

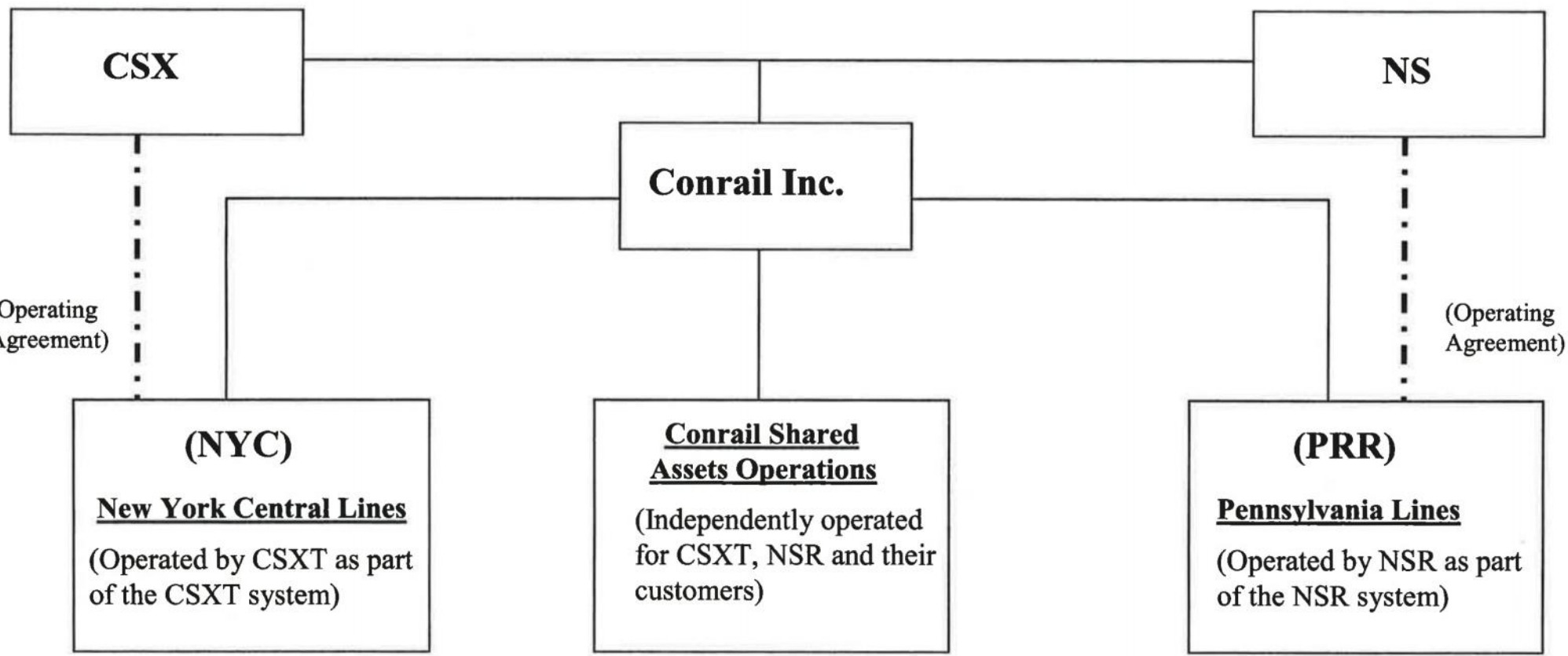
Conrail

STB Oversight Hearing Conrail Shared Assets Operations

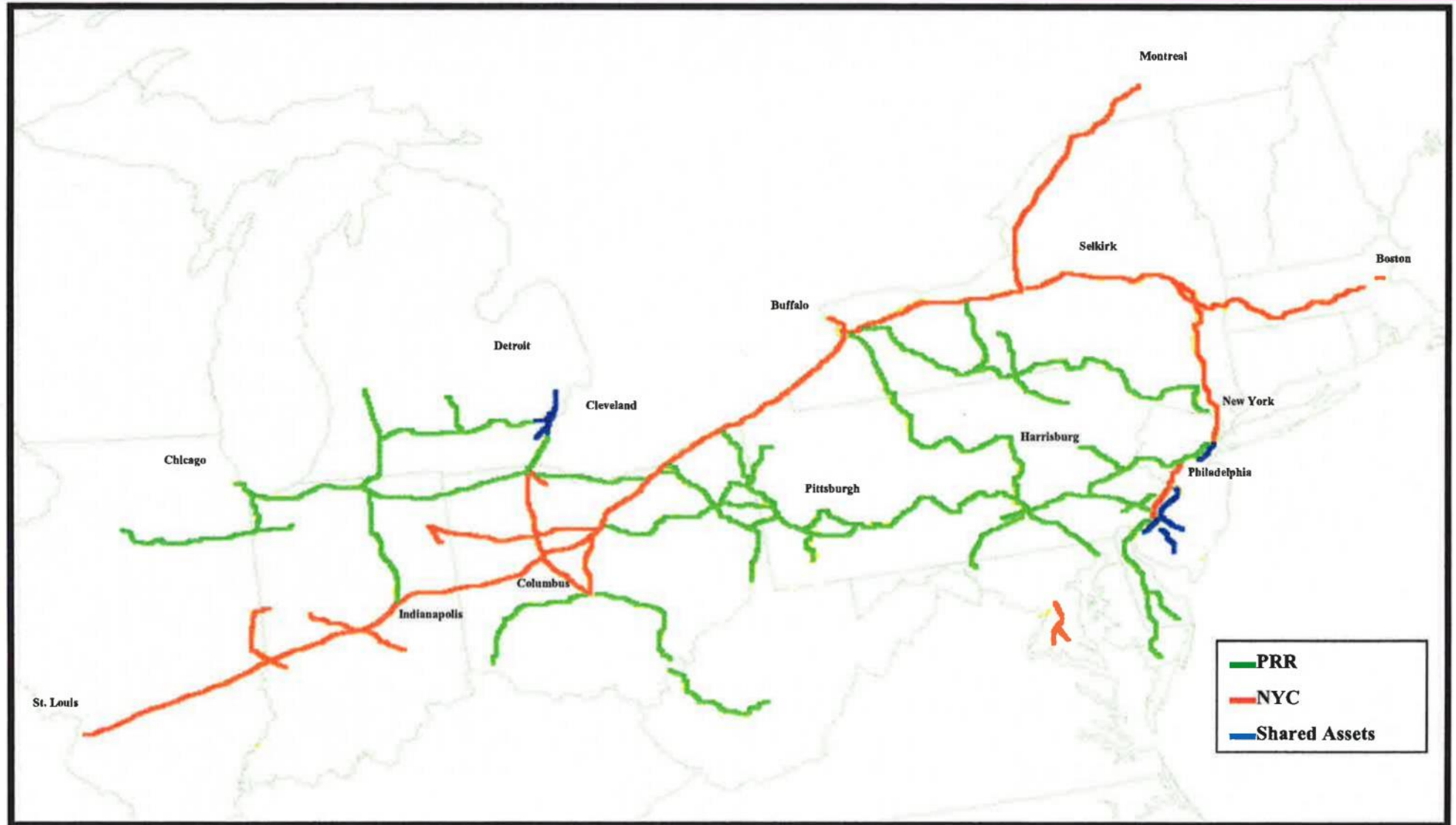
**Trenton, New Jersey
April 2, 2004**

Background

Since the acquisition by CSX and Norfolk Southern, Conrail assets have been operated in three segments.



The geographical depiction of post-acquisition Conrail reflects the three major areas – PRR, NYC, and Conrail Shared Asset Operations (CSAO)



The STB has approved Conrail's "spin-off" of NYC and PRR to CSX and NS



- ◆ Asset transfer only
- ◆ CSXT and NSR are already operating NYC and PRR assets
- ◆ No change in CSAO ownership or operations
- ◆ "Spin-off" is anticipated to be completed by June 30, 2004

The quantitative profile of CSAO breaks down as follows:

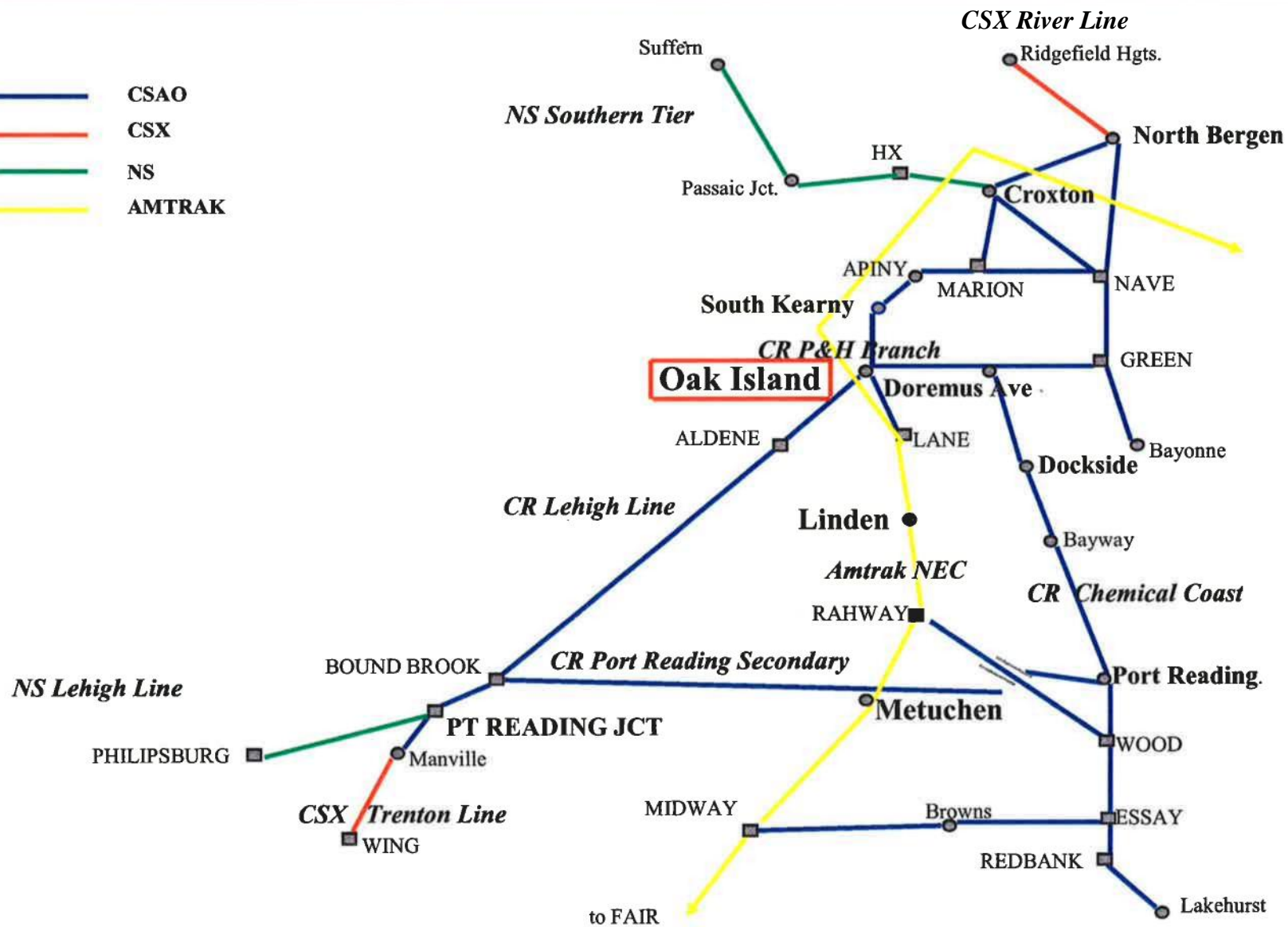


- ◆ 1,350 total employees
- ◆ 1,200 miles of track
- ◆ 3 major classification yards and 25 support yards
- ◆ 100 locomotives

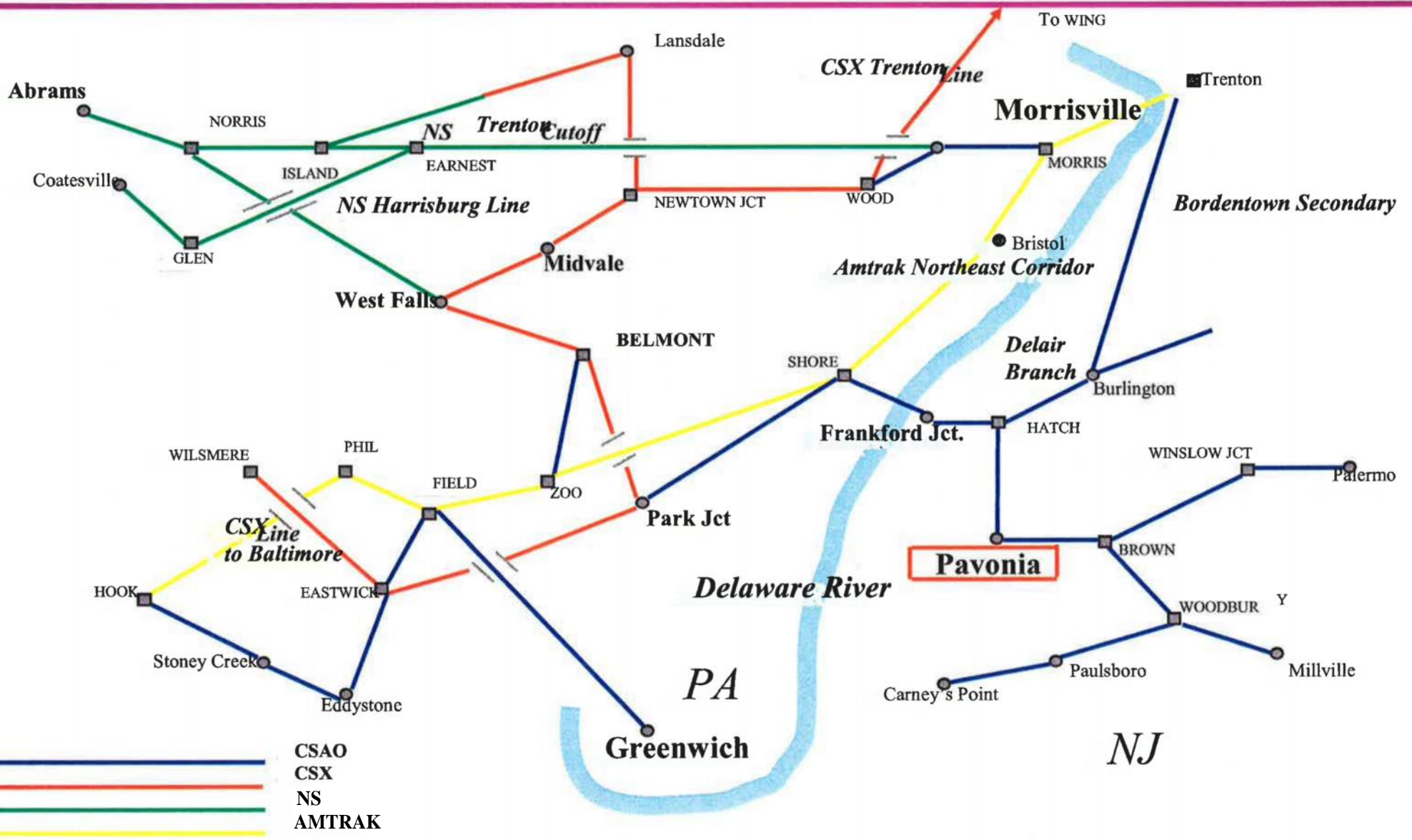
North Jersey is the largest of the three CSAO areas



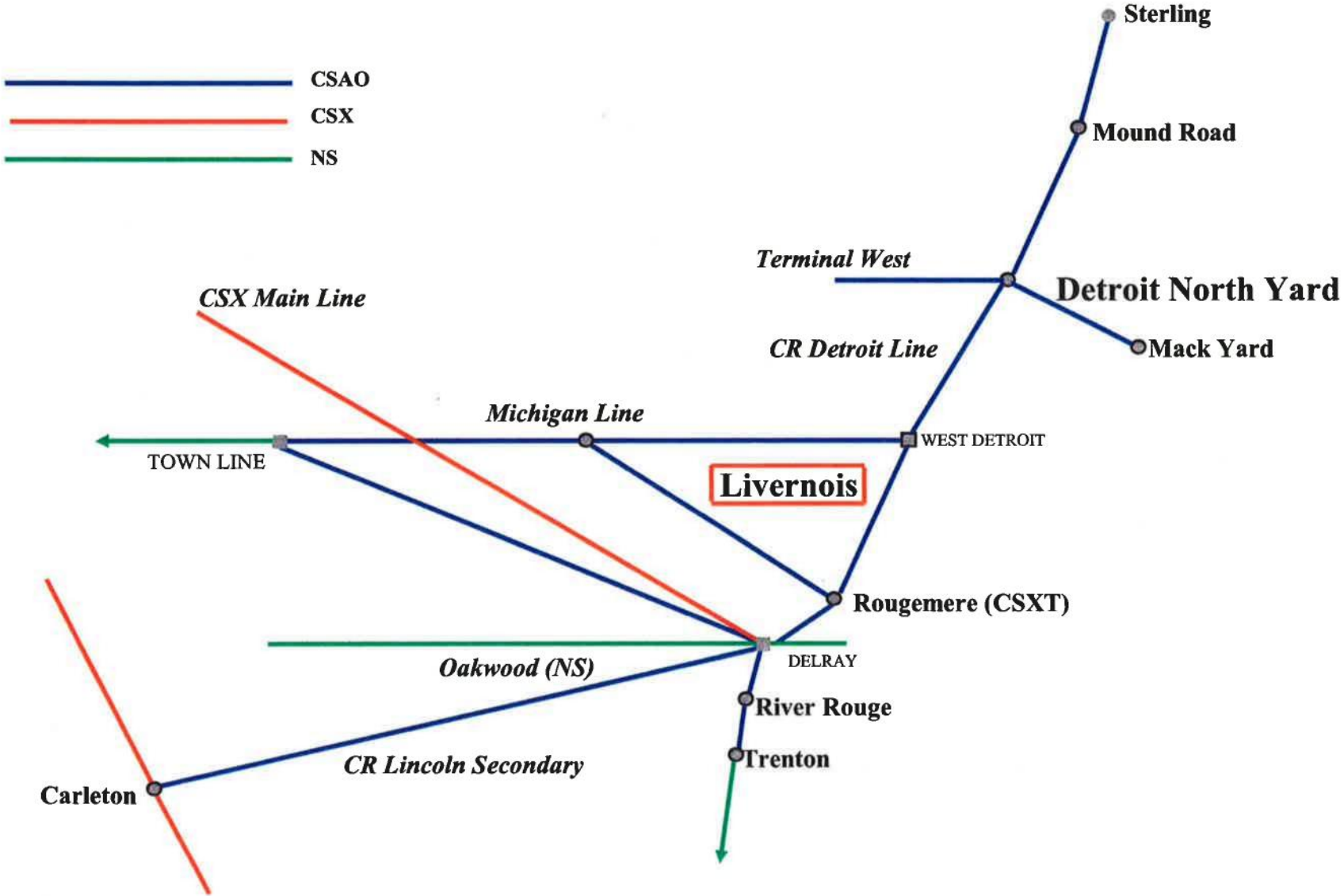
- CSAO
- CSX
- NS
- AMTRAK



South Jersey/Philadelphia is a critical point for North/South and East/West traffic



Detroit is the gateway to heavy automotive traffic



Despite challenging economic conditions, CSAO has experienced substantial traffic growth

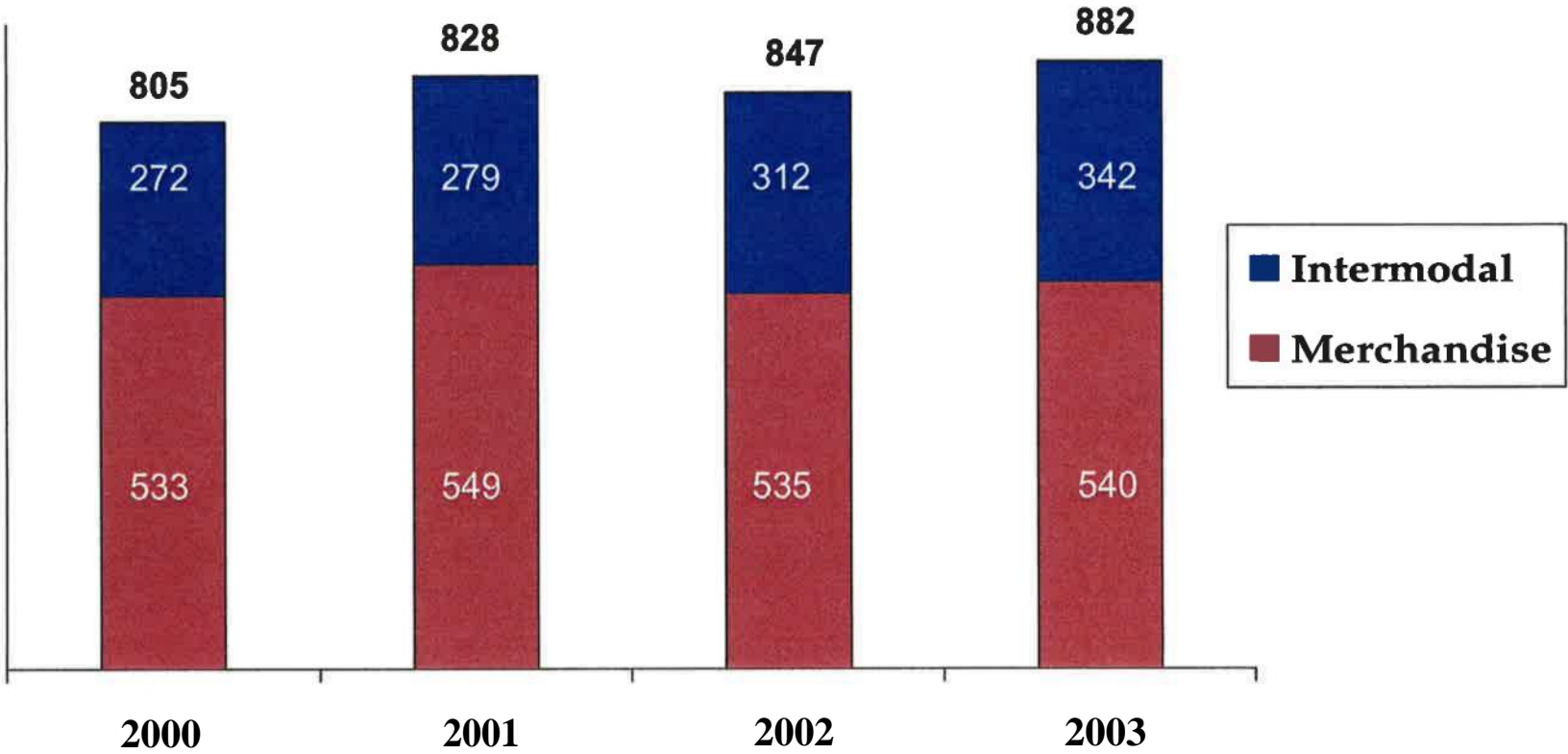


<i>(Carloads in Thousands)</i>	2000	2001	2002	2003	2000-2003 % Change
North Jersey	429	423	449	457	6.5%
South Jersey/Phila.	163	167	163	175	7.4%
Detroit	213	237	235	250	17.4%
CSAO Total	805	827	847	882	9.6%

As projected, intermodal traffic through the CSAO territories is growing rapidly



(Carloads in Thousands)



Operations

Since 2000, CSAO has delivered solid operating results in all three major categories



◆ **Safety**

- ~ Received E. H. Harriman safety awards every year since 2000
- ~ Reduced FRA reportable injuries by 13%
- ~ Reduced derailments by 30%

◆ **Service**

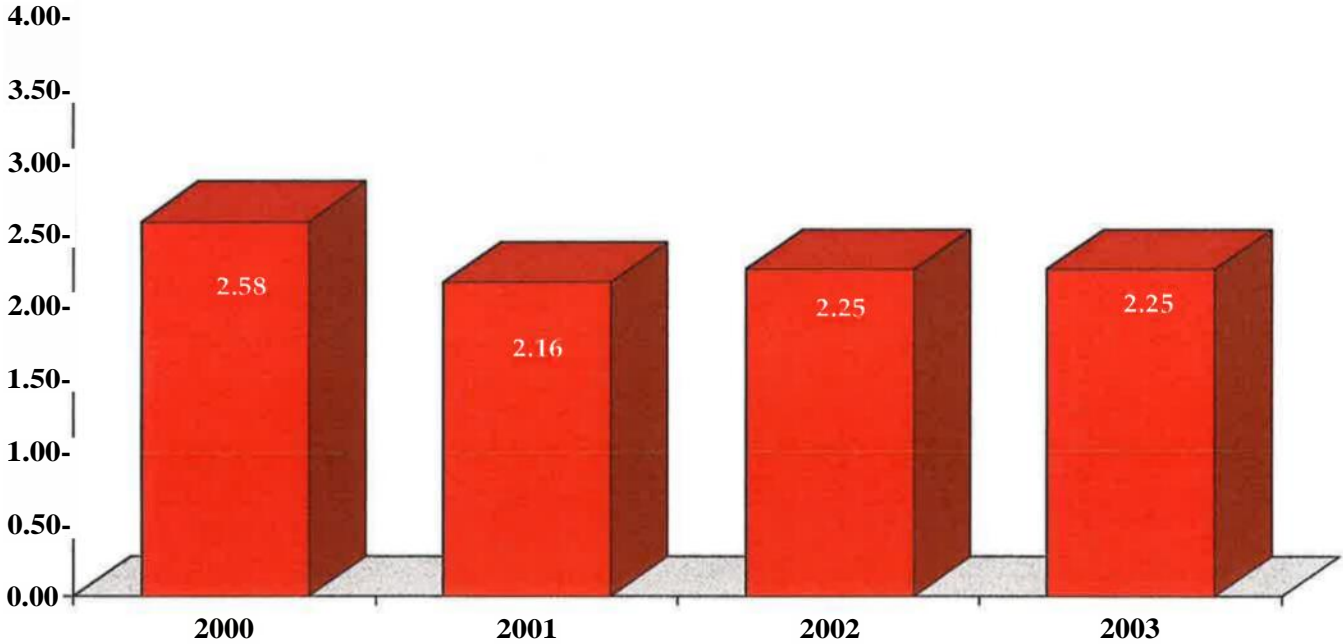
- ~ Improved on-time train departures by 56%
- Maintained 90+% performance in customer switching service
- ~ Reduced yard dwell hours by 19%

◆ **Efficiency**

- ~ Enhanced locomotive fleet efficiency by 30%
- ~ Improved crew efficiency by 4%
- ~ Reduced cost per car handled by 20%

Conrail's safety-first focus continues to be our highest priority

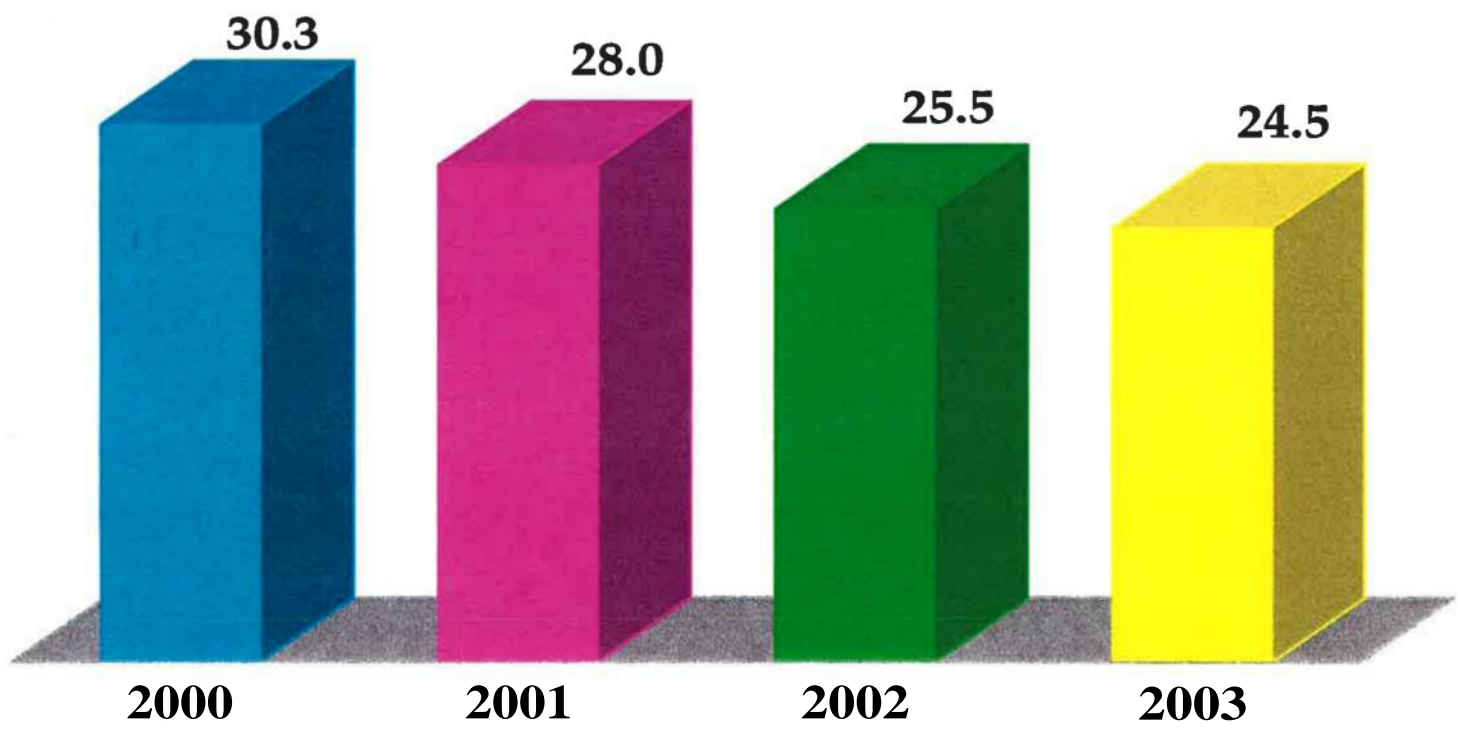
Conrail Shared Assets Operation
Average Injuries per Month
2000 through 2003



Reducing average elapsed hours between arrival in and departure from major classification yards maintains system fluidity



Yard Dwell Time *

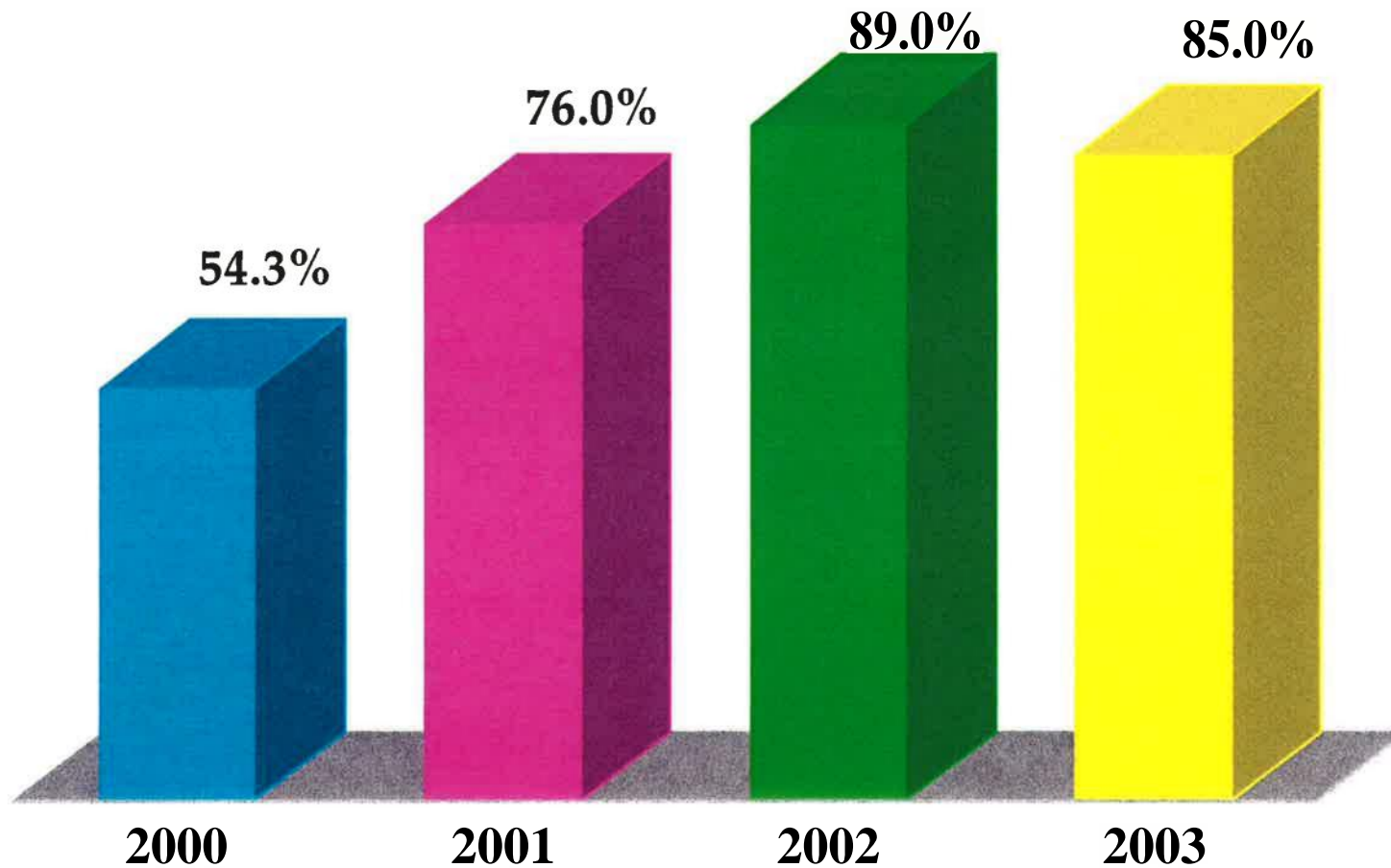


* Measured in hours

Despite some 2003 slippage, on-time train departures have remained well above the 2000 level



Train Departures vs. Schedule



Capital expenditure levels have allowed CSAO to maintain, enhance and upgrade its infrastructure



(Dollars in thousands)

	2000	2001	2002	2003
Track	\$ 7,891	\$ 8,470	\$ 6,745	\$ 8,435
Bridges, Tunnels & Other structures	1,368	955	1,141	830
Crossing Protection /Train Control	2,853	1,295	1,679	1,818
Equipment and Facilities	5,085	2,350	3,548	4,332
Special Projects	425	7,009	6,493	2,098
Total Capital	<u>\$17,622</u>	<u>\$20,079</u>	<u>\$19,606</u>	<u>\$17,513</u>

Other Initiatives

Conrail has partnered with public transportation agencies, jointly investing in a number of major projects

Conrail/NJT:	Northern Branch Double Track	- \$18million
Conrail/NJDOT/PANYNJ:	North Jersey Infrastructure	- \$50 million
Conrail/MDOT:	Detroit Livemois Intermodal Expansion	- \$10.5 million
Conrail/Municipalities:	Various projects in Detroit, Lincoln Park, P. Amboy, S. Amboy, Sayreville, Bayonne	- Various

CSAO coordinates an active industrial development function with NS and CSX



- ◆ New side track applications have increased 30% since 2000
- ◆ The current inventory of new customer projects includes 25-30 proposals
- ◆ Project proposals include:
 - ~ expansion of existing capacity
 - ~ reactivation of dormant industrial sites
 - ~ provision of transportation solutions to emerging growth industries

CSAO continues Conrail's long tradition of working with short lines to expand its rail business



- ◆ CSAO, CSXT and NS meet regularly to expedite short line initiatives
- ◆ Since split date, CSAO has processed approximately 20 such initiatives
- ◆ The shortline initiatives have included sales, new shortline start ups, and enhancement of existing shortline arrangements
- ◆ The great majority of shortline initiatives have been favorably implemented
- ◆ CSAO remains open to new initiatives

Conclusion

The rationale for the 1997 acquisition of Conrail remains valid today and the CSAO entity is performing well



- ◆ Expanded access to Northern New Jersey/New York, the largest freight market in the U.S.
- ◆ Created single line economies east of the Mississippi
- ◆ Expanded high growth intermodal line of business
- ◆ Provided economies of scale/synergies
- ◆ Partnered with governmental agencies