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GOVERNMENT RELATIONS

April 30, 2004

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Public Record



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

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

Dear Sir:

We represent the State of Maryland in this proceeding. The State has elected not to appear at the hearing the Board will hold on May 3, 2004 in this matter, and appreciates the opportunity to submit this written statement of its position with respect to the Oversight Proceeding.

In the main proceeding that led to the approval of the transactions, the implementation of which the Board is now "overseeing" in this proceeding, the State of Maryland executed and submitted for the record letter agreements with both CSX Corporation and Norfolk Southern Corporation, respectively (each dated September 24, 1997). These letters included commitments from both companies as to the actions they would take to preserve and improve rail service in the State following the implementation of these transactions. In its letter agreement, NS stated its intention to provide the improvements listed there. In its letter, CSX made specific "commitments" to undertake improvements and to preserve the integrity of the MARC train commuter rail service operated on CSX's lines in the State.

In a filing in this Oversight Proceeding dated July 14, 2000, the State provided a comprehensive listing of the status of the two rail carriers' commitments. See, Attachment 3 to Letter dated July 14, 2000, from Hon. John Porcari (then, Maryland's Secretary of Transportation) to Hon. Vernon Williams. The status at that time was less than heartening from the State's perspective. Since that time, we have appreciated the Board's continuing oversight of the railroads' performance.

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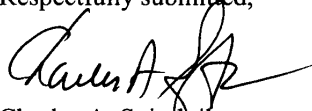
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We are pleased to report that representatives of both companies continue to work with the State to implement the commitments they made in order to secure the State's support for the transaction. In a recent meeting with representatives of Norfolk Southern, the State heard that the company recognizes that it has a continuing obligation to work on implementation of the items described in the 1997 letter. Representatives of CSX, similarly, have continued to work with the State to monitor the quality of service provided to commuters in the MARC service, and to find ways to improve the quality of rail and intermodal service available to shippers in the State.

The story is not over, because economic factors and other matters have prevented the railroads from implementing all of the actions described in the 1997 letters within the time frames described. We will continue to work with our railroad partners to fulfill our mutual obligations under those letter agreements.

Thank you again for providing the State with the opportunity to comment on this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Charles A. Spitulnik", written over a horizontal line.

Charles A. Spitulnik
Counsel for the State of Maryland

cc: All Parties of Record