conrail Inc. and Consolidated Rail Corporation, STB Finance Docket No. 33220. concerning CSX's The CSX Corporation and CSX Transportation, Inc., collectively referred to as "CSX." intent to merge with Conrail Conrail Inc. and the Consolidated Rail Corporation, collectively referred to as "Conrail." and in the case Norfolk Southern Corporation and Norfolk Southern Railway Company--Control--Conrail Inc. and Consolidated Rail Corporation, STB Finance Docket No. 33286. concerning NS's The Norfolk Southern Corporation and the Norfolk Southern Railway Company, collectively referred to as "NS." intent to merge with Conrail.

The final procedural schedules provide for the issuance of the Board's written decision in each case no later than 365 days after the applicants--CSX and Conrail in STB Finance Docket No. 33220 or NS in STB Finance Docket No. 33286--file their primary application and directly related applications (for example, requests for rail line abandonment and line construction directly related to the merger proposal). CSX and Conrail have notified the Board of their intent to file a merger application on or before March 1, 1997, and NS has notified the Board of its intention to file a merger application on or before May 1, 1997.

The final procedural schedules were issued today following the Board's review and analysis of comments and replies received in response to its November 15, 1997 request for comment on the CSX-Conrail proposed procedural schedule, as modified by the Board, in STB Finance Docket No. 33220, and in response to its November 17, 1997 request for comment on the NS proposed procedural schedule, as modified by the Board, in STB Finance Docket No. 33286. The final procedural schedules in both STB Finance Docket Nos. 33220 and 33286 are attached.

While acknowledging that CSX, Conrail, and NS were reportedly in the process of conducting settlement negotiations pertaining to a Conrail merger, the Board found

that the uncertainty associated with completion of the bidding process for Conrail was not a sufficient reason to delay issuing these procedural schedules. The Board stated that, in the interest of efficient government, it should establish these schedules in a timely manner to give adequate notice to all interested persons prior to the anticipated filing date of a Conrail merger application. The Board noted that a procedural schedule would be triggered only by the filing of a merger application, and that the Board continued to have the power to revise its handling of these matters should circumstances change that would warrant modification of its decisions.

The Board also found it unnecessary to consolidate the proposed CSX-Conrail and NS-Conrail merger application proceedings and adopted separate--but identical--procedural schedules. Instead, the Board ruled that once an application seeking approval to control or merge with Conrail has been filed and the procedural schedule in that proceeding has begun, then any subsequent application from any other party seeking approval to control or merge with Conrail, or acquire any portion of Conrail, must be filed in accordance with the procedural schedule then underway. Thus, in effect, the Board will have a single proceeding for determining the control or merger of Conrail.

Having reviewed all of the comments, the Board determined that a 365-day procedural schedule--which is 110 days longer than applicants had initially proposed and 65 days longer than the Board initially proposed--will ensure that all parties are provided due process and will allow the Board ample time to consider fully all of the issues that may arise and to process any inconsistent or responsive applications that may be filed. In particular, the Board extended the time for filing all opposition evidence and argument to day 120 and the responses to inconsistent and responsive applications to day 180. The Board emphasized that the 365-day schedule is consistent with the thrust and weight of the comments and accommodates the processing of major inconsistent or responsive applications. The Board issued the final procedural schedule today in CSX Corporation and CSX Transportation Inc.--Control and Merger--Conrail Inc. and Consolidated Rail Corporation, Decision No. 8, STB Finance Docket No. 33220, and in Norfolk Southern Corporation and Norfolk Southern Railway Company--Control--Conrail Inc. and Consolidated Rail Corporation, Decision No. 4, STB Finance Docket No. 33286.

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ATTACHMENT

SURFACE TRANSPORTATION BOARD FINAL PROCEDURAL SCHEDULE IN “CSX-CONRAIL” AND “NS-CONRAIL” MERGER PROPOSALS

(Applies to the CSX-Conrail merger proposal in STB Finance Docket No. 33220 and to the NS-Conrail merger proposal in STB Finance Docket No. 33286.)

Date

(With “F” indicating date
merger application is filed
with the Board) Material Due/Action Taken

30 days before F Preliminary report from applicants on environmental impacts of merger proposal, including all supporting documents, is due.

F Primary application and related applications (e.g., requests for line abandonment, line construction, etc.) are due.

F + 30 Board's notice of acceptance of primary and related applications is published in Federal Register.

F + 45 Notification to Board of persons' or parties' intent to participate in the merger case is due.

F + 60 Parties' descriptions of anticipated inconsistent applications (i.e., alternative proposals inconsistent with the primary application) and responsive applications (e.g., seeking to lessen perceived anticompetitive effects by trackage rights, etc.) are due; petitions for Board's waiver or clarification of certain procedural or other items are due.

F + 120 Inconsistent and responsive applications are due. All comments, protests, requests for conditions to be applied to the merger, and other opposition evidence and argument due. Comments by U.S. Dept. of Justice and U.S. Dept. of Transportation are due. Relative to all merger-related line abandonments: opposition submissions, requests for public use (of railroad right-of-way) conditions, and Trails Act (relative to recreational use of right-of-way) requests are due.

F + 150 Notice of Board's acceptance (if required) of inconsistent and responsive applications is issued.

F + 180 Applicants' response to inconsistent and responsive applications is due. Applicants' response to comments, protests, requested conditions, and other opposition arguments and evidence is due. Applicant's rebuttal in support of primary and related applications is due. Relative to all merger-related abandonments: applicants' rebuttal is due; and applicants' responses to requests for public use and Trails Act conditions are due.

F + 220 Parties' rebuttal in support of inconsistent and responsive applications is due.

F + 260 Briefs are due from all parties.

F + 300 Oral argument before Board (conclusion of which closes the public record).

F + 305 Board holds voting conference open to public.

F + 365 Board issues written decision reflecting open voting conference vote of day F+305. Relative to any approved line abandonments or abandonments exempted from Board regulation: parties' offers of financial assistance (subsidies to a railroad to preserve service after Board approval of a line abandonment or service discontinuance proposal) must be filed with the Board no later than 10 days after this date.

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