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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO 35147 (Sub-No 1)

PAN AM SOUTHERN LLC—
ACQUISITION AND OPERATION EXEMPTION—
LINES OF BOSTON AND MAINE CORPORATION

NOTICE OF INTENT TO FILE A
VERIFIED NOTICE OF EXEMPTION
ON BEHALF OF PAN AM SOUTHERN LLC
PURSUANT TO 49 C F R § 1150.35(d)

ENTERED
Office of Proceedings
MAY 30 2008
Part of
Public Record

Richard A. Allen
Christina M. Wenzel
David M. Endersbee
ZUCKERT, SCOUTT & RASENBERGER LLP
888 Seventeenth Street, NW
Suite 700
Washington, DC 20006
(202) 298-8660

COUNSEL FOR PAN AM SOUTHERN LLC

Dated May 30, 2008

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SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO 35147 (Sub-No 1)

**PAN AM SOUTHERN LLC—
ACQUISITION AND OPERATION EXEMPTION—
LINES OF BOSTON AND MAINE CORPORATION**

**NOTICE OF INTENT TO FILE A
VERIFIED NOTICE OF EXEMPTION
ON BEHALF OF PAN AM SOUTHERN LLC
PURSUANT TO 49 C F R § 1150 35(d)**

This Notice of Intent is being filed pursuant to 49 C F R § 1150 35(a) to state that, on or after June 16, 2008, the undersigned intends to file a verified notice of exemption (“Notice of Exemption”) on behalf of Pan Am Southern LLC (“PAS”), a to-be-formed non-carrier, pursuant to 49 C F R § 1150 31 et seq to acquire and operate certain lines of Boston and Maine Corporation (“B&M”) in the states of New York, Massachusetts, New Hampshire, Vermont and Connecticut and to acquire incidental trackage rights from Springfield Terminal Railway Company (“Springfield Terminal”) to operate over the lines of third parties¹ The total distance of the rail lines and incidental trackage rights to be acquired is approximately 437 miles

¹ As explained in the Primary Application in F D No 35147 to which this Notice of Intent is related, PAS will be formed only upon approval of the Primary Application This Notice of Intent is filed as a transaction related to, and dependent upon such approval, and is filed on behalf of the to-be-formed non-carrier to conform with the Surface Transportation Board’s regulatory requirements

The projected annual revenue of PAS after completing the acquisition, will be within the range for Class II carriers

In accordance with the requirements of 49 C.F.R. §§ 1150.32 through 1150.35, the following information is submitted

Name and Address of Applicant: 49 C.F.R. § 1150.33(a)

The full name and address of the non-carrier Applicant herein will be as follows

Pan Am Southern LLC
1700 Iron Horse Park
Billerica, MA 01862

Applicant's Representative: 49 C.F.R. § 1150.33(b)

The representative of PAS to whom correspondence regarding this transaction should be addressed is as follows

Richard A. Allen
Zuckert, Scoutt & Rasenberger L L P
888 Seventeenth Street, NW
Suite 700
Washington, DC 20006
(202) 298-8660

Statement Concerning Agreements: 49 C.F.R. § 1150.33(c)

On May 15, 2008, Pan Am Railways, Inc. ("PARI"), PARI's wholly-owned subsidiaries, B&M, and Springfield Terminal (collectively, "the Pan Am Parties"), and Norfolk Southern Railway Company ("Norfolk Southern") executed a Transaction Agreement providing for the formation, ownership and management of PAS and its acquisition of the rail lines and trackage rights that are the subject of this notice upon closing of the Transaction Agreement and subject to necessary approvals and exemptions by the Surface Transportation Board. Copies of these agreements are included in Volume

II of the Application in Finance Docket No 35147 (“Primary Application”) to which this Notice of Exemption is related

Operation of the Property: 49 C.F.R. § 1150.33(d)

Springfield Terminal will initially be the operator of the rail lines acquired in the proposed transaction

Summary of the Transaction: 49 C.F.R. § 1150.33(e)

PAS will be a non-carrier formed by Norfolk Southern and the Pan Am Parties to acquire and operate rail lines currently owned by B&M. Norfolk Southern is an existing Class I railroad which operates approximately 21,300 route miles in 22 states and the District of Columbia. Springfield Terminal is a Class II railroad with lines extending from Rotterdam Junction, NY in the west, to Mattawamkeag, ME in the east and, with trackage rights, from White River Junction, VT in the north to New Haven, CT in the south.

In the Primary Application to which this Notice of Exemption is related, Norfolk Southern and the Pan Am Parties seek approval under 49 U.S.C. §§ 11323 and 11322 for the Transaction Agreement and related agreements. Pursuant to those agreements, PAS will be formed, Norfolk Southern will contribute cash, demand notes and an option agreement to PAS, which together are valued at \$140 million, and B&M will contribute certain railroad lines in Massachusetts, New York, Vermont, New Hampshire and Connecticut, totaling approximately 238 route miles, and Springfield Terminal will assign to PAS trackage rights Springfield Terminal currently holds over certain lines of Massachusetts Bay Transit Authority (“MBTA”), New England Central Railroad (“NECR”), Canadian Pacific Railroad Company (“CP”), Amtrak, CSX Transportation,

Inc ("CSXT") and Metro North Commuter Railroad Company ("Metro North"), totaling approximately 198 route miles (collectively, the "PAS Lines")² The mile-posts of the subject property, including branch lines, are included in Ex 1 The address of B&M is 1700 Iron Horse Park, Billerica, MA 01862

In addition, pursuant to the Transaction Agreement and related agreements, (1) Norfolk Southern and B&M will jointly own and control PAS and will share equally in supervising its management and capital expenditures, (2) Springfield Terminal will be engaged initially to operate the lines and to establish rates and other charges for PAS and (3) Springfield Terminal will obtain trackage rights over PAS and MBTA lines in eastern Massachusetts to preserve existing connections to CSXT and Providence and Worcester Railroad Company ("P&W"),³ and (4) Norfolk Southern will obtain certain trackage and haulage rights from PAS⁴

PAS is expected to consummate its acquisition of the involved lines and trackage rights as soon as possible after the latest of the effective date of this notice, the expiration of the 60-day period mandated by 49 C F R § 1150.32(e) or the effective date of the Board's approval of the Primary Application

Map: 49 C.F.R. § 1150.33(f)

² As explained in the Primary Application, PAS' acquisition of the described trackage rights of Springfield Terminal is essential to the Transaction for which approval is sought, and the Applicants are requesting the Board to include a declaratory order pursuant to 49 U S C § 11321(a) that PAS and any contract operator of PAS Lines will have authority to conduct operations over the trackage rights lines as fully and to the same extent as Springfield Terminal could, notwithstanding any clauses in any such trackage rights agreement limiting or prohibiting Springfield Terminal's unilateral assignment of its operating rights to another person

³ Authority for Springfield Terminal's acquisition of such rights is being sought in a related Notice of Exemption filed in F D No 35147 (Sub-No 3)

⁴ Authority for Norfolk Southern's acquisition of such rights is being sought in a related Notice of Exemption filed in F D No 35147 (Sub-No 2)

A map showing the lines and trackage rights to be acquired by PAS is attached as Exhibit 2 to this Notice

Certification of Class III Status: 49 C.F.R. § 1150.33(g)

Not applicable

General Statement – Service Intentions: 49 C.F.R. § 1150.35(b)(1)

The principal purpose of the transaction subject to this notice of exemption is to provide more efficient, competitive and reliable rail service to customers by enhancing the existing rail infrastructure on the lines involved, which will be effected initially by Norfolk Southern's substantial capital contribution. Construction of new or additional rail lines and connections is not contemplated. However, as described more fully in the Primary Application, existing lines of the Pan Am Parties and several yards in Massachusetts and New York will be significantly upgraded and a new intermodal yard and new automotive transload facilities are proposed that are expected to greatly improve Norfolk Southern's east-west intermodal and automotive capacity. While Norfolk Southern and Springfield Terminal hope to grow traffic on the lines over the long term, they do not plan to change existing interchanges with other railroads or to reroute any existing traffic over different lines, with the exception of a possible reactivation of a connection at Millers Falls, MA that they intend to propose to NECR. Also, the railroad operating the lines will remain the same, so the parties do not expect any significant change in its operations. That said, PAS will nonetheless be committed to providing a flexible, multi-faceted service approach that will meet the needs of its customers.

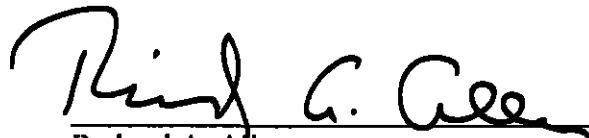
General Statement – Labor Impacts: 49 C.F.R. § 1150.35(b)(2)

No adverse effects on any existing railroad employees are anticipated, inasmuch as the lines will be operated for the foreseeable future by the same railroad, Springfield Terminal, and by the same employees that now provide rail transportation services (including maintenance) over the lines and who will continue to provide such services under the same collective bargaining agreements. Norfolk Southern and Springfield Terminal in fact expect that their substantial investments in the new venture will lead to increased traffic over the lines, and hence new jobs for railroad employees.

Service Requirements of 49 C.F.R. § 1150.35(c)

Attached as Exhibit 3 is a certificate of service confirming that this Notice of Intent has been served on each of the parties identified in 49 C F R § 1150 35(c)

Respectfully submitted,

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

Richard A. Allen
Christina M. Wenzel
David M. Endersbee
Zuckert, Scutt & Rasenberger L L P
888 Seventeenth Street, NW
Suite 700
Washington, DC 20006
(202) 298-8660

COUNSEL FOR PAN AM SOUTHERN LLC

Dated May 30, 2008

EXHIBIT 1

MILEPOSTS OF LINES TO BE ACQUIRED AND OPERATED BY PAN AM SOUTHERN LLC

Main Lines

- 1 Between milepost 467.4 at Mechanicville, NY to milepost 311.97 near Willows, MA, a distance of approximately 151.4 miles, inclusive of the following trackage rights
 - Trackage rights over Massachusetts Bay Transit Authority ("MBTA") between milepost 329.55 at Fitchburg, MA and milepost 313.77 at Willows, MA, a distance of approximately 15.8 miles
- 2 Between milepost 183.4 at White River Junction, VT and milepost 0 at New Haven, CT, a distance of approximately 183.4 miles, inclusive of the following trackage rights
 - Trackage rights over New England Central Railroad between milepost 183.4 at White River Junction, VT and milepost 110.6 at East Northfield, MA, a distance of approximately 72.8 miles, and
 - Trackage rights over Amtrak between milepost 62.0 at Springfield, MA and milepost 0 at New Haven, CT, a distance of approximately 62 miles

Branch Lines

- 1 Between milepost 0 at North Adams, MA and milepost 4.59 at Adams, MA, a distance of approximately 4.59 miles,
- 2 Between milepost 0 at Gardner, MA and milepost 1.16 at Heywood, MA, a distance of approximately 1.16 miles,
- 3 Between milepost 28.01 at Ayer, MA and milepost 25.7 at Harvard Station, MA, a distance of approximately 2.3 miles,
- 4 Between milepost 0 at Berlin, CT to milepost 8.4 at Derby CT, a distance of approximately 32.7 miles, inclusive of trackage rights over Metro North Commuter Railroad from milepost 27 at Waterbury, CT to milepost 8.4 at Derby, CT, a distance of approximately 18.6 miles,
- 5 Trackage rights over MBTA between milepost 33.72 at Willows, MA and milepost 31.43 at Littleton, MA, a distance of approximately 2.3 miles, and
- 6 Trackage rights over MBTA between milepost 0 at Ayer, MA and milepost 5.0 at Groton, MA, a distance of approximately 5 miles

- 7 Between milepost 12.16, Rotterdam Junction, NY and milepost 467.4 at Mechanicville, NY, a distance of approximately 21.7 miles, inclusive of trackage rights over Canadian Pacific Railway ("CP") between milepost 0.0 (CPF477) and milepost 467.4 at Mechanicville, NY, a distance of 18.3 miles. PAS will also acquire trackage rights over a separate CP line between milepost 0.0 (CPF477) and Mohawk Yard, NY, a distance of 8.8 miles.

EXHIBIT 2

MAP OF PAN AM SOUTHERN LLC SYSTEM

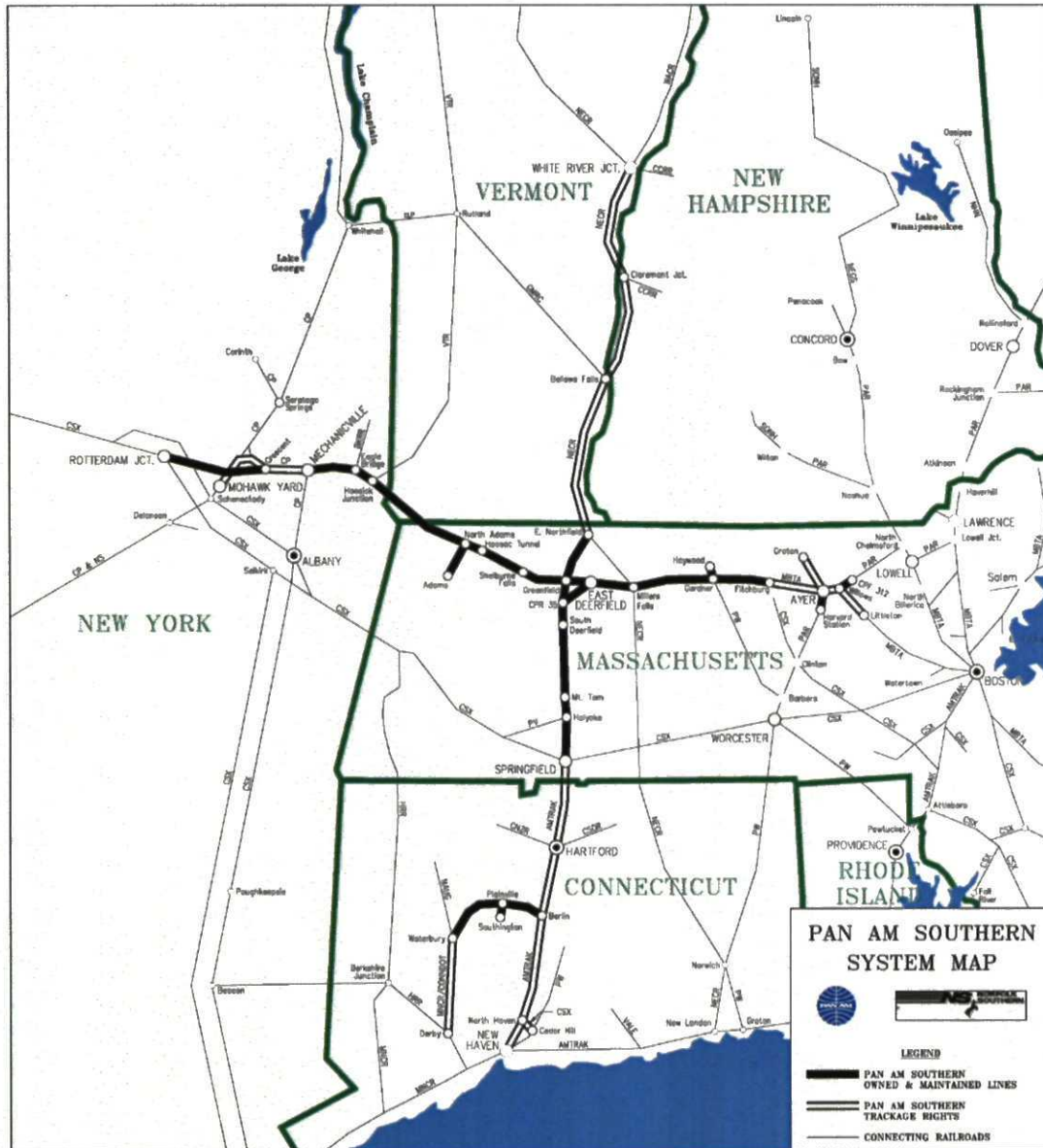


EXHIBIT 3

CERTIFICATE OF SERVICE PURSUANT TO 49 C.F.R. § 1150.35(c)

The undersigned certifies that on May 30, 2008 he served copies of this Notice of Intent by first class U S mail, postage pre-paid, upon the following persons, as required by 49 C F R § 1150.35(c).

Governor Deval Patrick
Executive Office of the Governor
Massachusetts State House
Room 360
Boston, MA 02133

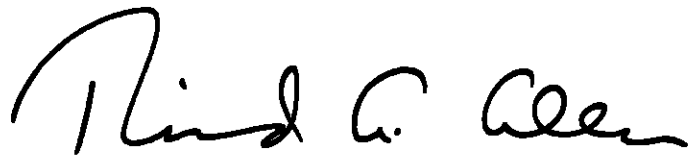
Governor Jim Douglas
Executive Office of the Governor
109 State Street, Pavilion
Montpelier, VT 05609

Secretary Bernard Cohen
The Executive Office of Transportation
10 Park Plaza, Suite 3170
Boston, MA 02116

Secretary Neale Lunderville
Vermont Agency of Transportation
Secretary's Office
One National Life Drive
Montpelier, VT 05633

Governor David A. Paterson
Executive Office of the Governor
State Capitol
Albany, NY 12224

Commissioner Astrid C. Glynn
New York State Department of
Transportation
Office of the Commissioner
50 Wolf Road
Albany, NY 12205

A handwritten signature in black ink, appearing to read "Richard A. Allen". The signature is fluid and cursive, with the first name "Richard" being the most prominent part.

Richard A. Allen