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FILED

FEB 28 2002

**SURFACE
TRANSPORTATION BOARD**



**ENTERED
Office of the Secretary**

MAR 01 2002

**Part of
Public Record**

February 27, 2002

Via Overnight Delivery

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Re: Finance Docket No. 34174
Grand Trunk Western Railroad Incorporated – Trackage Rights Exemption —
Pennsylvania Lines LLC and Norfolk Southern Railway Company

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption Pursuant to 49 C.F.R. § 1180.2(d)(7)** of Grand Trunk Western Railroad Incorporated dated February 27, 2002. A disk containing the Caption Summary is enclosed along with a check in the amount of \$1,700.00 representing the appropriate fee for this filing as well as the filing for Finance Docket No. 34175.

I have included an extra copy of this transmittal letter and would request that you date-stamp this to show receipt of this filing and return it to me in the envelope provided.

Please feel free to contact me should any questions arise regarding this filing. Thank you for your assistance on this matter.

Respectfully submitted,

Michael J. Barron, Jr.
Counsel for Grand Trunk Western Railroad Incorporated

Encls.

cc: Vice President – Transportation, Operations, Norfolk Southern Railway Company
Vice President – General Counsel, Pennsylvania Lines LLC

FEE RECEIVED
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FEB 28 2002

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34174



GRAND TRUNK WESTERN RAILROAD INCORPORATED
— TRACKAGE RIGHTS EXEMPTION —
PENNSYLVANIA LINES LLC AND NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)

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TRANSPORTATION BOARD**

Michael J. Barron, Jr.
Counsel
Canadian National/Illinois Central Railroad
455 North Cityfront Plaza Drive
Chicago, IL 60611
(312) 755-7954

ATTORNEY FOR
GRAND TRUNK WESTERN RAILROAD
INCORPORATED, A WHOLLY-OWNED
SUBSIDIARY OF CANADIAN NATIONAL
RAILWAY COMPANY, INCLUDING ITS
SUBSIDIARIES AND AFFILIATES

Dated: February 27, 2002

FILED

FEB 28 2002

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 34174

GRAND TRUNK WESTERN RAILROAD INCORPORATED
--TRACKAGE RIGHTS EXEMPTION--
PENNSYLVANIA LINES LLC AND NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)

Grand Trunk Western Railroad Incorporated ("GTW"), a wholly-owned subsidiary of Canadian National Railway Company, including its subsidiaries and affiliates, hereby files this Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(7) for the acquisition of trackage rights over a line of railroad owned by Pennsylvania Lines LLC ("PRR") and operated by Norfolk Southern Railway Company ("NSR") between milepost UW-2.4 of the former Chicago Junction Railway Company to a point approximately 250 feet south of 43rd Street via Tracks #237 and #222, and between 43rd Street and a point approximately 100 feet south of 43rd Street, via Track #224, all in Chicago, Illinois.

Pursuant to 49 C.F.R. § 1180.4(g), GTW submits the following information:

SECTION 1180.6(a)(1)(i)
DESCRIPTION OF THE PROPOSED TRANSACTION

Pursuant to a written Agreement entered into among GTW, PRR and NSR, GTW proposes to acquire non-exclusive overhead trackage rights over PRR's line of railroad between milepost UW-2.4 of the former Chicago Junction Railway Company to a point approximately 250 feet south of 43rd Street via Tracks #237 and #222, and between 43rd Street and a point approximately 100 feet south of 43rd Street, via Track #224, all in

Chicago, Illinois (all collectively referred to as the "Joint Trackage"). The rights granted to GTW will connect with rights GTW already has on the former Chicago River and Indiana Railway Company pursuant to an earlier agreement with PRR and on another segment of Track #224 pursuant to a 1990 agreement with Consolidated Rail Corporation, PRR's predecessor.

The full name and address of the applicant carrier is:

Grand Trunk Western Railroad Incorporated
455 North Cityfront Plaza Drive
Chicago, IL 60611-5317

Any questions concerning this Notice should be sent to GTW's representative at the following address:

Michael J. Barron, Jr.
Counsel for Grand Trunk Western Railroad Incorporated
Canadian National/Illinois Central Railroad
455 North Cityfront Plaza Drive
Chicago, IL 60611-5317
(312) 755-7954

SECTION 1180.6(a)(1)(ii)
PROPOSED TIME SCHEDULE FOR CONSUMMATION

GTW intends on consummating this transaction no sooner than March 7, 2002.

SECTION 1180.6(a)(1)(iii)
PURPOSE SOUGHT TO BE ACCOMPLISHED

Please refer to the attached Exhibit 1. The proposed trackage rights will allow GTW to connect with Track #224.

SECTION 1180.6(a)(5)
STATES IN WHICH APPLICANT'S PROPERTY IS LOCATED

GTW owns rail property located in the States of Michigan, Indiana, Illinois and Ohio.

SECTION 1180.6(a)(6)
MAP - EXHIBIT 1

A map of the Joint Trackage is attached hereto as Exhibit 1. The rail line over which GTW proposes to acquire trackage rights runs from Point A to Point E and from Point F to Point G, all on Exhibit 1.

SECTION 1180.6(a)(7)(ii)
AGREEMENT - EXHIBIT 2

A copy of the executed agreement entered into by GTW, PRR and NSR is attached hereto as Exhibit 2.

SECTION 1180.4(g)(1)(i)
LABOR PROTECTIVE CONDITIONS

As a condition of this exemption, GTW agrees to imposition of the employee protective conditions established in Norfolk and Western Ry. Co. – Trackage Rights – Burlington Northern, Inc., 354 I.C.C. 605 (1978), as modified in Mendocino Coast Ry. Inc. – Lease and Operate, 360 I.C.C. 653 (1980).

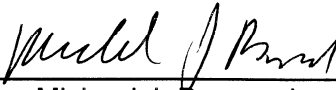
SECTION 1180.4(g)(2)(i)
CAPTION SUMMARY

A caption summary of this transaction suitable for publication in the Federal Register is attached hereto.

SECTION 1180.4(g)(3)
ENVIRONMENTAL AND HISTORIC PRESERVATION MATTERS

Under 49 C.F.R. § 1105.6(c)(4), GTW's proposed acquisition of trackage rights is exempt from environmental reporting requirements. Under 49 C.F.R. § 1105.8(b)(3), the proposed acquisition of trackage rights by GTW also is exempt from historic preservation reporting requirements. The proposed trackage rights will not substantially change the level of maintenance of any railroad property.

Respectfully submitted,

By 

Michael J. Barron, Jr.
Counsel
Canadian National/Illinois Central Railroad
Company
455 North Cityfront Plaza Drive
Chicago, IL 60611-5317
(312) 755-7954

ATTORNEY FOR
GRAND TRUNK WESTERN RAILROAD
INCORPORATED, A WHOLLY-OWNED
SUBSIDIARY OF CANADIAN NATIONAL
RAILWAY COMPANY, INCLUDING ITS
SUBSIDIARIES AND AFFILIATES

Dated: February 27, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34174

GRAND TRUNK WESTERN RAILROAD INCORPORATED
--TRACKAGE RIGHTS EXEMPTION--
PENNSYLVANIA LINES LLC AND NORFOLK SOUTHERN RAILWAY COMPANY

Pennsylvania Lines LLC ("PRR") as owner and Norfolk Southern Railway Company ("NSR") as operator have agreed to grant to Grand Trunk Western Railroad Incorporated ("GTW"), a wholly-owned subsidiary of Canadian National Railway Company, including its subsidiaries and affiliates, overhead trackage rights over PRR's line of railroad between milepost UW-2.4 of the former Chicago Junction Railway Company to a point approximately 250 feet south of 43rd Street via Tracks #237 and #222, and between 43rd Street and a point approximately 100 feet south of 43rd Street, via Track #224, all in Chicago, Illinois, a distance of approximately .7 miles. The trackage rights are anticipated to become effective March 7, 2002.

This Notice is filed under 49 C.F.R. § 1180.2(d)(7). Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not stay the transaction.

Dated: _____

By the Board.

Vernon A. Williams
Secretary

VERIFICATION

State of Illinois)
) SS:
County of Cook)

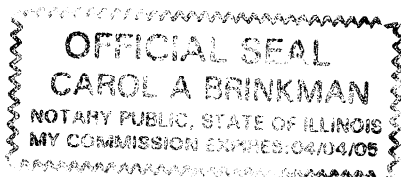
Lou Krause, being duly sworn, deposes and says
that he is Director of Contracts of Grand Trunk Western Railroad
Incorporated, that he has read the foregoing Notice of Exemption and knows the facts
asserted therein, and that the same are true as stated.

Lou Krause

Subscribed and sworn to
before me this 8th day of
February, 2002.

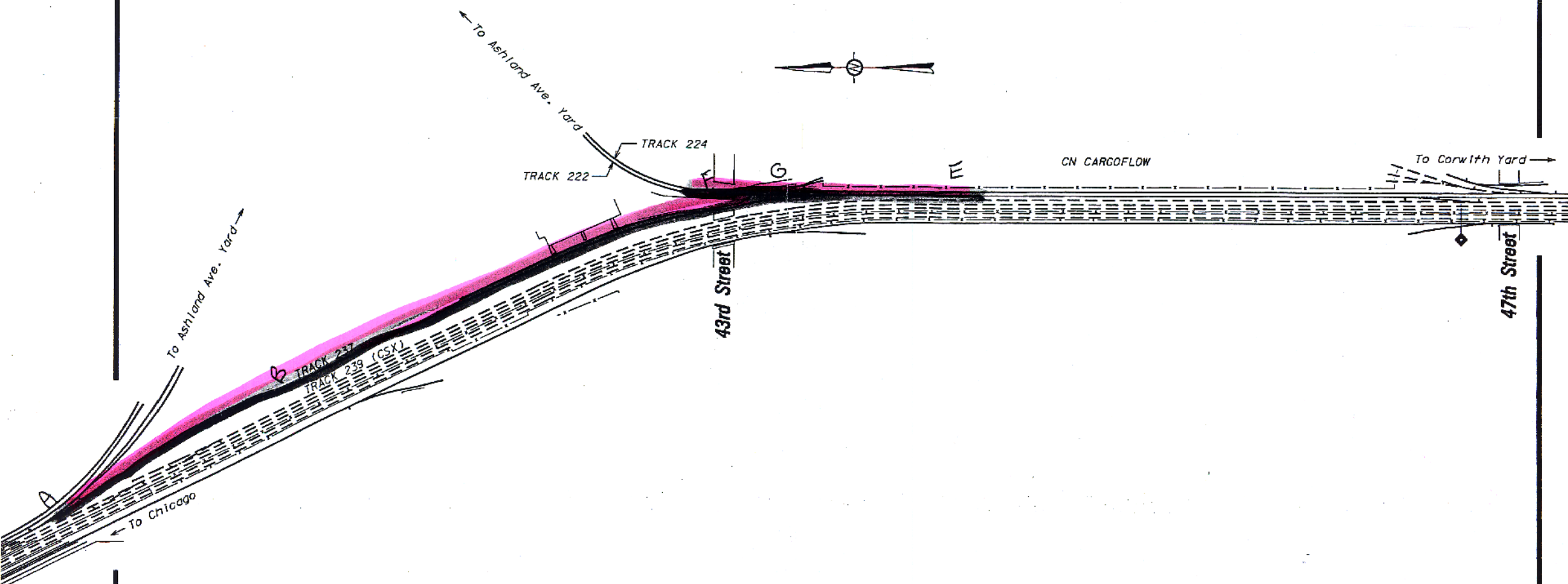
Carol A. Brinkman
Notary Public

My Commission Expires:



COOK COUNTY, ILLINOIS

EXHIBIT 1



SCALE:



DO NOT SCALE THIS DRAWING FOR DIMENSIONS NOT GIVEN

		NORFOLK SOUTHERN	
NORFOLK SOUTHERN RAILWAY COMPANY			
DRAWING COMPANY			
DEARBORN			
OPERATING DIVISION			
OFFICE OF THE CHIEF ENGINEER - DESIGN AND CONSTRUCTION - ATLANTA, GA.			

REV	BY	DATE	DESCRIPTION
LOCATION CHICAGO, ILLINOIS			
TITLE CANADIAN NATIONAL RAILWAY COMPANY TRACKAGE RIGHTS OVER PENNSYLVANIA LINES LLC TRACK #237 AND RELATED TRACKS			
DGN	VAL	SEC	MAP
DWN	FILE	DATE	DRAWING NUMBER
CHK	DATE	DATE	FILE POST
CADD FILE: tb-2001-15-plan.dgn			FIELD BOOK: VI-
SHEET 1 OF 1			

T R A C K A G E R I G H T S

A G R E E M E N T

THIS AGREEMENT, entered into as of this day 31st of October 2001, by and among NORFOLK SOUTHERN RAILWAY COMPANY, including its subsidiaries and affiliates (hereinafter referred to as "NSR"), PENNSYLVANIA LINES LLC (hereinafter referred to as "PRR") and GRAND TRUNK WESTERN RAILROAD INCORPORATED, A wholly owned subsidiary of CANADIAN NATIONAL RAILWAY COMPANY, including its subsidiaries and affiliates (hereinafter referred to as "CN");

WITNESSETH:

WHEREAS, CSX Corporation ("CSX") and Norfolk Southern Corporation ("NSC"), parent to NSR, have entered into a Transaction Agreement (the "Transaction Agreement") between themselves; CSX Transportation, Inc. ("CSXT"), a wholly-owned subsidiary of CSX; NSR; Conrail, Inc. ("CRR"); Consolidated Rail Corporation ("CRC"), a wholly-owned subsidiary of CRR; and CRR Holdings LLC; and

WHEREAS, CSX and NSC have indirectly acquired all the outstanding capital stock of CRR; and

WHEREAS, pursuant to the Transaction Agreement, certain

assets of CRC have been allocated to PRR, which is a wholly-owned subsidiary of CRC, to be operated by NSR under the terms of an Allocated Assets Operating Agreement (the "NSR Operating Agreement") between PRR and NSR; and

WHEREAS, pursuant to the Transaction Agreement, certain assets of CRC have been allocated to New York Central Lines LLC ("NYC"), which is a wholly-owned subsidiary of CRC, to be operated by CSXT under the terms of an Allocated Assets Operating Agreement (the "CSXT Operating Agreement") between NYC and CSXT; and

WHEREAS, CN, in accordance with the provisions of the April 16, 1990, Letter Agreement ("1990 Letter Agreement") between Grand Trunk Western Railroad Company ("GTW", predecessor to CN) and CRC, Exhibit I attached hereto and made a part hereof, has operating rights over certain segments of PRR and NYC trackage (identified as Segments A-B, C-D, D-E, G-D, I-J, G-F, J-D) adjacent to the former GTW's Railport Yard in Chicago, Illinois; and

WHEREAS, CRC's rights and obligations pertaining to the 1990 Letter Agreement was partially assigned to PRR and NYC, respectively, effective June 1, 1999; and

WHEREAS, segment A-B has (will) been relocated to PRR Track

#237 as part of an adjacent construction project; and

WHEREAS, segments C-D, G-D and I-J have (will) been reconfigured and no longer exist as described in Exhibit I; and

WHEREAS, in accordance with the provisions of the April 28, 2000 Letter Agreement ("2000 Letter Agreement") between CN and NSR, Exhibit II attached and made a part hereof, NSR and PRR agreed to grant CN perpetual unrestricted overhead trackage rights over the aforementioned Track #237 and related trackage between A-C-D to replace the utility enjoyed by CN with segment A-B (presently severed from Track #239 and connected with parallel Track #237) being formerly part of Track #239; and

WHEREAS, NSR and PRR are agreeable to granting the aforementioned limited overhead trackage rights to CN.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1. GRANT OF TRackage RIGHTS; OPERATING AGREEMENT

Subject to the terms and conditions herein provided, PRR, as owner, and NSR, as operator, hereby grant to CN the right to operate its trains, locomotives, cars and equipment with its own crews, in either direction, (hereinafter referred to as the "Trackage Rights") over the lines of railroad owned by PRR and

operated by NSR under the NSR Operating Agreement ("Subject Trackage" as indicated in pink on Exhibit III attached hereto and made a part hereof): between the aforementioned Point A at milepost UW-2.4 of the former Chicago Junction Railway Company ("CJ"), overwhich CN presently has trackage rights, = milepost KN-0.0 of the former Chicago River and Indiana Railway Company ("CR&I") which connects to track overwhich CN has trackage rights pursuant to a separate between CN and PRR, and the aforementioned Point E (the endpoint of the separate Lease Agreement discussed herein) via the aforementioned relocated Point B and the intermediate segments (C-D) of PRR Tracks #237 and #222, a distance of approximately 0.7 mile, and between the aforementioned Points F (43rd Street) and G in PRR Track #224, which segment provides CN access to Segments F-G and G-E of PRR Track #224 which is leased to CN in accordance with the separate August 21 1990, Lease Agreement between GTW and CRC. Aforementioned Points A, E, F and G are the endpoints of the Subject Trackage.

Redacted.
Deals with compensation.

ARTICLE 2. USE OF SUBJECT TRACKAGE

(a) CN's use of the Subject Trackage shall be in common with NSR and any other user of the Subject Trackage, and NSR's right to use the Subject Trackage shall not be diminished by this Agreement. NSR, with the consent of PRR, shall retain the

exclusive right to grant to other persons rights of any nature on the Subject Trackage.

(b) Except as may otherwise be provided by this Agreement, CN shall not use any part of the Subject Trackage for the purpose of switching, storage or servicing of cars or equipment, or the making or breaking up of trains, or service to an industry, except that nothing contained herein shall, upon prior approval of NSR, preclude the emergency use by CN of such auxiliary tracks as may be designated by NSR for such purposes.

(c) Except as may otherwise be provided in this Agreement, CN shall have the right to enter on and exit from the Subject Trackage only at the endpoints of the Subject Trackage, (hereinafter referred to as a "Point(s) of Permitted Entry or Exit"). When utilizing the Subject Trackage, CN trains shall only handle traffic in the account of Canadian National Railway Company, Illinois Central Railroad Company or other affiliates/subsidiaries of Canadian National Railway Company. All detour movements over the Subject Trackage shall be arranged by NSR.

(d) The trains, locomotives, cars, and equipment of CN, NSR and any other present or future user of the Subject Trackage or any portion thereof, shall be operated without prejudice or partiality to either party and in such manner as will afford the

most economical and efficient manner of movement of all traffic.

- (e) NSR shall have exclusive control of the management and operation of the Subject Trackage. CN shall not have any claim against NSR for liability on account of loss or damage of any kind in the event the use of the Subject Trackage by CN is interrupted or delayed at any time from any cause.

ARTICLE 3. MISCELLANEOUS SPECIAL PROVISIONS

- (a) When operating over the Subject Trackage, CN's locomotives and crews will be equipped to communicate with NSR on radio frequencies normally used by NSR in directing train movements on the Subject Trackage.
- (b) Procedures for qualification and occupancy of the Subject Trackage will be arranged by the local supervision of each carrier. All control and usage will be subject to the approval of NSR's representative or his designee.
- (c) Before its locomotives enter onto trackage operated by NSR, CN shall request permission from NSR's dispatcher (or other designated representative). Further, CN shall ascertain that said trackage is clear and shall await confirmation from said representative that such permission has been issued to

allow CN's movements on or over the Subject Trackage. Upon completing its operations and clearing the Subject Trackage, CN will notify NSR's designated representative that it has completed its operations and that its equipment has cleared the Subject Trackage. Once CN has notified NSR's representative that it has cleared the Subject Trackage, CN shall not reenter the Subject Trackage without again obtaining permission from NSR's representative. CN shall provide and maintain at its expense all reasonable communication facilities needed and as may be required by NSR to permit CN to use the Subject Trackage.

- (d) Unless otherwise provided for, CN's movements over the Subject Trackage shall be made at Yard Speed, which is presently not to exceed ten (10) MPH, unless otherwise provided.

ARTICLE 4. PAYMENT OF BILLS

- (a) All payments called for under this Agreement shall be made within thirty (30) days after the date of the bills therefor. No payments shall be withheld because of any dispute as to the correctness of items in the bills rendered, and any discrepancies reconciled among the parties shall be adjusted in the accounts of a subsequent month. The records of each party hereto, insofar as they pertain to matters covered by this Agreement, shall be open at all reasonable times to

inspection by the other parties for a period of three (3) years from the date of billing.

- (b) Bills rendered pursuant to the provisions of this Agreement, shall include direct labor and material costs, together with the surcharges, overhead percentages and equipment rentals as specified by NSR at the time any work is performed by NSR for CN or shall include actual costs and expense, upon mutual agreement of the parties.

ARTICLE 5. MAINTENANCE OF SUBJECT TRACKAGE

- (a) NSR shall keep and maintain the Subject Trackage in reasonably good condition for the use herein contemplated. All clearances shall be maintained at no less than the existing clearances. CN's trains utilizing the Subject Trackage may contain locomotives and cars weighing up to the maximum amount that NSR allows for its own trains or those of any other carrier utilizing the Subject Trackage or applicable portion thereof. NSR does not guarantee the condition of the Subject Trackage or that operations there over will not be interrupted. NSR shall take all reasonable steps to ensure that any interruptions will be kept to a minimum. Furthermore, except as may be otherwise provided in Article 11, CN shall not by reason of failure or neglect on the part of NSR to maintain, repair or renew the Subject

Trackage, have or make any claim or demand against NSR or its parent corporation, subsidiaries or affiliates, or their respective directors, officers, agents or employees for any injury to or death of any person or persons whomsoever, or for any damage to or loss or destruction of any property whatsoever, or for any damages of any nature suffered by CN resulting from any such failure or neglect.

- (b) NSR shall perform, at the expense of CN, such additional maintenance as CN may reasonably require or request.

ARTICLE 6. CONSTRUCTION AND MAINTENANCE OF CONNECTIONS

- (a) Existing connections or facilities which are jointly used by the parties hereto under existing agreements shall continue to be maintained, repaired and renewed by and at the expense of the party or parties responsible for such maintenance, repair and renewal under such agreements.
- (b) Subject to Article VII of the NSR Operating Agreement, if, in the opinion of CN, a new or upgraded connection is required at a Point(s) of Permitted Entry or Exit, or, if in the opinion of CN, other upgrading, including but not limited to switches, power switches, signals, communications, etc., is

required for operational efficiency, then NSR will, subject to its own operational needs, cooperate and CN will be responsible for funding that construction/upgrading at actual cost or a cost mutually agreed to by NSR and CN. Such construction/ upgrading shall be progressed as follows:

- (i) CN or others shall furnish all labor and material and shall construct such portions of the tracks located on the right-of-way of CN or others, which connect the respective lines of the parties hereto.
- (ii) NSR shall furnish all labor and material and shall construct such portions of the tracks located on the right-of-way operated by NSR which connect the respective lines of the parties hereto. Upon termination of this Agreement, subject to Article VIII of the NSR Operating Agreement, NSR may at its option remove any portion of trackage and appurtenances located on right-of-way operated by NSR, constructed as a result of this Article, at the sole cost and expense of CN. Subject to Article VIII of the NSR Operating Agreement, the salvage material removed shall be released to CN or, as otherwise agreed upon, NSR will credit CN the current fair market value for said salvage.

(iii) NSR will maintain, repair and renew the constructed/ upgraded portions of the tracks located on the right-of-way operated by NSR which connect the respective lines of the parties hereto at the sole cost and expense of CN.

ARTICLE 7. ADDITIONS, RETIREMENTS AND ALTERATIONS

- (a) Subject to Articles VII and VIII of the NSR Operating Agreement, NSR, from time to time and at its sole cost and expense, may make changes in, additions and betterments to or retirements from the Subject Trackage as shall, in its judgment, be necessary or desirable for the economical or safe operation thereof or as shall be required by any law, rule, regulation, or ordinance promulgated by any governmental body having jurisdiction. Subject to Articles VII and VIII of the NSR Operating Agreement, such additions and betterments shall become a part of the Subject Trackage and such retirements shall be excluded from the Subject Trackage.
- (b) If the parties agree that changes in or additions and betterments to the Subject Trackage, including changes in communication or signal facilities, are required to accommodate CN's operations beyond that required by NSR to

accommodate its operations, subject to Article VII of the NSR Operating Agreement, NSR shall construct the additional or altered facilities and CN shall pay to NSR the cost thereof, including the annual expense of maintaining, repairing and renewing such additional or altered facilities.

ARTICLE 8. MANAGEMENT AND OPERATIONS

- (a) CN shall comply with the provisions of the Federal Locomotive Inspection Act and the Federal Safety Appliance Act, as amended, and any other federal and state and local laws, regulations and rules respecting the operation, condition, inspection and safety of its trains, locomotives, cars and equipment while such trains, locomotives, cars, and equipment are being operated over the Subject Trackage. CN shall indemnify, protect, defend, and save harmless NSR and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents and employees from and against all fines, penalties and liabilities imposed upon NSR or its parent corporation, subsidiaries or affiliates, or their respective directors, officers, agents and employees under such laws, rules, and regulations by any public authority or court having jurisdiction in the premises, when attributable solely to the failure of CN to comply with its obligations in this regard.

(b) CN in its use of the Subject Trackage shall comply in all respects with the safety rules, operating rules and other regulations of NSR, and the movement of CN's trains, locomotives, cars, and equipment over the Subject Trackage shall at all times be subject to the orders of the transportation officers of NSR. CN's trains shall not include locomotives, cars or equipment which exceed the width, height, weight or other restrictions or capacities of the Subject Trackage as published in Railway Line Clearances, and no train shall contain locomotives, cars or equipment which require speed restrictions or other movement restrictions below the maximum authorized freight speeds as provided by NSR's operating rules and regulations without the prior consent of NSR.

(c) CN shall make such arrangements with NSR as may be required to have all of its employees who shall operate its trains, locomotives, cars and equipment over the Subject Trackage qualified for operation there over, and CN shall pay to NSR, upon receipt of bills therefor, any cost incurred by NSR in connection with the qualification of such employees of CN, as well as the cost of pilots furnished by NSR, until such time as such employees are deemed by the appropriate examining officer of NSR to be properly qualified for operation as herein contemplated.

- (d) In the event of any investigation or hearing concerning the violation of any operating rule or practice by CN's employees while on the Subject Trackage, CN shall be notified in advance of any such investigation or hearing, and such investigation or hearing may be attended by any official designated by CN, and any such investigation or hearing shall be conducted in accordance with the collective bargaining agreements, if any, that pertain to CN's employee or employees required to attend such hearings.
- (e) NSR shall have the right to exclude from the Subject Trackage any employee of CN determined by the above, to be in violation of NSR's rules, regulations, orders, practices, or instructions issued by NSR's Timetable or otherwise. CN shall release, indemnify, defend, and save harmless NSR and its parent corporation, subsidiaries and affiliates, and all of their respective directors, officers, agents and employees from and against any and all claims and expenses resulting from such exclusion.
- (f) The trains, locomotives, cars and equipment of CN, NSR, and any other present or future user of the Subject Trackage or any portion thereof, shall be operated without prejudice or partiality to either party and in such manner as will

afford the most economical and efficient movement of all traffic.

- (g) In the event that a train of CN shall be forced to stop on the Subject Trackage, due to mechanical failure of CN's equipment, or any other cause not resulting from an accident or derailment, and such train is unable to proceed, or if a train of CN fails to maintain the speed required by NSR on the Subject Trackage, or if in emergencies, crippled or otherwise defective cars are set out of CN's trains on the Subject Trackage, NSR shall have the option to furnish motive power or such other assistance as may be necessary to haul, help or push such trains, locomotives or cars, or to properly move the disabled equipment off the Subject Trackage, and CN shall reimburse NSR for the cost of rendering any such assistance.
- (h) If it becomes necessary to make repairs to or adjust or transfer the lading of such crippled or defective cars in order to move them off the Subject Trackage, such work shall be done by NSR, and CN shall reimburse NSR for the cost thereof.
- (i) In the event NSR and CN agree that NSR should retain employees or provide additional employees for the sole benefit of CN, the parties hereto shall enter into a separate agreement under which CN shall bear all cost and expense for

any such retained or additional employees provided, including without limitation all cost and expense associated with labor protective payments which are made by NSR and which would not have been incurred had the retained or additional employees not been provided.

ARTICLE 9. MILEAGE AND CAR HIRE

All mileage and car hire charges accruing on cars in CN's trains on the Subject Trackage shall be assumed by CN and reported and paid by it directly to the owner of such cars.

ARTICLE 10. CLEARING OF WRECKS

Whenever CN's use of the Subject Trackage requires rerailing, wrecking service or wrecking train service, NSR shall perform or provide such service, including the repair and restoration of roadbed, track and structures. (Subject to the requirements of NSR's collective bargaining agreements and other operating conditions, NSR's local Transportation officer at the scene may agree to other arrangements.) The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting

therefrom, shall be apportioned in accordance with the provisions of Article 11 hereof. All locomotives, cars, and equipment and salvage from the same so picked up and removed which is owned by or under the management and control of or used by CN at the time of such wreck, shall be promptly delivered to CN.

ARTICLE 11. LIABILITY

(a)

(b)

Redacted.
Deals with liability.

(2)

Redacted.
Deals with liability.

(3)

(4)

(c)

Redacted.
Deals with liability.

(d)

Redacted.
Deals with liability.

Redacted.
Deals with liability.

ARTICLE 12. CLAIMS

(a)

Redacted.
Deals with claims.

(b)

Redacted.
Deals with claims.

ARTICLE 13. DEFAULT AND TERMINATION

- (a) In the event of any substantial failure on the part of CN to perform its obligations provided herein and its continuance in such default for a period of sixty (60) days after written notice thereof by certified mail from NSR, NSR shall have the right at its option, after first giving thirty (30) days written notice thereof by certified mail, and notwithstanding any waiver by NSR of any prior breach thereof, to terminate the Trackage Rights and CN's use of the Subject Trackage. The exercise of such right by NSR

shall not impair its rights under this Agreement or any cause or causes of action it may have against CN for the recovery of damages.

- (b) The rights, benefits, duties and obligations running from or to CN under this Agreement shall in all events expire (except liabilities incurred prior to termination) upon the earlier of (i) termination of this Agreement or (ii) termination of the NSR Operating Agreement (including any renewals thereof); provided, however, that upon termination of the NSR Operating Agreement, the rights, benefits, duties and obligations running from or to NSR under this Agreement shall run from or to PRR. If any other entity shall own Subject Trackage, this Agreement shall be assigned to that entity.

ARTICLE 14. REGULATORY APPROVAL

The parties agree that this Agreement will be submitted at CN's sole expense, at CN's sole expense, to the Surface Transportation Board (STB) for approval. NSR agrees to support CN's submission to the STB.

ARTICLE 15. ABANDONMENT OF SUBJECT TRACKAGE

- (a) Subject to Article VIII of the NSR Operating Agreement, NSR shall have the right, subject to securing any necessary regulatory approval, to abandon the Subject Trackage or any portion thereof. Before filing an application for regulatory approval of such abandonment, NSR shall give CN ninety (90) days' advance notice in writing of its intention to do so in order that CN may determine whether it desires to purchase the Subject Trackage (or portion thereof) or to discontinue its use thereof.
- (b) If CN desires to purchase the Subject Trackage, it shall submit an offer of financial assistance under 49 U.S.C. Section 10904. In the event the offer meets the requirements of Article 15(a) and NSR receives more than one such offer, NSR, subject to its ability to do so, will exercise its statutory right to negotiate with CN rather than with the other offeror(s). Thereafter, the rights and obligations of the parties in respect to CN's acquisition of the Subject Trackage shall be governed by applicable provisions of the law.
- (c) In any one of the circumstances listed below CN shall be deemed to have determined that it does not desire to purchase the Subject Trackage and that it desires to

discontinue its use thereof:

- (i) CN fails to submit an offer of financial assistance to purchase the Subject Trackage within the time prescribed by statute and applicable regulations, or
- (ii) CN, having made an offer of financial assistance to purchase the Subject Trackage, but being unable to reach agreement with NSR as to the sale price, fails within the statutory period to request the proper regulatory authority to establish the terms and conditions of the sale, or
- (iii) CN, having requested the proper regulatory authority to establish the terms and conditions of sale, withdraws its offer of financial assistance, or
- (iv) CN, having requested the proper regulatory authority to establish the terms of the sale, rejects the authority's order establishing said terms or fails to accept said terms within the time prescribed by said order.

In such event CN shall promptly file an application with the proper regulatory authority seeking approval of the discontinuance of its operations over the Subject Trackage. If CN does not file an application seeking approval of the discontinuance of CN's operations over the Subject Trackage

within ninety (90) days, NSR shall be deemed to have been given CN's power of attorney to take such action on CN's behalf.

- (d) In the event any application filed by NSR is granted but an application filed by CN under Subarticle (c) above is denied by the proper regulatory authority, subject to Article VIII of the NSR Operating Agreement, the parties shall cooperate in taking such action as is reasonably necessary to effect a sale of the Subject Trackage to CN (including securing any necessary regulatory authority) for a price consistent with the principles of 49 U.S.C. Section 10904.
- (e) In the event NSR abandons the Subject Trackage (or portion thereof) under circumstances which (because of changes in the law or otherwise) are not susceptible to handling under the procedures outlined above, the parties shall cooperate and take such action as is necessary to assure that CN either promptly terminates its operations over the segment to be abandoned or purchases said segment at a price consistent with the principles of 49 U.S.C. Section 10904 as interpreted on the date of this Agreement.
- (f) In the event NSR's application for authority to abandon is

denied, CN will withdraw any application it has filed under Subarticle (c) above.

(g) Except as otherwise expressly agreed in writing, in the event any actions taken by the parties under this Article 15 result in an obligation imposed by any competent authority on any party hereto to protect the interests of affected employees, the responsibility for bearing the cost thereof shall be borne by the party which is the employer of the affected employee or employees, notwithstanding the manner in which said cost may be apportioned in any order or decision imposing the protection.

ARTICLE 16. ARBITRATION

Any dispute, controversy or claim (or any failure by the parties to agree on a matter as to which this Agreement expressly or implicitly contemplates subsequent agreement by the parties, except for matters left to the sole discretion of a party) arising out of or relating to this Agreement, or the breach, termination or validity hereof, shall be finally settled through binding arbitration by a sole, disinterested arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator shall be jointly selected by the parties but, if the parties do not agree on an arbitrator within 30 days after demand for arbitration is made by a party, they shall request that the arbitrator be designated by

the American Arbitration Association. The award of the arbitrator shall be final and conclusive upon the parties. Each party to the arbitration shall pay the compensation, costs, fees and expenses of its own witnesses, experts and counsel. The compensation and any costs and expenses of the arbitrator shall be borne equally by the parties. The arbitrator shall have the power to require the performance of acts found to be required by this Agreement, and to require the cessation or nonperformance of acts found to be prohibited by this Agreement. The arbitrator shall not have the power to award consequential or punitive damages. The arbitrator's award shall be binding and conclusive upon the parties to the fullest extent permitted by law. Judgment upon the award rendered may be entered in any court having jurisdiction thereof, which court may award appropriate relief at law or in equity. All proceedings relating to any such arbitration, and all testimony, written submissions and award, of the arbitrator therein, shall be private and confidential as among the parties, and shall not be disclosed to any other party, except as required by law and except as reasonably necessary to prosecute or defend any judicial action to enforce, vacate or modify such arbitration award.

ARTICLE 17. SUCCESSORS AND ASSIGNS

Except as provided herein, neither this Agreement (including the documents and instruments referred to herein) nor any of the rights, interests or obligations hereunder, shall be assigned by any party, including by operation of law, without the prior written consent of the other parties, which consent shall not be unreasonably withheld, except or in the case of PRR, to NSR or any affiliate of NSR.

ARTICLE 18. NOTICE

Any notice required or permitted to be given by one party to another under this Agreement shall be deemed given on the date sent by certified mail, or by such other means as the parties may agree, and shall be addressed as follows:

If to NSR: Vice President - Transportation, Operations
Norfolk Southern Railway Company
Three Commercial Place
Norfolk, Virginia 23510-2191

If to PRR: Vice President-General Counsel
Pennsylvania Lines LLC
Two Commerce Square
2001 Market Street
Philadelphia, Pennsylvania 19101-1416

Copy to: Vice President - Transportation, Operations
Norfolk Southern Railway Company
Three Commercial Place

Norfolk, Virginia 23510-2191

If to CN: Vice President - Midwest Division
Canadian National Railway Company
17641 Ashland Avenue
Homewood, Illinois 60430

Any party may provide changes in the above addresses to the other parties by personal service or U.S. mail.

ARTICLE 19. GENERAL PROVISIONS

- (a) This Agreement and each and every provision hereof is for the exclusive benefit of the parties hereto and not for the benefit of any other party. Nothing herein contained shall be taken as creating or increasing any right of any other party to recover by way of damages or otherwise against any of the parties hereto.
- (b) This Agreement contains the entire understanding of the parties hereto and supersedes any and all oral understandings among the parties.
- (c) No term or provision of this Agreement may be changed, waived, discharged or terminated except by an instrument in writing and signed by all parties to this Agreement.
- (d) All words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the

railroad industry.

- (e) All Article headings are inserted for convenience only and shall not affect any interpretation of this Agreement.
- (f) As used in this Agreement, whenever reference is made to the trains, locomotives, cars or equipment of, or in the account of, one of the parties hereto, such expression means the trains, locomotives, cars and equipment in the possession of or operated by one of the parties and includes such trains, locomotives, cars and equipment which are owned by, leased to, or in the account of such party. Whenever such locomotives, cars or equipment are owned or leased by one party to this Agreement and are in the possession or account of another party to this Agreement, such locomotives, cars and equipment shall be considered those of the other party under this Agreement.

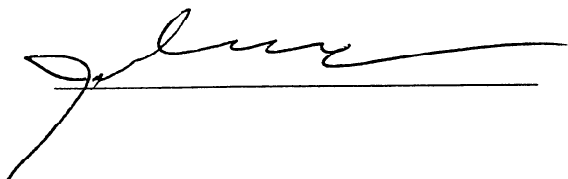
- (g) This Agreement is the result of mutual negotiations of the parties hereto, none of whom shall be considered the drafter for purposes of contract construction.
- (h) No party hereto may disclose the provisions of this Agreement to an outside party, excluding a parent, subsidiary or affiliate company, without the written consent of the other parties, except as otherwise required by law, regulation or ruling.
- (i) This Agreement shall become effective on the latter of: (1) the date the STB, in accordance with Article 14, approves the grant of Trackage Rights provided for herein; or (2) the date that NSR's required notice(s) to its employees expires ("Effective Date"). On the Effective Date, the portion(s) of the 1990 Agreement, as such pertain to the portion(s) of the aforementioned Segments A-B, C-D, D-E, G-D, I-J, G-F and J-D which are located on PRR-owned property, shall terminate.

ARTICLE 20. INDEMNITY COVERAGE

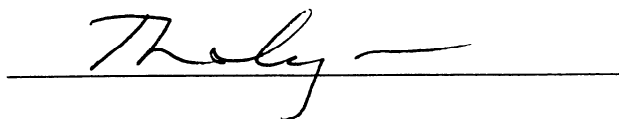
As part of the consideration hereof, each party hereby agrees that each and all of its indemnity commitments in this Agreement in favor of the other parties shall also extend to and indemnify the parent corporation, subsidiaries and affiliates of such other parties, and all of their respective directors, officers, agents and employees.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

WITNESS



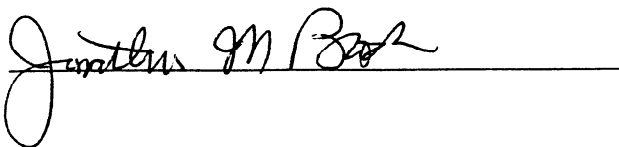
NORFOLK SOUTHERN RAILWAY COMPANY

By 

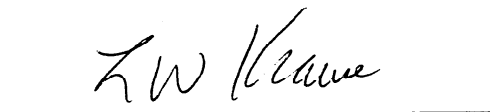
WITNESS



PENNSYLVANIA LINES LLC

By 

WITNESS



GRAND TRUNK WESTERN RAILROAD
INCORPORATED

By 



Grand Trunk Western Railroad Co.
1333 Brewery Park Blvd.
Detroit, MI 48207-2699

April 16, 1990
File: 7327-C

Mr. L. L. Ratcliffe
General Superintendent-Contracts
Consolidated Rail Corporation
Room 200
15 North 32nd Street
Philadelphia, PA 19104-2849

Dear Mr. Ratcliffe:

Whereas, Conrail would like to purchase a strip of land from GTW so as to permit the construction of a track to provide a connection between Conrail's Ashland Avenue Yard, Chicago with ATSF's Corwith Yard, Chicago; and,

Whereas, GTW is willing to sell this strip of land to Conrail subject to adequate financial compensation as well as the following conditions:

1. Conrail will draft a lease document for GTW signatures covering a 20 foot by 2266 foot $\pm$ strip of land underlying the Fence Track (between Points G, E and I as shown on the attached Exhibit "A") for an annual rent of \$5,665.00 (\$.125 per square foot), and GTW will purchase outright all rail and tie plates located between Points G, E and I for \$30,000.00.
2. Conrail will draft a second lease document for GTW signatures covering a 20 foot by 2952 foot $\pm$ strip of land underlying the Joint Track (between Points B and C) for an annual rent of \$7,380.00 (\$.125 per square foot), and GTW will purchase outright all rail and tie plates located between Points B and C for \$30,000.00. All other material, structures or obstructions located on this parcel of land shall be removed prior to the effective date of the lease at no charge to GTW.

Mr. L. L. Ratcliffe
April 16, 1990
Page 2

3. GTW will provide Conrail with an Operating Agreement that will allow Conrail operating rights over any tracks presently existing on the leased land and over any tracks constructed on the leased land in the future. Such rights over each leased parcel will be non-cancellable for as long as the land lease is in effect and such operating rights will be at no charge to Conrail.
4. GTW will provide the Indiana Harbor Belt Railroad Company with an operating agreement that will allow IHB operating rights over the Joint Track between Points B and C. Such rights will be non-cancellable for as long as the land lease is in effect and such operating rights will be at no charge to IHB.
5. Conrail will provide GTW with an operating agreement that will allow GTW operating rights over Conrail so as to be able to make direct moves in either direction between GTW trackage in the 49th Street corridor and the ATSF wye track into Corwith Yard. Such rights will be at no charge to GTW.
6. Conrail will provide GTW with an Operating Agreement that will allow GTW operating rights over the following segments of track in order to gain efficient access to the two leased parcels provided for in above items 1 and 2.

Points A to B
Points C to D
Points D to E
Points G to D
Points I to J
Points G to F
Points J to D

Such operating rights shall allow movement in either direction and shall be at no charge to GTW.

7. Conrail will, without charge to GTW, install switches at Points A and D and build track from said switches to the clearance points at B and C, and GTW will build track at its expense to connect the Joint Track to said Points B and C.

Mr. L. L. Ratcliffe
 April 16, 1990
 Page 3

8. Conrail will, at its own expense, restore its switch in its track at the east end of the house track crossover at Point K, and construct a connecting track from said switch to its property line.
9. GTW will, at its own expense, restore its switch in its track at the west end of the house track crossover at Point K, and construct a connecting track from said switch to its property line. GTW's restoration of this switch and connecting track shall commence and run concurrent with Conrail's restoration and construction activity as provided for in above paragraph 8.
10. Conrail to provide GTW with a Letter Amendment to the September 28, 1984 and July 20, 1987 Supplemental Letters both of which supplement the April 1, 1976 Agreement, so as to charge GTW the actual miles operated Evandale to Ivorydale and, thereby, eliminate the practice of Conrail charging GTW for additional miles not operated ("Ghost Miles") between Evandale and Oasis at Cincinnati.

If you concur with the proposal as prescribed in this duplicate letter, it is requested you signify your acceptance by arranging for proper signatures in the place provided below and return one original to the undersigned.

Yours very truly,



W. G. Litfin
 Manager, Contract Administration

WGL/pgc

ACCEPTED FOR:
 CONSOLIDATED RAIL CORPORATION

By: L. L. Ratcliffe

Title: GEN SVT- CONTRACTS

Date: 26 April 1990

73270106-WD16



**NORFOLK
SOUTHERN**

Norfolk Southern Corporation
Strategic Planning
Three Commercial Place
Norfolk, Virginia 23510-2191
757 629-2887

April 28, 2000

T.L. Ingram
Vice President
Transportation-Operations
(757) 629-2606
(757) 629-2344 Fax

Exhibit II

VIA FACSIMILE 416.217.6173

Mr. Paul E. Ladue
Director - Interline Management
CANADIAN NATIONAL RAILWAY COMPANY
277 Front Street - West, Suite 703
Toronto, Ontario M5V 2X7
CANADA

Dear Paul:

In accordance with the April 16, 1990, Letter Agreement and the August 21, 1990, Lease Agreement ("Agreements") between Grand Trunk Western Railroad Company ("GTW"), a wholly-owned subsidiary of Canadian National Railway Company ("CN"), and Consolidated Rail Corporation ("CR"), GTW has operating rights over various line segments identified in the Agreements, including Segment A-B and leases the property underlying Segment B-C (both of Track #239) adjacent to the former GTW's Railport Yard in Chicago, Illinois.

As part of the May 1, 1999, Letter Agreement between Norfolk Southern Railway Company ("NSR") and CSX Transportation, Inc. ("CSXT") (and their parent and affiliated companies) pertaining to the allocation of certain CR properties to New York Central Lines LLC ("NYC") or to Pennsylvania Lines LLC ("PRR"), the property underlying Segment B-C is designated to NYC, and Segment A-B is designated to PRR. The May 1, 1999, Letter Agreement requires that Track #237 (parallel to Track #239) be reconstructed for the benefit of NSR/PRR. Track #237 (including the Segment A-B portion of Track #239 which is to be disconnected from the Segment B-C portion and used to form the northern portion of Track #237) is allocated to PRR. The aforementioned May 1, 1999, Letter Agreement provides that reconstructed Track #237 must be complete and operational before Track #239 is severed.

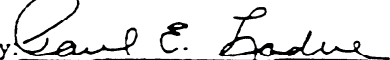
To provide your company with the same utility as it receives from Track #239, NSR hereby agrees to grant GTW perpetual unrestricted overhead Trackage Rights (at no charge to GTW) over PRR's Track #237 between the aforementioned point "A" on the north and the connection between Track #237 and Track #222 on the south. Within 90 days following the execution of this Letter Agreement, GTW and NSR/PRR shall enter into a formal trackage rights agreement which shall include the trackage identified in the Agreements.

If you agree with this proposal, please indicate by executing this Letter Agreement in the space provided below. Please transmit a facsimile of the fully executed version to J.T. Moon, II at 757.533.4884. I will then arrange for NSR's Joint Facility group to draft the anticipated agreement.

Sincerely,


Tony L. Ingram

AGREED AND ACCEPTED:
GRAND TRUNK WESTERN RAILROAD COMPANY

By: 

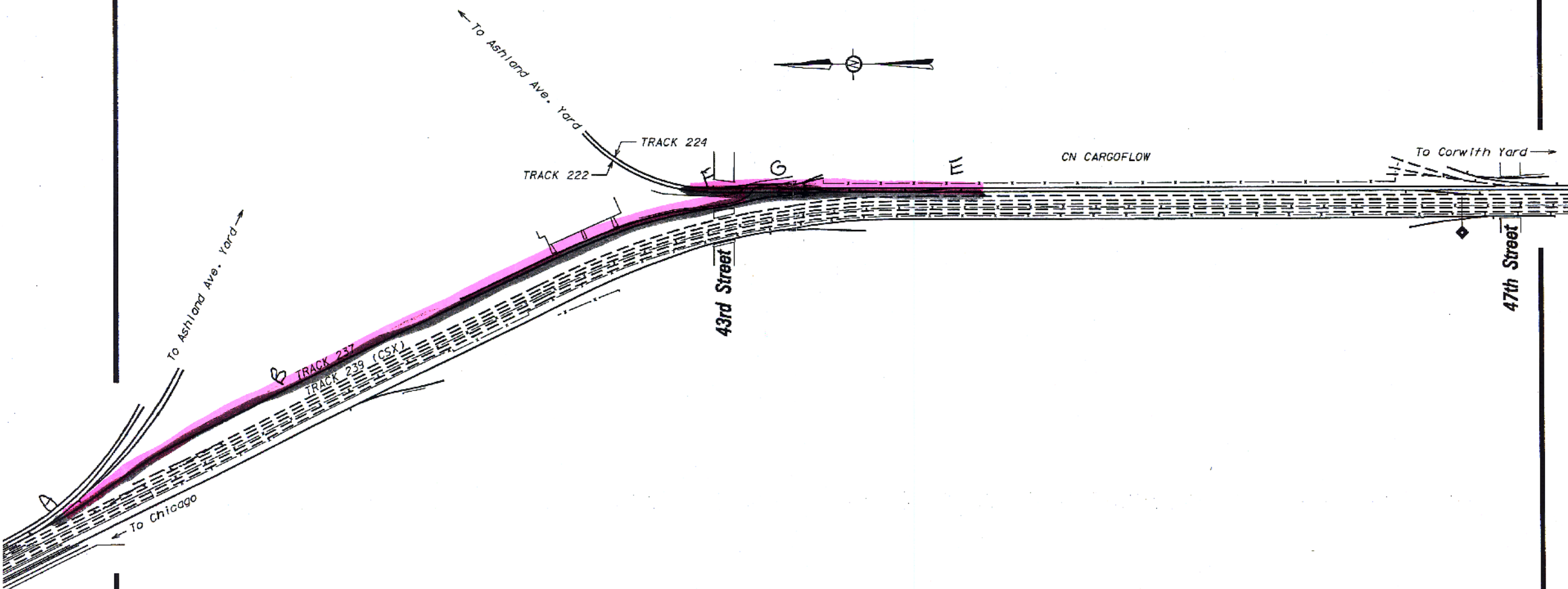
Title: Dir. Interline Mgmt

Date: Apr 28, 2000

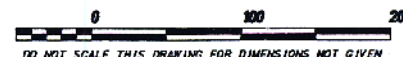
Operating Subsidiary: Norfolk Southern Railway Company

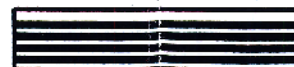
COOK COUNTY, ILLINOIS

Exhibit III



SCALE



 NORFOLK SOUTHERN		CHICAGO, ILLINOIS	
		TITLE CANADIAN NATIONAL RAILWAY COMPANY TRACKAGE RIGHTS OVER PENNSYLVANIA LINES LLC TRACK #237 AND RELATED TRACKS	
NORFOLK SOUTHERN RAILWAY COMPANY DEARBORN OPERATING DIVISION OFFICE OF THE CHIEF ENGINEER - DESIGN AND CONSTRUCTION - ATLANTA, GA.		DGN VAL SEC MAP 3207043C	MILE POST DRAWING NUMBER TB-2001-15

REV	BY	DATE	DESCRIPTION

CADD FILE: 70-2001-15-plan.dgn
 FIELD BOOK:
 VI-