

Transportation, Inc. (CSXT), Norfolk Southern Corporation (NSC), Norfolk Southern Railway Company (NSR), Conrail, Inc. (CRR), and Consolidated Rail Corporation (CRC)¹ filed with the Surface Transportation Board (the Board) a petition for a supplemental order authorizing the consolidation of New York Central Lines LLC (NYC) with CSX and the consolidation of Pennsylvania Lines LLC (PRR) with NS, for the stated purpose of effectuating the acquisition of full ownership and control of the assets and business of NYC by CSX and of PRR by NS.² The transaction that petitioners have proposed will extend the existing rights of CSX and NS to control and operate NYC and PRR, respectively, to include full legal ownership of the properties and businesses of NYC and PRR, respectively. The transaction that petitioners have proposed also involves a restructuring of certain Conrail debt obligations.

DATES: The effective date of this decision is July 9, 2003. Petitioners have until July 17, 2003, to clarify exactly which category of debt obligations will be affected by the proposed debt restructuring. Petitioners have until July 29, 2003, to serve copies of this decision, and to certify in writing that such service has been accomplished, on all parties of record in STB Finance Docket No. 33388 and on all known holders of Conrail's relevant debt and equipment lease obligations (as those terms are used in this decision). Any person (including, but not limited to, persons served with copies of this decision) who wishes to file comments respecting the petition must file such comments by August 28, 2003. Petitioners will have until September 25, 2003, to reply to any such comments.

ADDRESSES: All pleadings should refer to STB Finance Docket No. 33388 (Sub-No. 94). Comments (an original and 10 copies) should be sent to: Surface Transportation Board, 1925 K Street, NW., Washington, DC 20423-0001. Comments should also be served (one copy each) on: (1) G. Paul Moates, Sidley Austin Brown & Wood LLP, 1501 K Street, NW., Washington, DC 20005; (2) Peter J. Shultz, CSX Corporation,

Suite 560, 1331 Pennsylvania Ave., NW., Washington, DC 20004; (3) Henry D. Light, Norfolk Southern Corporation, Three Commercial Place, Norfolk, VA 23510-9241; and (4) Jonathan M. Broder, Consolidated Rail Corporation, Two Commerce Square, 2001 Market Street, Philadelphia, PA 19103. Replies (an original and 10 copies) should be sent to: Surface Transportation Board, 1925 K Street, NW., Washington, DC 20423-0001. Replies should also be served (one copy each) on each commenting party.³

In addition to submitting an original and 10 copies of all documents filed with the Board, petitioners and any commenters must also submit, on 3.5-inch IBM-compatible floppy diskettes (disks) or compact discs (CDs), electronic copies of all textual materials included in their pleadings. Such textual materials must be in, or compatible with, WordPerfect 10.0.

FOR FURTHER INFORMATION CONTACT: Julia M. Farr, (202) 565-1655. [Assistance for the hearing impaired is available through the Federal Information Relay Service (FIRS) at 1-800-877-8339.]

SUPPLEMENTARY INFORMATION: In a decision served July 23, 1998,⁴ the Board approved, subject to various conditions, a CSX/NS/Conrail "control" application that had been filed with the Board on June 23, 1997, by CSX, NS, and Conrail. The application that CSX, NS, and Conrail filed, and that the Board (with certain exceptions) approved, contemplated the acquisition by CSX and NS of control of Conrail, and the division of the assets of Conrail by and between CSX and NS, to the extent and in the manner provided for in a "Transaction Agreement" that had been entered into by CSX, NS, and Conrail on June 10, 1997. Pursuant to Decision No. 89, acquisition of control of Conrail was effected by CSX and NS on August 22, 1998 (the Control Date), and the division of the assets of Conrail by and between CSX and NS was effected on June 1, 1999 (the Split Date). The transaction that the Board approved in Decision No. 89 is referred to as the Conrail Transaction.

Since the Control Date, CRC has been controlled by CSX and NS through a

chain of holding companies. CRC has been and is a direct wholly owned subsidiary of CRR; CRR has been and is a direct wholly owned subsidiary of Green Acquisition Corp. (Green Acquisition); Green Acquisition has been and is a direct wholly owned subsidiary of CRR Holdings LLC (CRR Holdings); and CRR Holdings has been jointly owned by CSXC and NSC (CSXC holds a 50% voting interest and a 42% equity interest in CRR Holdings; NSC holds a 50% voting interest and a 58% equity interest in CRR Holdings). In accordance with the Transaction Agreement, each of CRR and CRC has been managed (since the Control Date) by a board of directors consisting of six directors divided into two classes, each class having three directors. On each board, CSXC has had the right to designate three directors and NSC has likewise had the right to designate three directors; and actions that require the approval of either board have required approval both by a majority of the directors on that board designated by CSX and by a majority of the directors on that board designated by NS. See Decision No. 89, 3 S.T.B. at 220.

On the Split Date, CRC's rail operating properties were divided into two categories: Allocated Assets (which were allocated either to NYC for operation by CSX or to PRR for operation by NS) and Retained Assets (which were retained by CRC for operation for the benefit of both CSX and NS). The properties in the Allocated Assets category were further divided into two additional categories: The "NYC Allocated Assets" (*i.e.*, such of the Allocated Assets as were allocated to NYC for operation by CSX) and the "PRR Allocated Assets" (*i.e.*, such of the Allocated Assets as were allocated to PRR for operation by NS). The "NYC Allocated Assets" consist principally of former New York Central rail lines, including lines running from New York/New Jersey through Albany and Buffalo to St. Louis, and from Albany to Boston, and certain owned and unencumbered rolling stock of Conrail. The "PRR Allocated Assets" consist principally of former Pennsylvania Railroad lines, including lines running from New York/New Jersey and Philadelphia through Pittsburgh and Cleveland to Chicago, and certain owned and unencumbered rolling stock of Conrail. The Retained Assets consist primarily of the three Shared Assets Areas (SAAs): the North Jersey SAA; the South Jersey/Philadelphia SAA; and the Detroit SAA.⁵

¹ CSXC and CSXT, and all other entities wholly owned (directly or indirectly) by CSXC, are referred to collectively as CSX. NSC and NSR, and all other entities wholly owned (directly or indirectly) by NSC, are referred to collectively as NS. CRR and CRC, and all other entities wholly owned (directly or indirectly) by CRR, are referred to collectively as Conrail. CSX, NS, and Conrail are referred to collectively as petitioners.

² CRC currently owns 100% of the membership interests in NYC and PRR.

³ For a document to be considered a formal filing, the Board must receive an original and 10 copies of the document, along with a certification that it has been properly served. Documents transmitted by facsimile (FAX) will not be considered formal filings and are not encouraged because they will result in unnecessarily burdensome, duplicative processing. In addition, each formal filing must be accompanied by an electronic submission per the Board's requirements as discussed in this decision.

⁴ *CSX Corp. et al.—Control—Conrail Inc. et al.*, 3 S.T.B. 196 (1998) (Decision No. 89).

⁵ CRC also retained certain equipment encumbered by financing arrangements. The