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January 13, 2003

BY HAND

The Honorable Vernon A. Williams, Secretary
Surface Transportation Board
Office of the Secretary
1925 K Street, NW
Washington, DC 20423-0001

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Re: Docket No. AB-167 (Sub-No. 1094)A — Abandonment —
Portion of the Consolidated Rail Corporation's
West 30th Street Secondary Track in New York, N.Y.

Dear Secretary Williams:

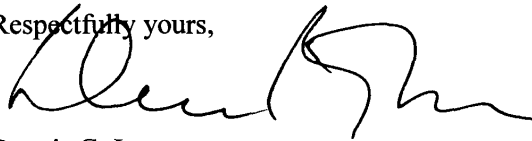
Enclosed are an original and ten (10) copies of the "Reply of CSX Corporation and CSX Transportation, Inc., to the December 17, 2002, Pleading Filed by the City of New York" for filing in the above-referenced docket.

Please note that a 3.5-inch diskette containing a WordPerfect 9 formatted copy of this filing is also enclosed.

Kindly date-stamp the additional copy of this letter and the "Reply" at the time of filing and return them to our messenger.

Thank you for your assistance in this matter. Please contact the undersigned at (202) 942-5858 if you have any questions.

Respectfully yours,



Dennis G. Lyons
Counsel for CSX Corporation and
CSX Transportation, Inc.

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Enclosures

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BEFORE THE
SURFACE TRANSPORTATION BOARD

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DOCKET NO. AB-167 (SUB-NO. 1094)A

CHELSEA PROPERTY OWNERS — ABANDONMENT —
PORTION OF THE CONSOLIDATED RAIL CORPORATION'S
WEST 30TH STREET SECONDARY TRACK IN NEW YORK, N.Y.

REPLY OF CSX CORPORATION AND CSX TRANSPORTATION, INC.,
TO THE DECEMBER 17, 2002, PLEADING FILED BY
THE CITY OF NEW YORK

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Of Counsel:

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CSX CORPORATION
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901 East Cary Street
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Dated: January 13, 2003

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

BEFORE THE
SURFACE TRANSPORTATION BOARD

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Docket No. AB-167 (Sub-No. 1094)A

CHELSEA PROPERTY OWNERS — ABANDONMENT —
PORTION OF THE CONSOLIDATED RAIL CORPORATION'S
WEST 30TH STREET SECONDARY TRACK IN NEW YORK, N.Y.

REPLY OF CSX CORPORATION AND CSX TRANSPORTATION, INC.,
TO THE DECEMBER 17, 2002, PLEADING FILED BY
THE CITY OF NEW YORK

The interest of CSX Corporation and its wholly owned subsidiary CSX Transportation, Inc. (collectively "CSX") in this proceeding has been identified in earlier filings in the Docket and will not be repeated here.

CSX has received and studied a filing made in this Docket by The City of New York (the "City") on December 17, 2002. In that filing the City notifies the Board that the City is seeking a Certificate of Interim Trail Use ("CITU") for the West 30th Street Line (the "Highline"), and replies to a Motion, filed on August 14, 2002, by the Chelsea Property Owners ("CPO") for an order finding that the form of Settlement Agreement attached to that Motion satisfied the "surety conditions" set forth in the Interstate Commerce Commission's decision of September 16, 1992, in the ancestor to this Docket.

CSX, through earlier filings in this Docket, has supported the Motion of CPO, and that remains CSX's position.

CSX has also been afforded an opportunity to review the reply filing being made this day in this Docket by Consolidated Rail Corporation ("Conrail"), and the Verified Statement of David Alan Richards and its attachments, including the document styled "Railbanking Requirements of CSX/Conrail for Highline." CSX's views are similar to those of Conrail's and it supports the relief sought by Conrail.

It would be stressing the obvious to say that this proceeding has taken an extraordinarily long time, but that must nonetheless be said. The proceeding commenced as an adverse abandonment case in the 1980's; a decision granting abandonment subject to certain conditions, notably the "surety conditions" which protect the railroad interests by capping their exposure in connection with any consequences of the abandonment, was not reached until September 1992. Initial attempts by CPO to provide appropriate surety arrangements that met the ICC's order were inadequate at first, and it was not until mid-2002 following intensive negotiations that arrangements could be agreed upon that would meet those conditions.

In CSX's view, this proceeding should be expedited to the maximum extent consistent with providing a fair hearing and due process to the various interests involved. To be sure, the grant of a CITU and the execution of appropriate agreements with the rail interests involved — who must, it is common ground, agree to any "rails-to-trails" disposition — would be an alternate to an immediate

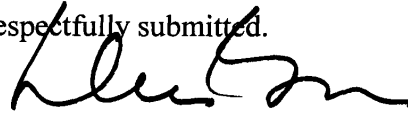
abandonment and demolition of the structures involved in the Highline abandonment. Nonetheless, the issues presented by the CPO Motion and the City's proposal should be examined simultaneously, not one proceeding the other. So, in the interests of expediting matters, and in disposing of any issues which might be raised with respect to them, the Board should, as Conrail has indicated, proceed to consider the CPO Motion (and, as CSX has urged, grant it) as well as to consider the issues raised with respect to the proposal of the City, so that the issues of law and policy with which the Board is charged that have been or may be raised with respect to the City's proposal can be authoritatively resolved. That proposal, of course, as noted above, cannot be implemented in any event without the concurrence of the railroad interests, and that concurrence, as Conrail has indicated and as CSX agrees, would not be given without a full protection of the interests of the railroad interests in respect of liabilities arising from the continued physical existence of the Highline, its use, and all related matters. Here again resolution of the underlying issues by the Board would avoid waste of effort by the parties and permit informed negotiations among them.

Accordingly, CSX joins with Conrail in respectfully praying that:

- (1) the Board grant CPO's motion for an order that the proposed Settlement Agreement attached to CPO's motion meets the surety condition of the ICC's September 16, 1992 order;
- (2) the Board advise the parties whether the City may lawfully seek a CITU in this case; and

(3) in the event that the Board determines that the City may lawfully seek a CITU, that the Board withhold issuance of a CITU until such time as the railroad parties notify the Board that they have received satisfactory assurances from the City and State of New York and that the City and State are prepared to meet the specific conditions for a CITU previously set by the railroad parties.

Respectfully submitted.



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Dated: January 13, 2003

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

CERTIFICATE OF SERVICE

The undersigned counsel for CSX Corporation and CSX Transportation, Inc. hereby certifies that on this 13th day of January, 2003, a copy of the foregoing "Reply of CSX Corporation and CSX Transportation, Inc., to the December 17, 2002, Pleading Filed by the City of New York" were served on all parties of record by first-class mail, postage prepaid, or more expedited method.



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