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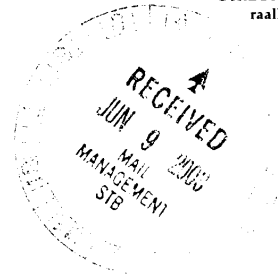
RICHARD A. ALLEN

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June 9, 2003

BY HAND DELIVERY

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



Re: CSX Corp. et al. – Control and Operating Leases/Agreements – Conrail Inc. et al., Finance Docket No. 33388 (Sub-No. 91) (General Oversight)

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding are the original and 25 copies of the Public version of CSX/NS-4, the "Joint Report of Norfolk Southern and CSX Regarding Cargill, Incorporated." Also enclosed separately for filing under seal are the original and 25 copies of the Highly Confidential version of CSX/NS-4.

Kindly date-stamp the enclosed additional 3 copies of each version of CSX/NS-4 and return them to our messenger.

Sincerely,

Handwritten signature of Richard A. Allen.
Richard A. Allen

Enclosures

cc: Jeffrey Moreno, Esq. (by hand)

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PUBLIC VERSION -- REDACTED

CSX/NS-4

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET No. 33388 (Sub-No. 91)

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)

**JOINT REPORT OF NORFOLK SOUTHERN AND CSX
REGARDING CARGILL, INCORPORATED**

As promised in their report of May 19, 2003 (CSX/NS-3), Norfolk Southern Corporation and Norfolk Southern Railway Company (together, "NS"), and CSX Corporation and CSX Transportation, Inc. (together, "CSX") submit this further joint report regarding their efforts to address the concerns raised in this proceeding by Cargill, Incorporated ("Cargill"). NS and CSX have reached agreement on a resolution of this matter, as described below.

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THE AGREEMENT

Under the carriers' agreement, the June 1, 1999 agreement governing the carriers' exchange of cars to and from Cargill's plant at Sidney, Ohio is amended to provide that compensation for CSX's movement of NS' traffic (which, under the original terms of the agreement has been calculated based on the actual cost of the movement) will instead be fixed at a flat rate of **[[]]** per loaded car for five years (subject to the same annual adjustment mechanism under AAR indices as had applied to the cost-based exchange). The location of the exchange of cars would remain at Marion, Ohio.

DISCUSSION

Cargill's concerns pertain to the present conditions for receiving access by Norfolk Southern at Cargill's soybean processing and refining facility in Sidney, Ohio. That facility is a 2-to-1 point identified in the CSX/NS/Conrail control application. It was accessible commercially to both CSX and Conrail prior to the Conrail Transaction (with a \$390 charge being paid by CSX to Conrail for services physically rendered at Sidney), but, absent an appropriate 2-to-1 remedy, would have been accessible only to CSX thereafter, as under the Transaction operation of the Conrail line serving the Cargill plant was allocated to CSX. See Finance Docket No. 33388, CSX/NS-18 (Application Vol. 1) at 546, 549.

In the Conrail control Application, CSX and NS agreed upon a 2-to-1 remedy for Cargill consisting of a grant by CSX of trackage rights to NS over CSX's Toledo-Cincinnati line between Lima and Sidney, and cost-based transfer

of cars by CSX at Sidney. See Finance Docket No. 33388, CSX/NS-25, Application Vol. 8B of 8 at 543-49 and Vol. 8C of 8 at 616-39. To facilitate implementation of the Conrail "split," however, the carriers, for operational reasons, agreed to an alternative arrangement. The traffic would be exchanged at Marion, Ohio under a joint facility agreement.

The charge was to be cost-based, with initial payments to be made at the rate of \$175 per car, pending completion of a cost study, and true-up thereafter to conform to the cost study. The study, completed in the summer of 2002, showed that the cost of the exchange at Marion, with escalation, was \$646 per car. See CSX-11 at 2. As a result, NS was forced to announce a prospective increase in its rates to cover that additional CSX cost going forward. That announcement prompted Cargill to bring its concerns to the Board in the third annual round of this oversight proceeding. Thereafter, in light of the pendency of this matter before the Board, NS did not implement that rate increase; NS instead has continued to fully absorb the difference between the \$175 fee and the much higher, full cost of the CSX service, pending the carriers' efforts to craft a resolution to this issue.¹

Following Cargill's submission to the Board, both CSX and NS acknowledged that Cargill's Sidney plant was a "2-to-1" point under the Conrail

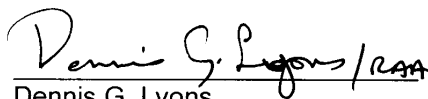
¹ Additionally, to compensate CSX for the actual cost of the Marion exchange from its inception through December 31, 2001, as agreed upon prior to split date, NS paid CSX a "true-up" payment of \$1.3 million. This cost was completely absorbed by NS.

transaction, and over the subsequent months had numerous communications and exchanged various proposals for addressing Cargill's concerns.

Much of that time was spent trying to develop a feasible plan to perform the exchange of cars at Sidney itself. Those efforts culminated in an "on-the-ground" meeting of NS and CSX operating personnel in Sidney on May 7, 2003, which also included a representative of Cargill. That meeting, however, confirmed the extraordinary operational difficulty of having the exchange located at Sidney.

Following that meeting, the carriers continued their discussions and recently agreed on the proposal outlined above. NS believes that the fee reflected in this agreement will permit it to offer Cargill competitive market rates for the overall movement of Cargill traffic.

Respectfully submitted,



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*Attorney for CSX Corporation and CSX
Transportation, Inc.*

*Attorneys for Norfolk Southern Corporation
and Norfolk Southern Railway Company*

June 9, 2003

CERTIFICATE OF SERVICE

I certify that on June 9, 2003 a true copy of the Public version of CSX/NS-4 was served by hand delivery upon:

Jeffrey O. Moreno
Thompson Hine LLP
1920 N Street, N.W.
Suite 800
Washington, D.C. 20036

Attorney for Cargill, Incorporated

A handwritten signature in cursive script, reading "Richard A. Allen", written over a horizontal line.

Richard A. Allen