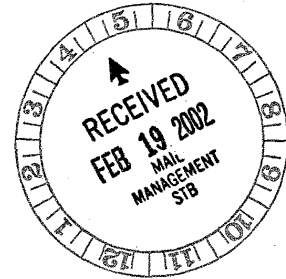


THE LAW OFFICES OF
JOHN D. HEFFNER
555 TWELFTH STREET, N.W.
SUITE 950N
WASHINGTON, D.C. 20004
(202) 737-4335
FAX (202) 371-2240
j.heffner@verizon.net



BY HAND

February 19, 2002

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

ENTERED
Office of the Secretary

FEB 20 2002

Part of
Public Record

RE: STB Docket No. AB-565 (Sub-No. 3X), New York Central
Lines, LLC-Abandonment Exemption-in Berkshire County, MA

204803

STB Docket No. AB-55 (Sub-No. 595X), CSX Transportation,
Inc., Discontinuance of Service Exemption-in Berkshire
County, MA

204804

Revised offer of financial assistance

Dear Mr. Williams:

On behalf of Housatonic Railroad Company, Inc., offeror in
the above-captioned railroad abandonment exemption proceeding, I
am filing an original and ten copies of the following documents:

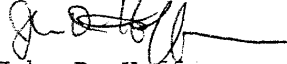
- (1) A public version of the Revised Offer of Financial
Assistance without Exhibit A, offeror's balance sheet
- (2) A confidential version of the Revised Offer of
Financial Assistance with Exhibit A, offeror's balance sheet

I am also submitting a disk containing these documents in
WordPerfect 8.0.

I am not submitting a filing fee because you indicated in
our recent conversation that the fee check submitted last
September with the original offer would apply to this filing.

Please date stamp and return for our records two copies of each filing and a copy of this letter.

Sincerely yours,


John D. Heffner

Enclosures

cc: Natalie S. Rosenberg, Esq.
Edward J. Rodriguez, Esq.

ORIGINAL

PUBLIC VERSION

BEFORE THE

SURFACE TRANSPORTATION BOARD

STB Docket No. AB-565 (Sub-No. 3X)

204803

NEW YORK CENTRAL LINES, LLC
- ABANDONMENT EXEMPTION -
BERKSHIRE COUNTY, MA.



STB Docket No. AB-55 (Sub-No. 595X)

204804

CSX TRANSPORTATION, INC.
DISCONTINUANCE OF SERVICE IN BERKSHIRE COUNTY, MASSACHUSETTS

REVISED
OFFER OF FINANCIAL ASSISTANCE

BY HOUSATONIC RAILROAD COMPANY, INC.

PURSUANT TO

SECTION 10904 OF THE ICC TERMINATION ACT OF 1995
AND 49 C.F.R. 1152.27(c)(2)

Respectfully submitted,
John D. Heffner
555 12th Street, NW
Suite 950N
Washington, D.C. 20004
(202) 737-4335
Counsel for
Housatonic Railroad Co., Inc.

Edward J. Rodriguez
General Counsel
Housatonic Railroad Co., Inc.
P.O. Box 687
Old Lyme, CT 06371
(860) 434-4303
Of Counsel

Dated: February 19, 2002

ENTERED
Office of the Secretary

FEB 20 2002

Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD
STB Docket No. AB-565 (Sub-No. 3X)

NEW YORK CENTRAL LINES, LLC
-- ABANDONMENT EXEMPTION --
BERKSHIRE COUNTY, MA

STB Docket No. AB-55 (Sub-No. 595X)

CSX TRANSPORTATION, INC.
DISCONTINUANCE OF SERVICE IN BERKSHIRE COUNTY, MASSACHUSETTS

REVISED
OFFER OF FINANCIAL ASSISTANCE

BY HOUSATONIC RAILROAD COMPANY, INC.

PURSUANT TO

SECTION 10904 OF THE ICC TERMINATION ACT OF 1995
AND 49 C.F.R. 1152.27(c)(2)

I.
INTRODUCTION

Housatonic Railroad Company, Inc., (hereinafter "Housatonic" or "Offeror") files this Revised Offer of Financial Assistance ("OFA") pursuant to 49 U.S.C. Sec. 10904 and 49 C.F.R. 1152.27(c)(2) to purchase a 1.91 mile line of railroad ("the Line") owned by New York Central Lines, LLC and operated by CSX Transportation, Inc.¹ The subject line is situated in Pittsfield, Berkshire County, Massachusetts. The Line extends from the North side of North Adams Junction Yard in Pittsfield at

¹ Prior to its acquisition by CSXT in the Conrail Acquisition transaction, the Line was owned and operated by Consolidated Rail Corporation ("Conrail").

MP QBH 0.59 to the end of the line at MP QBH 2.50. For this trackage, Housatonic offers \$27,750.00. Through the information provided below, Housatonic will establish that it is financially responsible and that its offer to purchase the Line is bona fide and reasonable.

II. BACKGROUND

New York Central Lines, LLC (NYC) and CSX Transportation, Inc (CSXT) filed a notice of exemption under 49 CFR 1152, subpart F for NYC to abandon and CSXT to discontinue service over the subject line. Notice of exemption was served and published in the Federal Register on August 13, 2001. On August 27, 2001, Housatonic late-filed a formal expression of intent to file an OFA in order to purchase the entire line and requested the Board to waive its regulations and accept the late filing. On September 7, 2001, the Board issued a decision granting Housatonic's request and establishing September 12, 2001, as the date on which Housatonic's OFA was due.

On August 27, 2001, Housatonic submitted a bona fide request to CSXT for information pursuant to 49 C.F.R. 1152.27(a). Housatonic did not receive the requested information, and on September 6, 2001, Housatonic filed a petition pursuant to 49 CFR 1152.27(c)(2)(ii)(C), requesting that the Board toll for 30 days the deadline for filing its offer of financial assistance. By decision served September 11, 2001, the Board granted

Housatonic's petition, setting October 12, 2001, as the new due date for Housatonic's OFA. Having previously been informed by CSXT that the requested information could not be provided by October 12, 2001, Housatonic filed an OFA on September 17, 2001, under 49 U.S.C 10904 and 49 CFR 1152.27(c) based upon the information available to it at that time to purchase the entire line for \$27,500. By decision served September 21, 2001, the Board determined that Housatonic's OFA would be reviewed after the October 12, 2001, due date for OFA's and CSXT was directed to provide Housatonic with the requested information.

On October 2, 2001, CSXT filed a request for a 30-day extension in accordance with 49 CFR 1152.27(c)(2)(ii)(D) to develop and submit the required information requested by Housatonic. By its decision served October 9, 2001, the Board extended until November 12, 2001, the time period for CSXT to provide the requested information and then, by its decision served October 19, 2001, extended until November 19, 2001, the time period for Housatonic to file its OFA.

On November 8, 2001, CSXT submitted a letter to the Board requesting a further extension to the deadline for providing the information requested by Housatonic. The Board served a decision on November 9, 2001, extending until December 12, 2001, the deadline for CSXT to provide the requested information and extending until December 19, 2001, the due date for Housatonic's

OFA.

Then on December 12, 2001, CSXT requested a further extension which the Board granted in its decision served December 13, 2001, extending until February 11, 2002, the deadline for CSXT to provide the information requested by Housatonic and extending until February 19, 2002, the due date for Housatonic's OFA.

While Housatonic has asked CSXT to provide it with its proposed purchase price for the Line, CSXT has never done so. Instead, CSXT provided Housatonic with its calculation of net liquidation value of the track and track structures on December 13, 2001, and furnished Housatonic a copy of its net liquidation value appraisal of the land on January 20, 2002.

By this filing, Housatonic submits its Revised OFA to purchase the Line for \$27,500. In its October 19, 2001, decision, at footnote 4, the Board stated that if Housatonic filed nothing further after receiving the information from CSXT or Housatonic stated that it would stand on its offer as made, the OFA filed on September 17, 2001, would be reviewed at that time. However, if Housatonic revised its offer based upon information received from CSXT, the Board stated it would consider the revised offer. Although Housatonic has not changed its offering price as a result of the information provided by CSXT, Housatonic has revised its offer in other respects and

hereby submits its Revised OFA.

III.
THE APPLICABLE LAW

As a general matter, the Board and the Interstate Commerce Commission before it have long held that offers of financial assistance need not be detailed. For its offer to be accepted, the offeror need only demonstrate that it is financially responsible and that the offer is reasonable. See, Conrail Abandonments Under NERSA, 365 I.C.C. 472 (1981). The Board will accept the offer where the offeror submits financial statements demonstrating its financial responsibility and the offeror explains the difference between applicant's valuation and the proposed offering price. See, STB Docket AB-581X, 1411 Corporation-Abandonment Exemption-In Lancaster County, PA (decision served July 16, 2001).

IV.
FINANCIAL RESPONSIBILITY

Housatonic has the financial resources to acquire the Line, perform any necessary rehabilitation, and to operate the Line for at least two years. Housatonic submits under seal as Exhibit A, a copy of its balance sheet for the year ending December 31, 2001.² This statement shows that Housatonic has current cash and cash equivalents far exceeding the proposed purchase price as

By decision served September 21, 2001, the Board issued a protective order permitting Housatonic's balance sheets and other confidential financial information to be filed under seal and subject to protective order.

well as any operating or rehabilitation costs. In addition, Housatonic's owners have committed to a loan to Housatonic in the amount of the purchase price in the unlikely event that cash flow requirements should make such a loan desirable.

In addition to its financial resources, Housatonic has in inventory 100% of the ties and rail required for necessary rehabilitation as well as the machinery and maintenance of way personnel, and can perform any necessary maintenance work on the Line within its normal maintenance of way program.

Housatonic anticipates that it should be able to operate the Line profitably. A Housatonic crew operates in North Adams Junction Yard daily (weekdays) where it performs interchange and switching functions. Serving the Line, which begins on the North side of the yard, will not require any additional crew or power and therefore little or no additional expense.

There is no question that Housatonic meets the Board's standard of financial responsibility.

V.

PURPOSE OF THE ACQUISITION

Housatonic seeks to acquire the Line to restore regular freight service. Housatonic representatives have discussed Housatonic's proposed freight operation with three potential customers having businesses adjacent to the Line, and all are interested in receiving Housatonic rail service. In addition, Housatonic has identified other significant opportunities for

freight service.

Housatonic has long believed that the Line offered significant rail opportunities. In fact, Housatonic was engaged in serious discussions with Conrail about acquiring the Line and other property in Pittsfield just prior to the CSXT and Norfolk Southern Railway joint bid to acquire Conrail. The Conrail acquisition transaction terminated those negotiations.

VI.

REASONABLENESS OF THE OFFER

A. COMPUTATION OF NET LIQUIDATION VALUE

As set forth in Exhibit B to Housatonic's original OFA, Housatonic believes that the cost of removal exceeds the liquidation value of track and structures. By letter dated December 12, 2001, CSXT advised Housatonic of its determination that the track materials have no salvage value. Accordingly, the parties agree that the net liquidation value of track and track materials is zero. Therefore, the net liquidation value of the line is equal to the net liquidation value of the underlying real estate.

Should Housatonic seek the Board's assistance in setting the real estate value, the Board will be asked to decide which of two appraisals - Housatonic's or CSXT's - more accurately describes the value of the right of way.

Housatonic has obtained a real estate appraisal from the appraisal firm of Norman Benedict Associates in Hamden,

Connecticut (hereinafter "Benedict"). By comparison, CSXT has used the services of a Florida-based appraiser who is not familiar with the Line or the nearby real estate and, presumably, has not done any work for railroads in this area.

The Benedict firm and the partners who conducted the appraisal are experienced in appraising railroad property and have conducted similar railroad property appraisals for Amtrak, Conrail, Metro North Railroad and state agencies in Massachusetts, Connecticut and Rhode Island. Both partners are licensed appraisers in Massachusetts and are familiar with property values in Pittsfield. In fact, Benedict is currently engaged in a major appraisal assignment for the U.S. Army Corp of Engineers involving property in Pittsfield and the immediate vicinity which has been impacted by environmental conditions created by General Electric Company in Pittsfield.

At Housatonic's request, Benedict appraised the Line in two distinct sections. The "Northern" section consists of the last one-half mile of the Line which is the subject to this proceeding (MP 2.0 to MP 2.5). The "Central-Southern" section consists of the remaining 1.41 miles of the Line (MP 0.59 to MP 2.0).

Benedict determined a market value for each section as follows:

Northern section	\$ 36,000
Central-Southern section	<u>\$ 25,000</u>
Total Market Value	\$ 61,000

A copy of the appraisal certificate is attached to this OFA as Exhibit B.

Benedict did not consider the costs of marketing and sales of the property nor the cost of remedial work necessary to sell the property, because Housatonic did not request Benedict to do so. In order to compute the net liquidation value, it is necessary to deduct from the market value, the expenses which CSXT would incur to comply with the liquidation-related legal requirements and to deduct the marketing, sales and legal expenses associated with the liquidation process.

In its decision served September 7, 2001, the Board ordered CSXT/NYC to consult with the Pittsfield Conservation Commission regarding protection of wetland resources prior to commencing salvage operations. The Pittsfield Conservation Commission Officer has advised Housatonic that, at a minimum, CSXT would be required to repair broken culverts which impact the flow of water into and out of the wetland areas, and to take erosion control measures in wetland areas, such as erection of a silt fence. Housatonic's engineering staff has identified two broken and missing culverts which block or severely impact the flow of water into and out of wetlands and has estimated the cost of repairing the damaged culverts at a minimum of \$5,000 each and the cost of erecting a silt fence adjacent to the wetland areas at approximately \$7,500.

The abandonment would involve the elimination of two grade crossings. CSXT would be required by local authorities to restore public paved roads at the removed crossing locations. CSXT estimates the cost of restoring the crossings at \$7,536 and Housatonic agrees with that estimate.³

Finally, CSXT's appraiser has estimated a cost of 15% of the liquidation value for sales, marketing, legal and administrative costs involved in a liquidation and indicated that those costs should be deducted from the land value to determine net liquidation value. Housatonic concurs with CSXT's appraiser.

The net liquidation value of the line, by section, taking into account the above deductions from gross liquidation value is:

	Market Value	Grade Crossings	Culverts	Silt Fence	Selling Expense	NLV
Northern Sec.	25,000	-0-	-0-	1,500	3,750	19,750
Cen-Sou. Sec.	36,000	7,536	10,000	6,000	5,400	7,064
Total	61,000	7,536	10,000	7,500	9,150	26,814

The total Net Liquidation Value is \$26,814.

CSXT includes the estimate of restoring the road surface in its computation of Estimated Track Salvage Value. However, that cost is not a cost of removal of track and structures but a cost of restoring a public right of way and should be separately considered in determining net liquidation value. It is noted that even when this item is deducted from CSXT's track salvage value analysis, the salvage value remains negative.

B. CSXT APPRAISAL

CSXT has provided Housatonic with a copy of an appraisal report by Schulte Realty Advisors, Inc. of Ponte Vedra Beach, Florida. The Schulte report expresses an opinion of net liquidation value of \$450,000. The Schulte appraisal report contains a number of inaccuracies. However, its most serious deficiency is its failure to address the actual physical conditions of the property, including its complete failure to consider the effect of wetland conditions existing both on the property and areas immediately adjacent to it.

The Berkshire Regional Planning Commission asserted in its August 31, 2001, filing which the Board quoted in the September 7, 2001, decision, that "the right-of-way crosses and runs adjacent to several areas of wetland resources." In fact, a very large portion of the right-of-way is affected by neighboring wetlands. Because of set back requirements and other environmental regulations, much of the right-of-way property can not legally be used for any useful purpose upon abandonment of rail operations. The failure of the Schulte report to consider the effects of inland wetland regulation results in a gross over-estimation of utility and therefore of value.

In addition, the Schulte report fails to consider other limitations on utility caused by both economic conditions and

physical characteristics particular to the property and its location. In the event that Housatonic calls upon the Board to establish terms for the sale, Housatonic will then review in detail the specific ways that the Schulte report fails to assess value accurately.

C. HOUSATONIC'S CONTRACT RIGHTS TO PURCHASE THE LINE.

The price at which Housatonic may acquire the Line is affected by certain contract rights. Specifically, Housatonic has the contract right to purchase the Northern section (MP 2.0 to MP 2.5) at \$5,000 and to purchase the remaining portion at 75% of net liquidation value. The specific source and nature of Housatonic's rights are set forth below. However, the purchase price established by the contract formulation is \$10,298 (75% of \$ 7,064 + \$5,000).

In 1982, Conrail and Boston and Maine Corporation ("B&M") entered into an agreement relating to the line which is the subject of this abandonment proceeding (then known as the North Adams Secondary Track). Under the terms of that agreement, B&M acquired trackage rights over certain Conrail lines from the junction of B&M's "Canaan Branch" in Pittsfield to and through North Adams Junction Yard and over the Line.

In addition to the trackage rights, B&M acquired the contract right to purchase any portion of the North Adams Secondary Track between MP 0.0 and MP 2.5 if Conrail filed for

abandonment on all or any such portion of that track. The Line subject to this proceeding consists of MP 0.59 to MP 2.5 of the North Adams Secondary Track. The terms of the agreement permit B&M to purchase that portion of the track between MP 0.0 and MP 2.0 at a price not to exceed 75% of net liquidation value and to purchase the remaining portion of the Line between MP 2.0 and MP 2.5 at a price not to exceed \$5,000.

Housatonic Railroad purchased the Canaan Branch from B&M in 1990 and, in connection with the transaction received an assignment from B&M of its contract rights under the 1982 agreement between B&M and Conrail. CSXT is the successor to Conrail and Housatonic is the successor to B&M under the agreement and the agreement is binding upon successors by its own terms. But even if it were not, the Transaction Agreement entered into between Conrail, CSXT, and Norfolk Southern Corporation as part of the Conrail acquisition transaction makes agreements entered into by Conrail binding on its successors.

Copies of the 1982 agreement, the document of assignment, and a notification to Conrail regarding the transfer of the Canaan Branch and the assignment are attached as Exhibits C, D and E respectively.

The existence of Housatonic's contract rights were called to the attention of CSXT shortly after CSXT initiated this proceeding and were discussed in Housatonic's original OFA dated September

17, 2001. A copy of a letter dated August 31, 2001, addressed to CSXT counsel and invoking the provisions of the 1982 agreement is attached as Exhibit F. CSXT has not responded to the August 31, letter nor indicated in any other way that CSXT takes a position that the contract rights may not be asserted in this proceeding.

D. REASONABLENESS OF THE OFFER

As set forth above, the net liquidation value of the portion of the line being abandoned is \$26,814. The price established by the 1982 contract is \$10,298. Housatonic's offer to purchase is \$27,750. Because Housatonic's offer is more than two times the price established by the 1982 agreement and is greater than the net liquidation value, it is reasonable.

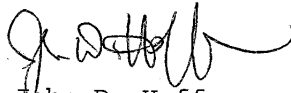
If Housatonic acquires the Line, any business generated by Housatonic on the Line is likely to benefit CSXT as the long haul carrier. These continuing benefits to CSXT are in addition to the purchase price which Housatonic will pay, and when considered together with the purchase price, are a further indication of reasonableness. While Housatonic has brought this benefit to the attention of CSXT representatives, CSXT has not responded to it. In Housatonic's letter to CSXT dated August 27, 2001, in which Housatonic made a bona fide request for information in conformance with 49 CFR 1152.27(a), Housatonic specifically requested that CSXT provide it with "the minimum purchase price for the Line". CSXT still has not provided that information.

Taking into account the commercial benefits to CSXT of the Housatonic purchase, coupled with the proposed purchase price which exceeds net liquidation value, and CSXT's failure to specify a minimum price, Housatonic's offer is reasonable.

VII.
CONCLUSION

Housatonic Railroad Company, Inc., respectfully requests that the Board issue a decision finding Housatonic financially responsible, its offer bona fide and reasonable, approving its acquisition of the Line, and such other relief as the Board deems appropriate.

Respectfully Submitted,



John D. Heffner
555 12th Street, NW
Suite 950N
Washington, D.C. 20004
(202) 737-4335

Counsel for
Housatonic Railroad Co., Inc.

Edward J. Rodriguez
General Counsel
Housatonic Railroad Co., Inc.
P.O. Box 687
Old Lyme, Conn. 06371
(860) 434-4303
Of Counsel

Dated: February 19, 2002

PUBLIC VERSION

EXHIBIT A

REVISED OFFER OF FINANCIAL ASSISTANCE
OF
THE HOUSATONIC RAILROAD, INC.

The public version of Housatonic Railroad's revised offer of financial assistance omits its financial statement for the year ending December 31, 2001. The financial statement is submitted under seal with the Confidential Version.

Exhibit B

Norman Benedict Associates, Inc.

Norman R. Benedict, MAI-CRE
Jarvis W. Nichols, GAA
N.R. Benedict Jr., CRE-GAA

2795 Whitney Avenue
Hamden, CT 06518
(203) 248-5511 Tel
(203) 248-7771 Fax

January 31, 2002

Mr. Edward J. Rodriguez, Esquire
Executive Vice President and General Counsel
The Housatonic Railroad Company, Inc.
8 Davis Road West
P.O. Box 687
Old Lyme, Connecticut 06371

Re: Property of:

CSX Corporation

Located at:

- A: Lanesborough/Pittsfield Town Line South 0.5 Miles (North Map)
 - B: Central R-20/R-12 Zoned Area South to Merrill Road (Central/South Maps)
- Pittsfield, Massachusetts

Known as:

Sectored portion of the North Adams Branch Line
From Sta; 0+02 to Sta; 52+80

Dear Attorney Rodriguez:

We are delivering to you this report of (116) pages in which the above property is described and valued. This is in accordance with your request of January 7, 2002. We have completed all necessary inspections, data investigation and value analyses. This report communicates our methods of approach, and sets forth the most significant data which was gathered and analyzed during the development of this complete appraisal. This report has been prepared in a summary format in accordance with your directions and in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Institute (AI).

The PURPOSE of this appraisal is to estimate the Market Values of the portion of the rail line defined, sectored into two sections. These values are estimated within the context of the prospective assumption of the discontinuation of the rail line and the sale of it most probably to abutters. These opinions are prepared in a prospective "Fee Simple" context as of the date of valuation of December 3, 2001, incorporating no extraordinary and limited hypothetical assumptions. It is our understanding that the INTENDED USE of this appraisal report is to provide an estimate of value. It is our understanding that the INTENDED USER of the appraisal report is yourself or representatives of The Housatonic Railroad Company, Inc. The value presented is subject to the underlying assumptions and limiting conditions presented in the attached appraisal report or its Addenda.

The NEIGHBORHOOD of the appraised land is located centrally in westerly most Massachusetts, centrally in Berkshire County. It is specifically in the northeast Berkshire Crossing/Coltsville sections of the regional core City of Pittsfield. The neighborhood of the north section studied (A) is light industrially oriented in its northern most section and becomes residential in nature as it extends southward. The neighborhood of the central/southern section studied (B) begins in the same sparse residential community that the first section ends, and extends southerly into a mixed industrial, warehouse and retail oriented area. Economically and developmentally, the area has demonstrated slow/stagnant growth trends. Physically, overall neighboring quality levels range from average to predominantly fair/poor.

The TOTAL LAND AREA appraised consists of a 1.91 mile section of the North Adams Branch rail line extending south from the Lanesborough/Pittsfield town line. Our analysis pertaining to this 1.91 mile rail line has been divided into two studies (sections). The northern section (A) pertains to the northern 0.5 mile section specifically outlined in the *North Map* provided to us. This section has been further divided into two sections involving the industrial and residential components to achieve a more accurate valuation analysis. The central/southern section (B) pertains to the portion from whence the north section ended, within the residentially zoned area, south to Merrill Road. This analysis has been divided into four studies reflecting different zones to achieve a more accurate valuation analysis.

The NORTHERN SECTION (A: NORTH MAP) extends south from the Lanesborough/Pittsfield town line, 0.5 miles. The entire length of this section is typical, narrow and level. It is divided into two parts. The northerly most part (A:1) of this section, extending approximately 1,150 ft., is an industrially zoned (I-L) typical narrow rail line. It extends through a dry sparsely developed light industrial area into a wetland undeveloped area. The southern part (A:2), beginning at the transition from the industrial/residential zone, extends south at a distance of 1,490± linear feet. It is a typical R-20/R-12 zoned, level, narrow, rail line. It is surrounded by swampland, marshland and protected wetlands which demonstrate no development. The quality of the land appraised ranges from fair/average in the northerly most section to poor in the southerly most portion.

The CENTRAL/SOUTHERN SECTION (B: CENTRAL/SOUTH MAPS) extends from the termination point of the northern section south to Merrill Road. The entire length of this rail line is a typical, narrow and level area. It is divided into four parts. The northern part (B:3) begins in the R-20/R-12 zoned area where the northern section ends through the change in zone to C-W-S at a distance of 4,280± linear feet. The surrounding neighborhood is swampland, marshland and designated wetlands demonstrating no development. The north central part (B:4) extends from the C-W-S zone, south to Crane Avenue, 820 linear feet. The surrounding area is entirely marshland and is predominantly undeveloped. The south central part (B:5) extends from Crane Avenue south to Dalton Avenue, at a distance of 840 linear feet. The surrounding area is a dry swampland area demonstrating minimal commercial, light industrial and warehouse development. The south part (B:6) extends from Dalton Avenue to Merrill Road, 1,481 linear feet. It is predominantly dry to the east and wet to the west, with moderate commercial, industrial and retail development. Quality levels range from predominantly poor in the northerly most portion, to fair in the southern section.

A: Northern Section (North Map)

It is our opinion, as of December 3, 2001, that the Prospective Market Value of this section of the land appraised is:

TWENTY FIVE THOUSAND DOLLARS \$25,000.00

B: Central/Southern Section (Central/South Maps)

It is our opinion, as of December 3, 2001, that the Prospective Market Value of this section of the land appraised is:

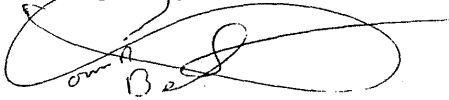
THIRTY SIX THOUSAND DOLLARS \$ 36,000.00

Total Value of Sections A & B

It is our opinion, as of December 3, 2001, that the Prospective Market Value of appraised land is:

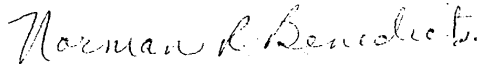
SIXTY ONE THOUSAND DOLLARS \$61,000.00

Respectfully submitted,



N.R. BENEDICT, JR., CRE-GAA
ASSOCIATE

MA General Appraisers License # 5580



NORMAN R. BENEDICT
MAI-CRE-AACI-GAA

MA General Appraisers License # 4616

CERTIFICATION OF VALUE

I, the undersigned, do hereby certify that I have adequately and personally inspected the appraised property.

A: Lanesborough/Pittsfield Town Line South 0.5 Miles (North Map)
B: Central R-20/R-12 Zones Area South to Merrill Rd. (Central/South Maps)
Pittsfield, Massachusetts

To the best of my knowledge and belief, the statements of fact contained in this report and upon which the opinions herein are based are true and correct, subject to the assumptions and limiting conditions explained in the report.

Employment in and compensation for making this appraisal are in no way contingent upon the value reported, and I certify that I have no interest, either present or contemplated, in the appraised property. I have no personal interest or bias with respect to the subject matter of the appraisal report or the parties involved. Our compensation is not contingent upon the request of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

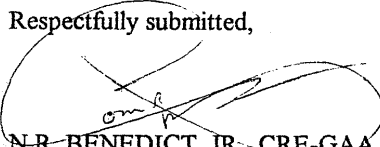
This appraisal report identifies all of the limiting conditions affecting the analyses, opinions, and conclusions contained in this report. Sales information of the subject property is reported as it has occurred within the past three years (residential is one year). The analyses, opinions, and conclusions contained in this report have been developed in accordance with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. No one other than the undersigned prepared the analyses, opinions, or conclusions concerning real estate that are set forth in this appraisal report.

"This appraisal is consistent with Appraisal Institute requirements. It is in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and Title XI (and Amendments) of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA)."

A: Northern Section (North Map)	\$25,000.00
B: Central/Southern Section (Central/South Maps)	<u>\$36,000.00</u>
A & B: Total Property Market Value of the Appraised Land	\$61,000.00

Respectfully submitted,


N.R. BENEDICT, JR., CRE-GAA
ASSOCIATE
MA License # 5580

CERTIFICATION OF VALUE

I, the undersigned, do hereby certify that I have not personally inspected the appraised property.

A: Lanesborough/Pittsfield Town Line South 0.5 Miles (North Map)
 B: Central R-20/R-12 Zones Area South to Merrill Rd. (Central/South Maps)
 Pittsfield, Massachusetts

To the best of my knowledge and belief, the statements of fact contained in this report and upon which the opinions herein are based are true and correct, subject to the assumptions and limiting conditions explained in the report.

Employment in and compensation for making this appraisal are in no way contingent upon the value reported, and I certify that I have no interest, either present or contemplated, in the appraised property. I have no personal interest or bias with respect to the subject matter of the appraisal report or the parties involved. Our compensation is not contingent upon the request of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

This appraisal report identifies all of the limiting conditions affecting the analyses, opinions, and conclusions contained in this report. Sales information of the subject property is reported as it has occurred within the past three years (residential is one year). The analyses, opinions, and conclusions contained in this report have been developed in accordance with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. N.R. Benedict, Jr. prepared the analyses, opinions, or conclusions concerning real estate that are set forth in this appraisal report. I reviewed the conclusions.

"This appraisal is consistent with Appraisal Institute requirements. It is in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and Title XI (and Amendments) of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA)."

A: Northern Section (North Map)	\$25,000.00
B: Central/Southern Section (Central/South Maps)	<u>\$36,000.00</u>
A & B: Total Property Market Value of the Appraised Land	\$61,000.00

Respectfully submitted,

Norman R. Benedict, Jr.

NORMAN R. BENEDICT
 MAI-CRE-SREA-AACI
 MA License # 4616

norman benedict associates, inc.

(203) 248-551

00932

EXHIBIT

C

AGREEMENT

Dated as of March 31, 1982

between

CONSOLIDATED RAIL CORPORATION (Owner)

and

ROBERT W. MESERVE AND BENJAMIN H. LACY

TRUSTEES OF THE PROPERTY OF

BOSTON AND MAINE CORPORATION, DEBTOR (User).

Relating to Trackage Rights Over
Consolidated Rail Corporation at
North Adams Junction and Springfield, Massachusetts

11

AGREEMENT

THIS AGREEMENT, entered into as of this 31st day of March 1982, by and between Consolidated Rail Corporation (hereinafter referred to as "Owner") and Robert W. Meserve and Benjamin H. Lacy, Trustees of the Property of Boston and Maine Corporation, Debtor (hereinafter referred to as "User").

WHEREAS, the Federal Railroad Administration in Notice No. 5 (Docket Nos. RFA 305-81-1 and RFA 305-81-2) dated December 11, 1981, approved the transfer of certain property and trackage rights of Owner to User situated in the Commonwealth of Massachusetts; and

WHEREAS, in accordance with said Notice No. 5, dated December 11, 1981, Owner agrees to grant to User said trackage rights as more specifically set forth herein.

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

SECTION 1. GRANT OF TRACKAGE RIGHTS.

Subject to the terms and conditions herein provided, Owner hereby grants to User the right to operate its locomotives, cars, trains and work equipment with its own crews (hereinafter referred to as the "Trackage Rights") over the following segments of Owner's railroad shown in red on the plans attached hereto, made a part hereof and marked Exhibits I and II (hereinafter referred to as the "Joint Trackage")

Beginning on Owner's North Adams Secondary track near North Adams Junction, Massachusetts, at M.P. 2.5 to M.P. 0.0 and thence over connecting tracks of Owner's Boston and Albany Main Line at M.P. 148.16 to connection with Owner's Canaan Secondary near Pittsfield, Massachusetts, at M.P. 150.75, a distance of approximately 5.09 miles as shown on Exhibit I, and

Beginning at User's connection with Owner at M.P. 98.54 over Owner's Main Line to the connection with the East Longmeadow Secondary track at M.P. 98.02, Springfield, Massachusetts, a distance of approximately .52 mile as shown on Exhibit II.

SECTION 2. GENERAL CONDITIONS - FORM A.

Except as otherwise may be provided below, this Agreement is subject to and shall be governed by the "General Conditions - Form A", of even date herewith attached hereto, made a part hereof and incorporated herein by reference with the same force and effect as if set forth at length herein.

SECTION 3. COMPENSATION.

(a) User agrees to pay Owner for the trackage rights covered by this Agreement Three Thousand Dollars (\$3,000) per annum (hereinafter referred to as the "Base Charge").

b) User agrees that said Base Charge will be applicable to the first 4,000 loaded cars moved by User over the Joint Trackage during each calendar year of the term of this Agreement and for each loaded car moved by User in excess of said 4,000 loaded cars, User will pay Owner an additional charge of 99¢ per loaded car.

(c) Said additional charge will be computed by multiplying, (i) the rate stated in sub-paragraph (b) as may be revised in accordance with Article 2 of the General Conditions - Form A by, (ii) the number of loaded cars moved by User with its own crews and power over the Joint Trackage.

(d) When during any calendar year the number of loaded cars moved by User over the Joint Trackage exceeds the sum of 4,000, User will provide Owner at the end of such calendar year a statement of loaded cars moved by User over the Joint Trackage in excess of 4,000 as computed from station billing records of User.

SECTION 4. CONSTRUCTION AND MAINTENANCE OF CONNECTIONS.

(a) Existing connections or facilities which are jointly used by the parties hereto under existing agreements or practices 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 existing agreements or practices.

(b) Any additional connection to the Joint Trackage which may be required to exercise the trackage rights as mutually agreed shall be constructed, maintained, repaired and renewed by the parties on the following terms and conditions:

(i) User shall furnish all labor and material and shall construct, maintain, repair and renew at its sole cost and expense such portions of the tracks located on the right-of-way of User which connect the respective lines of the parties hereto; and

(ii) Owner shall furnish all labor and material and shall construct, maintain, repair and renew at the sole cost and expense of User such portions of the tracks located on the right-of-way of Owner which connect the respective lines of the parties hereto.

SECTION 5. NOTICE.

Any notice required or permitted to be given by one party to the other under this Agreement shall be addressed as follows:

(a) If to Owner:

c/o Vice President-Operations
Consolidated Rail Corporation
Six Penn Center Plaza
Philadelphia, Pa. 19103

(b) If to User:

c/o Vice President and General Manager-
Transportation
Boston and Maine Corporation
Iron Horse Park
North Billerica, Mass. 01862

(c) Either party may provide changes in the above addresses to the other party by personal service or certified mail.

SECTION 6. RESTRICTION ON USE.

The Trackage Rights herein granted are granted for the sole purpose of User using same for bridge traffic only between the termini of the Joint Trackage and User shall not perform any local freight service whatever at any point located on the Joint Trackage, except interchange and haulage cars.

SECTION 7. TERM.

(a) This Agreement shall continue in full force and effect for a period of thirty (30) years from the Commencement Date, as hereinafter defined; provided, however, that User shall have the right to terminate this

Agreement upon giving ninety (90) days' advance written notice to Owner.

(b) User shall have the right to renew this Agreement for one (1) additional thirty (30) year term, subject to User's above-stated right to terminate, by giving written notice thereof to Owner not more than twelve (12) months and not less than six (6) months prior to expiration of the initial term of this Agreement. Upon the giving of such notice by User, the parties shall, in good faith, renegotiate the terms and conditions of this Agreement, and shall adjust such terms and conditions as may be reasonable and equitable in light of any changed circumstances during the initial term of this Agreement. In the event the parties fail to reach agreement upon such renegotiation, then such failure shall not constitute a breach of this Agreement and the terms and conditions of this Agreement shall remain in full force and effect for the remainder of the initial term and for the renewed term of this Agreement.

SECTION 8. DISCONTINUANCE OR ABANDONMENT BY OWNER

(a) Notwithstanding the provisions of SECTION 7 of this Agreement or any other provisions of this Agreement to the contrary, Owner may seek regulatory authority to discontinue its own operations over the Joint Trackage or to abandon the Joint Trackage during the term of this Agreement. In the event Owner decides to seek regulatory authority to abandon the Joint

Trackage, Owner shall provide notice to User of its intent to do so, and the following terms and conditions shall apply, notwithstanding the provisions of Article 13 of the General Conditions - Form A:

(b) As to the Joint Trackage on Owner's North Adams Secondary Track from Owner's M.P. 2.5 to M.P. 0.0, User shall have the right of first refusal to purchase that portion of the line between M.P. 0.0 to M.P. 2.0 at a price to be negotiated by the parties said price not to exceed 75% of the Net Liquidation Value as determined by Owner. User shall have the right of first refusal to purchase the remaining portion of the line from M.P. 2.0 to M.P. 2.5 at a price to be negotiated between the parties hereto, but not to exceed \$5,000. As to the remainder of the Joint Trackage, paragraphs (c), (d,) and (e) shall prevail.

(c) Within thirty (30) days of User's receipt of Owner's notice of its intent to abandon the Joint Trackage, User shall notify Owner whether or not User desires to have a determination of the fair market value of the Joint Trackage for railroad operations. In the event User so notifies Owner, such fair market value of the Joint Trackage

shall be determined by qualified appraisers appointed one each by Owner and User within thirty (30) days after the date Owner receives the aforesaid notice from User. Within forty-five (45) days after their appointment, the appraisers shall meet and establish the fair market value of the Joint Trackage for railroad operations. In the event the appraisers cannot agree on such fair market value, within said forty-five (45) day period, then within ten (10) days thereafter, the two appraisers shall select a third, qualified appraiser, who, within twenty (20) days after the date of his selection, shall establish the fair market value of the Joint Trackage for railroad operations, within the limits of value set by the appraisers appointed by Owner and User.

(d) Within ninety (90) days after the date that the fair market value of the Joint Trackage for railroad operations is established by either the appraisers of Owner and User or the third, qualified appraiser, User shall notify Owner whether or not User will purchase the Joint Trackage for railroad operations at such established fair market value.

(e) In the event User notifies Owner that it will purchase the Joint Trackage for railroad operations as above provided, User and Owner shall cooperate fully to secure such regulatory authority as may be necessary for User's purchase of the Joint Trackage for railroad operations and Owner's

abandonment of the Joint Trackage. After such regulatory authority, if any, is secured, User shall promptly pay to Owner the consideration established in paragraphs (b), (c) and (d) for the Joint Trackage and Owner shall convey same to User.

(f) In the event that User decides to discontinue operations over the Joint Trackage without the aforesaid determination of market value, as stated in paragraphs (b), (c) and (d) or in the event User fails to notify Owner that User will purchase the Joint Trackage for railroad operations at the established value as above provided, Owner may proceed with its abandonment of the Joint Trackage, and Owner and User shall seek such regulatory authority as may be required for Owner's abandonment of the Joint Trackage and User's discontinuance of its operations thereover. After such regulatory authority is secured, Owner shall provide User no less than fifteen (15) days' notice of the date the Joint Trackage is to be abandoned, and this Agreement shall terminate and be of no further force and effect upon the date established by Owner for such abandonment of the Joint Trackage, except that the termination of this Agreement shall not relieve or release either party hereto from any obligations assumed or from any liability which may have arisen or been incurred.

(g) Until such time as Owner abandons the Joint Trackage and User discontinues its operations there-
over under the foregoing provisions, the terms and condi-
tions of this Agreement shall remain in full force and effect.

(h) The provisions of this Section shall also
apply in the event no regulatory authority is required to
discontinue operations or to abandon the Joint Trackage.

(i) Nothing contained in this Section shall
preclude Owner and User from negotiating a purchase price
for the sale or transfer of the Joint Trackage to User and
reaching agreement with respect to such sale or transfer.

(j) As used in this Section, Joint Trackage
means the entire Joint Trackage or any portion or portions
thereof.

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

WITNESS:

Robert A. Frantz

WITNESS:

John E. O'Keefe

CONSOLIDATED RAIL CORPORATION

BY:

C. E. Wogan
General Manager-Contracts

~~Robert W. Meserve and~~
~~Benjamin H. Lacy~~
~~TRUSTEES OF THE PROPERTY OF~~
BOSTON AND MAINE CORPORATION,
DEBTOR

BY:

Alan H. Lustin
As Trustee, Not Individually

EXHIBIT

D

ASSIGNMENT

For consideration paid by Housatonic Railroad Company, Inc., a corporation chartered concurrently by the State of Connecticut and the Commonwealth of Massachusetts, whose mailing address is P.P. Box 1146, Canaan, Connecticut 06018 ("Assignee"), the Boston and Maine Corporation, a Delaware corporation whose mailing address is Iron Horse Park, North Billerica, Massachusetts 01862 and Springfield Terminal Railway Company ("Assignor") hereby sells, conveys and assigns unto the Assignee, to the extent that the same may legally be assigned and without any warranties or covenants whatsoever, all its right, title and interest, if any, in the following:

1. All rates, routes, rate agreements, divisions, divisional agreements, shipper contracts, haulage agreements and privileges relating or pertaining to the rail line known as the Canaan Secondary Branch and extending from Pittsfield, Massachusetts to Canaan, Connecticut.
2. All rights to or arising out of a certain track lease agreement between Consolidated Rail Corporation as lessor and Robert W. Meserve and Benjamin H. Lacy as Trustees of the property of the Boston and Maine Corporation as lessee dated March 31, 1982 as amended by an amendment dated October 30, 1989.
3. All trackage rights and other rights in or pertaining to property of Consolidated Rail Corporation in or near Pittsfield, Massachusetts arising out of a certain "Agreement dated as of March 31, 1982 between Consolidated Rail Corporation (Owner) and Robert W. Meserve and Benjamin H. Lacy as Trustees of the property of the Boston and Maine Corporation, Debtor (User) Relating to Trackage Rights Over Consolidated Rail Corporation at North Adams Junction and Springfield, Massachusetts" but excluding from this assignment such rights arising from such agreement and pertaining to property of Consolidated Rail Corporation in or near Springfield, Massachusetts.
4. All rights to or arising out of a certain Haulage Agreement between Consolidated Rail Corporation and Robert W. Meserve and Benjamin H. Lacy as Trustees of the property of the Boston and Maine Corporation, Debtor dated March 31, 1982.
5. All rights to or arising out of a certain Interchange Agreement between Consolidated Rail Corporation and Robert W. Meserve and Benjamin H. Lacy as Trustees of the property of the Boston and Maine Corporation, Debtor dated March 31, 1982 and relating to the establishment of an interchange at Pittsfield, Massachusetts.

IN WITNESS WHEREOF, the Assignors have caused this Assignment to be executed on their behalf by a duly authorized agent, effective as of the 11th day of January, 1991.

BOSTON AND MAINE CORPORATION

BY

David A. Fink
Its DAVID A FINK, Pres.
Duly Authorized

SPRINGFIELD TERMINAL RAILWAY COMPANY

BY

David A. Fink
Its DAVID A. FINK, Pres.
Duly Authorized

Commonwealth of Massachusetts
Middlesex, ss.

Then personally appeared David A. Fink, the President of the Boston and Maine Corporation and Springfield Terminal Railway Company and acknowledged the foregoing instrument to be his free act and deed and the free act and deed of said Boston and Maine Corporation and Springfield Terminal Railway Company, before me

John Byrne Carroll,
Notary Public
My Commission Expires:
9-12-91

Exhibit
E



CANAAN UNION STATION
P.O. Box 1146
CANAAN, CONNECTICUT 06018
(203) 824-0339

Please reply to:
P.O. Box 537
Old Saybrook, Conn. 06475
(203) 388-9629

January 18, 1991

Mr. L.L. Ratcliffe
General Superintendent of Contracts
Consolidated Rail Corporation
Room L 1099
One Liberty Place
Philadelphia, Pennsylvania 19103

Re: Assignment of Contracts by Boston and Maine Corporation
to Housatonic Railroad Company, Inc.

Dear Mr. Ratcliffe:

The Housatonic Railroad Company, Inc. has just completed the acquisition of the railroad line known as the Canaan Secondary Branch from Boston and Maine Corporation. The Canaan Secondary Branch extends from Pittsfield, Massachusetts south to Canaan, Connecticut. In connection with the acquisition, Boston and Maine Corporation and Springfield Terminal Railway Company have assigned to Housatonic Railroad Company, Inc. all rights and contracts relating to the line including the following:

1. All rights to or arising out of a certain track lease agreement between Consolidated Rail Corporation as lessor and Robert W. Meserve and Benjamin H. Lacy as Trustees of the property of the Boston and Maine Corporation as lessee dated March 31, 1982 as amended by an amendment dated October 30, 1989. [Conrail Rent No. 29-24328]
2. All trackage rights and other rights in or pertaining to property of Consolidated Rail Corporation in or near Pittsfield, Massachusetts arising out of a certain "Agreement dated as of March 31, 1982 between Consolidated Rail Corporation (Owner) and Robert W. Meserve and Benjamin H. Lacy as Trustees of the property of the Boston and Maine Corporation, Debtor (User) Relating to Trackage Rights Over Consolidated Rail Corporation at North Adams Junction and Springfield, Massachusetts" but excluding from this assignment such rights arising from such agreement and pertaining to property of Consolidated Rail Corporation in or near Springfield, Massachusetts.

3. All rights to or arising out of a certain Haulage Agreement between Consolidated Rail Corporation and Robert W. Meserve and Benjamin H. Lacy as Trustees of the property of the Boston and Maine Corporation, Debtor dated March 31, 1982.

4. All rights to or arising out of a certain Interchange Agreement between Consolidated Rail Corporation and Robert W. Meserve and Benjamin H. Lacy as Trustees of the property of the Boston and Maine Corporation, Debtor dated March 31, 1982 and relating to the establishment of an interchange at Pittsfield, Massachusetts.

Housatonic Railroad Company, Inc. hereby accepts the assignment and adopts the contracts described above.

Boston and Maine Corporation and Springfield Terminal Railway Company have also assigned to Housatonic Railroad Company, Inc. the following:

All rates, routes, rate agreements, divisions, divisional agreements, shipper contracts, haulage agreements and privileges relating or pertaining to the rail line known as the Canaan Secondary Branch and extending from Pittsfield, Massachusetts to Canaan, Connecticut.

The Housatonic Railroad is adopting all of the above as they relate to Consolidated Rail Corporation, with the possible exception of certain shipper contracts which we have not yet reviewed. We expect to file an appropriate adoption notice after we have received and reviewed all documents relating to the above.

I have enclosed a copy of the instrument of assignment. I would appreciate it if you would take whatever steps are necessary to notify the appropriate departments within your company. If you desire any further information or wish to discuss this matter, please feel free to contact me at the address or telephone number in Old Saybrook, Conn. which appears above.

Thank you.

Very truly yours,



Edward J. Rodriguez
General Counsel

cc: Peter E. Lynch - HRRRC
Vice President- Operations
enc.

Exhibit
F



8 DAVIS ROAD WEST
P.O. BOX 687
OLD LYME, CONNECTICUT 06371
(860) 434-4303
FAX: (860) 434-4306

August 31, 2001

Natalie S. Rosenberg, Esq.
CSX Transportation, Inc.
500 Water Street, J150
Jacksonville, FL 32202

Re: STB Docket No. AB-565 (Sub-No. 3X), New York Central Lines, LLC-Abandonment
Exemption - in Berkshire County, MA

STB Docket No. AM-55 (Sub-No. 595X), CSX Transportation, Inc.
Discontinuance of Service Exemption - in Berkshire County, MA

Dear Attorney Rosenberg:

Enclosed is a copy of an Agreement dated March 31, 1982, between Consolidated Rail Corporation and the trustees of the Boston & Maine Corporation, and relating to various trackage, including the trackage in Pittsfield, Massachusetts which is the subject of the abandonment proceeding. This Agreement was assigned to Housatonic Railroad by Document of Assignment dated January 11, 1991, a copy of which is attached. The Assignment was given in connection with Housatonic's acquisition of the B & M Line between Pittsfield and Canaan and related to that part of the Agreement pertaining to the trackage in and around Pittsfield, including the section which is subject to the abandonment proceeding. Also enclosed is a letter dated January 18, 1991, notifying Mr. Ratcliffe of Consolidated Rail Corporation of the Assignment.

You will note that Section 8 of the Agreement deals specifically with abandonment by the owner of any portion of the Line. Specifically, Housatonic's rights, as successor to B & M, include (1) the right to prior notification of a proposed abandonment by CSX, as successor to Conrail; (2) the right to purchase that portion of the Line between MP 0.0 and MP 2.0 at a price to be negotiated, not to exceed 75% of net liquidation value; and (3) the right to purchase the section of track between MP 2.0 and MP 2.5 at a price to be negotiated, but not more than \$5,000.00.

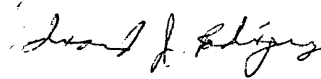
Page 2

As you know, Housatonic Railroad desires to acquire that portion of the Line subject to the abandonment notice. Housatonic Railroad has no objection to proceeding with the acquisition through an offer of financial assistance. However, in determining the proposed purchase price, the requirements of the Agreement should be observed.

I believe that we can conclude this matter in an expeditious and easy transaction. Please contact me at your earliest convenience to discuss this matter further.

Thank you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Edward J. Rodriguez".

Edward J. Rodriguez
General Counsel

EJR/swf

CERTIFICATE OF SERVICE

I, John D. Heffner, do hereby certify that I have this 19th day of February, 2002, served by Federal Express a copy of the foregoing Revised Offer of Financial Assistance by the Housatonic Railroad, Inc., on counsel for CSX Transportation, Inc.


John D. Heffner