

Anthony J. LaRocca
202 429 8119
alarocca@steptoe.com

1330 Connecticut Avenue, NW
Washington, DC 20036-1795
202 429 3000 main
www.steptoe.com



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PUBLIC VERSION

VIA E-FILING

Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
Office of Proceedings
395 E Street, SW
Washington, DC 20423

Re: STB Docket No. FD 36472, CSX Corporation and CSX Transportation, Inc., et al.—Control and Merger—Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Pan Am Southern LLC, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company, and Vermont & Massachusetts Railroad Company

Dear Ms. Brown:

On May 26, 2021, the Board¹ issued Decision No. 3 in this proceeding (a) finding that the application filed in this proceeding on April 26, 2021 did not include certain necessary information, and (b) permitting Applicants to file a revised application to remedy the issues identified in Decision No. 3.

Enclosed for e-filing in the above-referenced proceeding is a public version of an Amended and Supplemented Application, with appropriate redactions that the Board can place in its docket. We are concurrently filing a highly confidential version of the Amended and Supplemented Application to be filed under seal.

This Amended and Supplemented Application, along with filings made concurrently today by NSR and B&E in their respective dockets and sub-dockets, contain the supplemental information that the Board identified in Decision No. 3 as necessary to complete the Application. In addition to the information contained in Applicants' previously submitted April 26, 2021 Amended Application (which is included in this Amended and Supplemented Application), this

¹ The acronyms and defined terms used in this letter are the same as those used in the Amended and Supplemented Application attached to this letter.

Cynthia T. Brown

July 1, 2021

Page 2

Amended and Supplemented Application contains the following new material, along with supporting workpapers:

- **Verified Statement of James M. Foote (Exhibit 22-A):** Mr. Foote, CSXT's President and Chief Executive Officer, submits a Verified Statement describing the substantial benefits to shippers and local communities to be realized by the proposed integration of the regional PAR System into the CSXT national rail network.
- **Verified Statement of David A. Fink (Exhibit 22-B):** Mr. Fink, President of Pan Am Systems, Inc., explains why Pan Am believes that the acquisition of Pan Am by CSXT will provide significant benefits for New England shippers and rail passengers as well as the national freight network overall.
- **Verified Statement of Sean Pelkey (Exhibit 22-C):** Mr. Pelkey, CSXT's Vice President and Acting Chief Financial Officer, supplements his previously submitted Verified Statement to provide an overview of the Proposed Transaction that accounts for the new evidence and testimony submitted in the Amended and Supplemented Application.
- **Verified Statement of Mark K. Wallace (Exhibit 22-D):** Mr. Wallace, CSXT's Executive Vice President, submits a marketing plan that discusses, among other things, CSXT's expectations for marketing the primary commodities handled by the PAR System, the expected impact of the Proposed Transaction on traffic flows, intermodal competition and modal share, and CSXT's plans for attracting new business in the future that is currently handled by trucks. Mr. Wallace also discusses the impact of the transaction on access to regional ports, including the Port of Saint John.
- **Verified Statement of Dr. David Reishus (Exhibit 22-E):** Dr. Reishus's Amended and Supplemented Verified Statement substantially expands upon his previously submitted Verified Statement to explain in more detail his conclusions that the Proposed Transaction will have no adverse impact on competition and instead will provide substantial public benefits. Dr. Reishus also addresses the following issues identified by the Board in Decision No. 3 regarding the analysis of the relevant markets and competitive effects of the Proposed Transaction:
 - greater specificity regarding New England transportation markets, including estimated market share by mode and carrier;
 - the size of New England rail markets;
 - evidence regarding city pairs, interregional movements, movements through a point, and other related factors;
 - traffic flows in the market;
 - evidence regarding the amount of traffic moved by the PAR System and PAS broken out by commodity, including lists of commodities carried by Applicants based on volume, comparing lists to identify commodities where there is overlap between CSXT and PAR System/PAS;

Cynthia T. Brown

July 1, 2021

Page 3

- description of how commodity-level traffic from each carrier relates to the broader transportation market for these commodities in the New England region;
 - expanded analysis of PAR System/PAS interchange traffic, including underlying data;
 - further detail regarding impacts of the transaction on inter- and intramodal competition;
 - additional detail on the impacts of the transaction on the rail transportation market in New England, particularly for customers on the PAR System and PAS;
 - changes in concentration likely to result from the transaction;
 - Additional information on NSR intermodal diversion from PAS “northern route” to CSXT “southern route” and diversion of certain CSXT traffic from southern route to northern route;
 - more detailed information on how the transactions would affect the major commodity groups on the PAR System and PAS;
 - additional explanation on what the state of inter- and intramodal competition would be following the transactions, including carriers that would compete with the consolidated company’s expanded offering;
 - description of methodology used to identify 2-to-1 shippers and stations, and list all of the freight stations (by Standard Point Location Code) that are served by both CSXT and PAR Systems or PAS, or by PAS and NECR, and identify the commodities and volumes shipped;
 - expanded analysis of Knowledge Corridor competition between B&E (operating on behalf of PAS) and NECR between East Northfield, MA and White River Junction, VT; and
 - expanded discussion of potential service overlap between CSXT and PAS at Springfield and from Springfield to New Haven.
-
- **Verified Statement of Dr. William F. Huneke (Exhibit 22-F):** Dr. Huneke has also supplemented his Verified Statement to expand upon and provide further support for his discussion of the ways in which the Proposed Transaction will enhance competition in the New England region, including an expanded discussion of the benefits and effects of lifting the Springfield Terminal/PAR System trackage rights volume cap over the PAS Island Line, the competitive benefits of expected investment in Ayer Yard, the enhancement of competition that will result from the diversion of NSR intermodal trains from the “northern route” to the “southern route,” and PAS’s viability as an independent rail carrier and the benefits of B&E’s operation of PAS.
 - **Operating Plan, Verified by Jamie Boychuck (Exhibit 13):** Mr. Boychuk, CSXT’s Executive Vice President of Operations, has sponsored and verified the supplemented Operating Plan. Mr. Boychuk prepared the supplemented Operating Plan based on his review of the conclusions and growth forecasts set forth in the Market Analysis and related impact analyses listed above. As Mr. Boychuk explains, the Proposed

Cynthia T. Brown

July 1, 2021

Page 4

Transaction will allow CSXT to bring its successful customer-centered operating model to New England to improve efficiency and reliability of rail service. Mr. Boychuck further explains that CSXT does not expect to make substantial changes to existing traffic flows or train movements in the near term and that CSX further expects that the CSXT, PAR System, and PAS Network will accommodate the minimal forecasted traffic growth in existing train service. Additionally, the supplemented Operating Plan addresses the following issues identified by the Board in Decision No. 3:

- the amount of traffic that would benefit from single-line CSXT service and the benefits that will result from such single-line service;
 - information regarding service to Granite Shore Power's Merrimack Generation Station and other as-needed service;
 - additional detail on the benefits of B&E taking over Springfield Terminal's role as contract operator of PAS;
 - potential changes at PAS's East Deerfield yard;
 - further explanation and data concerning the impact of the NSR Settlement Agreement on Ayer Yard traffic;
 - the benefits of CSXT's capital investment in the PAR System;
 - the benefits of transitioning the Springfield Terminal locomotive fleet to the CSXT locomotive fleet.
- **Verified Statement of Andy Daly (Exhibit 13-C):** Mr. Daly, CSXT's Senior Director of Passenger Operations, has prepared a Verified Statement that serves as an addendum to the Operating Plan, focusing on impacts to passenger rail resulting from the Proposed Transaction and Related Transactions. Mr. Daly prepared his Verified Statement based on his review of the conclusions and growth forecasts set forth in the Operating Plan, the Market Analysis, and the related impact analyses listed above. Mr. Daly concludes that passenger service on the lines at issue in this proceeding will benefit from the more consistent and reliable networks that will result from the Proposed Transaction and the Related Transaction, and that the transactions will cause no negative impacts on passenger rail services. Mr. Daly also presents evidence regarding expected impacts on specific passenger rail services.
- **Market Analyses (Exhibit 12):** The supplemented Market Analysis summarizes the impact analyses contained in the supporting verified statements identified above, describing the impacts of the proposed transaction on inter-and intramodal competition with respect to freight surface transportation in the regions affected and on the provision of essential services by applicants and other carriers.
- **Density Charts (Exhibit 14):** The density charts have been supplemented to list segment miles and to reflect the conclusions and growth forecasts through 2024 set forth in the Operating Plan, the Market Analysis, and the related impact analyses listed above.

Cynthia T. Brown

July 1, 2021

Page 5

- **Environmental Matters (Exhibit 4):** The Environmental Matters exhibit has been supplemented based on the conclusions and growth forecasts through 2024 set forth in the Operating Plan, the Market Analysis, and the related impact analyses listed above. The exhibit also includes further explanation and data, including the total amount of yard activity in the Ayer Switching District, regarding a possible change in yard traffic at Ayer Yard resulting from the NSR Settlement Agreement and the Ayer Operations Protocols agreed to by CSXT and NSR.
- **Corporate Matters (Application, Exhibit 11, and Exhibit 11-A):** The Corporate Charts in Exhibit 11 have been supplemented to fully indicate all relationships between applicant carriers and all affiliates and subsidiaries and also companies controlling applicant carriers directly, indirectly or through another entity. Moreover, the charts include a statement indicating whether each company is a noncarrier or a carrier, and identify every officer and/or director of that company who is also an officer and/or director of any other company that is part of a different corporate family that includes a rail carrier. The relevant portions of the Application have been supplemented, including through a new Exhibit 11-A, to fully submit the corporate information specified in paragraphs (b)(3), (b)(6), (b)(7), and (b)(8) of 49 C.F.R. § 1180.6.

In addition to the supplemental information described above, NSR is concurrently filing a letter in Docket No. AB 1312X, clarifying the purpose of the SMS discontinuance notice of exemption and future SMS operations for interchange purposes over the relevant line. Also, B&E is concurrently making a filing in Docket No. FD 36472 (Sub-No. 5) that includes a Verified Statement from Leonard Wagner, Senior Vice President of the Northern Region railroads of GWI. Mr. Wagner addresses the rail carrier status of P&S, clarifying B&E's relationship with P&S and BPRR and indicating that P&S (doing business as B&E) will provide rail service on a contract basis as PAS's operating carrier. The Verified Statement also further describes the benefits of B&E taking over for Springfield Terminal as contract operator of PAS, and addresses potential changes at PAS's East Deerfield yard.

Finally, Applicants include a proposed schedule in the Amended and Supplemented Application in which Applicants respectfully request a schedule that will address Applicants' need for expeditious handling of the proceeding. Applicants also have attached in a separate Volume II to the Amended and Supplemented Application copies of the most recent versions of all agreements (including amendments and supplements) that are referenced in the Proposed Transaction agreements, including those PAS governing agreements referred to in the NSR Settlement Agreement.

A filing fee of \$9,200 was paid using pay.gov on February 25, 2021. The balance of \$376,800 was sent to the Board via wire transfer on April 22, 2021, reflecting a total payment of \$386,000.

Please contact me with any questions.

Cynthia T. Brown

July 1, 2021

Page 6

Respectfully submitted,

/s/ Anthony J. LaRocca

Anthony J. LaRocca

Peter W. Denton

Sally Mordi

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

Enclosures

cc: Louis E. Gitomer
All parties of record

CSXT/PAR-11

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

VOLUME I

AMENDED AND SUPPLEMENTED APPLICATION

Robert B. Culliford
Pan Am Systems, Inc.
1700 Iron Horse Park
North Billerica, MA 01862
(978) 502-8194

*Attorney for Pan Am Systems, Inc.,
Pan Am Railways, Inc., Boston and
Maine Corporation, Maine Central
Railroad Company, Northern
Railroad, Portland Terminal
Company, Springfield Terminal
Railway Company, Stony Brook
Railroad Company and Vermont &
Massachusetts Railroad Company*

Anthony J. LaRocca
Peter W. Denton
Sally Mordi
Steptoe & Johnson LLP
1330 Connecticut Avenue, NW
Washington, DC 20036
(202) 429-3000

Louis E. Gitomer
Law Offices of Louis E. Gitomer, LLC
600 Baltimore Avenue, Suite 301
Towson, MD 21204
(410) 296-2250

John P. Patelli
Steven C. Armbrust
Jason M. Marques
CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202
(904) 359-1229

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

Dated: July 1, 2021

TABLE OF CONTENTS

EXECUTIVE SUMMARY	2
PROCEDURAL HISTORY.....	4
INTRODUCTION AND SUMMARY OF APPLICATION.....	6
I. THE PROPOSED TRANSACTION WILL NOT HAVE ANTICOMPETITIVE EFFECTS AND WILL PROVIDE SUBSTANTIAL PUBLIC BENEFITS	14
II. PROPOSED SCHEDULE	18
III. INFORMATION PROVIDED IN RESPONSE TO BOARD REGULATIONS	20
<i>Section 1180.6 Supporting Information</i>	20
(a)(1) A description of the proposed transaction	20
(i) A summary of the proposed transaction and contact information for applicants and their counsel	20
(ii) The proposed time schedule for consummation of the proposed transaction	22
(iii) The purpose sought to be accomplished by the proposed transaction	22
(iv) The nature and amount of any new securities or other financial arrangements	22
(a)(2) A discussion of the public interest justifications in support of the application	23
(i) The effect of the transaction on inter- and intramodal competition	23
(ii) The financial consideration involved in the proposed transaction and any economies to be effected	23
(iii) The effect of the increase of total fixed charges resulting from the proposed transaction	24
(iv) The effect of the proposed transaction upon the adequacy of transportation service to the public	24
(v) The effect of the proposed transaction upon applicant carriers' employees.	25
(vi) The effect of inclusion in the proposed transaction of other railroads in the territory	27
(a)(3) Any other supporting or descriptive statements applicants deem material	28
(a)(4) An opinion of applicants' counsel.	32

(a)(5) A list of the State(s) in which any part of the property of applicants is situated	32
(a)(6) Map (exhibit 1)	33
(a)(7) Explanation of the transaction.	33
(i) Description of the nature of the transaction, significant terms and conditions, and the consideration to be paid	33
(ii) Agreement (exhibit 2)	33
(iii) Information on proposed consolidation or merger	33
(iv) Court order (exhibit 3)	34
(v) Statement regarding the property involved in the proposed transaction.....	34
(vi) Description of principal routes and termini of the lines, principal points of interchange, and amount of mileage	34
(vii) Statement regarding governmental financial assistance	41
(a)(8) Environmental data (exhibit 4)	42
(b)(3) Change in control (exhibit 8).....	42
(b)(5) Issues (exhibit 10).....	42
(b)(6) Corporate chart (exhibit 11)	42
(b)(7) Information on non-carrier applicants	42
(b)(8) Discussion of intercorporate or financial relationships	44
<i>Section 1180.7 Market analyses</i>	<i>44</i>
(a) Market analysis (exhibit 12).....	44
<i>Section 1180.8 Operational Data</i>	<i>45</i>
<u>(a)</u> (1) Safety Integration Plan.....	45
(b) Operating plan (exhibit 13)	45
(1) The patterns of service on the properties	45
(2) Impacts anticipated on commuter or other passenger services	45
(3) Anticipated equipment requirements of the proposed system	46

(4) Description of the effect of deferred maintenance or delayed capital improvements	46
(5) Density charts (exhibit 14)	46

INDEX TO APPENDICES AND EXHIBITS

VOLUME I

APPENDICES

- Appendix 1 Impacts of the proposed transaction upon carrier employees.
- Appendix 2A Opinion of Counsel for CSX Corporation and CSX Transportation, Inc.
- Appendix 2B Opinion of Counsel for Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company and Vermont & Massachusetts Railroad Company.

EXHIBITS

- Exhibit 1 Maps.
- Exhibit 2 Agreement between Applicants.
- Exhibit 3 Court Order. Not applicable.
- Exhibit 4 Environmental Matters.
- Exhibit 4-A Letter from CSXC and CSXT to the Office of Environmental Analysis.
- Exhibit 8 Change in Control.
- Exhibit 10 Other Issues.
- Exhibit 11 Corporate Charts.
- Exhibit 11-A Intercompany or Financial Relationships.
- Exhibit 12 Market Analysis.
- Exhibit 13 Operating Plan, Verified by Mr. Jamie Boychuk, CSXT's Executive Vice President of Operations.
- Exhibit 13-A Letter from Mr. James M. Foote, CSXC's President & Chief Executive Officer, to Chairman Oberman.
- Exhibit 13-B Temporary Speed Restrictions Table.
- Exhibit 13-C Verified Statement of Mr. Andy Daly, CSXT's Senior Director of Passenger Operations.

- Exhibit 14 Density Charts.
- Exhibit 22-A Verified Statement of Mr. James M. Foote, CSXC's President & Chief Executive Officer
- Exhibit 22-B Verified Statement of Mr. David A. Fink, Pan Am Systems, Inc.'s President
- Exhibit 22-C Amended and Supplemented Verified Statement of Mr. Sean Pelkey, CSXC's Vice President and Acting Chief Financial Officer.
- Exhibit 22-D Verified Statement of Mr. Mark Wallace, CSXT's Executive Vice President.
- Exhibit 22-E Amended and Supplemented Verified Statement of Dr. David Reishus.
- Exhibit 22-F Amended and Supplemented Verified Statement of Dr. William Huneke.
- Exhibit 23 Support Letters.

VOLUME II

Pan Am Southern LLC Governing Documents

TABLE OF ABBREVIATIONS

747 Merger Sub 1	747 Merger Sub 1, Inc.
747 Merger Sub 2	747 Merger Sub 2, Inc.
Amtrak	National Railroad Passenger Corporation
B&E	Pittsburgh & Shawmut Railroad, LLC, doing business as Berkshire & Eastern Railroad
Board or STB	Surface Transportation Board
Boston & Maine	Boston and Maine Corporation
CN	Canadian National Railway Company
CP	Canadian Pacific Railway Company
CSX	CSX Corporation and CSX Transportation, Inc.
CSXC	CSX Corporation
CSXT	CSX Transportation, Inc.
Decision No. 3	<i>CSX Corp. & CSX Transp., Inc.—Control and Merger—Pan Am Systems, Inc.</i> , FD 36472 (STB served May 26, 2021)
DOJ	United States Department of Justice
FRA	Federal Railroad Administration
GWI	Genesee & Wyoming Inc.
Mr. Mellon	Timothy Mellon, as Shareholder Representative
Maine Central	Maine Central Railroad Company
MaineDOT	Maine Department of Transportation
March 25 Decision	<i>CSX Corp. & CSX Transp., Inc.—Control and Merger—Pan Am Systems, Inc.</i> , FD 36472 (STB served March 25, 2021)
MassDOT	Massachusetts Department of Transportation

MBTA	Massachusetts Bay Transportation Authority
Merger Agreement	Agreement and Plan of Merger dated as of November 30, 2020
NECR	New England Central Railroad
Northern	Northern Railroad
NSR	Norfolk Southern Railway Company
NSR Settlement Agreement	Settlement Agreement between CSXT and NSR
P&L	P&L Transportation, Inc.
P&W	Providence and Worcester Railroad Company
PAR	Pan Am Railways, Inc.
PAR Railroads	Boston and Maine Corporation, Maine Central Railroad Company, Portland Terminal Company, Springfield Terminal Railway Company, Northern Railroad, Stony Brook Railroad Company and Vermont and Massachusetts Railroad Company
PAR System	Rail system over which the PAR Railroads own rail lines and provide rail service
PAS	Pan Am Southern LLC
PAS Formation Decision	<i>Norfolk S. Ry.—Joint Control & Operating/Pooling Agreements—Pan Am S. LLC</i> , FD 35147 et al. (STB served Mar. 10, 2009)
Portland Terminal	Portland Terminal Company
Related Transactions	Transactions requiring STB authorization contemplated in NSR Settlement Agreement and Term Sheet Agreement
SDDC	United States Army Military Surface Deployment and Distribution Command
Sellers	Timothy Mellon, as Shareholder Representative, and Pan Am Systems, Inc.
SMLB	Sarah Mildred Long Bridge

SMS	SMS Rail Lines of New York, LLC
Springfield Terminal	Springfield Terminal Railway Company
STB or Board	Surface Transportation Board
Stony Brook	Stony Brook Railroad Company
Systems	Pan Am Systems, Inc.
Term Sheet Agreement	Term Sheet Agreement among CSXT, NSR and GWI
USDOT	United States Department of Transportation
V&M	Vermont and Massachusetts Railroad Company

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

AMENDED AND SUPPLEMENTED APPLICATION

CSX Corporation (“CSXC”), a non-carrier, and CSX Transportation, Inc. (“CSXT”), a Class I railroad,¹ and 747 Merger Sub 2, Inc. (“747 Merger Sub 2”), a non-carrier, Pan Am Systems, Inc. (“Systems”), Pan Am Railways, Inc. (“PAR”), Boston and Maine Corporation (“Boston & Maine”), Maine Central Railroad Company (“Maine Central”), Northern Railroad (“Northern”), Portland Terminal Company (“Portland Terminal”), Springfield Terminal Railway Company (“Springfield Terminal”), Stony Brook Railroad Company (“Stony Brook”), and Vermont & Massachusetts Railroad Company (“V&M”) (collectively, “Applicants”), file this amended and supplemented application for a significant transaction pursuant to 49 U.S.C. §§ 11323(a)(1), (3), (4), and (5) and 49 C.F.R. Part 1180 (the “Amended and Supplemented Application”) seeking approval from the Surface Transportation Board (“STB” or the “Board”):

(1) for CSXC, CSXT, and 747 Merger Sub 2 to control the railroads controlled by Systems, a

¹ CSXT is a wholly-owned subsidiary of CSXC. CSXC and CSXT are referred to collectively herein as “CSXT.” A corporate chart indicating the relationships among CSXC and CSXT, all affiliates and subsidiaries of CSXC and CSXT, and any companies controlling CSXC and CSXT, directly, indirectly or through another entity, is attached as Exhibit 11.

non-carrier, and PAR, a direct subsidiary of Systems and a non-carrier, and (2) CSXT to merge the railroads identified below into CSXT (the “Proposed Transaction”).

EXECUTIVE SUMMARY

As detailed in this Amended and Supplemented Application, the Proposed Transaction will extend CSXT’s rail network into New England, a region that CSXT can serve today only through interchanges with the railroads controlled by Systems (in particular, with Springfield Terminal). The proposed integration of the railroads and rail facilities controlled by Systems (referred to herein as the “PAR System”) into the CSXT national rail network will bring substantial benefits to shippers and local communities. CSXT will bring its customer-centered operating and marketing strategies and its robust safety culture into New England to support the growing economy in that region.

The PAR System is an under-resourced regional railroad. With the Proposed Transaction, rail service will improve as CSXT upgrades the existing infrastructure to meet CSXT’s operating standards. Service reliability will improve as CSXT implements operating protocols that have proven to be successful across CSXT’s network. Rail operations into and out of New England will become more efficient as interchange operations are converted to single-line service. Rail shippers in New England will be able to rely on a superior rail network to support their own growth plans, and the new integrated CSXT/PAR System will be able to attract freight from trucks as shippers recognize the benefits of reliable rail service.

CSXT has worked hard since it reached an agreement last year to acquire the PAR System to ensure that the Proposed Transaction will serve the public interest and will not cause any competitive harm. Most important, CSXT has entered into agreements with Norfolk Southern Railway Company (“NSR”) and Genesee & Wyoming, Inc. (“GWI”) that will

substantially enhance competition by improving access to New England over multiple rail routes. The agreements with NSR and GWI relate primarily to the operations of Pan Am Southern LLC (“PAS”), a rail carrier that is currently 50% owned by NSR and 50% by an affiliate of Systems. While CSXT will acquire Systems’ interest in PAS, the agreements with NSR and GWI will ensure that CSXT’s ownership of an interest in PAS will not have any adverse impact on competition for transportation within, into and out of New England and that PAS will in fact be strengthened as an independent carrier serving the transportation needs of shippers in New England. These agreements contemplate transactions that require STB authorization, including trackage rights for NSR that will enhance intermodal competition in New England and the replacement of the current PAS operator with an affiliate of GWI -- Pittsburg & Shawmut Railroad, LLC, doing business as Berkshire & Eastern Railroad (“B&E”) -- as a contract operator that is obligated to advance the interests of PAS as an independent carrier serving New England.

With these related transactions, the Proposed Transaction is a straightforward end-to-end combination of two existing rail networks, CSXT and the PAR System, that already conduct substantial interline operations. The STB has repeatedly acknowledged that such transactions are likely to improve rail operations to the benefit of shippers and local communities and unlikely to have any adverse competitive effects. In fact, the Proposed Transaction will not harm competition. There are only a handful of rail shippers in the Boston area whose rail options will be affected at all by the Proposed Transaction, and CSXT has committed to providing those shippers with multi-carrier access. CSXT has committed to keeping all gateways to other rail carriers open on commercially reasonable terms to ensure that PAR System shippers continue to have access to other carriers. With respect to PAS, the B&E will operate PAS independent of

the interests of GWI or any B&E affiliate, and CSXT has further committed to ensure that PAS shippers and connecting short-line railroads, in particular the Vermont Railroad, Inc., that currently have access to multiple rail carriers will continue to have the benefits of multi-carrier competition.

As a result of the pro-competitive benefits of the Proposed Transaction, there is strong public support throughout New England for CSXT's proposed acquisition of Systems, as evidenced by the 81 support letters filed by state and federal legislators, local officials and customers alike. Shippers, governments and local communities recognize that the Proposed Transaction will create new efficiencies and market opportunities for rail customers as CSXT integrates the PAR System into CSXT's national rail network. Improved service and reliability will encourage economic growth in the region, provide better support for passenger service on the PAR System lines, allow CSXT to move traffic off of congested highways, and improve the local environment with more efficient and lower emissions locomotives. The benefits of the Proposed Transaction are broad and strong, and they unambiguously support the STB's approval of the Proposed Transaction.

PROCEDURAL HISTORY

On February 25, 2021, Applicants filed an application for a "minor" transaction, as amended on March 2 and March 10, 2021 (collectively, the "Original Application"). While filed as a "minor" transaction, the Original Application included many of the materials required by the Board's rules for a "significant" transaction. The Board issued a decision, served on March 25, 2021 (the "March 25 Decision"), finding that the Proposed Transaction would be a "significant" transaction. *CSX Corp. & CSX Transp., Inc.—Control and Merger—Pan Am Systems, Inc.*, FD 36472 (STB served March 25, 2021). The Board stated that it will consider the Original

Application to be a prefiling notification of the anticipated application and directed Applicants to perfect their application by supplementing their submission with the requisite information for a “significant” transaction between April 25 and June 25, 2021. *Id.*, slip op. at 2.

Pursuant to the March 25 Decision, Applicants filed an application for a “significant” transaction on April 26, 2021 (the “Amended Application”). Applicants asserted that they had provided the exhibits required under the Board’s rules for a “significant” transaction. The Board issued a decision, served on May 26, 2021 (“Decision No. 3”), rejecting the Amended Application. *CSX Corp. & CSX Transp., Inc.—Control and Merger—Pan Am Systems, Inc.*, FD 36472 (STB served May 26, 2021). The Board found that the Amended Application “fail[ed] to include the information needed to satisfy the Market Analysis requirement for a ‘significant’ transaction application under 49 C.F.R § 1180.7.” *Id.*, slip op. at 2. The Board also identified certain “minor discrepancies, errors, or ambiguities” in the Amended Application and the related transactions. *Id.*, slip op. at 13. The Board permitted Applicants to file a revised application to remedy the deficiencies identified by the Board. Applicants are submitting this Amended and Supplemented Application pursuant to the Board’s Decision No. 3.

Filed along with the Original Application in sub-dockets to this Finance Docket were directly related and pro-competitive requests for Board authority from NSR that would allow NSR to operate up to one pair of intermodal/automotive trains daily under trackage rights over CSXT’s line that runs to the south of the PAS route into the Boston, MA area, and for B&E, a wholly-owned subsidiary of GWI, to operate PAS in lieu of Springfield Terminal upon consummation of the Proposed Transaction, as more fully described further below. Applicants request that the Board consider those related requests as part of the Board’s consideration of this Amended and Supplemented Application.

INTRODUCTION AND SUMMARY OF APPLICATION

In an Agreement and Plan of Merger dated as of November 30, 2020 (the “Merger Agreement”), CSXC and two wholly-owned subsidiaries, 747 Merger Sub 1, Inc. (“747 Merger Sub 1”), and 747 Merger Sub 2, agreed with (1) Systems, and (2) Timothy Mellon, as Shareholder Representative (“Mr. Mellon,” and collectively with Systems, the “Sellers”), for CSXC to acquire Systems, including the rail carriers owned or controlled by Systems.

Systems directly and wholly owns PAR, which in turn directly and wholly owns four rail carriers: Boston & Maine, Maine Central, Portland Terminal, and Springfield Terminal. Boston & Maine directly and wholly owns Northern. Boston & Maine also owns a 99.27% interest in Stony Brook and a 98% interest in V&M. Collectively, these seven rail carriers (referred to herein as the “PAR Railroads”) own rail lines and provide rail service on a rail system in New England from Maine in the north to the Boston region in the south. Springfield Terminal operates rail service on the PAR System on behalf of the PAR Railroads pursuant to leases over lines owned and leased by the other PAR Railroads, and none of the other PAR Railroads currently operates.

Boston & Maine also owns a 50% interest in the Class II rail carrier PAS, a 50/50 joint venture between Boston & Maine and NSR. PAS provides rail service between upstate New York and Boston and between Vermont and Connecticut. Springfield Terminal, also a Class II rail carrier, operates PAS as PAS’s agent.

Sellers engaged in a competitive auction for the purchase of Systems, and CSXC was the successful bidder. Under the Merger Agreement, the following events will occur upon closing, which will occur after Board approval is obtained: Systems will be merged with 747 Merger Sub 1, with Systems surviving. Immediately thereafter, Systems will be merged with and into 747

Merger Sub 2, with 747 Merger Sub 2 surviving and the separate corporate existence of Systems ceasing. 747 Merger Sub 2 as the surviving corporation will be renamed Pan Am Systems, Inc. and will be a wholly-owned subsidiary of CSXC. Concurrent with Closing, CSXC will contribute Pan Am Systems, Inc. and all of its subsidiaries to CSXT. CSXT will thereafter control the rail carrier subsidiaries of Pan Am Systems, Inc. and at a future time, yet to be determined, will merge those subsidiaries, except V&M, into CSXT. These events are referred to herein as the “Proposed Transaction.”

In connection with the Proposed Transaction, Applicants seek the following Board authority through this Amended and Supplemented Application:

- (1) **PAR Railroads Control Authority.** Pursuant to 49 U.S.C. §§ 11323(a)(4) and (5), CSXC, CSXT, and 747 Merger Sub 2, seek authority to control the following rail carriers: Boston & Maine, Maine Central, Northern, Portland Terminal, Springfield Terminal, Stony Brook, and V&M.
- (2) **PAR Railroads Merger Authority.** Pursuant to 49 U.S.C. § 11323(a)(3), CSXT seeks authority to merge the following rail carriers into CSXT: Boston & Maine, Maine Central, Northern, Portland Terminal, Springfield Terminal, and Stony Brook. CSXT intends to exercise the requested merger authority at a future time, yet to be determined. CSXT does not request merger authority with respect to V&M because Boston & Maine does not wholly own V&M.
- (3) **PAS Control Authority.** Pursuant to 49 U.S.C. §§ 11323(a)(4) and (5), CSXC, CSXT, and 747 Merger Sub 2, seek authority to jointly control PAS. When the Proposed Transaction is consummated, CSXT will wholly own and control Boston & Maine, which owns 50% of PAS. When PAS was created, Boston &

Maine and NSR were given authority to jointly control PAS within the meaning of 49 U.S.C. § 11323. *See Norfolk S. Ry.—Joint Control & Operating/Pooling Agreements—Pan Am S. LLC*, FD 35147 et al. (STB served Mar. 10, 2009) (the “*PAS Formation Decision*”). Since CSXT will acquire Boston & Maine, CSXT seeks the same joint control authority over PAS that was granted to Boston & Maine in the *PAS Formation Decision*.²

Related to but separate from the Proposed Transaction, CSXT, NSR, and GWI have entered into agreements that will strengthen PAS as an independent rail route for access to rail shippers in New England and enhance rail competition in New England. There are two agreements, a Settlement Agreement between CSXT and NSR which includes an agreement relating to operations at Ayer, MA (“NSR Settlement Agreement”), and a Term Sheet Agreement among CSXT, NSR and GWI (“Term Sheet Agreement”). These agreements are contained as exhibits to the Amended and Supplemented Verified Statement of Mr. Sean Pelkey, CSXC’s Vice President and Acting Chief Financial Officer. These two agreements contemplate transactions requiring STB authorization (“Related Transactions”) that are related to the Proposed Transaction. Pursuant to the Related Transactions, (1) NSR will obtain trackage rights over existing lines owned by four railroads (CSXT, PAR Railroads, Providence and Worcester Railroad Company (“P&W”), and PAS) to allow NSR additional flexibility with respect to NSR’s existing service to intermodal and automotive facilities at Ayer, MA, and (2) B&E, currently a Class III rail carrier and a wholly-owned subsidiary of GWI, will replace Springfield Terminal as the operator of PAS.

² Applicants acknowledge that CSXT’s ownership of Boston & Maine and its one-half interest in PAS may not result in Applicants acquiring “control” of PAS, as defined in 49 U.S.C. § 10102(3). Nevertheless, Applicants seek this control authority out of an abundance of caution.

The terms of the Related Transactions are described in more detail below and in materials supporting this Amended and Supplemented Application. As explained below, the agreements with NSR and GWI and the Related Transactions arising out of those agreements will prevent any potential adverse competitive effects with respect to PAS associated with the Proposed Transaction, which includes the acquisition by CSXT of a 50% interest in PAS and the acquisition by CSXT of Springfield Terminal, the current contract operator of PAS. Additionally, the Related Transactions, combined with the Proposed Transaction, will substantially enhance competition by improving access to New England over multiple rail routes. The Applicants anticipate that the Proposed Transaction and the Related Transactions will all be consummated at the same time, subject to Board approval of each transaction. However, if the Proposed Transaction is consummated prior to the replacement of Springfield Terminal by B&E and the initiation of PAS operations by B&E, CSXT, NSR, and GWI have agreed that Springfield Terminal will continue to operate PAS until Springfield Terminal is replaced as the PAS operator.³

In connection with the Related Transactions, the following requests for Board authority were submitted in sub-dockets:

- (1) **NSR Trackage Rights Authority.** Pursuant to 49 U.S.C. § 11323(a)(6), NSR filed notices of exemption in FD 36472 (Sub-No. 1), FD 36472 (Sub-No. 2), FD 36472 (Sub-No. 3), and FD 36472 (Sub-No. 4) to obtain the necessary STB authority to enter into four trackage rights agreements with, respectively, CSXT, P&W, Boston & Maine, and PAS. These trackage rights agreements will allow NSR, upon consummation of the Proposed Transaction, to move up to one train

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pair per day, carrying intermodal and automotive vehicles traffic, between NSR's connection with CSXT near Voorheesville, NY, and the intermodal terminal located near Ayer, MA, over CSXT's east-west rail line between Voorheesville, NY and Worcester, MA, then over P&W's rail line between Worcester, MA and Barbers Station, MA, over Boston & Maine's rail line between Barbers Station, MA and Harvard, MA, and finally over PAS's rail line between Harvard and Ayer. In addition, NSR, on behalf of SMS Rail Lines of New York, LLC ("SMS") and with SMS's consent, filed a notice of discontinuance in *SMS Rail Lines of New York, LLC—Discontinuance of Lease and Operations Authority—In Albany County, NY*, AB-1312X, to obtain the necessary STB authority for SMS to discontinue the operating rights of SMS over the Voorheesville Running Track.

- (2) **B&E Operating Authority.** Pursuant to 49 U.S.C. § 11323(a)(2) and 49 U.S.C. § 10502, B&E has filed an amended petition for exemption, being supplemented today in FD 36472 (Sub-No. 5) to obtain the necessary STB authority to replace Springfield Terminal as operator of PAS.

The Proposed Transaction and the Related Transactions will result in a realignment of the rail network in New England that will be a major step forward in providing transportation options for New England rail shippers. Applicants anticipate that the Proposed Transaction will allow CSXT to improve rail service and to provide efficient competitive rail service within New England and between New England and CSXT's existing service area in the United States east of the Mississippi River. The Proposed Transaction will also enable CSXT to efficiently interchange traffic to and from New England with the western railroads.

CSXT will bring to New England rail users its best-in-class rail service and its dynamic operating model that has set new standards for safety⁴ and service performance with higher velocity, faster equipment turns and greater consistency.⁵ CSXT will be able to offer rail customers in New England unprecedented visibility into their supply chain through the easy to use ShipCSX platform that enables them to track and manage their shipments with much greater precision and confidence. Improved service, increased reliability and highly consistent rail operations will enhance competition, remove truck traffic from congested highways and provide substantial public benefits to New England.

As discussed in the attached Exhibit 12, there will be no adverse impact on competition. When considered together with the Related Transactions, CSXT's acquisition of the PAR Railroads is an end-to-end combination of two railroad networks. CSXT currently connects and interchanges traffic with the PAR System at Barbers Station, MA. It is well recognized that transactions connecting end-to-end carriers generally enhance competition and are unlikely to present competitive concerns.

Only three existing shipper facilities, all in the area just to the north of Boston, have access to both CSXT and the PAR System. As discussed below, CSXT has committed to ensuring the continued access to multiple rail carriers for those shippers by establishing a switching arrangement to reach PAS. In addition, CSXT is committing to keeping open existing gateways on the PAR System on commercially reasonable terms and to ensuring access to rate regulation remedies if shippers located on the existing PAR System are dissatisfied with rates for

⁴ In 2020, CSXT set a new company record for the fewest number of FRA reportable personal injuries, had the lowest injury rate (0.81) for all Class I railroads, and has lead the industry two years in a row.

⁵ CSXT led U.S. railroads in 2020 for lowest average terminal dwell reported to the STB. CSXT's line-of-road train velocity was 25.4 mph in 2020, a 23% improvement over 2017 levels. Terminal dwell was also dramatically improved in 2020, averaging 18.8 hours or 27% less than 2017. CSX's 2020 averages for line of road train velocity (25.4 mph) and terminal dwell (18.8 hours) are better than the company ever performed in a single week prior to 2018.

connections to other railroads. CSXT requests that the Board impose these commitments as conditions to approval of the Proposed Transaction.

The acquisition of Boston & Maine's interest in PAS will also have no adverse impact on competition. CSXT has ensured that there will be no anticompetitive effects by entering into an agreement with NSR and GWI to have Springfield Terminal replaced by B&E as operator of PAS. B&E will be responsible for setting rates on PAS in a non-discriminatory fashion as to all rail carriers that have the ability to interchange traffic with PAS or otherwise connect to PAS. In addition, CSXT has entered into a Settlement Agreement with NSR, described further below, that will result in enhanced competition in the region. CSXT requests that the Board impose the terms of that Settlement Agreement, which addresses a number of competitive issues, as a condition to its approval of the Proposed Transaction.

CSXT has also reached a settlement agreement with the State of Maine Department of Transportation ("MaineDOT") in which CSXT and MaineDOT have agreed to work cooperatively to complete two federal infrastructure grants described to upgrade PAR System line segments in Maine, and to work together on future projects to increase capacity, enhance safety, and promote efficient railroad operations. CSXT requests that the Board impose the commitments in this settlement agreement as conditions to approval of the Proposed Transaction.

Finally, the replacement of Springfield Terminal by B&E as the contract operator of PAS will not have an adverse impact on competition. B&E is owned by GWI and GWI also owns a number of other railroads that operate in New England. However, the common ownership of B&E and other New England rail carriers by GWI will not have an adverse impact on competition for two reasons. First, B&E will be the contract operator of PAS and will be obligated and incentivized to operate PAS in the interest of PAS and not in the interest of any

affiliated rail carrier. Second, Applicants have addressed any potential competitive impacts of the B&E contract operations of PAS. PAS operates on a line segment of a GWI-affiliated rail carrier that runs north into Vermont but CSXT and NSR have made commitments regarding PAS that will ensure that no shipper or connecting rail carrier on that rail segment will lose the benefits of multi-carrier competition. These commitments are described below. Applicants request that the Board impose these commitments as conditions to approval of the Proposed Transaction.

The STB should approve the Proposed Transaction because it is clear that the Proposed Transaction, as enhanced by the Related Transactions, will have no adverse impact on competition. In addition, Applicants explain below that rail operations are not expected to change in ways that would require environmental studies or mitigation or that would have any adverse impact on existing passenger service. As to labor, Applicants request that the standard employee protective conditions established in *New York Dock Ry.—Control—Brooklyn Eastern Dist.*, 360 I.C.C. 60 (1979), be imposed on the Proposed Transaction to ensure that any adverse impact from the Proposed Transaction on current employees is addressed.

This Amended and Supplemented Application is organized as follows: Section I explains why the Proposed Transaction will not have any anticompetitive effects and will provide significant public benefits. Section II contains a proposed schedule for this proceeding. Section III provides the specific information required by the Board’s regulations and shows that there are no competitive issues raised by the Proposed Transaction that have not been resolved by CSXT’s commitments or the Related Transactions. In addition, Applicants have provided the exhibits required under the Board’s rules for a “significant” transaction and have developed an Operating Plan, verified by Mr. Jamie Boychuk, Executive Vice President of Operations for CSXT (Exhibit

13), showing that the Proposed Transaction and the Related Transactions will not result in any new operations exceeding any of the environmental or historic limits in 49 C.F.R. §§ 1105.7(e)(4) and (5) and 49 C.F.R. §§ 1105.8(b)(1) and (2). Additional Verified Statements are included in Exhibit 13-C and Exhibits 22-A through 22-F, and letters of support are in Exhibit 23. Volume II of this Amended and Supplemented Application contains copies of the current version of the PAS agreements that relate to PAS formation and the operation of PAS by Springfield Terminal. Applicants respectfully request that the Board approve the Proposed Transaction and the Related Transactions.

I. THE PROPOSED TRANSACTION WILL NOT HAVE ANTICOMPETITIVE EFFECTS AND WILL PROVIDE SUBSTANTIAL PUBLIC BENEFITS

The Board’s review of the Proposed Transaction focuses on competitive impacts. Under the governing standard, because the Proposed Transaction does not involve the merger or control of at least two Class I rail carriers, the Board “shall approve” the transaction unless it finds both that:

- (1) as a result of the transaction, there is likely to be substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States; and
- (2) the anticompetitive effects of the transaction outweigh the public interest in meeting significant transportation needs.

49 U.S.C. § 11324(d).

The Board must approve a transaction unless it finds that it will cause “adverse competitive impacts that are both ‘likely’ and ‘substantial,’” and that those impacts outweigh the public benefits of the transaction and cannot be mitigated through Board-imposed conditions.

Norfolk S. Ry. Co.—Acquisition and Operation—Certain Rail Lines of the Del. and Hudson Ry. Co., Inc., FD 35873, slip op. at 14 (STB served Dec. 16, 2014). Examples of adverse competitive impacts “would be the likelihood of significantly higher rates or significantly

worsened service, or the likelihood of a combination of the two.” *Blackstone Cap. Partners—Control Exemption—CNW Corp. et al.*, 5 I.C.C.2d 1015, 1019 (1989).

Applicants’ expert economist, Dr. David Reishus, explains why the Proposed Transaction, with the commitments that CSXT is making, will not have any adverse impact on competition. Among other things, Dr. Reishus explains that:

- No shipper will experience a reduction in the number of serving carriers;
- No existing routes will be closed;
- No existing interchange options will be eliminated;
- None of the short lines that connect with the PAR Railroads to be acquired will lose a connecting alternative;
- No Class I railroad that currently has access to rail customers in New England will lose that access; and
- CSXT will commit to keeping open existing gateways on commercially reasonable terms and to ensuring access to rate regulation remedies if shippers are dissatisfied with rates for connections to other railroads.

Dr. Reishus further explains that the agreements with NSR and GWI and the Related Transactions arising out of those agreements will ensure that no adverse competitive impact will result from CSXT’s acquisition of (1) Springfield Terminal, the contract operator of and rate-setter for PAS, and (2) Boston & Maine and its 50% interest in PAS. As Dr. Reishus explains, the Related Transactions will result in B&E, not Springfield Terminal or CSXT, operating PAS and setting rates for PAS in a non-discriminatory fashion. The agreements with NSR and GWI will eliminate the possibility that the Proposed Transaction could result in CSXT operations and pricing power over two generally parallel lines (PAS and the existing CSXT east-west mainline in Massachusetts).

Additionally, Dr. Reishus explains that the operation of PAS by B&E will not have an adverse impact on competition as a result of B&E interacting with other New England railroads

under common control with B&E. B&E will provide service and set rates for PAS movements under a contract that obligates and incentivizes B&E to act in the interest of PAS as an independent rail carrier and not in the interest of the individual owner or an affiliated company of B&E. In addition, CSXT and NSR, as owners of PAS, have agreed that PAS will make certain pricing, haulage and service commitments that will preclude any anticompetitive effects from B&E's operation of PAS. As Dr. Reishus explains, there are two rail shippers and a shortline railroad that currently are served by both PAS and a carrier that is part of the GWI corporate family on a line segment north of East Deerfield, MA. PAS will commit to maintain rates for the two shippers at current levels with reasonable future cost escalation and will provide rate commitments and haulage services to the shortline railroad to ensure the continued benefit of multi-carrier competition.

Dr. Reishus and Dr. Huneke further explain that the CSXT commitments and agreements producing the Related Transactions will not only eliminate any potential adverse competitive effects of the Proposed Transaction, but will substantially enhance existing competition. While a showing of competitive enhancements is not required in a transaction of this type, the enhancement of competition is a factor that strongly supports the STB's approval of the Proposed Transaction.

In addition, CSXC's Vice President and Acting Chief Financial Officer, Mr. Sean Pelkey, and CSXT's Executive Vice President, Mr. Mark Wallace, explain in the attached Verified Statements that the Proposed Transaction will substantially improve rail service and operations in New England and expand market opportunities for CSXT and PAR shippers. Mr. Boychuk, CSXT's Executive Vice President of Operations, describes the operating benefits that the Proposed Transaction will produce. CSXT and the PAR System already have a substantial

amount of interchange business between them. In fact, CSXT is already the single largest Class I railroad with whom the PAR System currently does business. The Proposed Transaction therefore unifies two already interconnected rail networks to produce efficient single-line service. Shippers on both the PAR System and on CSXT will see expanded market opportunities as the efficiencies of a unified system and the benefits of improved infrastructure are felt. In addition, CSXT will bring to New England rail users its best-in-class rail service, the benefits of its dynamic operating model, and new and unprecedented visibility into shippers' supply chains. Improved service, increased reliability and highly consistent rail operations will enhance competition, remove truck traffic from congested highways and provide substantial public benefits to New England. Customers are looking forward to CSXT service and direct access to its highly efficient network, as shown by the 81 support letters included with this Amended and Supplemented Application (see Exhibit 23). CSXT's Senior Director of Passenger Operations, Mr. Andy Daly, further explains in his attached Verified Statement that all rail users, including passenger service, will benefit from the more consistent and reliable network that will result from the Proposed Transaction.

In addition, with the Related Transactions, operation of PAS will be carried out by B&E, a wholly-owned subsidiary of GWI, which already controls four railroads that operate in New England today: New England Central Railroad, Providence and Worcester Railroad, Connecticut Southern Railroad, and St. Lawrence & Atlantic Railroad. Accordingly, GWI has substantial experience and familiarity with the New England rail market. While B&E will operate independently of any GWI affiliate, the operating experience of GWI and familiarity with rail operations in New England will allow B&E to bring quality service to rail shippers on PAS and

will create opportunities for operational efficiencies and cost savings that will produce public benefits.

Moreover, the benefits for the public on the PAR System and PAS will not be offset by any operating dislocations. While CSXT expects rail traffic on the PAR System to grow over time, CSXT does not expect to make any significant changes in traffic routes or see any significant growth in traffic volumes in the next few years. With respect to PAS, the agreements reached with NSR and GWI also include capacity additions in the vicinity of Ayer, MA, and the establishment of operating protocols that will improve the efficiency and reliability of operations on PAS. Further, the only significant operating change involves the diversion of one NSR intermodal/automotive train pair per day from the PAS lines to CSXT's roughly parallel lines, potentially freeing up further capacity on the PAS lines. CSXT will divert a small amount of traffic that is delivered to Ayer, MA, from the CSXT line to PAS, but that traffic is of small enough volume that it can easily be handled on the existing PAS trains. In other respects, B&E will simply take over the operations of PAS that today are conducted by Springfield Terminal, without any expected change in traffic flows.

Thus, this Amended and Supplemented Application establishes the lack of anticompetitive effects of the Proposed Transaction and the extensive public benefits for rail shippers and the communities served by the PAR System and PAS.

II. PROPOSED SCHEDULE

Applicants propose the following schedule in accordance with the requirements of 49 U.S.C. § 11325 and 49 C.F.R. § 1180.6(a)(1)(ii):

July 1, 2021	Application due.
July 30, 2021	Board notice of acceptance of application to be published in the Federal Register.

August 20, 2021	Notices of intent to participate in this proceeding due.
August 30, 2021	Descriptions of anticipated responsive, including inconsistent, applications due. Petitions for waiver or clarification with respect to such applications due. Comments, protests, requests for conditions, and any other evidence and argument in opposition to the Application or Related Transactions due. This includes any comments from the U.S. Department of Justice (“DOJ”) and U.S. Department of Transportation (“USDOT”).
September 29, 2021	Responsive, including inconsistent, applications due.
October 19, 2021	Responses to comments, protests, requests for conditions, and other opposition due, including to DOJ and USDOT filings. Responses to responsive, including inconsistent, applications due. Rebuttal in support of the Application and Related Transactions due.
November 9, 2021	Rebuttal in support of responsive, including inconsistent, applications due.
TBD	Public hearing (if necessary).
December 9, 2021	Final briefs due. (Close of the record.)
March 9, 2022	Service date of final decision.
April 8, 2022	Effective date of final decision.

Under the foregoing proposed schedule, this proceeding would take slightly less overall time than the schedule that was proposed by the Board in the decision served on April 22, 2021. *See CSX Corp. & CSX Transp., Inc.—Control and Merger—Pan Am Systems, Inc.*, FD 36472 (STB served April 22, 2021). Specifically, the proposed schedule provides a shorter time period for responding to comments and responsive applications (between August 30 and October 19, which is 50 days as opposed to 75), but the amount of time should still be more than adequate to respond. The proposed schedule also provides a 21-day period for submitting rebuttals in support of responsive, including inconsistent, applications rather than a 30-day period. The schedule calls for final briefs to close the record on December 9, 2021, and then provides the full 90 days under the statute for the Board to reach a final decision. 49 U.S.C. § 11325(c)(3).

Applicants submit that the foregoing schedule is appropriate for this proceeding.

Applicants have invested significant time and resources in negotiating and finalizing settlement agreements in order to resolve potential issues related to the Proposed Transaction and the Related Transactions. Additionally, since Applicants filed the Original Application on February 25, 2021, interested parties have been on notice of this proceeding for several months.

Furthermore, {{

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]}}

Thus, Applicants urge the Board to adopt the proposed schedule.

III. INFORMATION PROVIDED IN RESPONSE TO BOARD REGULATIONS

Pursuant to the Board's regulations at 49 C.F.R. § 1180.4, Applicants submit the following information:

Section 1180.6 Supporting Information

(a)(1) A description of the proposed transaction, including appropriate references to any supporting exhibits and statements contained in the application and discussing the following:

(i) A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

The Proposed Transaction is described fully above and incorporated herein by reference.

In summary, CSXT will obtain control of the PAR Railroads and eventually merge all but one

into CSXT, bringing to New England rail users CSXT's best-in-class rail service, the benefits of its dynamic operating model, and new and unprecedented visibility into shippers' supply chains. At the same time, B&E will take over operations of PAS. Once necessary upgrades to the route between Voorheesville and Ayer are completed for NSR service, at NSR's expense, NSR will be able to operate up to one train pair per day carrying intermodal and automotive vehicles between Voorheesville and Ayer to improve NSR's access to the Boston area.

Applicants and their business addresses are:

CSX Transportation, Inc.
500 Water Street J-150
Jacksonville, FL 32202
(904) 359-1229

Pan Am Systems, Inc.
1700 Iron Horse Park
North Billerica, MA 01862
(978) 502-8194

Questions and correspondence concerning this application may be addressed to:

For CSX:

Steven C. Armbrust
CSX Transportation, Inc.
500 Water Street J-150
Jacksonville, FL 32202
(904) 359-1229

Louis E. Gitomer
Law Offices of Louis E. Gitomer, LLC
600 Baltimore Avenue, Suite 301
Towson, MD 21204
(410) 296-2250
Lou@lgrailaw.com

Peter W. Denton
Steptoe & Johnson LLP
1330 Connecticut Ave. NW
Washington DC 20036
(202) 429-6445

pdenton@step toe.com

For Systems, PAR, Boston & Maine, Maine Central, Northern, Portland Terminal, Springfield Terminal, Stony Brook, and V&M:

Robert B. Culliford
Pan Am Systems, Inc.
1700 Iron Horse Park
North Billerica, MA 01862
(978) 502-8194
rculliford@panamrailways.com

(ii) The proposed time schedule for consummation of the proposed transaction.

Applicants seek to consummate the Proposed Transaction once the Board's decision approving the Proposed Transaction becomes effective.

(iii) The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving the financial viability of the applicants.

The Proposed Transaction will result in operating economies, improved service, and improved financial viability of the PAR System. The Related Transactions involving PAS will ensure the continued long-term viability of PAS as an independent route for rail traffic moving to and from New England. The purposes sought to be accomplished and the benefits of the Proposed Transaction and the Related Transactions are discussed in detail in the accompanying Verified Statements of Messrs. Foote, Pelkey, Wallace and Daly, and the Operating Plan verified by Mr. Boychuk, which are incorporated herein by reference.

(iv) The nature and amount of any new securities or other financial arrangements.

CSXT will not issue new securities in connection with the Proposed Transaction. The purchase price for Systems will be paid by CSXC through a combination of cash and CSXC stock as detailed in definitions of Base Merger Consideration, Cash Merger Consideration, Merger Shares, Stock Adjustment, and Stock Price in the Merger Agreement.

(a)(2) A detailed discussion of the public interest justifications in support of the application, indicating how the proposed transaction is consistent with the public interest, with particular regard to the relevant statutory criteria, including

(i) The effect of the transaction on inter- and intramodal competition, including a description of the relevant markets (see §1180.7). Include a discussion of whether, as a result of the transaction, there is likely to be any lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States.

The relevant markets involve surface transportation in New England to and from locations in Maine in the north, upstate New York in the west, New Haven, CT in the south, White River Jct., VT in north central New England, and the Boston region in the east. The introduction of CSXT's single-line service into New England through the Proposed Transaction will significantly increase the ability of the PAR System, once it is integrated into the CSXT system, to provide intermodal competition. The Related Transactions regarding PAS will enhance intramodal and intermodal competition. Applicants' economic expert, Dr. Reishus, explains that there will be no lessening of competition, creation of a monopoly, or restraint of trade in the relevant market. Applicants' economic expert Dr. Huneke further explains how competition will be enhanced by the Proposed Transaction. The Amended and Supplemented Verified Statements of Dr. Reishus and Dr. Huneke are incorporated herein by reference. The Market Analysis contained in Exhibit 12 further explains that the Proposed Transaction and the Related Transactions will not have any adverse impact on competition and will, indeed, significantly enhance competition.

(ii) The financial consideration involved in the proposed transaction, and any economies, to be effected in operations, and any increase in traffic, revenues, earnings available for fixed charges, and net earnings, expected to result from the consummation of the proposed transaction.

CSXC will purchase the stock of Systems from the Sellers for a combination of cash and stock pursuant to the terms of the Agreement. The purchase price is \$ {{REDACTED}}

consisting of {{[REDACTED]}}% cash and {{[REDACTED]}}% CSXC stock {{[REDACTED]}}.
 [REDACTED]

While CSXT expects that rail operations in New England will become much more efficient as a result of the Proposed Transaction, CSXT is not able to quantify the benefits in terms of cost savings or increases in net revenue at this time. CSXT also expects that rail traffic will increase organically over time as CSXT integrates the existing CSXT and PAR System networks, implements its operating model, and makes capital improvements, but CSXT does not expect significant traffic increases to occur in the next few years.

(iii) The effect of the increase, if any, of total fixed charges resulting from the proposed transaction.

CSXT does not expect an increase in fixed charges as a result of the Proposed Transaction.

(iv) The effect of the proposed transaction upon the adequacy of transportation service to the public, as measured by the continuation of essential transportation services by applicants and other carriers.

As evidenced by the support letters in Exhibit 23, the Proposed Transaction and Related Transactions will improve rail service in New England. Essential transportation services will be preserved.

Indeed, the agreements that CSXT has entered into with NSR and GWI and the Related Transactions arising from those agreements will result in a significant improvement in adequacy of transportation. With respect to NSR's trackage rights, today, the NSR intermodal trains face the height limitations of the Hoosac Tunnel, which prevent double-stack operations over PAS since clearance on PAS does not permit the movement of double stack trains through the tunnel. Before reaching the Hoosac Tunnel, a double-stack train approaching from the west must be stopped and fileted, meaning that the top row of containers and trailers must be removed from

the intermodal rail cars and loaded onto other intermodal rail cars, resulting in a longer train. Accordingly, existing operations require more intermodal rail cars, and longer transit times as the train must stop while the fileting occurs. In reverse, on a westbound move, the train from the east is single stacked. To create a double-stack train for further movement west, once the train passes west beyond the Hoosac Tunnel, it must be stopped and toupeed, meaning that the single stack containers and trailers are removed from the single stack and double stacked.

Diverting up to one pair of intermodal and automotive trains operated by NSR per day from the PAS line to the double-stack capable CSXT route, which has excess capacity, between Voorheesville, NY and Worcester, MA, and continuing over Providence and Worcester Railroad Company between Worcester and Barbers Station, Boston & Maine between Barbers Station and Harvard, MA, and then over PAS between Harvard and Ayer, allows NSR to (1) avoid fileting and toupeeing the trains, (2) handle shorter trains, and (3) operate a more efficient and timely train. The effect of diverting these trains to the CSXT route will potentially free up capacity on the PAS mainline.

In addition, the Settlement Agreement with NSR involves the addition of capacity on PAS lines near Ayer and the establishment of operating protocols that will improve the efficiency of operations on PAS and ensure the unimpeded movement of traffic from CSXT's lines into New England.

(v) The effect of the proposed transaction upon applicant carriers' employees (by class or craft), the geographic points where the impact will occur, the time frame of the impact (for at least 3 years after consolidation), and whether any employee protection agreements have been reached.

As noted above, Springfield Terminal currently operates (1) the PAR System, as the lessee of all rail lines owned by the PAR Railroads, and (2) PAS, as a contract operator.

Springfield Terminal currently has one workforce. As a result of the Proposed Transaction,

Springfield Terminal will continue to operate the PAR System as it had before the Proposed Transaction, until such time as Springfield Terminal is merged into CSXT, at which time CSXT will operate the PAR System. CSXT does not anticipate a reduction of the work force of Springfield Terminal providing service over the PAR Railroads as a result of its control and eventual merger of Springfield Terminal.

In addition, in advance of the consummation of the Related Transactions, Springfield Terminal and B&E will enter into implementing agreements with employee representatives to allocate the current Springfield Terminal workforce between Springfield Terminal, or CSXT, as operator of the PAR System and B&E as contract operator of PAS. Following these steps, B&E will start operating PAS, replacing Springfield Terminal.

The Applicants do not anticipate any adverse impacts on the number of Springfield Terminal craft employees allocated to operate the PAR System. However, the Applicants understand that B&E does not expect to need the same number of employees who currently operate PAS. Therefore the Applicants expect that some of the Springfield Terminal craft positions will be adversely affected, as explained in more detail in the Labor Impact Statement attached as Appendix 1, and those Springfield Terminal employees will be able to assert their rights under *New York Dock* and any implementing agreements.

The standard labor protective conditions imposed in *New York Dock Ry.—Control—Brooklyn Eastern Dist.*, 360 I.C.C. 60 (1979) apply to the Proposed Transaction because it involves a class I carrier (CSXT). *See* 49 U.S.C. § 11326(a). As explained in the related Petition for Exemption by B&E, because that Related Transaction in which B&E will replace Springfield Terminal involves two class II carriers (PAS and Springfield Terminal) and one class III carrier

(B&E), Section 11326(a) and *New York Dock Ry.—Control—Brooklyn Eastern Dist.*, 360 I.C.C. 60 (1979) also apply to the replacement of Springfield Terminal as the operator of PAS by B&E.

In addition, imposition of *New York Dock* conditions on the Proposed Transaction and the related B&E Petition for Exemption addresses the concerns of rail labor when PAS was created about the possible impact on employees in the event that Springfield Terminal was replaced in the future with another operator. *See PAS Formation Decision*, slip op. at 15-17. Rail labor specifically requested that the Board impose *New York Dock* conditions on any future change in PAS operator. Now that the Proposed Transaction and the related B&E transaction provide for a change in PAS operator, and fall within Section 11323(a), the parties request that *New York Dock* conditions be applied, as mandated by statute, to the change of the PAS operator, as sought by labor when PAS was created, and to any other employees of Springfield Terminal and CSXT who are adversely affected by the Proposed Transaction.

The conditions in *Norfolk & Western* as modified by *Mendocino Coast* are the appropriate conditions for the Related Transaction of the grant of trackage rights to NSR. *Norfolk and Western Ry. Co.—Trackage Rights—BN*, 354 I.C.C. 605 (1978), as modified by *Mendocino Coast Ry., Inc.—Lease and Operate*, 360 I.C.C. 653 (1980).

(vi) *The effect of inclusion (or lack of inclusion) in the proposed transaction of other railroads in the territory, under 49 U.S.C. 11324.*

In light of the voluntarily negotiated agreements between CSXT, NSR, and GWI reflected in the Related Transactions, there is no basis for including another railroad in the Proposed Transaction. Whatever potentially adverse competitive effects might have arisen as a result of the Proposed Transaction have been addressed through the Related Transactions. Board exemptions for the Related Transactions are being sought in sub-dockets to this proceeding.

(a)(3) Any other supporting or descriptive statements applicants deem material.

This Amended and Supplemented Application is supported by seven attached Verified Statements: (1) Verified Statement of Mr. James M. Foote, explaining that the Proposed Transaction will enable CSXT to bring its customer-centered operating model and marketing strategies and its robust safety culture into New England to support the growing economy in that region (Exhibit 22-A); (2) Verified Statement of Mr. David A. Fink, explaining why Systems believes that the acquisition of Systems by CSXT will provide significant benefits for New England shippers, rail passengers, and the national freight network overall (Exhibit 22-B); (3) Amended and Supplemented Verified Statement of Mr. Sean Pelkey, addressing the public benefits that can be expected to result from the Proposed Transaction and the Related Transactions (Exhibit 22-C); (4) Verified Statement of Mr. Mark Wallace, addressing CSXT's marketing plan regarding the acquisition and control of the PAR System (Exhibit 22-D); (5) Amended and Supplemented Verified Statement of Dr. David Reishus, addressing competition issues (Exhibit 22-E); (6) Amended and Supplemented Verified Statement of Dr. William Huneke, addressing the enhanced competition that will result from the Related Transactions (Exhibit 22-F); and (7) Verified Statement of Mr. Andy Daly, addressing current passenger rail service and impacts on commuter and other passenger rail service (Exhibit 13-C). The Amended and Supplemented Application is also supported by the Operating Plan that is verified by Mr. Boychuk and discussed elsewhere.

Verified Statement of Mr. James M. Foote: The Amended and Supplemented Application is supported by the Verified Statement of Mr. James M. Foote, CSXC's President & Chief Executive Officer, who describes the benefits that will result from the integration of the PAR System into the national rail network.

Verified Statement of Mr. David A. Fink: The Amended and Supplemented Application is supported by the Verified Statement of Mr. David A. Fink, President of Systems, who explains why Systems believes that CSXT's proposed acquisition of Systems will significantly benefit New England shippers, rail passengers, and the national freight network overall.

Amended and Supplemented Verified Statement of Mr. Sean Pelkey: The Amended and Supplemented Application is supported by the Amended and Supplemented Verified Statement of Mr. Pelkey, CSXC's Vice President and Acting Chief Financial Officer, who also describes the public benefits that will result from the Proposed Transaction. Mr. Pelkey explains that the Proposed Transaction will give CSXT's existing customers more direct and efficient access to New England markets and the PAR System's existing customers better rail service. The Proposed Transaction will create reliable single-line access to the rest of CSXT's rail network, allowing the rail network in New England to become integrated into CSXT's broader U.S. rail network and providing expanded market access and increased opportunities to divert traffic from truck to rail and remove that traffic from congested highways.

Mr. Pelkey also explains that the Related Transactions will strengthen PAS as an independent route for access to New England rail customers for all carriers that connect to PAS. Included as Exhibits to Mr. Pelkey's Amended and Supplemented Verified Statement are copies of the NSR Settlement Agreement between NSR and CSXT, including a related agreement regarding operations in Ayer, and the Term Sheet Agreement among CSXT, NSR, and GWI. Mr. Pelkey explains how these agreements will enhance competition and improve rail service. Mr. Pelkey further explains that GWI's operating experience and familiarity with New England rail operations will provide B&E with a solid foundation for improving PAS operations and rail service. In addition, the NSR trackage rights will allow NSR to move efficiently double-stack

intermodal traffic to and from the Boston area, which it is unable to do today on PAS. Also included is a copy of the MaineDOT Settlement Agreement, in which, CSXT and MaineDOT agree to work cooperatively to complete two infrastructure projects funded through the Federal Railroad Administration (“FRA”). Mr. Pelkey further submits (in Volume II of this Amended and Supplemented Application) copies of the current version of the PAS agreements that relate to PAS formation and the operation of PAS by Springfield Terminal.

Finally, Mr. Pelkey describes the commitments that CSXT is making to ensure that no adverse competitive effects will result from the Proposed Transaction and the replacement of Springfield Terminal with B&E as PAS operator.

Verified Statement of Mr. Mark Wallace: Mr. Wallace describes CSXT’s marketing plan regarding the acquisition and control of the PAR System, so that the Board can assess the impact of the Proposed Transaction on traffic flows, rail shippers and inter- and intramodal competition. He explains that CSXT’s market expectations focus primarily on supporting organic growth in the increasingly important freight transportation markets in New England.

Amended and Supplemented Verified Statement of Dr. David Reishus: Dr. Reishus explains that the Proposed Transaction should be approved because, when considered together with the Related Transactions, the Proposed Transaction will not result in a substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States. Dr. Reishus explains that CSXT’s acquisition of the PAR System is end-to-end when considered together with the Related Transactions. Transactions like this one that involve vertical integration pose little or no risk for competitive harm and, indeed, provide the opportunity for pro-competitive service improvements. Dr. Reishus further explains that CSXT has made commitments to ensure that no PAR System shipper will lose access to

multiple rail carriers and that CSXT will maintain existing gateways on commercially reasonable terms and preserve rate regulation remedies for shippers seeking access to other rail carriers.

As to PAS and the Related Transactions, Dr. Reishus explains that the agreements that CSXT has reached with NSR and GWI will prevent any potential adverse impact on competition from CSXT's part ownership of PAS and indeed will substantially enhance competition by making PAS an independent and competitively neutral rail carrier that provides unimpeded access to New England rail customers. He describes the commitments made by CSXT and NSR that will ensure the continuation of competition for shippers and a shortline rail carrier on the only portion of PAS where B&E and an affiliate of GWI overlap.

Amended and Supplemented Verified Statement of Dr. William Huneke: Dr. Huneke's Amended and Supplemented Verified Statement focuses on the agreements reached by CSXT with NSR and GWI that address potential competitive concerns associated with the Proposed Transaction and PAS. As Dr. Huneke explains, these agreements not only ensure there will be no anticompetitive effects from the Proposed Transaction, they substantially enhance competition in the region in several ways.

Verified Statement of Mr. Andy Daly: Mr. Daly, CSXT's Senior Director of Passenger Operations, submits a Verified Statement that serves as an addendum to the Operating Plan, focusing on impacts to passenger rail resulting from the Proposed Transaction and Related Transactions. Mr. Daly explains that passenger service on the lines at issue in this proceeding will benefit from the more consistent and reliable networks that will result from the Proposed Transaction and the Related Transaction, and that the transactions will cause no negative impacts on passenger rail services. Mr. Daly also presents evidence regarding expected impacts on specific passenger rail services.

* * *

Applicants will furnish the Board with any information concerning this Proposed Transaction that it may require and will participate fully in any proceedings on the Proposed Transaction which the Board deems appropriate.

(a)(4) An opinion of applicants' counsel that the transaction meets the requirements of the law and will be legally authorized and valid, if approved by the Board. This should include specific references to any pertinent provisions of applicants' bylaws or charter or articles of incorporation.

See Appendices 2A and 2B.

(a)(5) A list of the State(s) in which any part of the property of each applicant carrier is situated.

CSXT owns and operates about 19,500 miles of railroad in the States of Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Maryland, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia, the District of Columbia, and the Canadian Provinces of Ontario and Québec.

The PAR System consists of approximately 808 route miles of rail lines, including approximately 724.53 owned and leased (including perpetual freight easement) route miles and approximately 83.62 trackage rights route miles, in Massachusetts, Maine, New Hampshire, and Vermont. The PAS network consists of approximately 425 route miles of rail lines, including approximately 281.38 owned (including perpetual freight easement) route miles and approximately 143.62 trackage rights route miles, in Connecticut, Massachusetts, New Hampshire, New York, and Vermont.

(a)(6) Map (exhibit 1). Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed. If a geographically limited transaction is proposed, a map detailing the transaction should also be included. In addition to the map accompanying each application, 20 unbound copies of the map shall be filed with the Board.

See Exhibit 1 attached hereto.

(a)(7) Explanation of the transaction.

(i) Describe the nature of the transaction (e.g., merger, control, purchase, trackage rights), the significant terms and conditions, and the consideration to be paid (monetary or otherwise).

CSXC is acquiring the stock of Systems. The terms of purchase are set forth in Article 1.1, Definitions of the Merger Agreement in the definitions of the Base Merger Consideration, Merger Shares, the Stock Adjustment, the Stock Price; Article 2.6 Effect on Capital Stock; and Article 2.8 Final Cash Adjustment. The purchase price is \${{[REDACTED]}}. {{[REDACTED]}}

[REDACTED]

[REDACTED]}}

(ii) Agreement (exhibit 2). Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction. In addition, parties to exempt trackage rights agreements and renewal of agreements described at §1180.2(d)(7) must submit one copy of the executed agreement or renewal agreement with the notice of exemption, or within 10 days of the date that the agreement is executed, whichever is later.

A copy of the executed Merger Agreement is submitted in Exhibit 2 attached hereto. A copy of the unredacted Merger Agreement has been submitted under seal.

(iii) If a consolidation or merger is proposed, indicate: (A) The name of the company resulting from the consolidation or merger; (B) the State or territory under the laws of which the consolidated company is to be formed or the merged company is to file its certificate of amendment; (C) the capitalization proposed for the resulting company; and (D) the amount and character of capital stock and other securities to be issued.

The companies surviving the Proposed Transaction will be CSX Corporation, a non-carrier, and CSX Transportation, Inc., a rail carrier subject to the jurisdiction of the Board. Both

are Virginia corporations. Upon acquisition of the stock of Systems, CSXC will contribute the shares of Systems to CSXT, along with the subsidiaries of Systems.

As explained above, CSXT intends to exercise the requested merger authority at a time in the future yet to be determined, based on considerations relating to the execution of labor implementing agreements and tax issues. V&M will not be merged because Boston & Maine does not own 100% of the outstanding stock.

All the stock of CSXT is owned by CSXC. No stock of CSXT will be issued. CSXC will issue {{[REDACTED]}}.

(iv) Court order (exhibit 3). If a trustee, receiver, assignee, or personal representative of the real party in interest is an applicant, submit a certified copy of the order, if any, of the court having jurisdiction, authorizing the contemplated action.

Not applicable.

(v) State whether the property involved in the proposed transaction includes all the property of the applicant carriers and, if not, describe what property is included in the proposed transaction.

The Proposed Transaction involves all the property of CSXT and Systems.

(vi) Briefly describe the principal routes and termini of the lines involved, the principal points of interchange on the routes, and the amount of main-line mileage and branch line mileage involved.

CSXT owns and operates about 19,500 miles of railroad in the States of Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Maryland, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia, the District of Columbia, and the Canadian Provinces of Ontario and Québec. The CSXT network includes a rail line between the Boston, MA region and Rotterdam Junction, NY, via Selkirk, NY. The PAS Patriot Corridor also connects the Boston region (via Ayer, MA) and Rotterdam Junction, NY via East

Deerfield, MA. CSXT primarily interchanges traffic with the PAR System (Springfield Terminal) and PAS at Rotterdam Junction, NY and Barbers Station, MA.

The Northern Zone of the Northeast Region of the CSXT system consists of the following corridors and subdivisions: 1) the Selkirk – Boston Corridor (Berkshire & Boston Subdivisions) runs between Selkirk, NY and Boston, MA; 2) the Berkshire Subdivision of the Selkirk – Boston Corridor runs between Selkirk, NY and Ludlow, MA, east of Springfield, MA, a total distance of approximately 99.7 miles.; 3) the Boston Subdivision of the Selkirk – Boston Corridor runs between Ludlow, MA and Worcester, MA, a total distance of approximately 47.1 miles; 4) the River Subdivision runs roughly parallel to the west of the Hudson River between North Bergen, NJ and Selkirk, NY, a total distance of approximately 130.7 miles; 5) the Selkirk – Syracuse Corridor (Mohawk & Selkirk Subdivisions) runs between Selkirk, NY and Syracuse, NY; 6) the Mohawk Subdivision runs between Hoffmans, NY and Oneida, NY, a total distance of approximately 92.9 miles; and 7) the Selkirk Subdivision runs between Hoffmans, NY and Selkirk, NY, a total distance of approximately 28 miles.

The PAR System network consists of approximately 808 route miles of rail lines, including approximately 724.53 owned and leased (including perpetual freight easement) route miles and approximately 83.62 trackage rights route miles, in Massachusetts, Maine, New Hampshire, and Vermont. Various PAR Railroads own the PAR System's rail lines, and Springfield Terminal, another PAR subsidiary, leases the lines from the PAR Railroads and operates the PAR System.

Boston & Maine, a subsidiary of PAR, owns approximately 144.18 route miles of main line track, which includes: 1) a rail line extending from the Massachusetts state line to Rigby, ME, a distance of approximately 74.82 route miles; 2) a rail line extending from Barbers Station,

MA to Harvard, MA, a distance of approximately 22.87 route miles; 3) a rail line extending from the Massachusetts state line to Concord, NH, a distance of approximately 39.42 route miles; and 4) a rail line extending from Bleachery, MA to Lowell Junction, MA, a distance of approximately 7.07 route miles. Boston & Maine owns perpetual freight easements over various segments of track owned by the Massachusetts Bay Transportation Authority (“MBTA”) in eastern Massachusetts, totaling 149.93 route miles. Additionally, Boston & Maine and Springfield Terminal have overhead trackage rights over Milford-Bennington Railroad Company, between approximately milepost N-16.36, in Wilton, NH, and approximately milepost 19.66, in Lyndeboro, NH. *See Boston and Maine Corp. and Springfield Terminal Ry. Co.—Trackage Rights Exemption—Milford-Bennington R.R. Co.*, FD 33794 (STB served Sept. 13, 1999). Boston & Maine also owns approximately 36.94 route miles of branch line track.⁶

Additionally, Boston & Maine leases approximately 26.64 route miles of main line track, which includes: 1) a rail line extending from CPF 312 to CPF NC, a distance of approximately 9.63 route miles, owned by PAR subsidiary Stony Brook; 2) a rail line extending from Bleachery, MA to CPF NC, a distance of approximately 3.84 route miles, owned by MBTA; 3) a rail line extending from CPF NC to the Massachusetts state line, a distance of approximately 6.20 route miles, owned by MBTA; and 4) two rail line segments in Concord, NH and White River Junction, VT, totaling a distance of approximately 6.97 route miles, owned by PAR subsidiary Northern.

⁶ In a Notice of Intent to Participate filed in this proceeding on April 5, 2021, the United States Army Military Surface Deployment and Distribution Command (“SDDC”) identified purported ambiguities in the maps included in Exhibit 1 to the Original Application with respect to the Boston & Maine branch line running across the Piscataqua River to Kittery, ME. As clarified in the maps included in Exhibit 1 to this Amended and Supplemented Application, PAR System rail access to the Portsmouth US Naval Shipyard runs via the Sarah Mildred Long Bridge (“SMLB”), jointly owned by the states of New Hampshire and Maine. The Boston & Maine Kittery Branch extends between the SMLB and the US Navy-owned bridge over the Piscataqua River.

Maine Central, a subsidiary of PAR, owns approximately 191.64 route miles of main line track, which includes: 1) a rail line extending from the Portland Terminal limit to Waterville, ME, a distance of approximately 78.97 route miles; 2) a rail line extending from Waterville, ME to Bangor, ME, a distance of approximately 54.60 route miles; and 3) a rail line extending from Bangor, ME to Mattawamkeag, ME, a distance of approximately 58.06 route miles. Maine Central also owns approximately 155.26 route miles of branch line track.

Portland Terminal, a subsidiary of PAR, owns approximately 13.13 route miles of main line track, which includes: 1) approximately 5.45 route miles between Yard 8 East and the Portland/Falmouth line; 2) approximately 3.08 route miles between Yard 8 East and the So. Portland/Scarborough line; and 3) approximately 4.59 route miles between Mountain Junction and the Woodyard Switch. Portland Terminal also owns approximately 6.82 route miles of branch line track.

The PAR System/Springfield Terminal interchanges traffic with: 1) Canadian National Railway Company (“CN”) at Danville Jct., ME;⁷ 2) CN at Saint John, NB;⁸ 3) Canadian Pacific Railway Company (“CP”) at Brunswick, ME;⁹ 4) CP at Northern Maine Junction, ME; 5) CSXT at Barbers Station, MA (Worcester); 6) CSXT at Boston, MA;¹⁰ 7) NSR at Ayer, MA;¹¹ 8) Belfast and Moosehead Lake Railroad at Burnham Jct., ME;¹² 9) Maine Northern Railroad at Mattawamkeag, ME;¹³ 10) Maine Northern Railroad at Northern Maine Jct., ME;¹⁴ 11) New

⁷ CN accesses Danville Junction via a haulage arrangement with the St. Lawrence & Atlantic Railroad.

⁸ Springfield Terminal accesses Saint John via a haulage agreement with New Brunswick Southern Railway and Eastern Maine Railway.

⁹ The Brunswick interchange connects with CP’s Brunswick Branch.

¹⁰ This interchange is not regularly used.

¹¹ This interchange is used only for haulage traffic moving to Walnut Hill, MA / Winchester, MA and for joint Springfield Terminal/NSR intermodal services.

¹² Belfast and Moosehead Lake Railroad has no revenue freight business at this time.

¹³ Maine Northern Railroad has access to Mattawamkeag via a haulage agreement with affiliate Eastern Maine Railway.

¹⁴ Maine Northern Railroad has access to Northern Maine Jct. via a haulage agreement with CP.

Brunswick Southern Railway at Mattawamkeag, ME;¹⁵ 12) New Brunswick Southern Railway at Northern Maine Jct., ME;¹⁶ 13) New Hampshire Northcoast at Dover, NH; 14) PAS at Ayer, MA; 15) PAS at North Charlestown, NH;¹⁷ 16) P&W at Worcester, MA;¹⁸ 17) St. Lawrence & Atlantic Railroad at Danville Jct., ME; 18) Turners Island Railroad at Portland, ME; 19) New England Southern Railroad (Vermont Rail System) at Concord, NH; and 20) Milford-Bennington Railroad at Wilton, NH.

The PAR System, through Maine Central and Springfield Terminal, is currently seeking STB authority to abandon and discontinue service, respectively, for an out-of-service rail line located in central Maine, known as the Madison Branch. The line traverses through Oakland, Fairfield, Norridgewock, Madison, Anson and Embden, Maine, a distance of 32.46 miles +/-, in Kennebec and Somerset Counties, Maine, extending from milepost 0.00 to milepost 32.46. It is intended that the line will be converted to a multi-use trail. *See Verified Notice of Exemption, Maine Cent. R.R. Co. & Springfield Terminal Ry. Co.—Abandonment and Discontinuance of Service—Madison Branch, Kennebec & Somerset Counties, Maine*, STB Docket Nos. AB 83 (Sub-No. 17X), AB 355 (Sub-No. 44X) (filed June 24, 2021).

The PAS network consists of approximately 425 route miles of rail lines, including approximately 281.38 route miles owned (including perpetual freight easement) and approximately 143.62 trackage rights route miles, in Connecticut, Massachusetts, New Hampshire, New York, and Vermont. Springfield Terminal operates PAS on a contract basis. *See PAS Formation Decision*, slip op. at 15-17.

¹⁵ New Brunswick Southern Railway has access to Mattawamkeag via a haulage agreement with affiliate Eastern Maine Railway.

¹⁶ Maine Northern Railroad has access to Northern Maine Jct. via haulage agreements with CP and Eastern Maine Railway.

¹⁷ This interchange connects to a Springfield Terminal line at Charlestown, NH that is not currently operating.

¹⁸ Physical interchange occurs at Barbers Station, MA.

The PAS lines include two main line corridors, referred to as the Patriot Corridor (east-west) and the Knowledge Corridor (north-south). The PAS Patriot Corridor extends between milepost 467.4 at Mechanicville, NY and milepost 311.97 near Willows, MA, a distance of approximately 151.4 miles, inclusive of freight easement rights over MBTA between milepost 329.55 at Fitchburg, MA and milepost 313.77 at Willows, MA, a distance of approximately 15.8 miles. PAS also has trackage rights at the western end of the Patriot Corridor over the CP Freight Subdivision between milepost 467.6 (CPF 468) at Mechanicville, NY and milepost 484.8 (CPF 485) at Mohawk Yard, NY, a distance of approximately 17.2 miles.

The PAS Knowledge Corridor extends between milepost 183.4 at White River Junction, VT and milepost 0.0 at New Haven, CT, a distance of approximately 183.4 miles, inclusive of the following: 1) trackage rights over New England Central Railroad (“NECR”) between milepost 183.4 at White River Junction, VT and milepost 110.6 at East Northfield, MA, a distance of approximately 72.8 miles; 2) freight easement rights over the Massachusetts Department of Transportation (“MassDOT”)-owned track assets between milepost 110.6 at East Northfield, MA and milepost 62.0 at Springfield, MA, a distance of approximately 49.7 miles; and 3) trackage rights over National Railroad Passenger Corporation (“Amtrak”) between milepost 62.0 at Springfield, MA and milepost 0.0 at New Haven, CT, a distance of approximately 62 miles. *See Pan Am S. LLC—Acquisition and Operation Exemption—Lines of Boston & Maine Corp.*, FD 35147 (Sub-No. 1), Notice of Exemption at Exhibit 1 (filed June 27, 2008); *PAS Formation Decision*, slip op. at 2; *Mass. Dep’t of Transp.—Acquisition Exemption—Certain Assets of Pan Am S. LLC*, FD 35863 (STB served Dec. 24, 2014) (as modified, Mar. 27, 2015).

Additionally, PAS owns approximately 76.42 route miles of branch line track. The PAS lines include the following branch line track:

- 1) freight easement rights over MassDOT-owned track assets between milepost 0.0 at North Adams, MA and milepost 4.59 at Adams, MA, a distance of approximately 4.59 miles;
- 2) between milepost 0.0 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 0.0 at Berlin, CT and milepost 8.4 at Derby, CT, a distance of approximately 42.9 miles, inclusive of freight easement 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) freight easement rights over MBTA between milepost 33.72 at Willows, MA and milepost 31.43 at Littleton, MA, a distance of approximately 2.3 miles;
- 6) freight easement rights over MBTA between milepost 0.0 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 0.0 (CPF 477), near Burnt Hills, NY, a distance of approximately 12.16 miles;
- 8) the Southington Industrial Branch, which is approximately 4.5 miles between Plainville and Southington, CT; and
- 9) approximately 3.7 miles of trackage rights over CSXT between North Haven and Cedar Hill Yard, CT.

See Pan Am S. LLC—Acquisition and Operation Exemption—Lines of Boston & Maine Corp., FD 35147 (Sub-No. 1), Notice of Exemption at Exhibit 1 (filed June 27, 2008); *Mass. Dep’t of Transp.—Acquisition Exemption—Certain Assets of Pan Am S. LLC*, FD 35943, Motion to Dismiss at 7-8 (filed Aug. 14, 2015).

PAS interchanges with the following railroads: 1) CP at Mechanicville, NY;¹⁹ 2) CSXT at New Haven, CT;²⁰ 3) CSXT at Springfield, MA;²¹ 4) CSXT at Rotterdam Jct., NY; 5) NSR at Ayer, MA;²² 6) NSR at Mechanicville, NY;²³ 7) Battenkill Railroad at Eagle Bridge, NY; 8) Central New England Railroad at Hartford, CT;²⁴ 9) Connecticut Southern Railroad at Hartford, CT; 10) Housatonic Railroad at Derby, CT;²⁵ 11) NECR at Brattleboro, VT; 12) NECR at Millers Falls, MA;²⁶ 13) NECR at White River Jct., VT;²⁷ 14) Naugatuck Railroad at Waterbury, CT; 15) P&W at Gardner, MA; 16) Pioneer Valley Railroad at Holyoke, MA; 17) PAR System/Springfield Terminal at Ayer, MA; 18) PAR System/Springfield Terminal at North Charlestown, NH;²⁸ 19) Vermont Rail System at Hoosick Jct., NY; 20) Vermont Rail System at Bellows Falls, VT; and 21) Vermont Rail System at White River Jct., VT.

(vii) State whether any governmental financial assistance is involved in the proposed transaction and, if so, the form, amount, source, and application of such financial assistance.

No governmental financial assistance is involved in the Proposed Transaction.

¹⁹ Physical interchange takes place at Mohawk Yard, Glenville, NY.

²⁰ This interchange is not currently in service. It is used for reciprocal switch delivery for North Haven/New Haven, CT.

²¹ This is not a regular interchange. It is used for occasional high-wide and detour movements.

²² This is not a regular interchange. It is used to exchange empty intermodal and automotive equipment when necessary.

²³ Interchange can physically take place at Mechanicville or Mohawk Yard in Glenville, NY.

²⁴ This interchange is as of January 1, 2021.

²⁵ This interchange is not currently used for revenue traffic.

²⁶ Interchange traffic with NECR is routed via Millers Falls, MA, but the physical interchange is performed at Brattleboro, VT for railroad convenience.

²⁷ This interchange is not currently used for revenue freight.

²⁸ This interchange connects to a Springfield Terminal line at Charlestown, NH that is not currently operating.

(a)(8) Environmental data (exhibit 4). Submit information and data with respect to environmental matters prepared in accordance with 49 CFR part 1105. In major and significant transaction, applicants shall, as soon as possible, and no later than the filing of a notice of intent, consult with the Board's Section of Environmental Analysis for the proper format of the environmental report.

See Exhibit 4.

(b)(3) Change in control (exhibit 8). If an applicant carrier submits an annual report Form R-1, indicate any change in ownership or control of that applicant carrier not indicated in its most recent Form R-1, and provide a list of the principal six officers of that applicant carrier and of any related applicant, and also of their majority-owned rail carrier subsidiaries. If any applicant carrier does not submit an annual report Form R-1, list all officers of that applicant carrier, and identify the person(s) or entity/entities in control of that applicant carrier and all owners of 10% or more of the equity of that applicant carrier.

CSXT filed annual report Form R-1 on March 31, 2021 for the year ending December 31, 2020. Since the March 31, 2021 filing, there have been changes in CSXT's principal officers. Updated information is provided in Exhibit 8.

Systems is not a Class I railroad and does not file report Form R-1. Additional information is in Exhibit 8.

(b)(5) Issues (exhibit 10). Submit a discussion of any other issues relevant to the transaction.

See Exhibit 10.

(b)(6) Corporate chart (exhibit 11). Submit a corporate chart indicating all relationships between applicant carriers and all affiliates and subsidiaries and also companies controlling applicant carriers directly, indirectly or through another entity (with each chart indicating the percentage ownership of every company on the chart by any other company on the chart). For each company: include a statement indicating whether that company is a noncarrier or a carrier; and identify every officer and/or director of that company who is also an officer and/or director of any other company that is part of a different corporate family that includes a rail carrier. Such information may be referenced through notes to the chart.

See Exhibit 11.

(b)(7) If applicant is not a carrier, indicate (i) the type of business in which it is engaged, (ii) the length of time so engaged, and (iii) its present and prospective activities which have or may have a relation to transportation subject to 49 U.S.C. Subtitle IV.

CSXT RESPONSE:

(i) CSX Corporation is not a carrier. CSX Corporation together with its subsidiaries is one of the nation's leading transportation companies.

(ii) CSX Corporation was formed in 1980 as a result of the consolidation of the Chessie System and Seaboard Coast Line. *CSX Corp.—Control—Chessie & Seaboard C.L.I.*, 363 I.C.C. 521 (1980).

(iii) CSX Corporation together with its subsidiaries provide rail-based freight transportation services including traditional rail service, the transport of intermodal containers and trailers, as well as other transportation services such as rail-to-truck transfers and bulk commodity operations. CSX and the rail industry provide customers with access to an expansive and interconnected transportation network that plays a key role in North American commerce and is critical to the long-term economic success and improved global competitiveness of the United States. In addition, freight railroads provide the most economical and environmentally efficient means to transport goods over land.

SYSTEMS RESPONSE:

(i) Systems is not a carrier. Systems together with its subsidiaries is the leading railroad company in New England.

(ii) Systems was formed on May 5, 1998 and acquired the stock of Pan Am Railways, Inc. in 2006.

(iii) Systems owns Pan Am Railways, Inc., a non-carrier holding company that owns or controls railroads directly or indirectly (Boston and Maine Corporation, Maine Central Railroad Company, Portland Terminal Company, Springfield Terminal Railway Company, Northern Railroad, a 99.27% interest in Stony Brook Railroad Company, a 98% interest in the Vermont &

Massachusetts Railroad Company), real estate companies (DH Estates, Inc., Hudson River Estates, Inc., Delaware River Estates, Inc., East Street, Inc., and Pine Tree Corporation), an inactive motor carrier (Guilford Motor Express, Inc.), and a 50% interest in the rail common carrier Pan Am Southern LLC.

(b)(8) Intercorporate or financial relationships. Indicate whether there are any direct or indirect intercorporate or financial relationships at the time the application is filed, not disclosed elsewhere in the application, through holding companies, ownership of securities, or otherwise, in which applicants or their affiliates own or control more than 5% of the stock of a non-affiliated carrier, including those relationships in which a group affiliated with applicants owns more than 5% of the stock of such a carrier. Indicate the nature and extent of any such relationships, and, if an applicant owns securities of a carrier subject to 49 U.S.C. Subtitle IV, provide the carrier's name, a description of securities, the par value of each class of securities held, and the applicant's percentage of total ownership. For purposes of this paragraph, "affiliates" has the same meaning as "affiliated companies" in Definition 5 of the Uniform System of Accounts (49 CFR part 1201, subpart A).

See Exhibit 11-A.

Section 1180.7 Market analyses

(a) For major and significant transactions, applicants shall submit impact analyses (exhibit 12) describing the impacts of the proposed transaction - both adverse and beneficial - on inter-and intramodal competition with respect to freight surface transportation in the regions affected and on the provision of essential services by applicants and other carriers. An impact analysis should include underlying data, a study of the implications of those data, and a description of the resulting likely effects of the proposed transaction on the transportation alternatives that would be available to the shipping public. Each aspect of the analysis should specifically address significant impacts as they relate to the applicable statutory criteria (49 U.S.C. 11324(b) or (d)), essential services, and competition. Applicants must identify and address relevant markets and issues, and provide additional information as requested by the Board on markets and issues that warrant further study. Applicants (and any other party submitting analyses) must demonstrate both the relevance of the markets and issues analyzed and the validity of their methodology. All underlying assumptions must be clearly stated. Analyses should reflect the consolidated company's marketing plan and existing and potential competitive alternatives (inter- as well as intramodal). They can address: city pairs, interregional movements, movements through a point, or other factors; a particular commodity, group of commodities, or other commodity factor that would be significantly affected by the transaction; or other effects of the transaction (such as on a particular type of service offered).

(c) For significant transactions, specific regulations on impact analyses are not provided so that the parties will have the greatest leeway to develop the best evidence on the impacts of each individual transaction. As a general guideline, applicants shall provide supporting data

that may (but need not) include: current and projected traffic flows; data underlying sales forecasts or marketing goals; interchange data; market share analysis; and/or shipper surveys. It is important to note that these types of studies are neither limiting nor all-inclusive. The parties must provide supporting data, but are free to choose the type(s) and format. If not made part of the application, applicants shall make these data available in a repository for inspection by other parties or otherwise supply these data on request, for example, electronically. Access to confidential information will be subject to protective order. For information drawn from publicly available published sources, detailed citations will suffice.

Extensive analyses of the relevant markets are contained in the Verified Statements of Messrs. Pelkey and Wallace and Drs. Reishus and Huneke that are incorporated into this Amended and Supplemented Application. See also Exhibit 12.

Section 1180.8 Operational Data

(a) Applications for major transactions must include a full-system operating plan - incorporating any prospective operations in Canada and Mexico - from which they must demonstrate how the proposed transaction would affect operations within regions of the United States and on a nationwide basis. As part of the environmental review process, applicants shall submit:

(1) A Safety Integration Plan, prepared in consultation with the Federal Railroad Administration, to ensure that safe operations would be maintained throughout the merger implementation process.

(2) Information on what measures they plan to take to address potentially blocked crossings as a result of merger-related changes in operations or increases in rail traffic.

Applicants are preparing a Safety Integration Plan in consultation with FRA, and will file it as part of the record in this proceeding upon completion.

(b) For major and significant transactions: Operating plan (exhibit 13). Submit a summary of the proposed operating plan changes, based on the impact analyses, that will result from the transaction, and their anticipated timing, allowing for any time required to complete rehabilitation, upgrading, yard construction, or other major operational changes following consummation of the proposed transaction. The plan should make clear the gains in service, operating efficiencies, and other benefits anticipated from the merger. The plan should include:

(1) The patterns of service on the properties, including the proposed principal routes, proposed consolidations of main-line operations, and the anticipated traffic density and general categories of traffic (including numbers of trains) on all main and secondary lines in the system. Identify all yards expected to have an increase in activity greater than 20 percent. Changes in operations may be summarized in a pro forma density chart.

(2) If commuter or other passenger services are operated over the lines of applicant

carriers, detail any impacts anticipated on such services, including delays which may be occasioned because a line is scheduled to handle increased traffic due to route consolidations.

(3) The anticipated equipment requirements of the proposed system, including locomotives, rolling stock by type, and maintenance-of-way equipment; plans for acquisition and retirement of equipment; projected improvements in equipment utilization and their relation to operating changes; and how these will lead to the financial and service benefits described in the summary.

(4) A description of the effect of any deferred maintenance or delayed capital improvements on any road or equipment properties involved, the schedule for eliminating such deferrals, details of general system rehabilitation including rehabilitation relating to the transaction (including proposed yard and terminal modifications), and how these activities will lead to the service improvements or operating economies anticipated from the transaction.

See Exhibit 13.

(5) Density charts (exhibit 14). Gross ton-mile traffic density charts shall be filed for applicant carriers containing a map geographically showing those lines handling 1 million gross ton-miles per mile road or more per year and respective densities, expressed in gross ton-miles per year, in each direction, in segments of such lines between major freight yards and terminals, including major intramodal and intermodal interchange points, using the corporate or political subdivision name of the points shown as well as the railroad station name. The mileage of each segment of line shall be provided, and should be shown on the chart. Data shown in the density chart shall be for the latest available full calendar year preceding the filing of the application. At applicants' option data may be shown on the density chart or an explanatory list.

See Exhibit 14.

CONCLUSION

Applicants respectfully request that the Board accept and grant this Amended and Supplemented Application subject to the conditions for the protection of employees in *New York Dock Ry.—Control—Brooklyn Eastern Dist.*, 360 I.C.C. 60 (1979) and the commitments made by Applicants in this Amended and Supplemented Application.

Respectfully submitted,

/s/ Anthony J. LaRocca

Robert B. Culliford
Pan Am Systems, Inc.
1700 Iron Horse Park
North Billerica, MA 01862
(978) 502-8194

*Attorney for Pan Am Systems, Inc.,
Pan Am Railways, Inc., Boston and
Maine Corporation, Maine Central
Railroad Company, Northern
Railroad, Portland Terminal
Company, Springfield Terminal
Railway Company, Stony Brook
Railroad Company and Vermont &
Massachusetts Railroad Company*

Anthony J. LaRocca
Peter W. Denton
Sally Mordi
Steptoe & Johnson LLP
1330 Connecticut Avenue, NW
Washington, DC 20036
(202) 429-3000

Louis E. Gitomer
Law Offices of Louis E. Gitomer, LLC
600 Baltimore Avenue, Suite 301
Towson, MD 21204
(410) 296-2250

John P. Patelli
Steven C. Armbrust
Jason M. Marques
CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202
(904) 359-1229

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

Dated: July 1, 2021

VERIFICATION
(Section 1180.4(c)(2)(i))

I, Sean Pelkey, declare under penalty of perjury that the foregoing is true and correct, with respect to CSX Corporation and CSX Transportation, Inc. Further, I certify that I am qualified and authorized to make this verification and to file this Amended and Supplemented Application.

/s/ Sean Pelkey

Sean Pelkey
Vice President and Acting Chief Financial Officer
CSX Corporation

July 1, 2021

VERIFICATION
(Section 1180.4(c)(2)(i))

I, Robert B. Culliford, declare under penalty of perjury that the foregoing is true and correct, with respect to Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company and Vermont & Massachusetts Railroad Company. Further, I certify that I am qualified and authorized to make this verification and to file this Amended and Supplemented Application.

/s/ Robert B. Culliford

Robert B. Culliford
General Counsel
Pan Am Systems, Inc.

July 1, 2021

CERTIFICATE OF SERVICE

I hereby certify that I have caused the Amended and Supplemented Application in Docket No. FD-36472, *CSX Corporation and CSX Transportation, Inc.—Control and Merger—Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Pan Am Southern LLC, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company, and Vermont & Massachusetts Railroad Company* to be served electronically or by first class mail, postage pre-paid, on the Secretary of the United States Department of Transportation; the Attorney General of the United States; the Federal Trade Commission; and the Governors, Public Service Commissions, and Departments of Transportation of the States of Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maine, Massachusetts, Maryland, Michigan, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Vermont, Virginia, and West Virginia, and the District of Columbia, and all parties of record in this proceeding.

/s/ Sally Mordi

Sally Mordi
Attorney for CSX Corporation and
CSX Transportation, Inc.

July 1, 2021

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

APPENDIX 1

Impacts of the Proposed Transaction upon Carrier Employees

Impacts of the Proposed Transaction upon Carrier Employees

CSXT

Employees Affected by the Proposed Transaction

Current Location	Job Classification/Craft	Jobs Transferred	Jobs Abolished	Jobs Created	Year
CSXT does not expect to establish or abolish craft positions on CSXT as a result of the Proposed Transaction. Some positions may be transferred but CSXT cannot determine any specifics at this time.		0	0	0	2022
		0	0	0	2023
		0	0	0	2024

PAR Railroads Operated by Springfield Terminal

Employees Affected by the Proposed Transaction

Current Location	Job Classification/Craft	Jobs Transferred	Jobs Abolished	Jobs Created	Year
CSXT does not expect to establish or abolish craft positions on the PAR Railroads affecting Springfield Terminal employees as a result of the Proposed Transaction, but there will be impacts as a result of the related change in operator of PAS. Some positions may be transferred but CSXT cannot determine any specifics at this time.		0	0	0	2022
		0	0	0	2023
		0	0	0	2024

PAS Operated by Springfield Terminal

As a result of the transfer of the operating rights over PAS by PAS and Springfield Terminal to the Pittsburg & Shawmut Railroad, LLC d/b/a Berkshire & Eastern Railroad, and the abolishment of positions on Springfield Terminal, a limited number of employees of Springfield Terminal will be adversely affected. Springfield Terminal employees who do not obtain a position with the new operator or are unable to hold another position on Springfield Terminal and end up furloughed will be eligible for protective benefits under the *New York Dock* conditions. Each chart on the following page indicates the classification, location, jobs transferred, jobs abolished, and jobs created for employees expected to be adversely affected.¹ All employees will be affected in the first year.

¹ The locations where positions are expected to be abolished are where employees report to duty.

REDACTED - TO BE PLACED ON PUBLIC FILE

Classification -->	Dispatch			Engineer			Trainmen			Maintenance of Way		
	Abolished	Created	Transferred	Abolished	Created	Transferred	Abolished	Created	Transferred	Abolished	Created	Transferred
Billerica	6	5	0	0	0		0	0	0	0	0	0
Ayer	0	0	0	17	20		18	20	0	0	0	0
Deerfield	0	0	0	22	20		29	19	0	38	13	0
Fitchburg	0	0	0	1	0		1	0	0	6	4	0
Gardner	0	0	0	0	0		0	0	0	0	0	0
Hoosick	0	0	0	0	0		0	0	0	0	0	0
Mechanicville	0	0	0	1	8		1	8	0	5	4	0
Mohawk	0	0	0	3	0		9	0	0	0	0	0
North Adams	0	0	0	0	0		1	0	0	6	4	0
Plainville	0	0	0	1	0		3	0	0	1	2	0
Total	6	5	0	45	48	0	62	47	0	56	27	0

Classification -->	Signals			Carmen			Shop Crafts			Draftsmen		
	Abolished	Created	Transferred	Abolished	Created	Transferred	Abolished	Created	Transferred	Abolished	Created	Transferred
Billerica	0	0	0	0	0	0	0	0	0	0	0	0
Ayer	0	1	0	0	2	0	0	0	0	0	0	0
Deerfield	8	3	0	7	6	0	19	12	0	3	2	0
Fitchburg	0	1	0	0	0	0	0	0	0	0	0	0
Gardner	1	0	0	0	0	0	0	0	0	0	0	0
Hoosick	1	0	0	0	0	0	0	0	0	0	0	0
Mechanicville	0	1	0	1	0	0	0	0	0	0	0	0
Mohawk	0	0	0	0	0	0	0	0	0	0	0	0
North Adams	0	0	0	0	0	0	0	0	0	0	0	0
Plainville	1	1	0	0	0	0	0	0	0	0	0	0
Total	11	7	0	8	8	0	19	12	0	3	2	0

Classification -->	Clerical			Total		
	Abolished	Created	Transferred	Abolished	Created	Transferred
Billerica	0	0	0	6	5	0
Ayer	0	0	0	35	43	0
Deerfield	4	3	0	130	78	0
Fitchburg	0	0	0	8	5	0
Gardner	0	0	0	1	0	0
Hoosick	0	0	0	1	0	0
Mechanicville	0	0	0	8	21	0
Mohawk	0	0	0	12	0	0
North Adams	0	0	0	7	4	0
Plainville	0	0	0	6	3	0
Total	4	3	0	214	159	0

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

APPENDIX 2A

Opinion of Counsel for CSX Corporation and CSX Transportation, Inc.

July 1, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Re: Docket No. FD-36472, *CSX Corporation and CSX Transportation, Inc.—Control and Merger—Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Pan Am Southern LLC, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company, and Vermont & Massachusetts Railroad Company*

Dear Ms. Brown:

As counsel for CSX Corporation and CSX Transportation, Inc. (collectively “CSX”), I am familiar with the Amended and Supplemented Application for the control and merger of Pan Am Systems, Inc. and its subsidiaries by CSX and am of the opinion that the transaction described in said Amended and Supplemented Application meets the requirements of law and will be legally authorized and valid, if approved by the Board.

Very truly yours,

/s/ Steven C. Armbrust

Steven C. Armbrust
Assistant General Counsel
CSX Transportation, Inc.

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

APPENDIX 2B

Opinion of Counsel for Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company and Vermont & Massachusetts Railroad Company

July 1, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Re: Docket No. FD-36472, *CSX Corporation and CSX Transportation, Inc.—Control and Merger—Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Pan Am Southern LLC, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company, and Vermont & Massachusetts Railroad Company*

Dear Ms. Brown:

As counsel for Pan Am Systems, Inc. (“Systems”), Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company and Vermont & Massachusetts Railroad Company, I am familiar with the Amended and Supplemented Application for the control and merger of Systems and its subsidiaries by CSX Corporation and CSX Transportation, Inc. and am of the opinion that the transaction described in said Amended and Supplemented Application meets the requirements of law and will be legally authorized and valid, if approved by the Board.

Very truly yours,

/s/ Robert B. Culliford

Robert B. Culliford
General Counsel
Pan Am Systems, Inc.

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 1

Maps

Maps

Exhibit 1-A	Integrated System Map
Exhibit 1-B	CSX Regional Map
Exhibit 1-C	PAR System Map
Exhibit 1-D	Operations Service Map
Exhibit 1-E	Interchange Locations Map
Exhibit 1-F	Amtrak Service Routes Map
Exhibit 1-G	Boston Region (Post Transaction)

CSX Subdivision Maps (Northern Zone):

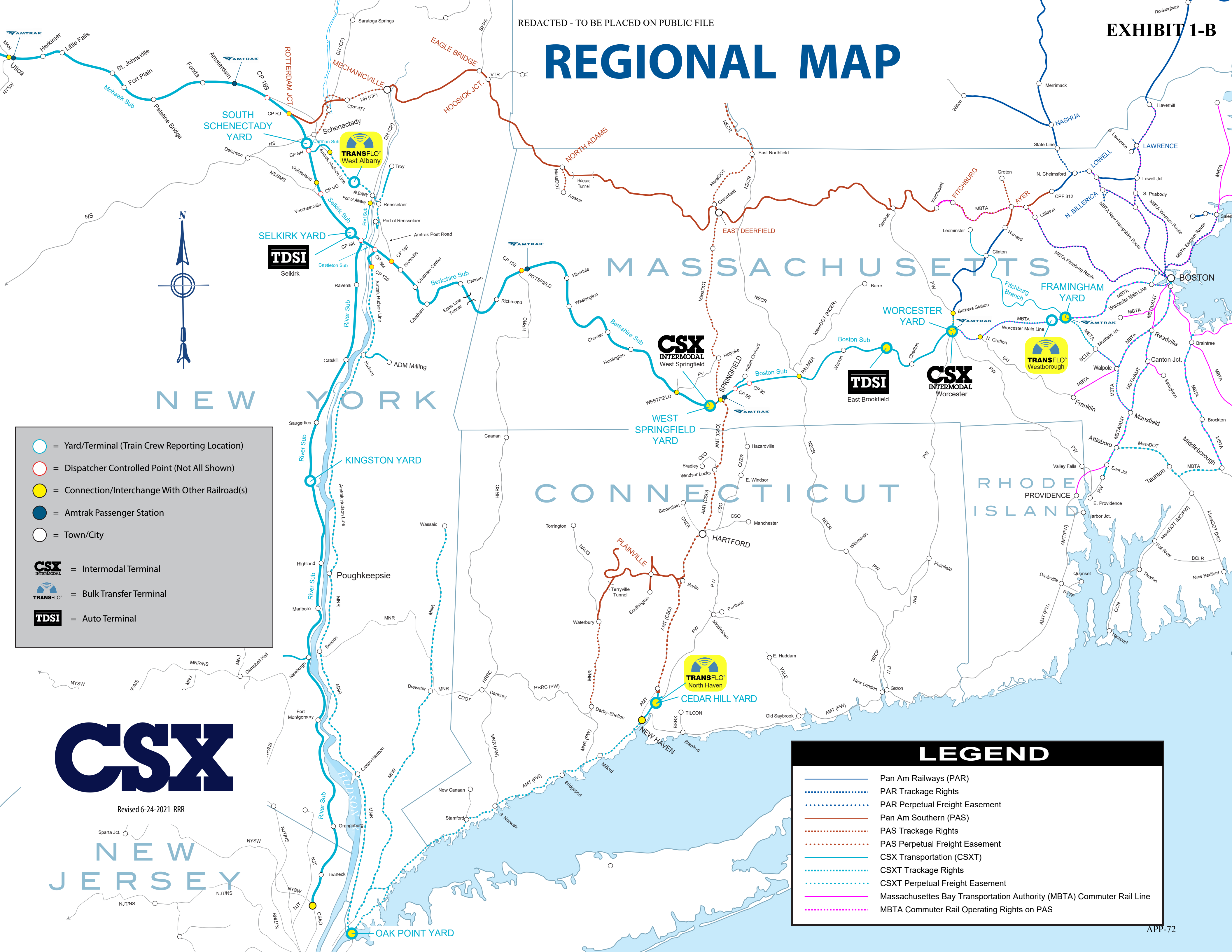
Exhibit 1-H	Berkshire
Exhibit 1-I	Boston
Exhibit 1-J	Carman
Exhibit 1-K	Castleton
Exhibit 1-L	Fitchburg
Exhibit 1-M	Mohawk
Exhibit 1-N	Port
Exhibit 1-O	River
Exhibit 1-P	Selkirk

CSX Yard Maps:

Exhibit 1-Q	Cedar Hill
Exhibit 1-R	Framingham
Exhibit 1-S	North Bergen
Exhibit 1-T	Oak Point
Exhibit 1-U	Selkirk
Exhibit 1-V	West Springfield/Westfield
Exhibit 1-W	Worcester



REGIONAL MAP



Yard/Terminal (Train Crew Reporting Location)

Dispatcher Controlled Point (Not All Shown)

Connection/Interchange With Other Railroad(s)

Amtrak Passenger Station

Town/City

CSX Intermodal Terminal

Transflo Bulk Transfer Terminal

TDSI Auto Terminal



Revised 6-24-2021 RRR

NEW JERSEY

LEGEND

Pan Am Railways (PAR)

PAR Trackage Rights

PAR Perpetual Freight Easement

Pan Am Southern (PAS)

PAS Trackage Rights

PAS Perpetual Freight Easement

CSX Transportation (CSXT)

CSXT Trackage Rights

CSXT Perpetual Freight Easement

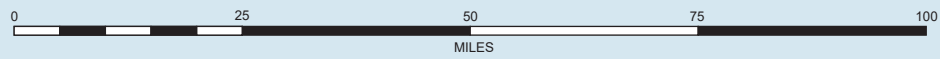
Massachusetts Bay Transportation Authority (MBTA) Commuter Rail Line

MBTA Commuter Rail Operating Rights on PAS

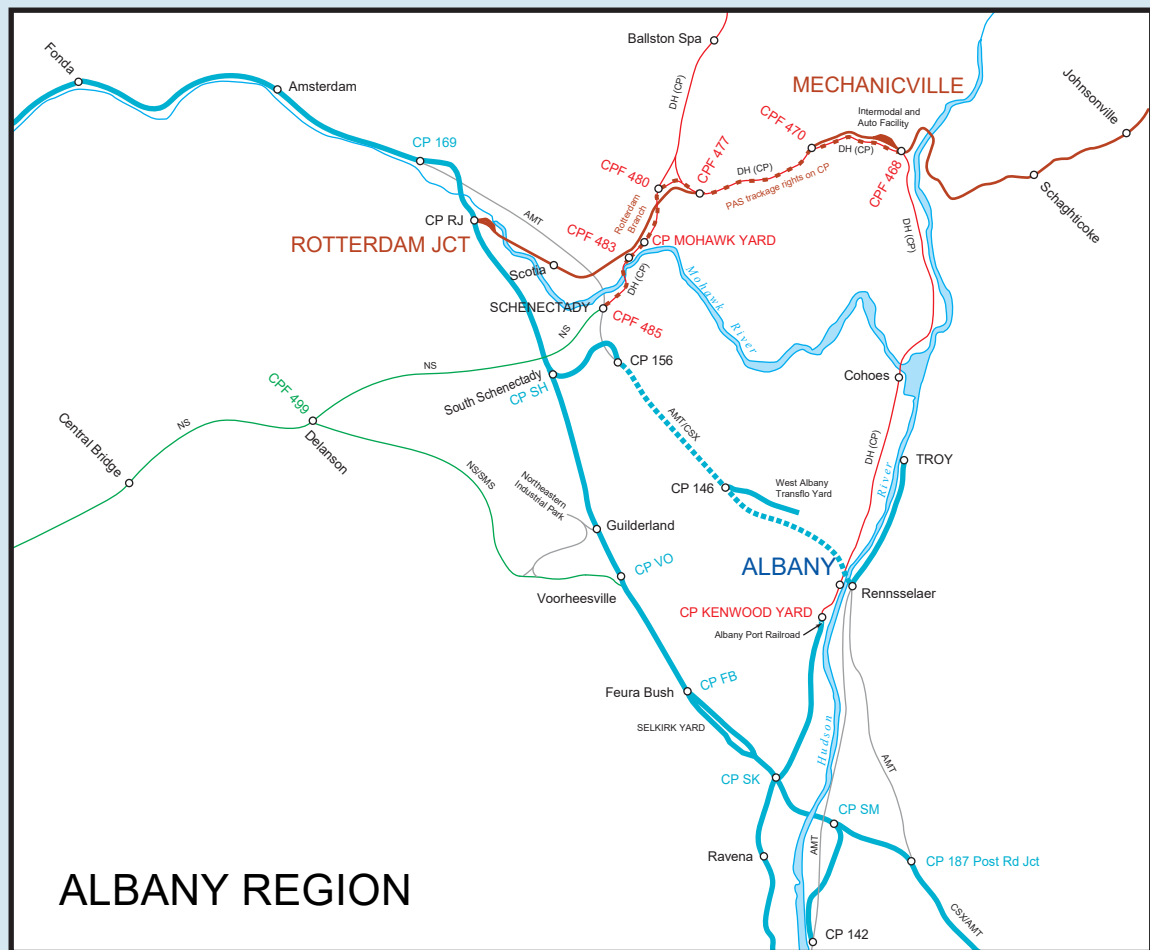
PAN AM RAILWAYS

BOSTON & MAINE CORP. • MAINE CENTRAL RAILROAD CO. • PAN AM SOUTHERN LLC • PORTLAND TERMINAL CO. • SPRINGFIELD TERMINAL RAILWAY CO.

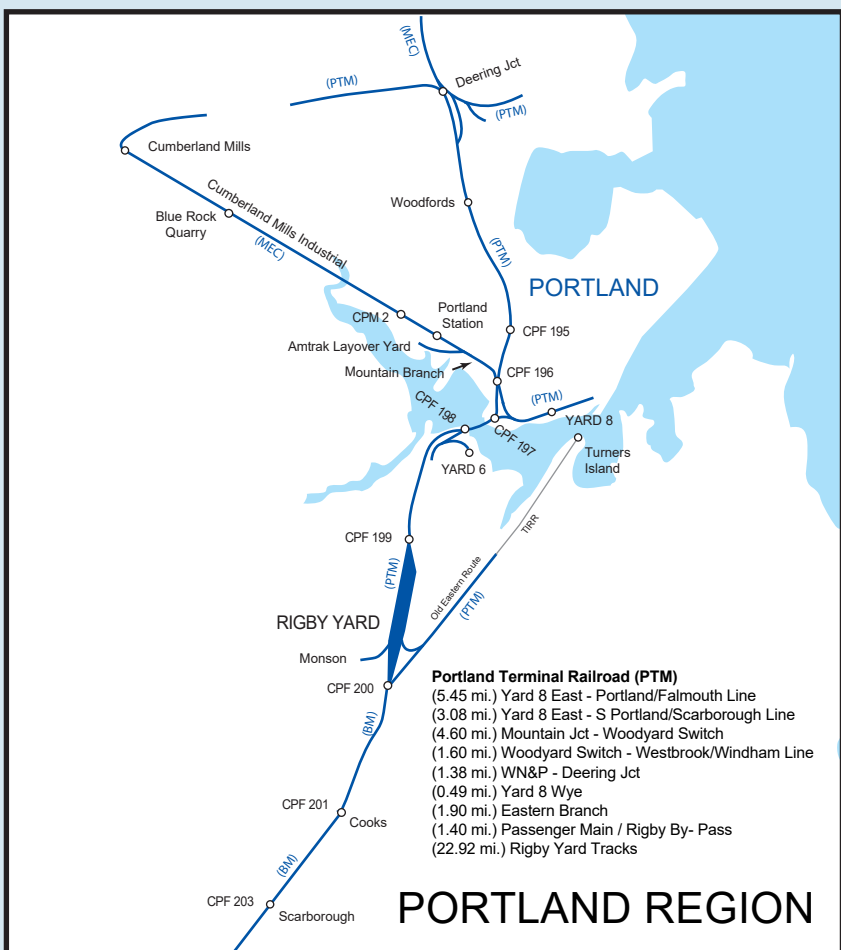
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Revised 6-24-2021 RRR



ALBANY REGION



PORTLAND REGION

Pan Am Southern (Operated by ST)

MAIN TRACKS
Patriot Corridor (139.7 mi) between Mechanicville, NY, and Ayer, MA including (15.8 mi) of freight easement rights over MBTA between Fitchburg (CPF 330) and Willows, MA (CP WL).
Freight Main Line (2.3 mi) between CP WL and CPF 312

Knowledge Corridor between White River Junction, VT, and New Haven, CT comprised of (72.3 mi) of trackage rights over the NECB between White River Junction, VT, and East Northfield, MA, (49.4 mi) of freight easement rights over the MassDOT owned Conn River Main Line between East Northfield and Springfield, MA and (55.0 mi) of trackage rights over Amtrak between Springfield, MA, and North Haven, CT.

BRANCHES
Rotterdam Branch (12.16 mi.) between CSX at CP RJ and the Canadian Pacific Railway at CPF 477.
Waterbury Branch (23.5 mi) between Berlin and Highland Jct., Waterbury, CT

OTHER TRACKS
Avon Industrial (1.46 mi.)
Berlin Industrial (2.6 mi.)
Canal Industrial (4.5 mi.)
Greenfield Industrial (7456 ft)
Heywood Industrial (0.77 mi.)
Montague Industrial (7370 ft)
New Britain Industrial (4.5 mi.)
East Deerfield Industrial (1.2 mi.)
Waterbury Industrial (0.5 mi.)
Watertown Industrial (0.3 mi.)

TRackage RIGHTS/FREIGHT EASEMENTS
Adams Industrial (4.6 mi) freight easement rights over the MassDOT owned line between N. Adams and Adams, MA shared with the Berkshire Scenic Railway passenger operation
CP Freight Sub (17.2 mi) trackage rights between Mohawk Yard and CPF 468 at Mechanicville, NY
CSXT (0.65 mi) trackage rights between North Haven and Cedar Hill Yard, CT
Green Mountain Railroad (VTR) (34 mi) trackage rights at Bellows Falls, VT
Greenville Industrial (5.0 mi) freight easement rights over the MassDOT owned line between Ayer and Groton, MA
MBTA Fitchburg Route (2.3 mi) freight easement rights between CP WL and Littleton, MA

Line Ownership

(BM) - Boston & Maine Corp.
(MBTA) - Massachusetts Bay Transit Authority
(MEC) - Maine Central Railroad Co.
(NR) - Northern Railroad
(PTM) - Portland Terminal Co.
(SBRC) - Stony Brook Railroad Co.
(SPT) Springfield Terminal Railroad Co.

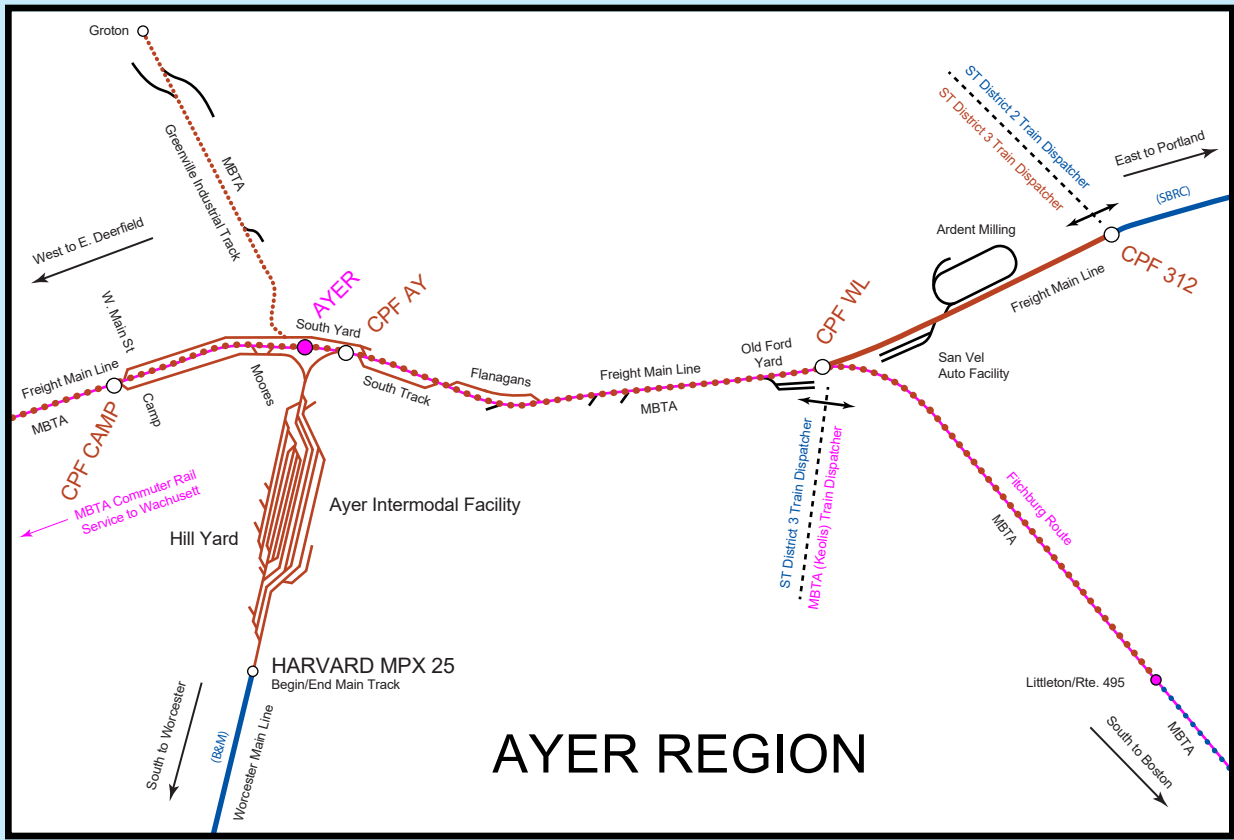
Pan Am Railways (Operated by ST)

MAIN TRACKS
Freight Main Line (300.1 mi) between Mattawamkeag, ME and CPF 312 at Ayer, MA
Northern Main Line /Capitol Corridor (45.6 mi.) between Concord, NH and CPF NC at N. Chelmsford, MA
Worcester Main Line (22.9 mi) between Harvard, MA and Barbers Station, MA

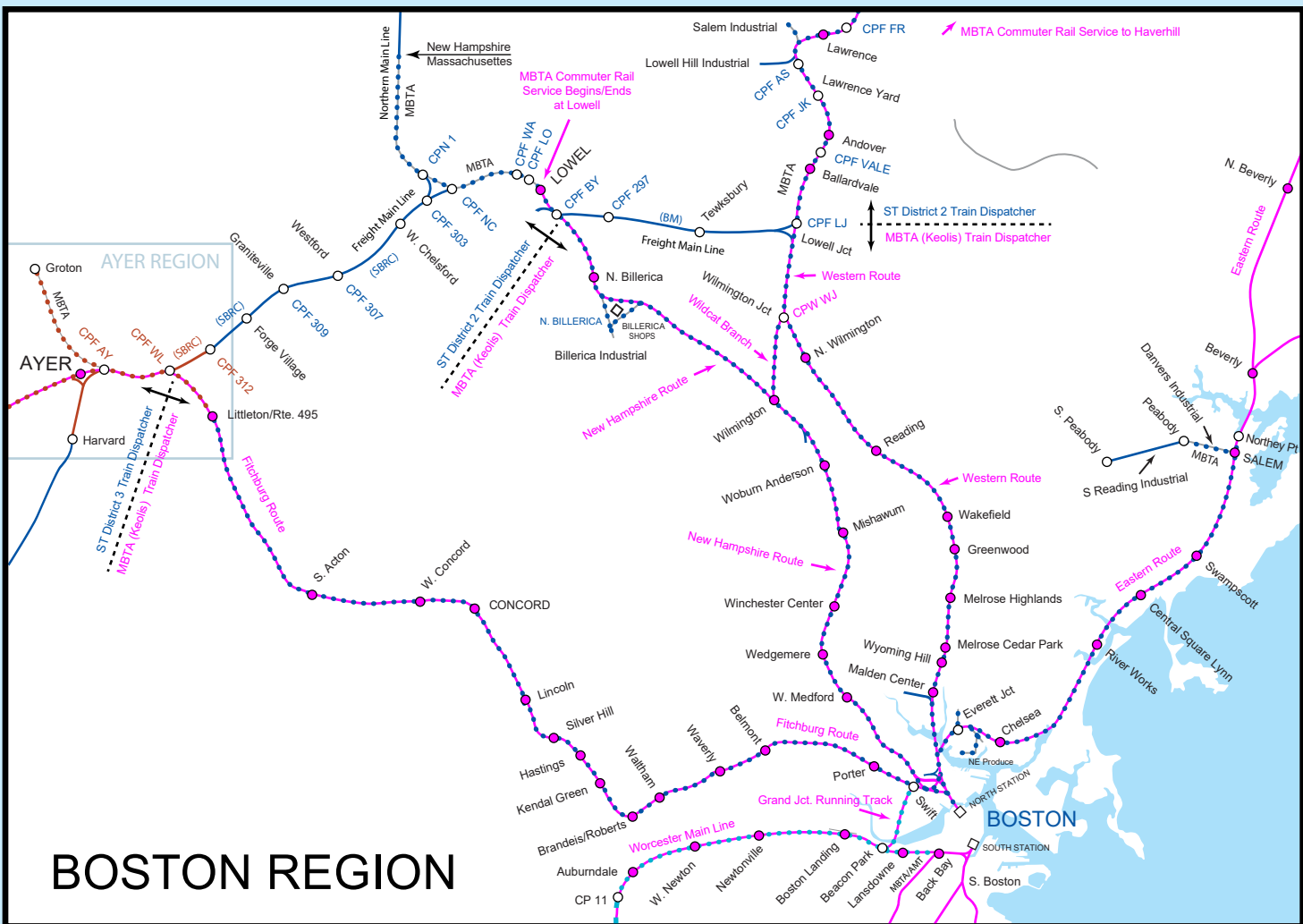
BRANCHES
Brunswick Branch (14.8 mi) between CPL 17 at Brunswick, ME and CPF 185 at Royal Jct., ME
Bucksport Branch (17.9 mi) between MPB 17 at Bucksport, ME and Calais Jct. at Bangor, ME
Hillsboro Branch (16.4 mi) between Wilton and Nashua, NH
Hinckley Branch (10.2 mi) between Hindcley, and Fairfield, ME
Medford Branch (0.9 mi.) between the MBTA Western Route and Medford, MA
Mountain Branch (0.8 mi) between CPM 2 and CPF 196 in Portland, ME
Portsmouth Branch (10.6 mi) between Emery and MP P1 in Newfields, ME
Rumford Branch (44.9 mi) between Rumford, ME and Leeds Jct., ME

OTHER TRACKS
Billerica Industrial (2.7 mi.)
Danvers Industrial (1.9 mi.)
Concord Industrial (7.4 mi.)
Cumberland Mills Industrial (3.8 mi.)
East Augusta Industrial (18.9 mi.)
Lewiston Industrial (8.0 mi.)
Madison Industrial (25.3 mi.)
Newington Industrial (3.5 mi.)
South Reading Industrial (2.5 mi.)
Woburn Industrial (.07 mi.)
Boston Area Industrial Tracks (3.0 mi.)

TRackage RIGHTS/FREIGHT EASEMENTS
MBTA (361.9 mi.) Trackage throughout Eastern MA
Maine DOT (9.4 mi.) between Brunswick and Lison Falls, ME
Northern VT Railway (0.1 mi.) St. Johnsbury, VT



AYER REGION



BOSTON REGION

LEGEND

- Pan Am Railways (PAR)
- PAR Trackage Rights
- PAR Perpetual Freight Easement
- Pan Am Southern (PAS)
- PAS Trackage Rights
- PAS Perpetual Freight Easement
- CSXT Transportation (CSXT)
- CSXT Trackage Rights
- CSXT Perpetual Freight Easement
- Massachusetts Bay Transportation Authority (MBTA) Commuter Rail Line
- MBTA Commuter Rail Operating Rights on PAS

PAN AM RAILWAYS

BOSTON & MAINE CORP. • MAINE CENTRAL RAILROAD CO. • PAN AM SOUTHERN LLC • PORTLAND TERMINAL CO. • SPRINGFIELD TERMINAL RAILWAY CO.

1700 IRON HORSE PARK • NORTH BILLERICA, MASSACHUSETTS 01862

0 25 50 75 100
MILES

Revised 6-24-2021 RRR

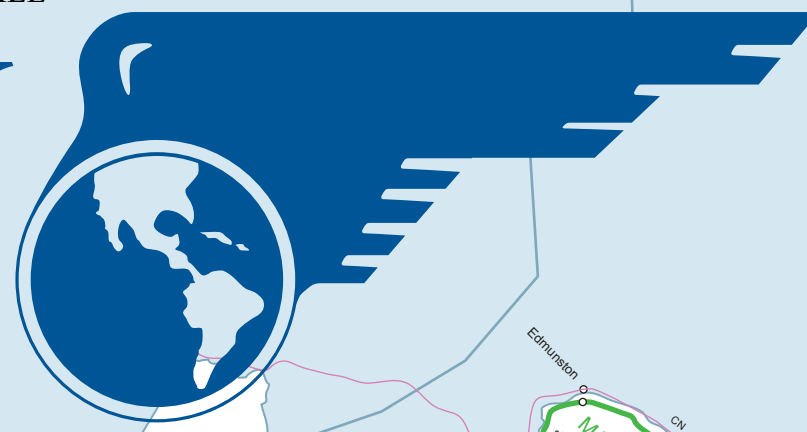
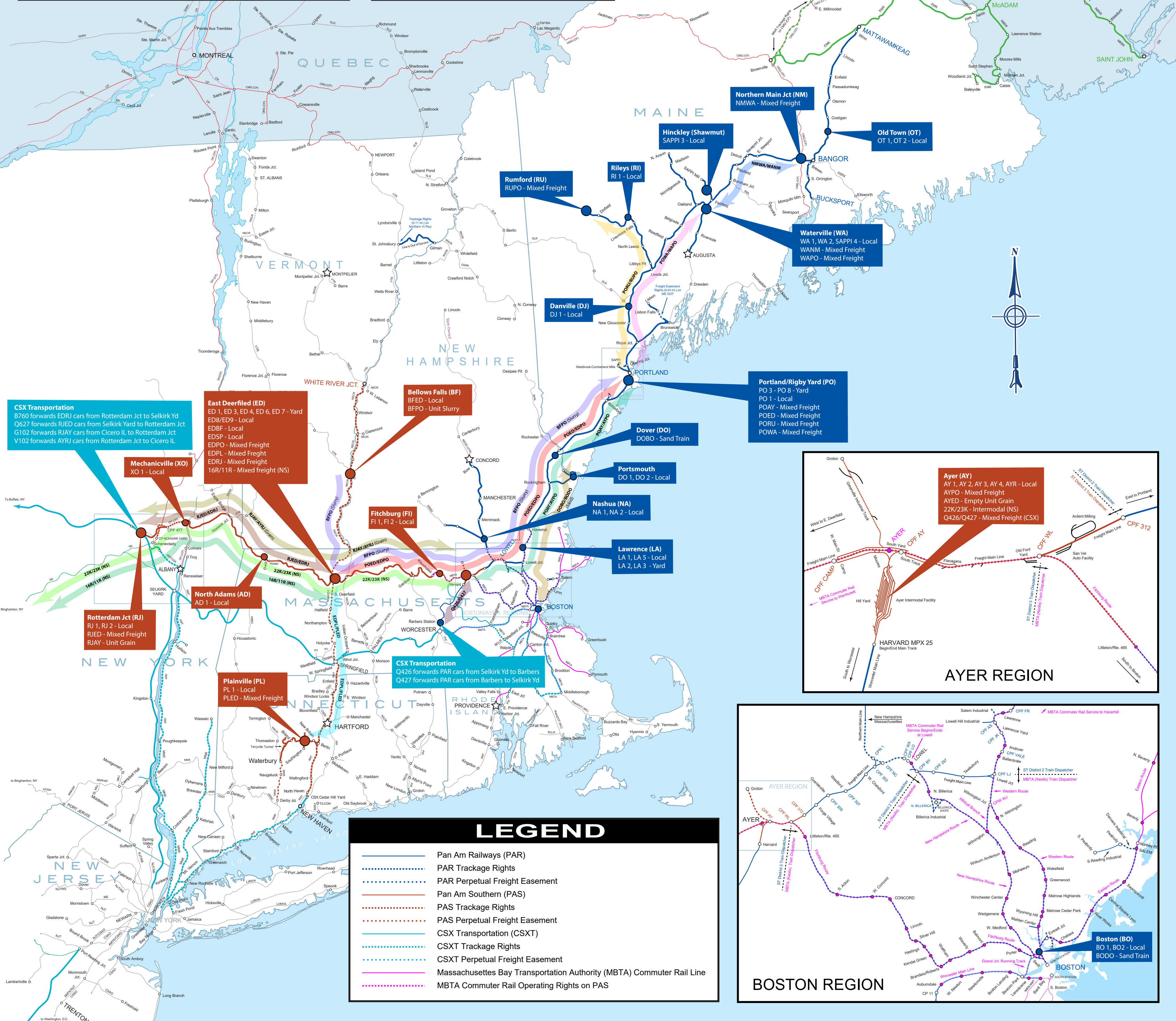
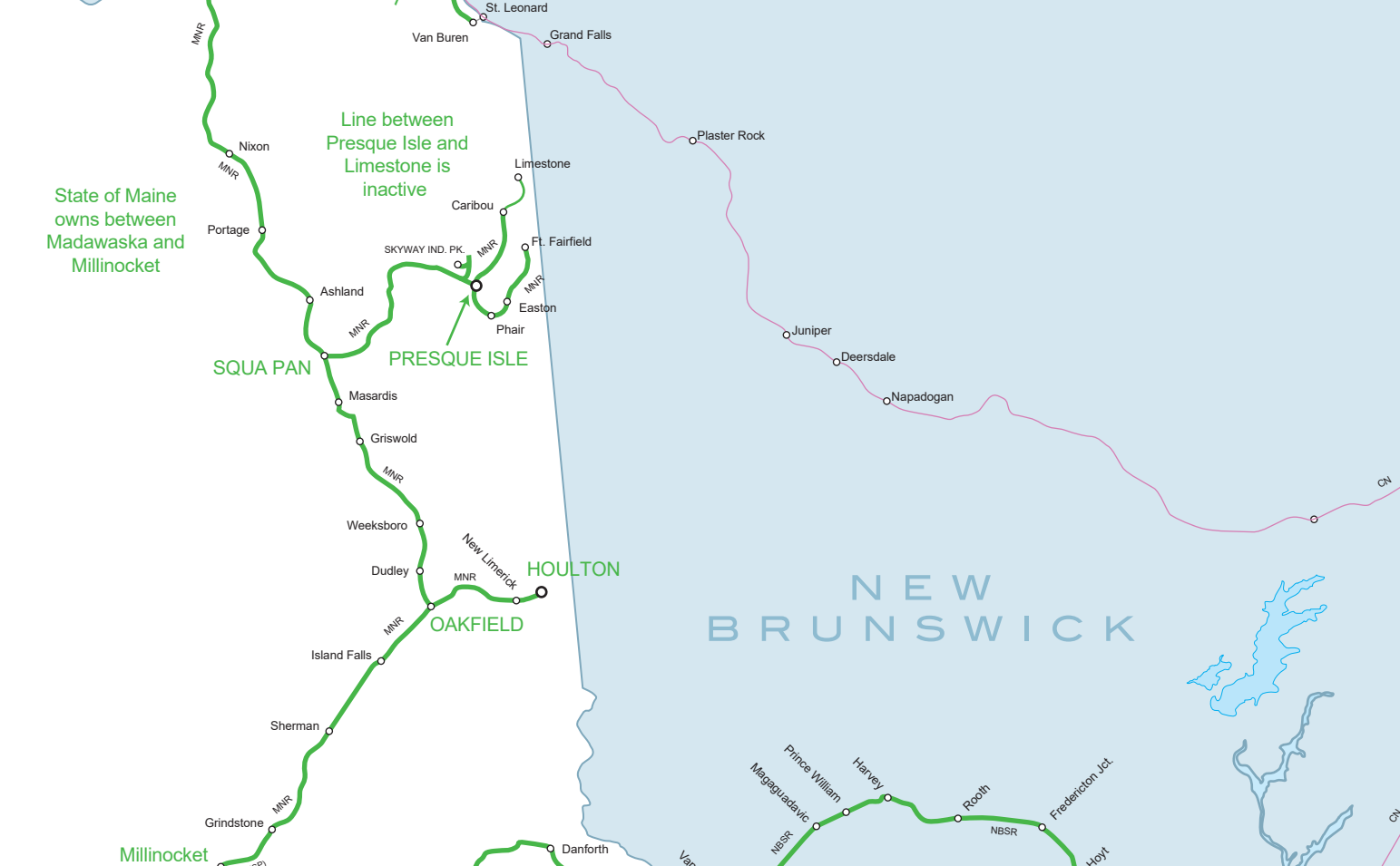
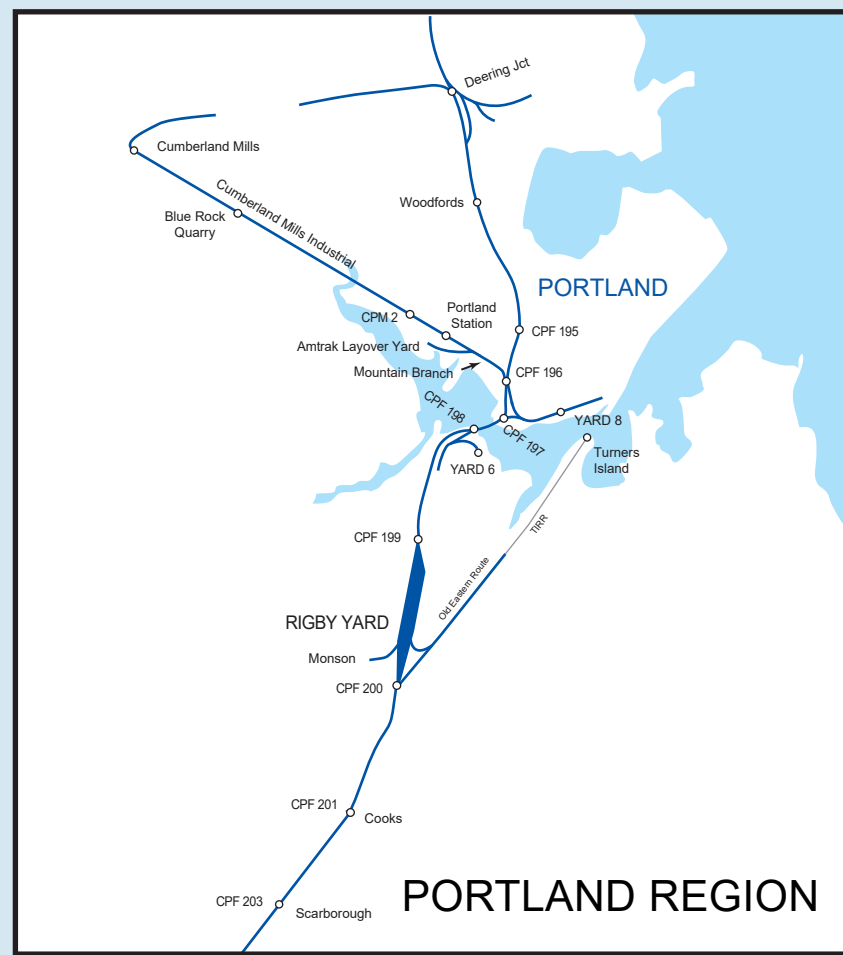
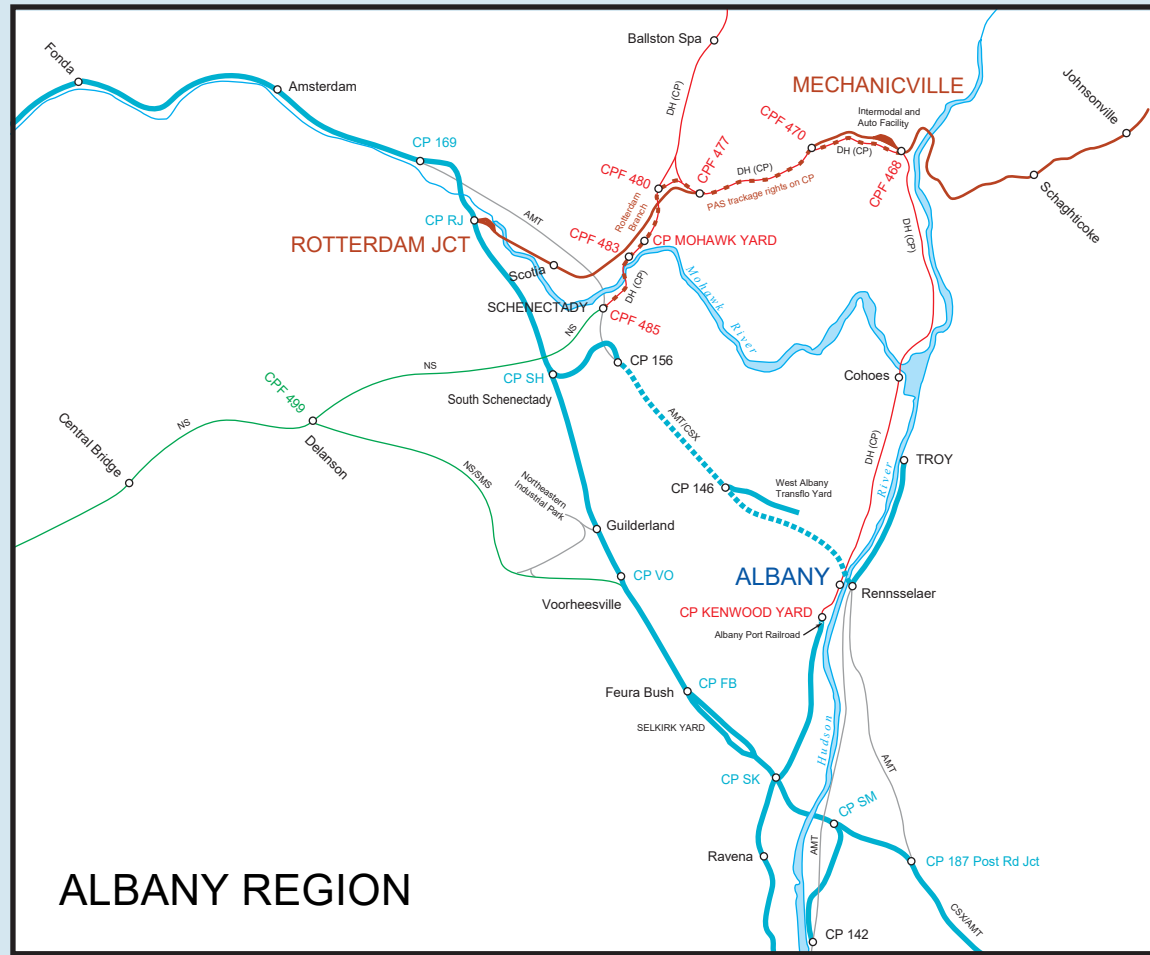
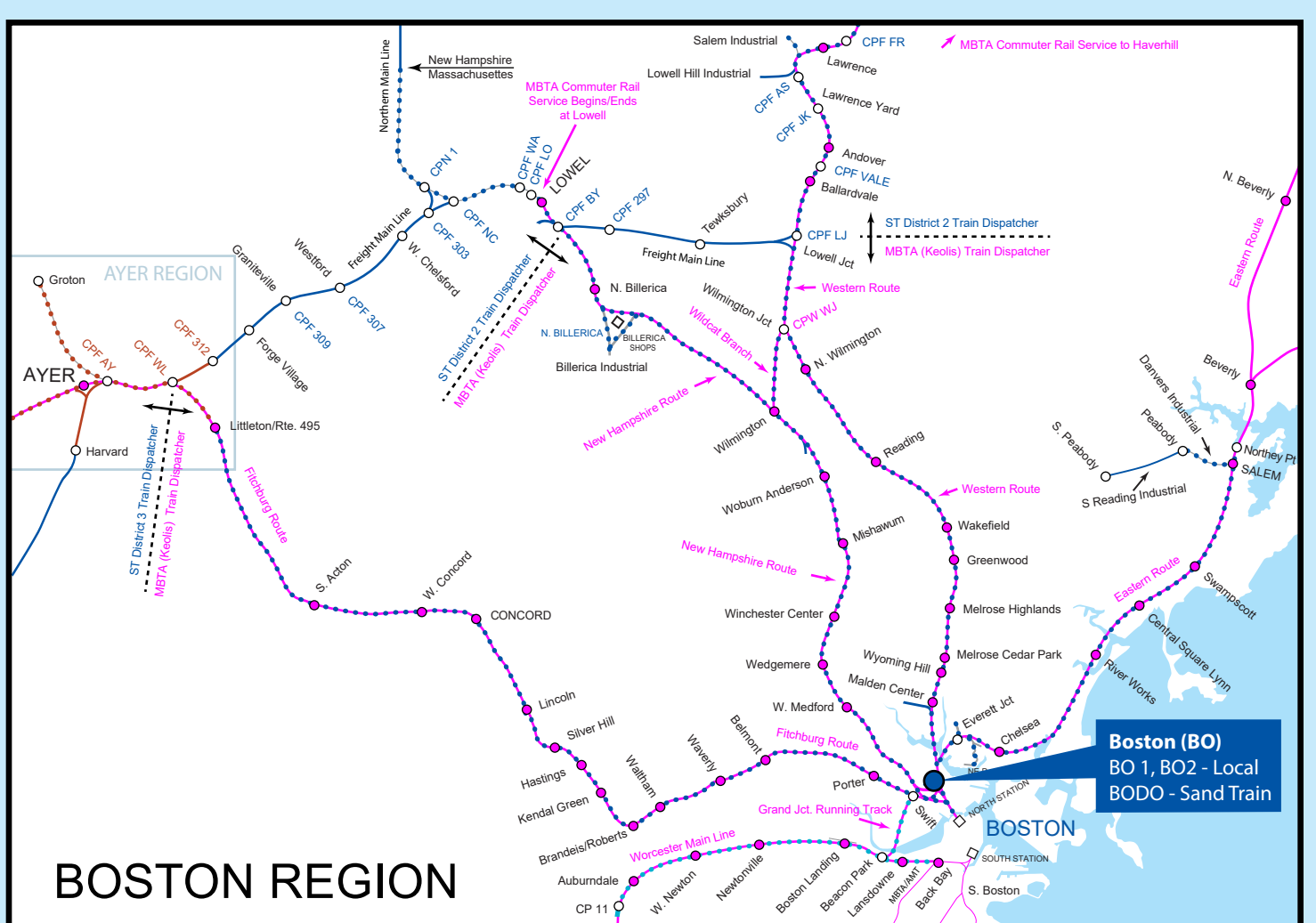
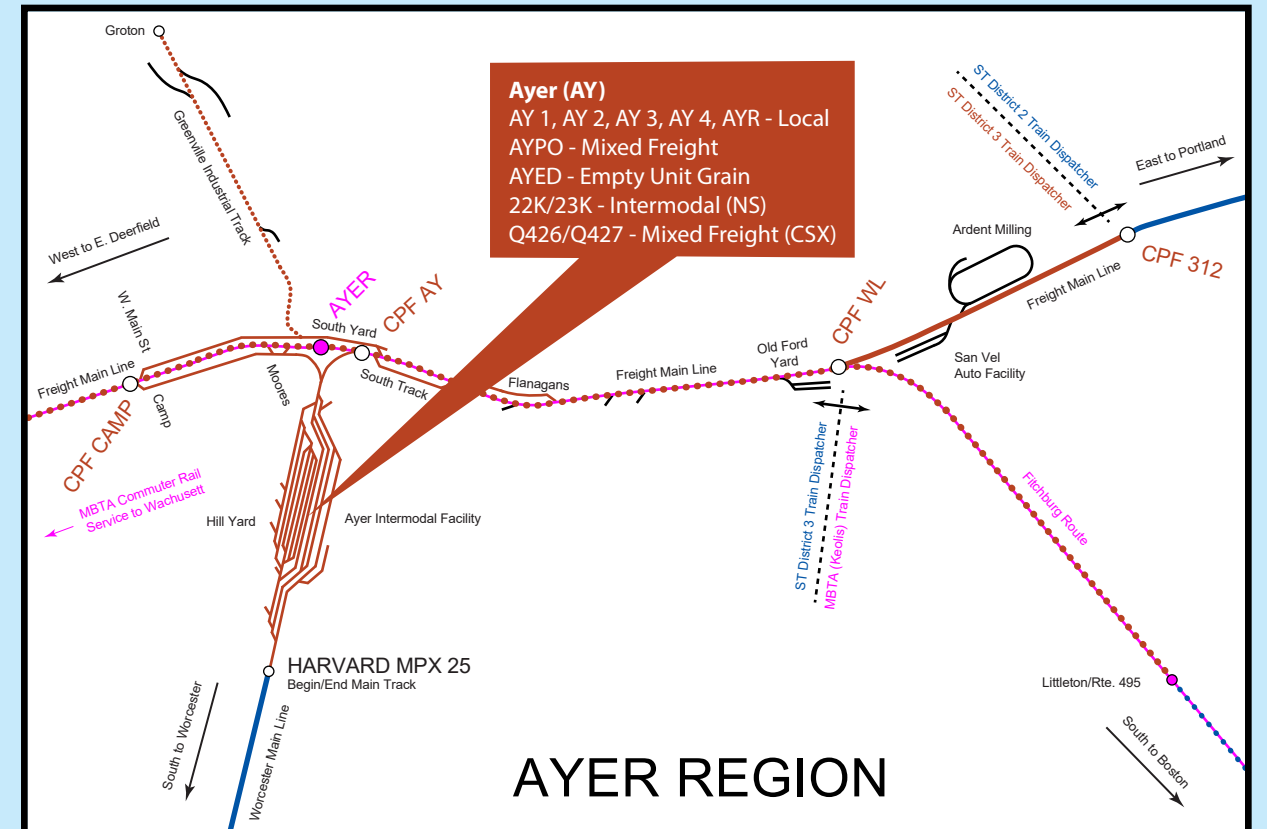


EXHIBIT 1-D

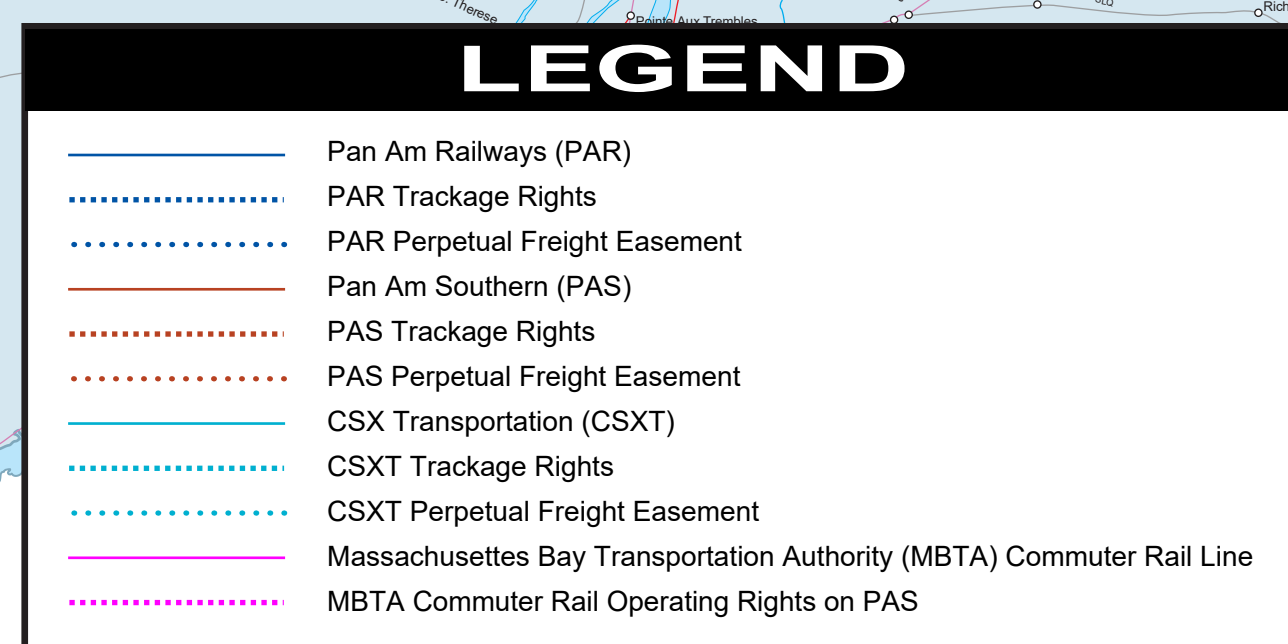
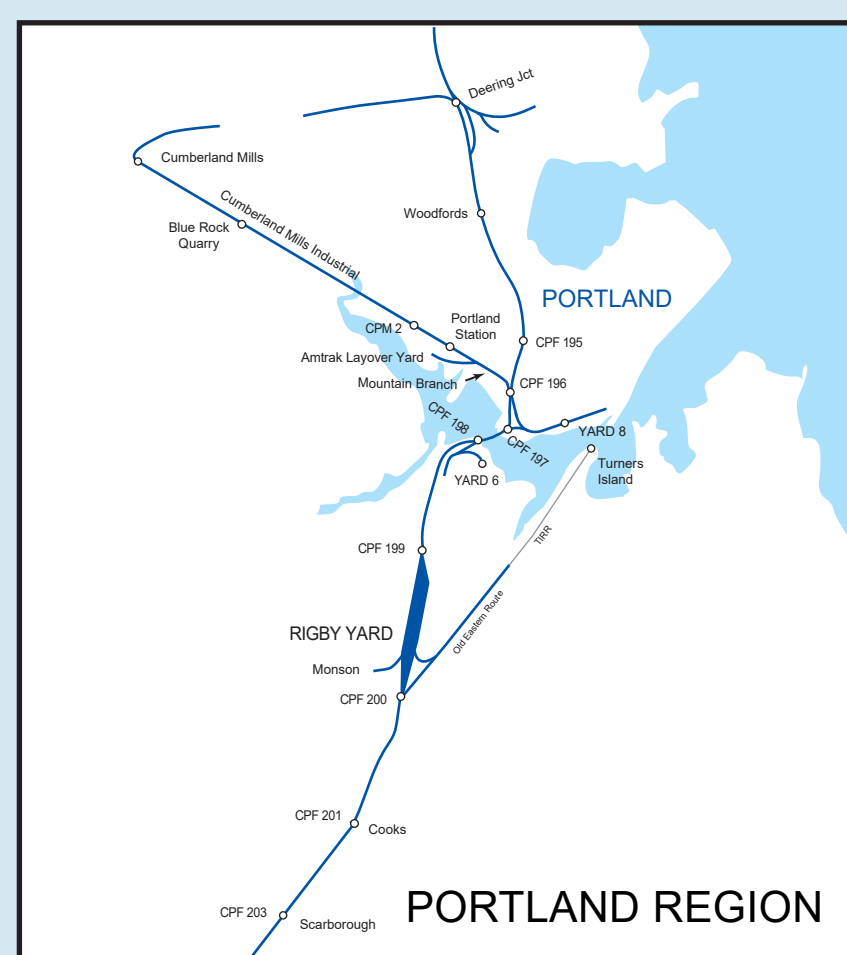
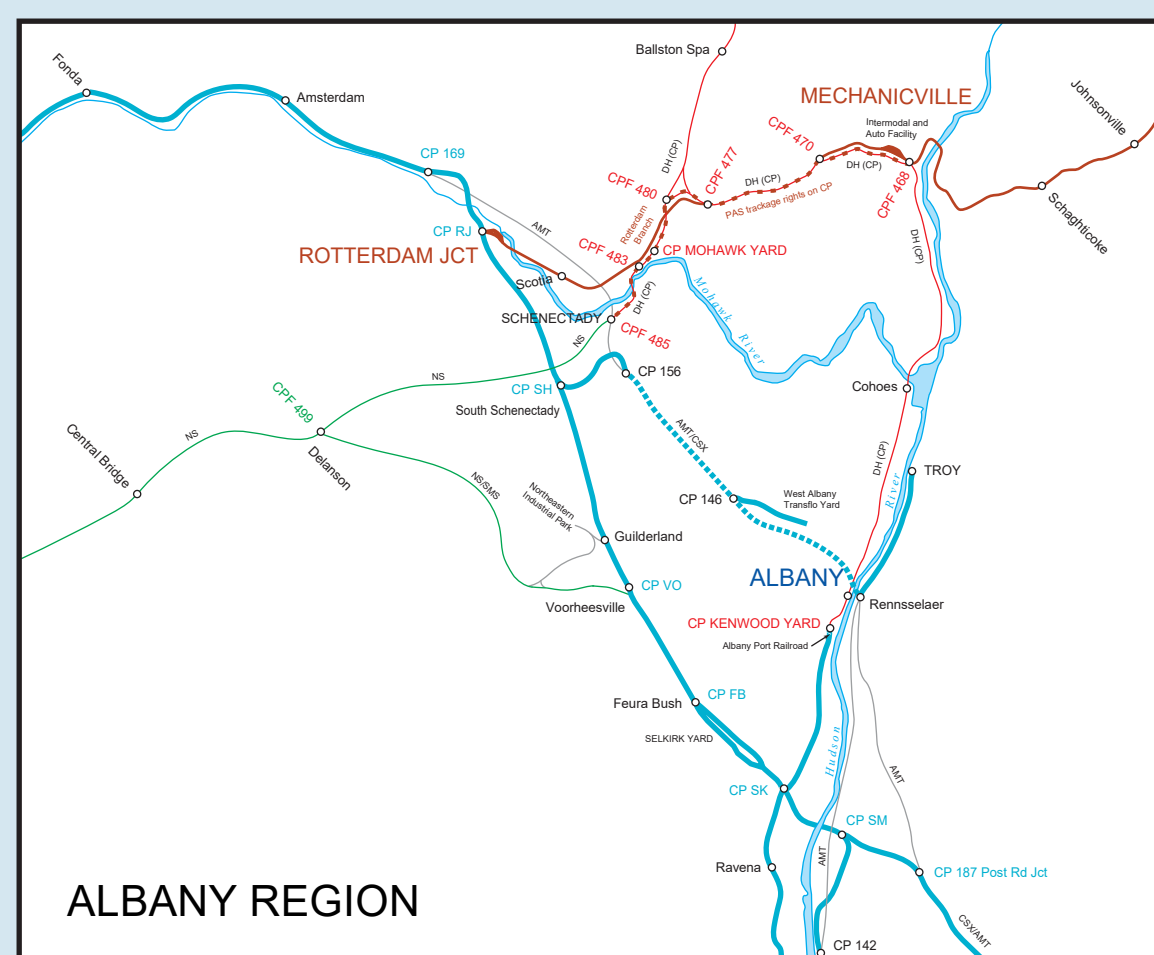
OPERATIONS SERVICE MAP



LEGEND	
—	Pan Am Railways (PAR)
- - -	PAR Trackage Rights
- - -	PAR Perpetual Freight Easement
—	Pan Am Southern (PAS)
- - -	PAS Trackage Rights
- - -	PAS Perpetual Freight Easement
—	CSX Transportation (CSXT)
- - -	CSXT Trackage Rights
- - -	CSXT Perpetual Freight Easement
—	Massachusetts Bay Transportation Authority (MBTA) Commuter Rail Line
- - -	MBTA Commuter Rail Operating Rights on PAS



INTERCHANGE LOCATIONS MAP



**MNR has access to Mattawamkeag
is via haulage agreement with EMR**

Mattawamkeag
6014 Feet
Eastern Main
Main Northern
New Brunswick Southern

Access to St John via a haulage agreement with EMR & NBSR

Northern Main Junction
6957 Feet
CMQ/Canadian Pacific

MNR has access to Northern Main Jct via a haulage agreement with CMQ (CP) and EMR

Burnham Junction
655 Feet
Belfast & Moosehead Lake
B&ML has no revenue freight business

Danville Junction
8470 Feet
St. Lawrence & Atlantic

White River Junction
Vermont Railway - **1800 Feet**
New England Central - **2400 Feet**
Not in service for NECR revenue traffic

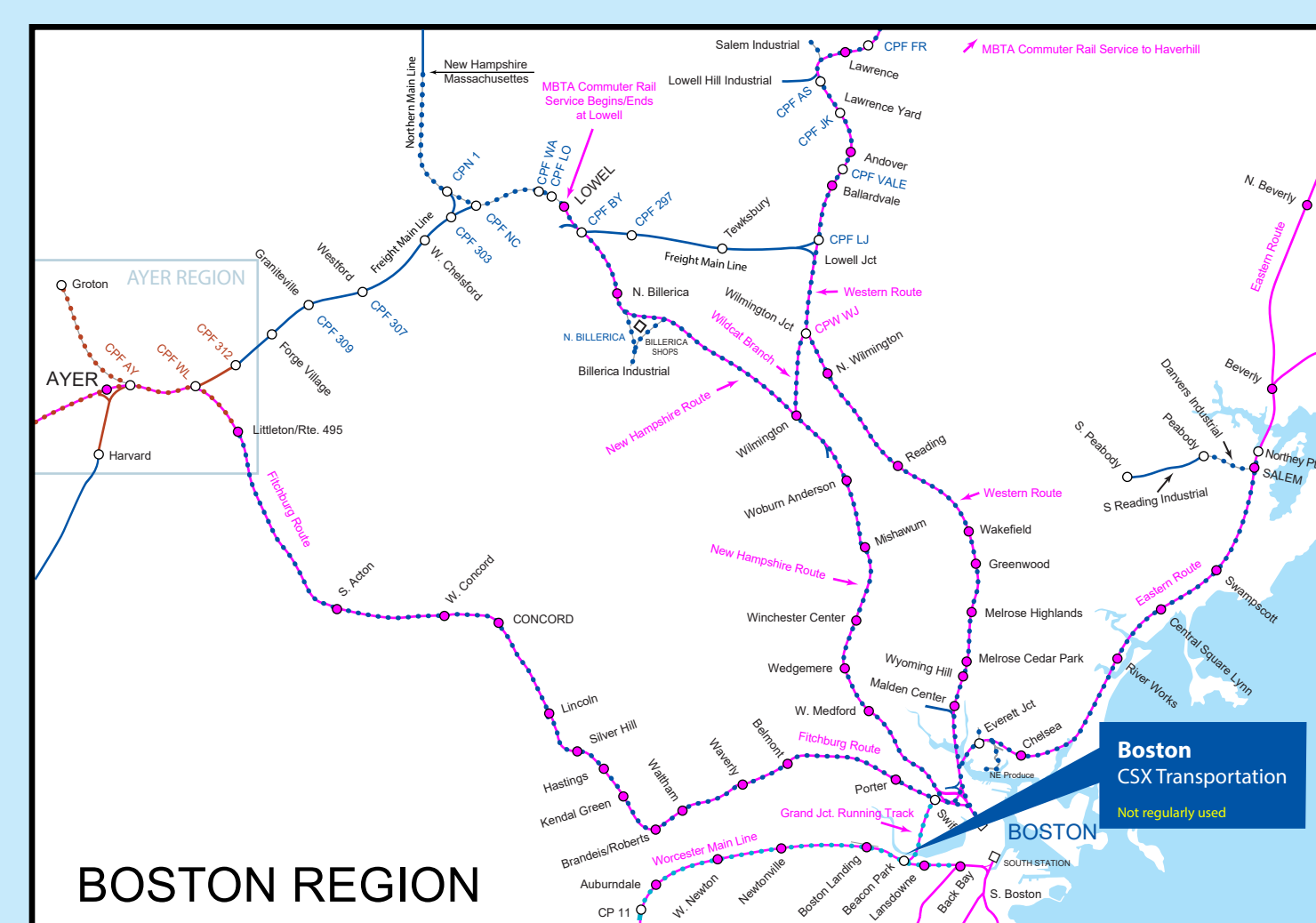
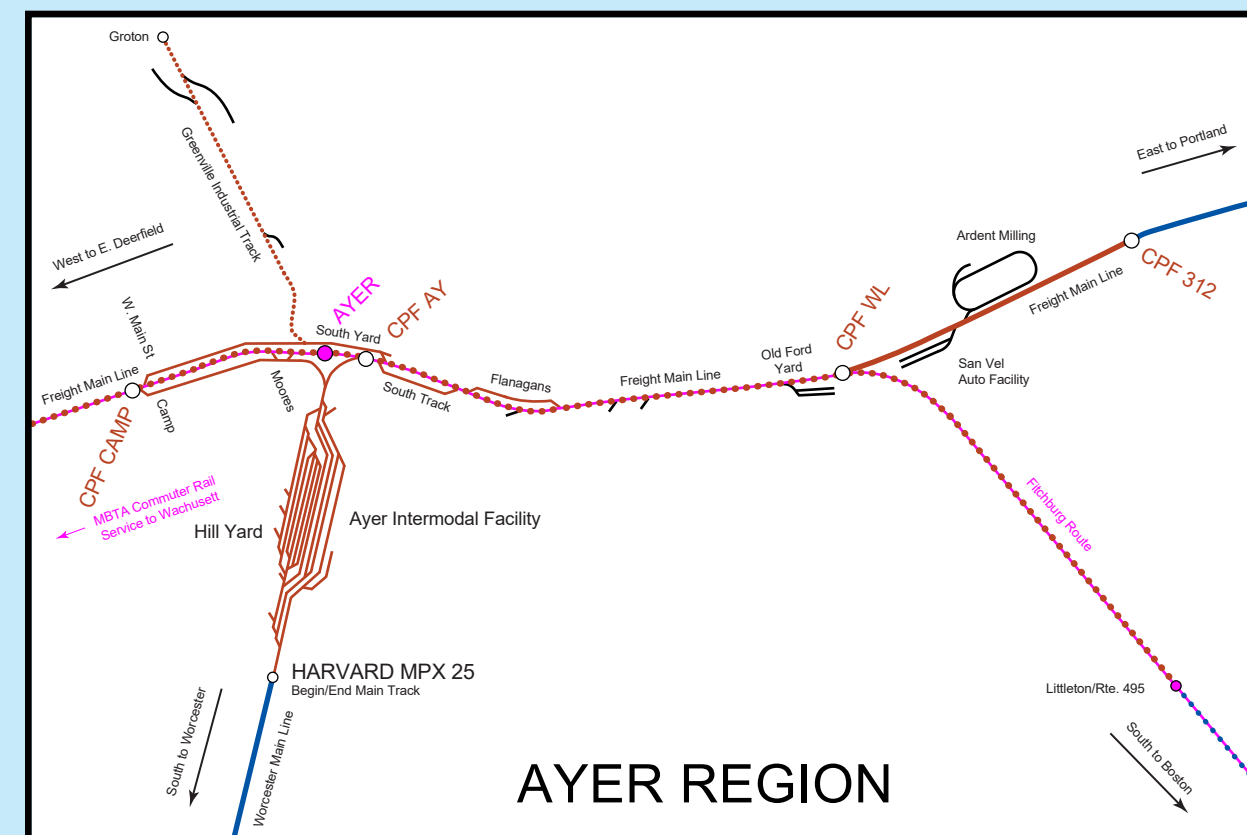
Brunswick
1100 Feet
CMQ/Canadian Pacific

Portland
1068 Feet
Turners Island

This interchange is used only for haulage traffic moving to Walnut Hill, MA / Winchester, MA and for joint Springfield Terminal/NSR intermodal services

Not a regular interchange

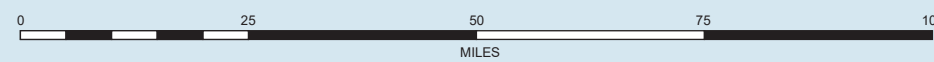
Used to exchange empty intermodal and automotive equipment when necessary



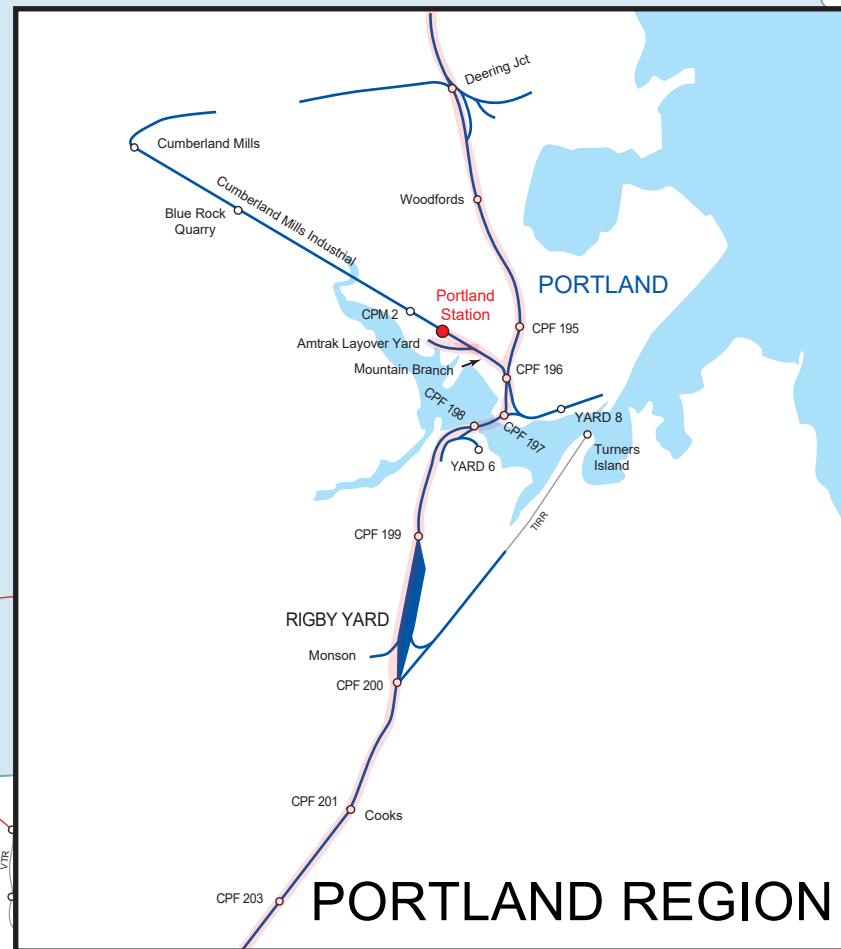
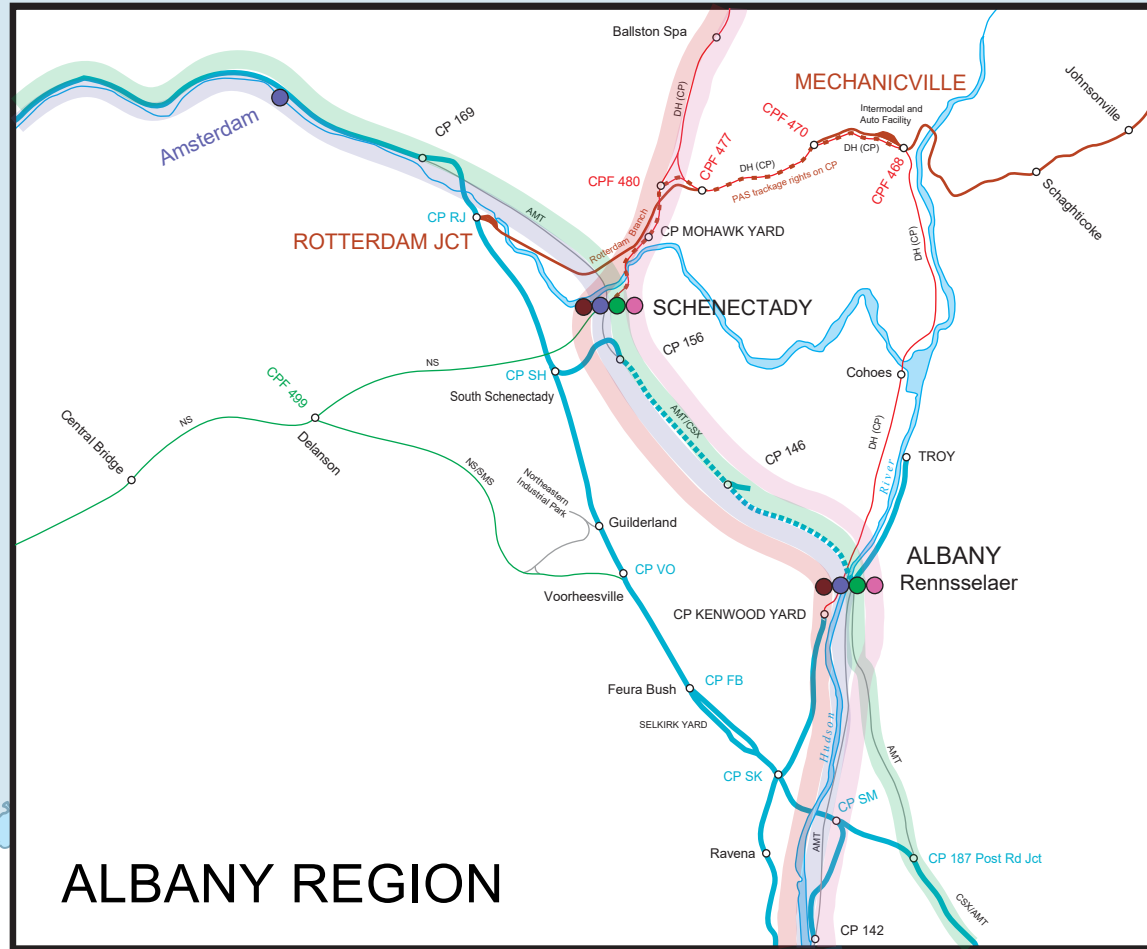


SERVICE ROUTES MAP

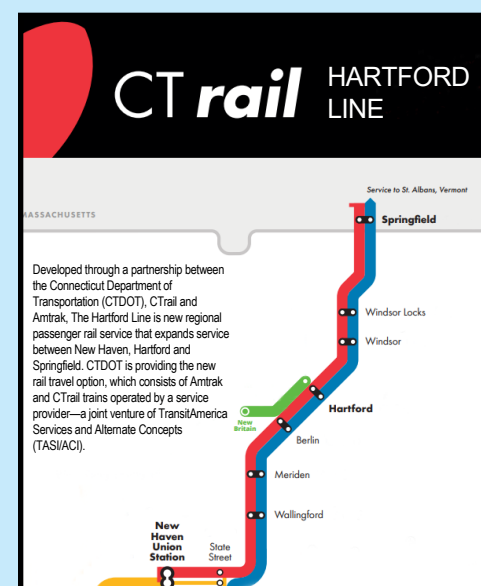
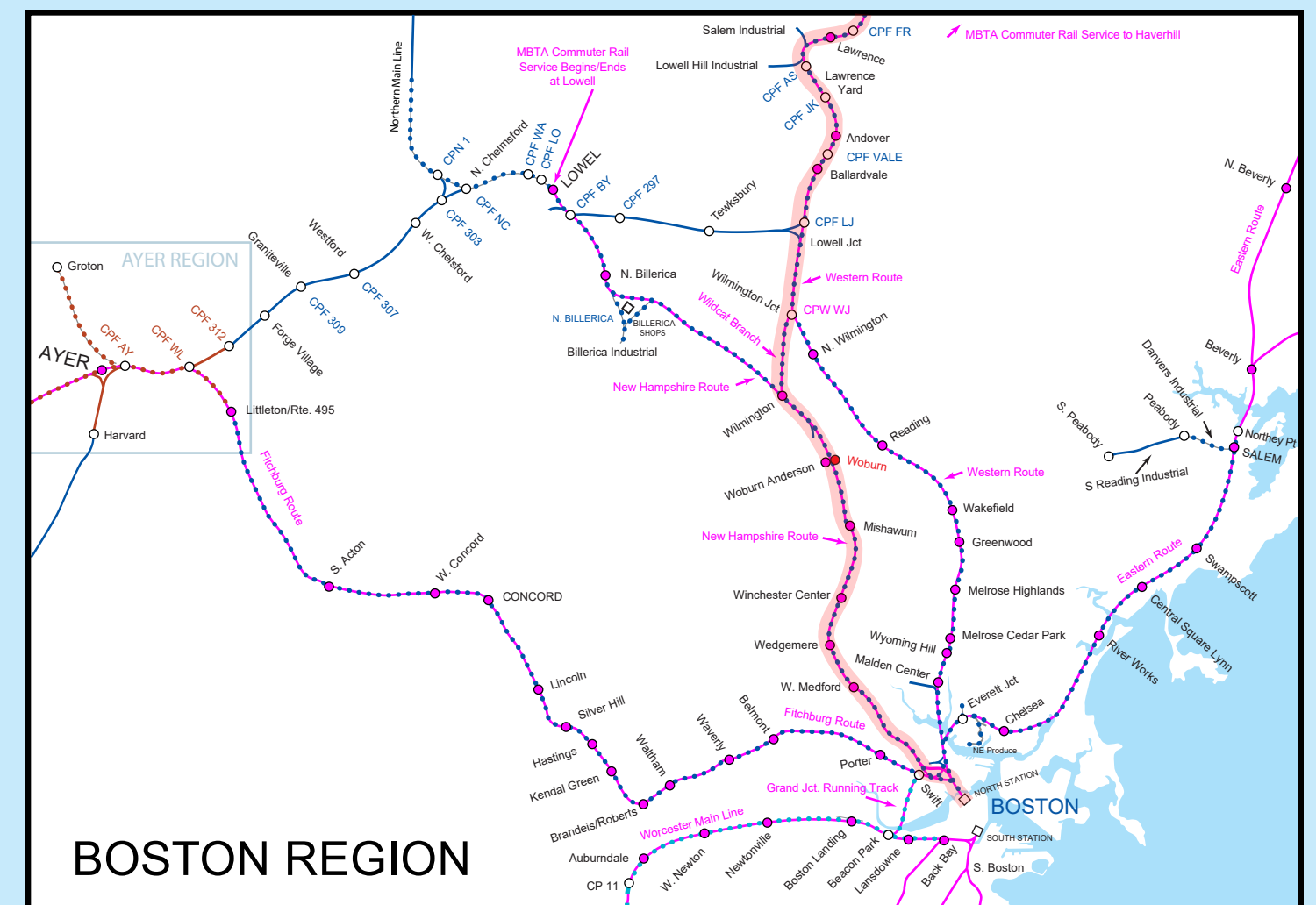
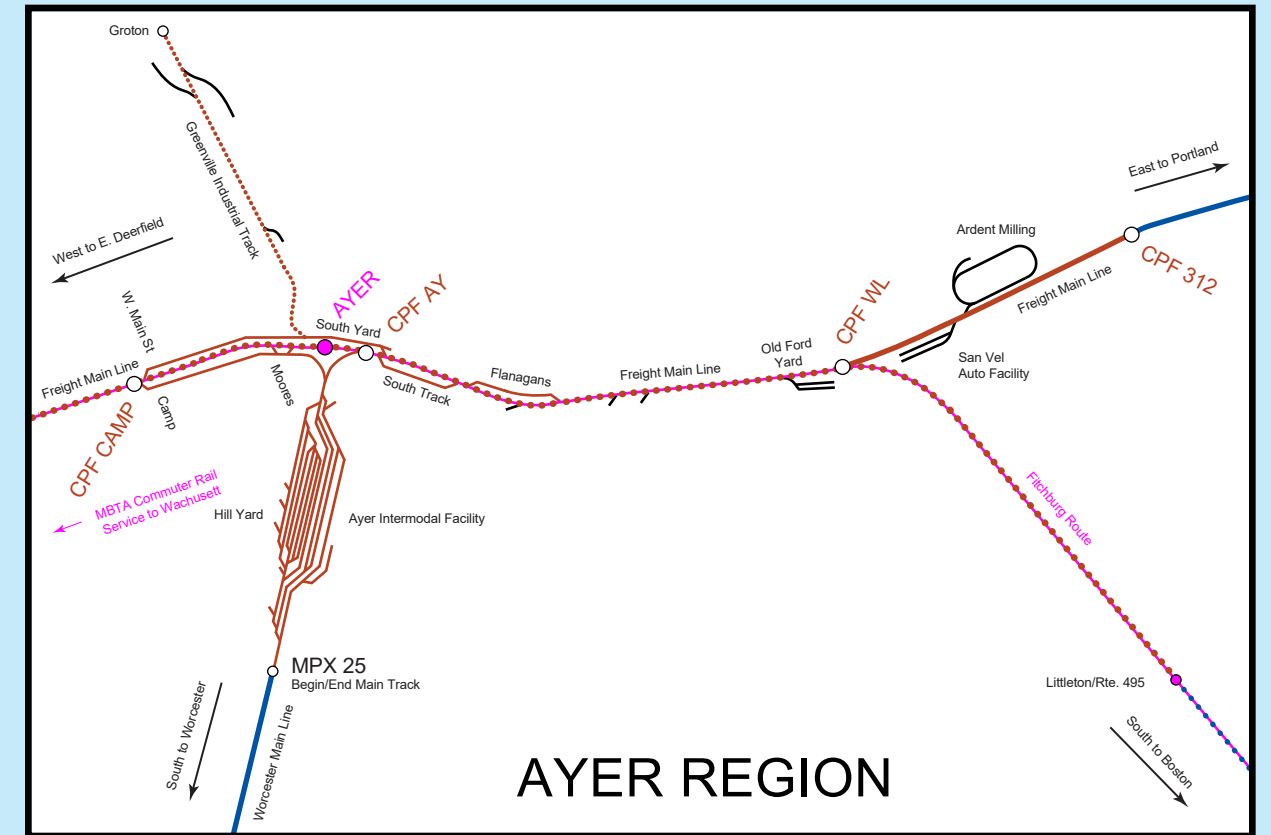
- | | | |
|--|---|--|
| ADIRONDACK SERVICE
Between New York City
and Montreal QC | ETHAN ALLEN EXPRESS
Between New York City
and Rutland VT | VALLEY FLYER SERVICE
Between New Haven CT
and Greenfield MA |
| DOWNEASTER SERVICE
Between Boston MA
and Brunswick ME | HARTFORD LINE
Between New Haven CT
and Springfield MA | VERMONT SERVICE
Between Washington DC
and St Albans VT |
| EMPIRE SERVICE
Between New York City
and Niagara Falls NY | LAKEHORE SERVICE
Between Boston MA
and Chicago IL | |



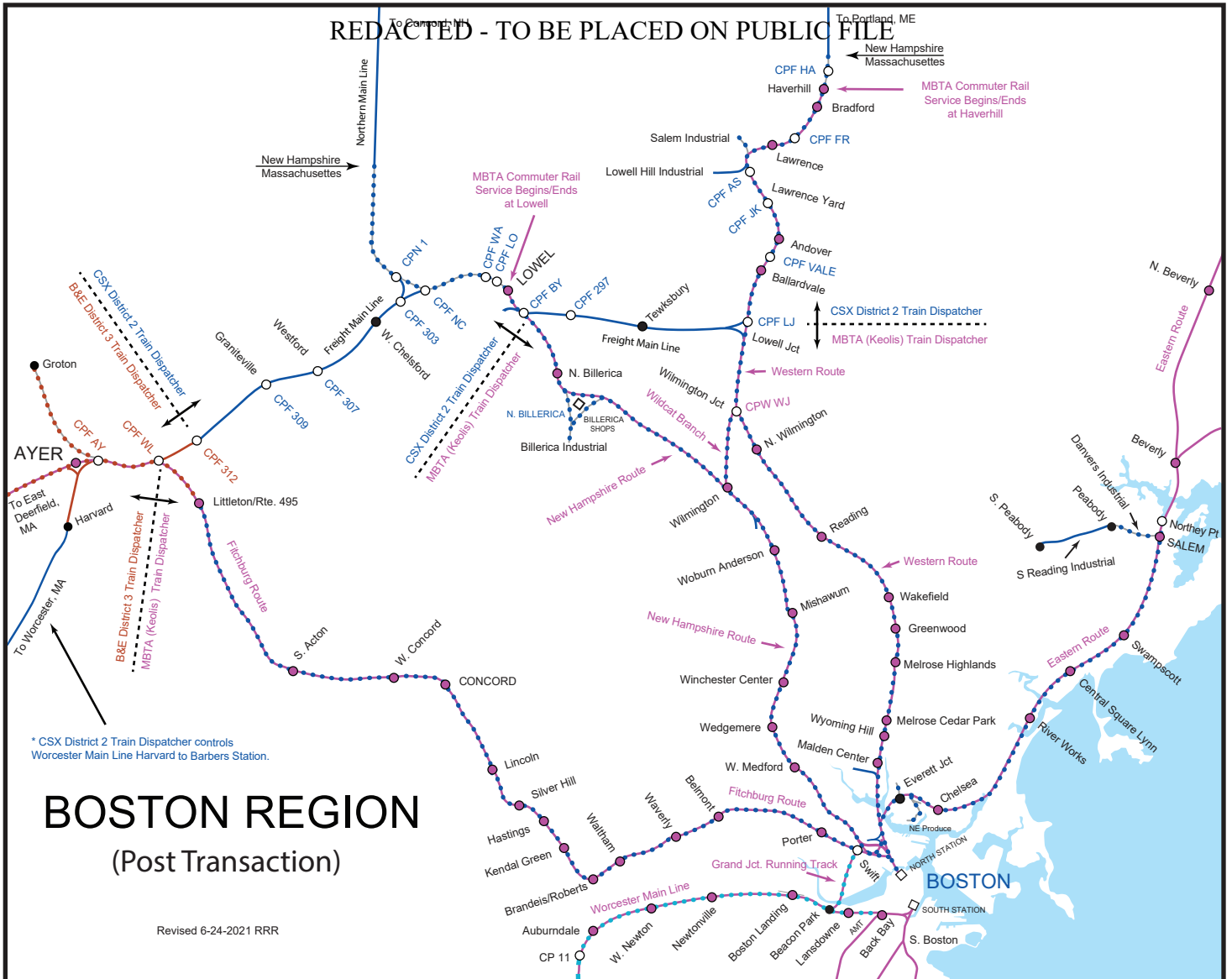
Revised 6-24-2021 RRR



- ## LEGEND
- Pan Am Railways (PAR)
 - PAR Trackage Rights
 - PAR Perpetual Freight Easement
 - Pan Am Southern (PAS)
 - PAS Trackage Rights
 - PAS Perpetual Freight Easement
 - CSX Transportation (CSXT)
 - CSXT Trackage Rights
 - CSXT Perpetual Freight Easement
 - Massachusetts Bay Transportation Authority (MBTA) Commuter Rail Line
 - MBTA Commuter Rail Operating Rights on PAS



REDACTED - TO BE PLACED ON PUBLIC FILE



Dispatcher Desks

District 1 (CSX)

Freight Main Line - Winn to CPF 199
Brunswick Branch
Bucksport Branch
Hinckley Branch
Mountain Branch
Rumford Branch

District 2 (CSX)

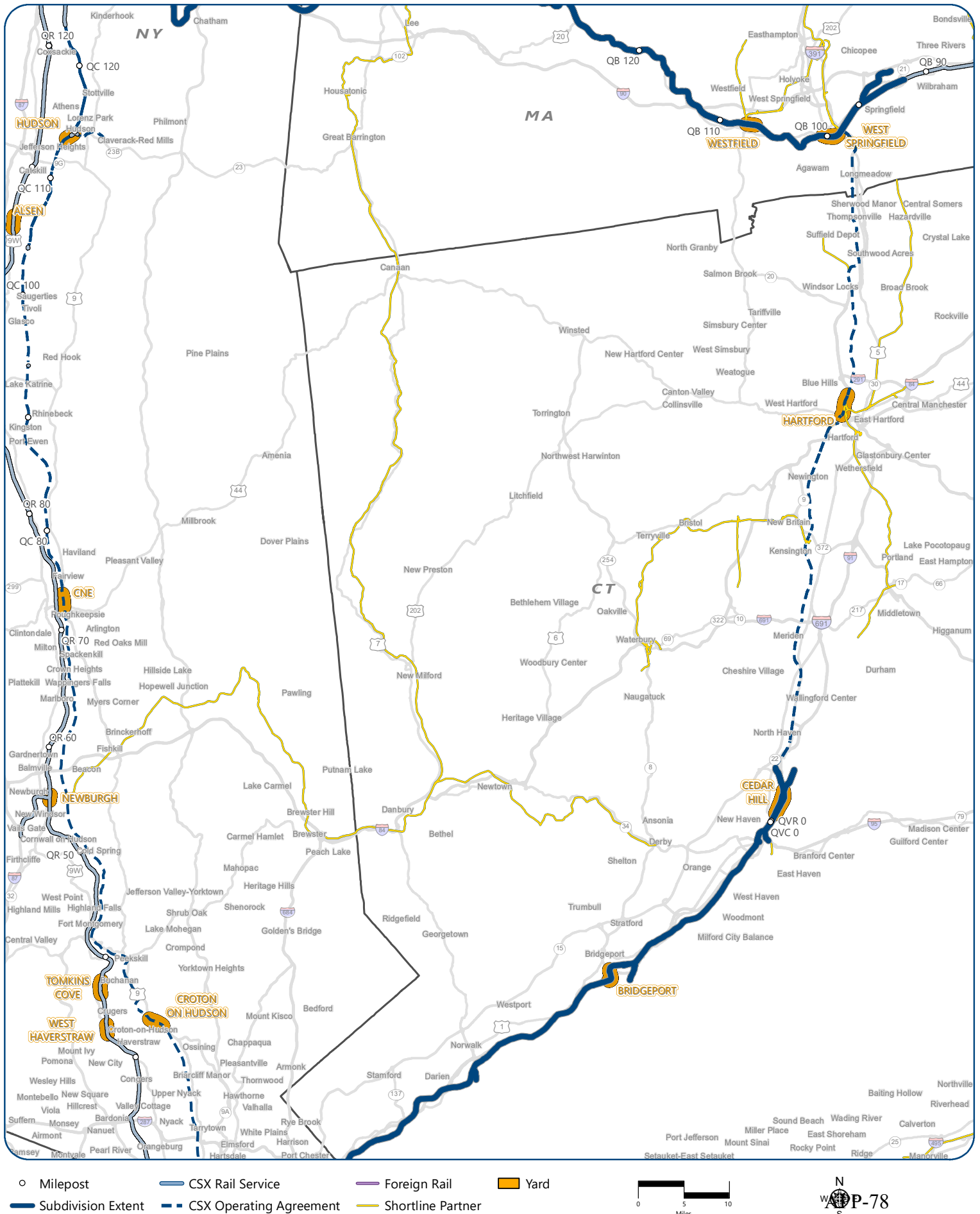
Freight Main Line - CPF 199 to CPF 312
Northern Main Line
Western Route Main Line - East of CPF LJ
Worcester Main Line
Hillsboro Branch
Portsmouth Branch

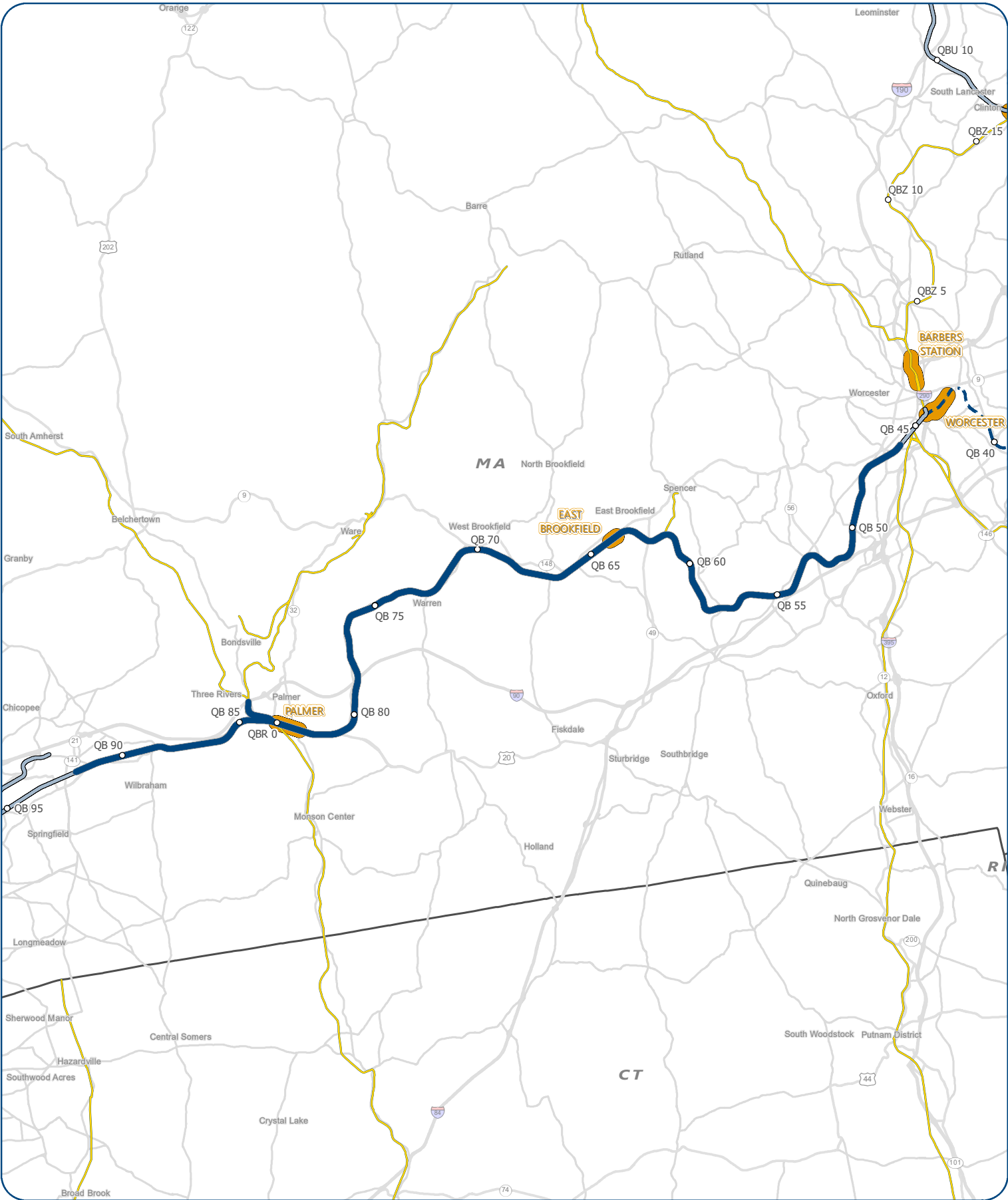
District 3 (B&E)

Freight Main Line - CPF 312 to CPF 468
Conn River Main Line
Rotterdam Branch
Waterbury Branch

LEGEND

	Pan Am Railways (PAR)
	PAR Perpetual Freight Easement
	Pan Am Southern (PAS)
	PAS Perpetual Freight Easement
	CSX Transportation (CSXT)
	CSXT Trackage Rights
	CSXT Perpetual Freight Easement
	MBTA Commuter Rail Line
	MBTA Owned (No Commuter Service)
	MBTA Commuter Rail Station
	Dispatcher Controlled Interlocking

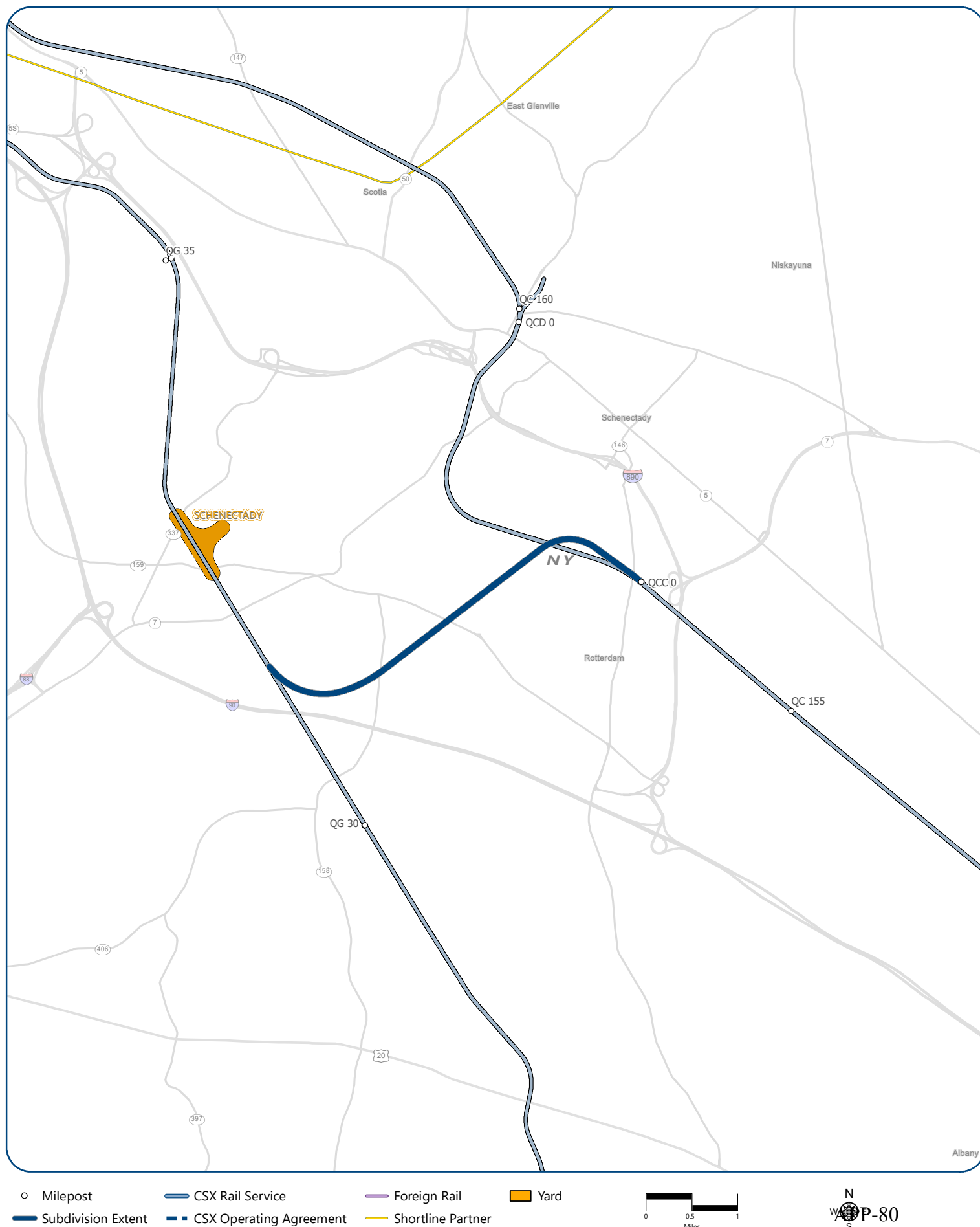




- Milepost
- CSX Rail Service
- Foreign Rail
- Yard
- Subdivision Extent
- CSX Operating Agreement
- Shortline Partner



NORTHERN ZONE

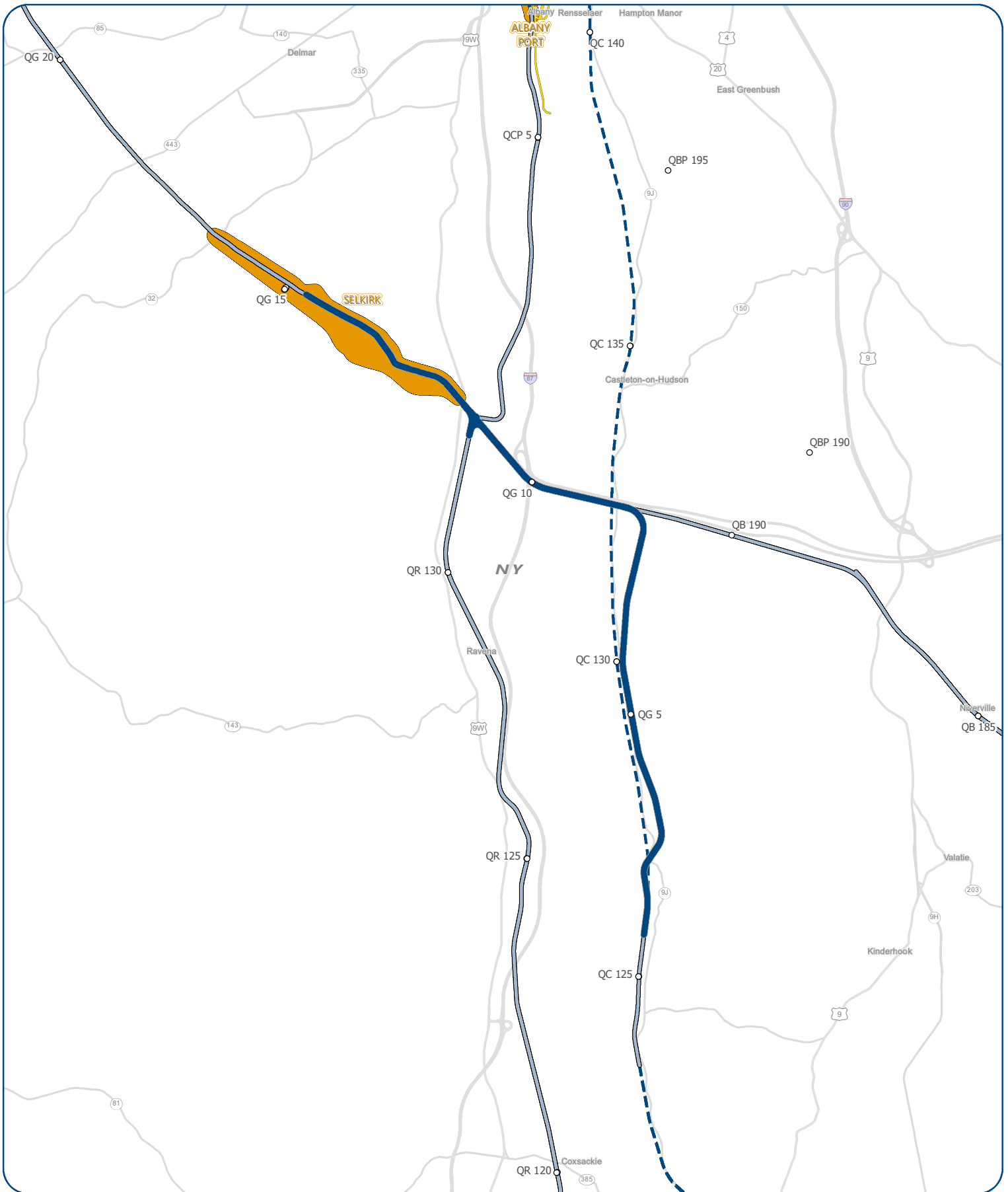


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CASTLETON

NORTHERN ZONE

EXHIBIT 1-K

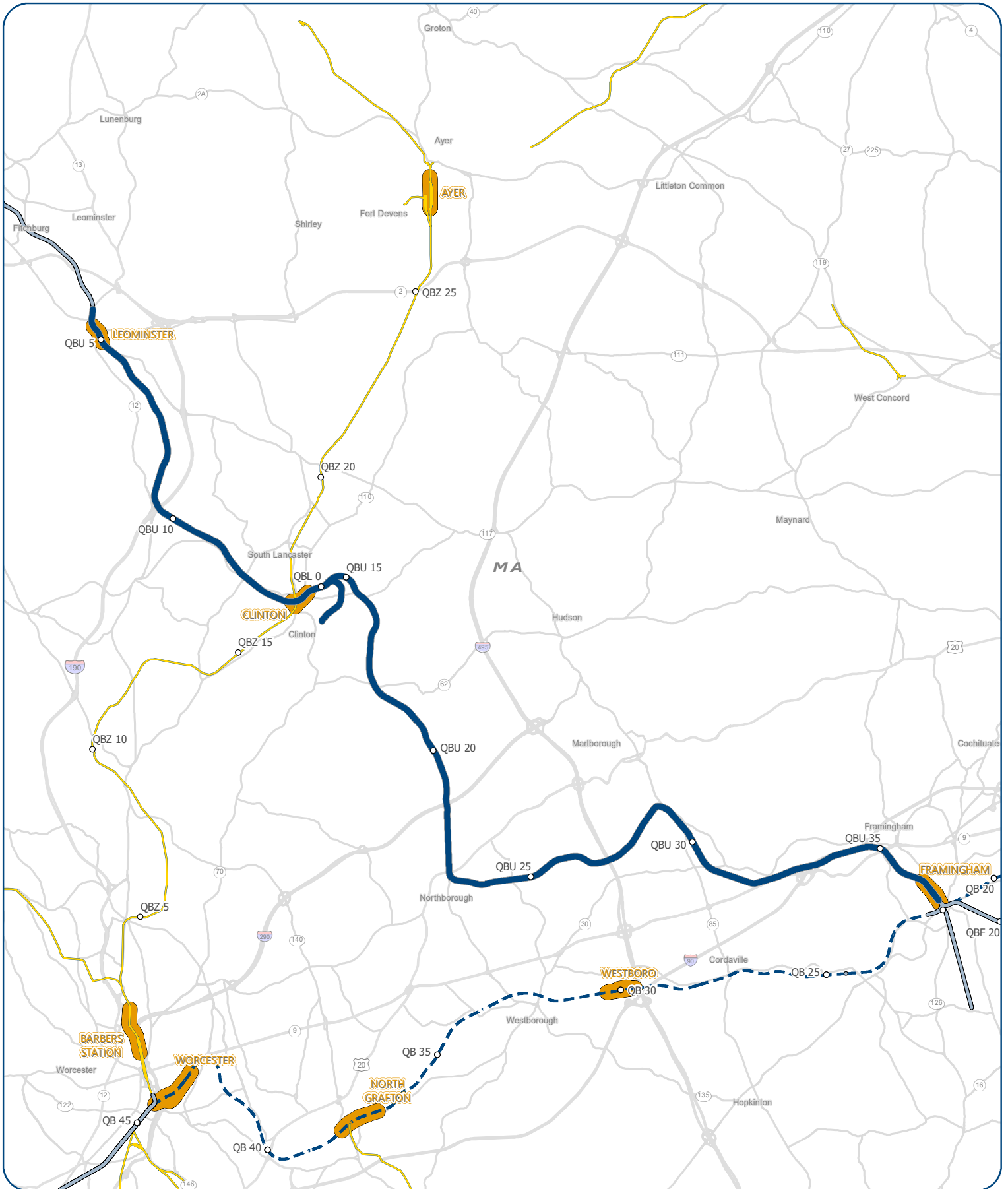


- Milepost
- CSX Rail Service
- Foreign Rail
- Yard
- Subdivision Extent
- - - CSX Operating Agreement
- Shortline Partner



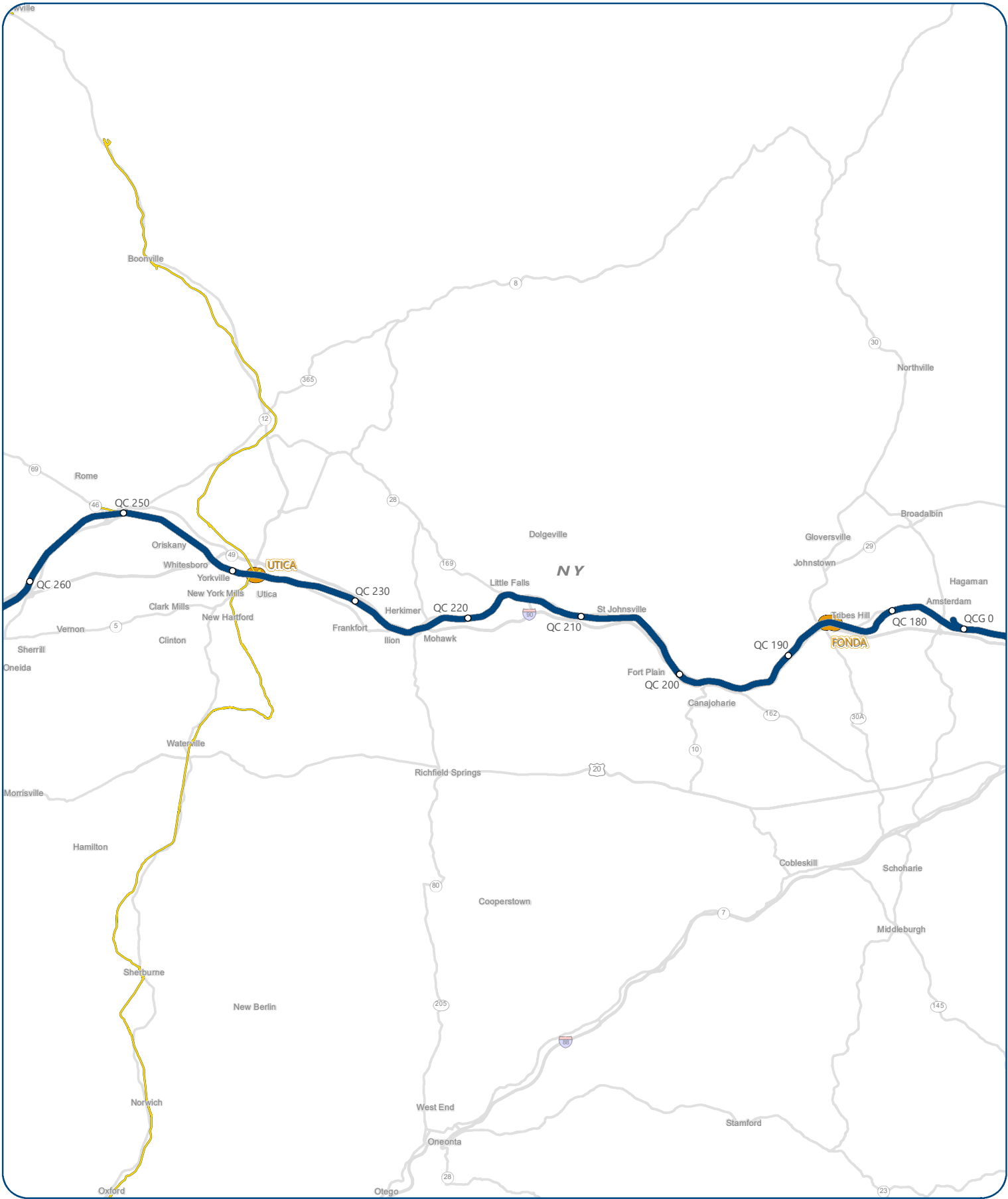
REDACTED FITCHBURG
NORTHERN ZONE

EXHIBIT 1-L



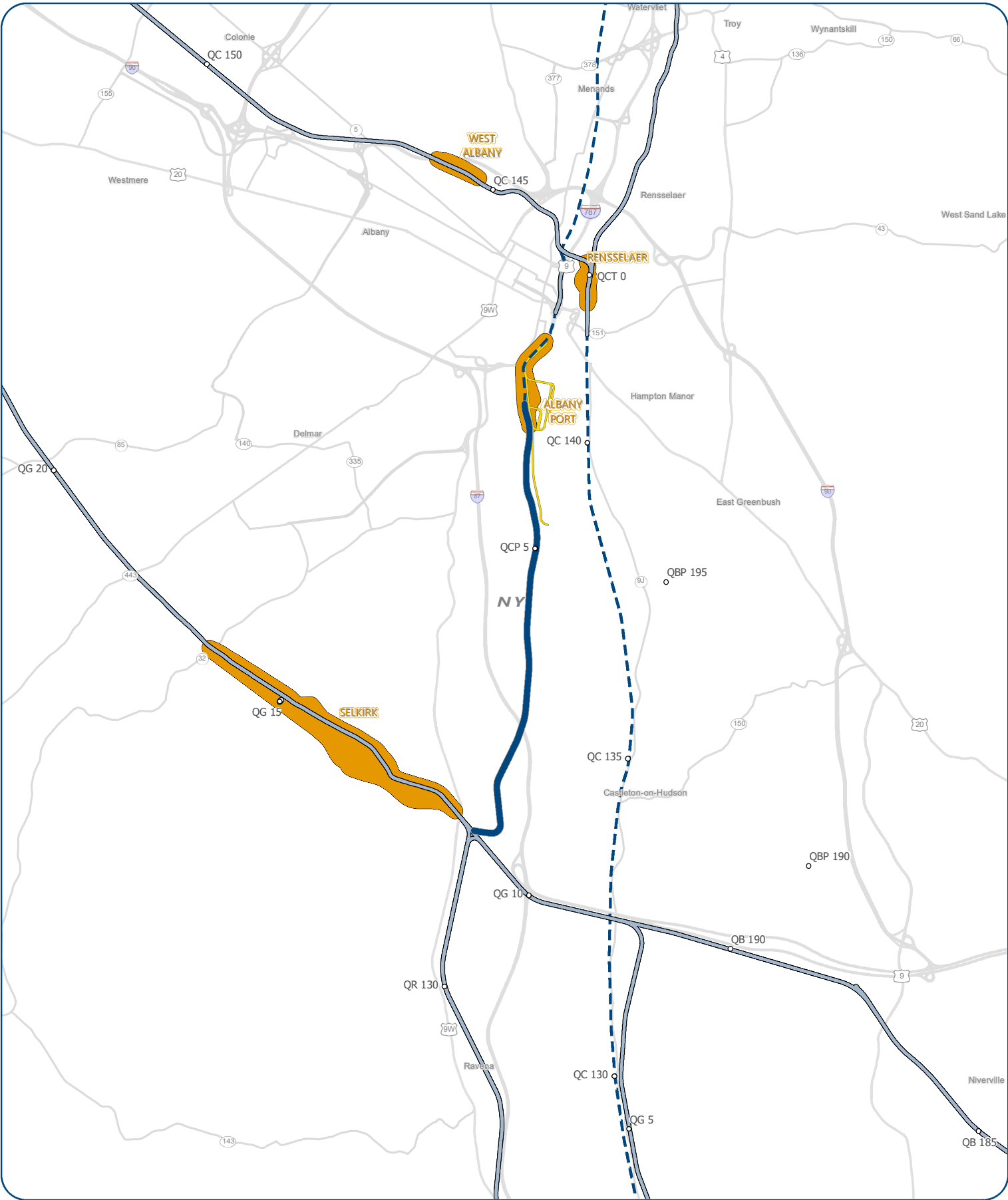
- Milepost
- CSX Rail Service
- Foreign Rail
- Yard
- Subdivision Extent
- - - CSX Operating Agreement
- Shortline Partner





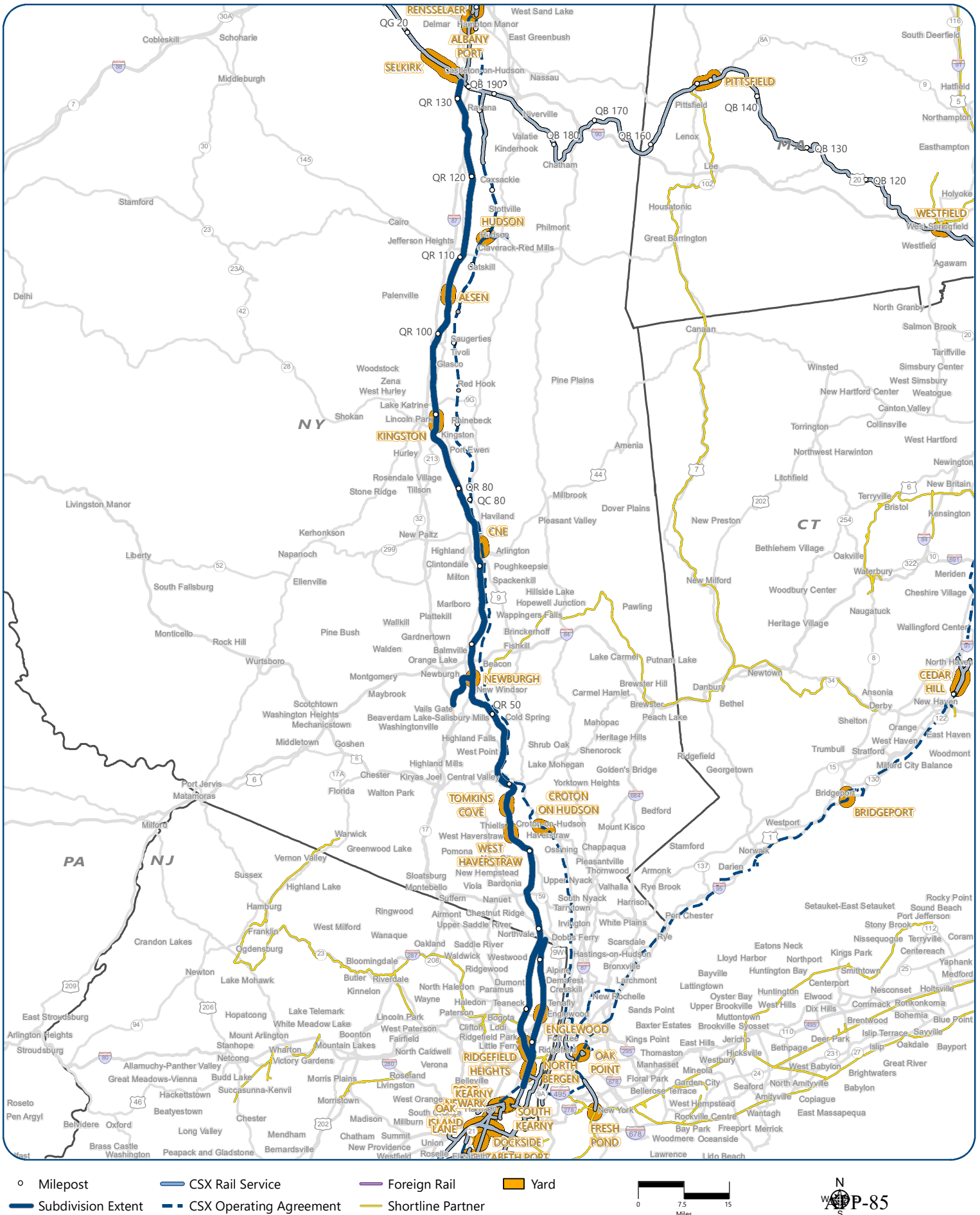
- Milepost
- CSX Rail Service
- Foreign Rail
- Yard
- Subdivision Extent
- CSX Operating Agreement
- Shortline Partner





○ Milepost — CSX Rail Service — Foreign Rail ■ Yard
— Subdivision Extent - - - CSX Operating Agreement — Shortline Partner





NORTHERN ZONE

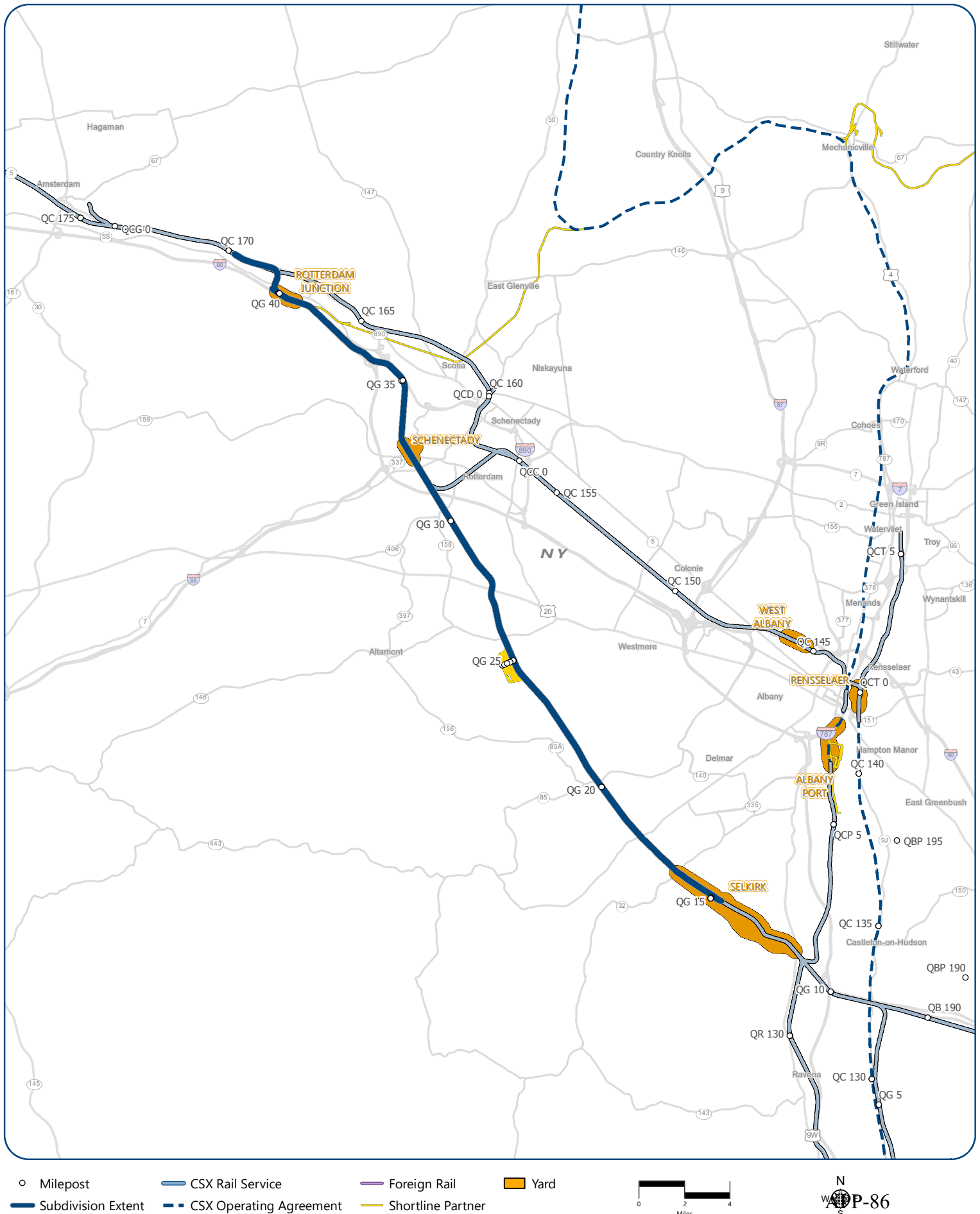


EXHIBIT 1-Q

REDACTED TO BE PLACED ON PUBLIC FILE

Building Index
A - Anastasia Circle of Life Pit
B - Yard Office

Cedar Hill Yard

New Haven, Connecticut

Yard Milepost:	QV 72
Usage:	CLASSIFY - FLAT
Scale:	NONE
TOFC/COFC:	NONE
Direction:	S
Shop:	L
Arrival Alert:	NONE

November 2020

Map is NOT TO SCALE

If you have any revisions/updates, please contact: gis@csx.com



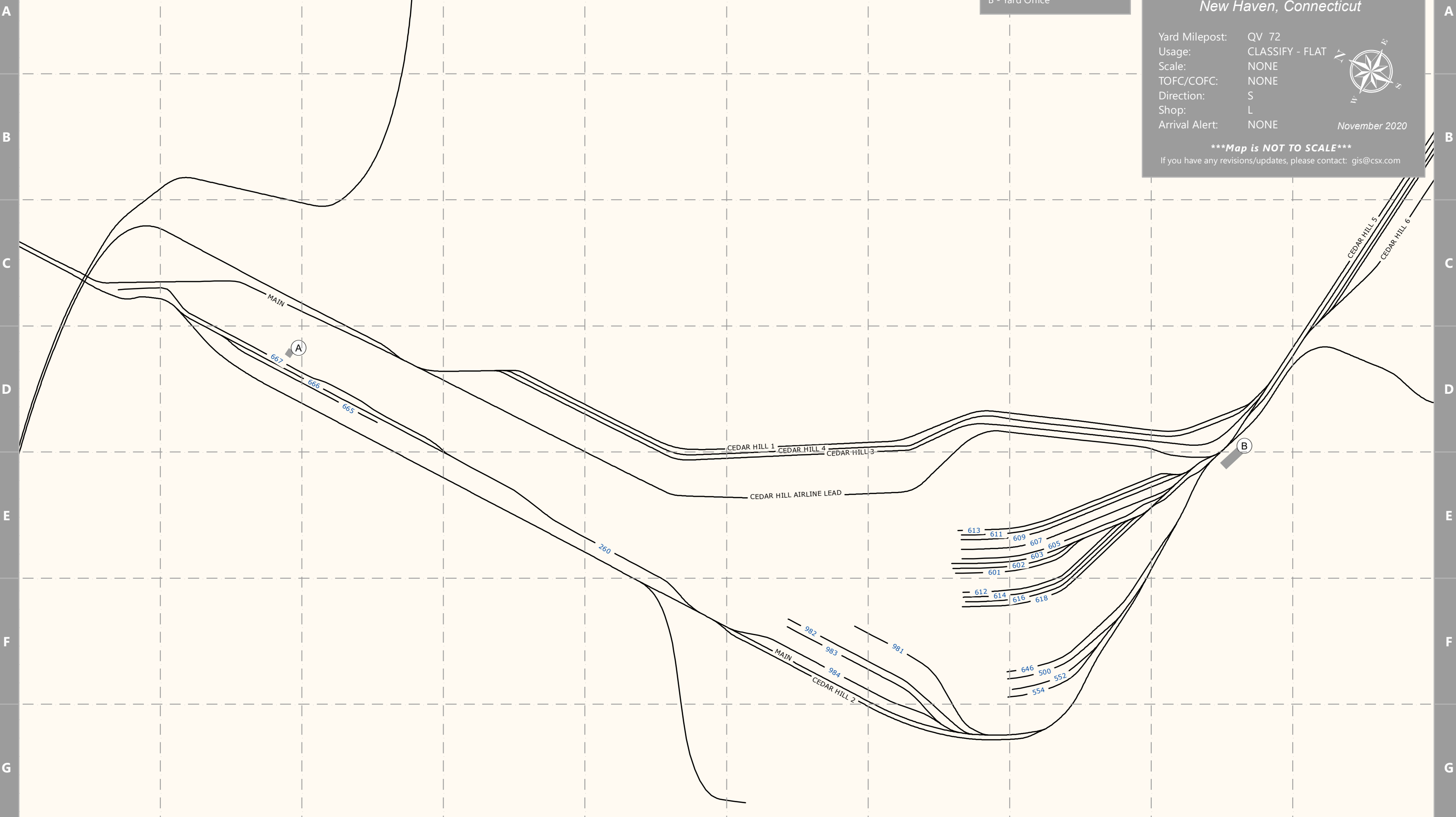


EXHIBIT 1-S

Building Index
A - Yard Office
B - Intermodal Facility

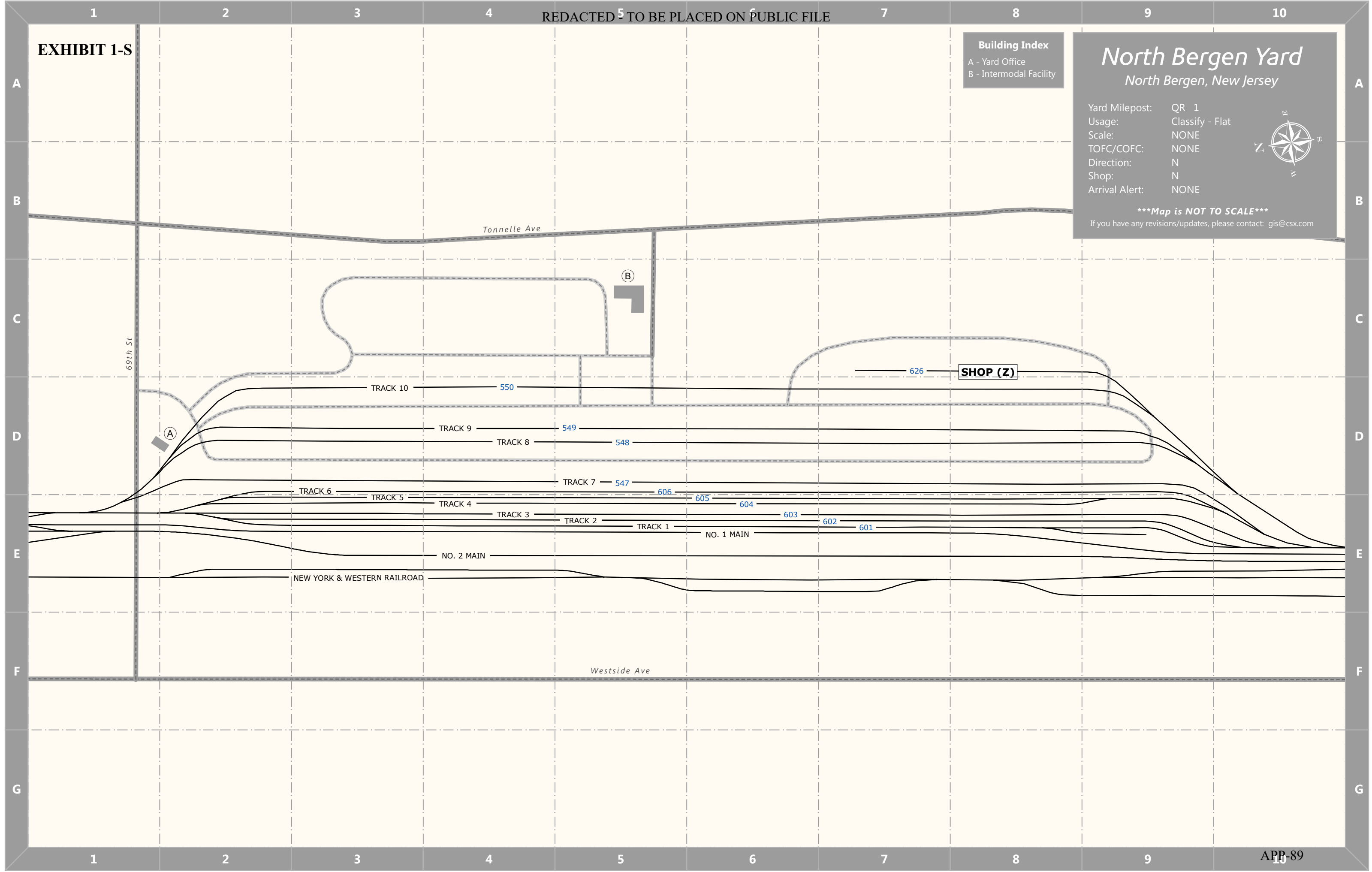
North Bergen Yard

North Bergen, New Jersey

Yard Milepost:	QR 1
Usage:	Classify - Flat
Scale:	NONE
TOFC/COFC:	NONE
Direction:	N
Shop:	N
Arrival Alert:	NONE

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Oak Point Yard

New York Oak Point, New York

Yard Milepost: QVA 19
Usage: CLASSIFY - FLAT
Scale: STATIC - SINGLE
TOFC/COFC: NONE
Direction: E
Shop: L
Arrival Alert: NONE



March 2021

Map is NOT TO SCALE

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Building Index

A - Yard Office

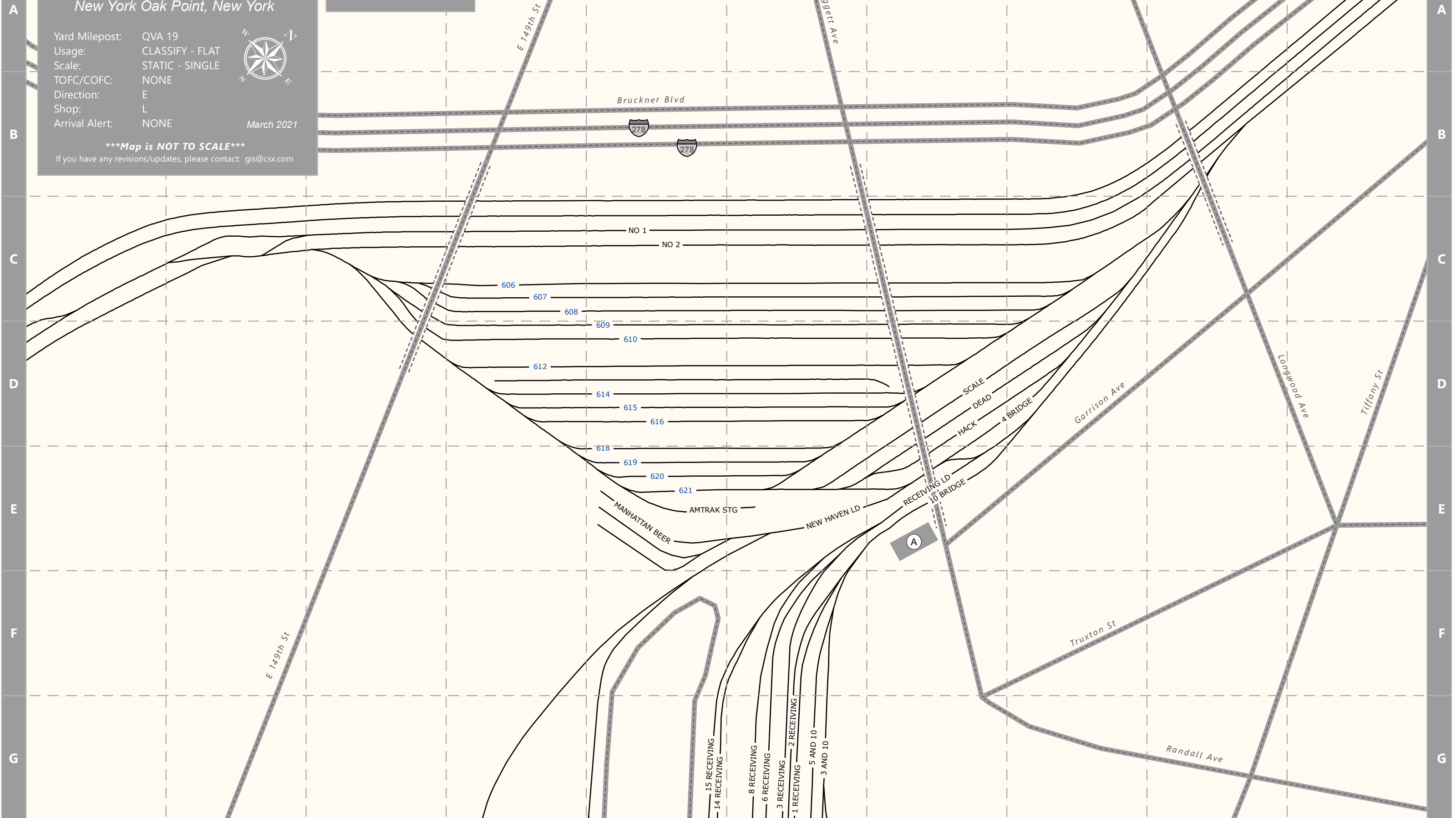
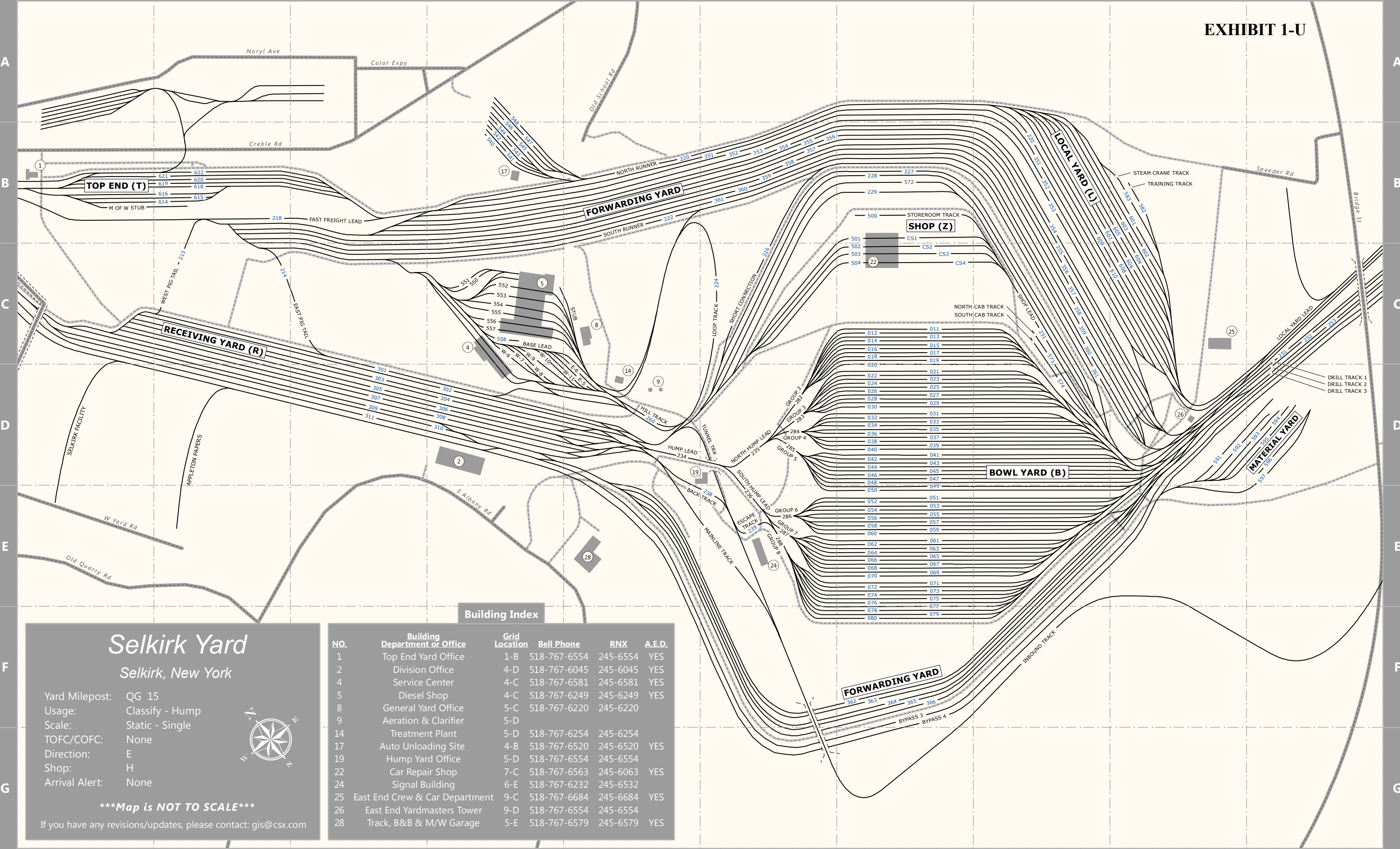


EXHIBIT 1-U



Building Index

Selkirk Yard					
Selkirk, New York					
Yard Milepost: QG 15					
Usage: Classify - Hump					
Scale: Static - Single					
TOFC/COFC: None					
Direction: E					
Shop: H					
Arrival Alert: None					
Map is NOT TO SCALE					
If you have any revisions/updates, please contact: gis@csx.com					
NO.	Building Department or Office	Grid Location	Bell Phone	RNX	A.E.D.
1	Top End Yard Office	1-B	518-767-6554	245-6554	YES
2	Division Office	4-D	518-767-6045	245-6045	YES
4	Service Center	4-C	518-767-6581	245-6581	YES
5	Diesel Shop	4-C	518-767-6249	245-6249	YES
8	General Yard Office	5-C	518-767-6220	245-6220	
9	Aeration & Clarifier	5-D			
14	Treatment Plant	5-D	518-767-6254	245-6254	
17	Auto Unloading Site	4-B	518-767-6520	245-6520	YES
19	Hump Yard Office	5-D	518-767-6554	245-6554	
22	Car Repair Shop	7-C	518-767-6563	245-6063	YES
24	Signal Building	6-E	518-767-6232	245-6532	
25	East End Crew & Car Department	9-C	518-767-6684	245-6684	YES
26	East End Yardmasters Tower	9-D	518-767-6554	245-6554	
28	Track, B&B & M/W Garage	5-E	518-767-6579	245-6579	YES



Yard Milepost:	QB 100
Usage:	Classify - Flat
Scale:	STATIC - SINGLE
TOFC/COFC:	CRANE
Direction:	E
Shop:	L
Arrival Alert:	NONE



Building Index

*****Map is NOT TO SCALE*****

If you have any revisions/updates, please contact: gis@csx.com

Worcester Yard

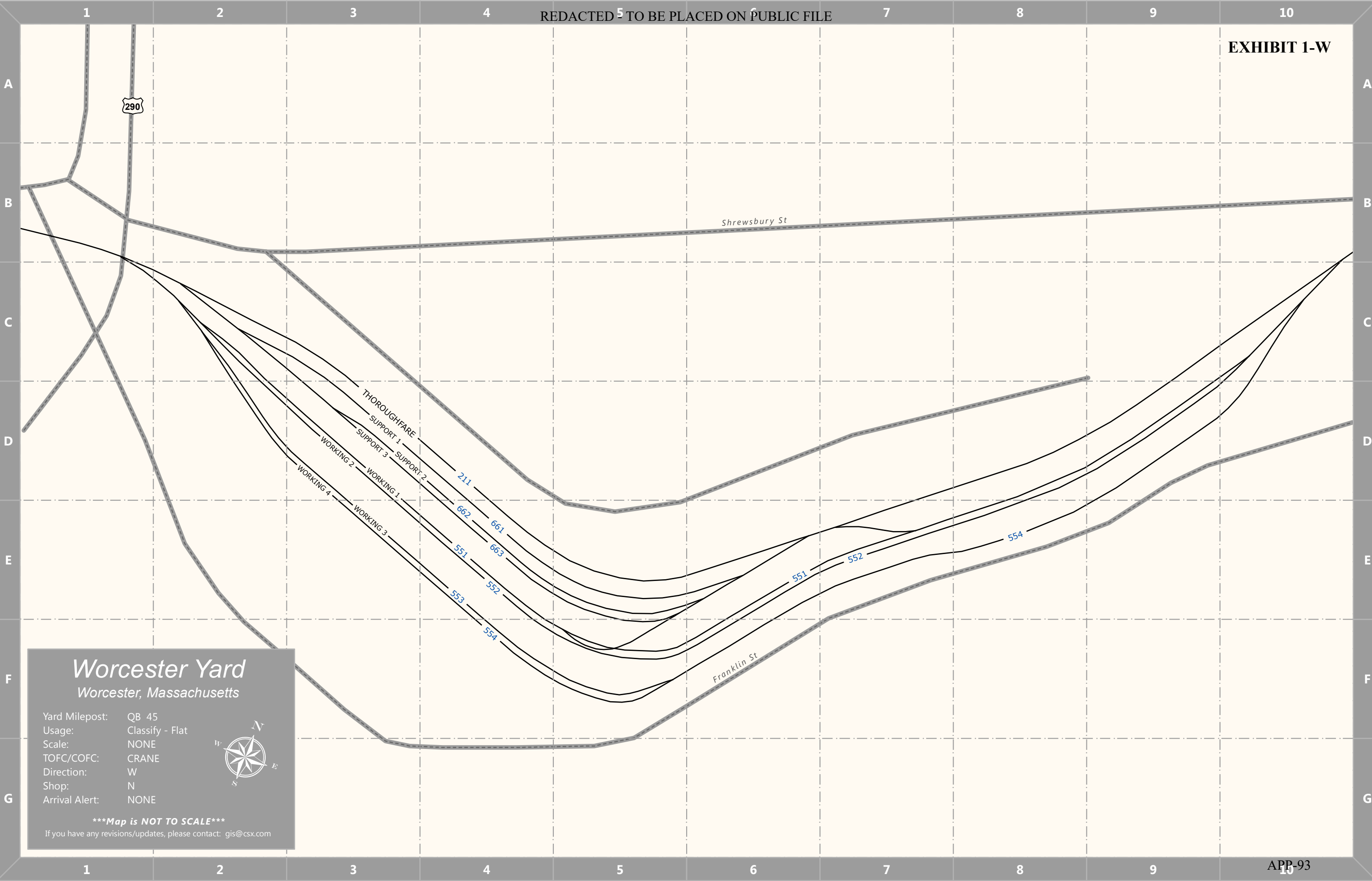
Worcester, Massachusetts

Yard Milepost:	QB 45
Usage:	Classify - Flat
Scale:	NONE
TOFC/COFC:	CRANE
Direction:	W
Shop:	N
Arrival Alert:	NONE



Map is NOT TO SCALE

If you have any revisions/updates, please contact: gis@csx.com



BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 2

Agreement and Plan of Merger

AGREEMENT AND PLAN OF MERGER

by and among

Pan Am Systems, Inc.

and

**Timothy Mellon,
as Shareholder Representative,**

CSX Corporation,

747 Merger Sub 1, Inc.

and

747 Merger Sub 2, Inc.

Dated as of November 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
AGREEMENT AND PLAN OF MERGER	1
ARTICLE I DEFINITIONS	3
1.1 Definitions	3
ARTICLE II THE MERGER; CLOSING	23
2.1 The Merger	23
2.2 Closing	23
2.3 Effective Time	23
2.4 Certificate of Incorporation; Bylaws.	23
2.5 Directors and Officers.....	24
2.6 Effect on Capital Stock	24
2.7 Closing Obligations	25
2.8 Final Cash Adjustment.....	26
2.9 Qualified and Non-Qualified Investors.....	28
2.10 Withholding Taxes.....	29
ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE COMPANY	29
3.1 Organization and Authority	29
3.2 Capitalization of the Company and the Acquired Entities.....	30
3.3 No Conflict	31
3.4 Absence of Certain Changes or Events.....	32
3.5 Financial Statements	32
3.6 Contracts and Commitments.....	33
3.7 Absence of Undisclosed Liabilities	35
3.8 Brokers and Other Advisors.....	35
3.9 Real Property	35
3.10 Intellectual Property.....	36
3.11 Transactions with Affiliates.....	38
3.12 Litigation and Orders	38
3.13 Employee Benefit Plans.....	39
3.14 Workforce	41
3.15 Compliance with Laws	42
3.16 Authorizations.....	42
3.17 Taxes.....	42
3.18 Insurance	44
3.19 Environmental Matters	45
3.20 Ownership of Tangible Personal Property	46
3.21 Certain Business Practices	46
3.22 U.S. Trade Laws	46
3.23 Sufficiency of Assets	46

3.24	Customers and Suppliers	46
3.25	No Other Representations and Warranties.....	47
ARTICLE IV REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUBS		48
4.1	Organization, Standing and Entity Power.....	48
4.2	Authority	48
4.3	No Conflict	48
4.4	Financing	49
4.5	Solvency.....	49
4.6	Operations and Ownership of Merger Sub	49
4.7	Parent SEC Documents.....	49
4.8	Brokers and Other Advisors.....	50
4.9	No Other Representations and Warranties.....	50
ARTICLE V COVENANTS.....		50
5.1	Covenants of the Company	50
5.2	Cooperation; Efforts to Close	55
5.3	Directors' and Officers' Indemnification and Insurance	57
5.4	Publicity	58
5.5	Insurance Recovery for the Hoosac Tunnel.....	59
5.6	Reorganization Treatment.....	59
5.7	Further Assurances	59
5.8	No Solicitation	59
5.9	Notification of Certain Matters	60
5.10	Non-Solicitation.....	60
5.11	Intercompany Accounts	60
5.12	Intercompany Agreements.....	60
5.13	Confidentiality	61
5.14	Release	61
5.15	Payoff Letters.....	62
5.16	Pre-Closing Disposition.....	63
5.17	Change in Control Severance.....	63
5.18		63
5.19	ST/PAS Matters	64
ARTICLE VI TAX MATTERS.....		64
6.1	Preparation of Tax Returns by the Company.....	64
6.2	Cooperation.....	64
6.3	Transfer Taxes and Fees	65
6.4		65
ARTICLE VII CONDITIONS TO THE MERGER		65
7.1	Conditions to the Obligations of Parent, Merger Subs and the Company	65
7.2	Conditions to the Obligations of Parent and Merger Subs.....	66
7.3	Conditions to the Obligations of the Company.....	67

ARTICLE VIII TERMINATION	67
8.1 Termination.....	67
8.2 Effect of Termination.....	69
8.3 Termination Fee.....	69
ARTICLE IX MISCELLANEOUS	70
9.1 Shareholder Representative	70
9.2 Non-Survival of Representations, Warranties; Indemnification.....	72
9.3 Environmental Liabilities Associated with Identified CERCLA Sites	75
9.4 Environmental Escrow Account Disbursement Procedures	77
9.5 Assignment	80
9.6 No Third-Party Beneficiaries.....	80
9.7 Expenses	80
9.8 Amendment and Modification	80
9.9 Notices	80
9.10 Governing Law	83
9.11 Severability	83
9.12 Waiver.....	83
9.13 Counterparts; Facsimile	84
9.14 Entire Agreement.....	84
9.15 Interpretation.....	84
9.16 Enforcement in Equity and at Law	84
9.17 Time of Essence.....	84

LIST OF EXHIBITS

EXHIBIT A	CLOSING DATE FINANCIAL PRINCIPLES
EXHIBIT B	ACQUIRED ENTITIES
EXHIBIT C	EXCLUDED ENTITIES
EXHIBIT D	ALLOCATION STATEMENT
EXHIBIT E	PERMA TREAT TERM SHEET
EXHIBIT F	PAN AM ASSIGNMENT
EXHIBIT G	EXAMPLE CALCULATIONS OF NET WORKING CAPITAL
EXHIBIT H	RAIL PROPERTY ROFR AGREEMENT
EXHIBIT I	FORM OF WRITTEN CONSENT
EXHIBIT J	FORM OF ESCROW AGREEMENT
EXHIBIT K	PRE-CLOSING DISPOSITION PLAN
EXHIBIT L	LETTER OF TRANSMITTAL
EXHIBIT M	SAMPLE INDEBTEDNESS CALCULATION
EXHIBIT N	SAMPLE TRAILING AMOUNT CALCULATION
EXHIBIT O	FORM OF R&W CERTIFICATE

LIST OF DISCLOSURE SCHEDULES

Company Disclosure Schedules

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of November 30, 2020 (this “Agreement”), is by and among Pan Am Systems, Inc., a Florida corporation (the “Company”), Timothy Mellon, solely in his capacity as representative of the Shareholders as set forth herein (the “Shareholder Representative”), CSX Corporation, a Virginia corporation (“Parent”), 747 Merger Sub 1, Inc., a Delaware corporation (“Merger Sub 1”), and 747 Merger Sub 2, Inc., a Delaware corporation (“Merger Sub 2” and together with Merger Sub 1, the “Merger Subs”). The Company, Shareholder Representative, Parent, Merger Sub 1 and Merger Sub 2 are referred to collectively herein as the “Parties” and each individually as a “Party.”

Background

WHEREAS, the Company owns or controls the Acquired Entities, which are engaged in the business of operating two regional Class II railroads (the “Business”);

WHEREAS, the Parent desires to acquire the Company through (i) a merger of Merger Sub 1 with the Company in which the Company is the Surviving Corporation (the “First Merger”) and (ii) a merger of the Company into Merger Sub 2 in which Merger Sub 2 is the Surviving Corporation (the “Second Merger,” and together with the First Merger, the “Merger”);

WHEREAS, the respective Boards of Directors of Parent, Merger Sub 1 and Merger Sub 2 have approved and declared advisable this Agreement and the Merger on the terms and subject to the conditions set forth in this Agreement and have authorized the execution and delivery hereof;

WHEREAS, the Board of Directors of the Company has unanimously (i) determined that it is in the best interests of the Company and the Shareholders, and declared it advisable, to enter into this Agreement with Parent, Merger Sub 1 and Merger Sub 2 providing for the Merger in accordance with the DGCL and the FBCA, (ii) approved this Agreement and the Contemplated Transactions in accordance with the FBCA and (iii) adopted a resolution recommending this Agreement be adopted by the Shareholders;

WHEREAS, in connection with the execution and delivery of this Agreement, the Company will deliver to Parent the unanimous written consent of the Shareholders adopting this Agreement and approving the Merger and the Contemplated Transactions (the “Written Consent”) in the form of Exhibit I hereto;

WHEREAS, in connection with the execution and delivery of this Agreement, and as an inducement and condition to Parent’s willingness to enter into this Agreement, all of the Shareholders have entered into a Support Agreement (the “Support Agreement”) agreeing to certain matters with respect to the Contemplated Transactions;

WHEREAS, in connection with the execution of this Agreement, Parent shall deliver to the Shareholders in accordance with the Allocation Statement, by wire transfer of immediately available funds in accordance with wire transfer instructions delivered by the the Shareholder Representative to Parent an amount equal to [REDACTED] (the “Deposit”); and

WHEREAS, for Federal income tax purposes, it is intended that the Merger shall qualify as a reorganization within the meaning of Section 368(a)(1)(A) and (a)(2)(D) of the Code, and the Treasury Regulations, and that this Agreement constitutes, and hereby is adopted as, a plan of reorganization.

Terms

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions.

(a) Certain Definitions. As used in this Agreement, the following terms shall have the following meanings:

“Accredited Investor” means an “accredited investor” as that term is defined in Rule 501 of Regulation D of the Securities Act.

“Acquired Entities” means all of the entities listed on Exhibit B attached hereto; and for the avoidance of doubt, not including any of the Excluded Entities listed on Exhibit C attached hereto, which are to be transferred in connection with the Pre-Closing Disposition.

“Acquired Entity PRPs” means the entities listed on Schedule 1.1(c).

“Action” means any claim, action, suit, subpoena, citation, summons, litigation, prosecution, arbitration, inquiry, request for documents, audit, mediation, proceeding or investigation commenced, brought, conducted or heard by or before any Governmental Authority, whether civil, criminal, administrative, judicial or investigative.

“Affiliate” means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with, such Person (including, in the case of Parent, from and after the Closing, the Surviving Corporation and the Acquired Entities). For purposes of this definition, the term “control” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other ownership interests, by contract or otherwise. The terms “controlled” and “controlling” have meanings correlative thereto.

“Agreement” has the meaning set forth in the preamble.

“Allocation Statement” means the Statement attached hereto as Exhibit D that shows the allocation by Shareholder of amounts payable to or by any Shareholder under this Agreement.

“Ancillary Documents” means any of the following: the Support Agreement, the Written Consent, the Escrow Agreement, the Pan Am Assignment, the Perma Treat Agreement and the Rail Property ROFR Agreement.

“Applicable Remediation Standards” means the applicable clean up, remedial, corrective or similar standards promulgated by or acceptable to a Governmental Authority having jurisdiction over any such activities at the Identified CERCLA Sites; *provided that*, with respect to any property at the Identified CERCLA Sites owned or controlled by the Acquired Entity PRPs, such standards will be those applicable to railroad, industrial or commercial use, as appropriate.

“Articles of Merger” has the meaning set forth in Section 2.3.

“Audited Financial Statements” has the meaning set forth in Section 3.5(a).

“Authorizations” means permits, licenses, certifications, approvals, registrations, consents, authorizations, franchises, variances and exemptions, in each case, issued or granted by a Governmental Authority, including by the STB.

“Ayer Switching Agreement” means that certain Ayer Switching Agreement dated April 9, 2009, by and between PAS and ST.

“Base Merger Consideration” means [REDACTED]

“Bonds” has the meaning set forth in Section 3.18.

“Business” has the meaning set forth in the preamble, and for the avoidance of doubt does not include any business or operations conducted by Perma Treat.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in New York, New York, generally are required or authorized by Law or executive order to close, or (iii) a day when the New York Stock Exchange is closed.

[REDACTED]

“Cash” means the aggregate value of the Company and the Acquired Entities’ unrestricted cash and cash equivalents as defined by and determined in accordance with the Closing Date Financial Principles, including marketable securities, bank account deposits, undeposited funds, short term investments and checks and wires deposited but not yet cleared or available and for the avoidance of doubt net of any uncleared checks and wires). Notwithstanding anything herein to the contrary “Cash” (i) shall not include cash and cash equivalents not freely usable or distributable due to legal, regulatory or contractual constraints including, (A) all cash associated with the Positive Train Control Program (which, for the avoidance of doubt, shall mean that the Merger Consideration shall be reduced by the excess of (x) the amount of cash received in connection with the Positive Train Control Program, over (y) the amount spent pursuant to such program), (B) all amounts held in escrow in connection with any merger, consolidation or acquisition of stock or assets effected by the Company or any Acquired Entity to secure obligations with respect to any such transaction (other than the Contemplated Transactions) and (C) all deposits with respect to leases or sublease agreements, and (ii) shall be reduced by the aggregate amount of any net insurance proceeds actually received by the Company or any Acquired Entity not taken into account in determining Net Working Capital from a third party insurer in respect of a casualty loss with respect to the Business (with any such reduction offset by any amounts actually paid to third parties or taken into account in determining Net Working Capital in order to redress such casualty loss).

“Cash Merger Consideration” means [REDACTED] of the Estimated Merger Consideration.

“Certificate of Merger” has the meaning set forth in Section 2.3.

“Closing” has the meaning set forth in Section 2.2.

“Closing Cash” means the sum of the PAR Cash and the PAS Cash as of immediately prior to Closing calculated in accordance with the Closing Date Financial Principles.

“Closing Date” has the meaning set forth in Section 2.2.

“Closing Date Financial Principles” means (i) the accounting practices, policies, judgments and methodologies set forth on Exhibit A attached hereto and (ii) to the extent not inconsistent with the foregoing clause, first, (a) those that were used in the preparation of the Unaudited Interim Financial Statements, second, (b) those that were used in the preparation of the Audited Financial Statements, and third (c) GAAP.

“Closing Trailing Amount” means the Trailing Amount as of immediately prior to Closing.

“Closing Unpaid Transaction Expenses” means the Unpaid Transaction Expenses as of immediately prior to Closing.

“Closing Unpaid Indebtedness” means the sum of the PAR Unpaid Indebtedness and the PAS Unpaid Indebtedness as of immediately prior to Closing.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and “Treasury Regulations” means the final, temporary or proposed tax regulations promulgated thereunder, as such regulations may be amended from time to time.

“Company” has the meaning set forth in the preamble.

“Company Material Adverse Effect” means any Event (i) that has had or that would reasonably be expected to have, individually or in the aggregate, a material and adverse effect upon the business, assets, liabilities, financial condition or operating results of the Company and the Acquired Entities, taken as a whole, or (ii) that has prevented or materially impaired or delayed, or that would reasonably be expected to prevent or materially impair or delay, the ability of the Company or any Shareholder to consummate the Contemplated Transactions or perform its or their obligations under this Agreement and the Ancillary Documents; *provided*, however, that no Event to the extent attributable to, arising out of or in connection with any of the following, either alone or in combination, shall be deemed to constitute or shall be taken into account in determining whether there has been or there would reasonably be expected to be a “Company Material Adverse Effect” pursuant to clause (i) above: (A) changes in international, national, regional, local or industry economic, market (financial or other) or business conditions, including, without limitation, any disruption thereof and any decline in the price of any security or any market index, (B) general changes in the economy or industry in which the Company and the Acquired Entities operate, (C) national, regional, local or international political or social conditions or unrest (including riots, protests, and demonstrations of whatever kind or for whatever purpose), including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States or other nation, or any of the territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States or other nation, (D) changes or proposed changes in, or in the binding interpretation or implementation of applicable accounting principles (including GAAP) or applicable Laws, (E) general regulatory changes, (F) any flood, hurricane, typhoon, tornado, tsunami,

earthquake, pandemic (including COVID-19), pestilence, outbreak of disease or other public health care crisis or natural disaster, act of God or other force majeure event, (G) the execution and delivery of this Agreement or the public announcement or pendency of the Contemplated Transactions, including any impact on employees and third parties, or the performance of this Agreement and the Contemplated Transactions (*provided* that this clause (G) shall not apply to any representations and warranties that, by their terms specifically address the consequences arising out of the performance of this Agreement or the consummation of the Contemplated Transactions, including for purposes of Section 7.2 and Section 8.1), (H) taking or not taking any action as required by this Agreement (other than pursuant to Section 5.1(b)(i)), or taking or not taking any action at the written request of, or with the written consent of, Parent, (I) the failure, in and of itself, of the Company and any Acquired Entity to meet any published, internally prepared or other estimates of revenues for any period, earnings or other financial projections, performance measures or operating statistics (*provided* that the underlying causes thereof, to the extent not otherwise excluded by this definition, may be deemed to contribute to a “Company Material Adverse Effect”) and *provided* further that, with respect to any matter described in any of the foregoing clauses (A), (B), (C), (D), (E) and (F) such matter shall only be excluded so long as such matter does not have a materially disproportionate effect on the Company and Acquired Entities taken as a whole relative to other entities operating in the industry in which the Company and the Acquired Entities operate.

“Confidential Information” has the meaning set forth in Section 5.13.

“Confidentiality Agreement” means the Confidentiality Agreement between Parent and the Company dated June 18, 2020.

“Consideration Deficiency” has the meaning set forth in Section 2.8(a)(ii).

“Consideration Surplus” has the meaning set forth in Section 2.8(a)(i).

“Contemplated Transactions” means the Merger together with the other transactions contemplated by this Agreement and the Ancillary Documents.

“Contracts” means all notes, bonds, mortgages, indentures, leases, licenses, sublicenses, agreements, contracts, commitments and undertakings, written or oral, including any amendments thereto, to which any Person is a party, an obligor or a beneficiary, or by which any of its assets or properties is bound.

“Contribution Protection” means protection from contribution actions or claims as provided by CERCLA Section 113(f)(2), 42 U.S.C. § 9613(f)(2) or as provided under counterpart State Environmental Laws, for Remedial Action Liabilities with respect to the Identified CERCLA Sites.

“Conveyance Amount” means



“Credit Facility” means that certain Second Amended and Restated Credit Agreement, dated April 8, 2014, between Pan Am Railways, Inc. and Citibank, N.A.

“Damages” means any damages, loss, Liabilities, interest, cost or expenses (including reasonable expenses) of investigation and reasonable attorneys’ fees and expenses in connection with any action, suit or proceeding whether involving a third-party claim or a claim solely between the Parties; *provided* that “Damages” shall exclude (i) punitive or exemplary damages, except to the extent such damages are paid to a third party in a Third Party Claim and (ii) consequential, special, indirect or similar damages (including, for the purposes of clause (ii), lost profits, diminution of value, or damages calculated on multiples of earnings or other metrics approaches), in the case of this clause (ii) to the extent not reasonably foreseeable.

“Data Room” means the virtual data room established in connection with the Contemplated Transactions, located at <https://datasiteone.merrillcorp.com/global/projects> under project “747”.

“Deposit” has the meaning set forth in the recitals.

“DGCL” means the General Corporation Law of the State of Delaware.

“Disclosure Schedules” means the Disclosure Schedules attached hereto being delivered by the Company on the date hereof immediately prior to the execution hereof.

“Dispute Notice” has the meaning set forth in Section 2.8(b).

“Effective Time” has the meaning set forth in Section 2.3.

“Employee” means any employee or any individual consultant or independent contractor employed by, or providing services to, the Company or any Acquired Entity, including those employees on medical leave, family leave, military leave or personal leave under applicable policies. Nothing in this definition is intended to expand the definition of employee for the purposes of any employee protective conditions imposed by the STB or expand application of such conditions to non-applicants.

“Employee Benefit Plan” means any “employee benefit plan” within the meaning of Section 3(3) of ERISA, and each plan, program, arrangement, agreement or policy, whether or not subject to ERISA, and whether written or unwritten, relating to: compensation, employment, consulting, severance, retention, referral incentive, phantom stock, stock purchase, stock option or other equity-based compensation, bonus, incentive, vacation, deferred compensation, supplemental income, employee loan, collective bargaining, change-of-control, transaction bonus, insurance (including any self-insured arrangement), medical, dental, vision, prescription or fringe benefits, life insurance, relocation benefits, perquisites, disability or sick leave benefits, employee assistance program, workers’ compensation, supplemental unemployment benefits or post-employment or retirement benefits (including compensation, pension, health, medical or insurance benefits), in each case (i) sponsored, maintained or contributed to, or required to be sponsored, maintained or contributed to, by the Company or any Acquired Entity for the benefit of any current or former employee, officer, director or individual consultant of the Company or any Acquired Entity; or (ii) under which the Company or any Acquired Entity has any actual or contingent Liability, whether present or future.

“Encumbrances” means any claims, liens, encumbrances, pledges, leases, subleases, occupancy agreements, servitudes, mortgages, deeds of trust, security interests, restrictions on transfer, title retentions, rights of first offer, rights of first refusal, easements, options, charges or similar rights, or arrangements of any Person, of any kind whatsoever in respect of a property or asset. Notwithstanding the foregoing, “Encumbrances” shall not include any restrictions under applicable Securities Laws.

“Entity Intellectual Property” means the Entity Owned Intellectual Property and the Entity Licensed Intellectual Property.

“Entity IT Assets” means any and all IT Assets owned, licensed or leased by the Company or any Acquired Entity.

“Entity Licensed Intellectual Property” means any and all Intellectual Property owned by a third party that is licensed or sublicensed (or purported to be licensed or sublicensed), or under which a covenant not to be sued is granted (or purported to be granted), to the Company or an Acquired Entity.

“Entity Owned Intellectual Property” means any and all Intellectual Property that is owned, or purported to be owned, by the Company or any Acquired Entity.

“Environmental Escrow Account” has the meaning set forth in the Escrow Agreement.

“Environmental Escrow Amount” means [REDACTED]

“Environmental Escrow Funds” means the amount in the Environmental Escrow Account from time to time.

“Environmental Laws” means all applicable international, foreign, federal, state and local Laws concerning pollution or protection of the environment, worker and human health and safety (as related to Releases to Hazardous Substances), Releases or threatened Releases of Hazardous Substances, or the manufacture, processing, distribution, use, treatment, storage, transport or handling of, or exposure to, Hazardous Substances.

“Equity Interests” of any Person means any and all shares of capital stock, partnership interests, membership interests, units of participation or other equity interests of such Person, and all warrants, options or purchase rights, and other securities exchangeable for or convertible or exercisable into, any of the foregoing or otherwise entitle any other Person to share in the equity, profits, earnings, losses or gains of such Person.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

“ERISA Affiliate” means, with respect to any Person, any trade or business that is a member of the same controlled group of corporations as such Person, within the meaning of Section 414(b) of the Code, that is under common control with such Person, within the meaning of Section 414(c) of the Code, that is a member of the same affiliated service group as such Person, within the meaning of

Section 414(m) of the Code, or that is otherwise required to be aggregated with such Person pursuant to Section 414(o) of the Code.

“Escrow Agent” means Bank of New York Mellon.

“Escrow Agreement” means the agreement among Parent, the Seller Representative and the Escrow Agent in substantially the form and substance as set forth on Exhibit J hereto, which establishes the escrow accounts to deposit the Purchase Price Escrow Amount and the Environmental Escrow Amount.

“Estimated Closing Statement” means a statement agreed to by Parent and the Company reflecting estimates of the Closing Cash, the Closing Unpaid Indebtedness, the Closing Trailing Amount, the Closing Unpaid Transaction Expenses, the Interest Factor (if any) and the Net Working Capital Adjustment and, based on such amounts, a calculation of the Merger Consideration, the Merger Shares and the Cash Merger Consideration.

“Estimated Merger Consideration” means the Merger Consideration as set forth in the Estimated Closing Statement.

“Event” means any event, circumstance, change, occurrence, condition, state of facts or development or effect.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Excluded Entities” means those entities set forth on Exhibit C attached hereto and any entity into which any of them may be converted.

“FBCA” means the Florida Business Corporation Act.

“Final Calculation Statement” has the meaning set forth in Section 2.8(b).

“Final Cash Adjustment” means:

- (i) if the Final Merger Consideration exceeds the Estimated Merger Consideration, an upward dollar-for-dollar adjustment in an amount equal to the absolute value of such difference; or
- (ii) if the Final Merger Consideration is less than the Estimated Merger Consideration, a downward dollar-for-dollar adjustment in an amount equal to the absolute value of such difference.

“Final Merger Consideration” means the Merger Consideration as finally determined in accordance with Section 2.8.

“Final Resolution” means, with respect to each respective Identified CERCLA Site, any of the following:

- (i) the execution of a legally-binding Remedial Action Settlement with the USEPA and/or with other Governmental Authorities with jurisdiction over the Identified CERCLA Site,

which accords the Acquired Entity PRPs with Contribution Protection upon the payment to the USEPA or other Governmental Authority of an amount representing the Acquired Entity PRPs' share of the costs incurred by such Governmental Authority or other Persons for the performance of Remedial Actions required at such Site, and the payment by or on behalf of the relevant Acquired Entity PRPs of an amount equal to the Acquired Entity PRPs' share of the costs associated with the required Remedial Actions as determined pursuant to such Remedial Action Settlement (but not including any Post-Remediation OM&M costs);

(ii) the execution of a legally-binding Remedial Action Settlement with the USEPA and/or with other Governmental Authorities with jurisdiction over the Identified CERCLA Site, which accords the Acquired Entity PRPs with Contribution Protection and requires the Acquired Entity PRPs to perform specified Remedial Actions, and completion of the construction and installation of such Remedial Actions (but not including Post-Remediation OM&M) as confirmed by written approval by the relevant Governmental Authority of a written certification of completion of such Remedial Actions and payment by or on behalf of the relevant Acquired Entity PRPs of any amounts due under such Remedial Action Settlement (but not including costs related to Post-Remediation OM&M); or

(iii) the completion of the construction and installation of Remedial Actions at such Identified CERCLA Site required under any unilateral order or other legally binding requirement of a Governmental Authority (but not including Post-Remediation OM&M) as confirmed by written approval by the relevant Governmental Authority of a written certification of completion of the Remedial Action (or the equivalent thereof); or

(iv) the execution of a Remedial Action Settlement with a potentially responsible party ("PRP") group or one or more PRPs, providing for a cashout settlement of the Acquired Entity PRPs' Remedial Action Liabilities with respect to the Identified CERCLA Site and containing an obligation by the settling PRPs to defend, indemnify and hold harmless the Acquired Entity PRPs from and against claims asserted by Governmental Authorities or third parties for such Remedial Action Liabilities with respect to the Site, and payment by or on behalf of the relevant Acquired Entity PRPs of any amounts due under such Remedial Action Settlement.

"Financial Statements" has the meaning set forth in Section 3.5(a).

"First Certificate of Merger" has the meaning set forth in Section 2.3.

"First Merger" has the meaning set forth in the preamble.

"Fraud" means (i) a representation and warranty made by a Party in this Agreement that was false when made, (ii) to such Party's knowledge, such representation and warranty was false when made, (iii) such Party had the intent to induce another Party to act or refrain from acting, (iv) another Party acted in justifiable reliance on such false representation and warranty, and (v) the other Party suffers harm.

"Fundamental Representations" has the meaning set forth in Section 7.2(a).

“GAAP” means generally accepted accounting principles in the United States as in effect from time to time, consistently applied.

“General Public License” means a general public software license, which provides end users the right to use, study, share, copy, and modify Software.

“Governmental Authority” means any domestic, foreign, local, municipal, Federal or state entity with applicable jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any governmental authority, department, board, bureau, agency, commission, court, tribunal, judicial or arbitral body or instrumentality of any union of nations, federation, nation, state, municipality, county, locality or other political subdivision, department or branch thereof.

“Guarantee” of or by any Person means any obligation, contingent or otherwise, of such Person guaranteeing any Indebtedness of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) any Indebtedness of any primary obligor or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (ii) to purchase property, securities or services for the purpose of assuring the owner of any Indebtedness of any primary obligor of the payment of such Indebtedness, or (iii) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay any Indebtedness of such primary obligor.

“Hazardous Substances” means any material or substance that is or contains any (i) “hazardous substance,” “toxic substance,” “regulated substance,” “pollutant,” “contaminant,” “solid waste,” “residual waste,” “hazardous waste,” “petroleum” or words of similar import, as defined pursuant to any Law pertaining to the environment; (ii) any gasoline, diesel fuel, motor oil, waste or used oil, heating oil, kerosene and any other petroleum product or fraction of petroleum.; (iii) any polychlorinated biphenyls or substances containing PCBs; (iv) any asbestos or materials containing asbestos; (v) any per- or polyfluoroalkyl substances; and (v) any other material or substance regulated pursuant to, or for which liability can be imposed pursuant to, any Law pertaining to the environment.

“Hoosac Tunnel Costs” has the meaning set forth in Section 5.5.

“Hoosac Tunnel Loan” means, collectively, the Line of Credit Loan Agreement dated as of March 27, 2020 by and among Norfolk Southern Railway Company and Boston & Maine Corporation (collectively as Lenders), and Pan Am Southern, LLC (as Borrower), and amended by that First Amendment effective as of April 17, 2020, and the promissory notes issued thereunder.

“Identified CERCLA Sites” means the sites identified on Schedule 1.1(e).

“Inactive Acquired Entities” means Northern Railroad, Stony Brook Railroad Company, East Street, Inc., Guilford Motor Express, Inc., Pine Tree Corporation and Vermont & Massachusetts Railroad Company.

“Income Tax” means any Tax that is, in whole or in part, based on or measured by net income or gains, and any business franchise, withholding, branch profits or similar Tax imposed in lieu of a Tax on net income.

“Indebtedness” of the Company or any Acquired Entity means, without duplication, the aggregate amount of the following (including all accrued and unpaid interest and all prepayment penalties, breakage fees and exit fees that would be incurred in connection with the repayment thereof at such time), (i) all obligations of such entity for borrowed money, including under the Credit Facility, (ii) all obligations of such entity evidenced by bonds, debentures, notes, or similar contracts or instruments, (iii) all obligations of such entity evidenced by letters of credit, performance bonds, surety bonds, or similar contracts or instruments to the extent drawn and not repaid, (iv) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Encumbrance on property owned or acquired by the Company or any Acquired Entity, (v) all Guarantees by the Company or any Acquired Entity, (vi) all accrued and unpaid Pre-Closing Taxes of the Company and the Acquired Entities that constitute Income Tax, (vii) any Liability for any payroll Tax, the payment of which has been delayed pursuant to Section 2302 of the CARES Act or pursuant to Internal Revenue Service Notice 2020-65, (viii) all obligations for the deferred purchase price of assets, property, goods or services, including all seller notes and “earn-out” payments and purchase price adjustment payments, (ix) all capital lease obligations of the Company or any Acquired Entity determined in accordance with the GAAP, (x) all obligations under any swap, collar or other hedging arrangements, (xi) all obligations for any declared but unpaid dividend or other distribution in respect of the capital stock of the Company or any Acquired Entity, (xii) all obligations pursuant to any settlement agreement, judgement or consent decree, (xiii) project payables for capital expenditure, net of related deposits and receivables, (xiv) casualty reserve due to IBNR and specific case reserves in excess of [REDACTED] in the aggregate, (xv) all Liabilities related to the Company’s and the Acquired Entities’ Iron Horse Park and Deerfield locations in excess of [REDACTED] in the aggregate and (xvi) accounts payable which are greater than one year past due, which shall, in each case in this definition (other than clauses (xiv) and (xv)) be calculated solely by reference to the accounts of the Company and the Acquired Entities set forth in the example calculation attached as Exhibit M hereto. Notwithstanding the foregoing, Indebtedness shall not include, (x) operating or lease obligations other than as contemplated by subsection (ix) above, (y) deferred revenue with respect to any source and deferred tax liability, or (z) obligations solely between or among the Acquired Entities that are wholly owned by the Company. Notwithstanding the foregoing, in no event will any amounts owed by PAS to PAR be treated as Indebtedness for the purposes hereof.

“Indemnified Parties” has the meaning set forth in Section 5.3(a).

“Indemnified Taxes” means, except to the extent taken into account in the calculation of Indebtedness or Net Working Capital, any Liability incurred or suffered by Parent and its Affiliates (including, after the Closing, the Company and the Acquired Entities) arising in connection with, relating to or as a result of any (i) Tax for which the Company and any Acquired Entity is liable arising as a result of or in connection with the Pre-Closing Disposition or (ii) property and excise Tax imposed on the Company or any Acquired Entity by the Governmental Authorities set forth on Schedule 1.1(f) in respect of any Pre-Closing Tax Period but, in the case of this clause (ii) only, only if prior to the Closing such Governmental Authority shall have opened any examination or other inquiry, or shall have notified the Company or any Acquired Entity in writing of an intention to open any such examination or other inquiry,

in respect of any such property or excise Tax. Any amounts paid with respect to Indemnified Taxes shall be deemed, for all applicable Tax purposes, to be a dollar-for-dollar reduction to the Merger Consideration.

“Independent Accountant” means an independent nationally recognized auditing firm selected by Shareholder Representative and Parent that is not the independent auditing firm for any of Parent, Merger Subs, the Company or any Affiliate thereof (or if Shareholder Representative and Parent are unable to agree upon a firm, Shareholder Representative and Parent shall each select a firm and the two selected firms together shall select a third firm) which will act as the Independent Accountant.

“Insurance Policies” has the meaning set forth in Section 3.17(a).

“Intellectual Property” means any and all intellectual property rights and assets, and any and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (i) inventions (whether patentable or unpatentable and whether or not reduced to practice), patents and patent applications together with reissues, continuations, continuations-in-part, revisions, extensions, reviews, and reexaminations thereof; (ii) trademarks, service marks, trade dress, logos, domain names, and trade names, including goodwill associated therewith, and applications, registrations and renewals in connection therewith; (iii) works of authorship, copyrights, and applications, registrations and renewals in connection therewith; (iv) trade secrets and other confidential business information (including confidential and proprietary ideas), research and development, know how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals); and (v) Software.

“Interest Factor” means, if and only if the Closing has not occurred on or before [REDACTED] an amount equal to simple interest from [REDACTED] through the Closing Date on [REDACTED] at a rate of [REDACTED] per annum calculated based on a 365-day year.

“IT Assets” means any tangible or digital computer systems (including computers, screens, servers, workstations, routers, hubs, switches, networks, firmware, middleware, Software, data communications lines and hardware) and all other information technology equipment, including all documentation related to the foregoing.

“Knowledge” means, (i) with respect to the Company and the Acquired Entities, the actual knowledge of and by the executives listed on Schedule 1.1(a), and (ii) with respect to Parent, the actual knowledge of the executives listed on Schedule 1.1(b), in each case without investigation.

“Laws” mean all federal, state, local or foreign constitutions, common laws, laws, codes, statutes, ordinances, rules, rulings, or regulations, Orders, charges, directives, determinations, executive orders, writs, judgments, injunctions, or decrees of any Governmental Authority.

“Liability” means any indebtedness, guarantees, obligations and other liability whether known or unknown, whether asserted or unasserted, whether absolute or contingent (or based upon any contingency), whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to

become due, including any fines, penalties, losses, costs, interest, charges, expenses, damages, assessments, deficiencies, judgments, awards or settlements.

“Licensed IP Agreements” has the meaning set forth in Section 3.10(f).

“Made available” or “made available” means that the Company has posted, or caused to be posted, such information to the Data Room or actually delivered, or caused to actually be delivered, such information directly to Parent or its Representatives via e-mail or overnight delivery service, in each case no less than two Business Days prior to the date hereof.

“Material Contracts” has the meaning set forth in Section 3.6(a)(xvii).

“Material Customer” has the meaning set forth in Section 3.24(a).

“Material Supplier” has the meaning set forth in Section 3.24(b).

“Merger” has the meaning set forth in the preamble.

“Merger Consideration” means the Base Merger Consideration, plus (1) the Closing Cash, plus (2) the Closing Trailing Amount, plus (3) the Interest Factor, if any, less (4) the Closing Unpaid Indebtedness, less (5) the Closing Unpaid Transaction Expenses, plus or less (6) the Net Working Capital Adjustment.

“Merger Shares” means that number of shares of Parent Common Stock equal to (i) [REDACTED] of the Estimated Merger Consideration divided by (ii) the Stock Price.

“Merger Sub 1” has the meaning set forth in the preamble.

“Merger Sub 2” has the meaning set forth in the preamble.

“Merger Subs” has the meaning set forth in the preamble.

“Minimum Net Working Capital Amount” means [REDACTED]

“Minimum Subject Trackage Volume” has the meaning set forth in Section 7.2(h).

“Net Working Capital” means as of any date determination, which can be positive or negative, the sum of the PAR Net Working Capital and the PAS Net Working Capital calculated in accordance with the Closing Date Financial Principles and the example calculation as of June 30, 2020 set forth on Exhibit G attached hereto. Net Working Capital shall not include any Cash, Trailing Amount, Indebtedness or Unpaid Transaction Expenses.

“Net Working Capital Adjustment” means (a) if the aggregate PAR Net Working Capital plus the PAS Net Working Capital is less than the Minimum Net Working Capital Amount, a downward dollar-for-dollar adjustment in an amount equal to the difference between such aggregate PAR Net Working Capital plus the PAS Net Working Capital and the Minimum Net Working Capital Amount; or (b) if the

aggregate PAR Net Working Capital plus the PAS Net Working Capital is greater than the Minimum Net Working Capital Amount, an upward dollar-for-dollar adjustment in an amount equal to the difference between such aggregate PAR Net Working Capital plus the PAS Net Working Capital and the Minimum Net Working Capital Amount.

“Non-Qualified Investor” has the meaning set forth in Section 2.9.

“NS” means Norfolk Southern Railway Company.

[REDACTED]

[REDACTED]

“Open Source Materials” means all Software or other material that is distributed as “free software,” “open source software” or under a similar licensing or distribution model, including the GNU General Public License (GPL), GNU Lesser General Public License (LGPL), Mozilla Public License (MPL), or any other license described by the Open Source Initiative as set forth on www.opensource.org.

“Order” has the meaning set forth in Section 7.1(b).

“Ordinary Course of Business” means the ordinary and usual course of normal day-to-day operations of the Business as conducted by the Company and the Acquired Entities consistent with past practices, except for adjustments and changes in business and operations occurring in response to the COVID-19 pandemic (i) as required pursuant to applicable Law or (ii) to the extent requested by a customer and the Company’s response to such request is commercially reasonable.

“Organizational Documents” has the meaning set forth in Section 3.1(a).

“Other Real Properties” has the meaning set forth in Section 3.9(a).

“Other Real Property Agreements” has the meaning set forth in Section 3.9(a).

“Owned Real Property” has the meaning set forth in Section 3.9(a).

“Pan Am Assignment” means the assignment of certain U.S. railway specific trademarks of PAWA to be entered into on the Closing Date between the Company and PAWA as set forth in Exhibit F attached hereto.

“Pan Am Marks” has the meaning set forth in Section 5.18(a).

“PAR” means Pan Am Railways, Inc.

“PAR Cash” means [REDACTED] of the Cash held by the Company and the Acquired Entities (other than PAS) as of any date of determination.

“PAR Net Working Capital” means [REDACTED] of the difference, as of immediately prior to Closing, between (a) the current assets (other than Cash and the Trailing Amount) of the Company and the Acquired Entities (other than PAS) (consisting of only those line items and related accounts and subaccounts and adjustments listed on Exhibit G), less (b) the current liabilities (other than Indebtedness and Unpaid Transaction Expenses) of the Company and the Acquired Entities (other than PAS) (consisting of only those line items and related accounts and subaccounts and adjustments listed on Exhibit G). An example of the calculation of PAR Net Working Capital, calculated as of June 30, 2020 for illustrative purposes, is set forth on Exhibit G attached hereto.

“PAR Unpaid Indebtedness” means [REDACTED] of the unpaid Indebtedness of the Company and the Acquired Entities (other than PAS) at any date of determination.

“Parent” has the meaning set forth in the Preamble.

“Parent Common Stock” means the common stock of Parent, par value [REDACTED]

“Parent Consent Party” has the meaning set forth in Section 5.1(b).

“Parent Indemnified Parties” has the meaning set forth in Section 9.2(b).

“Parent Material Adverse Effect” means any Event that has prevented or materially impaired or delayed, or that would reasonably be expected to prevent or materially impair or delay, the ability of Parent or Merger Subs to timely consummate the Contemplated Transactions or to timely perform their obligations under this Agreement.

“Parent Related Party” means Parent, each Acquired Entity, their Affiliates, and their respective officers, directors, managers, employees, agents, successors and assigns.

“Parent SEC Documents” has the meaning set forth in Section 4.7(a).

“Party” has the meaning set forth in the preamble.

“PAS” means Pan Am Southern LLC.

“PAS Cash” means [REDACTED] of the Cash held by PAS as of any date of determination.

“PAS Net Working Capital” means [REDACTED] of the difference, as of immediately prior to Closing, between (a) the current assets (other than Cash and the Trailing Amount) of PAS (consisting of only those line items and related accounts and subaccounts and adjustments listed on Exhibit G), less (b) the current liabilities (other than Indebtedness and Unpaid Transaction Expenses) of PAS (consisting of only those line items and related accounts and subaccounts and adjustments listed on Exhibit G). An example of the calculation of PAS Net Working Capital, calculated as of June 30, 2020 for illustrative purposes, is set forth on Exhibit G attached hereto.

“PAS Unpaid Indebtedness” means [REDACTED] of the unpaid Indebtedness of PAS as of any date of determination (except to the extent owed to the Company or any Acquired Entity) for the avoidance of

doubt any amounts owed by PAS to NS pursuant to the Hoosac Tunnel Loan shall be included within the scope of this definition, and not within the scope of the definition of “PAR Unpaid Indebtedness” (and therefore only [REDACTED] of such amounts under the Hoosac Tunnel Loan shall be taken into account in the definition of “Closing Unpaid Indebtedness”).

“PAS Trackage Rights Limitation” means the terms and conditions of Section 3(j) of the ST Joint Use Agreement.

“Paycheck Protection Program” means the program established under Division A, Title I of the CARES Act, as interpreted and applied by the SBA.

“PAWA” means Pan American World Airways, Inc.

“Payoff Letter” has the meaning set forth in Section 5.15.

“Perma Treat” means Perma Treat Corporation.

“Perma Treat Agreement” means an agreement between PAR and Perma Treat on the terms set forth in Exhibit E hereto to be negotiated after the date hereof and prior to the Closing Date and entered into on the Closing Date.

“Permitted Encumbrances” means (i) mechanics’, materialmen’s, carriers’, workmen’s, repairmen’s, warehousemen’s, contractors’ or other similar Encumbrances arising or incurred in the Ordinary Course of Business and for amounts which are incurred in the Ordinary Course of Business or by operation of law with respect to any amounts not yet delinquent or which are being contested in good faith by Actions and for which reserves have been established in accordance with GAAP, (ii) trackage rights agreements, interchange agreements, and similar operating agreements regarding use of rail lines as set forth on Schedule 1.1(d) or on any Schedule included under Section 3.9, (iii) Encumbrances for Taxes or other governmental charges or assessments not yet due and payable or that are being contested in good faith and for which an adequate reserve has been made in accordance with GAAP, (iv) Encumbrances affecting the interest of the grantor of any easements benefiting any Property which were not granted by or consented to by the Company and Acquired Entities, (v) Encumbrances, imperfections, minor defects or irregularities in title, easements, claims, liens, charges, security interests, rights-of-way, rights-of-refusal, covenants, restrictions, reversionary interests, and other, similar matters that would not, individually or in the aggregate, reasonably be expected to materially impair the continued use and operation of the Properties to which they relate in the business of the Company and the Acquired Entities as presently conducted, (vi) zoning, building and other similar codes and regulations, (vii) Encumbrances arising in the ordinary course of business under worker’s compensation unemployment insurance, social security, retirement and similar legislation, (viii) other statutory liens securing payments not yet due, (ix) purchase money liens and liens securing rental payments under capital lease arrangements, (x) Encumbrances, covenants, restrictions and other, similar matters set forth in any Authorizations referred to in Section 3.19, and (xi) any matters of public record in the applicable recorder’s office or that would be disclosed by a current, accurate survey and/or physical inspection of the Properties to which they relate, provided any such matters would not, individually or in the aggregate, reasonably be expected to materially impair the continued use and

operation of the Properties to which they relate in the business of the Company and the Acquired Entities as presently conducted.

“Person” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated association, corporation, limited liability company, entity or Governmental Authority.

“Post-Closing Tax Period” means any taxable period ending after the Closing Date.

“Post-Remediation OM&M” means any costs, actions or activities required for the operation, maintenance and monitoring of a constructed or implemented Remedial Action, and any Governmental Authority oversight costs related thereto, incurred after approval by the applicable Governmental Authorities of a certification of completion of the Remedial Action (or the equivalent thereof), sign signifying completion of the construction and implementation of the required Remedial Actions.

“PPP Loan” means any loan to the Company or any Acquired Entity pursuant to the Paycheck Protection Program.

“Pre-Closing Disposition” has the meaning set forth in Section 5.16.

“Pre-Closing Disposition Plan” means the step plan attached hereto as Exhibit K.

“Pre-Closing Taxes” means (i) any Taxes of the Company and the Acquired Entities with respect to any Pre-Closing Tax Period or with respect to the pre-Closing portion of any Straddle Period and (ii) all Taxes which would otherwise have been required to be paid in a Pre-Closing Tax Period but the payment of which was deferred pursuant to the CARES Act or any similar provision of state, local or non-U.S. Tax law. The portion of any Tax that is allocable to the pre-Closing portion of any Straddle Period shall be: (x) in the case of real property, personal property and similar ad valorem Taxes, deemed to be the amount of such Taxes for the entire taxable period multiplied by a fraction, the numerator of which is the number of calendar days in such period up to and including the Closing Date, and the denominator of which is the number of calendar days in the entire period; *provided*, however, that appropriate adjustment shall be made with respect to Taxes attributable to any property that was not owned for the entirety of the Straddle Period, and (y) in the case of all other Taxes, determined as though the taxable period terminated at the close of business on the Closing Date. For purposes of determining any Tax attributable to the pre-Closing portion of any Straddle Period in accordance with clause (y) of the preceding sentence, any extraordinary transaction outside the Ordinary Course of Business that occurs on the Closing Date but after the Closing shall be considered to occur on the day following the Closing Date.

“Pre-Closing Tax Period” means any taxable period ending on or prior to the Closing Date.

“Properties” has the meaning set forth in Section 3.9(a).

“Purchase Price Escrow Account” has the meaning set forth in the Escrow Agreement.

“Purchase Price Escrow Amount” means [REDACTED]

“Purchase ROFR” means the right of first refusal with respect to the rail property subject to that certain Rail ROFR Agreement in the form attached hereto as Exhibit H.

“Qualified Investor” has the meaning set forth in Section 2.9.

[REDACTED]

“Release” means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment (including the abandonment or discarding of barrels, containers or other receptacles containing Hazardous Substances).

“Releasees” has the meaning set forth in Section 5.14(a).

“Remedial Action” means any action that constitutes a “removal,” “remedial action” or “response” as defined by Section 101 of CERCLA, 42 U.S.C. §§ 9601(23), (24).

“Remedial Action Liabilities” means any past, current or future Liability under applicable Environmental Laws to undertake, perform, pay or contribute to payment of the costs of any Remedial Action, including any legally-imposed obligations to reimburse or pay any Governmental Authority for costs of oversight of such Remedial Actions and any Liability for any related enforcement actions.

“Remedial Action Settlements” has the meaning set forth in Section 9.3(f).

“Remediation Manager” means the person or entity engaged pursuant to Section 9.3(d).

“Representatives” means each of the respective attorneys, accountants, officers, employees and other authorized agents, advisors and representatives of Parent, Merger Subs, the Company or the Shareholder Representative.

“Resolution Period” has the meaning set forth in Section 2.8(b).

“Restricted Employees” has the meaning set forth in Section 5.10.

“SBA” means the U.S. Small Business Administration or any successor agency.

“SEC” means the United States Securities and Exchange Commission.

“Second Certificate of Merger” has the meaning set forth in Section 2.3.

“Second Merger” has the meaning set forth in the preamble.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Laws” means the Securities Act; the Securities Exchange Act of 1934, as amended; the Investment Company Act of 1940, as amended; the Investment Advisers Act of 1940, as

amended; the Trust Indenture Act of 1939, as amended; the rules and regulations of the SEC promulgated thereunder, and state securities or “blue sky” Laws.

“Share” has the meaning set forth in Section 2.6(a).

“Shareholder Representative” means Mr. Timothy Mellon.

“Shareholder Representative Expenses” has the meaning set forth in Section 9.1(b).

“Shareholders” means Timothy Mellon, Richard S. Kelso, D. Armstrong Fink, and William H. White.

“Shareholders Agreement” means the Amended and Restated Stockholders Agreement, dated as of May 2013, entered into between the Company and the Shareholders.

“Software” means any and all of the following: (i) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code; (ii) software databases and compilations, including any and all digital data and collections of data, whether machine readable or otherwise; (iii) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, and menus; and (iv) all documentation, including user manuals and other training documentation, related to any of the foregoing.

[REDACTED]

[REDACTED]

“ST” means Springfield Terminal Railway Company.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“STB” means the Surface Transportation Board.

“STB Approval” means receipt of final STB approval or authorization of the Contemplated Transactions pursuant to 49 U.S.C. § 11323 et seq.

“Stock Adjustment” means if the Final Merger Consideration determined pursuant to Section 2.8(a) would otherwise result in the value of the Merger Shares being less than [REDACTED] of the value of the Final Merger Consideration, then the Final Cash Adjustment shall be reduced and a number of Merger Shares with a value (based on the Stock Price) equal to the amount of such reduction shall be delivered to the Shareholder Representative such that the value of the adjusted number of Merger Shares is equal to [REDACTED] of the value of the Final Merger Consideration. For the purposes of this definition, the “value of the Merger Shares” shall be calculated based on the Stock Price.

“Stock Price” means a price per Merger Share on the NASDAQ Global Market calculated based on the interval volume weighted average price on Bloomberg of the Parent Common Stock for the 20 trading days ending five Business Days prior to the Closing Date; *provided* that in no event will the Stock Price exceed [REDACTED] per share or be less than [REDACTED] per share.

“Straddle Period” means any taxable period that includes but does not end on the Closing Date.

“Subsidiary” shall mean, with respect to any Person, any corporation, entity or other organization, whether incorporated or unincorporated, of which (a) such first Person directly or indirectly owns or controls at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions, or (b) such first Person or another of its Subsidiaries is a general partner or managing member.

“Support Agreement” has the meaning set forth in the preamble.

“Surviving Corporation” has the meaning set forth in Section 2.1.

“Tax” means all U.S. or non-U.S., federal, state, provincial or local income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, real property gains, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, escheat, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll, license, employee or other withholding or other tax, of any kind whatsoever, together with any interest, penalties, or additions to tax relating thereto.

“Tax Return” means any return, declaration, report, claim for refund information statement, or other written statements or information filed or required to be filed with a Governmental Authority with respect to Taxes, including any such document prepared on a consolidated, combined or unitary basis and also including any schedule or attachment thereto, and including any amendment thereof.

“Termination Date” has the meaning set forth in Section 8.1(b).

“Third Party Claim” has the meaning set forth in Section 9.2(b).

“Trailing Amount” means the aggregate of (i) any portion of a grant for facilities or trackage improvements earned but not yet received by the Company and the Acquired Entities (other than PAS), (ii) any unreimbursed expenditure for infrastructure due from a third party to the Company or the Acquired Entities (other than PAS), and (iii) earned but not yet paid amounts due to the Company and the Acquired Entities (other than PAS) with respect to operating PAS, including a prorated portion of the year end bonus amount, in each case determined by the parties as of immediately prior to the Closing. The Trailing Amount shall be calculated in accordance with the example calculation as of June 30, 2020 set forth on Exhibit N attached hereto.

“Transfer Taxes” has the meaning set forth in Section 6.3.



“Unaudited Interim Financial Statements” has the meaning set forth in Section 3.5(a).

“Unpaid Transaction Expenses” means all costs, fees and expenses incurred by the Company or any of the Acquired Entities at or prior to the Effective Time, or in respect of any Contract or other arrangement entered into at or prior to the Effective Time, related to the Contemplated Transactions, and payable to a third party, whether payable prior to, at or after the Closing, including (i) the fees and disbursements payable to legal counsel or accountants or investment bankers or other consultants and advisors of the Company or any of the Acquired Entities that are payable in connection with the Contemplated Transactions; (ii) any bonus, transaction, change of control, severance, incentive, compensation, phantom stock, termination, retention or similar transaction-related payments to be paid by the Company or the Acquired Entities as a result of the Contemplated Transactions (other than any payments that become due under the Change in Control Agreements set forth on Schedule 3.13(h) as a result of the Contemplated Transactions); (iii) any employer-side employment Taxes on any amounts included as Unpaid Transaction Expenses; and (iv) with respect to the Pre-Closing Disposition, all carve-out costs, formation costs, capital costs, and all other similar costs associated with separating the Excluded Entities from the Company and the Acquired Entities payable by the Company or any of the Acquired Entities, in each case in this definition to the extent unpaid as of the Closing.

“USEPA” means the United States Environmental Protection Agency and any successor agency thereto.

“U.S. Trade Laws” shall mean all statutory and regulatory requirements of any jurisdiction in which a Person operates related to export controls, economic sanctions, trade embargoes, anti-money laundering laws, boycotts, imports, and stipulations governing supply chain security programs, including regulations administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control, the U.S. Department of Commerce’s Bureau of Industry and Security, and the U.S. Department of State’s Directorate of Defense Trade Controls.

“Waived Payments” has the meaning set forth in Section 5.1(d)(i).

“Written Consent” has the meaning set forth in the preamble.

ARTICLE II THE MERGER; CLOSING

2.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the DGCL and the FBCA, at the Effective Time, the Company shall be merged with and into Merger Sub 1 with the Company surviving, and immediately thereafter the Company shall be merged with and into Merger Sub 2, with Merger Sub 2 surviving and the separate corporate existence of the Company shall thereupon cease. Merger Sub 2 shall be the surviving corporation in the Merger (sometimes hereinafter referred to as the “Surviving Corporation”) and a wholly owned subsidiary of Parent, and the separate corporate existence of Merger Sub 2, with all of its rights, privileges, immunities, powers and franchises, shall continue unaffected by Merger, except as set forth in this Article II. Without limiting the generality of the foregoing and subject thereto, at the Effective Time, all the property, rights, privileges, immunities, powers and franchises of the Company and Merger Sub 2 shall vest in Merger Sub 2 as the Surviving Corporation and all claims, obligations, debts, liabilities and duties of the Company and Merger Sub 2 shall become the claims, obligations, debts, liabilities and duties of the Merger Sub 2 as the Surviving Corporation. The Merger shall have the effects set forth in this Agreement and specified in the DGCL and FBCA.

2.2 Closing. Unless this Agreement shall have been terminated and the Contemplated Transactions shall have been abandoned pursuant to Article VIII, the closing of the Contemplated Transactions (the “Closing”) shall take place at 9:00 am ET at the offices of K&L Gates LLP, 1601 K Street, NW, Washington, DC within two (2) Business Days following the satisfaction or waiver of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to those conditions in fact being satisfied at Closing), or at such other place, date and time as the Company and Parent may agree in writing (the time and date on which the Closing occurs is hereinafter referred to as the “Closing Date”).

2.3 Effective Time. Subject to the provisions of this Agreement, at the Closing, (i) the Parent will cause the First Merger to be consummated by filing a certificate of merger (the “First Certificate of Merger”) to be executed, acknowledged and filed with the Secretary of State of the State of Delaware in accordance with the DGCL, (ii) the Company and Parent will cause the Second Merger to be consummated by filing a certificate of merger (the “Second Certificate of Merger”) and articles of merger (“Articles of Merger”), to be executed, acknowledged and filed with the Secretary of State of the State of Delaware in accordance with the DGCL and with the Secretary of State of the State of Florida in accordance with the FBCA, respectively. The Merger shall become effective at the time when the Second Certificate of Merger and Articles of Merger have been duly filed or at such later time as may be agreed by the Company and Parent in writing and specified in the Second Certificate of Merger and Articles of Merger (the effective time of the Merger being hereinafter referred to as the “Effective Time”).

2.4 Certificate of Incorporation; Bylaws.

(a) At the Effective Time, by virtue of the Merger, the certificate of incorporation of Merger Sub 2, as in effect immediately prior to the Effective Time, shall be the certificate of incorporation of the Surviving Corporation, until thereafter amended or restated as provided therein and by applicable Law, in each case consistent with the obligations set forth in Section 5.3.

(b) At the Effective Time, by virtue of the Merger, and without any further action on the part of the Company and Merger Subs, the bylaws of Merger Sub 2 in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation (except that references therein to the name of Merger Sub 2 shall be replaced by references to the name of the Surviving Corporation), until thereafter amended or restated as provided therein, by the Certificate of Incorporation and by applicable Law, in each case consistent with the obligations set forth in Section 5.3.

2.5 Directors and Officers.

(a) The directors and officers of Merger Sub 2 at the Effective Time shall be the directors and officers of the Surviving Corporation at the Effective Time by virtue of the Merger, until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Certificate of Incorporation and the bylaws of the Surviving Corporation and applicable Law.

2.6 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Parent, Merger Subs or the holders of any shares:

(a) Merger Consideration. Except as otherwise agreed to in writing between the Shareholder Representative and Parent, each share of Company common stock (each such share, a “Share”) issued and outstanding immediately prior to the Effective Time shall be converted automatically into and shall thereafter represent the right to receive a portion of the Estimated Merger Consideration in accordance with the Allocation Statement, subject to adjustment pursuant to Section 2.8, subject to delivery of a duly executed letter of transmittal in the form of Exhibit L hereto (a “Letter of Transmittal”). At the Effective Time, all of the Shares shall no longer be outstanding, shall be cancelled and extinguished automatically and shall cease to exist, and each Shareholder will cease to have any rights with respect to such Shares, except for the right to receive the portion of the Estimated Merger Consideration to be paid in consideration therefor in accordance with this Article II, subject to adjustment pursuant to Section 2.8, subject to delivery of a duly executed Letter of Transmittal.

(b) Merger Sub. Each share of common stock, par value [REDACTED] per share, of Merger Sub 1, issued and outstanding immediately prior to the Effective Time, shall be converted into and become one share of common stock of the Surviving Corporation prior to the merger with and into Merger Sub 2, and at the effective time of such merger, shall be canceled and extinguished automatically and shall cease to exist. Each share of common stock, par value [REDACTED] per share, of Merger Sub 2, issued and outstanding immediately prior to the effective time of such merger, shall remain as a validly issued fully paid and non-assessable share of common stock, par value [REDACTED] per share, of the Surviving Corporation and shall constitute the only outstanding shares of capital stock of the Surviving Corporation immediately after the Effective Time.

2.7 Closing Obligations.

(a) Deliveries of the Company and Shareholder Representative.

(i) No later than the fifth (5th) Business Day prior to the Closing Date, the Company shall deliver to Parent the Estimated Closing Statement along with reasonable supporting details.

(ii) At the Closing, the Company or the Shareholder Representative shall deliver to Parent, or shall cause to be delivered to Parent:

(A) certificates representing the Shares, endorsed in blank and accompanied by executed transfer powers, each in a form reasonably satisfactory to Parent;

(B) the certificate required by Section 7.2(c);

(C) resignations of all of the members of the boards of directors or managers and all executive officers of the Company and the Acquired Entities in their capacity as such (not including any members of the board of directors or managers or any executive officers of PAS who are designees of NS), except as may otherwise be specified by Parent in writing, each in a form reasonably satisfactory to Parent;

(D) evidence reasonably satisfactory to Parent that any amounts to be paid in connection with Closing as set forth on the Estimated Closing Statement are being paid in connection with the Closing;

(E) an executed copy of the Escrow Agreement;

(F) an executed copy of the Pan Am Assignment;

(G) an executed copy of the Perma Treat Agreement;

(H) an executed copy of the Rail Property ROFR Agreement; and

(I) executed copies of the Letters of Transmittal.

(b) Deliveries of Parent.

(i) At Closing, Parent shall deliver or cause to be delivered to Shareholder Representative:

(A) to be shared among Shareholders in accordance with the Allocation Statement, the Estimated Merger Consideration by delivery of (1) the Merger Shares and (2) the Cash Merger Consideration, less the Deposit, the Purchase Price Escrow Amount and the Environmental Escrow Amount, by wire transfer of immediately available funds to the account(s) designated by the Shareholder Representative (and the Shareholder Representative shall cause the Deposit to be similarly shared among Shareholders);

(B) to the Escrow Agent, by delivery by wire transfer of immediately available funds to the accounts set forth in the Escrow Agreement, the Purchase Price Escrow Amount and the Environmental Escrow Amount;

(C) an executed copy of the Escrow Agreement;

(D) an executed copy of the Pan Am Assignment;

(E) an executed copy of the Perma Treat Agreement;

(F) an executed copy of the Rail Property ROFR Agreement;

(G) the certificate required by Section 7.3(c); and

(H) a copy of the decision issued by the STB evidencing STB Approval.

2.8 Final Cash Adjustment.

(a) Upon the earlier to occur of (i) the agreement of Parent and Shareholder Representative (or their deemed agreement) pursuant to Section 2.8(b) with respect to the calculation of the Final Merger Consideration and (ii) the delivery of any report of the Independent Accountant in accordance with Section 2.8(c) with respect to the Final Merger Consideration, as applicable:

(i) Parent shall pay in cash to Shareholder Representative to be shared among Shareholders in accordance with the Allocation Statement, the aggregate amount, if any, by which the Final Merger Consideration exceeds the Estimated Merger Consideration, subject to the Stock Adjustment (the “Consideration Surplus”); *provided* that in no event shall the Consideration Surplus be greater than the Purchase Price Escrow Amount; and

(ii) if the Estimated Merger Consideration exceeds the Final Merger Consideration (the “Consideration Deficiency”), then the Shareholder Representative and Parent shall deliver a joint written notice instructing the Escrow Agent to pay Parent the Consideration Deficiency from the Purchase Price Escrow Amount; *provided* that in no event shall the Consideration Deficiency be greater than the Purchase Price Escrow Amount.

(b) No later than ninety (90) days after the Closing Date, Parent shall deliver to the Shareholder Representative a statement in reasonable detail setting forth its determination as to (i) the Net Working Capital and the resulting Net Working Capital Adjustment, (ii) the Closing Cash, (iii) the Closing Unpaid Indebtedness, (iv) the Closing Unpaid Transaction Expenses, (v) the Trailing Amount, (vi) the Interest Factor (if any) and (vii) based on the foregoing calculations, its resulting calculation of the Final Cash Adjustment and the Merger Consideration (“Final Calculation Statement”). Shareholder Representative shall have thirty (30) days from receipt of the Final Calculation Statement, to give Parent written notice of its objection to any item or calculation contained in the Final Calculation Statement specifying in reasonable detail each disputed items, the amount thereof in dispute and the basis therefor (a “Dispute Notice”). Shareholder Representative may only deliver one Dispute Notice. If Shareholder Representative concurs with the Final Calculation Statement or otherwise does not give Parent a Dispute

Notice within such thirty (30) day period, such Final Calculation Statement shall be deemed final and conclusive with respect to the determination of the Final Cash Adjustment and the Merger Consideration, and shall be binding on the Parties for all purposes under this Agreement. If, however, Shareholder Representative delivers to Parent a Dispute Notice objecting to any items or calculations contained in the Final Calculation Statement within the applicable thirty (30) day period, Shareholder Representative and Parent shall, within thirty (30) days following the date of the Dispute Notice (the “Resolution Period”), attempt in good faith to resolve such objections, and any written resolution by them as to any disputed amount shall be deemed final and conclusive with respect to the determination of the Final Cash Adjustment and the Merger Consideration, and shall be binding on the Parties for all purposes under this Agreement. Parent shall, and shall cause its Affiliates (including the Surviving Corporation and the Acquired Entities) to, provide the Shareholder Representative with reasonable access (with the right to make copies), during normal business hours, to (A) the work papers of the Surviving Corporation and the Acquired Entities used to calculate the amounts set forth in the Final Calculation Statement, (B) the Surviving Corporation and the Acquired Entities’ and Parent’s accountants or any of its other representatives who participated in the preparation of the Final Calculation Statement and (C) such other books and records and other relevant information of the Surviving Corporation and the Acquired Entities used to calculate the amounts set forth in the Final Calculation Statement, and (D) Employees knowledgeable about the information used in, and the preparation of, the Final Calculation Statement.

(c) If Shareholder Representative and Parent are unable to resolve Shareholder Representative’s objections within the Resolution Period, then only those amounts and issues remaining in dispute and Parent’s responses thereto will be submitted by Parent and Shareholder Representative for review by the Independent Accountant. The Parties agree to execute, if requested by the Independent Accountant, a reasonable engagement letter with respect to any determination to be made by the Independent Accountant. The Independent Accountant will determine only those issues still in dispute at the end of the applicable Resolution Period and the Independent Accountant’s determination will be based upon and consistent with the terms and conditions of this Agreement. The determination by the Independent Accountant will be based solely on written submissions with respect to such disputed items by Parent and Shareholder Representative to the Independent Accountant and not on the Independent Accountant’s independent review. Each of Parent and Shareholder Representative will make its initial written submissions to the Independent Accountant no later than ten Business Days following submission of the dispute to the Independent Accountant, and each such Party will be entitled to respond to the initial submission of the other Party and any questions and requests of the Independent Accountant. Discovery shall be limited to documents submitted to the Independent Accountant by either party, or as otherwise requested by the Independent Accountant consistent with this Agreement. Parent and Shareholder Representative shall instruct the Independent Accountant to make its determination within thirty (30) days after its engagement (which engagement will be made by Parent and Shareholder Representative no later than five (5) Business Days after the end of the Resolution Period), or as soon thereafter as possible, and such determination will be set forth in a written statement delivered by the Independent Accountant to Parent and Shareholder Representative. The Final Calculation Statement, as finalized by the Independent Accountant, shall be deemed final and conclusive with respect to the Final Cash Adjustment and the Merger Consideration and shall be binding on Parent and the Shareholder Representative for all purposes under this Agreement. There shall not be any ex parte communications between any Party or its Representatives and the Independent Accounting Firm, and any submissions to the Independent Accounting Firm shall be in

writing and delivered simultaneous to each Party. In deciding any matter, the Independent Accountant (i) will be bound by the provisions of this Section 2.8, and (ii) may not assign a value to any item greater than the greatest value for such item claimed by either Parent or Shareholder Representative or less than the smallest value for such item claimed by Parent or Shareholder Representative. The fees and expenses of the Independent Accountant shall be allocated between Parent and the Shareholder Representative so that Shareholders' share of such fees and expenses shall be equal to the product of (x) and (y), where (x) is the aggregate amount of such fees and expenses, and (y) is a fraction, the numerator of which is the amount in dispute that is ultimately unsuccessfully disputed by Shareholder Representative (as determined by the Independent Accountant), and the denominator of which is the total amount in dispute that is resolved by the Independent Accountant. Parent shall be responsible for the remaining fees and expenses of the Independent Accountant. Except as provided in the preceding sentences, all other costs and expenses incurred by Parent and Shareholder Representative in connection with resolving any dispute hereunder before the Independent Accountant will be borne by the Party incurring such cost and expense. Absent fraud or manifest error, the procedures set forth in this Section 2.8 shall be the sole and exclusive method for resolving disputes with respect to the subject matter of this Section 2.8.

(d) In the event of (i) (A) a Consideration Surplus or (B) the Estimated Merger Consideration equals the Final Merger Consideration, then Parent and Shareholder Representative shall deliver a joint written instruction to the Escrow Agent instructing the Escrow Agent to promptly release all funds in the Purchase Price Escrow Account to the Shareholder Representative to be shared among Shareholders in accordance with the Allocation Statement, in accordance with the terms of the Escrow Agreement, and (ii) a Consideration Deficiency that is less than the Purchase Price Escrow Amount, then Parent and Shareholder Representative shall deliver a joint written instruction to the Escrow Agent instructing the Escrow Agent to promptly release any remaining funds in the Purchase Price Escrow Account, if any, after payment has been made to Parent in accordance with Section 2.8(a)(ii), to the Shareholder Representative to be shared among Shareholders in accordance with the Allocation Statement, in accordance with the terms of the Escrow Agreement.

2.9 Qualified and Non-Qualified Investors. Notwithstanding anything herein to the contrary, each Shareholder shall, at least 10 Business Days prior to the Closing Date, (i) provide a written certification to Parent (in the form provided by Parent) that such holder is an Accredited Investor, along with other evidence reasonably satisfactory to Parent that such holder is an Accredited Investor (including, at Parent's election, a letter from such holder's independent certified public accountant certifying that such holder is an Accredited Investor and a completed "accredited investor" questionnaire in a form provided by Parent) or (ii) if such holder is unable to provide the written certification referred to in clause (i), such holder shall provide a written certification to Parent that such holder is not an Accredited Investor (any such holder with respect to whom the Company or any of Acquired Entities have a current W-2 evidencing that such holder is an Accredited Investor or that has provided the written certification referred to in the foregoing clause (i), a "Qualified Investor", and any such holder with respect to whom the Company does not have such a W-2 and that has provided the written certification referred to in the foregoing clause (ii) (or has failed to provide any such written certification), a "Non-Qualified Investor"). For the avoidance of doubt, the intent of the Parties and this Agreement is that, (i) with respect to each Non-Qualified Investor, the number of Merger Shares to which such Non-Qualified Investor would otherwise be entitled in respect of the Merger Consideration shall be reduced to zero, (ii) the amount of cash to which such Non-Qualified Investor would otherwise be entitled in respect of the Cash Merger Consideration shall be increased by an amount equal to

the number of Merger Shares contemplated by the preceding clause (i) multiplied by the Stock Price, (iii) the number of Merger Shares that would otherwise be issued to the Non-Qualified Investor shall instead be issued to the Qualified Investors pro-rata in accordance with the Allocation Statement and (iv) the amount of cash to which the Qualified Investors would otherwise be entitled in respect of the Cash Merger Consideration shall be decreased by an amount equal to the number of Merger Shares contemplated by the preceding clause (iii) multiplied by the Stock Price.

2.10 Withholding Taxes. Notwithstanding any other provision of this Agreement, Parent, its Affiliates, the Company and the Acquired Entities shall be entitled to deduct and withhold from any amount otherwise payable to any Person pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of applicable Law. Amounts so withheld and paid over to the appropriate Governmental Authority shall be treated for all purposes of this Agreement as having been paid to the applicable Person in respect of which such deduction and withholding was made. If Parent determines that any such withholding will be required, Parent shall (i) notify the Company and the Shareholder Representative as promptly as reasonably practicable after making such determination and (ii) cooperate reasonably with the Company and the Shareholder Representative to reduce or eliminate such withholding; *provided* that if any Shareholder fails to deliver to Parent prior to the Closing a properly executed IRS Form W-9, Parent shall have no obligation to notify the Company or the Shareholder Representative of any determination that, with respect to such Shareholder, withholding under Section 1445 of the Code or U.S. federal backup withholding is required.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Merger Subs, except as set forth in the corresponding section or subsection (or as otherwise expressly provided therein) of the Company Disclosure Schedules, as of the date hereof and as of the Closing Date, as follows:

3.1 Organization and Authority.

(a) The Company and the Acquired Entities (other than the Inactive Acquired Entities) are duly organized and validly existing and to the extent the concept is applicable, in good standing under the laws of their jurisdiction of organization, and the Company has all requisite entity power and authority to execute, deliver and perform its obligations under this Agreement and the Ancillary Documents to the extent a party thereto and to consummate the Contemplated Transactions, as applicable. The Inactive Acquired Entities have conducted no business or operations within the prior two years and have no assets or Liabilities. The Company and each Acquired Entity (other than the Inactive Acquired Entities) has the requisite entity power and authority to carry on its portion of the Business as currently conducted and to own, lease and operate its properties and assets in the manner in which its properties and assets are currently operated. All necessary entity action and other corporate proceedings required to be taken by the Company to authorize the execution, delivery and performance of this Agreement and the Ancillary Documents to the extent a party thereto and the consummation of the Contemplated Transactions, as applicable, have been duly taken or will be taken before execution of such documents or consummation of such Contemplated Transactions, as applicable. This Agreement has been, and the Ancillary Documents will be, duly executed

and delivered by the Company to the extent a party thereto, and, assuming the due execution by Parent and Merger Subs or other applicable counterparty of this Agreement and the Ancillary Documents, constitute the legal, valid and binding obligations of the Company, enforceable against it in accordance with their terms, except as such enforceability may be limited by Laws applicable to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar Laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies or by general principles of equity. True, complete and correct copies of the organizational documents ("Organizational Documents") of the Company and each Acquired Entity (other than the Inactive Acquired Entities), in each case, in full force and effect as of the date of this Agreement, have been previously made available by the Company to Parent. Neither the Company nor any of the Acquired Entities are in violation of any of the provisions of their respective Organizational Documents. The Company and each Acquired Entity (other than the Inactive Acquired Entities) is authorized or duly qualified or licensed to do business, and to the extent the concept is applicable, is in good standing in each jurisdiction outside of its jurisdiction of organization where the operation of the Business by it requires such qualification, except where the failure to be so duly qualified or licensed or authorized or in good standing has not had, and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) The Shareholders are not entitled to any appraisal rights resulting from the Contemplated Transactions pursuant to Organizational Documents of the Company.

3.2 Capitalization of the Company and the Acquired Entities.

(a) Schedule 3.2(a) contains a complete and accurate capitalization table of the Company and each of the Acquired Entities setting forth the authorized Equity Interests of each, name of each interest holder, the number and class of interests held by each interest holder and the total number of interests of each class that are outstanding. Other than the interests listed on such capitalization table, no interests of any class of securities are issued or outstanding by the Company or any of the Acquired Entities. All of the Equity Interests of the Company and each Acquired Entity have been duly authorized and validly issued, and are fully paid and nonassessable, have not been issued in violation of any preemptive or similar rights and were issued in compliance with the Organizational Documents and applicable securities Laws or exemptions therefrom. Except as set forth on Schedule 3.2(a), each Acquired Entity is a direct or indirect, wholly owned Subsidiary of the Company. PAS does not have any Subsidiaries or otherwise own any Equity Interests in any Person.

(b) Schedule 3.2(b) sets forth a list of all Contracts currently in effect in respect of subscriptions, options, warrants, calls, commitments, preemptive rights or other rights of any kind outstanding for the purchase of, or any securities convertible or exchangeable for, any Equity Interests of the Company and the Acquired Entities. Except as set forth in the Organizational Documents of the Company and the Acquired Entities, the Shareholders Agreement and except as imposed under applicable Law, there are no restrictions upon, or obligations with respect to, the voting or transfer of the Equity Interests of the Company and the Acquired Entities. Neither the Company nor any Acquired Entity has Liabilities or obligations to any prior holder of its Equity Interests or any prior holder of rights to acquire any of such Equity Interests pursuant to any Contract or otherwise, in each case with respect to the acquisition or ownership of such Equity Interests. Other than the Shareholders Agreement, neither the Company nor any of the Acquired Entities is party to any shareholders' agreement or other similar Contract

with any holder of Equity Interests of the Company or any of the Acquired Entities, nor does the Company have Knowledge of any such Contract among the holders of Equity Interests of the Company or any of the Acquired Entities.

(c) Other than with respect to the Excluded Entities or as set forth in Schedule 3.2(c), neither the Company nor any Acquired Entity has any ownership interests in any other Person.

3.3 No Conflict.

(a) Except for matters that have not resulted and would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect solely with respect to clauses (ii), (iii) or (iv) below, the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Contemplated Transactions will not:

(i) violate or conflict with or result in any breach of any provision of the Organizational Documents;

(ii) assuming the receipt of STB Approval, violate any provision of Law to which the Company or any of the Acquired Entities or the conduct by them of the Business is subject or violate, result in a breach of or conflict with any provision of any Order applicable to the Company or any of the Acquired Entities or the conduct of the Business by them that would subject any of them to any penalty;

(iii) violate, breach or constitute a default (with or without notice or lapse of time or both) under or give rise to a right of termination, cancellation, modification, purchase or repurchase, option exercise, put or call, or acceleration of any right, remedy or obligation of the Company or any Acquired Entity or event that, with the giving of notice, the passage of time or otherwise, would constitute a default or give rise to such right), with respect to any Material Contract to which it is a party or by which the Company, or the property or asset of the Company, is bound; or

(iv) result (or, with the giving of notice, the passage of time or otherwise, would result) in the creation or imposition of any Encumbrance other than a Permitted Encumbrance on any of the assets of the Company or any Acquired Entity.

(b) Except for STB Approval, the execution, delivery and performance by the Company of this Agreement and the Ancillary Documents to the extent a party thereto, and the consummation by it of the Contemplated Transactions, do not require any consent, approval license, waiver, permit, from, registration, declaration or other filing with or approval or authorization of any Governmental Authority by or with respect to the Company or any of the Acquired Entities, except for the filing of the First Certificate of Merger, the Second Certificate of Merger and the Articles of Merger as required by applicable Law. The aggregate fair market value of any of the Company or the Acquired Entities which are non-rail carriers governed by the STB is less than [REDACTED]

(c) Except as set forth on Schedule 3.3(c), there are no rights of first refusal, rights of first offer or similar rights of any Person that would be applicable to any of the Contemplated Transactions or the execution, delivery or performance by the Company under this Agreement.

3.4 Absence of Certain Changes or Events.

(a) Except as set forth on Schedule 3.4(a), since December 31, 2019 through the date hereof, (i) the Company and the Acquired Entities have operated the Business in the Ordinary Course of Business, (ii) there has been no Company Material Adverse Effect and (iii) neither the Company nor any of the Acquired Entities has taken any action that if taken after the date hereof would constitute a violation of Sections 5.1(b)(iii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xii), (xiii), (xiv), (xvi), (xviii), (xix), (xx), (xxii) or (xxviii).

3.5 Financial Statements.

(a) The (i) (A) audited consolidated balance sheets and the related combined statements of income, comprehensive income and stockholder's equity/noncontrolling interest and combined statements of cash flows of PAR at December 31, 2017, 2018 and 2019 and for the years then ended, including the footnotes thereto and (B) audited balance sheets and the related statements of income and members' capital and statements of cash flows of PAS at December 31, 2018 and 2019 and for the years then ended, including the footnotes thereto (together, the "Audited Financial Statements"), and (ii) (A) the unaudited, balance sheets and related income statements and statements of cash flows of PAR as of June 30, 2020 and for the six-month period then ended, and (B) the unaudited, balance sheets and income statements and statements of cash flows of PAS as of June 30, 2020 and for the six-month period then ended (together, the "Unaudited Interim Financial Statements," and together with the Audited Financial Statements, the "Financial Statements"), have been made available to Parent by the Company. The Financial Statements are based on the books and records of PAR or PAS, as applicable, and fairly present in all material respects the financial position and results of operations of PAR or PAS, as applicable, and their respective Subsidiaries as of the date or for the periods indicated therein, in accordance with GAAP, except as noted therein. No auditor has or has stated in writing an intention to withdraw its audit opinion with respect to any Audited Financial Statements and the Company has not determined that it must or that it will restate any Financial Statements.

(b) The Company maintains internal controls over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, including policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company and Acquired Entities, (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company and Acquired Entities are being made in accordance with applicable policies, and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Company and the Acquired Entities.

3.6 Contracts and Commitments.

(a) Schedule 3.6(a) sets forth as of the date hereof, a true, complete and correct list of each Contract to which the Company or an Acquired Entity is a party or by which the Company or an Acquired Entity or any of its properties or assets is bound or which the Company or any Acquired Entity uses, that is a:

- (i) material Contract that relates to the Properties;
- (ii) Contract (A) with any Governmental Authority, (B) with NS or any of its Affiliates or (C) under which NS or any of its Affiliates is a third-party beneficiary;
- (iii) bonus, pension, profit sharing, retirement or other form of deferred compensation plan;
- (iv) contract for the employment of any officer, individual Employee or other person on a full-time or consulting basis providing for base compensation in excess of [REDACTED] per year;
- (v) Contract as obligor, guarantor or lender relating to Indebtedness or any lien (other than Permitted Liens) that obligates the Company or any of the Acquired Entities to make any capital contribution;
- (vi) Contract that relates to Indebtedness or Guaranty involving an outstanding principal amount more than [REDACTED];
- (vii) any outstanding settlement offers or other such similar arrangements involving an amount in excess of [REDACTED];
- (viii) a Contract that contains (A) a “most favored nation” provision or other preferred pricing or similar rights, to a customer, supplier, sales representative, distributor or any other Person, or (B) contains any minimum purchase or sale obligation (including take-or-pay Contracts);
- (ix) lease or sublease agreement under which it is lessee of, or holds or operates any personal property owned by any other party, for which the annual rental exceeds [REDACTED], individually, or [REDACTED] over the life of the lease;
- (x) lease or sublease agreement under which it is lessor of or permits any third party to hold or operate any of its personal property, for which the annual rental exceeds [REDACTED] individually, or [REDACTED] over the life of the lease;
- (xi) Contract or group of related Contracts with the same party (other than standard purchase orders or pricing agreements or programs) for the purchase by the Company or any Acquired Entity of products or services which provided for annual payments in excess

of [REDACTED] during the trailing twelve (12)-month period ending on the date of the Unaudited Interim Financial Statements;

(xii) Contract or group of related Contracts with a customer (other than standard purchase orders or pricing agreements or programs issued in the Ordinary Course of Business) that provided for annual revenues (based on the trailing twelve (12)-month period ending on the date of the Unaudited Interim Financial Statements to the Company or any Acquired Entity in excess of [REDACTED]

(xiii) partnership, joint venture, revenue pooling, interline or other similar Contract;

(xiv) Contract made outside the Ordinary Course of Business that is material to the Company or any of the Acquired Entities;

(xv) Contract that was entered into by the Company or any Acquired Entity since January 1, 2017, or has not yet been consummated, and involves the acquisition or disposition, directly or indirectly (whether by mergers, sale of stock or sale of assets) of a business or capital stock or other equity interest of another Person;

(xvi) a PPP Loan; or

(xvii) Contract which (A) materially prohibits the Company or any Acquired Entity from freely engaging in business anywhere in the world, (B) contains any restrictions pursuant to "paper barriers" (as such term is generally understood in the railroad industry) that are applicable to the Company and the Acquired Entities, or (C) contains any provision or covenant limiting in any material respect the ability of the Company or any of the Acquired Entities to compete with or obtain products or services from any Person or limiting the ability of any Person to provide products or services to the Company or any of the Acquired Entities (the contracts of the type covered in clauses (i) through (xvii), the "Material Contracts").

(b) The Company has made available to Parent true, correct and complete copies of all Material Contracts.

(c) (i) Each Material Contract is valid and binding on the Company or the applicable Acquired Entity and in full force and effect and, to the Knowledge of the Company, is valid and binding on the other parties thereto; and (ii) the Company and each Acquired Entity has, and to its Knowledge, each counterparty thereto has, performed in all material respects all obligations required to be performed by it (or them) to date under each Material Contract, and neither the Company, nor any of Acquired Entities, nor to the Company's Knowledge any counterparty, has violated any provision of, or taken or failed to take any act which, with or without notice, lapse of time, or both, would constitute a material default under the provisions of such Material Contract, and neither the Company nor any of its Subsidiaries has received notice that it has breached, violated or defaulted under any Material Contract. For purposes of this Section 3.6(c), when the representations and warranties contained herein are made at the Closing, the references to "Material Contract" shall include any Contract entered into after the date hereof that would have constituted a Material Contract if in effect on the date hereof.

3.7 Absence of Undisclosed Liabilities. Neither the Company nor any Acquired Entity has any material Liabilities, except (i) expenses incurred in connection with the Contemplated Transactions, (ii) as specifically disclosed or reserved against in the Unaudited Interim Financial Statements or set forth on Schedule 3.7, and (iii) for Liabilities incurred in the Ordinary Course of Business since June 30, 2020.

3.8 Brokers and Other Advisors. Except for BMO Capital Markets Corp., no agent, broker, investment banker, finder, intermediary financial advisor or other Person is or will be entitled to any broker's, finder's fee or financial advisory fee or any other similar commission or fee from the Company or any Acquired Entity in connection with the consummation of the Contemplated Transactions.

3.9 Real Property.

(a) Neither the Company nor any Acquired Entity owns any real property, that is either material in value or necessary for the conduct by the Company and the Acquired Entities of any material portion of their operations, except as set forth on Schedule 3.9(a). Neither the Company nor any Acquired Entity is a party to any agreement concerning ownership, the use or occupancy of any other real property ("Other Real Property Agreements", which term shall include without limitations title insurance policies, surveys, property reports and construction contracts) that is either material in value or necessary for the conduct by the Company and the Acquired Entities of any material portion of their operations, except as set forth on Schedule 3.9(a). Schedule 3.9(a) sets forth all such material real property that is owned by the Company or any Acquired Entity ("Owned Real Property"), and the Company or such Acquired Entity has good and valid title to all such Owned Real Property, free and clear of all Encumbrances other than Permitted Encumbrances. Schedule 3.9(a) sets forth all such material real property otherwise used or occupied by the Company or any Acquired Entity in connection with the Business (the "Other Real Properties", and together with the Owned Real Properties, the "Properties") and identifies each related Real Property Agreement and all amendments thereto. True, correct and complete copies of the Other Real Property Agreements, including all amendments thereto, have been made available to Parent prior to the date hereof. Except as set forth on Schedule 3.9(a), the Company and each Acquired Entity, as the case may be, has a valid, binding and enforceable interest under the Other Real Property Agreements as provided therein, free and clear of any Encumbrances, except Permitted Encumbrances, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(b) (i) Neither the Company nor any Acquired Entity has received or given any written notice of any default under any Other Real Property Agreement, (ii) to the Company's Knowledge, no Event has occurred that with notice or lapse of time, or both, would constitute a default under any Other Real Property Agreement, (iii) no construction, alteration, decoration or other work due to be performed by any counterparty pursuant to any Other Real Property Agreement remains to be performed thereunder and all construction allowances or other sums to be paid to the Company or any Acquired Entity for work performed by or at the request of any of them at any of the Other Real Properties have been paid in full, and (iv) except as set forth on Schedule 3.9(b), none of the Company or any Acquired Entity, within twelve (12) months of the date hereof, has given notice to any landlord under any Other Real Property Agreement indicating that any of them will or will not be exercising any extension or renewal options.

(c) Except for the Purchase ROFR and otherwise as set forth on Schedule 3.9(c), none of the Company or any Acquired Entities has granted or entered into any sublease, license, option, right of first refusal or other contractual right or similar agreement to purchase, assign or dispose of the Properties or to allow or grant to any third party the right to use or occupy the Properties.

(d) The Company and the Acquired Entities, as applicable, have all material Authorizations, which are listed on Schedule 3.9(d), required under applicable Law for the current use and operation of the Business from the Properties, and have complied in all material respects with all conditions of the Authorizations applicable to it, except where failure to have any such Authorization or comply therewith would not have a Company Material Adverse Effect. No material default or violation, or Event that with the lapse of time or giving of notice or both would become a material default or violation, has occurred in the due observance of any Authorization, except where any such default or failure that would not give rise to a Company Material Adverse Effect.

(e) Except as set forth on Schedule 3.9(e), there does not exist any actual, or to the Knowledge of the Company, threatened in writing condemnation or eminent domain proceedings that affect any of the Properties.

(f) Neither the Company nor any Acquired Entities have owned, leased or operated any real property or facility that is currently, or was formerly, owned, leased or operated by Perma Treat.

3.10 Intellectual Property.

(a) Schedule 3.10(a) sets forth a true, correct and complete list of all Intellectual Property registrations (including patent, copyright, trademark and service mark) that have been issued to the Company or any Acquired Entity (that have not been abandoned in the ordinary course of business) and identifies each pending application for registration that the Company or any Acquired Entity has made with respect to any of its Intellectual Property, specifying as to each such item, as applicable, the (i) owner, (ii) jurisdiction, (iii) application or registration number and (iv) application or registration date. Schedule 3.10(a) also identifies any domain name registrations owned or used by the Company or any Acquired Entity in the operation of the Business. Schedule 3.10(b) identifies all material Software owned by or developed by or on behalf of the Company or any Acquired Entity. With respect to each item of Intellectual Property required to be identified on Schedule 3.10(a), and except as expressly set forth on Schedule 3.10(a), to the Company's Knowledge, all such Intellectual Property is subsisting, valid and enforceable.

(b) The Entity Intellectual Property constitutes all Intellectual Property used or held for use in, or otherwise necessary for, the conduct and operations of the Business as currently conducted.

(c) The Company or an Acquired Entity solely and exclusively owns all right, title and interest in and to the Entity Owned Intellectual Property, free and clear of any Encumbrances, except Permitted Encumbrances and (ii) has the valid and enforceable right to use each item of Entity Licensed Intellectual Property in connection with the conduct of the Business as currently conducted. The consummation of the transactions contemplated by this Agreement will not alter, encumber, impair or

extinguish any Entity Owned Intellectual Property or, to the Company's Knowledge, the Company's rights in any Entity Licensed Intellectual Property.

(d) No Action is pending or, to the Company's Knowledge, is threatened that (i) challenges the legality, validity, enforceability, use or ownership of any Entity Owned Intellectual Property or (ii) alleging that the conduct of the Business by the Company and/or the Acquired Entities infringes, misappropriates or otherwise violates the Intellectual Property of any Person.

(e) Except as set forth on Schedule 3.10(e), neither the conduct of the Business as presently conducted by the Company or any Acquired Entity, nor their use of any Entity Owned Intellectual Property, is infringing upon, misappropriating or otherwise violating the rights of any Person. To the Knowledge of the Company, no Person is infringing on, misappropriating or otherwise violating any right of the Company or any Acquired Entity with respect to any of its Intellectual Property.

(f) Set forth on Schedule 3.10(f) is a true, correct and complete list of all licenses, agreements, covenants not to sue or be sued, authorizations and permissions pursuant to which the Company or any Acquired Entity (i) uses any one or more items of Intellectual Property or IT Assets owned by a third party in connection with the Business, other than Software that is generally commercially available on non-discriminatory pricing terms with annual payments of less than [REDACTED] or (ii) grants a license, right to use or covenant not to be sued under any Intellectual Property or IT Assets to a third party (other than any non-exclusive licenses granted to customers in the ordinary course of business) (each item of (i) and (ii), collectively, the "Licensed IP Agreements"). The Company has made available to Buyer correct and complete copies of each of the Licensed IP Agreements. To the Company's Knowledge with respect to the Company and each applicable Acquired Entity party thereto, and each other counterparty thereto, each of the Licensed IP Agreements is legal, valid, binding, enforceable, and in full force and effect. Neither the Company nor any Acquired Entity is in breach of any of the Licensed IP Agreements, and, to the Company's Knowledge, no other party to any of the Licensed IP Agreements is in breach thereof. Neither the Company nor any Acquired Entity has granted any sublicense with respect to any rights in-licensed under a Licensed IP Agreement. Neither the Company nor any Acquired Entity has received any written notice that the other party to any Licensed IP Agreement intends to cancel, terminate or refuse to renew the same or to exercise or decline to exercise any option or right thereunder.

(g) The Company and each Acquired Entity have taken commercially reasonable measures to protect the proprietary nature of each item of Entity Owned Intellectual Property, including maintaining the confidentiality of all such Intellectual Property, the value of which is contingent upon maintaining the confidentiality thereof. All past and current employees and independent contractors of the Company and the Acquired Entities who have participated or are currently participating in creating any material Intellectual Property for the Company and/or any Acquired Entity have executed invention assignment agreements with the Company or an Acquired Entity, as applicable, whereby such employees and independent contractors presently assign to the Company or an Acquired Entity all right, title and interest they may have in any such Intellectual Property.

(h) Neither the Company nor any Acquired Entity (nor their respective employees or contractors) has incorporated, or otherwise utilized, any Open Source Materials in the creation of any Software that would result in such Software being covered by the General Public License or a similar "viral"

open source licensing regime, which General Public License or other regime would require such Software to be generally made available to the public.

(i) The Entity IT Assets operate and perform in a manner that permits the Company and the Acquired Entities to conduct the Business as currently conducted. The Company and the Acquired Entities have taken commercially reasonable measures, to protect the confidentiality, integrity and security of the Entity IT Assets (and all information and transactions stored or contained therein or transmitted thereby) against any unauthorized use, access, interruption, modification or corruption, including the implementation and periodic testing of (i) data backup, (ii) disaster avoidance and recovery procedures, (iii) business continuity procedures and (iv) encryption and other security protocol technology. To the Company's knowledge, there has been no unauthorized use, access, interruption, modification or corruption of any Entity IT Assets (or any information or transactions stored or contained therein or transmitted thereby).

(j) The Company and the Acquired Entities have complied, and are currently in compliance, in all material respects with all applicable Laws, rules, contractual obligations, policies, and procedures relating to (i) the privacy of the users of the products, services and websites of the Business and/or (ii) the collection, use, storage, processing and disclosure of any personally-identifiable information and other confidential data or information collected or stored by or on behalf of the Business. No claims or actions have been asserted or threatened against the Company or any Acquired Entity by any Person alleging a violation of such Person's privacy, personal or confidentiality rights under any Laws, rules, policies or procedures.

3.11 Transactions with Affiliates. Except pursuant to written Contracts set forth on Schedule 3.11(a), including the Purchase ROFR, or as otherwise set forth in such schedule, and except for any distributions, salaries, bonuses or business expense reimbursement payments (or advances) and other similar payments made or payable in the Ordinary Course of Business and reflected in the Company's or any Acquired Entity's books and records, there are no Contracts with, outstanding amounts payable to or receivable from, or outstanding advances by the Company or any Acquired Entity to any of Shareholders, or to any director, manager, partner or officer of the Company or any Acquired Entity. There are no Contracts between the Company or any of the Acquired Entities, on the one hand, and any of the Shareholders or the Excluded Entities, on the other hand, except for Contracts set forth on Schedule 3.11(b), and as of the Closing Date, after giving effect to the Pre-Closing Disposition there will be no such Contracts, other than the Pan Am Assignment and the Perma Treat Agreement. Neither the Shareholders nor the Excluded Entities directly or indirectly (other than the Shareholders through their ownership of the Shares) owns, or otherwise has any right, title or interest in, to or under, any material property or right, tangible or intangible, that is used by the Company or any of the Acquired Entities. Neither the Company nor any of the Acquired Entities has owned or operated any of the businesses currently owned or operated by any of the Excluded Entities. There are no Contracts between the Company or any of the Acquired Entities (other than PAS), on the one hand, and PAS, on the other hand, except for Contracts set forth on Schedule 3.11(c).

3.12 Litigation and Orders.

(a) Litigation. Except as set forth on Schedule 3.12(a)(x) there are no Actions that are, or were at any time during the past three (3) years, pending (or to the Company's Knowledge threatened in

writing or orally) against the Company or any Acquired Entity or any of their respective properties or assets or any of their respect officers or directors in their capacity as such (i) by [REDACTED] or (ii) in which the amount in issue is or was greater than [REDACTED]. Except as set forth on Schedule 3.12(a)(y), to the Company's Knowledge, there are no, and have not been in the past year any, disputes or other disagreements between the Company or any Acquired Entity, on the one hand, and [REDACTED] on the other hand. Except as set forth on Schedule 3.12(a)(z), there has been no written correspondence in the past year between the Company or any Acquired Entity, on the one hand, and [REDACTED], on the other hand, outside of the Ordinary Course of Business.

(b) Orders. Except as set forth on Schedule 3.12(a), there is no Order binding upon the Company or any Acquired Entity, nor has there been any such Order at any time during the past three (3) years that would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Neither the Company nor any Acquired Entity is in breach or default (with or without notice or lapse of time, or both), and at no time during the past three (3) years has been a breach or default, under any such Order, which in either event would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

3.13 Employee Benefit Plans.

(a) Except as set forth on Schedule 3.13(a), neither the Company, any Acquired Entity nor any ERISA Affiliate thereof (nor any predecessor of any such entity), sponsors, maintains, contributes to (or has any obligation to contribute to), or has in the past six years or has in the past six years sponsored, maintained, administered or contributed to (or had any obligation to contribute to), or has or is reasonably expected to have any Liability with respect to, any Employee Benefit Plan that is, or has been, (i) a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA, (ii) subject to Title IV of ERISA or Section 412 of the Code, (iii) maintained by more than one employer within the meaning of Section 413(c) of the Code, (iv) subject to Sections 4063 or 4064 of ERISA or (v) a "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA.

(b) Schedule 3.13(b) sets forth a list of each Employee Benefit Plan. The Company has made available to Parent, with respect to each Employee Benefit Plan, to the extent applicable, complete and correct copies of (i) each plan document, including any amendments thereto (or, in the case of any unwritten Employee Benefit Plan, a written summary of the terms of such Employee Benefit Plan), (ii) the most recent summary plan description, (iii) the trust agreement and any insurance documents, and (iv) the two most recent Form 5500 Annual Reports and accompanying schedules and attachments thereto, and all current employee handbooks, manuals and policies. Neither the Company nor any Acquired Entity has announced or otherwise made a commitment to implement any arrangement that, if implemented, would be an Employee Benefit Plan.

(c) Each Employee Benefit Plan has been maintained, funded, operated and administered in all material respects in accordance with the terms of such Employee Benefit Plan and applicable Law, including ERISA and the Code. All premiums, contributions or payments required to be made to each Employee Benefit Plan that have been timely made, pursuant to its terms and provisions and applicable Law. The Company and the Acquired Entities complied in all material respects with the Patient Protection and Affordable Care Act (the "Affordable Care Act") and no event has occurred, and no

condition or circumstance exists, that would reasonably be expected to subject any of the Company and the Acquired Entities to material Liability, penalties, or Taxes under Sections 4980B, 4980D, 4980H, 6721 or 6722 of the Code or any other provision of the Affordable Care Act.

(d) Neither the Company, any Acquired Entity nor, to the Company's Knowledge, any director, manager, partner, officer, Employee of the Company or any Acquired Entity or other Person who participates in the operation of any Employee Benefit Plan has engaged in any transaction with respect to any Employee Benefit Plan, or breached any applicable fiduciary responsibility or obligation under Title I of ERISA that would subject any of them to a penalty or Liability under Section 502(i) or Section 502(l) of ERISA or Section 4975 of the Code.

(e) There are no Actions or claims pending or, to the Knowledge of the Company, threatened in writing against or with respect to any Employee Benefit Plan or the assets of any Employee Benefit Plan (other than routine claims for benefits and appeals of denied claims), and no civil or criminal Action brought pursuant to the provisions of Title I, Subtitle B, Part 5 of ERISA is pending, or to the Knowledge of the Company, threatened in writing against the Company or any Acquired Entity or, to the Knowledge of the Company, any fiduciary of any Employee Benefit Plan with respect to any such Employee Benefit Plan. Neither the Company nor any Acquired Entity has received written notice that any Employee Benefit Plan or any fiduciary thereof is presently the direct or indirect subject of any Action by any Governmental Authority, and to the Knowledge of the Company, no such Action has been threatened in writing. No Employee Benefit Plan has, within the three years prior to the date hereof, been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, or similar program sponsored by any Governmental Authority.

(f) Schedule 3.13(f) separately identifies each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code. Each such Employee Benefit Plan and each trust established in connection with each such Employee Benefit Plan (i) is the subject of a favorable determination letter issued by the Internal Revenue Service or (ii) was established by adoption of a prototype or volume submitter plan that is the subject of a favorable opinion letter issued by the Internal Revenue Service upon which the Company or the applicable Acquired Entity is permitted to rely. Since the date of each such determination or opinion letter, no Event has occurred that has resulted or is reasonably likely to result in the revocation of any such determination letter or the inability of the Company or the applicable Acquired Entity to rely on any such opinion letter or that is reasonably likely to adversely affect the qualified status of such Employee Benefit Plan or the exempt status of any such trust. The Company has made available to Buyer a true and complete copy of each such determination or opinion letter.

(g) Neither the Company nor any Acquired Entity has incurred any current or projected Liability in respect to post-employment or retiree health, life insurance and/or other welfare benefits, and neither the Company nor any Acquired Entity has any obligation to provide any such benefits to any retired or former employees or active employees of such Entity following such employee's retirement or termination of service, except in each case, (i) as required by the Consolidated Omnibus Budget Reconciliation Act of 1985, codified as Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Code, or any similar applicable Law, (ii) coverage through the end of the month of retirement or other termination of employment or service, (iii) disability benefits attributable to disabilities occurring at or prior

to retirement or other termination of employment or service, (iv) death benefits attributable to deaths occurring at or prior to retirement or other termination of employment or service and (v) conversion rights at the sole expense of the converting individual.

(h) Except as set forth on Schedule 3.13(h), neither the execution of this Agreement nor consummation of any of the Contemplated Transactions will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, manager, partner, officer, employee, independent contractor or consultant of the Company or any Acquired Entity to any payment or benefit, including any bonus, retention, severance, retirement or job security payment or benefit or any other compensation; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation due to any such individual; (iii) limit or restrict the right of the Company or any Acquired Entity to merge, amend or terminate any Employee Benefit Plan; (iv) increase the amount payable under or result in any other material obligation pursuant to any Employee Benefit Plan; or (v) require a “gross-up” to any “disqualified individual” within the meaning of Section 280G(c) of the Code. Except as set forth on Schedule 3.13(h), no amount that could be payable in connection with the execution of this Agreement, any of the other Transaction Documents or the transactions contemplated hereby or thereby (either alone or in combination with any other event) by the Company or an Acquired Entity or otherwise could, individually or reasonably be expected to with any other such payment, constitute an “excess parachute payment” within the meaning of Section 280G of the Code or not be deductible pursuant to Section 280G of the Code or could be subject to an excise tax under Section 4999 of the Code.

(i) Neither the Company nor Acquired Entity has any obligation to gross-up, indemnify or otherwise reimburse any current or former Employee for any Tax incurred by such Employee, including under Section 409A or 4999 of the Code.

3.14 Workforce

(a) (i) Schedule 3.14(a)(i) sets forth, as of the date hereof, for each Employee, such Employee’s name, employer, title, hire date, location, whether full- or part-time, whether active or on leave (and, if on leave, the nature of the leave and the expected return date), whether exempt from the Fair Labor Standards Act, annual salary or wage rate, most recent annual bonus received and current annual bonus opportunity and (ii) except as set forth on such Schedule, all Employees are employed on an at-will basis by the Company or the applicable Acquired Entity or Entities and may be terminated at any time with or without cause, and without any severance or other Liabilities to any Entity, subject to obligations, if any, arising under applicable Laws or Employee Benefit Plans.

(b) Except as set forth on Schedule 3.14(b), neither the Company nor any Acquired Entity has been or is a party to or bound by any collective bargaining agreement. During the three (3)-year period ending on the date of this Agreement, neither the Company nor any Acquired Entity has experienced, nor is there pending, nor to the Knowledge of the Company, is there threatened in writing, any strike, slowdown, picketing, grievance process, work stoppage, concerted refusal to work overtime, claim of unfair labor practice or other labor dispute affecting the Company or any Acquired Entity.

(c) Except as set forth on Schedule 3.14(c), no material action has been commenced against the Company or any Acquired Entity during the three (3)-year period ending on the date hereof alleging any material breach of any applicable Laws and Orders with respect to labor or employment.

(d) During the three (3)-year period ending on the date hereof, neither the Company nor any Acquired Entity has initiated any plant or facility closing or mass layoff which would trigger any obligations under the WARN Act or any similar state law requiring advanced notice of layoff or facility closing.

(e) During the past three years, there has not been any Action related to, or any material act or material allegation to the Company's Knowledge of or relating to, sex-based discrimination, sexual harassment or sexual misconduct or to the Company's Knowledge, any material breach of any policy of the Company or any of the Acquired Entities relating to the foregoing, in each case, involving the Company or any of the Acquired Entities, or any current or former Employees, nor has there been any settlements or similar out-of-court or pre-litigation arrangements relating to any such matters, nor to the Company's Knowledge has any such Action been threatened in writing.

3.15 Compliance with Laws. Except as set forth on Schedule 3.15, the Company and the Acquired Entities are and in the past three (3) years have been in compliance in all material respects with all Laws applicable to the conduct of the Business. Except as set forth on Schedule 3.15, in the past three (3) years have there have been no written claims have been filed, nor, to the Company's Knowledge, have any been threatened, against the Company or any Acquired Entity by any Governmental Authority, the substance of which has not been resolved, regarding any actual or potential material violation of, or failure to materially comply with, any Law.

3.16 Authorizations. Except as set forth on Schedule 3.16, (i) the Company and Acquired Entities have all of the Authorizations that are required to carry on the Business as presently conducted by them, and each are qualified to hold such Authorizations; (ii) the Company and the Acquired Entities have during the past (3) three years complied with all material requirements in connection with such Authorizations; and (iii) such Authorizations are in full force and effect and, to the Knowledge of the Company, no suspension or cancellation of any of them has been threatened, except in the case of each of the foregoing that are not material to the Business, taken as a whole. Neither the Company nor any Acquired Entity has committed any violation of Law or other act or omission which could give rise to an action by a Governmental Authority to revoke, suspend, amend, limit, terminate or deny original issuance or renewal of any Authorizations, except in the case of the foregoing that are not material to the Business, taken as a whole.

3.17 Taxes. Except as set forth on Section 3.17 of the Disclosure Schedules:

(a) The Company and each Acquired Entity has timely filed, subject to permitted extensions, all Tax Returns that it was required to file. All such Tax Returns were true, accurate and complete in all material respects. All material Taxes owed by the Company or any Acquired Entity (whether or not shown or required to be shown on any Tax Return) have been paid. There are not any outstanding written claims by any taxing authority in a jurisdiction where the Company or any Acquired Entity does

not file Tax Returns that the Company or any Acquired Entity is or may be subject to taxation by that jurisdiction.

(b) The Company and each Acquired Entity is in compliance with all applicable information reporting and Tax withholding requirements under applicable Tax Laws.

(c) No audits, examinations, investigations, suits or other proceedings are currently ongoing, pending or threatened with regard to any Taxes or Tax Returns of the Company or any Acquired Entity. No Governmental Authority has asserted any deficiency, adjustment or claim with respect to Taxes against the Company or any Acquired Entity that has not been resolved with respect to any taxable period for which the period of assessment or collection remains open.

(d) Neither the Company nor any Acquired Entity has waived, extended, or requested a waiver or extension of any statute of limitations in respect of Taxes. Except as set forth on Schedule 3.17(d), no Tax Return of the Company or any Acquired Entity filed within the past six years has been subject to examination or audit.

(e) The unpaid Taxes of the Company and the Acquired Entities for periods ending on or prior to the date of the Financial Statements do not exceed the accruals for current Taxes set forth on the balance sheets included in the Financial Statements, and since the date of the Financial Statements, neither the Company nor any of the Acquired Entities has engaged in any transaction, or taken any other action, other than in the ordinary course of business, that would materially impact any Tax asset or Tax Liability of the Company and the Acquired Entities.

(f) Neither the Company nor any Acquired Entity is a party to any Tax allocation or sharing agreement that will be in effect as of the Closing Date other than any commercial agreement entered into in the Ordinary Course of Business, the primary purpose of which does not relate to Taxes. Except as set forth on Schedule 3.17(f), neither the Company nor any Acquired Entity (i) has been a member of an affiliated group filing a consolidated federal income Tax Return; or (ii) has Liability for the Taxes of any person under Treasury Regulation Section 1.1502-6 (or any other similar provision of state, local or non-U.S. law), as a transferee or successor, by Contract or otherwise (excluding any Contract entered into in the ordinary course of business, the primary focus of which is not Taxes).

(g) Neither the Company nor any Acquired Entities will be required to include any material item of income in, or exclude any material item of deduction from, its gross income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) election by the Company or any Acquired Entity of a change in method of accounting for a taxable period ending on or prior to the Closing Date; (ii) "closing agreement," as described in Code Section 7121 (or any corresponding provision of state, local or foreign Tax Law); (iii) intercompany transactions or any excess loss account described in the Treasury Regulations under Code Section 1502 (or any corresponding provision of state, local or foreign Tax Law); (iv) installment sale or open transaction disposition made on or prior to the Closing Date; (v) election under Section 108(i) of the Code; or (vi) prepaid amount, advance payments or deferred revenue received or accrued on or prior to the Closing Date. Neither the Company nor any Acquired Entities is or will be required to include any adjustment in taxable income for any Tax period pursuant to Section 481 or

263A of the Code or any comparable provision under state, local or non-U.S. Law as a result of transactions or events occurring, or accounting methods employed, prior to the date of this Agreement.

(h) There is no claim for Taxes that is an Encumbrance against the properties or assets of the Company or any Acquired Entity other than any Permitted Encumbrances.

(i) Neither the Company nor the Acquired Entities has entered into or participated in a “reportable transaction” within the meaning of Treasury Regulations Section 1.6011-4.

(j) Within the last two years, neither the Company nor any Acquired Entities has constituted either a “distributing corporation” or a “controlled corporation” in a distribution of stock intended to qualify for tax-free treatment under Sections 355 or 361 of the Code.

(k) Schedule 3.17(k) lists (i) the entity classification of the Company and each Acquired Entity for U.S. federal income Tax purposes, as of the date hereof and as of the Closing Date, and (ii) each entity classification election and change in entity classification that has been made under Treasury Regulation Section 301.7701-3 with respect to the Company and the Acquired Entity for U.S. federal income Tax purposes.

(l) Neither the Company nor the Acquired Entities has sought any relief under, or taken any action in respect of, (i) any provision of the CARES Act related to Taxes (including, but not limited to, the delaying of any payments in respect of payroll Taxes under Section 2302 thereof) or (ii) Internal Revenue Service Notice 2020-65.

(m) Other than as required pursuant to the terms of this Agreement, neither the Company nor any of its Affiliates has taken any action, has failed to take any action, nor does the Company have any Knowledge of any fact or circumstance, that would reasonably be likely to prevent the Merger from qualifying as a reorganization under Section 368 of the Code.

3.18 Insurance. Schedule 3.18(a) of the Company Disclosure Schedule sets forth a true, correct and complete list, as of the date hereof, of (a) all insurance policies and programs of or Contracts for insurance and interests in insurance pools and programs (in each case, including self-insurance and insurance from Affiliates) maintained by the Company or any Acquired Entity or with respect to which the Company or any Acquired Entity is a named insured or otherwise the beneficiary of coverage (collectively, the “Insurance Policies”), and (b) all franchise, construction, fidelity, performance, surety and other bonds, standby letters of credit, cash deposits and similar security arrangements maintained by the Companies (collectively, the “Bonds”). The Company has made available to Parent all Insurance Policies and Bonds. All of the Insurance Policies and Bonds are in full force and effect, all premiums and/or payments that are due for current coverage periods of such Insurance Policies and Bonds have been paid and neither the Company nor any Acquired Entity is in material default thereunder (and neither the Company nor any of the Acquired Entities have taken any action or failed to take any action which, with notice or the lapse of time or both, would constitute such a breach or default, or permit termination or modification of, any such policy), to the Knowledge of the Company, no insurer on any such policy has been declared insolvent or placed in receivership, conservatorship or liquidation, and no notice of cancellation or termination has been received with respect to any such policy, and all pending claims thereunder have been filed in due and

timely fashion and except as disclosed on Schedule 3.18(b) of the Company Disclosure Schedule no claim has been denied or disputed, or has any insurance company threatened to deny or dispute coverage, within the past three years. Such Insurance Policies are with reputable insurers in such amounts and covering such risks as the Company reasonably believes, including based on its past experiences and similarly situated competitors, is adequate for the business and operations of the Company and the Acquired Entities.

3.19 Environmental Matters.

(a) Except as set forth on Schedule 3.19(a) or for matters that have not resulted and would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect,

(i) the Company and the Acquired Entities are and have been in material compliance with all Environmental Laws and Environmental Permits;

(ii) no Hazardous Substance has been Released at, on, under, to, in or from (A) the Properties, (B) any other property or facility now or previously owned, leased or operated by the Company or the Acquired Entities (or any of their respective predecessors), or (C) any property or facility to which any Hazardous Substance has been transported for disposal, recycling or treatment by or on behalf of the Company or the Acquired Entities (or any of their respective predecessors);

(iii) the Company and the Acquired Entities have obtained and hold all Authorizations required by Environmental Laws (“Environmental Permits”) to own and conduct the Business as currently owned and conducted, which are listed on Schedule 3.19(a), are in full force and effect; and the Company and the Acquired Entities have not received written notice that any Environmental Permits are reasonably likely to be terminated, revoked, or materially modified;

(iv) (A) no written claims, demands, notices of violation, requests for information, citations, summons, complaints, notices of investigations or inquiries from any Governmental Authority or Person have been received by the Company or any Acquired Entity, (B) no Order has been issued or is otherwise in effect, and (C) no Action is pending, or to the Knowledge of the Company threatened, in each case relating to non-compliance with or Liabilities related to any Environmental Law, Environmental Permit or Hazardous Substance with respect to the Company or any Acquired Entity;

(v) Neither the Company nor any Acquired Entity has assumed by Contract any Liabilities or obligations of third parties arising under or relating to any Environmental Law, Environmental Permit or Hazardous Substance;

(vi) to the Knowledge of the Company, all off-site Hazardous Substances treatment, storage, transport or disposal performed or arranged by or on behalf of the Company or any Acquired Entity has been conducted in compliance with all Environmental Laws; and

(vii) neither the Company nor any Acquired Entity has received any written notice regarding potential or alleged Liabilities under Environmental Law with respect to any off-site Hazardous Substances treatment, storage, transport or disposal.

(b) The Company has made available to Parent copies of all material environmental reports, studies, audits, records, sampling data, site assessments, closure reports, and correspondence with Governmental Authorities related to Environmental Laws, Hazardous Substances or Environmental Permits.

(c) The consummation of the transactions contemplated hereby requires no filings or notifications to be made or actions to be taken pursuant to the New Jersey Industrial Site Recovery Act or the Connecticut Property Transfer Law.

(d) Notwithstanding anything to the contrary in this Agreement, the representations and warranties in this Section 3.19 are the only representations and warranties given by the Company with respect to Environmental Laws, Hazardous Substances or Environmental Permits.

3.20 Ownership of Tangible Personal Property. Except as set forth on Schedule 3.20, the Company and each of the Acquired Entities has good title to, or valid leasehold or license interests, as the case may be, in all of their material respective assets used in the Business, free and clear of all Encumbrances other than Permitted Encumbrances.

3.21 Certain Business Practices. Neither the Company, the Acquired Entities, nor to the Company's Knowledge, any of their respective directors, offices, partners, managers, agents, employees or representatives has, during the past five (5) years, (a) made any unlawful contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other unlawful payment to any Person, private or public, regardless of what form, whether in money, property or services (i) to obtain favorable treatment for the Company or any of the Acquired Entities, (ii) to pay for favorable treatment for the Company or any of the Acquired Entities, (iii) to obtain special concessions or for special concessions already obtained; or (b) established or maintained any fund or asset with respect to the foregoing that has not been recorded properly in the books and records of the Company or any Acquired Entity; or (c) otherwise violated any provisions of the Foreign Corrupt Practices Act of 1977.

3.22 U.S. Trade Laws. The Company and the Acquired Entities are in compliance in all material respects with U.S. Trade Laws.

3.23 Sufficiency of Assets. The assets of the Company and each of the Acquired Entities, taking into account this Agreement and all Ancillary Documents (including the Perma Treat Agreement and the Pan Am Assignment) (and the rights expressly granted and services expressly to be performed hereunder and thereunder), constitute, in all material respects, all of the assets, rights and properties used in the conduct of the business by the Company and each of the Acquired Entities, and are sufficient for the Company and the Acquired Entities to conduct their respective businesses in all material respects as they have conducted such businesses during prior twelve month period.

3.24 Customers and Suppliers.

(a) Section 3.24(a) of the Company Disclosure Schedules sets forth a true and complete list of the ten (10) largest (measured by gross revenue to the Company and the Acquired Entities on a consolidated basis) customers (each, a “Material Customer”), to the Company for the twelve (12) months ended December 19, 2019.

(b) Section 3.24(b) of the Disclosure Schedules sets forth a true and complete list of the ten (10) largest (measured by gross expenditures by the Company and the Acquired Entities on a consolidated basis) suppliers (each, a “Material Supplier”) to the Company and the Acquired Entities for the twelve (12) months ended December 19, 2019.

(c) Since December 31, 2019, no Material Customer or Material Supplier has terminated or cancelled, or notified the Company or any of the Acquired Entities that it intends to terminate or cancel, or decreased materially or, to the Knowledge of the Company, threatened to decrease or limit materially (other than due to the COVID-19 pandemic), its relationship with the Company or any Acquired Entity, except with respect to all of foregoing as would not individually or in the aggregate, reasonably be expected to be material to the Company and the Acquired Entities, taken as a whole. Neither the Company nor any of the Acquired Entities is engaged in a material dispute with a Material Customer or Material Supplier. Since December 31, 2019, there has been no material change in the pricing or other material terms of the Company’s or any of the Acquired Entities’ business relationship with any Material Customer or Material Supplier, except changes made in the Ordinary Course of Business or due to the COVID-19 pandemic which changes would not, individually or in the aggregate, reasonably be expected to be material to any Company and its Subsidiaries, taken as a whole.

3.25 No Other Representations and Warranties. PARENT AND MERGER SUBS ACKNOWLEDGE AND AGREE THAT THEY (A) HAVE HAD AN OPPORTUNITY TO DISCUSS THE BUSINESS OF THE COMPANY AND THE ACQUIRED ENTITIES WITH ITS AND THEIR MANAGEMENT, (B) HAVE HAD REASONABLE ACCESS TO (I) BOOKS AND RECORDS OF THE COMPANY AND THE ACQUIRED ENTITIES AND (II) THE DOCUMENTS MADE AVAILABLE BY THE COMPANY FOR PURPOSES OF THE CONTEMPLATED TRANSACTIONS, (C) HAVE BEEN AFFORDED THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM MANAGEMENT, AND (D) HAVE CONDUCTED THEIR OWN INDEPENDENT INVESTIGATION OF THE COMPANY AND THE ACQUIRED ENTITIES, THE BUSINESS AND THE CONTEMPLATED TRANSACTIONS. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS ARTICLE III, AS QUALIFIED BY THE COMPANY DISCLOSURE SCHEDULES, NEITHER THE COMPANY NOR ANY OTHER PERSON, INCLUDING THE SHAREHOLDERS, MAKES ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES REGARDING THE COMPANY OR ANY ACQUIRED ENTITY OR THE BUSINESS, AND THE COMPANY HEREBY DISCLAIMS ANY SUCH OTHER REPRESENTATION OR WARRANTY, AND PARENT HEREBY DISCLAIMS RELIANCE ON ANY SUCH OTHER REPRESENTATIONS AND WARRANTIES. NEITHER THE COMPANY NOR ANY OTHER PERSON, INCLUDING THE SHAREHOLDERS, SHALL BE DEEMED TO MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO (I) ANY PROJECTIONS, ESTIMATES OR BUDGETS HERETOFORE DELIVERED TO OR MADE AVAILABLE TO PARENT OR ANY OF ITS AFFILIATES OR REPRESENTATIVES OF FUTURE REVENUES, EXPENSES OR EXPENDITURES OR FUTURE RESULTS OF OPERATIONS OF ANY OF THE COMPANY OR ANY

ACQUIRED ENTITY OR ANY ASPECT OF THE BUSINESS OR (II) EXCEPT AS EXPRESSLY COVERED BY A SPECIFIC REPRESENTATION AND WARRANTY CONTAINED IN THIS IN THIS ARTICLE III, ANY OTHER INFORMATION OR DOCUMENTS (FINANCIAL OR OTHERWISE) MADE AVAILABLE TO PARENT OR ANY OF ITS AFFILIATES OR REPRESENTATIVES WITH RESPECT TO THE COMPANY, ANY ACQUIRED ENTITY OR ANY ASPECT OF THE BUSINESS.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUBS

Except as disclosed in the Parent Disclosure Schedules, Parent and Merger Subs represent and warrant to the Company, as of the date hereof and as of the Closing Date, as follows:

4.1 Organization, Standing and Entity Power. Each of Parent and Merger Subs is duly organized and validly existing under the Laws of its jurisdiction of organization and has all requisite entity power and authority to carry on its business as presently conducted. Each of Parent and Merger Subs is duly qualified or licensed to do business and is in good standing (where such concept is recognized under applicable Law) in each jurisdiction where the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary, other than where the failure to be so qualified, licensed or in good standing would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

4.2 Authority. Each of Parent and Merger Subs has all entity power and authority to enter into this Agreement and the Ancillary Documents to the extent a party thereto and to consummate the Contemplated Transactions. All necessary entity action and other proceedings required to be taken by each of Parent and Merger Subs to authorize the execution, delivery and performance of this Agreement and the Ancillary Documents to the extent a party thereto and the consummation of the Contemplated Transactions have been duly taken. This Agreement has been, and the Ancillary Documents will be, duly executed and delivered by or on behalf of each of Parent and Merger Subs to the extent a party thereto and, assuming the due execution by the Company of this Agreement and the Ancillary Documents, constitute the legal, valid and binding obligations of each of Parent and Merger Subs, enforceable against them in accordance with its terms, except as such enforceability may be limited by Laws applicable to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar Laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies or by general principles of equity.

4.3 No Conflict.

(a) Except for matters that have not resulted and would not, individually or in the aggregate, reasonably be expected to result in a Parent Material Adverse Effect solely with respect to clauses (i), (iii) or (iii) below, the execution, delivery and performance by Parent and Merger Subs of this Agreement and the consummation by Parent and Merger Subs of the Contemplated Transactions will not:

(i) violate or conflict with or result in any breach of any provision of its organizational documents;

(ii) assuming the receipt of STB Approval, violate any provision of Law to which Parent or Merger Subs is subject or violate, results in a breach of or conflict with any provision of any Order applicable to either of them; or

(iii) violate, breach or constitute a default (with or without notice or lapse of time or both) under or give rise to a right of termination, cancellation, modification, purchase or repurchase, option exercise, put or call, or acceleration of any right, remedy or obligation under any term or provision of any material Contract to which Parent or Merger Subs is a party or event that, with the giving of notice, the passage of time or otherwise, would constitute a default or give rise to such right).

(b) Except for STB Approval, the execution, delivery and performance by Parent and Merger Subs of this Agreement and the consummation by them of the Contemplated Transactions do not require any consent from, license, waiver, permit, registration, declaration or other filing with or approval or authorization of any Governmental Authority, or observation of any waiting period under applicable Laws, by or with respect to them, other than the filing of the First Certificate of Merger, the Second Certificate of Merger and the Articles of Merger as required by applicable Law.

4.4 Financing. Parent will have as of the Closing sufficient cash available to pay any expenses incurred by Parent or Merger Subs in connection with the Contemplated Transactions and the Cash Merger Consideration and any Final Cash Adjustment.

4.5 Solvency. After giving effect to the Contemplated Transactions, at the Effective Time (a) the Surviving Corporation shall be able to pay its debts and obligations in the ordinary course of business as they become due; and (b) the Surviving Corporation will be solvent and will have adequate capital and liquidity with which to engage in its businesses on a consolidated basis.

4.6 Operations and Ownership of Merger Sub. The authorized capital stock of Merger Sub 1 and Merger Sub 2 consists solely, in each case, of [REDACTED] shares of common stock, par value [REDACTED] per share, all of which are validly issued and outstanding. All of the issued and outstanding capital stock of Merger Subs, is and immediately prior to the Effective Time will be, owned by Parent. Merger Subs have been formed solely for the purpose of engaging in the Contemplated Transactions and prior to the Effective Time will have engaged in no other business activities and will have no assets, liabilities or obligations of any nature other than (i) as expressly contemplated herein and (ii) liabilities and obligations incidental to its formation and the maintenance of its existence.

4.7 Parent SEC Documents.

(a) Parent has filed all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) with the SEC required to be filed by Parent since December 31, 2017 (such documents, the "Parent SEC Documents"). As of their respective dates, the Parent SEC Documents complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, applicable to such Parent SEC Documents, and none of the Parent SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under

which they were made, not misleading, unless such information contained in any Parent SEC Document has been corrected by a later-filed Parent SEC Document. The financial statements of Parent included in the Parent SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the financial position of Parent and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to the absence of footnote disclosure and to normal and recurring year-end audit adjustments).

(b) Except (i) as set forth in the financial statements included in Parent's most recent Annual Report on Form 10-K or subsequent Quarterly Reports on Form 10-Q filed by Parent and publicly available prior to the date of this Agreement and (ii) as incurred in the ordinary course of business, neither Parent nor any of its subsidiaries has any Liabilities or obligations of any nature (whether accrued or contingent) that individually or in the aggregate have had or would reasonably be expected to have a Parent Material Adverse Effect.

(c) Other than as required pursuant to the terms of this Agreement, neither Parent nor any of its subsidiaries has taken any action, has failed to take any action, or has Knowledge of any fact or circumstance, that would reasonably be likely to prevent the Merger from qualifying as a reorganization under Section 368 of the Code.

4.8 Brokers and Other Advisors. Except for Goldman & Sachs Co. LLC, no agent, broker, investment banker, financial advisor or other person is entitled to any broker's, finder's or financial advisor's fee, commission or any other similar fee from Parent, Merger Subs or any of their Affiliates in connection with the consummation of the Contemplated Transactions.

4.9 No Other Representations and Warranties. THE REPRESENTATIONS AND WARRANTIES MADE BY PARENT AND MERGER SUBS IN THIS ARTICLE IV ARE IN LIEU OF AND ARE EXCLUSIVE OF ALL OTHER REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUBS, INCLUDING ANY IMPLIED WARRANTIES, AND PARENT AND MERGER SUBS HEREBY DISCLAIM ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES AND THE COMPANY AND EACH SHAREHOLDER HEREBY DISCLAIMS RELIANCE ON ANY SUCH OTHER REPRESENTATIONS AND WARRANTIES.

ARTICLE V COVENANTS

5.1 Covenants of the Company. The Company hereby covenants and agrees as follows:

(a) Pre-Closing Access. Prior to the Closing, the Company shall (i) give Parent and its Representatives reasonable access to the Company's and each Acquired Entity's personnel, books, records, offices and other facilities and properties during mutually agreeable business hours for the purpose of facilitating the Contemplated Transactions (including in each case as related to the Identified CERCLA

Sites) (ii) make available to Parent and its Representatives, the officers and employees of the Company and the Acquired Entities, including any officers, employees or consultants with knowledge of the Identified CERCLA Sites (and shall instruct such Persons to cooperate with Parent in its investigation of the Business, the Company and the Acquired Entities), to the extent reasonably requested by Parent, and (iii) furnish to Parent and its Representatives such information concerning any of them and the Business which is reasonably requested (but not including any information with respect to any other Person interested in acquiring the Company and the Acquired Entities), and all such information provided to or received by Parent and its Representatives shall be subject to the Confidentiality Agreement; *provided*, however, that any such access shall (A) be granted at reasonable times during normal business hours, with advance notice to the Company, (B) be conducted in such a manner as not to interfere with the normal business operations of the Company and the Acquired Entities, (C) be subject to reasonable policies of the Company or any Acquired Entity, confidentiality obligations to third parties and applicable Laws, (D) be conducted under the supervision of the Company or its designated personnel and (E) be at the risk of Parent and its Representatives. Parent hereby agrees to indemnify and hold harmless the Company and the Acquired Entities and their respective Representatives with respect to any losses resulting from or arising out of such access attributable to Parent or its Representatives. In no event shall Parent, nor shall it permit any of its Representatives to, conduct any environmental sampling or drilling or to speak to or otherwise communicate with any employee, customer, lender or business relation of the Company or the Acquired Entities regarding the Contemplated Transactions prior to Closing without the prior written consent of the Company, which may be given or withheld in its discretion. No investigation by Parent or its Representatives pursuant to this Section 5.1(a) shall affect or be deemed to modify any representation or warranty made by the Company herein or create or constitute any new representation or warranty of the Company or any other Person.

(b) Ordinary Conduct. From and after the date hereof and prior to the Closing Date or earlier termination of this Agreement, except (v) as consented to in writing (including pursuant to the last sentence of this Section 5.1(b)) by Parent, which consent shall not be unreasonably withheld, conditioned or delayed, (w) to the extent required to comply with any applicable Law, (x) as set forth on Schedule 5.1(b), or (y) as otherwise expressly contemplated by this Agreement, including with respect to the grant of the Purchase ROFR immediately prior to Closing, the Company shall (except to the extent contemplated by the Pre-Closing Disposition), and shall cause the Acquired Entities to:

- (i) conduct the Business in the Ordinary Course of Business;
- (ii) use commercially reasonable efforts to (A) maintain their corporate or other existence in good standing (to the extent applicable), (B) preserve their business organization in a commercially reasonable manner, (C) retain the Employees, (D) maintain business and accounting records relative to the Business at least as complete and accurate as is consistent with past practice, (E) preserve the goodwill of the suppliers, customers and others having substantial business dealings with the Company and the Acquired Entities; (F) maintain the Company and the Acquired Entities' assets in good condition and repair, subject to ordinary wear and tear, (G) maintain procedures for protection of Company Intellectual Property, and (H) maintain presently existing insurance coverages with respect to the Business;

(iii) not (A) enter into, amend, terminate waive any material right under or cancel any Material Contract or any Contract that if in effect on the date hereof would be a Material Contract, except in the Ordinary Course of Business or as required by applicable Law (other than terminations attributable to the end of any term thereof or supplier by the counterparties thereto) or (B) enter into any Contract with any customer or vendor which the Company reasonably anticipates will involve annual payments or consideration furnished by or to the Company or the Acquired Entities (in the aggregate) of more than [REDACTED]

(iv) not materially increase its work force, and in any event, not hire or terminate other than for cause, any Person with a base salary of [REDACTED] or more, and not grant any salary, wage or compensation increase or increase any Employee benefit for any Employee (including incentive, commission or bonus payments) other than increases in base compensation for Employees with base compensation of less than [REDACTED] in the Ordinary Course of Business, except to satisfy contractual obligations existing as of the date hereof;

(v) not sell, transfer, assign, pledge, lease, sublease, license or otherwise transfer or dispose of or create any Encumbrance on, any of the Company's assets, securities, properties, interests, or business with a value in excess of [REDACTED] other than inventory or obsolete equipment in the Ordinary Course of Business;

(vi) not cancel any debt or waive or compromise any claim or right relating to the Business in one transaction or a series of related transactions, in each case, having a value in excess of [REDACTED]

(vii) not create, incur, assume, suffer to exist or otherwise become liable with respect to any Indebtedness;

(viii) not make any capital expenditure or commitment for capital expenditures in excess of [REDACTED] individually or [REDACTED] in the aggregate except for capital expenses in the capital expenditures budget to be agreed to by the Parties promptly after execution of this Agreement or to repair Property sustaining damage after the date hereof;

(ix) not enter into any joint venture, partnership or other similar third party co-venture or arrangement or purchase any material assets or any securities of any Person (other than supplies and inventory in the Ordinary Course of Business);

(x) not merge or consolidate with or into any other Person or permit any other Person to merge or consolidate with or into it or dissolve or effect a recapitalization or reorganization in any form of transaction, other than the Pre-Closing Disposition;

(xi) except as necessary in order to comply with applicable Laws or the express provisions of this Agreement or respond to changing business conditions, not make any material changes in policies and practices for conducting the Business;

(xii) not make any changes to any accounting methods, practices or policies, except as may be required under applicable Laws or GAAP, in each case as concurred in by the Company's independent public accountant;

(xiii) not settle, consent to the settlement of or compromise (A) [REDACTED]

[REDACTED] or (B) any Action, or enter into any consent decree or settlement agreement with any Governmental Authority, filed or otherwise instituted against it, or any officer, director, manager or partner of it, or related to the Business, including in each case with respect to the Identified CERCLA Sites and [REDACTED], other than, solely in the case of this clause (B), where the amount paid in settlement or compromise involves solely money damages and does not exceed [REDACTED] individually or [REDACTED] in the aggregate;

(xiv) maintain all existing state and federal Authorizations necessary to operate the Business without the imposition of any material penalty or material disruption in operations;

(xv) not (A) issue, deliver or sell, or authorize the issuance, delivery or sale of, any Equity Interests, or rights, warrants or options to purchase Equity Interests, (B) split, combine or reclassify any of its Equity Interests, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for Equity Interests, or (C) purchase, redeem or otherwise acquire, or offer to purchase, redeem or otherwise acquire any Equity Interests, or any rights, warrants or options to acquire any such Equity Interests except pursuant to the Shareholders Agreement;

(xvi) not amend its Organizational Documents;

(xvii) not (i) fail to prepare and timely file all Tax Returns required to be filed during such period or timely withhold and remit any Taxes required to be withheld, (ii) file any amended Tax Return, (iii) make, change or revoke any written Tax election, (iv) change any Tax accounting period or adopt or change any Tax accounting method, (v) obtain any Tax ruling or enter into any closing or similar agreement, (vi) surrender any right to claim a Tax refund, offset or other reduction in Tax liability, (vii) settle or compromise any material Liability for Taxes, (viii) agree to an extension or waiver of a statute of limitations for Taxes, or (ix) take any action that could have the effect of increasing the Tax liability, or decreasing any material Tax asset, of Parent, its Affiliates, the Company or any Acquired Entity for a Post-Closing Tax Period;

(xviii) not change an annual accounting period;

(xix) not enter into any agreement, arrangement or understanding with, directly or indirectly, any Shareholder or any Affiliate;

(xx) not enter into, establish, adopt or amend (except as may be required by applicable Law) any Employee Benefit Plan or collective bargaining agreement or any severance, retention, employment, consulting, change in control, pension, retirement, equity incentive, stock

purchase, savings, profit sharing, deferred compensation, consulting, bonus, or other employee benefit, incentive or welfare contract, plan agreement or arrangement, or any trust agreement (or similar arrangement) related thereto, in respect of any current or former director, officer, manager, partner, employee or other service provider of or to the Company or any Acquired Entity or take any action to accelerate the vesting or payment of any such arrangements;

(xxi) not close or relocate any offices or facilities at which the Business is conducted or open any new offices or facilities;

(xxii) not granting any new trackage rights other than operating rights up to five (5) miles to the extent necessary for the purpose of interchange with a third party carrier;

(xxiii) not entering into material Contracts for operating rights (including any haulage rights or any Contracts for operating rights or haulage rights with a term greater than one (1) year);

(xxiv) not abandon any part of its rail lines;

(xxv) make capital expenditures consistent with the capital expenditures budget to be agreed to by the Parties promptly after execution of this Agreement in all material respects;

(xxvi) manage working capital (including the timing of collection of accounts receivable and of the payment of accounts payable and the management of inventory) and deferred revenues in the Ordinary Course of Business in all material respects;

(xxvii) except for nonexclusive licenses granted in the Ordinary Course of Business, not sell, lease, license, sublicense, modify, terminate, abandon or permit to lapse, transfer or dispose of, create or incur any Lien on, or otherwise fail to take any action necessary to maintain, enforce or protect any material Entity Owned Intellectual Property;

(xxviii) not enter into any program or agreement whereby the Company receives cash or other funds that must be spent for specific purposes, including any Positive Train Control Program, or would otherwise give rise to any deferred revenue;

(xxix) not agree, resolve or commit to do any of the foregoing other than clauses (i), (ii), (xiv), (xxv) and (xxvi).

Notwithstanding Section 9.9 or anything to the contrary in this Section 5.1(b), the Parties acknowledge and agree that (x) the Company may request consent from Parent pursuant to this Section 5.1(b) by sending an email to one or more of [REDACTED] or [REDACTED] (or such other individuals as Parent may specify by notice to the Company) (each, a “Parent Consent Party”) specifically referencing the applicable sub-sections of this Section 5.1(b), and (y) an e-mail from one or more of the Parent Consent Parties specifically referencing this Section 5.1(b) and expressly granting such consent shall constitute a valid form of consent of Parent for all purposes under this Section 5.1(b).

(c) Nothing contained in this Agreement shall give to Parent, directly or indirectly, rights to control or direct the operations of the Company or any Acquired Entity prior to the Closing Date. Prior to the Closing Date, each of the Company and the Acquired Entities shall, exercise, consistent with the terms and conditions of this Agreement, complete control and supervision of their respective operations.

(d) To the extent that (1) any current or former Employee would be entitled to any payment or benefit in connection with the transactions contemplated by this Agreement and (2) such payment or benefit would potentially constitute a “parachute payment” under Section 280G of the Code, the Company or the relevant Acquired Entity shall, prior to the Closing:

(i) use its reasonable best efforts to obtain a binding written waiver by such Employee of any such portion of such parachute payment as exceeds 2.99 times such Employee’s “base amount” within the meaning of Section 280G(b)(3) of the Code (the “Waived Payments”) to the extent such excess is not subsequently approved pursuant to a stockholder vote by the Company or the applicable Acquired Entity in accordance with the requirements of Section 280G(b)(5)(B) of the Code;

(ii) provide to the Company and the Acquired Entity stockholders all such disclosure as is required under Section 280G(b)(5)(B)(ii) of the Code and provide Parent a reasonable opportunity to review and comment on such disclosure before it is distributed to the Company and the Acquired Entity stockholders and all other documents prepared by the Company or the Acquired Entity in connection with this Section 5.1(d);

(iii) hold a vote of the Company and the Acquired Entity stockholders in a manner that is intended to satisfy the requirements of Section 280G(b)(5)(B) of the Code; and

(iv) deliver to Parent certification that the vote of the Company and the Acquired Entity stockholders solicited in conformity with the requirements of Section 280G(b)(5)(B) of the Code and (x) the requisite Company and Acquired Entity stockholder approval of the Waived Payments was obtained or (y) such stockholder approval was not obtained and, as a consequence, that the Waived Payments shall not be made or provided.

5.2 Cooperation; Efforts to Close.

(a) Each of Parent, Merger Subs and the Company shall use reasonable best efforts to take such actions and do such things and execute such documents as are reasonably necessary, proper, or advisable to consummate the Contemplated Transactions, make effective, and comply with all of the terms of this Agreement (including satisfaction, but not waiver, of the Closing conditions for which it is responsible or otherwise in control, as set forth in Article VII). Each of Parent, Merger Subs and the Company shall reasonably cooperate with each other in connection with all actions to be taken in connection with the foregoing sentence (including satisfaction, but not waiver, of the Closing conditions for which it is responsible or otherwise in control, as set forth in Article VII).

(b) In furtherance and not in limitation of the foregoing, each Party hereto agrees to as promptly as reasonably practicable, file any notification or other filing or form or submission (or, for jurisdictions where submission of a draft prior to formal notification is appropriate, a draft thereof),

necessary to obtain STB Approval; *provided* that in any event Parent shall seek to obtain in the most expeditious manner practicable the STB Approval by filing, either an application pursuant to 49 U.S.C. § 11323 et seq. for approval of the Contemplated Transactions (including all necessary documentation), or, if the Contemplated Transactions are deemed to be “significant” within the meaning of 49 C.F.R. § 1180.2(b), a prefiling notice pursuant to 49 C.F.R. § 1180.4(b)(1), in each case with all necessary filing fees to be at Parent’s sole cost and expense, and to promptly make any subsequent record filings with or presentations to the STB in connection with such application or prefiling notice.

(c) Each of Parent, Merger Subs and the Company shall keep the others apprised of the status of matters relating to the completion of the Contemplated Transactions and work cooperatively in connection with obtaining the requisite consents of each applicable Governmental Authority or third-party (*provided* that Parent shall be responsible for obtaining STB Approval), including:

(i) cooperating with each other in connection with filings under applicable Laws in connection with the Contemplated Transactions;

(ii) furnishing to the other Party all information within its possession that is required for any notification or other filing to be made by the other Party pursuant to applicable Laws in connection with the Contemplated Transactions;

(iii) promptly notifying each other of any communications from or with any Governmental Authority with respect to the Contemplated Transactions;

(iv) using commercially reasonable efforts to respond as soon as reasonably practicable to any request by a Governmental Authority for information with respect to the Contemplated Transactions; and

(v) consulting and cooperating with one another in connection with all analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any Party in connection with proceedings under or relating to applicable Laws in connection with the Contemplated Transactions.

(d) Neither Parent nor Merger Subs nor any of their controlled Affiliates shall acquire or agree to acquire, by merging with or into or consolidating with, or by purchasing assets of or Equity Interests in, or by any other manner, any Person if the entering into of a definitive agreement relating to, or the consummation of such acquisition, merger or consolidation would reasonably be expected to: (i) impose any material delay in the obtaining of, or materially increase the risk of not obtaining, any consents of any Governmental Authority necessary to consummate the Contemplated Transactions or materially extending the expiration of any applicable waiting period; (ii) materially increase the risk of any Governmental Authority seeking or entering an Order prohibiting the consummation of the Contemplated Transactions; or (iii) materially increase the risk of not being able to remove any such Order or appeal or otherwise.

(e) Notwithstanding the foregoing or anything else in this Agreement to the contrary, no Party shall have any obligation to offer or pay any consideration (other than customary filing or processing fees with Governmental Authorities) or take any extraordinary action in order to obtain any consents, approvals or authorizations.

5.3 Directors' and Officers' Indemnification and Insurance.

(a) For a six year period from and after the Effective Time, Parent agrees that it will cause the Surviving Corporation and the Acquired Entities to indemnify and hold harmless each present and former director and officer of the Company or any of the Acquired Entities (in each case, to the extent acting in such capacity) (the "Indemnified Parties"), against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages, liabilities or awards paid in settlement incurred in connection with any actual or threatened Action, arising out of, relating to or in connection with the fact that such Person is or was a director or officer of the Company or any of the Acquired Entities, or any acts or omissions occurring or alleged to occur prior to the Effective Time in such Person's capacity as a director or officer of the Company or any Acquired Entity, whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent that the Company or any Acquired Entity would have been permitted under applicable law and its Organizational Documents in effect on the date of this Agreement to indemnify such Person, and the Surviving Corporation shall (and Parent shall cause the Surviving Corporation to) advance expenses (including reasonable legal fees and expenses) incurred in the defense of any Action, including any expenses incurred in successfully enforcing such Person's rights under this Section 5.3 regardless of whether indemnification with respect to or advancement of such expenses is authorized under the Organizational Documents of the Company or of any Acquired Entity, *provided* that the Person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such Person is not entitled to indemnification pursuant to this Section 5.3. In the event of any such Action (x) neither Parent nor the Surviving Corporation nor any Acquired Entity shall settle, compromise or consent to the entry of any judgment in any Action in which indemnification has been sought by such Indemnified Party hereunder without the consent of the Indemnified Party (not to be unreasonably withheld, delayed or conditioned), unless such settlement, compromise or consent relates only to monetary damages for which the Surviving Corporation or any Acquired Entity is entirely responsible or includes an unconditional release of such Indemnified Party from all liability arising out of such Action or such Indemnified Party otherwise consents in its sole discretion and (y) the Surviving Corporation and any Acquired Entities shall reasonably cooperate with the Indemnified Party in the defense of any such matter. In the event any Action is brought against any Indemnified Party and in which indemnification could be sought by such Indemnified Party under this Section 5.3, (i) the Surviving Corporation shall have the right to control the defense thereof after the Effective Time, (ii) each Indemnified Party shall be entitled to retain his or her own counsel, whether or not the Surviving Corporation shall elect to control the defense of any such Action (iii) the Surviving Corporation shall pay all reasonable fees and expenses of any counsel retained by an Indemnified Party promptly after statements therefor are received, and (iv) no Indemnified Party shall be liable to Parent or the Surviving Corporation or any Acquired Entity for any settlement effected without his prior written consent; *provided* that for purposes of clause (iii) the Indemnified Party on behalf of whom fees and expenses are paid provides an undertaking to repay such fees and expenses if it is ultimately determined that such Person is not entitled to indemnification pursuant to this Section 5.3).

(b) Any Indemnified Party wishing to claim indemnification under Section 5.3 upon learning of any such Action, shall promptly notify the Surviving Corporation thereof, but the failure to notify shall not relieve the Surviving Corporation of any liability it may have to such Indemnified Party except to the extent such failure materially prejudices the indemnifying Party.

(c) For a period of six years after the Effective Time, the provisions in the Surviving Corporation's and the Acquired Entities' Organizational Documents with respect to indemnification, advancement of expenses and exculpation of former or present directors and officers shall be no less favorable to such directors and officers than such provisions contained in the Company's and the Acquired Entities' Organizational Documents in effect as of the date hereof, which provisions shall not be amended, repealed or otherwise modified for a period of six years after the Closing Date in any manner that would adversely affect the rights thereunder of any such individuals.

(d) In connection with the Closing, the Company shall purchase from its insurance carriers, no later than the Closing Date, a six year prepaid "tail policy" providing at least the same coverage and amounts and containing terms and conditions that are no less advantageous in the aggregate to the insureds than the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and the Acquired Entities with respect to claims arising from facts or events that occurred at or before the Closing Date, including the Contemplated Transactions. The Company shall (and Parent shall cause the Surviving Corporation to) maintain such "tail policy" in full force and effect and continue to honor its obligations thereunder. Parent also agrees to cause the Surviving Corporation to honor and perform under all indemnification agreements and the advancement of expenses agreements set forth on Schedule 5.3(d). The cost of such tail insurance shall not be considered an Unpaid Transaction Expense and Parent shall reimburse the Company for the cost thereof in connection with the Closing.

(e) If the Surviving Corporation or any Acquired Entity or any of their respective successors or assigns (i) shall consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) shall transfer all or substantially all of its properties and assets to any other entity, then, and in each such case, proper provisions shall be made so that the successors and assigns of the Surviving Corporation or any Acquired Entity shall assume all of the obligations set forth in this Section 5.3.

(f) The provisions of this Section 5.3 shall survive the Closing and the Effective Time, are intended to be for the benefit of, and shall be enforceable by, each of the Indemnified Parties and their heirs and representatives.

(g) The rights of the Indemnified Parties under this Section 5.3 shall be in addition to any rights such Indemnified Parties may have under the Organizational Documents of the Company or any of the Acquired Entities, or under any applicable Contracts or Laws. Nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights to directors' and officers' insurance claims under any policy that is or has been in existence with respect to the Company or any of the Acquired Entities or their officers, directors and employees, it being understood that the indemnification provided for in this Section 5.3 is not prior to, or in substitution for, any such claims under any such policies.

5.4 Publicity. None of Parent, Merger Subs or the Company or any of their Representatives shall issue or cause the publication of any press release or other public announcement, or otherwise communicate with the media, concerning the Contemplated Transactions without the prior consent of the other such Parties hereto, except (i) as such release or announcement may be required by Law or stock exchange rules (it being acknowledged that Parent may disclose this Agreement and the Contemplated

Transaction pursuant to Item 8.01 of Form 8-K), in which case the disclosing Party shall notify the other Parties hereto and, to the extent possible, allow such other Parties reasonable time to comment on such release or announcement in advance of such issuance and such comments will be considered in good faith or (ii) to the extent the contents of such release or announcement have previously been released publicly by a Party or are consistent in all material respects with materials or disclosures that have previously been released publicly, in both cases, without violation of this Section 5.4.

5.5 Insurance Recovery for the Hoosac Tunnel. From and after the Closing, to the extent any principal amounts are paid by PAS to PAR in connection with the repayment of any indebtedness pursuant to the Hoosac Tunnel Loan (including any such amount that is forgiven, offset or for which there is a forbearance without any payment to PAR from PAS, which shall be deemed to be paid at the time of such forgiveness, offset or forbearance), Parent shall, or shall cause its applicable Affiliate to, pay to the Shareholders, in accordance with the Allocation Statement, [REDACTED] of such principal amounts received by PAR by wire transfer of immediately available funds. If the cost of repairs and improvements to the Hoosac Tunnel after its collapse in 2020 (the “Hoosac Tunnel Costs”) is not fully recovered by the Company or any of the Acquired Companies prior to Closing, from and after Closing, Parent shall cause the Surviving Corporation and the Acquired Companies to, (i) use commercially reasonable efforts to pursue and collect as promptly as practicable on the claim asserted by PAR against AIG insurance company for the Hoosac Tunnel Costs (including by litigation with experienced counsel) and (ii) upon the Shareholder Representative’s request, update the Shareholder Representative as to the status thereof in reasonable detail. As soon as reasonably practicable after receipt by Parent, the Surviving Corporation or any of the Acquired Companies of any payment in connection with such claim, Parent shall, or shall cause its applicable Affiliate to, pay to the Shareholders, in accordance with the Allocation Statement, the Conveyance Amount by wire transfer of immediately available funds.

5.6 Reorganization Treatment. The Parties intend the Merger to qualify as a reorganization under Section 368(a)(1)(A) and (a)(2)(D) of the Code and the Parties will take the position for all tax purposes (including the filing of all Tax and information returns) that the Merger so qualifies unless a contrary position is required by a final determination within the meaning of Section 1313 of the Code. The Company and Parent shall, and shall cause their respective Affiliates to, cooperate reasonably to enable their respective counsel to deliver opinions in support of such intended treatment, including by delivery of tax representation letters, dated as of the Closing Date and signed by an officer, containing customary representations in support of such opinions (with any appropriate modifications to reflect the terms and conditions of this Agreement).

5.7 Further Assurances. On and after the Closing Date, and for no further consideration, the Parties will take all appropriate action and execute all documents, instruments or conveyances of any kind which may be reasonably necessary or advisable to carry out any of the provisions hereof or to more effectively complete the Contemplated Transactions.

5.8 No Solicitation. The Company (i) shall immediately cease and cause to be terminated any activities, discussions or negotiations commenced prior to the date of this Agreement by the Company or the Acquired Entities with any parties other than Parent with respect to the Contemplated Transactions, (ii) shall not initiate or engage in any such activities, discussions or negotiations after the date hereof (unless this Agreement is otherwise terminated) with any third party regarding the foregoing and (iii) shall not

provide, directly or indirectly, any Confidential Information to any parties other than Parent and its Representatives with respect to the Contemplated Transactions, including removing access to the Data Room by any parties other than Parent and its Representatives.

5.9 Notification of Certain Matters. Each Party shall promptly notify the other Parties in writing of any Action that has been instituted or, to the Knowledge of the Company or the Knowledge of Parent, threatened against such Party to restrain, prohibit or otherwise challenge the legality or validity of any of the Contemplated Transactions. Each Party hereto shall promptly notify the other Parties in writing of the occurrence of any matter or event that would or would reasonably be expected to cause any of the conditions set forth in Section 7.1 not to be satisfied. The Company shall promptly notify Parent in writing of the occurrence of any matter or event that would or would reasonably be expected to cause any of the conditions set forth in Section 7.2 not to be satisfied. Each of Parent and Merger Subs shall promptly notify the Company in writing of the occurrence of any matter or event that would or would reasonably be expected to cause any of the conditions set forth in Section 7.2(h) not to be satisfied. The Company shall promptly notify Parent of any notice or other communication from any Person asserting that such Person's consent is required, or that such Person is entitled to compensation or consideration from any of Parent, Merger Subs, the Company or any of their respective Affiliates, in connection with the Contemplated Transactions or any notice, letter or other communication received from a Governmental Authority with respect to any material matters. The delivery of any notice pursuant to this Section 5.9 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

5.10 Non-Solicitation. Each Shareholder shall not, and shall not permit or cause any of its respective Affiliates (including the Excluded Entities) to, at any time from and after the date hereof and prior to eighteen (18) months after the Closing Date, directly or indirectly, (i) solicit the employment or services (whether as an employee, consultant, independent contractor or otherwise) of any individual who is an Employee as of the date hereof (the "Restricted Employees"), or seek to persuade any Restricted Employee to discontinue employment or engagement, in each case without Parent's prior written consent, or (ii) hire in any capacity (whether as an employee, consultant, independent contractor or otherwise) any Restricted Employee, unless such Person has been terminated by Parent or any of its Affiliates subsequent to the Closing and has not been employed or engaged by the Company or any Acquired Entity for a period of at least six (6) months prior to the date of such hire, without Parent's prior written consent. For purposes of this Section 5.10, the terms "solicit the employment or services" shall not be deemed to include generalized searches for employees through media advertisements of general circulation, employment search firms, open job fairs or otherwise.

5.11 Intercompany Accounts. Effective at the Closing, all intercompany accounts or indebtedness, between any of the Shareholders, the Excluded Entities or any of their respective Affiliates (other than the Company or the Acquired Entities), on the one hand, and the Company or any of the Acquired Entities, on the other hand, shall be settled or otherwise eliminated and unless Parent otherwise consents, it being understood that, from and after the Closing, Parent, the Company and the Acquired Entities shall have no obligation or liability (including any Tax liability) with respect to any such intercompany accounts or indebtedness or the settlement or elimination thereof.

5.12 Intercompany Agreements. Effective at the Closing, all arrangements, understandings or Contracts, including all obligations to provide goods, services or other benefits, by any of the Shareholders,

the Excluded Entities or any of their respective Affiliates (other than the Company or the Acquired Entities), on the one hand, and the Company or any of the Acquired Entities, on the other hand, that are not otherwise covered under Section 5.11, shall be terminated without any party having any continuing obligations or Liability to the other, except for (a) this Agreement and the Ancillary Documents and (b) any arrangements, understandings or Contracts listed in Schedule 5.12.

5.13 Confidentiality. The Shareholder Representative acknowledges that the success of the Company and the Acquired Entities after the Effective Time depends upon the continued preservation of the confidentiality of information regarding the business, operations and affairs of the Company and the Acquired Entities (including trade secrets, confidential information and proprietary materials, which may include the following categories of information and materials: methods, procedures, computer programs and architecture, databases, customer information, lists and identities, employee lists and identities, pricing information, research, methodologies, contractual forms, and other information, whether tangible or intangible, which is not publicly available generally) and the terms of this Agreement, the Ancillary Documents and the Contemplated Transactions, to the extent not publicly disclosed as permitted by the Agreement (collectively, the “Confidential Information”) accessed or possessed by the Shareholder Representative and its Affiliates and that the preservation of the confidentiality of such information by the Company and the Acquired Entities (prior to the Effective Time), the Shareholders, the Shareholder Representative and their respective Affiliates is an essential premise of the transactions contemplated by this Agreement. The Shareholder Representative shall hold, and shall cause its Representatives to hold, in confidence and not disclose to any other Person or use (other than (i) for the purposes of enforcing the rights of the Shareholder Representative or the Shareholders under this Agreement and any other agreements entered into in connection with the Contemplated Transactions or (ii) in the Ordinary Course of Business), any Confidential Information. Notwithstanding the foregoing, any such Person may disclose Confidential Information as and to the extent required by Applicable Law, so long as the disclosing party (x) provides prior written notice, where permitted thereof to the party whose information will be disclosed and (y) uses commercially reasonable efforts to cause such information so disclosed to be kept confidential.

5.14 Release.

(a) Effective as of the Closing (in the case of the following clauses (i) and (ii)) and effective as of the date hereof (in the case of the following clause (iii)), each of Parent, on behalf of itself and each of its Affiliates (including the Company and the Acquired Entities), and Shareholders, on behalf of themselves and each of their respective Affiliates, or any Person claiming by, through or for the benefit of any of them, and each of their respective successors and assigns, hereby irrevocably, unconditionally and completely waives and releases and forever discharges the other party to this Agreement and its Affiliates (including, in the case of Parent, the Company and the Acquired Entities) and each of their respective directors, officers, employee, heirs, executors, administrators, successors and assigns (such released Persons, the “Releasees”), in each case from all demands, Actions, causes of action, suits, accounts, covenants, Contracts, losses and Liabilities whatsoever of every name and nature, both in law and in equity, arising out of or related to events, circumstances or actions taken by the Releasees (including the Company and the Acquired Entities) (i) occurring or failing to occur, in each case, at or prior to the Closing, including in connection with Contemplated Transactions, (ii) relating to any alleged inaccuracy or miscalculations in, or otherwise relating to the preparation of the Allocation Statement and the calculations set forth therein, or the allocation of any proceeds hereunder (including by the Shareholder Representative) or (iii) relating

to the payment of the Deposit to the Shareholder Representative on the date hereof or any payment (or failure to make payment) of such amount by the Shareholder Representative after the date hereof. No party hereto shall make, and neither party hereto shall permit any of its Affiliates to make, and each party hereto covenants never to, and to cause its Affiliates not to, assert or voluntarily assist any Person in any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against any of the Releasees with respect to any Liabilities released pursuant to this Section 5.14(a). Without limitation of the foregoing, each of Parent, on behalf of itself and each of its Affiliates (including the Company and the Acquired Entities), and Shareholders, on behalf of themselves and each of their respective Affiliates, or any Person claiming by, through or for the benefit of any of them, and each of their respective successors and assigns hereby waives the application of any provision of law, including California Civil Code Section 1542, that purports to limit the scope of a general release. Section 1542 of the California Civil Code provides:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

(b) Notwithstanding the foregoing, Section 5.14(a) shall not constitute a release from, waiver of, or otherwise affect any rights of any Party or its Affiliates with respect to (i) Fraud or under this Agreement or any Ancillary Document or any Liability or Contract expressly contemplated by this Agreement or any Ancillary Document or any other agreement to be in effect between Parent and Shareholders (or their respective Affiliates) after the Closing, or any enforcement thereof, (ii) if such releasing party is an Employee, rights to earned but unpaid wages or compensation, benefits and unreimbursed business expenses and (iii) rights to indemnification under the Organizational Documents or coverage under any directors’ and officers’ liability insurance of the Company or any of the Acquired Entities.

(c) Each Releasee that is not a Party (including, in the case of Parent as the releasing party, each Shareholder) shall be a third-party beneficiary of this Section 5.14.

5.15 Payoff Letters. No later than three Business Days prior to the Closing Date, the Company shall deliver to Parent payoff letters with respect to any Indebtedness of the types set forth in clauses (i) through (v) of the definition thereof (excluding the Hoosac Tunnel Loan and including any PPP Loan, if still outstanding at such time), of the Company and the Acquired Entities outstanding as of immediately prior to the Effective Time (including under the Credit Facility), to be provided by the lenders or creditors in respect thereof, dated within a reasonable time prior to the Closing Date, which shall, in each case, (a) set forth the aggregate amount of Indebtedness arising under or owing or payable thereunder and in connection therewith on the Closing Date and (b) acknowledge and agree that, upon payment of such aggregate amounts on the Closing Date, the Company and the Acquired Entities shall have paid in full all amounts arising under or owing or payable thereunder and in connection therewith, and all Liens related to such Indebtedness shall be released, each in form and substance reasonably satisfactory to Parent (the “Payoff Letters”). Without limiting the foregoing, the Company shall, and shall cause each Acquired Entity to, cooperate with and take all actions reasonably requested by Parent in order to facilitate the termination

and payoff of all of the Indebtedness of the Company and the Acquired Entities (including under the Credit Facility) (and, in each case, related release of Encumbrances) at the Closing.

5.16 Pre-Closing Disposition. Notwithstanding anything in this Agreement to the contrary, the parties acknowledge and agree that prior to the Closing, the Company and its Subsidiaries will take all actions and steps to effectuate the transactions in Pre-Closing Disposition Plan in accordance with applicable Law, including by procuring all necessary third-party or governmental consents, approvals or permits (all such actions, the “Pre-Closing Disposition”). Neither the Company nor the Shareholders shall modify or amend the Pre-Closing Disposition Plan in any material respect unless it has received the prior written consent of Parent (not to be unreasonably withheld, conditioned or delayed). If Parent requests, the Company shall provide or cause to be provided all of the material implementing documents in respect of the Pre-Closing Disposition to Parent for its review and comment reasonably in advance of execution. The Company shall keep Parent reasonably informed as to the status of the Pre-Closing Disposition (including providing updates upon Parent’s request).

5.17 Change in Control Severance. Parent agrees that following the Closing, it will pay or cause to be paid, all amounts when and if they become due and payable under and in accordance with the terms of the change in control severance agreements set forth on Schedule 5.17.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ARTICLE VI TAX MATTERS

6.1 Preparation of Tax Returns by the Company. The Company shall prepare or cause to be prepared and timely file or cause to be filed, all income and other material Tax Returns for the Company and the Acquired Entities for all Pre-Closing Tax Periods that have not yet been filed but which are due on or before the Effective Time. All such Tax Returns shall be prepared consistently with the past practice of the relevant entity, except as otherwise required by applicable Laws. At least thirty (30) days prior to the due date for each such income Tax Return prepared by Company, the Company shall submit such Tax Return to Parent for Parent's review, comment and approval, which approval may be withheld only if such Tax Return has not been prepared in accordance with the requirements of this Section 6.1. The Company shall incorporate any reasonable comments from Parent.

6.2 Cooperation. Parent, the Company, the Surviving Corporation and Shareholder Representative shall cooperate, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns pursuant to Section 6.1 and Section 6.2, and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information that are reasonably relevant to any such audit, litigation

or other proceeding and making Employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

6.3 Transfer Taxes and Fees. Any transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other similar fees and charges (including any penalties and interest) incurred in connection with consummation of the Contemplated Transactions by this Agreement and the other Ancillary Documents (other than with respect to the Disposition) ("Transfer Taxes") shall be borne by Parent. The Parties shall cooperate with each other in connection with the filing of any Tax Returns relating to Transfer Taxes, including joining in the execution of any such Tax Return or other documentation where necessary. Upon request of Parent, Shareholder Representative shall use its commercially reasonable efforts to obtain any certificate or other document from any Person as may be necessary to mitigate, reduce or eliminate any Transfer Tax. Unless otherwise required by applicable Law, the party required by Law to file a Tax Return with respect to such Transfer Taxes shall timely prepare, with the other party's cooperation, and file such Tax Return, and shall promptly provide to the other party copies of all filed Tax Returns relating to Transfer Taxes and reasonable evidence that all Transfer Taxes have been timely paid.



ARTICLE VII CONDITIONS TO THE MERGER

7.1 Conditions to the Obligations of Parent, Merger Subs and the Company. The respective obligations of Parent and the Merger Subs on one hand and the Company on the other hand to effect the Contemplated Transactions shall be subject to the satisfaction or waiver by Parent and the Company, as applicable, at or prior to the Effective Time of the following:

(a) No Law that restrains, enjoin, makes illegal or otherwise prohibits the Contemplated Transactions shall have been enacted, adopted or promulgated and be in effect.

(b) No temporary restraining order, preliminary or permanent injunction, decree, judgment, legal restraint, writ, ruling, consent or other order of a court of competent jurisdiction or other Governmental Authority (an "Order") which materially restricts, restrains, enjoins, makes illegal or otherwise prohibits the Contemplated Transactions will have been issued, entered or enforced and be in effect.

(c) No action or proceeding by a Governmental Authority seeking an Order which impairs, restrains, enjoins, makes illegal or otherwise prohibits the Contemplated Transactions shall be pending.

7.2 Conditions to the Obligations of Parent and Merger Subs. The obligation of Parent and Merger Subs to effect the Contemplated Transactions shall be subject to the satisfaction or waiver by Parent and Merger Subs at or prior to the Closing of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of the Company set forth in the Section 3.1, Section 3.2 and Section 3.8 (collectively, the “Fundamental Representations”) shall be true and correct in all material respects as of the Closing Date, except any such representations and warranties that are made as of a specific date shall be true and correct in all material respects only on and as of such date and (ii) each of the other representations and warranties of the Company contained in this Agreement will be true and correct as of the Closing Date except any such representations and warranties that are made as of a specific date shall be true and correct only on and as of such date, and except, in the case of this clause (ii), for the failure or failures of such representations and warranties to be so true and correct (after excluding any effect of “materiality” or “Company Material Adverse Effect” qualifications or similar qualifications as to materiality set forth in any such representation or warranty) that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Covenants and Agreements. The Company and the Shareholder Representative will have performed in all material respects all of the covenants and agreements required to be performed by it or him under this Agreement prior to the Closing.

(c) Company’s Officer’s Certificate. The Company will have delivered to Parent a certificate from a duly authorized officer, dated as of the Closing Date, stating that the conditions applicable to the Company specified in subsections (a) and (b) of this Section 7.2 have been satisfied.

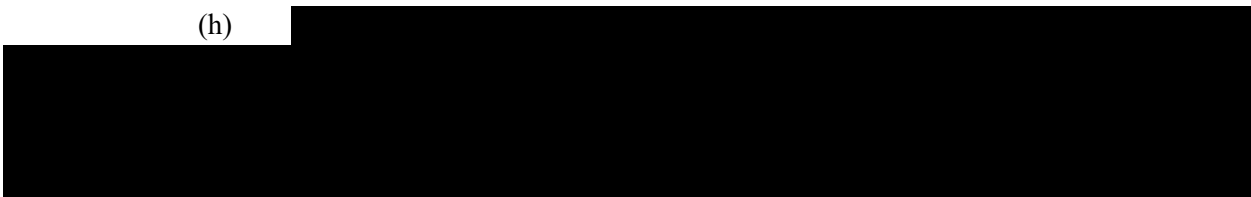
(d) No Company Material Adverse Effect. A Company Material Adverse Effect will not have occurred.

(e) Support Agreement. The Support Agreement and the Written Consent, in each case duly executed by the parties thereto, shall be in full force and effect.

(f) Closing Deliveries. The Company and Shareholder Representative will have delivered all of the closing deliverables set forth in Section 2.7(a).

(g) STB Approval. STB Approval shall have been obtained and shall not be subject to any term or condition that is not acceptable to Parent in Parent’s reasonable discretion.

(h)



7.3 Conditions to the Obligations of the Company. The obligations of the Company to effect the Contemplated Transactions will be subject to the satisfaction or waiver by the Company at or prior to the Closing of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of the Parent and Merger Subs set forth in the Section 4.1, Section 4.2 and Section 4.8 shall be true and correct in all material respects as of the Closing Date, except any such representations and warranties that are made as of a specific date shall be true and correct in all material respects only on and as of such date and (ii) each of the other representations and warranties of Parent and Merger Subs contained in this Agreement will be true and correct as of the Closing Date except any such representations and warranties that are made as of a specific date shall be true and correct only on and as of such date, and except, in the case of this clause (ii), for the failure or failures of such representations and warranties to be so true and correct (after excluding any effect of “materiality” or “Parent Material Adverse Effect” qualifications or similar qualifications as to materiality set forth in any such representation or warranty) that has not had and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Covenants and Agreements. Parent and Merger Subs will have performed in all material respects all of the covenants and agreements required to be performed by them under this Agreement prior to the Closing.

(c) Officer’s Certificate. Parent will have delivered to Shareholder Representative a certificate from a duly authorized officer of Parent, dated as of the Closing Date, stating that the applicable conditions specified in subsections (a) and (b) of this Section (h) have been satisfied and certifying that it has corporate authority to execute this Agreement and consummate the Contemplated Transactions.

(d) Closing Deliveries. Parent and Merger Subs will have delivered all of the closing deliveries set forth in Section 2.7(b).

(e) No Parent Material Adverse Effect. No Parent Material Adverse Effect will have occurred.

(f) STB Approval. STB Approval shall have been obtained.

ARTICLE VIII TERMINATION

8.1 Termination. This Agreement may be terminated by written notice (given by Parent to the Company or by the Company to Parent, as the case may be) at any time prior to the Closing:

(a) by the mutual written consent of the Company and Parent;

(b)

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(c) by either the Company or Parent, if (i) STB Approval has been denied and such denial has become final and nonappealable, (ii) any Governmental Authority will have issued a final nonappealable Order enjoining or otherwise prohibiting the consummation of the Contemplated Transactions or (iii) any Law has been enacted, adopted or promulgated and is in effect that restrains, enjoins, makes illegal or otherwise prohibits the Contemplated Transactions;

(d) by Parent:

(i) if it and Merger Subs are not in material breach of their obligations under this Agreement, and if (A) at any time that any of the representations and warranties of the Company herein become untrue or inaccurate such that Section 7.2(a) would not be satisfied or (B) there has been a breach on the part of the Company of any of its covenants or agreements contained in this Agreement such that Section 7.3(b)7.2(b) would not be satisfied, and, in both clause (A) and clause (B), such breach or failure to be true or accurate (if curable) has not been cured within thirty (30) days after Parent has provided written notice thereof to the Company;

(ii) if (A) all of the conditions to Closing set forth in Sections 7.1 and (h) have been satisfied (other than those conditions that, by their terms, cannot be satisfied until the Closing but which are reasonably expected to be satisfied at the Closing), (B) Parent has confirmed in a written notice to the Company that it is ready, willing and able to perform its obligations to effect the Contemplated Transactions and (C) the Company fails to fulfill its obligation to effect the Contemplated Transactions within two (2) Business Days of such written notice pursuant to the immediately preceding clause (B); or

(iii) if the Company fails to deliver to Parent, by 12:00 p.m. on the date immediately following the date hereof, a copy of the duly executed and delivered Written Consent; or

(e) by the Company:

(i) if the Company is not in material breach of its obligations under this Agreement, and if (A) at any time that any of the representations and warranties of Parent and Merger Subs herein become untrue or inaccurate such that Section 7.3(a) would not be satisfied or (B) there has been a breach on the part of Parent and Merger Subs of any of their covenants or agreements contained in this Agreement such that Section 7.3(b) would not be satisfied, and, in both case (i) and case (i), such breach or failure to be true or accurate (if curable) has not been cured within thirty (30) days after the Company has provided written notice thereof to Parent; or

(ii) if (A) all of the conditions to Closing set forth in Sections 7.1 and 7.2 have been satisfied (other than those conditions that, by their terms, cannot be satisfied until the Closing but which are reasonably expected to be satisfied at the Closing), (B) the Company has confirmed in a written notice to Parent that it is ready, willing and able to perform its obligations to effect the Contemplated Transactions and (C) Parent and Merger Subs fails to fulfill their obligation to effect the Contemplated Transactions within two (2) Business Days of such written notice pursuant to the immediately preceding clause (C).

8.2 Effect of Termination. In the event of termination by the Company or Parent pursuant to Section 8.1, this Agreement will become void and have no effect, the Contemplated Transactions will be terminated without further action by any Party, and except as provided in this Section 8.2 or Section 8.3, there will be no Liability on the part of any Party to any other Party. If this Agreement is terminated as provided herein:

(a) all confidential information received by Parent or Merger Subs with respect to the Business will be treated in accordance with the Confidentiality Agreement, which will remain in full force and effect notwithstanding the termination of this Agreement;

(b) the obligations of the Parties set forth in Section 5.13, this Section 8.2, Section 8.3 and Article IX will remain in full force and effect; and

(c) subject to Section 8.3, the termination of this Agreement will relieve any Party from Liability for its breach of this Agreement that occurred prior to such termination, other than in the case of Fraud or a material breach of this Agreement that is the consequence of an act or omission by such Party with the actual knowledge that the taking of such act or failure to take such action would be a material breach of this Agreement.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**ARTICLE IX
MISCELLANEOUS**

9.1 Shareholder Representative.

(a) By virtue of the approval and adoption of this Agreement by the Shareholders and delivery of the Written Consent, and without the need for further action by any Shareholder, each of the

Shareholders will be deemed to have agreed to irrevocably appoint Mr. Timothy Mellon (which, by execution of this Agreement, hereby accepts such appointment) as his sole and exclusive agent, attorney-in-fact and as Shareholder Representative, for and on behalf of the Shareholders with full power of substitution, to give and receive notices and communications hereunder and to take any and all action permitted or required for the Shareholders or Shareholder Representative under this Agreement, including (i) to execute and deliver on behalf of the Shareholders any amendment, consent or waiver under this Agreement and the Ancillary Documents, (ii) to assert, and to agree to resolution of, all claims and disputes hereunder or thereunder, including under Section 2.8 and Section 9.2 hereof, (iii) to retain legal counsel and other professional services, at the expense of the Shareholders, in connection with the performance by the Shareholder Representative of this Agreement and the Ancillary Documents, (iv) to execute and deliver on the Shareholders' behalf all documents and instruments which may be executed and delivered pursuant to this Agreement and the Ancillary Documents, (v) to make and receive notices and other communications pursuant to this Agreement and the Ancillary Documents and service of process in any Action arising out of or related to this Agreement and the Ancillary Documents, (vi) to negotiate, settle or compromise any Action arising out of or related to this Agreement or the Ancillary Documents or any of the transactions hereunder or thereunder, including to take any action (or determine not to take action) in connection with the defense, prosecution, settlement, compromise or other resolution of any claim for indemnification pursuant to Section 9.2, and (vii) to do each and every act and exercise all rights that are either (x) necessary or appropriate in the judgment of the Shareholder Representative for the accomplishment of the foregoing or (y) mandated or permitted by the terms of this Agreement or the Ancillary Documents. For the avoidance of doubt, none of the provisions of this Section 9.1 shall serve to authorize, appoint or empower the Shareholder Representative as the representative or exclusive agent of the Shareholders with respect to the Support Agreement (or with respect to any rights, obligations or actions to be taken thereunder). The power of attorney granted in this Section 9.1 is coupled with an interest and is irrevocable, may be delegated by the Shareholder Representative and shall survive the death or incapacity of each Shareholder. The Person appointed as Shareholder Representative may be changed by the Shareholders by unanimous agreement from time to time. Notwithstanding the foregoing, in the event of a resignation of Shareholder Representative or other vacancy in the position of Shareholder Representative, such vacancy may be filled by a majority vote of the other Shareholders. Neither the removal of, nor the appointment of a successor to, the Shareholder Representative shall affect in any manner the validity or enforceability of any actions taken or agreements, understandings or commitments entered into by the prior Shareholder Representative, which shall continue to be effective and binding on the Shareholders. No bond will be required of Shareholder Representative, and Shareholder Representative will not receive any compensation for his services. Notices or communications to or from Shareholder Representative will constitute notice to or from the Shareholders. For the avoidance of doubt, none of the provisions of this Section 9.1 shall serve to authorize, appoint or empower the Shareholder Representative as the representative or exclusive agent of the Shareholders with respect to the Support Agreement (or with respect to any rights, obligations or actions to be taken thereunder).

(b) The Shareholder Representative will not be liable to the Shareholders for any act done or omitted hereunder as Shareholder Representative while acting in good faith and without gross negligence or willful misconduct. The Shareholders (in accordance with the Allocation Statement) will indemnify Shareholder Representative and hold the Shareholder Representative harmless against any and all losses, costs, or expenses arising out of or in connection with the acceptance or administration of

Shareholder Representative's duties hereunder, including the reasonable fees and expenses of any legal counsel retained by Shareholder Representative ("Shareholder Representative Expenses"); *provided*, that in the event that any such Shareholder Representative Expense is finally adjudicated to have arisen from the bad faith, gross negligence or willful misconduct of Shareholder Representative, Shareholder Representative will reimburse the other Shareholders their proportionate amount of such Shareholder Representative Expense attributable to such bad faith, gross negligence or willful misconduct. A decision, act, consent or instruction of Shareholder Representative, including an amendment, extension or waiver of this Agreement, will constitute a decision of the Shareholders and will be final, conclusive and binding upon the Shareholders; and Parent and Merger Subs may rely upon any such decision, act, consent or instruction of the Shareholder Representative and the Shareholders will indemnify and hold Parent harmless in accordance with the Allocation Statement from any action taken by Parent and Merger Subs in accordance with instructions given by the Shareholder Representative. Parent and Merger Subs are hereby relieved from any liability to any Person for any acts or omissions by it in accordance with such decision, act, consent or instruction of Shareholder Representative or the failure of the Shareholder Representative to act in accordance with this Agreement, including any act or omission by Shareholder Representative with respect to the distribution of moneys to the Shareholders.

9.2 Non-Survival of Representations, Warranties; Indemnification.

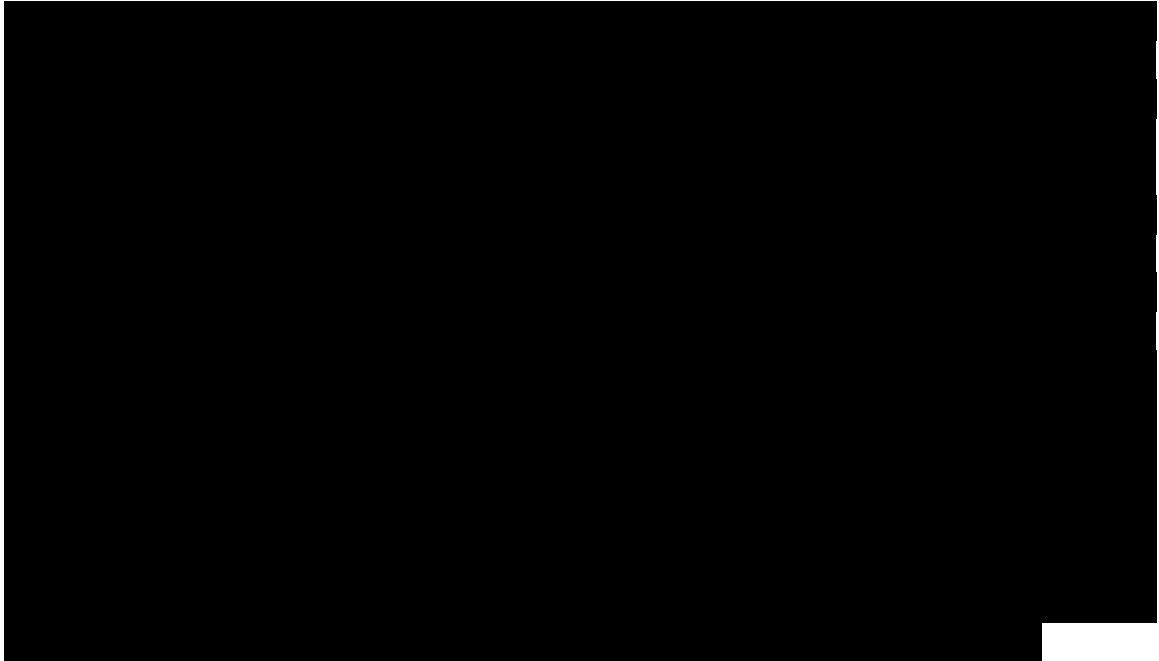
(a) None of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement, including any rights arising out of any breach of such representations, warranties, covenants, or agreements, shall survive the Closing Date, except for (i) Fraud, for which Shareholders shall be liable, in the case of Fraud by the Company; (ii) those covenants and agreements contained herein that by their terms apply or are to be performed in whole or in part after the Closing Date which shall survive until fully performed in accordance with their respective terms; and (iii) those covenants and agreements contained in this Article IX.

(b) Effective at and after the Closing, the Shareholders each (severally, in accordance with the Allocation Statement, and not jointly) hereby indemnify Parent, its Affiliates (including the Surviving Corporation and the Acquired Entities), and their respective officers, directors, managers, employees, agents, successors and assigns (collectively, "Parent Indemnified Parties") against and agrees to hold each of them harmless from any and all Damages incurred or suffered by any Parent Indemnified Party arising out of:

(i) any Indemnified Taxes;

(ii) any Liabilities (including Liabilities arising under or related to Environmental Laws or Hazardous Substances) to the extent related to any of the Excluded Entities or their respective businesses or operations; and

(iii)



(c) Parent agrees to give prompt notice in writing to the Shareholder Representative of the assertion of any claim or the commencement of any suit, action or proceeding by any third party in respect of which indemnity may be sought under Section 9.2(b) (“Third Party Claim”). Such notice shall set forth in reasonable detail such Third Party Claim and the basis for indemnification (taking into account the information then available to the Parent and applicable Parent Indemnified Parties). The failure to so notify the Shareholder Representative shall not relieve the Shareholders of their obligations hereunder, except to the extent such failure shall have prejudiced the Shareholders.

(d) The Shareholder Representative shall be entitled to control and appoint lead counsel for defense of any Third Party Claim, in each case at its own expense, subject to the limitations set forth in Section 9.2(e), (f) and (g).

(e) The Shareholder Representative shall not be entitled to assume or maintain control of the defense of such Third Party Claim and shall pay the fees and expenses of counsel retained by the Parent Indemnified Party if (i) the Third Party Claim relates to or arises in connection with (A) any criminal proceeding, action, indictment, allegation or investigation or (B) any proceeding, action or investigation by the STB, (ii) the Third Party Claim seeks an injunction or other equitable relief against a Parent Indemnified Party or any of its Affiliates that would restrict or otherwise affect the operation of its business in any material respect, (iii) the Shareholder Representative has failed or is failing to diligently defend or resolve the Third Party Claim or (iv) the Third Party Claim is brought by NS or any of its Affiliates. If any Parent Indemnified Party is entitled to control the defense of any Third Party Claim (including pursuant to the foregoing exceptions set forth in this Section 9.2(e)), Parent shall exercise such control on behalf of such Parent Indemnified Party, and Parent shall obtain the prior written consent of the Shareholder Representative before entering into any settlement of such Third Party Claim, which consent shall not be unreasonably withheld, delayed or conditioned (unless, in the case of any criminal proceeding regarding Indemnified Taxes, such settlement does not provide for monetary penalties, fines or other monetary

damages in excess of [REDACTED], in which case the consent of the Shareholder Representative shall not be required).

(f) If the Shareholder Representative shall assume the control of the defense of any Third Party Claim in accordance with the provisions of this Section 9.2, the Shareholder Representative shall obtain the prior written consent of the Parent before entering into any settlement of such Third Party Claim, which consent shall not be unreasonably withheld, delayed or conditioned, *provided* that consent of the Parent shall not be required for any such settlement if (i) the sole relief provided is monetary damages that are paid in full by the Shareholders or the Excluded Entities, (ii) such settlement does not permit any order, injunction or other equitable relief to be entered, directly or indirectly, against the affected Parent Indemnified Parties or any of their Affiliates, (iii) such settlement includes an irrevocable and unconditional release of such Parent Indemnified Parties and their Affiliates from all Liability on claims that are the subject matter of such Third Party Claim and (iv) such settlement does not include any statement as to or any admission of fault or culpability on behalf of any Parent Indemnified Party or any of its Affiliates.

(g) In circumstances where the Shareholder Representative is controlling the defense of a Third Party Claim in accordance with this Section 9.2, Parent and the affected Parent Indemnified Parties shall be entitled to participate in the defense of any Third Party Claim and to employ separate counsel of their choice for such purpose, in which case the fees and expenses of such separate counsel shall be borne by the Parent Indemnified Parties; *provided* that in such event the Shareholders shall pay the fees and expenses of such separate counsel (i) incurred by a Parent Indemnified Party prior to the date the Shareholder Representative assumes control of the defense of the Third Party Claim or (ii) if the Parent Indemnified Party shall reasonably conclude that (A) there is a material conflict of interest between the Shareholders or any of their Affiliates and the Parent Indemnified Party in the conduct of the defense of such Third Party Claim or (B) there are specific defenses or claims available to the Parent Indemnified Party which are different from or additional to those available to the Shareholders or any of their Affiliates and which could be materially adverse to the Shareholders or any of their Affiliates. In circumstances where the Shareholder Representative is controlling the defense of a Third Party Claim in accordance with this Section 9.2, the Shareholder Representative shall keep Parent and the affected Parent Indemnified Parties reasonably informed with respect to such Third Party Claim and cooperate with Parent and the Parent Indemnified Parties in connection therewith.

(h) Each Party shall cooperate, and cause its Affiliates to cooperate, in the defense or prosecution of any Third Party Claim and shall furnish or cause to be furnished such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith.

(i) In the event a Parent Indemnified Party has a claim for indemnity under this Section 9.2 against the Shareholders that does not involve a Third Party Claim, the Parent Indemnified Party agrees to give prompt notice in writing of such claim to the Shareholder Representative. Such notice shall set forth in reasonable detail such claim and the basis for indemnification (taking into account the information then available to the Parent Indemnified Party). The failure to so notify the Shareholder Representative shall not relieve the Shareholders of their obligations hereunder, except to the extent such failure shall have prejudiced the Shareholders. If the Shareholder Representative notifies the Parent Indemnified Party within thirty (30) days following the receipt of a notice with respect to any such claim

that the Shareholder Representative disputes the Shareholders' indemnity obligation to the Parent Indemnified Party for any Damages with respect to such claim, the parties shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute shall be resolved in accordance with Section 9.10.

(j) The amount of any Damages payable under this Section 9.2 by the Shareholders shall be net of any amounts actually recovered by the Parent Indemnified Parties under applicable insurance policies, or from any other Person alleged to be responsible therefor; *provided* that nothing herein shall require a Parent Indemnified Party to take any action to recover or realize any such amounts. The Shareholders shall not be liable under this Section 9.2 for any Damages relating to any matter to the extent that the amount of such Damages reduced the Final Merger Consideration.

(k) Parent shall make, or cause the applicable Parent Indemnified Party to make, commercially reasonable efforts to mitigate any Damages payable under this Section 9.2.

(l) No right of indemnification hereunder shall be limited by reason of any investigation or audit conducted before or after the Closing or the knowledge of any Party of any breach of a representation, warranty, covenant or agreement by the other party at any time, or the decision of any Party to complete the Closing.

9.3 Environmental Liabilities Associated with Identified CERCLA Sites. The Parties agree that Remedial Action Liabilities from and after the Closing with respect to the Identified CERCLA Sites shall be addressed in the manner set forth in this Section 9.3.

(a) The Parties will establish the Environmental Escrow Account at the Closing pursuant to this Agreement and the Escrow Agreement through the deposit of the Environmental Escrow Amount for the performance and payment, pursuant to the terms and conditions of this Section 9.3, of all actions required to obtain a Final Resolution of the Remedial Action Liabilities with respect to the Identified CERCLA Sites.

(b) The eligible uses of the Environmental Escrow Account ("Eligible Uses") shall be for: (i) actual costs incurred in the defense against Remedial Action Liability claims related to the Identified CERCLA Sites (including attorney fees, Remediation Manager and other consultant and expert fees, investigation costs and other pre-litigation and litigation costs); (ii) actual costs for the negotiation of Remedial Action Settlements; (iii) any amounts required under any Remedial Action Settlement or Governmental Authority-approved Remedial Action or remedial design, regardless of the timing of when such amounts are required to be paid; (iv) Damages for Remedial Action Liabilities as determined and finally adjudicated by a final and unappealed order of a court of competent jurisdiction (including related attorney fees, Remediation Manager and other consultant and expert fees, investigation costs and other pre-litigation and litigation costs in connection with obtaining such order); (iv) the actual costs of the management and performance of any remedial investigations, feasibility studies, risk assessments, and the design, construction and implementation of any Remedial Actions at the Identified CERCLA Sites; and (v) actual costs related to a Remedial Action (including any removal action or remedial design under CERCLA) approved by the applicable Governmental Authority for such Identified CERCLA Site.

(c) The Environmental Escrow Account shall not be utilized for, and any Damages that may be otherwise be claimed by the Parent or Acquired Entity PRP shall be reduced to the extent that, any such Damages result from (i) the willful misconduct or gross negligence of Parent or Acquired Entity PRP, their Affiliates, or their respective officers, directors, managers, employees or agents occurring after Closing; or (ii) any change in the use of any property at the Identified CERCLA Sites by Parent or any Acquired Entity to a use other than a railroad, commercial or industrial use.

(d) The Acquired Entity PRP shall engage ERM or another qualified and experienced environmental consultant mutually agreed upon by the Shareholder Representative and Parent (which mutual agreement shall not be unreasonably withheld, conditioned or delayed) (the “Remediation Manager”) to manage and oversee, with the assistance of legal counsel where necessary, the response to Remedial Action Liability claims and the performance of any Remedial Actions required to be performed by the Acquired Entity PRPs at the Identified CERCLA Sites.

(e) The Acquired Entity PRP and Remediation Manager shall have control with respect to responding to any claims relating to Remedial Action Liabilities related to the Identified CERCLA Sites, including any negotiations with the USEPA or other Governmental Authority with respect to such Remedial Action Liabilities and, where applicable, the performance by the Remediation Manager of any Remedial Actions at the Identified CERCLA Sites. The Parties agree to the following procedures:

(i) The Acquired Entity PRP or Remediation Manager shall provide the Shareholder Representative for review and comment drafts of any settlement proposals, consent orders, consent decrees, proposed work plans, reports or other submissions that the Acquired Entity PRP or Remediation Manager intends to deliver or submit to a Governmental Authority prior to said submission. The Shareholder Representative shall have thirty (30) days or such shorter time as is reasonable under the circumstances to provide comments to the Acquired Entity PRP and Remediation Manager regarding any such draft submissions. Such review shall be at the sole expense of the Shareholder Representative. The Acquired Entity PRP and Remediation Manager shall provide good faith consideration to the comments provided by the Shareholder Representative and shall incorporate all such comments that the Acquired Entity PRP and Remediation Manager determine in good faith are reasonable.

(ii) The Acquired Entity PRP and Remediation Manager shall promptly provide copies to the Shareholder Representative of all written notices, final submissions, final work plans and final reports, and any other documents or communications to or from any Governmental Authority concerning the Remedial Actions at the Identified CERCLA Sites.

(iii) The Shareholder Representative may, solely at their own expense, hire their own consultants, attorneys or other professionals to monitor the Remedial Action, including any field work.

(iv) To the extent any field work at the Identified CERCLA Sites is being performed by the Acquired Entity PRP or the Remediation Manager, such parties shall afford the Shareholder Representative the opportunity to collect split samples of any samples collected by the Acquired Entity PRP, the Remediation Manager or their representatives.

(v) The Acquired Entity PRP or Remediation Manager shall provide the Shareholder Representative with notice of any meetings with any Governmental Authority concerning the Remedial Action Liability as the Identified CERCLA Sites. To the extent permitted under applicable Law, the Shareholder Representative shall have the right to have its representatives or consultants attend such meeting, *provided* that the costs related to such attendance shall be the sole responsibility of Shareholder Representative.

(vi) In communications with any Governmental Authority or other Person regarding any Remedial Action Liabilities relating to the Identified CERCLA Sites, Parent, the Acquired Entity PRPs, the Remediation Manager, the Shareholder Representative and their representatives shall not advocate or take any position that would materially hinder or render materially more difficult or costly the Remedial Action to be undertaken or that is materially inconsistent with obtaining completion of the Remedial Action consistent with the terms of this Section 9.3.

(f) The Acquired Entity PRPs shall use all commercially reasonable efforts to negotiate settlements with the USEPA and other Governmental Authorities and/or other potentially responsible parties for resolution of Remedial Action Liabilities related to the Identified CERCLA Sites ("Remedial Action Settlements"), subject to the terms of this Section 9.3. Such Remedial Action Settlements may be in the form of an administrative order on consent, a consent order and agreement, a consent decree or other agreement. Any such Remedial Action Settlement provided that the Remedial Action Settlement must be consistent with the provisions of Sections 9.3(g)-(h) below.

(g) The Acquired Entity PRPs and Remediation Manager shall use all commercially reasonable efforts to seek and negotiate, and the Shareholder Representative agrees to support, the selection and implementation of Remedial Actions at Identified CERCLA Sites conducted in a cost-effective manner using commercially reasonable methods for investigations, corrective action, remediation and containment to achieve the Applicable Remediation Standards using, where possible, risk-based standards, engineering, use or institutional controls or deed or other restrictions applicable to railroad, industrial or commercial properties; provided that such measures will not materially interfere with the use of any properties owned, leased or operated by Parent or any Acquired Entity PRP within the Identified CERCLA Sites for railroad, commercial or industrial uses.

(h) Except in the case of Fraud and those matters subject to the Shareholders' obligations under Section 9.2(b)(ii), from the date of the Closing, (i) the Shareholders' sole obligations pursuant to this Agreement with respect to any Liabilities arising under Environmental Law or related to Hazardous Substances shall be to provide for the deposit of the Environmental Escrow Amount in the Environmental Escrow Account; and (ii) Parent on behalf of itself and each Parent Related Entity does hereby release, hold harmless and forever discharge the Shareholders and Shareholder Representative from any and all Liabilities arising under Environmental Laws or related to Hazardous Substances of any kind or character, whether predicated on common law, statute, strict liability, or otherwise, whether known or unknown, that it now has, or in the future may have conferred upon it, by virtue of any statute or common law principle.

9.4 Environmental Escrow Account Disbursement Procedures.

(a) From time to time, and in any event not more often than once per calendar month, any Acquired Entity PRP shall be entitled to submit a Disbursement Request to the Shareholder Representative. For purposes hereof, a “Disbursement Request” shall mean a written request for disbursement of a portion of the Environmental Escrow Funds from the Environmental Escrow Account to pay for, or to reimburse any Acquired Entity PRP for payments previously made by or on behalf of such Acquired Entity PRP with respect to, the Eligible Uses, and shall contain the following: (1) a statement of the amount of the requested disbursement (the “Requested Disbursement Amount”) and (2) documentation supporting the amount of the Disbursement Request, including paid third party invoices and/or receipts for such amount or such other reasonable supporting documentation relating to the cost or expense for which such disbursement is sought (the “Supporting Documentation”).

(b) Shareholder Representative shall have until 3:00 p.m. (Boston, Massachusetts time) on the tenth (10th) Business Day following its receipt of a Disbursement Request (each such period of time being referred to as a “Review Period”) to provide the relevant Acquired Entity PRP with written notice approving or disapproving, in whole or in part, the applicable Requested Disbursement Amount (each, a “Disbursement Response”). Shareholder Representative shall not disapprove all or any part of any Disbursement Request unless and to the extent (1) the claimed amounts are not Eligible Uses, (2) the Eligible Use for which such disbursement is sought has been shown to have been performed in manner which does not comply with Applicable Remediation Standards, or (3) all or part of the Supporting Documentation is inaccurate or omitted from the Disbursement Request (*provided* that the relevant Acquired Entity PRP shall have the right to cure such inaccuracy or omission as described below). If Shareholder Representative disapproves of any Requested Disbursement Amount, the Disbursement Response must contain a reasonably detailed description of (a) the item(s) in the Disbursement Request of which Shareholder Representative disapproves (the “Disapproved Representative Items”) and the reason(s) for Shareholder Representative’s disapproval, and (b) the dollar amount requested in the applicable Disbursement Request applicable to the Disapproved Representative Items (the “Disapproved Disbursement Amount”). Notwithstanding the foregoing, if the Disbursement Response disapproves of all or a portion of the Requested Disbursement Amount because all or part of the Supporting Documentation is inaccurate or omitted from the Disbursement Request, then the relevant Acquired Entity PRP shall be entitled to amend and resubmit such Disbursement Request (a “Resubmitted Disbursement Request”) to correct any alleged inaccuracies and include any allegedly omitted Supporting Documents within ten (10) days following receipt of the Disbursement Response, in which case Shareholder Representative shall deliver an amended Disbursement Response to the relevant Acquired Entity PRP within five (5) business days following receipt of the amended and resubmitted Disbursement Request (the “Resubmission Review Period”).

(c) The Parent and Shareholder Representative, through their respective Authorized Representatives (as defined in the Escrow Agreement) shall execute and deliver to the Escrow Agent a Joint Release Notice (as defined in the Escrow Agreement) directing the Escrow Agent to disburse as to each Disbursement Request:

(i) The entire Requested Disbursement Amount in accordance with the applicable Disbursement Request if the Acquired Entity PRP (1) does not receive the Shareholder Representative’s Disbursement Response within the Review Period, in which case the Shareholder Representative shall be deemed to have approved the disbursement of the entire Requested

Disbursement Amount, or (2) receives, during the Review Period, the Shareholder Representative's Disbursement Response approving disbursement of the entire Requested Disbursement Amount.

(ii) With respect to a Disbursement Request subject to a Disbursement Response delivered during the Review Period that identifies a Disapproved Disbursement Amount, an amount equal to the difference between the Requested Disbursement Amount and the Disapproved Disbursement Amount described in a Shareholder Representative's Disbursement Response received by the Acquired Entity PRP during the Review Period. The Acquired Entity PRP shall be entitled to include in any subsequent Disbursement Request a request for disbursement of Escrow Funds for any unpaid disapproved amount from a previous Disbursement Request.

(iii) With respect to any Disapproved Disbursement Amount for which the Acquired Entity has submitted a Resubmitted Disbursement Request:

(A) The entire Requested Disbursement Amount set forth in the Resubmitted Disbursement Request if the Acquired Entity PRP (1) does not receive the Shareholder Representative's Disbursement Response within the Resubmission Review Period, in which case the Shareholder Representative shall be deemed to have approved the disbursement of the Requested Disbursement Amount, or (2) receives, during the Review Period, the Shareholder Representative's Disbursement Response approving disbursement of the entire Requested Disbursement Amount.

(B) With respect to a Resubmitted Disbursement Request subject to a timely Disbursement Response delivered within the Resubmission Review Period that identifies a Disapproved Disbursement Amount, an amount equal to the difference between the Requested Disbursement Amount and the Disapproved Disbursement Amount described in a Shareholder Representative's Disbursement Response to the Resubmitted Disbursement Request.

(iv) In the event that the Acquired Entity PRP and the Shareholder Representative subsequently agree to, or a court of competent jurisdiction by a final unappealed order determines, the amount due and owing the Acquired Entity PRP, the amount so agreed to or determined that has not otherwise been disbursed pursuant to this Section 9.4(c).

(d) The Shareholder Representative may submit a Final Disbursement Request to the Parent, for review and approval by the Parent, if the Final Disbursement Conditions (as defined below) have been satisfied. The Final Disbursement Request shall include documentation evidencing a Final Resolution of all Remedial Action Liabilities at all Identified CERCLA Sites and (ii) the payment of all amounts due and owing to the Parent and Acquired Entity PRPs for Eligible Uses incurred to achieve such Final Resolution as to all Identified CERCLA Sites pursuant to the terms of Section 9.3 (the "Final Disbursement Conditions"). The Parent shall have the right to disapprove a Final Disbursement Request only on the basis that the Final Disbursement Conditions have not been satisfied, in which case the Parent's notice to Shareholder Representative disapproving the Final Disbursement Request shall specifically describe and provide supporting documentation for any claim that the Final Disbursement Conditions have not been satisfied. Upon the approval by the Parent of a Final Disbursement Request, or in the event of a

dispute, a final unappealed order issued by a court of competent jurisdiction determining that the Final Disbursement Conditions have been satisfied, the Parent and Shareholder Representative, through their respective Authorized Representatives, shall execute and deliver to the Escrow Agent a Joint Release Notice directing the Escrow Agent to make a final disbursement of any remaining Environmental Escrow Funds to the Shareholder Representative to be shared among Shareholders in accordance with the Allocation Statement.

(e) If not otherwise resolved between the Shareholder Representative and the relevant Acquired Entity PRP or Parent pursuant to the provisions of this Section 9.4, any dispute between the parties concerning a Disbursement Request, a Disbursement Response, or the Final Disbursement Conditions shall be resolved by a court of competent jurisdiction as provided in Section 9.10 of this Agreement.

9.5 Assignment. This Agreement and the rights hereunder will not be assignable or transferable by any Party hereto except as expressly contemplated herein without the prior written consent of the other Parties hereto except Parent may transfer or assign its rights, interests or obligations under this Agreement, in whole or in part, (i) to one or more of its Affiliates or (ii) following the Closing, to any Person; *provided* that no such transfer or assignment shall relieve Parent of its obligations hereunder or enlarge, alter or change any obligation of any other party hereto or due to the Shareholders. Notwithstanding the above, this Agreement will inure to the benefit of, and be binding upon and enforceable against, the respective successors and permitted assigns of the Parties.

9.6 No Third-Party Beneficiaries. Except for the provisions of Section 5.3, Section 5.14, Section 8.2, Section 8.3 and Section 9.2, this Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns, and nothing herein expressed or implied will give or be construed to give to any Person (including Employees), other than the Parties and such respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.7 Expenses. Except as otherwise provided herein, the Company, the Shareholder Representative, Parent and Merger Subs will each be liable for their own respective costs and expenses incurred in connection with the negotiation, preparation, execution or performance of this Agreement, whether or not the Closing will have occurred. Parent will be responsible for all of its costs and expenses incurred in connection with obtaining STB Approval (including all filing fees relating thereto).

9.8 Amendment and Modification. This Agreement may not be amended except by an instrument or instruments in writing signed and delivered on behalf of each of the Parties hereto. Any Party may, only by an instrument in writing, waive compliance by any other Party to this Agreement with any term or provision of this Agreement on the part of such other Party to be performed or complied with.

9.9 Notices. All notices and other communications hereunder will be in writing and will be deemed given (a) on the date of delivery if delivered personally, (b) on the date of transmission if sent via email or facsimile transmission to the email address or facsimile number given below, with confirmation of delivery, (c) on the Business Day after delivery to a reputable nationally recognized overnight courier service or (d) upon receipt after being mailed by registered or certified mail (return receipt requested) to the Parties at the following addresses:

- (i) If to Parent or the Company after Closing, to:

CSX Corporation
500 Water Street
Jacksonville, FL 32202

Attention: [REDACTED]

Fax: [REDACTED]

E-mail: [REDACTED]

With required copies to (which will not constitute notice):

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017

Attention: [REDACTED]

Fax: [REDACTED]

E-mail: [REDACTED]

- (ii) If to the Company prior to Closing, to:

Pan Am Systems, Inc.
c/o Pan Am Railways, Inc.
1700 Iron Horse Park
North Billerica, MA 01862

Attn. [REDACTED]

Fax: [REDACTED]

Phone: [REDACTED]

With a required copy (which will not constitute notice) to:

K&L Gates LLP
1601 K Street, NW
Washington, DC 20006

Attention: [REDACTED]

E-mail: [REDACTED]

Facsimile: [REDACTED]

K&L Gates LLP
1601 K Street, NW
Washington, DC 20006

Attention: [REDACTED]

E-mail: [REDACTED]

Facsimile: [REDACTED]

(iii) If to Shareholder Representative:

Pan Am Systems, Inc.
c/o Pan Am Railways, Inc.
1700 Iron Horse Park
North Billerica, MA 01862
Attn. [REDACTED]

Fax: [REDACTED]

Phone: [REDACTED]

With a required copy (which will not constitute notice) to:

K&L Gates LLP
1601 K Street, NW
Washington, DC 20006

Attention: [REDACTED]

E-mail: [REDACTED]

Facsimile: [REDACTED]

K&L Gates LLP
1601 K Street, NW
Washington, DC 20006

Attention: [REDACTED]

E-mail: [REDACTED]

Facsimile: [REDACTED]

Such addresses may be changed from time to time by means of a notice given in the manner provided in this Section 9.9 (*provided* that no such notice will be effective until it is received by the other Party hereto).

9.10 Governing Law.

(a) This Agreement will be governed by, and construed in accordance with, the Laws of the State of Delaware applicable to contracts executed in and to be performed in that state. Except for disputes to be resolved under Section 2.8, all Actions arising out of or relating to this Agreement will be heard and determined exclusively in a Delaware Chancery Court; *provided*, however, that if such court does not have jurisdiction over such Action, such Action will be heard and determined exclusively in any federal court located in the State of Delaware or other Delaware state court. Consistent with the preceding sentence, the Parties hereto hereby (i) submit to the exclusive jurisdiction of the Delaware Chancery Court or federal courts sitting in Delaware or other Delaware State Court for the purpose of any Action arising out of or relating to this Agreement brought by any Party and (ii) irrevocably and unconditionally waive, and agree not to assert by way of motion, defense, or otherwise, in any such Action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the Action is brought in an inconvenient forum, that the venue of the Action is improper, or that this Agreement or the Contemplated Transactions may not be enforced in or by any of the above-named courts.

(b) EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE CONTEMPLATED TRANSACTIONS. EACH PARTY CERTIFIES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS SET FORTH ABOVE IN THIS SECTION 9.10.

9.11 Severability. If any provision of this Agreement or the application of any such provision to any Person or circumstance will be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability will not affect the legality, validity or enforceability of any other provision hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is found by a court or other Governmental Authority of competent jurisdiction to be invalid or unenforceable, (a) a suitable and equitable provision will be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

9.12 Waiver. Waiver of any term or condition of this Agreement by any Party will be effective if in writing and will not be construed as a waiver of any subsequent breach or failure of the same term or condition, or a waiver of any other term or condition of this Agreement. No failure or delay by any Party in exercising any right, power or privilege hereunder will operate as a waiver thereof nor will any single or

partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

9.13 Counterparts; Facsimile. This Agreement may be executed in any number of counterparts, all of which will be considered one and the same agreement and will become effective when one or more such counterparts have been signed by each Party and delivered to the other Parties. Signatures of the Parties transmitted by facsimile or other electronic communication means will be binding and effective for all purposes.

9.14 Entire Agreement. This Agreement, including the Disclosure Schedules, Exhibits, Ancillary Documents hereto and the Confidentiality Agreement contain the entire agreement and understanding between the Parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements, negotiations, correspondence, undertakings and understandings, oral or written, relating to such subject matter.

9.15 Interpretation. All references to immediately available funds or dollar amounts contained in this Agreement will mean United States dollars. The table of contents and headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. The words “include,” “includes” and “including” when used in this Agreement will be deemed to be followed by the phrase “without limitation.” Unless the context otherwise requires, references in this Agreement to Articles, Sections, Exhibits and Disclosure Schedules will be deemed references to Articles and Sections of, and Exhibits and Disclosure Schedules to, this Agreement. Unless the context otherwise requires, the words “hereof,” “hereby” and “herein” and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement. The Parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Nothing in this Agreement will be construed to require any Party hereto to violate any Law.

9.16 Enforcement in Equity and at Law. The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, except as otherwise expressly provided herein, the Parties will be entitled to seek injunctive relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which they are entitled at Law or in equity, in each case without the need to post a bond or provide other security.

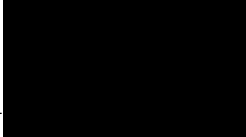
9.17 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

[SIGNATURE PAGES TO FOLLOW]

REDACTED - TO BE PLACED ON PUBLIC FILE

IN WITNESS WHEREOF, the Parties have caused this Agreement and Plan of Merger to be duly executed as of the date first written above.

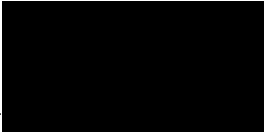
CSX CORPORATION

BY: _____

NAME: _____

TITLE: _____

747 MERGER SUB 1, INC.

BY: _____

NAME: _____

TITLE: _____

747 MERGER SUB 2, INC.

BY: _____



NAME: _____



TITLE: _____



Solely with respect to Section 5.19

Pan American World Airways, Inc.

BY: 

NAME 

TITLE: 

COMPANY

Pan Am Systems, Inc.

BY:

NAME:

TITLE:

SHAREHOLDER REPRESENTATIVE



BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 3

Court Order

Court Order

Not applicable

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 4

Environmental Matters

Environmental Matters

1. Environmental documentation is not required for this Application.

Pursuant to 49 C.F.R. § 1105.6(b)(4), Environmental Assessments will normally be prepared in actions involving a merger or the acquisition of control when the proposed transaction will result in operational changes that would exceed the thresholds set out in 49 C.F.R. §§ 1105.7(e)(4) or (5). An Environmental Assessment is not required here because those thresholds will not be exceeded. As explained in the Application in response to 49 C.F.R. § 1180.6(a)(8) and detailed below, the Proposed Transaction will not result in any new operations exceeding any of the environmental or historic limits in 49 C.F.R. §§ 1105.7(e)(4 and 5) and 49 C.F.R. §§ 1105.8(b)(1 or 2). Therefore, environmental documentation is not required for this Application.

Applicants are consulting with the Board's Office of Environmental Analysis ("OEA") regarding the Proposed Transaction and the Related Transactions. In a letter to OEA dated April 7, 2021, attached hereto as Exhibit 4-A and incorporated herein by reference, CSXT provided segment-specific traffic information for the rail lines that are covered by the Proposed Transaction and the Related Transactions, along with additional support for the lack of a need for the Board to prepare environmental documentation in connection with the Application.

2. Applicants expect minimal organic growth on the combined CSXT/PAR System network, and a small impact on traffic flows on two routes.

As a preliminary matter, the Operating Plan set out in Exhibit 13 and the impact analyses submitted with this Application demonstrate that the Proposed Transaction and Related Transactions are not expected to result in any significant changes in rail operations, other than a small impact on traffic flows on two routes running generally west-to-east, each shown on the map in Attachment 2 to Exhibit 4-A: (1) the "Northern Route" on PAS between

Rotterdam Junction, NY and Ayer, MA, and (2) the “Southern Route” between Voorheesville, NY and Ayer, MA. As discussed further below, neither the Southern Route nor the Northern Route runs through a class I or a nonattainment area under the Clean Air Act. Additionally, the Operating Plan and the impact analyses demonstrate that post-transaction traffic growth on the CSXT network, the PAR System and the PAS Network will roughly average 1.5% annually from 2019 through 2024). These growth figures are depicted in the density charts attached as Exhibit 14.

The traffic changes on the Northern Route and the Southern Route will result from two provisions of the NSR Settlement Agreement. First, section IX of the NSR Settlement Agreement provides that CSXT will interchange certain carload traffic moving to/from Ayer shippers at Rotterdam, NY to run over the Northern Route for a transitional period. This traffic currently moves on the Southern Route through Worcester, MA. CSXT expects that the carloads that are diverted from the Southern Route to the Northern Route will be handled in existing PAS trains, so the traffic diversions will not cause any increase in train counts on the Northern Route, but they will result in a decrease in carload traffic moving over the Southern Route, including over the line segment that traverses the Wachusett Reservoir. Those changes are reflected in Attachments 2 and 3 to Exhibit 4-A.

Second, section IV of the NSR Settlement Agreement provides that NSR will obtain trackage rights for one intermodal/automotive train pair per day (one train in each direction) over the Southern Route between the Voorheesville, NY, area and Ayer. These trackage rights over the Southern Route will allow NSR to move double-stack intermodal trains into Ayer, which NSR cannot do today on the Northern Route. The diversion from the Northern Route to the Southern Route will have no adverse impact on the environment, and the ability to avoid the

disassembly and rebuild operations and related activity in a yard will be beneficial to the environment. Use of the Southern Route by NSR instead of an interchange to PAS over the Northern Route will have the following impacts on traffic volumes, as reflected fully in Attachment 3 to Exhibit 4-A:

1. There will be an increase of one intermodal/automotive train pair per day to and from Ayer over the Southern Route, and a decrease of one train pair per day, to and from Ayer on the Northern Route.
2. The gross ton-miles per year on the Northern Route will be reduced by the diversion of the pair of NSR intermodal/automotive trains to the Southern Route. However, that reduction will be offset to some extent by an increase in gross ton miles per year on the Northern Route resulting from CSXT's diversion of traffic from the Southern Route to the Northern Route, as discussed above. The result is a net decrease in gross ton-miles per year on the portion of the Northern Route through Mechanicville (the point of interchange with NSR). Attachments 2 and 3 to Exhibit 4-A show the reduction in gross ton-miles by segment on the Northern Route. Annual gross ton-miles on the remaining segment of the Northern Route between Mechanicville and Rotterdam will increase by 24% as a result of CSXT's diversion of traffic from the Southern Route to the Northern Route, as discussed above.
3. The diversion of the NSR intermodal/automotive train pair to the Southern Route will increase trains on that line by one NSR train pair per day, or one train in each direction. CSXT will not increase the number of trains it operates over the Southern Route. The addition of a single train pair is well below the STB's threshold set out in 49 C.F.R. § 1105.7(e)(5).
4. The gross ton-miles per year on the Southern Route will be increased by the diversion of the NSR intermodal/automotive train pair from the Northern Route. However, that increase in gross ton-miles will be offset to some extent by the reduction of gross ton-miles per year from the CSXT traffic that will be diverted from the Southern Route to the Northern Route, as discussed above. The net effect will be an increase in gross ton-miles per year on the Southern Route as shown in Attachments 2 and 3 to Exhibit 4-A. The net increases are well below the STB's thresholds in 49 C.F.R. § 1105.7(e)(5).
5. On the Southern Route line segment between Worcester, MA and Ayer, there will be an increase of one train pair per day, as the pair of NSR intermodal/automotive trains will now traverse this line segment. However, this increase of a pair of trains is well below the STB's thresholds in 49 C.F.R. § 1105.7(e)(5).

6. The gross ton-miles per year on the Worcester-to-Ayer segment of the Southern Route will increase 67% on a net basis as a result of the addition of the pair of NSR intermodal/automotive trains and the reduction of carloads that CSXT moves today on that line segment that will be moved post-transaction on the Northern Route. Factoring in the organic growth of approximately 1.5% per year discussed above, the net increase in gross ton-miles of approximately 80% on the Worcester-to-Ayer segment through 2024 is well below the thresholds set out in 49 C.F.R. § 1105.7(e)(5).

3. The total amount of yard activity in the Ayer Switching District will decrease as a result of the NSR Settlement Agreement and Ayer Operations Protocols

In Decision No. 3 at 16 n.28, the Board requested that Applicants provide further explanation and data on yard activity in the Ayer Switching District, and a possible change in yard traffic at Ayer Yard resulting from the NSR Settlement Agreement, which includes the Ayer Operations Protocols. The NSR Settlement Agreement and Ayer Operations Protocols are attached to and described in further depth in the Verified Statement of Sean Pelkey included in Exhibit 22-C to the Application, the Verified Statement of William Huneke included in Exhibit 22-F to the Application (“Huneke VS”), and in the Operating Plan attached as Exhibit 13 to the Application.

In short, CSXT does not expect the terms of the NSR Settlement Agreement, including raising the volume cap for certain trackage rights traffic, to result in any change in the shipment weight of Ayer Yard traffic. The total amount of railcars moving to, from, and through the Ayer Switching District (including overhead traffic that does not stop in Ayer Yard and otherwise may not be considered “yard activity” within the meaning of the Board’s environmental rules) in 2019 was {{[REDACTED]}} railcars.

As a result of the changes to traffic flows to the Northern Route and the Southern Route described above, the routing into and out of Ayer of certain traffic will shift. The traffic flow changes will not result in any change in the shipment weight of traffic in the Ayer Switching

District, but the replacement of single-stacked NSR intermodal trains with double-stacked NSR intermodal trains will result in a reduced number of railcars – {{[REDACTED]}} railcars (using 2019 figures) – moving to, from, and through Ayer. Applying the 1.5% annual organic growth forecast detailed above, that figure would be {{[REDACTED]}} in 2024, which would still represent a net {{[REDACTED]}} from 2019 levels.

As described in further detail in the Huneke VS, in the NSR Settlement Agreement, CSXT and NSR agreed to eliminate the volume cap for Springfield Terminal/PAR System trackage rights traffic over the PAS Island Line and replace it with a process that will allow current traffic volumes to move over the Island Line and to enable the development of capacity in Ayer to handle any future increase in traffic, which is not expected at this time. Mr. Huneke observes that trackage rights volumes over the Island Line have been fairly stable for about 10 years, despite Springfield Terminal exceeding the cap as early as 2010.

If enforcement of the existing cap by PAS were to return traffic moving onto and off of the PAR System to the 2007 levels, reducing traffic by about {{[REDACTED]}} loaded cars, there would be an {{[REDACTED]}} reduction in PAR System movements. [REDACTED] [REDACTED] Alternatively, modification of the cap as CSXT and NSR have agreed will ensure that demand will continue to be met and will allow New England rail traffic to grow in a manageable and sustainable manner. Removal of the cap by itself will not result in any changes in overhead traffic moving through Ayer, and CSXT's organic growth forecasts described above still apply to any such future traffic growth.

4. CSXT will address local stakeholder concerns regarding the safety of PAR System operations along or over the Wachusett Reservoir.

The Proposed Transaction will have a positive effect on the interests of local communities using the Wachusett Reservoir due to the commitments that CSXT is making to

improve infrastructure in the area. As discussed in further detail in Exhibit 4-A, the existing PAR System line between Worcester, MA and Ayer, MA runs for short segments along or over the Wachusett Reservoir. Local communities have expressed concern regarding that rail line over the years, and have had prior discussions with representatives of the PAR Railroads regarding ways to strengthen or improve the line. CSXT understands that such upgrades have not been made thus far due to a lack of private or public funding.

CSXT is actively engaged in discussions with representatives from local communities to explore ways to strengthen the rail infrastructure in the area, and CSXT has identified concrete steps that can be taken, at CSXT's expense, to upgrade that line segment. As an initial step, CSXT plans to upgrade approximately 7.6 miles of track adjacent to the Wachusett Reservoir to FRA Class 3 track standards. Unlike the PAR Railroads, CSXT has the financial ability to reasonably address these stakeholder concerns, and CSXT is confident that it can resolve these issues. Members of CSXT's engineering and environmental teams recently visited this PAR System line segment along with representatives of Springfield Terminal, Massachusetts Department of Transportation ("MassDOT"), and Massachusetts Bay Transportation Authority ("MBTA"). CSXT is continuing to discuss infrastructure issues with Wachusett Reservoir stakeholders in order to address their concerns.

5. The Proposed Transaction will have other substantial benefits for the environment.

As described in more detail in the Verified Statement of CSXT's Executive Vice President Mark K. Wallace, CSXT's assumes that the PAR System's total carloads will grow generally in line with GDP forecast over the next three years, or an average of 1.5% per year. However, over the longer term, Applicants expect rail traffic to increase as rail users in New England identify new market opportunities and convert existing truck movements to rail. This likely increase in rail traffic will have positive environmental consequences as freight is moved

from trucks to rail, with reductions in fuel consumption, air emissions and highway congestion. Moreover, with improved rail operations, the existing rail network in New England will become more fluid, resulting in fewer idling locomotives, less delay at interchange locations, and fewer power swaps with connecting carriers. The Operating Plan attached as Exhibit 13 describes the gains in fuel efficiency and reduction in emissions that CSXT expects to achieve on the PAR System by modernizing the Springfield Terminal locomotive fleet and implementing emissions-reducing technologies. All of these developments will have substantial benefits for the environment.

6. Applicants do not expect to surpass any of the thresholds established in § 1105.7(e)(4) or (5).

As to energy resources, the Board's regulations, 49 C.F.R. § 1105.7(e)(4) Energy, do not identify specific thresholds but instead ask for the following information:

(i) Describe the effect of the proposed action on transportation of energy resources.

There is not expected to be any change in operations on the existing CSXT network with respect to the handling of energy resources.

On the existing PAR System, CSXT intends to implement its first-in-class rail operations, resulting in increasingly consistent and reliable service. CSXT's trip-plan system, which focuses on individual cars rather than trains, will improve transit times and reliability. Changes in traditional switching and yard management practices will be made to achieve ambitious schedules, reduce the variability in rail operations and increase reliability. All of these changes will benefit shippers of energy resources as well as other New England rail users. Accordingly, the Proposed Transaction will improve the transportation of energy resources over the rail lines to be acquired. With respect to PAS operations, B&E will replace Springfield Terminal as PAS

operator without substantially changing the operations that currently exist. The other changes to traffic flows identified above will not affect the transportation of energy resources.

(ii) Describe the effect of the proposed action on recyclable commodities.

The effect of the Proposed Transaction and Related Transactions on recyclable commodities will be the same as the effect on energy resources described above.

(iii) State whether the proposed action will result in an increase or decrease in overall energy efficiency and explain why.

CSXT expects the Proposed Transaction and Related Transactions to result in an increase in overall energy efficiency on the PAR System as a result of the improvements in infrastructure and operations and efficiencies achieved through expansion of single-line service. Other than the two changes to traffic flows described above, CSXT does not expect the Proposed Transaction and Related Transactions to otherwise have any effect on the current CSXT system. As described in the Operating Plan, CSXT's operations require a plan for the efficient movement of individual cars. This reduces inefficient movement of cars and more efficient use of locomotives, with corresponding reductions in fuel use. With respect to PAS operations, B&E will replace Springfield Terminal as PAS contract operator without substantially changing the operations that currently exist. The two changes to traffic flows identified above will not affect overall energy efficiency, because they merely shift small amounts of existing traffic between two routes.

(iv) If the proposed action will cause diversions from rail to motor carriage of more than: (A) 1,000 rail carloads a year; or (B) An average of 50 rail carloads per mile per year for any part of the affected line, quantify the resulting net change in energy consumption and show the data and methodology used to arrive at the figure given.

CSXT does not expect the Proposed Transaction or Related Transactions to result in the diversion of any rail traffic to motor carriage. Indeed, CSXT expects the opposite to occur.

CSXT expects that its best-in-class service model once implemented on the PAR System will

result in efficiencies and improvements in reliability that will allow CSXT to divert traffic from trucks to rail.

The thresholds established in 49 C.F.R. § 1105.7(e)(5) Air, are set forth below with the effects of the Proposed Transaction and Related Transactions described following the italicized criteria.

(i) If the proposed action will result in either: (A) An increase in rail traffic of at least 100 percent (measured in gross ton miles annually) or an increase of at least eight trains a day on any segment of rail line affected by the proposal, or (B) An increase in rail yard activity of at least 100 percent (measured by carload activity), or (C) An average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on any affected road segment, quantify the anticipated effect on air emissions. For a proposal under 49 U.S.C. 10901 (or 10502) to construct a new line or reinstitute service over a previously abandoned line, only the eight train a day provision in subsection (5)(i)(A) will apply.

As described above and established further in Exhibit 4-A, the Operating Plan attached as Exhibit 13, and the Density Charts attached as Exhibit 14, the Proposed Transaction and Related Transactions will not result in an increase in rail traffic of 100 percent (measured in gross ton miles annually) or at least eight trains per day on CSXT or on any segment of rail line affected by the Proposed Transaction or Related Transactions. Indeed, the only forecast increase in train movements involves a single train in each direction moving over CSXT's mainline through Worcester into Ayer. Nor will there be an increase in rail yard activity of at least 100 percent (measured by carload activity). As detailed above, Ayer Yard will see a net decrease in rail yard activity. There will be no increase in truck traffic. CSXT expects that over time the volume of truck traffic will decline. CSXT does not plan to construct a new line or reinstitute service over a previously abandoned line. As established further in Exhibit 4-A, the rehabilitation and upgrade project associated with an existing connection between an NSR line and a CXT line in the area of Voorheesville, NY will not require construction authority from the STB.

(ii) If the proposed action affects a class I or nonattainment area under the Clean Air Act, and will result in either: (A) An increase in rail traffic of at least 50 percent (measured in gross ton miles annually) or an increase of at least three trains a day on any segment of rail line, (B) An increase in rail yard activity of at least 20 percent (measured by carload activity), or (C) An average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on a given road segment, then state whether any expected increased emissions are within the parameters established by the State Implementation Plan. However, for a rail construction under 49 U.S.C. 10901 (or 49 U.S.C. 10502), or a case involving the reinstitution of service over a previously abandoned line, only the three train a day threshold in this item shall apply.

The following counties in (1) Connecticut: Fairfield, Hartford, Litchfield, Middlesex, New Haven, New London, Tolland, and Windham and (2) Massachusetts: Dukes are class I or nonattainment areas under the Clean Air Act.

As described above and established further in Exhibit 4-A, the Proposed Transaction and Related Transactions will not result in an increase in rail traffic of 50 percent (measured in gross ton miles annually) or at least three trains per day on CSXT or on any segment of rail line affected by the Proposed Transaction or Related Transactions in any of the counties that are class I or nonattainment areas under the Clean Air Act. The only segment of rail line that will see an increase in rail traffic of greater than 50 percent (Worcester-Ayer), is not located in a class I or nonattainment area. Nor will there be an increase in rail yard activity of at least 20 percent (measured by carload activity). There will be no increase in truck traffic. CSXT expects the volume of truck traffic to decline. CSXT does not plan to construct a new line or reinstitute service over a previously abandoned line.

(iii) If transportation of ozone depleting materials (such as nitrogen oxide and freon) is contemplated, identify: the materials and quantity; the frequency of service; safety practices (including any speed restrictions); the applicant's safety record (to the extent available) on derailments, accidents and spills; contingency plans to deal with accidental spills; and the likelihood of an accidental release of ozone depleting materials in the event of a collision or derailment.

The PAR Railroads and PAS do not transport ozone depleting materials.

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 4-A

Letter from CSXC and CSXT to the Office of Environmental Analysis

Peter W. Denton
202 429 6445
pdenton@steptoe.com

Steptoe

1330 Connecticut Avenue, NW
Washington, DC 20036-1795
202 429 3000 main
www.steptoec.com

April 7, 2021

VIA ELECTRONIC MAIL

Danielle Gosselin
Acting Director, Office of Environmental Analysis
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: STB Docket No. FD 36472, CSX Corporation and CSX Transportation, Inc., et al.—Control and Merger—Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Pan Am Southern LLC, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company, and Vermont & Massachusetts Railroad Company

Dear Ms. Gosselin:

I am writing to provide you with certain information regarding the Transaction that is the subject of a Notice filed by CSX and Pan Am Systems, Inc. on February 25, 2021 in Docket No. FD 36472.¹ Specifically, we are providing information regarding three issues:

- (1) segment-specific traffic information for the rail lines that are covered by the Transaction that is the subject of the February 25, 2021 Notice;
- (2) information relating to the rail line that runs along the Wachusett Reservoir between Worcester, MA, and Ayer, MA; and
- (3) information relating to the re-establishment of a connection between the rail lines of NSR and CSXT near Voorheesville, NY, that is related to requests by NSR for trackage rights authority on CSXT lines that were filed in sub-dockets to Docket No. FD 36472.

¹ Unless otherwise defined in this letter, the acronyms and defined terms used in this letter are the same as those used in the February 25, 2021 Notice and Applicants' Response to Initial comments, filed on March 18, 2021. The February 25, 2021 Notice was originally filed as an Application for a "minor" transaction. In a decision served on March 25, 2021, the STB treated the Application as a Notice for a "significant" transaction. Applicants intend to file an Application for approval of the transactions described in the Notice on April 26, 2021.

Segment-Specific Traffic Information

As explained in the Notice, the Transaction covers the rail lines currently owned by the PAR Railroads and the rail lines owned by Pan Am Southern LLC (“PAS”). Attached to this letter at Attachment 1 is a map showing the 2019 gross tons by segment on the lines of the PAR Railroad and PAS. As explained in the Notice, the Transaction is not expected to result in any change in traffic levels, train counts, traffic volumes or traffic routing on the lines of the PAR Railroads and PAS to the east of Ayer, MA. Accordingly, we have not made further calculations of traffic data on those lines to the east of Ayer.

The Notice also explained that in connection with CSX’s acquisition of a 50% interest in PAS, CSXT has entered into a Settlement Agreement with NSR, the other 50% owner of PAS. The NSR Settlement Agreement was included in the Notice as an attachment to the Verified Statement of CSXT’s Mr. Sean Pelkey. The NSR Settlement Agreement will have a small impact on traffic flows on two routes running generally west-to-east, each shown on the map in Attachment 2: (1) the “Northern Route” on PAS between Rotterdam Junction, NY and Ayer, MA, and (2) the “Southern Route” between Voorheesville, NY and Ayer, MA. Attachment 2 reflects the expected traffic changes for the Northern and Southern Routes, which are also set out in the chart contained in Attachment 3 to this letter. As explained below, those changes in traffic are well below the thresholds set out in the STB’s regulations for identifying transactions that require the preparation of an Environmental Assessment under 49 C.F.R. § 1105.6(b)(4).²

The traffic changes will result from two provisions of the NSR Settlement Agreement. First, section IX of the NSR Settlement Agreement provides that CSXT will interchange certain carload traffic moving to/from Ayer shippers at Rotterdam, NY to run over the Northern Route for a transitional period. This traffic currently moves on the Southern Route through Worcester, MA. CSXT expects that the carloads that are diverted from the Southern Route to the Northern Route will be handled in existing PAS trains, so the traffic diversions will not cause any increase in train counts on the Northern Route, but they will result in a decrease in carload traffic moving over the Southern Route, including over the line segment that traverses the Wachusett Reservoir. Those changes are reflected in Attachments 2 and 3.

Second, section IV of the NSR Settlement Agreement provides that NSR will obtain trackage rights for one intermodal/automotive train pair per day (one train in each direction) over the Southern Route between the Voorheesville, NY, area and Ayer. These trackage rights over the Southern Route will allow NSR to move double-stack intermodal trains into Ayer, which NSR cannot do today on the Northern Route. Use of the Southern Route by NSR instead of an interchange to PAS over the Northern Route will have the following impacts on traffic volumes:

1. There will be an increase of one intermodal/automotive train pair per day to and from Ayer over the Southern Route, and a decrease of one train pair per day, to and from Ayer on the Northern Route.

² Neither the Northern Route nor the Southern Route runs through a class I or nonattainment area under the Clean Air Act.

2. The gross ton-miles per year on the Northern Route will be reduced by the diversion of the pair of NSR intermodal/automotive trains to the Southern Route. However, that reduction will be offset to some extent by an increase in gross ton miles per year on the Northern Route resulting from CSXT's diversion of traffic from the Southern Route to the Northern Route, as discussed above. The result is a net decrease in gross ton-miles per year on the portion of the Northern Route through Mechanicville (the point of interchange with NSR). Attachments 2 and 3 show the reduction in gross ton-miles by segment on the Northern Route. Annual gross ton-miles on the remaining segment of the Northern Route between Mechanicville and Rotterdam will increase by 24% as a result of CSXT's diversion of traffic from the Southern Route to the Northern Route, as discussed above.
3. The diversion of the NSR intermodal/automotive train pair to the Southern Route will increase trains on that line by one train pair per day, or one train in each direction. The addition of a single train pair is well below the STB's threshold set out in 49 C.F.R. § 1105.7(e)(5).
4. The gross ton-miles per year on the Southern Route will be increased by the diversion of the NSR intermodal/automotive train pair from the Northern Route. However, that increase in gross ton-miles will be offset to some extent by the reduction of gross ton-miles per year from the CSXT traffic that will be diverted from the Southern Route to the Northern Route, as discussed above. The net effect will be an increase in gross ton-miles per year on the Southern Route as shown in Attachments 2 and 3. The net increases are well below the STB's thresholds in 49 C.F.R. § 1105.7(e)(5).
5. On the Southern Route line segment between Worcester, MA and Ayer, there will be an increase of one train pair per day, as the pair of NSR intermodal/automotive trains will now traverse this line segment. However, this increase of a pair of trains is well below the STB's thresholds in 49 C.F.R. § 1105.7(e)(5).
6. The gross ton-miles per year will change on the Worcester-to-Ayer segment of the Southern Route as a result of the addition of the pair of NSR intermodal/automotive trains and the reduction of carloads that CSXT moves today on that line segment that will be moved post-transaction on the Northern Route. The net increase in gross ton-miles of 67% on the Worcester-to-Ayer segment is well below the thresholds set out in 49 C.F.R. § 1105.7(e)(5).

Wachusett Reservoir Line

As noted above, the line between Worcester and Ayer runs for short segments along or over the Wachusett Reservoir. Years prior to the announcement of the Transaction, the Massachusetts Department of Transportation (“MassDOT”), the Massachusetts Water Resources Authority (“MWRA”), and representatives of local communities in the area and state and local governments expressed concern over that rail line and have had discussions with representatives of the PAR Railroads over the years regarding ways to strengthen or improve the line. CSXT understands that changes to the rail infrastructure have yet to be made due to a lack of funding from the PAR Railroads or from public sources.

We appreciate that there are longstanding concerns about rail infrastructure and operations over the Reservoir. However, the Transaction will have only a de minimis impact on rail movements on the line, as seen in several ways: (1) only one intermodal/automotive train pair per day will be added to the line, well below the level of train traffic that triggers the need for environmental reporting; (2) the line currently handles only a single train, each direction, so the addition of one pair of intermodal/automotive trains per day can easily and safely be accommodated on the line; (3) the train pair to be added is an intermodal/automotive train, and such trains are substantially less prone to rail accidents than carload trains; (4) intermodal containers pose less risk to the Reservoir than carload traffic, and the carload traffic that is currently moving on the line will actually be reduced; (5) while the gross ton-miles per year on the line segment will increase, as described above, the percentage change is well below the STB’s threshold set out in 49 C.F.R. § 1105.7(e)(5).

While the Transaction does not give rise to environmental reporting requirements, CSXT acknowledges that local communities have previously raised concerns about rail traffic in the vicinity of the Reservoir. Those concerns should be and will be addressed once CSXT acquires the PAR Railroads. One of CSXT’s core tenets is to operate safely, in order to protect its employees, its customers’ freight, and the communities in which CSXT operates. Accordingly, CSXT takes very seriously any stakeholder concerns about the potential impacts of rail operations. And unlike the PAR Railroads, CSXT has the financial wherewithal to reasonably address these stakeholder concerns.

CSXT has already reached out to representatives of MassDOT and MWRA to explore ways to strengthen the rail infrastructure in the area and to address their concerns over rail transportation on the line between Worcester and Ayer. CSXT has looked at prior proposals for infrastructure improvements and has identified concrete steps that can be taken, at CSXT’s expense, to upgrade that line segment. CSXT has invited reactions to these ideas from MassDOT and MWRA and is confident that steps can be taken to address the concerns they have long held about the existence of the line.

Voorheesville Connection to CSXT

You also asked for information about construction of a connection between the lines of NSR and CSXT in the area of Voorheesville, NY, that will allow NSR to enter CSXT's line and take advantage of the Southern Route trackage rights described above. As noted previously, the NSR Settlement Agreement provides that NSR will obtain trackage rights over the Southern Route to run one pair of intermodal/automotive trains per day between Voorheesville and Ayer. NSR requested the required trackage rights authority in a Related Transaction that has been filed as a sub-docket to Finance Docket No. 36472. NSR included a copy of the draft trackage rights agreement with its request. Article 4.C of that agreement states that the connection with CSXT's tracks will be made in the vicinity of Voorheesville, NY. The draft agreement states:

Prior to commencing operations over the Trackage Rights, NSR shall (i) prepare in good faith consultation with CSXT and provide to CSXT for approval, which shall not be unreasonably withheld, plans pursuant to the specifications in Attachment A to this Agreement, including the costs to construct a connection between the NSR track that runs between Delanson, NY and Schenectady, NY and the CSXT track that runs between Rotterdam Jct., NY and Voorheesville, NY, which shall be able to handle the Subject Traffic at speeds reasonably acceptable to CSXT (the "Improvements");

As noted in the excerpt above, the two lines at issue are the NSR line between Delanson, NY, and Schenectady, NY, and the CSXT line between Rotterdam Jct., NY, and Voorheesville, NY. Those two lines already exist, and they are shown on the map attached as Attachment 4 to this letter. As seen in the map, the two lines meet at Voorheesville, although today there is not an active connection. In addition, a connection between the two lines previously existed and the tracks used to make the connection remain in place, although the connecting track needs to be rehabilitated to support train movements. Authority to abandon the connecting track was not previously sought or granted by the STB or its predecessor. To reconnect the two lines and re-establish the connection, NSR will simply need to upgrade the existing NSR-owned track leading to the CSXT track in Voorheesville and rehabilitate the existing connecting tracks. CSXT will need to install a new turnout at the point of the connection.

This rehabilitation and upgrade project will not require construction authority from the STB, because there will be no extensions of or additions to a rail line that require prior STB approval under 49 U.S.C. § 10901. The project would not enable NSR to penetrate or invade any new markets using the Southern Route that are not now accessible to NSR via the Northern Route. *See Canadian National—Control—EJ&E West Co.*, FD 35087, Decision No. 9, slip op. at 2-3 (STB served Apr. 23, 2008). Moreover, the proposed construction involves the rehabilitation and upgrade of existing track and the re-establishment of a previous connection. No new or extended rail line is required.

We hope that this information is helpful. Please let us know if you have further questions.

Ms. Danielle Gosselin

April 7, 2021

Page 6

Step toe

Respectfully submitted,

/s/ Peter W. Denton

Anthony J. LaRocca

Peter W. Denton

Sally Mordi

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

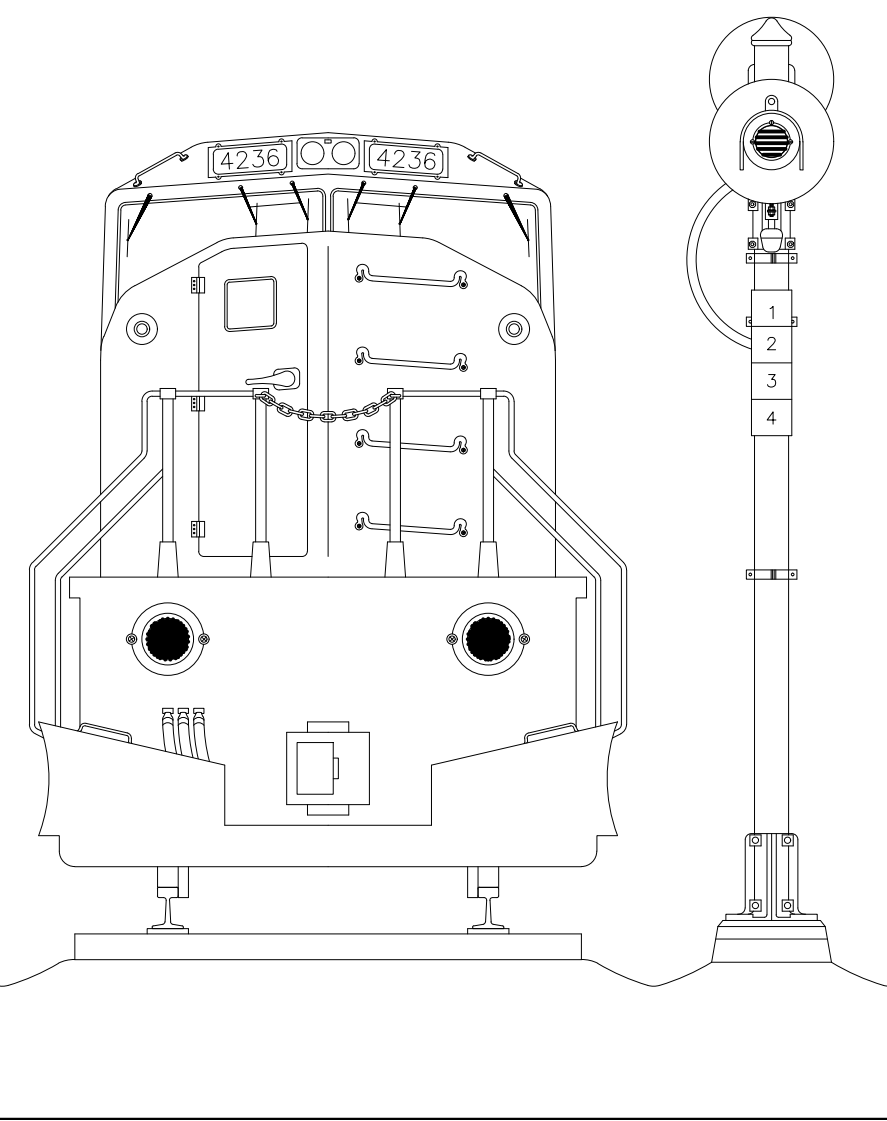
Enclosures

cc: Louis E. Gitomer

PAN AM RAILWAYS

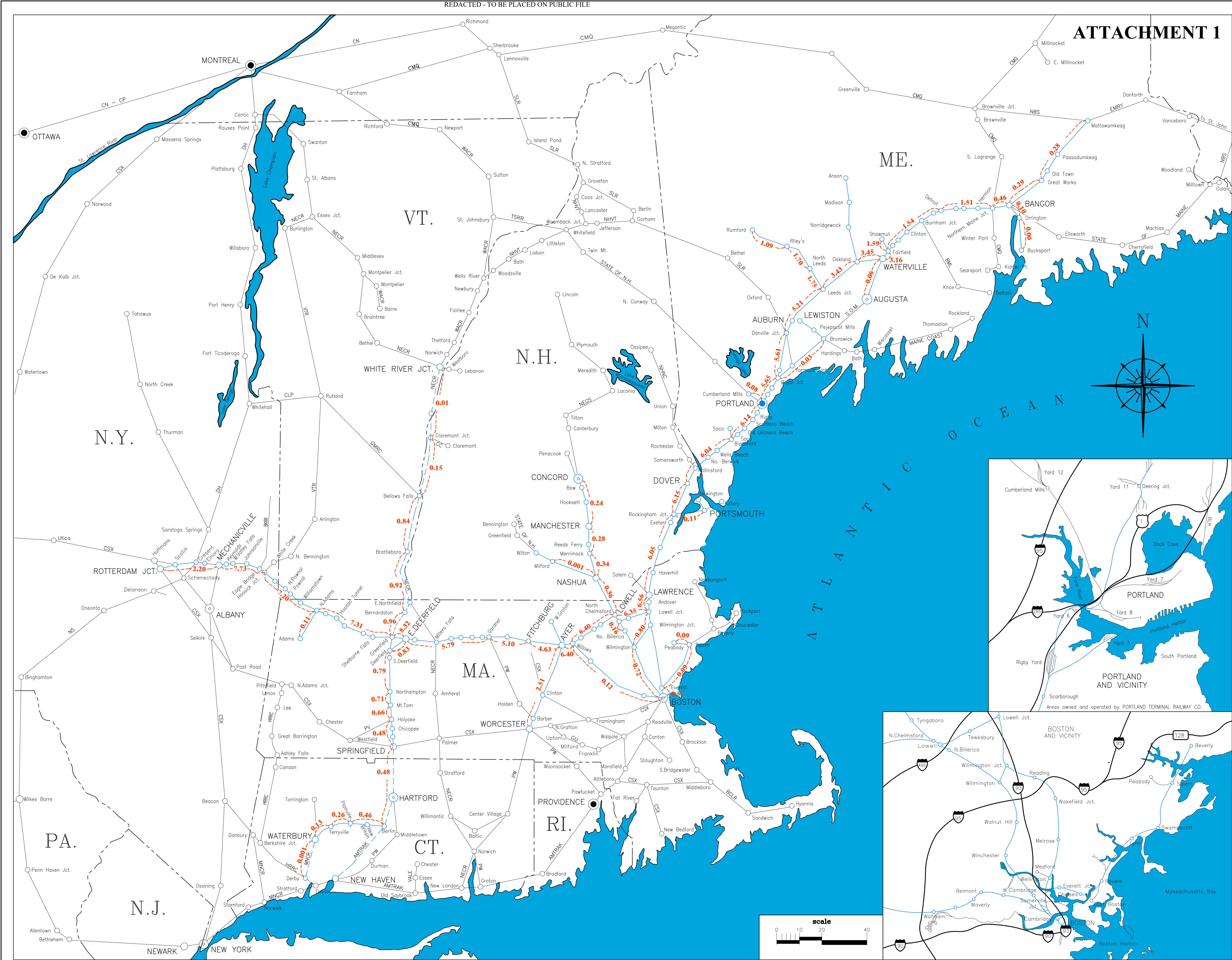


SPRINGFIELD TERMINAL RAILWAY CO.
BOSTON & MAINE CORPORATION
MAINE CENTRAL RAILROAD CO.
PORTLAND TERMINAL COMPANY
PAN AM SOUTHERN



2019
ANNUAL FREIGHT DENSITY
(MILLION GROSS TONS)

- LEGEND:
- BCLR BAY COLONY RAILROAD CORP.
 - BKRR BATTENKILL RAILROAD
 - BML BELFAST AND MOOSEHEAD LAKE RAILROAD
 - CARX CANADIAN AND ATLANTIC RAILROAD
 - CCRR CLAREMONT CONCORD RAILROAD CORP.
 - CLP CLAREDON AND PITTSFORD RAILROAD
 - CMQ CENTRAL MAINE & QUEBEC
 - CN CANADIAN NATIONAL RAILWAYS
 - CP CANADIAN PACIFIC RAILWAYS
 - CSX CSX TRANSPORTATION, INC.
 - DH DELAWARE AND HUDSON RAILWAY CO.
 - DTRR DANBURY TERMINAL RAILROAD
 - GMRC GREEN MOUNTAIN RAILROAD CORP.
 - GU GRAFTON & UPTON RAILROAD
 - HRRC HOUSATONIC RAILROAD
 - LVRC LAMOILLE VALLY RAILROAD CO.
 - MNCW METRO NORTH COMMUTER RAILROAD CO.
 - NBS NEW BRUNSWICK SOUTHERN
 - NECR NEW ENGLAND CENTRAL RAILROAD
 - NEGS NEW ENGLAND SOUTHERN RAILROAD CO. INC.
 - NHN NEW HAMPSHIRE NORTHCOAST CORP.
 - NHVT NEW HAMPSHIRE AND VERMONT RAILROAD CO.
 - PVRR PIONEER VALLEY RAILROAD CO. INC.
 - PW PROVIDENCE AND WORCESTER RAILROAD CO.
 - SLR SAINT LAWRENCE AND ATLANTIC RAILROAD
 - TSRD TWIN STATE RAILROAD CO.
 - VALE THE VALLEY RAILROAD CO.
 - VTR VERMONT RAILROAD INC.
 - WACR WASHINGTON COUNTY RAILROAD



ANNUAL FREIGHT DENSITY

Million Gross Ton Miles (MGTM)

REDACTED TO BE PLACED ON PUBLIC FILE

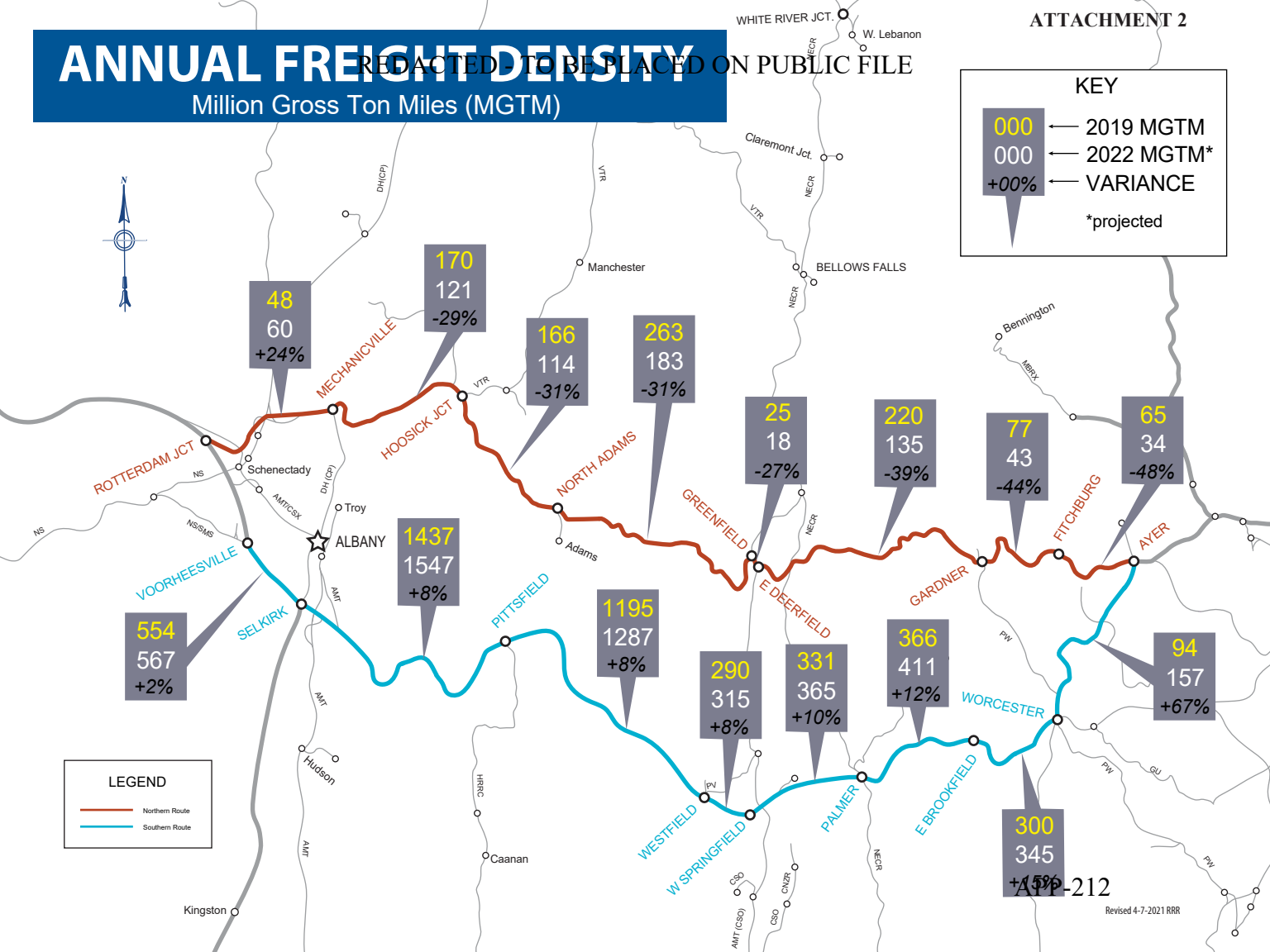
ATTACHMENT 2

KEY

000 ← 2019 MGTM
 000 ← 2022 MGTM*
 +00% ← VARIANCE
 *projected

LEGEND

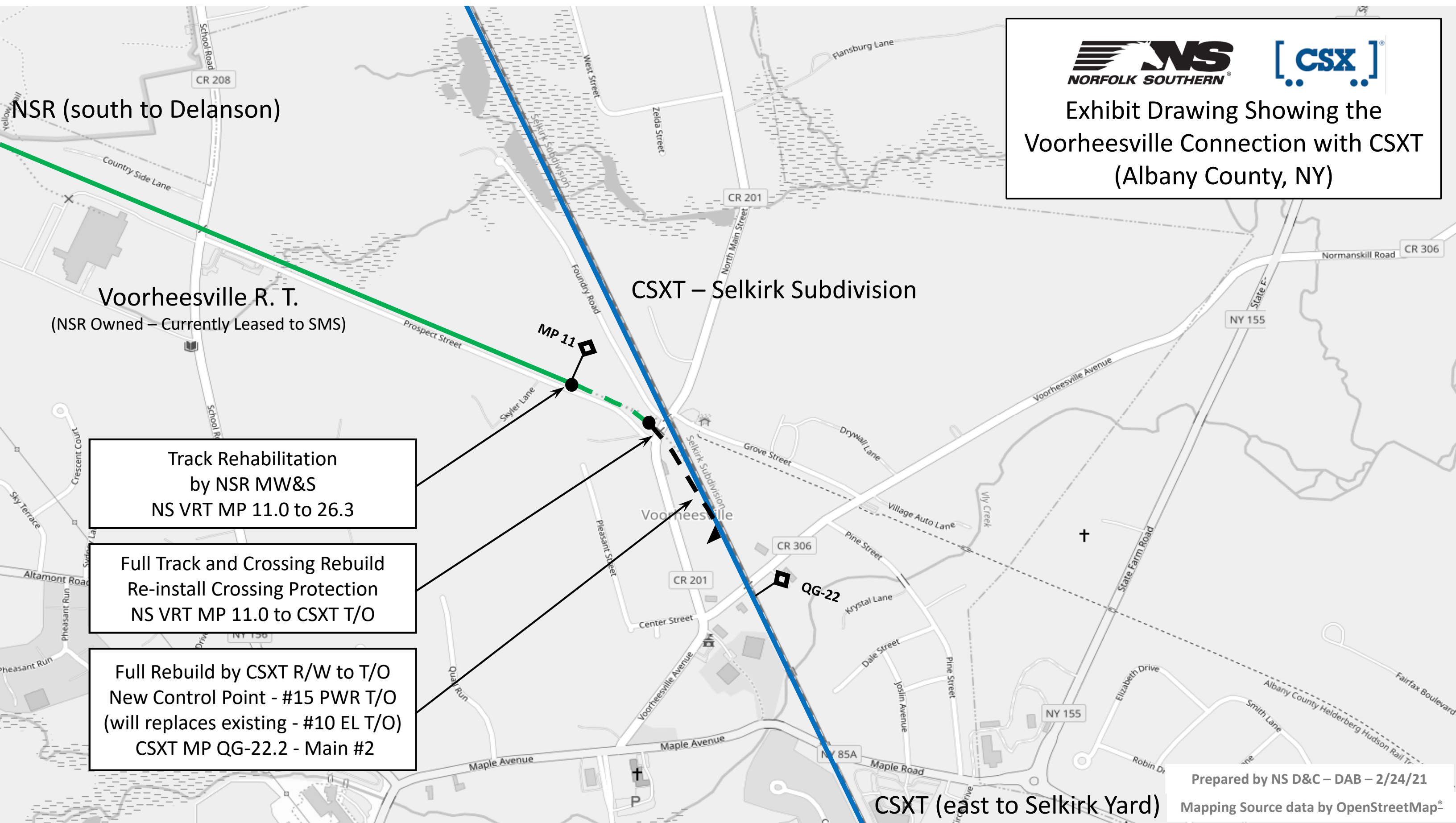
— Northern Route
 — Southern Route



ATTACHMENT 3

Chart Reflecting Traffic Changes for the Northern and Southern Routes

	2019	2022	
Northern Route:	Total MGTMs	Total MGTMs	Variance
Rotterdam-Mechanicville	48	60	24%
Mechanicville-Hoosick Jct	170	121	-29%
Hoosick Jct-N. Adams	166	114	-31%
N. Adams-Greenfield	263	183	-31%
Greenfield-East Deerfield	25	18	-27%
East Deerfield-Gardner	220	135	-39%
Gardner-Fitchburg	77	43	-44%
Fitchburg-Ayer	65	34	-48%
	2019	2022	
Southern Route:	Total MGTMs	Total MGTMs	Variance
Voorheesville-Selkirk	554	567	2%
Selkirk-Pittsfield	1,437	1,547	8%
Pittsfield-Westfield	1,195	1,287	8%
Westfield-West Springfield	290	315	8%
West Springfield-Palmer	331	365	10%
Palmer-East Brookfield	366	411	12%
East Brookfield-Worcester	300	345	15%
Worcester-Ayer	94	157	67%



BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 8

Change in Control

Change in Control

CSXT RESPONSE:

CSXT filed Annual Report Form R-1 on March 31, 2021 for the year ending December 31, 2020. Since the March 31, 2021 filing, there have been changes in CSXT's principal officers. Updated information is provided below.

The principal officers of CSX Corporation are:

James M. Foote, President and Chief Executive Officer

Kevin S. Boone, Executive Vice President - Sales & Marketing

Tammy D. Butler, Vice President – Internal Audit and Compliance

Nathan D. Goldman, Executive Vice President - Chief Legal Officer and Corporate Secretary

Sean R. Pelkey, Vice President and Acting Chief Financial Officer

Diana B. Sorfleet, Executive Vice President and Chief Administrative Officer

Mark K. Wallace, Executive Vice President and Chief Sales & Marketing Officer

Angela C. Williams, Vice President and Chief Accounting Officer

William D. Slater, Acting Head of Finance & Treasury

The principal officers of CSXT are:

James M. Foote, President and Chief Executive Officer

Kevin Boone, Executive Vice President of Sales & Marketing

Jamie Boychuk, Executive Vice President of Operations

Nathan D. Goldman, Executive Vice President and Chief Legal Officer

Diana B. Sorfleet, Executive Vice President and Chief Administrative Officer

Mark K. Wallace, Executive Vice President

Sean R. Pelkey, Vice President and Acting Chief Financial Officer

William D. Slater, Acting Head of Finance & Treasury

The principal officers of the majority-owned rail carrier subsidiaries are:¹

Allegheny and Western Railway Company

Evan T. Bell, President

Sean R. Pelkey, Vice President and Treasurer

Mark D. Austin, Corporate Secretary

The Baltimore and Cumberland Valley Rail Road Extension Company

Evan T. Bell, President

Sean R. Pelkey, Vice President and Treasurer

Angela C. Williams, Vice President

Mark D. Austin, Corporate Secretary

The Baltimore and Ohio Chicago Terminal Railroad Company

William C. Albright, President

Sean R. Pelkey, Vice President and Treasurer

Mark D. Austin, Vice President - Corporate Secretary

Steven C. Armbrust, Assistant Corporate Secretary

The Carrollton Railroad

¹ See Exhibit 11-A for additional information regarding CSXT's intercorporate or financial relationships.

Sean R. Pelkey, General Manager and Treasurer

David A. Hoffman, Vice President

Steven C. Armbrust, Corporate Secretary

Dayton and Michigan Railroad Company

Evan T. Bell, President

Sean R. Pelkey, Vice President and Treasurer

Mark D. Austin, Corporate Secretary

The Lake Erie and Detroit River Railway Company

Maurice J. O'Connell, President

Sean R. Pelkey, Vice President and Treasurer

Kim Rice Bongiovanni, Vice President

Steven C. Armbrust, Corporate Secretary

Benoit M. Miserany, Assistant Corporate Secretary

North Charleston Terminal Company

Randall W. Hunt, President

Edward Boyle, Vice President

Anthony DiDeo, Vice President

Mark R. George, Vice President

Thomas L. McDuffie, Vice President and Controller

Christopher Neikirk, Vice President

Todd Reynolds, Vice President

Cindy M. Sanborn, Vice President

Vanessa A. Sutherland, Vice President

Richmond, Fredericksburg and Potomac Railway Company

William C. Albright, President

Sean R. Pelkey, Vice President and Treasurer

Steven C. Armbrust, Vice President

Mark D. Austin, Corporate Secretary

The Staten Island Railroad Corporation

Peter J. Shudtz, President

Sean R. Pelkey, Vice President and Treasurer

Steven C. Armbrust, Corporate Secretary

The Toledo Ore Railroad Company

Aleek S. Young, President

Sean R. Pelkey, Vice President and Treasurer

Mark D. Austin, Corporate Secretary

TransKentucky Transportation Railroad, Inc.

Kendall L. Gulley, President

Sean R. Pelkey, Vice President and Treasurer

Steven C. Armbrust, Corporate Secretary

SYSTEMS RESPONSE:

Systems and its subsidiary railroads do not submit annual report Form R-1 to the Board.

There has been no change in ownership or control of Systems in the past year.

The principal officers of Systems are:

David Fink, President

Phil Kingman, Secretary

The principal officers of the non-carrier holding company Pan Am Railways, Inc. are:

David Fink, President

Eric Lawler, Treasurer

Robert Culliford, Secretary

The majority owned rail carrier subsidiaries and their officers are:

Boston and Maine Corporation

David Fink, President

Eric Lawler, Treasurer

Robert Culliford, Secretary

Maine Central Railroad Company

David Fink, President

Eric Lawler, Treasurer

Robert Culliford, Secretary

Portland Terminal Company

David Fink, President

Eric Lawler, Treasurer

Robert Culliford, Secretary

Springfield Terminal Railway Company

David Fink, President

Eric Lawler, Treasurer

Robert Culliford, Secretary

Northern Railroad

David Fink, President

Eric Lawler, Treasurer

Robert Culliford, Secretary

Stony Brook Railroad Company

David Fink, President

Eric Lawler, Treasurer

Robert Culliford, Secretary

Vermont & Massachusetts Railroad Company

David Fink, President

Eric Lawler, Treasurer

Robert Culliford, Secretary

Pan Am Southern LLC (50% owned by Boston & Maine and 50% owned by NSR)²

² The officer positions of Pan Am Southern LLC consist of a President and a Secretary, which alternate between the Boston & Maine member and the NSR member. The Boston & Maine member currently holds the position of

Owner of 10% or more of the equity of Systems

Timothy Mellon owns more than 10% of the equity in Systems.

President.

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 10

Other Issues

Other Issues

The scope of the Board's review of this transaction is narrowly focused on competitive effects. As explained in detail in the Amended and Supplemented Application and the supporting verified statements of CSXT's witnesses, there will be no adverse impact on competition from the Proposed Transaction and the Related Transactions and, indeed, the Proposed Transaction and the Related Transactions will substantially enhance competition. Any potential competitive concern has been fully addressed through agreements entered and to be entered by CSXT with other railroads through trackage rights and haulage and through commitments that CSXT has made in the Amended and Supplemented Application, which it has requested be imposed by the Board on the transaction.

In addition, the projected significant improvement in railroad operations will result in strong public interest benefits through more efficient train movements, more reliable service and better information for shippers to manage their logistical needs. The rail network in New England will be stronger as the New England rail network is brought into CSXT's national rail network and the physical infrastructure is improved. PAS will become a stronger and more stable provider of rail service between upstate New York and New England.

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 11

Corporate Charts

CORPORATE CHARTS

Corporate Chart for CSX Corporation and CSX Transportation, Inc.

A corporate chart indicating the relationships among applicants CSX Corporation (“CSXC”), a non-carrier, and CSX Transportation, Inc. (“CSXT”), a Class I railroad, all affiliates and subsidiaries of CSXC and CSXT, and any companies controlling CSXC and CSXT, directly, indirectly or through another entity, is attached hereto as Appendix 1.¹

The following entities identified on the chart are rail carriers:

Albany Port Railroad Corporation

Allegheny and Western Railway Company

Augusta and Summerville Railroad Company

The Baltimore and Cumberland Valley Rail Road
Extension Company

The Baltimore and Ohio Chicago Terminal Railroad Company

Beaver Street Tower Company

The Belt Railway Company of Chicago

The Carrollton Railroad

TransKentucky Transportation Railroad, Inc.

The Central Railroad Company of South Carolina

Central Transfer Railway & Storage Company

Chatham Terminal Company

Dayton and Michigan Railroad Company

The New York, Susquehanna and Western Railway Company

¹ The indents on the chart reflect ownership (*i.e.*, a company indented on a line means it is owned by the company immediately above it).

Central New York Railroad Corporation

Syracuse, Binghamton and New York Railroad Corporation

Cooperstown and Charlotte Valley Railway Corporation

The Lake Erie and Detroit River Railway Company

The Indiana Rail Road Company

Norfolk and Portsmouth Belt Line Railroad Company

North Charleston Terminal Company

Paducah and Louisville Railway, Inc.

Paducah & Illinois Railroad Company

Evansville Western Railway, Inc.

Appalachian and Ohio Railroad, Inc.

Fruit Growers Dispatch, Inc.

Richmond, Fredericksburg and Potomac Railway Company

The Staten Island Railroad Corporation

Terminal Railroad Association of St. Louis

The Toledo Ore Railroad Company

Winston-Salem Southbound Railway Company

Woodstock & Blocton Railway Company

Consolidated Rail Corporation

Indiana Harbor Belt Railroad Company

The other entities identified on the chart are not rail carriers.

The list attached as Appendix 2 identifies every officer and/or director of the entities identified on the chart “who is also an officer and/or director of any other company that is part of a different corporate family that includes a rail carrier.” 49 C.F.R. § 1180.6(b)(6).

Corporate Chart for Pan Am Systems, Inc.

A corporate chart indicating the relationships among applicant Pan Am Systems, Inc. (“Systems”), a non-carrier, all affiliates and subsidiaries of Systems, and any companies controlling Systems, directly, indirectly or through another entity, is attached hereto as Appendix 3.

The following entities identified on the chart are rail carriers:

Boston and Maine Corporation (“Boston & Maine”)

Maine Central Railroad Company

Springfield Terminal Railway Company

Portland Terminal Company

Stony Brook Railroad Company

Northern Railroad

Vermont & Massachusetts Railroad Company

Pan Am Southern LLC (“PAS”)

The other entities identified on the chart are not rail carriers.

PAS is jointly controlled by Boston & Maine and Norfolk Southern Railway Company (“NSR”). The following officers² or Management Committee members of PAS are also officers of various Systems railroads described in Exhibit 8 of this Application:

² The officer positions of PAS consist of a President and a Secretary, which alternate between the Boston & Maine member and the NSR member. The Boston & Maine member currently holds the position of President.

David Fink

Eric Lawler

Robert Culliford

APPENDIX 1

CSX CORPORATION (NAICS-551112)

Subsidiaries and Affiliates (direct and indirect)

(as of June 14, 2021)

[illegible]

REDACTED - TO BE PLACED ON PUBLIC FILE

[illegible]

REDACTED - TO BE PLACED ON PUBLIC FILE

[illegible]

APPENDIX 2
REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

747 Merger Sub 1, Inc.

Name	Title
Bezar, Farrukh A.	Director
Boone, Kevin S.	Director
Johnson, Ricky E.	Director
Austin, Mark D.	Corporate Secretary
Johnson, Ricky E.	President
Pelkey, Sean R.	Treasurer

747 Merger Sub 2, Inc.

Name	Title
Bezar, Farrukh A.	Director
Boone, Kevin S.	Director
Johnson, Ricky E.	Director
Austin, Mark D.	Corporate Secretary
Johnson, Ricky E.	President
Pelkey, Sean R.	Treasurer

Albany Port Railroad Corporation

Name	Title
Albritton, Jacob O.	Director
Baker, Shannon S.	Director
Clements, James ¹	Director
McMahon, Kristan ¹	Director
Austin, Mark D.	Corporate Secretary
Clements, James ¹	Vice President
Gaylord, John L.	President
Pelkey, Sean R.	Vice President and Treasurer

¹ Canadian Pacific representatives

Allegheny and Western Railway Company

Name	Title
Austin, Mark D.	Director
Jacobs, William	Director
McDuffie, Thomas L.	Director
Austin, Mark D.	Corporate Secretary
Bell, Evan T.	President
Pelkey, Sean R.	Vice President and Treasurer

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CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Appalachian and Ohio Railroad, Inc.

Name	Title
Boychuk, Jamie	Director
Donan, William D. ¹	Director
Garrett, J. Thomas ¹	Director
Greene, Thomas A. ¹	Director
Longson, Adam	Director
Patelli, John P.	Director
Reck, Anthony V. ¹	Director
Bishop, Stony ¹	Vice President & Chief Engineer
Garrett, J. Thomas ¹	President
Greene, Thomas A. ¹	Executive VP - Chief Operating Officer and Chief Financial Officer and Secretary and Treasurer
McEwan, Kevin J. ¹	Vice President - Marketing & Sales
Reck, Anthony V. ¹	Chairman and Chief Executive Officer
Wyatt, Tim R. ¹	Vice President - Transportation & Labor

¹ Shareholders and/or employees of P&L Transportation

Atlantic Land and Improvement Company, The

Name	Title
Bongiovanni, Kim Rice	Director
Bottomley, Christina W.	Director
Hoffman, David A.	Director
Austin, Mark D.	Corporate Secretary
Bottomley, Christina W.	General Manager
Pelkey, Sean R.	Vice President and Treasurer

Augusta and Summerville Railroad Company

Name	Title
Bell, Evan	Director
Crawley, M. L. ¹	Director
Vacant	Director
Vacant	President
Armbrust, Steven C.	General Counsel and Corporate Secretary
Bell, Evan	Vice President
Whitehead, Patrick T. ¹	Vice President
Vacant	Treasurer

¹ Norfolk Southern representatives

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Baltimore and Cumberland Valley Railroad Extension Company, The

Name	Title
Austin, Mark D.	Director
Jacobs, William	Director
Mertz, Morgan N.	Director
Williams, Angela C	Director
Austin, Mark D.	Corporate Secretary
Bell, Evan T.	President
Pelkey, Sean R.	Vice President and Treasurer
Williams, Angela C	Vice President

Baltimore and Ohio Chicago Terminal Railroad, LLC

Name	Title
Albright, William C.	Manager
Albright, William C.	President
Armbrust, Steven C.	Assistant Corporate Secretary
Austin, Mark D.	Vice President - Corporate Secretary
Daly, Andrew D.	Manager
DeAlexandris, Lauren	Manager
DiDeo, Anthony	Manager
Livingston, Thomas E	Manager
Patelli, John P.	Manager
Pelkey, Sean R.	Manager
Pelkey, Sean R.	Vice President and Treasurer

Beaver Street Tower Company

Name	Title
Armbrust, Steven C.	Director
Bell, Evan T.	Director
Boyle, Edward ¹	Director
Chinnici, Fran J.	Director
Friesland, Claude ¹	Director
Vacant	Director
Johnson, Ricky E.	Director
Ledoux, Robert B. ²	Director
Armbrust, Steven C.	Corporate Secretary
Boyle, Edward ¹	Vice President
Vacant	President
Ledoux, Robert B.	Vice President
Pelkey, Sean R.	Treasurer and Comptroller

¹ *Norfolk Southern Representatives*

² *Florida East Coast Representatives*

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Belt Railway Company of Chicago, The

Name	Title
Albright, William C.	Director
Albritton, William ¹	Director
Garland, M. C. ²	Director
Holtz, Robert A.	Director
Hunt, Randall W. ³	Director
Jenkins, J. ⁴	Director
Miller, Tracy L ⁵	Director
Sanborn, Cindy M ³	Director
Taylor, Derek ⁶	Director
Tisa, Thomas J.	Director
Zampi, Jason A. ³	Director
Dilger, B. C. ⁷	Chief Financial Officer & Controller
Grace, M. J. ⁷	President
Homan, C. M. ⁷	Administrative Assistant
Kirman, H. T. ⁷	Secretary & Director of Compliance
Steinway, C. R. ⁷	General Counsel & Director of Human Resources

¹ *Illinois Central representative*

² *BNSF representative*

³ *Norfolk Southern representative*

⁴ *Atchinson, Topeka and Santa Fe representative*

⁵ *Soo Line Railroad representative*

⁶ *Grand Trunk Western representative*

⁷ *Belt Railway Company employee*

The Carrollton Railroad

Name	Title
Hoffman, David A.	Director
Pelkey, Sean R.	Director
Slater, William D.	Director
Armbrust, Steven C.	Corporate Secretary
Hoffman, David A.	Vice President
Pelkey, Sean R.	General Manager and Treasurer

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Central New York Railroad Corporation

Name¹	Title
Fenno, Nathan R.	Director
Rathbone, Tabetha	Director
Boyer, Melanie	Secretary
Fenno, Nathan R.	President
Rathbone, Tabetha	Vice President - Finance, Comptroller and Treasurer

¹ All individuals Delaware Otsego representatives

Central Rail Road Company of South Carolina, The

Name	Title
Brown, III, Alton ¹	Director
Clement, Carol ¹	Director
Clement, Robert III ¹	Director
Lewis, Richard C. ¹	Director
Logan, Rodney	Director
Sieruga, Walter	Director
Simons, Coatsworth ¹	Director
Young, III, J. Rutledge	Director
Young, Simons W ¹	Director
Brown, III, Alton ¹	President Pro Tem
Clement, Robert III ¹	Secretary and Treasurer
Young, III, J. Rutledge ¹	President

¹ Central Railroad Company of South Carolina representatives

Central Transfer Railway and Storage Company

Name	Title
Barner, Kraig J. ¹	Director
DiDeo, Anthony	Director
Hunt, Randall W. ¹	Director
Vacancy	President
Vacancy	Vice President
Vacancy	Treasurer
Steven C. Armbrust	Corporate Secretary

¹ Norfolk Southern representatives

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Chatham Terminal Company

Name	Title
Albright, William C.	Director
DiDeo, Anthony	Director
Hershiser, Darin H.	Director
Hunt, Randall W.	Director
Lafferty, Joshua E. ¹	Director
Moore, Rodney D. ¹	Director
Albright, William C.	Vice President
Armbrust, Steven C.	Vice President
Blankenship, Rose R. ¹	Assistant Treasurer
Bowles, Wendy Y. ¹	Assistant Corporate Secretary
Boyle, Edward ¹	Vice President
Cannon, Larry N. ¹	Assistant Corporate Secretary
Farless, Leslie S. ¹	Assistant Corporate Secretary
George, Mark R. ¹	Vice President
Hibben, Thomas H. ¹	Assistant Treasurer
Moore, Claiborne ¹	Comptroller
Moore, Rodney D. ¹	President
Neikirk, Christopher R. ¹	Vice President
Sanborn, Cindy M ¹	Vice President
Shilling, Randy L. ¹	Treasurer
Sutherland, Vanessa A. ¹	Vice President
Swain, Kinsha O. ¹	Corporate Secretary
Tower, Marcus R. ¹	Assistant Treasurer

¹ *Norfolk Southern representatives*

Chessie Computer Services, Inc.

Name	Title
Brandt, S. Kathleen	Director
Eppinger, Gary	Director
Hollingsworth, Ian F.	Director
Austin, Mark D.	Corporate Secretary
Brandt, S. Kathleen	President
Pelkey, Sean R.	Vice President and Secretary

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Conrail Inc.

Name	Title
Burns, Michael S.	Director
Hunt, Cary ¹	Director
Keine, Lorri ¹	
Kuhner, D. Scott	Director
Lawrence, Karol R. ¹	Director
McClellan, Michael R. ¹	Director
Patelli, John P.	Director
Pelkey, Sean R.	Director
Carlini, Anthony D. ²	Treasurer
Cox, Michael F. ¹	Tax Officer
Hill, Jocelyn ²	Corporate Secretary
Pangborn, Joel W.	Tax Officer
Tierney, Timothy C.	President

¹ *Norfolk Southern representative*

² *Conrail employees*

Consolidated Rail Corporation

Name	Title
Burns, Michael S.	Director
Hunt, Cary ¹	Director
Keine, Lorri ¹	
Kuhner, D. Scott	Director
Lawrence, Karol R. ¹	Director
McClellan, Michael R. ¹	Director
Patelli, John P.	Director
Pelkey, Sean R.	Director
Carlini, Anthony D. ²	Treasurer
Cox, Michael F. ¹	Tax Officer
Hill, Jocelyn ²	Corporate Secretary
Pangborn, Joel W.	Tax Officer
Tierney, Timothy C.	President

¹ *Norfolk Southern representative*

² *Conrail employees*

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Cooperstown and Charlotte Valley Railway Corporation

Name¹	Title
Fenno, Nathan R.	Director
Rathbone, Tabetha	Director
Boyer, Melanie	Secretary
Fenno, Nathan R.	President
Rathbone, Tabetha	Vice President - Finance, Comptroller and Treasurer

¹ All individuals Delaware Otsego representatives

CRR Holdings LLC

Name	Title
Earhart, Cynthia C. ¹	Director
Goldman, Nathan D.	Director
Vacant	Director
Vacant	Director
Scheib, John M. ¹	Director
Vacant	Director
Squires, James A. ¹	Director
Wheeler, Michael J. ¹	Director
Austin, Mark D.	Secretary
Vacant ¹	General Counsel
Cox, Michael F. ¹	Tax Officer
Earhart, Cynthia C. ¹	Vice President
Goldman, Nathan D.	Vice President
Vacant	Co-Chairman of the Board and Co-Chief Executive Officer
Hurlbut, Thomas E. ¹	Treasurer
Hutson, Denise W. ¹	Alternate Secretary
Vacant	Vice President
Pangborn, Joel W.	Tax Officer
Pelkey, Sean R.	Assistant Treasurer
Squires, James A. ¹	Co-Chairman of the Board and Co-Chief Executive Officer
Wheeler, Michael J. ¹	Vice President

¹ Norfolk Southern representatives

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

CRR Investments, Inc.

Name¹	Title
Beynon, Deborah A.	Director
Carlini, Anthony D.	Director
Hill, Jocelyn G.	Director
Carlini, Anthony D.	President
Hill, Jocelyn G.	Secretary
Christy, Kevin W.	Treasurer

¹ Employees of Conrail and Consolidate Rail Corporation

CSX Business Management, Inc.

Name	Title
Austin, Mark D.	Director
Mertz, Morgan N.	Director
Strubhar, Lindsey M.	Director
Austin, Mark D.	Corporate Secretary
McDuffie, Thomas L.	Treasurer
Mertz, Morgan N.	President

CSX Capital Trust I

This entity has no directors or officers

CSX de Mexico, S.A. de C.V.

Inactive entity – in liquidation process

CSX Employee Disaster Relief Fund, Inc.*

Name	Title
Garrison, Latasha A.	Director
Hamilton, Rebecca L.	Director
Hollingsworth, Ian F.	Director
Kitchens, John L.	Director
Austin, Mark D.	Corporate Secretary
Hollingsworth, Ian F.	Alternate Committee Member
Holman, Anne E.	Assistant Corporate Secretary
Kitchens, John L.	Executive Committee
McDuffie, Thomas L.	Assistant Treasurer
Strubhar, Lindsey M.	Vice President and Treasurer
Sweeney, Shannon S.	Vice President
Tucker, Bryan	Chairman of the Board
Tucker, Bryan	Executive Committee
Tucker, Bryan	President

* non-profit corporation

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

CSX Equipment Leasing, LLC

Name	Title
Austin, Mark D.	Manager
Austin, Mark D.	Corporate Secretary
Mertz, Morgan N.	Treasurer
Moyer, Adam K.	Manager
Moyer, Adam K.	Vice President
Vacant	Manager
Pelkey, Sean R.	President

CSX Foundation, Inc.*

Name	Title
Butler, Tammy D.	Director
Kitchens, John L.	Director
Pangborn, Joel W.	Director
Ross, Michele	Director
Tucker, Bryan	Director
Williams, Angela C	Director
Austin, Mark D.	Corporate Secretary
Holman, Anne E.	Assistant Corporate Secretary
Kitchens, John L.	Vice President
Pangborn, Joel W.	Executive Committee
Tucker, Bryan	Executive Committee
Tucker, Bryan	President
Williams, Angela C	Vice President and Treasurer

** non-profit corporation*

CSX Insurance Company

Name	Title
Burns, Michael S.	Director
Goldman, Nathan D.	Director
Moxley, Richard ¹	Director
Williams, Angela C	Director
Burns, Michael S.	President
Goldman, Nathan D.	Committee Member
Moxley, Richard	Assistant Secretary
Suddeth III, James H.	Secretary
Williams, Angela C	Committee Member
Williams, Angela C	Treasurer

¹ Representative from WillisTowers

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

CSX Intermodal Terminals, Inc.

Name	Title
Goldman, Nathan D.	Director
Movshin, Scott A.	Director
Sutter, Andrew M.	Director
Austin, Mark D.	Corporate Secretary
Movshin, Scott A.	General Manager
Pelkey, Sean R.	Vice President and Treasurer
Sutter, Andrew M.	Assistant Corporate Secretary

CSX IP, LLC

Name	Title
Connor, Colin M.	Vice President and Corporate Secretary
Gibson, John M.	Manager
Gibson, John M.	Vice President
Vacant	Manager
Vacant	Vice President
Rohan, James P.	General Manager
Williams, Angela C	Manager
Williams, Angela C	Vice President and Treasurer

CSX Non-Rail Payroll Services, Inc.

Name	Title
Garrison, Latasha A.	Director
McDuffie, Thomas L.	Director
Strubhar, Lindsey M.	Director
Austin, Mark D.	Corporate Secretary
Higginbotham, Jennifer J.	General Manager
Pelkey, Sean R.	Vice President and Treasurer

CSX Payroll Services, Inc.

Name	Title
Brandt, S. Kathleen	Director
McDuffie, Thomas L.	Director
Strubhar, Lindsey M.	Director
Austin, Mark D.	Corporate Secretary
Higginbotham, Jennifer J.	General Manager
Pelkey, Sean R.	Vice President and Treasurer

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

CSX Rail Holding Corporation

Name	Title
McDuffie, Thomas L.	Director
Pelkey, Sean R.	Director
Strubhar, Lindsey M.	Director
Austin, Mark D.	Corporate Secretary
Mertz, Morgan N.	Treasurer
Pelkey, Sean R.	President

CSX Rail Payroll Services, Inc.

Name	Title
Brandt, S. Kathleen	Director
McDuffie, Thomas L.	Director
Strubhar, Lindsey M.	Director
Austin, Mark D.	Corporate Secretary
Higginbotham, Jennifer J.	General Manager
Pelkey, Sean R.	Vice President and Treasurer

CSX Realty Development, LLC

Name	Title
Bongiovanni, Kim Rice	Manager
Bongiovanni, Kim Rice	Corporate Secretary
Bottomley, Christina W.	Manager
Bottomley, Christina W.	General Manager
Nesselt, Sean M.	Manager
Pelkey, Sean R.	Vice President and Treasurer

CSX Technology, Inc.

Name	Title
Brandt, S. Kathleen	Director
Burns, Michael S.	Director
Pelkey, Sean R.	Director
Austin, Mark D.	Corporate Secretary
Brandt, S. Kathleen	General Manager
Mertz, Morgan N.	Vice President and Treasurer

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

CSX Transportation, Inc.

Name	Title
Boone, Kevin S.	Director
Goldman, Nathan D.	Director
Wallace, Mark K.	Director
Adams, Arthur L.	Senior Vice President of Sales
Albright, William C.	Vice President - Asset Utilization
Armbrust, Steven C.	Assistant Corporate Secretary
Austin, Mark D.	Corporate Secretary
Barr, Brian	Senior Vice President - Network Planning & Services
Bezar, Farrukh A.	Senior Vice President - Marketing
Bittner, Deborah T.	Vice President of Network Systems
Boone, Kevin S.	Executive Vice President – Sales & Marketing
Boychuk, Jamie	Executive Vice President-Operations
Burns, Michael S.	Vice President and General Counsel
Eppinger, Gary	Vice President of Technology & Chief Information Security Officer
Foote, James M.	President and Chief Executive Officer
Goldman, Nathan D.	Executive Vice President and Chief Legal Officer
Jaggernauth, Greg	Vice President - Operations
Johnson, Ricky E.	Vice President - Engineering
Kenney, Maryclare T.	Vice President - Intermodal & Automotive
Longson, Adam	Vice President of Energy
Mullen, Michelle	Vice President - Total Rewards
Noel, Stephanie W.	Vice President - Human Resources and Chief Diversity Officer
Pelkey, Sean R.	Vice President & Acting Chief Financial Officer
Schwichtenberg, James	Vice President and Chief Safety Officer
Slater, William D.	Acting Head of Finance & Treasury
Sorfleet, Diana B.	Executive Vice President and Chief Administrative Officer
Tucker, Bryan	Vice President - Corporate Communications
Vierling, Jack R.	Vice President - Asset Management
Wall, Jeffrey D.	Vice President - Labor Relations
Wallace, Mark K.	Executive Vice President
Williams, Angela C	Vice President and Chief Accounting Officer

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

CSX Transportation International, Inc.

Name	Title
Austin, Mark D.	Director
Pangborn, Joel W.	Director
Tisa, Thomas J.	Director
Austin, Mark D.	Corporate Secretary
Pelkey, Sean R.	Vice President and Treasurer
Tisa, Thomas J.	General Manager

CSX Transportation Terminals, Inc.

Name	Title
Adams, Arthur L.	Director
Hoffman, David A.	Director
Jacobs, William	Director
Armbrust, Steven C.	Corporate Secretary
Gulley, Kendall L.	President
Pelkey, Sean R.	Vice President and Treasurer

CSXT Intellectual Properties Corporation

Name	Title
Austin, Mark D.	Director
Brandt, S. Kathleen	Director
Hollingsworth, Ian F.	Director
Austin, Mark D.	Corporate Secretary
Brandt, S. Kathleen	General Manager
Pelkey, Sean R.	Vice President and Treasurer

CWT Savannah Club, LLC

Name	Title
Vacant	Executive Committee
McDonald, Paul ¹	Executive Committee
Percopo, Leo ¹	Manager

¹ Representatives of non-CSX shareholders

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

CWT Savannah Holdings, LLC

Name	Title
Vacant	Committee Member
Vacant	Committee Member
Percopo, Leo ¹	Committee Member
Schulte, David J.	Alternate Committee Member
Snyder, Travis ¹	Committee Member

¹ Representatives of non-CSX shareholders

CWT Savannah Hotel, LLC

Name	Title
Vacant	Manager
Vacant	Manager
Schulte, David J.	Independent Manager

Cybernetics & Services, LLC

Name	Title
Austin, Mark D.	Manager
Austin, Mark D.	Corporate Secretary
Brandt, S. Kathleen	Manager
Brandt, S. Kathleen	President
Eppinger, Gary	Manager
Pelkey, Sean R.	Vice President and Treasurer

Dayton and Michigan Railroad Company

Name	Title
Austin, Mark D.	Director
Bell, Evan	Director
Mertz, Morgan N.	Director
Austin, Mark D.	Corporate Secretary
Bell, Evan T.	President
Pelkey, Sean R.	Vice President and Treasurer

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Delaware Otsego Corporation

Name	Title
Edwards, John V. ¹	Director
Fenno, Nathan R. ²	Director
Groff, Gerald D. ¹	Director
Hartsock, Linda D. ¹	Director
Mitchell, John C. ¹	Director
O'Connell, Maurice J.	Director
Sittler, Lester A. ¹	Director
Boyer, Melanie ²	Secretary
Fenno, Nathan R. ²	President
Meador, Frank B.	Alternate Director
Rathbone, Tabetha ²	Vice President - Finance, Comptroller and Treasurer
Shudtz, Peter J. ³	Alternate Director

¹Delaware Otsego employees

²Delaware Otsego employees that serve as directors and/or officers of New York, Susquehanna and Western Railway Corporation

³Serves as a director and officer on The Staten Island Railroad Corporation

DOCP Acquisition LLC

Name	Title
Edwards, John V. ¹	Director
O'Connell, Maurice J.	Director
Fenno, Nathan R. ²	Director
Groff, Gerald D. ¹	Director
Mitchell, John C. ¹	Director
Sittler, Lester A. ¹	Director
Hartsock, Linda D. ¹	Director
Boyer, Melanie ¹	Secretary
Fenno, Nathan R. ²	President
Meador, Frank B. ¹	Alternate Director
Rathbone, Tabetha ²	Vice President, Comptroller and Treasurer
Shudtz, Peter J. ³	Alternate Director

¹Delaware Otsego employees

²Delaware Otsego employees that serve as directors and/or officers of New York, Susquehanna and Western Railway Corporation

³Serves as a director and officer on The Staten Island Railroad Corporation

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

DOCP Holdings, Inc.

Name	Title
Austin, Mark D.	Director
Burns, Michael S.	Director
Pelkey, Sean R.	Director
Austin, Mark D.	Corporate Secretary
Burns, Michael S.	President
Pelkey, Sean R.	Vice President and Treasurer

Evansville Western Railway, Inc.

Name	Title
Boychuk, Jamie	Director
Donan, William D. ¹	Director
Garrett, J. Thomas ¹	Director
Greene, Thomas A. ¹	Director
Longson, Adam	Director
Patelli, John P.	Director
Reck, Anthony V. ¹	Director
Bishop, Stony ¹	Vice President & Chief Engineer
Garrett, J. Thomas ¹	President
Greene, Thomas A. ¹	Executive VP - Chief Operating Officer and Chief Financial Officer and Secretary and Treasurer
McEwan, Kevin J. ¹	Vice President - Marketing & Sales
Reck, Anthony V. ¹	Chairman and Chief Executive Officer
Wyatt, Tim R. ¹	Vice President - Transportation & Labor

¹ Shareholders and/or employees of P&L Transportation

Four Rivers Finance Co., Inc.

Name	Title
Greene, Thomas A. ¹	Director
Harrison, Gregory S. ¹	Director
Mertz, Morgan N.	Director
Reck, Anthony V. ¹	Director
Shippam, C. Anthony ¹	Director
Greene, Thomas A. ¹	Vice President and Treasurer
Harrison, Gregory S. ¹	President and Secretary
Shippam, C. Anthony ¹	Assistant Treasurer

¹ Shareholders/Employees of P&L Transportation

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Four Rivers Terminal Land East, LLC

Name	Title
Garrett, J. Thomas ¹	Member
Hunt, John F. ¹	Member

¹ Shareholders/Employees of P&L Transportation

Four Rivers Terminal Land, LLC

Name	Title
Garrett, J. Thomas ¹	Member
Hunt, John F. ¹	Member

¹ Shareholders/Employees of P&L Transportation

Fruit Growers Dispatch, Inc.

Name	Title
Armbrust, Steven C.	Director
Bell, Evan T.	Director
Hoffman, David A.	Director
Armbrust, Steven C.	Corporate Secretary
Pelkey, Sean R.	Vice President and Treasurer

Fruit Growers Express Company

Name	Title
Hoffman, David A.	Director
Johnson, Edmund T.	Director
Prohofsky, David S.	Director
Armbrust, Steven C.	Corporate Secretary
Johnson, Edmund T.	Vice President
Pelkey, Sean R.	Vice President and Treasurer
Vierling, Jack R.	General Manager

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Georgetown and High Line Railway Company, LLC

Name	Title
Austin, Mark D.	Corporate Secretary
Bongiovanni, Kim Rice	Manager
Maffett, Christopher	Manager
Vacant	Manager
Vacant	General Manager
Payne, Floyd E.	Vice President
Pelkey, Sean R.	Vice President and Treasurer

Holston Land Company, Incorporated

Name	Title
Bongiovanni, Kim Rice	Director
Bottomley, Christina W.	Director
Vacant	Director
Austin, Mark D.	Corporate Secretary
Bottomley, Christina W.	General Manager
Pelkey, Sean R.	Vice President and Treasurer

Indiana Harbor Belt Railroad Company

Name	Title
Allison, C.H. ¹	Director
Clements, James ²	Director
Friedmann, John H. ¹	Director
Jaggernauth, Greg	Director
Miller, Tracy L. ²	Director
Ross, Jason M. ²	Director
Wahidi, Salmaan A.	Director
Allison, C.H. ¹	President
Carlini, Anthony ³	Treasurer
Friedmann, John H. ¹	Vice President - Network Operations and Strategic Planning
Ramones, Richard ³	Corporate Secretary
Wahidi, Salmaan A.	Vice President

¹ Norfolk Southern representative

² Canadian Pacific representative

³ Conrail representative

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Indiana Rail Road Company, The

Name	Title
Burns, Michael S.	Director
Livingston, Thomas E	Director
Swindall, Dewayne ¹	Director
Tisa, Thomas J.	Director
Babcock, Robert ¹	Senior Vice President Operations & Business Development
Engel, Micheal ¹	Senior Vice President and Chief Financial Officer, Treasurer
Kaelin, Larry F. ¹	Vice President, Coal & Energy Marketing
LaDune, Shae ¹	Corporate Secretary
Swindall, Dewayne ¹	Chief Executive Officer and President
Ray, Peter ¹	Vice President - Engineering

¹ Employees of Indiana Rail Road Company

Lake Erie and Detroit River Railway Company, The

Name	Title
Bongiovanni, Kim Rice	Director
Miserany, Benoit M.	Director
O'Neill, Joel E.	Director
Armbrust, Steven C.	Corporate Secretary
Bongiovanni, Kim Rice	Vice President
Miserany, Benoit M.	Assistant Corporate Secretary
O'Connell, Maurice J.	President
Pelkey, Sean R.	Vice President and Treasurer

Memphis Intermodal Terminal, LLC

Name	Title
Estrada, Marcelo J.	Manager
Guidmond, Martin	Manager

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Meteorcomm LLC

Name	Title
Bajaj, Sunny ¹	Manager
Corvari, Larry ²	AVP, Engineering
Francis, Miles ¹	Manager
Hopewell, Jerry ³	Manager
Malhotra, Rakesh ²	President
Olson, David B.	Manager
Palmer, Clark ²	Chief Technology Officer
Richardson, Lori ²	AVP, Finance and Accounting
Rubin, Daniel ⁴	Manager
Schnautz, Thomas ³	Manager
Stokes, Kevin B.	Manager
Wootress, Gwenna ²	General Counsel

¹ BNSF representative

² Employee of Meteorcomm

³ Norfolk Southern representative

⁴ Union Pacific representative

Midland United Corporation

Name	Title
Burns, Michael S.	Director
Livingston, Thomas E	Director
Swindall, Dewayne ¹	Director
Tisa, Thomas J.	Director
LeDune, Shae ¹	Corporate Secretary
Engel, Micheal ¹	Sr. VP & Chief Financial Officer, Corp. Secretary/Treasurer
Swindall, Dewayne ¹	Chief Executive Officer and President

¹ Employees of Indiana Rail Road Company

Midway Southern Railway, Inc.

Name	Title
Boychuk, Jamie	Director
Donan, William D. ¹	Director
Garrett, J. Thomas ¹	Director
Greene, Thomas A. ¹	Director
Longson, Adam	Director
Patelli, John P.	Director
Reck, Anthony V. ¹	Director
Garrett, J. Thomas ¹	President
Greene, Thomas A. ¹	Executive Vice President-Secretary & Treasurer
Reck, Anthony V. ¹	Chairman and Chief Executive Officer
Wyatt, Tim R. ¹	Vice President - Transportation & Labor

¹ Shareholders and/or employees of P&L Transportation

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

New York, Susquehanna and Western Railway Corporation, The

Name¹	Title
Fenno, Nathan R.	Director
Rathbone, Tabetha	Director
Bloomfield, William O.	Vice President - Transportation
Boyer, Melanie	Secretary
DeFazio, Philip J. Jr.	Assistant Vice President-Safety & Compliance
Duszynski, Peter M.	Vice President - Marketing & Sales
Elliott, Cleveland	Assistant Vice President - Transportation
Ellison, Douglas J.	Vice President - Mechanical
Fenno, Nathan R.	President
Rathbone, Tabetha	Vice President - Finance, Comptroller and Treasurer
Winchester, Derek	Vice President - Engineering

¹ All individuals Delaware Otsego representatives

Norfolk and Portsmouth Belt Line Railroad Company

Name	Title
Boyle, Edward ¹	Director
Coleman, D. N. ²	Director
Lafferty, Joshua E. ¹	Director
Moss, R. C. ²	Director
Sieruga, Wally	Director
Williams, Angela C	Director
Zampi, Jason A. ¹	Director
Coleman, D. N. ²	Vice President, Secretary and Comptroller
Moss, R. C. ²	President and General Manager
O'Brien, William ²	Vice President - Transportation
Sears, R. A. ²	Treasurer

¹ Norfolk Southern representative

² Employees of NPBL

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

North Charleston Terminal Company

Name	Title
Armbrust, Steven C.	Director
Hunt, Randall W. ¹	Director
Lafferty, Joshua E. ¹	Director
Murphy, D. Gabe	Director
Riley, R. Kellen	Director
Roseborough, William	Director
Armbrust, Steven C.	Corporate Secretary
Boyle, Edward ¹	Vice President
Cannon, Larry N. ¹	Assistant Corporate Secretary
DiDeo, Anthony	Vice President
Farless, Leslie S. ¹	Assistant Corporate Secretary
George, Mark R. ¹	Vice President
Hunt, Randall W. ¹	President
McDuffie, Thomas L.	Vice President and Controller
Mertz, Morgan N.	Assistant Treasurer
Neikirk, Christopher R. ¹	Vice President
Pelkey, Sean R.	Treasurer
Reynolds, Todd L. ¹	Vice President
Sanborn, Cindy M ¹	Vice President
Sutherland, Vanessa A. ¹	Vice President
Swain, Kinsha O. ¹	Assistant Corporate Secretary

¹ Norfolk Southern representatives

Outside Plant Reliant Engineering LLC

Name	Title
Austin, Mark D.	Corporate Secretary
Bottomley, Christina W.	Manager
Bottomley, Christina W.	General Manager
Hamel, Max F.	Manager
Pelkey, Sean R.	Board of Managers
Pelkey, Sean R.	Vice President and Treasurer

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Paducah & Louisville Railway, Inc.

Name	Title
Boychuk, Jamie	Director
Donan, William D. ¹	Director
Garrett, J. Thomas ¹	Director
Greene, Thomas A. ¹	Director
Longson, Adam	Director
Patelli, John P.	Director
Reck, Anthony V. ¹	Director
Bishop, Stony ¹	Vice President & Chief Engineer
Garrett, J. Thomas ¹	President
Greene, Thomas A. ¹	Executive VP - Chief Operating Officer and Chief Financial Officer and Secretary and Treasurer
McEwan, Kevin J. ¹	Vice President - Marketing & Sales
Reck, Anthony V. ¹	Chairman and Chief Executive Officer
Wyatt, Tim R. ¹	Vice President - Transportation & Labor

¹ Shareholders and/or employees of P&L Transportation

Paducah & Illinois Railroad Company

Inactive entity

P&L Transportation, Inc.

Name	Title
Garrett, J. Thomas ¹	Director
Longson, Adam	Director
Reck, Anthony V. ¹	Director
Garrett, J. Thomas ¹	President
Greene, Thomas A. ¹	Secretary and Treasurer
Reck, Anthony V. ¹	Chairman and Chief Executive Officer

¹ Shareholders of P&L Transportation

Penn Central Communications Company

Vacant at this time

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

PTC-220, LLC

Name	Title
Bajaj, Sunny ¹	Managing Member
Foster, Mark ²	Managing Member
Francis, Miles ¹	Managing Member
Hall, Danny ³	Managing Member
Hopewell, Jerry ⁴	Managing Member
Leclerc, Pierre ⁵	Managing Member
Loper, Blake ²	Managing Member
Pangborn, Joel	Managing Member
Schnautz, Tom ⁴	Managing Member
Simmonds, Kim ⁵	Managing Member
Stokes, Kevin B.	Managing Member
Stones, Rick ³	Managing Member
Tuttle, Bill ⁶	Managing Member
Waldern, Kevin	Managing Member

¹ BNSF representative

² Union Pacific representative

³ Kansas City Southern representative

⁴ Norfolk Southern representative

⁵ Canadian National representative

⁶ Canadian Pacific representative

Railmarketplace.com Inc.

Name	Title
Adama, Rhea ¹	Director
Bell, Evan T.	Director
Bischler, Paul ²	Director
Harridine, Paul ³	Director
Ponthier, Clark ⁴	Director
Zillioux, Jon ⁵	Director

¹ Canadian Pacific representative

² BNSF representative

³ Canadian National representative

⁴ Union Pacific representative

⁵ Norfolk Southern representative

Rail Wagons, Inc.

Name	Title
Armbrust, Steven C.	Director
Bell, Evan	Director
Hoffman, David A.	Director
Armbrust, Steven C.	Corporate Secretary
Bell, Evan	President
Pelkey, Sean R.	Vice President and Treasurer

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Real Estate and Improvement Company of Baltimore City, The

Name	Title
Bongiovanni, Kim Rice	Director
McDuffie, Thomas L.	Director
Nesselt, Sean M.	Director
Austin, Mark D.	Vice President and Corporate Secretary
Nesselt, Sean M.	General Manager
Pelkey, Sean R.	Vice President and Treasurer

Residual Enterprises Corporation

Name	Title
Austin, Mark D.	Director
McDuffie, Thomas L.	Director
Pangborn, Joel W.	Director
Austin, Mark D.	Corporate Secretary
McDuffie, Thomas L.	Vice President
Pelkey, Sean R.	President and Treasurer

Richmond, Fredericksburg & Potomac Railway Company

Name	Title
Armbrust, Steven C.	Director
Craig, Sean	Director
DiDeo, Anthony	Director
Albright, William C.	President
Armbrust, Steven C.	Vice President
Austin, Mark D.	Corporate Secretary
Pelkey, Sean R.	Vice President and Treasurer

Savannah Harbor, L.L.C.*

Name	Title
CSX Realty Development, LLC	Manager

* non-profit LLC

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Seaboard Coast Line Railway Supplies, Inc.

Name	Title
Bell, Evan T.	Director
Hoffman, David A.	Director
Hollingsworth, Ian F.	Director
Armbrust, Steven C.	Corporate Secretary
Bell, Evan T.	General Manager
Pelkey, Sean R.	Vice President and Treasurer

Staten Island - Arlington, Inc.

Name	Title
Austin, Mark D.	Director
Chatrathi, Raghu S.	Director
Stephens, Marshelly S.	Director
Armbrust, Steven C.	Vice President and Corporate Secretary
Chatrathi, Raghu S.	General Manager
Pelkey, Sean R.	Vice President and Treasurer
Stephens, Marshelly S.	Vice President

Staten Island Railroad Corporation, The

Name	Title
DiDeo, Anthony	Director
Shudtz, Peter J.	Director
Slater, William D.	Director
Armbrust, Steven C.	Corporate Secretary
Pelkey, Sean R.	Vice President and Treasurer
Shudtz, Peter J.	President

St. Lawrence & Adirondack Railway Company, The

Name	Title
Bongiovanni, Kim Rice	Director
Miserany, Benoit M.	Director
O'Neill, Joel E.	Director
Armbrust, Steven C.	Corporate Secretary
Bongiovanni, Kim Rice	Vice President
Miserany, Benoit M.	Assistant Corporate Secretary
O'Connell, Maurice J.	President
Pelkey, Sean R.	Vice President and Treasurer

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Susquehanna Bulk Systems, Inc.

Name¹	Title
Fenno, Nathan R.	Director
Rathbone, Tabettha	Director
Boyer, Melanie	Secretary
Fenno, Nathan R.	President
Rathbone, Tabettha	Vice President - Finance, Comptroller and Treasurer

¹ All individuals Delaware Otsego representatives

Susquehanna Properties, Inc.

Name¹	Title
Fenno, Nathan R.	Director
Rathbone, Tabettha	Director
Boyer, Melanie	Secretary
Fenno, Nathan R.	President
Rathbone, Tabettha	Vice President - Finance, Comptroller and Treasurer

¹ All individuals Delaware Otsego representatives

Syracuse, Binghamton and New York Railroad Corporation

Name¹	Title
Fenno, Nathan R.	Director
Rathbone, Tabettha	Director
Boyer, Melanie	Secretary
Fenno, Nathan R.	President
Rathbone, Tabettha	Vice President - Finance, Comptroller and Treasurer

¹ All individuals Delaware Otsego representatives

Tanyard Cove Associates, LLC

Name	Title
CSX Realty Development LLC	Member
ESC Tanyard Cove, LC	Member

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CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Terminal Railroad Association of St. Louis

Name	Title
Boyle, Edward ¹	Director
Duncan, Paul ²	Director
Jaggernauth, Greg	Director
Keller, Shane ⁴	Director
Matteucci, Michael A. ³	Director
Spratt, Tanya ⁴	Director
Turner, John ⁴	Director
McCarthy, Michael A. ⁵	President
Raza, Asim ⁵	Secretary
Wood, Brent R. ⁵	Treasurer

¹ Norfolk Southern representative

² BNSF representative

³ Illinois Central representative

⁴ Union Pacific representative

⁵ Employees of Terminal Railroad Associate of St. Louis

Toledo Ore Railroad Company, The

Name	Title
Albright, William C.	Director
Forkum, Joseph R.	Director
Young, Aleek S.	Director
Austin, Mark D.	Corporate Secretary
Pelkey, Sean R.	Vice President and Treasurer
Young, Aleek S.	President

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CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

TTX Company

Name	Title
Bobb, Stevan	Director
Boychuk, Jamie ¹	Director
Creel, K.E.	Director
Fink, D	Director
Franklin, Isaac	Director
Knight, R M	Director
Naatz, Michael	Director
Reilly, Robert M.	Director
Shaw, Alan H.	Director
Casey, Patrick J.	Vice President-Fleet Management
Dudley, Victoria A.	Vice President-Chief Financial Officer & Treasurer
Harmsworth, Sharon L.	Vice President
Loftus, P. B.	Senior Vice President-Law & Administration & Corporate Secretary
Powers, Brian R.	Vice President - Human Resources
Schaffer, Donald J.	Controller
Schinelli, Bruce G	Vice President Information Technology, Chief Information Officer
Wells, T. F.	President and Chief Executive Officer

¹ CSX representative

Toledo Ore Railroad Company, The

Name	Title
Albright, William C.	Director
Forkum, Joseph R.	Director
Young, Aleek S.	Director
Austin, Mark D.	Corporate Secretary
Pelkey, Sean R.	Vice President and Treasurer
Young, Aleek S.	President

Total Distribution Services, Inc.

Name	Title
Austin, Mark D.	Director
Kenney, Maryclare T.	Director
Thomas, Bryce L.	Director
Austin, Mark D.	Corporate Secretary
Pelkey, Sean R.	Vice President and Treasurer
Thomas, Bryce L.	General Manager

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CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

TRANSFLO Terminal Services, Inc.

Name	Title
Khadivi, Kyle	Director
Pelkey, Sean R.	Director
Williams, Angela C	Director
Austin, Mark D.	Corporate Secretary
Khadivi, Kyle	General Manager
Pelkey, Sean R.	Vice President and Treasurer
Williams, Angela C	Vice President

TransKentucky Transportation Railroad, Inc.

Name	Title
Adams, Arthur L.	Director
Hoffman, David A.	Director
Pelkey, Sean R.	Director
Armbrust, Steven C.	Corporate Secretary
Gulley, Kendall L.	President
Pelkey, Sean R.	Vice President and Treasurer

Wesjax Development Company

Name	Title
Agricola, William	Director
Byrd, Clifton R.	Director
McArthur, William A.	Director
Wade, N G.	Director
Byrd, Clifton R.	President
Farnell, Cleveland T	Vice President
McArthur, William A.	Corporate Secretary

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CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Winston-Salem Southbound Railway Company

Name	Title
Connor, Colin M.	Director
DiDeo, Anthony	Director
Hershiser, Darin H.	Director
Hunt, Randall W. ¹	Director
Lawrence, Karol R. ¹	Director
Shaw, Alan H. ¹	Director
Armbrust, Steven C.	Corporate Secretary
DiDeo, Anthony	Vice President
Hunt, Randall W. ¹	President
Hunt, Randall W. ¹	Oversight Committee
Hutson, Denise W. ¹	Assistant Corporate Secretary
Pelkey, Sean R.	Vice President and Treasurer

¹ *Norfolk Southern representatives*

WK Land Holdings, Inc.

Name	Title
Garrett, J. Thomas ¹	Director
Vacant	Director
Reck, Anthony V. ¹	Director
Garrett, J. Thomas ¹	President
Greene, Thomas A. ¹	Secretary and Treasurer
Reck, Anthony V. ¹	Chairman and Chief Executive Officer

¹ *Shareholders and/or employees of P&L Transportation*

REDACTED - TO BE PLACED ON PUBLIC FILE
CSX CORPORATION SUBSIDIARIES AND AFFILIATES
DIRECTORS & OFFICERS

Woodstock & Blocton Railway Company

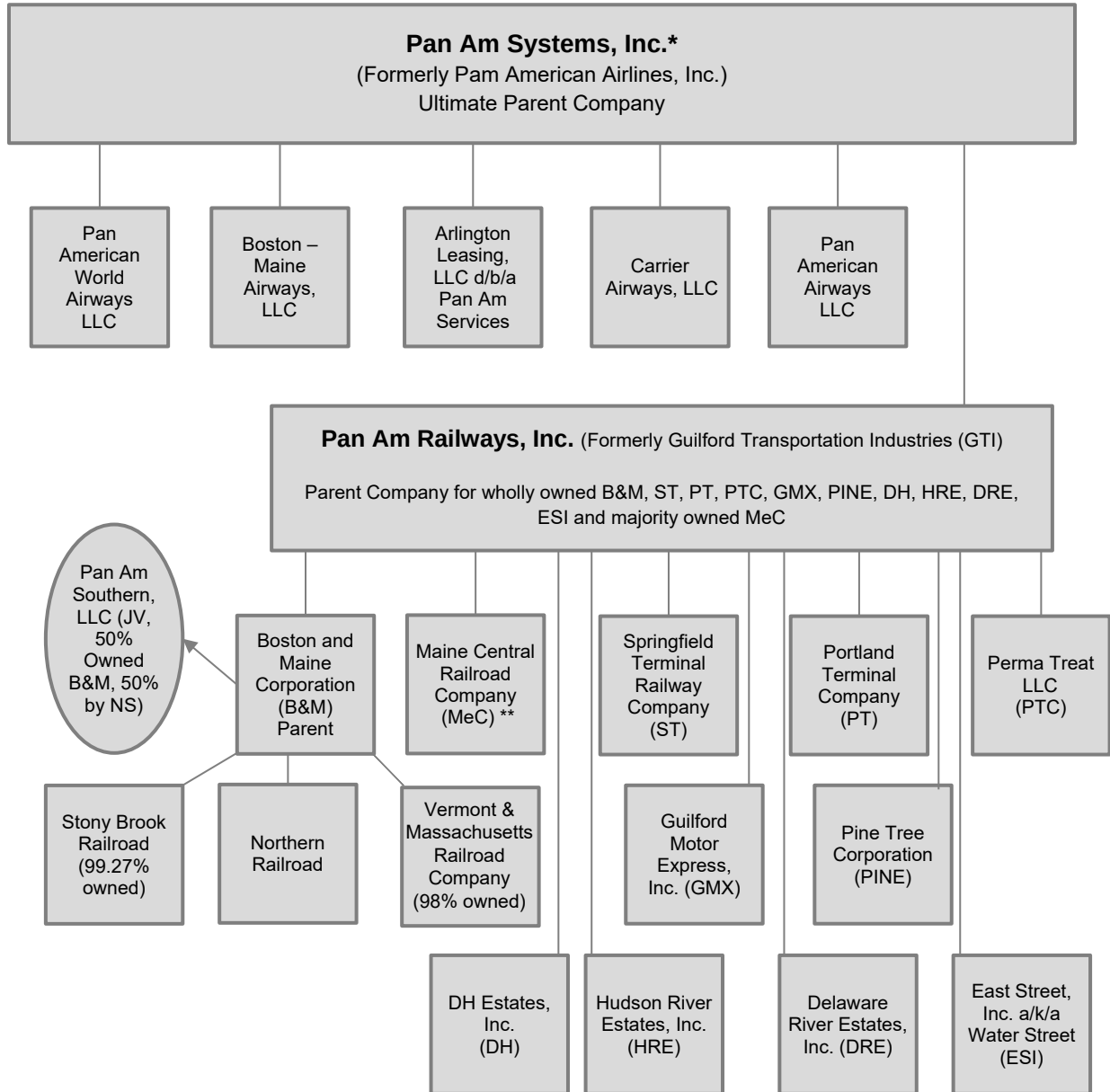
Name	Title
Allison, C.H. ¹	Director
Vacant	Director
Longson, Adam	Director
McClellan, Michael R. ¹	Director
Wheeler, Michael J. ¹	Director
Allison, C.H. ¹	Vice President
Blankenship, Rose R. ¹	Assistant Treasurer
Bowles, Wendy Y. ¹	Assistant Corporate Secretary
Boyle, Edward ¹	Vice President
Cannon, Larry N. ¹	Assistant Corporate Secretary
Farless, Leslie S. ¹	Assistant Corporate Secretary
Vacant	Vice President
George, Mark R. ¹	Vice President
Hibben, Thomas H. ¹	Assistant Treasurer
Longson, Adam	Vice President
Moore, Claiborne ¹	Comptroller
Shaw, Alan H. ¹	Vice President
Shilling, Randy L. ¹	Assistant Treasurer
Swain, Kinsha O. ¹	Corporate Secretary
Wasilenko, Stephen W. ¹	Treasurer
Wheeler, Michael J. ¹	President

¹ Norfolk Southern representative

WP Land Holdings, Inc.

Name	Title
Austin, Mark D.	Director
Bongiovanni, Kim Rice	Director
Vacant	Director
Austin, Mark D.	Corporate Secretary
Vacant	General Manager
Pelkey, Sean R.	Vice President and Treasurer

APPENDIX 3



* Unless otherwise noted, Pan Am Systems, Inc. owns directly or indirectly (through Pan Am Railways, Inc.) 100% of the issued and outstanding stock of its subsidiaries.

** Pan Am Railways, Inc. owns 100% of Maine Central Railroad common stock, and over 80% of preferred stock.

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 11-A

Intercorporate or Financial Relationships

Intercorporate or Financial Relationships

(b)(8) Intercorporate or financial relationships. Indicate whether there are any direct or indirect intercorporate or financial relationships at the time the application is filed, not disclosed elsewhere in the application, through holding companies, ownership of securities, or otherwise, in which applicants or their affiliates own or control more than 5% of the stock of a non-affiliated carrier, including those relationships in which a group affiliated with applicants owns more than 5% of the stock of such a carrier. Indicate the nature and extent of any such relationships, and, if an applicant owns securities of a carrier subject to 49 U.S.C. Subtitle IV, provide the carrier's name, a description of securities, the par value of each class of securities held, and the applicant's percentage of total ownership. For purposes of this paragraph, "affiliates" has the same meaning as "affiliated companies" in Definition 5 of the Uniform System of Accounts (49 CFR part 1201, subpart A).

CSX RESPONSE:

The following chart shows the carriers in which CSXC, CSXT, or its affiliates own or control more than 5% of the stock, the nature and extent of such relationships, a description of securities, the par value of each class of securities held, and the percentage of total ownership.¹

Subsidiary/Affiliate	% of Stock Owned or Controlled by CSX	Description of Security	Par Value
CSX Transportation, Inc.	100%		
Albany Port Railroad Corporation	50%		
Allegheny & Western Railway Company	51.30%		
Appalachian and Ohio Railroad, Inc.	See Note 1		
Augusta & Summerville Railroad Company	50%		
Baltimore & Cumberland Valley Railroad Extension Company	58.61%		
Baltimore & Ohio Chicago Terminal Railroad, LLC, The	100%		
Beaver Street Tower Company	50%		
Belt Railway Company of Chicago	25%		
Carrollton Railroad, The	100%		
Central New York Railroad Corporation	See Note 2		
Central Rail Road Company of South Carolina, The	36.47%		
Central Transfer Railway and Storage Company	50%		

¹ In Decision No. 3 at 14, the Board identified certain apparent discrepancies with this information in the Amended Application. This Amended and Supplemented Application responds to the Board's concerns.

Subsidiary/Affiliate	% of Stock Owned or Controlled by CSX	Description of Security	Par Value
Chatham Terminal Company	50%		
Consolidated Rail Corporation	See Note 3		
Cooperstown and Charlotte Valley Railway Corporation	See Note 2		
Dayton and Michigan Railroad Company	85.47%		
Evansville Western Railway, Inc.	See Note 1		
Fruit Growers Dispatch, Inc.	See Note 4		
New York, Susquehanna and Western Railway Company, The	See Note 2		
Indiana Harbor Belt Railroad Company	See Note 3		
Indiana Rail Road Company, The	See Note 5		
Lake Erie and Detroit River Railway Company, The	100%		
Norfolk and Portsmouth Belt Line Railroad Company	42.86%		
North Charleston Terminal Company	66.67%		
Paducah & Illinois Railroad Company	See Note 1		
Paducah and Louisville Railway, Inc.	See Note 1		
Richmond, Fredericksburg & Potomac Railway Company	100%		
Staten Island Railroad Corporation, The	100%		
Syracuse, Binghamton and New York Railroad Corporation	See Note 2		
Terminal Railroad Association of St. Louis	14.29%		
Toledo Ore Company, The	100%		
TransKentucky Transportation Railroad, Inc.	100%		
Winston-Salem Southbound Railway Company	50%		
Woodstock & Blocton Railway Company	50%		

Note 1: As depicted in the corporate chart attached as Exhibit 11, CSXT owns a 35% interest in P&L Transportation, Inc. (“P&L”), a non-carrier that owns an interest in the following carriers: (1) a 100% interest in Appalachian and Ohio Railroad, Inc.; (2) a 100% interest in Paducah and Louisville Railway, Inc.; (3) a 33.33% interest in Paducah & Illinois Railroad Company; (4) a 100% interest in Evansville Western Railway, Inc. P&L also owns a 100% interest in the non-carrier Midway Southern Railway, Inc.

Note 2: As depicted in the corporate chart attached as Exhibit 11, CSXT owns a 10% interest in DOCP Acquisition LLC, a non-carrier that owns a 100% interest in the following carriers: (1) The New York, Susquehanna and Western Railway Company; (2) Central New York Railroad Corporation; (3) Syracuse, Binghamton and New York Railroad Corporation; and (4) Cooperstown and Charlotte Valley Railway Corporation.

Note 3: As depicted in the corporate chart attached as Exhibit 11, CSXT owns a 42% indirect interest in CRR Holdings LLC (“CRR Holdings”), a non-carrier that owns an interest in the following carriers: (1) a 100% interest in Consolidated Rail Corporation; and (2) a 51% interest in Indiana Harbor Belt Railroad Company.

Note 4: As depicted in the corporate chart attached as Exhibit 11, CSXT owns a 100% interest in Rail Wagons, Inc., a non-carrier that owns a 100% interest in the carrier Fruit Growers Dispatch, Inc.

Note 5: As depicted in the corporate chart attached as Exhibit 11, CSXT owns a 100% interest in Midland United Corporation (“MUC”), a non-carrier that owns a 100% interest in the carrier The Indiana Rail Road Company.

The following provides additional information on the nature and extent of these and other relevant corporate relationships:

- CSXT owns bonds in the Washington and Franklin Railway Company that matured on January 1, 1966 (See Form R-1).
- CSXT has made investment advances to the active P&L, and to the inactive railroads the Paducah & Illinois Railroad Company and the Winchester & Western Railroad Company (See Form R-1).
- CSXT owns a 19.654% interest in TTX Company, a non-carrier.

SYSTEMS RESPONSE:

<u>Company</u>	<u>Stock</u>
Boston and Maine Corporation (“Boston & Maine”) {{ [REDACTED] }}	100%
Maine Central Railroad Company { [REDACTED] } [REDACTED] }	100%
Portland Terminal Company {{ [REDACTED] }}	100%
Springfield Terminal Railway Company {{ [REDACTED] }}	100%
Northern Railroad {{ [REDACTED] }}	100%
Stony Brook Railroad Company {{ [REDACTED] }}	99.27%
Vermont & Massachusetts Railroad Company {{ [REDACTED] }}	98%
Pan Am Southern LLC {{ [REDACTED] }}	50%
{{ [REDACTED] }}	

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 12

Market Analysis

MARKET ANALYSIS

This Exhibit 12 presents the market analysis of the Proposed Transaction prescribed by the Board's regulations at 49 C.F.R. § 1180.7. Applicants' market analysis is supported by the Verified Statements included in Exhibit 22 to this Amended and Supplemented Application, including the Verified Statements of witnesses Mr. Sean Pelkey, Vice President and Acting Chief Financial Officer for CSXC and Mr. Mark Wallace, CSXT's Executive Vice President, and economists Dr. David Reishus and Dr. William Huneke. In addition, aspects of this Market Analysis are supported by the operating plan submitted by CSXT's witness Mr. Jamie Boychuk, CSXT's Executive Vice President of Operations, and Mr. Andy Daly, CSXT's Senior Director of Passenger Operations. This Market Analysis is also supported by the statements of supporting shippers, railroads, and government entities set forth in Exhibit 23 to this Amended and Supplemented Application. Those materials are incorporated by reference in this Exhibit 12.

The proposed transaction does not involve the merger or control of two or more Class I railroads. Accordingly, the Board's analysis in this proceeding is governed by 49 U.S.C. § 11324(d). Under Section 11324(d), the Board must approve the transaction unless it finds both that: (1) the transaction is likely to result in a substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States; and (2) the anticompetitive effects of the transaction outweigh the public interest in meeting significant transportation needs. As the Board has explained, under Section 11324(d), the Board "must grant the application unless there will be adverse competitive impacts that are both 'likely' and 'substantial.'" *The Indiana Rail Road Co.—Acquisition—Soo Line R.R. Co.*, FD 34783, slip op. at 4 (STB served April 11, 2006). Moreover, "even if there will be likely and substantial anticompetitive impacts, we may not disapprove the transaction unless the

anticompetitive impacts outweigh the benefits and cannot be mitigated through conditions.”

Fortress Investment Group, LLC—Control—Florida East Coast Ry. LLC, FD 35031, slip op. at 4 (STB served Sept. 28, 2007). *See also Kansas City Southern—Control—The KCS Railway Co. et al.*, 7 S.T.B. 933, 947-948 (2004); *Canadian National, et al.—Control—Duluth, et al.* 7 S.T.B. 526, 538 (2004); *Canadian National, et al.—Control—Wisconsin Central Transp. Corp., et al.*, 5 S.T.B. 890, 899 (2001).

As demonstrated below, the Proposed Transaction will not result in any lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States. To the contrary, the Proposed Transaction will enhance competition in New England, improve the rail network and rail service, and will not have any adverse competitive effects whatsoever. Thus, under § 11324(d) and the Board's interpretation of the statute, approval of the Proposed Transaction is not only warranted, but required.

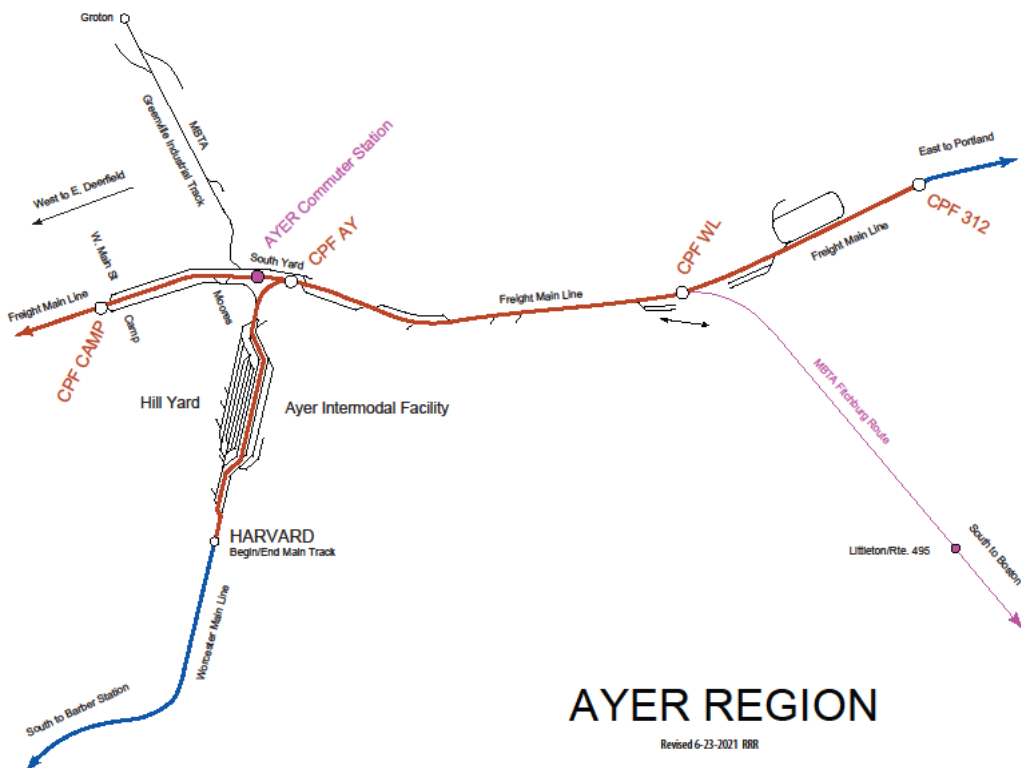
I. Description of the Applicant Carrier Lines

The Proposed Transaction involves the acquisition by CSX of the rail carriers that are owned by Pan Am Systems, Inc., referred to herein as the PAR Railroads, and the 50% interest in Pan Am Southern LLC (“PAS”) that is owned by the Boston & Maine, a PAR Railroad.¹ All of the rail lines at issue are located in New England within the following states: New York, Vermont, Massachusetts, Connecticut, New Hampshire and Maine. The lines of the PAR Railroads, referred to herein as the “PAR System,” are located in Eastern Massachusetts, New Hampshire, Vermont and Maine. The lines of PAS extend east-west between upstate New York and a point just past Ayer, Massachusetts, to the west of Boston, referred to as the “Patriot

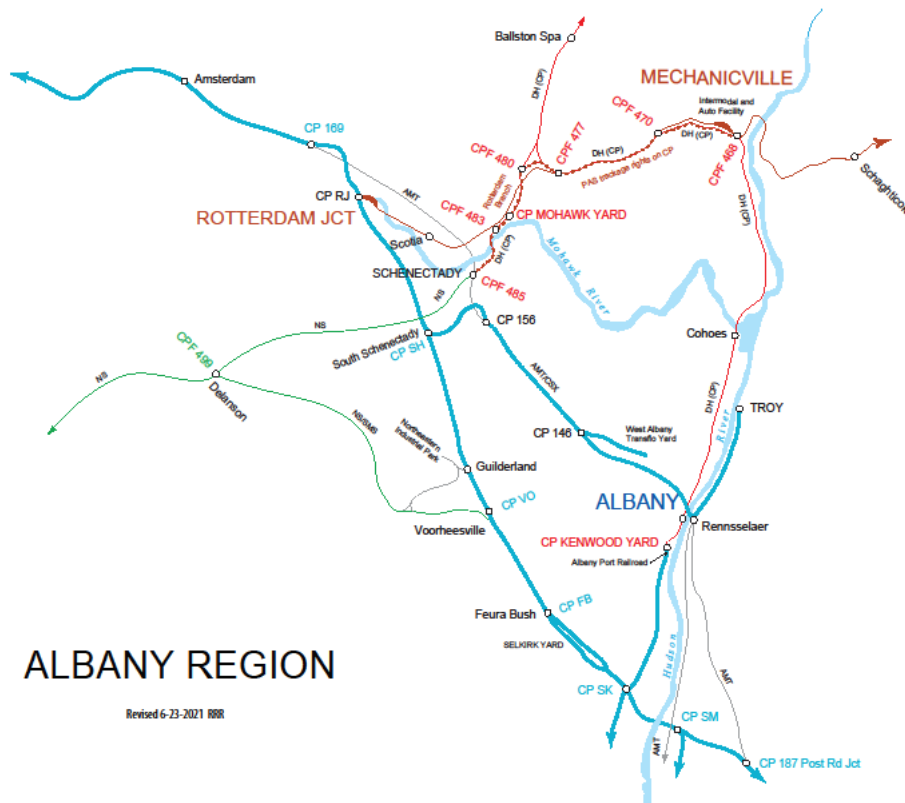
¹ Unless otherwise defined in this Exhibit, the acronyms and defined terms used in this Exhibit are the same as those used in the Amended and Supplemented Application to which this Exhibit is attached.

Corridor,” and is bisected at East Deerfield, Massachusetts by a north-south line that PAS operates over running between White River Jct., VT, and New Haven, CT, referred to as the “Connecticut River Line” or the “Conn River Line.” System maps depicting the relevant rail lines are included as attachments to the Amended and Supplemented Application.

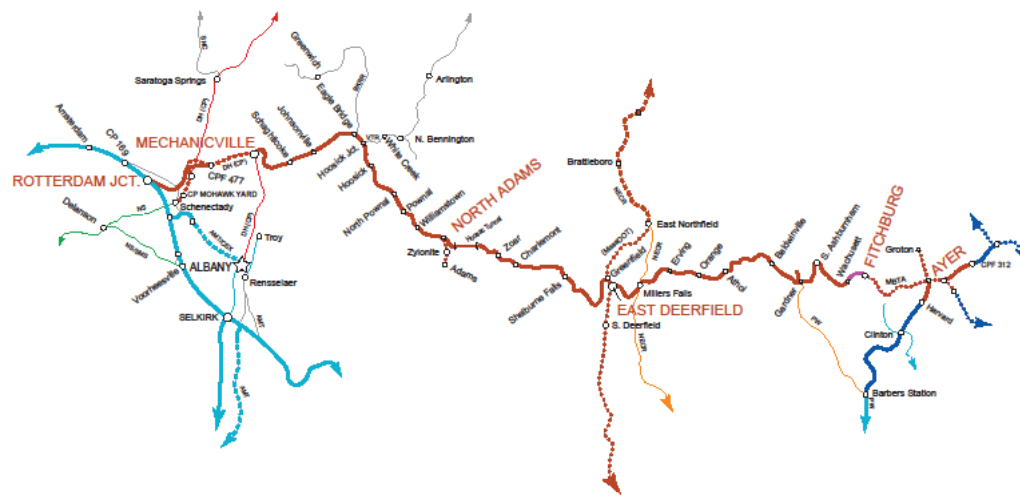
The lines of the PAR Railroads interconnect with PAS at two points in eastern Massachusetts in the vicinity of Ayer, MA. First, PAS interconnects with the PAR System at Harvard, MA, just south of Ayer. A line of the PAR Railroads extends from Harvard south to Barbers Station. This line is separated from the remaining PAR System by a stretch of PAS extending between Harvard and a point just east of Ayer, CPF 312. The interconnection at CPF 312 is the second location where PAS interconnects with the PAR System. The PAS line segment between Harvard and CPF 312 which connects the eastern portion of the PAR System with the line segment between Harvard and Barbers Station is referred to as the “Island Line.”



At the western end of the PAS Line, PAS interconnects with NSR at Mechanicville, NY. CP also has access to PAS at Mechanicville. PAS interconnects with CSXT at Rotterdam Jct., NY, west of Mechanicville.



The PAS main east-west line is referred to as the Patriot Corridor. The Patriot Corridor line is set out in the map below.



PATRIOT CORRIDOR

Revised 6-23-2021 RRR

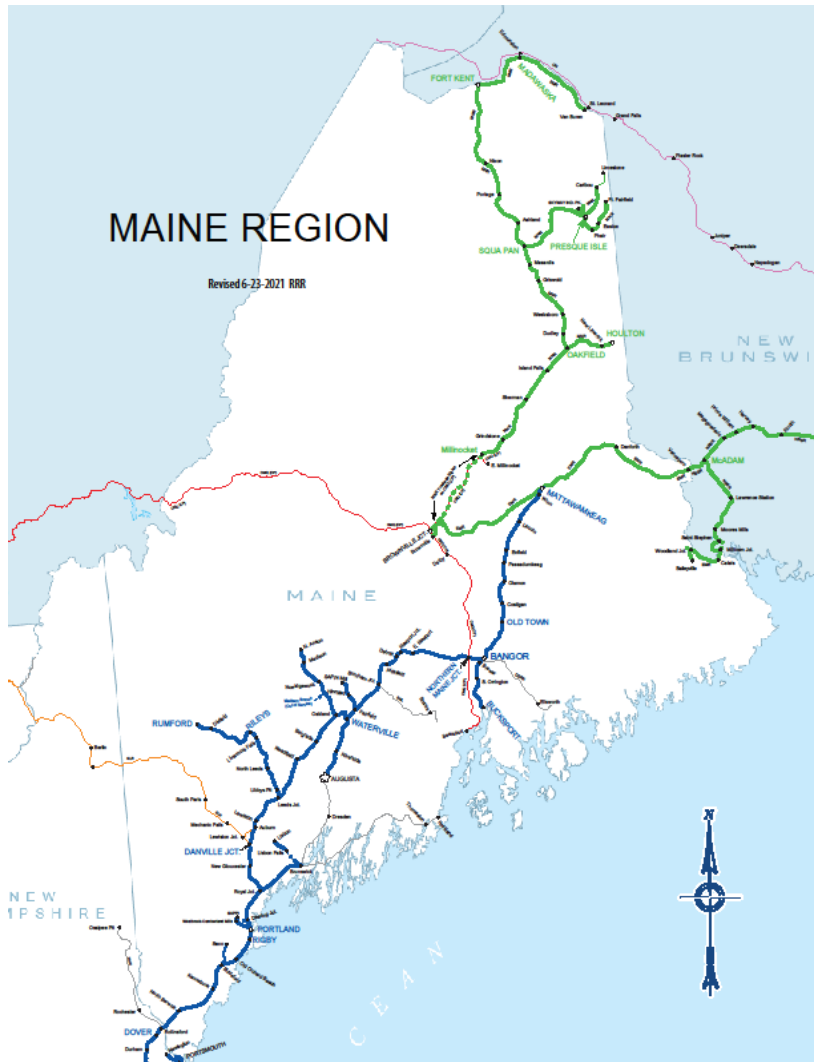
As shown on the map above, the Patriot Corridor interconnects with various north-south New England railroads, in addition to the PAR System, that serve a small portion of New York, Vermont (with connections to Canada), Massachusetts, Connecticut, and Rhode Island. These connecting railroads include Vermont Railway (“VTR”)² and the GWI-owned New England Central Railroad, Inc. (“NECR”), Connecticut Southern Railroad, Inc. (“CSO”), and Providence and Worcester Railroad Company (“P&W”). CN and CP traffic can also connect to PAS along the Patriot Corridor via the connections with the Vermont railroads. The Patriot Corridor is also bisected at East Deerfield, MA, by a PAS north-south line referred to as the Knowledge Corridor. The Knowledge Corridor essentially consists of a northern segment serving shippers in Vermont and a southern segment serving locations in Connecticut.

² This Exhibit refers to the affiliated Vermont Rail System railroads as VTR.

In addition to the interconnections with PAS described above, the PAR system also interconnects with a number of other railroads. The PAR line between Harvard and Barbers Station, shown at the east end of the map of the Patriot Corridor above, connects with the P&W at Barbers Station. CSXT moves traffic onto the PAR System over the P&W line between Worcester, MA and Barbers Station for movement into Ayer.

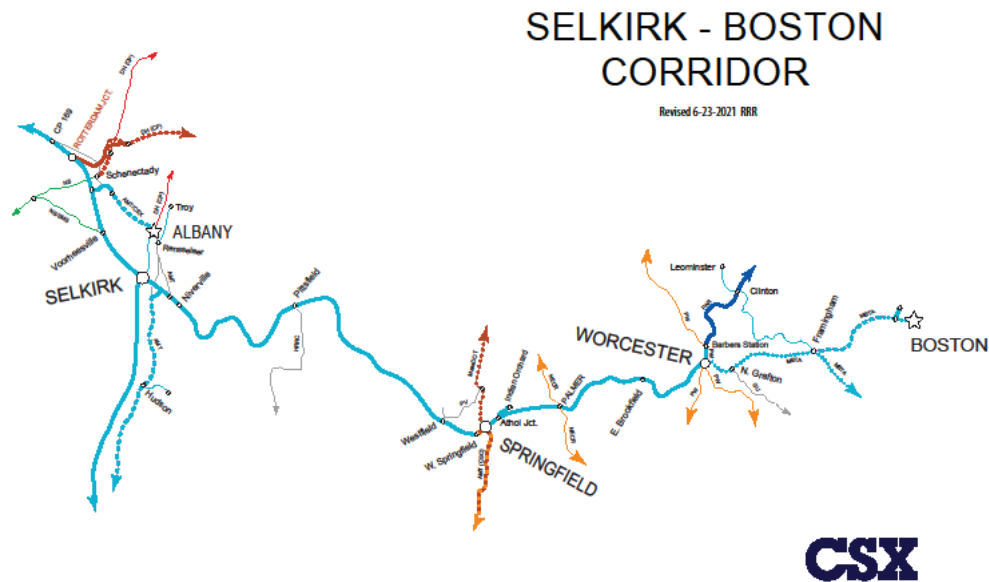
In addition, the principal line of the PAR System runs between eastern Massachusetts and Mattawamkeag, Maine toward the Canadian border. At this point it connects to the Irving-owned New Brunswick & Maine Railways (“NBM”),³ a set of three connected short line railroads serving northern Maine and running to St. John, New Brunswick. The PAR Railroads have haulage rights over the NBM, so the PAR System provides an economically independent service between the Canadian Province of New Brunswick and eastern Massachusetts that connects with the southern New England U.S. mainlines (CSXT and PAS). The PAR System also interconnects with CP (on the recently acquired CMQ line) at Brownsville Junction (via the NBM haulage) and physically at Northern Maine Junction. In addition, the PAR System connects with the GWI-owned St. Lawrence & Atlantic Railroad Company (“SLR”) at Danville Junction, Maine. The SLR, in turn, connects with the GWI-owned St. Lawrence & Atlantic Railroad (Quebec) Inc. (“SLQ”) in Quebec and with CN in Quebec.

³ NBM Railways consists of New Brunswick Southern Railway (“NBSR”), Eastern Maine Railway (“EMRY”) and Maine Northern Railway (“MNR”).



CSXT is a large Class I railway with operations in 23 states across the eastern U.S., including New York, Massachusetts and Connecticut, and into Canada. CSXT's mainline into New England runs between Selkirk, New York and Springfield and Worcester in Massachusetts. As noted above, the CSXT mainline connects with the PAR System near Worcester with an interchange at Barbers Station. That traffic moves over the Island Line into New England on the remaining PAR Railroad lines. The CSXT mainline also continues east from Worcester serving freight shippers in the greater Boston and southeastern Massachusetts area over a variety of lines, many owned by the MBTA. CSXT previously had a direct, physical connection with the PAR System north of Boston, but that connection is not currently in place. As noted above, CSXT

also interconnects with PAS at Rotterdam, NY. CSXT's mainline through central Massachusetts is depicted on the map below.



II. Traffic Flows in New England

Rail freight movements in New England reflect the changing nature of the region and the New England population. As New England deindustrialized, its economy has focused more on education, healthcare, finance, biotech and other high technology industries. New England is therefore a significant net importer of a diverse range of consumer and construction goods to serve the populace. As to exports from the region, New England retains a significant forest products-based industry sector. However, other exports from the region tend to be non-industrial, consumer related merchandise.

Rail freight represents a relatively small share of freight transportation in New England, particularly with regard to freight moving within New England. Consistent with New England

as a service-based, consumer economy, the top commodities are containerized intermodal mixed goods, followed by automobile. Other top commodity groups include building products (lumber, cement, and sand and gravel) and other consumption-oriented commodities such as rock salt, frequently used for winter de-icing, and liquified petroleum products (i.e., propane) which is a common heating fuel in more rural portions of New England. Only limestone slurry, which is used in paper-making, represents an industrial use commodity among the top ten.

There are fewer rail originations in New England than terminations and the commodities are significantly different than those terminating in the region. Major originating products include the consumer-related waste, such as construction waste and debris and scrap metal, as well as a substantial number of empty intermodal containers. The top rail commodities originating from New England also include forest products (e.g. paper, wood chips) and stone-based commodities produced in New England and moved by rail.

The PAR System is predominantly a heavy freight railroad for traffic originating or terminating in New England, moving over {{[REDACTED]}} carloads in 2019. The PAR System serves shippers in a variety of industries, but given its location in northern New England, the largest commodity groups are forest products, which include printing paper; woodpulp, pulpboard, and lumber; water; limestone; and sand and gravel.

As to PAS, most of the PAS traffic is handled on PAS's east-west Patriot Corridor. A significant amount of PAS traffic involves freight hauled on NSR's behalf. {{[REDACTED]}}

[REDACTED]

[REDACTED]

[REDACTED]}} PAS moved more than {{[REDACTED]}} non-haulage freight carloads in 2019.

Setting aside traffic hauled on behalf of NSR, overhead traffic represents about { [REDACTED] } of PAS traffic is deliveries to PAS shippers.

The major interchanges for the PAR System are the two southern New England mainlines: PAS at Ayer and CSXT at Barbers Station. Much less significant are the two connections that ultimately reach the Canadian Class I railroads, CN via the SLR at Danville Junction and CP through the CMQ at Northern Maine Junction. Most of the remaining interchange traffic serves local Maine and New Hampshire short-lines.

III. Impact of Proposed Transaction on Traffic Flows, Intermodal Competition and Provision of Essential Services

The Verified Statement of Mr. Wallace describes CSXT's marketing plans regarding PAR and PAS. As noted in the Wallace V.S., CSXT does not expect that the Proposed Transaction will produce significant near-term shifts in traffic flows or changes in the routing of traffic over PAR and PAS (with minor exceptions regarding certain PAS traffic discussed below) or the commodities handled by PAR and PAS. CSXT does not expect to change train movements or service to existing PAR shippers in ways that would have any effect on PAR's provision of essential services.

CSXT also does not expect that the Proposed Transaction will produce in the next few years significant changes in the relative share of traffic volume held by rail and trucks or the volume of traffic moving into or out of New England over PAR and PAS apart from traffic growth that follows forecasted economic growth for the region. Rather, CSXT intends to provide New England shippers with a truck-competitive freight service that will sustain and promote the substantial interline business that CSXT already has today with PAR. The improved efficiency and reliability of the New England rail network will permit organic growth in rail traffic as population and economic activity expand in the region. Without these benefits, rail

traffic would increasingly be viewed as an unattractive alternative to trucks, with an inevitable decline in market share as transportation demand grows in the region.

The efficiency and service improvements that can be expected from the Proposed Transaction are described in the Boychuk V.S. Mr. Boychuk explains that CSXT intends to implement its industry-leading operating practices on the PAR System, modernizing and introducing efficiencies to the PAR System's operations, emphasizing consistency, reliability, and careful data measurement and management. For example, Mr. Boychuk describes the effect of proposed infrastructure upgrades on the PAR System on transit time and crew schedules. Mr. Boychuk also explains how the introduction of single-line service on the combined CSXT/PAR System lines will benefit CSXT's and the PAR System's rail customers. Dr. Reishus further quantifies those single-line benefits by calculating a total variable cost that would no longer be incurred by the combined CSXT/PAR System networks as a result of the elimination of the interchange between CSXT and PAR System, in addition to fuel savings and benefits to car equipment owners. Dr. Reishus also estimates the potential savings to be realized by introducing CSXT's higher-horsepower locomotives and Trip Optimizer software.

The integration of the New England rail network into CSXT will take some time, particularly since many of the service improvements will come from an upgrade in the existing rail infrastructure that will have to be carried out over more than a year. Therefore, in the first three years, CSXT expects that traffic volumes over PAR lines will grow mostly consistent with existing overall expectations of rail traffic growth. In some commodity areas, CSXT expects that intermodal competition, particularly competition between rail and truck, will be strengthened by the Proposed Transaction, as CSXT will be able to attract some traffic from trucks once service

improvements are implemented after the Proposed Transaction is consummated. A commodity-specific discussion of these expectations is set out in the Wallace V.S.

In addition, Dr. Reishus discusses the current state of intermodal competition provided by the extensive truck freight service in New England. To the extent the Proposed Transaction improves the service and reliability of rail transportation, CSXT will be a stronger competitor of trucks. Moreover, the extensive truck competition that already exists in the region is a strong competitive discipline on rail carriers in the region, including CSXT and PAR.

As to PAS, CSXT does not expect any significant changes in its use of PAS except for the relatively minor shifts in interchange location between CSXT and PAS that results from the Settlement Agreement with NSR. In particular, CSXT has agreed to route traffic moving to and from local shippers in Ayer, MA that originates or terminates on CSXT west of Rotterdam, NY through an interchange with PAS at Rotterdam. Some of this traffic moves today on CSXT's Selkirk line to an interchange with PAS at Barber Station, MA.

CSXT expects that B&E's operation of PAS will result in improved service, lower cost and more efficient operations. These service improvements, along with the compensation incentives for B&E as PAS operator, will eventually allow PAS to expand volume. These improvements, however, will take place over several years and they will likely be across the board rather than concentrated in particular commodities. As a result, in the near term, traffic growth will likely keep up with general changes in economic activity without significant changes.

IV. The Proposed Transaction Will Not Have Any Adverse Impact on Competition

A. The End-to-End Combination of CSXT with the PAR System Will Not Have Anticompetitive Effects

When considered in tandem with the Related Transactions, CSXT’s acquisition of the PAR Railroads is an “end-to-end” transaction, meaning that the primary economic effect is to connect continuous rail routes under common ownership. This will result in a Class I, single-line operation between the eastern U.S. network served by CSXT and northern Maine (with additional haulage to New Brunswick). As CSXT integrates the PAR System into the CSXT system, it will bring to bear the tools and resources of a Class I railroad that should improve customer service and transparency, speed, and reliability for shippers on the PAR System and create additional transportation options.

It is well recognized that end-to-end rail mergers such as this one do not generally produce competitive harm. End-to-end mergers allow railroads to improve the efficiency of their networks and make operational improvements that translate into higher-quality service for shippers. As explained by Dr. Reishus, such rail mergers create new single line service, which is widely recognized by shippers as a more reliable and higher-quality alternative to interline service. End-to-end rail mergers such as this one also often result in operational efficiencies – in areas such as car handling, scheduling, customer service, and coordination across the network – that benefit shippers. Mr. Boychuk explains how the operational efficiencies will benefit New England rail shippers. Further, a rail merger that creates an improved – and thus more competitive – rail alternative can also put competitive pressure on competing rail carriers to improve performance and can strengthen rail as a competitor with other modes of transportation.

Dr. Reishus explains that the STB’s analysis of competition in rail mergers focuses on “horizontal” and “vertical” effects. “Horizontal” effects of a merger generally refer to the possible reduction in rail shipper options or the number of rail alternatives available to a rail shipper from a proposed merger. For example, a shipper that is presently served by two carriers

that intend to merge may have only a single transportation option on the merged lines after the merger. The STB does not generally permit such a reduction in competitive alternatives without a condition that preserves multi-carrier access. “Vertical” effects of a merger generally refer to the possibility that a rail merger will allow the merged carrier to exercise market power to preclude access of other rail carriers or transportation providers to shippers served by the merged carrier. Such “vertical” effects of a rail merger are rare since vertical mergers rarely create or enhance existing market power. Routing changes that result from vertical mergers are more likely to be the result of improved efficiency of the merged carrier route.

Given the predominantly end-to-end nature of the connection between CSXT and the PAR System, there are very few areas where there is even a potential for a reduction in direct or “horizontal” competition between CSXT and the PAR System. Dr. Reishus conducted an extensive analysis of waybill data from the STB, internal waybill data and other data sources to identify shippers that could potentially see their shipping options reduced as a result of the Proposed Transaction. He concluded that there are only three shippers, located in Everett, Massachusetts and Boston, that have previously been served independently by both the PAR Railroads and CSXT whose rail options will be affected. Everett is an inner industrial suburb adjacent to Boston with difficult rail connections to reach the less congested portion of the freight rail network located outside the urban center. Accordingly, direct rail service to these shippers by CSXT today would be difficult even if the facilities were in place for CSXT to reach locations north of Boston. Nevertheless, to ensure that these shippers do not lose a competitive option as a result of the Proposed Transaction, CSXT has committed to provide the option of switching service to connect these shippers to PAS which then connects to the rest of the U.S. rail network via its direct connections with NSR and CP at Mechanicville. As a result of this

commitment, there would be no reduction in horizontal competition to any shipper located on the PAR System as a result of the Proposed Transaction.

There will also not be any reduction in vertical competition. Dr. Reishus looked at the rail connections to PAR that permit other rail carriers to access shippers on PAR. He concluded that there is no reason to believe that traffic flows over these interconnection points will change as a result of the Proposed Transactions or that competitive circumstances of the carriers using these interconnections would change. As described by Mr. Wallace, operating improvements and investments in infrastructure after consummation of the Proposed Transaction may make a rerouting of some traffic over PAR lines more attractive, but this will not likely occur for years and if it does result, it will be because the rerouted movement is more efficient.

In addition, Dr. Reishus observes that the risk of inefficient diversion of traffic from other carriers is eliminated by CSXT's commitment to keep gateways open on commercially reasonable terms. In particular, as described by CSXT's witness Mr. Pelkey, CSXT has committed to (a) keep all existing active gateways affected by the Proposed Transaction open on commercially reasonable terms, and (b) waive any right CSXT might otherwise have under the Board's rules to refuse requests by shippers to establish local, separately challengeable rates for movements on the PAR System to an interchange with another rail carrier. In addition, CSXT has agreed to price limits on movements from PAR locations to PAS, which will ensure the continued access to other rail carriers over PAS.

Dr. Reishus also describes an analysis he carried out relating to movement flows over various transportation corridors to assess concentration levels and the possibility that the Proposed Transaction may affect source competition. Dr. Reishus explains that data limitations make it difficult to reach any conclusions from the corridor analyses. However, even with the

data that are available, the analysis did not indicate that there is any risk of competitive harm. In particular, given the small geographic region at issue, truck competition is very strong. In addition, the commitments that CSXT has made in settlement with NSR ensure that any attempt to exercise market power over movements originating or terminating on PAR lines will be disciplined by the ability to move traffic on PAS to other connecting rail carriers.

B. CSXT Has Structured Its Acquisition of an Interest in PAS to Avoid Any Adverse Impact on Competition

As to PAS, CSXT will acquire both Boston & Maine's 50 percent ownership interest in PAS and PAS's current contract operator and rate-setter, Springfield Terminal. By replacing Springfield Terminal with Pittsburg & Shawmut Railroad, LLC, doing business as Berkshire & Eastern Railroad ("B&E"), a GWI subsidiary, as the operator and price setter for PAS, CSXT has eliminated any potential for competitive harm that would occur if CSXT, through its acquisition of an interest in PAS or its acquisition of the PAS operator, were able to exercise control over the price of access to New England over PAS or otherwise prevent rail carriers from accessing New England through PAS. There are currently two direct routes to and from New England through upstate New York – PAS and CSXT's mainline route described earlier. Through a series of agreements with NSR and GWI, CSXT has structured the Proposed Transaction to eliminate any risk of competitive harm relating to these two roughly parallel routes.

First, through an agreement among CSXT, NSR and GWI, B&E will replace Springfield Terminal as the operator of, and rate setter on, PAS. CSXT will retain no control over rates or operations of PAS. B&E will be obligated by contract to set rates and to operate PAS in the interest of PAS as an independent rail carrier and not as a means to advance the interests of the individual owners. Thus, under the structure of the operating agreement, B&E will have the incentive and flexibility to compete for traffic against CSXT and other transportation alternatives

available to shippers. This operating agreement preserves PAS as an independent rail option connecting New England to the broader US rail network.

If the Proposed Transaction is consummated prior to the replacement of Springfield Terminal by B&E and the initiation of PAS operations by B&E, Springfield Terminal will continue to operate PAS until Springfield Terminal is replaced as the PAS operator. However,

{{ [REDACTED] [REDACTED] }}

Second, CSXT and NSR have agreed that NSR will have, for the next seven years, the right to purchase (or have sold) CSXT's share of PAS under a specified financial mechanism. These rights ensure that NSR will have the opportunity to obtain full control and financial benefit from PAS' continuing operations. However, CSXT intends to continue using PAS as an alternative route for movement of freight to and from New England. Indeed, an element of the agreement with NSR involves a commitment by CSXT to route certain traffic over PAS for a specified period of time. CSXT will remain committed to the viability of PAS.

Third, apart from the existence of roughly parallel routes from upstate New York into New England, overlap between the areas served by PAS and CSXT is extremely limited. The north-south line of PAS intersects with CSXT's main east-west line at Springfield, MA. {{ [REDACTED]

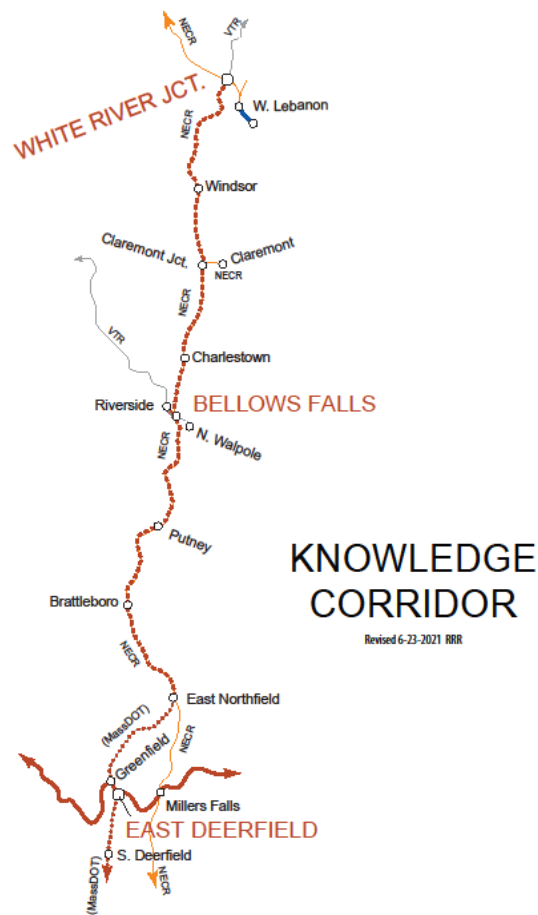
[REDACTED] [REDACTED] }}

In any event, the agreement to have B&E set rates and operate PAS in the interest of PAS as an independent rail carrier ensures that the Springfield shippers will continue to have access to two competing rail carriers with independent and unilateral interests. There will be no reduction in competitive options for these shippers.

C. B&E's Operation of PAS Will Not Harm Competition

Finally, the substitution of B&E for Springfield Terminal as the operator of PAS will have no adverse impact on competition. B&E is a subsidiary of GWI, but it will be obligated by contract to operate in the interest of PAS and not in the interest of its corporate parent or affiliates.

GWI owns a number of other rail carriers that operate in New England. These include NECR, which runs from Vermont to Connecticut, SLR, which runs through New Hampshire and Maine and connects with the PAR System at Danville Junction, ME, P&W, which operates in Massachusetts, Connecticut and Rhode Island and interconnects with both the PAS and CSXT main lines in Massachusetts, and CSO, which operates in Connecticut and Massachusetts. While some of these GWI-affiliated rail carriers interconnect with PAS at a number of locations, there only is an overlap in the service provided by PAS and a GWI-affiliated rail carrier in a single area along the north-south line that bisects PAS, referred to as the Knowledge Corridor. In fact, PAS operates on portions of the NECR line north of Deerfield, MA, using trackage rights from NECR. The northern segment of the Knowledge Corridor is set out in the map below.



There are two rail shippers on the PAS line north of East Deerfield, MA, who today can be served by PAS and NECR. Those shippers are located between Bellows Falls and White River Junction, VT. In addition, there is one railroad, VTR, that currently can interchange with both PAS and NECR at Bellows Falls and White River Junction. After the transaction, VTR and the shippers it serves will only have the option, at these two junctions, of interchanging with a GWI-owned railroad, NECR, or with PAS, which will be operated by B&E, a GWI-owned railroad.

There are two reasons why this competitive overlap will not harm competition. First, as noted above, B&E will be operated independently of GWI and its other affiliated rail carriers. B&E will be an agent of PAS and will be obligated by contract to operate and set rates in the interest of PAS, including the obligation to compete with NECR for traffic that will benefit PAS. Second, CSXT and NSR, as future and current owners of PAS, have made several commitments to ensure that existing competition is not lost as a result of the Proposed Transaction.

For the two shippers currently served by both PAS and NECR, CSXT and NSR have committed that PAS will establish rates on existing lanes for these customers at current levels, subject to future reasonable escalation, as long as B&E is operator of PAS. As to VTR, CSXT and NSR have committed that:

(1) For movements to and from the east with connections to the PAR System, PAS will establish rates on existing lanes at current levels via Deerfield and Ayer, subject to future reasonable escalation, as long as B&E is operator of PAS.

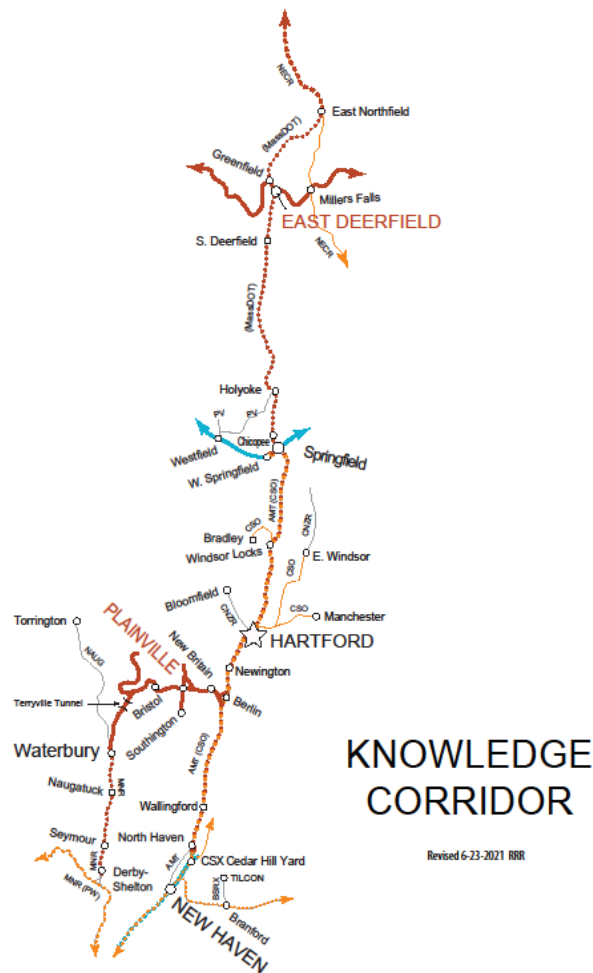
(2) For movements to and from the west with connections to CSXT at Rotterdam, NY, PAS will establish rates for movements between Hoosick Junction (where VTR interchanges with PAS today) and Rotterdam (where PAS connects with CSXT) at current levels on existing lanes, subject to future reasonable escalation, as long as B&E is operator of PAS.

(3) VTR moves traffic to and from storage facilities at East Deerfield, MA, a location on PAS. To ensure that rates on these movements remain at competitive levels, PAS will agree to provide haulage between the storage facilities at East Deerfield and Bellows Falls (haulage already exists between Bellows Falls and White River Junction) at rates that are the average of current commodity-specific interline rates for those movements for as long as B&E is operator of PAS.

(4) PAS will commit to providing VTR with 5 day per week service in the above lanes as long as volumes support this level of service.

(5) Finally, B&E will not share with any other GWI-controlled rail carriers any information regarding rate divisions from connecting railroads that B&E becomes aware of as a result of operating PAS.

GWI-affiliated rail carriers also provide service in Connecticut in areas served by PAS along the PAS line between Springfield, MA, and New Haven, CT. The southern segment of the Knowledge Corridor is set out in the map below.



Three carriers operate or have rights to provide service along this line segment, CSXT, PAS and CSO, a GWI-owned railroad. However, PAS does not have rights to serve customers along the line that are served by CSO. Accordingly, customers on this line will continue to have the same two-carrier competitive service – CSXT and CSO – that they have today.

V. The Proposed Transaction and the Agreements with NSR and GWI Will Enhance Competition

As explained above, under Section 11324(d), the Board must approve the transaction unless it finds both that: (1) the transaction is likely to result in a substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States; and (2) the anticompetitive effects of the transaction outweigh the public interest in meeting significant transportation needs. There is no need for the proponents of a transaction, other than a merger involving Class I railroads, to show that competition will be enhanced or improved. However, the STB has often looked with approval on non-class I mergers that have the potential for enhancing competition. When a proposed transaction has the potential to enhance competition, as it does here, the STB should view such a transaction as a unique opportunity to advance the public interest in a competitive and strong rail network.

The Proposed Transaction and the Related Transactions will enhance competition in several ways. First, it will strengthen the rail network in New England and improve rail service. The service and operating benefits to be achieved by the Proposed Transaction and Related Transactions are described in the Verified Statement of Mr. Pelkey and the operating plan verified by Mr. Boychuk. As explained by Messrs. Pelkey and Boychuk, the Proposed Transaction and Related Transactions will allow CSXT to expand its customer-centered operations further into New England. This will give CSXT's existing customers more direct and efficient access to New England markets. At the same time, it will give the PAR System's

existing customers better rail service and create reliable single-line access to the rest of CSXT's rail network. The Verified Statement of Mr. Wallace describes how the improved operations and infrastructure will create new marketing opportunities for CSXT and shippers on PAR and CSXT. The PAR System in New England will become integrated into CSXT's broader U.S. rail network, providing expanded market access.

The improvement of rail service and integration of the New England rail network into the national rail network enhances competition in two substantial and concrete ways. First, a more efficient rail network will force other railroads to attempt to improve their service in order to compete. Second, a more efficient rail network will create increased opportunities to divert traffic from truck to rail and remove that traffic from congested highways. Rail competition with other transportation modes will improve. These competitive benefits are recognized by rail shippers, who overwhelmingly support the Proposed Transaction and Related Transactions. See the 81 letters of support from shippers and other parties in Exhibit 23.

The agreements that CSXT reached with several parties will also enhance competition in a number of ways. As discussed above, several aspects of those agreements were intended to avoid the possibility of competitive harm resulting from CSXT's acquisition of an ownership interest in PAS. For example, the replacement of Springfield Terminal by B&E as the contract operator of PAS will ensure that pricing and service decisions regarding traffic movement on PAS will be done in the interest of an independent PAS carrier without competitive restraints by PAS owners. But in several other ways, the agreements reached with NSR and GWI will enhance competition in transportation markets in New England. Dr. Huneke describes the competitive enhancements that will result from these settlement agreements.

First, the operation of PAS by B&E will strengthen PAS as a viable competitive alternative to CSXT for movements of traffic into New England. As a contract operator of PAS, B&E will have the incentive and ability to improve and expand PAS operations based on the interests of PAS as an independent rail carrier. B&E's compensation as a contract operator is tied to performance incentives. B&E will have the opportunity and incentive to dedicate the resources needed to streamline, expand, and improve the efficiency of PAS operations.

Second, the change of ownership of PAS will make PAS a financially stronger rail carrier. A major catalyst for the creation of PAS was the concern over the ability of the prior owners of the line segments that were ultimately contributed to PAS to make the financial commitments to keep those lines viable. While NSR became a co-owner of PAS when PAS was created, the prior owner remained a half-owner with continuing limits on the ability to financially support PAS. With CSXT as a co-owner of PAS along with NSR, the financial strength and viability of PAS as an independent carrier connecting New England with the rest of the U.S. rail network will be improved. Indeed, an important part of these settlement agreements is a commitment by CSXT to invest substantial amounts into the improvement of Ayer Yard, an important connection point between New England and the rest of the U.S. rail network.

Third, the Settlement Agreement between CSXT and NSR gives NSR the capability to provide double-stack intermodal service into the Boston area by avoiding a tunnel constraint that exists on PAS today. Today, NSR must run single-stack intermodal trains over PAS, requiring costly operations to remove a stack from trains that will use PAS lines. By granting NSR trackage rights over a route that can handle double-stack intermodal traffic, NSR will have an enhanced ability to compete with CSXT. This agreement also enhances NSR's intermodal service competitive position versus highway carriers. Such a competitive enhancement can take

trucks off the highway and bring environmental benefits. Indeed, converting the single stack service by NSR into double stack is a green initiative because of the elimination of the need to break double stack trains into single stack trains and then rebuilding double stack trains on the reverse move.

Fourth, the Settlement Agreement with NSR also removes a potential competitive restraint on CSXT's movement of rail traffic into and out of New England. When PAS was created, PAS granted Springfield Terminal overhead trackage rights over a rail segment near Ayer, MA, allowing Springfield Terminal to connect the northern lines of the PAR System to CSXT. But the trackage rights had a volume cap, and traffic over that line segment has consistently exceeded the volume cap. CSXT and NSR have agreed to modify that volume cap and replace it with a process that will allow current traffic volume to move over the overhead trackage rights and to enable the development of capacity to handle any increase in that traffic. By modifying the volume cap, the parties have eliminated an element of the trackage rights that would restrain CSXT's ability to reach rail shippers in New England.

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 13

Operating Plan

Verified by Mr. Jamie Boychuk

OPERATING PLAN
VERIFIED BY JAMIE BOYCHUK

Table of Contents

I.	Introduction.....	3
II.	Data Sources and Methodologies	5
	A. Traffic Data Sources	5
	B. Operating Data Sources	5
	C. Methodology	5
III.	Summary	6
IV.	Pre-Transaction Operations	10
	A. Train Operations	10
	i. Summary of PAR System Train Operations	11
	ii. Summary of PAS Network Train Operations	13
	iii. Summary of CSXT Train Operations	16
	iv. Description of the PAR System Lines	22
	v. Description of the PAS Lines	24
	B. Interchanges	26
	C. Yards	28
	D. Dispatching	30
	E. Intermodal Operations	31
	F. Labor	32
	G. Commuter and Other Passenger Rail Service.....	32
	H. Abandonments and Discontinuances.....	32
	I. Mechanical Facilities	33
V.	Post-Transaction Operations.....	34
	A. Changes to Train Operations.....	34
	i. The PAR System.....	34
	ii. The PAS Network.....	37
	iii. Changes in traffic flows resulting from the NSR Settlement Agreement.....	40
	B. Changes to Interchanges.....	42

C. Changes to Yards.....	44
D. Changes to Dispatching.....	47
E. Changes to Intermodal Operations.....	47
F. Labor Impacts	48
G. Maintenance and Capital Investment	48
H. Impacts on Commuter and Other Passenger Rail Service	54
I. Anticipated Abandonments and Discontinuances	54
J. Equipment Requirements	54
i. Post-transaction impacts on PAR System and PAS Network equipment.	54
ii. Post-transaction locomotive efficiency benefits.	55
K. Impacts on Safety Performance	57
VI. Safety Integration Plan	59

I. Introduction

I am Jamie Boychuk. My role as Executive Vice President of Operations for CSX Transportation, Inc. (“CSXT”) includes overseeing CSXT’s mechanical, engineering, transportation and network operations, as well as the company’s safety and facilities functions. I previously served as the Senior Vice President of Network, Engineering, Mechanical and Intermodal Operations, with responsibility for optimizing assets across CSXT’s network to support efficient system-wide operations. I joined CSXT in 2017 as Assistant Vice President of Transportation Support. In 2018, I was promoted to Vice President of Scheduled Railroading Implementation and also led intermodal operations before being promoted to Senior Vice President of Network Operations in August 2018. Throughout my time at CSXT, I have identified efficiency opportunities, implemented significant operational changes, driven the implementation of trip plans, and delivered improvements in network fluidity.

I have been involved in the analysis of CSX’s proposed acquisition of Pan Am Systems, Inc. (“Systems”) (the “Proposed Transaction”) since the beginning of the bid process. Specifically, I participated in CSX’s due diligence, analysis of the business opportunity, and review of the PAR System’s existing operations and infrastructure.

As discussed in further depth by the Verified Statement of Sean Pelkey attached to this Amended and Supplemented Application, the Proposed Transaction will allow CSXT to expand further into New England, linking the region via single-line service to the rest of CSXT’s rail network. CSXT will make significant and much-needed capital investments in the PAR System, and CSXT will implement its industry-leading customer-centric operating model on a PAR System that currently does not have the resources or scale to operate as reliably and effectively as CSXT. The Proposed Transaction will provide CSXT’s existing customers with more direct and efficient access to New England markets, and will give the PAR System’s existing customers more reliable single-line access to CSXT’s rail network.

In connection with preparation of the Application submitted in this proceeding on February 25, 2021, and the Amended Application submitted in this proceeding on April 26, 2021, I oversaw the CSXT team that worked with the Systems team to prepare the Operating Plan attached as Exhibit 13 to those filings. In response to the Board's Decision No. 3 in this proceeding, I have prepared an amended and supplemented Operating Plan based on my review of the revised Market Analysis and related impact analyses submitted with this Amended and Supplemented Application, including the marketing plan presented in the Verified Statement of Mark K. Wallace, CSXT's Executive Vice President.

The proposed operating and traffic pattern changes described in this Operating Plan are based on the conclusions and growth forecasts set forth in those market and impact analyses. Importantly, based on the market and impact analyses, I expect that the CSXT, PAR System, and PAS Network will accommodate the minimal forecasted traffic growth in existing train service.

Additionally, this amended and supplemented Operating Plan:

- (1) identifies the amount of traffic that would benefit from single-line CSXT service and describes and quantifies the benefits that will result from such single-line service;
- (2) includes information regarding service to Granite Shore Power's Merrimack Generation Station and other as-needed service;
- (3) provides more detail on the benefits of B&E taking over Springfield Terminal's role as contract operator of PAS;
- (4) addresses potential changes at PAS's East Deerfield yard;
- (5) provides further explanation and data concerning the impact of the NSR Settlement Agreement on Ayer Yard traffic;
- (6) further quantifies the benefits of CSXT's capital investment in the PAR System; and
- (7) further describes and quantifies the benefits of transitioning the Springfield Terminal locomotive fleet to the CSXT locomotive fleet.

Because the Proposed Transaction will result in significant public benefits, including operating efficiencies, improved infrastructure, and better and more competitive service for rail customers in New England and the existing CSXT rail network, I urge the Board to authorize and approve the Proposed Transaction.

II. Data Sources and Methodologies

A. Traffic Data Sources

In order to develop baseline 2019 carload volumes for CSXT, I analyzed internal CSXT data, which I have included in my work papers. For the PAR System and PAS, I reviewed a density chart prepared by Systems.

B. Operating Data Sources

Applicants used 2019 traffic on the CSXT, PAR System, and PAS lines to plot the Traffic Density maps and charts showing average per mile of road, using gross tons. Bi-directional values in million gross tons are shown in the density maps attached as Exhibit 14.

C. Methodology

I oversaw a team that used the operating and traffic data described above to develop an initial operating plan for the combined CSXT/PAR System following consummation of the Proposed Transaction. I developed projected traffic and density changes for three years following the transaction (through 2024) based upon projected annual growth on the CSXT network and on the PAR System and PAS Network, as discussed in further detail below.

For CSXT, I used 2019 as a base year. I did not use 2020 as a base year, since it was non-representative due to the impacts of the COVID-19 pandemic. I forecasted an average annual growth rate of 1.5% per year from 2019 through 2024.

With respect to PAR and PAS, Mr. Wallace states in the marketing plan attached here as Exhibit 22-D that CSXT's assumptions on organic growth suggest that the total carloads on the PAR System and PAS Network will grow generally in line with the U.S. GDP forecast, roughly averaging 1.5% per year from 2019 through 2024. Mr. Wallace expects that the organic growth will occur primarily in

the following commodities: forest products, energy-related, and non-forest construction products.

III. Summary

This Operating Plan is submitted in support of the Amended and Supplemented Application (the “Application”) of CSX Corporation (“CSXC”) and CSX Transportation, Inc. (“CSXT”) (CSXC and CSXT are collectively referred to as “CSX”), 747 Merger Sub 2, Inc., Pan Am Systems, Inc. (“Systems”), Pan Am Railways, Inc. (“PAR”), Boston and Maine Corporation (“Boston & Maine”), Maine Central Railroad Company (“Maine Central”), Northern Railroad (“Northern”), Portland Terminal Company (“Portland Terminal”), Springfield Terminal Railway Company (“Springfield Terminal”), Stony Brook Railroad Company (“Stony Brook”), and Vermont & Massachusetts Railroad Company (“V&M”) (collectively, “Applicants”), for Surface Transportation Board (“STB” or “Board”) approval of the acquisition of control by CSX of Systems – including its rail carrier subsidiaries, and its interest in Pan Am Southern LLC (“PAS”) – and the merger of certain Pan Am subsidiaries into CSXT (the “Proposed Transaction”).

Systems is the parent company of PAR. PAR is a non-carrier whose rail carrier subsidiaries own and operate an approximately 808-route mile single unified regional freight rail network (the “PAR System”). PAR’s subsidiary Boston and Maine and Norfolk Southern Railway Company (“NSR”) jointly own PAS, which consists of an approximately 425-route mile regional freight rail network (the “PAS Network”). The PAR System and PAS transport a total of approximately 90,000 freight carloads and 83,000 intermodal and haulage units annually, and their operations span six states across the northeast U.S. Maps of the PAR System and the PAS Network are included in Exhibit 1 of the Application. The PAR System and PAS own and lease a total of approximately 1,476 railcars and 102 locomotives. The primary commodities handled include grain, sand and gravel, food products, lumber, paper and pulp, chemicals and plastics, petroleum, processed minerals, metals, scrap metal, finished automobiles, and intermodal trailers and containers.

Springfield Terminal, a PAR subsidiary, operates all of the PAR System's lines, as well as the PAS Network. Springfield Terminal leases the PAR System's lines from other PAR subsidiaries that own the lines. PAS owns or has perpetual freight easements or trackage rights over all lines in the PAS Network, and Springfield Terminal operates the PAS Network on a contract basis as the agent of PAS. No Pan Am subsidiary other than Springfield Terminal provides rail operations over the PAR System or PAS.

The Proposed Transaction will result in CSX acquiring Boston & Maine and its 50% ownership interest in PAS, and in CSX acquiring Springfield Terminal and merging that railroad into CSXT. Separately, CSXT, NSR, and Genesee & Wyoming Inc. ("GWI") have entered into agreements regarding the operation of PAS that will further strengthen PAS as a viable rail route for shippers and enhance rail competition in New England. There are two agreements: (1) a Settlement Agreement between CSXT and NSR ("NSR Settlement Agreement"), which includes an Ayer Operations Protocol, Engineering Planning, and Capacity Roadmap (the "Ayer Operations Protocol"), and (2) a Term Sheet Agreement among CSXT, NSR and GWI ("Term Sheet Agreement"). These agreements are contained as exhibits to the Verified Statement of Mr. Sean Pelkey submitted with the Application.

These two agreements contemplate transactions that are integrally related to the Proposed Transaction (the "Related Transactions"), including: (1) Pittsburg & Shawmut Railroad, LLC, doing business as Berkshire & Eastern Railroad ("B&E"), a class III carrier wholly owned by GWI, will enter into an agreement with PAS to operate the PAS Network on a contract basis as the agent of PAS, replacing Springfield Terminal (the "B&E/PAS Transaction"), and (2) NSR will obtain trackage rights over existing lines owned by four carriers (CSXT, Boston & Maine, Providence & Worcester Railroad Company (a GWI subsidiary), and PAS) to allow NSR additional flexibility with respect to NSR's existing service to an intermodal facility located on the PAS Network at Ayer, MA (the "NSR Trackage Rights Transaction").

Accordingly, after consummation of the Proposed Transaction and the Related Transactions, CSXT will take over operations by Springfield Terminal as lessee of the PAR System's lines, and B&E will take over operations by Springfield Terminal as contract operator of the PAS Network lines.¹

CSXT owns and operates about 19,500 miles of railroad in the States of Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Maryland, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia, the District of Columbia, and the Canadian Provinces of Ontario and Québec. The CSXT network includes a rail line between the Boston, MA region and Rotterdam Junction, NY via Selkirk, NY. The PAS Patriot Corridor also connects the Boston region (via Ayer, MA) and Rotterdam Junction, NY via East Deerfield, MA. CSXT primarily interchanges traffic with Springfield Terminal/PAS at Rotterdam Junction, NY and with Springfield Terminal/PAR at Barbers Station, MA.

B&E is a class III carrier wholly owned by GWI. As described in further detail in the Verified Statement of Leonard Wagner ("Wagner VS") attached to the supplemented B&E petition submitted in Docket No. FD 36472 (Sub-No. 5), GWI controls four short line rail carriers in New England, and GWI will be able to use its operating expertise and knowledge of the region to direct B&E in providing efficient rail service on PAS. PAS will require B&E to provide non-discriminatory service to all carriers connecting with PAS. PAS will also require B&E to set PAS rates at levels that are competitively neutral to connecting rail carriers and consistent with the commitments made by CSXT and NSR, on behalf of PAS, to third parties.

As described in the Verified Statement of Dr. David Reishus ("Reishus VS") included with the Application, the Proposed Transaction is an end-to-end

¹ The Applicants anticipate consummating the Proposed Transaction and the B&E/PAS transactions at the same time, subject to Board approval of each transaction. However, if the Proposed Transaction is consummated prior to the B&E/PAS transaction, CSXT, NSR, and GWI have agreed that Springfield Terminal will continue to operate PAS until B&E or another third-party operator is able to replace Springfield Terminal as the PAS operator.

combination of the existing CSXT and PAR System rail networks. The Proposed Transaction will result in a more efficient connection of New England rail markets with the rest of CSXT's eastern United States rail markets. It will also permit CSXT to bring its customer-oriented and reliable rail operations to New England rail users. The operation of PAS by B&E will strengthen PAS as a viable competitive alternative to CSXT and NSR for movements of traffic to and from New England.

With two small exceptions described fully below resulting from the NSR Settlement Agreement, the Proposed Transaction and the Related Transactions will not produce significant changes to the existing routes, patterns, or types of service for the PAR System, PAS, or CSXT, or redirect existing traffic over those systems. Instead, CSXT will modernize and introduce efficiencies to the PAR System's operations, emphasizing consistency, reliability, and careful data measurement and management. Operating efficiencies on the PAR System will come from decreased car cycles, the need for fewer assets, and new synergies created from fewer handlings due to single-line service and capital improvements. B&E has agreed to replace Springfield Terminal as the contract operator of PAS, providing substantially all of the operating services that Springfield Terminal currently provides on behalf of PAS (other than implementation of capital projects, as detailed elsewhere in this Application).

CSXT's Executive Vice President Mark K. Wallace has sponsored a marketing plan submitted with this Application concluding that CSXT does not expect that the Proposed Transaction will produce: (1) significant shifts in traffic flows or diversion of traffic from other rail carriers or trucks in the near term, or (2) major growth in traffic over the next three years. CSXT expects to support organic growth in the increasingly important freight transportation markets in New England, and CSXT believes that the efficiency and reliability of Class I single-line service between CSXT and the PAR System will – over time – attract freight from trucks and will offer opportunities to divert traffic from existing rail transportation

providers where more efficient service can be offered. However, in the foreseeable future, rail traffic volume on the existing rail networks is not expected to change significantly.

As noted above, Mr. Wallace states that CSXT's assumptions on organic growth suggest that the total carloads on the PAR System and PAS Network will grow generally in line with the U.S. GDP forecast over the next three years, roughly averaging between 1.5% per year through 2024. Mr. Wallace expects that the organic growth over the next three years will occur primarily in the following commodities: forest products, energy-related, and non-forest construction products. As discussed above in Section II.C, I forecast an average annual growth rate on the CSXT network of approximately 1.5% from 2019 through 2024.

Based on my review of these forecasts and the impact analyses submitted with this Amended and Supplemented Application – including the Market Analysis attached as Exhibit 12, and the Verified Statements of witnesses Mr. Sean Pelkey, Dr. David Reishus, and Dr. William Huneke – I have confirmed that the Operating Plan set forth in this Exhibit 13 will allow CSXT to achieve the operating efficiencies, and other benefits anticipated from the Proposed Transaction and described in the Application.

IV. Pre-Transaction Operations

A. Train Operations

As described further below, the PAR System network consists of approximately 808 route miles of rail lines, including approximately 724.53 owned and leased (including perpetual freight easement) route miles and approximately 83.62 trackage rights route miles, in Massachusetts, Maine, New Hampshire, and Vermont. The PAS Network consists of approximately 425 route miles of rail lines, including approximately 281.38 owned (including perpetual freight easement) route miles and approximately 143.62 trackage rights route miles, in Connecticut, Massachusetts, New Hampshire, New York, and Vermont. The nationwide CSXT system consists of about 19,500 miles of railroad. This Operating Plan discusses all

CSXT rail lines in the area of the PAR System and the PAS Network, consisting of the Northern Zone of the CSXT Northeast Region. Based on the volume of traffic, I do not foresee the need to modify operations on CSXT lines outside the area of the PAR System and PAS Network.

Set forth below is a summary of train operations – including general categories of traffic (including numbers of trains) on all main and secondary lines in the system – on the PAR System, the PAS Network, and the CSXT system, including a description of road trains, local trains, and yard trains. A map depicting train operations is included in Exhibit 1-D to the Application. A chart listing these trains in greater detail is included below. 2019 and projected 2024 line density information for each of the relevant rail line segments is summarized in the density charts and maps attached as Exhibit 14.

i. Summary of PAR System Train Operations

Springfield Terminal currently operates the following trains on the PAR System. No other PAR subsidiaries operate on the PAR System.

Road Trains:

- NMWA/WANM – between Waterville, ME and Northern Maine Jct, ME
- POWA/WAPO – between Rigby Yard, Portland, ME and Waterville, ME
- PORU/RUPO – between Rigby Yard, Portland, ME and Rumford, ME
- POAY/AYPO – between Rigby Yard, Portland, ME and Ayer, MA
- POED – Rigby Yard, Portland, ME to PAS East Deerfield Yard, MA

Local Trains: Springfield Terminal operates local trains to primarily serve rail customers, based in the following locations: Lawrence, MA; Boston, MA; Nashua, NH; Portsmouth, NH; Dover, NH;² Portland, ME; Danville, ME; Rileys, ME; Waterville, ME; Shawmut, ME; and Old Town, ME.

Yard Trains: Springfield Terminal operates yard trains at Rigby Yard, Portland, ME to classify inbound and outbound rail traffic.

² The Dover, NH local train is based in Portsmouth, NH.

Additional Traffic: Springfield Terminal also provides service to other customers on an as-needed basis, including, for example, to Granite Shore Power’s Merrimack Generation Station (“Merrimack Station”), located along the Merrimack River in Bow, NH.³ The Boston & Maine rail line that serves the Merrimack Station extends from the Massachusetts state line to Concord, NH, a distance of approximately 39.42 route miles. Merrimack Station has two coal-fired steam units, which serve as seasonal and peak demand resources. The plant has traditionally received coal from the Monongahela region, which is open to both CSXT and NSR. The plant is also set up to handle scrubber limestone, which has been sourced from the water via the Waterson terminal on the Providence and Worcester Railroad Company (“P&W”) in South Providence, RI.

The Springfield Terminal service to Merrimack Station generally only runs on the coldest days of winter and on the hottest days of summer. Table 1 below provides a summary of traffic since 2015.

Table 1: Merrimack Station Traffic

<u>Year</u>	<u>Carloads</u>
2015	5018 loads (197 stone)
2016	1691 loads (65 stone)
2017	0 loads (0 stone)
2018	0 loads (59 stone)
2019	398 loads
2020	870 loads
2021	0 loads

The 2020 traffic all originated from CSXT from the Monongahela Valley. There was no coal traffic from October 2016 to November 2019, and there has been no traffic in 2021. No traffic is planned at this time. Following the transaction,

³ In Decision No. 3 at 14, the Board noted that “this train service is not included among the list of PAS or PAR trains” and that traffic volume for these shipments may be missing from Applicants’ density charts. The PAR System 2019 density chart is intended to depict all regular and as-needed service, including the 398 loads delivered to the Merrimack station that year. The PAR System trains listed above are only those operated on a regular basis, between origin/destination pairs that are part of the PAR System service plan. As-needed service, such as service to/from the Merrimack Station, will not necessarily be included in this list.

CSXT will continue to serve the facility on an as-needed basis. In the future, Applicants expect to see a small amount of volume during peak periods but, due to the “as-needed” business nature of this service, Applicants are unable to forecast future tonnage.

Additionally, Springfield Terminal provides service on an as-needed basis to facilities with military significance in Kittery, Maine. Specifically, PAR System rail access to the Portsmouth US Naval Shipyard runs via the Sarah Mildred Long Bridge (“SMLB”), jointly owned by the states of New Hampshire and Maine. The Boston & Maine Kittery Branch extends between the SMLB and the US Navy-owned bridge over the Piscataqua River.

Springfield Terminal also provides service on an as-needed basis to the Boston Sand & Gravel facility in Boston, MA. This train originates in Ossipee, NH on the New Hampshire Northcoast Railroad (“NHN”). NHN supplies the locomotives, cars and fuel between Ossipee and Boston, MA. An NHN crew moves the train between Ossipee and the PAR interchange at Dover, NH. A Springfield Terminal/PAR System crew moves the train between Dover and Boston.

Line Density: 2019 and projected 2024 line density information for PAR is set forth in more detail in Exhibit 14.

ii. Summary of PAS Network Train Operations

Springfield Terminal functions as a contract operator for PAS and serves as PAS’s agent, unlike Springfield Terminal’s role as the lessee and operating carrier of the PAR System. Springfield Terminal currently operates NSR trains over the PAS line between Mechanicville, NY and Ayer, MA pursuant to a haulage agreement between PAS and NSR. Springfield Terminal currently operates the following trains on the PAS network:

Road Trains:

- RJED/EDRJ – between Rotterdam Jct, NY and East Deerfield, MA
- EDPL/PLED – between East Deerfield, MA and Plainville, CT

- EDPO – originates at East Deerfield, MA and terminates at PAR Rigby Yard, Portland, ME
- BFPO – unit slurry train (as needed) received from the VTR interchange at Bellows Falls, VT, to Portland, ME
- RJAY/AYRJ – unit grain trains (as needed) between Rotterdam Jct, NY and Ayer, MA {{REDACTED}}
- NSR merchandise trains 16R/11R – between Mohawk, NY and East Deerfield, MA
- NSR intermodal trains 22K/23K – between Mechanicville, NY and Ayer, MA

Local Trains: Springfield Terminal, on behalf of PAS, operates local trains to primarily serve rail customers, based in the following locations: Ayer, MA; Fitchburg, MA; East Deerfield, MA; Plainville, CT; North Adams, MA; Mechanicville, NY; and Rotterdam, NY.

Yard Trains: Springfield Terminal, on behalf of PAS, operates yard trains at East Deerfield, MA to classify inbound and outbound rail traffic (operating hump yard).

Line Density: 2019 and projected 2024 line density information for PAS is set forth in more detail in Exhibit 14.

Table 2: PAR and PAS Operations

TRAIN	ON DUTY	ARRIVAL	DOS ⁴	ORIGIN	DESTINATION	PICK-UP	SETOUT	CREW CHANGE	DIRECTION	RR
POAY	0100	1900	7 DOW	PORTLAND	AYER	Lowell 1000	None	Lowell 1600	WEST	PAR/ST
AYPO	0200	1200	7 DOW	AYER	PORTLAND	None	None	Lowell 0330	EAST	PAR/ST
PORU	0700	2330	EVERY OTHER DAY	PORTLAND	RUMFORD	N/ Leeds 1400	N/ Leeds 1400, Riley's 1615, Dixfield 2145	Riley's 1900	EAST	PAR/ST
WANM	1000	1800	MTWTF	WATERVILLE	N. ME JCT.	None	None	None	EAST	PAR/ST
23K	1200	2200	7 DOW	AYER	MECHANICVILLE	None	None	None	WEST	PAS
EDRJ	1300	0400	Sa,M,W	DEERFIELD	ROTTERDAM	Hoosic Jct. 2100	None	Mechanicville 2359	WEST	PAS
RJED	1300	0100	Su,Tu	ROTTERDAM	DEERFIELD	None	None	None	EAST	PAS
POED	1400	0900	7 DOW	PORTLAND	DEERFIELD	Lowell 2330, Ayer, Fitchburg, Gardner	Dover, Lawrence 2100	Lowell 2330	WEST	Both
22K	1500	0500	7 DOW	MECHANICVILLE	AYER	None	None	Gardner 0300	EAST	PAS
BFPO	1500	2300	AS NEEDED	BELLOW FALLS	PORTLAND	None	None	None	EAST	PAS
EDBF	1600	2100	MTWTF	DEERFIELD	BELLOWS FALLS	None	Brattleboro	None	WEST/NORTH	PAS
RUPO	1900	1700	EVERY OTHER DAY	RUMFORD	PORTLAND	Riley's 0400, Danville 1300	Danville 1300	Riley's 0700	WEST	PAR/ST
POWA	1930	0530	7 DOW	PORTLAND	WATERVILLE	None	Danville 2300	Leeds Jct. 0200	EAST	PAR/ST
EDPL	2000	0700	M	DEERFIELD	PLAINVILLE	None	Hartford	None	WEST/SOUTH	PAS
WAPO	2000	0600	7 DOW	WATERVILLE	PORTLAND	None	None	None	WEST	PAR/ST
PLED	2000	0800	F	PLAINVILLE	DEERFIELD	Hartford	None	None	NORTH/EAST	PAS
BFED	2100	0200	TWTF S	BELLOWS FALLS	DEERFIELD	Brattleboro	None	None	EAST	PAS
11R	2100	0900	7 DOW	DEERFIELD	MOHAWK	Hoosic Jct. 0300	Hoosic Jct. 0300	None	WEST	PAS
16R	2100	0900	7 DOW	MOHAWK	DEERFIELD	None	Hoosic Jct. 0230	None	EAST	PAS
NMWA	2200	0800	MTWTF	NO ME JCT	WATERVILLE	None	None	None	WEST	PAR/ST
EDPO	2300	2300	7 DOW	DEERFIELD	PORTLAND	Lawrence 1600	Gardner, Fitchburg, Ayer, Lawrence 1600	Lowell 0800	EAST	Both
DOBO	*	*	AS NEEDED	DOVER	BOSTON	None	None	Dover	WEST/SOUTH	PAN AM
BODO	*	*	AS NEEDED	BOSTON	DOVER	None	None	Dover	NORTH/EAST	PAN AM

Traffic averages for the PAR and PAS networks in 2020 are shown in Table 3 below.

⁴ Days of service per week.

Table 3: 2020 Traffic Averages⁵

	Train Count	Avg Loaded	Avg Empty	Avg Total	Avg Tons	Avg Length
PAR/ST	1,870	32	28	60	5,359	3,811
PAS	1,270	31	24	55	5,337	4,414

iii. Summary of CSXT Train Operations

The Northern Zone of the Northeast Region of the CSXT system consists of the following corridors and subdivisions:

The **Selkirk – Boston Corridor (Berkshire & Boston Subdivisions)**, running between Selkirk, NY and Boston, MA, carries a heavy concentration of intermodal traffic, featuring four high-priority United Parcel Service (“UPS”) trains, one pair of automotive trains in and out of East Brookfield, MA, and merchandise trains that carry traffic to and from the PAR System, the Boston Area, southern Massachusetts, and Connecticut.

The **Berkshire Subdivision** of the Selkirk – Boston Corridor runs between Selkirk, NY and Ludlow, MA, east of Springfield, MA, a total distance of approximately 99.7 miles. There are approximately 11.4 trains a day on this subdivision (five intermodal, four merchandise, and two automotive). Seven trains originate/terminate at Worcester, MA, two trains originate/terminate at East Brookfield, MA, and two trains originate/terminate at West Springfield, MA. The trains have an average length of 6,974 feet, with 6,610 average tons, and 32.5 MPH average velocity.

The **Boston Subdivision** of the Selkirk – Boston Corridor runs between Ludlow, MA and Worcester, MA, a total distance of approximately 47.1 miles. There are approximately 7.5 trains a day on this subdivision (five intermodal and 2.5 merchandise), all of which originate/terminate at Worcester, MA. The trains have

⁵ This table shows average loaded cars per train and average empty cars per train.

an average length of 5,352 feet, with 5,316 average tons; and 26.7 MPH average velocity.

The **River Subdivision** runs roughly parallel to the west of the Hudson River between North Bergen, NJ and Selkirk, NY, a total distance of approximately 130.7 miles. This is a very busy subdivision with a single main track and sidings, carrying six high priority UPS trains a day, along with Chicago – East Coast intermodal traffic and merchandise traffic to/from Selkirk – East Coast and the Southeast. There are approximately 23.1 trains a day on this subdivision (12 intermodal, 10 merchandise, and 1.1 bulk). The trains have an average length of 7,361 feet, with 7,557 average tons; and 24.8 MPH average velocity.

The **Selkirk – Syracuse Corridor (Mohawk & Selkirk Subdivisions)**, running between Selkirk, NY and Syracuse, NY, carries a heavy concentration of intermodal traffic, featuring nine high-priority United Parcel Service (“UPS”) trains, Chicago – East Coast intermodal traffic, and merchandise traffic flowing to/from the Midwest and the East Coast.

The **Mohawk Subdivision** runs between Hoffmans, NY and Oneida, NY, a total distance of approximately 92.9 miles. This is a very busy subdivision with a double main track, carrying nine high-priority UPS trains, Chicago – East Coast intermodal traffic, and merchandise traffic flowing to/from the Midwest and the East Coast. There are approximately 32.7 trains a day on this subdivision (16 intermodal, 12 merchandise, 3 automotive, 1.7 bulk).

The **Selkirk Subdivision** runs between Hoffmans, NY and Selkirk, NY, a total distance of approximately 28 miles. This is a very busy subdivision with a double main track, carrying nine high-priority UPS trains, Chicago – East Coast intermodal traffic, and merchandise traffic flowing to/from the Midwest and the East Coast. There are approximately 32.7 trains a day on this subdivision (16 intermodal, 12 merchandise, 3 automotive, 1.7 bulk).⁶

⁶ The same road trains that operate on the Mohawk Subdivision also operate on the Selkirk Subdivision.

Table 4: CSXT Trains

Selkirk

Selkirk Destinations				Selkirk Originations			
TRAIN	ORIGIN	DESTINATION	SETOUT ⁷	TRAIN	ORIGIN	DESTINATION	PICK-UP
Q019	WORCESTER MA	SELKIRK NY	CHICAGO TV	Q363	SELKIRK NY	AVON IN	CLEVELAND COLLINWOOD YD, INDIANAPOLIS, SALEM IL UP
Q364	AVON IN	SELKIRK NY	SELKIRK	Q367	SELKIRK NY	CHICLEARIL	CHICAGO UP, CHICAGO BELT RAILWAY
Q368	CHICAGO CLEARING YD IL	SELKIRK NY	SELKIRK	Q403	SELKIRK NY	PHIGREENW PA	PAVOINA NJ, PHILADELPHIA GREENWICH YD, STONY CREEK, KINGSTON, WOODBOURN
Q404	PHILADELPHIA GREENWICH YD PA	SELKIRK NY	SELKIRK AUTO, SELKIRK, BAILEY MINE	Q409	SELKIRK NY	WAYCROSS GA	N BERGEN, RICHMOND, WACROSS
Q410	WAYCROSS GA	SELKIRK NY	SELKIRK	Q421	SELKIRK NY	ROCMOUNT NC	ROCKY MOUNT, BALTIMORE CURTIS BAY, COLLIER TRASH
Q422	ROCKY MOUNT NC	SELKIRK NY	SELKIRK, FRESH POND, OAK POINT	Q424	SELKIRK NY	WESSPRING MA	PITTSFIELD, NIVERVILLE, W SPRINGFIELD, CON SOUTHERN, CEDAR HILL
Q425	WESSPRING MA	SELKIRK NY	SELKIRK	Q426	SELKIRK NY	WORCESTER MA	BARBER STATION, WORCESTER P&W, BEACON PARK, AYER
Q427	BARBER STATION MA	SELKIRK NY	SELKIRK	Q433	SELKIRK NY	OAKISLAND NJ	DOREMUS AUTO, OAK ISLAND
Q434	OAK ISLAND NJ	SELKIRK NY	SELKIRK, SELKIRK AUTO	Q436	SELKIRK NY	WORCESTER MA	WESTBORO, PALMER NECR, N GRAFTON G&U, FRAMINGHAM
Q560	CINCINNATTI OH	SELKIRK NY	SELKIRK	Q561	SELKIRK NY	CINCINNAT OH	CINCINNATTI, LORDSTOWN, S SCHENEDTADY, CHICAGO

⁷ Trains are built with “blocks” (groups of cars with similar origination/destination pairs) that are “set out” (dropped off at a location) or “picked up” (added to the train at a location) along the train’s scheduled route. For instance, Q365 originates in Selkirk, NY and terminates in Avon, IL. At Selkirk, the train is made up of 3 blocks of cars: Cleveland’s, Indy’s and Salem UP’s. As the train travels west, it will set out the Cleveland’s at Collinwood Yard, and continue west to Avon where it will terminate with the Indy and Salem (UP) cars.

REDACTED - TO BE PLACED ON PUBLIC FILE

Q626	BUFFALO NY	SELKIRK NY	SELKIRK	Q627	SELKIRK NY	BUFFALO NY	ROTTERDAM JCT. BUFFALO, BUFFALO CN, FAIRPORT TRASH, NIAGARA
Q634	COLUMBUS OH	SELKIRK NY	SELKIRK	Q635	SELKIRK NY	COLUMBUS OH	FOSTORIA TRASH, COLUMBUS
Q704	NEW YORK OAK POINT NY	SELKIRK NY	COLLIER TRASH, COLUMBUS TRASH, SELKIRK	Q701	SELKIRK NY	NEWYOROAK NY	OAK POINT, FRESH POND,

TRAIN	ORIGIN	DESTINATION	PICK-UP
Q001	N BERGEN NJ	BEDFORD PARK IL	NONE
Q002	BEDFORD PARK IL	N BERGEN NJ	NONE
Q003	SOUTH KEARNY NJ	BEDFORD PARK IL	CHICAGO TV
Q004	BEDFORD PARK IL	SOUTH KEARNY NJ	NONE
Q007	N BERGEN NJ	ROSE LAKE IL	NONE
Q008	ROSE LAKE IL	N BERGEN NJ	NONE
Q009	PORT NEWARK NJ	BEDFORD PARK IL	NONE
Q010	BEDFORD PARK IL	PORT NEWARK NJ	NONE
Q017	WORCESTER MA	BEDFORD PARK IL	NONE
Q020	BEDFORD PARK IL	WORCESTER MA	NONE
Q022	SYRACUSE NY	WORCESTER MA	NONE
Q115	WORCESTER MA	SYRACUSE NY	NONE
Q157	PHILADELPHI GREENWICH PA	NORTHWEST OH	NONE
Q158	NORTHWEST OH	PHILADELPHIA GREENWICH PA	RIDGEFIELD HEIGHTS
Q159	PORT NEWARK NJ	SYRACUSE NY	NONE
Q162	NORTHWEST OH	PORT NEWARK NJ	NONE
Q168	CHICAGO 59 TH ST IL	PORT NEWARK NJ	NONE
Q169	PORT NEWARK NJ	CHICAGO 59 TH STREET IL	NONE
Q205	EAST BROOKFIELD MA	LOUISVILLE KY	MARYSVILLE AUTO
Q212	BUFFALO NY	PORT NEWARK NJ	NONE
Q264	BUFFALO NY	EAST BROOKFIELD MA	NONE
Q567	PORT NEWARK NJ	WALBRIDGE OH	CHICAGO IHB, WALBRIDGE, NEW BOSTON AUTO, BUFFALO AUTO

West Springfield

<u>West Springfield Destination</u>				
TRAIN	ORIGIN	DESTINATION	PICK-UP	SETOUT
Q424	SELKIRK NY	WEST SPRINGFIELD MA	NONE	W SPRINGFIELD, CON SOUTHERN, CEDAR HILL

<u>West Springfield Origination</u>				
TRAIN ID	ORIGIN	DESTINATION	PICK-UP	SETOUT
Q425	WEST SPRINGFIELD MA	SELKIRK NY	SELKIRK	NONE

<u>West Springfield Through Trains</u>				
TRAIN	ORIGIN	DESTINATION	PICK-UP	SETOUT
Q017	WORCESTER MA	BEDFORD PARK IL	CHICAGO TV	NONE
Q019	WORCESTER MA	SELKIRK NY	CHICAGO TV	NONE
Q020	BEDFORD PARK IL	WORCESTER MA	NONE	SFDT
Q022	SYRACUSE NY	WORCESTER MA	NONE	NONE
Q115	WORCESTER MA	SYRACUSE NY	EAST ST LOUIS, LACI, NWOC, INDT	NONE
Q205	EAST BROOKFIELD MA	LOUISVILLE KY	NONE	NONE
Q264	BUFFALO NY	EAST BROOKFIELD MA	NONE	NONE
Q426	SELKIRK NY	WORCESTER MA	NONE	NONE
Q427	BARBER STATION MA	SELKIRK NY	NONE	NONE
Q436	SELKIRK NY	WORCESTER MA	NONE	NONE

Worcester

<u>Worcester Destination</u>					<u>Worcester Origination</u>				
TRAIN	ORIGIN	DESTINATION	PICK-UP	SETOUT	TRAIN	ORIGIN	DESTINATION	PICK-UP	SETOUT
Q020	BEDFORD PARK IL	WORCESTER MA	NONE	WORCESTER TV, WORCESTER P&W	Q017	WORCESTER MA	BEDFORD PARK IL	CHICAGO TV	NONE
Q022	SYRACUSE NY	WORCESTER MA	NONE	WORCESTER TV	Q019	WORCESTER MA	SELKIRK NY	CHICAGO TV	NONE
Q426	SELKIRK NY	WORCESTER MA	NONE	BARBER STATION, BEACON PARK, AYER, WORCESTER P&W	Q115	WORCESTER MA	SYRACUSE NY	SYRACUSE TV,ELIZABETH MARINE,SELKIRK, KEARNY TV	NONE
Q436	SELKIRK NY	WORCESTER MA	NONE	FRAMINGHAM, NORTH GRAFTON G&U, WESTBORO	Q427	WORCESTER MA	SELKIRK NY	SELKIRK	NONE

<u>No Through Trains</u>

Table 5: CSXT Local Service

ORIG CITY	DEST CITY	TRAIN	Notes
Cedar Hill, CT	Cedar Hill, CT	B746	5 Customers, Works to New Haven and back at night
		B747	10 Customers, Works to New Haven and back during the day
Framingham	Framingham	B724	13 customers, Works Fitchburg Industrial Track
		B725	Moves traffic to Attleboro for Middleboro locals and picks up Middleboro cars to go back to Framingham
Middleboro, MA	Middleboro, MA	B726	Moves traffic to Attleboro for Framingham and picks up cars from Framingham for Middleboro
		B727	12 customers, Works customers between Middleboro and Attleboro
		B729	6 customers, Works customers between Middleboro and Braintree, MA
Readville, MA	Readville, MA	B710	6 customers, Works customers from Readville to Walpole, also scheduled to Stoughton MA on Tues, Thur
		B731	Shuttles all the local traffic from Readville, Walpole, surrounding areas to Framingham and brings traffic back to Readville
Walpole, MA	Walpole, MA	B733	17 customers, Works customers west of Walpole on Wednesday and customers towards Mansfield the rest of the week
Westborough, MA	Westboro, MA	B723	4 customers, Works between Westborough and Worcester
Worcester, MA	Worcester, MA	B722	Shuttles cars between Worcester, Westborough, and Framingham
West Springfield, MA	West Springfield, MA	B730	10 customers, Works between West Springfield and Pittsfield
		B740	3 customers, Works between West Springfield and East Brookfield
		B741	11 Customers, Works customers around West Springfield
Selkirk, NY	Selkirk, NY	B765	1 Customer at Hudson, NY

South Schenectady, NY	South Schenectady, NY	B761	14 customers, Works customers from South Schenectady west to Herkimer, NY and Troy, NY
		B760	Works PAS interchange at Rotterdam Jct and SMS interchange at Guilderland.
West Albany, NY	West Albany, NY	B758	13 customers, works Transflo terminal and Hudson Line customers
Kingston, NY	Kingston, NY	C711	34 customers, Works customers along the River sub between Selkirk and NYC

Line Density: 2019 and projected 2024 line density information for CSXT is set forth in more detail in Exhibit 14.

iv. Description of the PAR System Lines

The PAR System network consists of approximately 808 route miles of rail lines, including approximately 724.53 owned and leased (including perpetual freight easement) route miles and approximately 83.62 trackage rights route miles, in Massachusetts, Maine, New Hampshire, and Vermont. The PAR System is a key conduit for rail freight originating and terminating in the densely populated Northeast U.S. region, and it serves as a destination point for trade flows into Portland, ME, Boston, MA, and smaller metropolitan areas in New England. In 2019, the PAR System moved 51,170 freight carloads, representing 98% of its gross revenue for the year, and 5,054 intermodal units, representing 2% of its gross revenue. Various PAR subsidiaries own the PAR System's rail lines, and Springfield Terminal, another PAR subsidiary, leases the lines from the PAR subsidiaries and operates the PAR System.

Boston & Maine, a subsidiary of PAR, owns approximately 144.18 route miles of main line track, which includes: 1) a rail line extending from the Massachusetts state line to Rigby, ME, a distance of approximately 74.82 route miles; 2) a rail line extending from Barbers Station, MA to Harvard, MA, a distance of approximately 22.87 route miles; 3) a rail line extending from the Massachusetts state line to Concord, NH, a distance of approximately 39.42 route miles; and 4) a rail line extending from Bleachery, MA to Lowell Junction, MA, a distance of approximately

7.07 route miles. Boston & Maine owns perpetual freight easements over various segments of track owned by the Massachusetts Bay Transportation Authority (“MBTA”) in eastern Massachusetts, totaling 149.93 route miles. Additionally, Boston & Maine and Springfield Terminal have overhead trackage rights over Milford-Bennington Railroad Company, between approximately milepost N-16.36, in Wilton, NH, and approximately milepost 19.66, in Lyndeboro, NH.⁸ Boston & Maine also owns approximately 36.94 route miles of branch line track.

Additionally, Boston & Maine leases approximately 26.64 route miles of main line track, which includes: 1) a rail line extending from CPF 312 to CPF NC, a distance of approximately 9.63 route miles, owned by PAR subsidiary Stony Brook; 2) a rail line extending from Bleachery, MA to CPF NC, a distance of approximately 3.84 route miles, owned by MBTA ; 3) a rail line extending from CPF NC to the Massachusetts state line, a distance of approximately 6.20 route miles, owned by MBTA; and 4) two rail line segments in Concord, NH and White River Junction, VT, totaling a distance of approximately 6.97 route miles, owned by PAR subsidiary Northern.

Maine Central, a subsidiary of PAR, owns approximately 191.64 route miles of main line track, which includes: 1) a rail line extending from the Portland Terminal limit to Waterville, ME, a distance of approximately 78.97 route miles; 2) a rail line extending from Waterville, ME to Bangor, ME, a distance of approximately 54.60 route miles; and 3) a rail line extending from Bangor, ME to Mattawamkeag, ME, a distance of approximately 58.06 route miles. Maine Central also owns approximately 155.26 route miles of branch line track.

Portland Terminal, a subsidiary of PAR, owns approximately 13.13 route miles of main line track, which includes: 1) approximately 5.45 route miles between Yard 8 East and the Portland/Falmouth line; 2) approximately 3.08 route miles between Yard 8 East and the So. Portland/Scarborough line; and 3) approximately

⁸ See *Boston and Maine Corp. and Springfield Terminal Ry. Co.—Trackage Rights Exemption—Milford-Bennington R.R. Co.*, FD 33794 (STB served Sept. 13, 1999).

4.59 route miles between Mountain Junction and the Woodyard Switch. Portland Terminal also owns approximately 6.82 route miles of branch line track.

v. Description of the PAS Lines

The PAS Network consists of approximately 425 route miles of rail lines, including approximately 281.38 route miles owned (including perpetual freight easement) and approximately 143.62 trackage rights route miles, in Connecticut, Massachusetts, New Hampshire, New York, and Vermont. Springfield Terminal operates PAS on a contract basis.⁹ PAS serves as a critical link to the Boston market for intermodal and automotive trade flows. In 2019, PAS moved 37,238 freight carloads, representing {{REDACTED}} of its gross revenue for the year, and 77,883 intermodal & haulage units, representing {{REDACTED}} of its gross revenue.

The PAS lines include two main line corridors, referred to as the Patriot Corridor (east-west) and the Knowledge Corridor (north-south). The PAS Patriot Corridor extends between milepost 467.4 at Mechanicville, NY and milepost 311.97 near Willows, MA, a distance of approximately 151.4 miles, inclusive of freight easement rights over MBTA between milepost 329.55 at Fitchburg, MA and milepost 313.77 at Willows, MA, a distance of approximately 15.8 miles. PAS also has trackage rights at the western end of the Patriot Corridor over the Canadian Pacific Railway Company (“CP”) Freight Subdivision between milepost 467.6 (CPF 468) at Mechanicville, NY and milepost 484.8 (CPF 485) at Mohawk Yard, NY, a distance of approximately 17.2 miles.

The PAS Knowledge Corridor extends between milepost 183.4 at White River Junction, VT and milepost 0.0 at New Haven, CT a distance of approximately 183.4 miles, inclusive of the following: 1) trackage rights over New England Central Railroad (“NECR”), a wholly-owned subsidiary of GWI, between milepost 183.4 at White River Junction, VT and milepost 110.6 at East Northfield, MA, a distance of approximately 72.8 miles; 2) freight easement rights over MassDOT-owned track

⁹ See *Norfolk S. Ry. Co.—Joint Control & Operating/Pooling Agreements—Pan Am S. LLC*, FD 35147 (STB served Mar. 10, 2009).

assets between milepost 110.6 at East Northfield, MA and milepost 62.0 at Springfield, MA, a distance of approximately 49.7 miles; and 3) trackage rights over National Railroad Passenger Corporation (“Amtrak”) between milepost 62.0 at Springfield, MA and milepost 0.0 at New Haven, CT, a distance of approximately 62 miles.¹⁰

Additionally, PAS owns approximately 76.42 route miles of branch line track. The PAS lines include the following branch line track:

- 1) freight easement rights over MassDOT-owned track assets between milepost 0.0 at North Adams, MA and milepost 4.59 at Adams, MA, a distance of approximately 4.59 miles;
- 2) between milepost 0.0 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 0.0 at Berlin, CT and milepost 8.4 at Derby, CT, a distance of approximately 42.9 miles, inclusive of freight easement 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) freight easement rights over MBTA between milepost 33.72 at Willows, MA and milepost 31.43 at Littleton, MA, a distance of approximately 2.3 miles;
- 6) freight easement rights over MBTA between milepost 0.0 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 0.0 (CPF 477), near Burnt Hills, NY, a distance of approximately 12.16 miles;

¹⁰ See *Pan Am S. LLC—Acquisition and Operation Exemption—Lines of Boston & Maine Corp.*, FD 35147 (Sub-No. 1), Notice of Exemption at Exhibit 1 (filed June 27, 2008); *Norfolk S. Ry. Co.—Joint Control & Operating/Pooling Agreements—Pan Am S. LLC*, FD 35147 (STB served Mar. 10, 2009); *Mass. Dep’t of Transp.—Acquisition Exemption—Certain Assets of Pan Am S. LLC*, FD 35863 (STB served Dec. 24, 2014) (as modified, Mar. 27, 2015).

- 8) the Southington Industrial Branch, which is approximately 4.5 miles between Plainville and Southington, CT; and
- 9) approximately 3.7 miles of trackage rights over CSXT between North Haven and Cedar Hill Yard, CT.¹¹

B. Interchanges

The PAR System and PAS interchange with a diverse group of partners, including four Class I railroads (CSXT, NSR, Canadian National Railway Company (“CN”), and CP) and various Class II and Class III railroads. The PAR System’s network includes 20 interchange locations, and the PAS Network includes 21 interchange locations. The multiple interchange options throughout the PAR System and the PAS Network result in operating freedom and flexibility for the PAR System and the PAS Network. A list of interchange partners and locations is provided in Tables 6 and 7 below and shown in a map included in Exhibit 1-E to the Application. These tables show revenue interchange partners and locations, and the physical interchange locations, which may be different in certain circumstances. In his Verified Statement, Dr. Reishus provides data regarding cars interchanged at each gateway.

¹¹ See *Pan Am S. LLC—Acquisition and Operation Exemption—Lines of Boston & Maine Corp.*, FD 35147 (Sub-No. 1), Notice of Exemption at Exhibit 1 (filed June 27, 2008); *Mass. Dep’t of Transp.—Acquisition Exemption—Certain Assets of Pan Am S. LLC*, FD 35943, Motion to Dismiss at 7-8 (filed Aug. 14, 2015).

**Table 6: PAR System/Springfield Terminal
Interchange Partners & Locations**

<u>Interchange Partner</u>	<u>Location</u>
CN	Danville Jct., ME ¹²
CN	Saint John, NB ¹³
CP	Brunswick, ME ¹⁴
CP	Northern Maine Jct., ME
CSXT	Barbers Station, MA (Worcester)
CSXT	Boston, MA ¹⁵
NSR	Ayer, MA ¹⁶
Belfast and Moosehead Lake Railroad	Burnham Jct., ME ¹⁷
Maine Northern Railroad	Mattawamkeag, ME ¹⁸
Maine Northern Railroad	Northern Maine Jct., ME ¹⁹
New Brunswick Southern Railway	Mattawamkeag, ME ²⁰
New Brunswick Southern Railway	Northern Maine Jct., ME ²¹
New Hampshire Northcoast	Dover, NH
PAS	Ayer, MA
PAS	North Charlestown, NH ²²
P&W	Worcester, MA ²³
St. Lawrence & Atlantic Railroad	Danville Jct., ME
Turners Island Railroad	Portland, ME
New England Southern Railroad (Vermont Rail System)	Concord, NH
Milford-Bennington Railroad	Wilton, NH

¹² CN accesses Danville Junction via a haulage arrangement with the St. Lawrence & Atlantic Railroad.

¹³ Springfield Terminal accesses Saint John via a haulage agreement with New Brunswick Southern Railway and Eastern Maine Railway.

¹⁴ The Brunswick interchange connects with CP's Brunswick Branch.

¹⁵ This interchange is not regularly used.

¹⁶ This interchange is used only for haulage traffic moving to Walnut Hill, MA / Winchester, MA and for joint Springfield Terminal/NSR intermodal services.

¹⁷ Belfast and Moosehead Lake Railroad has no revenue freight business at this time.

¹⁸ Maine Northern Railroad has access to Mattawamkeag via a haulage agreement with affiliate Eastern Maine Railway.

¹⁹ Maine Northern Railroad has access to Northern Maine Jct. via a haulage agreement with Canadian Pacific.

²⁰ New Brunswick Southern Railway has access to Mattawamkeag via a haulage agreement with affiliate Eastern Maine Railway.

²¹ Maine Northern Railroad has access to Northern Maine Jct. via haulage agreements with Canadian Pacific and Eastern Maine Railway.

²² This interchange connects to a Springfield Terminal line at Charlestown, NH that is not currently operating.

²³ Physical interchange occurs at Barbers Station, MA.

Table 7: PAS Interchange Partners & Locations

<u>Interchange Partner</u>	<u>Location</u>
CP	Mechanicville, NY ²⁴
CSXT	New Haven, CT ²⁵
CSXT	Springfield, MA ²⁶
CSXT	Rotterdam Jct., NY
NSR	Ayer, MA ²⁷
NSR	Mechanicville, NY ²⁸
Battenkill Railroad	Eagle Bridge, NY
Central New England Railroad	Hartford, CT ²⁹
Connecticut Southern Railroad	Hartford, CT
Housatonic Railroad	Derby, CT ³⁰
NECR	Brattleboro, VT
NECR	Millers Falls, MA ³¹
NECR	White River Jct., VT ³²
Naugatuck Railroad	Waterbury, CT
Providence and Worcester	Gardner, MA
Pioneer Valley Railroad	Holyoke, MA
Springfield Terminal	Ayer, MA
Springfield Terminal	North Charlestown, NH ³³
Vermont Railway	Hoosick Jct., NY
Vermont Railway	Bellows Falls, VT
Vermont Railway	White River Jct., VT

C. Yards

The PAR System's and the PAS Network's properties include 13 interchange yards and facilities, which are listed in Table 8 below. The various yards throughout

²⁴ Physical interchange takes place at Mohawk Yard, Glenville, NY.

²⁵ This interchange is not currently in service. It is used for reciprocal switch delivery for North Haven/New Haven, CT.

²⁶ This is not a regular interchange. It is used for occasional high-wide and detour movements.

²⁷ This is not a regular interchange. It is used to exchange empty intermodal and automotive equipment when necessary.

²⁸ Interchange can physically take place at Mechanicville or Mohawk Yard in Glenville, NY.

²⁹ This interchange is as of January 1, 2021.

³⁰ This interchange is not currently used for revenue traffic.

³¹ Interchange traffic with New England Central Railroad is routed via Millers Falls, MA, but the physical interchange is performed at Brattleboro, VT for railroad convenience.

³² This interchange is not currently used for revenue freight.

³³ This interchange connects to a Springfield Terminal line at Charlestown, NH that is not currently operating.

the two systems provide strategic access and proximity to large, fast-growing consumption markets such as New York and Boston.

Table 8: PAR/PAS Interchange Yards & Facilities

Yard	Location
Mattawamkeag (PAR)	Mattawamkeag, ME
Northern Maine Junction (PAR)	Hermon, ME
Waterville Yard (PAR)	Waterville, ME
Rigby Yard (PAR)	South Portland, ME
Lawrence Yard (PAR)	Lawrence, MA
Nashua Yard (PAR)	Nashua, NH
Ayer Yard/Hill Yard (PAS)	Ayer, MA
Fitchburg Yard (PAS)	Fitchburg, MA
Gardner Yard (PAS)	Gardner, MA
Deerfield Yard (PAS)	East Deerfield, MA
Hoosick Junction (PAS)	Hoosick, NY
Mechanicville Yard (PAS)	Mechanicville, NY
Rotterdam Yard (PAS)	Rotterdam Jct., NY

The Northern Zone of the Northeast Region of the CSXT system includes the following eight yards and terminals:

Selkirk, NY. This is the second largest hump yard by area on the entire CSXT system, processing over 1,000 cars a day with the ability to process more than 2,000. Twenty yard jobs and one local train work out of Selkirk. Traffic moves back and forth from the upper East Coast to the Midwest, Mid-Atlantic, and Southeast. Selkirk includes a large locomotive shop and service center, along with a car shop. Two merchandise trains originate/terminate in Selkirk, running to/from the Northeast.

West Springfield, MA. This CSXT “satellite” yard services the CSXT customer base in the region, and serves as an interchange point with the Connecticut Southern Railroad to forward cars to the CSXT Cedar Hill Yard in New Haven, CT. Most traffic that arrives at West Springfield has been processed at Selkirk. The West Springfield yard itself processes over 150 cars a day and includes a small intermodal ramp. Three intermodal trains a day run through the yard, and two intermodal trains pick-up/setout in the yard. Two merchandise trains

originate/terminate in the yard. Two yard jobs and three local trains work out of West Springfield.

Worcester, MA. This CSXT intermodal yard processes over 120 cars a day and includes an intermodal ramp with high priority UPS shipments moving in and out. Two merchandise trains a day run into Worcester and one merchandise train a day runs out of Worcester, in addition to one yard job and one local train. The Worcester intermodal yard is the eastern terminus of the CSXT intermodal network and services the entire New England market. CSXT interchanges traffic with P&W at Worcester.

East Brookfield, MA. This yard, the Northeast Automotive Intermodal Gateway, owned and operated by East Brookfield & Spencer Railroad, includes an automotive ramp and is the eastern terminus of the CSXT automotive network. One train a day runs in/out of this yard.

Framingham, MA. This CSXT yard processes approximately 103 cars a day. Two yard jobs and two local trains work out of Framingham, and traffic arrives at this yard on the B722 train from Worcester, MA.

Readville, MA. Two local trains work out of this CSXT yard, and no cars are processed here.

Middleborough, MA. Three local trains work out of this CSXT yard, and no cars are processed here.

Cedar Hill (New Haven, CT). Two local trains work out of this CSXT yard, and no cars are processed here.

D. Dispatching

Springfield Terminal operates under NORAC operating rules and dispatches MBTA commuter and Amtrak passenger trains over the PAR System and PAS Network, in addition to Springfield Terminal's freight trains. Springfield Terminal dispatches from a central operations center in North Billerica, MA. Springfield Terminal currently controls its signaled territory using a modified legacy version of Track Driver Professional (aka also known as Train Track).

The Verified Statement of Andy Daly (“Daly VS”) included in Exhibit 13-C to the Amended and Supplemented Application details dispatching responsibilities for all of the passenger services that run over rail line segments affected by the Proposed Transaction and the Related Transactions. The “Boston Region” inset to the map attached as Exhibit 1-G shows Springfield Terminal dispatching responsibilities by geographic district.

E. Intermodal Operations

In total, the PAR System and PAS moved approximately 83,000 intermodal and haulage units in 2019, which accounted for {{REDACTED}} of the 2019 gross revenue of PAS and {{REDACTED}} of the gross revenue of the PAR System. The PAR System and the PAS Network include a total of six intermodal terminals and two automotive facilities.

PAS engages in significant intermodal operations, and it is an important link to the Boston market for intermodal and automotive trade flows. In 2019, PAS moved 77,883 intermodal and haulage units, and its gross revenue for intermodal and haulage was {{REDACTED}}. PAS operates the following intermodal and automotive facilities:

- Ayer, MA – a three-track, 10,000-foot intermodal facility with a 300+ trailer parking area; and
- Mechanicville, NY – a two-track, 8,000-foot overhead crane intermodal facility with a 400+ trailer parking area.

These two facilities are strategically located to serve automotive and broader commercial merchandise traffic flows into the Boston metropolitan area. The Ayer intermodal facility is located approximately 35 miles northwest of Boston, MA. It encompasses approximately 52 acres of land and was built to handle a capacity of 75,000 truckload equivalent units (“TEUs”) annually, with the potential to expand to 175,000 TEUs of capacity. PAS has added capacity at the existing Ayer intermodal terminal and constructed an automotive terminal at Ayer.

The Mechanicville facility is located on a strategic route between Chicago and Boston. It is the site of an auto unloading facility and an efficient “filet and toupee” operation, in which the top containers of Massachusetts-bound double-stack, intermodal trains are removed (*i.e.*, “filleted”) in order to permit the trains to fit through the Hoosac Tunnel. On the return trip, single-stack trains stop in Mechanicville to have containers placed on top, or a “toupee,” before heading to Chicago. NSR runs one round-trip train per day between Mechanicville, NY and Ayer, MA that is operated by Springfield Terminal in haulage service as contract operator for PAS.

The PAR System, through Springfield Terminal, also engages in intermodal operations, handling 5,054 intermodal and 1,237 haulage units in 2019. The PAR System/Springfield Terminal loads intermodal traffic in Waterville, ME, destined for Ayer, MA.

F. Labor

Springfield Terminal performs the rail operations of the PAR System and the PAS Network. Neither PAS nor any of the other rail carrier affiliates of PAR have railroad employees. Details regarding the pre-transaction labor force are described in the Employee Impact Exhibit included with the Application.

G. Commuter and Other Passenger Rail Service

Commuter and other passenger rail service is addressed in the Daly VS included in Exhibit 13-C to the Amended and Supplemented Application.

H. Abandonments and Discontinuances

The PAR System, through Maine Central and Springfield Terminal, is currently seeking STB authority to abandon and discontinue service, respectively, for an out-of-service rail line located in central Maine, known as the Madison Branch. The line traverses through Oakland, Fairfield, Norridgewock, Madison, Anson and Embden, Maine, a distance of 32.46 miles +/-, in Kennebec and Somerset Counties, Maine, extending from milepost 0.00 to milepost 32.46. It is intended that the line will be converted to a multi-use trail. *See Verified Notice of Exemption,*

Maine Cent. R.R. Co. & Springfield Terminal Ry. Co.—Abandonment and Discontinuance of Service—Madison Branch, Kennebec & Somerset Counties, Maine, STB Docket Nos. AB 83 (Sub-No. 17X), AB 355 (Sub-No. 44X) (filed June 24, 2021).

I. Mechanical Facilities

The PAR System operates a mechanical facility at Waterville, ME, where Springfield Terminal currently performs major locomotive repair and overhauls, along with car repair. CSXT plans to operate this facility post-transaction. PAS has a mechanical facility at East Deerfield where Springfield Terminal currently performs locomotive and car repair work. B&E plans to continue to operate this facility post-transaction.

As described above, CSXT has a mechanical facility at its Selkirk, NY yard, where CSXT services locomotives and repairs railcars. The Selkirk Yard multi-track locomotive maintenance facility includes both a Locomotive Shop and Service Center, where employees perform repair, service and maintenance on numerous locomotives each day, around the clock. While locomotives take on fuel, water and sand, employees make inspections and necessary minor adjustments and repairs. In the Locomotive Shop, regularly scheduled inspection cycles are performed as well as other routine tasks, such as the removal and replacement of crankcase oil and filters. Repairs to freight cars at Selkirk Yard are made in an enclosed facility measuring approximately 16,800 square feet, equipped with four through tracks. Multiple tracks are set-up to handle light, or running repairs, such as wheel changes and air brake work. Heavier repairs can also be completed within the shop at work stations equipped with stationary jacks, job cranes, welding equipment, power tools and lubrication. A supply of such items as couplers, draft gears, car doors and other safety appliances are readily available from the inventory kept on-site. CSXT will continue to operate this Selkirk facility post-transaction.

V. Post-Transaction Operations

A. Changes to Train Operations

In the marketing plan sponsored by Mr. Wallace and submitted with the Amended and Supplemented Application, Mr. Wallace concludes that the Proposed Transaction will not produce: (1) significant shifts in traffic flows or diversion of traffic from other rail carriers or trucks in the near term, or (2) major growth in traffic over the next three years. Mr. Wallace forecasts that the PAR System's and PAS Network's total carloads will organically grow an average of 1.5% per year from 2019 through 2024. The other impact analyses submitted with the Amended and Supplemented Application – including the Market Analysis attached as Exhibit 12, and the Verified Statements of witnesses Mr. Sean Pelkey, Dr. David Reishus, and Dr. William Huneke – are consistent with the conclusions of Mr. Wallace regarding shifts in traffic flows or traffic growth.

Based on these impact analyses and a review of current operations, existing train service on the CSXT network, the PAR System, and the PAS Network has sufficient capacity to accommodate the average of 1.5% annual growth projected by Mr. Wallace from 2019 through 2024. There are no current plans to change existing CSXT network, PAR System or PAS Network routes, patterns, or types of service to accommodate the limited traffic growth forecast by CSXT, with the limited exceptions described below. Therefore, the Proposed Transaction and Related Transactions will have no impact on the provision of essential services by applicants and other carriers.

i. The PAR System

In connection with the Proposed Transaction, CSXT will take over Springfield Terminal's operation of the PAR System. Although CSXT may need to modify schedules to ensure efficient service, the basic service is not expected to change. CSXT intends to apply to existing movements on the PAR System the operating practices that have made CSXT a first-in-class rail operator on its existing network. By implementing CSXT's industry-leading operating practices on the PAR System,

CSXT will modernize and introduce efficiencies to the PAR System's operations, emphasizing consistency, reliability, and careful data measurement and management.

For example, on a daily basis, the CSXT operating team reviews detailed performance metrics regarding the CSXT system, including charts and data on a wide range of issues, such as train velocity, train length, train tonnage, train delay hours, carload trip plan compliance and failures, on-time originations and arrivals, locomotive miles per day, and extra yard jobs and locals. CSXT makes many of these metrics publicly available on its website at <https://investors.csx.com/metrics/default.aspx>. CSXT's modern tools and operating practices will replace the manual combination of paper forms and spreadsheets currently used by Springfield Terminal to operate the PAR System.

Reviewing performance metrics on a daily basis allows CSXT to detect any problems and to make real-time network adjustments as needed to promote and support efficient operations. Additionally, CSXT anticipates operating the PAR System on a scheduled basis, regularizing what CSXT understands are train schedules that are at times inconsistently implemented. CSXT has shown that it can make consistency and efficiency improvements to its existing network, and CSXT looks forward to achieving the same for customers on the PAR System.

CSXT uses various technologies to monitor access to its properties and assets, including the Security Countermeasure System, which can raise security alerts to CSXT management, and the Crisis Alert Response System, which measures and assesses environmental risks. CSXT also uses the MIR3 communication platform to communicate with employees in real-time in case of emergency. Additionally, CSXT will leverage its advanced crew scheduling and calling systems to improve utilization across the PAR System. CSXT will implement its user-friendly mobile platform (Crew Life) that simplifies and improves engagement for its crew employees, including text to work, access to payroll, and future work assignments. Supporting these technical capabilities are a suite of cloud-connected systems, with

the ability to handle very large volumes of real time events that today's business processes demand.

Attached to this Operating Plan as Exhibit 13-A is a letter sent from CSX President & Chief Executive Officer James M. Foote to Board Chairman Martin Oberman, dated June 17, 2021, detailing the most up-to-date information related to CSXT service, hiring plans, and asset availability as the country recovers from the pandemic. Mr. Foote explained that CSXT has implemented a variety of strategies recently to work around service disruption and congestion attributable to a combination of the pandemic, winter conditions, and altering market dynamics. Mr. Foote reported that CSXT has recently shown operating improvements throughout its network, with CSXT's velocity metric climbing from 23.5 between March-May 2021 to 24.3 month-to-date in June, and CSXT's dwell metric lowering from 21.2 during March-May 2021 to 20.1 through mid-June.

As CSXT integrates the PAR System operations into CSXT's operating plan and implements incremental capital improvements to increase train velocity, CSXT expects that it will eventually be possible to decrease the number of trains run on the PAR System, while maintaining the roughly same gross tonnage (subject to organic growth) and routings. As noted below, CSXT expects to make infrastructure improvements in rails, ties, yards and bridges and to implement standard CSXT asset replacement cycles. These improvements can be expected to improve velocity on some segments of PAR System lines, allow CSXT to consolidate some existing train starts on the PAR System, and potentially increase train lengths.

For example, the PAR System line segment between Mattawamkeag, ME and Waterville, ME is currently under a 10 mph maximum speed restriction. After CSXT implements the proposed infrastructure upgrades described in detail below, CSXT expects to increase the maximum speed limit to 25 mph on this line segment, improving transit time on this line segment from 660 minutes to 264 minutes. This transit time improvement would potentially allow CSXT to eliminate the current crew change at Old Town, ME, saving an additional hour of time. Given current

crew shortages, any ability to remove a variable such as a crew change could help avoid potential disruptions of service.

As another example, there may be areas where current speed restrictions require the use of two trains between three rail-served locations, say points A, B, and C. A train may be needed to run between A and B and another train may be needed separately to run between B and C in order to avoid violations of the hours of service requirements. As CSXT is able to increase velocity and otherwise make existing operations more efficient, it may be able to run a single train between A and C, while serving B as an intermediate location. These types of operating changes are not capable of being identified with more precision at this time, but CSXT expects that such changes will eventually be possible.

CSXT anticipates that the majority of these changes will be implemented on the PAR System in largely rural areas north and east of Portland, ME, where longer trains will be less impactful on communities with at-grade crossings. Additionally, as CSXT makes capital improvements to increase velocity, faster movements through grade crossings will help offset any impacts of longer trains. Mr. Pelkey explains in his Verified Statement that expansion of CSXT's integrated operations into New England will allow PAR System customers to schedule their supply chains more precisely, better manage inventory and reduce those costs. CSXT has developed a sophisticated but user-friendly, secure, web-based tool, ShipCSX,³⁴ that allows customers to monitor their freight movements across the network and better control inventory and manage their supply chain. Mr. Pelkey explains that this and other CSXT tools will provide PAR System customers with valuable ways to better manage their logistics.

ii. The PAS Network

In the Term Sheet Agreement described above, CSXT, NSR, and GWI have agreed that B&E will replace Springfield Terminal as contract operator of the PAS Network once CSXT acquires Springfield Terminal and Boston & Maine (including

³⁴ See <http://www.shipcsx.com>.

Boston & Maine's one-half interest in PAS). B&E has agreed to provide substantially all of the operating services that Springfield Terminal currently provides on behalf of PAS in substantially the same way (other than implementation of capital projects, as described elsewhere in this Application).

As described in further detail in the Wagner VS, as the largest operator of short line and regional railroads in the United States, GWI operates multiple railroads of a similar size and scope as the PAS Network, including the dispatch and hosting of commuter and passenger services that run comingled with freight. Except as described elsewhere in this Exhibit 13 and in the Wagner VS, B&E's expected plan for train operations does not differ materially from Springfield Terminal's current operations on the PAS Network, which includes 72.8 miles of trackage rights over B&E's affiliate NECR.

B&E will base its rolling stock, labor and equipment requirements on the execution of B&E's expected operating plan and the related experience of GWI's railroads in the region. B&E will have access to GWI's superior safety, operating and technology programs. B&E expects that all functional areas of PAS operations will benefit from a greater deployment of technology and further digitization of railroad operations than is utilized by the current operator of PAS, Springfield Terminal. B&E expects that these improvements will lead to increased productivity of the PAS Network. As described in further detail in the Wagner VS, this deployment will include the use of automated, cloud-based solutions to more efficiently manage train crew scheduling, equipment, rolling stock and locomotive utilization, and maintenance planning.

These tools will replace the manual combination of paper forms and spreadsheets currently used by Springfield Terminal to operate the PAS Network. As discussed in the Wagner VS, B&E will utilize the full suite of technology tools and applications available to GWI's affiliated railroads. The technology will include mobile reporting tools to enable train crews to report train and railcar movements from the field in real time. This technology will eliminate time and resources

devoted to manually inputting train information before and after a train movement. B&E intends to fully integrate technology, operational excellence and information management in a seamless fashion in order to maximize value creation for PAS and customers of PAS.

Under the NSR Settlement Agreement/Ayer Operations Protocol, CSXT and NSR have established certain principles to strengthen existing operations of the PAS Network following consummation of the Proposed Transaction. In the Ayer Operations Protocol, CSXT and NSR have agreed that, once CSXT owns a one-half interest in PAS and B&E is the contract operator of PAS, the parties will implement levels of service metrics and goals and a “static yard plan” for traffic moving on the PAS line running through the Ayer switching area (from Harvard, MA to CPF 312), which includes the existing Ayer Yard/Hill Yard described above. GWI has agreed through the Term Sheet Agreement to cause B&E to implement with PAS, NSR, and CSXT, within three months after commencement of B&E’s operation of PAS, a suite of operating metrics and goals related to PAS operations.

As described further in the Wagner VS, separating the PAS Network and PAR System operations will make PAS more efficient. For example, today Springfield Terminal incurs an aggregated amount of overhead costs associated with operating both PAS (as contract operator) and the PAR System, and does not link those costs to either operation. Therefore, as a structural matter, overhead costs incurred by Springfield Terminal due to PAS operations are now influenced by Springfield Terminal’s costs associated with PAR System operations. This creates potential volatility in PAS overhead costs, where cost changes are driven by events and circumstances on the PAR System. As an independent operator of only the PAS Network, B&E will be able to manage and control overhead costs on PAS much better than Springfield Terminal can today. Similarly, B&E will be able to make operating decisions based solely on the needs of PAS and its customers, as well as passenger carriers with which it shares facilities.

Mr. Wagner also explains that, notwithstanding B&E's operational and commercial independence, PAS will benefit from B&E's coordination with other GWI railroads in the New England region. B&E expects that PAS, P&W, CSXT, and B&E will work together to maximize local infrastructure in Barber, MA, Worcester, MA, Gardner, MA, Springfield, MA, and in the central Connecticut corridor to better manage trains and provide capacity redundancy.

As detailed by Mr. Wagner, B&E's affiliate railroads in the New England region have an excellent the safety and operating record. In 2019, the GWI-owned railroads operating in New England (NECR, St. Lawrence and Atlantic Railroad, P&W and Connecticut Southern) had an FRA reported injury ratio of 0.54 per every 200,000 working hours, and P&W was injury free. In comparison, Springfield Terminal's combined ratio was 1.22 for the same period. Additionally, GWI's internal customer satisfaction research shows that GWI's customers rate GWI's railroads higher than the overall trucking or rail industry. CSXT expects that B&E will operate PAS similarly.

Therefore, the Proposed Transaction and the Related Transactions will not produce significant changes to the existing routes, patterns, or types of service for the PAR System, PAS, or CSXT, or redirect existing traffic over those networks, with the exception of one NSR intermodal train pair per day that will run on CSXT's lines instead of PAS, described in further detail below. The Related Transactions will strengthen the critical segment of PAS rail lines in and around Ayer, MA, and will ensure that CSXT will have an efficient and unencumbered route through Ayer, MA for the movement of CSXT traffic into and out of New England, as CSXT integrates the existing CSXT and PAR System rail networks.

iii. Changes in traffic flows resulting from the NSR Settlement Agreement.

The NSR Settlement Agreement will have a small impact on traffic flows on two routes running generally west-to-east, each shown on the map contained in Exhibit 4-A to the Application: (1) the "Northern Route" on PAS between Rotterdam

Junction, NY and Ayer, MA, and (2) the “Southern Route” between Voorheesville, NY and Ayer, MA. The traffic changes will result from two provisions of the NSR Settlement Agreement.

First, section IX of the NSR Settlement Agreement provides that CSXT will interchange certain carload traffic moving to/from Ayer shippers at Rotterdam, NY to run over the Northern Route for a transitional period. This traffic currently moves on the Southern Route through Worcester, MA. CSXT expects that the carloads that are diverted from the Southern Route to the Northern Route will be handled in existing PAS trains, so the traffic diversions will not cause any increase in train counts on the Northern Route, but they will result in a decrease in carload traffic moving over the Southern Route. Those changes are reflected in Attachments 2 and 3 to Exhibit 4-A to the Application.

Second, section IV of the NSR Settlement Agreement provides that NSR will obtain trackage rights for one intermodal/automotive train pair per day (one train in each direction) over the Southern Route between the Voorheesville, NY, area and Ayer. These trackage rights over the Southern Route will allow NSR to move double-stack intermodal trains into Ayer, which NSR cannot do today on the Northern Route. Use of the Southern Route by NSR instead of use of the PAS Northern Route will have the following impacts on traffic volumes:

1. There will be an increase of one intermodal/automotive train pair per day to and from Ayer over the Southern Route, and a decrease of one train pair per day, to and from Ayer on the Northern Route.
2. The gross ton-miles per year on the Northern Route will be reduced by the diversion of the pair of NSR intermodal/automotive trains to the Southern Route. However, that reduction will be offset to some extent by an increase in gross ton-miles per year on the Northern Route resulting from CSXT’s diversion of traffic from the Southern Route to the Northern Route, as discussed above. The result is a net decrease in gross ton-miles per year on the portion of the Northern Route through Mechanicville (the point of interchange with NSR). Attachments 2 and 3 to Exhibit 4-A to the Application show the reduction in gross ton-miles by segment on the Northern Route. Annual gross ton-miles on the remaining segment of the Northern Route between Mechanicville and Rotterdam will increase by 24% as a result of CSXT’s diversion of

traffic from the Southern Route to the Northern Route, as discussed above.

3. The diversion of the NSR intermodal/automotive train pair to the Southern Route will increase trains on that line by one train pair per day, or one train in each direction.
4. The gross ton-miles per year on the Southern Route will be increased by the diversion of the NSR intermodal/automotive train pair from the Northern Route. However, that increase in gross ton-miles will be offset to some extent by the reduction of gross ton-miles per year from the CSXT traffic that will be diverted from the Southern Route to the Northern Route, as discussed above. The net effect will be an increase in gross ton-miles per year on the Southern Route as shown in Attachments 2 and 3 to Exhibit 4-A to the Application.
5. On the Southern Route line segment between Worcester, MA and Ayer, there will be an increase of one train pair per day, as the pair of NSR intermodal/automotive trains will now traverse this line segment.
6. The gross ton-miles per year on the Worcester-to-Ayer segment of the Southern Route will increase 67% on a net basis as a result of the addition of the pair of NSR intermodal/automotive trains and the reduction of carloads that CSXT moves today on that line segment that will be moved post-transaction on the Northern Route.

B. Changes to Interchanges

As noted above, Springfield Terminal currently operates the PAR System pursuant to leases from other PAR subsidiaries that own the lines, and the PAS Network as a contract operator. CSX intends to merge Springfield Terminal into CSXT at a later date, which will result in the elimination of the existing physical and revenue interchanges between CSXT and the PAR System/Springfield Terminal at Barbers Station, MA. Additionally, because Springfield Terminal operates both the PAR System and the PAS Network, no physical interchange currently exists for traffic between the PAR System and locations in the Ayer region. Because the Proposed Transaction will result in B&E operating the PAS Network and CSXT operating the PAR System, PAS and CSXT will institute a physical interchange at Ayer, MA.

The elimination of the CSXT/PAR System interchanges at Barbers Station, MA will allow for faster, more competitive single-line service between the existing

CSXT network and the PAR System. As discussed elsewhere in the Application, CSXT will commit to keeping existing gateways open to other rail carriers on commercially reasonable terms.

Among numerous other benefits, single-line service on the combined CSXT/PAR System lines will allow CSXT to consolidate and streamline service planning on the PAR System's current network, creating more efficient and reliable service for CSXT's and the PAR System's rail customers. Single-line service will reduce switching and interchange, will eliminate the need to coordinate a hand-off between separate rail carriers, will result in a savings in transit times, and will reduce the chance of unexpected problems in the physical interchange of traffic between two independent carriers. With single-line service and a consolidated information system for freight car location and distribution, rail customers will receive better information and can better monitor their traffic and plan their own operations around rail schedules. Shippers will benefit from a unified customer service interface and access to rates and equipment ordering through a single point of contact.

Among the benefits of the Proposed Transaction is a reduction in the operating costs of the combined CSXT/PAR System networks. In his Verified Statement attached to the Application as Exhibit 22-E, Dr. Reishus explains that, in 2019, CSXT and Springfield Terminal/PAR transported nearly {{REDACTED}} carloads in interline service, interchanged at Barbers Station. Post-transaction, that service will move "single-line," without requiring separate railroads to handle and exchange the shipments. In addition to the benefits to the customer of having a single transportation provider from origin to destination, the conversion to single-line service will eliminate the activities and costs associated with the interchange.

Dr. Reishus used the Board's Uniform Rail Costing System (URCS) to quantify the variable costs assigned to those activities through analysis of the 2019 confidential Carload Waybill Sample (CWS). The URCS cost model incorporates information on the operating expenses, investments, and operating statistics for

each Class I railroad (including CSXT), and assigns an estimate of variable costs to each shipment, broken down into the separate portions of the movement (e.g., the costs of originating or terminating the shipment, the costs of linehaul transportation from point-to-point, and for interline shipments, the costs of interchanging the shipment between the different carriers that participate in the movement).

Using URCS and the 2019 CWS, Dr. Reishus calculated a total variable cost of [REDACTED] that would no longer be incurred by the combined CSXT/PAR System networks as a result of the elimination of the interchange between CSXT and the PAR System. The annual fuel savings associated with the new single-line service represent [REDACTED] gallons. Additionally, Dr. Reishus estimates that eliminating the interchanges described above would save the owners of the freight car equipment more than [REDACTED] car-days per year, reducing the costs of service while transporting customers' goods to destination more quickly.

C. Changes to Yards

The Proposed Transaction will not result in any immediate changes to the PAR System and PAS Network yards, except for the CSXT investment in the PAS Ayer Yard/Hill Yard described in detail below. Eventually, CSXT may make incremental efficiency improvements, such as moving certain PAR System job origins from smaller to larger yards, allowing the train crews to serve more customers and perform more yard work. Additionally, CSXT expects that capital improvements in PAR System yards will decrease the number of derailments and accidents and add fluidity to yard operations, improving both safety and efficiency.

In Decision No. 3 at 16 n.28, the Board noted that the Ayer Operations Protocol will result in "raising the volume cap for certain trackage rights traffic." The Board requested that Applicants "provide further explanation and data concerning [a] possible change in yard traffic, including the total amount of yard activity in the Ayer Switching District." *Id.*

As described in further detail in the Huneke VS, in the NSR Settlement Agreement, CSXT and NSR agreed to eliminate the volume cap for Springfield Terminal/PAR System trackage rights traffic over the PAS Island Line and replace it with a process that will allow current traffic volumes to move over the Island Line and to enable the development of capacity in Ayer to handle any future increase in traffic, which is not expected at this time. Mr. Huneke observes that trackage rights volumes over the Island Line have been fairly stable for about 10 years, despite Springfield Terminal exceeding the cap as early as 2010.

If enforcement of the existing cap by PAS were to return traffic moving onto and off of the PAR System to the 2007 levels, there would be a reduction in PAR System movements. Alternatively, modification of the cap as CSXT and NSR have agreed will ensure that demand will continue to be met and will allow New England rail traffic to grow in a manageable and sustainable manner. Removal of the cap by itself will not result in any changes in overhead traffic moving through Ayer, and CSXT's organic growth forecasts described above still apply to any such future traffic growth.

In short, CSXT does not expect the terms of the NSR Settlement Agreement, including raising the volume cap for certain trackage rights traffic, to result in any change in the shipment weight of Ayer Yard traffic. As a result of the changes to traffic flows to the Northern Route and the Southern Route described above, the routing into and out of Ayer of certain traffic will shift, but the traffic flow changes will not result in any change in the shipment weight of traffic in the Ayer Switching District. As described in further detail in Exhibit 4 (Environmental Matters) to the Application, the replacement of single-stacked NSR intermodal trains in Ayer Yard with double-stacked trains will result in less yard activity as measured by railcars, while handling the same number of trailers (double-stack versus the current single-stack). Set forth in Exhibit 4 is the total amount of yard activity in the Ayer Switching District in 2019 on a railcar basis, along with projections for a net decrease in Ayer Yard activity by 2024.

Therefore, based on the impact analyses and organic traffic growth forecasts described in this Operating Plan, CSXT does not expect that Ayer Yard would exceed the “increase in activity greater than 20 percent” threshold set forth at 49 C.F.R. § 1180.8(b)(1), or the “increase in rail yard activity of at least 100 percent (measured by carload activity)” threshold set forth at 49 C.F.R. § 1105.7(e)(5)(i)(B). Furthermore, CSXT does not expect that the transaction will result in an increase in yard activity greater than 20 percent at any affected yard. *See* 49 C.F.R. § 1180.8(b)(1).

In Decision No. 3 at 14, the Board directed Applicants to “address if there are intentions to modify operations at [PAS’s East Deerfield] (or any other) yard.” The Board indicated that the anticipated loss of jobs at East Deerfield yard resulting from B&E taking over contract operations of PAS from Springfield Terminal “indicates that CSXT may have plans to make changes to the yard, consistent with similar actions it has taken as part of its implementation of Precision Scheduled Railroading (PSR).” *Id.* (citation omitted).

As discussed in detail above, after the Proposed Transaction, PAS will be 50% owned by CSXT and 50% owned by NSR, and operated on a contract basis by B&E pursuant to an operating agreement between PAS and B&E. In its role as one-half owner of PAS, CSXT has no plans or unilateral ability to implement scheduled railroading (or any operating practices at all) on PAS. Instead, as discussed above, B&E will be required to implement a suite of operating metrics and goals related to PAS operations, including at East Deerfield yard.

As described further in the Wagner VS, B&E is not planning any material changes in the way that the East Deerfield yard is currently operated. The additions and reductions of certain positions, as described in the Employee Impact Exhibit included with the Application, will be driven by increased use of technology and by the reservation by CSXT and NSR of the right to perform PAS capital work. Moreover, Mr. Wagner explains that some of the reductions in workforce shown for East Deerfield yard do not actually reflect a reduction in the number of employees

that will be working at the yard. Instead, because B&E will operate PAS with a workforce independent of Springfield Terminal and the other PAR Railroads, certain transportation jobs that Springfield Terminal scheduled to start at East Deerfield yard (whether or not their work was actually to be performed at the yard), will be scheduled by B&E to start at other locations on the PAS rail lines. As a result, Mr. Wagner concludes that B&E will have sufficient employees to operate the East Deerfield yard without any material changes to how Springfield Terminal currently operates the yard.

D. Changes to Dispatching

Mr. Daly addresses post-transaction dispatching issues in his Verified Statement. In particular, CSXT and B&E will commit to fully stepping into the shoes of Springfield Terminal regarding any agreements or commitments made by Springfield Terminal to MassDOT and MBTA, including with respect to Springfield Terminal's dispatching responsibilities. Specifically, the Springfield Terminal dispatching operations of MBTA and MassDOT passenger trains will continue to be located in North Billerica, MA for the foreseeable future. MBTA and MassDOT will be consulted in the unlikely event that operational considerations require reevaluation of this arrangement. The map attached as Exhibit 1-G shows dispatcher desk responsibilities in the Boston, MA region post-transaction, with CSXT dispatching PAR System lines and B&E dispatching PAS Network lines.

E. Changes to Intermodal Operations

As noted above, Springfield Terminal currently operates NSR trains, including some intermodal traffic, over PAS lines between Mechanicville, NY and Ayer, MA, pursuant to a haulage agreement between NSR and PAS. In connection with the NSR Settlement Agreement, NSR will obtain trackage rights allowing NSR to move up to one train pair per day, carrying intermodal and automotive vehicles traffic only, from NSR's connection with CSXT near Voorheesville, NY, over the "Southern Route," consisting of CSXT's east-west rail line to Worcester, MA, then over the rail line of the P&W to Barbers Station, MA, and over PAR/Boston &

Maine's rail line to Harvard, MA, and finally over PAS's rail line to serve the intermodal terminal located near Ayer, MA. These trackage rights will allow NSR to run double-stacked traffic over the new trackage rights route, reducing the need for the "filet and toupee" operation described above and allowing NSR to move the same amount of traffic in shorter trains. Benefits of this shift in operations include cost savings, time savings, and improved energy efficiency.

F. Labor Impacts

Details regarding the impacts to labor are described in the Employee Impact Exhibit included with the Application.

G. Maintenance and Capital Investment

The PAR System and PAS Network have been maintained for decades with limited resources, leading to subpar infrastructure that CSXT plans to fix. In particular, CSXT plans to increase capital investment across the PAR System to raise track standards, which will include catch-up investments in rail, tie, bridge and yard improvements. Additionally, CSXT intends to implement standard CSXT asset replacement cycles. In particular, CSXT plans to restore the PAR System mainline track conditions from FRA Class 1 (10 mph maximum speed) to FRA Class 2 (25 mph maximum speed) track standards. CSXT expects this work to start soon after the Proposed Transaction is consummated (pending weather and resource deployment) and to complete this work within approximately five years.

CSX also plans to perform catch up tie replacement and surfacing work on PAR System mainlines consistent with CSXT's system cycles, which typically replaces 900-1100 ties per mile per year. CSXT plans to systematically upgrade the remaining PAR System freight mainline track conditions via increased tie replacement cycles (from the current 500 ties/mile/year to approximately 1,100 ties/mile/year), replacement of jointed rail with welded rail, and more regular surfacing and roadbed maintenance.

CSXT's Engineering Standards and evaluation process uses a risk-based method to evaluate the level of upgrades necessary, taking into consideration actual

rail/tie age, geometry, defects, train speed, tonnage, commodities as well as community and environmental factors. CSXT's robust asset management system (My Engineering Life) tracks asset inspection and maintenance schedules. CSXT expects that implementation of this robust process will significantly improve the current state of deferred maintenance and delayed capital improvements which will lead to increased safety, reliability and fluidity, resulting in service improvements and operating economies across the PAR System.

CSXT deploys a number of innovative technologies that assist in maintaining its network. For example, in March 2020, the Federal Railroad Administration approved CSXT's autonomous track assessment (ATAC) pilot program. CSXT deployed one ATAC in 2020, for a total of three across the CSXT network. ATACs automate issue detection and can significantly reduce train accidents. Moreover, CSXT utilizes drones to support an improved and safer bridge inspection process. CSXT's first two Train Inspection Portal sites started operating in 2020. These automated systems produce 360-degree scans of railcars passing through the portals at track speed. Each site images roughly 20 or more trains per day, using advanced machine vision technology and software algorithms to identify defects – such as missing bolts, open boxcar doors and open hatches underneath a railcar – and automatically flag cars that need repair. Additionally, CSXT implements a network of wayside monitoring devices to measure asset health trends such as wheel impact, temperature, sonar – maximizing the safety of CSXT's rolling stock assets. Post-transaction, CSXT expects to deploy these and other advanced solutions to improve maintenance on the PAR System.

Key elected officials and stakeholders in the New England region have acknowledged that CSXT's planned investments in the PAR System infrastructure will have a transformative effect on the New England rail system.

For example, a recent news report³⁵ recounted frequent Springfield Terminal train derailments in downtown Nashua, NH, leading to traffic congestion. Jim Donchess, Mayor of Nashua, NH, was quoted in that article as stating “These derailments are a big problem. The track is in terrible shape.” New Hampshire Governor Chris Sununu commented to the Board that the transaction “will bring financial resources to the table for much-needed infrastructure improvements throughout Pan Am’s rail network operating in New Hampshire and honor all agreements with shippers, licensees and other entities that may also operate on the line in the future.”

Additionally, the State of Maine Department of Transportation (“MaineDOT”) has entered into a settlement agreement with CSXT whereby CSXT and MaineDOT have agreed to work cooperatively to complete two of the federal infrastructure grants identified in the table below to upgrade PAR System line segments in Maine, and to work together on future projects to increase capacity, enhance safety, and promote efficient railroad operations.

As discussed in Section V.A.i. above, many line segments on the PAR System are under speed restrictions. For example, as depicted in the table attached as Exhibit 13-B, there are currently approximately 216 miles of line segments on the PAR System and PAS Network subject to speed restrictions due to deferred maintenance or capital investment needs. Approximately 191 miles of these speed-restricted line segments are under “long term restrictions.” As a comparison, in 2020 CSX averaged more than 99% of the overall track miles running at timetable speeds.

In 2019, CSXT had zero main line derailments that were broken rail-caused. In 2020, CSXT had one such derailment. To our knowledge this is the first time that a Class I railroad had zero main line broken rail-caused derailments in a year.

³⁵ Kimberly Houghton, “Frustration Mounts Following Repeated Train Derailments in Downtown Nashua,” Union Leader (Feb. 22, 2021), available at https://www.unionleader.com/news/safety/frustration-mounts-following-repeated-train-derailments-in-downtown-nashua/article_bcf10520-61af-5e53-a6aa-543249388b61.html.

CSXT plans to apply this same approach to consistently go above and beyond FRA standards for inspecting, testing and upgrading track to the PAR System.

As discussed further in Exhibits 4 and 4-A to the Application, CSXT has identified concrete steps that can be taken, at CSXT's expense, to upgrade the PAR System line segment between Worcester, MA and Ayer, MA that runs for short segments along or over the Wachusett Reservoir. In particular, CSXT plans to upgrade approximately 7.6 miles of track adjacent to the Wachusett Reservoir to FRA Class 3 track standards. While FRA Class 3 track standards would permit 40 mph maximum speeds, CSXT will continue to assess operational plans for this line segment given the concerns of local stakeholders.

B&E also expects to optimize its engineering headcount to maintain PAS's infrastructure, with B&E coordinating with the owners of PAS – NSR and CSXT – on the most efficient and effective way to complete specific capital project work. This coordination may include the deployment of NSR's and CSXT's highly-automated engineering crews, where appropriate, as B&E operations allow. The Class I engineering teams dedicated to executing large rail and tie projects typically are far more efficient than those of any regional or short line railroad operator. PAS and B&E will benefit from greater coordination in the future, especially with CSXT as a new owner of PAS along with NSR.

CSXT and NSR plan to restore a connection between existing CSXT and NSR lines near Voorheesville, NY. This will allow NSR to enter CSXT's line and take advantage of the "Southern Route" trackage rights described above. Article 4.C of the draft trackage rights agreement between NSR and CSXT, submitted by NSR in FD 36472 (Sub-No. 1), provides:

Prior to commencing operations over the Trackage Rights, NSR shall (i) prepare in good faith consultation with CSXT and provide to CSXT for approval, which shall not be unreasonably withheld, plans pursuant to the specifications in Attachment A to this Agreement, including the costs to construct a connection between the NSR track that runs between Delanson, NY and Schenectady, NY and the CSXT track that runs between Rotterdam Jct., NY and Voorheesville, NY, which shall be

able to handle the Subject Traffic at speeds reasonably acceptable to CSXT (the “Improvements”);

To reconnect the two lines and re-establish the connection, NSR will simply need to upgrade the existing NSR-owned track leading to the CSXT track in Voorheesville and rehabilitate the existing connecting tracks. CSXT will need to install a new turnout and dispatcher-controlled power switch and signals at the point of the connection.

The Ayer Yard improvements referenced above will consist of the following five projects, each as depicted in the map and diagram attached to the Ayer Operations Protocols:

1. **Add new storage track off of the thoroughfare track (2,400ft).** This work provides additional capacity to stage block swaps and / or the Pan Am water containers & trash containers while freeing up the thoroughfare track for thru trains.
2. **Add power assisted switches on hand-throw electric lock universal cross-overs.** This work enables Intermodal Trains to make head end moves into Ayer Yard rather than pulling past the east wye and making back-up moves through the passenger station. This will save time, free up moves on the east wye, and reduce congestion at the Ayer passenger station.
3. **North End Ayer Yard: reconfigure the M1, M2, and M3 ladder tracks and add 750 feet of stub-end drill track.** This work enables the intermodal trains to enter the yard (processing tracks M1, M2 & M3) from the east wye and not impact the local switching or block the thoroughfare track on the north end. This work will also isolate the intermodal service from the local service.
4. **South End Ayer Yard: Add cross-over from M2 and M3 tracks to thoroughfare track.** This work provides switching room on the M2 and M3 intermodal tracks using the thoroughfare track if the South Intermodal Lead (I/M Lead) is occupied. The new cross-over from the Track 11 Extension to the thoroughfare track allows through trains to bypass the intermodal train that may be working on the thoroughfare track.
5. **Add an additional storage track off of the thoroughfare track (2,300ft).** Again, this work provides additional capacity to stage block swaps, the water containers, and trash containers while freeing up the thoroughfare track.

The PAR System has been awarded or has proposed applying for the following grants related to capital improvements. The awarded grants will result in the following upgrades: (1) replacing approximately 150 miles (75 track miles) of rail with new continuously welded rail, (2) replacing 65 mainline switches, (3) upgrading 119 rail crossings, (4) upgrading the timber decks on 28 bridges, and (5) strengthening five bridges to 286k weight capacity. CSXT will continue to advance work related to these grants post-transaction.

Grants Awarded	Project Location	Total Project Amount	RR Contribution
Pine Tree Corridor 286k Capacity and Safety Improvements (Pan Am CRISI)	Mattawamkeag to Waterville	\$41,993,572	\$25,816,112
Pan Am Railways Mainline Upgrades & Rail Crossing Safety Improvements (MeDOT CRISI)	Waterville to Royal Junction	\$35,505,772	\$17,468,840
Wells Area Improvement Project (NNEPRA CRISI)	Wells & North Berwick, ME	\$15,813,158	\$1,500,000
Hoosick Junction Expansion Phase 1 (NYSDOT PFRAP)	Hoosick Junction	\$3,138,390	\$628,000
Hoosick Junction Expansion Phase 2 (NYSDOT PFRAP)	Hoosick Junction	\$3,335,229	\$667,046
Proposed Grant Applications	Project Location	Total Project Amount	RR Contribution
Patriot Corridor Track and Grade Crossing Improvements (CRISI or BUILD)	Gardner to East Deerfield	\$12,087,934	\$6,043,967

Rotterdam Branch Improvements (NYSDOT PFRAP)	Rotterdam Branch	\$5,603,780	\$1,120,756
Freight Main Line Bridge Rehabilitations (NYSDOT PFRAP)	Mechanicville to Schaghticoke	\$804,856	\$160,971

H. Impacts on Commuter and Other Passenger Rail Service

Impacts on commuter and other passenger rail service are addressed in the Verified Statement of Andy Daly included in Exhibit 13-C to the Amended and Supplemented Application.

I. Anticipated Abandonments and Discontinuances

At this time, there are no anticipated abandonments or discontinuances, other than the abandonment of the Madison Branch, discussed above.

J. Equipment Requirements

i. Post-transaction impacts on PAR System and PAS Network equipment.

Springfield Terminal currently utilizes a total of approximately 1,476 railcars and 102 locomotives across the PAR System and PAS Network. CSXT plans to sell approximately 33 of the Springfield Terminal locomotives to B&E for its operation of PAS. CSXT will evaluate the remaining Springfield Terminal locomotives for mechanical reliability and needed technology enhancements. CSXT will absorb into its fleet the 4-axle Springfield Terminal locomotives and utilize them where needed on the combined CSXT/PAR System network. CSXT will evaluate the 6-axle Springfield Terminal locomotives and either sell, store, or absorb them into the CSXT fleet.

CSXT owns more than 38,000 freight cars,³⁶ including rolling stock that is currently in storage. Due to the complementary nature of the commodities shipped by CSXT and the PAR System, access to CSXT's bigger fleet will allow for many efficiencies, as described by Mr. Wallace in his Verified Statement. CSXT will

³⁶ See Schedule 710 to 2020 CSX R-1 report.

evaluate the Springfield Terminal equipment and absorb what is needed for operation of the PAR System. Based on the larger combined fleet and adoption of CSXT's operating practices, CSXT estimates that the Springfield Terminal car fleet can be reduced by approximately 25%.

CSXT plans to use the Springfield Terminal maintenance-of-way ("MOW") equipment for the first few years following consummation of the Proposed Transaction to help raise the PAR System infrastructure to CSXT's standards. After such time, CSXT will evaluate the Springfield Terminal MOW equipment for storage, parts, or absorption into CSXT's MOW fleet. CSXT expects that implementation of its efficient equipment utilization practices across the PAR System will lead to financial and service benefits.

ii. Post-transaction locomotive efficiency benefits.

The current Springfield Terminal locomotive fleet has an average age of 40.6 years. CSXT's road locomotive fleet has an average age of 25.9 years with higher average horsepower. CSXT set a fuel efficiency record in 2019 as the only U.S. class I railroad to operate below one gallon of fuel per thousand gross ton miles.

Additionally, CSXT plans to revitalize its yard fleet with the first order for Wabtec's Tier 4 switcher modernization program, which provides an additional 20 percent improvement in fuel efficiency and 90 percent reduction in emissions. This new program upgrades 40-to-50-year-old locomotives and Tier 0 non-emission switcher locomotives to the latest Wabtec Tier 4 platform. This technology is the only Tier 4 solution on the market today that does not require a urea after-treatment system, and each repowered locomotive will eliminate up to 90 tons of CO₂ and 7 tons of NO_x reduction per year.

CSXT has continuously invested in emissions-reducing locomotive technologies such as idle mitigation and energy management software. CSXT's locomotives reduce emissions by using advanced software to shut down the diesel engines when possible and automatically restart them as needed based on

operational conditions. CSXT's energy management system, called Trip Optimizer, allows the onboard computer system to operate the locomotives on the line of road.

Further, enhancements to the technology will give locomotive operators the tools to achieve optimal fuel efficiency by allowing trains to automatically start from a stop, or automatically apply and release the air brakes. Trip Optimizer's ability to operate a train's locomotives independently and according to the plan that is managed in CSXT's back office allows trains to maximize the fuel and emissions benefits of the software. Once fully implemented, CSXT will save approximately 4.86 million gallons of fuel annually across its network as a result of this program.

Moreover, the higher-horsepower CSXT locomotives will allow CSXT to operate the PAR System with fewer locomotives than Springfield Terminal uses today. For example, Springfield Terminal may use three locomotives to power certain trains today, and CSXT may be able to move such trains with only two locomotives. CSXT employs distributed power on all types of trains in part to help reduce fuel usage. Distributed power involves placing one or multiple locomotives within the length of a train that are remotely controlled from the lead locomotive. By reducing draft forces along a train and lowering the lateral force between wheels and rail on curves because of distributed power, fuel consumption is cut. Springfield Terminal does not currently use distributed power on the PAR System.

In 2013-2015, before CSXT implemented scheduled railroading across its network, CSXT consumed an average of 1.15 gallons of fuel per thousand gross-ton miles. In 2020, following full implementation of scheduled railroading, that number had dropped to 0.96 gallons of fuel per thousand gross-ton miles – an improvement of 16%. CSXT expects that implementation of its scheduled railroading approach to the PAR System will have similar benefits, in addition to the other efficiencies described above.

Additionally, CSXT uses state-of-the-art locomotive systems for scheduling maintenance and assigning locomotives to trains, maximizing asset efficiency across

the CSXT network. Advanced mechanical analytics allow CSXT to leverage real-time sensor data to improve locomotive reliability.

Dr. Reishus has estimated the potential savings to be realized by substituting CSXT's higher-horsepower units for the Springfield Terminal's 4-axle engines. Analysis of the ST locomotive power assignments indicates that the Springfield Terminal road trains could be operated with {{REDACTED}} fewer locomotive-miles annually. Based on the 2019 Eastern Region URCS variable costs, Dr. Reishus calculates this reduction in engine-miles equates to annual locomotive cost savings of \$0.8 million, not including fuel. Based on estimated fuel savings of {{REDACTED}} million gallons annually, Dr. Reishus calculated savings of \$2.0 million at Springfield Terminal's 2019 fuel-cost levels. These amounts are associated solely with replacing Springfield Terminal's 4-axle engines and operating the same trains with fewer locomotives, and does not account for the additional cost savings that will derive from maintaining a combined fleet and applying CSXT's experience and Trip Optimizer software.

In short, CSXT expects that the transfer from a higher-maintenance, older, and less-powerful Springfield Terminal locomotive fleet to the more modern, fuel-efficient, and powerful CSXT locomotive fleet will result in operating and financial benefits to the PAR System, along with a reduction in greenhouse gas emissions and environmental impacts.

K. Impacts on Safety Performance

Applicants will submit a Safety Integration Plan explaining the process by which Applicants intend to integrate the operation of the properties involved in a manner that will maintain safety at every step of the integration process.

Safety is a vital component of the CSXT operating philosophy and goals. Beginning in 2018, CSXT has refocused its safety efforts by utilizing a risk reduction philosophy. The data shows that since 2017, CSXT has reduced the number of both FRA reportable employee injuries as well as FRA reportable train accidents through a robust safety plan that addresses employee, equipment and

track performance. This has resulted in the reduction of FRA reportable employee injuries from 275 in 2017 to 139 in 2020, as well as a reduction of FRA reportable train accidents from 246 to 192 in the same time period. Of the Big Four (NSR, CSXT, UP, BNSF), CSXT has less accidents and less injuries than its peers. CSXT has led the industry with the lowest FRA reportable injury rate in 2019 and 2020. CSXT has also set company record lows for the number of accidents in 2019 and also injuries in 2020. CSXT expects that applying the same risk reduction principals to the PAR System will further reduce incidents across that network.

The training staff at CSXT's Railroad Educational and Development Institute (REDI) located in Atlanta, GA ensures all operating employees, including front line supervisors, receive the highest quality initial training as well as continuing education and specialized training to ensure each employee has the tools necessary for a successful career. Once in the operating environment, employee performance is monitored to ensure work practices adhere to rules and procedures. If non-compliance is detected, the employee is provided coaching, and if needed, remedial training.

CSXT has deployed several technologies to monitor for human error such as drones, inward facing cameras in locomotives and automated monitoring of how locomotives and trains are operated. These data points are used to identify and address trends in an effort to change behaviors before accidents occur.

Employee morale and safety culture are addressed through outreach programs such as Safety Summits, Safety Tours and Voice in Safety programs. Safety Summits are meetings held with front line leadership and employees to build partnerships that encourage open, two-way communication of goals, trends and ideas on safety. Safety Tours are a safe harbor environment where labor organization representatives and front-line supervisors review operations and communicate with one voice the importance of safety. The Voice in Safety Program provides all employees with several anonymous options to express concerns or report safety issues. Tablets have been issued to employees to provide quick and

easy electronic access to CSXT rules, procedures and other crucial information needed to perform job functions. CSXT continues to look for new and innovative technologies and strategies to address human performance, which it will apply to the PAR System along with its current programs.

To further improve railcar reliability and safety, CSXT has invested in enhanced automated inspection equipment strategically located on the network. This equipment uses the latest technologies and machine learning to inspect equipment not only for developed defects, but also identify emerging defects that would not be detectable during an in-person inspection. The equipment automatically notifies the appropriate repair location of any identified issues so that repairs can be made in a timely fashion, therefore reducing delay and reducing the potential for accident due to component failure. Track reliability and safety is also enhanced with investments in new inspection technology. Automated inspection cars are placed in freight trains to perform continuous inspections of the rail during regular train operations. This increases the frequency of inspections and provides valuable data that allows for better planning of repairs as well as rail and crosstie replacement planning.

The importance of investing in safety is a vital component of CSXT's operating plan that has achieved success over the last several years. CSXT expects that the integration of the proven CSXT safety strategy and investments in current and emerging technologies will improve the safety performance of the PAR System.

VI. Safety Integration Plan

Applicants will submit a Safety Integration Plan ("SIP") to the Federal Railroad Administration, which will describe in more detail their plans to implement safety policies and operating practices at the combined CSXT/PAR System. Applicants will submit a copy of the SIP to the Board.

VERIFICATION

I, Jamie Boychuk, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement. Executed on July 1, 2021.

/s/ Jamie Boychuk

Jamie Boychuk

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 13-A

Letter from Mr. James M. Foote to Chairman Oberman



James M. Foote
President & Chief
Executive Officer

500 Water St., C900
Jacksonville, FL 32202

June 17, 2021

The Honorable Martin Oberman, Chairman
United States Surface Transportation Board
395 E Street SW
Washington, DC 20423

Dear Chairman Oberman:

I am writing in response to your May 27th letter requesting information related to our service, hiring plans and asset availability as the country continues to recover from the economic upheavals of the pandemic. I'd like to begin by expressing my appreciation to CSX's dedicated and resilient employees. They have surmounted many challenges over the past fifteen months, working with professionalism and tenacity to safely deliver goods for our customers.

As COVID-19 struck the nation, CSX took preventative measures to safeguard our people and operations. We were able to pivot quickly in an era of uncertainty, scaling down operations as volumes dipped, and ramping back up in anticipation of volumes returning. We continuously engaged our customers throughout this period and worked hard to respond to their changing needs. We are committed to service excellence, which includes frequent, proactive communication with our customers, having the right resources in place to meet anticipated demand and investing in our network to ensure safe and reliable operations. For this reason, we are taking the letters from the shipper trade associations seriously and will be addressing them more fully below.

I'll now turn to your questions on personnel and equipment followed by updates on rail volumes, service and investment.

Personnel

CSX's T&E active staffing levels have been brought back to within 4% of the pre-pandemic levels (6,851 now versus 7,132 March 2020) and we continue to hire and train employees in effort to get ahead of rising demand. As of June 1, 2021 less than 1% of CSX T&E employees remain furloughed. The few places they remain on furlough are in locations with less volume recovery.

As volumes began increasing at the start of the year, we already had begun training new conductors. To date, we have hired almost as many new conductors in 2021 (300) as we did in 2019 and 2020 combined (344). We have expanded our hiring program with the goal of hiring more than twice as many conductors in 2021 as we hired in 2020 (214), and 2020 was nearly a 65% increase over our hiring in 2019 (130). We expect to bring on nearly 500 new conductors before year end.

We have also been expanding our training capacity. We have been qualifying 10-12 new conductors every week since the start of the year. In February, we began hosting twice as many training classes and in March we expanded our class sizes by 25%. In June, we have added yet another class. In the weeks ahead, we expect these new hires will help us react more quickly to changing circumstances.

Across the vast majority of our network, staffing levels for CSX maintenance and engineering employees have largely been unaffected by COVID-19. Throughout the pandemic, we took the opportunity to expand our track maintenance efforts during the enhanced work windows created by the drop in volume. Our pre-pandemic and current maintenance employee numbers are set out in the table below:

	March-20				June-21			
	Active	Leave	Furlough	Total	Active	Leave	Furlough	Total
Maintenance of Way	4,124	301	87	4,512	4,121	320	82	4,523
Communications and Signals	1,696	434	261	2,391	1,590	455	246	2,291
Mechanical	2,574	282	369	3,225	2,115	282	544	2,941

Our hiring plan is reviewed on a weekly basis, and modified to adjust for our business needs as necessary. CSX will set our 2022 hiring plan in the fall as part of our annual planning process when we have better insight into next year's volume projections.

Equipment

CSX is well-positioned to address returning volumes with reserve equipment. CSX has 2,349 active locomotives, 70 locomotives stored in a ready-state for immediate service, and 400 locomotives in longer term storage. As demand increases, we activate the ready-state locomotives first and backfill the fleet with locomotives from long-term storage as needed.

Likewise, CSX has 11,945 of our 120,241 railcars stored. These cars are strategically located across our system so they can be returned to service quickly as demand dictates.

Rail Volumes Update

Overall CSX volumes have returned to pre-pandemic levels. Here's the breakdown:

- Non-auto merchandise. May volumes shrank from 198,245 loads in 2019 to 168,299 loads in 2020 and have increased to 194,005 loads in 2021.
- Automotive. Production challenges still constrain auto volumes which remain around two-thirds pre-pandemic levels. May volumes shrank from 41,171 in 2019 to 6,234 loads in 2020 and have increased to 26,503 loads in 2021.
- Coal. May volumes shrank from 74,354 loads in 2019 to 39,505 in May 2020 and have increased 55% to 61,139 loads in 2021.
- Intermodal. Volumes for May have surged to 249,623 loads, which represents increases of 11% from 225,309 in 2019 and 33% from 188,361 in 2020.
- Total volumes in May were 1% lower than at the same time in 2019 (531,324 versus 539,079 respectively), but up 32% from May 2020 (402,399).

Service Update

No country, business, or individual was prepared for what 2020 would bring or had clear expectations of how recovery would proceed in 2021. The industry has seen a surge in volume being pushed through the supply chain following the COVID-19 shutdowns. At the same time, the supply chain has endured a variety of capacity constraints among various transport modes, shippers and receivers – no one railroad or any other segment of the freight pipeline has remained unaffected.

Our service across the 5,000-plus customer facilities on our network began to experience some service disruption in certain areas during the fourth quarter of 2020, particularly in the Gulf region. The challenges were attributable to a combination of the pandemic, winter conditions and altering market dynamics. In response, we implemented a variety of strategies to work around congested areas. For some traffic we were able to move blocking to fluid yards and bypass constrained yards to provide more direct routing to customers. We also partnered with other railroads to increase hand-off efficiencies and avoid congested interchanges where possible. For example, we moved a number of trains from the crowded New Orleans gateway to the more fluid Memphis gateway.

In part due to these efforts and our targeted hiring and training programs, we are showing improvement in the Gulf region and throughout the network. CSX's velocity metric reported to the STB averaged 23.5 between March-May 2021 but has now climbed to 24.3 month-to-date in June. Similarly our dwell STB metric averaged 21.2 during March-May 2021 but has now lowered to 20.1. Among the four largest U.S. Class I carriers, CSX is showing the lowest system-wide dwell reported to the STB through 2021.

We are actively working to address the concerns recently expressed by TFI and ACC. Upon receiving the letters, we assembled a team to undertake an extensive review of their concerns. We have been performing outreach to the TFI and ACC members that we know are shippers or receivers on CSX. We have also had initial outreach to both trade associations with additional meetings forthcoming. Our review to date has pointed to the Gulf region coupled with a few other isolated spots and most of the identified concerns relate to conditions earlier in the year. We are working directly with customers to resolve any concerns that remain. We encourage members of both trade groups to contact CSX directly for the most efficient handling of specific concerns going forward. We will continue to keep your staff informed about our progress.

Turning to intermodal terminals, the industry is experiencing a dramatic volume surge combined with driver shortages as well as labor shortages at customer facilities. This is delaying the unloading of containers and consuming additional chassis that are in short supply. Loaded containers are waiting much longer for truck pickup causing significantly higher dwell times at certain terminals compared to pre-pandemic dwell. We are also seeing unloading delays at customer facilities which is constraining chassis resources (which we don't own). Many new chassis that have been ordered will not arrive until next year.

CSX has been working closely with customers to reduce container dwell to maintain terminal fluidity. We provide reports to customers on terminal dwell, and we've employed the use of off-site container yards to move dwelling cargo at terminals such as Memphis and Indianapolis. We consistently discuss volume forecasts with our customers to optimize planning and we coordinate daily with East coast ports to understand current and projected flows. In Chicago, we recently shifted a large portion of international traffic out of Bedford Park into our 59th Street terminal while moving a large portion of

domestic traffic from 59th Street to Bedford Park. Re-grouping the traffic together in this way creates efficiencies and enhanced fluidity at each terminal.

CSX continues to leverage our reservation system that provides drivers with advance notice that their load will be accepted. The system meters inbound volume in alignment with train capacity to maintain terminal fluidity which enables us to keep our gates open and continue the flow of outbound loads for our customers. CSX is committed to assisting our customers and leveraging our capacity to handle as much volume as we can while providing top-tier service.

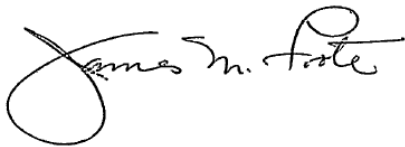
Investment

CSX has maintained investment through the pandemic downturn (\$1.6-1.7 billion in both 2019 and 2020) and we're targeting this year to increase capital expenditure to \$1.7-1.8 billion. In addition to increasing core infrastructure investment over the last few years, we also continue to invest in technologies that streamline supply chains and create more effective communication with our customers. A significant investment has been the upgrading of our ShipCSX tool. In 2020, we embarked on a multi-year effort to rebuild the ShipCSX website to enhance the customer experience with user-friendly tools and faster quotes. We also gave our Customer Engagement team the ability to screen share with customers and assist users in real-time. To further integrate our customer service capabilities, we developed a hub for event streaming and data processing to improve visibility, planning and analytics. Members of our team were pleased to provide a tutorial of these enhanced features to your Office of Public Affairs team last month.

We rose to a new set of challenges over the last fifteen months, leveraging our network differently and working hard to position the company for recovery and growth in 2021 and beyond. We recognize that CSX must handle change quickly and efficiently. This applies to every aspect of our business – from implementing new technologies and innovations, to partnering with our customers to meet their efficiency needs and environmental goals, to engaging and empowering our employees with a safe and rewarding work environment. We're making significant progress and we recognize there is more to be done. We are investing in our workforce and network while engaging frequently with our customers to ensure their freight is reaching consumers in a safe and reliable manner.

Should you have any additional questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "James M. Foote". The signature is fluid and cursive, with a large loop at the end of the last name.

James M. Foote

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
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TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 13-B

Temporary Speed Restrictions Table

REDACTED - TO BE PLACED ON PUBLIC FILE TSRS Details

Location - Mileage	Restriction Miles	Track	Speed Restriction	Timetable Speed	Details	Restriction Placed	Restriction Plan
WINN & MP45	42	SINGLE	10	25	See Pine Tree Corridor Grant SOW	Long term restriction	CRISI
MP48 & WATERWORKS	8.5	SINGLE	10	25	See Pine Tree Corridor Grant SOW	Long term restriction	CRISI
BANGOR & SHAW BROOK	3.95	SINGLE	10	25	See Pine Tree Corridor Grant SOW	Long term restriction	CRISI
MP 64 & CPF-110	46.68	SINGLE, NO 1	10	25	See Pine Tree Corridor Grant SOW	Long term restriction	CRISI
CPF-111 & CPF-113	1.5	SINGLE, NO 1, NO 2	10	25	See Pine Tree Corridor Grant SOW	Long term restriction	CRISI
MP 129 & MP 130	1	SINGLE	10	25	Culvert	May 2021	2021
MP 133 & MP 134	1	SINGLE	10	25	Culvert	May 2021	2021
MP 155 & MP 156	1	SINGLE	10	25	Surface	May 2021	2021
MP 186 & MP 187	1	NO 1	60	70/40	Replace 200 ties and surface	March 2020	2021 - NNEPRA Capital
MP 187 & MP 188	1	NO 1	30/25	70/40	Replace 250 ties and surface	June 2021	2021 - NNEPRA Capital
PASSING PRESUMSCOT RV BR (190.93)	0.1	SINGLE	25 FRT	60/40	Structural bridge work	June 2021	NNEPRA Capital
CPF-195 & CPF-199	2.2	NO 2	10	25	(2) defective rails, 80' rail (no-test), 200 ties per mile and surface	Long term restriction	
PASSING MONSON SWITCH (199.25)	0.1	SINGLE	25	60/40	Replace Monson switch frog and 14 timbers	January 2020	2021 - NNEPRA Capital
CPF-200 & CPF-201	1.3	RIGBY LEAD TRACK	10	25	700 ties, replace 20 rails for battered rail ends and surface	Long term restriction	
CPF-201 & MP 202	0.6	NO 1	50	75/40	Defective rail	May 2021	June 2021
SACO (211.35) & BIDDEFORD (211.80)	0.45	SINGLE	25	30/25 (211.35) & 25 (211.80) 60/40 (211.40) & (211.80)	240' rail (no-test)	May 2020	2021 - NNEPRA Capital
BIDDEFORD (211.80) & MP 212	0.2	SINGLE	50	60/40	Defective rail	May 2021	June 2021
MP 213 & NISSEN SW (214.10)	1.1	SINGLE	50	70/40	Defective rail	May 2021	June 2021
CPF 226 & CPF 227	0.93	NO 1	50	75/40	Defective rail	May 2021	June 2021
PASSING MAIN ST (233.41)	0.1	SINGLE	60	75/40	Surface - crossing panel	May 2020	2021 - NNEPRA Capital
CPF 241 & CPF 243	2.22	NO 2	10	30/25	160' rail (no-test), 500 ties and battered rail ends	Long term restriction	
MP 263 & MP 264	1	SINGLE	25	60/40	800' rail (no-test)	May 2020	2021 - NNEPRA Capital
MP 265 & EAST KINGSTON	0.6	SINGLE	50	79/40	Defective rail	May 2021	June 2021
MP274 & STATE LINE	0.65	NO 1	25	55/40	400' rail (no-test)	May 2020	2021 - NNEPRA Capital
CPF-LJ & MP 292	0.57	SINGLE	10	25	Switches; LJ wye switch and Keolis switch at CPF LJ	Long term restriction	
CPF-297 & CPF-BY	1.8	NO 2	10	25	Rail CPF 297 to Meadowcroft St (1.95 track miles), ties and surface	Long term restriction	
CPF BY & CPF NC	3.84	NO 1	10	25	Rail replacement BN 25 (299) to NC (302.34)	Long term restriction	
CPF BY & CPF LO	0.97	NO 2	10	25	Keolis to replace rail & ties at CPF BY; replace frog at CPF LO	Long term restriction	2021
CPF 333 & CPF 334	1.1	NO 2	25	45/30	60' rail (no-test)	May 2020	2021
EAST GARDNER & CPF-354	11.78	SINGLE, NO 1	25	40	See Patriot Corridor Grant SOW	Long term restriction	
CPF-363 & CPF-370	7.58	SINGLE	25	40	See Patriot Corridor Grant SOW	Long term restriction	
CPF-370 & CPF-381	10.73	NO 1	10	25	See Patriot Corridor Grant SOW	Long term restriction	
PASSING UG BR #105.22 (385.22)	0.1	SINGLE	10 (SEE SI 37-F2)	25	Abutment repairs (applies to 286 cars only)	October 2018	
PASSING UG BR #113.94 (393.94)	0.1	SINGLE	10 (SEE SI 37-F2)	25	Strengthening repairs (applies to 286 cars only)	October 2018	
MP423 & UGBR #148.89 (428.89)	5.89	SINGLE	25	40	Surface, replace 3,200 LF of rail and 10 defective rails	Long term restriction	
PASSING UG BR #148.89 (428.89)	0.1	SINGLE	10 (SEE SI 37-F2)	40	Abutment repairs (applies to 286 cars only)	October 2018	
UG BR #148.89(428.89) & MP439	10.11	SINGLE	25	40	Surface & rail replacement	Long term restriction	
MP 439 & MP 443	4	SINGLE	25	40	Surface & rail replacement	Long term restriction	
MP 444 & MP 451	7	SINGLE	25	40	Surface & rail replacement	Long term restriction	
MP451 & CPF 464	13.2	SINGLE	10	40 (451 & 454) 25 (454 & 464)	500 ties per mile and surface for 25mph. (Replace rail for TT speed to MP 454)	June 2020	2021 for tie and surface work (25mph)
Worcester Main Line							
BURNCOAT & MPX19	14.39	SINGLE	10	25	500 ties per mile, surface, defective rails & curve worn rail. Switches; Shrewsbury St & Clinton east/west. Crossings; Golf Course, Newell Hill and Gates Rd.	Long term restriction	
MPX 21 & MPX 25	4	SINGLE	10	25	500 ties per mile, surface, defective rails & curve worn rail	Long term restriction	
Brunswick Branch							
PASSING CPF 185	0.1	SINGLE	50/25	60/40	Surface and line switch	July 2019	2021
Portsmouth Branch							
PASSING GREAT BAY BRIDGE (P1.31)	0.1	SINGLE	5	10	Crib wall and pile cap repair	June 2019	2021 - contractor
TOTAL RESTRICTION MILES 216.64							

BEFORE THE
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VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 13-C

Verified Statement of Mr. Andy Daly

VERIFIED STATEMENT OF ANDY DALY

I. Introduction

I am Andy Daly. I am Senior Director of Passenger Operations for CSX Transportation, Inc. (“CSXT”). My role as Senior Director of Passenger Operations includes overseeing the daily operations of passenger operations hosted by CSXT, as well as upholding CSXT’s contractual and statutory obligations with respect to passenger service. I have been involved in the analysis of CSX’s proposed acquisition of Pan Am Systems, Inc. (“Systems”) (the “Proposed Transaction”) since the bid process. Specifically, I have been involved in outreach, coordination, and planning for the integration of the current as well as the proposed passenger services on the PAR System¹ and PAS Network.

In connection with preparation of the Application submitted in this proceeding on February 25, 2021, and the Amended Application submitted in this proceeding on April 26, 2021, I oversaw the CSXT team that worked with the Systems team to prepare the passenger rail elements of the Operating Plan attached as Exhibits 13 to those filings. In order to highlight the importance that CSXT places on potential impacts to passenger rail resulting from the Proposed Transaction, I have prepared this Verified Statement to consolidate all discussion of passenger rail issues.

In response to the Board’s Decision No. 3 in this proceeding, I have prepared this Verified Statement based on my review of the proposed operating and traffic pattern changes described in the revised Operating Plan sponsored by Jamie Boychuk, CSXT’s Executive Vice President of Operations, attached as Exhibit 13 to the Amended and Supplemented Application, along with my review of the revised Market Analysis, and the related impact analyses submitted

¹ The acronyms and defined terms used in this Verified Statement are the same as those used in the Amended and Supplemented Application.

with the Amended and Supplemented Application, including the marketing plan presented in the Verified Statement of Mark K. Wallace, CSXT's Executive Vice President. My conclusions regarding the lack of any negative impact on passenger trains operated on the lines that are part of these proceedings are based on the Operating Plan and these impact analyses.

The Operating Plan describes the Proposed Transaction and Related Transactions in detail, including the NSR Settlement Agreement and the GWI Term Sheet Agreement. After consummation of the Proposed Transaction and the Related Transaction, CSXT will take over operations by Springfield Terminal as lessee of the PAR System's lines, and B&E will take over operations by Springfield Terminal as contract operator of the PAS Network lines.

With two small exceptions described fully in the Operating Plan resulting from the NSR Settlement Agreement, the Proposed Transaction and the Related Transactions will not produce significant changes to the existing routes, patterns, or types of service for the PAR System, PAS, or CSXT, or redirect existing traffic over those systems. Instead, CSXT will modernize and introduce efficiencies to the PAR System's operations, emphasizing consistency, reliability, and careful data measurement and management. Operating efficiencies on the PAR System will come from decreased car cycles, fewer assets, and new synergies created from fewer handlings due to single-line service and capital improvements. As to PAS, B&E has agreed to replace Springfield Terminal as the contract operator of PAS, providing substantially all of the operating services that Springfield Terminal currently provides on behalf of PAS (other than implementation of capital projects, as detailed elsewhere in the Application).

I manage a dedicated team of CSXT professionals that oversee the operation of passenger trains on the CSXT network. My Passenger Operations team proactively works with dispatchers to make sure that the passenger trains remain on schedule and that they are provided with the

required preference. My team also performs “check rides” to assess operational performance and assure safety. We hold regular calls with passenger agencies to review performance and evaluate root cause data against agreed upon performance goals and identify operational efficiencies, capital investments, and/or policies and practices that address the identified operational issues and benefit passenger train performance and customer experience. We also work extensively with passenger agencies on station projects, including State of Good Repair, and bringing facilities into compliance with the Americans with Disabilities Act. The Passenger Operations team also works with CSX Engineering to proactively address slow orders, coordinate upcoming maintenance or construction on passenger routes to minimize delays. Springfield Terminal does not currently have these resources on the PAR System or the PAS Network.

CSXT’s Executive Vice President Mark K. Wallace has sponsored a marketing plan submitted with this Amended and Supplemented Application concluding that CSXT does not expect that the Proposed Transaction will produce: (1) significant shifts in traffic flows or diversion of traffic from other rail carriers or trucks in the near term, or (2) major growth in traffic over the next three years. Mr. Wallace states that CSXT’s assumptions on organic growth suggest that the total carloads on the PAR System and PAS Network will grow roughly 1.5% per year from 2019 through 2024. Furthermore, Mr. Boychuk states that traffic on the CSXT network will grow approximately 1.5% per year from 2019 through 2024. Based on Mr. Wallace’s and Mr. Boychuk’s forecasts and the impact analyses submitted with the Amended and Supplemented Application, Mr. Boychuk concluded in the Operating Plan that he anticipated that the CSXT, PAR System, and PAS Network will accommodate the minimal forecasted traffic growth in existing train service.

Therefore, I conclude that the Proposed Transaction and Related Transactions will have no negative impact on passenger service operated on the rail lines that are affected by these proceedings. In particular, I do not anticipate any “delays which may be occasioned because a line is scheduled to handle increased traffic due to route consolidations.” 49 C.F.R. § 1180.8(b)(2). CSXT will maintain or improve existing passenger service. All rail users, including passenger service, will benefit from the more consistent and reliable network and the focus of a dedicated Passenger Operations team that will result from the Proposed Transaction and Related Transactions. I urge the Board to authorize and approve the Proposed Transaction.

II. Current Passenger Rail Service

Set forth below is a description of the existing passenger operations on the PAR System, the PAS Network, and on CSXT lines contiguous to the PAR System and PAS Network. The rail lines are described in further detail in the Operating Plan. A map depicting these passenger operations is included as Appendix 1 to this Verified Statement, and a map depicting dispatching responsibilities for passenger services in the Boston area is included as Appendix 2 to this Verified Statement. Further maps of the relevant lines are attached as Exhibit 1 to the Amended and Supplemented Application.

A. Amtrak

Amtrak operates the Vermonter service between Washington, DC and St. Albans, VT. This service includes the Knowledge Corridor between New Haven, CT and White River Junction, VT, over which PAS has operating rights. The line between New Haven, CT and Springfield, MA is owned, maintained, and dispatched by Amtrak, while the segment between Springfield, MA and East Northfield, MA is owned by MassDOT and dispatched and maintained by PAS/Springfield Terminal. As of June 22, 2021, the 2 daily trains (1 northbound and 1

southbound) operated by Amtrak have been temporarily suspended due to the COVID-19 pandemic.

Amtrak operates the Valley Flyer service between New Haven, CT and Greenfield, MA, on the same Knowledge Corridor lines described above. Amtrak previously operated 4 round-trip trains per day. Amtrak currently operates a reduced schedule for the Valley Flyer with 2 daily trains (1 southbound and 1 northbound) between New Haven, CT and Greenfield, MA.

Amtrak operates passenger service between Springfield, MA and New Haven, CT, over the same Knowledge Corridor lines described above. As of June 22, 2021, Amtrak operates 8 daily trains (4 northbound and 4 southbound; 5 northbound on Friday) on this line.

The Connecticut Department of Transportation, in conjunction with CTrail and Amtrak, operates commuter service between Springfield, MA (or Hartford, CT) and New Haven, CT, over the same PAS Knowledge Corridor lines described above. As of January 14, 2021, CTrail operates 12 daily commuter trains (6 northbound and 6 southbound) on this line.

The Metropolitan Transportation Authority, through its operating agency Metro-North Railroad, operates commuter service between Waterbury, CT and Bridgeport, CT. This service includes operation over lines that PAS also operates over using a perpetual freight easement between Waterbury, CT and Derby, CT. The line between Waterbury, CT and Bridgeport, CT is owned by the Connecticut Department of Transportation and maintained and dispatched by Metro-North Railroad. As of June 22, 2021, all trains on the Waterbury Branch have been suspended so that Metro-North Railroad can complete essential infrastructure work.

Amtrak operates the Downeaster service between Boston North Station and Brunswick, ME. As of June 22, 2021, Amtrak operates 10 daily trains, 5 southbound and 5 northbound. MBTA owns and maintains the line between Boston and the Massachusetts/New Hampshire

State line. PAR subsidiaries own and maintain the line between the Massachusetts/New Hampshire State line to Brunswick, ME. The State of Maine owns approximately one mile of the line leading into Brunswick Station in Brunswick, ME. The PAR System/Springfield Terminal dispatches Amtrak trains from and including CPF LJ (near Lowell, JCT) to Brunswick, ME. MBTA dispatches the segment from Boston to CPF LJ.

Amtrak operates the Adirondack service between New York City and Montreal, PQ and the Ethan Allen Express service between New York City and Rutland, VT. As of June 22, 2021, each service is currently suspended because of COVID-19. For each service, Amtrak operates 1 daily roundtrip (total of 4 trains), which travel on approximately 4.6 miles of rail line owned by Canadian Pacific between Schenectady, NY at CPF 485 and Glenville, NY at CPF 480, over which PAS has trackage rights in order to access Canadian Pacific's Mohawk Yard.

Amtrak operates one of the legs of the Lake Shore Limited service between Boston, MA and Chicago, IL. As relevant to this proceeding, the Lake Shore Limited service runs over the CSXT Boston Subdivision (CP 45 at Worcester, MA to Ludlow, MA, east of Springfield, MA), the CSXT Berkshire Subdivision (Ludlow, MA to CP 187 east of Albany), and the CSXT Mohawk Subdivision (Hoffmans, NY to Oneida, NY), each described in further detail in the Operating Plan. As of June 22, 2021, Amtrak operates two daily trains, one eastbound and one westbound.

B. MBTA

MBTA operates the Fitchburg Line commuter service between Wachusett, MA and Boston North Station. The service operates on PAS-owned tracks between Wachusett, MA (CPF 335) and Fitchburg, MA (CPF 330), and on MBTA-owned tracks for the remainder of the route, over which PAS and PAR subsidiaries hold perpetual freight easements. The Fitchburg Line is

equipped with PTC (ATC-ACSES), including the segment owned by PAS. Springfield Terminal dispatches MBTA's trains on the Fitchburg Line from Wachusett, MA (CPF 335) to and including CPF WL, near Willows, MA. MBTA dispatches the line between CPF WL and Boston. As of June 28, 2021, MBTA operates 34 weekday trains and 16 weekend trains.

MBTA operates the Haverhill Line commuter service between Haverhill, MA and Boston North Station, on a line segment owned and maintained by MBTA, over which a PAR subsidiary holds a perpetual freight easement. Springfield Terminal dispatches the Haverhill Line between CPF-LJ (near Lowell Jct, MA) and Haverhill MBTA's station. MBTA dispatches the remainder of the route to Boston North Station. MBTA has installed ATC-ACSES PTC on the line. As of June 28, 2021, MBTA operates 45 weekday trains and 16 weekend trains.

MBTA operates the Lowell Line commuter service between Lowell, MA and Boston North Station, on a line segment owned and maintained by MBTA, over which a PAR subsidiary holds a perpetual freight easement. Springfield Terminal dispatches the line between MBTA's Lowell Station to and including CPF BY in Lowell, MA. MBTA dispatches the remainder of the route to Boston North Station. MBTA has installed ATC-ACSES PTC on the line. As of June 28, 2021, 43 weekday trains and 18 weekend trains.

III. Impacts on Passenger Rail Service

As result of the Proposed Transaction and Related Transactions, CSXT and B&E will maintain or improve existing passenger service across the PAR System and PAS. CSXT and B&E will step into the shoes of Springfield Terminal with respect to all of Springfield Terminal's current obligations to the sponsors of passenger rail service. With the one minor exception described below, which will not impact passenger service, the transactions will have no effect on traffic flows. Moreover, passenger services will benefit from CSXT and B&E

replacing Springfield Terminal as operators of the PAR System and PAS, and substantially upgrading infrastructure and modernizing operating practices.

A. Benefits of CSXT and B&E taking over operations from Springfield Terminal.

As detailed in the Operating Plan, CSXT plans to make significant capital investments on the PAR System. CSXT will also implement its industry-leading operating practices on the PAR System, modernizing and introducing efficiencies to the PAR System's operations, and emphasizing consistency, reliability, and careful data measurement and management. As to PAS, B&E has agreed to replace Springfield Terminal as the contract operator of PAS, providing substantially all of the operating services that Springfield Terminal currently provides on behalf of PAS (other than implementation of capital projects, as detailed elsewhere in the Application).

As described in the Operating Plan, all functional areas of operations (freight and passenger) on the PAR System will benefit from a greater deployment of technology and further digitization of railroad operations than is utilized by Springfield Terminal, increasing the efficiency and productivity of the PAR System. As to PAS, B&E also intends to upgrade the technology currently available on the PAS Network, as discussed in the Verified Statement of Leonard Wagner ("Wagner VS") attached to the Supplement to the B&E Amended Petition submitted today in Docket No. FD 36472 (Sub-No. 5). Moreover, Mr. Wagner details the long and successful history of B&E's affiliate railroads in the GWI corporate family sharing their freight lines with passenger rail services.

All rail users, including passenger services, will benefit from the more consistent and reliable network that will result from the Proposed Transaction and the Related Transactions. For example, the improvements to the Ayer Yard described in detail in the Operating Plan will result in reduced congestion at the Ayer MBTA Fitchburg Line commuter rail station. All rail users

will also benefit from having a dedicated team of CSXT professionals overseeing the operation of passenger trains on the combined PAR System/CSXT network. My team will work to ensure that passenger trains remain on schedule and they are provided with the required preference, and to ensure that the passenger trains capacity needs are fully considered.

All rail users, including passenger services, will further benefit from CSXT's experience with installing and operating positive train control. CSXT has been a leader in the development, testing, and implementation of PTC systems since 1998, prior to the federal mandate of the Rail Safety Improvement Act of 2008, starting with Communications Based Train Management (CBTM). CSXT successfully demonstrated CBTM to the railroad industry, including FRA, in October 2000 and laid the groundwork upon which the Interoperable Electronic Train Management System (I-ETMS) is based. As the system integrator for the deployment of PTC across its network, CSXT developed a comprehensive, state-of-the-art PTC test and training program. Additionally, CSXT has been an active contributor to the Interoperable Train Control (ITC) consortium that has defined standards for PTC systems that ensure interoperability within the railroad industry.

The improved operations and infrastructure will directly benefit existing passenger operations. Moreover, as discussed below, CSXT is committed to working with the relevant passenger and commuter service agencies to ensure that existing arrangements for ensuring an efficient and effective use of rail facilities will be maintained and that the particular needs of each agency will continue to be met.

B. MassDOT/MBTA Commitments

CSXT has been engaged in productive and ongoing discussions with the Massachusetts Department of Transportation ("MassDOT") and MBTA since soon after CSX signed the Merger Agreement to acquire Systems on November 30, 2020. *See Applicants' Response to Initial*

Comments, filed in this proceeding on March 18, 2021. CSXT is continuing to have these discussions to ensure that the concerns of MassDOT and MBTA can be met.

CSXT has committed that PAS will continue to honor any agreements or commitments made by PAS, or Springfield Terminal on behalf of PAS, to MassDOT and MBTA, including with respect to Springfield Terminal's dispatching responsibilities. Specifically, the Springfield Terminal dispatching operations of MBTA and MassDOT passenger trains will continue to be located in North Billerica, MA for the foreseeable future. MBTA and MassDOT will be consulted in the unlikely event that operational considerations require reevaluation of this arrangement.

CSXT is committed to cooperatively work with MBTA and MassDOT to consider the introduction and expansion of passenger service upon request. Upon request, CSXT will work with passenger rail authorities to reinstate pre-pandemic frequencies and schedules. Additionally, CSXT has committed that PAS will operate freight service on the PAS Adams Branch on a schedule that will continue to accommodate the operation of MassDOT-designated excursion trains.

Moreover, CSXT commits to continuing to route traffic from the existing CSXT network onto the existing PAR/Springfield Terminal network through Barbers Station and Ayer, rather than using the Grand Junction Branch. If CSXT sees the need in the future to consistently operate using the Grand Junction Branch from Worcester and Framingham, which CSXT does not currently foresee, CSXT is committed to working cooperatively with MBTA to implement capital improvements to accommodate any changes in CSXT freight service.

C. Impact on Amtrak service.

CSXT is committed to complying with its statutory and contractual responsibilities with respect to Amtrak service. Amtrak, MBTA and Springfield Terminal have jointly certified that

all of the schedules for the Downeaster service are aligned with the customer on-time performance metric and standard under the FRA's metrics and standards rule, 49 C.F.R. § 273.5(c)(1) and (2). Should customer on-time performance drop below 80% for two consecutive quarters for any of these Amtrak services, CSXT could be subject to an STB investigation under 49 U.S.C. § 24308(f).

Additionally, CSXT's Amtrak performance levels have in the last several years hit historic highs. In 2020, CSXT achieved a 93.6% contract OTP performance vs. 92.4% in 2019. CSXT has a long-standing history of working cooperatively with its passenger rail partners, and CSXT successfully hosts more passenger rail service in densely populated areas than any other railroad. The Proposed Transaction will allow CSXT to bring its proven experience and cooperation with passenger rail services to support the extensive New England passenger services.

D. Traffic shifts on the "Northern Route" and the "Southern Route"

As described in further detail in the Operating Plan, the Proposed Transaction will not produce significant changes to either the existing PAR System, PAS, or CSXT routing or volume of traffic, with the exception of relatively minor traffic shifts on the "Northern Route" on PAS between Rotterdam Junction, NY and Ayer, MA, and the "Southern Route" between Voorheesville, NY and Ayer, MA. Segments of the Northern Route host MBTA commuter rail service, and a segment of the Southern Route hosts Amtrak's Lake Shore Limited service. The Operating Plan and Exhibit 4 (Environmental Matters) to the Amended and Supplemented Application details the impacts on traffic volumes on those routes.

There will be an increase of one intermodal/automotive train per day, each direction, on the Southern Route, and a corresponding decrease of one train pair per day on the Northern Route. As detailed in the Amended and Supplemented Application, Exhibit 4-A, Attachment 3,

the traffic shift will cause the following changes to the gross-ton miles carried on these segments:

- on the Northern Route from Mechanicville, NY to Ayer, MA, a reduction of 27% to 48%, depending on the line segment;
- on the Northern Route from Mechanicville, NY and Rotterdam Junction, NY (over which no passenger trains run), an increase of 24%;
- on the Southern Route from Voorheesville, NY to Worcester, MA, an increase of 2% to 15%, depending on the line segment; and
- on the Southern Route from Worcester, MA to Ayer, MA (over which no passenger trains run), an increase of 67%.

As discussed further below, these traffic shifts will have no impact on any passenger service on the Southern Route or the Northern Route, and my team will work with the CSXT Service Planning group to make sure that the passenger trains capacity needs are fully considered.

E. Impacts on specific passenger services.

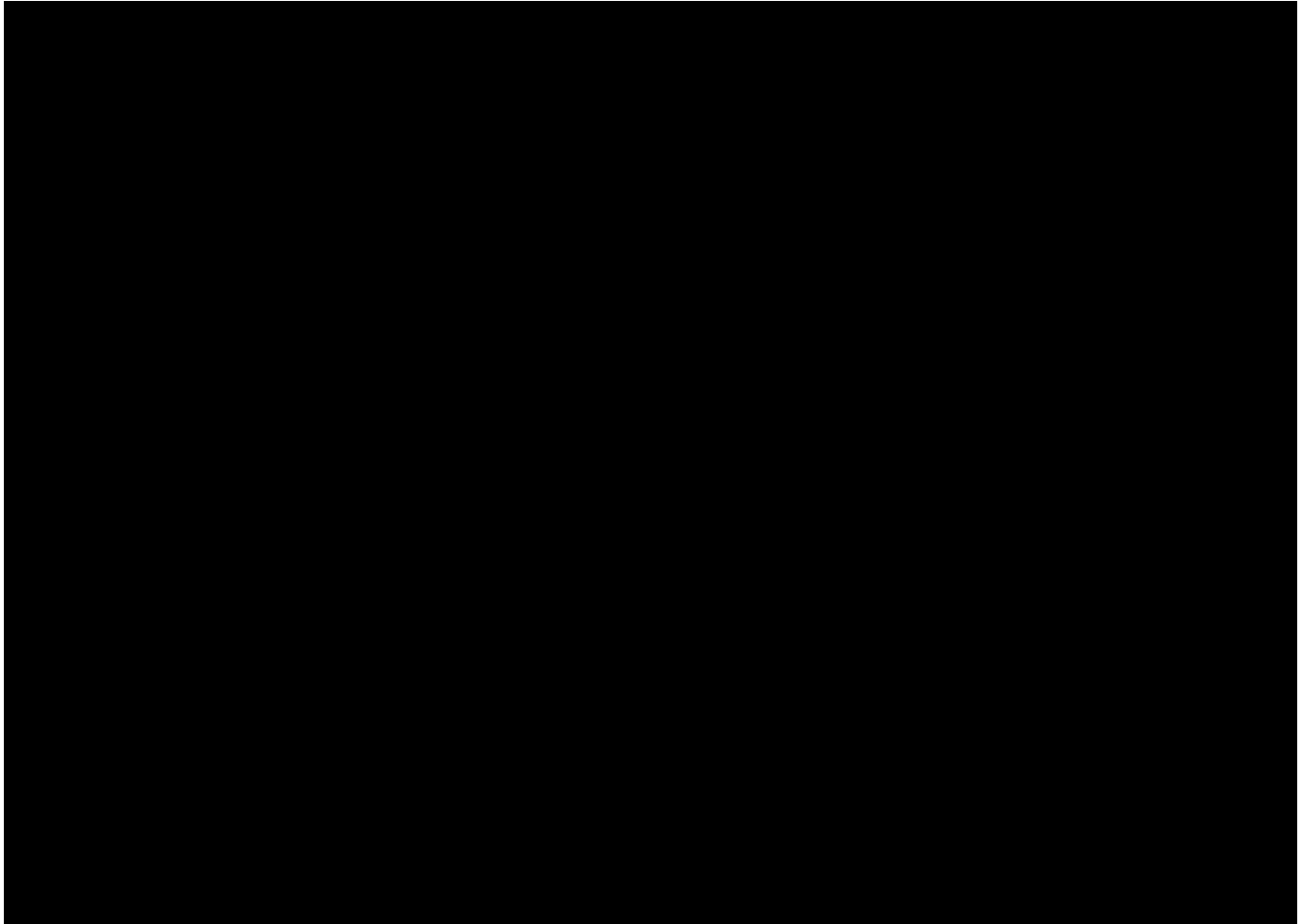
i. Lake Shore Service

The traffic shifts on the “Southern Route” described above will not negatively affect Amtrak’s Lake Shore Limited service. As relevant to the Lake Shore Limited service, there will be an increase of one NSR intermodal/automotive train pair per day on the portion of the CSXT line between CP 187, east of Albany, NY, and Worcester, MA. As detailed in Attachment 3 to Exhibit 4-A to the Amended and Supplemented Application, the gross-ton miles per year on this portion of the route will increase by 8% to 15%, depending on the line segment.

The heat map below shows the frequency and duration of the actual train operation (freight and passenger) on the relevant portion of CSXT’s line between CP 187, east of Albany, NY, and Worcester, MA, providing an initial assessment of capacity on this line segment. The information on this map has been compiled using a 14-day operating timeframe from May 29,

2021 to June 11, 2021. The darker red color shows the average number of trains operating on the line over a 24-hour period. Amtrak operates the Lake Shore Limited service roughly between 2:00 pm and 7:00 pm daily on this portion of CSXT's line. The map shows that, during Amtrak's window of operation, the line is used by few other trains, as depicted with the lighter colors.

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This heat map can also provide information for identifying possible timeslots to accommodate a proposed new intermodal train and for developing a preliminary schedule. CSXT believes that it would be possible to handle the proposed NSR intermodal train pair without causing any conflict with Amtrak trains, because CSXT will ensure that any new service

operates outside the current Amtrak operating windows. Once NSR is ready to progress with the implementation of the proposed NSR intermodal/automotive trains, CSXT and NSR will engage in more formal joint planning and joint preparation for this service, and my team will once again make sure that the passenger service requirements will be protected.

ii. Downeaster Service

The Operating Plan details the capital investments that CSXT will make in the currently under-resourced PAR System, much of which will benefit Amtrak's Downeaster service running between Boston North Station and Brunswick, ME. Additionally, Amtrak's Downeaster service will benefit from CSXT's more efficient scheduled operations of the PAR System, which is described in detail in the Operating Plan. As noted above, Amtrak operates the Downeaster service between Boston North Station and Brunswick, ME. Following consummation of the transaction, CSXT plans to restore the PAR System mainline track conditions from FRA Class 1 to FRA Class 2 track standards. CSXT intends to systematically upgrade the remaining PAR System freight mainline jointed rail based on rail testing data, tonnage, and CSXT's standards. Implementation of this deferred maintenance and delayed capital improvements will lead to increased reliability and fluidity, resulting in service improvements and operating economies across the PAR System.

In addition, the State of Maine Department of Transportation ("MaineDOT") has entered into a settlement agreement with CSXT whereby CSXT and MaineDOT have agreed to work cooperatively to complete two of the federal infrastructure grants described in the Operating Plan to upgrade PAR System line segments in Maine, and to work together on future projects to increase capacity, enhance safety, and promote efficient railroad operations.

CSXT and the Northern New England Passenger Rail Authority (“NNEPRA”) have also engaged in positive discussions regarding a settlement agreement, which CSXT is hopeful that the parties will reach shortly. NNEPRA is the state sponsor of Amtrak’s Downeaster service and promotes passenger rail service in Maine. CSXT is prepared to commit to NNEPRA to comply with all current agreements between the PAR Railroads, Amtrak, and NNEPRA that pertain to the Downeaster service, and CSXT will participate in good faith discussions regarding the improvement or expansion of the Downeaster service. In particular, CSXT would continue to advance the Wells Area Improvement Project detailed in the Operating Plan and abide by the commitments of the PAR Railroads in the Annual Work Agreement with NNEPRA. Additionally, CSXT is prepared to commit to NNEPRA to support NNEPRA’s planned relocation of the Portland Station Downeaster stop, and to support NNEPRA’s efforts to evaluate a potential station stop at West Falmouth.

Following the transaction, CSXT plans to install Positive Train Control (“PTC”) on the PAR System line segment north of the Massachusetts/New Hampshire State line to Brunswick, ME, which hosts the Amtrak Downeaster service. CSXT will commit to NNEPRA to work with Amtrak and NNEPRA on coordinating installation of PTC, and – once PTC is fully operational – cooperating with any effort to increase maximum allowable speeds for Downeaster trains and increasing Downeaster service frequencies.

CSXT has successfully installed PTC on over 13,000 track miles and equipped 1,800 locomotives. CSXT began PTC operations on its first subdivision in August 2015 and was the second Class I to complete PTC activation of its PTC footprint in June 2019. Additionally, CSXT established a robust interoperability test program and worked to complete necessary

testing to achieve full interoperable operations with all of its tenant railroads in advance of the December 31, 2020 deadline.

CSXT continues to work with the industry on adding PTC enhancements to improve safety and reliability of railroad operations. CSXT typically runs 800 – 1,000 trains covering over 130,000 miles with PTC each day. CSXT will utilize its PTC expertise in integrating with the PAR System to ensure both that PTC is installed as required by law and that it runs efficiently and effectively.

iii. PAS Knowledge Corridor and Patriot Corridor

As detailed in the Operating Plan and the Wagner VS, B&E's replacement of Springfield Terminal as the operator of PAS will align PAS operating and maintenance incentives to the benefit of PAS, its customers and its passenger rail users. PAS users will also benefit from B&E's coordination on infrastructure with CSXT, NSR, other GWI railroads in the region, increasing system reliability and reducing congestion. Perhaps most importantly, PAS operations will modernize and improve for all users (freight and passenger) because B&E will have access to GWI's superior safety, operating, and technology programs.

One area where B&E's operation of PAS will benefit passenger service involves maintenance. As described in the Wagner VS, under the current operating agreements, Springfield Terminal simultaneously addresses PAR System and PAS maintenance issues which can lead to conflicts in addressing maintenance issues on the two systems with limited resources. In contrast, B&E will be dedicated to the operation of PAS, including ensuring that any maintenance needs are fulfilled. Moreover, CSXT and NSR (as the co-owners of PAS) have reserved to themselves the right to perform capital maintenance work. If B&E is unable to

complete any required maintenance, B&E will ensure that such maintenance is completed by a third-party contractor.

The PAS Knowledge Corridor extends between milepost 183.4 at White River Junction, VT and milepost 0.0 at New Haven, CT, a distance of approximately 183.4 miles. Amtrak operates passenger service over the Knowledge Corridor, including the Hartford Line, the Valley Flyer Service, and the Vermonter Service, as described above. While the additional NSR intermodal train pair described above running east-west over the CSXT Berkshire and Boston Subdivisions has not been scheduled, we expect that the additional trains will have minimal effect on any passenger service on the north-south Knowledge Corridor.

The two rail lines only intersect at a single location controlled by a CSXT train dispatcher, at CP 98 (mile post QB 98.5) in Springfield, MA. Having dispatcher control of the at-grade diamond crossing will allow CSXT to continue to prioritize passenger train movements at this intersection. CSXT has successfully established dispatch preview screens to minimize delays to certain lines that connect with tracks that are controlled by other carriers. CSXT is willing to provide CSXT's dispatchers with dispatch preview screens of the line crossing CSXT's tracks at grade in Springfield, so long as it is technologically possible. With the preview screens, CSXT dispatchers will be aware of the passenger trains operating on the Knowledge Corridor approaching CSXT line in Springfield, allowing the CSXT dispatchers to more efficiently coordinate train movements and minimize possible passenger train delays.

Moreover, the proposed NSR train pair can be scheduled to operate at a time when no Amtrak trains are scheduled to run over the Knowledge Corridor. As noted above, my team proactively works with dispatchers to ensure that passenger trains remain on schedule and they are provided with the required preference. Following consummation of the Proposed

Transaction, my team will work to ensure that all passenger trains are handled efficiently by dispatchers on the CSXT network.

As described above, MBTA operates the Fitchburg Line commuter service on the east-west PAS Patriot Corridor. The traffic shift described above will result in a decrease of one train pair per day on this route, with gross ton-miles per year reduced by 27% to 48%, depending on the line segment. This will reduce freight activity at the following MBTA train stations on this route: Wachusett, Fitchburg, North Leominster, Shirley, and Ayer. Additionally, the Canadian Pacific line segment described above that hosts Amtrak Adirondack service and Ethan Allen Express service will see a reduction of one train pair per day between Canadian Pacific's Mohawk Yard and Mechanicville, NY.

Finally, the improvements that CSXT has committed to make to the Ayer Yard – described fully in the Operating Plan – will reduce create operational efficiencies and improve MBTA commuter service at that location. In particular, the addition of power-assisted switches on hand-throw electric lock universal cross-overs will enable intermodal trains running on the PAS Patriot Corridor to make head-end moves into Ayer Yard, rather than pulling past the east wye and making back-up moves through the Ayer MBTA passenger station.

* * *

Based on my review of the proposed Operating Plan, the revised Market Analysis, and the related impact analyses submitted with the Amended and Supplemented Application, I conclude that the Proposed Transaction and Related Transactions will have no negative impact on passenger service operated on the rail lines that are affected by these proceedings. All rail users, including passenger service, will benefit from the more consistent and reliable network

and the focus of a dedicated Passenger Operations team that will result from the Proposed Transaction and Related Transactions. I urge the Board to authorize and approve the acquisition.

VERIFICATION

I, Andy Daly, declare under penalty of perjury that the foregoing is true and correct.

Further, I certify that I am qualified and authorized to file this Verified Statement. Executed on July 1, 2021.

/s/ Andy Daly

Andy Daly



SERVICE
ROUTES
MAP

- ADIRONDACK SERVICE

Between New York City
and Montreal QC

DOWNEASTER SERVICE

Between Boston MA
and Brunswick ME

EMPIRE SERVICE

Between New York City
and Niagara Falls NY

ETHAN ALLEN EXPRESS

Between New York City
and Rutland VT

HARTFORD LINE

Between New Haven CT
and Springfield MA

LAKESHORE SERVICE

Between Boston MA
and Chicago IL

VALLEY FLYER SERVICE

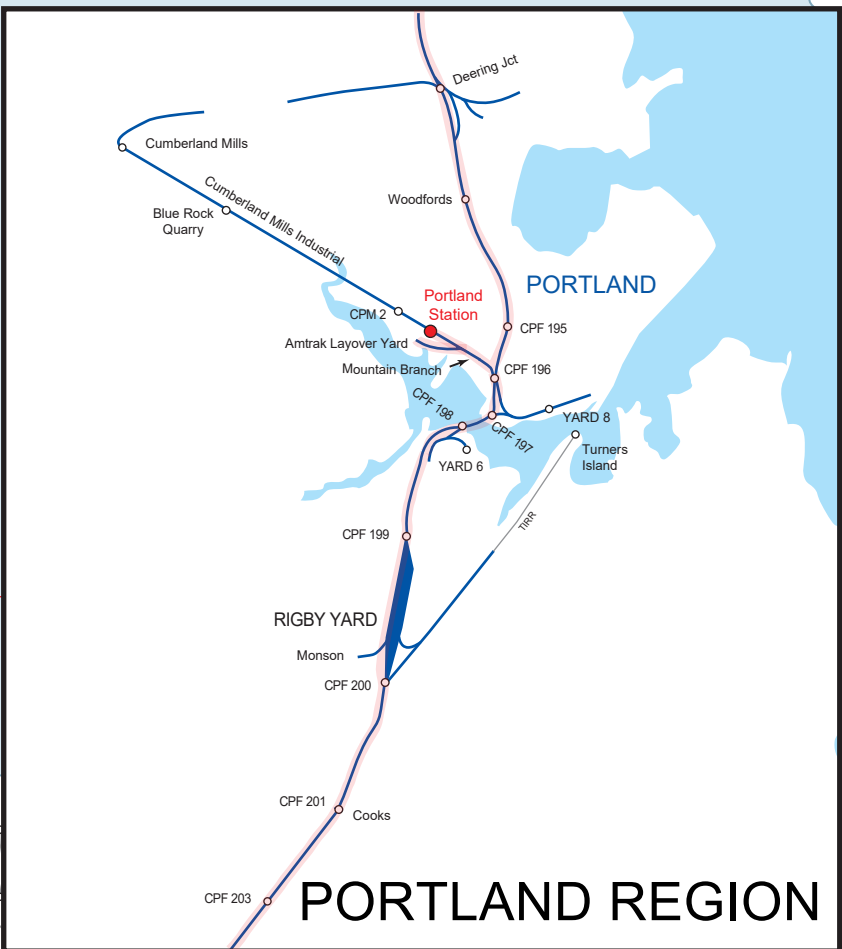
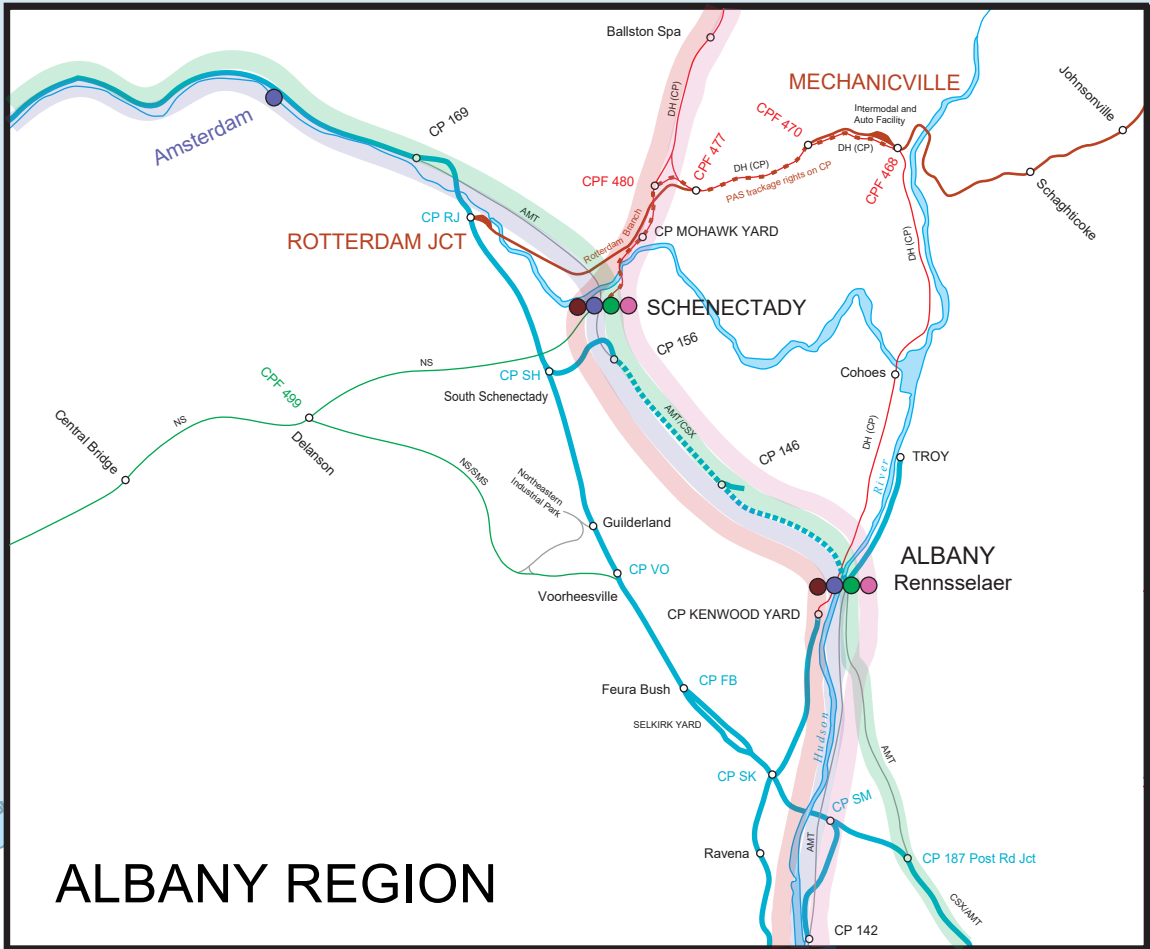
Between New Haven CT
and Greenfield MA

VERMONT SERVICE

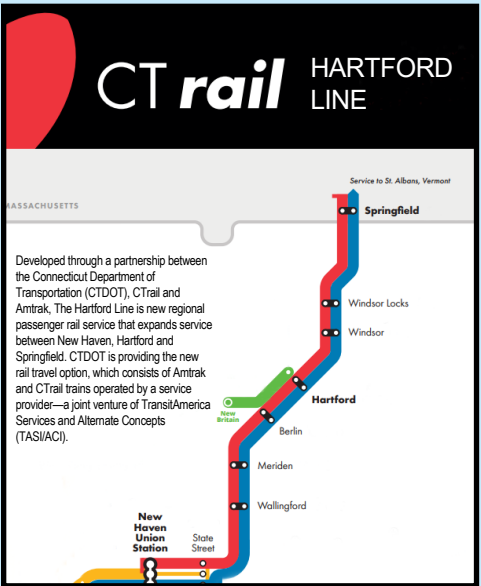
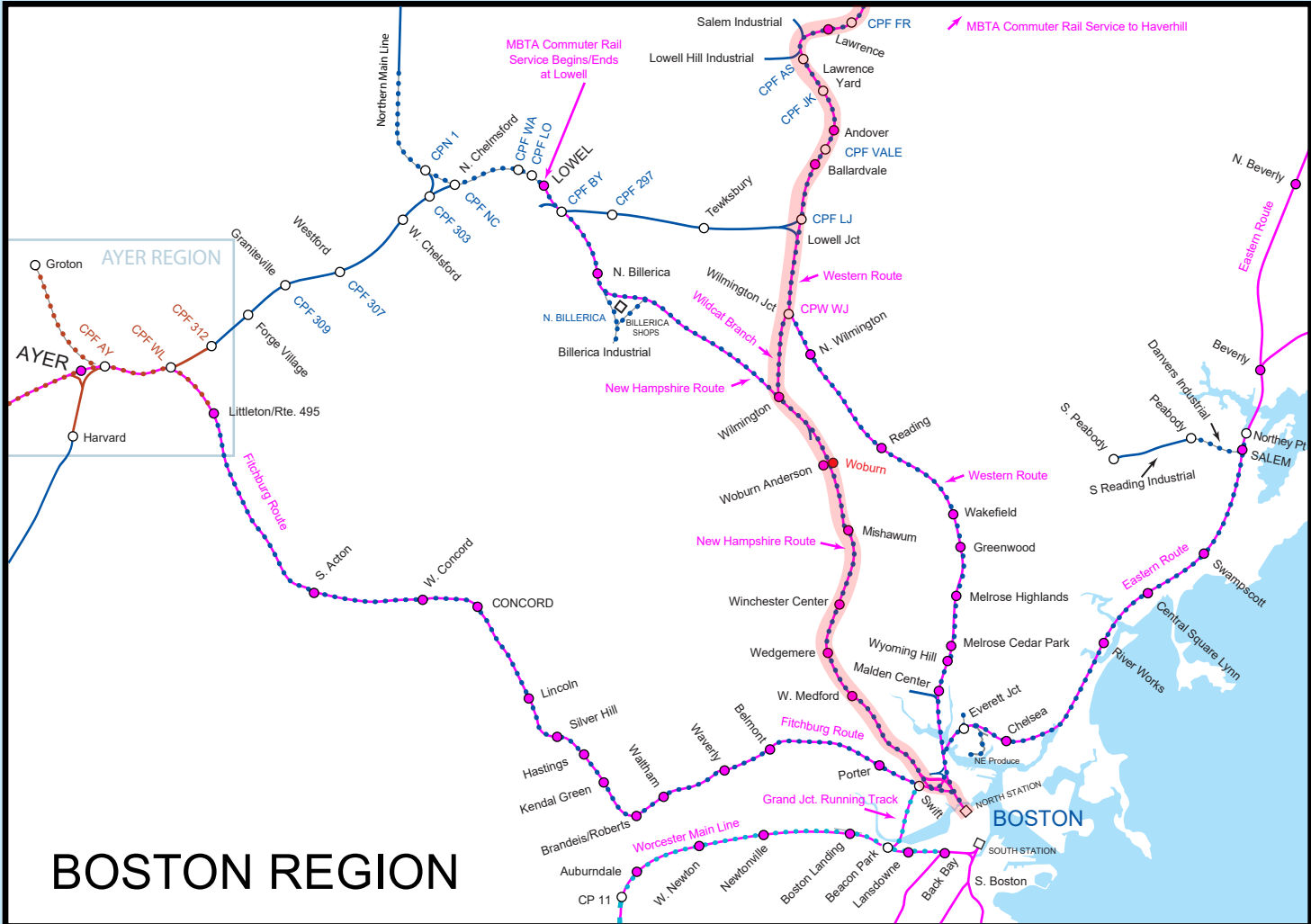
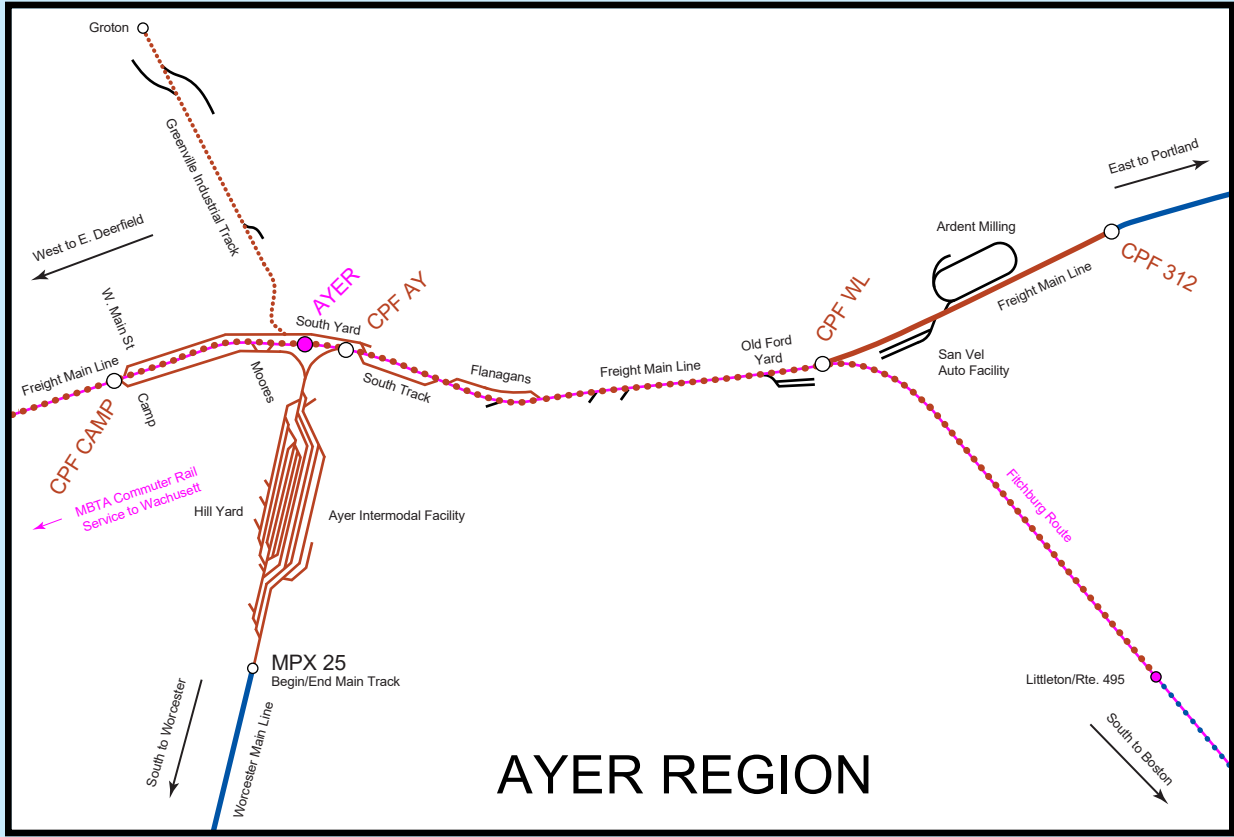
Between Washington DC
and St Albans VT



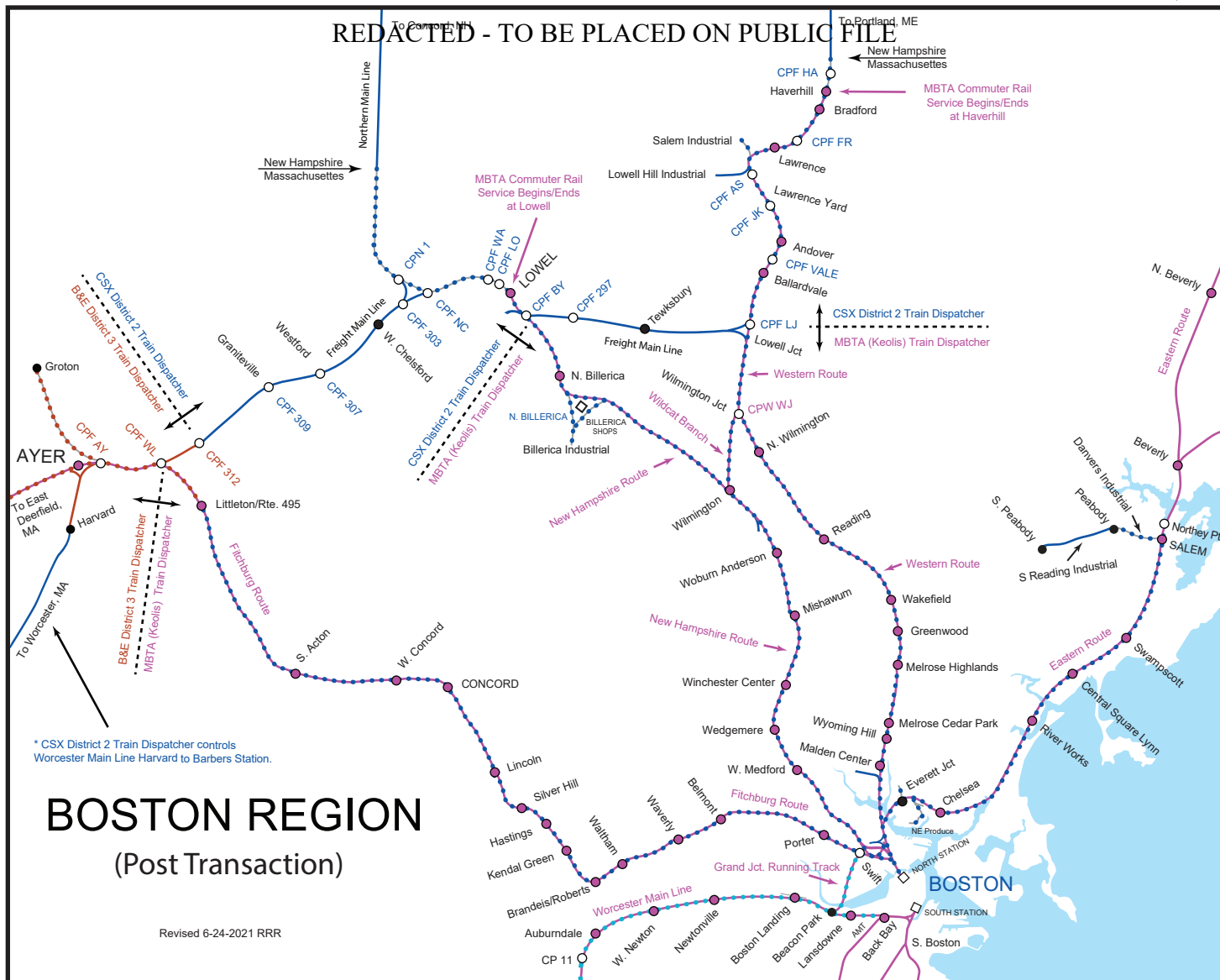
Revised 6-24-2021 RRR



- LEGEND**
- Pan Am Railways (PAR)
 - PAR Trackage Rights
 - PAR Perpetual Freight Easement
 - Pan Am Southern (PAS)
 - PAS Trackage Rights
 - PAS Perpetual Freight Easement
 - CSX Transportation (CSXT)
 - CSXT Trackage Rights
 - CSXT Perpetual Freight Easement
 - Massachusetts Bay Transportation Authority (MBTA) Commuter Rail Line
 - MBTA Commuter Rail Operating Rights on PAS



REDACTED - TO BE PLACED ON PUBLIC FILE



Dispatcher Desks

District 1 (CSX)

Freight Main Line - Winn to CPF 199
Brunswick Branch
Bucksport Branch
Hinckley Branch
Mountain Branch
Rumford Branch

District 2 (CSX)

Freight Main Line - CPF 199 to CPF 312
Northern Main Line
Western Route Main Line - East of CPF LJ
Worcester Main Line
Hillsboro Branch
Portsmouth Branch

District 3 (B&E)

Freight Main Line - CPF 312 to CPF 468
Conn River Main Line
Rotterdam Branch
Waterbury Branch

LEGEND

	Pan Am Railways (PAR)
	PAR Perpetual Freight Easement
	Pan Am Southern (PAS)
	PAS Perpetual Freight Easement
	CSX Transportation (CSXT)
	CSXT Trackage Rights
	CSXT Perpetual Freight Easement
	MBTA Commuter Rail Line
	MBTA Owned (No Commuter Service)
	MBTA Commuter Rail Station
	Dispatcher Controlled Interlocking

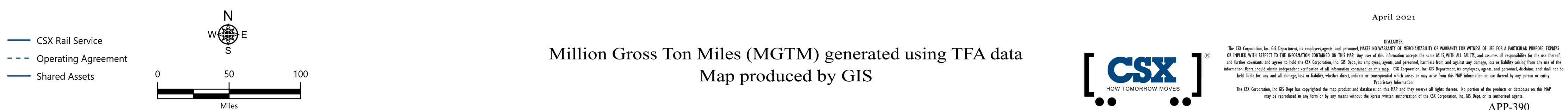
BEFORE THE
SURFACE TRANSPORTATION BOARD

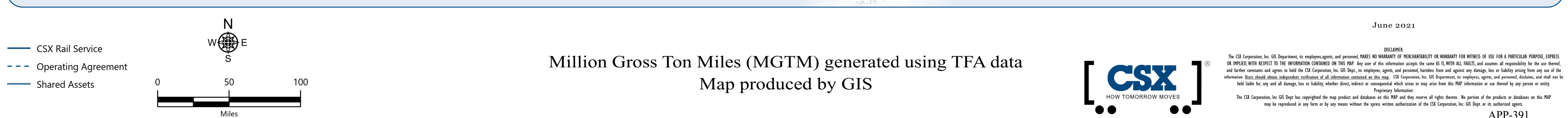
DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 14

Density Charts





2019 Gross Ton Miles Summary								
Point A	Point B	Miles	2019 Total GTMs	2019 Direction 1	2019 Direction 2	2024 Total GTMs	2024 Direction 1	2024 Direction 2
SOUTH PARK, KY	MONTFORT, TN	183	4,039	2,060	1,980	4,350	2,218	2,132
NE VERA CP, AL	SIBERT OS, AL	184	7,388	3,626	3,763	7,957	3,905	4,052
SIBERT OS, AL	WESTWEGO, LA	139	3,313	1,191	2,122	3,568	1,283	2,285
NORTH ATHENS, AL	NEW CASTLE, AL	87	5,306	2,984	2,322	5,714	3,214	2,500
TACOA, AL	NE VERA CP, AL	84	2,835	1,704	1,131	3,053	1,835	1,218
NORTH ETOWAH OS, TN	JUNTA CP, GA	103	214	121	92	230	131	100
DORTHA, KY	NORTH ETOWAH OS, TN	167	1,732	1,099	634	1,866	1,183	682
NATIONAL CEMETERY, TN	MCKENZIE, TN	109	1,524	658	866	1,641	709	933
AMQUI CP, TN	HYBRID CP, IN	157	8,926	3,104	5,823	9,614	3,343	6,271
DANLEY CP, TN	LOOKOUT CP, TN	143	5,178	3,560	1,618	5,577	3,834	1,743
SELLERS CP, TN	LIPE CP, TN	88	1,414	600	814	1,523	646	877
MUNSTER, IN	CLOVERDALE DD, IN	201	1,782	978	803	1,919	1,054	865
FRANKFORT AVENUE, KY	SE LATONIA CP, KY	108	2,376	759	1,616	2,558	818	1,741
BRENTWOOD CP, TN	NORTH ATHENS, AL	94	5,964	3,356	2,608	6,423	3,614	2,809
COBRA, KY	APPALACHIA, VA	86	125	62	63	135	67	68
APPALACHIA, VA	FRISCO, TN	43	54	42	12	58	46	12
NE HENDERSON CP, KY	TEXAS CP, KY	144	302	189	113	325	203	122
SINKS, KY	SPRING LAKE CP, KY	143	1,553	886	668	1,673	954	719
LOOKOUT CP, TN	NORTH ELIZABETH, GA	118	4,049	1,369	2,680	4,361	1,474	2,887
R B JUNCTION, IL	NE INGLE CP, IN	146	7,141	4,228	2,913	7,691	4,553	3,137
WOODLAND JCT CP, IL	80TH STREET JCT, IL	79	2,385	1,399	986	2,569	1,507	1,062
WOODLAND JCT CP, IL	R B JUNCTION, IL	49	1,542	899	643	1,660	968	692
PARMELE CONNECT CP, NC	NORTH ELMER YL DP, NC	40	77	41	36	82	44	39
TARBORO, NC	PLYMOUTH, NC	51	84	45	39	90	48	42
FY CP, SC	CENTRAL JCT, GA	223	7,077	3,293	3,784	7,622	3,547	4,076
CONTENTNEA YARD, NC	ROSE HILL, NC	65	277	227	50	298	244	54
SOUTH DELAND CP, FL	POINCIANNA CP, FL	62	285	135	150	307	146	162
SUMTER, SC	SOUTH CAYCE YL DP, SC	51	221	84	137	238	91	148
DUNBARTON, SC	BEECH ISLAND, SC	43	646	273	373	696	294	402
NORTH CRESTON YL, SC	PREGNALL, SC	124	46	13	33	50	14	36
SE PELZER CP, SC	SPARTANBURG WYE CP, SC	49	47	18	28	50	20	30
SALAK CP, SC	HARRISONVILLE YL, GA	65	376	215	161	405	231	173
SUMTER YARD, SC	COPE, SC	85	70	30	40	76	33	43
SPARTANBURG WYE CP, SC	PARK JUNCTION CP, SC	63	486	284	202	523	306	218
LANE, SC	SUMTER YARD, SC	40	289	114	175	311	123	188
YEMASSEE CP, SC	SE ROBBINS CP, SC	59	733	296	436	789	319	470
FOLKSTON CP, FL	RICE YARD CP, GA	103	2,373	1,457	916	2,556	1,569	987
SE PEACHTREE CI CP, GA	TILFORD YARD, GA	43	443	227	215	477	245	232
RICE YARD CP, GA	SE MANCHESTER CP, GA	202	7,588	2,708	4,881	8,173	2,916	5,257
SE PEACHTREE CI CP, GA	NE MANCHESTER CP, GA	41	581	250	331	626	269	357

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Point A	Point B	Miles	<u>2019</u> Total GTMs	<u>2019</u> Direction 1	<u>2019</u> Direction 2	<u>2024</u> Total GTMs	<u>2024</u> Direction 1	<u>2024</u> Direction 2
CHARLIE BAKER CP, NC	RICHMOND, VA	127	5,491	3,226	2,265	5,914	3,475	2,439
COOSA STREET CP, AL	N THOMASVILLE YL DP, FL	208	1,420	503	916	1,529	542	987
SOUTH OGEECHIEE, GA	DINSMORE CP, FL	174	4,063	2,271	1,791	4,375	2,446	1,929
CP MURRAY, AL	NE MANCHESTER CP, GA	170	9,093	3,840	5,253	9,793	4,136	5,657
RICE YARD CP, GA	N THOMASVILLE YL DP, FL	261	867	381	486	934	410	523
BRUNSWICK JCT CP, GA	GLYNCO, GA	52	83	51	32	89	55	34
CHARLIE BAKER CP, NC	FY CP, SC	175	5,507	2,993	2,515	5,931	3,223	2,708
ST JOHNS CP, FL	SOUTH DELAND CP, FL	102	564	383	181	607	413	195
POINT OF ROCKS, MD	ST DENIS, MD	64	1,093	140	952	1,177	151	1,025
EAS WB TOWER DP, MD	CUMBERLAND YL 1, MD	99	5,037	1,717	3,320	5,424	1,849	3,575
LURGAN SUB CP, WV	STRASBURG JCT, VA	51	111	57	54	119	61	59
KEYSER DD, WV	WILSON, WV	41	72	36	36	78	39	38
BAYVIEW CP, MD	VINE ST CP, PA	105	2,829	1,362	1,467	3,047	1,467	1,580
EAS WB TOWER DP, MD	F TOWER CP, DC	53	1,960	765	1,195	2,111	824	1,287
BEALL STREET CP, MD	SHORT LINE JCT, WV	142	1,307	433	873	1,407	466	941
HANOVER SUBDIV CP, MD	WAS NS CP TOWN DP, MD	110	181	57	124	195	62	133
OKLAHOMA CP, OH	EE WASHINGTON CP, IN	174	851	220	631	916	237	680
HAMILTON, OH	CP LS CP, IN	104	887	416	471	955	448	507
BUTLER STREET CP, OH	PERRY CP, OH	178	7,603	3,113	4,490	8,188	3,353	4,835
S C SUBDIVISION CP, PA	JOHNSTOWN CBL, PA	47	59	25	34	63	27	36
KEYSTONE TONNAGE, MD	DRAKETOWN CP, PA	94	4,226	1,421	2,805	4,551	1,530	3,021
GREENE JCT, PA	SINNS NO 2 DTC, PA	44	1,896	652	1,245	2,042	702	1,340
BOYD, OH	WEST PITTSBURGH, PA	171	6,849	3,253	3,596	7,377	3,504	3,873
DANIELS, OH	WEST DESHLER, OH	61	6,482	2,920	3,562	6,981	3,145	3,837
WEST DESHLER, OH	WILLOW CREEK AEI, IN	192	17,638	7,801	9,836	18,996	8,402	10,594
WE NINE TRK YL CP, IL	WEST OTTAWA YL CP, IL	57	286	108	177	308	117	191
EAST LESTER YL DP, OH	W CLEVELAND YARD CP, OH	72	2,589	1,295	1,294	2,788	1,395	1,394
BRKLYN J BJ T, WV	SHORT LINE JCT, WV	58	408	220	187	439	237	202
BENWOOD JCT, WV	GUYANDOTTE, WV	208	1,542	848	693	1,660	913	747
MX CABIN CP, WV	JD CABIN OS, VA	77	2,958	615	2,343	3,186	663	2,523
GLADSTONE CP, VA	JD CABIN, VA	116	3,877	504	3,373	4,176	543	3,633
RIVANNA JCT CP, VA	GLADSTONE CP, VA	122	4,077	497	3,580	4,391	535	3,856
AM JUNCTION CP, VA	J D CABIN, VA	191	749	633	116	807	682	125
MONTGOMERY, WV	RUSSELL YARD CP, KY	111	3,569	1,166	2,404	3,844	1,255	2,589
MX CABIN CP, WV	MONTGOMERY, WV	77	2,782	601	2,181	2,996	647	2,349
HAMPTON ROADS, VA	RIVANNA JCT CP, VA	85	2,150	456	1,694	2,316	491	1,825
NJ CABIN CP, KY	MELBOURNE CP, KY	108	1,918	849	1,069	2,066	915	1,151
PORT HURON PHD, MI	NORTH KEARSLEY CP, MI	59	50	29	21	54	32	22
IRWIN PARK, SC	DOVER, SC	63	303	81	222	327	87	240
FLINT, MI	SEVEN MILE HO CP, MI	51	41	17	24	44	18	26

REDACTED - TO BE PLACED ON PUBLIC FILE

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F TOWER, OH	EAST HV CABIN CP, OH	115	2,097	1,075	1,021	2,258	1,158	1,100
GREENDALE CP, VA	M STREET, DC	110	4,314	1,888	2,426	4,646	2,033	2,613
GRANDVILLE CP, MI	PORTER, IN	137	1,427	435	992	1,537	469	1,068
HINES PARK CP, MI	VERNOR HWY WEST, MI	61	662	382	281	713	411	302
HINES PARK CP, MI	SEYMOUR CP, MI	128	489	222	267	527	239	288
NJ CABIN CP, KY	OBETZ, OH	102	2,390	1,040	1,351	2,574	1,120	1,455
SAINT ALBANS CP, WV	MIFFLIN, WV	50	238	39	199	256	42	214
SALT DTC, WV	EMMETT DTC, WV	95	690	120	570	744	129	614
FLOODWALL, KY	SHELBY CP, KY	116	1,556	687	869	1,676	740	936
PITTSBURGH, PA	WEST PITTSBURGH, PA	44	1,898	931	967	2,044	1,003	1,042
LANSDALE, PA	PHILA TIOGA MAR TV, PA	42	125	61	63	134	66	68
PHILA NICETOWN, PA	PORT READING JCT CP, NJ	61	1,740	778	962	1,874	838	1,036
OAK STREET, MA	SELKIRK SM, NY	112	2,827	1,300	1,527	3,045	1,400	1,645
STACKBRIDGE, MA	OAK STREET, MA	50	796	353	444	857	380	478
STACKBRIDGE, MA	BLANDON, MA	70	199	103	96	214	111	103
FRAMINGHAM, MA	LEOMINSTER, MA	77	105	57	48	113	62	52
CHILI JCT CP, NY	WEST STOCK YARD, NY	80	5,859	2,576	3,283	6,310	2,774	3,536
H AND P JCT, NY	SELKIRK CONNECTION, NY	245	641	415	225	690	447	243
SELKIRK BRANCH CP, NY	EAST ONEIDA, NY	94	8,273	3,670	4,603	8,910	3,953	4,957
BELLE ISLE CP, NY	CHILI JCT CP, NY	88	7,161	3,128	4,032	7,712	3,369	4,343
NORTH EVANS, NY	EAST COLLINWOOD CP, OH	156	13,021	5,629	7,392	14,023	6,062	7,961
HASELTON NO 1 DTC, OH	ASHTABULA, OH	58	157	101	56	169	109	60
ROCKSIDE, OH	CLEVELAND SHORT, OH	51	3,090	1,402	1,688	3,328	1,510	1,818
COLUMBUS CP 138, OH	CP 80 CP, OH	61	416	231	185	448	248	199
CLEVELAND SHORT, OH	GREENWICH JCT, OH	63	3,571	1,528	2,043	3,846	1,646	2,200
CP 138 CP, OH	POST ROAD, IN	158	6,187	2,409	3,778	6,664	2,594	4,069
GREENWICH JCT, OH	CP 138 CP, OH	98	2,767	1,218	1,549	2,980	1,312	1,668
FT COVINGTON CP, NY	BEAUHARNOIS, PQ	42	88	33	55	95	35	59
SYRACUSE DD, NY	FT COVINGTON CP, NY	194	781	330	452	841	355	486
SHIRE OAKS SOUTH, PA	LOWSVILLE, WV	59	471	107	364	507	115	392
BOWIE DISP POINT, MD	WOODZELL, MD	46	51	41	10	55	44	11
MEADOWS, NJ	WOODBIDGE, NJ	47	190	117	74	205	126	79
NORTH RAVENA, NY	NORTHERN JCT, NJ	270	8,190	3,617	4,574	8,821	3,895	4,926
KI JUNCTION CP, KY	DALE DCS BLOCK, IN	109	595	198	396	641	214	427
HADLEY, IN	WILLOWS CP, IL	227	8,035	3,348	4,687	8,653	3,606	5,048
DETROIT TV, MI	DETROIT CONANT RD, MI	46	46	24	22	50	26	24
NS CP 139 CP, OH	RIDGEWAY, OH	58	853	515	339	919	554	365
RIDGEWAY, OH	OWENS CP, OH	79	917	450	467	988	484	503
BAYSHORE LEAD AEI, NJ	BOUND BROOK, NJ	60	617	349	268	665	376	289
PARK JCT CP, PA	FAIRLESS TYBR, PA	42	96	46	50	104	50	54

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KARNY, NJ	FAIRLESS TYBR, PA	49	109	64	45	118	69	48
RALEIGH YARD LIMITS, NC	MARSTON, NC	96	231	92	139	249	99	150
PORTSMOUTH TOFC, VA	WELDON DTC, NC	76	761	298	463	819	321	498
CLARK STREET CP, FL	OWENSBORO, FL	151	5,567	3,474	2,094	5,996	3,741	2,255
IRWIN PARK, SC	SAVANNAH HOLDOUT CP, GA	145	1,429	820	609	1,539	883	656
CASTLE HAYNE, NC	EAST JUNCTION, NC	118	1,032	572	460	1,112	616	496
SE MONROE CP, NC	SE BOSTIC CP, NC	104	334	141	193	360	152	208
NORTH PEEDEE CP, NC	SE MONROE CP, NC	42	641	320	321	691	344	346
SOUTH END ABBEVILLE, SC	TUCKER, GA	120	1,813	597	1,215	1,952	643	1,309
SOUTH WYE ATLANTA, GA	5TH AVENUE, AL	74	302	114	188	325	122	203
SE MONROE CP, NC	SOUTH END ABBEVILLE, SC	138	1,502	587	916	1,618	632	986
NORTH CHARLESTON CP, SC	SE EAST JUNCT CP, NC	170	898	491	407	967	529	438
CALLAHAN OS, FL	BALDWIN TOWER CP, FL	59	676	248	428	728	267	461
EDISON, FL	BUNKER, FL	47	190	71	118	204	77	127
AUBURNDALE INT CP, FL	SE DYER CP, FL	145	1,203	567	637	1,296	610	686
SE DYER CP, FL	MIAMI CANAL, FL	73	412	157	255	443	169	274
WNSTN SALEM JCT CP, NC	WINSTON SALEM, NC	89	74	31	43	80	33	47
COOSA STREET CP, AL	STONEWALL CP, GA	164	2,614	1,181	1,433	2,815	1,272	1,544
AUGUSTA YARD, GA	LITHONIA IND PK CP, GA	154	1,528	651	877	1,645	701	944
SPARTANBURG WYE CP, SC	NORTH ERWIN CP, TN	140	1,194	738	456	1,286	795	491
KY ELKHORN, KY	NORTH ERWIN CP, TN	137	1,163	744	419	1,253	801	452

PAN AM RAILWAYS

BOSTON & MAINE CORP. • MAINE CENTRAL RAILROAD CO. • PAN AM SOUTHERN LLC • PORTLAND TERMINAL CO. • SPRINGFIELD TERMINAL RAILWAY CO.



1700 IRON HORSE PARK • NORTH BILLERICA, MASSACHUSETTS 01862

Revised 6-24-2021 RRR

2019 ANNUAL FREIGHT DENSITY

Showing lines with 1 million gross ton-miles per mile road or more per year

Pan Am Southern (PAS) Segments in Million Gross Ton Miles (MGTM)				
	North/ East	South/ West	Total MGTM	Total Miles
Rotterdam Jct. - Mechanicville	29	20	49	22
Mechanicville - Hoosick Jct.	100	70	170	22
Hoosic Jct. - N. Adams	98	68	166	23
N. Adams - E. Deerfield	170	118	288	39
E. Deerfield - Gardner	130	90	220	38
Gardner - Fitchburg	45	31	77	15
Fitchburg - Ayer	38	27	65	14
White River Jct. - Bellows Falls	2	1	3	39
Bellows Falls - Brattleboro	13	7	20	24
Brattleboro - E. Deerfield	30	17	47	27
E. Deerfield - Northampton	8	10	18	22
Northampton - Berlin	12	15	27	53
Berlin - Waterbury	3	4	7	25

Pan Am Railways (PAR) Segments in Million Gross Ton Miles (MGTM)				
	North/ East	South/ West	Total MGTM	Total Miles
Ayer - Rockingham Jct.	158	210	368	59
Rockingham Jct. - Portland	157	208	365	60
Portland - Waterville	166	221	387	85
Waterville - Bangor	36	48	84	56
Bangor - Mattawamkeag	7	9	16	57
Portland - Rumford	28	37	65	67
Ayer - Boston	2	3	5	44
Lowell Jct. - Boston	7	8	15	20
Boston - Peabody	1	2	3	18
Ayer - Worcester	40	54	94	28
Concord - N. Chelmsford	6	7	13	45

LEGEND	
	Pan Am Railways (PAR)
	PAR Trackage Rights
	PAR Perpetual Freight Easement
	Pan Am Southern (PAS)
	PAS Trackage Rights
	PAS Perpetual Freight Easement
	CSX Transportation (CSXT)
	CSXT Trackage Rights
	CSXT Perpetual Freight Easement
	Massachusetts Bay Transportation Authority (MBTA) Commuter Rail Line
	MBTA Commuter Rail Operating Rights on PAS

PAN AM RAILWAYS

BOSTON & MAINE CORP. • MAINE CENTRAL RAILROAD CO. • PAN AM SOUTHERN LLC • PORTLAND TERMINAL CO. • SPRINGFIELD TERMINAL RAILWAY CO.

0 25 50 75 100
MILES
1700 IRON HORSE PARK • NORTH BILLERICA, MASSACHUSETTS 01862

Revised 6-24-2021 RRR

2024 PROJECTED ANNUAL FREIGHT DENSITY

Showing lines with 1 million gross ton-miles per mile road or more per year

Pan Am Southern (PAS) Segments in Projected Million Gross Ton Miles (MGTM)				
	North/ East	South/ West	Total MGTM	Total Miles
Rotterdam Jct. - Mechanicville	38	27	65	22
Mechanicville - Hoosick Jct.	77	53	130	22
Hoosick Jct. - N. Adams	72	50	122	23
N. Adams - E. Deerfield	128	89	217	39
E. Deerfield - Gardner	86	60	146	38
Gardner - Fitchburg	27	19	46	15
Fitchburg - Ayer	22	15	37	14
White River Jct. - Bellows Falls	2	1	3	39
Bellows Falls - Brattleboro	14	8	22	24
Brattleboro - E. Deerfield	33	18	51	27
E. Deerfield - Northampton	9	11	20	22
Northampton - Berlin	13	16	29	53
Berlin - Waterbury	3	4	7	25

Pan Am Railways (PAR) Segments in Projected Million Gross Ton Miles (MGTM)				
	North/ East	South/ West	Total MGTM	Total Miles
Ayer - Rockingham Jct.	170	226	396	59
Rockingham Jct. - Portland	169	224	393	60
Portland - Waterville	179	238	417	85
Waterville - Bangor	39	52	91	56
Bangor - Mattawamkeag	7	10	17	57
Portland - Rumford	30	40	70	67
Ayer - Boston	2	3	5	44
Lowell Jct. - Boston	7	9	16	20
Boston - Peabody	2	2	4	18
Ayer - Worcester	73	96	169	28
Concord - N. Chelmsford	6	8	14	45

LEGEND	
	Pan Am Railways (PAR)
	PAR Trackage Rights
	PAR Perpetual Freight Easement
	Pan Am Southern (PAS)
	PAS Trackage Rights
	PAS Perpetual Freight Easement
	CSX Transportation (CSXT)
	CSXT Trackage Rights
	CSXT Perpetual Freight Easement
	Massachusetts Bay Transportation Authority (MBTA) Commuter Rail Line
	MBTA Commuter Rail Operating Rights on PAS

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 22-A

Verified Statement of Mr. James M. Foote

VERIFIED STATEMENT OF JAMES M. FOOTE

I am James M. Foote, President and Chief Executive Officer for CSX Corporation, Inc. and CSXT Transportation, Inc. (“CSXT”). I have over 45 years of diverse railroad industry experience which includes successful completion of numerous railroad mergers and acquisitions. CSXT is pleased to submit this Amended and Supplemented Application for the acquisition of Pan Am Systems, Inc. (“Systems”) (the “Proposed Transaction”), which explains the tremendous benefits of the Proposed Transaction for all stakeholders in New England and beyond.

The Proposed Transaction is an “end-to-end” acquisition that will integrate the New England rail network owned and operated by Systems (the “PAR System”) into CSXT’s national rail network creating seamless single-line service. This will provide shippers with the substantial benefits of low-cost environmentally friendly rail service with truck-like reliability. Adding the rail network of Systems to our network will provide new opportunities for extending the reach of our service to a wider customer base over an expanded territory. Together we’ll create new efficiencies and market opportunities for customers to capitalize on a robust pipeline of opportunities to move freight to, from and within New England.

CSXT is excited to introduce our customer-centric focus, supply chain solutions and our industry-leading customer facing technology platforms, including ShipCSX, to shippers and industries served by the PAR System. As CSXT’s Executive Vice President Mark Wallace explains in his Verified Statement, the PAR System’s shippers will benefit from CSXT’s superior customer service, greater schedule reliability, and greater transparency. We have made major investments in our innovative trip plan performance tools, which allow customers to see detailed delivery performance data on every container and railcar they ship. As Mr. Wallace describes, the availability of these customer-centric tools, when combined with CSXT’s service

and future infrastructure investments in the PAR Systems network, will allow New England rail customers to grow their business as the regional economy continues to grow.

In addition, the Proposed Transaction will significantly strengthen the operating performance of Systems. As Jamie Boychuk, CSXT's Executive Vice President of Operations, explains in the Operating Plan attached as Exhibit 13, safety is a vital component of the CSXT operating philosophy and the results bear this out. In 2020, CSXT had the lowest injury rate of all Class I railroads and we achieved an all-time annual low number for fewest FRA reportable train accidents.

Mr. Boychuck also explains that this transaction will bring additional investment to New England via the introduction of Class I railroad resources to the region. CSXT will invest significantly in rail infrastructure where Systems lacked the resources to do so. Every stakeholder stands to benefit from CSXT's investment in and modernization of the PAR System, which will make the New England rail network more efficient and safer for our operations, our communities, and for passenger rail. Over five years, CSXT will upgrade many of the PAR System's 10-mph main line track miles to 25-mph standards. We also plan to improve PAR System yard trackage, which should reduce derailments and improve yard fluidity.

New England will also benefit from CSXT's track record as a leader in environmental performance. Through the adoption of new technology, we have increased our sustainability advantage over our competitors, setting records for fuel efficiency and exceeding our emissions-reduction targets. CSXT is the only class I railroad to operate below one gallon of fuel per thousand gross-ton-miles. On average, CSXT moves a ton of freight 508 miles on a single gallon of fuel, which is 3-4 times more fuel-efficient than truck. This helps reduce emissions, relieves highway congestion and reduces America's carbon footprint. CSXT will use higher horsepower

road locomotives, which will allow it to operate the PAR System with a smaller, more reliable and more fuel-efficient fleet, significantly reducing fuel consumption.

Andy Daly, CSXT's Senior Director of Passenger Operations, explains how CSXT's industry-leading operating model benefits passenger carriers as well as shippers. Contractual on-time performance with Amtrak, for instance, has significantly improved as CSXT has implemented its new operating model. CSXT commits to maintain or improve existing passenger service across the PAR System. And we know how to do this. CSXT's Amtrak performance levels have hit recent historic highs. In 2020, CSXT achieved a 93.6% contract on-time performance vs. 92.4% in 2019. We have a long-standing history of working cooperatively with Amtrak and our other passenger rail partners.

The Proposed Transaction has substantial public support in New England, as evidenced by the numerous support letters received from shippers, local and state officials, and state and federal legislators. This support reflects broad recognition that the agreements CSXT has already reached will enhance competition while strengthening the rail network in the region, as described in more detail in the Verified Statement of Sean Pelkey. We are confident in our ability to address any remaining concerns and to deliver the significant public benefits described in our Application.

The Board's approval of this Application is required for CSXT to extend our shipper-centric, competitive, efficient, and environmentally friendly transportation service into New England. CSXT requests the Board to approve this Application so that we may proceed.

VERIFICATION

I, James M. Foote, declare under penalty of perjury that the foregoing is true and correct.
Further, I certify that I am qualified and authorized to file this Verified Statement. Executed on
July 1, 2021.

/s/ James M. Foote

James M. Foote

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 22-B

Verified Statement of Mr. David A. Fink

VERIFIED STATEMENT OF DAVID A. FINK

My name is David A. Fink. I have been President of Pan Am Systems, Inc. (“Pan Am”) and its subsidiaries since November 2006. The purpose of this Verified Statement is to explain why Pan Am believes that the acquisition of Pan Am by CSX Corporation and CSX Transportation, Inc. (“CSXT”) will provide significant benefits for New England shippers and rail passengers as well as the national freight network overall.

CSXT is a North American leader in rail-based freight transportation and Pan Am’s rail division is North America’s largest regional railroad. CSXT and Pan Am’s regional rail network (the “PAR System”) already do substantial interchange business. CSXT is the PAR System’s largest connection to the national rail network. The integration of the PAR System into CSXT’s rail network will substantially benefit New England shippers, who will have a seamless access to the national rail network, and to CSXT’s customers, who will gain more efficient access to the vibrant New England economy.

New England shippers will be the beneficiaries of CSXT’s operating model that has proven to be highly successful in improving the reliability and efficiency of rail transportation. CSXT will also be able to make substantial upgrades in rail technology, based on products and it has developed for its own national rail network. New England shippers will have access to new customer service tools that give shippers detailed performance and tracking data on their shipments. CSXT will also be able to upgrade the existing rail infrastructure and bring it up to standards that support CSXT’s national operations. The increased investment in the newly integrated CSXT/PAR System will improve service, increase reliability, and expand market opportunities for CSXT/PAR System shippers.

An upgraded, more efficient, and safer rail system in the New England region will also benefit rail passengers and commuters, who share facilities with freight operations. Like freight rail shippers who depend on reliable rail service, rail passengers and commuters will benefit from more consistent and reliable rail operations on the lines used to provide passenger and commuter service. New England communities will also experience environmental benefits that come from more efficient use of rail equipment, particularly locomotives, the eventual replacement of an aging locomotive fleet, and the movement of freight off of congested highways as CSXT is able to attract new business from trucks.

These strong benefits to New England shippers and communities will not be offset by any competitive harms. Because CSXT's acquisition of the PAR System is the end-to-end connection of two rail networks that already do substantial business together, competition with other rail providers in New England will not be affected. And a more efficient CSXT/PAR System will strengthen the ability of railroads to compete with trucks for freight movements. CSXT has also entered into agreements with Norfolk Southern Railway Company and Genesee & Wyoming Inc. that will strengthen Pan Am Southern LLC (PAS), which is one-half owned by Pan Am, as an independent rail carrier that provides access to New England rail shippers.

I urge the Board to approve the Proposed Transaction and allow the PAR System and the shippers that depend on it to be integrated into the national rail network through the acquisition by CSXT of Pan Am.

VERIFICATION

I, David A. Fink, declare under penalty of perjury that the foregoing is true and correct.
Further, I certify that I am qualified and authorized to file this Verified Statement. Executed on
June 29, 2021.

/s/ David A. Fink

David A. Fink

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 22-C

Amended and Supplemented Verified Statement of Mr. Sean Pelkey

AMENDED AND SUPPLEMENTED VERIFIED STATEMENT OF SEAN PELKEY

I am Sean Pelkey. I am Vice President and Acting Chief Financial Officer for CSX Corporation, parent company of CSX Transportation, Inc. I became Acting Chief Financial Officer in June 2021. Prior to that position, I was Vice President Finance and Treasurer for CSX Corporation. In this statement, I will refer to CSX Corporation and CSX Transportation collectively as “CSXT.”

My role as Acting Chief Financial Officer and previously as Vice President Finance and Treasurer includes responsibility for reviewing CSXT’s business plans and forecasts, and conducting diligence and financial modeling regarding proposed acquisitions. My role also includes leading planning and implementation of all finance activities at CSXT. I have been involved in the analysis and negotiation of CSXT’s proposed acquisition of Pan Am Systems, Inc. (“Systems”) (the “Proposed Transaction”) since the bid process. Specifically, I participated in CSXT’s due diligence, analysis of the business opportunity, and negotiation of the merger agreement and other related agreements regarding the Proposed Transaction.

I previously submitted a Verified Statement and an Amended Verified Statement in connection with CSXT’s February 25, 2021 submission notifying the Surface Transportation Board (“STB” or the “Board”) of CSXT’s intent to seek authority to acquire Systems and with CSXT’s April 26, 2021 Amended Application. In a decision dated May 26, 2021, the Board found that CSXT’s April 26, 2021 Amended Application required additional supporting information. CSXT is filing an Amended and Supplemented Application with the additional information identified by the Board. I am submitting this Amended and Supplemented Verified Statement in support of CSXT’s Amended and Supplemented Application.

In this Amended and Supplemented Verified Statement, I describe the public benefits that will be realized by CSXT's acquisition of Systems. These benefits are also discussed in detail in CSXT's operating plan that is sponsored by CSXT's Executive Vice President of Operations, Jamie Boychuk, and in the marketing plan presented by CSXT's Executive Vice President, Mark Wallace. As discussed in this Statement and by CSXT's other witnesses, the acquisition of Systems will extend CSXT's network into New England, bring needed upgrades to existing rail infrastructure and provide rail users in New England with the first-class rail service that CSXT provides nationally. Competition in New England will not be harmed by this end-to-end merger, which simply improves the efficiency of existing interchange traffic. And the various settlement agreements that are described below will result in a stronger rail network in the region and enhanced competition.

Systems owns and operates a rail network in New England through its rail carrier subsidiaries, which I refer to here as the "PAR System." Springfield Terminal Railway Company ("Springfield Terminal"), a Systems subsidiary, operates the entire PAR System as the lessee of rail lines owned or leased by other Systems rail carrier subsidiaries.¹ In addition, Systems (through Boston & Maine) owns a one-half interest in Pan Am Southern LLC ("PAS"), a 50/50 joint venture between Boston & Maine and Norfolk Southern Railway Company ("NSR"). Springfield Terminal also operates PAS, but on a contract basis as the agent of PAS.

As I explain below and as discussed in the Verified Statement of Mr. Wallace, the Proposed Transaction, if approved by the Board, will allow CSXT to expand its customer-centered operations further into New England. This will give CSXT's existing customers more

¹ Systems' non-operating subsidiary railroads are the Maine Central Railroad Company, Portland Terminal Company, Boston and Maine Corporation ("Boston & Maine"), Northern Railroad, Stony Brook Railroad and the Vermont & Massachusetts Railroad.

direct and efficient access to New England markets. At the same time, the PAR System's existing customers will obtain better rail service and have reliable single-line access to the rest of CSXT's rail network. The PAR System network in New England will become integrated into CSXT's broader U.S. rail network, providing expanded market access and increased opportunities to convert traffic from truck to rail and remove that traffic from congested highways.

These benefits strongly support the Board's approval of the Proposed Transaction. But in addition to the benefits that the shipping public will receive from CSXT's acquisition of Systems, CSXT has entered into agreements with NSR and Genesee & Wyoming Inc. ("GWI") that will also strengthen the entire rail network in New England and enhance competition in the region. The competitive enhancements created by these settlement agreements are discussed by CSXT's economist Dr. William Huneke. In these related agreements, NSR will obtain trackage rights that will allow NSR to bring double-stack intermodal trains to and from the Boston area, which it is unable to do today due to the height restrictions in the Hoosac Tunnel on PAS. CSXT and NSR have also agreed that, when CSXT acquires Systems' 50% interest in PAS, PAS will retain Pittsburg & Shawmut Railroad, LLC, doing business as Berkshire & Eastern Railroad ("B&E"), a class III carrier and a wholly-owned subsidiary of GWI, to replace Springfield Terminal as the contract operator of PAS. GWI already has a substantial presence in New England through four class III rail carriers that GWI controls. B&E will be able to build on GWI's operating experience to improve service over PAS and achieve operating efficiencies. In short, CSXT's acquisition of Systems along with the related agreements with NSR and GWI will substantially enhance competition and improve rail service throughout New England.

Because the Proposed Transaction will result in significant public benefits, enhance competition in the region and produce no adverse impacts to the environment or existing passenger service in the Northeast, I urge the Board to authorize and approve the Proposed Transaction.

1. The Proposed Transaction Will Expand the Geographic Reach of CSXT Single-Line Service

The Board's approval of CSXT's acquisition of Systems, together with the Related Transactions, will result in an end-to-end combination of existing rail networks. CSXT's 19,500-route-mile network covers the eastern half of the United States, where two-thirds of the U.S. population reside, and sits at the heart of the U.S. industrial complex. Our rail lines reach the Boston metropolitan area in the northeast. However, CSXT does not currently extend into northern New England.

The PAR System, in turn, operates an integrated regional rail network that serves thriving New England markets. Its approximately 808 route miles of rail lines² extend from Massachusetts in the south to the northern reaches of Maine and serve multiple ports and large commodity producers in New England. Systems also owns 50% percent of PAS, an approximately 425 route-mile railroad³. The PAS rail network extends from Rotterdam Jct., NY to the vicinity of Ayer, MA, west of Boston on an east-west line that is bisected by a north-south line on which PAS operates that extends from White River Junction, VT, in the north to New Haven, CT in the south. The acquisition of Systems will add three states – Vermont, New Hampshire and Maine – to CSXT's current 23-state network.

² The PAR System includes approximately 724.53 owned and leased (including perpetual freight easement) route miles and approximately 83.62 trackage rights route miles.

³ The PAS network includes approximately 281.38 owned (including perpetual freight easement) route miles and approximately 143.62 trackage rights route miles.

The combination of CSXT and the PAR System will be end-to-end and it will create a direct, efficient single-line rail connection between New England and the rest of the Eastern United States served by CSXT. Today CSXT connects with the PAR System principally through an interchange with Springfield Terminal at Barbers Station, MA, a location just north of Worcester, MA, which is on CSXT's main line between Selkirk and Boston. As to PAS, CSXT connects with PAS principally at Rotterdam Junction, NY. As discussed below, CSXT will maintain this connection with PAS, which will be operated by B&E.

The Proposed Transaction will allow CSXT to convert interline operations between CSXT and the PAR System/Springfield Terminal through Barbers Station to efficient, single-line service. The creation of an efficient single-line route between CSXT and the PAR System/Springfield Terminal through Barbers Station will also take pressure off of the transportation network in and around Boston. CSXT currently reaches Boston via lines it sold to the MBTA, over which CSXT retained permanent freight easements. These lines are also heavily used by MBTA's commuter service and CSXT has limited windows in which to operate. Today, CSXT is able to route traffic into northern New England through an interline connection with Springfield Terminal at Barbers Station to the west of Boston, allowing us to avoid congestion in the heart of Boston. The conversion of that interline movement to an efficient, single-line movement will preserve and strengthen the Barbers Station alternative to a direct route through Boston. The many additional benefits of this conversion of traffic to single-line service are described by Mr. Boychuk in CSXT's operating plan.

2. The Proposed Transaction Will Improve Service for New England Rail Customers.

The Proposed Transaction will also bring our proven operational effectiveness to New England. In the four years since CSXT adopted operating practices focused on scheduled rail

service, CSXT has become a first-in-class rail operator with increasingly reliable service. CSXT led U.S. railroads in 2020 for lowest average terminal dwell reported to the Board. CSXT's line-of-road train velocity was 25.4 mph in 2020, a 23% improvement over 2017 levels. Terminal dwell was also dramatically improved in 2020, averaging 18.8 hours or 27% better than 2017. CSXT's 2020 averages for line of road train velocity (25.4 mph) and terminal dwell (18.8 hours) are better than CSXT ever performed in a single week prior to 2018.

CSXT's trip-plan system, which focuses on individual cars rather than trains, has allowed us to improve transit times and reliability. We have implemented changes in traditional switching and yard management practices to achieve ambitious schedules, and these changes have reduced variability in our rail operations and increased reliability for our customers. All of these changes have been focused on improving customer service, and they have succeeded in making CSXT a more resilient and reliable provider of rail services. The Proposed Transaction will allow us to bring these service benefits to New England rail users.

As explained in more detail in materials describing CSXT's expected operating plan and marketing expectations, the basic routes and traffic flows on the PAR System network will not change significantly with CSXT's acquisition of Pan Am. However, CSXT intends to bring a very different operating philosophy to the integrated network. In the past few years, CSXT has enhanced its operating philosophy to place greater emphasis on operating consistently and reliably, with careful data measurement and management to ensure accountability. A smaller rail network like the PAR System does not have the resources or scale of operations to implement the type of sophisticated operating systems and practices that CSXT will bring to New England. We know that customers value consistent service. CSXT has developed data systems that carefully measure operating performance and have allowed us to streamline the handling of shipments.

These systems give us the ability to identify network problems and promptly fix them to ensure the consistent rail operations that customers want and the reliable service that will attract more traffic from highways to the rail network.

New England shippers will not only experience more reliable service, but those shippers will be able to better manage their own logistics costs. Expansion of CSXT's integrated operations into New England will allow customers to schedule their supply chains more precisely, better manage inventory and reduce those costs. CSXT developed a sophisticated but user-friendly, secure, web-based tool, ShipCSX, that allows customers to monitor their freight movements across the network and better control inventory and manage their supply chain. This and other tools we have created provide our customers with valuable ways to better manage their logistics. These benefits will be extended into more of New England with the acquisition of the PAR System.

By increasing the reliability of rail service and the ability of shippers to track their shipments, CSXT can attract business from trucks and reduce congestion on the region's highways. We have seen that shippers often prefer rail service but choose trucks when they do not have sufficiently reliable rail service and cannot manage their inventory as easily as they can with trucks. But the operational and service changes that CSXT has made to its system – and will bring to more of New England – will allow us over time to attract more of the traffic moving today by trucks. Our stronger ability to compete with trucks is an important benefit for New England shippers and for the broader New England communities. The Wallace Verified Statement discusses further CSXT's expectations regarding the movement of freight to rail from trucks.

CSXT is also a leader in the rail industry in safety metrics relating to train accidents, personal injuries and personal injury frequency. In 2020, CSXT set a new company record for the fewest number of FRA reportable personal injuries, had the lowest injury rate (0.81) for all Class I railroads, and has led the industry two years in a row. The Proposed Transaction will also allow CSXT to import our safety-oriented operating philosophy into New England.

3. Shippers Will Have Expanded Market Access.

As described by Mr. Wallace, New England has a vibrant economy. One of our primary objectives in acquiring the PAR System is to support the growing New England economy by offering superior rail transportation service, which in turn will allow shippers to grow their own business and increase rail transportation. That growth in economic activity can be further promoted by expanding New England rail users' access to markets on CSXT's rail network and to our interchange partners across the country. CSXT will consolidate and streamline pricing for shippers currently served by CSXT and the PAR System.

Mr. Wallace discusses several areas where expanded market access will provide opportunities for New England shippers to grow their business through superior rail service. For example, Mr. Wallace explains that changes in the market for printing paper may give lower cost producers located on the PAR System opportunities to expand their business through access to markets on CSXT by replacing higher cost producers. Mr. Wallace explains that CSXT will be able to provide PAR System shippers single-line access to numerous producers and consumers of woodpulp, primarily in the Southeastern United States. In addition, the largest refinery in Canada, located in New Brunswick, will have new opportunities to move energy-related products in efficient single-line service to markets on CSXT.

The expanded market opportunities will extend to international trade. The PAR System's rail network connects to four ports in Revere MA, Portsmouth NH, Portland ME, and Saint John, New Brunswick. The PAR System connects to Saint John through a haulage arrangement with the Eastern Maine Railway and New Brunswick Southern Railway. Shippers on the CSXT/PAR System rail network will have greater access to the inbound and outbound traffic using these ports. Substantial new investment is being made in these port facilities. For example, new investment in Port Saint John in New Brunswick is making that port an increasingly important gateway for international commerce. Mr. Wallace explains that when capital improvements are made to the PAR System rail lines in Maine, CSXT expects to be able to unlock commercial opportunities for traffic moving between Saint John and the Eastern Seaboard and also to give shippers a competitive alternative to move traffic to locations in the mid-west in competition with both the Canadian National Railway and the Canadian Pacific Railway.

4. CSXT Intends to Improve Existing Rail Infrastructure and Equipment Utilization

An important element in the Proposed Transaction is the upgrading of PAR System rail infrastructure. As discussed by Mr. Boychuk in CSXT's operating plan, the existing PAR System has extensive speed restrictions due to deferred maintenance. CSXT intends to increase the track standards to FRA Class 2 standards, thus improving the fluidity of the rail network and the efficiency of rail service. Faster and more reliable rail service will allow current New England rail users to grow their own business as the economy expands and will eventually allow CSXT to capture more freight that is moving by truck today.

Mr. Boychuk also explains that CSXT will improve equipment utilization. Mr. Boychuk describes the cost savings and environmental benefits that will come from more efficient use of locomotives and the eventual retirement of PAR's older, less efficient locomotive fleet. Mr.

Boychuk also describes the benefits of more efficient utilization of cars that will result from the integration of the PAR System into CSXT and CSXT's car fleet.

Mr. Boychuk explains that our initial review of the PAR System's infrastructure has identified a few areas where we intend to make capital upgrades over the next two years so that operations over the PAR System can meet current CSXT operating requirements. For example, CSXT has committed to significant upgrades to the yard infrastructure at Ayer, MA, an important location on PAS and an important point of interconnection with the PAR System. These infrastructure improvements will promote efficient movement through Ayer. Another targeted capital improvement involves the rail line between Worcester and Ayer, MA. A portion of that line runs along a reservoir, the Wachusett Reservoir, and local communities have expressed concern over the maintenance of the line. CSXT has committed to make capital investments necessary to strengthen the rail infrastructure to address concerns over rail transportation on the line segment .

5. **The Agreements Reached with NSR, GWI and the State of Maine Will Enhance Competition In New England.**

As noted above, in connection with its acquisition of Systems, CSXT has reached agreements with NSR and GWI that will strengthen the rail network in New England and enhance competition in the region. There are three agreements. The first is an agreement with NSR addressing NSR's concerns over the potential competitive effects of CSXT's acquisition of Boston & Maine and its 50% interest in PAS. The NSR Settlement Agreement also includes an agreement relating to improvements in infrastructure and operations at the eastern terminus of PAS, near Ayer, MA. The second is an agreement among CSXT, NSR and GWI to replace Springfield Terminal with B&E, a GWI subsidiary, as the contract operator of PAS. The third is

an agreement with the State of Maine regarding the upgrade of Maine rail infrastructure. These agreements are described further below.

NSR Settlement Agreement: On November 6, 2020, NSR wrote a letter to the Board expressing concern that CSXT's acquisition of Boston & Maine and its interest in PAS could affect NSR's ability to compete with CSXT for movements to and from New England. NSR noted that when PAS was formed, the Board expected that an upgraded east-west PAS line between upstate New York and the Boston area would allow NSR to compete more effectively with CSXT. CSXT moves traffic between upstate New York and the Boston area over an existing route that runs between Selkirk and the Boston area through Springfield and Worcester, MA. A map has been included as an Exhibit to the Amended and Supplemented Application showing these rail lines, in addition to the other rail lines in the region. NSR expressed concern that CSXT's acquisition of an interest in PAS could affect competition over the roughly parallel routes between upstate New York and Boston.

After NSR submitted its letter to the Board, CSXT met and conferred several times with NSR in an effort to address NSR's concerns. On February 23, 2021, CSXT and NSR signed a Settlement Agreement (attached to this Amended and Supplemented Verified Statement) in which CSXT and NSR agreed to several actions that will address NSR's concerns. Those actions fall into two broad categories – provisions to avoid potential competitive harm and provisions that enhance competition.

In the first category, CSXT and NSR have agreed that if the Board approves CSXT's acquisition of Systems, PAS will replace Springfield Terminal as the contract operator of PAS with B&E, which will operate and set rates for PAS in a non-discriminatory fashion as to all rail carriers that have the ability to interchange traffic with PAS or otherwise connect to PAS.

Therefore, as a result of the Settlement Agreement, CSXT (as the owner of Springfield Terminal) will not operate PAS and will not have any control over the rates set by PAS, as rate-setting will be exclusively the responsibility of B&E as described in the Term Sheet Agreement and subject to any commitments made by CSXT and NSR as the co-owners of PAS to third parties with respect to rates for traffic moving over PAS.⁴ CSXT will retain Boston & Maine's one-half interest in PAS, and CSXT will be able to interchange with PAS to use PAS as an alternative means to access New England, but CSXT will not be able to affect the access of other carriers to New England over PAS.

To further ensure that CSXT's acquisition of an interest in PAS is competitively neutral, CSXT has agreed to sell its interest in PAS under specified terms if NSR or its assignee wishes to acquire CSXT's 50% interest within seven years of closing, in addition to an ongoing right of first refusal to NSR. Finally, CSXT agreed to transitional restrictions on the rates it will charge for future movements originating or terminating on the existing PAR System lines to and from PAS. These rate restrictions will support the continued viability of PAS as an alternative to CSXT for access to New England rail shippers by carriers other than CSXT. As discussed by Dr. Reishus, these rate restrictions ensure that shippers on the PAR System lines will have access to other rail connections to the national rail network.

The second category of provisions in the Settlement Agreement go well beyond the prevention of potential competitive harm and ensure that rail competition will be substantially enhanced in New England. Three aspects of the NSR Settlement Agreement are particularly important. First, NSR will be granted trackage rights to move a pair of premium

⁴ After consummation of the Proposed Transaction, Springfield Terminal will continue to operate PAS until B&E has negotiated implementing agreements with the relevant labor unions whose members will become B&E employees. During this time period prior to B&E operations, { [REDACTED] }

intermodal/automotive trains per day between upstate New York and Ayer on CSXT's lines. This will allow NSR to run double-stack intermodal trains into the Boston area. The current PAS route does not accommodate double-stack intermodal trains. Currently, NSR is required to remove a layer of intermodal containers on trains before moving them on PAS. While this will take some traffic off of PAS, the Settlement Agreement also provides that CSXT will interchange some traffic that is local to Ayer, MA, with PAS at Rotterdam, NY. This traffic currently moves on the CSXT lines that will be used by the NSR intermodal/automotive train but it will move in the future over PAS.

The second competitive enhancement is that CSXT and NSR have agreed to remove the carload cap on the use of trackage rights on PAS over a short segment of the PAS lines between Harvard MA, milepost 25, and the terminus of PAS just to the east of Ayer, at a location known as CPF 312, milepost 311.97 (the "Island Line"). Traffic moving on CSXT's line into New England must pass over this short segment of PAS. After being interchanged between CSXT and Springfield Terminal, the traffic moves today over this Island Line segment under trackage rights that were granted to Springfield Terminal when PAS was created in 2009. But the trackage rights have a volume cap based on 2007 traffic levels, which have long been exceeded by market demand. Modification of the cap on trackage rights and provisions for increasing capacity as needed in the future will ensure that an integrated CSXT/PAR System rail network will be able to meet demand for rail service in New England through a route that avoids the congested Boston metropolitan area.

Third, CSXT and NSR have set out in an attachment to the NSR Settlement Agreement (the "Ayer Operating Agreement") certain principles to strengthen existing operations on the PAS lines following consummation of the Proposed Transaction. In addition, CSXT has agreed

to fund the construction of certain improvements in facilities in Ayer {{ [REDACTED] }} to ensure efficient operations. These agreements, and the efficiencies and service improvements that B&E will bring to PAS as PAS operator, will strengthen PAS and enhance competition for movements between New England and the rest of the U.S. rail network.

GWJ Term Sheet Agreement: The second agreement, among CSXT, NSR and GWJ, provides that upon consummation of CSXT's acquisition of Systems, PAS will retain B&E, a subsidiary of GWJ, to replace Springfield Terminal as the contract operator of PAS upon the negotiation of implementing agreements with Springfield Terminal employees. The Term Sheet Agreement is also attached to this Amended and Supplemented Verified Statement. GWJ already controls four shortline rail carriers in New England, and GWJ's operating expertise and knowledge of the region will provide a foundation for B&E to improve rail service on PAS. PAS will require that B&E act exclusively in the interest of PAS as an independent rail carrier and provide non-discriminatory service to all carriers connecting with PAS. PAS will also require B&E to set PAS rates at levels that are competitively neutral toward connecting rail carriers.

The Term Sheet Agreement will also ensure adequate funding and performance of capital projects on PAS. CSXT and NSR, as co-owners of PAS, must approve the annual capital budget and have reserved to themselves the right to perform capital maintenance work on PAS. Because CSXT and NSR already have the experience and capabilities to perform large capital projects, there is no need to duplicate this capability in B&E as operator of PAS. By giving CSXT and NSR the right to perform capital maintenance, B&E will be able to operate more efficiently to serve the needs of its customers. In short, the operation of PAS by B&E under the terms of the

Term Sheet Agreement will strengthen PAS as a viable competitive alternative to CSXT for movements of traffic to and from New England.

Maine Settlement Agreement: CSXT has also reached a settlement agreement with the State of Maine Department of Transportation (“MaineDOT”) in which CSXT and MaineDOT have agreed to work cooperatively to complete two federal infrastructure grants to upgrade PAR System line segments in Maine, and to work together on future projects to increase capacity, enhance safety, and promote efficient railroad operations. By improving infrastructure in Maine, these projects will enhance the ability of CSXT to serve shipper needs and eventually to move traffic off of the region’s highways. The Maine Settlement Agreement is attached to this Statement. CSXT requests that the Board impose the commitments in this Settlement Agreement as conditions to approval of the Proposed Transaction.

Finally, I attach to this Amended and Supplemented Verified Statement in a separate volume copies of the current version of the PAS agreements that relate to PAS formation and the operation of PAS by Springfield Terminal. Implementation of the NSR Settlement Agreement and the GWI Term Sheet Agreement will require revisions to some of these agreements to conform them to the specific provisions in the NSR Settlement Agreement and the GWI Term Sheet Agreement. CSXT, NSR and GWI are finalizing negotiation of the modifications to these agreements and will submit them to the Board as soon as the details have been worked out. However, the terms of the modified agreements will follow and conform to the terms in the NSR Settlement Agreement and the GWI Term Sheet, so the details of these modified agreements do not have a direct bearing on the Board’s analysis of competition or market benefits.

6. The Proposed Transaction Will Have No Adverse Competitive Impacts.

As explained above, and when considered in tandem with the Related Transactions, CSXT's acquisition of (1) Boston & Maine and its one-half interest in PAS, and (2) Springfield Terminal, the current contract operator of PAS, will not affect competition for access to New England rail customers over two competing routes between upstate New York State and the Boston area. If the Board approves the Proposed Transaction, B&E will replace Springfield Terminal as the contract operator and rate-setter of PAS, and CSXT/Boston & Maine will not control pricing or direct the operation of PAS movements. Indeed, operation of PAS by B&E will strengthen PAS as a competitive option for rail movements to and from New England.

In all other respects, the Proposed Transaction is a straightforward end-to-end transaction that incorporates a smaller, regional railroad into a larger railroad's national rail network. The Board has approved many end-to-end transactions such as this one and it is well recognized that such transactions generally strengthen competition, particularly intermodal competition, by improving the efficiency and reliability of rail service. CSXT's acquisition of Systems will produce these same benefits without any adverse impact on competition.

Switching Commitment: With the exception of three shippers in the Boston area, no shippers on the PAR System will have fewer rail options after the Proposed Transaction. The vast majority of shippers on the PAR System today have direct access only to a single railroad (Springfield Terminal) and that single option will not change with the consolidation of the PAR System into CSXT's network. Instead, rail shippers in New England will have improved access to CSXT's broader national rail network. There are only three shippers, located just north of Boston, whose rail alternatives will go from two (the PAR System and CSXT) to one (CSXT). CSXT's economic witness, Dr. Reishus, describes the methodology used to confirm that these

shippers are the only shippers on the PAR System today whose rail options would be reduced from two to one. CSXT is committing as part of this Application to provide a switching service for those 2-to-1 shippers to reach PAS to preserve those shippers' current access to multiple rail carriers. CSXT's commitment is set out in shipper correspondence that is attached to this Statement.

Gateways Commitment: The PAR System's rail network also connects with a number of short-line railroads. Some of these railroads move traffic into and out of New England in coordination with other Class I railroads. Also, Canadian Pacific Railway Limited, through its subsidiary Central Maine & Quebec US Inc., has a direct connection with the PAR System in Maine, at Northern Maine Junction. Shippers seeking to use these other railroads will not be affected by CSXT's acquisition of the PAR System. Indeed, by improving rail service in New England, CSXT's acquisition of the PAR System will expand opportunities for other rail carriers whose access may have been limited by practical difficulties in reaching rail customers over the PAR System network. In any event, as part of this Amended and Supplemented Application, CSXT is committing to (a) keep all existing active gateways affected by the Proposed Transaction open on commercially reasonable terms, and (b) waive any right CSXT might otherwise have under the Board's rules to refuse requests by shippers to establish local, separately challengeable rates for movements on the PAR System to an interchange with another rail carrier. In addition, CSXT's agreement with NSR regarding rates to and from PAS ensures that there will be no foreclosure of efficient interchange movements.

PAS Commitments: The replacement of Springfield Terminal with B&E as PAS operator and rate setter is competitively neutral. The parties recognize that there exists a limited overlap of operations by existing GWI subsidiary rail carriers and PAS on PAS's north-south

line where rail shippers and connecting carriers could view their competitive alternatives as being reduced. Although competition is not being reduced, the future co-owners of PAS, CSXT and NSR, are addressing this concern through commitments to ensure the preservation of existing competition.

In particular, a GWI subsidiary, New England Central Railroad, Inc. (“NECR”) currently owns the rail line north of East Northfield, MA into Vermont over which PAS has trackage rights. As Dr. Reishus explains, there are two rail shippers on this line that currently have access to both PAS and NECR. Since B&E is part of the GWI corporate family, these shippers could be concerned about future rate negotiations with B&E and NECR. To ensure that these shippers will not lose the benefits of competitive pricing that currently exists, CSXT and NSR have agreed that PAS will establish rates on existing lanes for these customers at current levels as of the date of the Proposed transaction, subject to future reasonable escalation, as long as B&E is operator of PAS.

In addition, a shortline railroad, the Vermont Railroad, Inc. (“VTR”), connects with both NECR and PAS at two locations on this line segment – Bellows Falls, VT and White River Junction, VT. NECR provides VTR with haulage today to connect its lines between Bellows Falls and White River Junction, and those haulage rights will be unaffected by B&E’s operation of PAS. To ensure that B&E’s operation of PAS will not have an adverse impact on VTR’s access to other rail connections, CSXT and NSR have agreed to the following commitments on behalf of PAS: (1) for movements to and from the east with connections to PAR, PAS will establish rates on existing lanes via Deerfield and Ayer at current levels, subject to future reasonable escalation, as long as B&E is operator of PAS; (2) for movements to and from the west with connections to CSXT at Rotterdam, NY, PAS will establish rates for movements

between Hoosick Junction (where VTR interchanges with PAS today) and Rotterdam (where PAS connects with CSXT) on existing lanes at current levels, subject to future reasonable escalation, as long as B&E is operator of PAS; (3) for VTR traffic that moves to and from storage facilities at East Deerfield, MA, a location on PAS, PAS will provide haulage between the storage facilities at East Deerfield and Bellows Falls (as noted above, haulage already exists between Bellows Falls and White River Junction) at rates that are the average of current commodity-specific interline rates for those movements for as long as B&E is operator of PAS so as to ensure that rates on these movements remain at competitive levels; and (4) PAS will commit to providing VTR with 5 day per week service in the above lanes as long as volumes support this level of service. Finally, B&E will not share with any other GWI-controlled rail carriers any information regarding rate divisions from connecting railroads that B&E becomes aware of as a result of operating PAS.

CSXT, NSR and GWI have been and continue to be engaged in settlement discussions with VTR and VTrans to ensure that any concerns they have over the proposed change in PAS operator are addressed. CSXT will inform the Board of any agreement that may result from these discussions.

7. The Proposed Transaction Will Have No Adverse Environmental Effects.

Similarly, CSXT's acquisition will have no adverse environmental effects. Traffic volumes, available lanes, routing and train composition will not change in ways that could impact the environment. Indeed, we believe that the acquisition will actually produce strong environmental benefits. CSXT has made great strides in reducing our emissions and fuel consumption, including setting another fuel efficiency record in FY 2020 by consuming only 0.96 gallons of fuel per 1,000 gross ton miles. Every shipment on CSXT consumes 20% less

fuel than it did a few years ago. CSXT was recently named one of the Top 20 Most Sustainably Managed Companies in the World by The Wall Street Journal.

We will bring our experience in achieving environmental benefits to New England with the acquisition of the PAR System. For example, as noted above, we are already working with state and local officials to explore ways to strengthen the rail infrastructure on the line segment that runs in the vicinity of the Wachusett Reservoir. As a result of our plan to improve the rail infrastructure of the PAR System, CSXT will improve rail safety and the integrity of the local environment. Also, as noted previously, the efficiency and reliability of our rail service will allow more traffic to move from trucks to rail. This benefit will be especially strong as the population of New England grows.

8. The Proposed Transaction Will Not Adversely Affect Commuter and Passenger Service.

CSXT has long-standing relationships with commuter agencies in the Boston area and we have worked together historically to ensure that freight and passenger service can efficiently share facilities. In fact, we have taken many steps over the past few years to manage traffic flows around Boston to avoid unnecessary conflicts with commuter service on lines used heavily by commuters. An important part of those efforts has been to route traffic into New England through Ayer over the Island Line discussed above. The Proposed Transaction will reinforce those efforts and benefit commuters and passenger service in the Boston area.

The PAR System and PAS operate over a number of rail lines that share freight and commuter and passenger service. Some of those lines are owned by commuter agencies that also carry out dispatching on the lines. Other lines are dispatched by the PAR System (through Springfield Terminal) in ways that ensure coordinated and efficient service. With respect to the PAR System lines, CSXT does not intend to make operating changes or to change the

dispatching on those lines, so there is no reason to expect any impact to passenger or commuter service. Andy Daly, CSXT's Sr. Director of Passenger Operations, is submitting a verified statement with this Application that describes in detail how CSXT intends to ensure that passenger service over the relevant lines will not be affected by the Proposed Transaction and how the improved efficiency and reliability of CSXT's rail operations will actually benefit passenger service. With respect to the PAS lines, CSXT, NSR and GWI have agreed that B&E will assume the existing dispatching obligations of PAS with respect to the PAS lines, which includes dispatching commuter trains that move over PAS. Therefore, commuter and passenger service will also see no impact from the change in PAS operator. In addition, CSXT has already begun discussions with the relevant commuter agencies and Amtrak to ensure that there will be a seamless transition from the PAR System/Springfield Terminal to CSXT after the Proposed Transaction.

9. The Proposed Transaction Will Not Have An Adverse Impact on Labor

As I have previously noted, Springfield Terminal currently operates both the PAR System and PAS. CSXT is acquiring the PAR System in the Proposed Transaction and its 50% interest in PAS. CSXT does not expect the acquisition of the PAR System to reduce the number of Springfield Terminal employees involved in the operation of its lines. In the event any of those employees are adversely impacted, CSXT is asking the Board to impose the *New York Dock*⁵ conditions on the Proposed Transaction. Springfield Terminal employees involved in the operation of PAS will, however, be impacted by the Related Transaction of replacement of Springfield Terminal as PAS operator with B&E, which will offer positions to Springfield

⁵ *New York Dock Railway—Control—Brooklyn Eastern District Terminal*, 360 I.C.C. 60, *aff'd New York Dock Railway v. United States*, 609 F.2d 83 (2d Cir. 1979) (“*New York Dock*”).

Terminal employees, but expects to use fewer employees than Springfield Terminal currently does to operate PAS. The parties to the B&E Related Transaction are asking that the *New York Dock* conditions be imposed on that Transaction to address impacts on Springfield Terminal employees affected by the change in operator.

* * * * *

CSXT's acquisition of Systems and integration of the PAR System network will connect New England rail users to CSXT's larger eastern rail network and expand efficient single-line service and market access for CSXT's and the PAR System's existing customers. The public will benefit from improved service that CSXT will bring to the PAR System's existing rail network. I urge the Board to authorize and approve the acquisition.

VERIFICATION

I, Sean Pelkey, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Amended and Supplemented Verified Statement. Executed on July 1, 2021.

/s/ Sean Pelkey

Sean Pelkey

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

ATTACHMENT TO AMENDED AND SUPPLEMENTED
VERIFIED STATEMENT OF MR. SEAN PELKEY

NSR Settlement Agreement

Settlement Agreement

CSX Transportation, Inc. (“CSX”) enters this Settlement Agreement with Norfolk Southern Railway Company (“NSR”) to resolve issues between the parties regarding 1) the proposed acquisition by CSX and CSX Corporation of Pan Am Systems, Inc. (“Pan Am”) and 2) the resulting acquisition of Pan Am’s interest in Pan Am Southern LLC (“PAS”) (the “Transaction”).

CSX intends to file an Application seeking authorization from the Surface Transportation Board (“STB”) for the Transaction. In connection with its Application for STB authority, CSX will advise the STB that it has reached the Settlement Agreement set out herein, submit a copy of this Settlement Agreement to the STB, and request that the Settlement Agreement be established as a condition to the STB’s approval of the Transaction. Based on this Settlement Agreement, NSR will support CSX’s STB Application and its implementation consistent with this Settlement Agreement. CSX will provide NSR with an appropriately redacted draft of the Application prior to filing it.

Upon entering this Settlement Agreement, CSX and NSR will prepare the definitive agreements or amendments to existing agreements as necessary to implement the terms set forth below. Such definitive agreements or amendments shall take effect on the date the Transaction is consummated.

CSX and NSR agree to the following:

I. Operator of PAS

CSX and NSR agree that Genesee & Wyoming Inc. (or a wholly owned affiliate thereof, “G&W”) will replace Springfield Terminal Railroad Company (“ST”) as the contract operator of PAS upon:

- (1) Establishing required agreements among the relevant parties including G&W addressing G&W’s operating responsibilities, compensation and rate-setting obligations;
- (2) G&W’s commitment to operate PAS so that PAS provides service in a non-discriminatory fashion to all rail carriers that have the ability to interchange traffic with PAS or otherwise connect to PAS; and
- (3) G&W’s commitment to:
 - a. Execute the pricing protocols defined in this agreement;
 - b. Preserve pricing integrity of existing contracts and quotes;
 - c. Price moves in such a way that, while not necessarily equal, do not discriminate between connections except based on mileage, density and similar operating characteristics.
 - i. The Norfolk Southern Joint Use Agreement, will be honored and shall be considered as an exception to this otherwise all-encompassing rule.

[REDACTED] The parties agree that the Transaction, and the introduction of G&W as an operator of PAS, will be subject to the *New York Dock* labor protection provisions, including without limitation any dismissal or displacement payments required to be made to the employees who held the [REDACTED] positions that NSR and CSX agree have been allocated to PAS, as shown on Attachment A, “PAS Employee Allocation,” attached hereto.

[REDACTED]

II. Ownership of PAS

Starting immediately after consummation of the proposed Transaction and continuing for [REDACTED] years thereafter, NSR, or its assignee, may initiate a defined appraisal and sales process for the sale of CSX’s 50% ownership interest of PAS to NSR or the assignee of NSR (“Near-Term Sale”).

For purposes of the Near-Term Sale, CSX’s 50% share of PAS will be valued as follows:

1. The purchaser will pay the greater of (1) [REDACTED] or (2) the “valuation”
2. The “valuation” will be calculated by [REDACTED]

- a. [REDACTED]
- b. In the event of a Near-Term Sale initiated within the first [REDACTED] years following consummation of the Transaction, the minimum price to be paid will be [REDACTED] and the maximum price to be paid will be [REDACTED]. In the event of a Near-Term Sale initiated within the [REDACTED] years following consummation of the Transaction, the minimum price to be paid will be [REDACTED] and the maximum price to be paid will be [REDACTED].
- c. Should CSX receive an offer for CSX’s 50% share of PAS during the first [REDACTED] years following consummation of the Transaction, and NSR chooses not to initiate a Near-Term Sale, then CSX will have the right to sell its interest without restrictions on sale price.

At any time, CSX shall only have the ability to sell the entirety of its 50% ownership interest in PAS, and no less, to NSR, its assignee, or a third party. NSR shall additionally and simultaneously receive an assignable and customary right of first refusal in favor of NSR. The right of first refusal shall be in addition to the rights of NSR described above and remain in effect for so long as CSX owns its 50% of PAS. After the first seven years following consummation, the above restrictions to the sale price shall not apply. NSR, or the assignee of NSR's assigned right of first refusal shall exercise that right of first refusal no later than [REDACTED] after receiving the material terms of CSX's sale of its interest to a third party (the "ROFR Period"). If NSR, or its assignee, does not exercise such right of first refusal within the ROFR Period, CSX may sell the entirety of its ownership interest to the applicable third party on substantially the terms presented to NSR, or its assignee; provided that if CSX has not executed with the buyer an agreement to sell within [REDACTED] after the expiration of the ROFR Period, such proposed sale shall again be subject to NSR's right of first refusal.

The provisions of this Settlement Agreement shall survive in the event of CSX's sale of its 50% stake in PAS.

III. Governance of PAS

Prior to the closing of the Transaction, NSR agrees not to pursue the exercise of its change of control rights under the applicable PAS agreements that would otherwise arise in connection with the Transaction. The NSR change in control rights contained in the LLC Agreement or any of the JV Transaction Agreements (as defined in the LLC Agreement), however, shall be amended to apply post-Transaction with regards to CSX's 50% ownership interest in PAS in the same manner as it currently applies to Pan Am Railway's 50% ownership interest in PAS. Should NSR in the future obtain voting control of the Management Committee through the exercise of its change in control rights, CSX will continue to have a 50% vote on capital contributions, indebtedness or other financial obligations imposed on the members, and on certain out-of-the ordinary-course actions to be determined which at a minimum, include without limitation (a) repealing, modifying, waiving any provision of, or amending the LLC Agreement or any of the JV Transaction Agreements to which PAS is a party, (b) sale of PAS or substantially all of the assets of PAS, (c) change of PAS operator and admission of any other carrier to the PAS line, and (d) changing the profit and loss allocation of the members.

IV. NSR Trackage Rights

CSX is agreeable to providing trackage rights to NSR between the Voorheesville area and Hill Yard to service the Ayer intermodal terminal for the movement of one train pair per day carrying intermodal and automotive vehicles traffic only ("NSR Premium Trains"). CSX's cooperation and assistance will be needed for design and construction, as well as for T&E qualification on CSX's and Pan Am's trackage, and CSX agrees that such cooperation and assistance shall not be unreasonably withheld. Other terms associated with this provision are subject to the following:

- (1) NSR entering trackage rights agreements on industry standard terms except as described hereinafter, with CSX, Providence and Worcester Railroad Company ("P&W"), and Boston and Maine Corporation limited to no more than one pair of NSR Premium Trains per day operating over the trackage rights;
- (2) NSR and CSX will agree to a reasonable schedule and operating plan for the NSR

Premium Trains that is efficient, consistently executable and avoids any degradation of CSX's operational efficiency on the route between Voorheesville and Harvard. Further, NSR and CSX agree to work towards an operating plan and schedule that accommodates the operation of the NSR Premium Train with one crew between Voorheesville and Ayer. If it is determined that such a schedule is not consistently executable with one crew even with an NSR crew change point at or in close proximity to Voorheesville and at Ayer, NSR and CSX will work to establish an operating plan that minimizes total crew requirements for the operation;

- (3) Said trackage rights agreements with CSX and B&M shall be subject to the terms of the 2002 simplified reciprocal trackage rights compensation letter agreement between NSR and CSXT, as supplemented and amended from time to time, and as modified by the terms of the trackage rights agreements;
- (4) NSR will assume the capital cost of the connections and infrastructure necessary to double stack the route, including:
 - (a) the Voorheesville/Schenectady connection;
 - (b) the clearance upgrades needed on the P&W segment south of Ayer; and
 - (c) the clearance upgrades needed between Barbers Station and Harvard;
- (5) NSR Premium Trains shall meet CSX clearances and train length shall not exceed the siding capacity between Schenectady-Harvard;
- (6) NSR Premium Trains shall be limited to 9,000' plus locomotives unless otherwise agreed.
- (7) NSR Premium Trains must be sufficiently powered to maintain track speed on the segment. CSX and P&W will have consent rights to the capacity design and build; and
- (8) In the event of the implementation of an NSR merger with another Class I, the trackage rights will be subject to termination by CSX with four (4) years advance notification, or the time that it takes to clear the Hoosac Tunnel, whichever is shorter. If CSX chooses to terminate the trackage rights within 20 years of NSR's commencement of running the NSR Premium Trains, CSX will be required to reimburse for the actual, documented costs of the infrastructure improvements described above. If CSX is the first to implement a merger with another Class I, the trackage rights will not be subject to termination.
- (9) The cars in these trains shall remain in the revenue waybill account of NSR and will not be for the benefit of another party.

At the same time that CSX files its application with the STB to seek approval to acquire Pan Am, NSR will seek trackage rights authority from the STB in sub-dockets related to CSX's application for authority to acquire Pan Am, including filing agreed-upon drafts of the trackage rights agreements.

CSX may petition the STB for a power of attorney to file discontinuance on NSR's behalf upon termination should NSR not file within 180 days of the timeframe set forth in Section IV(7) above.

NSR will be responsible for paying labor protection costs for adversely impacted employees, specifically NSR employees and any ST/CSX employee on the PAS line adversely impacted as a result of rerouting the NSR Premium Trains off of PAS and onto CSX.

Prior to the operation of the NSR Premium Trains, NS, CSX and G&W will negotiate an Ayer Intermodal Facility Use Fee that will include compensation for the land, assets, maintenance and switching of the facility, regardless of whether the NS (or CSX from the north) is using the facility.

[REDACTED] This fee shall be in addition to (1) trackage rights fees between Barbers Station and Ayer (CPF 312 and Ayer for traffic from the north) and (2) any lift and associated fees incurred at the terminal.

V. Hoosac Tunnel

If the Hoosac Tunnel and/or the Little Tunnel becomes impassable, CSX agrees to allow PAS trains requiring an alternative route on its southern route between Rotterdam Jct., NY and Harvard, MA pursuant to the terms of standard detour agreements similar to previous emergency situations where CSX and NSR have assisted each other in the past.

VI. Ayer Trackage Rights

NSR and CSX agree to substantial modifications in the Ayer Trackage Rights as defined in Attachment B, “Ayer Operations Protocols, Engineering Planning, and Capacity Roadmap” attached hereto.

The PAS/ST Joint Use Agreement will be modified to incorporate this model, remove the carload limit, and replace it with graduated requirements for adding CSX overhead train pairs. Except as otherwise defined in Attachment B, CSX will not be responsible for the funding of infrastructure required to accommodate capacity considerations that are attributable to current or future non-CSX causes, including the pair of NSR Premium Trains rerouted over CSX.

VII. PTC

The remainder of funds received from MBTA for PTC installation on PAS that eventually transfer to CSX after STB approval and CSX’s consummation of the Transaction will be dedicated to PTC costs on PAS.

VIII. Hoosac Legal Claim

After STB approval and consummation of the Transaction, CSX agrees to support legal action and will confer in good faith with NSR on the appropriate use of PAS funds or parent funds to support the recovery and litigation effort.

IX. Ayer Switching District

CSX agrees to interchange traffic to/from Ayer Industry Locations (as defined in the Ayer Switching Agreement), via Rotterdam for a transitional [REDACTED] period from the date CSX consummates the Transaction (“Rotterdam commitment”), except to and from the following origin/terminating states and district: Florida, Georgia, Alabama, South Carolina, North Carolina, Virginia, the District of Columbia, Maryland, and, to the extent that the traffic originates or terminates on a CSX local station only, Connecticut, Rhode Island, and Massachusetts (the “Excepted States”). CSX may route via a PAS gateway other than Ayer any traffic originating or terminating in Connecticut, Rhode Island, and Massachusetts which does not originate or terminate at a CSX local station (“Non-local commitment”). Traffic to or from the Excepted States may be switched at CSX’s option through Barbers Station without prior or subsequent movement over CPF 312 subject to a switch charge of [REDACTED]

[REDACTED]

[REDACTED]

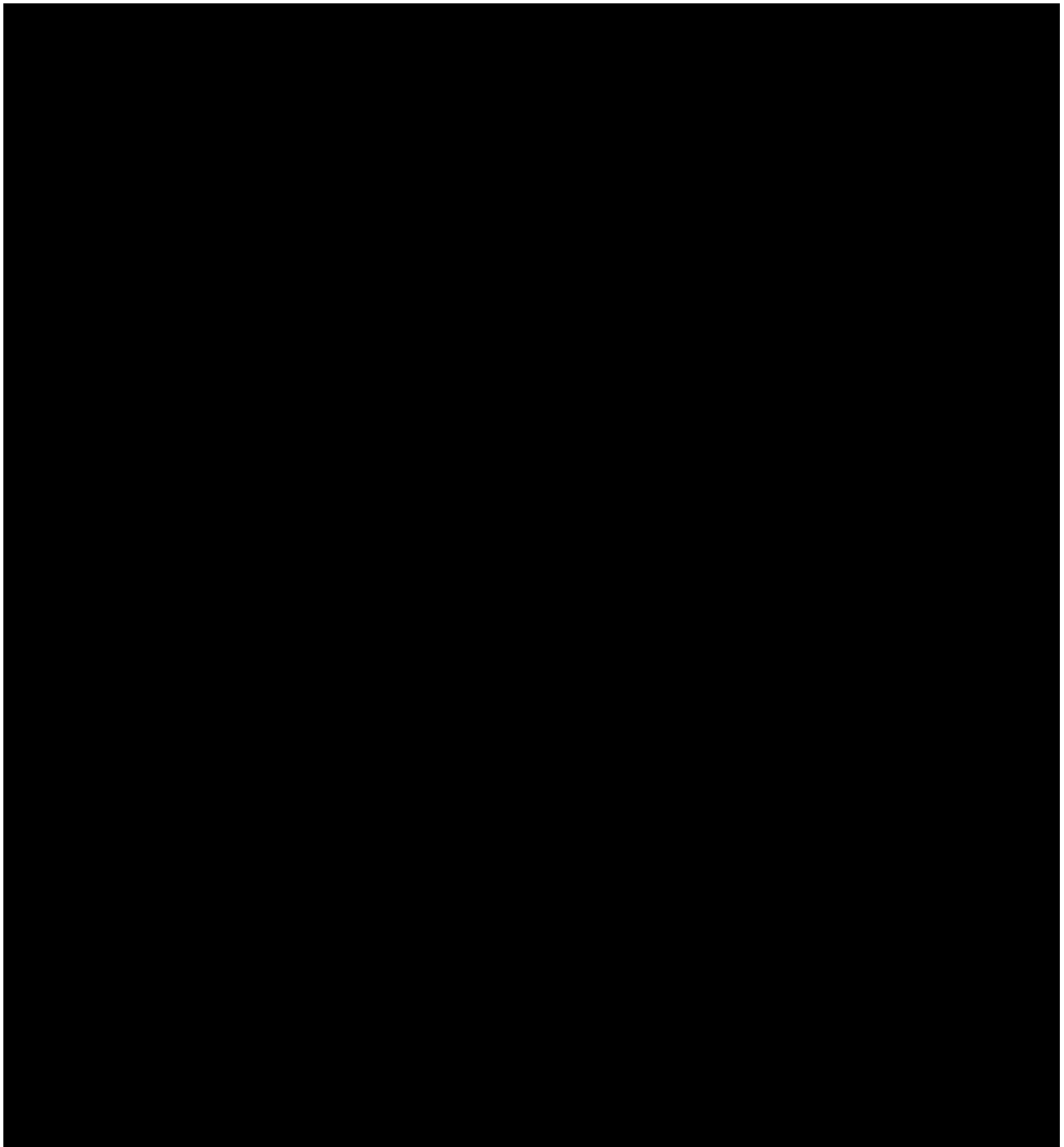
[REDACTED]

All other aspects of the Ayer Switching provisions are detailed in Attachment B.

X. Zone 1-6 Pricing

[REDACTED]

[REDACTED]



XI. Release of Prior Ayer-Related Claims

NSR will release Pan Am and/or CSX as successor or otherwise for any past claims related to the PAS Agreements at Ayer as to overhead trackage rights, switching, haulage, and interchange.

XII. Implementing Agreements and Amendment

The parties will promptly commence and diligently pursue the finalization of the definitive agreements and amendments to existing agreements necessary to implement the terms contained

in this Settlement Agreement, provided, however, that if the parties do not conclude the definitive agreements within sixty (60) days of the execution date of this Settlement Agreement, either party may commence arbitration over terms other than the terms contained herein and seek relief from the arbitrator to establish those other terms. The submission by each party shall contain drafts of those terms that are in dispute and the arbitrator shall select without modification among those submissions, provided, the arbitrator shall not have the power to alter the terms contained in this Settlement Agreement nor to enter a decision that does not include the terms contained herein. In no event shall the arbitration period from commencement until decision exceed three (3) months. In any other respect, the arbitration shall be governed by the law of the state of Delaware, exclusive of its conflicts of law principles and be submitted to a single arbitrator administered by the American Arbitration Association (“AAA”) in accordance with its Commercial Arbitration Rules, and the Large Complex Case Procedures of the AAA then in effect (the “Rules”) and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration shall be held in Washington, DC and the single arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator. If the arbitration is not concluded by the time of an STB decision approving CSXT’s acquisition of Pan Am and change of the PAS operator, CSXT/ST will continue to operate PAS consistent with current operations and will agree to maintain PAS rates at current levels with standard AII-LF escalation pending completion of the arbitration and until G&W (or another 3rd party operator) has reached all necessary agreements to allow it to replace CSXT/ST as the operator of PAS.

XIII. Confidentiality

Other than as required for regulatory authority, the contents of this Settlement Agreement shall remain confidential except that this Agreement with reasonably minimal agreed upon redactions, can be disclosed to Pan Am subject to Pan Am’s agreement that it will remain confidential.

XIV. Consents

The obligations of the Parties contained in this Settlement Agreement shall be subject to the Parties acquiring any necessary consent from third parties, government authorities, or any other necessary consent to effectuate the proposed Transaction.

XV. Regulatory Authority

The obligations of the Parties to one another contained in this Settlement Agreement are subject to the Settlement Agreement being authorized and established as a condition to the STB’s approval of the Transaction as provided in the introduction. The Parties shall act in good faith and use reasonable commercial efforts to satisfy any conditions imposed by the STB on its approval of the Transaction.

[Signature Page Follows]

Settlement Agreement – Execution Version

Signature Page

The Parties hereto have caused this Settlement Agreement to be executed by their respective authorized representatives.

CSX TRANSPORTATION, INC.,

a Virginia corporation

By: Sean Pelkey
(print name)

Name: Sean Pelkey
(signature)

Title: VP and Treasurer
(print title)

Date: 2/23/2021

NORFOLK SOUTHERN RAILWAY COMPANY

a Virginia corporation

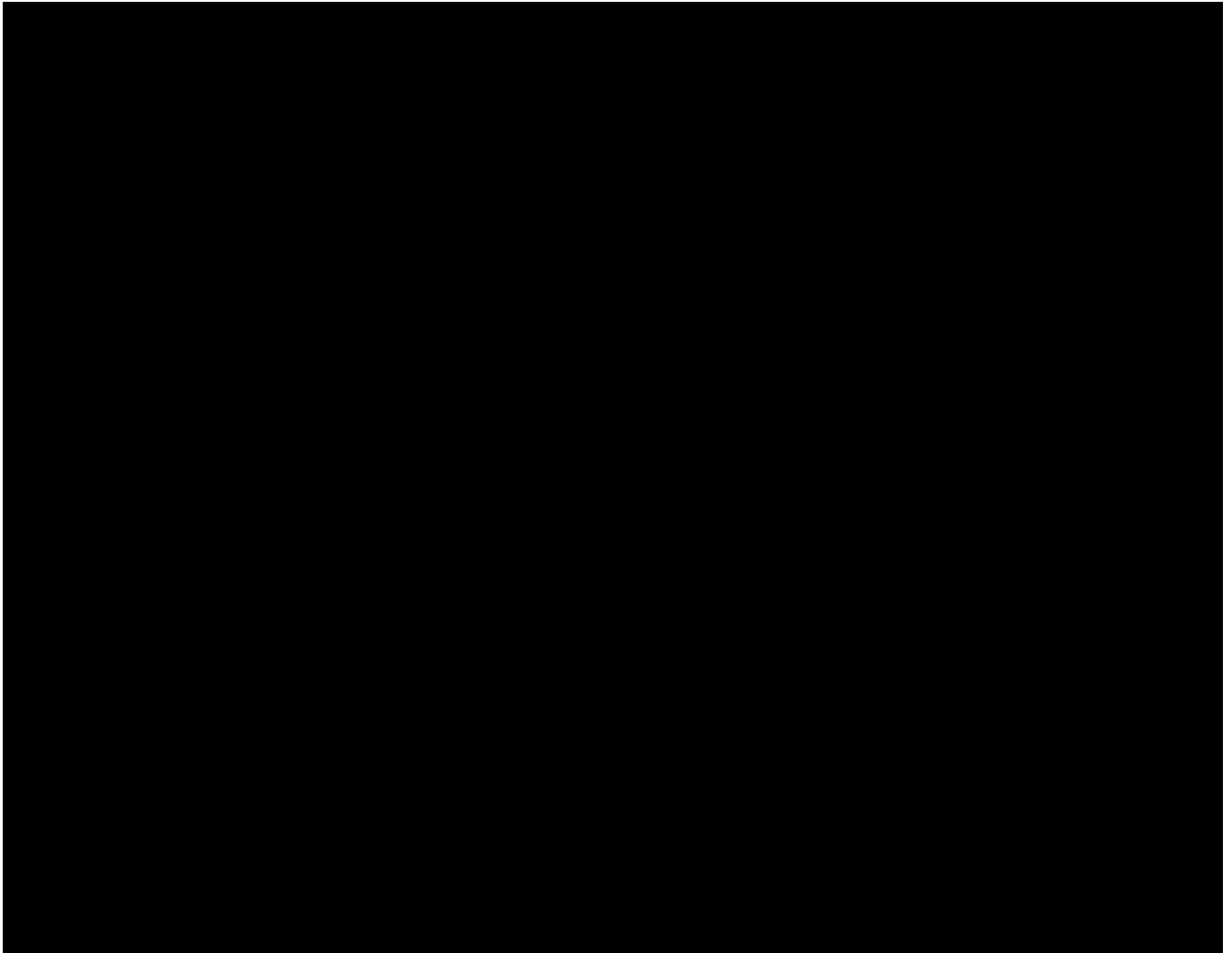
By: Michael R. McClellan
(print name)

Name: M. R. McClellan
(signature)

Title: VP Strategic Planning
(print title)

Date: 2/23/21

(signature page to Settlement Agreement)



Attachment A

[REDACTED]

[REDACTED]

Attachment B

Ayer Operations Protocols, Engineering Planning, and Capacity Roadmap

This document is being developed to establish concrete plans and protocols for the operations through the Ayer switching area (Harvard to CPF 312) and the fluidity-improvements required for additional CSX usage of the capacity in the Ayer switching area. This is intended to be used in tandem with all other terms of the CSX – NS Settlement Agreement. This document assumes that the G&W is the contract operator of Pan Am Southern.

I. Levels of Service (LOS) and Operations

- a. NS, CSX and G&W agree to establish **Levels of Service (LOS)** metrics and goals for freight moving to, from and through Ayer, MA, including local service metrics, and to make these metrics visible to all parties at least once per month.
 - i. Metrics will be divided into those that are competitive (commercially sensitive) in nature and those that are not.
 - ii. Metrics that are not competitive in nature but associated with the movement of CSX traffic through the Ayer switching area will remain available to CSX after CSX ceases owning a share of Pan Am Southern.
 - iii. NS, CSX and G&W agree to establish LOS metrics and targets that are consistent with those of CSX and NS.
- b. NS, CSX and G&W agree to establish a **Static Yard Plan** for all movements to, from and through Ayer. NS, CSX and G&W agree that the terminal will be operated on that plan.
 - i. “Significant Changes” to the Static Yard Plan would be subject to approval by NS and CSX (to be implemented by G&W) for so long as NS and CSX jointly own PAS.
 1. “Significant Changes” would mean that any one of the following train pair were impacted by more than 90 minutes: NS Intermodal Trains, NS Automotive Service, the Deerfield – Ayer turn, CSX Overhead Train Pair 1, and CSX Overhead Train Pair 2 and any other then-existing CSX overhead trains.
 - ii. After CSX divests itself of its 50% interest in PAS, PAS may make changes in the Static Yard Plan provided such changes do not create Significant Changes to any then-existing CSX overhead train pair.
- c. NS, CSX and G&W agree that the parties will have access at all times to the property and non-commercially sensitive information sufficient to analyze the LOS and capacity needs.
- d. Neither NS nor CSX can use Ayer yard for storage of equipment beyond normal operating practices and any other exceptions in this agreement

- without prior approval from all parties (NS, CSX and the PAS operator).
- e. As reference, the trains in Exhibit 1 are representative of the types of train volumes and operations expected through Ayer.
- f. NS and CSX agree to establish the Ayer Static Plan and the Barbers Station – CPF 312 Scheduling plan within 60 days after STB approval, or before the date of G&W's operational start-up of PAS operations, whichever is sooner.

II. CSX Construction (Referring to CSX Drawing MEA20201208)

- a. CSX agrees to fund the construction of certain improvements in Ayer Yard, as depicted on CSX Drawing MEA20201208 dated February 11, 2021, attached hereto and incorporated herein by reference. Those improvements will consist of the following:
 - i. Addition of the "Thoroughfare Storage Track";
 - ii. Addition of the powered, heated, switches at the end of the NW wye as shown in the drawing; and
 - iii. Reconfiguration of the northern throat of Ayer Yard in such a way that accommodates 2 simultaneous moves of (1) inbound or outbound trains through the north end (2) merchandise switching and/or (3) Intermodal switching.
 - 1. The plan as drawn would need to be modified to meet this objective.
 - iv. Reconfiguration of the southern throat in such a way that the center lead can serve either the intermodal tracks or the running track.
 - v. Addition of the Future Thoroughfare Track 1
- b. 
- d. NSR and PAS cooperation and assistance will be needed for the contemplated design and construction and NSR and PAS agree that such cooperation and assistance shall not be unreasonably withheld.

III. Upon consummation of the proposed transaction, CSX shall be permitted to run up to

1 pair of 9000' trains (plus locomotives) per day between Harvard and CPF 312.

- a. If CSX wants to use this train to set off or pick up cars in Ayer, then the train shall be limited to the clear length of the running track, which is currently 4750'.

- i. This 4750' limitation will be increased once CSX funds any project to extend the clear length of the running track as contemplated in II.a.iii above.
 - ii. The new train length for any train that is to set off or pick up cars in Ayer will be increased up to the new clear length of the running track.
- b. The cars in these trains shall remain in the revenue waybill account of CSX and will not be for the benefit of another party.
- c. Other commercial terms in this agreement shall apply to these operations.

IV.



v. NSR Premium Train

- a. Upon completion of the required clearances and infrastructure improvements, NS shall be permitted to move up to 1 trackage rights train pair per day over the Voorheesville – Barbers – Ayer route ("NSR Premium Train").
- b. NSR Premium Train will be limited to 9000' plus locomotives.
- c. NS may continue to store empty intermodal equipment in Ayer Yard, but shall be limited to 9000'.

VI. CSX Second Overhead Train Pair

CSX shall be permitted to add a second train pair per day for operations between Harvard and CPF 312 under the following terms and conditions:

- a. Operations must be consistent with the Static Yard Plan, subject to Section VI.f. below.
- b. Preferences
 - i. Schedule Preference: NS and CSX agree to have a reasonable operating plan for train movements between Barbers Station and CPF 312. In establishing this plan, NS and CSX will consider operational constraints, such as track occupancy, the Ayer 24 hour operating clock, and commuter window restrictions, as well as efficient scheduling protocols, such as fleeting, to mitigate these constraints. In terms of establishing this plan CSX shall have schedule preferences for its first overhead train pair, and its Ayer Local (e.g. Barbers Station – Ayer), should that train be

in scheduled operation by the time that NS begins its Premium service over the CSX. If the Ayer Local is not scheduled at this time, then NS shall have preference on scheduled slots. In any case, CSX' second overhead train pair shall have last preference of schedule slots. Should the CSX Overhead Train Pair 2 commence before the NSR Premium Train, the schedules on the CSX Overhead Train Pair 2 shall be modified to accommodate that preference.

- ii. Operating Preference: In terms of operating preference, trains operating in their scheduled window shall have dispatch preference over trains operating out of their scheduled window, unless the cause of one Class I's compliance failure is the result of an action by the other Class I.
- c. CSX will only be able to pick-up or set-off in Ayer Yard – subject to the train length restrictions in III.a. above – with one (but not both) of the two overhead train pairs per day.
- d. Trains shall be limited to 9000' plus locomotives
- e. Upon notice by CSX of its intent to add a second train pair, CSX and NS will confer on the proposed operation of the new Ayer Static Yard plan that incorporates CSX Overhead Train Pair 2 and agree upon infrastructure as necessary to ensure that introduction of the CSX Overhead Train Pair 2 will not degrade the service levels expected at the later of: (1) the construction of the infrastructure contemplated by Section II above, plus the introduction of operations by G&W as operator of PAS, and the introduction of the NS Premium Train; or (2) the contemplated initiation date of the second CSX overhead train pair. For clarification purposes, actual completion of the construction of the infrastructure contemplated by Section II above is not necessary for CSX to provide the notice anticipated by this section. As of the execution date of the Settlement Agreement, the parties contemplate (i) G&W as PAS operator and (ii) the NSR Premium Train being established in the relative short-term following STB approval and consummation of CSX's acquisition of Pan Am. If (i) within 3 years of approval and consummation, G&W is no longer the PAS operator, or the NSR Premium train has not been established, or (ii) at any time before the addition of CSX Overhead Train Pair 2, the agreements relative to both G&W and the NSR Premium Train have been terminated in accordance with their terms, CSX will not be required to consider their impact on service levels prior to the addition of CSX Overhead Train Pair 2.
 - i. This will be an operational and engineering exercise that shall not take more than 3months.
 - ii. If the review of CSX's Overhead Train Pair 2 indicates a degradation to the then-current operations, then CSX and NS agree that there are several different tactics available to mitigate potential operational impacts. CSX and NS will review these several tactics and shall implement, upon mutual agreement, one or more of these to

mitigate those potential operational impacts. These tactics include, but are not limited to:

1. Additional infrastructure at CSX' expense.
 - a. Infrastructure will be reasonable and will not include assets such as flyovers, etc.
 - b. Infrastructure requirements could be outside of the yard limits in order to siphon local freight out of the Ayer yard –
e.g. Fitchburg to Willows.
 - c. Any infrastructure shall be limited to the cap as defined in section II.b.
 2. Increase in speeds through the yard and/or through the Wye.
 3. Modification of the Static Yard Plan, but without creating a Significant Change with regard to any of the trains identified in Section I.b.i.1. above.
- iii. CSX and NSR shall agree upon a mitigation plan within 30 days of concluding the review period. The agreed upon mitigation plan shall have an expected duration for implementation that will take no longer than 6 months to implement (no more than 9 months from CSX providing notice). NSR and PAS cooperation and assistance will be needed throughout this process and NSR and PAS agree that such cooperation and assistance shall not be unreasonably withheld. In no case can NS or PAS prohibit the addition of this second CSX train pair if all of the above tactics are reasonably deployed in accordance with the above protocol and schedule. In the event of a dispute about the parties' mitigation efforts, CSX may operate CSX Overhead Train Pair 2 during the pendency of the dispute.
- iv. In the event the parties, acting in good faith, cannot agree at any point during the process set forth in this Section VI(e), either party may institute an arbitration proceeding in which each party will submit their respective assessment of the impact (if any) to Ayer yard operations and their proposal related to mitigation and timeline. Any such arbitration shall be concluded within twelve (12) months after service of notice of intent to institute an arbitration proceeding.
- f. All cars in both the first and second CSX train pairs will be in the revenue waybill account of CSX and will not be for the benefit of another party.

VII.

[REDACTED]



VIII. Additional Overhead Trains Through Ayer

At some future date, CSX may want to run additional overhead train pairs between Harvard and CPF312. NS is agreeable to permitting these additional train pairs under the following terms:

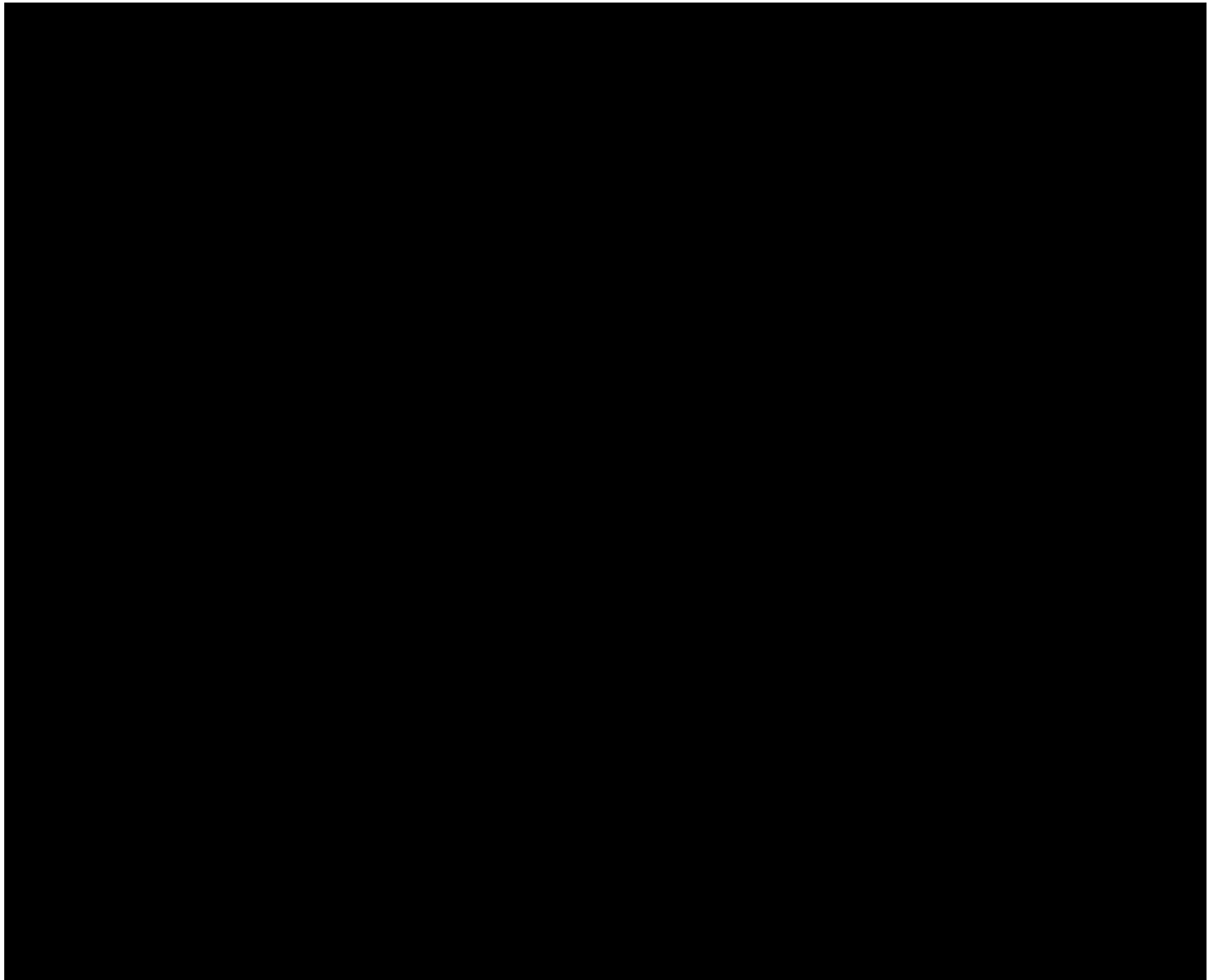
- a. Notice to evaluate introduction of additional train pairs beyond the first two described above shall be given no sooner than three (3) years following the consummation of the Transaction.
- b. Operations of any additional train pairs will be consistent with the Static Yard Plan.
- c. CSX will only be able to pick-up or set-off in Ayer yard – subject to the train length restrictions in III.a. – with one of the overhead daily train pairs. CSX will be able to determine from time to time which of the daily overhead train pairs will be the one to set off or pick up in Ayer yard.
- d. Trains will be limited to 9000' plus locomotives.
- e. Upon notice by CSX of its intent to add an additional train pair beyond those then-currently operated, CSX and NS will confer and agree upon the proposed operation of the new Ayer Static Yard plan that incorporates the additional train pair and agree upon infrastructure as necessary to ensure that introduction of the operation will not degrade the then-current operations ("Additional Train Pair Mitigations").
 - i. This will be an operational and engineering exercise that shall not take more than 3 months.
 - ii. If the review of the additional train pair indicates a degradation of the then-current operations, then CSX and NS will review these several tactics and shall implement one or more of these to mitigate those potential operational impacts:
 1. Additional infrastructure to be funded by CSX.
 2. Increase in speeds through the yard and/or through the Wye.
 3. Modification of the Static Yard Plan, but without creating a Significant Change with regard to any of the trains identified in Section 1.b.i.1. above.
 4. Reduction in then-current CSX Overhead Train lengths (but only at CSX's discretion).
 - iii. CSX and NSR shall agree upon a mitigation plan within 3 months of concluding the review period. NSR and PAS cooperation and assistance will be needed throughout this process and NSR and PAS agree that such cooperation and assistance shall not be unreasonably withheld.
 - iv. If, after a good faith review by the parties of the mitigation factors, no combination of the above can be accomplished in such a way as

to not degrade the then-current operations, then CSX shall not have the right to add additional trains.

- v. In the event the parties, acting in good faith, cannot agree at any point during the process set forth in this Section VIII(d), either party may institute an arbitration proceeding in which each party will submit their respective assessment of the impact (if any) to Ayer yard operations and their proposal related to mitigation and timeline. Any such arbitration shall be concluded within twelve (12) months after service of notice of intent to institute an arbitration proceeding.
 - vi. Introduction of the additional train pair shall be permitted upon implementation of the agreed-upon Additional Train Pair Mitigations (including the conclusion of construction of an agreed-upon or arbitration-compelled infrastructure).
- f. All cars in any new CSX train pairs will be in the revenue waybill account of CSX and will not be for the benefit of another party.

EXHIBIT 1:

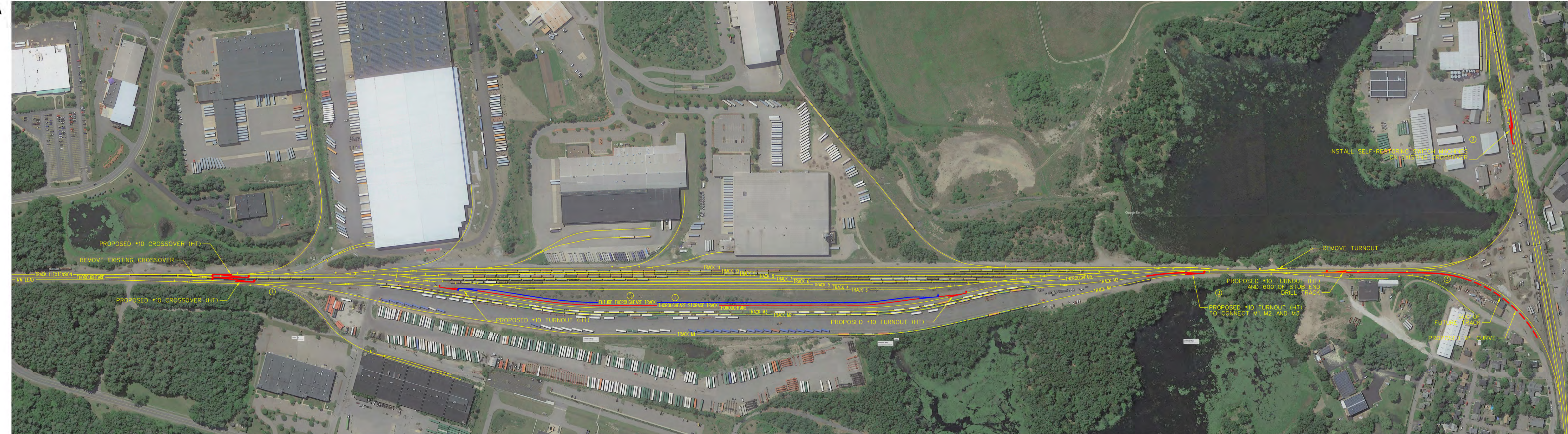
[REDACTED]



SHIRLEY, MA



AYER, MA



LEGEND

- EXISTING TRACK
- PROPOSED TRACK
- FUTURE TRACK
- REMOVE TRACK

SCOPE 1

- CONSTRUCT 2,400' TIMBER TRACK
- CONSTRUCT (2) *10 TIMBER TURNOUTS (HT)

SCOPE 2

- INSTALL SELF-RESTORING SWITCH MACHINES ON EXISTING CROSSOVER

SCOPE 3

- CONSTRUCT 750' TIMBER TRACK
- CONSTRUCT (2) *10 TIMBER TURNOUTS (HT)
- CONSTRUCT 500' OF FUTURE TIMBER TRACK

SCOPE 4

- CONSTRUCT 65' TIMBER TRACK
- CONSTRUCT (2) *10 TIMBER CROSSOVERS (HT)
- REMOVE EXISTING CROSSOVER

SCOPE 5

- CONSTRUCT 2,300' FUTURE TIMBER TRACK
- CONSTRUCT (2) FUTURE *10 TIMBER TURNOUTS (HT)

CLEAR LENGTHS

SOUTH THOROUGHFARE PS -> NORTH M1 PS LENGTH:	9,100'
M3 PS -> PS LENGTH:	3,300'
M2 PS -> NORTH M1 PS:	4,000'
M1 PS -> PS LENGTH:	4,500'
NORTH M1 PS -> END STUB TRACK LENGTH:	1,800'

Information confidential: all plans, drawings, specifications, and/or information furnished herein shall remain the property of the CSX Transportation and shall be held confidential and shall not be used for any purpose not provided for in the agreement with the CSX Transportation.	DESIGNED BY	MEA	CSX TRANSPORTATION, INC.	ENGINEERING DEPARTMENT DESIGN & CONSTRUCTION JACKSONVILLE, FLORIDA	VAL. SEC.	CONTRACT NO.	AYER YARD BYPASS TRACK	
	DRAWN BY	MEA				DRAWING NO.		
	CHECKED BY	ALH				REVISION		SHEET NO.
	APPROVED BY	MCC				0		1
	DATE	FEBRUARY 11, 2021				SCALE NTS		
REV	DATE	DESCRIPTION	BY	APP	AYER, MIDDLESEX COUNTY, MASSACHUSETTS			
					APP 451			

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

ATTACHMENT TO AMENDED AND SUPPLEMENTED
VERIFIED STATEMENT OF MR. SEAN PELKEY

GWI Term Sheet Agreement

Term Sheet Agreement – Execution Version

**TERM SHEET AGREEMENT
G&W SUBSIDIARY AS PAS OPERATOR**

I. Introductory Provisions

- 1) This Term Sheet Agreement is between CSX Transportation, Inc. (CSXT), as future 50% owner of Pan Am Southern LLC (PAS), Norfolk Southern Railway Company (NSR), as current 50% owner of PAS, and Genesee & Wyoming Inc. (G&W). Collectively, CSXT, NSR and G&W may be referred to herein as the “Parties.”
- 2) CSXT, as future indirect 50% owner of PAS, and NSR, as current 50% owner of PAS, will cause PAS to enter into an agreement with a G&W subsidiary (OpCo) to operate PAS and to replace Springfield Terminal Railway Company (ST) as PAS operator effective upon (a) consummation of CSXT’s acquisition of Pan Am Systems, Inc. (Pan Am) and Pan Am’s indirect interest in PAS (the Transaction), (b) U.S. Surface Transportation Board (STB) approval or exemption of OpCo’s replacement of ST as operator of PAS, and (c) execution of implementing agreements with labor. The operating agreement between OpCo and PAS shall be developed based on the existing operating agreement between ST and PAS, as modified as provided in this Term Sheet Agreement.
- 3) At the same time CSXT files its Application with the STB, OpCo will seek operating authority from the STB to operate PAS. Such operating authority will be sought in a separate sub-docket related to CSXT’s Application for authority to acquire Pan Am.
- 4) G&W and NSR will support CSXT’s STB Application and the parties to this Term Sheet Agreement will reasonably cooperate to obtain authorization from the STB for the terms set out herein. Likewise, CSXT and NSR will support OpCo’s STB filing and will reasonably cooperate with G&W and OpCo to obtain authorization from the STB for replacement of ST with OpCo as the operator of PAS consistent with the terms set forth in this Term Sheet Agreement.

NOW, THEREFORE, for good and valuable consideration of \$1.00, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

II. PAS Operations to be Performed by OpCo.

- 1) OpCo will replace ST as the operator of PAS and will provide substantially all of the operating services that ST currently provides on PAS’s behalf, with certain exceptions. CSXT will cause ST to assign its operating rights to OpCo with PAS’ consent. The new operating agreement will generally mirror the mechanics and provisions of the current operating agreement. Among other things, the new OpCo operating agreement will provide the following:
 - a) PAS will engage and retain OpCo to be the designated Railroad Operator of PAS to manage, administer, supervise, perform and provide all freight rail services over PAS on behalf of PAS. OpCo’s service obligations will be substantially the same as those set out

Term Sheet Agreement – Execution Version

in Appendix A to the current Railroad Operating Agreement. [REDACTED]

- b) OpCo will appoint a general manager who will manage and supervise the operation, maintenance and use of PAS.
- c) OpCo will perform the maintenance, inspection and repair activities as provided in the current operating agreement. With respect to annual capital maintenance work, PAS will develop an annual budget and CSXT or NSR will have first priority for performing that work, with OpCo or a PAS-approved contractor having responsibility thereafter, subject to the terms of any applicable OpCo labor agreements. Such work shall be performed in accordance with an agreed upon capital maintenance schedule.
- d) OpCo will perform the administrative services, including claims handling, ancillary agreement management, accounting, MBTA and other passenger service interface, and review of PAS trackage and operating rights, as required under the existing operating agreement with ST.
- e) OpCo will assume any contractual obligations of ST with respect to dispatching services provided for MBTA, on behalf of PAS, and other passenger services, including any required local dispatching presence at Billerica, MA. CSXT, NSR and OpCo shall reasonably cooperate to address any concerns raised by those passenger services or the Commonwealth of Massachusetts relating to OpCo's role as operator of PAS.
- f) OpCo will furnish and/or cause to be furnished all labor, materials, supplies, tools and equipment necessary to perform its operating services. [REDACTED]

- g) OpCo will offer employment to ST employees with the goal of filling 159 positions from the following crafts: Transportation, Mechanical, Engineering and Clerical/Dispatch. The parties recognize that this number of employees was what G&W estimated it required as of February 22, 2021 and that the number of employees may change before OpCo commences its role as PAS's operator. OpCo will reasonably adjust its hiring obligation to reflect any such changes. OpCo will give first priority to current ST employees when filling its positions. [REDACTED]

[REDACTED] The employment terms of OpCo will be similar to ST's current terms.

- h) OpCo will prepare budgets, business plans and net cash flow reports consistent with the obligations of the railroad operator currently set out in section 5.7 of the PAS LLC Agreement.

Term Sheet Agreement – Execution Version

- i) Within [REDACTED] after the commencement of OpCo's operation of PAS, OpCo, NSR and CSXT will agree on a suite of operating metrics and goals that OpCo will measure and report on at least a [REDACTED] basis. Such metrics will include [REDACTED], and other performance metrics as the parties shall agree, and will use current PAS operations as a baseline to measure future performance.

III. OpCo's Compensation

[REDACTED]

[REDACTED]

[REDACTED]

IV. OpCo's Pricing Obligations

- 1) As the railroad operator, OpCo will be PAS's agent responsible for developing, establishing and quoting the rates that will be charged by PAS for movements on PAS. OpCo will also be

Term Sheet Agreement – Execution Version

responsible for establishing the form and content of any new customer transportation agreements involving movements on PAS.

- 2) OpCo will be responsible for all PAS customer interface, including invoicing PAS customers.
- 3) The interline and local traffic moving over PAS that is subject to PAS rates that will be set by OpCo will move in the revenue waybill of PAS.
- 4) Except to the extent established in the NSR Joint Use Agreement, the rates established and charged by PAS, while not necessarily equal, will not discriminate as to any rail carrier connecting to PAS, except based on mileage, density and similar operating characteristics. For the avoidance of doubt, the NSR Joint Use Agreement will be honored and is considered as an exception to this otherwise all-encompassing rule. OpCo will not use its rate-setting obligation to create a competitive advantage or disadvantage to any rail carrier or between or among any rail carriers connecting to PAS. OpCo will establish and charge rates on behalf of PAS that advance the economic interest of PAS as an independent rail carrier. OpCo will not establish or charge rates that are intended to favor the interests of any individual PAS owner or the separate interests of G&W and its affiliates. In setting non-discriminatory rates, OpCo can take into account the relative volume of traffic interchanged with a particular rail carrier, the commodity involved, the mileage traveled and equipment provided, so long as any such rates are reasonably based on cost differences associated with such differences in traffic.
- 5) OpCo will establish and charge rates that are sufficient to cover, but not be limited to, the fully allocated costs of PAS operations in the aggregate, including the total compensation paid to OpCo as PAS operator and services that are outsourced and not performed by PAS [REDACTED]. The intent of this provision is to ensure that revenues from PAS operations are at least sufficient to cover PAS operating costs and capital without a subsidy from PAS' equity holders.
- 6) Subject to the requirements above that rates be non-discriminatory and cover fully allocated costs, OpCo will develop, establish and charge market-based rates for PAS' services.

V. Additional Considerations

- 1) G&W, NSR and CSXT will agree to cooperate and take actions reasonably necessary to address any competitive concerns raised by OpCo's role as PAS operator and any concerns raised by States or passenger agencies that have operations over PAS lines. It is agreed that any such actions shall be solely limited to the purpose of preserving the current competitive position of a concerned party and not to either worsen or improve their competitive position or put PAS, NSR, CSXT or any G&W affiliate, in a less advantaged position than they are currently.
- [REDACTED]
- [REDACTED]

Term Sheet Agreement – Execution Version

[REDACTED]

- 3) CSXT, NSR and G&W recognize the STB will impose New York Dock labor protective conditions on CSXT's Application, including OpCo's acquisition of rights to operate PAS. Such New York Dock protection will be available to any eligible ST employee adversely affected by the Transaction. The parties will cooperate in the formation of New York Dock implementing agreements that provide for the division of ST employees between OpCo and ST in a manner satisfactory to CSXT and OpCo. CSXT, NSR and G&W also recognize that OpCo cannot take over PAS operations until required New York Dock implementing agreements are in place and have been implemented. The parties will seek to minimize any labor protection costs. CSXT and NSR will split the costs of any New York Dock labor protection as set forth in the Settlement Agreement to be entered into by them. For the avoidance of doubt, CSXT and NSR acknowledge and agree that neither G&W nor OpCo shall bear any New York Dock labor protection costs associated with CSXT's acquisition of Pan Am and/or OpCo's replacement of ST as PAS operator and/or termination or expiration of the new operating agreement.

[REDACTED]

Term Sheet Agreement – Execution Version

[REDACTED]

- 5) The Parties shall act in good faith and use commercially reasonable efforts to satisfy any conditions imposed by the STB on its approval of the Transaction. [REDACTED]

[REDACTED]

- 6) [REDACTED]

- 7) [REDACTED]

- 8) In order to promote a seamless transition, CSXT and NSR shall cooperate with OpCo before and during the transition of PAS operations to OpCo.

VI. Confidentiality; Consents; Regulatory Authority

- 1) Other than as required for regulatory authority, the contents of this Term Sheet Agreement shall remain confidential.
- 2) Except as otherwise set forth herein, the obligations of the Parties contained in this Term Sheet Agreement are intended to be binding upon the Parties and their successor and assigns; provided, however, that the obligations of the Parties described herein with respect to the operation and management of the PAS rail lines by OpCo are subject to the STB's approval

Term Sheet Agreement – Execution Version

of the Transaction as provided in the introduction hereof, the execution and delivery of the new Railroad Operating Agreement between OpCo and PAS and the Parties' obtaining any necessary consent from third parties, government authorities, or any other necessary consent to effectuate the proposed Transaction.

- 3) Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the PAS LLC Agreement or the existing Railroad Operating Agreement, as applicable.

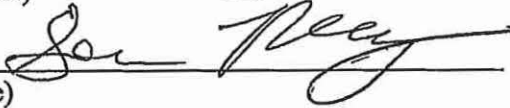
[Signatures on following page]

***Term Sheet Agreement – Execution Version
Signature Page***

The Parties hereto have caused this Term Sheet Agreement to be executed by their respective authorized representatives as of the dates set forth below.

CSX TRANSPORTATION, INC., a Virginia corporation

By: Sean Pelkey
(print name)

Name: 
(signature)

Title: VP and Treasurer
(print title)

Date: 2/23/2021

NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia corporation

By: _____
(print name)

Name: _____
(signature)

Title: _____
(print title)

Date: _____

GENESEE & WYOMING INC., a Delaware corporation

By: _____
(print name)

Name: _____
(signature)

Title: _____
(print title)

Date: _____

Term Sheet Agreement – Execution Version
Signature Page

The Parties hereto have caused this Term Sheet Agreement to be executed by their respective authorized representatives as of the dates set forth below.

CSX TRANSPORTATION, INC., a Virginia corporation

By: _____
(print name)

Name: _____
(signature)

Title: _____
(print title)

Date: _____

NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia corporation

By: Michael R. McClellan

(print name)

Name:  _____
(signature)

Title: VP Strategic Planning

(print title)

Date: 2/23/21

GENESEE & WYOMING INC., a Delaware corporation

By: _____
(print name)

Name: _____
(signature)

Title: _____
(print title)

Date: _____

Term Sheet Agreement – Execution Version
Signature Page

The Parties hereto have caused this Term Sheet Agreement to be executed by their respective authorized representatives as of the dates set forth below.

CSX TRANSPORTATION, INC., a Virginia corporation

By: _____
(print name)

Name: _____
(signature)

Title: _____
(print title)

Date: _____

NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia corporation

By: _____
(print name)

Name: _____
(signature)

Title: _____
(print title)

Date: _____

GENESEE & WYOMING INC., a Delaware corporation

By: MATTHEW O. WALSH
(print name)

Name: 
(signature)

Title: EVP, CORP DEVELOPMENT
(print title)

Date: 2/23/21

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

ATTACHMENT TO AMENDED AND SUPPLEMENTED
VERIFIED STATEMENT OF MR. SEAN PELKEY

MaineDOT Settlement Agreement



REDACTED - TO BE PLACED ON PUBLIC FILE
STATE OF MAINE
DEPARTMENT OF TRANSPORTATION
16 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0016

Janet T. Mills
GOVERNOR

Bruce A. Van Note
COMMISSIONER

June 16, 2021

Maurice O'Connell
Sr. Director, State Relations
CSX Transportation, Inc.
Jericho & Bell Crossing
Locomotive Shop
Selkirk, NY 12158

Re: CSX Corporation and CSX Transportation, Inc., et al. –
Control and Merger – Pan Am Systems, Inc., et al.
Surface Transportation Board Docket No. FD 36472

Dear Maurice:

The State of Maine Department of Transportation ("MaineDOT") enters into this settlement agreement with CSX Transportation, Inc. ("CSXT") to resolve potential issues between the parties arising out of CSXT's amended application in the above-cited matter (the "Application") currently pending before the Surface Transportation Board ("STB").

The Application requests approval from the STB of, among other things, the control and merger of Boston and Maine Corporation, Maine Central Railroad Company, Portland Terminal Company, Northern Railroad, Springfield Terminal Railway Company, Stony Brook Railroad Company, and Vermont & Massachusetts Railroad Company, rail carriers owned by Pan Am Railways, Inc. (collectively, the "Pan Am Rail Carriers"), by and into CSXT. MaineDOT has a long history of working closely with rail carriers within the State of Maine on infrastructure and safety improvements. In addition, under Maine law, MaineDOT has the right to lease or acquire rail lines and other railroad property under certain circumstances, subject to the satisfaction of any applicable requirements of the ICC Termination Act of 1995, as amended, 49 U.S.C. §§ 10101, et seq.

In settlement of potential issues between MaineDOT and CSXT, the parties agree as follows:

1. Compliance With Current Agreements. Upon obtaining control of the Pan Am Rail Carriers, CSXT will abide and, prior to any merger, will require the Pan Am Rail Carriers to abide, by all current agreements presently in place among the Pan Am Rail Carriers and MaineDOT.

2. CRISI Projects. Upon obtaining control of the Pan Am Rail Carriers, CSXT and MaineDOT will work cooperatively to complete two Consolidated Rail Infrastructure and Safety Improvements ("CRISI") grants funded through the Federal Railroad Administration ("FRA"). These two grants fund infrastructure improvements that will be carried out over substantial segments of the Pan Am Rail Carriers' rail lines, as outlined in the grant applications. MaineDOT will enter into grant agreements with the FRA, with MaineDOT as the grantee, and will administer the projects in accordance with applicable grant requirements and in accordance with the collective bargaining agreements between CSXT and its subsidiaries and their employees. Upon obtaining control of the Pan Am Rail Carriers, CSXT will abide and, prior to any merger, will require the Pan Am Rail Carriers to abide, by the commitments contained in the CRISI grant agreements, including providing matching funds and completing construction in a timely manner.

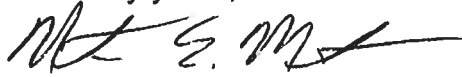
3. State Railroad Preservation Act. CSXT recognizes MaineDOT's rights under Subchapters 1 and 2 of Chapter 615 of Title 23 of the Maine Revised Statutes. These include MaineDOT's right to lease or purchase a rail line or other railroad property before sale to a third party or upon the abandonment of service, subject to the satisfaction of any applicable requirements of the ICC Termination Act of 1995, as amended, 49 U.S.C. §§ 10101, et seq. Following approval of the Application and the consummation of the transactions that are the subject of the Application, CSXT will notify MaineDOT at least 90 days (or earlier, if required by law) prior to filing for abandonment authority or discontinuance authority pursuant to 49 CFR Part 1152 over any rail line within the State of Maine. In that event, CSXT further will work cooperatively with MaineDOT to identify and solicit a suitable alternative rail operator (should one exist) or to find suitable transload service for existing customers.

4. Future Projects. Following approval of the Application and the consummation of the transactions that are the subject of the Application, CSXT will cooperate with MaineDOT on future projects to further the overall goal of increasing capacity, enhancing safety, and promoting efficient railroad operations. In addition, CSXT will cooperate with MaineDOT on highway projects that include highway construction and maintenance activities at grade crossings, bridge crossings, underpasses, and other locations adjacent to the railroad, subject to all safety requirements of the FRA. These projects may include work performed pursuant to future project-specific agreements, which may include an agreed-upon contribution of labor, equipment and/or materials by CSXT.

5. Submission to STB. CSXT will submit this settlement to the STB on or before July 1, 2021, and request that it be imposed as a condition of the approval of the Application.

6. Support of the Application. Following the submission of this settlement to the STB pursuant to Paragraph 5, the State of Maine will file with the STB a statement in support of the approval of the Application.

Sincerely yours,



Nathan E. Moulton
Director, Freight and Passenger Services

AGREED TO:

CSX Transportation, Inc.

By: 

Maurice O'Connell
Sr. Director, State Relations

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

ATTACHMENT TO AMENDED AND SUPPLEMENTED
VERIFIED STATEMENT OF MR. SEAN PELKEY

Email Correspondence with 2-to-1 Shippers

From: Maffett, Christopher

Sent: Friday, June 25, 2021 3:26 PM

Subject: CSXT Acquisition of Pan Am | Everett Access

As you know, and as we have discussed, CSXT has reached an agreement to acquire Pan Am Systems, Inc. (Pan Am) and its subsidiary rail carriers, including the Springfield Terminal Railway Company. CSXT is in the process of seeking approval from the Surface Transportation Board (STB) for the acquisition of Pan Am. In connection with that approval process, CSXT will assure the STB that shippers who currently have access to both CSXT and a Pan Am rail carrier will continue to have access to more than one rail carrier.

can use both CSXT and Springfield Terminal for rail transportation. CSXT is extending its commitment to maintain access to multiple rail carriers. In particular, after consummating its acquisition of Pan Am, CSXT will agree to switch traffic, if requested, to Pan Am Southern, LLC (PAS) at Ayer, MA, for PAS will be operated independently of CSXT. CSXT's switch fee of will escalate based on the widely used index referred to as the AII-LF. Of course, CSXT will continue to offer you rail service on the combined CSXT/Pan Am network as an alternative to this switch arrangement.

Please let us know if you have any questions or concerns.

Thanks,

Chris Maffett

Director Marketing Fertilizers

CSX Transportation

500 Water Street, J805 Jacksonville, FL 32202

T: (904) 359-3708 | C: (904) 566-7052

From: Williams, Aaron <Aaron_Williams@csx.com>

Sent: Wednesday, June 30, 2021 3:25 PM

Cc: Maffett, Christopher <Christopher_Maffett@CSX.com>; Tisa, Tom <Tom_Tisa@csx.com>; Asakrieh, Feras <Feras_Asakrieh@csx.com>

Subject: Rail Service to [REDACTED]

[REDACTED]

Please see below regarding rail service to your [REDACTED] warehouse located at [REDACTED] as it pertains to CSXT's agreement to acquire Pan Am Systems, Inc..

As you know, CSXT has reached an agreement to acquire Pan Am Systems, Inc. and its subsidiary rail carriers, including the Springfield Terminal Railway Company. CSXT is in the process of seeking approval from the Surface Transportation Board (STB) for the acquisition of Pan Am. In connection with that approval process, CSXT will assure the STB that shippers who currently have access to both CSXT and a Pan Am rail carrier will continue to have access to more than one rail carrier.

You currently have the ability to use both CSXT and Springfield Terminal for your rail transportation. Therefore, we are extending our commitment to multiple rail carrier access to you. In particular, after consummating the proposed acquisition, we will agree to switch your traffic, if you request it, to Pan Am Southern LLC at Ayer, MA, for [REDACTED] Pan Am Southern will be operated independently of CSXT. Our switch fee of [REDACTED] will escalate based on the widely used index referred to as the AII-LF. Of course, we will continue to offer you rail service on the combined CSXT/Pan Am network as an alternative to this switch arrangement.

Please let us know if you have any questions about this. We look forward to continuing to meet your rail transportation needs.

Regards,

Aaron Williams

Sr Sales Manager - Ag & Food

P: 317 997-4298

Aaron_Williams@csx.com

From: "Miserany, Benoit" <Benoit_Miserany@csx.com>

Date: June 28, 2021 at 4:35:38 PM EDT

Cc: "Tisa, Tom" <Tom_Tisa@csx.com>

Subject: RE: [E] Re: CSX to Acquire Pan Am Railways in New England

Bonjour [REDACTED]

As you know, CSXT has reached an agreement to acquire Pan Am Systems, Inc. and its subsidiary rail carriers, including the Springfield Terminal Railway Company. CSXT is in the process of seeking approval from the Surface Transportation Board (STB) for the acquisition of Pan Am. In connection with that approval process, CSXT will assure the STB that shippers who currently have access to both CSXT and a Pan Am rail carrier will continue to have access to more than one rail carrier.

You currently have the ability to use both CSXT and Springfield Terminal for your rail transportation. Therefore, we are extending our commitment to multiple rail carrier access to you. In particular, after consummating the proposed acquisition, we will agree to switch your traffic, if you request it, to Pan Am Southern LLC at Ayer, MA, for [REDACTED]. Pan Am Southern will be operated independently of CSXT. Our switch fee of [REDACTED] will escalate based on the widely used index referred to as the AII-LF. Of course, we will continue to offer you rail service on the combined CSXT/Pan Am network as an alternative to this switch arrangement.

Thank you for your support of our transaction! Please let us know if you have any questions. We look forward to continuing to meet your rail transportation needs and growing our business together.

Merci et Bonne Soiree,

Regards,

Ben

CSX Transportation
Benoit Miserany
Sr. Sales Manager - Canada
Cel: 514.926.7800

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 22-D

Verified Statement of Mr. Mark Wallace

VERIFIED STATEMENT OF MARK WALLACE

I. Introduction

My name is Mark Wallace. I am an Executive Vice President at CSX Transportation, Inc. (“CSXT”). My business address is 500 Water Street, Jacksonville, FL 32202. I have nearly 25 years of experience within the rail industry spanning multiple roles across three Class I railroads. As Executive Vice President, I focus on special projects and initiatives supporting the president and chief executive officer. I joined CSXT in 2017 and assumed my current position in June 2021. Before assuming my current role, I was Executive Vice President Sales & Marketing. In that role, I was responsible for all of CSXT’s sales and marketing functions across merchandise, intermodal, coal, and automotive and certain support functions, including customer service. Before joining CSXT, I was Vice President Corporate Affairs and Chief of Staff for the Canadian Pacific Railway (“CPRS”), a position I held for nearly five years. I spent nearly 16 years at Canadian National Railway (“CN”), holding various positions at the executive level across finance and public affairs. In my prior experience at CN, I was involved in several rail successful rail acquisitions, including CN’s acquisition of the Illinois Central Railroad (“IC”) in 1998 and the Wisconsin Central Transportation Co. (“WC”) in 2001, and CN’s acquisition of the Elgin, Joliet and Eastern Railway (“EJ&E”) 2013.

The purpose of this Verified Statement is to describe CSXT’s marketing plan regarding the acquisition and control of the Pan Am Railways System (the “PAR System”)¹ (the “Proposed Transaction”). CSXT’s marketing plan is a valuable tool for evaluating the impact of the

¹ The PAR System includes a 50% ownership in Pan Am Southern LLC (“PAS”) and 100% of the Pan Am Railways (“PAR”). CSXT will not obtain the ability to control the marketing or pricing of PAS. Therefore, unless specifically noted, my references to PAR and the PAR System do not include a reference to PAS. As discussed below, CSXT intends to continue using PAS as an alternative means of access to New England, although the Proposed Acquisition does not change marketing opportunities regarding PAS in any material way.

Proposed Transaction on traffic flows and inter- and intramodal competition and in evaluating the benefits of the Proposed Transaction for rail shippers. I discuss CSXT's market expectations for the primary commodities handled by PAR and CSXT's expectations on the effect of the Proposed Transaction on current and future modal share, particularly on the possibility of attracting new business in the future that is currently handled by trucks.

This marketing analysis reviews market opportunities from a commercial perspective, not necessarily from the perspective of an economist seeking to define discrete markets for the purpose of assessing competitive effects.² When I refer to "markets," I am referring generally to freight movements of a category of commodities and not necessarily to movements between particular origins and destinations. Therefore, my statement outlines CSXT's thoughts on the primary commodities currently moving to or from PAR-served customers based on information currently available to CSXT without trying to frame my discussion in the context of market definitions used by economists. I focus on these modal shares for two reasons. First, as explained further below, I do not have granular information about rail alternatives that may exist for individual shippers, so it is not possible at this time to assess the share of traffic movements held by particular railroads or the possibility of intramodal traffic diversions in particular traffic corridors. I also focus on modal shares because CSXT expects that a major benefit of the Proposed Transaction over time will be the movement of freight from trucks to rail as CSXT improves service and reliability of rail transportation across the PAR System.

CSXT is not in a position to discuss highly detailed or commercially sensitive information with PAR customers while the Surface Transportation Board ("STB") is considering CSXT's application to acquire the PAR System. Moreover, detailed and confidential

² CSXT's witness, Dr. Reishus, provides an economic analysis of the relevant markets in his Verified Statement.

information about competing rail carriers in the region is not available to CSXT's in-house marketing employees, and data regarding truck movements are not extensive or informative at a focused geographic level or on a detailed commodity basis. Accordingly, the information below represents CSXT's best and current understanding of the marketing opportunities and competitive alternatives that will be available following consummation of the Proposed Transaction and the benefits that can be expected from integration the PAR System into CSXT.

II. Proposed Transaction Benefits Overview

In pursuing the Proposed Transaction, CSXT aims to i) provide New England shippers with a truck-competitive freight service and ii) to sustain and grow the substantial interline business CSXT enjoys today with the PAR System as it converts to single-line business tomorrow. CSXT is an important interchange partner with the PAR System. The Proposed Transaction will provide New England shippers greater and more efficient access to a Class I freight network that reaches the largest consumption and production markets in the Eastern United States. The Proposed Transaction will improve the efficiency of existing traffic flows via seamless access to CSXT's network, without significant changes to current traffic flows. These efficiencies will eventually produce increases in rail freight as the economy grows and as shippers move traffic from trucks to rail.

CSXT-PAR combination improves access to major markets

- CSXT-PAR combination will provide shippers with increased efficiencies and a more resilient, reliable, and lower cost supply chain
- Customers will benefit from CSXT's planned investments and operational expertise to improve service and competitiveness
- Customers will benefit from single line service to the largest consumption and production markets in the Eastern United States, as well as seamless access to North America
- Customer access to CSXT's railcar fleet increases loading capacity, enhancing competitiveness in exiting and new markets
- Integrated operations provide customers alternative rail routings with fewer handlings and less mileage when compared to existing, multi-carrier routes



CSXT does not expect the Proposed Transaction to disrupt or substantially change the way rail freight moves in the region, particularly in the near term. Rather, CSXT's operating model and planned investments will support customer growth objectives and enable CSXT to participate in the resulting organic growth over time. The service and reliability CSXT will bring to the region will allow rail shippers to expand their own business as the New England economy expands. Likewise, as PAR is integrated into CSXT's network, CSXT's customer-centric operations will create strong opportunities to divert freight from trucks. In a few cases, discussed below, some traffic from northern regions may eventually be able to move over more efficient routes to reach markets in the south and southeast.

CSXT has not directly engaged PAR customers to determine how rail, and CSXT in particular, can become a more prominent part of their supply chain. However, CSXT expects the CSXT-PAR combination to create opportunities for CSXT to increase rail traffic by making its service more competitive. These opportunities, specified below, will manifest over time as PAR

is integrated into CSXT and as planned infrastructure investments are completed. These investments will be critical to providing the service and reliability necessary to secure the trust of PAR customers that can support volume growth. Over the longer term, the efficiency and reliability of new single-line service between CSXT and the PAR System will allow CSXT to attract freight from trucks and will offer opportunities to divert traffic from existing rail transportation providers.

PAR's customers will benefit from CSXT's considerable investment and effort in developing ShipCSX, an industry leading customer-facing tool that provides exceptional transparency into railcar shipments and management. PAR customers currently have limited insight into the status of their rail shipments, often relying on a third party or manual processes to track, trace, and manage railcars, including placing car orders and ordering cars into their facilities. CSXT will provide PAR customers with a suite of tools that integrates the ability to price rail shipments, ship and trace railcars, and pay for services, including account invoices and accessorial charges. Customers will have increased transparency into their rail shipments, including trip plans, trip plan compliance, pipeline management, and equipment inventory.

Access to CSXT's tools will provide more timely and accurate information, which will reduce customer costs and reliance on third party providers. This will enable customers to make better business decisions and better identify and compete for market opportunities based on, among other things equipment availability and cycle times.

III. Proposed Transaction Overview and Background

The Proposed Transaction will integrate the PAR System with CSXT's extensive network in the Eastern United States. It represents a natural extension of CSXT's existing network into New England, which will benefit customers on both PAR and CSXT. CSXT's rail

network reaches the largest consumption and production regions in the Eastern United States. In addition, CSXT serves major ports along the Eastern Seaboard, including the Port of New York/New Jersey (“PANYNJ”), Port of Savannah, and Port of Norfolk and the Gulf Coast. The Proposed Transaction will give PAR shippers direct rail access to these (and thousands of other) locations, enabling them to ship products to or from distant points efficiently and competitively. In addition, CSXT provides seamless access to the Union Pacific Railroad (“UP”), BNSF Railway (“BNSF”), and the Kansas City Southern Railroad (“KCS”) at various locations on the western edge of its network, which in turn provides PAR customers improved efficiency to locations in the Western United States, as well as Mexico. Shippers currently served by CSXT will also have single-line service to customers and locations currently served by PAR.

Role of Railroad Transportation in New England

While the rail share of total freight tons transported in New England is relatively small, rail plays a critical role in moving certain commodities to, from, and within New England. New England and New Brunswick are home to three Class Is and numerous short line operators. PAR interchanges directly with two Class Is: CSXT at Barbers Station, MA and CPRS at Northern Maine Junction, ME. PAR also connects indirectly with the Norfolk Southern Railway (“NSR”) through PAS, which is 50% owned by NSR, and with a number of short line railroads that also connect with other Class I carriers.

CSXT’s current rail operations in the region are generally concentrated along and south of Interstate 90, which traverses the northern part of the United States extending from Seattle, WA to Boston, MA. CSXT’s operations and facilities along this east-west rail corridor include intermodal and automotive distribution terminals, transload operations, and various yards used to serve customers and interchange with various rail partners. CSXT’s direct reach into northern

New England is currently very limited, requiring the use of the PAR System and PAS to access customers in Vermont, New Hampshire, Maine, and Northern Massachusetts.

The CSXT-PAR combination will (1) better support the New England economy by offering superior rail transportation services that will enable shippers to grow their own business as the economy grows; and (2) provide shippers with a more reliable and cost effective rail service that will enable truck tons to be removed from the region's highways.

As discussed in the Verified Statement of Jamie Boychuk, CSXT's operating model encourages and supports organic growth that might otherwise be inhibited if not for the efficiencies CSXT will introduce to the PAR System. The current state of PAR infrastructure and the corresponding train speed restrictions would eventually constrain the ability of customers to compete in their existing markets and limit customers' ability to grow in line with economic trends. CSXT will upgrade the infrastructure to provide a more reliable, consistent, and cost-effective service product to PAR's customers. CSXT's planned investments, ability to secure and deploy resources, and ability to execute operationally will also support – over the long-term – truck-to-rail diversions.

Because CSXT assumes that the Proposed Transaction will primarily support organic growth over the short term, CSXT expects that the total carloads on the PAR System and PAS Network will grow generally in line with the GDP forecast, roughly averaging 1.5% annually from 2019 through 2024. In Section IV below and in the Appendix to this Verified Statement, I discuss in more detail CSXT's organic growth assumptions for the following commodity groups: forest products, energy-related, and non-forest construction products. Following the integration of PAR and the implementation of the operating and infrastructure improvements, CSXT expects to see additional traffic growth opportunities over a multi-year horizon in certain areas.

New England Freight Rail Volumes: CSXT, PAR and PAS

CSXT: On average, CSXT handled over [REDACTED] carloads/units annually that originate or terminate in New England between [REDACTED] CSXT's carload business averaged slightly more than [REDACTED] carloads annually, [REDACTED]

[REDACTED]
Over this time period, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

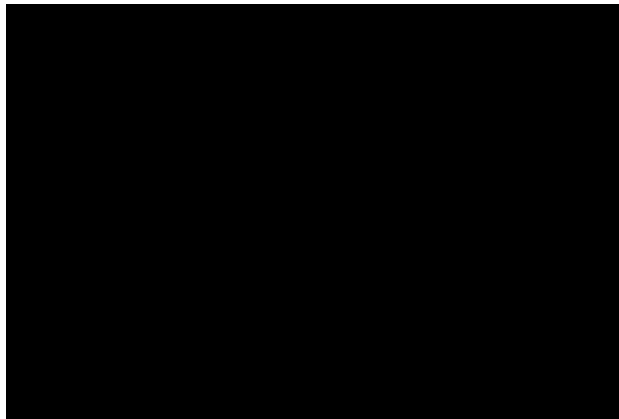
CSXT's largest volumes moving to or from New England generally mirror those handled across the PAR System and PAS. CSXT is PAR's largest interchange partner, so the integration of CSXT and PAR with respect to these movements will improve the efficiency of the transportation service and provide single-line benefits that create a less complex supply chain.

PAR³: The PAR System's primary commodities are concentrated in forest products, non-forest construction products, water, limestone, and energy-related. These commodity groupings alone account for nearly [REDACTED] of the PAR System's total volume. Forest products include printing paper, woodpulp, lumber, pulpboard, ground wood, and scrap paper. Non-forest construction products include sand, gravel, gypsum wallboard, and cement. Energy related commodities are primarily liquefied petroleum gas and propane. CSXT's marketing expectations regarding these commodities are discussed below and in the Appendix to this Statement.

³ Traffic adjusted to reflect impact of the interchange agreements contained in the CSXT/NS Settlement Agreement



PAS⁴: The primary commodities handled by PAS are concentrated in energy-related commodities, primarily propane or liquefied petroleum gas; forest products, which includes printing paper, lumber, and pulpboard; limestone; agricultural products, which includes wheat, corn, and certain oils; and waste, which includes construction and debris (“C&D”) and municipal solid waste (“MSW”). These commodities account for [REDACTED] of PAS’ carloads in [REDACTED]. As discussed below, after the Proposed Transaction, CSXT does not expect to change significantly its use of PAS to reach customers located on PAS. PAS will also continue to be an alternative route for CSXT to reach customers on PAR in the commodity areas discussed in more detail below.



⁴ Traffic adjusted to reflect impact of the interchange agreements contained in the CSXT/NS Settlement Agreement.

IV. New England: Truck Tonnage & Opportunity

Trucks are railroads' largest competitors in New England. Trucks dominate (as measured in tons handled) freight markets in the New England region.⁵ The most recent Freight Analysis Framework Version 5 (FAF5) produced by the U.S. Department of Transportation (USDOT) indicates trucks move 82% of the region's total freight tons, while rail handles approximately 3%. Rail's share of New England transportation is 5% lower than the average rail share across the entire United States, reflecting the current dominance of truck transportation in the region and the opportunities that will exist for diversions from trucks after CSXT implements operational and infrastructure changes across the PAR system.

CSXT-PAR Combination creates a stronger long-haul truck competitor

- CSXT-PAR combination leverages single-line service to better compete with trucks that move over 500 miles
- CSXT's operational expertise and planned investments in PAR creates a more truck competitive service in terms of reliability, cost, and market reach
- CSXT-PAR combination provides direct access to the largest consumption and production markets in the Eastern United States, as well as seamless access to North America through connections across CSXT's network
- Customer access to CSXT's railcar fleet increases loading capacity, enhancing supply chain efficiencies for customers and the markets they serve



The table below identifies areas where there will be an opportunity for the CSXT-PAR combination to divert long-haul trucks to rail. This Table looks at paper and wood products,

⁵ New England defined as including the following states: Connecticut, Maine, Massachusetts, Rhode Island, New Hampshire, and Vermont.

commodities of particular importance to New England and PAR. Truck traffic moving these commodities over 500 miles is particularly subject to diversion to rail once CSXT is able to demonstrate consistent and reliable service with its planned operational and infrastructure changes. There is not sufficient public information about the specific truck movements of these commodities to provide a more precise or detailed review of truck diversion opportunities, which will manifest themselves following the infrastructure and operational changes discussed above. However, as shown in the Table below, there will be significant truck diversion opportunities available to CSXT in the future, and CSXT intends to focus its marketing efforts to realize those opportunities.

Truck Tonnage (Thousands of Tons) Moving 500+ Miles

Moving to/from New England

State	Wood Products	Printing Paper	Total Tons
CSXT Served States	754.5	1,320.6	2,075.2
Western States	805.2	778.1	1,583.3
Total	1,559.8	2,098.7	3,658.5

Source: FAF Data

V. Single-Line Service Creates Opportunities

The conversion of interline movements to single-line movements will result in improved operations, the benefits of which are discussed in more detail in CSXT's operating plan. From a marketing perspective, single-line service will allow CSXT to support rail customers' organic traffic growth as the economy in New England grows, and to better compete with trucks. In addition, CSXT will offer more efficient equipment utilization, which will be attractive to New England shippers and beneficial for their growth plans. Below and in the attached Appendix, I summarize how the efficiency benefits CSXT will bring to New England will affect CSXT's marketing plans regarding the primary commodities handled by PAR.

A. Forest Products

The PAR System's forest products business is heavily concentrated in pulpboard, woodpulp, printing paper, and lumber. The PAR originates most of these products directly on its network. Forest products represents approximately [REDACTED] of PAR's total carloads in 2019.

Access to rail equipment is critical for growing rail volumes within the forest products space. The PAR System and its customers will benefit from access to CSXT's car fleet, which coupled with the Proposed Transaction's operating benefits will result in higher equipment utilization. Better asset utilization will afford customers access to expanded car capacity, which in turn will allow them to ship more tons via rail and compete in more distant and disparate markets. In addition, increased car supply better supports the ability to divert trucks off the highway and onto the railroad. CSXT currently has control (either through ownership or through its TTX allocation) of over [REDACTED], two critical car types used in the movement of forest products. [REDACTED]

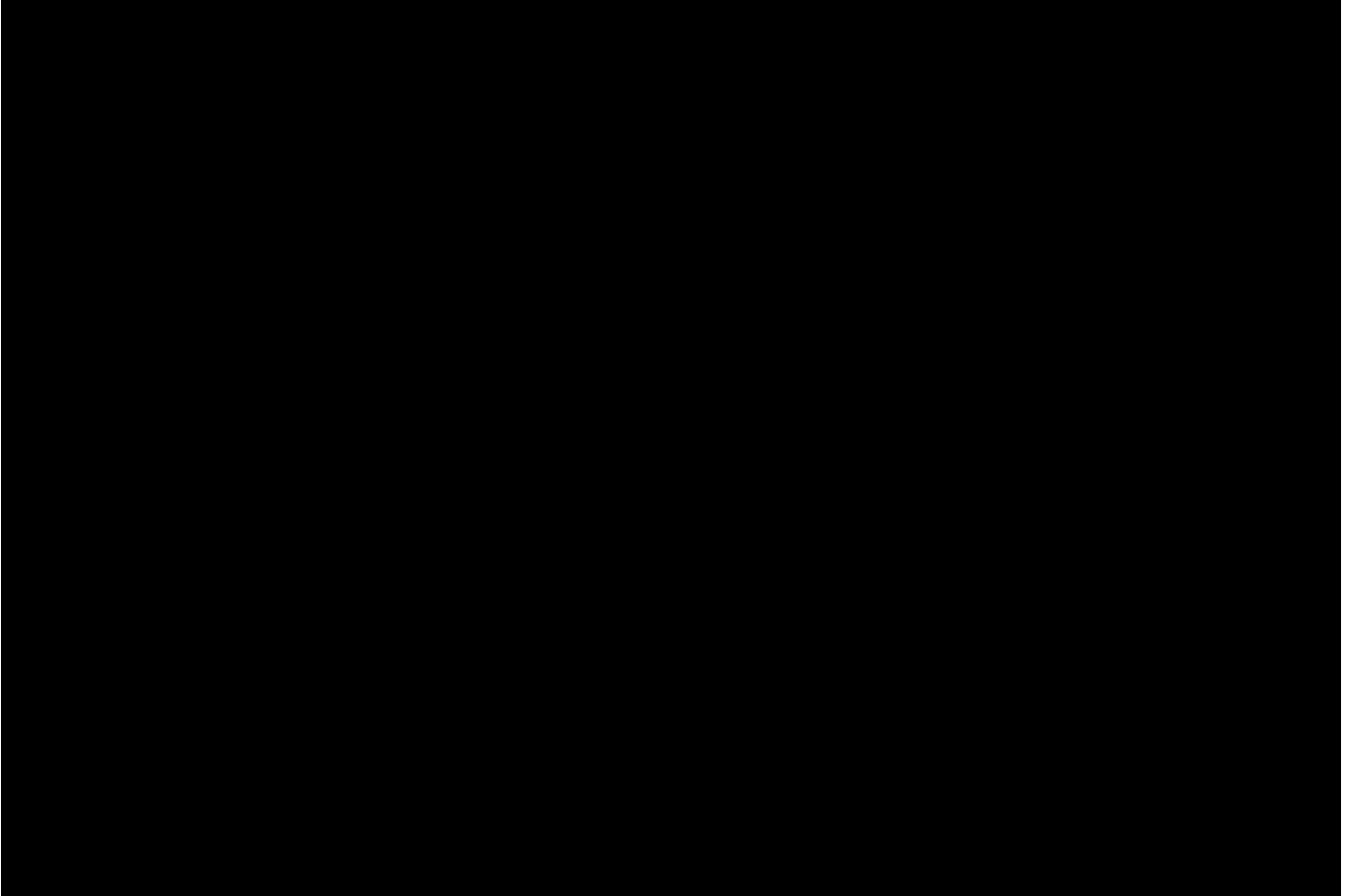
[REDACTED] This expanded capacity enables customers to move considerably more volume, and allows for longer length of hauls.

The CSXT-PAR combination will also expand customer choice by creating more efficient access to consumption points, warehouses, and distribution points across CSXT's network. CSXT's operating plan explains that the integration of PAR into CSXT will reduce handlings and dwell, which will reduce transit time and costs, and in turn enable CSXT to compete with trucks. These opportunities will be particularly attractive in traffic moving from PAR-originations into the greater New York metropolitan area. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] CSXT expects that this traffic will only grow over time as single-line service generates faster transit times, more reliable service and lower costs.



The PAR System also moves various other commodities used in the production of these forest products, including various chemicals (e.g. sodium hydroxide and sodium chlorate) and other commodities (e.g. kaolin and limestone). The volumes of these commodities are directly correlated to the production of forest products, and trend accordingly with overall forest products production. A majority of the chemicals handled by the PAR System originate on CSXT's network and will directly benefit from the Proposed Transaction's single-line service. With respect to kaolin and limestone, the majority of the PAR System's volumes either originate on one of the Vermont Rail Systems ("VRS") railroads (with delivery to PAR via the PAS) or

originate locally on PAR at the Port of Portland. These additional commodities represent an estimated [REDACTED] of the PAR System's total carloads in 2019. As CSXT is able to better support growth of the forest product industry with more efficient rail transportation, CSXT expects to be able to increase its transportation of these related commodities as well.

B. Non-Forest Construction Products

Non-forest construction products include sand/gravel, gypsum wallboard, cement, and other related commodities and represent approximately [REDACTED] of PAR's total carloads in 2019. PAR's activity in this area is concentrated in sand/gravel, cement, and gypsum wallboard.

Aggregates include sand, gravel, stone, riprap, and other related commodities. These commodities are generally project related, in that they are generally associated with road and other infrastructure projects. PAR's aggregate moves are all local to PAR, and would not benefit from single-line service. However, CSXT expects that the improved reliability of rail service that CSXT will bring to the region will support existing demand for rail transportation of these products and will allow rail traffic to increase with general increases in the New England economy.

Cement includes Portland cement, slag, and fly ash. These commodities are used by residential, non-residential, and non-building construction segments in the Northeast. Cement in the Northeast is primarily brought in by vessel, truck, and rail. Given the Northeast's proximity to water, there is a highly competitive landscape that challenges market access for U.S.-based producers. However, the CSXT-PAR combination will expand customer access to raw materials, specifically those on CSXT's network that may have had difficulty accessing New England users before the Proposed Transaction due to operational or cost concerns. Therefore,

CSXT expects to be able to support existing demand in this area and potentially to expand access to markets for New England businesses that have historically been difficult to reach by rail.

C. Bottled Water

PAR moves containers of bottled water from northern Maine to warehouses on its network to distribute product into the broader New England region and to the New York Metropolitan area. Bottled water accounted for [REDACTED] of the PAR System's volumes in 2019.

[REDACTED]
[REDACTED] The moves served to test the service product. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

D. Energy-Related Commodities

Energy-related commodities, which include propane and coal, represented about [REDACTED] of the PAR Systems total carloads in 2019.

Propane, a liquefied petroleum gas ("LPG"), is the primary energy-related commodity handled by PAR, accounting for [REDACTED] in 2019. New England consumes an estimated [REDACTED] gallons of propane per year, primarily for residential and

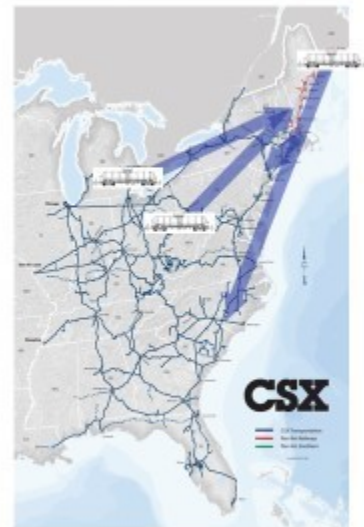
commercial space heating, with all of the propane supplied from outside the region. [REDACTED]

[REDACTED] New England's propane consumers are typically located in rural areas without connectivity to natural gas distribution utilities.

The Proposed Transaction will improve the efficiency and reliability of LPG movements from origin regions on CSXT that may offer new opportunities for consumers of this product in New England. [REDACTED]

Single line service expands LPG opportunities

- New England is heavily reliant on propane for home heating during the Fall and Winter months
- CSXT-PAR combination will provide a seamless, single line rail service solution to customers that improves supply chain resiliency and reliability and lowers costs
- Improved service links low cost sources in Appalachia and Sarnia, ON (including Eastern Michigan storage) with large, New England consumption areas; provides a competitive alternative to oversea imports and Western Canadian sources
- Creates improved routing and service options between Saint John, NB and U.S. customers that support new or expanded LPGs



CSX

Another energy-related commodity, coal, accounted for approximately [REDACTED] of PAR's traffic in 2019, with coal volumes moving to [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

VI. Impact of the Proposed Transaction on Broader Traffic Flow Shifts

As explained above, opportunities will exist to increase rail freight in certain commodities that are important to New England shippers, but CSXT does not expect the Proposed Transaction to result in significant changes in the current flow of freight within New England or to and from New England over the near term. These opportunities to increase freight will not be realized until CSXT is able to implement its operating and infrastructure changes (with the resulting improved access to efficient rail service allowing shippers to grow their business), and this will take some years. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

While these growth opportunities are difficult to identify with precision at this time, there are some areas where new opportunities are easier to anticipate, although even these opportunities will become available only after operating and infrastructure changes are implemented. Specifically, after the completion of service improvements and infrastructure investments, the Proposed Transaction will result in an improved service product and cost profile that will allow CSXT to compete for traffic that originates in northern Maine and New

Brunswick that currently moves to CSXT via gateways outside of New England. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

VII. Regional Ports

The PAR System accesses several port facilities across its network, including the ports of Saint John, Boston, Portsmouth, and Portland. Through the improved service and reliability that will result from the Proposed Transaction, customers utilizing these port facilities can expect expanded market opportunities.

Saint John is the largest port in Eastern Canada, with PAR accessing the terminal through the NBSR. Rail served terminals include terminals for the handling of automobiles, containers, and various dry liquid and dry bulk products. Saint John's containerport is undergoing a significant capital investment that will double its annual capacity by 2023.

CPRS' recent acquisition of the Central Maine & Quebec Railway ("CMQ") was predicated, in part, on developing and leveraging an improved service between Saint John and locations across CPRS' network. CSXT also expects to be able to expand access to Saint John for movements into New England and to CSXT's larger network, but these opportunities will likely not be realized until CSXT completes its proposed investments in the PAR System, particularly those in Maine (discussed below) that will improve track speed and reliability. Therefore, in the next few years, CSXT does not expect a material increase in rail traffic moving

to or from the Port of Saint John as a result of the Proposed Transaction. Over time, CSXT expects the proposed transaction to unlock commercial opportunities for traffic moving between Saint John and the Eastern Seaboard or parts of CSXT's network beyond.

Bar Index	Relative Length (approximate)
1	95%
2	98%
3	97%
4	100%
5	90%
6	95%
7	96%
8	95%
9	5%

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Nevertheless,

upon approval of the Proposed Transaction, CSXT intends to engage customers, port operators, and other constituents to identify and bring opportunities to fruition.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] CSXT intends to work with customers and port operators to identify expanded rail opportunities.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

VIII. PAS Marketing Objectives

The proposed transaction will result in CSXT's control of the PAR System and a complete integration of the PAR System into CSXT. The acquisition of a 50% interest in PAS, however, will not result in the integration of CSXT and PAS. To the contrary, CSXT has entered into settlement agreements that ensure that CSXT will not exercise marketing, pricing or operational control over PAS.

With respect to PAS, the only material change that will result from the Proposed Transaction is a change in operator. While CSXT expects the change in operator to result in better service to customers, the change in PAS operator is not likely to have a significant effect on CSXT's marketing objectives. PAS will be a competitively neutral route for rail carriers to reach New England. Indeed, as PAS becomes more efficient with B&E as PAS operator, PAS will give other rail carriers opportunities to compete with CSXT for movements into and out of the New England region.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] While CSXT expects it

will take several years to create such capabilities on PAR, it is nevertheless an area where CSXT expects opportunities to arise as the New England economy and population increases.

[REDACTED]

IX. Conclusion

PAR possesses a diversified traffic base that is currently inhibited by PAR's geographic reach and infrastructure, limitations that neutralize its ability to provide efficient and direct rail service to many of the destinations to which PAR customers move their products. The Proposed Transaction will eliminate these limitations. PAR and its customers will have direct access to the largest production and consumption markets in the Eastern United States, as well as seamless access to connecting carriers that will expand their market reach to the Western United States, Canada, and Mexico.

The enhanced geographic reach of the CSXT/PAR system, coupled with an integrated operating model, improved technology systems and customer-facing visibility platforms, and improved infrastructure, will significantly benefit both PAR and CSXT customers in New England and beyond. CSXT expects that the Proposed Transaction will support economic growth in New England by providing more efficient and reliable rail service. In addition, the Proposed Transaction provides a platform for the combined CSXT/PAR system to better compete for truck tons moving both within and to/from the New England region and thereby the potential to alleviate congestion on the region's strained highways.

I conclude that it is reasonable to assume for now that the overall PAR traffic growth will be consistent over the next few years with CSXT's system-wide growth expectations, i.e., 1.5% annually through 2024.

VERIFICATION

I, Mark Wallace, declare under penalty of perjury that the foregoing is true and correct.
Further, I certify that I am qualified and authorized to file this verified statement.

/s/ Mark Wallace

Mark Wallace

Executed on July 1, 2021.

APPENDIX I

Verified Statement of
Mark Wallace

STB Finance Docket No. 36472

In this Appendix to my Verified Statement, I set out additional information relating to traffic flows in New England and CSXT's marketing expectations with respect to particular commodities.

I. CSXT's and PAR's Complementary Traffic:

CSXT is already an important interchange partner with the PAR System, so the Proposed Transaction will allow CSXT to improve its access to shippers in New England without disrupting or substantially changing the way freight moves in the region.

[REDACTED]

[REDACTED]

[REDACTED]

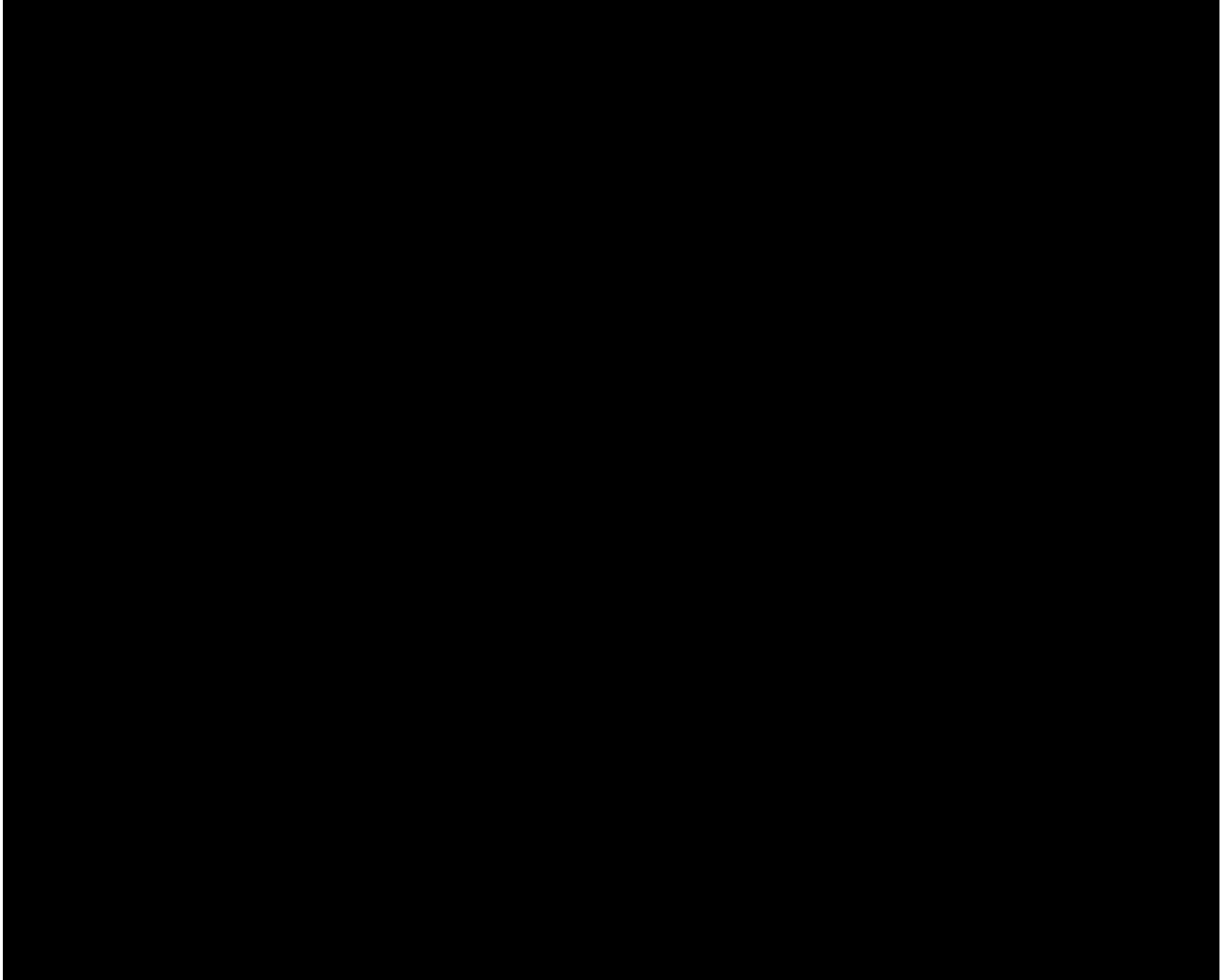
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



II. New England Freight Tonnage

Rail share of freight tons handled in New England is less than 4%, which is considerably less than the national average of 8%. Maine, where PAR's activity is concentrated, is an outlier in the region, reflecting the significant presence of forest product activity in the state. CSXT believes over time that the rail's modal share can increase as service improves, both in terms of transit times and reliability, and creates value to PAR's customers.

State	Category	Truck tonnage (000s, 2017)	Rail tonnage (000s, 2017)	Total tonnage	Truck %	Rail %
CT	Within state	79,330	1,350	86,088	92%	2%
	From state	28,805	2,742	39,848	72%	7%
	To state	24,122	2,864	46,711	52%	6%
	Total state	132,258	6,957	172,647	77%	4%
	% of New England	24%	32%	29%		
ME	Within state	49,522	1,276	53,753	92%	2%
	From state	17,623	2,029	23,203	76%	9%
	To state	9,616	322	13,970	69%	2%
	Total state	76,762	3,627	90,926	84%	4%
	% of New England	14%	16%	15%		
MA	Within state	114,693	973	131,852	87%	1%
	From state	51,958	1,313	57,884	90%	2%
	To state	42,131	3,217	60,581	70%	5%
	Total state	208,782	5,503	250,317	83%	2%
	% of New England	37%	25%	42%		
RI	Within state	17,023	0	19,128	89%	0%
	From state	10,571	1,602	16,209	65%	10%
	To state	7,503	354	13,975	54%	3%
	Total state	35,097	1,956	49,312	71%	4%
	% of New England	6%	9%	8%		
NH	Within state	36,849	0	39,751	93%	0%
	From state	12,044	208	16,308	74%	1%
	To state	29,352	1,618	35,192	83%	5%
	Total state	78,246	1,826	91,251	86%	2%
	% of New England	14%	8%	15%		
VT	Within state	13,342	532	14,342	93%	4%
	From state	8,982	1,195	13,198	68%	9%
	To state	7,927	403	9,545	83%	4%
	Total state	30,250	2,130	37,085	82%	6%
	% of New England	5%	10%	6%		
New England	Total	488,232	19,037	596,712	81.8%	3.2%
USA	Total	12,712,925	1,601,843	19,719,332	64%	8%

Source: 2017 FAF

III. Commodity-Specific Market Expectations

The following commodity specific overview covers approximately [REDACTED] of the PAR System's current carload volumes. I discuss the current freight movements of these commodities and competitive opportunities we see in each commodity group, based on the information we have at this time. I also discuss growth forecasts. While some of the PAR commodities are well situated to grow significantly in freight volume over the near and longer term, achieving these levels of growth will depend on the pace of integration of CSXT and the PAR System. PAR also handles some products that are not as likely to grow significantly in volume. Therefore, I conclude that it is reasonable to assume for now that the overall PAR traffic growth will be consistent over the next few years with CSXT's system-wide growth expectations, i.e., 1.5% annually through 2024.

A. Forest Products

The PAR System's forest products business is heavily concentrated in printing paper (which includes newsprint), pulpboard, woodpulp, and lumber. PAR originates most of these products on its network. These products account for about [REDACTED] of the PAR System's 2019 carload volumes.

PRINTING PAPER

Printing paper activity is concentrated in Maine, where the commodity is the eighth largest commodity (as measured by total freight tons) requiring freight transportation services, accounting for 5% of the state's total freight tons, regardless of transportation mode. Printing paper is the second largest commodity handled by rail in Maine and eleventh largest commodity handled by truck.⁷

⁷ Freight Analysis Framework (FAF) version 5 (FAF), as published by the United States Department of Transportation.

The shift in consumer consumption of news from newspapers to the internet, and the digitization of commerce, has affected the traditional printing paper market. Over the last decade, the precipitous decrease in demand for newsprint shuttered many printing paper facilities across the United States. In response to these market dynamics, the industry shifted more focus to coated paper. This is evident in Maine where producers refocused their efforts and enhanced their capabilities to serve emerging markets (e.g. specialty paper) that not only stabilized their market, but provided a platform for growth. Today the majority of demand is still from large publishers of books, newspapers and journals, as well as magazines, directories and advertising print. Therefore, despite recent market changes, there continues to be a viable and growing market for printing paper that originates in New England.

Recent and planned investments by the primary customers to expand production capabilities help support strong fundamentals for printing paper in the region. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1. Current Freight Movements

Compared to all commodities moving through Maine, printing paper (which includes newsprint) is one commodity where rail has the largest modal share (17%) with the region.⁸ However, truck tonnage is nearly three times larger than that handled by rail.

⁸ FAF5

[REDACTED]

[REDACTED]

[REDACTED]

PAR's recent volume increases reflect heightened activity of local traffic (i.e. originates and terminates on PAR) that supports a customer's diverse supply chain. This local traffic moves from production points in Maine to distribution points in Massachusetts, where the product is further processed. From those distribution points, the product moves by rail, intermodal, and truck to locations throughout North America and New England.

Printing paper accounts for nearly [REDACTED] of CSXT's annual carload volume, with volume widely dispersed across its network. CSXT moved over [REDACTED] carloads of printing paper across its network in 2019. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. Forecast

Many of the competitive opportunities to attract printing paper traffic from trucks cannot be estimated with enough accuracy to predict the future growth in rail volumes likely to result from integrating PAR into CSXT's network. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Over the longer term, CSXT expects to expand rail volumes primarily through competition with trucks. Rail handles about 17% of the total printing paper freight tons moving in Maine. Of the truck share, considerable freight tons move to locations where CSXT handles printing paper volumes. Over time, an integrated PAR System, coupled with a more competitive and reliable service product, will enable some of these tons to shift to rail. [REDACTED]

[REDACTED]

WOODPULP

The woodpulp market provides raw material input for paper mills, containerboard mills, sanitary product converters and office stationary producers that produce consumer products like paper, paper cups, tissue and cardboard, as well as diapers, feminine hygiene products, filters, textiles, optical screens and food products. The majority of woodpulp is derived from softwood trees sourced from the southeast United States (southern yellow pine), the northeast United States (eastern white pine), and western United States and Canada (western pines).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1. Current Freight Movements

Within New England, about 90% of all freight tons applicable to wood products, which includes woodpulp, is handled by truck and approximately 8% is handled by rail.

Woodpulp is PAR System's [REDACTED] largest commodity, accounting for [REDACTED] [REDACTED] of the PAR System's total carloads in 2019. It appears to be an increasingly important PAR commodity. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Woodpulp accounts for nearly [REDACTED] of CSXT's annual carload volume, with volume widely dispersed across its network. CSXT moved over [REDACTED] of woodpulp across its network in 2019, with traffic CSXT originated [REDACTED]

[REDACTED]

[REDACTED] The balance of CSXT's originated or received woodpulp carloads came from connecting carriers, primarily short lines located in the Southeastern United States. CSXT's woodpulp business terminates across the United States, as well Mexico and Canada. [REDACTED]

[REDACTED]

[REDACTED]

Between 2017 and 2019, CSXT saw a noticeable increase in traffic driven by diversions from trucks and macroeconomic events that increased global demand for woodpulp. CSXT handles significant tonnage that moves through ports to international markets, as well as product from originating locations to destination locations where the commodity is further refined into finished products.

[REDACTED]

[REDACTED]

PULPBOARD

Pulpboard is a broad term used to describe paper-based packaging material. It is generally grouped into three categories: (1) containerboard, which is used to make corrugated boxes and commonly called cardboard, (2) boxboard, a thicker single ply sheet used for folding cartons and consumer packaging, and (3) kraft paper, used for paper bags, consumer goods and industrial applications.

Pulpboard is produced at large mills and then shipped to numerous box plants in a hub and spoke fashion, as well as to warehouses for storage or export. These mills produce large rolls that can reach widths that make them unsuitable for movement by truck. The pulpboard industry continues to trend towards larger widths, or larger roll sizes, producing a favorable outlook for rail shipments.

Pulpboard benefited from the rise in e-commerce demand and manufacturing recovery after COVID-19 lockdown eased, and continued growth in these areas supports a favorable demand outlook moving forward. The PAR System is well positioned to move pulpboard volume to meet this demand in the northeast, with both pulpboard mills and boxplants located directly on their network.

1. Current Freight Movements

Pulpboard is particularly suited to rail transportation and is one of the PAR System's highest volume commodities, accounting for [REDACTED]

[REDACTED]

[REDACTED]

Pulpboard is also an important commodity on CSXT. It accounts for nearly [REDACTED] of CSXT's annual carload volume in movements widely dispersed across its network. CSXT handled nearly [REDACTED] carloads of pulpboard a year between 2017 and 2019. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In 2019, CSXT handled over [REDACTED] carloads of pulpboard to or from the PAR System, representing about [REDACTED] of CSXT's total pulpboard volumes.

2. Competitive Opportunities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. Forecast

The combined CSXT-PAR network will facilitate volume growth following the growth of the industry over existing lanes. [REDACTED]

[REDACTED] This reflects the record shipments producers experienced in 2020 and are on track to continue in 2021. This level of growth would result in an increase of approximately [REDACTED] carloads over the three-year time frame.

LUMBER

Lumber -- wood processed for structural purposes like framing and trusses -- is used in the housing industry for building new homes and the repair and remodel sector. It is sourced from four main regions: Western Canada, the Pacific Northwest, Eastern Canada (with this fiber basket extending into Maine), and the Southeast United States. Producers process timber from these regions and ship to treatment facilities, lumberyards, Big Box stores (e.g. Lowe's and The Home Depot) and building sites.

Lumber is a highly fragmented market with producers in various above-mentioned geographic regions shipping to numerous destinations.

1. Current Freight Movements

An estimated 90% of all freight tons in New England involving wood products, including lumber, is handled by truck and approximately 8% is handled by rail. There is limited competition from other freight transportation modes (i.e. water) in New England.

Lumber is one of the PAR System's largest volume commodities, accounting for nearly

[REDACTED] of the PAR System's total carloads in 2019. [REDACTED]

[REDACTED]

[REDACTED]

Lumber is also a significant commodity on CSXT's system, accounting for nearly [REDACTED] of CSXT's annual carload volume, with volume widely dispersed across its network. CSXT moved over [REDACTED] carloads of lumber across its network in 2019. The vast majority of CSXT's lumber volumes originate off its network, with more than [REDACTED] coming from connecting carriers. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In 2019, CSXT handled over [REDACTED] carloads of lumber to or from the PAR System, representing [REDACTED] of CSXT's total lumber volumes.

2. Competitive Opportunities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. Forecast

[REDACTED]

[REDACTED]

[REDACTED]

B. Non-Forest Construction Products

Non-forest construction products include sand/gravel, gypsum wallboard, cement, and other related commodities. They provided approximately 15% of the PAR's total carloads in 2019, and were concentrated in three primary commodity groups: sand/gravel, cement, and gypsum wallboard.

AGGREGATES

Aggregates includes sand, gravel, stone, riprap, and other related commodities. Their movement is generally related to road and other infrastructure projects. Numerous quarries in the Northeast supply different aggregates needed for specific projects. The proximity of Northeastern quarries to end markets leads generally to short haul moves, and the majority of aggregates move within the region via truck.

1. Current Freight Movements

Because aggregate traffic is extremely truck competitive, truck dominates the New England market carrying about 98% of aggregates. CSXT does not expect the Proposed Transaction to materially alter rail's current share of the market.

Aggregates account for [REDACTED] of the PAR System's total carloads, all of which are local to the PAR System, originating on a short line only served by the PAR and terminating in the greater Boston area, a one-way distance of approximately 110 miles.

Aggregates are a significant commodity on CSXT, accounting for more than [REDACTED]. Rail service to quarries is necessary for rail to be competitive in local or regional markets. [REDACTED]

[REDACTED]

[REDACTED]

2. Competitive Opportunities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. Forecast

Prior to closing on the Proposed Transaction, CSXT expects the Boston opportunity referenced above to have become operational, resulting in annual volumes of [REDACTED] carloads. Beyond this discrete opportunity to divert traffic from trucks, CSXT projects more

organic carload growth that will mirror general market trends. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

GYPSUM WALLBOARD

Gypsum wallboard is used in construction and the housing industry for building new homes and for the repair and remodel housing sector. Wallboard is produced in large panels with a gypsum core sandwiched between two heavy paper faces and comes in multiple thicknesses and sheet sizes for application in constructing walls and ceilings. Wallboard replaced older, more labor-intensive finishes involving plaster and lath after World War II. Producers require access to the raw material which comes from either mined raw gypsum or synthetic gypsum sourced as a waste product from coal fired power plants.

1. Current Freight Movements

There are no reliable statistics for modal shares of gypsum wallboard, but it is likely that truck transportation handles the large majority of movements. CSXT expects it to move similar to lumber, and as noted earlier, rail's modal share of freight tons for lumber is low.

Gypsum wallboard accounts for [REDACTED] of the PAR System's total carloads, with nearly [REDACTED] originating and terminating on the PAR System and the balance interchanging with CSXT. In general, wallboard moving to or from the PAR System moves to distribution centers where it is used to support residential and commercial construction activities in New England.

Gypsum wallboard volumes account for less than [REDACTED] CSXT's annual carload volume, and are widely dispersed across its network. CSXT handled nearly [REDACTED] carloads of gypsum wallboard a year between 2017 and 2019. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2. Competitive Opportunities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. Forecast

Recent market trends driving increases in single-family housing are expected to continue over the next three years. Single family homes require more raw material inputs which will

increase demand across North America for all raw material inputs, including wallboard. Growth in demand for wallboard is expected to average 3% or more in each of the next three years.

[REDACTED]

[REDACTED]

[REDACTED]

CEMENT

Cement includes Portland cement, slag, and fly ash. These commodities are used by residential, non-residential, and non-building construction segments in the Northeast. Cement in the Northeast is primarily brought in by vessel, truck, and rail. Given the Northeast's proximity to water, there is a highly competitive landscape that challenges market access for U.S. based producers.

1. Current Freight Movements

Cement traffic is competitive by mode across truck, rail, and vessel. In the Northeast this dynamic exists and consumers have access to cement supplies by all modes of transportation. Truck competition in the Northeast is primarily associated with two supply chains. The first is regionally based plants where trucks directly move material from the plant to market. The second is imported cement via maritime-based supply chains where the cement moves through port terminals and distributed by trucks into the New England market. This second supply chain is prevalent through the ports of Boston and Providence.

Cement accounted for [REDACTED] of the PAR System's total carloads in 2019. Cement has also been a significant commodity for CSXT. Between 2017 and 2019, CSXT handled an average of nearly [REDACTED] carloads a year, representing close to [REDACTED] of CSXT's total merchandise volumes. CSXT's traffic base is concentrated in the Southeast, Mid-Atlantic, and

Midwest. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

2. Competitive Opportunities

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

3. Forecast

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

C. Energy-Related Commodities

Energy-related commodities, which include propane and coal, accounted for about [REDACTED] of the PAR Systems total carloads in 2019.

Coal accounted for approximately [REDACTED] of PAR's traffic in 2019 and moved to [REDACTED] destinations. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Propane, a Liquefied Petroleum Gas, is the primary energy-related commodity handled by PAR, accounting for [REDACTED] of its carload volumes in 2019.

LIQUEFIED PETROLEUM GAS (LPG)

The largest LPG product consumed in New England is propane. New England consumes about 700 million gallons of propane per year (~23,300 carloads), primarily for residential and commercial space heating, with the propane supplied from outside the region. The top consuming markets (in descending order) are New Hampshire, Maine, Connecticut, Massachusetts, Vermont, and Rhode Island. New England's propane consumers are typically located in rural areas not connected to natural gas distribution utilities.

1. Current Freight Movements

Truck competition for propane in New England is primarily associated with two non-rail supply chain models. The first involves the Enterprise Products Pipeline System (also known as TEPPCO) that runs from the Gulf Coast to Selkirk, NY. Product has historically been piped into the market via TEPPCO and then distributed to consumers by truck. Second, propane is imported into the region from international origins through marine terminals in Newington, NH and Providence, RI. The propane is stored in tanks, and then trucked to wholesale and retail customers. These two options combined are estimated to account for approximately 20% of the market.

Rail has a market share of approximately 80% for propane, with rail volumes originating primarily in Appalachia from the WLE, CUOH, and CSXT railroads. Propane also originates in Canada and ships via CN and CPRS primarily from the Edmonton and Sarnia, ON areas. Rail share has increased over time with expanding natural gas production and associated gas production in Appalachia and Canada that has driven down the cost of LPGs for consumers.

LPG accounts for [REDACTED] of the PAR System's total carloads, with nearly [REDACTED] of those volumes terminating on the PAR System and [REDACTED] of the traffic being considered "overhead," that is, received from one carrier and then forwarded to another. Often, loaded railcars move to a storage track and then move on a separate waybill to the final destination from the storage track.

Between 2017 and 2019, CSXT averaged [REDACTED] carloads a year of LPG, representing approximately [REDACTED] of CSXT's total carloads handled annually. Of its existing portfolio, CSXT moves approximately [REDACTED] carloads a year into New England, representing [REDACTED] of its total LPG carloads. PAR and PAS handle about [REDACTED] of the CSXT's volumes into New England. The balance of CSXT volumes move to CSXT served locations or interchange with other New England railroads.

2. Competitive Opportunities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. Forecast

The energy traffic opportunities discussed above are mostly long-term opportunities, and CSXT does not forecast a significant short-term increase in traffic. CSXT does not expect any material truck conversions within the next [REDACTED] years.

D. Waste-Related Commodities

CONSTRUCTION & DEBRIS (C&D)/MUNICIPAL SOLID WASTE (MSW)

New England, and Massachusetts in particular, has had challenges disposing of its waste associated with construction and debris (C&D) and municipal solid waste (MSW). Shrinking landfill capacity in the broader Northeast region is driving an increase in waste tons moving from the Northeast to landfills in the Midwest and Southern United States. Connecticut has no landfills left open and Massachusetts is expected to close its last landfill soon. In addition, states in this region generally have legislation that prevents the disposal of one state's waste in another state's landfill. Rail is an attractive solution for municipalities and waste companies to move waste out of the region without creating a caravan of trucks moving on local roadways.

1. Current Freight Movements

Rail movements in the waste market are concentrated in long-haul opportunities that originate from significant waste density locations (i.e. large population centers) and are directly attributable to available landfill capacity within a state (or area). In states/regions where landfill capacity is unconstrained, trucks handle the majority of all freight tons. However, in regions that generate large amounts of waste (i.e. New York City) and have limited to no landfill capacity, rail has a high share of volume moving several hundred miles or more.

CSXT handles approximately [REDACTED] carloads of MSW a year, with the vast majority of that business originating in the greater New York metropolitan area and the greater

Baltimore/Washington, DC area. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2. Competitive Opportunities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. Forecast

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 22-E

Amended and Supplemented Verified Statement of Dr. David Reishus

BEFORE THE
SURFACE TRANSPORTATION BOARD

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CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.

—CONTROL AND MERGER—

PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

**Amended and Supplemented Verified Statement of
David Reishus, PhD**

July 1, 2021

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
A.	WITNESS INTRODUCTION	1
B.	BACKGROUND AND ASSIGNMENT	1
C.	SUMMARY OF CONCLUSIONS	3
D.	APPLICATION AND SOURCES	9
II.	ECONOMIC FRAMEWORK FOR ANALYZING COMPETITIVE EFFECTS OF RAIL MERGERS	9
A.	ECONOMICS OF HORIZONTAL MERGER ANALYSIS FOR RAIL MERGERS.....	11
1.	Relevant Market Definition.....	11
2.	Analysis of Horizontal Competition in Railroad Mergers	13
B.	VERTICAL EFFECTS.....	15
III.	DESCRIPTION OF NEW ENGLAND FREIGHT RAIL TRAFFIC	17
A.	CHARACTERISTICS OF THE NEW ENGLAND ECONOMY	17
B.	NEW ENGLAND TRANSPORTATION SHARES	19
C.	CHARACTERISTICS OF NEW ENGLAND RAIL NETWORK	21
D.	NEW ENGLAND RAIL FREIGHT TRAFFIC	24
E.	NEW ENGLAND RAIL TRAFFIC SHARES.....	34
IV.	DESCRIPTION OF CSXT AND SYSTEMS AND THE PROPOSED TRANSACTION.....	38
A.	CSXT	38
B.	PAN AM SYSTEM	40
1.	PAR System	41
2.	PAS.....	45
C.	OVERVIEW OF PROPOSED TRANSACTION	48
1.	CSXT integration of PAR System.....	48
2.	B&E operation of PAS preserves an economically independent rail option for PAS shippers	49
V.	ANALYSIS OF THE COMPETITIVE IMPACTS OF THE PROPOSED TRANSACTION RESULTING FROM CSXT ACQUISITION OF PAR	50
A.	CSXT AND PAR.....	52
1.	Jointly-served locations	52
2.	Connecting carriers with PAR System	59

3.	Commitments by CSXT-PAR System that Preserves Source Competition and Market Access	62
4.	Major Commodities Served by CSXT and PAR System	63
B.	PAS, CSXT AND B&E	82
1.	PAS and CSXT jointly-served locations	83
2.	PAS and GWI jointly-served locations	86
3.	Connecting carriers with PAS	92
4.	The parties have addressed all potential competitive concerns regarding B&E operation of PAS	101
C.	THERE ARE NO VERTICAL COMPETITIVE CONCERNS REGARDING THE PROPOSED TRANSACTION.....	103
1.	Interconnecting Carriers and Gateways	103
2.	Post-Transaction PAS.....	104
VI.	BENEFITS OF THE PROPOSED TRANSACTION	106
A.	PRO-COMPETITIVE BENEFITS OF CSXT-PAR SYSTEM OPERATIONS	106
1.	Reduced Costs of Single Line Service	106
2.	Additional Cost Savings	108
3.	Improved Service and Opportunity for Additional Traffic	109
B.	ADDITIONAL PRO-COMPETITIVE BENEFITS TO NEW ENGLAND RAIL SHIPPERS	110
VII.	CONCLUSION	112
	APPENDIX A	114
	APPENDIX B	121
A.	DISCUSSION OF ADDITIONAL FULL 50/10 RESULTS	121
B.	VTR INTERCHANGE TRAFFIC.....	129

I. INTRODUCTION

A. WITNESS INTRODUCTION

1. My name is David Reishus. I am an Executive Vice President at Compass Lexecon in Boston, Massachusetts. Compass Lexecon is an economics consulting firm with offices in various cities throughout North America, South America, Europe, and Asia. I earned my M.A. and Ph.D. degrees in economics from Harvard University.

2. Over the past 25 years, I have worked extensively on the organization of markets, competition, and firm behavior in a variety of industries. I have testified before various state, Federal and international bodies on competition issues, primarily in the energy and transportation industries. I have provided testimony multiple times before the Surface Transportation Board (the “STB”) on matters involving competition in the railroad industry.

3. I have analyzed competition issues associated with railroad merger transactions and associated conditions on those mergers. I participated in the analysis of the competitive effects and associated merger conditions for the major railroad consolidations in the 1990s involving Union Pacific/Southern Pacific, Burlington Northern/Santa Fe, and the Conrail transaction. In addition, since then I have testified before (or presented to) the responsible government authorities regarding competitive issues arising from proposed transactions involving railroads in the U.S., Canada, and Mexico. My full vita is attached.

4. The opinions expressed are my own, and do not necessarily represent those of my employers or their other employees.

B. BACKGROUND AND ASSIGNMENT

5. I have been asked by CSX Corporation and CSX Transportation, Inc. (“CSXT”) (collectively called “CSX”) to analyze the competitive effects, if any, of the acquisition by CSX of Pan Am Systems, Inc. (“Systems”), a non-carrier – including its rail carrier subsidiaries, and its interest in Pan Am Southern LLC (“PAS”) (the “Proposed Transaction”).

6. The Proposed Transaction involves the acquisition of Systems by CSX. Systems has ownership interests in two connected railroad networks in New England. Systems wholly owns Pan Am Railways, Inc. (“PAR”), which in turn controls seven rail carriers identified in the CSX

Application (the “PAR Railroads”) that own and operate a unified rail network in eastern Massachusetts, New Hampshire, and Maine (the “PAR System”). One of those PAR Railroads, Springfield Terminal Railway Company (“Springfield Terminal”) operates rail service on the entire PAR System on behalf of the PAR Railroads. Another of the PAR Railroads, Boston and Maine Corporation (“Boston & Maine”), owns a 50% interest in PAS, which is jointly owned with NSR and has a mainline between upstate New York and eastern Massachusetts. PAS is currently operated on a contract basis by the Springfield Terminal.

7. As part of this analysis, I have also been asked to analyze the competitive effects of the separate but closely related transactions and agreements entered between CSXT, Norfolk Southern Railway Company (“NSR”), and Genesee and Wyoming Inc. (“GWI”) (collectively, the “Related Transactions”) contingent on Proposed Transaction. The main elements of the Related Transactions include:

- **Pittsburg & Shawmut Railroad, LLC, doing business as Berkshire & Eastern Railroad (“B&E”) will operate PAS:** In order to preserve PAS as an independent rail route for shippers between upstate New York and eastern Massachusetts, B&E, a wholly-owned subsidiary of GWI, is to be operator of PAS, taking over the responsibilities currently undertaken by Springfield Terminal. CSX will have no authority to make pricing or operational decisions with respect to PAS.
- **NSR will secure Trackage Rights over CSXT:** CSXT will provide NSR trackage rights to create an additional and more efficient, double-stack route to serve the intermodal and automotive terminals in Ayer, Massachusetts.
- **CSXT will make infrastructure improvements and secure enhanced Trackage Rights:** Upon completion of certain capital improvements financed by CSXT, NSR agrees to modify current trackage rights caps over the segment of the PAS system that connects CSXT with the PAR System in eastern Massachusetts. The modification of these caps will improve and guarantee CSXT’s ability to serve traffic on the PAR System efficiently.

8. In Decision No. 1, the STB ruled that the Proposed Transaction is a “significant,” not a “minor,” transaction.¹ In Decision No. 3, the STB determined, in part, that the Market Analysis in the Application submitted April 26, 2021 was “incomplete.”² I have been asked CSX to expand upon the analyses previously submitted to address the topics, issues, and methods raised by the STB in Decision No. 3 and to provide additional analyses appropriate for the economic evaluation of the competitive effects arising from the Proposed Transaction.

C. SUMMARY OF CONCLUSIONS

9. The Proposed Transaction (including the Related Transactions and associated commitments as outlined in CSX’s application) represents a pro-competitive rationalization of the New England rail network. It will generate widespread benefits to shippers across New England. It will not result in a substantial reduction in competition. More specifically, I find that:

- Existing PAR System shippers will obtain pro-competitive benefits from a more reliable, consistent, and cost efficient single-line service as part of a Class I rail network and service across New England.
- CSXT will be able to reduce cost and improve service quality. This combination will provide opportunities for new rail movements and to attract traffic from truck to rail. Rail customers will benefit from such opportunities. Conversion of truck to rail movements provides public benefits in the form of reduced highway usage and congestion and corresponding environmental benefits of rail relative to truck transportation.
- CSXT has committed to significant infrastructure investment. These investments will enhance rail infrastructure and operations across New England. The infrastructure investment and modifications to current operating agreements will most significantly improve operations in and through Ayer, MA.
- The parties have agreed to provisions that provide enhanced competition between CSXT and NSR. These arrangements will provide improved service to intermodal shippers and end-users in the densely populated multi-state region centered on Boston.

¹ Decision No. 1, *this proceeding*, decided March 19, 2021.

² Decision No. 3, *this proceeding*, decided May 26, 2021.

- In the limited instances where the Proposed Transaction raise potential competitive concerns, the parties have proposed conditions that preserve competition and effectively address those concerns.

10. Assessing the competitive effects of a rail merger involves understanding its effects on the number, incentives, and efficacy of competitors in the markets in which both merging railroads participate. These markets have two dimensions. The first defines the products or services (as in the case of rail transportation) that are alternatives or substitutes for customers to the goods or services provided by the merging firms. The second defines the geographic boundaries of the market.

11. An economically sound method for analyzing competition and the effects of a proposed merger requires a detailed analysis of the locations, traffic and competitive conditions relevant to specific locations and customers.

12. In most cases, *rail* transportation is not a market in the relevant economic sense. Railroads compete against other modes for transportation of goods. Rail is responsible for only a small portion of the total transportation of goods entering and leaving New England. A combined CSXT/PAR System share would account for only [REDACTED] of the transportation of goods into New England and [REDACTED] of the transportation of goods out of New England.

13. Further, in most cases, “New England” is not an economically meaningful geographic market for analyzing the potential effects of a rail merger. For example, two railroads could each terminate half of some rail-dependent commodity in New England. If one railroad only served Maine while the other served Connecticut and there were no other viable competitive alternative such as trucking or source competition that would make them potential substitutes to constrain rail prices, a merger between them would not diminish the options available to these shippers and would create no additional market power that would result in higher prices.

14. I have looked at important products that are transported by the affected railroads. A review of New England rail activity shows that most rail traffic in New England is subject to extensive inter-modal competition and that the flows of products are unlikely to be affected in any meaningful way by the Proposed Transaction.

15. A common step in merger analysis is to calculate some measure of the concentration in the market. In markets involving railroads, however, standard measures of concentration (e.g., HHI) are generally not useful. There are typically a small number (often one) of rail competitors that serve a customer either directly or through commercial access by trackage rights, haulage or switching, or other arrangements that provide competitive access to serve shippers. Observed rail transport volumes (i.e., the number of carloads or tons moved) is a poor measure of market presence as in most cases railroads could readily increase the volume of transportation provided over the existing network. Other sources of competition for rail transportation, especially from other modes (i.e., trucking or water transportation) and from source competition are often poorly observed and measured. They also present difficulties in measuring concentration.

16. One potentially useful approach in rail mergers, as an alternative to other concentration measures, is to count the number of railroads available to a particular shipper because this is an indicator of where direct rail-on-rail competition may be harmed. For example, if a rail-dependent shipper has commercial access to and can effectively use either of two railroads and the railroads propose to merge, that shipper will see its railroad options reduced from two to one (“2-to-1”). It is traditional and conservative to preserve the competitive benefits of at least two railroads that can provide competing price or service for those customers where a merger transaction would reduce the number of independent railroads to one.

17. Rail shippers often have commercial access to only one railroad pre-merger. When a shipper has access to a single railroad before and after the proposed merger, the merger does not change the shipper’s direct competitive options. Unless source competition is a significant factor, no harm to competition results from the merger.

18. I have performed an analysis of the jointly-served locations in this case using information from the Centralized Station Master (“CSM”), the Surface Transportation Board’s Confidential Carload Waybill Sample (“CWS”), Serving Carrier Reciprocal Switching (“SCRS”) data, and waybill data provided to me by CSXT, Systems, NSR, and NECR. Given the structure of the Proposed Transaction, my analyses divide into two parts: the competitive effect of the CSXT acquisition and integration of PAR System, and the competitive effect of the B&E operation of PAS resulting from the CSX acquisition of a partial-ownership share in PAS and the related agreements affecting the operation of PAS.

19. Overall, I find that there are few jointly-served customers and thus few opportunities for the transaction to create any competitive harm through the elimination of competing rail service to individual customers. In the limited instances where the Proposed Transaction does raise competitive concerns, the parties have made commitments that effectively address those concerns and preserve the benefit of competitive rail options for the affected customers. More specifically, I find:

- With respect to the CSXT acquisition and integration of PAR System, there are three customers, two in Everett, MA and one in Boston, MA for which the Proposed Transaction will result in the reduction of competitive rail options from two to one. CSXT has committed to provide switching service that will connect those customers with PAS and the rest of the U.S. rail network. This will preserve independent competitive options for these shippers.
- B&E is contractually obligated to operate PAS in the interest of its owners, CSXT and NSR. CSXT will have no role in pricing or operational decisions. This obligation also requires B&E to operate PAS independently of other GWI railroads and the operating agreement with B&E ensures that GWI will receive no competitively sensitive information about PAS. As such, PAS will continue to be an independently-operated rail option and customers using PAS—including any customers who may also have the ability to use CSXT—will continue to benefit economically from an independent rail option between upstate New York and eastern Massachusetts.
- The Proposed and Related Transactions retain PAS as an independent competitor to CSXT operated by B&E. CSXT and PAS will continue to vie for traffic over which they previously competed. Nevertheless, I analyzed any areas of potential overlap between the CSXT and PAS systems and find that there are no locations that will see a change in competitive circumstances as a result of CSXT's acquisition of 50% ownership in PAS.
- For customers that are currently served only by PAS and a GWI-owned railroad, post-transaction price negotiations would be limited to GWI-owned railroads. Therefore, I have analyzed all locations on the PAS system that are currently served by both PAS and a GWI railroad to assess whether commitments by the parties are necessary to ensure that customers continue to benefit from competition between independent carriers. I find that

there [REDACTED] where customers are currently served by only PAS and a GWI railroad. The parties have committed that PAS will establish rates for any customers at that location at current levels, subject to future reasonable escalation, as long as B&E is operator of PAS. This commitment will preserve the benefits of existing competitive rates for these shippers and locations.

20. I find no evidence for any substantial competitive harm from a reduction in geographic or source competition from the Proposed Transaction. Using the 50/10 test, I have comprehensively screened for geographic areas and commodities over which the Proposed Transaction could potentially reduce competition. A detailed analysis of these locations and commodities find no likelihood of substantial competitive harm.

21. I have also assessed the competitive effects of the Proposed Transactions on carriers connecting to the PAR or PAS systems. The Proposed Transaction poses no risk of substantial competitive harm for connecting carriers. I examine in detail the circumstances of one carrier—Vermont Railway (“VTR”), which connects with the PAS system in Vermont and New York—for which the Proposed Transaction, absent conditions, raises potential competitive concerns. I find that the access and pricing conditions provided as part of the Proposed and Related Transactions effectively address those concerns. These conditions preserve the benefit of competitive rail options for the affected customers and establish conditions that enhance competitive options beyond those that currently exist.

22. Merger analysis also considers the “vertical” effects of “end-to-end” transactions where the primary economic effect is to connect end-to-end rail routes under common ownership. Valid concerns regarding vertical mergers are typically irrelevant to the economics of the railroad industry. The primary concern regarding vertical effects is the ability of a merged end-to-end carrier to inefficiently foreclose traffic from other interconnecting carriers and harm competition in related markets or transactions. However, the conditions under which such “vertical foreclosure” leads to reductions in competition in relevant markets are limited and are not present in this case. Although not an issue of foreclosure, I consider the effects on PAS of the pro-competitive NSR double-stack intermodal service to Ayer over the CSXT line and other changes from B&E operation. While PAS will lose some contributions from the loss of the NSR haulage,

other offsetting changes from the transaction and B&E operations imply that PAS will remain a viable and effective carrier and competitor.

23. CSXT is committing to keep all existing active PAR System gateways affected by the Proposed Transaction open on commercially reasonable terms. CSXT also commits to waiving any right it might otherwise have under the Board's rules to refuse requests by shippers to establish local, separately challengeable rates for movements on the PAR System to an interchange with another rail carrier. These commitments go well beyond open gateways. The Proposed Transaction establishes and caps rate factors on connecting traffic to and from PAR System for local or overhead traffic on PAS. These commitments and terms of the Proposed Transaction provide a level of access and independent competitive pricing to shippers using interconnecting carriers that go beyond what efficient component pricing would require.

24. The Proposed Transaction does not present any reasonable risk of competitive harm to shippers. As part of the Proposed Transaction, CSXT has established conditions and committed to maintaining a competitive alternative for the few shippers who could see a reduction in their competitive rail options by providing the option of switching service for these shippers to PAS which then connects to the rest of the U.S. rail network. PAS will be preserved as an independent rail option between upstate New York and eastern Massachusetts, but to the extent B&E operation of PAS risks reducing competitive alternatives for a small number of shippers or interconnecting railroads, the parties have agreed to conditions that preserve current competitive conditions.

25. The Proposed Transaction provides benefits typical of those found in end-to-end mergers through improved single-line service and integration into a larger rail network. While these effects over time are most reflected in improved service and reliability to shippers, I quantify certain of the more modest and measurable cost efficiency improvements of the Proposed Transaction. Various other terms of this transaction—such as provision for competitive NSR double-stack intermodal competition into the center of the New England, elimination of existing traffic restrictions that limit the efficiency of rail service to PAR System receivers, investments to improved shared infrastructure—provide benefits to New England rail shippers that go beyond those arising from an end-to-end merger only.

D. APPLICATION AND SOURCES

26. In the remainder of this statement, I describe the relevant economic framework for evaluating the potential competitive impacts of rail mergers (Section II), quantify freight rail traffic in New England (Section III), discuss the structure of the Proposed Transaction and Related Transactions for identifying traffic and markets that may be affected (Section IV), present a detailed analysis of the existing traffic, the impact of the Proposed Transaction on intermodal and intramodal competition, and potential horizontal competitive effects of the Proposed Transaction (Section V); and identify pro-competitive benefits of the Proposed Transaction (Section VI).

27. In performing these analyses, I have relied on multiple sources of data on rail traffic, including the CWS, and detailed traffic data provided to me by Systems, CSX, and GWI. For screening on potential locations and shippers of competitive overlap, I have utilized the CSM and SCRS data files. In looking at the potential extent of intermodal competition, I have utilized the Freight Analysis Framework (FAF) database. I provide more information about the data used in my analyses in Appendix A.

28. I have also interviewed various company personnel from PAR and CSX and reviewed relevant documents including: existing operating agreement; system maps; letters of support from shippers; filings from other interested parties; information provided by NSR; the operating plan submitted with this Application; the agreement between the parties and GWI related to operation of PAS; agreements between CSX and NSR related to trackage rights; and other publicly available sources.

29. I provide an overview of the methodology used when first employed below. A more detailed description of the methodology is provided in Appendix A.

30. I have provided the Board with a copy of my highly confidential workpapers, which include the data and computer code necessary to recreate the analyses I present in this Statement.

II. ECONOMIC FRAMEWORK FOR ANALYZING COMPETITIVE EFFECTS OF RAIL MERGERS

31. Mergers can increase efficiency and output to the benefit of the merging firms' customers. Mergers can also reduce the competitive options available to the merged firms' customers and allow the merged firm to raise prices. The economic analysis of mergers and specifically of the

competitive effects of mergers is intended to distinguish those mergers that threaten to reduce competition from those that do not threaten to reduce competition meaningfully. There is no economic basis to block mergers that do not threaten competition, particularly those that will allow the merged firms to achieve merger-related efficiencies and other public benefits through post-merger reduced prices and/or service benefits. Such pro-competitive changes may benefit customers but leave competitors worse off if they are unable to match the efficiency gains. Sound merger policy permits pro-competitive effects of mergers while mitigating any potential reductions in competition that harm consumers. Sound policy is designed to protect competition, not competitors.

32. There are well-documented, pro-competitive benefits associated with railroad mergers.³ Mergers often allow railroads to improve their networks and their operations to provide higher-quality service for shippers. Network efficiencies may include new, previously unavailable single-line service, which is widely recognized as a higher-quality alternative to interline service. Operational efficiencies can include improved car handling, scheduling, customer service, and network coordination, all which benefit shippers. When two railroads merge and make common pricing, service and capacity decisions for the combined railroad, there is also the potential for competitive harm arising from a loss in horizontal competition among railroads that reduces the competitive options. If the reduction in competition is sufficient, prices may rise and output falls, harming consumers.

33. There can sometimes be concerns that an end-to-end railroad merger will foreclose competition because the merged railroad will use its newly extended network differently than its current operator. These competitive concerns usually entail some form of vertical foreclosure that reduces the effectiveness of competitors. However, as described below, theories of economically rational economic vertical foreclosure entail assumptions and circumstances that do not typically apply to the railroad industry.

³ See Denis A. Breen, “The Union Pacific/Southern Pacific Rail Merger: A Retrospective on Merger Benefits,” *Review of Network Economics*, Vol. 3, Issue 3 (2004). See also Clifford Winston, Vikram Maheshri, Scott M. Dennis, “Long-Run Effects of Mergers: The Case of U.S. Western Railroads,” *The Journal of Law & Economics*, Vol. 54, No. 2 (2011).

A. ECONOMICS OF HORIZONTAL MERGER ANALYSIS FOR RAIL MERGERS

34. Competition takes place in markets where the interaction of buyers and sellers establish prices. Of course, the impact of a proposed merger on prices depends on how the merger will affect the number, incentives and effectiveness of the relevant competitors in the markets where both merging railroads participate. A horizontal merger is one between suppliers that compete in the same market or market(s). The market consists of all supply options, currently or potentially used, that constrains prices and services that satisfy the needs of actual or potential demanders. The economic tool used to collect and summarize the information on relevant competitors and the products or services they sell is the *relevant market*.⁴

1. Relevant Market Definition

35. The relevant market has two dimensions. The first dimension defines the products or services (as in the case of rail transportation) that customers view as good substitutes for the goods or services provided by the merging firms. The second dimension defines the geographic boundaries of the market. Specifically, the geographic market contains the suppliers of the products or services in the market that customers view as good substitutes for the merging firms.⁵ Thus, the relevant market contains the services (goods) that are reasonable substitutes for the service of the merging firms and the suppliers of those services.

36. Different methods can be used to determine the set of services that customers view as good substitutes for each other. Customers may be observed switching between services as prices vary or economic models can be used to estimate the cross elasticities of demand between services, when sufficient data are available. DOJ and the FTC use the hypothetical monopolist test to define the set of substitute products or services in the relevant market.⁶ This test is intended to prevent the market from being defined too narrowly and to include the services (products) that discipline

⁴ Department of Justice and the Federal Trade Commission, *Horizontal Merger Guidelines*, August 19, 2010, (hereinafter “HMG”) §4.

⁵ HMG, §4.2.1.

⁶ In short, the hypothetical monopolist test defines the smallest group of services for which a monopolist could raise its prices by about 5% without customers substituting to products outside of the market to a degree that makes the price increase unprofitable. (See HMG, §4.1.) This can be used to define both the geographic and product extent of the market.

the services (products) sold by the merging firms and to exclude services (products) that are less substitutable.

37. Transportation time and cost typically determine the boundaries of the relevant geographic market. For example, the relevant market for fresh bread for consumers in a particular neighborhood of a city would include the bakeries that the residents could reasonably treat as substitutes based on travel time. The framework of the geographic market may seem ill suited to defining the boundaries of a market for transportation services, which are frequently provided across broad geographies. However, the purpose of the geographic market is to delineate the suppliers that are good substitutes for one another. Thus, the geographic market captures the sources of transportation services or other options that a customer will treat as reasonably substitutable.

38. In the railroad industry, properly defined relevant markets can vary with the customer, the route, length of haul, and the commodity, and so forth. For example, a shipper that needs to have a machine delivered to a customer 700 miles away may view railroads and trucks as good substitutes to deliver the machine and would switch between them based on relatively small changes in prices.⁷ In this case, trucking firms and the railroad(s) that serve the route between the manufacturer of the machine and its customer are in the relevant market. A shipper that needs to move coal from the Powder River Basin to, say, Georgia would not view truck transportation as a substitute for rail transportation and for that shipper, only rail transportation should be included in the relevant service market.

39. The relevant sources of supply vary with shipper circumstances as well. A flour mill that buys grain and ships it to its mill will view two railroads that commercially serve its mill and its source of grain supply as substitutable because each railroad can provide the transportation service the mill needs. However, the mill might simultaneously purchase from two grain suppliers in different locations and have one railroad option to transport the grain from each supplier. In this instance the railroads are in competition with one another because if one were to raise its rates, the

⁷ Note that the service quality may differ between modes, so there is no assumption that the price charged by railroads and trucks are the same, only that if they were to shift somewhat from their levels absent the merger, the shipper would change modes.

mill could expand its purchases from the other supplier shifting business from the railroad increasing its rates to the railroad that does not increase its rates.⁸ This type of source or geographic competition is a significant fact in analyzing rail markets.

2. Analysis of Horizontal Competition in Railroad Mergers

40. The relevant market can be a useful tool for analyzing mergers because it describes the competitors in the market before and after the proposed merger. This information can be used to analyze how competition is likely to change following a proposed merger. A common step in merger analysis is to calculate some measure of the concentration in the market.⁹ In some industries, measures of levels and changes in concentration, based on shares of product or service currently transacted in the market is a reasonable starting point for analyzing the potential reduction in competition from a horizontal merger.

41. In the railroad industry, standard measures of concentration (e.g., HHI) are generally not useful. There are typically a small number (often one) of rail competitors that directly serve the shipper. In many cases, however, railroad access and competition are not through rail lines owned by the railroad, but access is through reciprocal switching, haulage, trackage rights, or other arrangements that provide competitive access to serve shippers. Railroads almost always have excess capacity to transport more goods, that is, railroads can increase supply—carloads to serve a shipper or a market—without driving up costs. As such, measures of existing traffic shares can be a poor measure of the actual competitive force of various rail options. With railroad incremental costs often low relative to long-run average costs, shippers often set up negotiations to foster direct competition between competing railroads and other sources of transportation.¹⁰ In these

⁸ The competitiveness of each option for obtaining grain depends on both the price of grain at its point of supply and the cost of railroad transportation to the flour mill. Note that if the price of grain at one source rises dramatically, that source of supply will no longer be competitively relevant to the mill and it will seek to obtain all of its supplies from the source that did not experience a price increase. Following the increase in the price of grain at one origin, the relevant market for rail transportation shrinks from two competitors to one competitor because one railroad is no longer competitively relevant to the rates charged by the railroad that remains in the relevant market.

⁹ The Herfindahl-Hirschman Index (“HHI”) is one common measure. The HHI is equal to the sum of squared market shares of the firms in the relevant market. *See, e.g.,* Dennis W. Carlton and Jeffrey M. Perloff, *Modern Industrial Organization*, (Boston: Pearson Addison Wesley, 2005) (hereinafter “Carlton and Perloff”), p. 255.

¹⁰ This is a fundamental economic aspect of the U.S. rail industry; indeed, railroads must earn above intermediate-term incremental or average costs on some traffic to provide a contribution sufficient to sustain the fixed, sunk

circumstances, concentration measures, and changes in those measures, do not reliably capture the horizontal competitive effects of a rail merger.

42. Other sources of competition, especially from other modes (i.e., trucking or water transportation) and source competition are often poorly observed and measured and also present difficulties in measuring concentration. Trucking companies are numerous and highly competitive. As long as the relevant market is small relative to the size of the trucking industry, trucking companies would be able to expand their share of this market without raising prices, and competition between trucking companies would ensure that prices did not rise as trucks expanded their share of the relevant market. Thus, the merger of the two railroads would not lead to a price increase because if the merged railroad raised its prices, shippers would shift their transportation business from railroads to trucks, rendering the price increase unprofitable. In this case, the ability trucks to grow share without increasing trucking costs leads to the result that the merger would not lead to increased rail rates, despite a substantial increase in measured concentration resulting from the merger of two railroads. Given the inability of concentration measures (i.e., HHI) to accurately capture the competitive situation for railroad mergers, a more reliable approach is to examine options available to shippers and groups of shippers directly.

43. Given the economics of the rail industry, it requires very few railroads serving a shipper to provide effective competition, even when other sources of competitive discipline (i.e., intermodal or geographic and source competition) are not evident. One potentially useful approach in rail mergers, as an alternative to other concentration measures, is to count the number railroads available to a particular shipper prior to the transaction, on the recognition that railroads can readily increase supply and incentives to obtain any contribution in excess of incremental cost. Thus, if a rail-dependent shipper has commercial access to and can effectively use either of two railroads and the railroads propose to merge, that shipper will see its railroad options reduced from two to one (“2-to-1”). This will eliminate the ability of the shipper to foster competition between the two railroads when negotiating rates and would be expected to lead to a rate increase. A similar analysis can be done in looking at merger-induced reductions from three to two (“3-to-2”) serving

and common costs of the rail network required to serve shippers. Thus, incremental cost cannot be the sustained “competitive” price for all rail traffic.

railroads, but with the recognition that any concern of any competitive harm from such a reduction is far more attenuated than for a 2-to-1 railroad change.

44. In many instances, however, rail shippers have economically viable access to only one railroad pre-merger. When a shipper has access to a single railroad before and after the proposed merger, the merger does not change the shipper's direct competitive options and no harm to competition results.¹¹ In other circumstances, a shipper may have viable access to other modes of transportation or a shipper's customer may be able to obtain product from different geographic sources (using different railroads or modes of transport, as in the example of the flour mill above) or be able use an alternative product. To the extent any of these potential sources of competitive discipline are relevant, they may provide competitive options to shippers that make post-merger price increases unprofitable.

45. Similar concerns may arise regarding short-line carriers or line segments unaffiliated with the merging railroads that move from "2-to-1" in the number of rail connections. Sole-served shippers on the unaffiliated short-line lose no direct rail options because of the merger regardless of the connections available to the short-line. To the extent the merger alters the relative bargaining power of the unaffiliated short-line serving carrier and its interconnections there could be a redistribution of revenue over marginal cost between the serving and interconnecting carriers. Such a change does not reflect a competitive harm to shippers, but a change in how the results of the existing pricing power of the unaffiliated railroad is distributed among carriers.

46. As I describe in detail below, the Proposed Transaction and Related Transactions raise no significant horizontal competitive concerns.

B. VERTICAL EFFECTS

47. When considered in tandem with the Related Transactions, the acquisition of the PAR System by CSXT is an "end-to-end" transaction, meaning that the primary economic effect is to connect end-to-end rail routes under common ownership. The primary effects of end-to end, or "vertical," mergers are the opposite of the effects of horizontal mergers because vertical mergers combine networks that are *complements* rather than competitive *substitutes*. Thus, the vertically

¹¹ I will address issues of source competition and the implication of truck-originating and -terminating commodities when analyzing commodities below in section V.A.4.

related railroads do not compete with one another prior to a proposed merger. Thus, a vertical merger does not raise concentration and can often lead to efficiencies and lower prices.

48. One efficiency of such an end-to-end merger is that shippers that previously contracted for interline service over the merging railroads have the benefit of single-line service following the merger. This is a recognized benefit to shippers using the merging railroads.

49. In addition, the merged railroad would have the incentive to charge lower prices than the sum of the prices charged by independent end-to-end railroads because the pricing incentives of end-to-end railroads are inefficient.¹² When setting or negotiating prices with interline shippers, each railroad considers the effect of a price increase only on its own profits without considering the negative impact that a price increase has on the profitability of the other railroad participating in the movement. The end-to-end merger eliminates inefficient pricing decisions by bringing them into a single firm that can account for the full effects of a price increase with the result that a single railroad would charge lower prices than two end-to-end railroads.

50. Valid concerns regarding vertical mergers are typically irrelevant to the economics of the railroad industry. The primary concern regarding vertical effects is the ability of a merged end-to-end carrier to inefficiently foreclose traffic from other interconnecting carriers and harm competition in related markets or transactions. However, the conditions under which such “vertical foreclosure” leads to reductions in competition in relevant markets are limited and are not present in this case. For vertical transactions in markets that use upstream and downstream goods or services in fixed proportions there is no additional market power obtained by the vertically-integrated service provider as a result of the merger. This condition holds in the rail industry, as the movement of freight across different carriers in a multi-carrier movement entails the movement of the exact same freight across all segments of the move.

51. Of course, shippers and the combined railroad may have the incentive, for economic and efficiency reasons, to shift more traffic to single-line service over its own merged rail lines than before the merger. Such a change, however, is not a reflection of additional market power or an attempt to obtain additional market power through foreclosure of an alternative interchange

¹² Carlton and Perloff at 415-417.

railroad.¹³ Such changes in routings do not demonstrate that shippers have been harmed. Nevertheless, CSXT has made extraordinary commitments (discussed below) to ensure the transaction does not result in any vertical competition issues.

III. DESCRIPTION OF NEW ENGLAND FREIGHT RAIL TRAFFIC

52. The proposed transaction involves the acquisition by CSXT of railroads (the PAR System) and an ownership interest in PAS; apart from the PAS western interconnections in eastern New York, these lines lay within New England. The Proposed Transaction would result in changes in the configuration of the New England rail network and, apart from limited possibilities for increased overhead traffic, any competitive effects would be felt by shippers or receivers in New England.

A. CHARACTERISTICS OF THE NEW ENGLAND ECONOMY

53. New England consists of six states: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut. New England is not a large area; collectively, New England is roughly the size of South Dakota. The distances from the main markets are not large; it is less than a 200-mile drive (by truck) from downtown Boston to the western end of the PAS system in Rotterdam Junction, New York.¹⁴

54. Southern New England is a relatively high income, densely populated region.¹⁵ (See Figure 1.) This population is centered around Boston, extending into southern New Hampshire and

¹³ While not an exercise of vertical market power, to the extent that vertical integration undoes the effect of external rate caps or non-profit-maximizing behavior by the acquired railroad (e.g., the PAR System), then shippers could be made worse off. This possibility does not apply in this instance.

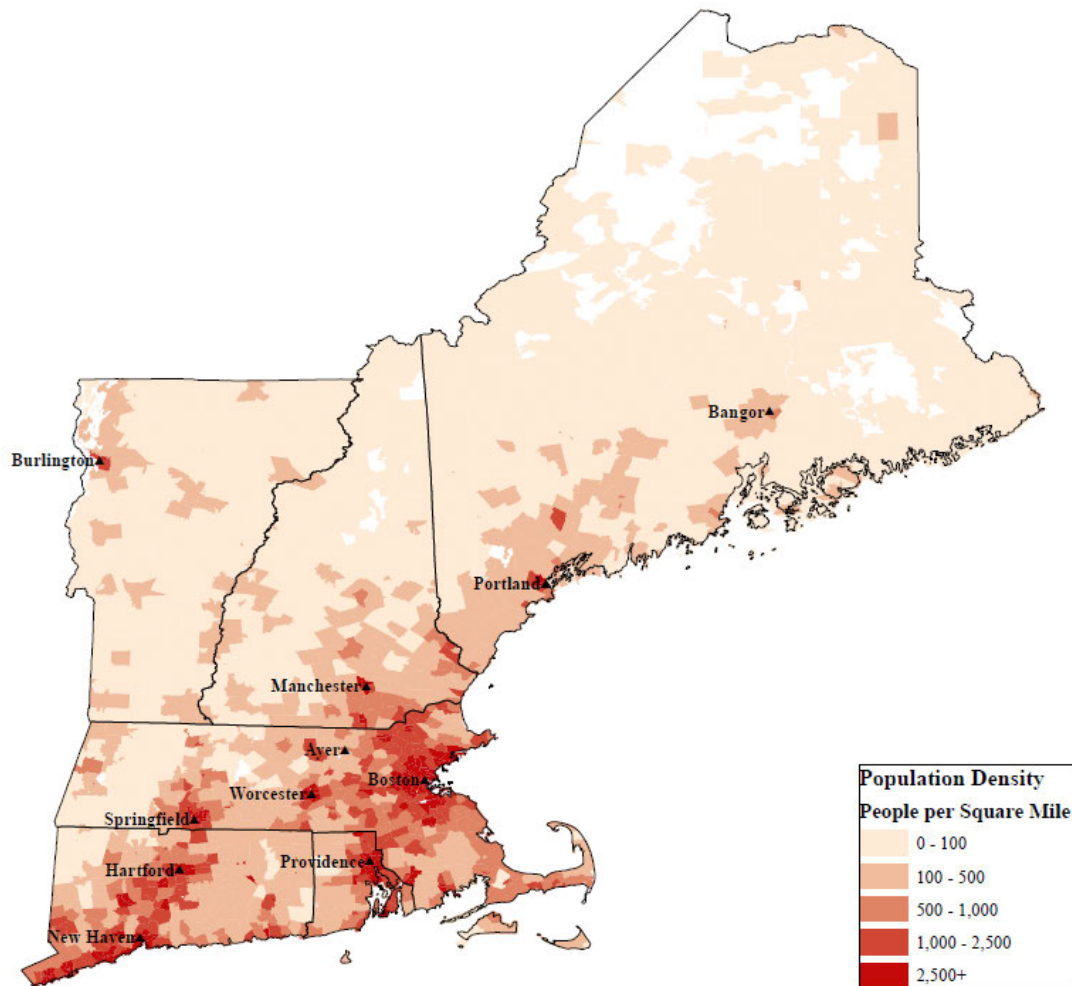
Similarly, if as a result of efficient traffic diversion other lines become non-economic other shippers (not served by the merged partners) may be worse off. Again, such a result would not be an exercise of market power but may reflect the economically efficient allocation of resources. This is not a reasonable possibility in this case.

¹⁴ See Google Maps, driving directions from Boston, MA to Rotterdam Junction, NY, showing the most direct route between Boston and Mechanicville is 193 miles.

¹⁵ United States Census Bureau, “Median Household Income: 2015-2019,” December 10, 2020, *available at*: <https://www.census.gov/library/visualizations/interactive/acs-median-household-income-2015-2019.html>; “Historical Population Density Data (1910-2020),” United States Census Bureau, April 26, 2021, *available at*: <https://www.census.gov/data/tables/time-series/dec/density-data-text.html>. See also, “U.S. Populations Density by County, 2017,” *available at*: https://www.vividmaps.com/wp-content/uploads/2018/08/US-density.jpg?_ga=2.86861201.828171289.1624668920-1734358430.1624668920.

up to Portland Maine, down to Providence, Rhode Island with additional population centers in Connecticut and Massachusetts along the Connecticut river (Hartford, CT and Springfield, MA) and into suburban New York City in southwestern Connecticut. Maine, away from the southern coastal area (i.e. Portland and south), is relatively unpopulated and represents half of the New England area.¹⁶

Figure 1
Population Density Map of New England



¹⁶ Maine ranks 40th in population density among the US states and has a population density less than that of Oklahoma. “Historical Population Density Data (1910-2020),” United States Census Bureau, April 26, 2021, available at: <https://www.census.gov/data/tables/time-series/dec/density-data-text.html>

Source: U.S. Census Bureau 2010 Estimates

55. New England was among the earliest areas in the U.S. to industrialize and among the earliest to de-industrialize. The region has moved to an economy that depends predominantly on education, healthcare, finance, biotech and other high technology industries.¹⁷ As such it is a significant net importer of a diverse range of consumer and construction goods to serve the populace. Although New England retains a significant forest products-based industry sector, much of the remaining low-value, heavy export products most likely to use rail are non-industrial, consumer related merchandise.

B. NEW ENGLAND TRANSPORTATION SHARES

56. For the transportation of most commodities in New England, rail represents a small share of the traffic moved. Table 1 below shows rail share of the transportation of different commodity groups in New England broken out by whether the traffic is from, to, or within New England. When measured by weight, the top five commodity groups moving out of New England based on data from 2017 are: foodstuffs (9,227 thousand tons) and containerized mixed freight (7,107 thousand tons), followed by waste and scrap (5,882 thousand tons), gasoline (4,912 thousand tons), and other energy products (4,344 thousand tons). Of the top five commodities, rail is a significant transportation mode for only waste and scrap (25%). For commodities moving out of New England, rail share is highest for: metallic ores (83%); nonmetallic minerals (61%); waste and scrap (25%); chemicals (23%); and bulk commodities like sand (14%) and gravel (17%).

57. The top five commodity groups (by weight) moving into New England based on data from 2017 are: energy products (22,064 thousand tons), foodstuffs (6,795 thousand tons), containerized mixed freight (4,651 thousand tons), metals (4,048 thousand tons), and plastics and rubber (3,833 thousand tons). Of these top commodity groups, rail's share of transportation is above ten percent only for foodstuffs (11%) and metals (20%). The inbound commodities for which rail has the highest share of transportation are coal (85%, though very small volumes of coal move into New

¹⁷ See, e.g., "Industries in New England," available at: <https://statisticalatlas.com/division/New-England/Industries>.

England); cereal grains (53%); waste and scrap (31%); transportation equipment (31%); non-metallic minerals (30%); and fertilizer (29%).

58. In general, rail becomes a more viable transportation option to trucks for commodities that are heavy, low-value, time insensitive and for longer distances. Consistent with this pattern, rail generally accounts for smaller shares of movements within the relatively small New England region than for movements into or out of New England.

Table 1
Rail Transportation Share by Commodity
Into and Out of New England

SCTG	Commodity Description	Out of New England			To New England			Within New England		
		Truck %	Rail %	Tons (K)	Truck %	Rail %	Tons (K)	Truck %	Rail %	Tons (K)
01	Live animals/fish	100%	0%	127	94%	0%	14	100%	0%	455
02	Cereal grains	90%	7%	94	45%	53%	424	92%	8%	573
03	Other ag prods.	98%	2%	1,357	93%	1%	2,228	99%	0%	5,907
04	Animal feed	80%	4%	663	75%	5%	1,488	98%	2%	3,418
05	Meat/seafood	91%	4%	562	96%	1%	1,750	99%	0%	1,341
06	Milled grain prods.	98%	2%	798	92%	1%	1,771	98%	1%	2,053
07	Other foodstuffs	97%	1%	9,227	79%	11%	6,795	99%	0%	16,985
08	Alcoholic beverages	95%	5%	673	84%	2%	1,224	99%	0%	4,415
09	Tobacco prods.	79%	0%	3	84%	0%	131	98%	0%	19
10	Building stone	100%	0%	92	98%	1%	206	99%	0%	629
11	Natural sands	77%	14%	757	82%	5%	517	98%	2%	16,771
12	Gravel	29%	17%	3,916	92%	5%	106	98%	1%	65,727
13	Nonmetallic minerals	27%	61%	2,213	67%	30%	1,854	83%	17%	7,807
14	Metallic ores	16%	83%	54	95%	1%	83	61%	39%	53
15	Coal	96%	4%	0	12%	85%	768	30%	70%	153
16	Crude petroleum	NA	NA	0	100%	0%	0	NA	NA	0
17	Gasoline	91%	1%	4,912	68%	2%	1,736	95%	3%	52,894
18	Fuel oils	93%	5%	1,551	22%	0%	3,427	98%	1%	48,031
19	Other energy	43%	0%	4,344	2%	0%	22,064	32%	0%	63,469
20	Basic chemicals	72%	23%	1,332	56%	12%	2,374	78%	4%	7,201
21	Pharmaceuticals	82%	1%	241	88%	0%	411	91%	0%	284
22	Fertilizers	98%	0%	243	49%	29%	240	96%	2%	1,343
23	Chemical prods.	94%	1%	1,393	88%	1%	1,607	98%	1%	1,391
24	Plastics/rubber	88%	2%	2,688	79%	4%	3,833	98%	0%	3,723
25	Logs	80%	11%	105	61%	1%	488	100%	0%	25,342
26	Wood prods.	85%	10%	2,336	68%	15%	2,529	93%	6%	9,334
27	Newsprint/paper	67%	20%	3,525	67%	13%	2,151	72%	8%	4,869
28	Paper articles	96%	2%	1,027	93%	1%	952	98%	0%	2,550
29	Printed prods.	89%	3%	774	74%	1%	489	96%	1%	876
30	Textiles/leather	58%	2%	975	71%	4%	1,121	82%	0%	721
31	Nonmetal min. prods.	82%	16%	3,127	71%	22%	3,561	99%	1%	41,016
32	Base metals	93%	3%	4,003	69%	20%	4,048	94%	5%	4,089
33	Articles-base metal	94%	2%	1,018	89%	2%	1,638	97%	1%	1,664
34	Machinery	85%	4%	657	89%	5%	1,602	92%	4%	1,407
35	Electronics	86%	1%	891	81%	1%	1,171	96%	0%	905
36	Motorized vehicles	81%	5%	1,243	75%	1%	1,643	96%	1%	2,048
37	Transport equip.	57%	18%	50	55%	31%	74	77%	1%	47
38	Precision instruments	75%	0%	291	79%	1%	281	88%	0%	208
39	Furniture	93%	3%	448	90%	3%	1,252	97%	1%	1,283
40	Misc. mfg. prods.	82%	1%	1,126	83%	1%	1,493	97%	0%	2,685
41	Waste/scrap	66%	25%	5,882	65%	31%	954	97%	3%	23,215
43	Mixed freight	97%	0%	7,107	93%	0%	4,651	98%	0%	12,838
	All Traffic	79%	9%	71,824	56%	7%	85,148	87%	2%	439,740

Source: Freight Analysis Framework (FAF5.0) for base year 2017

Notes:

1) Includes traffic originated or terminated in New England

2) Other modes of transportation include Pipeline, Multiple modes & mail, Water, Other and unknown, and Air (include truck-air)

C. CHARACTERISTICS OF NEW ENGLAND RAIL NETWORK

59. The New England rail system is among the oldest and most fragmented portions of the U.S. rail network. The rail network consists mostly of numerous short-line or regional railroads. (See Exhibit 1 to the CSX Application for a detailed map.) For many of the line segments, the rights to

serve traffic and operatorship are distinct from the ownership of the rail line. Significant mileage and/or segments of rail lines are owned by the New England states, as well as segments owned, and in some locations operated, by the National Railroad Passenger Corporation (“Amtrak”) or the Massachusetts Bay Transportation Authority (“MBTA”).¹⁸ (In general, freight railroads retain rights and obligations to serve freight traffic located on these lines owned or operated by passenger rail authorities.)

60. Consistent with the core of population and New England economic activity centered in southeastern New England, the primary rail freight connections between New England and the rest of the eastern U.S. rail network are through two rail lines running between upstate New York and eastern Massachusetts. One is the PAS line running between Mechanicville, New York and the Ayer, Massachusetts area. The other is the CSXT line between Selkirk, New York and Worcester, Massachusetts.¹⁹ Apart from a small CP line segment, CSXT had been the only Class I railroad operating in New England over its own mainline. CSXT’s line runs between from upstate New York and eastern Massachusetts.²⁰ NSR serves certain locations and interchange traffic through a haulage agreement with its 50%-owned PAS.²¹ Figure 2 is an overview of the New England rail network.

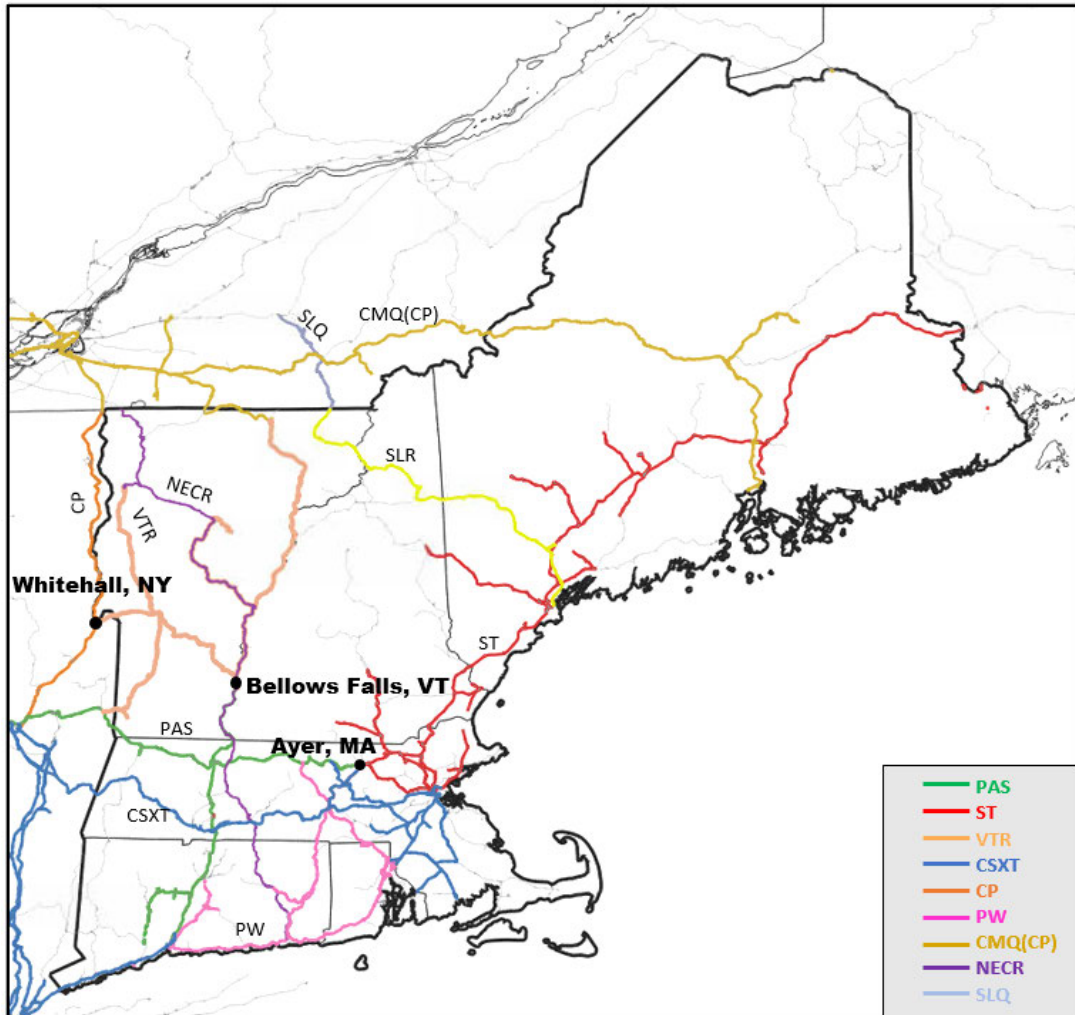
¹⁸ For state ownership of rail lines, see Maine Department of Transportation, “Maine State Rail Plan”, July 2014, at 2.8; Massachusetts Department of Transportation, “Massachusetts State Rail Plan”, May 2018, at 2-6; New Hampshire Department of Transportation, “New Hampshire State Rail Plan”, 2012, at 30-33; Connecticut Department of Transportation, “Connecticut State Rail Plan”, 2012, at 8; Vermont Department of Transportation, “Vermont State Rail Plan,” October 2015, at I-III; New York Department of Transportation, “New York State Rail Plan”, 2009, at 66 and 68.

¹⁹ The eastern ends of the lines are more specifically CPF 312 (PAS) and Barbers Station (CSXT), respectively. CSXT also retains rights to serve freight into the greater Boston area over lines mostly owned and operated by MBTA and/or Amtrak.

²⁰ Canadian Pacific has a line that connects with Vermont Rail System in Vermont near the Canadian border.

²¹ See *Norfolk S. Ry.—Joint Control & Operating/Pooling Agreements—Pan Am S. LLC*, FD 35147 et al., slip op. at 7 (STB served Mar. 10, 2009). CP and CN also serve New England shippers through interconnection or haulage agreements with other New England rail carriers.

Figure 2
Schematic of New England Rail Network



Source: North American Rail Lines, National Transportation Atlas Database (NTAD), Bureau of Transportation Statistics

Note: Simplified version that omits certain lines and carriers. Does not distinguish ownership and lines or locations with joint operations or commercial access.

61. Other freight rail routes connect New England and Canada through Vermont, New Hampshire, and Maine.

- The GWI-owned New England Central Railroad (“NECR”) connects with Canadian National Railway Company (“CN”) in northern Vermont. The NECR line extends south through Vermont, Massachusetts, and into southern Connecticut where it connects with other GWI-owned railroads.

- VTR connects directly to Canadian Pacific Company (“CP”) across the New York border at Whitehall and with CP in northern Vermont. VTR also has connections at White River Junction and Bellows Falls in Vermont with NECR and PAS, which operates via trackage rights on the NECR line between White River Junction and the Massachusetts border. VTR also connects to NECR in Burlington and Montpelier Junction in Vermont and to PAS at Hoosick Junction in New York.
- CN also connects with the GWI-owned St. Lawrence & Atlantic Railroad (Québec) (“SLQ”) in Québec. The SLQ connects to the St. Lawrence & Atlantic Railroad (“SLR”) in the United States and connects with the PAR System at Danville Junction, Maine.
- CP acquired the Central Maine & Québec Railway U.S., Inc. (“CMQ”) in 2020 and now provides single-line service into northern New England between the Montréal area and Northern Maine Junction where it connects to the PAR System.²²
- A rail line from Saint John, New Brunswick also connects with the PAR System at Mattawamkeag in northern Maine.

D. NEW ENGLAND RAIL FREIGHT TRAFFIC

62. In 2019, a total of [REDACTED] carloads and [REDACTED] intermodal units of rail traffic terminated in the six New England states. Table 2 shows the top commodities that terminate by rail in New England. Consistent with New England as a service-based, consumer economy, the top commodities are containerized intermodal mixed goods, followed by automobile. Other top commodity groups include building products (lumber, cement, and sand and gravel) and other consumption-oriented commodities such as rock salt, frequently used for winter de-icing, and liquified petroleum products (i.e., propane) which is a common heating fuel in more rural portions of New England. Only limestone slurry, which is used in paper-making, represents an industrial use commodity among the top ten.

²² STB Docket No. FD 36368, Soo Line Corporation—Control—Central Maine & Québec Railway US Inc., Decision, May 4, 2020.

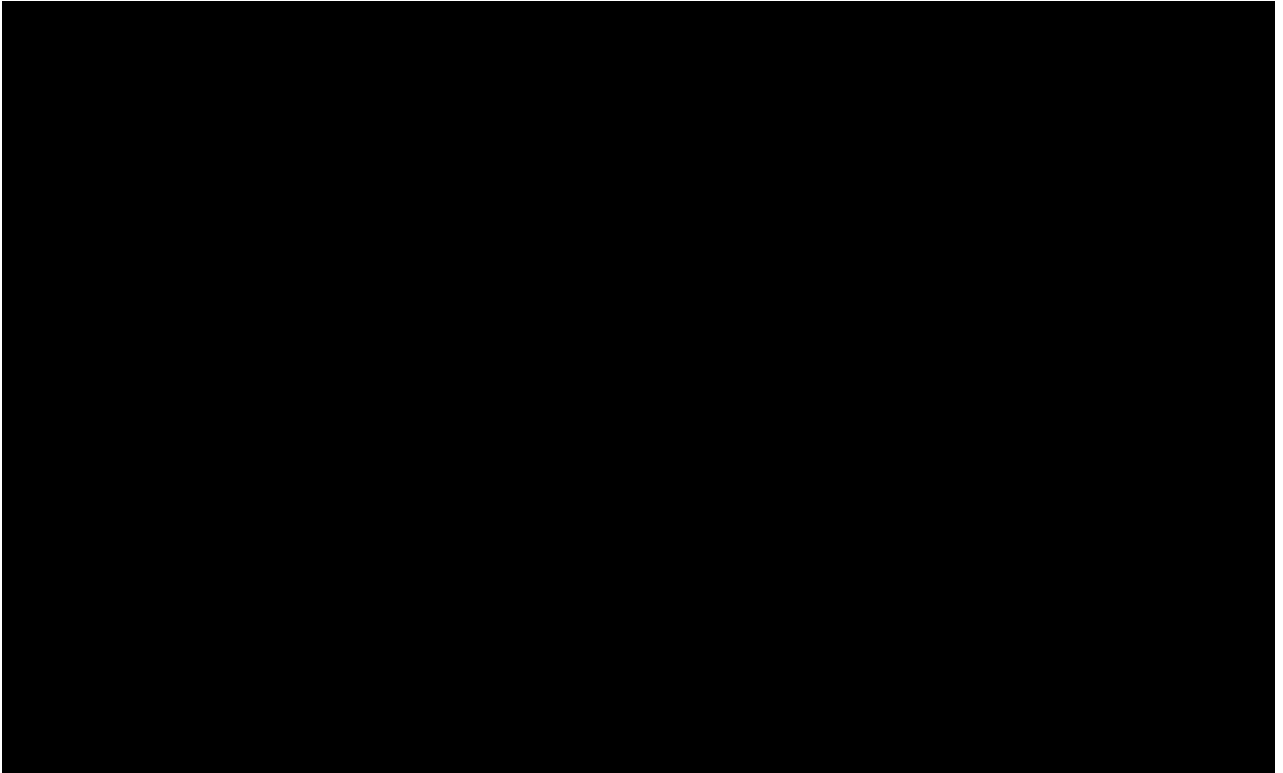
Table 2
Rail Traffic Terminating in New England,
Major Commodity Groups, 2019



63. Rail originations in New England are roughly two-thirds of rail terminations. In 2019, a total of [REDACTED] carloads of rail traffic originated in New England along with [REDACTED] intermodal units. (See Table 3.) The non-intermodal rail carloads originating in New England are barely over half of those terminating in New England. The rail intermodal units originating in New England are roughly [REDACTED] of those terminating. Given that imbalance, New England “exports” by rail roughly [REDACTED] empty containers; thus the originating loaded intermodal units moved by rail are less than [REDACTED] of those terminating.

Table 3
Rail Traffic Originating in New England
Major Commodity Groups, 2019





64. The major products originating by rail in New England are substantially different than those terminating. Major originating products include the detritus of a consumer economy (i.e., construction waste and debris, scrap metal) as well as [REDACTED] containers returned empty. The top rail commodities originating from New England also include forest products (e.g. paper, wood chips) and stone-based commodities produced in New England and moved by rail.

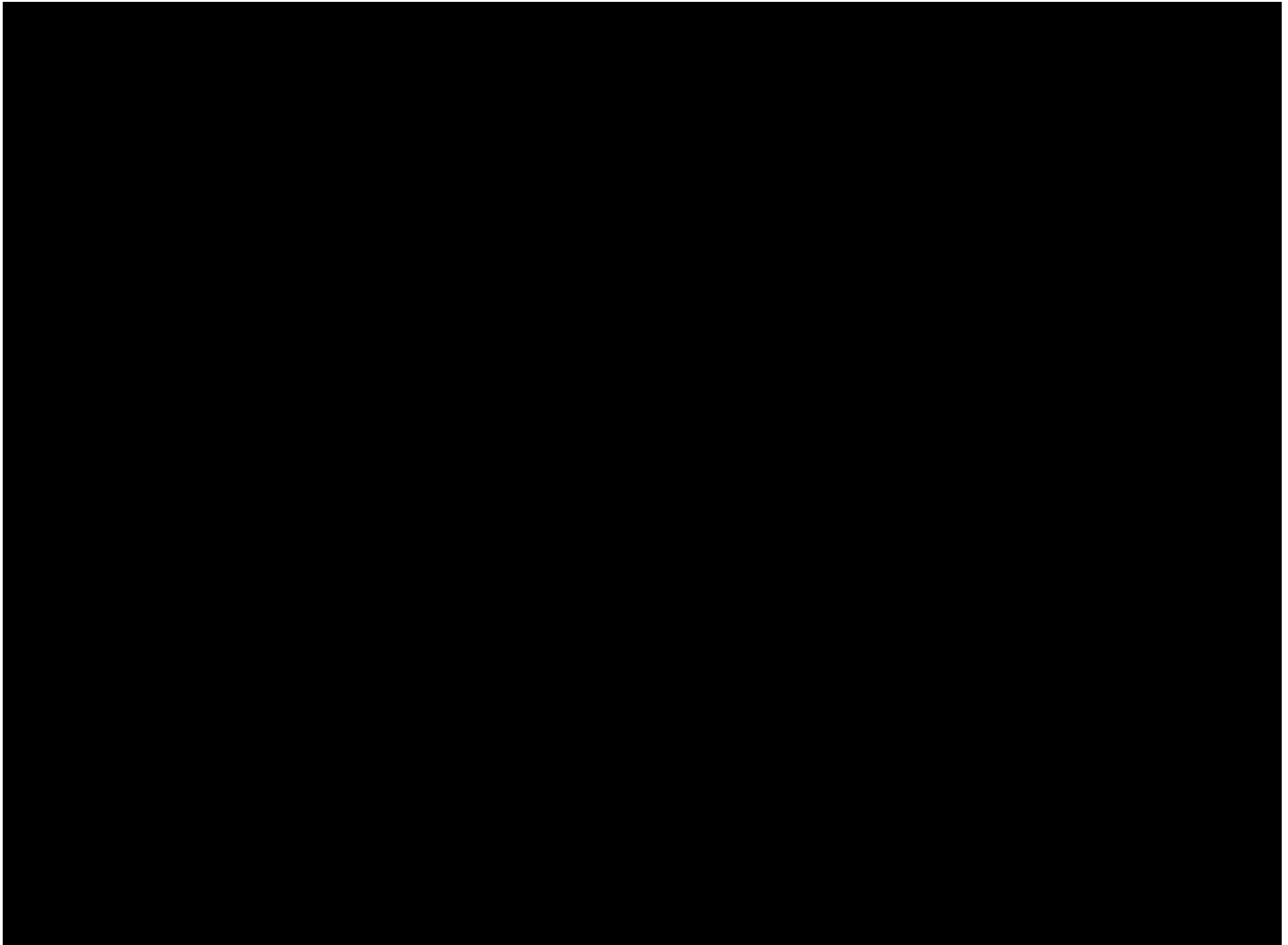
65. Table 4 below splits rail traffic into, out of, and local to New England. After adjusting for traffic that moves within New England, there is nearly 80% more rail traffic moving into New England than moving out of New England. The table highlights the difference in rail traffic moving to and from New England with no overlap for many commodities. The within New England moves are made up primarily of products that are heavy and commonly used close to where they are produced (e.g., sand and gravel, ballast rock) or are commodities produced in New England and used in industrial or other production activities (e.g., limestone slurry and wood chips in papermaking, printing paper for printing).

Table 4
Rail Traffic Into, Out of, and Local to New England
Major Commodity Groups, 2019

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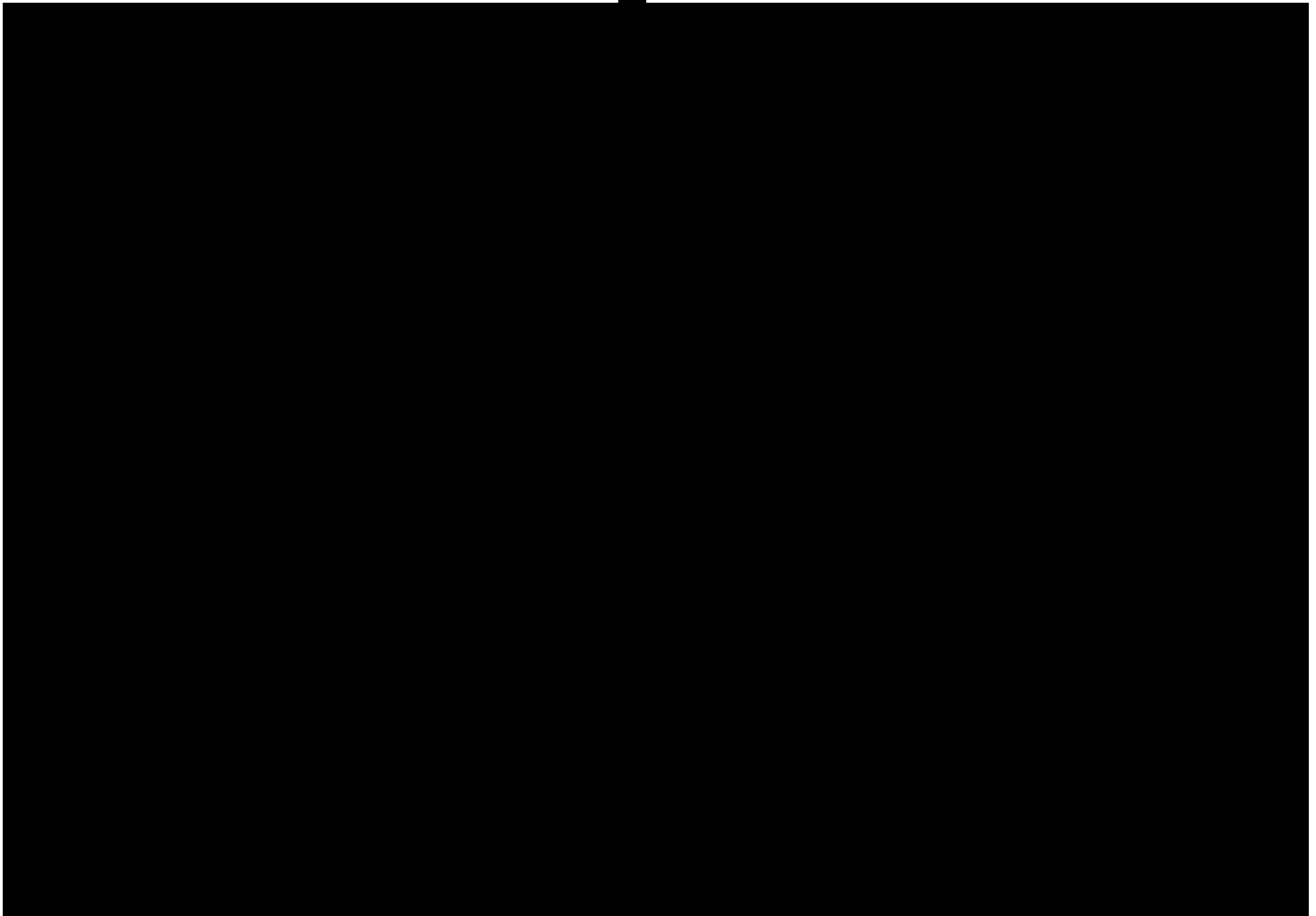
66. To provide further detail on the flows of traffic into and out of New England, I analyzed the rail volumes moving to and from New England by carrier and route. Figure 3 shows the results of this analysis for traffic leaving New England.

Figure 3
Flows over Gateways Out of New England, Carloads (excl. Autos, Intermodal), 2019



67. Figure 3 illustrates two important points: there are multiple options for moving traffic out of New England by rail, and most traffic leaving New England moves to other parts of the United States rather than Canada. Figure 4 presents the same analysis for traffic traveling into New England, with similar results.

Figure 4
Flows over Gateways Into New England, Carloads (excl. Autos, Intermodal), 2019



68. Figure 3 and Figure 4 exclude intermodal and auto traffic, and I conducted the same analysis for intermodal and auto traffic. Figure 5 shows the results of this analysis for intermodal traffic moving out of New England.

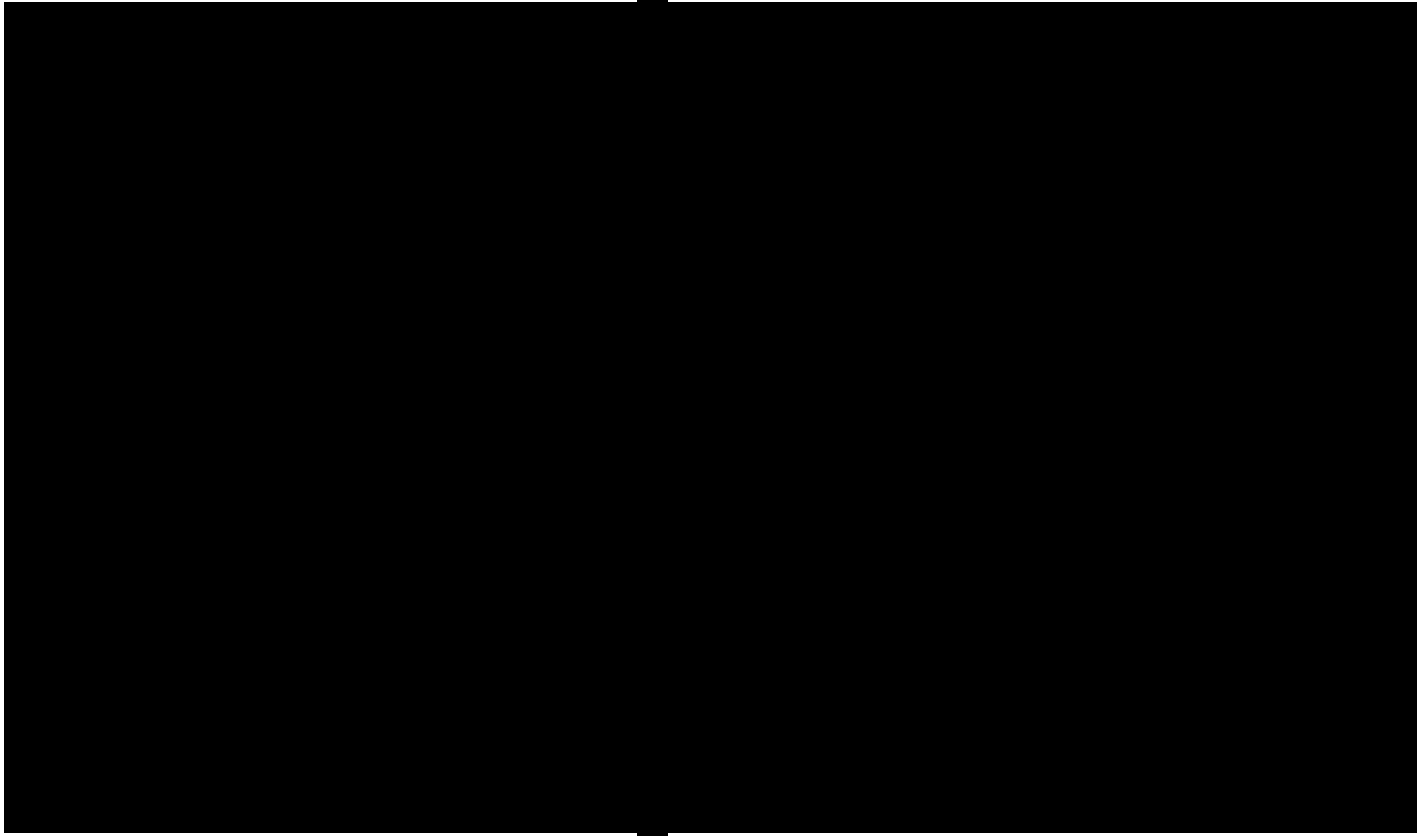
Figure 5
Flows of Intermodal Traffic Over Gateways Out of New England, 2019



69. The most significant finding shown in Figure 5 is that intermodal traffic leaving New England is handled [REDACTED] by CSXT and NS. The Proposed Transaction will not directly result in new routing options for intermodal traffic leaving New England.²³ Figure 6 shows results of this analysis for flows of intermodal traffic into New England. Again, intermodal traffic is handled [REDACTED]

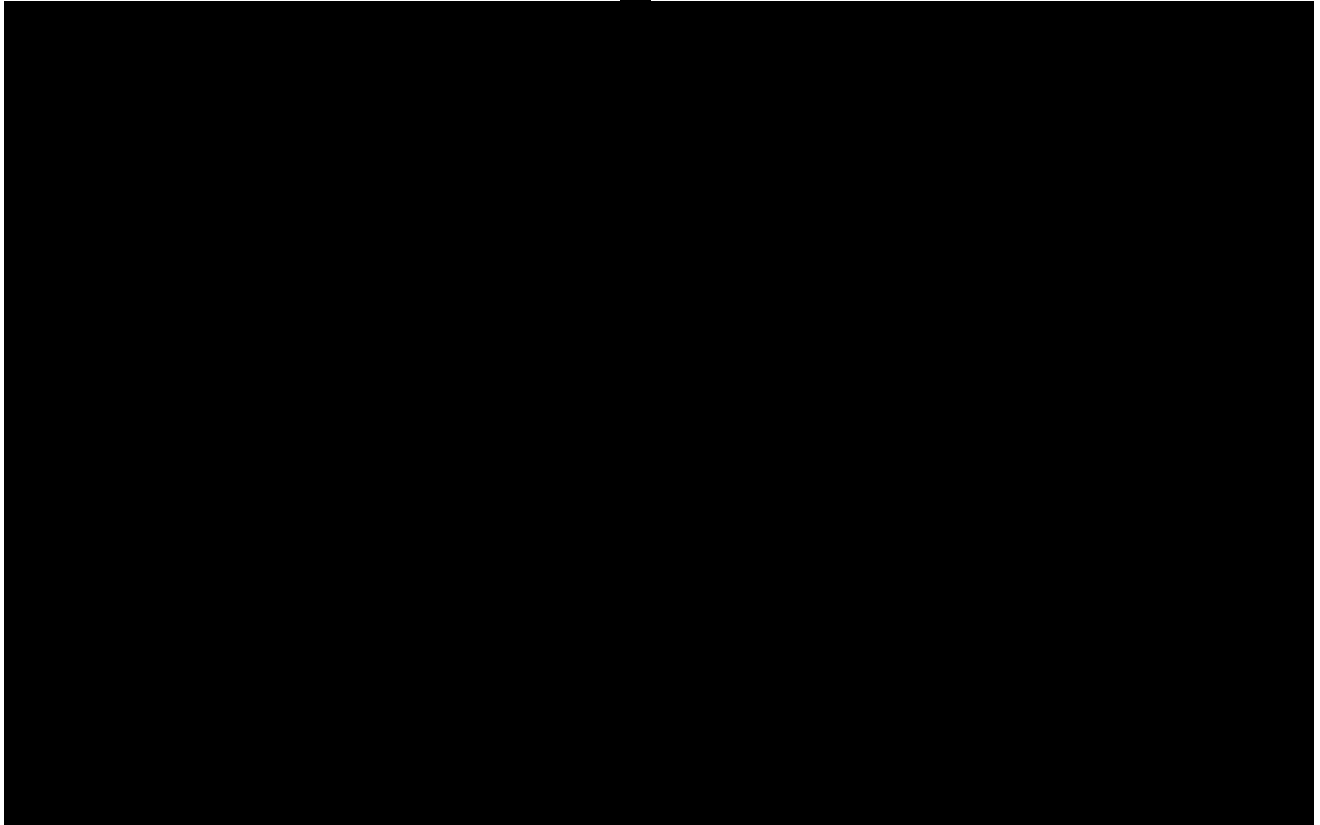
²³ It is possible that B&E or another carrier could develop additional intermodal offerings after the transaction.

Figure 6
Flows of Intermodal Traffic Over Gateways Into New England, 2019



70. The results for auto traffic mirror the results for intermodal traffic. Figure 7 shows flows of Autos leaving New England. With respect to intermodal and auto movements specifically, it is clear that rail transportation options for intermodal and auto traffic will not change as a result of the Proposed Transaction. Further, intermodal and auto traffic are designed to be truck-competitive. And finally, NS will receive additional rights to serve intermodal and rail traffic more efficiently as a result of the Proposed Transaction. These factors in combination show that there is not competitive issue raised by the Proposed Transaction with respect to intermodal and auto traffic except to make NS a more efficient competitor.

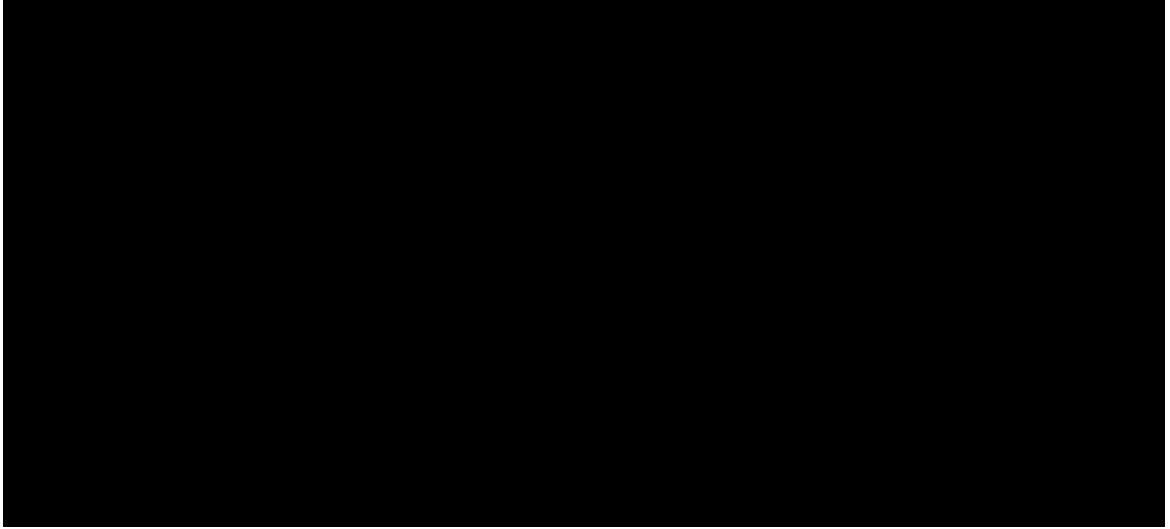
Figure 7
Flows of Auto Traffic Over Gateways Into New England, 2019



71. The traffic flows shown in these maps are consistent with the pattern of origins and destinations of New England rail traffic. Table 5 and Table 6 below show the origin region for traffic moving to New England, and the destination region for traffic moving out of New England. These tables demonstrate that a majority of traffic bound for New England is coming from the rest of the United States, which, as shown above, largely enters the New England region through the western parts of Massachusetts and Vermont. The other primary source of New England destined traffic is Eastern Canada, which enters through Vermont, New Hampshire, and Maine. Traffic originating in and moving out of New England is primarily bound for the Mid-Atlantic and Midwestern states. As shown above, this traffic largely exits New England through Western Massachusetts. This traffic will continue to benefit from multiple independent rail routings.

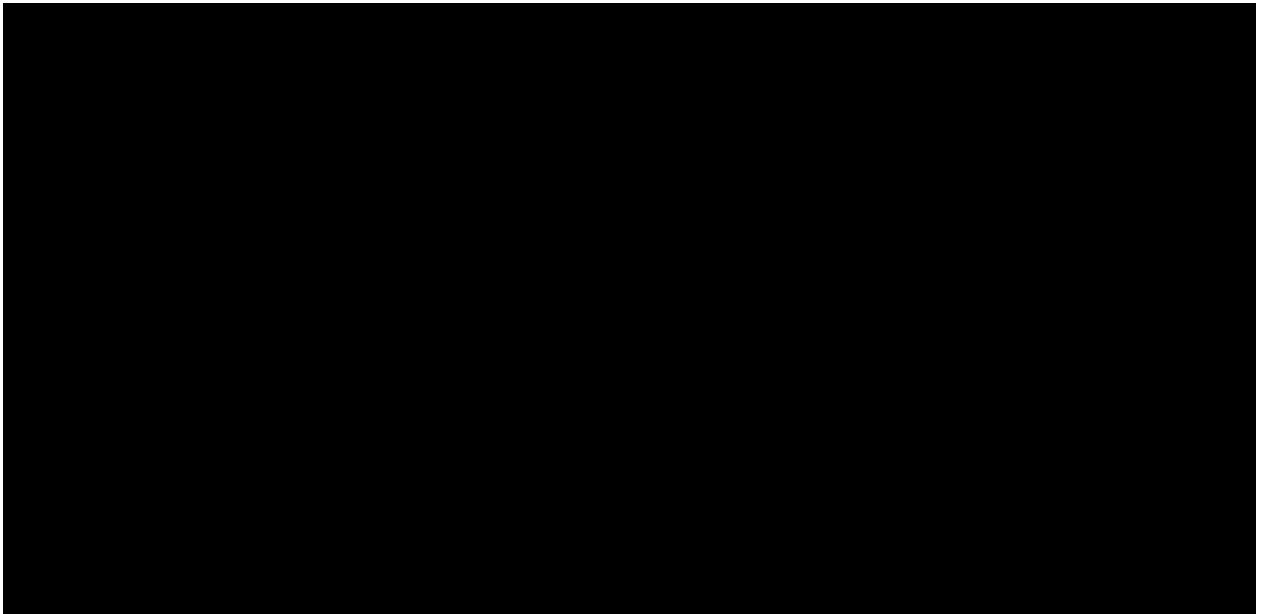
Table 5
Origin Region of Rail Traffic Moving To New England

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E. NEW ENGLAND RAIL TRAFFIC SHARES

72. Table 7 shows the carloads by railroad for New England originations and terminations. Not surprisingly, as the only Class I railroad operating in New England at the time, CSXT accounts for the largest volume of rail traffic. Combining the CSXT and PAR System originations and terminations would raise the CSXT share of New England rail originations from [REDACTED] and the share of New England rail terminations from [REDACTED]. These figures, however, are meaningless for understanding the competitive effects of the Proposed Transaction.

Table 7
Rail Freight Originations and Terminations in New England by Railroad,
Carloads/Units, 2019

[REDACTED]

73. First, in most cases rail transportation services is not a market in an economic sense. Rail transportation competes against other modes for transportation of goods. As shown above, rail is responsible for only a small portion of the total transportation of goods entering and leaving New England. Table 8 shows the tons by railroad for traffic entering and leaving New England.²⁴ Rail's share of the total is 7% of tons moving into New England and 9% of tons moving out of New England. A combined CSXT/PAR System share would be account for only [REDACTED] of the transportation of goods into and out of New England, respectively.²⁵ The effect of combining CSXT and PAR would increase CSXT's share of tons originating and terminating in New England by [REDACTED], respectively.

Table 8
Rail Freight Moving Into and Out of New England by Railroad, Tons, 2019

[REDACTED]

²⁴ Table 6 shows rail volumes in tons without local New England traffic, to be comparable to the all transportation volumes which only includes goods into and out of New England.

²⁵ The FAF data also includes shipments by "Multi Mode & Mail". Some of the traffic included in the calculation of the shares by railroad will be intermodal shipments whose entire movement is multi-modal. If the entirety of the "Multi Mode & Mail" category in the FAF data is used as an absolute upper bound, a combined CSXT/PAR System share would account for only [REDACTED] and [REDACTED] of the transportation of goods into and out of New England, respectively.

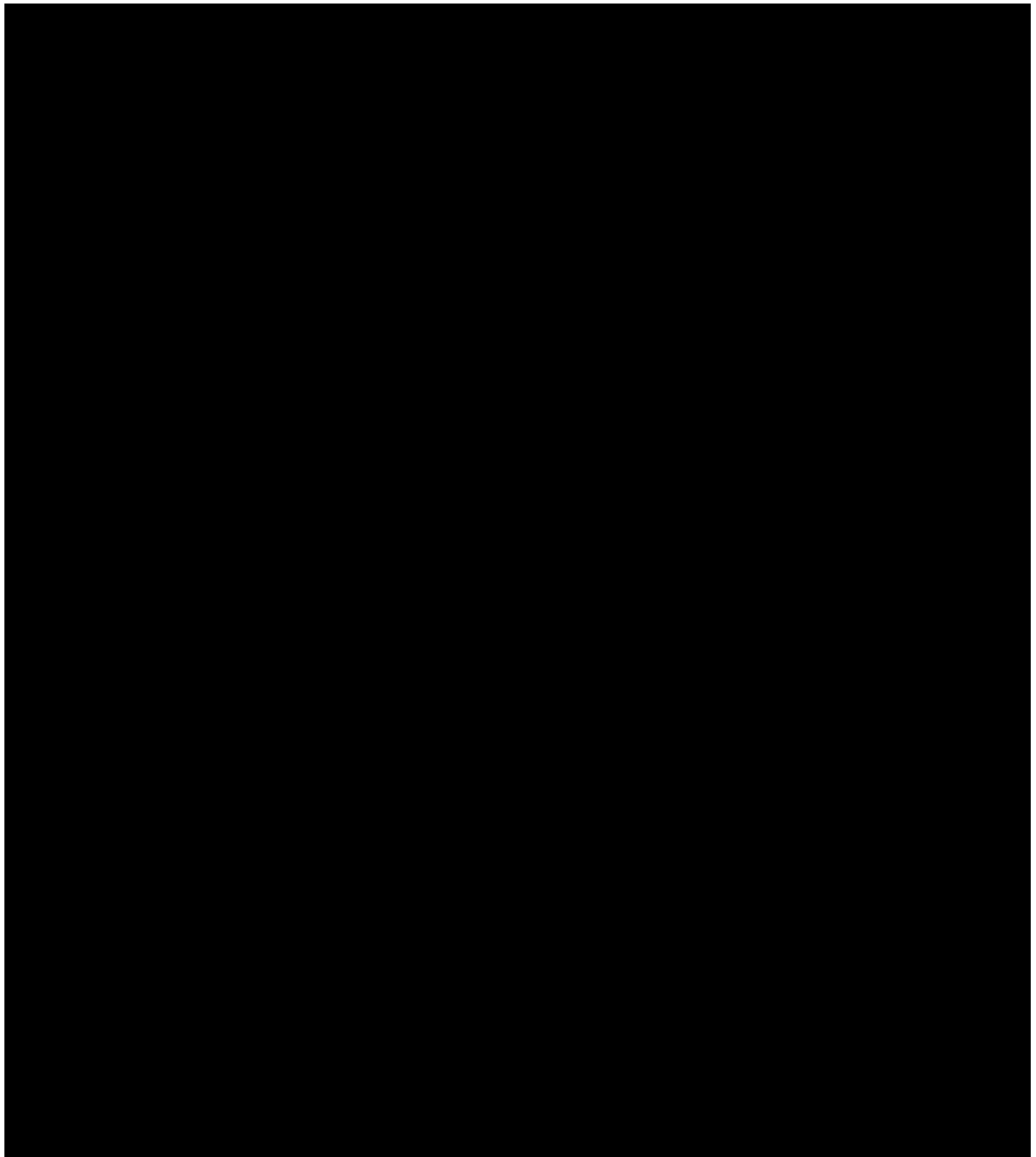


74. Second, in most cases, “New England” does not represent a meaningful geographic definition for analyzing the potential effects of a merger. For example, two railroads could each terminate half of some rail-dependent commodity in New England. But if one railroad only served Maine while the other Rhode Island, the combination of the two railroads may generate no change in the options available to shippers and create no additional market power.

75. Third, the geographic scope of the market and the potential competitive alternatives differ by commodity. Table 9 displays origination and termination shares of major commodities for CSXT and PAR System to and from New England. Two things are clear from the table: CSXT and PAR shares differ by commodity and when considering all modes of transportation, CSXT and PAR shares of transportation of the commodities are small.

Table 9
CSXT and PAR System Share of Origins and Destinations in New England by Railroad, 2019





76. The “New England rail market” does not represent a coherent market for analyzing competition or the effects of the Proposed Transaction. An economically sound analysis of the potential competitive effects requires a more detailed analysis of the locations, traffic, and competitive conditions. I provide such an analysis below.

IV. DESCRIPTION OF CSXT AND SYSTEMS AND THE PROPOSED TRANSACTION

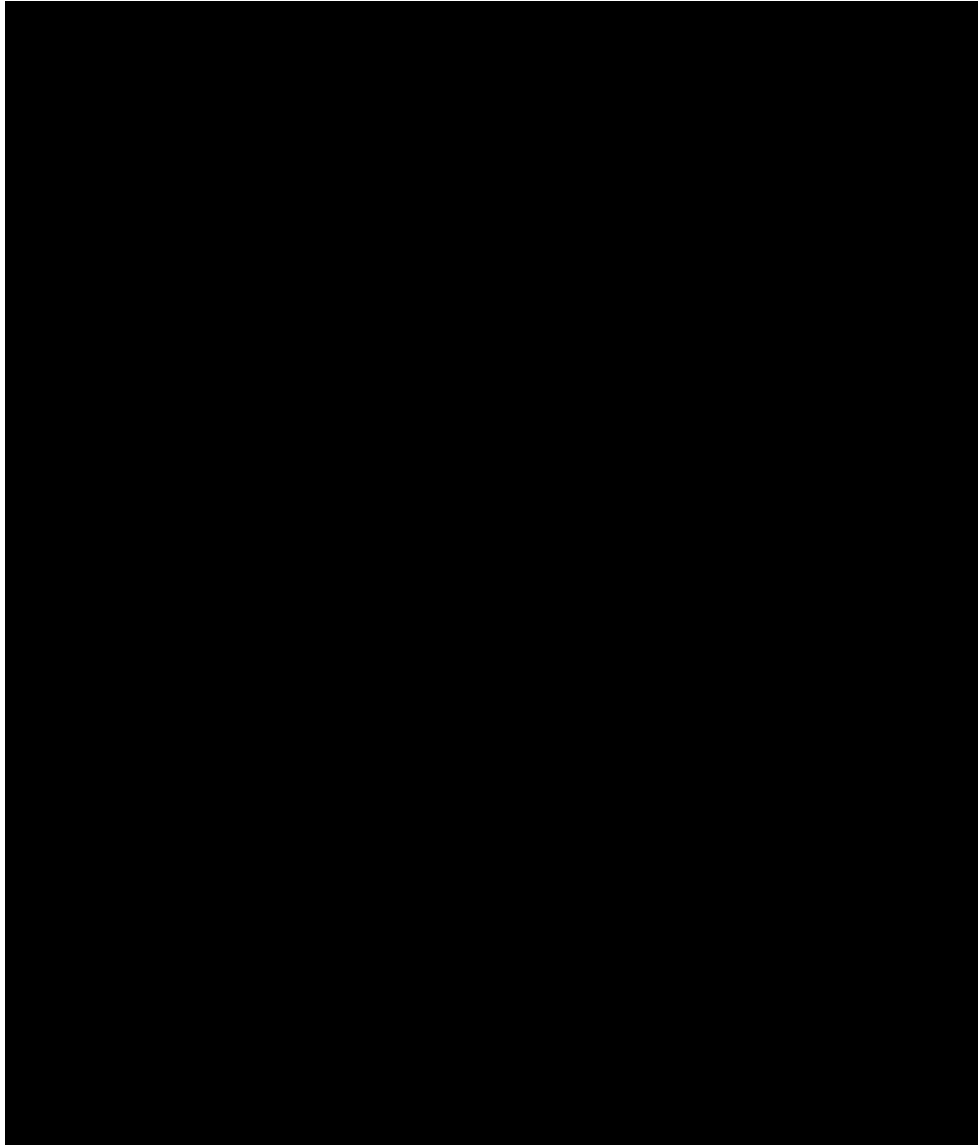
A. CSXT

77. CSXT is a Class I railway with operations in 23 states across the eastern U.S., including Massachusetts and Connecticut, and into Canada. CSXT's mainline into New England runs between Selkirk, New York and Springfield and Worcester in Massachusetts. The CSXT mainline connects with the PAR System near Worcester with an interchange at Barbers Station. The mainline continues east from Worcester serving freight shippers in the greater Boston and southeastern Massachusetts area over a variety of lines, many owned by the MBTA. (See Exhibit 1 to the CSX Application.)

78. CSXT's access to New England shippers occurs primarily through its own mainline which connects with several New England railroads including with the PAR System near Worcester, Massachusetts to reach New Hampshire and Maine. CSXT, however, also serves New England shippers by interlining with PAS at Rotterdam Junction, New York and thereby reaching PAS-served shippers and other shippers located on rail lines that interconnect with PAS including some traffic that further interlines with the PAR System.

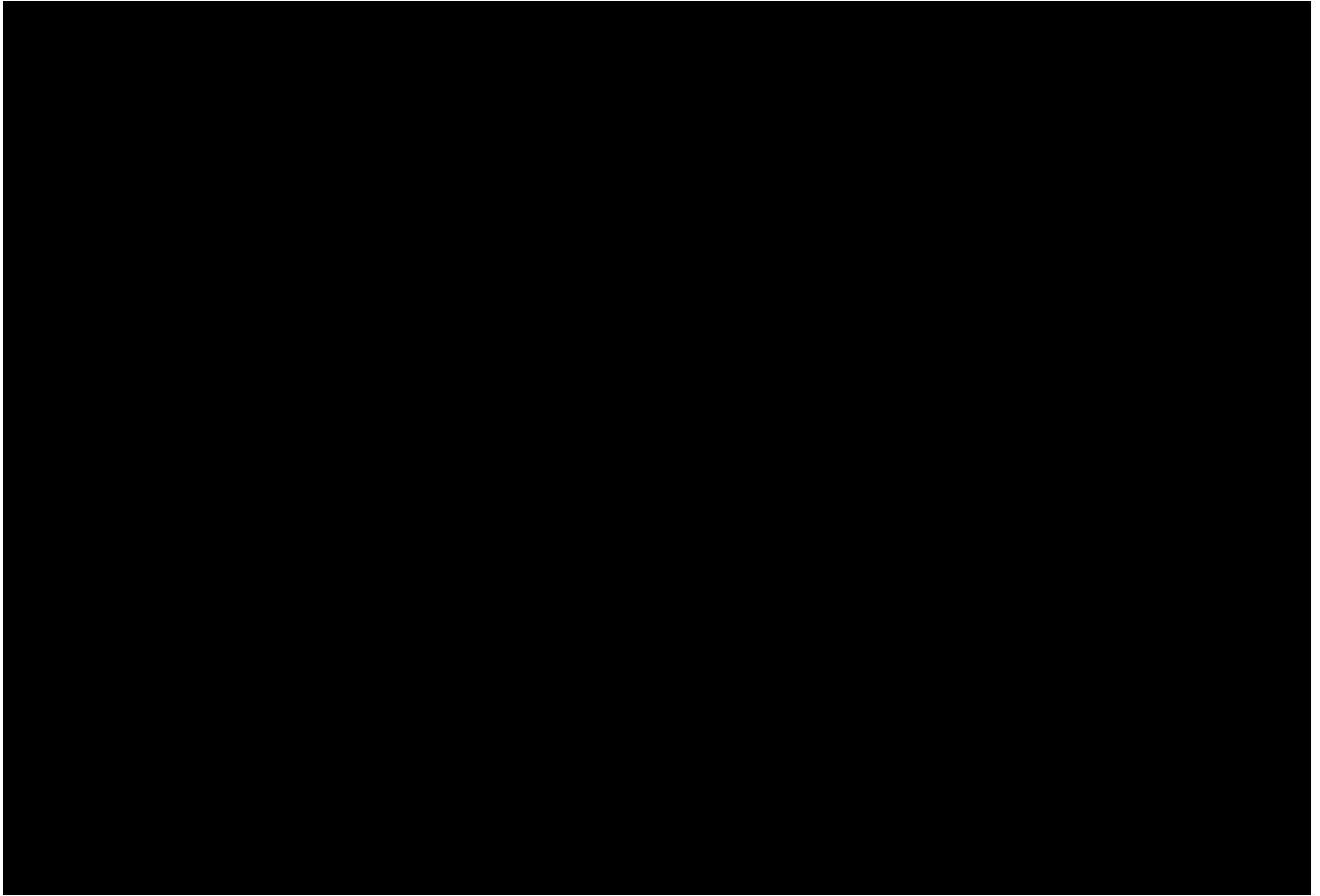
79. CSXT also has certain rights over the Amtrak line between New Haven, Connecticut and Springfield, Massachusetts. Connecticut Southern Railroad ("CSO"), a GWI railroad, has rights to operate over the Springfield-New Haven line. Although CSXT does not directly serve any shippers on that line, it has rights to interconnect at Hartford, Connecticut to the Central New England Railroad ("CNZR"), and at New Haven to southern Connecticut shippers. CSXT exercises these rights through a haulage arrangement with CSO. Table 10 shows all of the CSXT interchange points in New England.

Table 10
CSXT New England Interchanges, 2019



80. Table 11 shows commodities moving on CSXT in New England, broken down by originations and terminations. The largest commodity groups moving in New England on CSXT are intermodal mixed freight, autos, empty containers, and construction debris.

Table 11
CSXT New England Traffic, Major Commodity Groups, 2019



81. All of these commodities face significant competition. Intermodal mixed freight and construction debris can easily move by truck. As seen in Table 1, trucks move significant amounts of waste and scrap and mixed freight both to and from New England. Autos can be rerouted to alternative ramps, and the remaining commodity groups generally can be sourced or delivered to many different locations and therefore face significant geographic competition.

B. PAN AM SYSTEM

82. Systems, through Boston & Maine, owns a 50% interest in PAS, which is jointly owned with NSR. The PAR System lines are located in eastern Massachusetts, New Hampshire, and Maine. The PAS mainline, named the 'Patriot Corridor', runs between upstate New York and a point just east of Ayer, Massachusetts where it connects with the PAR System. PAS also uses a

north-south route running between Vermont and Connecticut, partly over GWI-owned lines, which connects with its mainline at East Deerfield, Massachusetts and connects with other PAS lines in Connecticut. This is referred to as the Knowledge Corridor. Springfield Terminal, a PAR Railroad, operates the PAR System as lessee of lines owned by the PAR Railroads. Springfield Terminal also operates PAS, but on a contract basis. The traffic and revenue for the PAR System and PAS are accounted for separately by Springfield Terminal.

1. PAR System

83. The PAR System consists of approximately 808 route miles of rail lines in Maine, New Hampshire and eastern Massachusetts.²⁶ The PAR System interchanges with the two southern New England freight mainlines west of Boston: CSXT at Barbers Station and PAS at Ayer. As can be seen in Attachment 1 to the CSX Application, track owned by the PAR Railroads that connects with CSXT is noncontiguous with other parts of the PAR System, with the small rail segment between Harvard, Massachusetts and CPF 312 (the “Island Line”) owned by PAS. The PAR System operates over that Island Line using trackage rights on PAS.²⁷ The PAR System also has switching rights over PAS to serve industrial customers in Ayer but *only* for traffic from the north and east, not for traffic from its southern line segment that connects with CSXT.²⁸

84. In Massachusetts, the PAR System provides freight service over certain lines and to shippers in the greater Boston area. The PAR System runs between eastern Massachusetts and Mattawamkeag, Maine toward the Canadian border. At this point it connects to the Irving-owned New Brunswick & Maine Railways (“NBM”),²⁹ a set of three connected short-lines serving northern Maine and running to St. John, New Brunswick, where it connects to the CP and CN mainlines. The PAR System has haulage rights over the NBM, so the PAR System provides an economically independent service between New Brunswick and eastern Massachusetts that connects with the southern New England U.S. mainlines (CSXT and PAS). The PAR System also

²⁶ CSX Application at 36. The PAR System also has a small noncontiguous rail line segment in Vermont, between St. Johnsbury and Gilman, that is dormant.

²⁷ Springfield Terminal Joint Use Agreement, April 9, 2009.

²⁸ Springfield Terminal Joint Use Agreement, April 9, 2009.

²⁹ NBM Railways consists of New Brunswick Southern Railway (“NBSR”), Eastern Maine Railway (“EMRY”) and Maine Northern Railway (“MNR”).

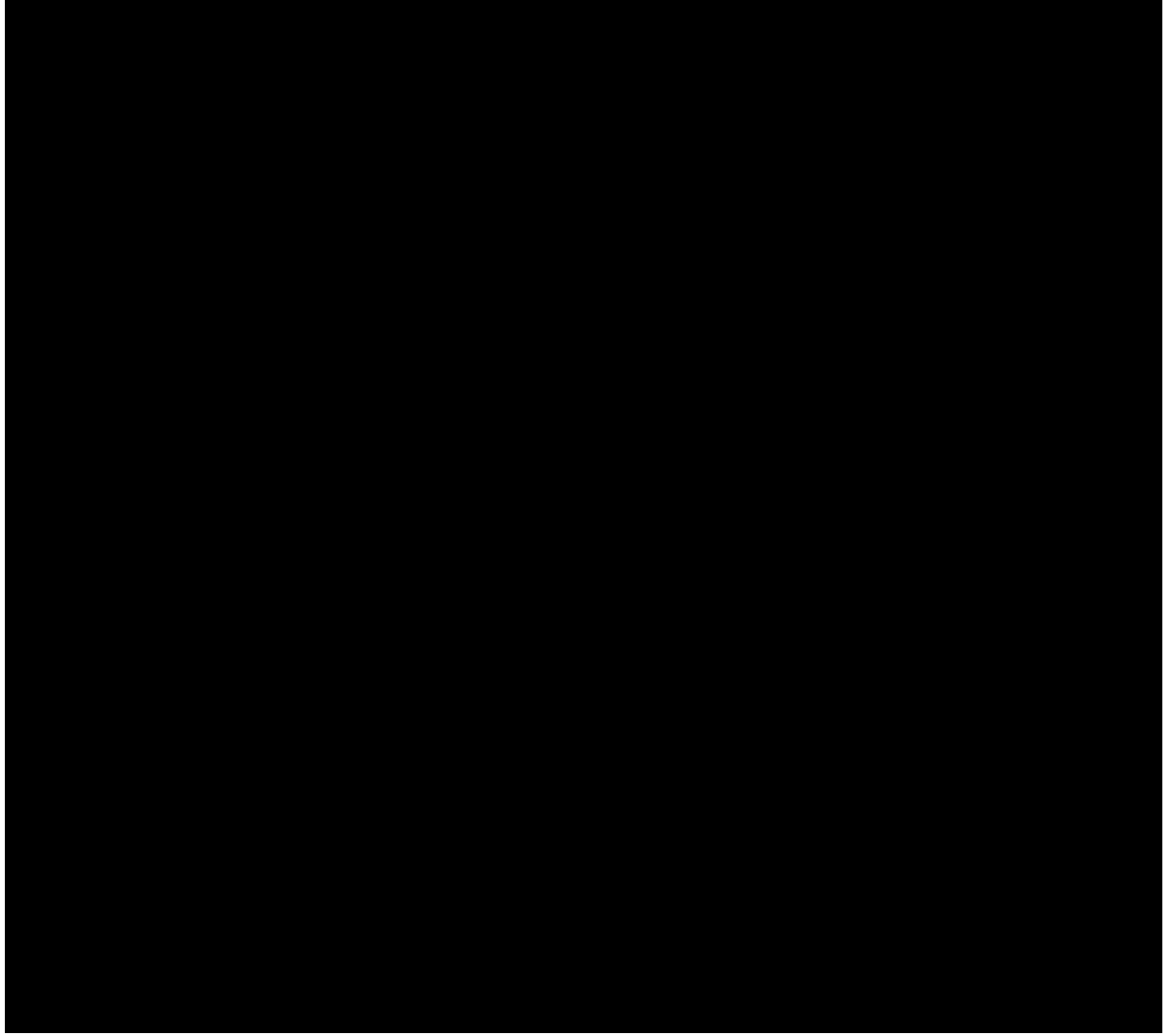
interconnects with CP (on the recently acquired CMQ line) at Brownsville Junction and Northern Maine Junction.

85. The PAR System is predominantly a heavy freight railroad for traffic originating or terminating in New England, moving over [REDACTED] carloads in 2019.³⁰ Table 12 shows the top commodities moved on the PAR System in 2019, broken down by originations, terminations, and local traffic. As seen in the table, the PAR System serves shippers in a variety of industries, but given its location in northern New England, the largest commodity groups are forest products, which include printing paper; woodpulp, pulpboard, and lumber; water; limestone; and sand and gravel.

Table 12
PAR System Traffic, Major Commodity Groups, 2019



³⁰ The PAR System also carried over [REDACTED] intermodal units in 2019.



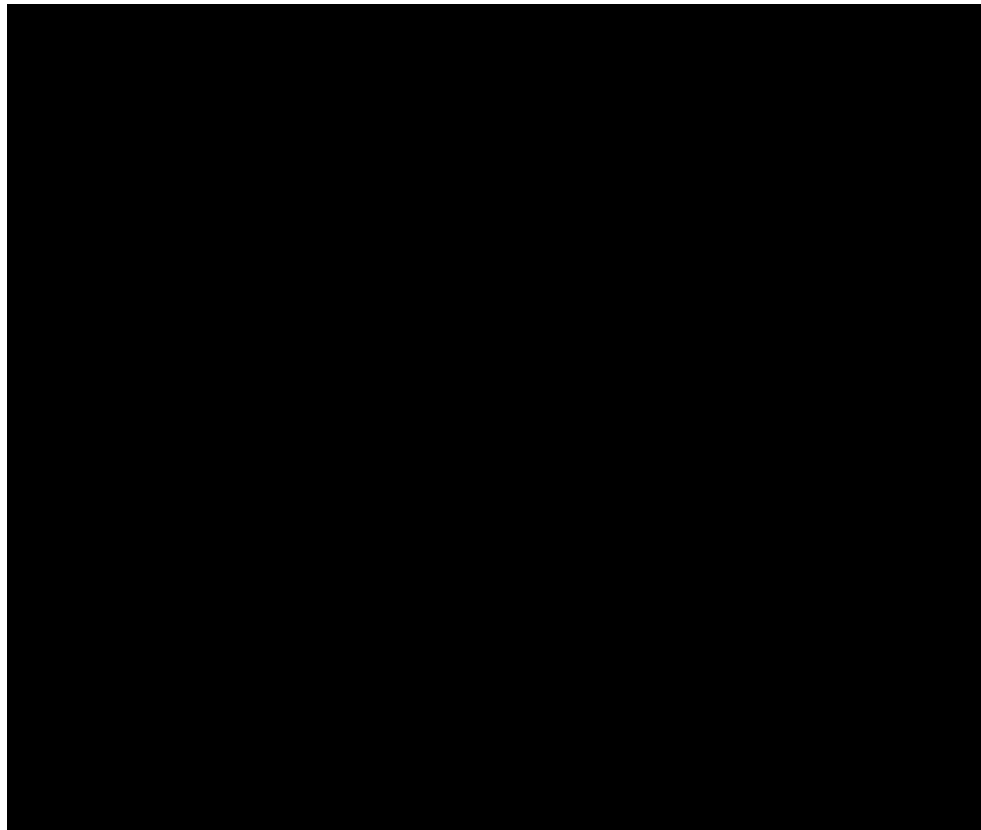
86. Table 13 shows interchanges for PAR carload traffic:³¹ the major interchanges for the PAR System are the two southern New England mainlines: PAS at Ayer and CSXT at Barbers Station. Much less significant are the two connections that ultimately reach the Canadian Class I railroads, CN via the SLR at Danville Junction and CP through the CMQ at Northern Maine Junction.³² Of

³¹ The table has been adjusted for Rule 11 traffic based on information provided by PAR. As is common in New England, much of the traffic moves under Rule 11 so traffic that actually interchanges shows in the data as originating or terminating on the railroad at the interchange location.

³² CP's acquisition of CMQ was approved in 2020, so I have not distinguished the 2019 interchange traffic at Northern Maine Jct. between CMQ and CP.

these two, the interchange at Danville Junction handles more traffic due, in part, to its interconnection with the larger CN network and shorter route between the more heavily populated and industrial portions of Canada and New England than that of CP at Northern Maine Junction. Most of the remaining interchange traffic serves local Maine and New Hampshire short-lines.³³ Although not technically interchange traffic, PAR moves traffic to and from shippers on the NBM railroad under the haulage arrangement that it maintains with its connecting carriers.

Table 13
PAR 2019 Interchange Traffic ¹



³³ Due to the haulage agreement, most traffic originating or terminating on the NBM is not reported as interchange traffic but has been identified in the table.

2. PAS

87. PAS was created in 2009, with STB approval, as a company jointly owned by Boston & Maine (one of the PAR Railroads) and NSR, each with a 50 percent share. Boston & Maine contributed its line between Mechanicville and Ayer – the “Patriot Corridor” – along with some branch lines and rights over other lines. With additional funds from NSR, and financial support from a variety of governmental entities, this mainline was upgraded.³⁴ Springfield Terminal has served as the contract operator of PAS since the formation of PAS. NSR has reserved trackage rights on the PAS line between Mechanicville, New York and Ayer and rights to interchange certain traffic with other connecting regional lines.

88. The Patriot Corridor interchanges at its western end with NSR, CSXT, and CP in New York and runs to Ayer and then, east of Ayer, connects with the PAR System at Harvard, Massachusetts and at a point known as CPF 312. As an east-west route across southern New England, this line interconnects with various north-south New England railroads, in addition to the PAR System, that serve a small portion of New York, Vermont (with connections to Canada), Massachusetts, Connecticut, and Rhode Island. These connecting railroads include VTR and the GWI-owned NECR, CSO, and Providence and Worcester Railroad (“P&W”). CN and CP traffic can indirectly connect to PAS via the connections with the Vermont railroads.

89. PAS has certain access rights over north-south lines between White River Junction, Vermont (over the NECR) and New Haven, Connecticut (over a Mass DOT-owned line and an Amtrak-owned line between Springfield, Massachusetts and New Haven, which is operated for freight by CSO). A noncontiguous line in southeastern Connecticut that serves Waterbury is also part of PAS. On the southern portion of the north-south line operated by CSO, PAS, as operated by Springfield Terminal, exercises trackage rights allowing it to connect with its noncontiguous Connecticut line as well as interconnect with CNZR at Hartford.

90. An important location on PAS on the Patriot Corridor is Ayer, Massachusetts, which is roughly 40 miles outside of Boston. In addition to local carload shippers and distribution centers,

³⁴ Height restrictions still prevent the running of double-stack intermodal trains. *See* Massachusetts Department of Transportation, “Massachusetts State Rail Plan,” May 2018, at 40.

there is an intermodal terminal and an auto unloading facility in the Ayer area that serves the greater Boston area.³⁵ This is a significant location for NSR traffic.

91. Springfield Terminal has been the designated the operator of PAS. PAS, through its current contract operator Springfield Terminal, provides haulage for NSR over the PAS system.³⁶ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

92. Table 14 shows the top commodities moved on the PAS system in 2019. As seen in the table, the largest commodity groups are LPG, agriculture products, and limestone, as well as intermodal traffic and autos hauled on behalf of NSR. Setting aside traffic hauled on behalf of NSR, overhead traffic represents [REDACTED] of PAS traffic while [REDACTED] of PAS traffic is deliveries to PAS shippers. Thus, compared to the PAR System, which originates or terminates (or both) about [REDACTED] of its carloads, PAS has a more diverse traffic mix and more of that traffic represents goods moving to the New England consuming areas.

Table 14
PAS Traffic, Major Commodity Groups, 2019

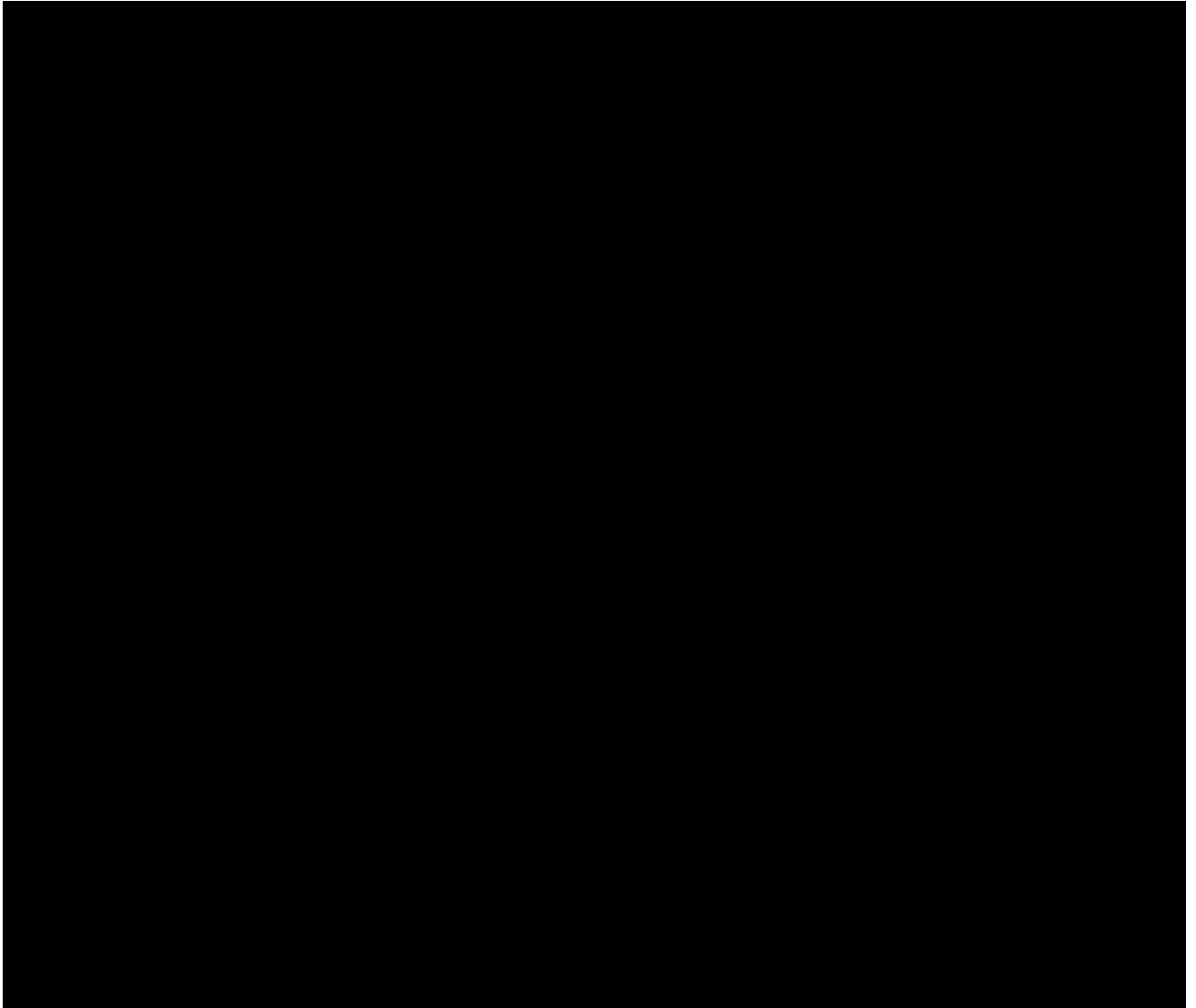
[REDACTED]

³⁵ CSXT and P&W each operate intermodal terminals in Worcester. CN serves the P&W terminal through haulage agreements. *See*, Massachusetts State Rail Plan at 41.

³⁶ Master Norfolk Southern Joint Use Agreement, April 9, 2009.

³⁷ Pan Am NS Auto and Merchandise Haulage Data, 2019.

³⁸ See Table 14.



93. In addition to the NSR traffic hauled by PAS, the interchange points for PAS reflect its role as a mainline route connecting to the eastern U.S. rail network. Table 15 shows the interchange points on the PAS system in 2019. As seen in the table, the largest single interchange is at Ayer with the PAR System, primarily for movements to northern New England. Collectively larger, however, are the three interchanges with CP, CSXT, and NSR at the western end of the mainline.³⁹ There are also significant interchanges with regional and short-line carriers mostly

³⁹ This excludes the volume of traffic hauled on behalf of NSR.

along the Patriot Corridor line but also at Bellows Falls, Vermont. In 2019, there were [REDACTED]
[REDACTED] cars at Springfield.

Table 15
PAS 2019 Interchange Traffic¹

[REDACTED]

C. OVERVIEW OF PROPOSED TRANSACTION

1. CSXT integration of PAR System

94. In the Proposed Transaction, CSX acquires PAR.⁴⁰ Following the transaction, operation of and marketing for PAR System will eventually be fully integrated operationally and for marketing purposes into CSXT. For purposes of analyzing change in competition post-transaction,

⁴⁰ See Pelkey Amended and Supplemented VS and attachments for detailed description of the Proposed Transaction and Related Transactions regarding B&E.

PAR System is treated as CSXT. This results in the extension of the CSXT network, elimination of interchange between PAR and CSXT, and creation of additional single-line rail service.

2. B&E operation of PAS preserves an economically independent rail option for PAS shippers

95. As part of the Proposed Transaction, CSXT will acquire both Boston & Maine's 50 percent ownership interest in PAS and PAS's current contract operator and rate-setter, Springfield Terminal. Although direct overlap between PAS and CSXT is extremely limited, if CSXT were to retain pricing or operational control of PAS (via its ownership of Springfield Terminal or the integration of Springfield Terminal into CSXT), it is possible that the transaction could present certain competitive concerns.

96. B&E will replace Springfield Terminal as the contract operator of PAS to operate and independently set rates on PAS. Under the structure of the proposed operating agreement, B&E will have the incentive and flexibility, consistent with the protective agreements discussed below, to operate PAS in a manner that ensures PAS will compete for traffic against other transportation alternatives available to shippers.

97. This proposed operating agreement will preserve PAS as an independent rail option connecting New England to the broader US rail network. GWI is a large and well-established holding company of rail operators with a significant presence in New England. Shippers on PAS will benefit from GWI's operational experience and its ability to achieve operational efficiencies while at the same time being protected from any competitive concerns.⁴¹

98. Although B&E is part of the GWI family of railroads, the proposed operating agreement between B&E and PAS will obligate B&E to operate PAS in the interests of PAS, and insulates B&E and PAS confidential shipper information from being shared with the rest of the GWI family of railroads.⁴² The owners of PAS—CSXT and NSR—have a direct interest in maintaining PAS as a successful, competitive railroad.

⁴¹ Huneke Amended and Supplemented VS at 12-15.

⁴² Pelkey Amended and Supplemented VS at 19.

99. Given CSXT's ownership interest in PAS once the Proposed Transaction is consummated, and the fact that CSXT is the largest interchange partner with PAS after NSR (once NSR's haulage traffic is taken into account),⁴³ it is in CSXT's direct economic interest that PAS remain a viable and effective railroad. Moreover, CSXT commits to continue using PAS for certain categories of shipments, thus ensuring no sudden change in shipping volumes served by PAS as a result of CSXT's rationalization of traffic.⁴⁴ CSXT has committed to continue to interchange certain traffic with PAS at Rotterdam Junction for traffic to or from Ayer over PAS for traffic to or from certain regions.⁴⁵ This commitment provides additional assurance of traffic on the PAS system to ensure its ongoing viability to the benefit of all shippers on PAS.

100. Finally, the PAS LLC Agreement provides for a change from equal to NSR majority control of PAS in the event another entity acquires control of PAR, subject to any required STB approval. CSXT and NSR have agreed in the CSXT-NSR Settlement Agreement that NSR will not pursue the exercise of its majority control rights as a result of CSXT acquiring control of PAR, but that the PAS LLC agreement will be amended to give NSR in the future the same majority control rights that NSR has today with respect to a future CSXT membership interest change.⁴⁶ Moreover NSR will have, for the next seven years, the right to purchase (or have sold) CSXT's share of PAS under a specified financial mechanism.⁴⁷ These rights ensure that NSR's interest in the ongoing success of PAS will be preserved and that NSR has the opportunity to obtain full control and financial benefit from PAS' continuing operations.

V. ANALYSIS OF THE COMPETITIVE IMPACTS OF THE PROPOSED TRANSACTION RESULTING FROM CSXT ACQUISITION OF PAR

101. The competitive effects of a proposed rail merger are generally assessed by analyzing jointly-served stations because this is an indicator of where direct rail-on-rail competition may be harmed. Jointly-served rail locations do not necessarily form a market as there may be other non-

⁴³ The remaining interchanges between CSXT and PAS are not economically relevant. In 2019, there was [REDACTED] cars at Springfield.

⁴⁴ CSXT-NSR Settlement Agreement at Section I, IX.

⁴⁵ CSXT-NSR Settlement Agreement at Section IX.

⁴⁶ CSXT-NSR Settlement Agreement at Section III.

⁴⁷ CSXT-NSR Settlement Agreement at Section II.

rail competitive transportation options that constrain rail pricing, but it is traditional and conservative to preserve the competitive benefits of multiple railroads that can provide competing price or service for those customers where a merger transaction would result in a single serving railroad. Thus, analysis of the competitive effects of a proposed rail merger requires identifying locations that are jointly-served by the merging parties and analyzing each location to determine whether the proposed merger will result in a reduction in the number of competitive rail options available to customers.

102. I have performed an analysis of the jointly-served locations in this case using information from the CSM, the CWS, SCRS, and waybill data provided to me by CSXT, Systems, and NECR. As is clear from the analyses I present below, none of these data sources in isolation definitively identifies locations and customers that are jointly served. For example, NS is identified as a shipper in Boston in the CSM, but there is no other basis for finding this is (or has been) the case. Even in combination, these data are sometimes insufficient for understanding the specific competitive circumstances relevant to individual customers. It is commonly the case that, even in locations where data show multiple carriers handling traffic, individual customers are often served commercially by only one carrier. From the point of view of rail-dependent shippers, “Boston” does not represent a meaningful geographic area, as one road or highway separating locations may be sufficient to make these locations effectively removed from the rail network or inaccessible to a second railroad. Therefore, even after analyzing multiple data sources, it is often necessary to investigate the specific circumstances for individual customers using additional information.

103. Given the structure of the Proposed Transaction, my analyses divide into two parts: the competitive effect of the CSXT acquisition and integration of PAR System, and the competitive effect of the B&E operation of PAS resulting from the CSX acquisition of a partial-ownership share in PAS and the related agreements affecting the operation of PAS. For both parts, I analyze routes, stations, and customers to assess whether the Proposed Transaction raises concerns with respect to reductions in competition for jointly served customers; assess the impact of the Proposed Transaction on connecting carriers to determine whether those carriers, and the customers they serve, will realize a reduction in the number of independent rail connections as a result of the Proposed Transaction; and analyze the conditions provided by the parties that preserve or enhance competition when adverse effects may otherwise be found. I explain my methodology in more detail in Appendix A.

104. Overall, I find that there are few jointly-served customers and thus few opportunities for the transaction to create any competitive harm through the elimination of competing rail service to individual customers. I also find that the Proposed Transaction raises few concerns with regard to connecting carriers. In the limited instances where the Proposed Transaction does raise competitive concerns, the parties have made commitments that effectively address those concerns and preserve the benefit of competitive rail options for the affected customers.

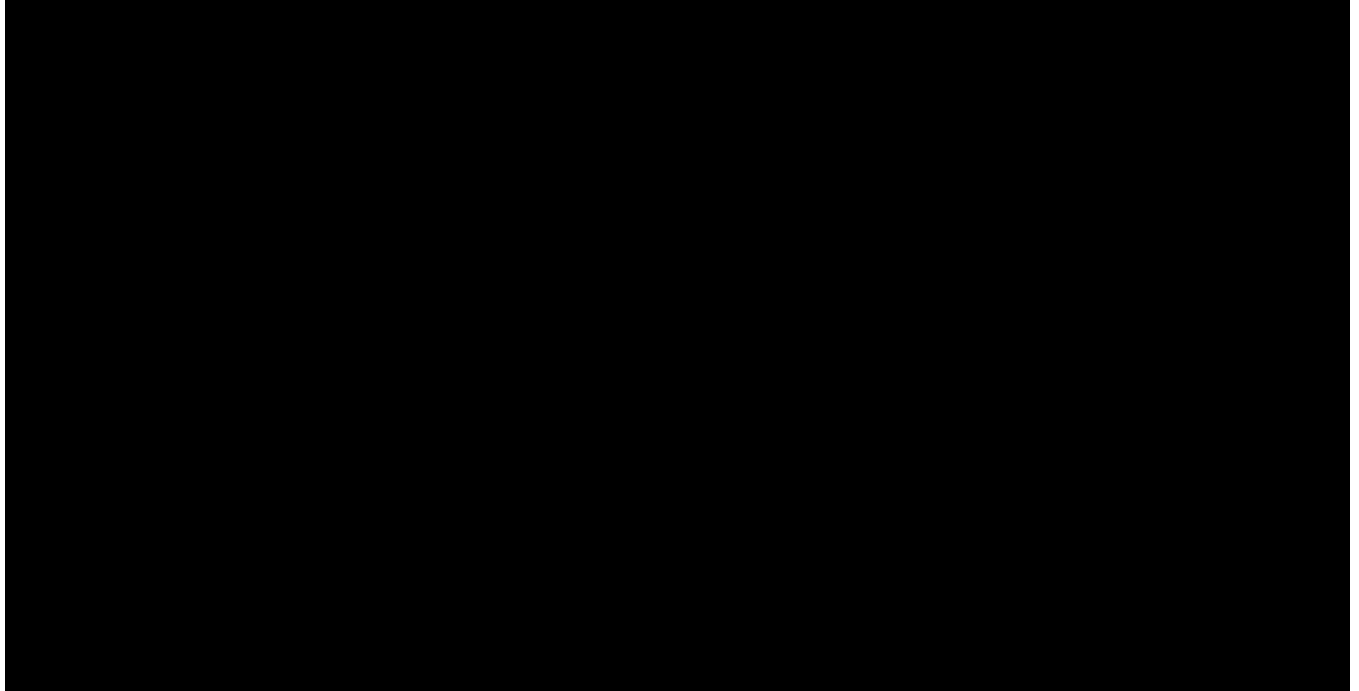
A. CSXT AND PAR

1. Jointly-served locations

105. With respect to CSXT's acquisition and integration of PAR, I find that there are few jointly-served customers and thus few opportunities for the transaction to create any competitive harm through the elimination of competing rail service to individual customers. In the limited instances I identify where competitive concerns arise, CSXT has proposed terms—including commitments to preserve competitive pricing at those locations—that address any potential concerns.

106. Table 16 reports every location on the PAR system that is identified as being currently served by both CSXT and PAR, based on the 2019 CSM. The table also reports the number of cars handled by each carrier at those locations using both the CWS and CSXT and PAR waybill data. Locations identified by the CSM as being served by CSXT, PAR and another carrier are noted in the table as 3-2—that is, a location that would move from three rail carriers pre-transaction to two rail carriers post-transaction. Locations that are served by only CSXT and PAR—and that would move from being served by two independent carriers to one as a result of the transaction—are noted as 2-1 in the table.

Table 16
Locations on the PAR and CSXT Systems Identified in the Centralized Station Master as Potentially Moving from 3-2 or 2-1 Independent Rail Carriers as a Result of the Proposed Transaction



107. The data presented in Table 16 identifies three types of locations: those where neither CSXT or PAR reported serving local customers; those where CSXT reports serving local customers but PAR does not; and those where both CSXT and PAR reported serving local customers.

108. In locations where neither CSXT or PAR reported serving local customers—which include



 To the extent the Proposed Transaction reduces the number of competing rail alternatives available to future rail customers who may potentially locate in these locations, those customers will be making their location decisions with full knowledge of the competitive alternatives available and will not be harmed by this transaction.

109. For the three locations where CSXT reports serving local customers but PAR does not,

[REDACTED]

110. Selkirk, NY is a major yard and interchange location for CSXT, consistent with the large volumes reported by CSXT in Selkirk. [REDACTED]

[REDACTED]

111. Barbers Station, MA is a junction point between CSXT and PAR. [REDACTED]

[REDACTED]

112. The two locations—Everett, MA and Boston, MA—where both CSXT and PAR report serving local customers warrant additional analysis.

a. Everett

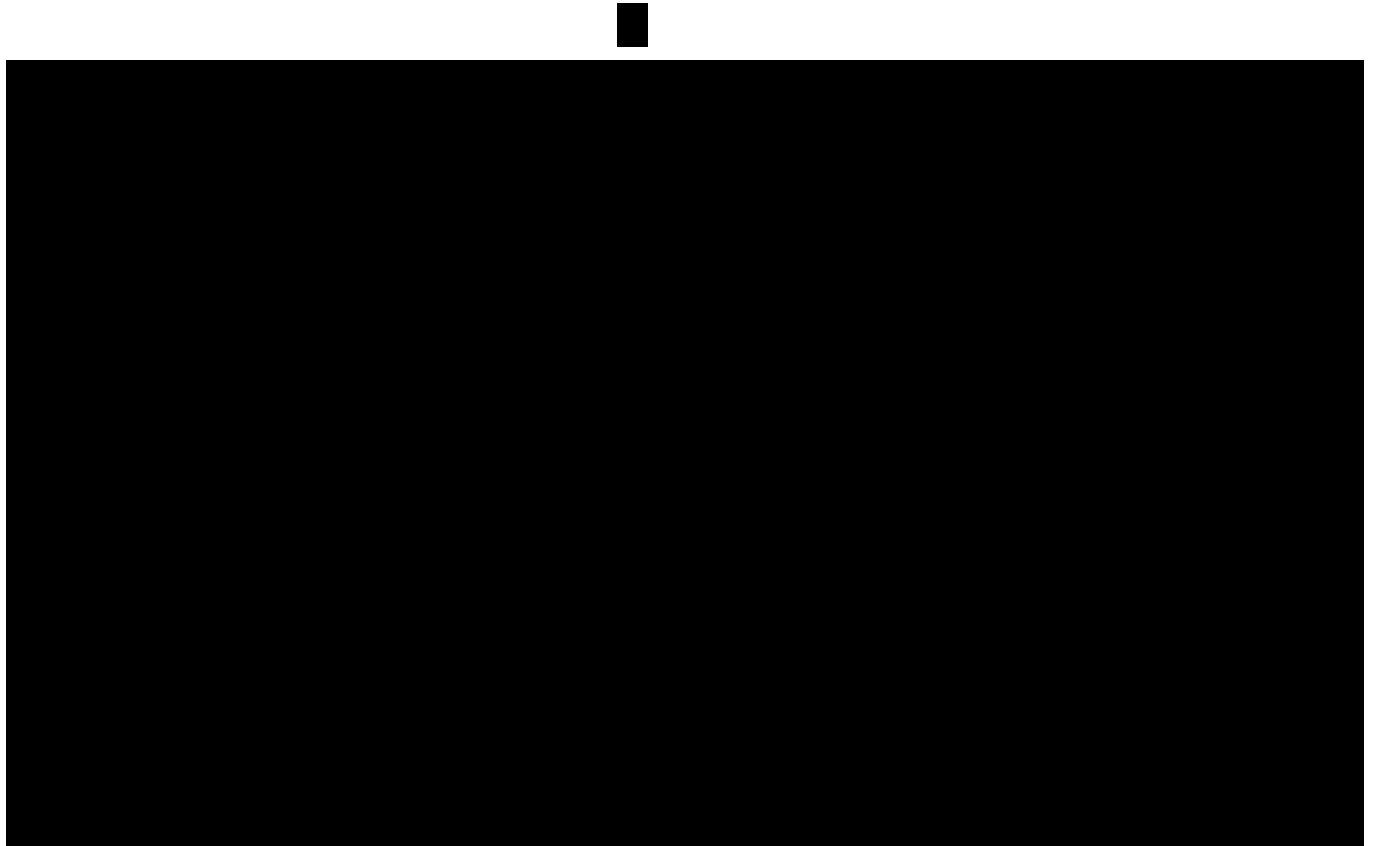
113. Everett is an inner industrial suburb adjacent to Boston with difficult rail connections to reach the less congested portion of the freight rail network located outside the urban center. As shown in Figure 8, rail access to locations in Everett is difficult and requires grade level movements over the highly congested center of the New England biotech industry, literally through the Massachusetts Institute of Technology (MIT) to reach a now closed CSXT yard

⁴⁸ See SCRSSummary-MA.xlsx in my workpapers.

⁴⁹ See SCRSSummary-NY.xlsx in my workpapers.

adjacent to the Harvard University Business School and onto MBTA operated tracks to reach the CSXT system. Given the operational difficulties of this route, CSXT has at times relied on Springfield Terminal to provide physical access for CSXT traffic for these joint locations.

Figure 8
The Freight Rail Network in Everett, MA



114.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

51

⁵⁰ See SCRSSummary-MA.xlsx in my workpapers.

⁵¹ See SCRSSummary-MA.xlsx in my workpapers.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

b. Boston

118. The rail infrastructure in Boston is complex, with issues of legal ownership and operational access complicated by history and redevelopment. [REDACTED]

[REDACTED] there is very low volume and there are few remaining rail shippers in Boston as many industrial shippers years ago were removed from the rail network and property redeveloped.

119. [REDACTED]

[REDACTED]

[REDACTED]

⁵⁶ See [REDACTED]

⁵⁷ “End of an Era for Boston Market Terminal, But a New Beginning Across the Street,” Everett Independent, April 14, 2021, *available at*: <http://everettindependent.com/2021/04/14/end-of-an-era-for-boston-market-terminal-but-a-new-beginning-across-the-street/>.

⁵⁸ “End of an Era for Boston Market Terminal, But a New Beginning Across the Street,” Everett Independent, April 14, 2021, *available at*: <http://everettindependent.com/2021/04/14/end-of-an-era-for-boston-market-terminal-but-a-new-beginning-across-the-street/>.

⁵⁹ See Pelkey Amended and Supplemented VS at 16-17 and attachments.

[REDACTED]

Table 18
Rail Customers in Boston, MA, CSXT and PAR Waybill Data, 2019

[REDACTED]

[REDACTED]

[REDACTED]

120. [REDACTED]
[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]

121. [REDACTED]
[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [REDACTED]

⁶⁰ See SCRSSummary-MA.xlsx in my workpapers.

⁶¹ See [REDACTED]

⁶² Discussions with CSXT and Systems.

⁶³ See Pelkey Amended and Supplemented VS at 16-17 and attachments.

[REDACTED]

122. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

c. Commitments to Preserve Competition

123. CSXT has committed to provide shippers whose rail alternatives will go from two (PAR and CSXT) to one (CSXT) switching service that will connect those customers with PAS and the rest of the U.S. rail network.⁶⁵ CSXT's commitment preserves whatever benefits of competition are currently reflected in PAR rates, thereby preserving the independent competitive option potentially provided by the PAR System that would be lost as a result of the transaction.⁶⁶ As such there would be no reduction in horizontal competition to any shipper located on the PAR System as a result of the Proposed Transaction.

124. None of the affected jointly-served shippers have expressed concerns with the transaction. Rather, one of the two affected active shippers at these jointly-served locations has indicated its support for the transaction, noting the benefits of single-line service and the higher quality service they anticipate as a result of CSXT operation of the PAR System.

2. Connecting carriers with PAR System

125. I have also analyzed the potential impact of the proposed transaction on short-line carriers that currently connect with PAR. As described above, competitive concern may arise with respect to short-line carriers or line segments unaffiliated with the merging railroads if the transaction results in a reduction in the number of independent rail connections available to a short-line

⁶⁴ [REDACTED]

⁶⁵ Pelkey Amended and Supplemented VS at 16-17.

⁶⁶ Pelkey Amended and Supplemented VS at 17.

carrier—that is, if a short-line carrier moves from “2-to-1” in the number of competitive rail connections.

126. As shown in Table 13, in addition to PAS, PAR connects with five short-line systems across its network. I find that the Proposed Transaction does not raise competitive concerns with respect to any of the short-line systems that connect with PAR. Moreover, it is not anticipated that the Proposed Transaction will result in change in traffic flows on these short-line connecting carriers. Future investments and improvements by CSXT would only make the former PAR a more desirable transportation-services partner for these connecting short-lines and their customers.

a. St. Lawrence and Atlantic Railroad (SLR)

127. The SLR is a 162-mile-long short-line owned by GWI that operates in Maine, New Hampshire, and Vermont; at the U.S. border it connects with the St. Lawrence and Atlantic Railroad (Quebec) (SLQ) which connects with CN-owned CMQ and CN. PAR exchanged [REDACTED] cars with SLR (and traffic over SLR identified as SLR-partner CN traffic) at Danville Junction at the end of the SLR line in southern Maine.⁶⁷ As a railroad serving its local traffic and providing a connection between southern Maine and southern Quebec, the Proposed Transaction will result in no change in the competitive circumstances for SLR or its customers and no change in the traffic available for interchange is anticipated as a result of CSXT operation of PAR.

b. Central Maine and Quebec Railway (CMQ, now CP)

128. CMQ was acquired by CP in June 2020.⁶⁸ The CP/CMQ line connects northern Maine with the CP system in southern Quebec. Currently, CMQ has connections at Northern Maine Junction (PAR) and Brownville Junction, ME (with NBM Railroads).⁶⁹ (CP has also stepped into the shoes of CMQ as operator of a disjointed state-owned short-line that connects with PAR at Brunswick, Maine.) After the transaction, CSX will interchange with CMQ at Northern Maine Junction and with the separate Brunswick short-line. There will be no change in competitive

⁶⁷ See Table 13.

⁶⁸ See “CP Completes acquisition of Central Manie & Quebec Railway, expanding reach and optionality,” June 3, 2020, available at: <https://www.cpr.ca/en/media/cp-completes-acquisition-of-central-maine-quebec-railway>.

⁶⁹ See Map of CMQ Railway, available at: https://www.cmqrailway.com/wp-content/uploads/2017/05/cm_q_map_20160601.pdf; see also, https://www.cmqrailway.com/wp-content/uploads/2017/05/cm_q_map_20160601.pdf. CMQ served as operator for the state-owned Brunswick line and CN steps into these shoes.

circumstances for CMQ or its customers as a result of the Proposed Transaction. As a connection between northern Maine and southern Quebec, CP/CMQ is not anticipated to see any change in the traffic available for interchange as a result of the Proposed Transaction.

c. Short-line Railroads Solely Connected with PAR

129. The Proposed Transaction will have no competitive effect or anticipated change in interchange traffic for short-lines for which PAR is the only connection. This includes New Hampshire Northcoast, New England Southern Railroad, and Turners Island Railroad. The competitive options available would be unchanged as a result of the change in ownership, and the incentive to serve traffic to and from these short-lines would be unaffected by the Proposed Transaction.

130. **New Hampshire Northcoast Corporation (NHN).** The NHN railroad is a 43-mile long railroad owned by the Boston Sand & Gravel company that operates between Ossipee, NH and Dover, NH.⁷⁰ PAR at Dover is NHN's only interconnection. The main traffic is from the [REDACTED] on NHN for a short haul on PAR to Boston.

131. **New England Southern Railroad (NEGS).** NEGS is a part of the Vermont Rail system. NEGS owns track between Concord, NH and Lochmere, NH and operates on state-owned track north from Lochmere to and Lincoln, NH.⁷¹ NEGS's only interconnection is with PAR at Concord.

132. **Turners Island Railroad (TIRR).** TIRR is part of Turners Island, LLC, a small marine-rail cargo facility in South Portland, ME.⁷² TIRR's only connection is with PAR in South Portland.⁷³

⁷⁰ See "New Hampshire Northcoast: A Boston Sand & Gravel Company" available at: <https://www.nhnorthcoast.com/>.

⁷¹ See "Welcome to the New England Southern Railroad," available at: <http://www.newenglandsouthernrailroad.com/>.

⁷² "Turners Island, LLC," available at <http://www.turnersisland.com/>.

⁷³ "Turners Island, LLC," available at <http://www.turnersisland.com/>.

d. NBM Railways

133. There are three NBM Railways that operate 550 miles of track in Northern Maine and New Brunswick, Canada: NB Southern Railway (NBSR), Eastern Maine Railway (EMR) and Maine Northern Railway (MNR).⁷⁴ Currently, NBM Railroads provide haulage for PAR in Northern, ME. As such the NBM railways are not technically an interchange railroad. The haulage agreement, however, will be unaffected by the Proposed Transaction and there will be no change in competitive circumstances for the NBM railroads as a result of the Proposed Transaction. As explained by Mr. Wallace, at some future point, improvements to the existing PAR rail infrastructure may make PAR a more effective connection for traffic to and from NBM customers and St. John, New Brunswick.⁷⁵

3. Commitments by CSXT-PAR System that Preserves Source Competition and Market Access

134. The conditions identified above for shippers jointly served by PAR Systems preserve competition for these shippers. In addition, in the Settlement Agreement with NSR, CSXT has agreed to provide service for traffic connecting between PAS and PAR System under a fixed factor formula. This commitment is in addition to and beyond open gateway commitments. I explain below that there is little or no risk of competitive harm from the Proposed Transaction through other potential channels. The PAR System fixed factor commitment provides broad preservation of existing competitive benefits to all PAR System shippers. It also provides potential benefits to interconnecting railroads that may obtain revenues above what may otherwise be available through efficient component pricing by CSXT.

135. [REDACTED]

⁷⁴ See “NBM Railways: Rail Freight Haulage” available at: <https://nbmrailways.com/en/services/rail-freight-haulage/>.

⁷⁵ Wallace VS at § VI.

136. The fixed factor commitment has potentially broad implications for preserving existing competition. As seen in Table 13 above, PAS is PAR System's most important interline partner (after CSXT). PAR System's connection with PAS and CSXT are for economic purposes, in the same location (near Ayer) and provide access to the broader U.S. rail network through the Class I mainlines in New York. As I explain below there are no likely substantial competitive harms arising from the transaction. And CSXT has no incentive to foreclose inefficiently the use of these other potential rail options. The fixed factor commitments, however, provide an effective competitive backstop to address nearly any claimed competitive harm of the transaction. It provides a pricing mechanism in which other carriers with independent incentives (B&E along with its connecting carriers for overhead traffic) can establish rates to and from shippers located on PAR System independent of a rate that CSXT would otherwise charge post-transaction. This independent pricing mechanism outside the post-transaction control of CSXT preserves the benefits to PAR System shippers and receivers of existing competition *in any form* with CSXT.⁷⁶

4. Major Commodities Served by CSXT and PAR System

137. The discussion above explains that the various access and pricing commitments will preserve the benefits of existing competition for overlapping, directly served shippers and locations resulting from the combination of PAR System and CSXT. For some locations and commodities, however, railroads can provide competitive discipline through indirect source competition. It is appropriate to consider with a merger-related reduction in independent rail transportation options would substantially reduce the force of any existing indirect source competition, such that the merger would permit an exercise of market power in transportation rates with respect to potentially affected commodities and locations.

⁷⁶ Over longer time scales, such fixed prices or factors can diverge from underlying costs and economic conditions. Absences of the ability to adapt to these longer future changes can lead to the inefficiencies in gateways and pricing from the pre-Staggers era of railroad regulation.

138. As a predominantly end-to-end merger, there is no direct overlap in shippers and locations between CSXT and PAR System apart from a small number of legacy shippers in Boston and its inner suburbs discussed in detail above. Direct rail-on-rail competition is not the only (or a necessary) competitive force for constraining rail rates.⁷⁷ In many or most cases for New England rail traffic, intermodal competition, especially trucking, is the fundamental factor that constrains rail rates.

139. For some locations and commodities, geographic source competition is a price-constraining competitive force.⁷⁸ The ability of demanders of a product in a destination location (destination location A) to source the product from multiple locations can constrain a railroad's ability to exercise market power supply sourced from any particular origin location (origin location B). If a railroad were to raise rates to shippers in origin location B serving destination receivers in location A, the receivers at location A can turn to supply from different, other supply geographic sources. The ability of the receivers (at destination location A) to obtain supply from a source different from shippers at origin location B would foil the attempt of the railroad to raise rates between those two locations. This competitive discipline would result in a loss of traffic and profit were the railroad to attempt to raise rates. The economic logic applies with equal force for suppliers with access to different destination markets: an attempt to raise rates to a shipper at origin location B for movements to destination location A will be thwarted if the shipper can turn to other customers for its product in other locations.

140. The strength of geographic source competition tends to be greater for commodities that are fungible or have many sources of substitutes.⁷⁹ This competitive force within an area also tends to be greater when original supply (e.g., grain grown on farms) or final demand (e.g., lumber used

⁷⁷ See, e.g., Docket No. EP 704 (Sub-No. 1), Review of Commodity, Boxcar, and TOFC/COFC Exemptions, "Decision," Surface Transportation Board, September 29, 2020 at 7 and footnote 15.

⁷⁸ See, e.g., Surface Transportation Board, Docket No. EP 704 (Sub-No. 1) Review of Commodity, Boxcar, and TOFC/COFC Exemptions, Decision, (March 23, 2016) at 6 (citing "exceptionally strong" geographic competition for iron or steel scrap (STCC 40-211) and Rail General Exemption Authority – Exemption of Hydraulic Cement, EP 346 (Sub-No. 34) 10 ICC 2d 649 (July 26, 1995) at 3-4 (citing "extensive" geographic competition for hydraulic cement (STCC 32-4).

⁷⁹ In a similar fashion to geography, competition across products that fulfill the need in the ultimate production or consumption can be a source of competitive discipline on rail rates.

by builders) of the goods has geographic flexibility in the local origin or destination market (e.g., which elevator to sell to or which building supply outlet to purchase from.)⁸⁰ Farmers can sell or contractors can purchase from different elevators or distribution centers served by different railroads. Many of the major commodities of the parties to this transaction are of the sort that is likely to be subject to source competition as well as, in most cases, substantial intermodal competition.

a. The 50/10 Test

141. To analyze the competitive issues at the product or commodity level, rather than directly served shippers and locations, I apply an existing mechanical screening procedure (the “50/10 test”) of rail traffic concentration to identify areas and commodities that may be worth further review.⁸¹ For the traffic identified by the tests, I look at the actual competitive conditions relevant to those commodities, traffic, and locations and the extent to which the Proposed Transaction would risk competitive harm.

142. The 50/10 test has been previously applied in other rail merger proceedings and by the Board to screen for potential locations and products that could see a reduction in source competition.⁸² The 50/10 test looks at existing rail traffic for each commodity from and to each pair of pre-specified geographic areas regions. Mechanically, the screen works as follows:

- For each commodity (at the 7-digit STCC level) originating in each area (defined by the BEA economic areas used in the CWS),⁸³ the originating, terminating, and each of the participating railroads are identified for each rail movement in the CWS for that commodity and area.

⁸⁰ The opposite extreme case is illustrated by a manufactured input used for final assembly. Source competition would not be applicable to a dedicated auto assembly facility receiving engines produced at a dedicated plant. Intramodal competition may still be an effective competitive constraint.

⁸¹ See, e.g., STB Finance Docket 35081, Supplemental Verified Statement of John H. Williams, November 27, 2007.

⁸² See STB Finance Docket 35081, Supplemental Verified Statement of John H. Williams, November 27, 2007 at footnote 5 and § II.

⁸³ Economic areas (“BEA”) were defined by the U.S. Department of Commerce, Bureau of Economic Analysis and assigns all of the U.S., by county, to a BEA which is defined around the local population area. The 2019 CWS uses the pre-2004 version with 172 BEAs, supplemented by codes for each Canadian province.

- For rail merger analysis, the screens focus on the merging railroads – CSXT and PAR System. For each commodity and origin BEA, the shares of the traffic that CSXT and PAR System account for is calculated, as well as the share accounted for by a combined CSXT-PAR System. These calculations are performed separately based on the identities of the originating carrier, the destination carrier, and for any railroad that participates in the movement. For originating and terminating traffic, the combined CSXT-PAR System share uses simple addition of each railroads share. For participating carriers, the combined share is adjusted to avoid double-counting rail movements that CSXT and PAR both participate in.
- For each commodity and originating BEA, and separately by originations, terminations, and participations, if the CSXT and PAR System share were each equal to or greater than 10% of the rail traffic, and the combined CSXT-PAR System share is 50% or bigger, and the combination of CSXT and PAR System increases the share of either CSXT or PAR System by ten percentage points or more, then the screening test is triggered.
- The test is repeated in full for each commodity and BEA combination based on traffic terminating at that BEA.

143. The logic of the 50/10 test is to identify if the combination would result in an increase in concentration of rail traffic to shippers of a commodity across a region regardless of destination (for tests based on originating BEA). Similarly, the test is looking for a change in concentration in rail traffic of a commodity to receivers across a region regardless of origin (for tests based on terminating BEA).

144. While a change in the concentration in relevant market *might* be indicative of an enhanced risk of the exercise of market power, the results of the 50/10 test in no way represents such a finding. The 50/10 test is based on arbitrary definitions not reflective of any economic analysis of a market. It also omits all non-rail sources of competition—trucking and water transportation, so the measure of concentration in the 50/10 test is not a measure of market concentration nor of the level of actual competition in the area.

145. As discussed above, the share of rail traffic itself is not a good measure of the degree of competition *among* railroads as it fails to reflect that existing traffic does not reflect the capacity

of a railroad to supply competing transportation services. The decision about how much of a commodity that shipper 1 ships to destination A, shipper 2 ships to destination B, etc. depends on many factors, of which rail competition is just one. Thus, the actual traffic carried is a very rough measure of the economic significance of the movement.

146. The 50/10 test cannot by itself show that there is any reduction in competition as a result of satisfying the triggers. The test assumes that shippers across a region (a BEA) are in fact in competition with each other and not in competition with shippers in other regions. The test also cannot distinguish the reason that, for example, terminations of a commodity are on CSXT versus NSR or any other railroad. There may be many possible other competitive receivers on other railroads besides PAR and CSXT that may not be reflected in the actual shipments.

147. By adopting three separate tests for each area and commodity, the 50/10 test can be triggered in the absence of any meaningful change in rail concentration. For example, assume that one of the merger partners (e.g., CSXT) is the sole-serving railroad for shippers of a commodity from an area. Three railroads (e.g., CSXT, PAR System and a third railroad) each terminate a third of the commodity from that area. In this case the origination part of the 50/10 test will be triggered, yet CSXT already accounts for 100% of the traffic and there is no increase in market power for that traffic. As shown below, the test will frequently identify cases where there is no meaningful change in the concentration of the observed rail traffic.

148. The test is subject to other technical issues.

- By considering all STCC commodities and BEAs twice (once for originations and once for terminations in the BEA) and then three times for each case (originating, terminating, and participating traffic), the screening test is applied (with three prongs) to over ten thousand times for commodities and BEAs on which CSXT or PAR participated on the movements in the 2019 CWS: the screening test will be triggered simply by chance.⁸⁴

⁸⁴ This number is limited to STCC-BEA origination or destination combinations on which CSXT or PAR participate in traffic.

- This problem is exacerbated when the test is applied to small traffic flows. Two waybills are sufficient to trigger the test if each merging party participates in just a single movement.⁸⁵
- Particularly relevant to New England, the waybill sample does not representatively sample Canadian destinations which thereby overstates the effect of the Proposed Transaction on calculated rail traffic shares.⁸⁶ Shares of rail traffic from Canada in the CWS appear unrealistically concentrated as all, or nearly all, of the rail traffic originating in Canada and terminating in Canada will not be included. Similar issues occur for movements originating in New England: much of the traffic moving to Canada is not captured in the CWS so the rail traffic from areas bordering Canada will appear more concentrated than it likely is.

149. In evaluating whether a commodity-BEA pair triggered by the test risks a reduction in competition that could lead to an increase in rail rates, additional analysis is required. While the particular analysis may be fact-specific, inquires like the following may be helpful or dispositive:

- Is there significant intermodal competition that constrains rail rates?
- Does the combination of the rail lines increase rail market power? One of the shippers may be the sole-serving carrier for all origin or destination moves, so changes in the other measures do not signal an enhancement in market power. Similarly, for an end-to-end merger, traffic may already be moving over one of the carriers, so that there is no increase in the share of traffic over one carrier as a result of the merger.
- Are shippers in the location in actual competition? If two receivers obtain a non-truckable intermediate product used in the production of non-competing goods, then a merger between carriers that are separately serving these shippers results in no enhancement in market power.
- What are the other available options available to shippers (and receivers), either within or adjacent to the BEA or among possible receivers (or shippers) elsewhere? For a

⁸⁵ This would be true as well for a set of movements defined by ten waybills in the CWS.

⁸⁶ In 2019, carloads terminating in the U.S. from Canada were 595% of those terminating in Canada (1,496,368 versus 251,626 carloads).

commodity with widespread use, the choice on whether certain shippers terminate to customers on CSXT or NSR, for example, may not provide any indication of the degree of market concentration or market power.

b. Results of the Screen

150. Table 19 and Table 20 below summarize the potentially relevant results of the 50/10 tests. Certain commodity-BEA combinations are relegated to discussion in Appendix B. (The complete list of commodity-BEAs triggered by the 50/10 test are found in Appendix B, along with detailed rail traffic share calculations.) The triggered commodity-BEA pairs discussed in Appendix B, rather than here, consist of two groups of traffic. The first group consist of various commodities originating in Canadian provinces for which the CWS includes only (or mostly) U.S. destinations. The second group includes specific commodities for BEAs remote from New England. These commodity-BEA pairs are typically small volumes (averaging 500 carloads) and are for products for which there are ready product substitutes or alternative sources or terminations for the commodities.

151. An example of this second category of economically irrelevant BEA-commodity pairs triggered by the 50/10 test relegated to Appendix B is [REDACTED] cars of 2033220, “Vegetables, including Corn, other than Canned Whole Kernel Corn, Vacuum packed, Pimentos or Tomatoes, Canned, Prepared or Preserved” originating in the Fresno, California BEA. The 50/10 test is triggered as the CWS indicates PAR System terminates [REDACTED] cars of this otherwise highly specific, highly truckable commodity originated from the Fresno area by the western railroads, and for which CSXT already participates in [REDACTED] of the traffic as a bridge and/or terminating carrier. Moreover, there are over [REDACTED] railcars (or IM units) of this commodity shipped around the U.S. There is no plausible economic concern that the combination of CSXT and PAR System poses a risk of an exercise of market power in the transportation of these canned vegetables from Fresno California.

152. The following provides a detailed analysis of the specific cases triggered by the 50/10 test. There are several themes that will repeat. First, the volumes triggered by the test are small. On average, roughly [REDACTED] carloads per BEA-commodity are triggered by the test.⁸⁷ For

⁸⁷ By comparison, the average in CP-DME was [REDACTED] carloads per BEA-commodity.

commodity BEAs including all or portions of New England, there is a total of [REDACTED] cars triggered, which is only [REDACTED] of the all New England rail traffic.

153. Second, PAR System and CSXT are predominantly end-to-end and thus much of the traffic originated or terminated by PAR System already travels on CSXT. As such, the combination does not actually increase the degree of overlap in rail traffic and can result in no enhancement in market power. Moreover, the pricing conditions provided with respect to PAS-PAR traffic guarantee that existing participation of CSXT on this traffic provides no additional opportunity to exercise market power.

154. Third, despite almost no overlapping shippers and rail-served locations, PAR System and CSXT both originate and terminate traffic in the Boston BEA, an area encompassing central New England, bordered from the Canadian border to Long Island Sound and the Maine border to the east and a line between Worcester and Springfield, Massachusetts to the west including portions of Vermont and all of Rhode Island and New Hampshire. However, both within the BEA and neighboring areas there are multiple opportunities for originating and terminating traffic in the neighboring BEAs, including at the New England Ayer, MA rail hub served by PAS and reached by NSR.

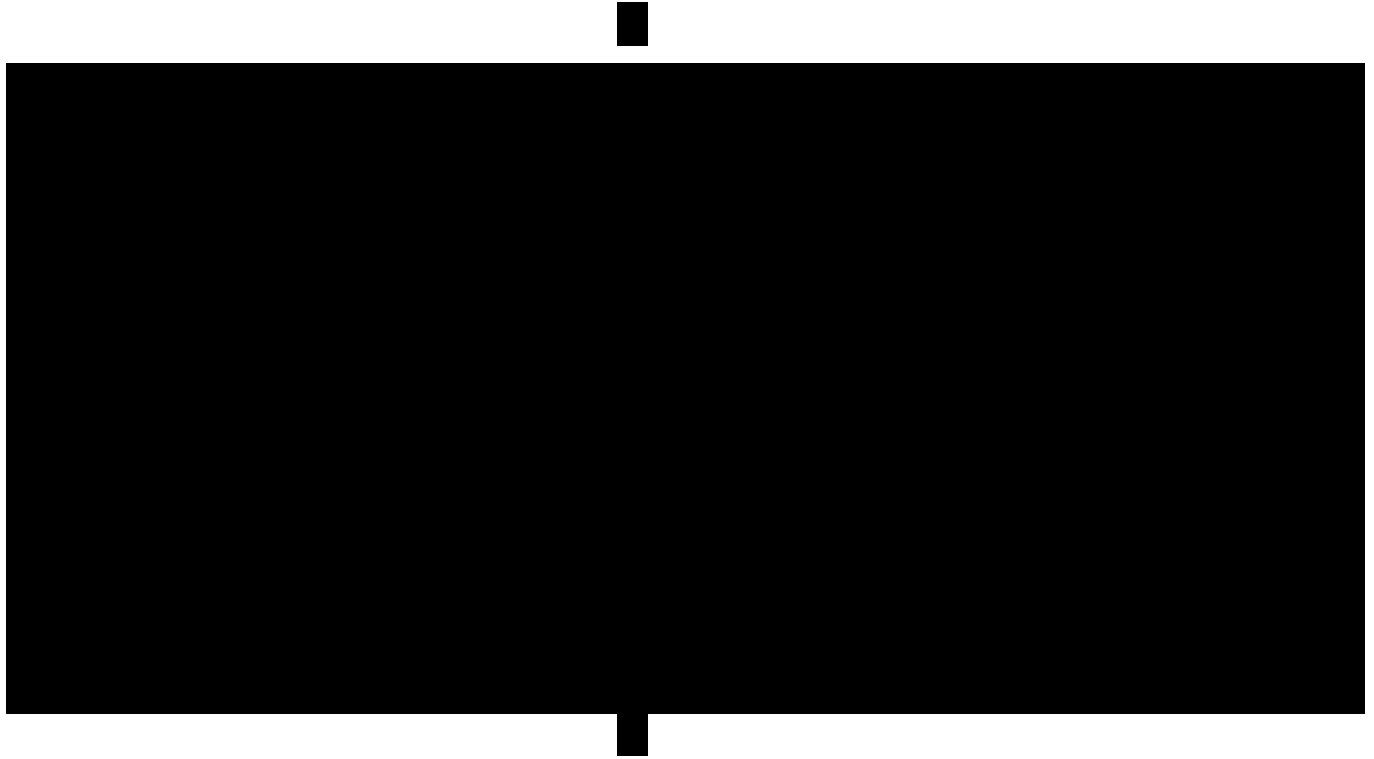
155. Fourth, trucking is an important if not the predominant competitive factor for most of the traffic in New England. There is no point on PAR System that is more than 500 road miles from Ayer, MA, including points reached by haulage over NBM. Likewise, Boston is less than 200 road miles from CP and NSR at Mechanicville, New York.

156. When all is done, the analysis below shows that changes in rail traffic concentration for commodities in New England pose no risk of substantial competitive harm to shippers. For shippers that have no reasonable competitive rail alternative provided by the other carrier, the transaction does not harm competition. For other commodities, there is ample competition from other modes, other railroads or other options that preclude competitive harm. More globally, the open gateway and rate factor condition that is part of the Settlement Agreement preserve competitive access to PAS and its connecting railroads for all shippers on the PAR System such that the benefits of existing competition will not be reduced.

c. Analysis of 50/10 screens: Originations

157. Table 19 presents a summary of the BEAs and commodities that were triggered by the 50/10 test based on traffic *originating* from these BEAs.⁸⁸ I address each commodity-BEA pair in turn.

Table 19
Origin BEA-Commodity Pairs Triggered by the 50/10 Test



158. **Origin BEA 001 (Bangor, Maine): STCC 2421184 (Lumber)**⁸⁹ CSXT does not serve shippers in this location, so the 50/10 test is triggered by CSXT's participation in rail traffic. 



⁸⁸ As explained above, additional BEA-commodity pairs and detailed percentages are presented in Appendix B.

⁸⁹ Commodity is "Lumber or Timber, Rough or Dressed, Dried". I will use short descriptions for both the BEA and commodity in the text. BEA 001 is roughly northern and eastern Maine.

[REDACTED]

[REDACTED] Lumber, an exempt commodity, has a wide diverse end market not depending on any particular region or delivering railroad. It is also highly truck competitive; only [REDACTED] of wood products shipped out of Maine are transported by rail.⁹⁰ In light of these facts, the Proposed Transaction creates no risk of competitive harm for the transportation of lumber originating in this area.

159. **Origin BEA 001 (Bangor, Maine): STCC 2621345 (Printing Paper)**⁹¹ Printing paper shipped by rail from the Bangor Maine BEA is by far the largest origination commodity triggered by the 50/10 test. This is triggered as a result of the fact that, although CSXT does not operate in this area, it does terminate [REDACTED] cars, or [REDACTED] of the rail traffic for the commodity originating in this BEA. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

160. Over [REDACTED] of all ST originations, and [REDACTED] of all traffic at issue, terminates at Ayer, MA. [REDACTED] For purposes of the 50/10 test this is treated as local traffic terminating on PAR System (given Ayer switching). CSXT receives traffic from both ST [REDACTED] and the other originating carriers [REDACTED] for delivery to mid-Atlantic and southeastern U.S. destinations. The remaining traffic is delivered to a variety of terminating railroads for delivery across the U.S. (These shares are overstated as nearly all of the non-ST originated traffic travels into Canada and, for the most part, traffic that terminates is not observed.) Moreover, [REDACTED] of traffic from Maine for Paper (SCTG 27) travels by truck.

161. The Proposed Transaction presents no realistic risk of competitive harm. Reasons include: the largest originating shipper is sole-served by PAR and no additional market power would be created by the merger against this shipper, while the other originating shipper is competitively

⁹⁰ Freight Analysis Framework (FAF5.0) for base year 2017, SCTG 26, “Wood products” leaving Maine. Another [REDACTED] ships via “multiple modes”.

⁹¹ Commodity is “Printing Paper, Less Than 60 Percent Ground Wood Fibre, other than News- Print or Carbonized Print.”

served with the vast majority handled by a competing carrier; this commodity is somewhat fungible and has actual and potential customers around the U.S.; the majority of the good terminates at Ayer, likely for reshipment or distribution by truck; the commodity is truck competitive and the truck distances to Ayer are under 500 miles for all PAR System; and the reason the test is triggered is because the eastern U.S. CSXT network terminates just [REDACTED] of the rail traffic originated and passed to it by ST and other unrelated originating carriers.

162. **Origin BEA 003 (Boston, MA): STCCs 4029154, 4021125, and 4845195 (Construction Debris, Scrap Iron, and Waste PCBs)**⁹² Collectively these are waste products from the Boston BEA. Construction debris is the largest at [REDACTED] carloads, while scrap iron is [REDACTED], and waste PCBs account for very small volumes [REDACTED] carloads. As PAR System and CSXT meet end-to-end near Boston, it is not surprising that the combination would increase the originating traffic shares for some traffic. The commodities triggered by the 50/10 screen share common traits. First, they are all some form of waste, which almost by definition, initially comes from a dispersed geographic area and is trucked either to a final destination or to some intermediate transload location for further transportation.⁹³ Second, consistent with an end-to-end merger, CSXT already participates in all the moves as these products are delivered to New York, the Southeast, and the Midwest; it terminates [REDACTED] of these rail moves. The combination of PAR System and CSXT will not increase these values.

163. Mr. Wallace explains that, as New England landfills close, rail can provide a better alternative for longer-distance movements of waste and construction debris to landfills in the Midwest and Southeast.⁹⁴ Mr. Wallace also points out that PAR System has limited waste loading facilities.⁹⁵ Indeed, this is consistent with the CWS. [REDACTED]

⁹² These correspond to “Construction And Demolition Debris, Non- Hazardous, Having No Commercial Or Recyclable Val”, “Scrap, Iron Or Steel, Nec, Not Copper Clad, Having Value For Remelting Purposes” and “Waste Polychlorinated Biphenyls, Solid”.

⁹³ As shown in Table 1 above, truck handles more than twice the volume transported by rail for waste exported from New England.

⁹⁴ Wallace VS at § VIII.

⁹⁵ Wallace VS at § VIII.

164. Scrap iron, while a waste product, is not landfilled, but is re-used. It is gathered, usually by truck, and then transported to facilities throughout the U.S. that will melt it down for re-use. (Scrap iron is an exempt commodity.) [REDACTED]

[REDACTED]⁹⁶ In general, the metal scrap business is competitive with substantially truck offerings. Although the combination of CSXT and PAR System does not increase the concentration of rail traffic participation, the availability of other independent, originating railroads (e.g., P&W), the ability of scrap dealers to compete with each other, and the competitive access provided by PAS and its connections with other Class 1 railroads—through direct access and zonal pricing commitment—means there is no likelihood of substantial competitive harm.

165. Finally, waste PCBs is a small volume, specialized waste product that requires specific handling and disposal. [REDACTED]

[REDACTED] There is no likelihood of competitive harm as a result of the Proposed Transaction for this commodity.

166. In summary, there the combination of CSXT and PAR System will not result in enhanced market power by CSXT nor create any likelihood of substantial competitive harm for these waste products from the Greater Boston area.

167. **Origin BEA 004 (Burlington, VT): STCC 3295956 (Limestone Slurry)**⁹⁷ Limestone slurry, like a variety of other calcium carbonate based-products, is often used as fillers in papermaking. Since all of this BEA-commodity pair rail traffic originates on the VTR it is discussed below in the context of VTR and its connections with PAS. As shown below, access by

⁹⁶ [REDACTED]

⁹⁷ Commodity is “Limestone Slurry, Consisting of Ground Limestone And Water, Mixed.”

VTR to multiple outlets for the product, VTR specific commitments for pricing, access and service, and the PAR System rate factor condition precludes the possibility of competitive harm from the Proposed Transaction to shippers originating this product on VTR.

168. **Origin BEA 005 (Albany, NY): STCC 2044310 (Brewers Rice)** This BEA-Commodity combination again demonstrates the over-sensitivity of the 50/10 test for triggering investigation when there is no risk of competitive harm. The test was triggered because the combination of PAR System and CSXT triggered a large percentage increase in rail participation and rail terminations for Brewers Rice originating in Albany.

169. There is no possibility of any competitive harm. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

170. **Origin BEA 005 (Syracuse, NY): STCC 2631117 (Pulpboard)**⁹⁸ This BEA-Commodity combination again demonstrates the over-sensitivity of the 50/10 test and presents no possibility of any competitive harm. The test was triggered based on PAR System terminating [REDACTED] of [REDACTED] cars originating in this BEA. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

171. More relevant conditions for establishing the absence of risk of competitive harm from the Proposed Transaction are the following. First, that there are at least [REDACTED] separate destination locations (out of [REDACTED] waybills) on [REDACTED] different railroads: there are numerous potential

⁹⁸ Commodity is "Pulpboard or Fibreboard, Paper or Pulp Lined or not Lined, not Corrugated nor Indented, Excluding Faced with Foil, Excluding Building, Wall or Insulating Board."

terminations for this product. [REDACTED]
[REDACTED]

172. **Origin BEA 008 (Buffalo, NY): STCC 4935240 (Sodium Hydroxide, Liquid).** This product is frequently used in papermaking, and not surprisingly, is used by customers on the PAR System. The combination of PAR System and CSXT terminations of this commodity originating in Buffalo triggers the test, as PAR System receivers account for [REDACTED] of the carloads shipped. Such a change does not, however, indicate any risk of competitive harm from the merger.

173. CSXT participates in [REDACTED] of the movements and originates [REDACTED] of the carloads. A review of CSXT waybill information identifies [REDACTED] originating shippers, and an examination of the SCRS data demonstrates that [REDACTED] Thus, the combination of PAR System and CSXT cannot lead to a reduction in competition for originations of this commodity in this location.

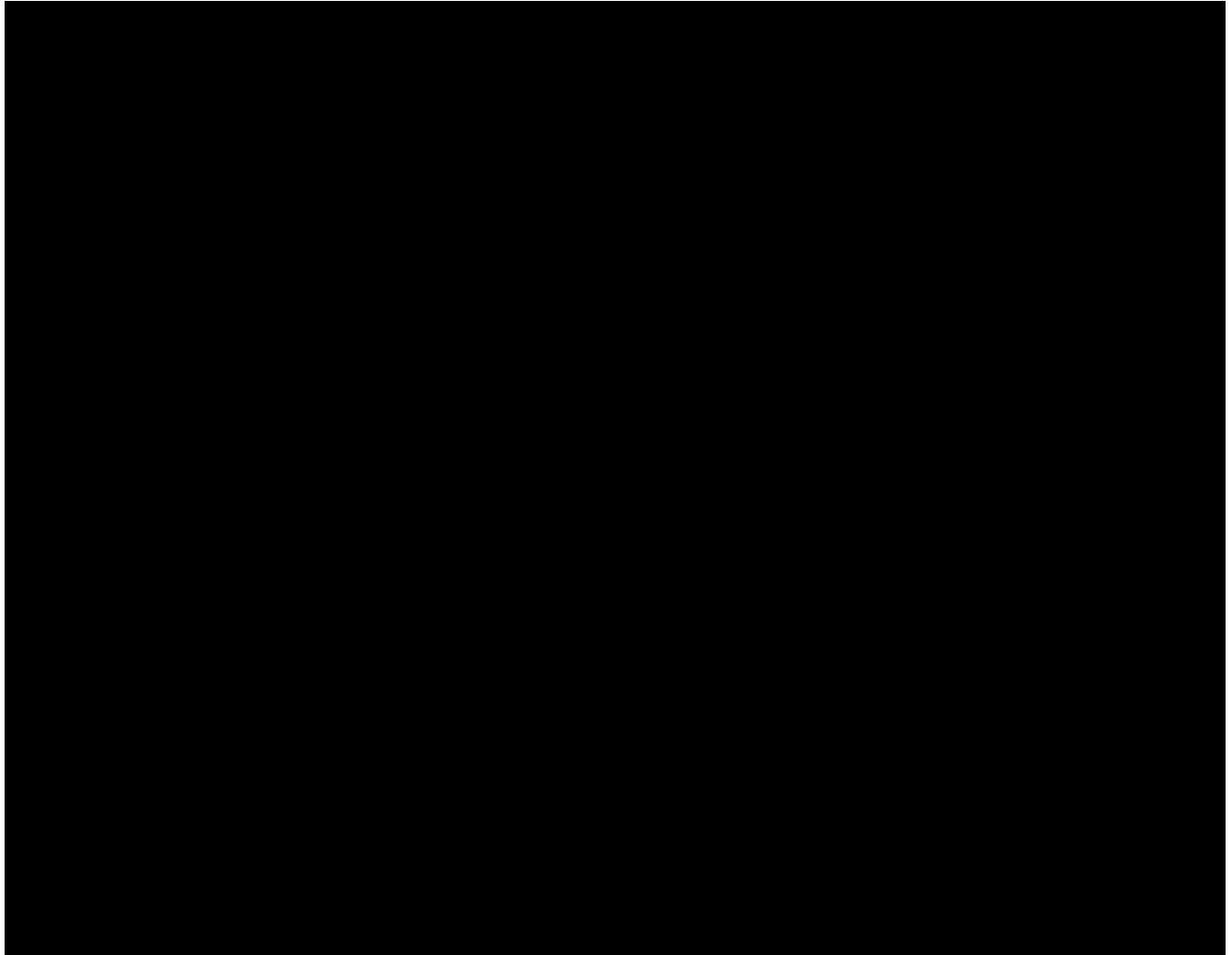
174. **Other Commodities and BEAs.** Appendix B presents very brief discussion of more remote and smaller volume BEA-commodity origin pairs.

d. Analysis of 50/10 screens: Destinations

175. Table 20 presents a summary of the BEAs and commodities that were triggered by the 50/10 test based on traffic *terminating* at these BEAs.⁹⁹ The test is intended to identify areas and commodities in which the combination of the merging railroad would result in an increase in the concentration of rail traffic with respect to receivers in an area. Two general points can be observed. First, the volumes are quite modest. Only [REDACTED] of the BEA-commodity pairs cover a [REDACTED] cars or more annually. [REDACTED] of the BEA-commodity pairs have less than [REDACTED] a day covered. Second, not surprisingly, given that the two ends of the end-to-end PAR System-CSXT merger meet northwest of Boston, commodities in the Boston BEA are triggered by the termination prong of the three-part 50/10 test.

⁹⁹ As explained above, eight additional more remote BEA-commodity pairs and detailed percentages for all triggered BEA-commodity pairs are presented in Appendix B.

Table 20
Destination BEA-Commodity Pairs Triggered by the 50/10 Test



176. **Destination BEA 001 (Bangor, ME): STCC 4905752 (LPG)** The termination prong of the 50/10 test is triggered for this particular STCC, Liquified Petroleum Gas, destined for the Bangor BEA. This screen involves [REDACTED] waybills totaling [REDACTED] carloads of LPG. [REDACTED] of these carloads are originated outside of New England by CSXT and forward to the CMQ by PAR; [REDACTED] carloads are originated by PAR in Maine, triggering the origination screen. Carloads of this STCC, however, represent only [REDACTED] of the relevant product delivered to this northern Maine BEA: an additional [REDACTED] carloads of liquified propane (STCCs 4905421 and 4905419) are also delivered. (In northern New England, LPG and propane are important heating

fuels typically delivered by truck from a local storage/distribution center to end users.) [REDACTED] of the total rail carloads of this product delivered to the Bangor BEA are terminated by CMQ. CSXT and PAR originating small volumes of LPGs creates no risk of enhanced market power to receivers in Maine.

177. **Destination BEA 001 (Bangor, ME): STCC 4961605 (Asphalt)** As for Bangor-LPG above, the termination prong of the 50/10 test is triggered for Asphalt to Bangor, ME. However, this change does not represent any additional increase in market power or risk of competitive harm from the merger. All asphalt is delivered by PAR System to shippers local to itself. PAR System originates [REDACTED] of the [REDACTED] asphalt from Saint John, NB, the rest move through Ayer (from or over PAS), and [REDACTED] cars move through Barbers Junction from CSXT. Both of these last movements travel over PAR Systems from Massachusetts to Bangor. CSXT originating the smaller portion of the minority of asphalt destined to the Bangor BEA from the U.S. creates no risk of enhanced market power to receivers in Maine.

178. **Destination BEA 003 (Boston, MA): Various Commodities.**¹⁰⁰ The 50/10 test triggered 16 commodities for terminations to the Boston BEA. In every case, the destination prong of the 50/10 test was triggered, meaning that the rail traffic share terminated by PAR System or CSXT was 10% or greater of the terminations and the combined share was greater than 50%. Given common features, I address the competitive issues in aggregate for these commodities, and then discuss specific cases that may warrant additional review.

179. The commodities can be categorized into roughly four groups: Food and agricultural products (soybean oil, wheat flour, etc.), building and forest products (plywood, structural wood beams, shingles, pulpboard, etc.), industrial products (polyethylene [plastic pellets], carbon dioxide, etc.) and iron scrap.

180. The traffic for the typical commodity triggered by the 50/10 test is small. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

¹⁰⁰ See Table 20 for full list of commodities, and Table B- 2 in Appendix B for corresponding STCC codes.

181. Given the atrophy of rail-dependent industries in the central Boston core, the receivers for the traffic in this BEA are scattered throughout the populated portions of eastern Massachusetts from outside Boston to Worcester, southern New Hampshire, and Rhode Island. (See Figure 1 above.) Despite the small number (and volume of traffic) to overlapping shippers, PAR System and CSXT collectively serve many of the receivers in the greater Boston and central New England region. Other railroads, PAS, NSR Intermodal at Ayer, and P&W, also serve receivers in this area independently of either PAR System or CSXT.¹⁰¹ This is reflected in the commodities identified in Table 20 that are triggered by the 50/10 test.

182. Several factors indicate that any discernable effect on competition from the Proposed Transaction on these commodities is unlikely. Many of these commodities are highly truck competitive. Eight of the sixteen commodities are exempt.¹⁰² These exempt commodities account for over half of the rail traffic triggered for this BEA. For these truckable commodities competition for direct delivery by truck or the availability of transload locations on other railroads (e.g., P&W) and locations (e.g., Worcester or Ayer) provide competitive discipline to rail transportation by CSXT and Par Systems.

183. This competitive effect of truck alternatives is enhanced when the receivers are distributors to end users. The ability of significant end-users of the goods carried by the railroads (e.g., contractors purchasing shingles or plywood) to source from different distribution channels puts additional competitive pressure on railroad transportation. The ability of contractors to source product from Worcester or Ayer or Providence rather than Mansfield or Norwood locations, limits or prevents the combined railroads from exerting market power against the receivers of these products.

184. Even non-exempt products are subject to clear competition from trucking. A large receiver of pulpboard [REDACTED]

[REDACTED] This product will likely reach its final user by truck. The ability to warehouse and distribute, especially from a city served

¹⁰¹ There are many small short-lines in this area that have receivers through connections with these other railroads but do not show up as such in the CWS.

¹⁰² The list includes two fishes, wheat flour, the wood products, pulpboard iron scrap, plastic lumber and carbon dioxide.

by an independent railroad competitor would prevent the exercise of market power by the combined CSXT-PAR System.

185. For other products (e.g., soybean oil, polyethylene pellets), receivers are not likely in competition with each other. To the extent that these products are not effectively truckable, then the receivers of these products will see no reduction in competition as a result of the Proposed Transaction. As they are not currently served by both carriers now, the carriers are not able to compete for their business. If the receivers in the BEA do not compete in downstream product markets, then there is no competition that can be harmed as a result of the merger. If the commodities are truckable, then the competitive rail transload opportunities at competing railroads will provide competitive discipline on rail rates.

186. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

187. A similar situation is likely for polyethene pellets which is a common input into making plastic products. These pellets are delivered to [REDACTED] locations across the BEA. Given that plastic pellets are typically used for the manufacture of non-fungible goods, the degree of competition among the receivers may be limited.

188. The combination of PAR System and CSXT also does not threaten competition from alternative locations. Roughly [REDACTED] cars of the [REDACTED] triggered for this BEA arrive on the PAR System line from Maine. Of these, [REDACTED] an exempt commodity. The products enter over the New York gateways on CSXT and PAS, or from Canada over the Vermont gateways.

189. There are attributes of the 50/10 test that overstate the effect of the merger on the concentration of rail traffic. Over [REDACTED] of PAR deliveries at issue in Table 20 are

¹⁰³ CSX Application, Exhibit 23, letter of support from [REDACTED].

delivered to Ayer. Although these deliveries are identified as PAR terminations, they would be open locations competitive with B&E and NSR intermodal post-merger.

190. Scrap iron, the third-largest commodity, is an exempt commodity and subject to truck competition. The CWS data reveals that [REDACTED] of the terminations are to [REDACTED]
[REDACTED]
[REDACTED] Of the remaining [REDACTED] cars, [REDACTED] are delivered by a competing railroad over a routing on which neither CSXT or PAR System participates.

191. Although CSXT – PAR System is primarily an end-to-end merger, given that the ends meet in the Boston BEA, the merger results in an increase in the share of terminating rail traffic handled by the carriers for certain commodities. The analysis of the markets and commodities in this area show there is no likelihood of substantial competitive harm to the receivers of this traffic.

192. **Destination BEA 005 (Albany, NY): STCC 2611135 (Woodpulp NEC)**¹⁰⁴ The origination prong of the 50/10 test is triggered for woodpulp to the Albany, NY BEA. However, this change does not represent any additional increase in market power or risk of competitive harm from the merger. [REDACTED]

[REDACTED] The CWS data show tens of thousands of carloads of woodpulp being shipped around the U.S., providing plenty of alternate originating options for Albany receivers. This fact, combined with the fact that these shipments are truck competitive, indicates that there is no risk of enhanced market power to receivers in the Albany BEA.

193. **Destination BEA 008 (Buffalo, NY): STCC 4029101 (Contaminated Soil)**¹⁰⁶ As for Albany-Woodpulp above, the origination prong of the 50/10 test is triggered for Contaminated Soil to the Buffalo, NY BEA. The origination screen is only just triggered for this BEA-Commodity, with [REDACTED]
[REDACTED]

¹⁰⁴ Commodity is “Woodpulp, Not Powdered, NEC.”

¹⁰⁵ See my workpapers.

¹⁰⁶ Commodity is “Soil, Chemical Waste Contaminated, NEC, Dry.”

█████ Nationally, over █████ carloads of contaminated soil move annually, with roughly █████ from nearby regions, providing many competitive alternatives for Buffalo BEA receivers of contaminated soil. There is no reasonable risk of enhanced market power to receivers of contaminated soil in the Buffalo BEA.

194. **Destination BEA 010 (New York, NY): STCC 2631117 (Pulpboard)**¹⁰⁷ The origination prong of the 50/10 test is triggered for Pulpboard to the New York, NY BEA. The origination screen is only just triggered for this BEA-Commodity, with █████ carloads originated by CSXT and █████ carloads originated by PAR, which represent exactly █████ of the total █████ carloads terminating in the New York BEA. There are several other factors that indicate that this change does not represent any additional increase in market power or risk of competitive harm from the merger. The data show that six other railroads originated pulpboard carloads destined for the New York BEA, and that roughly █████ carloads are originated in the South and Mid-Atlantic, compared to the █████ carloads originated in New England on PAR. There are many competitive alternatives for New York BEA customers for Pulpboard. There is no reasonable risk of enhanced market power to receivers in the New York BEA.

195. Additional analysis of more distant and less plausibly relevant matters triggered by the 50/10 test are discussed in Appendix B.

B. PAS, CSXT AND B&E

196. As explained above, and in more detail by Mr. Pelkey, after the Proposed and Related Transactions, CSXT will be a 50%-owner of PAS.¹⁰⁸ However, B&E, a GWI-owned company will replace Springfield Terminal as contract operator of PAS. B&E will serve as agent for the PAS. B&E will make pricing decisions in the interest of PAS, and as such to the economic and interchange benefit of the owners of PAS, but such decisions will be made independently of CSXT. NSR retains certain rights (discussed above and in more detail by Mr. Pelkey¹⁰⁹) that prevent CSXT from exercising control over these decisions or impairing the continuing efficient operation

¹⁰⁷ Commodity is “Pulpboard or Fibreboard, Paper or Pulp Lined or not Lined, not Corrugated nor Indented, Excluding Faced with Foil, Excluding Building, Wall or Insulating Board.”

¹⁰⁸ Pelkey Amended and Supplemented VS at 10-12.

¹⁰⁹ Pelkey Amended and Supplemented VS at 10-12.

of PAS. PAS will continue to be an independently-operated rail option and customers using PAS—including any customers who may also have the ability to use CSXT—will continue to benefit economically from an independent rail option between upstate New York and eastern Massachusetts.

197. Given that the structure of CSXT’s acquisition of PAS retains PAS as an independent competitor to CSXT, concerns about a reduction in competition between CSXT and PAS are economically irrelevant. The ability of B&E to engage in independent price setting maintains any existing price competition between CSXT and PAS. However, for purposes of completeness, I identify and analyze locations on the PAS system that are also served by CSXT before turning to an analysis of the competitive implications of B&E’s operations of PAS.

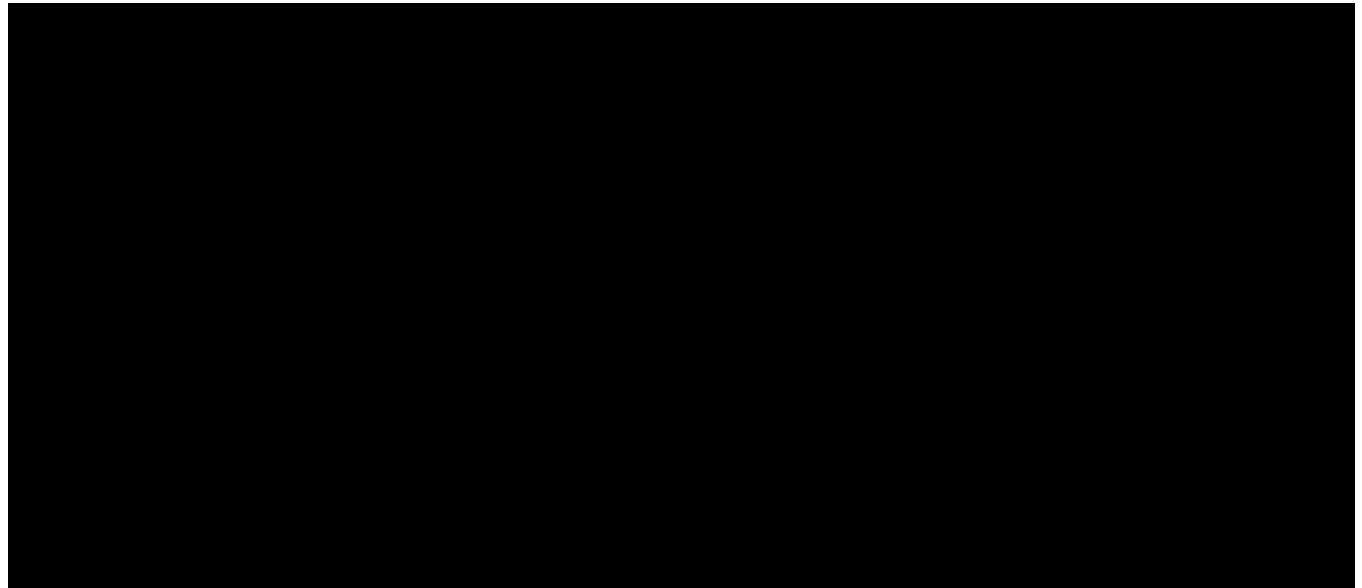
1. PAS and CSXT jointly-served locations

198. With respect to competition between CSXT and PAS, I find that there are very few locations jointly served by CSXT and PAS and that the Proposed Transaction raises no competitive concerns.

199. Table 21 reports every location on the PAS system that is identified as being currently served by both CSXT and PAS based on 2019 CSM and identifies each location as either a potential 3-2 location or a potential 2-1 location. The table also reports the number of cars handled by each carrier at those locations using the CWS and CSXT and PAS waybill data.

Table 21
Locations on the PAS and CSXT Systems Identified in the Centralized Station Master as Potentially Moving from 3-2 or 2-1 Independent Rail Carriers as a Result of the Proposed Transaction





200. The data presented in Table 21 identifies three types of locations: those where neither CSXT or PAS reported serving local customers; those where either CSXT *or* PAS reports serving customers; and those where both CSXT and PAS reported serving local customers.

201. In New Britain, CT, a location where neither CSXT or PAR reported serving local customers or are able to serve customers, there is no competitive harm associated with the Proposed Transaction. [REDACTED]

To the extent the Proposed Transaction reduces the number of competing rail alternatives available to future rail customers who may potentially locate in these locations, those customers will be making their location decisions with full knowledge of the competitive alternatives available and will not be harmed by this transaction.

202. In the two locations where either CSXT *or* PAR reports traffic, which are Fitchburg, MA and Springfield, MA, there also will be no competitive harm associated with the Proposed Transaction. [REDACTED]¹¹⁰ Customers in this location currently have one rail option—PAS—and that will remain unchanged after the transaction.

¹¹⁰ See SCRSSummary-MA.xlsx in my workpapers.

203. With respect to Springfield, MA, although PAS reports no traffic originating or terminating in Springfield, MA in 2019, I understand that [REDACTED] customers located in Springfield currently have access to both CSXT and PAS.¹¹¹ These shippers are [REDACTED]

[REDACTED]

[REDACTED] As described above, CSXT will retain no pricing or operational control with respect to PAS and PAS will continue to serve as an economically independent rail option in New England.¹¹⁴ None of these customers will lose the competitive benefit of two rail competitors with independent and unilateral interest to obtain this traffic; therefore, the Proposed Transaction does not raise competitive concerns with respect to these customers. Therefore, these are not 2-to-1 shippers. They will continue to have two independent options.

204. A similar analysis applies to Holyoke, MA. Both CSXT and PAS report serving local customers in Holyoke. [REDACTED]

[REDACTED] However, because CSXT will retain no pricing or operational control with respect to PAS and PAS will continue to serve as an economically independent rail option, there will be no change in the competitive alternatives available to customers in Holyoke.

205. Finally, with respect to Rotterdam Junction, NY, where both CSXT and PAS report serving local traffic, there is no current competitive overlap and there will be no change in competitive circumstances for customers in Rotterdam Junction. Rotterdam Junction is primarily a junction between the CSXT and PAS systems. [REDACTED]

[REDACTED]¹¹⁵ However, even if that were not the case, because PAS will continue to operate independently, there will be no reduction in competition between CSXT and PAS as a result of the transaction.

¹¹¹ See SCRSSummary-MA.xlsx in my workpapers.

¹¹² See SCRSSummary-MA.xlsx in my workpapers.

¹¹³ CSXT waybill data, provided in my workpapers.

¹¹⁴ Pelkey Amended and Supplemented VS at 11-12.

¹¹⁵ See SCRSSummary-NY.xlsx in my workpapers.

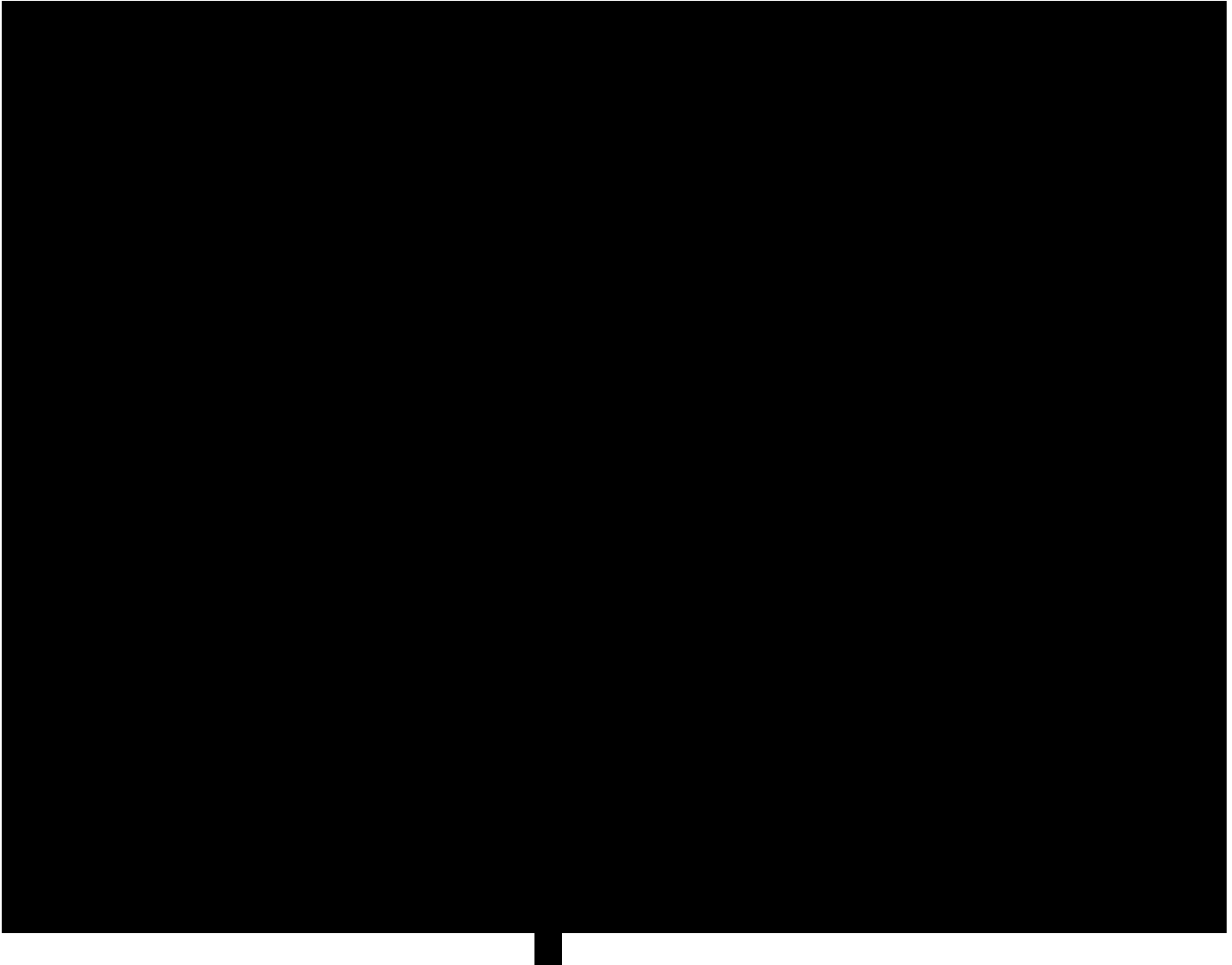
2. PAS and GWI jointly-served locations

206. As noted above, B&E is contractually obligated to operate PAS as an independent competitor to both CSXT and other GWI-owned railroads. Nevertheless, for customers that are currently served only by PAS and a GWI-owned railroad, post-transaction price negotiations would be limited to GWI-owned railroads. Therefore, I have analyzed all locations on the PAS system that are currently served by both PAS and a GWI-owned railroad to assess whether commitments by CSXT and NSR on behalf of PAS are necessary to ensure that customers continue to benefit from competition between independent carriers. I find that there are few jointly-served locations and that CSXT and NSR on behalf of PAS have made commitments sufficient to preserve competition for customers at these locations.

207. Table 22 reports every location on the PAS system that is identified as being currently served by both PAS and a GWI-owned railroad based on the 2019 CSM and identifies each location as either a potential 3-2 location or a potential 2-1 location. The table also reports the number of cars handled by each carrier at those locations using the CWS and CSXT, PAS, and NECR waybill data.

Table 22
Locations on the PAS and GWI Systems Identified in the Centralized Station Master as
Moving from 3-2 or 2-1 Independent Rail Carriers as a Result of the Proposed
Transaction





208. I categorize the locations in Table 22 into three groups—the Patriot Corridor Mainline, the Springfield-New Haven Amtrak Line, and the Connecticut River Line North—based on the geography of the PAS system. The Springfield-New Have Line and the Connecticut River Line North are often referred to as the Knowledge Corridor. As shown in the table, there is only one location on the PAS system where the Proposed Transaction indicates any change in competitive circumstances for customers.

a. Patriot Corridor

209. On the Patriot Corridor, PAS’s east-west mainline, there are two locations—Gardner, MA and Millers Falls, MA—that are identified as being served by both PAS and a GWI-owned railroad based on the 2019 CSM. Gardner, MA is primarily an interchange point between the PAS and

P&W systems. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

116

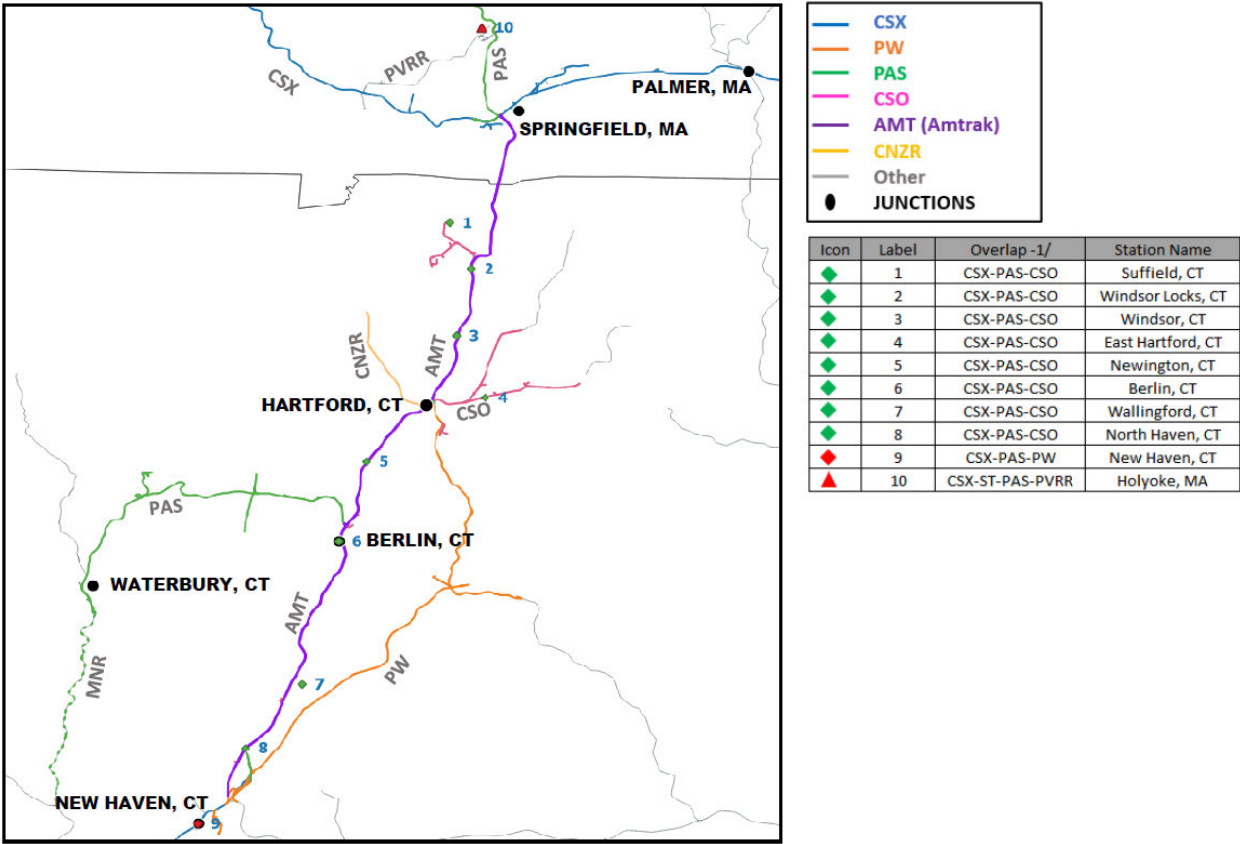
210. There are no local customers in Millers Falls, MA. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

b. Springfield-New Haven Amtrak Line

211. The portion of the PAS line that runs between Springfield and New Haven is owned by Amtrak. There are ancient and more recent agreements granting various freight railroads rights to operate and serve customers along this line. PAS operates on this line via trackage rights but is limited in the customers it can serve. CSX operates on this line via a haulage agreement with GWI-owned Connecticut Southern Railroad (“CSO”). CSO operates the line and serves all shippers on the line. Figure 9 is a schematic map of the Springfield-New Haven portion of the PAS system.

¹¹⁶ PAS will provide road equipment and supplies for P&W at Gardner. This does not represent a competitive issue.

Figure 9
The Springfield-New Haven Portion of PAS System



Source: North American Rail Lines, National Transportation Atlas Database (NTAD), Bureau of Transportation Statistics; Centralized Station Master (CSM).

Notes:

1) Freight Stations reflect six-digit Standard Point Location codes (SPLC) identified in the Centralized Station Master, and do not indicate physical presence or jointly served locations or shippers.

212. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹¹⁷ CSO is not a reporting railroad for the CWS so their traffic is not identified. I assume for the competitive analysis, consistent with my understanding, that CSO can serve all shippers on the line.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]¹¹⁸

213. Similar analysis applies to New Haven, CT, [REDACTED]
[REDACTED]
[REDACTED]

c. Connecticut River Line North

214. PAS operates on the north-south line between East Deerfield and White River Junction via certain trackage rights on the NECR-owned Connecticut River line. Table 22 reports four locations on this segment of the PAS system that are identified in the CSM as being served by both PAS and GWI-owned NECR. These locations are Northfield, MA; Windsor, VT; Charlestown, NH; and Claremont Junction, NH.

215. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

216. Table 22 also shows that, based on company shipment data, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]¹²⁰

¹¹⁸ See SCRSSummary-CT.xlsx in my workpapers.

¹¹⁹ See SCRSSummary-CT.xlsx in my workpapers.

¹²⁰ See CSX Application, Exhibit 23, letter of support from [REDACTED].

217. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Table 23
Rail Customers in Claremont Junction, NH, CSXT and PAS Waybill Data, 2019

[REDACTED]

[REDACTED]

[REDACTED]

218. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] Although B&E will operate PAS independently from the other GWI railroads, shippers who today have access to two independent rail alternatives may view the post-transaction operation of PAS by B&E with some level of concern as a possible reduction in their competitive alternatives. Therefore, CSXT and NSR on behalf of PAS have committed that B&E will be obligated to establish rates for these customers at current levels, subject to future reasonable escalation, as long as B&E is operator of PAS.¹²¹ This commitment will preserve the benefits of existing competitive rates for the shippers who are jointly served by PAS and a GWI-owned railroad.

¹²¹ Pelkey Amended and Supplemented VS at 18.

3. Connecting carriers with PAS

219. With B&E stepping into the role of the contract operator of PAS, PAS will continue to serve as an economically independent rail option in New England. However, I have also analyzed whether the proposed transaction is likely to raise competitive concerns by reducing the number of competitive alternatives available to short-line carriers that currently connect with PAS. As with my analysis of 2-1 shippers, I consider the potential for reductions in competition with respect to both CSXT (i.e., short-lines that currently connect to both CSXT and PAS) and GWI-owned railroads (i.e., short-lines that currently connect to PAS and a GWI-owned railroad).

220. As shown in Table 15, in addition to PAR, PAS connects with six short-line carriers across its system. These carriers can be categorized based on where they connect to the PAS system: the Patriot Corridor Mainline; the Amtrak-owned line between Springfield, MA and New Haven, CT; and the Connecticut River Line North.

a. Patriot Corridor

221. Three carriers that connect with the PAS Mainline—NECR at Millers Falls; BKRR at Eagle Bridge; and P&W at Gardner—will see no reduction in competitive alternatives as a result of the transaction. Neither will the VTR at Hoosick Junction, which I discuss more fully below.

b. Springfield-New Haven Amtrak Line

222. Two short-line railroads—PVRR and CNZR—connect with the PAS system on the New Haven line that runs through Springfield.¹²²

223. **PVRR.** PVRR operates in western Massachusetts and serves shippers in Westfield and Holyoke, MA north of Springfield.¹²³ PVRR connects with CSXT in Westfield and re-opened a connection with PAS in 2018.¹²⁴ (NSR has no rights to interchange or obtain commercial access through haulage to reach PVRR.) As PAS will now be operated by B&E, similar to certain CSXT-

¹²² CSO lists an interchange with PAS at Berlin on its website but it is not registered with Railinc nor am I aware that an interchange agreement is in place.

¹²³ “Pioneer Valley Railroad” available at <https://pinsly.com/services-solutions/#PVRR>.

¹²⁴ “Pioneer Valley Railroad: A Pinsley Railroad Company” available at: <https://pinsly.com/wp-content/uploads/2020/05/PVRR-brochure-For-General-Use-2020.pdf>.

PAS jointly-served shippers in Springfield discussed above, PVRR will not lose any competitive options as a result of the transaction.

224. **CNZR.** CNZR operates two sections of track in Connecticut: 8.7 miles between Hartford and Bloomfield and 13.5 miles from East Windsor, CT to the Massachusetts line.¹²⁵ CNZR has physical connections at Hartford (CSO on the Amtrak line) and East Windsor, CT (CSO).¹²⁶ The East Windsor line connects only with CSO and will be unaffected by this transaction.

225. In Hartford, customers on CNZR’s Bloomfield line currently have the option of connecting with PAS (via trackage) or CSO. CSO also hauls CNZR interchange traffic on behalf of CSXT primarily for interchange at West Springfield. Post-transaction, only B&E (through trackage) and CSO, both GWI railroads, will physically interconnect with the CNZR Bloomfield line. CSXT interchanges traffic with CNZR-Bloomfield through its haulage agreement with CSO. As described above, because B&E will operate PAS independently from CSO there remain active competition between the three railroad options. Regardless, there will remain two independent rail options. To the extent that CSXT continues to interchange with CNZR-Bloomfield according to established haulage rates, CSXT will provide the same competitive connection that it provides today.

226. There is no likely substantial competitive impact to CNZR-Bloomfield and its shippers as result of the merger. There is only one significant shipper on that line—

[REDACTED]

¹²⁵ See “Central New England Railroad Co, Inc” available at: <https://cnzrrr.com/>.

¹²⁶ See “Central New England Railroad, “System Map,” available at: <https://cnzrrr.com/system-map/>.

¹²⁷ There is one other active business with a siding. Reviewing company waybill data, I have found no cars for that shipper in 2019, and only single car in 2018.

c. Connecticut River North: VRS Connections

227. On the Connecticut River North segment of the PAS system, PAS connects with GWI-owned NECR and railroads owned by the Vermont Rail System (“VRS”). The NECR connections will be unaffected by the Proposed Transaction. The VRS connections, however, warrant additional analysis.

228. VRS owns six short-line railroads operating in New York, New Hampshire, and Vermont. VRS has identified three of those short-line railroads as relevant to this proceeding: Vermont Railway, Inc. (“VTR”), Washington County Railroad Company (“WACR”), and Green Mountain Railroad Corporation (“GMRR”).¹²⁸ For the purposes of this statement, I refer to these three railroads collectively as VTR.

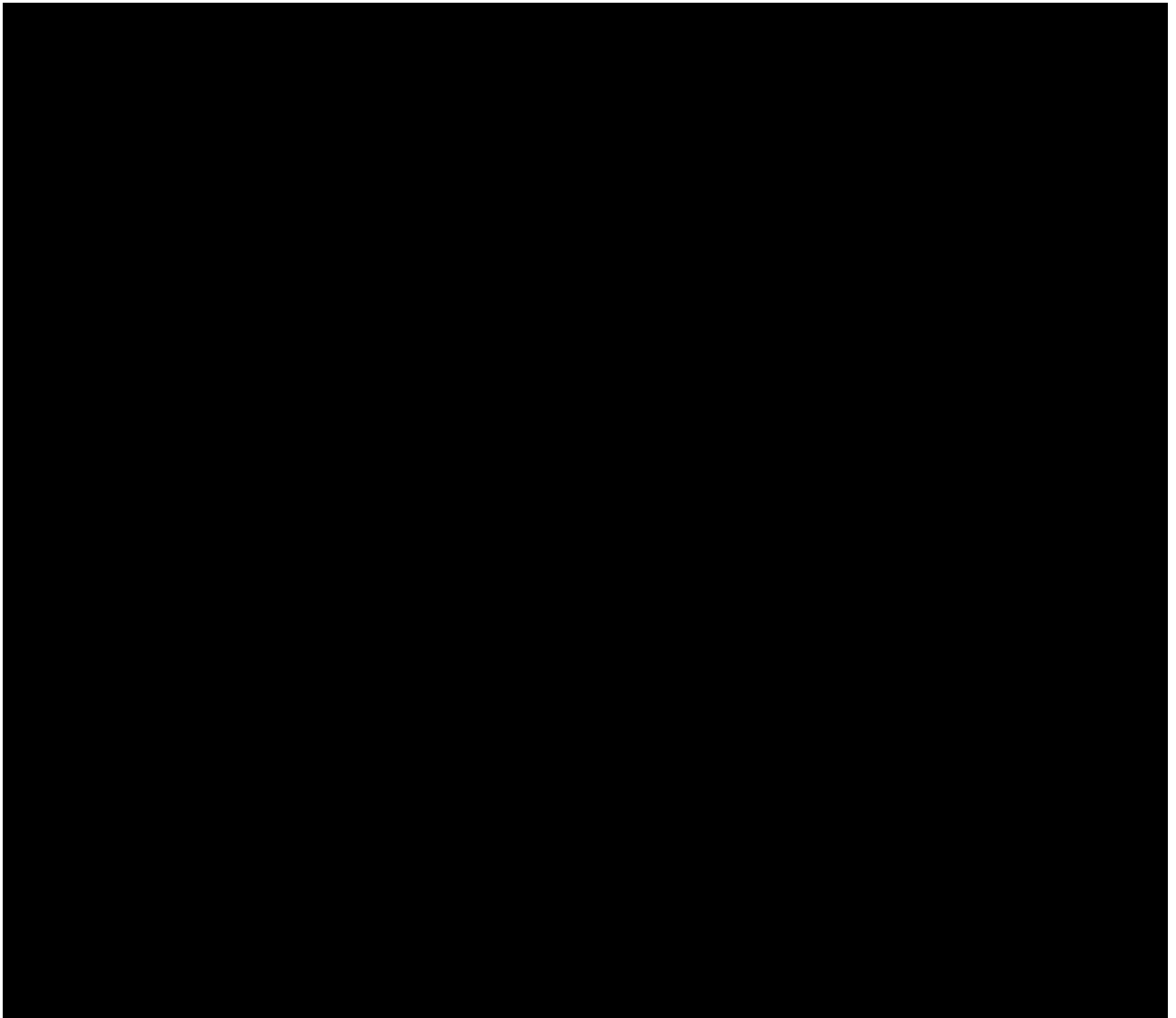
229. VTR operates approximately 128 miles of railroad from Burlington, VT (connecting with NECR that runs to the Canadian border and a CP connection) south through Rutland, VT, where it splits into three lines: west to Whitehall, NY (connecting with CP), southwest to Hoosick Junction, NY (connecting with PAS), and southeast to Bellows Falls, VT (connecting with PAS and NECR).¹²⁹ VTR also has a separate line between Newport, VT (connecting to CP into Canada) and White River Junction, VT (connecting to NECR and PAS at the north end of the Connecticut River line). Figure 10 is a schematic map of the VTR system and its connection to PAS. VTR has haulage rights on NECR between its White River Junction and Bellows Falls connections. NS also has haulage rights on PAS to connect with VTR at Hoosick Junction. None of these rights will be lessened by the Proposed Transaction.

Figure 10
The VTR System



¹²⁸ Vermont Rail System’s Notice of Intent to Participate, Opposition to Application and Petition, and Reply to Proposed Procedural Schedule, March 16, 2021, (hereinafter “VTR Comments”) at 3. In the context of PAR, I previously discussed NEGS.

¹²⁹ VTR Comments at 3, 4.

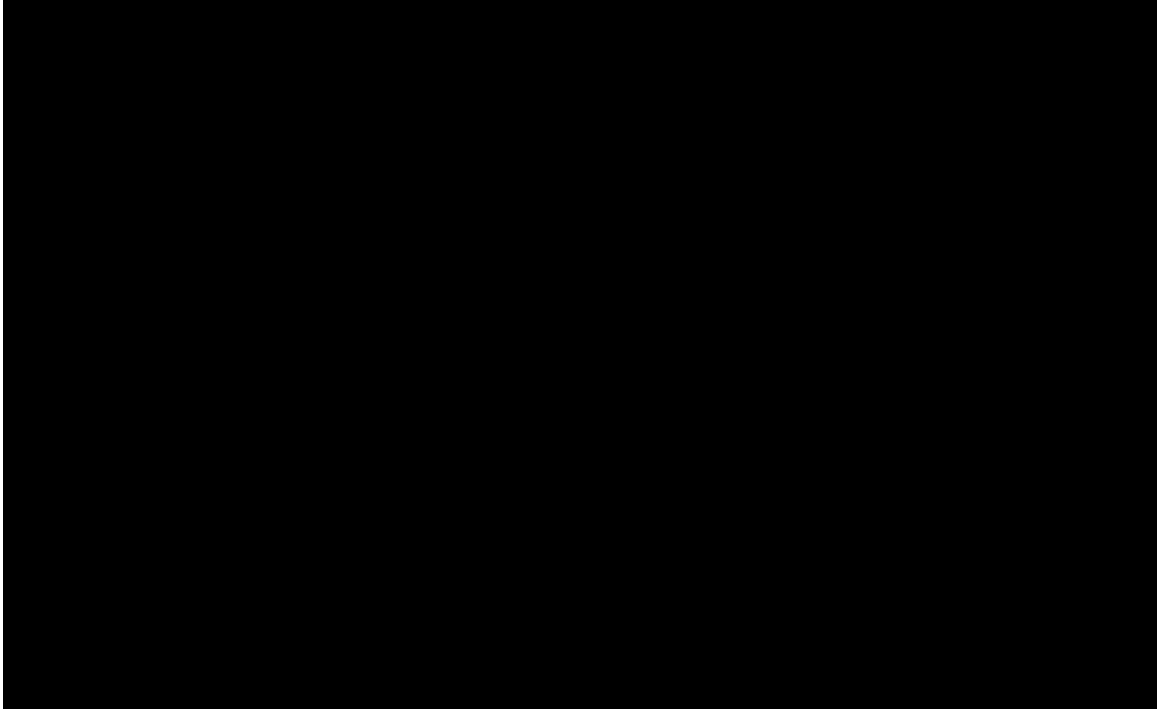


■

230. VTR moved more than [REDACTED] cars in 2019. Table 24 summarizes VTR's traffic by commodity using the 2019 CWS and shows that [REDACTED] [REDACTED] are the major commodities moving on VTR.

Table 24
VTR Traffic, Major Commodity Groups, CWS 2019

■

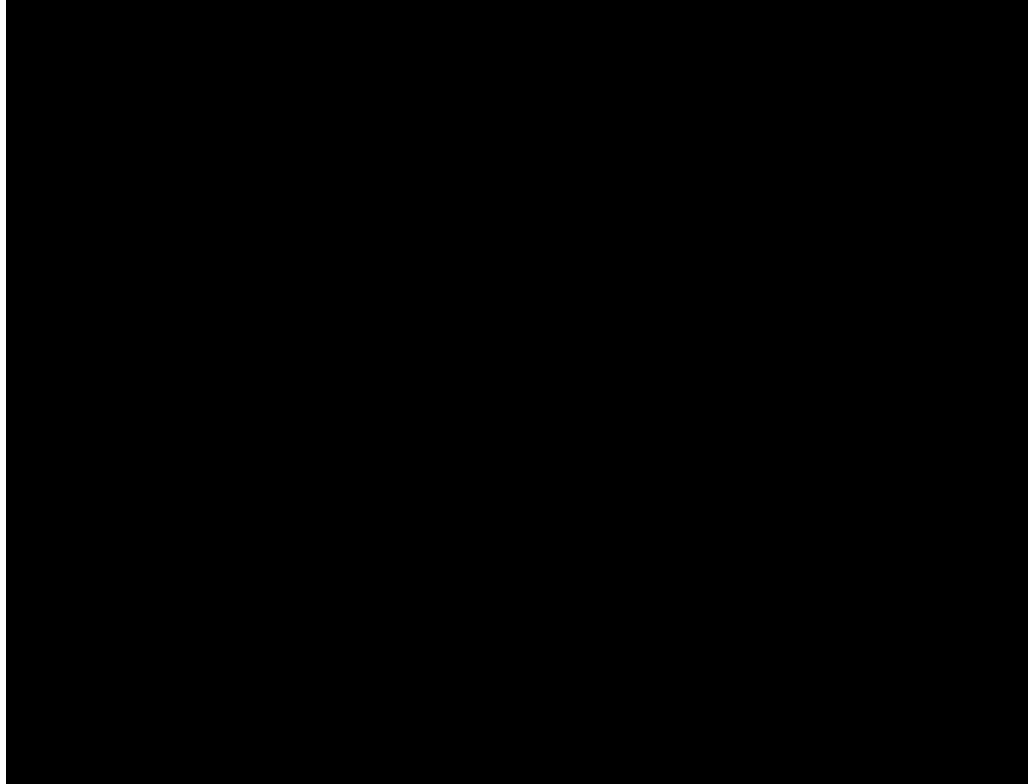


■

231. Table 25 shows interchange volumes at all of VTR's connections. It is clear from the table that VTR's connection with ■ and connections with ■ are the two most important connections.

Table 25
VTR 2019 Interchange Volumes

■



232. Competitive alternatives for traffic handled at [REDACTED] will not be reduced by the Proposed Transaction. A VTR short-line also connects only with NECR at Montpelier, VT, and the Proposed Transaction does not change the existing, single railroad connection for that traffic.

233. The Proposed Transaction could, however, raise competitive concerns in locations where VTR can currently connect to both PAS and NECR, including Bellows Falls, VT and White River Junction, VT. After the transaction, VTR and the shippers it serves will continue to have the option of interchanging with GWI-owned or operated railroads at Bellows Falls and White River Junction. If B&E was not otherwise constrained with regard to its operations of PAS, and if NSR lacked independent haulage access to VTR, the transaction may give rise to competitive concerns about a reduction in competition that would allow GWI to raise prices for interconnections at White River Junction and Bellows Falls that would harm VTR and its customers. This prospect also may raise questions about GWI's ability to divert traffic that currently moves on VTR via Burlington, VT to NECR.

234. Under the terms of the Proposed Transaction, these concerns are unfounded. B&E will not own PAS and will instead operate PAS as an agent for PAS, owned by CSXT and NSR. However, recognizing these concerns, CSXT and NSR on behalf of PAS have committed to conditions (described below) that will preserve the benefits of existing price competition for VTR over these interchanges, therefore ensuring VTR's customers retain multiple, independent options to connect with the PAR system and eastern New England and with destinations to the south and west of New England.

i. VTR connections to PAR and Eastern New England

235. For VTR traffic to or from the east with connections to PAR that may currently benefit from intramodal competition between PAS and NECR to reach the PAR system, CSXT and NSR on behalf of PAS have committed that PAS will establish rates for these customers at current levels, subject to future escalation, as long as B&E is operator of PAS.¹³⁰ Given the configuration of the VTR, unless the traffic is to or from New England east of Vermont, it may be more logical for VTR to interchange using its northern junction or at its New York junctions—Whitehall with CP or PAS at Hoosick Junction for interchange with PAS's Class I railroad interchanges in New York.

236. Given the configuration of the New England rail network, there is limited potential direct competitive harm to VTR resulting from B&E operation of PAS. Apart from the two customers discussed above, there are no jointly served PAS-GWI customers. While physically possible, a route by which the VTR interconnecting shipments can reach the PAR System without PAS being involved in the movement is highly circuitous relative to the movement over PAS. Regardless, the commitment to establish rates for these customers at current levels will preserve the benefits of any existing intramodal competition to which shippers using the VTR interchanges at Bellows Falls or White River Junction to reach the PAR System. Moreover, the factor pricing commitment means that B&E will retain the incentive and ability to move traffic from VTR onto PAR Systems.

ii. VTR connections to Class I Carriers

237. As discussed above, Hoosick Junction is an important connection for VTR traffic. This is the logical interchange for VTR for most traffic to the west as the interchange is located on the

¹³⁰ Pelkey Amended and Supplemented VS at 18.

western portion of PAS, with a short haul over PAS to and from the PAS interchanges with Class I carriers at Mechanicville (NS) and Rotterdam Junction (CSXT). (VTR also has multiple direct interchanges with CP.) NSR also interchanges with VTR at Hoosick Junction using its existing haulage rights. In addition to these connections via PAS, it is also currently feasible (although perhaps not the most efficient route for much traffic) for VTR traffic to move over Bellows Falls, southeast over NECR, and then interconnect with CSXT directly, thus providing VTR two independently-priced alternatives to connect to CSXT. In order to preserve the benefits of any existing intramodal competition on PAS for VTR to reach CSXT and its customers, CSXT and NSR on behalf of PAS have committed that PAS will establish rates to and from CSXT at Rotterdam Junction and Hoosick Junction at current levels, subject to future escalation, as long as B&E is operator of PAS.¹³¹

iii. Service Commitment

238. In addition to pricing, competitive concerns can arise with respect to service. There is no reason to believe that B&E and NECR service would be expected to decline from current levels. Indeed, to the extent that operational improvements can be reaped from GWI's experience in operating regional and short-line carriers in New England, service could be anticipated to improve. Regardless, CSXT and NSR on behalf of PAS have provided VTR with a service level commitment.¹³²

239. As I show below, collectively these commitments preserve the benefits of existing competition for VTR and its customers, including preserving competitive alternatives for the most important commodities moving on VTR.

240. [REDACTED]
[REDACTED] These commodities primarily move over one of three interchanges: via Whitehall to connect with CP; via Hoosick to connect with PAS and NS for eventual destinations to the west and south of New England; or via Bellows Falls to connections with PAR and destinations in eastern New England. Traffic at Whitehall consisted primarily of [REDACTED]

¹³¹ Pelkey Amended and Supplemented VS at 18.

¹³² Pelkey Amended and Supplemented VS at 19.

[REDACTED]

[REDACTED]¹³³ At Hoosick Junction, the major commodity inbound for delivery in Vermont is [REDACTED] and the primary commodity leaving Vermont via Hoosick is [REDACTED].¹³⁴ Bellows Falls is an important interchange point for [REDACTED] and [REDACTED].¹³⁵

241. With respect to LPG, VTR's interchange with CP at Whitehall will not be affected by the Proposed Transaction and there is no loss in direct intramodal competition at East Deerfield from the Proposed Transaction because East Deerfield is solely served by PAS. However, recognizing that East Deerfield is an important staging point in New England for the transportation of LPG by rail, CSXT and NSR on behalf of PAS have committed to provide haulage between storage facilities at East Deerfield and VTR's Bellows Falls and White River Junction interchanges.¹³⁶ To the extent there is a concern about the competitive impact of B&E operation of PAS with respect to these movements of LPG to VTR-served customers, the haulage right commitments enhance the benefits of existing competition, as VTR's access to East Deerfield required negotiation with PAS as the only serving carrier at East Deerfield.

242. [REDACTED]
[REDACTED]
[REDACTED]¹³⁷

243. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

¹³³ 2019 CWS. See Table B- 5 in Appendix B.

¹³⁴ 2019 CWS. See Table B- 6 in Appendix B.

¹³⁵ 2019 CWS. See Table B- 7 in Appendix B.

¹³⁶ Pelkey Amended and Supplemented VS at 18-19.

¹³⁷ See Table 24 and Table B- 6.

¹³⁸ See Table B- 6 and Table B- 7.

244. The commitments provided ensure that there will be no loss of competition for this movement. VTR will obtain haulage rights that it previously did not have for movements west over NS and CSXT through Hoosick Junction. For movements east to PAR-served paper mills, the open gateways and PAR System rate factor commitments ensure that B&E will retain the incentive and ability to compete for the PAR System-destined traffic as did ST prior to any transaction.

4. The parties have addressed all potential competitive concerns regarding B&E operation of PAS

245. The structure of the operating agreement with B&E and the price and service commitments the parties have made with respect to VTR are sufficient to address any potential competitive concerns raised by the proposed transaction.

a. Potential Reduction in Competition

246. The Vermont Agency of Transportation (“VTrans”) and VTR have both raised concerns that B&E operation of PAS will effectively reduce the number of competitive alternatives available at VTR interchanges in Bellows Falls and White River Junction from two competitors today (PAS and GWI-owned NECR) to one competitor post-transaction (because B&E and NECR are both GWI-owned railroads).¹³⁹

247. As noted above, CSXT and NSR on behalf of PAS have made various price and service commitments at White River Junction and Bellows Falls, where VTR now has the option of interchanging with either PAS or NECR. VTR points out that NECR and PAS are “vigorous competitors” along the north-south line (*i.e.*, the route between White River Junction and the Massachusetts border).¹⁴⁰ VTR further explains that: “Currently, PAS accounts for the vast

¹³⁹ See, e.g., State of Vermont, Agency of Transportation “*Opposition to Application and Petition and Preliminary Comments*,” March 17, 2021 (hereinafter “VTrans Comments”) at 3-5; Vermont Rail System’s Notice of Intent to Participate, Opposition to Application and Petition, and Reply to Proposed Procedural Schedule, March 16, 2021, (hereinafter “VTR Comments”) at 2, 4-5.

¹⁴⁰ VTR comments at 4.

majority of Conn River Line interchange traffic with [VTR], reflective of both better PAS service and other competitive considerations that favor [VTR]’s use of PAS over NECR.”

248. Current prices and service levels on PAS reflect that “vigorous competition.” Therefore, the commitments of CSXT and NSR on behalf of PAS to maintain price and service levels on PAS will preserve the benefits of PAS’ existing price competition for VTR over these interchanges.

b. B&E Operational Independence

249. VTrans and VTR have both raised questions about B&E’s relationship with GWI. VTrans questions whether B&E will compete in a meaningful way with the GWI-owned NECR¹⁴¹ and also raises concerns about GWI’s alleged past attempts to “choke off competitive access” through trackage rights fees.¹⁴² VTR suggests that GWI will gain access to competitively-sensitive data that would provide NECR “unfair service and marketing advantages over VTR.”¹⁴³ Under the haulage commitments described above, however, B&E will not have access to the rate that VTR charges its shippers.¹⁴⁴

250. As the owners of PAS, CSXT and NSR have a direct economic interest in maintaining PAS as an independent, competitive railroad. B&E will be operating as an agent for CSXT- and NSR-owned PAS. This is a fundamentally different economic relationship than that of a GWI-owned and operated railroad. To that end, concerns that B&E will operate PAS in a manner that would allow other GWI-owned railroads an unfair competitive advantage over PAS are addressed in the Term Sheet Agreement.¹⁴⁵ As noted above, if B&E were to fail to operate PAS in a manner that preserves PAS as a successful competing railroad, it would be in the PAS owners’ best interests to find an alternative operator for PAS.

¹⁴¹ See, e.g., VTrans Comments at 6-7; Verified Statement of Daniel Delabruere (attached to VTrans Comments) at 7-8.

¹⁴² State of Vermont, Agency of Transportation, “Reply to Applicants’ March 18, 2021 Response to Initial Comments and Certificate of Service,” March 22, 2021 at 5.

¹⁴³ VTR Comments at 6. See also VTR Comments at 5.

¹⁴⁴ B&E will not share information on rate divisions from connecting railroads that it learns with any other GWI-controlled carrier. Pelkey Amended and Supplemented VS at 19.

¹⁴⁵ Pelkey Amended and Supplemented VS at 14 and Term Sheet Agreement, attached to Pelkey VS.

C. THERE ARE NO VERTICAL COMPETITIVE CONCERNS REGARDING THE PROPOSED TRANSACTION

251. There are no realistic vertical competition issues associated with the Proposed Transaction and Related Transaction. As explained in section II, vertical competition problems typically do not and cannot arise in this type of end-to-end transaction. The post-transaction carriers have no incentive to attempt to anti-competitively harm connecting carriers.

1. Interconnecting Carriers and Gateways

252. The Proposed Transaction and Related Transactions will likely enhance in many ways the efficiency of the New England rail network. NSR, CSXT, PAS, and B&E, acting as PAS's agent, will have no incentive to foreclose connecting shippers' access or to preclude additional interline traffic that can benefit from these efficiencies, just the opposite. To the extent they can attract additional traffic originating or terminating on these connecting New England carriers, they will benefit from the additional traffic and revenue.

253. Nevertheless, in the Proposed Transaction CSXT is committing to keep all existing active PAR System gateways affected by the Proposed Transaction open on commercially reasonable terms. Further, CSXT commits to waiving any right it might otherwise have under the Board's rules to refuse requests by shippers to establish local, separately challengeable rates for movements on the PAR System to an interchange with another rail carrier.¹⁴⁶ As discussed above in section V.A.3, the commitments go well beyond open gateways. The commitments establish and cap price factors on traffic to and from PAR Systems for traffic that is local or overhead on PAS. These voluntary commitments provide a level of access and competitive pricing to shippers using interconnecting carriers that go beyond what efficient component pricing would require. These benefits accrue to both shippers and the interconnecting carriers used by these shippers.

254. Interconnecting carriers may obtain more or less traffic as a result of the transactions. Shippers and potential shippers on interconnecting short-lines that are able to take advantage of the eventual service improvements of the combined railroads may generate additional shipments for the short-line and CSXT. To the extent that certain interconnecting carriers are able to take advantage of these improvements or enhance their own service offerings they may obtain

¹⁴⁶ Pelkey Amended and Supplemented VS at 17.

additional traffic; others may be unable to adapt and lose traffic. This is the outcome expected from pro-competitive changes in a competitive environment.

2. Post-Transaction PAS

255. A theoretical vertical effect is the inefficient elimination (exit) of an interchange partner. The parties have no incentive to eliminate any of their connections, but given the multiple effects of the Proposed Transaction and Related Transactions on PAS, I analyze the post-transaction implications for PAS.

256. CSXT and NSR, as future owners of PAS, and B&E, as PAS operator, have obvious economic interest in the future success and viability of PAS. The rights NSR obtains to move intermodal and automotive traffic over CSXT is significantly pro-competitive as it allows for NSR to move double-stack IM trains to Ayer rather than the single-stack trains that are only possible over PAS.¹⁴⁷ This movement avoids the higher cost of moving single stack strains and/or the cost of ‘fileting’ east-bound double-stack trains to single-stack at Mechanicville or ‘toupee-ing” west-bound single-stack traffic to double-stack at Mechanicville. The alternative to the status quo would be over time to make large capital investments to allow double-stack IM trains over the PAS route.¹⁴⁸

257. The diversion of NSR intermodal and auto traffic to and from Ayer onto the CSXT mainline implies a loss in haulage traffic and revenue to PAS. Such a diversion, while a clear reduction in contribution to PAS, would not threaten the on-going viability of PAS. Based on URCS costs for intermodal and automobile movements and the haulage revenues and 2019 traffic implies a reduction in annual contribution of [REDACTED], [REDACTED] attributable to intermodal traffic and [REDACTED] attributable to the auto traffic.¹⁴⁹ This compares to PAS profits of [REDACTED] in 2019.¹⁵⁰ Thus, without the contribution from the existing NSR intermodal and auto haulage business, PAS will remain substantially profitable.

¹⁴⁷ See Huneke Amended and Supplemented VS for a discussion of these competitive benefits.

¹⁴⁸ Huneke Amended and Supplemented VS at 11-12.

¹⁴⁹ See my workpapers. Applicable URCS costs exclude lift costs which are compensated at cost separately.

¹⁵⁰ Pan Am Railways Consolidated Financial Statements, December 31, 2019, pg. 27.

258. There are other provisions in the transactions that will positively contribute to PAS profitability. These include:

- CSXT has committed that certain traffic from Ayer Industry Locations will utilize PAS rather than the CSXT mainline.¹⁵¹ [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- Under the terms of the Settlement Agreement, PAS will receive and Intermodal Facility Use Fee for each intermodal container that comes to Ayer.¹⁵² [REDACTED]
[REDACTED]
[REDACTED]
- CSXT has committed up to [REDACTED] to fund improvements at Ayer on PAS. This will serve to make Ayer a more competitive PAS-location for future traffic growth in the heart of the Greater Boston Area.
- B&E has substantial opportunity to lower PAS's overhead and operating expenses relative to Springfield Terminal's operation of PAS. If B&E can operate PAS at lower cost and/or more efficiently in a manner that can attract additional traffic, this will also contribute to additional PAS profits. The PAR System interchange factor commitment also provides B&E the unilateral ability to compete for traffic that would interchange with PAR System.

259. Thus, there is no realistic risk that PAS viability is threatened by the Proposed Transactions and Related Transactions. Rather, they provide for pro-competitive enhancements to the New England rail network while providing a variety of commitments designed to maintain and enhance PAS viability.

¹⁵¹ Settlement Agreement, Article IX.

¹⁵² Settlement Agreement, Article IV.

VI. BENEFITS OF THE PROPOSED TRANSACTION

260. The Proposed Transaction and Related Transactions go well beyond the typical pro-competitive benefits associated with end-to-end rail mergers. They provide for significant rationalization and pro-competitive modifications to the rail network in New England.

261. The acquisition of Systems by CSXT will create new, more efficient, and more reliable Class I, single-line rail service in New England and is fundamentally pro-competitive. In addition, the Related Transactions entered into by Systems, CSXT, NSR, and GWI provide many additional benefits for shippers. The result is a transaction that strengthens the New England rail network, creates significant benefits for shippers, and improves rail access to the region.

A. PRO-COMPETITIVE BENEFITS OF CSXT-PAR SYSTEM OPERATIONS

262. The primary benefit of the Proposed Transaction will be improved service quality as a result of integrating the PAR System with CSXT.¹⁵³ This will result in a Class I, single-line operation between the eastern U.S. network served by CSXT and northern Maine (with additional service to St. John, New Brunswick via haulage on NBM). It is widely recognized that single-line rail service is generally faster, more reliable, and more efficient than movements that require interchange among railroads.¹⁵⁴ This “end-to-end” transaction would eliminate a source of inefficiency in serving New England shippers in which different railroads must switch cars and provide less-than-fully coordinated service, timing and reliability.¹⁵⁵ By bringing interchange partners under a single coordinating organization, the costs and inefficiencies of physical switching would be eliminated.

1. Reduced Costs of Single Line Service

263. One benefit of single-line service resulting from the Proposed Transaction is a reduction in the operating costs of the combined networks. In 2019, CSX and the PAR System transported

¹⁵³ Pelkey Amended and Supplemented VS at 2-3. Also see Huneke VS regarding the benefits of relieving the trackage limits over PAS for permitting single-line service between CSXT and PAR System.

¹⁵⁴ Breen, Denis “The Union Pacific/Southern Pacific Rail Merger: A Retrospective on Merger Benefits,” Review of Network Economics, September 2004, at 292.

¹⁵⁵ Pelkey Amended and Supplemented VS at 5.

nearly [REDACTED] carloads annually in interline service that will move “single-line” (*i.e.*, without requiring separate railroads to handle and exchange the shipments) post-acquisition.¹⁵⁶ The conversion to single-line service will eliminate the activities and costs associated with the interchange. In past mergers, applicants have identified the amount of traffic that will no longer require interchange, and have used the Surface Transportation Board’s Uniform Rail Costing System (URCS) to quantify the variable costs assigned to those activities as an estimate of the merger-related benefits.¹⁵⁷

264. Although non-Class I carriers such as ST and PAS do not have their own individual URCS costing files, it is customary for the STB to assign variable costs to their shipments – and to their portion of interline shipments – based on a Regional URCS costing file. The Eastern Region URCS is based on the average of the Eastern Class I railroads – CSX, Norfolk Southern, and the US affiliates of Canadian National – and is the basis for the URCS variable costs presented for non-Class I shipments in the CWS.

265. I use CSX and the Eastern Region variable costs associated with interchanges to calculate a variable interchange cost of [REDACTED] per car.¹⁵⁸ Applying this interchange cost to the 2019 carload volumes that would see an interchange eliminated by the Proposed Transaction produces a total annual variable cost of [REDACTED] million. This represents costs that would no longer be incurred by the combined CSX-PAR System.

266. The URCS interchange costs include a component for the locomotive fuel that is consumed in performing the interchange. In 2019 fuel expenses accounted for [REDACTED] of the CSX interchange costs (excluding Yard Track Capital costs), and [REDACTED] of the Eastern Region interchange costs (See Table A- 1 in Appendix A). The annual fuel savings associated with the new single-line service represent [REDACTED] gallons.

¹⁵⁶ This value properly adjusts for traffic that will move on PAS between Ayer and Rotterdam Junction under the terms of the Settlement Agreement.

¹⁵⁷ *See, e.g.*, October 11, 1994 Verified Statement of John C. Klick in ICC Finance Docket No. 32549, Burlington Northern Railroad Company and the Atchison, Topeka and Santa Fe Railway Company – Control and Merger.

¹⁵⁸ I explain this calculation in more detail in Appendix A.

2. Additional Cost Savings

267. As described by Mr. Pelkey and Mr. Boychuk, CSXT anticipates making numerous changes over time that will integrate PAR System into the CSXT system.¹⁵⁹ These changes also entail investments that will improve the operations, speed and safety of the PAR System. By integrating PAR System into the ongoing maintenance and investment program of CSXT's Class I railroad standards, these improvements will ultimately result in cost savings and improved service to PAR System shippers as well as those of shippers that will move traffic to and over the PAR System lines.

268. Quantifying all such improvements absent the ability to analyze a still independent railroad's operations in detail is both difficult and likely would understate the potential cost savings and service improvements. However, considering one specific change involving updates to the over-the-road locomotive fleet used over PAR System illustrates the point.¹⁶⁰

269. The current ST locomotive fleet is much older than CSXT's fleet of more modern, powerful and efficient locomotives. I was provided some materials that CSXT uses to evaluate the relative performance of different types of locomotives. These materials estimate, based on ST's current locomotive use, that road trains for PAR System movements could be operated with [REDACTED] fewer locomotive-miles annually by substituting CSXT's two 6-axle units on trains currently being run by ST using three or four 4-axle units.

270. I use the Board's publicly available URCS costing model to estimate the locomotive operating and capital costs associated with that reduction. For non-Class I railroads such as the Pan Am carriers, the Board uses Regional URCS data for costing such non-Class I shipments.¹⁶¹

271. Based on the 2019 Eastern Region URCS variable costs, this reduction in locomotive-miles equates to annual cost savings of [REDACTED], not including fuel. The reduction of

¹⁵⁹ Pelkey Amended and Supplemented VS at 9-10; Boychuk VS at § V.

¹⁶⁰ See Boychuk VS at § V.I. The interchange cost savings calculated above involve activities occurring in the yard – the drop-offs, switching, and pick-ups – so there is no double-counting of the estimated savings with the over-the-road locomotive cost savings.

¹⁶¹ As the Regional URCS costs are based on an average of Class I railroads – carriers that typically achieve higher economies of scale than PAS/ST – I expect that the actual PAS/ST unit costs would be higher than those estimated based on URCS. As a result, the actual cost savings to be achieved by replacing ST's older locomotives would be higher than these estimates.

██████████ miles represents estimated fuel savings of ██████████ million gallons annually, which equates to ██████████ at ST's 2019 fuel-cost levels. The change to newer and more efficient locomotives will generate an estimated annual cost savings of ██████████, without even accounting for the additional cost savings that will derive from maintaining a combined fleet and applying CSX's experience and more sophisticated management tools.

3. Improved Service and Opportunity for Additional Traffic

272. Perhaps more important than the costs savings, a portion of which are quantified above, are the potential service improvements that the Proposed Transaction can provide. As Mr. Pelkey and Mr. Wallace describe, in addition to cost savings, the improvements provided by CSXT should result in faster transit times, more reliable service, and the customer service benefits of the use of, for example, CSXT car tracking systems.¹⁶² A primary benefit of merger-related single-line service also has less to do with the cost savings from more efficient operations than it does to service benefits to customers.¹⁶³

273. As discussed by Mr. Wallace, the availability of single-line service and integration with CSXT should eventually provide better competitive options to shippers to, from, and over the PAR System in reaching markets in the U.S.¹⁶⁴ Given the relatively small size of the New England area and the predominance of trucking in the transportation of many of the commodities for which rail competes, the availability of improved rail service provides the opportunity to attract traffic from truck to rail. Available information on modal transportation movements identifies more than 3.5 million tons of wood products and printing paper alone that are currently moving more 500 miles by truck into and out of New England.¹⁶⁵ Attracting even a small share of this truck traffic to rail would provide significant private and public benefits. The ability of rail to compete with trucks

¹⁶² Pelkey VS at 4-8; Wallace VS at § II.

¹⁶³ The URCS costing model assumes 2 days for each interchange – 1 day each direction for a loaded and return car. Based on that value, eliminating interchanges for the CSX-PAR System interline shipments would save more than ██████████ car-days, improving service and reducing costs to the owners of the freight car equipment – rail carriers and private-car owners alike.

¹⁶⁴ Wallace Statement at § IV.

¹⁶⁵ Wallace Statement at § IV.

provides benefits to shippers and public benefits in the form of reduced road traffic and congestion and relative environmental costs of trucking versus rail transportation.

274. These types of service-enhancing improvements obtained through single-line service are pro-competitive and beneficial to shippers. As demonstrated by the support for this transaction by numerous existing PAR System shippers, shippers anticipate obtaining benefits from this transaction.¹⁶⁶

B. ADDITIONAL PRO-COMPETITIVE BENEFITS TO NEW ENGLAND RAIL SHIPPERS

275. The Proposed Transactions and the Related Transactions implement pro-competitive changes that will enhance New England rail capacity and operations well beyond the standard benefits of integration between PAR System and CSXT. I have addressed both the competitive protections, and in some case, pro-competitive enhancements as a response to identified horizontal merger issues. Likewise, the open gateway commitments and zonal pricing commitments for PAR interchange traffic go beyond conditions necessary to prevent any competitive harm through vertical issues. The following lists some of these benefits. (Dr. Huneke discusses these pro-competitive benefits in more detail.)

276. CSX and NSR have agreed to terms that eliminate uncertainty related to the use of the PAS “Island Line” for overhead traffic by the integrated CSXT-PAR System. The settlement agreement between CSXT and NSR eliminates the existing trackage rights caps on the PAS Island Line between Harvard, Massachusetts and CPF 312.¹⁶⁷ As discussed in more detail in the Huneke Verified Statement, modifying existing capacity restrictions and providing for a more economically efficient trackage rights and capacity arrangement eliminates a potentially substantial competitive restraint and enhances the future potential benefits arising from CSXT-

¹⁶⁶ See CSX Application at Exhibit 23.

¹⁶⁷ Pelkey Amended and Supplemented VS at 13; Huneke Amended and Supplemented VS at 7-10.

PAR System single-line service.¹⁶⁸ Had these restrictions been enforced in 2019, the costs savings (and associated service benefits) would have been greater than calculated (and discussed) above.¹⁶⁹

277. CSXT has also committed to make a significant investment to improve the infrastructure in Ayer. These improvements are estimated to cost a total of [REDACTED]¹⁷⁰ These investments will upgrade facilities and ensure the Ayer facilities are able to “support robust inter- and intramodal competition in New England.”¹⁷¹

278. NSR will obtain trackage rights for the movement of one double-stack intermodal and automotive train per day in each direction on a route from NSR’s connection with CSXT near Voorheesville, NY, over CSXT’s mainline to Barbers Station and then, over connecting rail lines, to serve the intermodal terminal located at or near Ayer, MA. Height restrictions on the existing PAS Patriot Corridor connecting New York and Ayer prevent the use of that line for more efficient, double-stack intermodal service. Substantial capital investments and reconstructions would be required to eliminate this height restriction.¹⁷² As discussed in the Amended and Supplemented Huneke VS, this provision of the Proposed Transaction and Related Transactions will provide immediate enhanced competition between CSXT and NSR and improved service to intermodal shippers and end-users in Eastern Massachusetts that utilize intermodal service through Ayer without the need to make duplicative capital investments.¹⁷³ NSR will now have access to an alternative, efficient route to access the intermodal facility in Ayer with improved service and will allow NSR additional flexibility to serve its intermodal traffic in Ayer, Massachusetts.¹⁷⁴ As

¹⁶⁸ Huneke Amended and Supplemented VS at 10.

¹⁶⁹ Traffic over the cap would have seen a CSXT-PAS-PAR double interchange eliminated as a result of the transaction.

¹⁷⁰ Huneke Amended and Supplemented VS at 10-11; Pelkey Amended and Supplemented VS at 13-14.

¹⁷¹ Huneke Amended and Supplemented VS at 11.

¹⁷² Patriot Corridor Double-Stack Clearance Initiative Project, <https://www.mass.gov/info-details/about-the-patriot-corridor-double-stack-clearance-initiative-project>.

¹⁷³ Huneke Amended and Supplemented VS at 11-12.

¹⁷⁴ Pelkey Amended and Supplemented VS at 12-13.

discussed in more detail in the Huneke VS, NS will realize substantial cost savings and become a more effective competitor to CSX as a result of this provision.¹⁷⁵

279. The Related Transactions provide further pro-competitive benefits for shippers at Ayer. The agreement provides new switching rights for CSXT to serve customers in Ayer that were not previously available to CSXT shippers.¹⁷⁶ Previously, PAR System lacked the right to switch traffic that was to or from the south of Ayer (i.e., off CSXT at Barber). The Related Agreements will provide new competitive access for some shippers at Ayer to the integrated CSXT road for traffic served by the existing CSXT mainline.

280. The appointment of B&E as operator should also provide additional benefits for shippers that utilize PAS. As described by Mr. Huneke, B&E will implement a variety of operational and service improvements that will reduce costs and improve service.¹⁷⁷

281. Numerous short-line carriers connect with the PAR System or PAS. Shipments frequently reach other Class I carriers, in addition to NSR and CSXT, across the North American rail network. To the extent the Proposed Transaction improves the quality of service provided along the PAR System and PAS lines, shippers on those connecting carriers will benefit from those improvements.

VII. CONCLUSION

282. The acquisition of Systems by CSXT would be pro-competitive. The Proposed Transaction would improve the New England rail network; the integration of the PAR System into the CSXT network would create new, more efficient and reliable Class I single-line service; CSXT would bring to bear the tools and resources of a Class I railroad; and improved and more efficient operations will increase rail options for customers in New England. The Related Transactions involving NSR and CSXT trackage rights would also benefit shippers by improving CSXT's operation on the former PAR System line and providing NSR with more flexibility and improved service to intermodal customers in eastern Massachusetts.

¹⁷⁵ Huneke Amended and Supplemented VS at 12.

¹⁷⁶ CSXT-NSR Settlement Agreement at Section IX.

¹⁷⁷ Huneke Amended and Supplemented VS at 12-15.

283. The Proposed Transaction does not present any reasonable risk of competitive harm to shippers. There are only a small number of shippers on the PAR System line that are also served by CSXT. CSXT has committed to maintaining a competitive alternative for these shippers by providing the option of switching service for these shippers to PAS which then connects to the rest of the U.S. rail network.

284. With respect to PAS operations, the Term Sheet Agreement with GWI, which grants B&E control over pricing and operating decisions (subject to the commitments made by PAS's co-owners), would preserve PAS as an independent rail option between upstate New York and eastern Massachusetts. To the extent B&E operation of PAS gives rise to any concerns about a reduction in competitive alternatives for a small number of shippers or interconnecting railroads, the co-owners of PAS have agreed to conditions that preserve current competitive conditions.

I declare under penalty of perjury that the foregoing is true and correct.

/s/ David Reishus

David Reishus

July 1, 2021

APPENDIX A

DATA SOURCES AND METHODOLOGY

1. This appendix identifies the data sources used in my analysis and discusses the method underlying the analyses I present in Sections V.A.1, V.B.1, and V.B.2.
2. The datasets described below come from multiple sources. There are often slight differences in variable definitions, data collection and recording practices, and data availability that result in relatively minor discrepancies across datasets. CSX and the Eastern Region variable costs associated with interchanges. Given the limitations of each data source, conducting a complete and accurate analysis is not possible using any one of the datasets identified below. I identify some factors that are particularly relevant to the analyses presented in this statement in the descriptions that follow.
3. **Confidential Carload Waybill Sample (CWS).** The CWS is a stratified sample of freight rail traffic in the United States.¹⁷⁸ The CWS provides detailed information on rail shipments, including rail carriers (originating, terminating, and bridge rail carriers), routings (e.g., identifying origin, destination, and junctions at various levels of geographic detail), commodity, and volume (cars, tons, and revenues) for each move included in the sample.¹⁷⁹ The CWS also includes movement-specific cost information derived from the Uniform Rail Costing System (“URCS”) (see below for additional discussion of URCS). For the purposes of my analysis, there are several relevant factors related to the CWS:
 - Carriers are required to submit data for inclusion in the CWS only if they terminate more than 4,500 carloads annually.¹⁸⁰ Many short-line carriers do not meet this threshold and are not included in the CWS. There are several short-line carriers in New England that are

¹⁷⁸ “Carload Waybill Sample” *available at*: <https://prod.stb.gov/reports-data/waybill/>

¹⁷⁹ For a complete list of variables included in the CWS, *see* Railinc, “2019 Surface Transportation Board Carload Waybill Sample Reference Guide,” December 23, 2020 at Section 4.

¹⁸⁰ “Carload Waybill Sample” *available at*: <https://prod.stb.gov/reports-data/waybill/>.

not reporting carriers, making this limitation particularly relevant to analyses of New England rail traffic.¹⁸¹

- The CWS reports traffic that is actually handled by a railroad in a given location; it does not identify all of the carriers that could *potentially* handle traffic in that location.
- The CWS does not identify specific shippers. It is possible for multiple railroads to serve a geographic area but for individual shippers in that location to have commercial access to only one rail carrier.
- The waybill sample does not representatively sample Canadian destinations and does not include most of the rail traffic originating in Canada and terminating in Canada. As I discuss in paragraph 149 and footnote 86, this limitation is particularly relevant when considering measures of market concentration.
- The CWS does generally identify so-called ‘Rule 11’ shipments—shipments that are recorded in the Waybill as one origin-to-destination move but that are actually one segment of an interline move. This is an important factor for identifying whether rail carriers serve local customers in a given location.

4. **Systems Data.** For both PAR and PAS, Systems supplied records of their traffic for 2018 and 2019. This data includes the following variables: Origin City, Origin State, Shipper, Origin Railroad, Destination City, Destination State, Consignee, Terminating Railroad, Standard Transportation Commodity Code (“STCC”), STCC Description, Year, number of cars, weight, junction railroads 1 through 3, junction locations 1-3, ‘on’ junction (i.e., the junction at which traffic entered the PAR or PAS system), and ‘off’ junction (i.e., the junction at which traffic left the PAR or PAS system). For the purposes of my analysis, the primary limitation of this data is that in some cases interline traffic was clearly identified with junction locations and connecting railroads, but in some cases traffic that was in fact an interline move was recorded in the data as a PAR or PAS origination or termination. Where possible and necessary, I addressed these instances using additional materials available to me (see below).

¹⁸¹ For a complete list of reporting carriers, see Railinc, “2019 Surface Transportation Board Carload Waybill Sample Reference Guide,” December 23, 2020 at 33.

5. **CSXT Data.** I relied on CSXT waybill traffic data for all CSXT movements that originated, terminated, or traveled through New England in 2019. The data includes the following variables: Fiscal Year, Business Unit, Line of Business, Line of Business Label, Revenue STCC7 Code, Revenue STCC Description, Shipper Legal Entity Name, Consignee Legal Entity Name, Freight Payor Legal Entity Name, Origin City, Origin State, ‘On’ railroad, ‘On’ City Junction, Destination City, Destination State, ‘Off’ railroad, ‘Off’ City Junction, carloads, and tons.

6. **NECR Data.** I relied on 2019 waybill traffic data for NECR. The data includes the following variables: customer name, consignee name, shipper name, origin city and state (or province), destination city and state (or province), route, interchange railroad, interchange station, STCC, carloads, and notes.

7. **NSR Data:** NSR provided data summarizing NSR’s auto and intermodal haulage traffic on PAS.

8. **Centralized Station Master (CSM)** The Centralized Station Master is a database maintained by Railinc that identifies the railroads that have access to each rail station in the United States.¹⁸² There are certain relevant limitations of the CSM. Where possible and necessary, I addressed these instances using additional materials available to me (see below).

- The CSM identifies rail carriers that have access to a particular location (defined as a 6-digit SPLC); it does not provide information with respect to (a) whether a given railroad actually moved traffic to or from a given location or (b) whether every customer at a given location (i.e., located within the 6-digit SPLC) has commercial access to every railroad listed as serving the location.
- Data for specific railroads and locations may be outdated and can include railroads and/or stations that are no longer in service.

9. **Freight Analysis Framework (FAF)** The FAF is produced jointly by the Bureau of Transportation Statistics and the Federal Highway Administration. The FAF “integrates data from a variety of sources to create a comprehensive picture of freight movement among states and major

¹⁸² “Centralized Station Master,” *available at*: <https://public.railinc.com/resources/centralized-station-master>.

metropolitan areas by all modes of transportation.”¹⁸³ The FAF incorporates data from the Commodity Flow Survey, the Census Bureau, and other sources.¹⁸⁴ There are certain relevant limitations of the FAF:

- The FAF classifies commodities using Standard Classification of Transported Goods (SCTG) codes. These codes are different from the STCC codes used in the CWS and do not translate directly to the STCC classification system.

10. **Serving Carrier Reciprocal Switch (SCRS)** SCRS is a database compiled and maintained by Railinc, that “provides a standardized verification process of whether a railroad may serve, or under what conditions a railroad may serve, a specific customer at common service points.”¹⁸⁵ SCRS provides data on customer (name, city, state, zip code) rail station name, station state, serving carrier, switching status (e.g., open, closed, restricted, or local); other carriers the station is open to (if any), and restrictions (if any). The primary limitation of SCRS is that it can be incomplete or outdated. Where possible and necessary, I addressed these instances using additional materials available to me (see below).

11. **URCS.** The Uniform Rail Costing System (URCS) cost model incorporates information on the operating expenses, investments, and operating statistics for each Class I railroad (including CSX), and assigns an estimate of variable costs to each shipment. These allocated costs are built-up for the separate portions of the movement, e.g., the costs of originating or terminating the shipment, the costs of linehaul transportation from point-to-point, and for interline shipments, the costs of interchanging the shipment between the different carriers that participate in the movement.

12. Table A- 1 summarizes the calculations I discuss in paragraph 265 and reports the CSX and the Eastern Region variable costs associated with interchanges. The amounts in Table A- 1 include the interchange costs for both the loaded movement and the return movement of empty

¹⁸³ Bureau of Transportation Statistics, “*Freight Analysis Framework Version 4 (FAF4): About the Freight Analysis Framework*,” March 22, 2021, available at: <https://www.bts.gov/faf/faf4>.

¹⁸⁴ Bureau of Transportation Statistics, “*Freight Analysis Framework Version 4 (FAF4): About the Freight Analysis Framework*,” March 22, 2021, available at: <https://www.bts.gov/faf/faf4>.

¹⁸⁵ Railinc, “Serving Carrier/Reciprocal Switch,” available at: <https://public.railinc.com/resources/serving-carrier-reciprocal-switch>.

cars.¹⁸⁶ The table also presents the impact of removing from the URCS variable interchange costs the portion associated with Yard Track Capital costs, *e.g.*, the depreciation and return on investment of the yard facilities, tracks, and buildings. As this submission does not contemplate yard consolidation – in fact, the Applicants have committed to invest in and expand the yard facilities on the Pan Am networks – I align this estimate of cost savings accordingly.

Table A- 1
2019 URCS Interchange Costs



13. **Additional Materials.** I also relied on additional materials, including system maps, conversations with company personnel, and research from publicly available materials. Where applicable, I cite these materials in the body of this statement.

14. **Methodology.** The method I use to identify jointly-served locations is as follows:

Step 1: Generate list of all locations (i.e., 6-digit SPLCs) served by PAR or PAS and identify all other railroads listed in the CSM as serving that locations

¹⁸⁶ I understand that none of the Barbers Junction interline volumes involved unit-train shipments of larger block sizes, for which URCS assigns lower interchange costs per carload. As all non-unit train shipments are assigned the same interchange costs in URCS, no further differentiation was necessary.

according to the 2019 CSM; classify each location as 2-1 or 3-2 based on other carriers identified.

Step 2: Using the CWS, summarize originating and terminating traffic by carrier at every 2-1 or 3-2 location identified in Step 1. Originating or terminating traffic was identified in the Waybill as interline traffic based on the Rebill Code field in the CWS.

Step 3: Using the relevant data from CSXT, PAR/PAS, and/or NECR data, summarize originating and terminating traffic at every 2-1 or 3-2 location identified in Step 1.

Step 4: Verify or augment traffic data with additional information from SCRS, system maps, conversations with company personnel, and research from publicly available materials where necessary. Where applicable, I cite these materials in the body of this statement.

15. Based on the data and information gathered in steps 1 through 3 above, I then determined whether a specific location was subject to a reduction in competition from two carriers to one as a result of the Proposed Transaction. For locations identified as subject to a 2-1 reduction in competition I then completed the following additional analysis.

Step 5: Using company data, identify individual customers served by each railroad at each 2-1 location and summarize traffic by customer and commodity.

Step 6: Verify or augment traffic summarizes with information from additional sources, including SCRS, discussions with company personnel, and publicly available materials. Where applicable, I cite these materials in the body of this statement.

16. Based on the additional data and information gathered in steps 5 and 6, I determined whether a specific customer was subject to a reduction in competition from two carriers to one as a result of the Proposed Transaction. For those customers identified as subject to a 2-1 reduction in competition, I analyzed the conditions and commitments offered by the parties to determine

whether such conditions were sufficient to preserve the benefits of competition for these customers.

APPENDIX B

ADDITIONAL TABLES

A. DISCUSSION OF ADDITIONAL FULL 50/10 RESULTS

1. In section V.A.4.c above, I demonstrated that the BEA regions and commodities in New England and New York that were triggered by the 50/10 test presented no risk of a substantial reduction in competition. I have deferred the more geographically remote and even less plausibly relevant BEA-commodity pairs to this appendix. As such, I will discuss these at a somewhat more aggregated level.

Origins

2. There are two additional categories of origins triggered by the 50-10 tests that are considered here. (See Table B-1, beginning with BEA 013, Washington, DC to the end.)

3. First, as mentioned in the body of the report, there are six Canadian provincial “BEA”-commodity origins triggered. These do not represent realistic markets or data by which to infer anything regarding the effect of the Proposed Transaction on rail rates. I note that these are not Economic Areas as defined by commerce, but simply methods for coding Canadian locations used by the STB in the CWS. They map directly to provinces and not economic areas. More significantly, the waybill sample does not representatively sample Canadian destinations which thereby overstates the effect of the Proposed Transaction on calculated rail traffic shares. Shares of rail traffic from Canada in the CWS appear unrealistically concentrated as all, or nearly all, of the rail traffic originating in Canada and terminating in Canada, typically involving CN or CP, will not be included. Absent information on these other Canadian terminations, there is no basis for believing that the 50/10 trigger calculated corresponds to rail traffic that would be triggered if all traffic and railroad destinations were included. As such they warrant no additional analysis.

4. As shown in Table B-1, the second group of additional U.S. BEA-commodity pairs consist of seven BEA-commodity pairs of seven different commodities originating in six different BEAs. [REDACTED]. One of these pairs, involving miscellaneous canned vegetables from Fresno, was discussed in the body of the report as the example of how the 50/10 test can trigger in economically irrelevant circumstances.

5. Of the remaining six origin BEA-Commodity pairs, there are a total [REDACTED] carloads involved, or less than an average of one car per day for each of the commodity pairs. It is also useful to understand what the test is attempting to identify: whether the combination of CSXT and PAR System increases concentration and the threat of market against producers and shippers of products in these locations remote from New England; that is the effect of the Proposed Transaction on [REDACTED]

6. Each of these BEA-Commodity pairs is on the list because the 50/10 test is triggered by the additional terminations to PAR receivers—that the addition of PAR System to CSXT will provide a greater than 50% share and 10% increase in the share of terminating traffic. (In only one of these cases does the combined participation share change – CSXT is already moving these products to PAR.) The collective termination by PAR for these six BEA-commodity pairs is less than [REDACTED] cars. In [REDACTED] of the six, this is the result of a [REDACTED] in the CWS; for the remaining [REDACTED] cases it consists of [REDACTED]. There is no reliable statistical evidence that the 50/10 test, regardless of the absence of economic significance, provides a meaningful measure in these cases of change in competition.

7. In addition, in all cases, the available terminations exceed by multiples the amount at issue in the 50/10 screen. In these cases, the screen is generally triggered because the origin BEAs are located in the areas widely served by CSXT and the terminations involved other, dispersed CSXT destinations.

8. In short, there is no plausible concern of any competitive harm with respect to these triggered commodities and origins as a result of the Proposed Transaction.

Table B- 1
Origin BEA-Commodity Pairs Triggered by the 50/10 Test

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Destinations

9. Similar to origin BEAs above, I discuss the remaining destination BEA-commodity pairs triggered by the 50/10 test for BEAs relatively remote from New England not addressed in section V.A.4.d above. In Table B-2 below, this is made up of eight destination BEA-commodity pairs beginning with BEA  For these eight cases, the 50/10 test is focused on the

change in rail traffic concentration to *receivers* in these distant locations. In other words, is there any indication of a possible increase in rail traffic concentration arising from a CSXT-PAR System combination that could increase cost of delivered goods or transportation costs.

10. In every case, the test is triggered only by an increase in the combined share of the origination of the commodity that is being transported to the destination. PAR originates 10% or more of the commodity that is being delivered to the destination BEA from all locations. However, it is also the case that there is no increase in the participation by CSXT in the relevant movements. Thus, regardless of the origination, the merge has no effect on CSXT's share of the movements of these commodities to these destinations.

11. Certain patterns can be observed. While total volumes of deliveries from all sources are a bit higher than for the remote origin BEA-commodities discussed above, the volumes are still small—less than [REDACTED] cars per day on average for the triggered BEA-commodity pairs. Apart from the [REDACTED], the remaining commodities are all products or by-products of the pulp and paper industry. All of the BEAs triggered by the test are located well within the CSXT web-like rail network. [REDACTED] of the eight BEA-commodity pairs are destined to [REDACTED]

12. The combination of PAR System and CSXT creates no risk of competitive harm for these receivers. Sadly, there is plenty of [REDACTED] to provide ample originations to compete with any incremental originations from PAR in combination with CSXT. [REDACTED] from the eastern U.S.—all from New England and the mid-Atlantic. Regardless, there is little risk of substantial competitive harm. The volumes are small and receivers almost certainly can handle other forms of [REDACTED]. As significant, despite New England's ability to export waste of all kinds, [REDACTED] is not a commodity "produced" in New England and depends instead on environmental clean-up activities.

13. The other products come from the pulp and paper industry. More detailed analysis provides additional reasons why there is no risk of competitive harm to remote receivers. [REDACTED] shows up [REDACTED] times. However, virtually all of the originations of this product attributed to PAR actually originate in Nova Scotia through its access on the NBM. Thus, these originations to the southeast U.S. are not in any way captive to PAR System, and there are

multiples more carloads of this commodity originating throughout eastern Canada and the eastern U.S. The other paper product, [REDACTED] has vast volumes of alternative rail originations apart from PAR. There are over [REDACTED] carloads of this commodity originating from non-New England locations in the eastern U.S. and Canada. Thus, the combination of PAR System with CSXT prevents no risk to competition for these commodities.

14. The final commodity, [REDACTED] is a by-product of the kraft papermaking process. As such, this is not a large commodity for rail transportation, [REDACTED] carloads in 2019. However, [REDACTED] of this commodity originates in the U.S. South from various locations, and [REDACTED] terminates in the South at a number of facilities that process it. The BEA triggered for this commodity accounts for [REDACTED] of this rail traffic, but there are large alternative origins for the processing facilities in this BEA that do not involve PAR. The addition of PAR volumes provide no additional market power that could harm receivers.

15. The overall theme is that these remote-from-New England destination BEA-commodities triggered by the 50/10 are in here primarily because they are well served by CSXT in the CSXT rail network. PAR originates some of this product, all of which is already interlined with CSXT for ultimate deliver to these customers. None of this indicates any risk of incremental market power of a PAR System-CSXT against these shippers given the potential access to other sources or products.

Table B- 2
Destination BEA-Commodity Pairs Triggered by the 50/10 Test

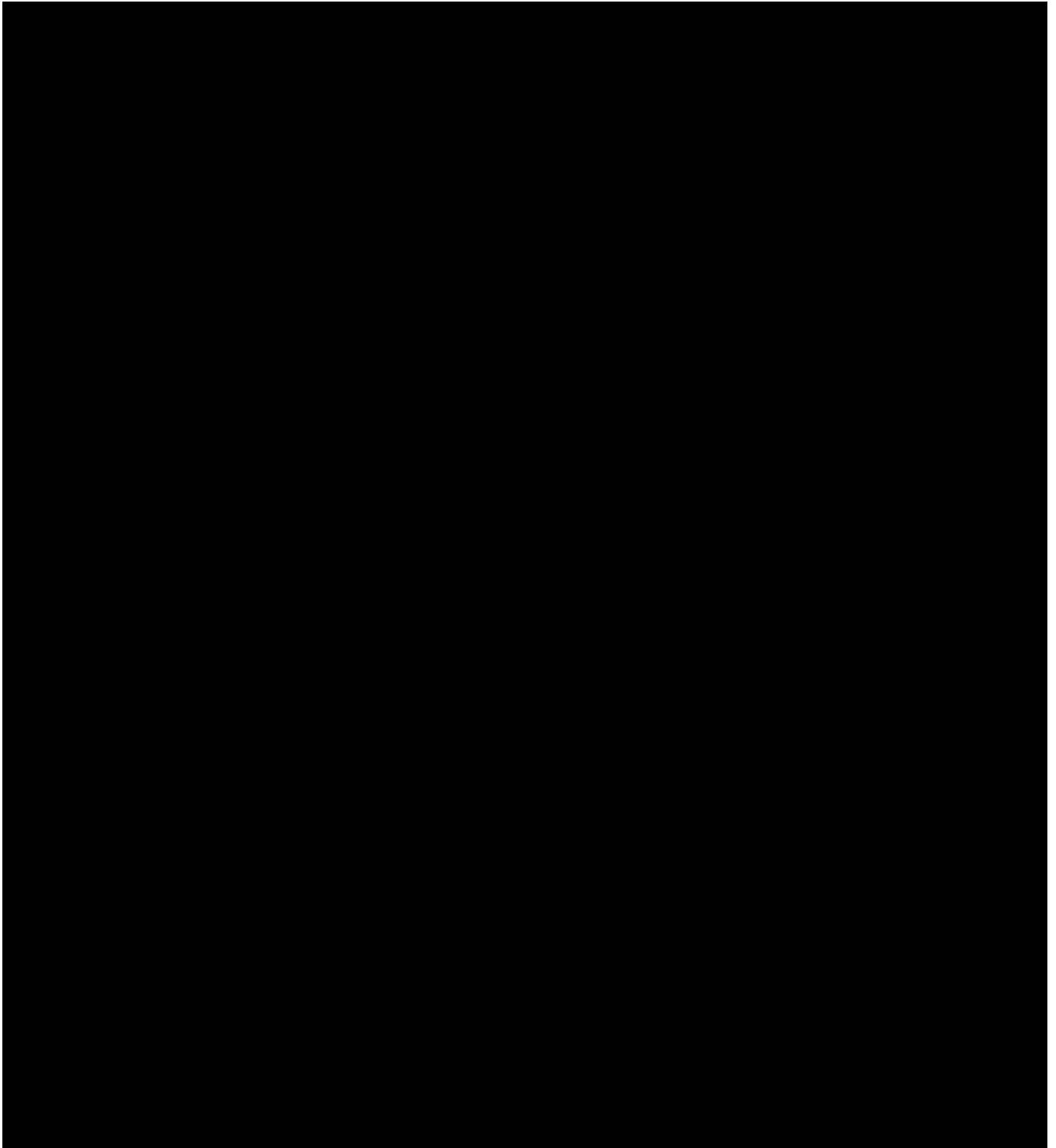


Table B- 3
Origin BEA-Commodity 50/10 Analysis Results



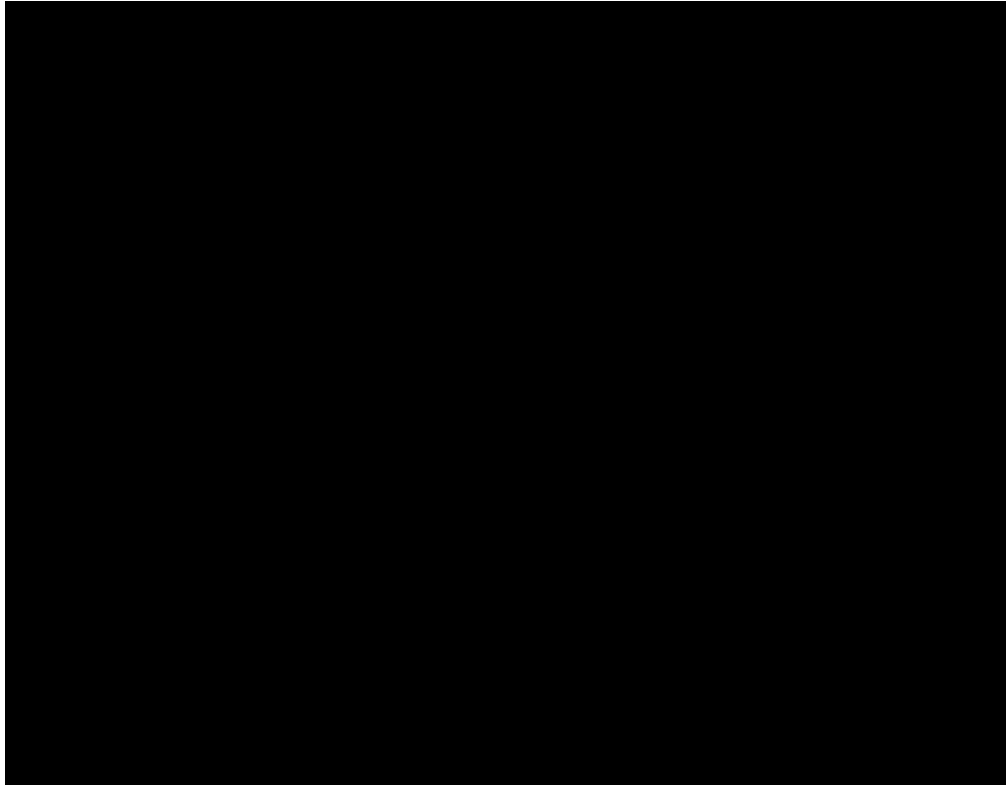
Table B- 4
Destination BEA-Commodity 50/10 Analysis Results

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B. VTR INTERCHANGE TRAFFIC

**Table B- 5
VTR Interchange Traffic, Whitehall, NY, 2019**

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■

**Table B- 6
VTR Interchange Traffic, Hoosick Junction, NY, 2019**

■

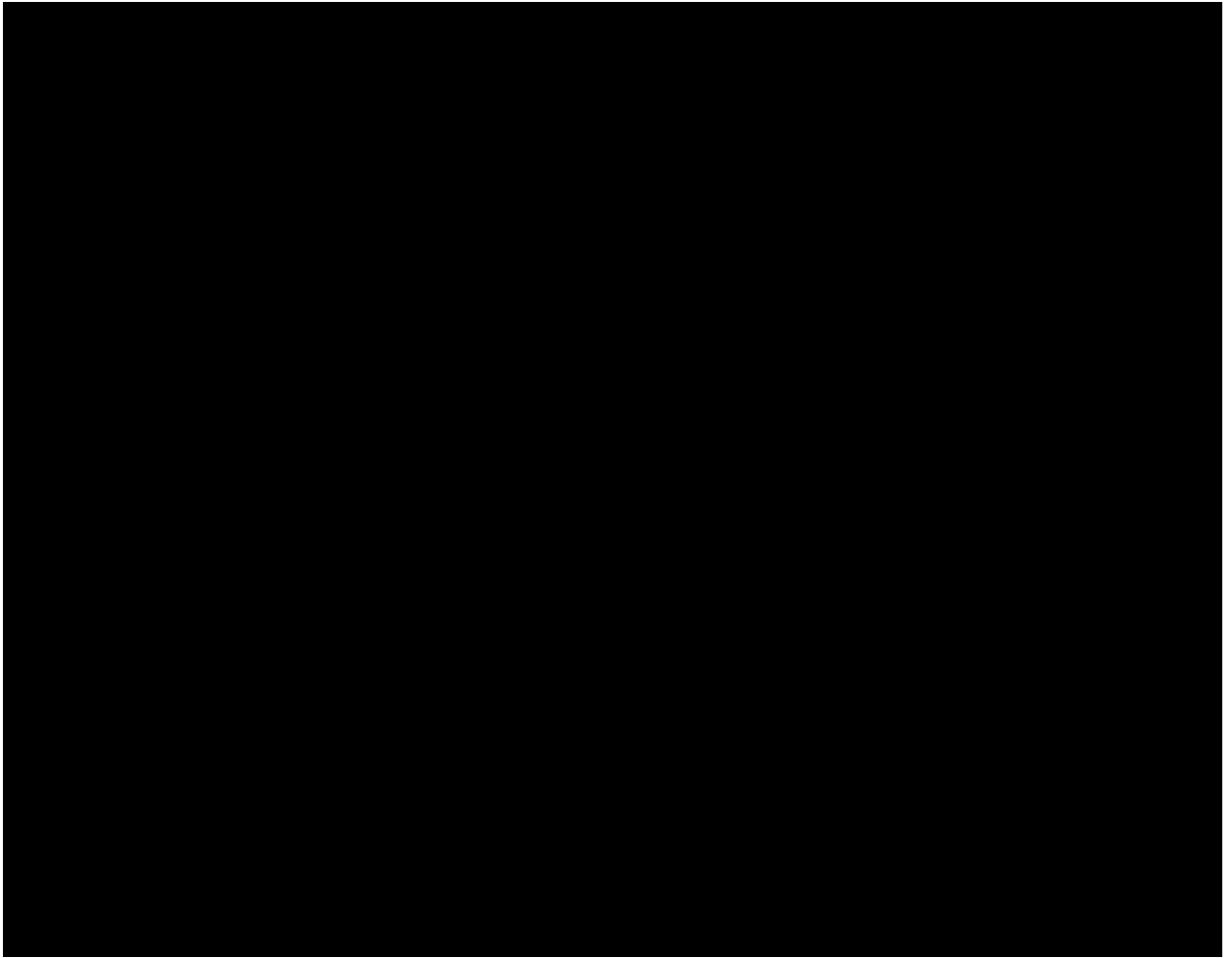


Table B- 7
VTR Interchange Traffic, Bellows Falls, VT, 2019

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CURRICULUM VITAE

David Reishus

OFFICE: Compass Lexecon
200 State Street, 9th Floor
Boston, MA 02109
(617) 520-0200 main
(617) 520-0209
dreishus@compasslexecon.com

PROFESSIONAL EXPERIENCE

Compass Lexecon
Boston, MA
Executive Vice President, April 2013 – present
Senior Vice President/Senior Managing Director, July 1999 – March 2013

The Economics Resource Group, Inc., Cambridge, MA
President, 1993 – June 1999
Senior Economist, 1990 – 1993

Provides economic analysis and advice on issues of regulation, antitrust, taxation and applied microeconomics to a variety of clients. Develops, manages, and oversees economic analyses for clients and other principals. Responsible for the management and operations of the company.

U.S. Congress, Joint Committee on Taxation, Washington, DC
Economist, 1987 – 1990

Provided economic analysis and development of legislative tax proposals. Responsibilities included corporate and foreign taxation and proposals related to low-income taxpayers, child care, and health issues.

Harvard University, Cambridge, MA
Instructor, 1986 – 1987

Leader of senior thesis tutorial for industrial organization and finance topics. Previously taught Introductory Economics.

Information Resources, Inc., Chicago, IL
Consultant, 1979 – 1980

EDUCATION

Harvard University, Cambridge, MA
 Ph.D. in Economics, 1988
 Dissertation: “Empirical Essays on the Economics of Taxation and the Firm”
 M.A. in Economics, 1983

Northwestern University, Chicago, IL
 B.A. in Economics, 1979

TESTIMONY AND OTHER REPORTS

Governments of Canada and British Columbia

Before the International Trade Administration, Department of Commerce, Countervailing Duty Investigation of Certain Softwood Lumber Products From Canada (C-122-858), Third Administrative Review. Economic Analysis of British Columbia Log Export Permitting Process, Stumpage and Log Markets. Expert Witness Statement, June 14, 2021.

BNSF Railway Company

Before the Surface Transportation Board. Finance Docket No. 32760 (Sub-No. 46) BNSF Railway Company -- Terminal Trackage Rights --Kansas City Southern Railway Company and Union Pacific Railroad Company. Reply Verified Statement, April 12, 2021. Rebuttal Verified Statement, May 11, 2021.

CSX Corporation and CSX Transportation, Inc.

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Government of Canada

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Government of Canada

Before the International Trade Administration, Department of Commerce, Countervailing Duty Investigation of Certain Softwood Lumber Products From Canada (C-122-858), Second Administrative Review. Economic Analysis of Allegations Relating to Log Markets and Exports from Four Provinces. Expert Witness Statement, August 5, 2020. Economic Analysis of British Columbia Log Export Permitting Process, Stumpage and Log Markets. (Also Government of British Columbia.). Expert Witness Statement, August 5, 2020. Response to Coalition's Submission of September 15, 2020. Expert Witness Statement, October 1, 2020.

Association of American Railroads

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Government of Canada

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Governments of British Columbia and Canada

Before the International Trade Administration, Department of Commerce, Countervailing Duty Investigation of Certain Softwood Lumber Products From Canada (C-122-858), First Administrative Review. Economic Analysis of British Columbia Log Export Permitting Process, Stumpage and Log Markets. Expert Witness Statement, July 15, 2019. (With Joseph Kalt).

Government of Canada

Before the International Trade Administration, Department of Commerce, In the Matter of Certain Softwood Lumber Products from Canada (A-122-857). Economic Analysis Regarding Claims of Particular Market Situation for Canadian Softwood Lumber By-Products. Expert Witness Statement, July 20, 2017.

Association of Oil Pipe Lines

Before the Federal Energy Regulatory Commission. Docket No. RM17-1-000 Revisions to Indexing Policies and Page 700 of FERC Form No. 6. Declaration, January 19, 2017.

BNSF Railway Company

Before the Surface Transportation Board. Finance Docket No. 32760 (Sub-No. 46) BNSF

Railway Company -- Terminal Trackage Rights --Kansas City Southern Railway Company and Union Pacific Railroad Company. Verified Statement, October 23, 2015.

Association of American Railroads

Petition of the Association of American Railroads to Institute a Rulemaking Proceeding to Reintroduce Indirect Competition as a Factor Considered in Market Dominance Determinations for Coal Transported to Utility Generation Facilities; Surface Transportation Board Ex Parte No. 717. Verified Statement, November 14, 2012.

Modis

In the United States District Court for the District of Columbia, Case 1:09-cv-01051-RWR, Modis, Inc. v. Infotran Systems, Inc. and Tien H. Tran v. Modis Inc. and Timothy W. Martin. Expert Report, October 18, 2010. Deposition testimony December 7, 2011.

Government of Canada

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Government of Canada

In the Matter of Arbitration No. 7941, The United States of America v. Canada. Expert Witness Statement, June 29, 2008. Rebuttal Expert Witness Statement, August 11, 2008. (With Joseph Kalt).

Government of Canada

In the Matter of an Arbitration Under Chapter Eleven of the North American Free Trade Agreement Between Merrill & Ring Forestry, L.P. and The Government Of Canada. Expert Report, May 9, 2008. Supplemental Expert Affidavit, March 19, 2009. Oral testimony, May 21, 2009.

Dynegy

In the Circuit Court of Colbert County, State of Alabama, NO. CV-2003-142JMH, Nelson Brothers, LLC v. Cherokee Nitrogen v. Dynegy Marketing & Trade; Dynegy Inc. Expert Report, August 22, 2007.

Independent Energy Producers Association of California

Before the Federal Energy Regulatory Commission, Docket No. R.06-02-013, Long-Term Procurement Plans, Prepared Testimony of the Independent Energy Producers Association; Prepared Testimony of David Reishus and Joseph Cavicchi on behalf of the IEPA, March 2, 2007.

First Energy

Before the Pennsylvania Public Utility Commission, Petition of Metropolitan Edison Company for Approval of a Rate Transition Plan (Metropolitan Edison Company Docket No. R-00061366) and Petition of Pennsylvania Electric Company for

Approval of a Rate Transition Plan (Pennsylvania Electric Company Docket No. R-00061367), Direct Testimony of David A. Reishus, April 10, 2006.

ExpressTrak LLC

In the United States District Court For the District of Columbia, Case No. 02- CV-1773, National Railroad Passenger Corporation v. ExpressTrak, L.L.C., Expert Report, Dated January 3, 2006; revised April 7, 2006. Deposition testimony, March 24 and April 26, 2006.

British Columbia Lumber Trade Council and the Province of British Columbia

Before the International Trade Administration, Department of Commerce, In the Matter of Certain Softwood Lumber Products from Canada (C-122-839). Statement for the First Administrative Review, March 15, 2004 (with Joseph Kalt); Response to Price Impact of Canadian Log Restraints, March 16, 2004 (with Joseph Kalt); Response to Coalition Submission on Pass-Through Issues, April 15, 2004 (with Joseph Kalt); Economics of Arm's-Length Transactions and Subsidy Pass-Through, September 15, 2004 (with Joseph Kalt); Economic Analysis of the Vancouver Log Market, February 28, 2005 (with Joseph Kalt); Comment on the Economic Implications of the Annual Allowable Cut, December 5, 2005 (with Joseph Kalt); Update to Economic Analysis of the Vancouver Log Market, December 5, 2005 (with Joseph Kalt). Reports filed from March 15, 2004 to December 5, 2005.

Multiple Associations of Energy Producers

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PPL Corporation

United States of America, Before the Federal Energy Regulatory Commission, Docket No. ER05-1416-000, “Affidavit of A. Joseph Cavicchi, Joseph P. Kalt, Ph.D., and David A. Reishus, Ph.D. on Behalf of the PPL Parties,” October 19, 2005.

The Burlington Northern and Santa Fe Railway Company

Before the Surface Transportation Board, Finance Docket No. 34342, Kansas City Southern -- Control -- The Kansas City Southern Railway Company, Gateway Eastern Railway Company, and The Texas Mexican Railway Company. Verified Statement, June 3, 2003; Verified Statement, August 4, 2003; Reply Verified Statement, August 29, 2003.

Dynegy Inc.

United States of America, Before the Federal Energy Regulatory Commission, San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services, Investigation of Practices of the California ISO and PX; Pub. Utils. Comm'n of the State of California v. Sellers of Long-Term Contracts. Prepared Rebuttal Testimony (with Patrick Wang), March 20, 2003.

Duke Energy Trading and Marketing LLC

United States of America, Before the Federal Energy Regulatory Commission, San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services into Markets Operated by the California Independent System Operator and the California Power Exchange; Investigation of Practices of the California Independent System Operator and the California Power Exchange. Prepared Rebuttal Testimony (with Patrick Wang), March 20, 2003.

Dynegy Inc.; Duke Energy Services LLC; Mirant Americas, Inc.; Reliant Energy; Williams Energy Marketing and Trading Co.

United States of America, Before the Federal Energy Regulatory Commission, San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services into Markets Operated by the California Independent System Operator and the California Power Exchange; Investigation of Practices of the California Independent System Operator and the California Power Exchange. Affidavit (with Patrick Wang), October 15, 2002 (revised November 12, 2002).

Association of American Railroads

Review of Rail Access and Competition Issues, Before the Surface Transportation Board, Ex Parte No. 575. Joint Verified Statement (with Joseph Kalt), March 26, 1998.

Crow Tribe of Indians

Report Concerning the Crow Tribe Resort Tax (with Joseph P. Kalt), November 27, 1996; Surrebuttal Report Concerning the Crow Tribe Resort Tax (with Joseph P. Kalt), February 25, 1997; and Report Concerning the Crow Tribe Resort Tax (with Joseph P. Kalt), March 31, 2000.

Sithe Energies

Economic Impact on New York State of the Sithe Plan, Chapter IV of Energizing New York: The Sithe Plan, December 8, 1995.

Massachusetts Department of Environmental Protection

Use of an Economic Test for Distinguishing Legitimate Recycling Activities, July 1993.

SELECTED OTHER CONSULTING EXPERIENCE

Government of Canada

Assisted in developing presentations, responses and submissions before WTO dispute settlement panel regarding countervailing duties.

Class 1 Railroad

Analyzed competitive issues in arbitration regarding implementation of access agreements.

Major Coal Producers

Analyzed end-market competitive alternatives and pricing behaviors.

Management Company

Analyzed lost profits and other damages arising from contractual dispute in Asian gaming.

Large Integrated Electric Utility

Analyzed cost and rate impacts related to shut down of nuclear plant.

International Oil Company

Analyzed cost structure for major deepwater crude oil exploration and production investment.

Independent Transmission Company

Analyzed risk and financial investment incentives for stand-alone transmission project.

Large Solar Power Provider

Assisted in data analysis of market operations and outcomes.

Merchant Power Generator

Analyzed economic, regulatory and financial issues related to proposed new pipeline investment and novel regulatory regime.

Supermajor Oil Company

Assist in analysis of competition and proposed conditions related to divestiture of regional midstream petroleum product assets.

Electric and Gas Utility Holding Companies

Analyzed potential competitive issues arising from multiple mergers between large electric, gas utility, and interstate gas pipeline companies for use before Federal competition authorities and state regulatory agencies.

Major Regional Hospital

Performed statistical analysis of patient waiting-times and follow-up.

Petroleum Products Pipeline

Analyzed business and regulatory options for large interstate petroleum products pipeline subject to market-based and regulated tariffs.

Dean Foods

Analyzed claims of price fixing and statistical model of antitrust damages for use in class certification.

Group of Class 1 Railroads

Analyzed claims of competitive harm and the development and use of econometric models for pricing, damages and class certification in the context of alleged price-fixing.

Government of Canada

In context of international arbitration under the U.S. Canada Softwood Lumber Agreement, analyzed pricing patterns, effects of risk and government development and timber pricing policies in multiple provinces on the North American lumber markets, Developed dynamic economic models of production and trade capable of determining appropriate export measure adjustments.

Major Energy Traders

Assisted in analyses of claims of market manipulation in physical and financial energy markets.

U.S. Generation Companies

Advise on methods for performing merger analysis and analysis of competitive effects of proposed divestitures.

Western Refining

Analyzed effect of a contested proposed merger involving southwestern refining, wholesale, and marketing operations

AT&T

Analyzed competitive issues in the long-distance telephone market in the context of a class-action price-fixing suit.

Pacific Lumber/Scotia Pacific

Assisted in analysis and projections involving redwood product markets for business valuation in bankruptcy.

TAPS Carriers

Assisted in development of ratemaking analyses for oil pipeline rates.

General Electric & Bechtel

Analyzed derivation of cost of equity, discount factor, and method for contract damages and expropriation of Dabhol power plant in the context of I.C.C. arbitration.

Class 1 Railroad

Analyzed potential competitive harm of vertical rail merger and possible remedies before the Canadian Competition Bureau.

Multinational Oil Companies

Analyzed alternative approaches for identifying, measuring and managing price and fiscal risks in long-term contracts in connection with multiple billion-dollar-plus projects in in Africa and Middle East.

Frontier Oil Corporation

Analyzed application of discount factors and method in damages arising from a failed merger.

Amoco

Analyzed marketability and market value of natural gas for purposes of class-action royalty valuation.

Class 1 Railroad

Analyzed claims of vertical market foreclosure and anticompetitive conduct in rail transportation.

Supermajor Oil Company

Performed functional analysis of sources of global value creation for international tax treatment.

Government of Canada

Assisted in analysis of changes in forestry practices and stumpage charges in the context of international trade agreements.

Exxon Corporation and Affiliated Companies

Performed analysis of design and effect of U.K. oil and gas tax system.

CSX Corporation and CSX Transportation, Inc.

Analyzed historical evidence of rail consolidations and the impact of the proposed Conrail transaction on Eastern coal shippers. Evaluated competitive requirements of proposed conditions on the transaction.

Group of Major Oil Companies

Developed and analyzed a database of crude oil purchases for analyzing issues of crude oil valuation at the wellhead in the context of multiple class action litigations.

Koch Pipeline

Assisted in developing product and market definitions relating oil pipeline antitrust allegations.

British Petroleum

Performed economic analysis of alternative organizational forms for operating petroleum assets. Developed advanced financial tools for valuing decision alternatives and contingent assets.

Exxon

Performed economic analysis of certain fuel used and cost allocations among the Prudhoe Bay Unit owners for a royalty dispute with the State of Alaska.

Burlington Northern Railroad/Santa Fe Railroad

Analyzed competitive impacts of proposed railroad merger for use before the Interstate Commerce Commission.

PSI/CINergy

Adapted economic model of regional economy and performed analysis of the economic impact of alternative merger scenarios for a public utility.

El Paso Natural Gas Company

Performed economic analysis of markets and competition for an open-access natural gas pipeline for use in an antitrust case.

Better Home Heat Council, Inc.

Performed economic analysis of a local gas utility's conservation programs effect on consumer fuel-switching decisions and public policy impact for use before the Massachusetts Department of Public Utilities.

Association of American Railroads

Analyzed the impact of market conditions for the exemption of rail transportation of export corn and soybeans from Interstate Commerce Commission regulation.

ARCO Pipe Line Company

Evaluation of market power of petroleum products pipeline in consideration of light-handed regulation for use before the Federal Energy Regulatory Commission.

BP/America

Assisted in the design and implementation of crude oil valuation analyses for royalty litigation.

Williams Natural Gas Pipeline Co.

Prepared pricing analysis of natural gas purchase contracts, performed calculation of damages, and analyzed economic submissions for use in antitrust case.

El Paso Corporation

Various projects including strategic analysis of market opportunities to enhance value of the pipeline and analysis of market competition in gathering and long-distance gas transportation.

Government of British Columbia

Assisted in evaluation of impact of Canadian log export regulations on U.S. and Pacific Rim log and wood products trade and industry.

Atlantic Richfield Company

Provided economic analysis of market structure and conduct for the distribution of motor fuels for use in an antitrust case.

Burlington-Northern Railroad

Assisted in evaluating market impacts of innovative railroad grain car service rate and reservation policy for use before the Interstate Commerce Commission.

PUBLICATIONS AND RESEARCH

"Corporate Reorganizations: Tax Treatment of Corporate Mergers, Acquisitions, and Reorganizations," *The Encyclopedia of Taxation and Tax Policy*, 2nd ed., The Urban Institute Press, 2006. (Revised and updated.)

"Corporate Reorganizations: Tax Treatment of Corporate Mergers, Acquisitions, and Reorganizations," *The Encyclopedia of Taxation and Tax Policy*, The Urban Institute Press, 1999.

"Outside Directorships, the Reputation of Managers, and Corporate Performance" (with S. Kaplan), *Journal of Financial Economics*, Vol. 27, No. 2, September 1990.

"Financing Child Care: Who Will Pay for the Kids?," *National Tax Journal*, Vol. XLII, No. 3, September, 1989.

"The Effects of Taxation on the Merger Decision" (with A. Auerbach), in A. Auerbach, ed., *Corporate Takeovers: Causes and Consequences*, University of Chicago Press, 1988.

"Taxes and the Merger Decision" (with A. Auerbach), in J. Coffee, L. Lowenstein, and S. Rose-Ackerman, eds., *Knights, Raiders and Targets*, Oxford University Press, 1988.

"The Impact of Taxation on Mergers and Acquisitions" (with A. Auerbach), in A. Auerbach, ed., *Mergers and Acquisitions*, University of Chicago Press, 1988.

OTHER PROFESSIONAL ACTIVITIES

Presentations to National Bureau of Economic Research, Federal Reserve Bank of Cleveland, Federal Reserve Bank of New York, Harvard University, Tax Economists Forum, National Tax Association, Western Economic Association, The Institute for Energy Law of The Center for American and International Law.

Membership in American Economic Association.

Referee for *Quarterly Journal of Economics*, *Journal of Law and Economics*.

HONORS AND AWARDS

National Science Foundation Fellowship, 1981-1985.

International Foundation of Employee Benefit Plans, Graduate Research Fellowship, 1984.

Phi Beta Kappa, 1979.

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 22-F

Amended and Supplemented Verified Statement of Dr. William Huneke

AMENDED AND SUPPLEMENTED VERIFIED STATEMENT OF

WILLIAM F. HUNEKE, Ph.D.

I am Dr. William Huneke. I was employed at the Surface Transportation Board (“STB” or “Board”) from 2001-2017 and served as the STB’s Chief Economist and Director of the Office of Economics. I hold a PhD in economics from the University of Virginia. While at STB, I advised STB members and staff on the following mergers and acquisitions: *Canadian National Railway Company and Grand Trunk Corporation—Control—EJ&E West Company* (Finance Docket No. 35087); *Norfolk Southern Railway Company—Acquisition and Operation—Certain Rail Lines of the Delaware and Hudson Railway Company, Inc.* (Finance Docket No. 35873); and *Norfolk Southern Railway Company, Pan Am Railways, Inc. et. al.—Joint Control and Operating/Pooling Agreements—Pan Am Southern LLC* (Finance Docket No. 35147). I also advised Commissioners and STB staff on the economics of proposals in *Review of Rail Access and Competition Issues Renewed Petition of the Western Coal Traffic League* (aka “Paper Barriers”) (Ex Parte 575); *Petition for Rulemaking to Adopt Revised Competitive Switching Rules* (Ex Parte 711); and *Reciprocal Switching* (Ex Parte 711) (Sub. No. 1). Since leaving the STB, I have advised Class I railroads on STB access fees litigation and merger and acquisition issues. I have advised the Mexican Rail Regulator (Agencia Reguladora del Transporte Ferroviario) on rail regulatory policy. A copy of my vita is attached to this statement.

I previously submitted a verified statement and an amended verified statement with submissions by CSX notifying the Board of CSX’s intent to seek authority to acquire Systems and with CSXT’s April 26, 2021 Amended Application. In a decision dated May 26, 2021, the Board found that CSXT’s April 26, 2021 Amended Application did not have sufficient supporting information. CSXT is filing an Amended and Supplemented Application with the

additional information identified by the Board. I am submitting this Amended and Supplemented Verified Statement in support of CSXT's Amended and Supplemented Application.

In this Amended and Supplemented Verified Statement, I address the competitive effects of CSXT's proposed acquisition of Pan Am Systems, Inc. ("Systems") and Pan Am Railways, Inc. and its subsidiary railroads, ("PAR"), with a particular focus on the competitive effects of agreements that CSXT has negotiated with Norfolk Southern Railway Company ("NSR") and Genesee & Wyoming Inc. ("G&W") since announcing the intention to acquire PAR. The two agreements are a Settlement Agreement between CSXT and NSR and a Term Sheet Agreement among CSXT, NSR and GWI. Those agreements are attached to the Verified Statement of CSXT's witness Mr. Pelkey.

As I explain below, the agreements address any potential competitive concerns arising out of CSXT's proposed acquisition of PAR. My overall conclusion is that these agreements not only address any potential competition concerns, but also seek to substantially enhance rail competition in New England. As it is now currently structured, CSXT's acquisition of PAR will be strongly pro-competitive.

After discussing some background, I will discuss four points as to why this transaction ensures and enhances sustainable and competitive freight rail and transportation in New England:

1. The settlement agreement in this case modifies a cap on movements to and from New England through Ayer in a way that will enhance competition;
2. The applicants are committing to improving Ayer's infrastructure and facilities to increase efficiency and support sustainable traffic growth;

3. NSR's ability to provide double-stack intermodal transportation over CSXT's lines in place of the single-stack service provided today over the Pan Am Southern LLC ("PAS") mainline will enhance NSR's ability to compete for intermodal traffic; and
4. Pittsburg & Shawmut Railroad, LLC, doing business as Berkshire & Eastern Railroad ("B&E") operating PAS will likely improve PAS operations and enhance PAS's role as an independent vehicle for rail transportation to and from New England.

Background

With the adoption of new merger rules in 2001, the STB declared that it would require that future class I rail mergers enhance competition, although the requirement was not extended to mergers or acquisitions that do not involve two Class I railroads.¹ Nevertheless, the STB has often looked with approval on non-class I transactions that have the potential for enhancing competition. Indeed, the STB's decision that approved the creation of PAS noted:

[R]ather than adversely affecting competition, it appears that the Transaction would significantly increase competition between railroads by providing an upgraded east-west main line route to compete with a parallel main line route operated by CSXT.²

Similarly, the STB approved the acquisition by NSR of some Delaware & Hudson lines, which was intended to "preserve and enhance competition in the Northeast surface transportation market."³

In this Amended Verified Statement, I do not focus on the numerous reasons why the transaction does not harm competition. However, as seen throughout the Amended and

¹ See *Major Rail Consolidation Procedures*, EP 582 (Sub-No. 1), slip op. at 10, 14 (STB served June 11, 2001).

² *Norfolk Southern Railway Company, Pan Am Railways, Inc., et al.—Joint Control and Operating/Pooling Agreements—Pan Am Southern LLC (PAS Formation Decision)*, FD 35147, slip op. at 5 (STB served March 10, 2009).

³ *Norfolk Southern Railway Company—Acquisition and Operation—Certain Lines of the Delaware and Hudson Railway Company, Inc.*, FD 35873, slip op. at 2 (STB served May 15, 2015).

Supplemented Application, among other things, the end-to-end nature of CSXT's acquisition of the rail lines owned by PAR ensures that competition will not be harmed. There is very little overlap between the CSXT and PAR networks. Where there is a potential for reducing a shipper's competitive options, CSXT has made commitments that will eliminate any potential competitive harm. Specifically, CSXT has committed to providing multi-carrier access to the small number of shippers north of Boston that currently have shipping options on CSXT and PAR. In addition, CSXT and NSR have committed to having PAS maintain current rates for the small number of shippers in Vermont who currently have shipping options on New England Central Railroad ("NECR"), an independent corporate affiliate of B&E, and PAS, which will be operated by B&E. CSXT has also made several commitments to Vermont Railways to ensure that it has multi-carrier access.⁴ These commitments, along with competitive enhancements described below, should mean that under the existing legal standard the transaction should be approved.

The Board's concern in smaller transactions such as this one is whether the transaction is likely to harm competition. This standard ensures that the Board will let the market govern railroad transactions to the maximum extent possible, limiting Board intervention to those circumstances where competition must be protected. And as discussed above, the transaction here will not harm competition. While the Board does not require a showing of competitive enhancement in transactions such as this one, when a proposed transaction has the potential to enhance competition, as it does here, the Board should view such a transaction as a unique opportunity to advance the public interest in a competitive and strong rail network. CSXT has gone far beyond merely addressing competitive harm in structuring the proposed transaction.

⁴ These commitments are discussed further in the Verified Statements of CSXT's witnesses Mr. Pelkey and Dr. Reishus.

As discussed below, the agreements that CSXT has reached with NSR and with B&E will produce a realignment and restructuring of the rail network in New England that will ultimately produce a stronger rail network that enhances competition among railroads and with other transportation modes. This transaction enhances the competitive positions of both NSR and CSXT and thereby has substantial pro-competitive benefits for stakeholders in the New England rail network.

The background facts of this transaction are covered in other materials. In brief, CSXT's acquisition of PAR will combine CSXT with a number of railroads owned by PAR, most of which simply own or lease rail lines and do not operate themselves. Most important for my analysis is the acquisition of Springfield Terminal Railway Company ("Springfield Terminal"), one of the rail carriers owned by PAR. Springfield Terminal is the sole operator of the PAR network. In 2009, PAR and NSR created PAS, a 50/50 joint venture between the Boston and Maine Corporation ("Boston and Maine"), a PAR Railroad, and NSR. PAR donated rail lines and operating rights to PAS, and PAS hired Springfield Terminal on a contract basis to operate and set rates on the PAS network. PAR and NSR created PAS primarily to allow for needed capital investment in PAS's lines and to give NSR assured access to the Boston area.

CSXT's proposed acquisition of PAR is mostly end-to-end, with little potential for adverse competitive impacts. The PAR network, not including PAS, is a mostly north-south rail network extending north from Boston into Maine. CSXT's acquisition of PAR will allow CSXT to extend its network reach north of Boston and bring efficient service into that part of New England. In addition, CSXT will acquire (1) Boston and Maine's 50% interest in PAS, and (2) the railroad, Springfield Terminal, that PAS has hired to operate and set rates for PAS. PAS operates an east-west line extending from Rotterdam Junction, NY into the Boston area. CSXT

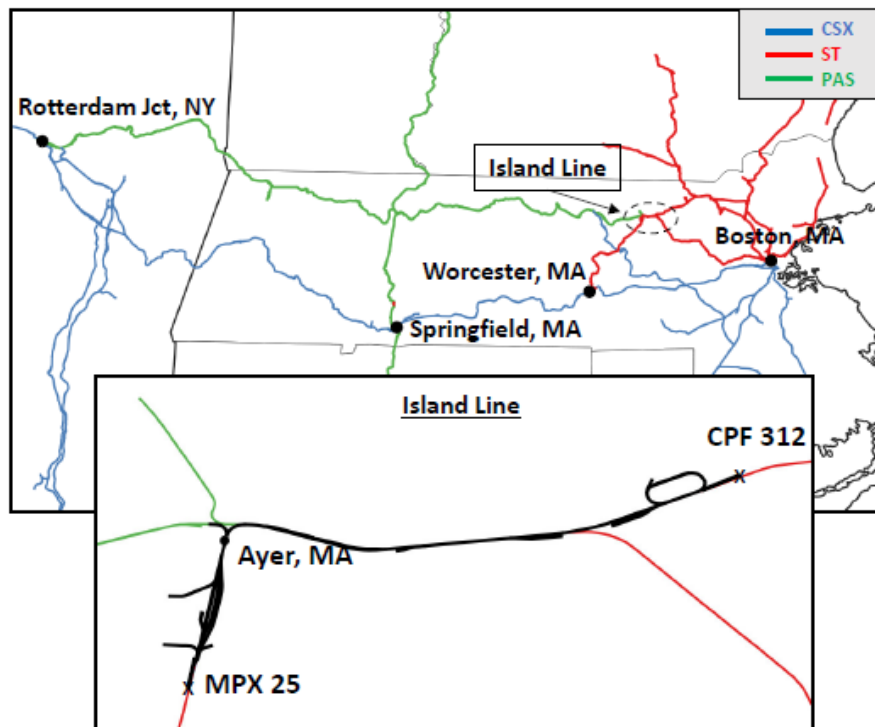
also moves traffic on a more southerly east-west CSXT line that is roughly parallel to the PAS line. Because PAS owns a route that is roughly parallel to an existing CSXT route from upstate New York into the Boston area, CSXT's acquisition of a 50% interest in PAS and 100% ownership of Springfield Terminal, the contract operator and rate-setter for PAS, could have given CSXT some influence over competition for movements into New England. However, CSXT entered into agreements with NSR, the other 50% owner of PAS, and with G&W to replace Springfield Terminal with B&E as the contract operator of PAS in order to ensure that PAS would be independently operated and would continue to be a fully competitive alternative to CSXT's southern parallel line. And, in reaching these agreements, CSXT has ensured that rail competition in New England will actually be strengthened and enhanced.

In accordance with the Board's May 26 decision,⁵ this Amended and Supplemented Verified Statement, in conjunction with other parts of the Amended and Supplemented Application, provide additional support for the conclusion that the settlement agreements will enhance competition among railroads and with other modes of transportation by describing four ways in which competition in New England will be enhanced because of the agreements that have been reached with NSR and G&W as part of the Proposed Transaction. These competitive enhancements would promote and strengthen a competitive rail network in New England and provide the benefits of robust competition to current and future users of the rail network.

⁵ *CSX Corporation and CSX Transportation, Inc.—Control and Merger—Pan Am Systems, Inc., Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Pan Am Southern LLC, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company, and Vermont & Massachusetts Railroad Company (Decision No. 3)*, FD 36472, slip op. at 11 (STB served May 26, 2021).

1. Modification of Ayer Island Line Rights

The backdrop to the formation of PAS was a concern by NSR over the adequacy of investment in the facilities later to become PAS that were previously owned by a PAR subsidiary and operated by Springfield Terminal. To form PAS, PAR contributed lines extending from Rotterdam Junction, NY in the west to a point just beyond Ayer, MA in the east (referred to as milepost CPF 312), as well as facilities along the “Knowledge Corridor” between White River Junction, VT, and New Haven, CT. PAR retained a line segment between Barber Station, MA and Harvard, MA, just south of Ayer. That line segment was being, and has continued to be used to move traffic from CSXT to and from New England on PAR lines to the east and north of Ayer. However, that traffic must also move over a PAS line through Ayer between Harvard and CPF 312 to connect PAR’s Barber Station-Harvard line and PAR’s lines east of Ayer beginning at CPF 312. This PAS line segment is referred to as the “Island Line.” The schematic below shows the Island Line in the vicinity of Ayer.



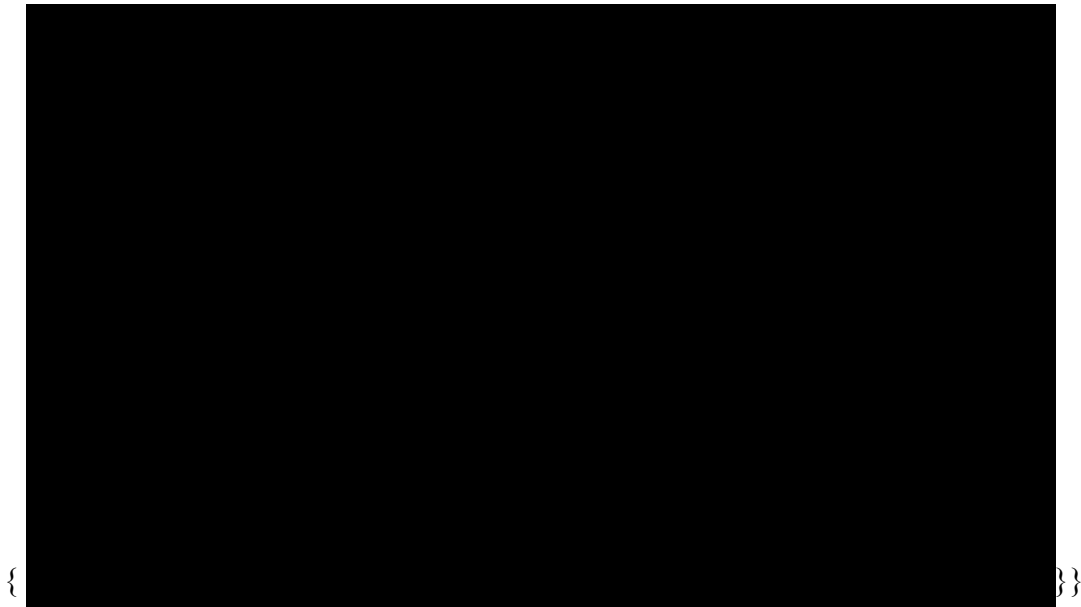
PAS granted PAR overhead trackage rights to move traffic over the Island Line, subject to a volume cap, established in an agreement between PAS and Springfield Terminal. The Springfield Terminal Joint Use Agreement dated April 9, 2009, provides in Section 3(j) that:

In its exercise of the Trackage Rights grant, Springfield Terminal may not move, in any one calendar year, over the Subject Trackage more than one hundred twenty percent (120%) of Cars, loaded or empty, in the aggregate (counting each one-way movement as a single movement) that moved over the Subject Trackage in 2007, unless and until: (i) Springfield Terminal funds fifty percent (50%) of a study (the “Springfield Terminal Capacity Study”, to be conducted by an independent third party) to identify the capacity improvements (“Springfield Terminal Capacity Improvements”) necessary to handle the potential additional traffic with no negative impact on Pan Am Southern, and (ii) the Springfield Terminal Capacity Improvements are constructed at Springfield Terminal’s sole risk and expense. Should the Springfield Terminal Capacity Improvements be constructed, the number of Cars, loaded or empty, Springfield Terminal may move over the Subject Trackage in any one calendar year shall be expanded only by an amount equal to the added capacity. Pan Am Southern agrees to fund fifty (50%) of the Springfield Terminal Capacity Study. Pan Am Southern shall have the right to approve the individual Springfield Terminal Capacity Improvements constructed, but such approval shall not be unreasonably withheld, provided the Springfield Terminal Capacity Improvements conform to the recommendations of the Springfield Terminal Capacity Study.⁶

The *PAS Formation Decision* does not discuss the reason for setting a cap on the volume of traffic moving over trackage rights through Ayer, but the Joint Use Agreement set out a cumbersome and time-consuming process for increasing the cap that could itself act as a constraint on movements through Ayer. In their settlement agreement in this proceeding, CSXT and NSR have agreed to eliminate the carload cap and replace it with a process that will allow current traffic volumes to move over the Island Line and to enable the development of capacity in Ayer to handle any future increase in traffic. The modification of the trackage rights cap will promote competition by allowing CSXT to develop and enhance the movement of rail traffic into and out of New England, as seen in the data set out below.

⁶ NSR & Pan Am. Appl., Ex. 2G at 8-9, May 30, 2008, *Norfolk Southern Railway Company, Pan Am Railways, Inc., et al.—Joint Control and Operating/Pooling Agreements*, FD 35147.

The volume cap was set at 120% of the 2007 actual traffic volumes over the relevant line segment.⁷ But over the years, the traffic using the trackage rights increased and has apparently exceeded the cap consistently beginning in 2010. I obtained from CSXT, the following figures showing the volume of loaded cars interchanged from CSXT to Springfield Terminal at Barbers Station for routing over the Island Line from 2007 to November 2020:⁸



Two observations are in order: First, volumes have been fairly stable recently. The basic stability of this traffic supports CSXT's conclusion that traffic levels are not expected to change significantly in the near future. Second, the 2007 cap was exceeded as early as 2010 and has been consistently exceeded since then. If enforcement of the cap were to return traffic moving onto and off of PAR to the 2007 levels, reducing traffic by about {{[REDACTED]}} loaded cars, there would be an {{[REDACTED]}} reduction in PAR movements. {{[REDACTED]}}

⁷ *Id.* at 8. ("In its exercise of the Trackage Rights grant, Springfield Terminal may not move, in any one calendar year, over the Subject Trackage more than one hundred twenty percent (120%) of Cars, loaded or empty. . . .")

⁸ 2020 volumes annualized based on Jan-Nov actuals.

2019.^{9}}} Modification of the cap as the parties have provided will ensure that demand will continue to be met and will allow New England rail traffic to grow in a manageable and sustainable manner over the competitive CSXT and PAS parallel routes that will support the future New England economy.

2. Applicants are committing to improving Ayer's facilities

As discussed above, Ayer is an important gateway for movements to and from New England both on PAS and on PAR. The total carloads moving on PAS through Ayer were {{[REDACTED]}} in 2019. The total carloads moving on PAR through Ayer were {{[REDACTED]}} in 2019. This amounts to about {{[REDACTED]}} of total carloads moving on PAR and PAS to and from New England locations.¹⁰

Given the importance of Ayer to the New England rail network, it is necessary to ensure adequate rail capacity to support robust inter- and intramodal competition in New England. Recognizing the importance of Ayer to a vibrant competitive market, CSXT has committed, through its settlement agreement with NSR, {{[REDACTED]}} {{[REDACTED]}}¹¹ to ensure that Ayer can handle the present and future traffic moving into and through Ayer.

3. NSR's ability to move double-stack intermodal traffic will enhance competition

The Settlement Agreement between CSXT and NSR enhances NSR's competitive position because the agreement gives NSR the capability to provide double-stack intermodal service into the Boston area by avoiding a tunnel constraint that exists on PAS today. Today, for a double-stack intermodal train arriving in New York on NSR for movement into the Boston

⁹ Based on the STB 2019 Confidential Carload Waybill Sample.

¹⁰ Based on the STB 2019 Confidential Carload Waybill Sample.

¹¹ Pelkey V.S. at 13.

area, NSR must remove a layer of intermodal containers before moving on PAS. To do this (an operation referred to as “filleting”), NSR incurs substantial extra cost and delay. I estimate that the additional costs are approximately {{ [REDACTED]

[REDACTED]

[REDACTED]¹²

By avoiding these extra costs and the time required to fillet the intermodal trains, NSR will be a stronger competitor for New England intermodal traffic. This is important for competition in the New England region because intermodal traffic is the dominant traffic moving into the region, as discussed by CSXT’s witness Dr. Reishus.¹³ Moreover, NSR already has a significant share of the intermodal traffic in New England.¹⁴ Below, is a summary of 2019 traffic into New England by Corridor and Commodity Type.

[REDACTED]

{ [REDACTED]

¹³ See, e.g., Reishus V.S. at 23, Para. 62.

¹⁴ See Reishus V.S. at Sec. III.

¹⁵ Based on the STB 2019 Confidential Carload Waybill Sample.

I expect that the improved efficiency and reduced costs of NSR's intermodal traffic resulting from the settlement agreement with CSXT will enhance competition in two ways.

First, NSR will be a stronger competitor to CSXT, {{[REDACTED]}}
[REDACTED]}} Second, a more efficient and competitive intermodal route into and out of the Boston area will eventually allow railroads to divert traffic from trucks.

4. PAS will be strengthened by B&E's operations

CSXT and NSR have agreed that if the Board approves CSXT's acquisition of PAR, the B&E will replace Springfield Terminal as the contract operator and rate-setter of PAS. The operation of PAS by B&E will enhance competition in several ways.

First, PAS is currently operated by Springfield Terminal, which also operates and sets prices for movements on PAR. When B&E replaces Springfield Terminal as PAS operator, B&E's operating and marketing attention will be exclusively focused on PAS and not divided between PAS and any other rail operations. B&E will be obligated under the contract with PAS to operate, price and market PAS in the interest exclusively of PAS as an independent entity. B&E will be required to set rates that are "competitively neutral" and not discriminate in favor of any carrier, including B&E's G&W affiliates. Competition will be enhanced by ensuring the independence and neutrality of PAS from CSXT as a means to reach New England rail shippers.

Second, adequate maintenance of PAS lines will be ensured by the replacement of PAR by CSXT as a 50% owner of PAS. Adequate maintenance of the PAS lines is essential to the availability of PAS as an independent competitor, as the STB acknowledged when PAS was formed. The STB noted that the creation of PAS "would significantly increase competition between railroads by providing an upgraded east-west main line route to compete with a parallel

main line route operated by CSXT.”¹⁶ Under the existing arrangements, Springfield Terminal is responsible for maintaining PAS. But as discussed above, Springfield Terminal also has the responsibility for operating PAR lines, creating potential distractions and conflicts for Springfield Terminal’s maintenance of PAS. But B&E will focus its attention exclusively on the maintenance of PAS. Moreover, adequate funding of maintenance is assured because the two owners of PAS will be large Class I carriers that are committed to maintaining PAS as a viable and independent rail route into New England, and who have reserved the right to perform capital maintenance work of the PAS lines.

Third, B&E is owned by G&W, and G&W has proven expertise in operating regional railroads. Separating PAS operations under B&E from operations of PAR will make PAS more efficient and cost-effective in many ways. For example, the overhead costs of operating PAS are incurred today by Springfield Terminal which also incurs overhead costs for operating PAR. Since a portion of the combined PAR/PAS overhead costs must be allocated to PAS, PAS’s overhead costs are now influenced by costs associated with PAR operations. This creates potential volatility in overhead costs, where cost changes are driven by events and circumstances on other lines, i.e., on PAR. It is also much harder to manage overhead costs when those costs are part of a larger rail network because those costs are not strictly linked to operations on PAS. B&E will be able to manage and control overhead costs much better with PAS operated separately from PAR.

PAS will also be more efficient in the areas of pricing and operating decisions. Under the current PAS structure, Springfield Terminal makes all decisions regarding PAS pricing and

¹⁶ *PAS Formation Decision*, FD 35147, slip op. at 5.

operations. For movements that use both PAR and PAS, there is currently a formula for allocating the through revenue between PAS and PAR.¹⁷ As an independent operator of PAS, B&E will be able to efficiently price movements on PAS in the interest of PAS as an independent rail carrier, subject to the commitments the PAS co-owners have made to shippers and connecting railroads. Similarly, as to operations, B&E will be able to make operating decisions, including the many factors that influence efficient operations like maintenance, based solely on the needs of PAS and its customers (as well as passenger carriers with which it shares facilities).

B&E also can be expected to improve PAS operations because it is part of a larger corporate family that has broad experience in running smaller railroads in different regions, including New England. The safety and operating record of G&W railroads is very encouraging. The G&W railroads operating in New England (NECR, St. Lawrence & Atlantic Railroad, Providence and Worcester Railroad and Connecticut Southern Railroad) had an FRA reported injury ratio of {{[REDACTED]}}—{{[REDACTED]}}.¹⁸ In comparison, PAR's combined ratio was {{[REDACTED]}} for the same period.¹⁹ {{[REDACTED]}}
{{[REDACTED]}}
{{[REDACTED]}}²⁰ Improved operations on PAS will make PAS a more competitive route for traffic into and out of New England.

Fourth, as Dr. Reishus has pointed out in his statement, PAS will remain viable even with the diversion of NSR intermodal trains to CSXT's line. Indeed, PAS's financial condition is

¹⁷ See Am. & Supp. App., July, 1, 2021, Vol. II, Trans. Agreement Assignment & Div. Allocation Agreement, Sec. 4.

¹⁸ Wagner V.S. at 7.

¹⁹ *Id.*

²⁰ *Id.* at 8-9.

likely to improve. As Dr. Reishus explains, the diverted NS intermodal traffic generates only

{{ [REDACTED] }}

Moreover, all NS intermodal and automotive traffic will still come to Ayer and PAS will receive compensation for handling this traffic. PAS will also receive an increased reciprocal switch fee for certain traffic in the Ayer switching district. Finally, under Term Sheet Agreement (Section III.1), B&E will charge PAS a fixed rate to provide equipment and certain corporate services that will give PAS the opportunity to substantially reduce PAS costs.

* * * * *

In conclusion, the STB has been presented with a transaction that enhances competition. It strengthens three railroads as competitors for rail movements to and from New England -- NSR, PAS, and CSXT -- and provides shippers to and from New England with improved service. These competitive enhancements should mean more robust intramodal and intermodal competition, which translates into better rail service and fewer trucks on the highway with the accompanying environmental benefits. It warrants approval by the STB.

VERIFICATION

I, William F. Huneke, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Amended and Supplemented Verified Statement. Executed on July 1, 2021.

/s/ William F. Huneke

William F. Huneke

WILLIAM F. HUNEKE
12114 Sandy Court
Herndon, VA 20170
Cell number: 703-517-2274
Home number: 703-450-5894
Email: hunmeister@hotmail.com

Summary:

Dr. Huneke has more than 35 years of experience in economics, railroad regulatory policy, management consulting, business analysis and teaching in the commercial and government sectors. He led the analytical work at the Surface Transportation Board. At UUNET he introduced new information technology that dramatically reduced product deployment cycles. He has directed projects that positioned major financial firms to improve business operations and use new technology for competitive advantage. Dr. Huneke taught graduate business courses at the University of Maryland, Robert H. Smith School of Business.

Positions Held

Consulting Economist

Dr. Huneke provides economic advice to private sector clients. His expertise includes management economics, regulatory economics, antitrust, statistics and econometrics. As part of an Organization of Economic Cooperation and Development, Dr. Huneke has advised the Mexican Rail Regulator (Agencia Reguladora del Transporte Ferroviario) on rail regulatory policy and access charge regimes. He has provided testimony and litigation advice to Class I Railroads and the Association of Short Line and Regional Railroads. He has advised in a private arbitration.

National Academy of Sciences, Transportation Research Board, Committee Rail Freight Transportation, 2017-2020

Dr. Huneke advised the Committee on economic and regulatory matters. He reviewed papers for presentation at the TRB's annual meeting.

Chief Economist and Director, Office of Economics, Surface Transportation Board, 2001-2017

Dr. Huneke led the economic and management analysis on rate regulation cases, railroad practice cases, agency rulemakings, railroad construction cases and railroad mergers. His group was responsible for industry financial reporting, auditing, regulatory costing and the industry traffic sample database.

Adjunct Professor, College of Business and Management, University of Maryland, College Park, MD 1990-2010

For 20 years, Dr. Huneke taught graduate courses in international business, global economic environment, and managerial economics. He also developed and taught executive MBA courses for the University of Maryland sponsored Polish American Management program at University of Lodz in Poland.

Director, Planning & Infrastructure, UUNET Technologies, 1998-2001

At UUNET he introduced new information technology that dramatically reduced product deployment cycles. Dr. Huneke managed new technology evaluation and deployment, systems architecture, quality assurance, software testing, data administration and database administration, capacity planning and security planning. He administered the IT division's budget, which was over \$60 million in expense and \$150 million in capital.

Vice President, Avatar Solutions, 1995-1998

Dr. Huneke was responsible for leading the company's production operations. As the company's business grew, he managed the company's operations from serving one client in Northern Virginia to multinational

operations serving clients on multiple continents. He directed operations to achieve the company's goals of consistently meeting and exceeding customer expectations.

Vice President, Disclosure, Inc., 1994-1995

For a financial information electronic publisher, he led a staff of 50 in the rapid development of products to meet market opportunities. Responsibilities included understanding the market so that developed products best met market needs and achieved competitive advantage. He was instrumental in redesigning business operations to dramatically reduce product cycle times from years to months.

Director, Freddie Mac, Reston, VA 1987- 1994

Dr. Huneke analyzed the competitive and technical environment facing Freddie Mac and sought opportunities to achieve superior economic returns. He directed projects that positioned Freddie Mac to improve business operations and use new technology for competitive advantage. He reviewed Freddie Mac lines of business and created product development plans for a new product cycle. Analyzed the productivity of systems development and evaluated the opportunities for gaining competitive advantage through reduced product cycle times. Dr. Huneke managed the preparation and administration of \$50 million budget for capital and other expenses.

Assistant Director, Intermodal Policy Division, Association of American Railroads, Washington, DC 1983-1987

For the Association, he managed research and analysis of key industry issues including vertical mergers, cost-benefit analyses of government projects and user fee impacts. Dr. Huneke directed competitive analyses of three industries including computer simulation of management strategies, new technology and comparative cost structure.

Senior Economist, DNS Associates, Washington, DC 1981-1983

In his first job in Washington while completing his dissertation, Dr. Huneke served as an analyst in the specification and development of automated management information systems. He analyzed the competitive effects of mergers and government regulation on the transportation industry.

Instructor and Research Assistant, University of Virginia, 1978-1981

Taught economic principles courses and worked on constructing an economic model of a consumer goods industry.

Publications

Book:

The Heavy Hand: The Government and the Union Pacific, 1862-1898, Garland Publishing, 1985.

Articles:

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“American Railroads: The Regulatory Perspective,” Brookings, Railroads, Policy, and the Economy, June 19, 2015.

“Research at the Association of American Railroads,” Transportation Research Board, Group I Council Summer Meeting, Washington, DC, September 1, 1987.

Education

Ph.D., Economics, University of Virginia
MA, Legal History, University of Virginia
BA, (Honors) Swarthmore College

Honors

Named outstanding teaching assistant, University of Virginia
National Merit Scholar
Dupont Fellow at University of Virginia

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

EXHIBIT 23

Support Letters

Support Letters

CUSTOMER STATEMENTS OF SUPPORT

Albert Bros., Inc.
Arrowhead Environmental Partners, LLC
Atlantic Forest Products, LLC
Atlantic Wallboard
BB&S Treated Lumber of New England
Benevento Companies
Blackline Midstream LLC
Boise Cascade Building Materials Distribution LLC
Boston Sand & Gravel Company
Broco Oil, Inc.
Business Council of New York State, Inc., The
Catania Oils
Charter Development Company
Chemtrade Logistics Inc.
Ciment Québec Inc.
Connecticut Business and Industry Association
Crestwood Equity Partners LP
CTS Cement Manufacturing Corp.
Cushman Lumber Company
Daaquam Lumber Maine Inc.
DP World
Eastern Propane Gas Inc.
EIMSKIP USA
F.L. Larson Trucking, Inc.
Fabian Oil Inc
Factor Gas Liquids Inc.
Frost Bridge Associates, LLC
Granite State Concrete Co., Inc.
Greater Boston Transload, LLC
Greif, Inc
H&T Waterbury
Hub Group, Inc
HUHTAMAKI
Inland Fuel Terminals, Inc.
Inteplast Group Corporation
Interoceanic Corporation
J.D. Irving, Limited

J.D. Irving, Limited, Pulp & Paper Division
Jaguar Transport Holdings
Javelin Global Commodities (UK) Ltd
JB Hunt Transport, Inc.
Law Logistics
Lynch Logistics, Inc.
Maine Rail Group, Inc.
Maine Wood Treeters, Inc.
Monadnock Paper Mills, Inc.
NGL Supply Co. Ltd.
Packaging Corporation of America
Parrish & Heimbecker
Pixelle Specialty Solutions, LLC
Plasmine Technology, Inc.
Poland Spring
Saint John Port Authority
Sappi North America
Smaller Manufacturers Association of CT, Inc.
Tighe Logistics Group
TurfCare Supply Corp.
US Ecology
USG Corporation
Waste Management of MA, Inc.
Waterbury Regional Chamber of Commerce
Western Massachusetts Economic Development Council
Worcester Regional Chamber of Commerce
Woodland Pulp & St. Croix Tissue
wTe Recycling, Inc.

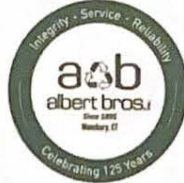
RAILROAD STATEMENTS OF SUPPORT

Milford-Bennington Railroad Co., Inc.
OmniTRAX, Inc.
New Hampshire Northcoast Co.
Rail Enterprise Group

PUBLIC OFFICIAL & PUBLIC AGENCY STATEMENTS OF SUPPORT

Governor Christopher T. Sununu (State of New Hampshire)
Mayor Joyce Craig (City of Manchester, NH)
Mayor Neil M. O'Leary (City of Waterbury, CT)
New Hampshire Department of Transportation
Representative Kathleen R.J. Dillingham (Maine House of Representatives)
Representative Michelle Dunphy (Maine House of Representatives)
Representative Ryan M. Fecteau (Maine House of Representatives)
Senator Bill Gannon (New Hampshire Senate)
Senator Susan M. Collins (United States Senate)
Senators Jeffrey Timberlake & Matthew Pouliot (Maine Senate)
Senators Regina Birdsell & David Watters (New Hampshire Senate)
Senators Troy Jackson, Eloise Vitelli & Matthea Daughtry (Maine Senate)

Albert Bros., Inc.
225 East Aurora Street
Waterbury, CT 06708
203-753-4146



January 12, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

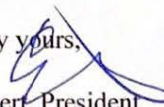
I am Eric Albert, President of Albert Bros., Inc., a fifth generation Scrap Metal Processor located at 225 East Aurora St. in Waterbury, CT. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Albert Bros., Inc. looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Albert Bros., Inc. certainly welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Albert Bros., Inc. will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We are continuously looking for ways to grow our business and this is something that will help us significantly. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Albert Bros., Inc. supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,


Eric Albert, President

Cc: CSX Transportation, Inc.

301841



ENTERED
Office of Proceedings
March 25, 2021
Part of
Public Record

March 22, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc. - Control and Merger - Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am writing to support the application by CSX Corporation and CSX Transportation, Inc. (collectively "CSX") filed with the Surface Transportation Board (the "Board") on February 25, 2021 seeking authority to acquire Pan Am Systems, Inc. and its railroad subsidiaries, including its operating subsidiary, the Springfield Terminal Railroad Company ("Springfield Terminal").

I am the Chief Executive Officer for Arrowhead Environmental Partners ("Arrowhead"), a waste disposal company which operates across 33 states and provides safe, environmentally responsible disposal options for our customers. We rely upon direct rail access via Norfolk Southern Railway and Pan Am Southern to reach our wide customer base, which includes customers located within New England and the New York/New Jersey metro area.

According to the application submitted by CSX, its proposed acquisition will enhance the competitiveness of the Springfield Terminal and, importantly for Arrowhead, the agreement reached between CSX and Norfolk Southern will preserve competitive rail options and will increase fluidity of rail operations in New England. Arrowhead's Alabama landfill site is one of the largest rail-served facilities east of the Mississippi River. We rely upon direct rail access via Norfolk Southern and connecting carriers to provide a uniquely designed, high capacity and environmentally sound disposal facility for customers, communities, and a wide range of industries. The proposed transaction will preserve critical access to Norfolk Southern rail service for our New England business.

Corporate Office

Arrowhead Environmental Partners, LLC
65 Challenger Road, Suite 312
Ridgefield Park, NJ 07660
Phone: 551-999-8261

Landfill Site

Arrowhead Landfill
622 Tayloe Road
Uniontown, AL 36786
Phone: 334-628-4844



We support this proposed acquisition and believe our business, along with our customers, will benefit from its adoption. We respectfully ask the Board to give CSX's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely yours,

William W. Gay
Chief Executive Officer
Arrowhead Environmental Partners, LLC

Corporate Office

Arrowhead Environmental Partners, LLC
65 Challenger Road, Suite 312
Ridgefield Park, NJ 07660
Phone: 551-999-8261

Landfill Site

Arrowhead Landfill
622 Tayloe Road
Uniontown, AL 36786
Phone: 334-628-4844

Atlantic Forest Products, LLC

January 22, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control
and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Rich Spallone, Executive VP/Member with Atlantic Forest Products, LLC located at 1600 Sparrows Pt, Blvd Edgemere, MD.

We are a nationwide wholesale lumber company that utilizes the services of the CSXT in numerous locations. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

AFP looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. AFP welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

AFP will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

AFP supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Rich Spallone', is written over the closing 'Sincerely yours,'.

Cc: CSX Transportation, Inc.



30 Jervis Ln
Saint John, NB
E2J 0A9

2/22/2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Jenna Hazelton, General Manager with Atlantic Wallboard, located at 30 Jervis Lane, Saint John, NB.

Atlantic Wallboard is a manufacturer of gypsum wallboard with some of our volume entering the New England market. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

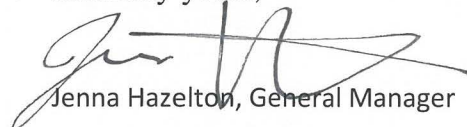
Atlantic Wallboard looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Atlantic Wallboard welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Atlantic Wallboard will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Atlantic Wallboard supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Cc: CSX Transportation, Inc.


Jenna Hazelton, General Manager



P.O. Box 982, 61 Bonneau Road
North Kingstown, RI 02852
401-295-3200 FAX 401-295-9733 (800) 322-4006

www.bbslumber.com

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

My name is Dan Kane, General Manager with BB&S Treated Lumber, located at 61 Bonneau Rd., North Kingstown, RI 02852

BB&S provides an extensive range of excellent treated lumber products, including Southern Pine lumber, decking, posts and timbers. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc will be a benefit to BB& Treated Lumber.

BB&S Treated Lumber looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. BB&S Treated Lumber welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

BB&S Treated Lumber will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

BB&S Treated Lumber supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Regards,

Dan Kane
VP & General Manager
BB&S Treated Lumber of New England

Cc: CSX Transportation, Inc.



"Since 1934"

January 8, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Charles J. Benevento, Owner / CEO with Benevento Companies located at 900 Salem Street, Wilmington Massachusetts.

Benevento Companies are a vertically integrated crushed stone, asphalt and concrete production business within the construction materials industry. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Benevento Companies looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Benevento Companies welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Benevento Companies will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Benevento Companies supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Charles J. Benevento", is written over the typed name.

Charles J. Benevento
Owner / CEO
Benevento Companies

Cc: CSX Transportation, Inc.



Blackline Midstream, LLC
10200 Grogans Mill Road, Suite 510
The Woodlands, TX 77380

January 15, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Mike Day, CEO at Blackline Midstream LLC, located at 10200 Grogans Mill Road, Suite 510, The Woodlands, TX 77380.

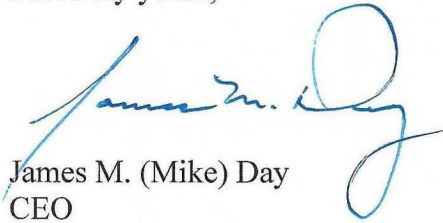
Blackline is a premier terminal developer and operator within the conventional and emerging energy markets. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to terminate traffic at our Newington, NH propane storage and distribution terminal facility ("Sea-3") for movements of inbound propane from various suppliers across North America. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will convert our existing short-line service to direct Class I railroad service at Sea-3.

Blackline looks forward to the improved service and cost competitiveness that CSXT is expected to provide from the propane origination points in Ohio and Pennsylvania following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. We are also anticipating that CSXT will maintain competitiveness and service levels on the connecting routes from other propane supply origination points in Canada and the US Upper Midwest which are also very important to Sea-3's viability. We welcome the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our railcar shipments with much greater precision and confidence.

The commercial and residential propane distributors in New England are Sea-3's customers and look to Sea-3 for reliable and economic supply of propane in the region. Blackline is expecting the CSXT Sales and Marketing team to follow through on its intentions to explore and implement new supply chain solutions and market opportunities for expanded rail movements of propane into Sea-3 which would support Blackline's ability to meet those customer expectations. Blackline needs lower rail transportation unit costs, more frequent rail service and expanded railcar blocks per delivery for better overall productivity which will lead to improved overall performance and economics for the propane consumers in New England.

Based on the expectation of realizing these benefits by working with CSXT, Blackline supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,



James M. (Mike) Day
CEO

Cc: CSX Transportation, Inc.

Building Materials Distribution
1111 W Jefferson Street
Suite 300
Boise, Idaho 83702

REDACTED - TO BE PLACED ON PUBLIC FILE



Boise Cascade

SHIPPER ON PAN AM

08JAN2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36____, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Lee Goodwin, Division Transportation Manager with BOISE CASCADE BUILDING MATERIALS DISTRIBUTION LLC, located at 1111 W Jefferson St Suite 300 Street Boise, Idaho.

BOISE CASCADE has a Building Materials Distribution yard in Portsmouth, NH and a manufacturing location in Biddeford/Saco, ME. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

BOISE CASCADE looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. BOISE CASCADE welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

BOISE CASCADE BUILDING MATERIALS DISTRIBUTION L.L.C. supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Cc: CSX Transportation, Inc.



REDACTED - TO BE PLACED ON PUBLIC FILE

BOSTON SAND & GRAVEL

PO Box 9187
100 N. Washington Street
Boston, MA 02114
617-227-9000 || BostonSand.com

December 22, 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Dean Boylan, President of Boston Sand & Gravel Company (BSG), located at 100 N. Washington Street, Boston, Massachusetts 02114

BSG is a ready mixed concrete and aggregate supplier in downtown Boston, MA. We have delivered building materials to many of the large infrastructure and construction projects in New England for over 100 years. BSG has relied on the Springfield Terminal Railroad Company and their predecessors to supply rail service for over 60 years. Presently we receive materials to our Charlestown, MA facility for use in ready mixed concrete production and for resale to other customers. The Springfield Terminal service has been critical to our Company's well being. The merger of the Springfield Terminal into CSX Transportation will expand the single line railroad services to our facility.

BSG looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. BSG welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

BSG will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

BSG supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Dean M. Boylan
President

Cc: CSX Transportation, Inc.





168 Hale Street Haverhill, MA 01830 T: (781)-246-1130 F: (781)-819-0058

January 12, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

Broco Oil, Inc is a fast-growing fuel storage terminal and distribution company located at 168 Hale Street in Haverhill MA. Our consistent growth is directly related to our investment is re-establishing a dormant rail siding and building out additional sidings to store, sort and unload railcars from Springfield Terminal Railways. We predominately bring in biodiesel carloads from the Renewal Energy Group (REG) in Ames Iowa. We are excited about the pending merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") as it will allow us to take advantage of expanded single-line railroad service at our busy Haverhill rail terminal.

Broco Oil looks forward to the improved service that we expect from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Broco welcomes the level of infrastructure investment that CSXT envisions in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Broco Oil looks forward to exploring and implementing new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect the merger to

enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

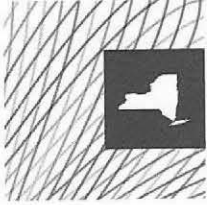
Broco Oil, Inc. strongly supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in black ink, consisting of a stylized 'B' followed by a series of loops and a long horizontal stroke.

President & CEO Broco Oil, Inc

Cc: CSX Transportation, Inc.



March 4, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

We are writing to support the application by CSX Corporation and CSX Transportation, Inc. (collectively "CSX") filed with the Surface Transportation Board (the "Board") on February 25, 2021 seeking authority to acquire Pan Am Systems, Inc. and its railroad subsidiaries, including its operating subsidiary, the Springfield Terminal Railroad Company ("Springfield Terminal").

The Business Council of New York State, Inc., is committed to facilitating economic and job growth in New York State. New solutions for safe and reliable transportation for our members are important to the ability of our members to continue to grow and expand their market reach. Freight railroads play a vital role in connecting U.S. businesses, large and small, to markets around the world. They are the lifeblood for many of our communities.

According to the application submitted by CSX, its proposed acquisition will enhance the competitiveness of the Springfield Terminal. The merger offers the opportunity for single-line service to and from locations on 19,500 miles of the CSX rail system and over 1,200 miles operated by Springfield Terminal. Single-line CSX service offers best-in-class service with new standards of service performance with higher velocity, faster equipment turns, and greater consistency. CSX will also enhance competition through lower costs, better service and improved access to the rail network in the eastern United States.

Furthermore, the agreement reached between CSX and Norfolk Southern will preserve competitive rail options and will increase fluidity of rail operations in the region, including New York State. The transaction as proposed will also ensure the continued operation of the Mechanicville Yard, which is an important rail access point for our members who utilize rail service. Continued access to robust rail service will preserve jobs in the region. Finally, the inclusion of Genesee & Wyoming as the operator of the PanAm Southern Railway will also ensure that the PanAm Southern is operated by a carrier with experience in the region.

We support this proposed acquisition and believe our members, and the State of New York, will benefit from its adoption. We respectfully ask the Board to give CSX's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely,

/je

cc: CSX Transportation, Inc.
Norfolk Southern Railroad
Christopher O'Brien, Deputy Secretary for Transportation
Commissioner Marie Therese Dominguez, NYS Department of Transportation



Retail | Food Service | Bulk | Private Label

Processors & Packers
of Vegetable, Olive
& Blended Oils

www.cataniaoils.com | oils@cataniaoils.com

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

January 6, 2021

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

My name is Joseph Basile, President of Catania Oils, located at 3 Nemco Way, Ayer, Massachusetts.

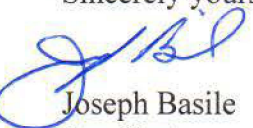
Catania Oils is a larger bottler of vegetable and olive oils supplying our products to Retail, Foodservice and Food manufactures throughout North America. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Catania Oils looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Catania Oils welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Catania Oils will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Catania Oils supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,



Joseph Basile
President

Cc: CSX Transportation, Inc.



December 22nd, 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Mason Sandell with Charter Development Company, located at 560 Harrison Avenue, Boston MA 02118.

Charter Development Company and its affiliates Charter Contracting and Charter Environmental (together, "Charter") are in the business of managing the transportation and disposal of regulated soils, sediments and other materials throughout New England and the Eastern United States. Charter regularly uses Pan Am Railways ("Pan Am") to transport such regulated materials by rail. The merger of Pan Am into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service supporting our projects and overall business model.

Charter looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Pan Am into CSXT. Charter appreciates the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Charter will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.



Charter supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Mason Sandell
Principal, Charter Development

Cc: CSX Transportation, Inc.

SHIPPER ON PAN AM

January 21, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Mark de Hueck, Director of Supply Chain and Transportation with Chemtrade Logistics Inc. located in Toronto, Ontario, Canada with approximately 65 plants across North America.

Chemtrade Logistics, an annual \$2B enterprise, is a chemical manufacturer that is publically traded. We provide water treatment chemical to municipalities to ensure clean drinking water as well as chemical to be used as inputs for such industries as oil and gas, mining, pulp and paper, forestry, automotive, food processing just to name a few. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to terminate traffic at our customers facilities for movements within New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service to our end use customer destinations.

Chemtrade Logistics looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Chemtrade Logistics welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Chemtrade Logistics will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Chemtrade supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

I remain,
Sincerely yours,

Mark de Hueck

Mark de Hueck

Cc: CSX Transportation, Inc.



Saint-Basile, December 16 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Jean Lebrun, Assistant VP Cement Business Development and Logistics Manager with Ciment Québec inc., located at 145, du Centenaire boul. Saint-Basile (Quebec) Canada, G0A 3G0.

Ciment Québec operates in Québec, Ontario, the Maritimes provinces and United States. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our New England facilities. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at these facilities.

Ciment Québec looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Ciment Québec welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Ciment Québec will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Ciment Québec supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'JEAN LEBRUN', is written over a light blue rectangular background.

JEAN LEBRUN
Assistant VP Cement Business Development
Logistics Manager

Cc: CSX Transportation, Inc.



301835

Christian L. DiPentima
President & Chief Executive Officer

ENTERED
Office of Proceedings
March 25, 2021
Part of
Public Record

January 18, 2021

Ms Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423



Re: Docket No. FD 36472CSX Corporation and CSX Transportation, Inc.-Control and
Merger-Pan Am Systems, Inc., et al.

Dear Ms. Brown:

I am the President and CEO of the Connecticut Business and Industry Association ("CBIA"), the largest business association in Connecticut and one of the largest in the country. CBIA has been in existence for 206 years and has a broad membership across a variety of industry sectors. We are very familiar with the Springfield Terminal Railroad Company ("Springfield Terminal") and fully support its merger into CSX Transportation, Inc. ("CSXT") as this will greatly expand the single-line railroad services.

CSXT has been the gold standard for higher velocity, faster equipment turns, and greater consistency in the market and the merger of Springfield Terminal will bring a critical infrastructure investment that will revolutionize the current single line. The expected enhanced competitiveness through lower costs, better service and improved access to the North America rail network will elevate the region into the 21st century.

CBIA fully supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris DiPentima".
Chris DiPentima



2440 Pershing Road
Suite 600
Kansas City, MO 64108

P: 816.329.5365
John.Powell@Crestwoodlp.com
www.Crestwoodlp.com

April 15, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am John Powell, SVP of Marketing, Supply and Logistics with Crestwood Equity Partners LP, located at 2440 Pershing Road, Suite 600, Kansas City, MO 64108.

Crestwood is a fully integrated Natural Gas Liquids business providing critical fuel for residential and commercial customers across the entire U.S.A. We use the Springfield Terminal Railroad Company ("Springfield Terminal/PAS") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal/PAS into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Crestwood looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal/PAS into CSXT. Crestwood welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Crestwood will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our



2440 Pershing Road
Suite 600
Kansas City, MO 64108

P: 816.329.5365
John.Powell@Crestwoodlp.com
www.Crestwoodlp.com

competitiveness through lower costs, better service, and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Crestwood supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'John C. Powell', with a large, stylized flourish extending to the right.

John C Powell
SVP & Chief Commercial Officer, MSL
Crestwood Equity Partners LP

Cc: CSX Transportation, Inc.

CTS Cement Manufacturing Corp
January 11, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Mary Jo O'Dear, Rail Logistics Coordinator with CTS Cement Manufacturing Corp. located at 12442 Knott Street Garden Grove, CA 92841.

CTS Cement Manufacturing ships Hydraulic Cement all over the country. We currently ship to Concord, NH via CSX-Springfield Terminal Railroad. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to terminate traffic at our customer's facilities for movements within New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our customers facilities.

CTS Cement Manufacturing Corp looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. CTS Cement welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

CTS Cement Manufacturing Corp will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

CTS Cement Manufacturing Corp. supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Mary Jo O'Dear
Rail Logistics Coordinator
CTS Cement Manufacturing Corp.
12442 Knott Street Garden Grove, CA 92841

714-462-7807

Cc: CSX Transportation, Inc.



Cushman Lumber Company, Inc. 96 Springfield Rd. Charlestown, NH 603-826-4575 603-826-4586 (f)

2/24/21

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.* 586 ()

Dear Ms. Brown:

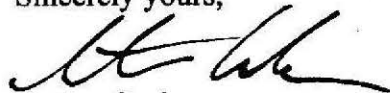
I am Steven Cushman, Vice President with Cushman Lumber Company, located at 96 Springfield Road, Charlestown, New Hampshire 03603.

Cushman Lumber Company is an independent family-owned wholesale distributor of commodity framing lumber and studs. With offices in Massachusetts, New York, and New Hampshire, we provide lumber products and services to New England and the Northeast. We use the Pan Am Southern Railroad ("PAS") and the New England central Railway ("NECR") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will help to expand rail service at our facility and help to improve service and routing options for our company.

Cushman Lumber Company looks forward to the improved service that we will receive following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Cushman Lumber Company hopes to enhance our competitiveness through lower costs, better service and improved access to the North American rail network based upon increased capital investments and improved service offerings that CSXT will bring to the New England market as part of this acquisition.

Therefore, Cushman Lumber Company supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT. at our

Sincerely yours,


Steven Cushman

Cc: CSX Transportation, Inc.



January 5, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.

Dear Ms. Brown:

I am Arkon Horne, Controller at **Daaquam Lumber Maine Inc.**, located at 1200 Masardis Road, Route 11, PO Box 749, Masardis, Maine 04732.

Daaquam Lumber is a leading dimensional building lumber manufacturer that produces, sells and ships about 100 million board feet of lumber products annually while employing 125 people. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Daaquam Lumber looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Daaquam Lumber welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Daaquam Lumber will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Daaquam Lumber supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Cc: CSX Transportation, Inc.
January 5, 2021



Regional Office

DP World ARO
5605 Carnegie Blvd., Suite 200
Charlotte, NC 28209

T: + 704-246-0343
F: + 704-246-0344

dpworld.com

December 15, 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Matthew Leech, Chief Executive Officer for the Americas Region with DP World, located at 5605 Carnegie Boulevard in Charlotte, North Carolina ("**DP World**").

DP World is an Emirati multinational logistics company – we are a leading enabler of global trade and an integral part of the international shipping supply chain. We have a portfolio of 78 operating marine and inland cargo terminals supported by over 50 related businesses, from maritime services, logistics and ancillary services to technology-driven trade solutions, with a significant presence in both high-growth and mature markets in 40 countries. DP World employs a dedicated team of over 55,000 employees worldwide.

Our potential customers will use the Springfield Terminal Railroad Company ("**Springfield Terminal**") to originate and terminate traffic at our facilities for movements outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("**CSXT**") will expand the single-line railroad service at our facilities in Saint John, New Brunswick.

DP World looks forward to the potential of new market opportunities and improved service that our customers will receive from CSXT following the approval by the Surface Transportation Board (the "**Board**") of the merger of Springfield Terminal into CSXT. DP World welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility

into our customers supply chain through the ShipCSX platform that will enable us to track and manage our customers shipments with much greater precision and confidence.

DP World very seriously intends to explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

DP World supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'M. Leech', with a long horizontal flourish extending to the right.

Matthew Leech

Cc: CSX Transportation, Inc.



DATE: 12/22/2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control
and Merger-Pan Am Systems, Inc., et al.*

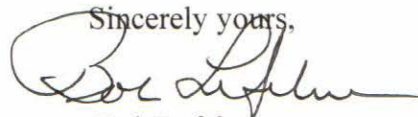
Dear Ms. Brown:

I am Bob Lefebvre, Vice President - Supply, with Eastern Propane Gas. Inc. located at 28 Industrial Way, Rochester, NH 03867.

Eastern is in the business of buying, selling, distributing, and dealing in liquified petroleum gas, heating oil and other distillate products. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and hand off to NHN Railroad our servicing rail line and for movements within and outside of New England.

Eastern looks forward to the quality service that we expect to receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Eastern welcomes the level of infrastructure investment that we believe CSXT has historically deemed necessary in order to implement its dynamic operating model, which we understand has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also anticipate having improved visibility into our supply chain through the Ship CSX platform that we expect to potentially enable us to track and manage our shipments with much greater precision and confidence.

Eastern supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Bob Lefebvre
VP - Supply

Cc: CSX Transportation, Inc.



12/17/2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Andrew J. Haines, Executive Vice President with EIMSKIP USA, located at 454 Commercial Street, Portland Maine 04101.

EIMSKIP USA, International Steamship Company and Stevedore. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

EIMSKIP USA looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. EIMSKIP USA welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

EIMSKIP USA will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

EIMSKIP USA supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Andrew J. Haines', written over a horizontal line.

Andrew J. Haines
Executive Vice President

Cc: CSX Transportation, Inc.

F.L. LARSON TRUCKING, INC.

Physical: 55 High Street, Unit 14, N. Billerica, MA 01821

Mailing: 38 Old Auburn Road, Derry, NH 03038

603-434-6171

larsontk@comcast.net

January 12, 2021

Ms. Cynthia T. Brown

Chief of the Section of Administration, Office of Proceedings

Surface Transportation Board

395 E Street, S.W.

Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Kathleen A. Larson, Treasurer with F.L. Larson Trucking, Inc., located at 55 High Street, Unit 14, N. Billerica, MA 01821.

F.L. Larson Trucking, Inc. is a freight car unloading and trucking operation serving the New England area. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

F.L. Larson Trucking, Inc. looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. F.L. Larson Trucking, Inc. welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

F.L. Larson Trucking, Inc. will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

F.L. Larson Trucking, Inc. supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in cursive script, reading "Kathleen A. Larson". The signature is written in dark ink and is positioned above the printed name.

Kathleen A. Larson, Treas.
F.L. Larson Trucking, Inc.

Cc: CSX Transportation, Inc.



January 8, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am E.J. Fabian, President with Fabian Oil Inc, located at 20 Oak St, Oakland, ME 04963.

Fabian is a regional supplier of refined fuels throughout New England. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Fabian looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Fabian welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Fabian will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Fabian supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

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

Edward J Fabian, Jr.

Cc: CSX Transportation, Inc.



Factor Gas Liquids, Inc.
710, 335 8th Avenue SW
Calgary, AB T2P 1C9
(403) 266-8778

Factor Gas Liquids Inc.

December 15, 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-
Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Valerie Williams Manager of Terminals and Operations with Factor Gas Liquids Inc. located at 710, 335 8 Ave SW Calgary, AB T2P 1C9.

Since 1994, Factor Gas Liquids, Inc. has been providing quality energy products and refinery/petrochemical feedstocks to a variety of businesses domestically and internationally. Our established supply and sales network guarantees we reach markets throughout North America supplying propane, butanes, olefins, natural gasoline, gasoline blend stocks and other petroleum based products. Our U.S. subsidiary, Factor Energy, specializes in propane sales throughout the U.S.

We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service.

Factor Gas Liquids Inc. looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Factor Gas Liquids Inc. welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Factor Gas Liquids Inc. supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT. Factor Gas Liquids Inc. supports the optimization for the purposes of increased operational service, cost optimization, customer service with the culmination of the prior giving the customer a more reasonable and economical freight cost and increased value.



REDACTED - TO BE PLACED ON PUBLIC FILE

Factor Gas Liquids, Inc.
710, 335 8th Avenue SW
Calgary, AB T2P 1C9
(403) 266-8778

Sincerely yours,
Valerie Williams

A handwritten signature in black ink that reads "Valerie" followed by a stylized flourish.

Cc: CSX Transportation, Inc.



Waste Transfer Facility

Frost Bridge Associates, LLC
753 Frost Bridge Road
Watertown, CT 06795
Phone ~ 860-274-1200 Fax ~ 860-274-1219
www.frostbridgetransfer.com

December 15, 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-
Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Robert Sachs, Managing Member with Frost Bridge Associates, LLC, located at 753 Frost Bridge Road, Watertown, CT 06795.

Frost Bridge Associates operates a construction and demolition transfer station that ships material out via railway. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Frost Bridge Associates looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Frost Bridge Associates welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Frost Bridge Associates will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Frost Bridge Associates supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Cc: CSX Transportation, Inc.

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a long, sweeping horizontal line.

APP-731



MILFORD, NH • LOWELL, MA • WAKEFIELD, MA • AMESBURY, MA • WESTFORD, MA

SHIPPER ON PAN AM

January 11, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am John G. MacLellan III, President of J. G. MacLellan Concrete Co., Inc. and Granite State Concrete Co., Inc. with offices at 180 Phoenix Ave., Lowell, MA.

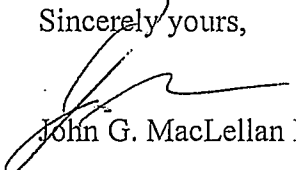
Granite State Concrete Co., Inc. moves crushed stone over the Springfield Terminal Railroad Company line in New Hampshire. J. G. MacLellan Concrete Co., Inc. receives shipments of cement originating outside of New England to facilities in Massachusetts. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

J. G. MacLellan Concrete Co., Inc. and Granite State Concrete Co., Inc. looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Our companies welcome the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

We hope to explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

J. G. MacLellan Concrete Co., Inc. and Granite State Concrete Co., Inc. supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,



John G. MacLellan III

Cc: CSX Transportation, Inc.

READY MIXED CONCRETE • WASHED SAND, GRAVEL AND STONE

ELM STREET • P.O. BOX 185 • MILFORD, NEW HAMPSHIRE 03055 • (603) 673-3327 • Fax (978) 441-2434

WESTFORD, MA (978) 251-9669

APP-732

Greater Boston Transload, LLC

January 22, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control
and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Rich Spallone, President of Greater Boston Transload, LLC, located at 1700 Iron horse Park, N. Billerica, MA.

GBT is a full service transload operation. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

COMPANY looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. GBT welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

GBT will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

GBT supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,



Cc: CSX Transportation, Inc.



January 27, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

P.O. Box 339
Amherst, VA 24521
434-933-4

Express Service
861 Fibre Plant Road
Riverville, VA 24553
Fax: 434-933-4
www.greif.com

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Fred Bush, Production Support Manager with Greif, located at 861 Fibre Plant Road Gladstone, VA 24553.

Greif, Inc is a global leader in industrial packaging products. The company is strategically positioned with 290 operating locations in 43 countries to serve global as well as regional customers. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc.

Greif looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Greif welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Greif will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Greif supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Fred Bush", is written over a horizontal line.

Cc: CSX Transportation, Inc.

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ENTERED
Office of Proceedings
March 25, 2021

H&T Waterbury Part of
H&T Waterbury, Inc. Public Record
984 Waterville Street
P.O. Box 4700
Waterbury, CT 06704-0700 U.S.A.
Phone: 203-574-2240
Fax: 203-757-9178

January 18, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S. W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc. – Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown,

I am Spencer Cushman, Director of Operations at H&T Waterbury, Inc., a manufacturer of deep drawn metal components located at 984 Waterville St. in Waterbury, CT. Our scrap metal processor, Albert Bros., Inc. ("Albert Bros"), uses the Springfield Terminal Railroad Company ("Springfield Terminal") as part of their ongoing business. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at Albert Bros.

The improved service from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT, allows Albert Bros to provide better service to their customers and suppliers, of which we are one. Competitive scrap processing rates have a significant impact on the ability for H&T Waterbury, Inc. to remain competitive and secure US manufacturing jobs especially against growing and intense competition from China. Additionally, greater investment into rail infrastructure in New England improves options for freight transportation by improving the competitiveness of intermodal freight transportation.

H&T Waterbury, Inc. supports the proposed merger and requests that the Board approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely,

W. Spencer Cushman
Director of Operations

Cc: CSX Transportation, Inc.



301858

March 24, 2021

ENTERED
Office of Proceedings
March 31, 2021
Part of
Public Record

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am writing on behalf of Hub Group, Inc. ("Hub Group") to support the application by CSX Corporation and CSX Transportation, Inc. (collectively "CSX") filed with the Surface Transportation Board (the "Board") on February 25, 2021 seeking authority to acquire Pan Am Systems, Inc. and its railroad subsidiaries, including its operating subsidiary, the Springfield Terminal Railroad Company.

I am Chairman of the Board of Directors and Chief Executive Officer of Hub Group, a leading supply chain solutions provider and one of the key Intermodal service providers in North America. As a major carrier to / from Boston and the New England market, we utilize Norfolk Southern's direct Intermodal rail services to/from Ayer. The Norfolk Southern's services help us to offer New England shippers competitive, economical options for their shipping needs throughout the country.

According to the application submitted by CSX, the proposed transaction will preserve critical access for Norfolk Southern to New England. Our understanding is that the agreement reached between CSX and Norfolk Southern will preserve competitive rail options and will increase fluidity of rail operations in New England. We anticipate these competitive options would be a key benefit of the proposed transaction. Importantly for Hub Group, we understand that the proposed transaction will significantly expand intermodal rail transportation in New England by facilitating a clear double-stacked route on Norfolk Southern and on CSX.

Hub Group supports the proposed transaction and we believe our business, along with our customers, will benefit from its adoption. We respectfully ask the Board to give CSX's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'David P. Yeager', with a stylized flourish at the end.

David P. Yeager
Chairman and Chief Executive Officer

CC: Parties of Record



HUHTAMAKI

December 17, 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-
Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Michael J DeRoche, North America Rough Molded Production Planning / Waterville Maine Facility Rail Coordinator with Huhtamaki located at 242 College Avenue Wareville, Maine.

HUHTAMAKI, Rough, Smooth and Laminated Molded Fiber Packaging World Wide. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

HUHTAMAKI looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Huhtamaki welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

The Huhtamki facility was the previous family owned, Keyes Fibre Company developed by Mr. Martin Keyes in 1902. The Waterville Maine facility utilized the original rail tracks, located in Waterville Maine, just one quarter of a mile down the Avenue from our factory to ship to an established customer in San Francisco in Ca.

Huhtamaki will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Huhtamaki supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely Yours,

Michael J. DeRoche

Cc: CSX Transportation, Inc.

[business unit name here]

9201 Packaging Drive, De Soto, Kansas 66018, Tel. 913-583-87XX, Fax 913-583-87XX

www.us.huhtamaki.com

APP-737



Inland Fuel Terminals, Inc.
PO Box 1141, Bridgeport, CT 06601-1141
Toll Free 800.827.7099 Fax 203.367.2412
www.inlandfuel.com

January 7, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control
and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Hillel Weisel, Vice President of Inland Fuel Terminals, Inc. located at 154 Admiral Street, Bridgeport, CT 06601.

Inland Fuel Terminals owns and operates a rail transfer facility for Natural Gas Liquids in Plymouth, CT. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Inland Fuel Terminals looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Inland Fuel Terminals welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Inland Fuel Terminals will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Inland Fuel Terminals supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in blue ink, appearing to be "Hillel Weisel", written over a horizontal line.

Cc: CSX Transportation, Inc.

APP-738



REDACTED - TO BE PLACED ON PUBLIC FILE
INTEPLAST GROUP
AmTopp Division
Integrated Bagging System Division
World-Pak Division

Corporate Address:
9 Peach Tree Hill Road
Livingston, New Jersey 07039
Tel: (973) 994-8000

February 09, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am John Chen, Senior Direct of Traffic/Administration with Inteplast Group Corporation, located at Livingston, New Jersey, USA.

Inteplast Group (a major N.A. plastics products manufacturer) uses the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Inteplast Group looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. COMPANY welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Inteplast Group will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Inteplast Group supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

John Chen

Cc: CSX Transportation, Inc.



January 14, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Dana Hunt, Rail Logistics Manager with InterOceanic Corporation ("IOC"), located at 7 Renaissance Square, 7th Floor, White Plains, NY 10601.

IOC is a producer of granular and liquid fertilizers for agriculture. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to terminate traffic at our customers' facilities for movements from Pasadena, TX into New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the availability of single-line railroad service at our customers' facilities.

IOC looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. IOC welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

IOC will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

IOC supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Cc: CSX Transportation, Inc.





Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and Merger-Pan Am Systems, Inc.*

Dear Ms. Brown:

I am André Beaulieu, Director of Sales with J.D. Irving, Limited - located at 300 Union Street, Saint John, NB Canada, E2L 4M3 Canada.

J.D. Irving, Limited has sawmill and woodland operations in New Brunswick, Nova Scotia, and Maine, USA. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

J.D. Irving, Limited looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. JD Irving, Limited welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to using the CSXT platform that will enable us to track and manage our shipments with much greater precision and confidence.

J.D. Irving, Limited has been a good CSXT partner over the years. We look forward to exploring new supply chain solutions and market opportunities with the CSXT Sales team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through CSXT.

J.D. Irving, Limited supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

J. D. Irving Limited

A handwritten signature in black ink, appearing to read "André Beaulieu".

André Beaulieu
Director of Sales and Transportation, Irving Sawmills

Cc: CSX Transportation, Inc.



January 8, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No FD 36472, CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.

Dear Ms. Brown,

I am Mark Mosher, Vice President of the Pulp & Paper Division of J.D. Irving, Limited, located at 300 Union Street, Saint John, NB Canada, E2L 5B6.

JD Irving has pulp, paper and corrugated medium operations in New Brunswick. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

JD Irving looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. JD Irving welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order, to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

JD Irving will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service, and improved access to the North American rail network through single-line CSXT best-in-class rail service.

JD Irving supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in black ink that reads "Mark Mosher". The signature is written in a cursive, flowing style.

Mark Mosher, Vice President

cc: CSX Transportation, Inc.



Marion Industrial Rail Park, LLC
3007 Harding Highway East
Marion, Ohio 43302

DATE

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Tim Enayati, Senior Vice President with Jaguar Transport Holdings, located at 2501 N. Rangeline Road, Joplin, MO.

Jaguar Transport Holdings is a premier transportation and logistics company. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Jaguar Transport Holdings looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. We welcome the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Jaguar Transport Holdings will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Jaguar Transport Holdings supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Cc: CSX Transportation, Inc.

Timothy Enayati

January 02, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Peter Bradley, Chief Executive Officer of Javelin Global Commodities (UK) Ltd (“Javelin”), located at 7 Howick Place, London, SW1P 1BB.

Javelin is actively involved in shipping bulk commodities both domestically and for export. We use the Springfield Terminal Railroad Company (“Springfield Terminal”) to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. (“CSXT”) will expand the single-line railroad service at our facilities.

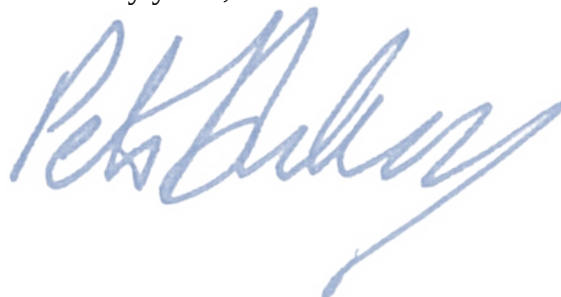
Javelin looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the “Board”) of the merger of Springfield Terminal into CSXT. Javelin welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Javelin will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Javelin supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Cc: CSX Transportation, Inc.





Benton Walker
VP of Rail Relations

ENTERED
Office of Proceedings
March 24, 2021
Part of
Public Record

March 24, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am writing to support the application by CSX Corporation and CSX Transportation, Inc. (collectively "CSX") filed with the Surface Transportation Board (the "Board") on February 25, 2021 seeking authority to acquire Pan Am Systems, Inc. and its railroad subsidiaries, including its operating subsidiary, the Springfield Terminal Railroad Company ("Springfield Terminal").

J.B. Hunt Transport, Inc. ("J.B. Hunt") is a key Intermodal / Trucking services provider in North America. As a major carrier to/from Boston and the New England market, we rely on Norfolk Southern's direct Intermodal rail services to/from Ayer. The Norfolk Southern ("NS") services allow us to offer New England shippers competitive, economical options for their shipping needs throughout the country.

According to the application submitted by CSX, the proposed transaction will preserve critical access for NS to the New England market. The agreement reached between CSX and NS will preserve competitive rail options and will increase fluidity of rail operations in New England. Having these competitive options is a key benefit of this transaction. Importantly for J.B. Hunt, the proposed transaction will expand intermodal rail transportation in New England by facilitating a clear double-stacked route on NS and on CSX.

We support this proposed acquisition and believe our business, along with our customers, will benefit from its adoption. We respectfully ask the Board to give CSX's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely yours,

Benton Walker

Benton Walker, VP of Rail Relations

Cc: Service List



LAW LOGISTICS

January 11, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Brian Law, President & CEO of the Law Family Companies / Law Logistics, located at 59 Daniel Webster Hwy, Merrimack NH.

We are a 139-year-old family business, with trucking, warehousing, moving & storage, and commercial real estate operations. Our warehousing operation, Law Warehouses, Inc. provides third party logistics services for a number of businesses, ranging from local NH business to multi-national corporations. Several of these customers use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Law Logistics looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. We welcome the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Law Logistics supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Brian Law
President & CEO

Cc: CSX Transportation, Inc.



REDACTED - TO BE PLACED ON PUBLIC FILE
Lynch
LOGISTICS

We Deliver On Our Promises

April 15, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Dana Burleigh, VP Operations with Lynch Logistics, Inc., located at 78 Rice St, Bangor, ME 04401.

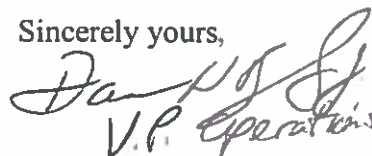
Lynch Logistics is a Maine based total logistics company utilizing rail inbound and outbound rail at our warehousing facilities. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Lynch Logistics looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Lynch Logistics welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Lynch Logistics will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Lynch Logistics supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

 Dana H. Burleigh Jr.
V.P. Operations, April 15, 2021

Cc: CSX Transportation, Inc.

Maine Rail Group, Inc.
P.O. Box 5494
Augusta ME 04332
Trains@mainerailgroup.org

17 March 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

RE: Docket No. FD 36472 CSX Corporation and CSX
Transportation, Inc.-Control and Merger-Pan Am Systems, et. al.

Dear Ms. Brown,

My name is Russell Barber, Director and President of Maine Rail Group, Inc., located in Augusta Maine.

Maine Rail Group, Inc. (MRG) is a non-profit organization working to enhance rail service in Maine and New England. MRG was founded in 1988 to help save the former Maine Central "Lower Road" main line between Brunswick and Augusta from abandonment. That effort was successful; the State of Maine owns the route and leases sections to operators.

As an independent all-volunteer group, MRG promotes awareness of the railroad industry's contributions to Maine's economy and its important role in moving passengers and freight. It advocates for railroad utilization and encourages preservation and productive use of Maine's rail system and its regional connections. We are currently advocating legislative action (LD-227) for a feasibility study of the extension of passenger service from Brunswick through Augusta and Waterville to Bangor. Passage of this bill is the first step in restoring the state-owned rail corridor from Brunswick to Augusta, Maine and then on Pan Am's line from East Augusta to Waterville and Bangor. We do hope CSX will not only continue to support the Downeaster service, but also the possible expansion of passenger rail along this 100-mile corridor.

The MRG supports the CSX filing with the STB to acquire PAR and related companies. CSXT's proposed infrastructure investments in the Freight Main Line from the NH/ME border east to Mattawamkeag is consistent with the goals of the MRG and will provide expedited service for all commodities as compared to the current PAR operation. This could open up intermodal service between the Port of Saint John, New Brunswick via haulage rights over the Eastern Maine Railway and the New Brunswick Railway, and U.S. points.

The resurgence of the Maine forest products industry should be enhanced by higher velocity (and hopefully more economical rates) with single-carrier service to all of the 23-state region of the Eastern United States and two Canadian Provinces which are served by CSXT. This should result in increased competition and expansion of market areas.

Per CSXT's filing, CSXT has committed to work with AMTK and the Northern New England Passenger Rail Authority (manager of the Downeaster Service) to finance and install the installation of PTC (I-ETMS) from the MA/NH border, where PTC (ACSES) currently ends, all the way to Brunswick ME, the current terminus of the Downeaster. Installation of this extension of PTC will permit NNEPRA to increase the round-trip train frequencies between Brunswick ME and Boston-North Station MA to meet increasing demand.

Accordingly, the Maine Rail Group, Inc. supports the proposed control and merger application by CSXT of PAR and subordinate companies, as it will benefit both freight and passenger service in the State.

Submitted on Behalf of the MRG Board,

Russell Barber
President, Maine Rail Group, Inc.

Cc: Maurice O'Connell, Resident Vice President Government Affairs, CSX Transportation, Inc.
Marco Turra, Director Passenger Operations, CSX Transportation, Inc.



January 12, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Harold (Hal) Bumby, President of Maine Wood Treathers, Inc. located at 58 Walker Road, Mechanic Falls, ME, 04256.

Maine Wood Treathers is directly served by the SLR (St Lawrence & Atlantic Railway Company), who interchange with both the CN (St Lambert, PQ) and Pan Am (Danville Jct, ME). The SLR is a haulage carrier for the CN. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to act as a bridge carrier between Barbers Station, MA, and Danville Jct, ME for lumber traffic moving into our facility from supply regions in North America, in particular the US South. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will enhance our competitive options for us to by having two Class 1 carriers operate single-line railroad service to the short line that services our facility.

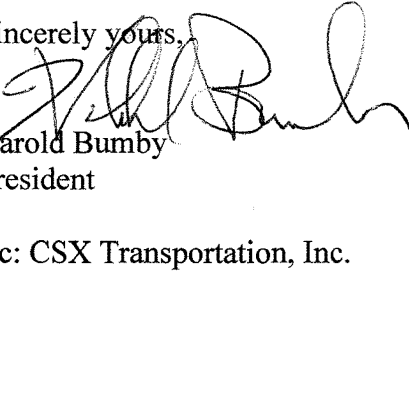
Maine Wood Treathers looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Maine Wood Treathers welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Maine Wood Treathers will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.



Maine Wood Treaters supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,



Harold Bumby
President

Cc: CSX Transportation, Inc.



Richard G. Verney
Chairman and Chief Executive Officer

Monadnock Paper Mills, Inc.
117 Antrim Road
Bennington, NH 03442-4205
www.mpm.com

Phone: 603 588 8216
Fax: 603 588 3516

rverney@mpm.com

SHIPPER ON PAN AM

December 23, 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Richard G. Verney, Chairman and CEO of Monadnock Paper Mills, Inc., located at 117 Antrim Road, Bennington, NH 03442.

Monadnock manufactures specialty papers. We use the Springfield Terminal Railroad Company (“Springfield Terminal”) to originate and terminate traffic for our facility for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. (“CSXT”) will expand the single-line railroad service at our plant.

Monadnock looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the “Board”) of the merger of Springfield Terminal into CSXT. Monadnock welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Monadnock will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Monadnock supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard S. Sy". The signature is written in a cursive, flowing style.

Cc: CSX Transportation, Inc.



January 12, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Mark Mundy, V.P. Logistics with NGL Supply Co. Ltd., located at 305, 201 North Front Street, Sarnia, Ontario, Canada, N7T 7T9.

NGL Supply Co. Ltd. uses the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

NGL Supply Co. Ltd. looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. NGL Supply Co. Ltd. welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

NGL Supply Co. Ltd. will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

NGL Supply Co. Ltd. supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,


V.P. Logistics

Cc: CSX Transportation, Inc.



DATE: December 21, 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-
Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Bruce Ridley, Senior Vice President-Environmental, Health & Safety and Operational Services with Packaging Corporation of America (PCA), located at 1 N Field Court, Lake Forest, IL.

PCA is a premier box manufacturer and packaging solutions company. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to terminate traffic at our Northampton, MA box plant for movements of inbound pulpboard from various mills across the country. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service from PCA mills to our Northampton plant.

PCA looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. We welcome the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

PCA will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

PCA supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in dark ink that reads "Bruce A. Ridley". The signature is written in a cursive, flowing style.

Cc: CSX Transportation, Inc.



Date: Jan 5/2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Michael Foo, Transportation Supervisor with Parrish & Heimbecker located at 2-104 Cooper Drive, N1C 0A4, Guelph, Ontario, Canada.

Parrish & Heimbecker is an agriculture grain company that specializes in the movement of grains nationally and internationally through all forms of transportation. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Parrish & Heimbecker looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. COMPANY welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Parrish & Heimbecker will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Parrish & Heimbecker supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Michael Foo

A handwritten signature in blue ink, appearing to be 'M. Foo', written over a light blue horizontal line.



January 14, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-
Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Bradley Shockey, Director of Supply Chain with Pixelle Specialty Solutions, LLC located at 228 S Main Street in Spring Grove, Pennsylvania 17362.

Pixelle Specialty Solutions operates a two-machine paper production facility in Jay, Maine (Androscoggin Mill) that produces specialty papers for pressure sensitive facing & liner customers, along with products for a variety of other unique end use applications. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Pixelle looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Pixelle welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Pixelle will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Pixelle supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.



Sincerely yours,

Bradley T Shockey

Bradley T Shockey
Director, Supply Chain – Pixelle Specialty Solutions

Cc: CSX Transportation, Inc.



Plasmine Technology, Inc.

January 27, 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Scot E. Gurney, Business Manager with Plasmine Technology, Inc., located at 251 Newport Parkway, Bay Minette AL, 36507.

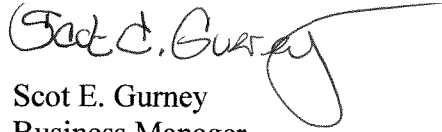
Plasmine Technology manufactures Rosin Sizing used in the production of paper goods. We have used the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Plasmine Technology looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Plasmine Technology welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Plasmine Technology will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Plasmine Technology, Inc. supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Scot E. Gurney", with a long horizontal flourish extending to the right.

Scot E. Gurney
Business Manager
Plasmine Technology, Inc.
251 Newport Parkway
Bay Minette, AL 36507
Tel: (251) 295-4002

Cc: CSX Transportation, Inc.

Poland Spring®

109 Poland Spring Drive
Poland Spring, ME 04274

www.polandspring.com



March 18, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

My name is Sarah Cohen and I am the Northeast Regional Transportation Manager for Poland Spring.

Poland Spring is one the leading bottled water brands in the Northeastern United States. From our three factories in Maine, we supply healthy beverages to our consumers in New England and beyond. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Poland Spring looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Poland Spring welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Poland Spring will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Poland Spring supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Sarah Cohen
Northeast Regional Transportation Manager

Cc: CSX Transportation, Inc.

December 23rd, 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

As CEO of the Saint John Port Authority located at 111 Water Street, Saint John, New Brunswick (Canada), I am writing in support of the merger of the Springfield Terminal Railroad Company ("Springfield Terminal") into CSX Transportation, Inc. ("CSXT").

Port Saint John's customers and stakeholders will use the Springfield Terminal to originate and terminate traffic at our Port Facilities in Saint John, New Brunswick for movements outside of New England. The merger of Springfield Terminal into CSXT will expand the single-line railroad service at our facilities.

Port Saint John looks forward to the potential of new markets opportunities and improved service that customers and stakeholders will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Port Saint John welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing customers and stakeholders of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our customer's shipments with much greater precision and confidence.

Port Saint John will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Port Saint John supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,



Jim Quinn
CEO

cc: CSX Transportation, Inc.



Sappi North America

Ms. Cynthia T. Brown
Chief of the Section of Administration,
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

January 15, 2021

255 State Street
Boston, MA 02109
UNITED STATES OF AMERICA
Tel +1 617 423 7300

www.sappi.com
Mike Segal
Director, Logistics and Operations
Planning
Tel +1 207 854 7470
Mike.Segal@sappi.com

Re: Docket No. FD 36472, CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.

Dear Ms. Brown:

I am Mike Segal, Director of Logistics and Operations Planning with Sappi North America. We have multiple locations in South Portland, Westbrook and Skowhegan, Maine.

Sappi North America is building a thriving, sustainable world through our 2,100 valuable employees in the United States and Canada. We're regionally headquartered in Boston, Massachusetts, and are a subsidiary of Sappi Limited (JSE), a global company headquartered in Johannesburg, South Africa. With three mills and over 2,100 employees, Sappi North America is a preeminent producer of graphic papers, packaging and speciality papers, and pulp. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our manufacturing facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Sappi North America looks forward to the improved competitive landscape and services that are possible following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Sappi North America welcomes the level of infrastructure investment that CSXT has deemed necessary in order to implement its dynamic operating model that has resulted in setting a new standard of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to leveraging the improved visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.



With CSXT's commitment on improving the competitiveness of rail service from New England, Sappi North America will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, higher velocity, equipment availability, better reliability, and improved access to the North American rail network through single-line CSXT rail service.

Sappi North America supports the proposed merger and requests that the Board approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Mike Segal
Director, Logistics and Operations Planning
Sappi North America

Cc: CSX Transportation, Inc.

ENTERED
Office of Proceedings
March 25, 2021
Part of
Public Record

Smaller Manufacturers Association of CT, Inc.
PO Box 2025
Waterbury, CT 06722
www.sma-ct.com



January 19, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E. Street S.W.
Washington D.C. 20423

Re: Docket No. FD 36472CSX Corporation and CSX Transportation Inc. – Control and
Merger – Pan Am Systems Inc., et al

Dear Ms. Brown,

I am Ron Turmel, President of the Smaller Manufacturers Association of CT Inc (SMA), a manufacturing trade association in Connecticut who represents 176 member companies across the state. We are writing in support of the merger of the Springfield Terminal Railroad Company with CSX Transportation (CSXT) which will expand the single line railroad service for many of our manufacturing members.

We are showing support of the merger as it will make for improved service for many manufacturers who rely on the investment of infrastructure to make transportation of their products more efficient and cost effective. The SMA is committed to supporting our members and offer ways for them to explore an improved supply chain thereby giving our member companies a way to grow their business and enhance competitiveness.

The SMA supports the proposed merger and request the Board approves the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Respectfully yours,

Ronald Turmel, President
Smaller Manufacturers Association of CT, Inc.



January 22nd 2021

Ms. Cynthia T. Brown

Chief of the Section of Administration, Office of Proceedings

Surface Transportation Board

395 E Street, S.W.

Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-
Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Graeme Egan , CEO with Tighe Logistics located at 481 Wildwood Avenue, Woburn, Ma 01801.

Tighe Logistics are a Massachusetts based 3 PL with 1,000,000 sq ft of warehousing and our own fleet of tractor trailers servicing customers throughout the North East. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Tighe Logistics looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Tighe Logistics welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment

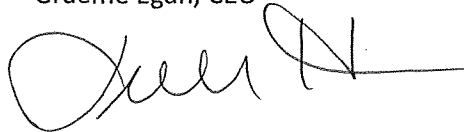
turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Tighe Logistics will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Tighe Logistics supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Graeme Egan, CEO

A handwritten signature in black ink, appearing to read 'Graeme Egan', followed by a long horizontal line extending to the right.

Cc: CSX Transportation, Inc.



SHIPPER ON PAN AM

1/27/2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Doug Pajak, Transportation Manager with TurfCare Supply Corp, located at 50 Pearl Rd Suite 200, Brunswick, OH 44212.

TurfCare Supply Corp manufactures granulated NPK fertilizers. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

TurfCare Supply Corp looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. TurfCare Supply Corp welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

TurfCare Supply Corp will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

TurfCare Supply Corp supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,
Doug Pajak
Transportation Manager
TurfCare Supply Corp

Cc: CSX Transportation, Inc.



101 S Capitol Blvd, Suite 1000, Boise, ID 83702
P 800.590.5220 F 208.331.7900

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 CSX Corporation and CSX Transportation, Inc.-Control
and Merger-Pan Am Systems, Inc., et al.

Dear Ms. Brown:

I am Kevin Trader, Director of Transportation with US Ecology, located at 101
S. Capitol Blvd, Suite 1000, Boise, ID 83702.

US Ecology is an environmental services company who owns and operates
Hazardous Waste Landfills in the United States and Canada. Additionally, we provide
rail transportation services to Customers for disposal of their materials within our
landfills. We use the Springfield Terminal Railroad Company ("Springfield Terminal")
to originate and terminate traffic at our facilities for movements within and outside
of New England. The merger of Springfield Terminal into CSX Transportation, Inc.
("CSXT") will expand the single-line railroad service at our facilities.

US Ecology looks forward to the improved service that we will receive from
CSXT following the approval by the Surface Transportation Board (the "Board") of
the merger of Springfield Terminal into CSXT. US Ecology welcomes the level of
infrastructure investment that CSXT has deemed necessary over the past several
years in order to implement its dynamic operating model that has resulted in CSXT
setting new standards of service performance with higher velocity, faster equipment
turns, and greater consistency. We also look forward to availing ourselves of the
unprecedented visibility into our supply chain through the ShipCSX platform that will
enable us to track and manage our shipments with much greater precision and
confidence.

US Ecology will explore and implement new supply chain solutions and
market opportunities with the CSXT Sales and Marketing team. We expect to enhance
our competitiveness through lower costs, better service, and improved access to the
North American rail network through single-line CSXT best-in-class rail service.

Unequaled service. Solutions you can trust.
USecology.com

US Ecology supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in black ink, appearing to be "J. L. G.", written over a horizontal line.

Cc: CSX Transportation, Inc.



January 20, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Craig Boroughf, Senior Director, Supply Chain with USG Corporation located at 550 West Adams Street, Chicago, IL.

USG is a leading manufacturer of ceiling, floor, gypsum, roofing, sheathing, and wall products. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities and our customers for rail movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

USG looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. USG welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

USG will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better services and improved access to the North American rail network through single-line CSXT best-in-class rail service.

USG supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Craig G. Boroughf".

Craig G. Boroughf
Senior Director, Supply Chain
USG Corporation

Cc: CSX Transportation, Inc.



WASTE MANAGEMENT

26 Patriot Place
Suite 300
Foxboro, MA 02035

SHIPPER ON PAN AM

March 30, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36____, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Christopher P. DeSantis with Waste Management of MA, Inc. located at 26 Patriot Place Foxborough MA 02035.

Waste Management is an environmental services company providing comprehensive waste collection, disposal and materials processing capabilities. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Waste Management looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. Waste Management welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

Waste Management will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Waste Management supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Chris DeSantis", with a long horizontal line extending to the right.

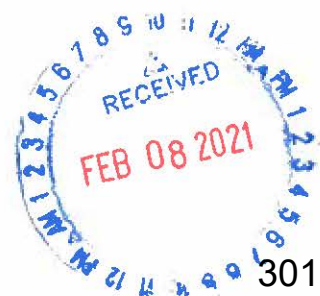
Christopher P. DeSantis
Area Vice President
Waste Management of MA, Inc.

Cc: CSX Transportation, Inc.

From everyday collection to environmental protection, Think Green® Think Waste Management.



Waterbury Regional Chamber
driving business to business



January 19, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, D.C. 20423

ENTERED
Office of Proceedings
March 25, 2021
Public Record

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc. – Control and Merger-Pan Am Systems, Inc., et al.* Part of

Dear Ms. Brown,

As the President and CEO of the Waterbury Regional Chamber in Waterbury, CT, I am eager to share with you our organization's support for the acquisition of Pan Am Systems and its subsidiaries by CSX Transportation, Inc. ("CSXT"). Our Chamber of Commerce currently serves over 900 business members throughout our 14-town region, many of which are manufacturers that will benefit from this merger.

Members have shared their excitement at the prospect of expanded single-line railroad service at their facilities, following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal Railroad Company ("Springfield Terminal") into CSXT. Our members believe that this merger will result in better, more frequent service; quicker delivery; the ability to ship more product via railcar which will take tractor trailers off of Connecticut's roads; expanded markets for our manufacturing community, and employment opportunities.

Fast, safe, and reliable rail service through this merger will be a welcome improvement for the manufacturers in our region who are the lifeblood of the local business community.

The Waterbury Regional Chamber supports the proposed merger and requests that the Board approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely,

Lynn G. Ward
President & CEO

CC: CSX Transportation, Inc.

REDACTED - TO BE PLACED ON PUBLIC FILE

WesternMass
ECONOMIC DEVELOPMENT COUNCIL

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

We are writing to support the application by CSX Corporation and CSX Transportation, Inc. (collectively "CSX") filed with the Surface Transportation Board (the "Board") for authority to acquire Pan Am Systems, Inc. and its railroad subsidiaries, including its operating subsidiary, the Springfield Terminal Railroad Company ("Springfield Terminal").

The Western Massachusetts Economic Development Council is committed to facilitating the growth of business in Western Massachusetts. New solutions for safe and reliable transportation for our members are important to the ability of our members to continue to grow and expand their market reach. Freight railroads play a vital role in connecting U.S. businesses, large and small, to markets around the world. They are the lifeblood for many of our communities.

According to the application submitted by CSX, its proposed acquisition will enhance the competitiveness of the Springfield Terminal. The merger offers the opportunity for single-line service to and from locations on 20,000 miles of the CSX rail system and over 1,200 miles operated by Springfield Terminal. Single-line CSX service offers best-in-class service with new standards of service performance with higher velocity, faster equipment turns, and greater consistency. CSX will also enhance competition through lower costs, better service and improved access to the rail network in the eastern United States.

We support this proposed acquisition and believe our members will benefit from its adoption. We respectfully ask the Board to give CSX's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely yours,



Rick Sullivan, President & CEO

Cc: CSX Transportation, Inc.

January 20, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

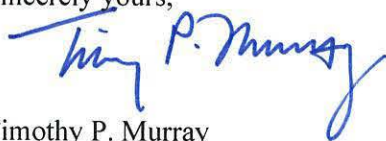
We are writing to support the application by CSX Corporation and CSX Transportation, Inc. (collectively "CSX") filed with the Surface Transportation Board (the "Board") for authority to acquire Pan Am Systems, Inc. and its railroad subsidiaries, including its operating subsidiary, the Springfield Terminal Railroad Company ("Springfield Terminal").

The Worcester Regional Chamber of Commerce is committed to facilitating the growth of business in Central Massachusetts. New solutions for safe and reliable transportation for our members are important to the ability of our members to continue to grow and expand their market reach. Freight railroads play a vital role in connecting U.S. businesses, large and small, to markets around the world. They are the lifeblood for many of our communities.

According to the application submitted by CSX, its proposed acquisition will enhance the competitiveness of the Springfield Terminal. The merger offers the opportunity for single-line service to and from locations on 20,000 miles of the CSX rail system and over 1,200 miles operated by Springfield Terminal. Single-line CSX service offers best-in-class service with new standards of service performance with higher velocity, faster equipment turns, and greater consistency. CSX will also enhance competition through lower costs, better service and improved access to the rail network in the eastern United States.

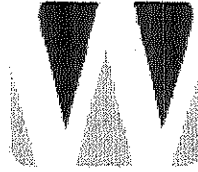
We support this proposed acquisition and believe our members will benefit from its adoption. We respectfully ask the Board to give CSX's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely yours,



Timothy P. Murray

Cc: CSX Transportation, Inc.



1/13/2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control
and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Chuck Thompson, Logistics Manager with Woodland Pulp and St. Croix Tissue, located at 144 Main Street in Baileyville, Maine.

Woodland Pulp is a Pulp Mill and St. Croix Tissue produces parent tissue rolls. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

Woodland Pulp and St. Croix Tissue looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. We welcome the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

We will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We are especially excited that we will be more able to track our cars as they move to customers and provide our customers better visibility into their supply chain. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.



January 19, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Scott Mellen, President of wTe Recycling, Inc., located at 75 Southern Ave., in Greenfield, MA.

wTe Recycling, Inc. is a major regional metals recycling business. We operate a large auto shredder and extensive metals processing equipment on our 16 acre property located adjacent to the East Deerfield switching yard. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

wTe Recycling, Inc. will support this transaction to the extent that we can be assured of improved service, competitive pricing on all CSX and NS destinations, and access to a broad range of customers. One particular concern we have surrounds access to and pricing for certain steel mill markets located on the NS railroad. We want to be assured that pricing and access will be maintained or improve for these markets. wTe Recycling, Inc. looks forward to the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

wTe Recycling, Inc. will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

Subject to the caveats raised in this letter, wTe Recycling, Inc. supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

A handwritten signature in blue ink, appearing to be "M. L. ...", is written below the "Sincerely yours," text.

Cc: CSX Transportation, Inc.

Milford-Bennington Railroad Co., Inc.
62 Elm Street
Milford, New Hampshire 03055
(603) 365-0621

December 16, 2020

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

Milford-Bennington Railroad Company (“MBR”) supports the application filed by CSX Transportation, Inc. (“CSXT”) to acquire and operate Pan Am Systems, Inc. (“Pan Am”), and its railroad subsidiaries, including its operating subsidiary Springfield Terminal Railroad Company (“Springfield Terminal”). This transaction will result in a more stable and viable rail partner for MBR in the New Hampshire rail market we serve and improve service for rail users and connecting railroads throughout New England.

MBR is an 18.6 mile railroad operating between Wilton and Bennington, New Hampshire on a right of way owned by the State of New Hampshire. In addition, we have trackage rights over 5.36 miles of Pan Am’s network, although we currently only utilize 2.96 miles of those rights to move aggregates between an MBR-served quarry and a customer located on Pan Am at Milford, NH. We interchange traffic with Springfield Terminal at Wilton, for movement to and from points in New England and the eastern United States. MBR’s relationship with Pan Am, specifically its Boston & Maine and Springfield Terminal affiliates, has been contentious. The two parties have been unable to resolve differences in order to improve the rail infrastructure on the line owned by Pan Am. CSXT committed to engage in cooperative discussions regarding these outstanding issues, and as such, I sincerely believe CSXT will be a far better business partner and the result will be much improved rail service to this area of New England.

In addition, traffic moving beyond Springfield Terminal must interchange with one or more railroads. The merger of Springfield Terminal into CSXT offers the opportunity for best-in-class single-line railroad service to and from locations on 20,000 miles of the CSXT rail system and over 1,200 miles operated by Springfield Terminal. Single-line CSXT service will offer new and improved standards of rail service performance with higher velocity, faster equipment turns, and greater consistency. CSXT will also enhance competition through lower costs, better service and improved access to the rail network in the eastern United States.

MBR looks forward to exploring and implementing new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

MBR supports the proposed merger and requests the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

/s/ Peter R. Leishman

Peter R. Leishman
President

Cc: Chris Maffett, Director – Marketing, CSX Transportation, Inc.
Richard G. Verney, Chairman and CEO, Monadnock Paper Mills
John G. MacLellan III, President and CEO, Granite State Concrete Co, Inc.
Shelley Winters, Administrator, Bureau of Rails and Transit, NHDOT

January 26, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

OmniTRAX, Inc. supports the application filed by CSX Transportation, Inc. ("CSXT") to acquire and operate Pan Am Systems, Inc., and its railroad subsidiaries. We feel the acquisition will preserve and enhance competitive options in the New England and Northeast regions.

OmniTRAX, and its affiliate, Winchester & Western Railroad ("WW"), indirectly interchange traffic with Pan Am Systems for movement to and from New England and the eastern United States. We believe the acquisition will enhance WW's service to its customers by providing best-in-class service with new standards of performance via higher velocity, faster equipment turns, and greater consistency. CSXT will also enhance competition through lower costs and improved access to the rail network in the eastern United States. The Pan Am acquisition will further allow OmniTRAX and WW to explore new supply chain solutions and market opportunities with the CSXT Sales and Marketing team.

OmniTRAX supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,
OmniTRAX, Inc.

A handwritten signature in blue ink, appearing to read "Sergio Sabatini".

Sergio Sabatini
President

Cc: CSX Transportation, Inc.

RAIL MADE

EASY

New Hampshire Northcoast

POST OFFICE BOX 429

OSSIPEE, NEW HAMPSHIRE 03864

TEL. (603) 539-2789

FAX (603) 539-8060

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

December 22, 2020

Re: Docket No. FD 36472 *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am Rick Sampson with New Hampshire Northcoast Company (NHN), located at 368 Route 16 Ossipee, New Hampshire 03864.

NHN is a short line railroad that interchanges with the Springfield Terminal in Dover, New Hampshire. NHN delivers commodities from aggregates, propane gas, oil and steel to customers in the New England region. We use the Springfield Terminal Railroad Company ("Springfield Terminal") to originate and terminate traffic at our facilities for movements within and outside of New England. The merger of Springfield Terminal into CSX Transportation, Inc. ("CSXT") will expand the single-line railroad service at our facilities.

NHN looks forward to the improved service that we will receive from CSXT following the approval by the Surface Transportation Board (the "Board") of the merger of Springfield Terminal into CSXT. NHN welcomes the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance with higher velocity, faster equipment turns, and greater consistency. We also look forward to availing ourselves of the unprecedented visibility into our supply chain through the ShipCSX platform that will enable us to track and manage our shipments with much greater precision and confidence.

NHN will explore and implement new supply chain solutions and market opportunities with the CSXT Sales and Marketing team. We expect to enhance our competitiveness through lower costs, better service and improved access to the North American rail network through single-line CSXT best-in-class rail service.

NHN supports the proposed merger and requests that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Rick Sampson

Rick Sampson
Director of Operations

Cc: CSX Transportation, Inc.



January 11, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

Rail Enterprise Group (REG) supports the application filed by CSX Transportation, Inc. ("CSXT") to acquire and operate Pan Am Systems, Inc., and its railroad subsidiaries, including its operating subsidiary Springfield Terminal Railroad Company ("Springfield Terminal"). We believe that this transaction will create new competitive options for shipments to and from New England and should qualify as a minor transaction pursuant to 49 C.F.R. § 1180.2(c).

REG owns and operates four short line railroads, three of which connect with and are switch carriers for CSXT. These railroads are:

Raritan Central Railway (RCRY); Interchange location – Raritan Center, NJ
Pennsylvania & Southern Railway (PSCC); Interchange location – Culbertson, PA
Wolf Creek Railroad (WCKR); Interchange location – Milan, TN

The Rail Enterprise Group team was pleased to learn that CSXT has reached an agreement to acquire Pan Am Systems. The fragmented nature of the rail network into and throughout the New England region has made it difficult for railroads to compete with trucks for medium haul shipments between New England and the Mid-Atlantic region. We are hopeful that unified, single line routes between New England and the eastern U.S. will enable railroads to become competitive in that market.

We look forward to working with CSXT marketing teams to pursue new opportunities including forest products from New England mills which could move by rail through the various reload and warehouse facilities served by our Raritan Central and Pennsylvania & Southern Railways – a market which we believe is largely untapped and holds much promise.

Therefore, REG and its short line railroads support the proposed merger and respectfully request that the Board expeditiously approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Sincerely yours,

Eyal Shapira
CEO, Rail Enterprise Group
President, Raritan Central Railway; Pennsylvania & Southern Railway; Wolf Creek Railroad;
Iowa & Middletown Railway
One Gateway Center, Suite 501B
Newton, MA 02458

Cc: CSX Transportation, Inc.

REDACTED - TO BE PLACED ON PUBLIC FILE

ENTERED

Office of Proceedings

June 9, 2021

Part of
Public Record

CHRISTOPHER T. SUNUNU
Governor



May 14, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc. – Control and Merger – Pan Am Systems, Inc., et al.*

Dear Ms. Brown,

I am writing to express my support of CSX Transportation, Inc.'s application to the Surface Transportation Board for the authority to acquire nearly 1,200 miles of rail network in New England from Pan Am Systems, Inc. This transaction would be beneficial to New Hampshire because it would provide a continuous, single-line rail service and provide additional resources to market the line with the potential to bring additional freight service to New England markets.

Some of the benefits of single-line rail service include less switching and interchange and the elimination of the need to hand-off between separate rail carriers, creating efficiencies, reducing the margin for error, and enhancing consistency. The ability to create more opportunity for freight service in New Hampshire could possibly take additional trucks off the road which would be beneficial for both the economy and the environment.

From our discussions with representatives from CSX, we anticipate that this transaction will also be beneficial to the State of New Hampshire because they will bring financial resources to the table for much needed infrastructure improvements throughout Pan Am's rail network operating in New Hampshire and honor all agreements with shippers, licensees, and other entities that may also operate on the line in the future. CSX will also partner with the New Hampshire Department of Transportation so that road, bridge and railroad crossing projects can be completed in a timely manner as well as work cooperatively with railroads operating on our State-owned lines that currently interchange with Pan Am.

It is my hope the Board will give consideration to CSX's application, this transaction, and the needs of the State of New Hampshire throughout the filing process. Thank you for your time and consideration.

Sincerely,

A handwritten signature in blue ink that reads "Chitah T. Sununu".

Christopher T. Sununu
Governor

107 North Main Street, State House - Rm 208, Concord, New Hampshire 03301

Telephone (603) 271-2121 • FAX (603) 271-7640

Website: <http://www.governor.nh.gov/> • Email: governorsununu@nh.gov

TDD Access: Relay NH 1-800-735-2964

APP-785



CITY OF MANCHESTER

Joyce Craig
Mayor

June 18, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I am writing to support the CSX Transportation, Inc.'s ("CSXT") application to the Surface Transportation Board (the "Board") for authority to acquire Pan Am Systems, Inc. ("Pan Am") and its railroad subsidiaries, including its operating subsidiary, the Springfield Terminal Railroad Company ("Springfield Terminal").

As Mayor of the City of Manchester, New Hampshire, I'm committed to facilitating new solutions for safe and reliable transportation for our city. Freight railroads play a vital role in connecting businesses, including those located in and around Manchester, to markets in New England, the rest of the United States, and around the world.

According to the application submitted by CSXT, its proposed acquisition will enhance the competitiveness of the Springfield Terminal. The merger offers the opportunity for single-line service to and from locations on 20,000 miles of the CSXT rail system and over 1,200 miles operated by Springfield Terminal. Single-line CSXT service offers best-in-class service with new standards of service performance with higher velocity, faster equipment turns, and greater

consistency. CSXT will also enhance competition through lower costs, better service and improved access to the rail network in the eastern United States.

I support this proposed acquisition and believe Manchester and New Hampshire will benefit from its adoption. I respectfully ask the Board to give CSXT's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Thank you,

A handwritten signature in black ink that reads "Joyce Craig". The signature is written in a cursive, flowing style.

Joyce Craig
Mayor

cc: CSX Transportation

NEIL M. O'LEARY
MAYOR



MACK DEMAC
CHIEF OF STAFF

OFFICE OF THE MAYOR
THE CITY OF WATERBURY
CONNECTICUT



January 29th, 2021

301810

Ms. Cynthia T Brown
Chief of the Section of Administration Office of Proceedings
Surface Transportation Board
395 E. Street S.W.
Washington D.C. 2043

ENTERED
Office of Proceedings
March 25, 2021
Part of
Public Record

Re: Docket No. FD36172CSX Corporation and CSX Transportation Inc.-Control and Merger-Pan Am Systems, Inc., et al.

Dear Ms. Brown:

I am writing in support of the proposed merger and acquisition of Pan Am Systems and its subsidiaries by CSX Transportation, Inc. ("CSXT") and respectfully request that the Surface Transportation Board expeditiously approve the merger.

Waterbury, with a proud history of manufacturing, continues to rely on our local businesses to invest in our labor market and grow our Grand List. This acquisition will allow our Manufacturing Community more effective and efficient means of increasing productivity. Businesses such as Albert Brothers, who have been doing business in Waterbury for over 125 years, will experience a significant positive impact in how they do business.

The City of Waterbury and the region looks forward to the improved service we will receive from CSXT following the approval of the Surface Transportation Board, of the merger, of Springfield Terminal into CSXT. We welcome the level of infrastructure investment that CSXT has deemed necessary over the past several years in order to implement its dynamic operating model that has resulted in CSXT setting new standards of service performance, with higher velocity, faster equipment turns and greater consistency.

Improved rail service is a must for business in our region, it will allow for exploration and implementation of market opportunities and enhance competitiveness through lower costs and better service. In addition, from a community standpoint, the potential of doing more rail business has a dramatic positive impact on both traffic and the environment in the region.

Every railcar shipped, or received, is not only more energy efficient but is also the equivalent of taking 4 tractor trailers off our roads.

I wholly support the proposed merger and request that the Surface Transportation Board approve the acquisition of Pan Am Systems and its subsidiaries by CSXT.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Neil M. O'Leary", with a long horizontal flourish extending to the right.

Neil M. O'Leary
Mayor

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.

—CONTROL AND MERGER—

**PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN
RAILROAD, PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY,
SPRINGFIELD TERMINAL RAILWAY COMPANY, STONY BROOK
RAILROAD COMPANY, AND VERMONT & MASSACHUSETTS RAILROAD
COMPANY**

STATE OF NEW HAMPSHIRE'S LETTER OF SUPPORT

The New Hampshire Department of Transportation ("NHDOT"), by and through its attorney, the Office of the Attorney General, hereby provides a letter of support from Christopher T. Sununu, Governor of the State of New Hampshire.

Respectfully submitted,

NEW HAMPSHIRE DEPARTMENT OF
TRANSPORTATION

By its attorney,

JOHN M. FORMELLA, ATTORNEY
GENERAL

Dated: June 14, 2021

/s/ Allison B. Greenstein
Allison B. Greenstein
Assistant Attorney General
Transportation and Construction Bureau
New Hampshire Department of Justice
33 Capitol Street
Concord, New Hampshire 03301-6397
(603) 271-3675

allison.b.greenstein@doj.nh.gov

CERTIFICATE OF SERVICE

I certify that I have this day served copies of the foregoing to all parties of record in this proceeding, by the STB's e-filing system and by electronic mail per 49 CFR § 1104.12.

Dated: June 14, 2021

/s/ Allison B. Greenstein

Allison B. Greenstein



STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR

CHRISTOPHER T. SUNUNU
Governor

May 14, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc. – Control and Merger – Pan Am Systems, Inc., et al.*

Dear Ms. Brown,

I am writing to express my support of CSX Transportation, Inc.'s application to the Surface Transportation Board for the authority to acquire nearly 1,200 miles of rail network in New England from Pan Am Systems, Inc. This transaction would be beneficial to New Hampshire because it would provide a continuous, single-line rail service and provide additional resources to market the line with the potential to bring additional freight service to New England markets.

Some of the benefits of single-line rail service include less switching and interchange and the elimination of the need to hand-off between separate rail carriers, creating efficiencies, reducing the margin for error, and enhancing consistency. The ability to create more opportunity for freight service in New Hampshire could possibly take additional trucks off the road which would be beneficial for both the economy and the environment.

From our discussions with representatives from CSX, we anticipate that this transaction will also be beneficial to the State of New Hampshire because they will bring financial resources to the table for much needed infrastructure improvements throughout Pan Am's rail network operating in New Hampshire and honor all agreements with shippers, licensees, and other entities that may also operate on the line in the future. CSX will also partner with the New Hampshire Department of Transportation so that road, bridge and railroad crossing projects can be completed in a timely manner as well as work cooperatively with railroads operating on our State-owned lines that currently interchange with Pan Am.

It is my hope the Board will give consideration to CSX's application, this transaction, and the needs of the State of New Hampshire throughout the filing process. Thank you for your time and consideration.

Sincerely,

Christopher T. Sununu
Governor



REDACTED TO BE PLACED ON PUBLIC FILE
HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002
(207) 287-1440
TTY: (207) 287-4469

Kathleen R. J. Dillingham

P.O. Box 164
Oxford, ME 04270
Phone: (207) 744-2153
Kathleen.Dillingham@legislature.maine.gov

March 26, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36____, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

We are writing to support the CSX Transportation, Inc.'s ("CSXT") application to the Surface Transportation Board (the "Board") for authority to acquire Pan Am Systems, Inc. ("Pan Am") and its railroad subsidiaries, including its operating subsidiary, the Springfield Terminal Railroad Company (Springfield Terminal").

As Members of the Maine Legislature we are committed to facilitating new solutions for safe and reliable transportation for our constituents. Freight railroads play a vital role in connecting U.S. businesses, large and small, to markets around the world. They are the lifeblood for many of the communities we represent in Congress.

According to the application submitted by CSXT, its proposed acquisition will enhance the competitiveness of the Springfield Terminal. The merger offers the opportunity for single-line service to and from locations on 20,000 miles of the CSXT rail system and over 1,200 miles operated by Springfield Terminal. Single-line CSXT service offers best-in-class service with new standards of service performance with higher velocity, faster equipment turns, and greater consistency. CSXT will also enhance competition through lower costs, better service and improved access to the rail network in the eastern United States.

We support this proposed acquisition and believe Maine will benefit from its adoption. We respectfully ask the Board to give CSXT's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely yours,

Kathleen R.J. Dillingham
House Republican Leader

Cc: CSX Transportation



HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002
(207) 287-1400
TTY: MAINE RELAY 711

Michelle Dunphy

143 Middle Street
Old Town, ME 04468
Phone: (207) 827-8989

Michelle.Dunphy@legislature.maine.gov

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

March 26, 2021

Re: Docket No. FD 36____, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

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As Members of the Maine Legislature we are committed to facilitating new solutions for safe and reliable transportation for our constituents. Freight railroads play a vital role in connecting U.S. businesses, large and small, to markets around the world. They are the lifeblood for many of the communities we represent in Congress.

According to the application submitted by CSXT, its proposed acquisition will enhance the competitiveness of the Springfield Terminal. The merger offers the opportunity for single-line service to and from locations on 20,000 miles of the CSXT rail system and over 1,200 miles operated by Springfield Terminal. Single-line CSXT service offers best-in-class service with new standards of service performance with higher velocity, faster equipment turns, and greater consistency. CSXT will also enhance competition through lower costs, better service and improved access to the rail network in the eastern United States.

We support this proposed acquisition and believe Maine will benefit from its adoption. We respectfully ask the Board to give CSXT's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely yours,

A handwritten signature in black ink that reads "Michelle Dunphy".

Michelle Dunphy
House Majority Leader

Cc: CSX Transportation



RYAN M. FECTEAU
SPEAKER OF THE HOUSE

STATE OF MAINE
HOUSE OF REPRESENTATIVES
SPEAKER'S OFFICE
AUGUSTA, MAINE 04333-0002
(207) 287-1300

March 26, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36 ___, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

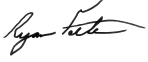
We are writing to express that we are encouraged by CSX Transportation, Inc.'s ("CSXT") application to the Surface Transportation Board (the "Board") for authority to acquire Pan Am Systems, Inc. ("Pan Am") and its railroad subsidiaries, including its operating subsidiary, the Springfield Terminal Railroad Company (Springfield Terminal").

As Members of the Maine Legislature we are committed to facilitating new solutions for safe and reliable transportation for our constituents. Freight railroads play a vital role in connecting U.S. businesses, large and small, to markets around the world. They are the lifeblood for many of the communities we represent in Maine.

According to the application submitted by CSXT, the merger offers the opportunity for single-line service to and from locations on 20,000 miles of the CSXT rail system. Single-line CSXT service should offer best-in-class service with new standards of service performance with higher velocity, faster equipment turns, and greater consistency. CSXT may also enhance competition through lower costs, better service and improved access to the rail network in the eastern United States.

We are encouraged by this proposed acquisition and believe Maine should benefit from its adoption. We respectfully ask the Board to give CSXT's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Fecteau", with a stylized flourish at the end.

Ryan M. Fecteau
Speaker of the House

Cc: CSX Transportation



The Senate of the State of New Hampshire

107 North Main Street, Concord, N.H. 03301-4951

February 24, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.-Control and Merger-Pan Am Systems, Inc., et al.*

Dear Ms. Brown:

I write in support of CSX Transportation, Inc.'s ("CSXT") application to the Surface Transportation Board (the "Board") for authority to acquire Pan Am Systems, Inc. ("Pan Am") and its railroad subsidiaries, including its operating subsidiary, the Springfield Terminal Railroad Company (Springfield Terminal").

As Vice Chair of the New Hampshire Senate Commerce Committee and as a state senator representing a community with an Amtrak Downeaster stop, I am committed to facilitating new solutions for safe and reliable transportation for my constituents. Freight railroads play a vital role in connecting U.S. businesses, large and small, to markets around the world. They are the lifeblood for many of the communities I represent in the New Hampshire State Senate.

According to the application submitted by CSXT, its proposed acquisition will enhance the competitiveness of the Springfield Terminal. The merger offers the opportunity for single-line service to and from locations on 20,000 miles of the CSXT rail system and over 1,200 miles operated by Springfield Terminal. Single-line CSXT service offers best-in-class service with new standards of service performance with higher velocity, faster equipment turns, and greater consistency. CSXT will also enhance competition through lower costs, better service and improved access to the rail network in the eastern United States.

I support this proposed acquisition and believe New Hampshire will benefit from its adoption. I respectfully ask the Board to give CSXT's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Bill Gannon".

State Senator Bill Gannon
Senate District 23
Representing Brentwood, Chester, Danville, East Kingston, Epping, Exeter, Fremont, Kingston, and Sandown

Cc: CSX Transportation

United States Senate

WASHINGTON, DC 20510-1904

COMMITTEES:
APPROPRIATIONS
HEALTH, EDUCATION,
LABOR, AND PENSIONS
SELECT COMMITTEE
ON INTELLIGENCE
SPECIAL COMMITTEE
ON AGING

302386

May 20, 2021

Ms. Cynthia Brown
Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

ENTERED
Office of Proceedings
May 21, 2021
Part of
Public Record

Re: Docket No. FD 36472, *CSX Corporation and CSX Transportation, Inc.—Control and Merger—Pan Am Systems, Inc.*

Dear Ms. Brown:

I am writing regarding the proposed transaction between CSX Transportation, Inc. and Pan Am Systems, Inc. (Pan Am) and its subsidiaries. Subject to the execution of a settlement agreement between CSX and the Maine Department of Transportation, I support the proposed acquisition and ask the Surface Transportation Board (STB) to grant approval pursuant to the STB's regulations and policies.

The transaction contemplated between CSX and Pan Am has the potential to bring significant benefits to Maine. Many Maine businesses rely on rail traffic to deliver raw materials and transport products. If the transaction is approved, CSX has indicated that it will make upgrades to track and locomotives to provide improved service, extend positive train control on certain Amtrak *Downeaster* lines, and make other improvements to the rail network.

Thank you for your consideration of this matter.

Sincerely,



Susan M. Collins
United States Senator

130th Legislature
Senate of Maine

March 26, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

Dear Ms. Brown:

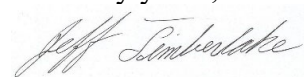
We are writing to support the CSX Transportation, Inc.'s ("CSXT") application to the Surface Transportation Board (the "Board") for authority to acquire Pan Am Systems, Inc. ("Pan Am") and its railroad subsidiaries, including its operating subsidiary, the Springfield Terminal Railroad Company (Springfield Terminal").

As Members of the Maine Legislature, we are committed to facilitating new solutions for safe and reliable transportation for our constituents. Freight railroads play a vital role in connecting U.S. businesses, large and small, to markets around the world. They are the lifeblood for many of the communities we represent.

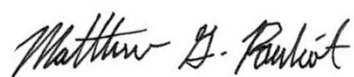
According to the application submitted by CSXT, its proposed acquisition will enhance the competitiveness of the Springfield Terminal. The merger offers the opportunity for single-line service to and from locations on 20,000 miles of the CSXT rail system and over 1,200 miles operated by Springfield Terminal. Single-line CSXT service offers best-in-class service with new standards of service performance with higher velocity, faster equipment turns, and greater consistency. CSXT will also enhance competition through lower costs, better service and improved access to the rail network in the eastern United States.

We support this proposed acquisition and believe Maine will benefit from its adoption. We respectfully ask the Board to give CSXT's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely yours,



Jeffrey Timberlake
Senate Republican Leader



Matthew Pouliot
Assistant Senate Republican Leader



REDACTED - TO BE PLACED ON PUBLIC FILE

The Senate of the State of New Hampshire

107 North Main Street, Concord, N.H. 03301-4951

February 24, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

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As Chair and Vice Chair of the New Hampshire Senate Transportation Committee we are committed to facilitating new solutions for safe and reliable transportation for our constituents. Freight railroads play a vital role in connecting U.S. businesses, large and small, to markets around the world. They are the lifeblood for many of the communities we represent in the New Hampshire State Senate.

According to the application submitted by CSXT, its proposed acquisition will enhance the competitiveness of the Springfield Terminal. The merger offers the opportunity for single-line service to and from locations on 20,000 miles of the CSXT rail system and over 1,200 miles operated by Springfield Terminal. Single-line CSXT service offers best-in-class service with new standards of service performance with higher velocity, faster equipment turns, and greater consistency. CSXT will also enhance competition through lower costs, better service, and improved access to the rail network in the eastern United States.

We support this proposed acquisition and believe New Hampshire will benefit from its adoption. We respectfully ask the Board to give CSXT's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Sincerely yours,

Senator Regina Birdsell
Senate District 19

David Watters (CML)

Senator David Watters
Senate District 4

Cc: CSX Transportation



Troy D. Jackson
President of the Senate

THE MAINE SENATE
129th Legislature

3 State House Station
Augusta, Maine 04333

March 26, 2021

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

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According to the application submitted by CSXT, the merger offers the opportunity for single-line service to and from locations on 20,000 miles of the CSXT rail system. Single-line CSXT service should offer best-in-class service with new standards of service performance with higher velocity, faster equipment turns, and greater consistency. CSXT may also enhance competition through lower costs, better service and improved access to the rail network in the eastern United States.

We support this proposed acquisition and believe Maine will benefit from its adoption. We respectfully ask the Board to give CSXT's request its full and fair consideration, consistent with applicable statutes and regulations. Thank you for your time and consideration.

Regards,

Sen. Troy Jackson
Maine Senate President

Sen. Eloise Vitelli
Senate Majority Leader

Sen. Matthea Daughtry
Assistant Senate Majority
Leader

Cc: CSX Transportation

CSXT/PAR-11

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET NO. FD 36472

CSX CORPORATION AND CSX TRANSPORTATION, INC., ET AL.
—CONTROL AND MERGER—
PAN AM SYSTEMS, INC., PAN AM RAILWAYS, INC., BOSTON AND MAINE
CORPORATION, MAINE CENTRAL RAILROAD COMPANY, NORTHERN RAILROAD,
PAN AM SOUTHERN LLC, PORTLAND TERMINAL COMPANY, SPRINGFIELD
TERMINAL RAILWAY COMPANY, STONY BROOK RAILROAD COMPANY, AND
VERMONT & MASSACHUSETTS RAILROAD COMPANY

VOLUME II

PAN AM SOUTHERN LLC GOVERNING DOCUMENTS

Robert B. Culliford
Pan Am Systems, Inc.
1700 Iron Horse Park
North Billerica, MA 01862
(978) 502-8194

*Attorney for Pan Am Systems, Inc.,
Pan Am Railways, Inc., Boston and
Maine Corporation, Maine Central
Railroad Company, Northern
Railroad, Portland Terminal
Company, Springfield Terminal
Railway Company, Stony Brook
Railroad Company and Vermont &
Massachusetts Railroad Company*

Anthony J. LaRocca
Peter W. Denton
Sally Mordi
Steptoe & Johnson LLP
1330 Connecticut Avenue, NW
Washington, DC 20036
(202) 429-3000

Louis E. Gitomer
Law Offices of Louis E. Gitomer, LLC
600 Baltimore Avenue, Suite 301
Towson, MD 21204
(410) 296-2250

John P. Patelli
Steven C. Armbrust
Jason M. Marques
CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202
(904) 359-1229

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

Dated: July 1, 2021

Execution Version

EXHIBIT 2A

TRANSACTION AGREEMENT

BY AND AMONG

**NORFOLK SOUTHERN RAILWAY COMPANY,
PAN AM RAILWAYS, INC.,
BOSTON AND MAINE CORPORATION, AND
SPRINGFIELD TERMINAL RAILWAY COMPANY**

DATED AS OF

MAY 15, 2008

READ ALREADY.

TABLE OF CONTENTS

	Page
1. Definitions.....	3
1.1 Certain Definitions.....	3
1.2 Construction of Certain Terms and Phrases.....	13
2. Option, Improvements and Capital Contribution	13
2.1 Execution of the Company Agreement.....	13
2.2 Capital Contribution for NSR Interest.....	13
2.3 Capital Contribution for Pan Am Interest.....	14
2.4 Transfer of Liabilities.....	14
2.5 Use of Proceeds.....	14
3. Asset Purchase and Sale.....	15
4. Freight Rail Operations over the MBTA Segment.....	15
5. Passenger Rail over the Line.....	15
6. The Closing.....	15
7. Deliveries at the Closing.....	16
7.1 Deliveries at the Closing.....	16
7.2 Further Assurances.....	17
8. Allocation of Pan Am Transportation Agreements.....	17
9. Destination Facilities	17
9.1 Mechanicville Intermodal and Automotive Facility.....	17
9.2 Special Use Facilities.....	18
10. Representations and Warranties of Pan Am	19
10.1 Organization, Standing and Power	19
10.2 Authority; Enforceability; Noncontravention.....	19
10.3 Assets	20
(b) The Ayer Automotive Facility shall be available for use of Pan Am Southern for receipt and distribution of Automotive Traffic by 2017.....	21
10.4 Material Contracts.....	21
10.5 Litigation and Proceedings	22
10.6 Environmental Matters.....	22
10.7 Labor Relations.....	23
10.8 Books and Records	24
10.9 Real Property.....	24
10.10 Brokers.....	25
10.11 Compliance With Laws and Other Matters	25

10.12	Taxes	26
10.13	Insurance	27
10.14	Transactions with Affiliates	27
10.15		27
11.	Representations and Warranties of NSR	28
11.1	Organization, Standing and Power	28
11.2	Authority; Enforceability; Noncontravention	28
11.3	Brokers	29
12.	Covenants	29
12.1	Operation of the Line by the Pan Am System Parties	29
12.2	Inspection of Records; Environmental Audits	30
12.3	Commercially Reasonable Efforts	30
12.4	Real Estate Matters	32
12.5	Publicity	32
12.6	Encumbrance and Transfer of Assets	33
12.7	Employee Claims	33
13.	Conditions to the Closing	33
13.1	Mutual Conditions	33
13.2	Additional Conditions of NSR	34
13.3	Additional Conditions of the Pan Am System Parties	35
14.	Survival of Representations and Warranties; Indemnity	35
14.1	Survival of Representations and Warranties	35
14.2	Indemnification by Pan Am	36
14.3	Indemnification by NSR	37
14.4	Notification of Claims	37
14.5	Matters Involving Third Parties	37
14.6	Taxes	39
14.7	Post-Closure Environmental Claims	39
14.8	Other Limits on Indemnification	39
14.9	Indemnification Coverage	40
15.	Termination	40
15.1	Termination by Mutual Consent	40
15.2	Termination by Final Order	40
15.3	Termination by NSR	40
15.4	Termination by Pan Am	41
15.5	Effect of Termination	42
16.	Dispute Resolution	42
16.1	Reference to Senior Management	42
16.2	Reference for Formal Dispute Resolution	42
16.3	Formal Dispute Resolution	42

17.	Miscellaneous	44
17.1	Notices	44
17.2	Entire Agreement	46
17.3	Assignment	46
17.4	Extension, Waiver and Amendment	46
17.5	Confidentiality	46
17.6	Governing Law	47
17.7	Judicial Interpretation	47
17.8	No Third Party Beneficiaries	47
17.9	Captions	47
17.10	Counterparts	47
17.11	Costs and Attorneys' Fees	47

TRANSACTION AGREEMENT

THIS TRANSACTION AGREEMENT (this "Agreement") is made and entered into as of May 15, 2008, by and among Norfolk Southern Railway Company, a Virginia corporation ("NSR"), Pan Am Railways, Inc., on behalf of itself and its Subsidiaries ("Pan Am"), Boston and Maine Corporation ("B&M"), and Springfield Terminal Railway Company ("Springfield Terminal"). Each of NSR, Pan Am, B&M, and Springfield Terminal shall hereinafter be referred to as a "Party" or collectively as the "Parties." Pan Am, B&M, and Springfield Terminal shall hereinafter collectively be referred to as the "Pan Am System Parties".

RECITALS

WHEREAS, B&M or one or more of the other Pan Am System Parties or their Subsidiaries, including the Vermont & Massachusetts Railway, a wholly-owned Subsidiary of B&M, currently owns or operates certain railroad lines in New York, Vermont, Connecticut, Massachusetts, and New Hampshire (the "Line") and certain other related assets (together with the Line, the "Assets"), in each case more particularly described in Schedule 1.1(a), and generally depicted in Appendix A; and

WHEREAS, pursuant to a 1976 deed, B&M conveyed certain lines and other real property to the Massachusetts Bay Transportation Authority ("MBTA"), with B&M reserving an exclusive freight easement for the operation of those lines, and which exclusive freight easement (the "MBTA Operating Rights") has been leased to Springfield Terminal; and

WHEREAS, MBTA operates passenger train service over a portion of the Line; and

WHEREAS, MBTA owns a line of railroad between Milepost 313.77±, CPF WL, near Ayer, MA and Milepost 329.55±, near Fitchburg, MA near Ayer, MA and Milepost 329.55±, near Fitchburg, MA (the "MBTA Segment") which constitutes a portion of the operating rights included in the Line; and

WHEREAS, MBTA and one or more of the Pan Am System Parties are parties to certain agreements that govern the rights and obligations of such parties relating to the provision of passenger service, including passenger service on the Line; and

WHEREAS, the National Railroad Passenger Corporation ("Amtrak") and Connecticut Department of Transportation ("ConnDOT") and/or Metropolitan Transportation Authority of New York ("Metro North") own lines in Connecticut and Massachusetts between New Haven, CT and Springfield, MA (Amtrak) and between Derby and Waterbury, CT (ConnDOT and/or Metro North) which constitute portions of the operating rights included in the Line; and

WHEREAS, CSX Transportation, Inc. ("CSXT") owns and/or operates a line in Connecticut between Cedar Hill and North Haven which constitutes a portion of the operating rights included in the Line; and

WHEREAS, NSR and the Pan Am System Parties desire to form a joint venture which will own and operate the Assets; and

WHEREAS, the Parties intend to seek STB Approval (as hereinafter defined) of the joint venture; and

WHEREAS, the Parties have entered into an agreement (the "Option Agreement") dated as of May 1, 2008, pursuant to which NSR has paid to B&M Five Million Dollars (\$5,000,000) in the aggregate for an option to purchase (i) a twenty-six and three hundred sixteen thousandth percent (26.316%) undivided interest in the Assets for a purchase price of Fifty Million Dollars (\$50,000,000), and (ii) a one-hundred percent (100%) interest in certain to-be-constructed assets described in Section 1.4 of the Option Agreement (the "To-Be-Constructed Assets") for a purchase price of Two Million Five Hundred Thousand Dollars (\$2,500,000); and

WHEREAS, by October 1, 2008, , and pursuant to the Option Agreement, B&M is required to expend Two Million Five Hundred Thousand Dollars (\$2,500,000) to acquire rail, tie, and ballast and to use that material for improvements to the Line to remove the long-term slow orders between Milepost CPF 345 and CPF 346 (#1 Track and #2 Track) and between CPF 354 and CPF 363 (#1 Track and #2 Track) between Mechanicville and Ayer as more fully described in Appendix B attached to the Option Agreement; and

WHEREAS, at the Closing (as hereinafter defined) and on the terms and subject to the conditions contained herein, the Parties intend for B&M and the other Pan Am System Parties to sell in part, and contribute in part, the Assets to, and for the Parties to perform all necessary steps (including but not limited to executing the Company Agreement, as hereinafter defined, and the related Certificate of Formation, and filing the Certificate of Formation with the Secretary of State of the State of Delaware) to form, a Delaware limited liability company (the "Company"), to be governed by an LLC operating agreement (the "Company Agreement") substantially in the form attached hereto as Appendix B, which, among other things, sets forth the rights and obligations of B&M and NSR as members of the Company; and

WHEREAS, in connection with the transactions contemplated by this Agreement, at the Closing, the Parties will enter into, or will cause the Company to enter into, as applicable: (i) the Company Agreement, (ii) a Master Norfolk Southern Joint Use Agreement substantially in the form attached hereto as Appendix C (the "NSR Joint Use Agreement") pursuant to which the Company shall provide to NSR haulage over the Line for traffic moving between NSR, on the one hand, and certain properties located on the Line and certain other railroad carriers connecting with the Line, on the other hand, and which further provides to NSR limited trackage rights, (iii) an assignment and assumption agreement to be developed and attached hereto in the future as Appendix D

("Assignment and Assumption Agreement Regarding Passenger Rail Operations") generally providing for the partial assignment of the Agreements between the relevant Pan Am System Parties and MBTA, (iv) an assignment and assumption agreement substantially in the form attached hereto as Appendix E (the "Miscellaneous Assignment and Assumption Agreement") generally providing for the assignment to the Company of certain rights and obligations of the Pan Am System Parties with respect to the Line, (v) a bill of sale to be developed and attached hereto in the future as Appendix F (the "Bill of Sale") generally providing for the contribution to the Company by the Pan Am System Parties of all personal property included in the Assets; (vi) a commercial agreement substantially in the form attached hereto as Appendix G (the "Transportation Agreement Assignment and Divisions Allocation Agreement") generally providing for the assignment of Existing Transportation Agreements, as hereinafter defined, and setting forth the respective divisions for transportation services to be provided by the Company under certain existing and future contract and tariff movements that will become interline movements upon Closing, as hereinafter defined, (vii) an agreement governing the provision of certain switching services to be provided by the Company to Springfield Terminal, substantially in the form attached hereto as Appendix H (the "Ayer Switching Agreement"), (viii) a joint agreement governing the provision of certain trackage and haulage rights granted by the Company to Springfield Terminal, substantially in the form attached hereto as Appendix I (the "Springfield Terminal Joint Use Agreement"), (ix) an agreement providing for the Company to retain Springfield Terminal and NSR to oversee the certain bidding and hiring processes, substantially in the form attached hereto as Appendix J (the "Capital Projects and Facility Management Agreement"), (x) an agreement concerning the provision of certain specified railroad operating and administrative services by Springfield Terminal to the Company substantially in the form attached hereto as Appendix K (the "Railroad Operating Agreement" and, collectively with the Option Agreement and the other agreements identified in this Recital under (i) through (ix), the "Ancillary Agreements").

NOW, THEREFORE, with reference to the foregoing facts and in consideration of the mutual agreements and understandings set forth herein, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

1.1 **Certain Definitions.** All terms defined in this Agreement shall have the defined meanings when used in this Agreement, unless otherwise defined or the context otherwise requires. The following terms shall have the following meanings:

"Action" means any litigation, action, suit, proceeding, investigation, arbitration, claim or other dispute by or before any court or other Governmental Authority, or any other alternative dispute resolution proceedings, such as arbitration or mediation.

"Affiliate" shall mean, with respect to any specified Person, (i) any other Person who, directly or indirectly, controls, is under common control with, or is controlled by, such specified Person, (ii) any other Person who is a director, officer,

manager, member, partner or trustee of the specified Person or a Person described in clause (i) of this definition or any spouse of the specified Person or any such other Person or (iii) any Person of which the specified Person and/or any one or more of the Persons specified in clause (i) or (ii) of this definition, individually or in the aggregate, beneficially own 10% or more of any class of voting securities.

"Agreement" shall have the meaning given to that term in the introductory paragraph.

"Amtrak" shall have the meaning given to that term in the Recitals.

"Ancillary Agreements" shall have the meaning given to that term in the Recitals.

"Assets" shall have the meaning given to that term in the Recitals.

"Assignment and Assumption Agreement Regarding Passenger Rail Operations" shall have the meaning given to that term in the Recitals.

"Assumed Liabilities" shall have the meaning given to that term in Section 2.4.

"Automotive Traffic" means finished automobiles, sport utility vehicles, vans (including minivans), trucks and any other vehicles.

"Ayer Automotive Facility" shall mean that facility for the transfer of Automotive Traffic generally located at approximately MP 314 in Ayer, MA.

"Ayer Intermodal Facility" shall mean that facility for the transfer of Intermodal Traffic generally located in Ayer (Devens), MA, but excluding the warehouse complex owned by Pan Am.

"Ayer Switching Agreement" shall have the meaning given to that term in the Recitals.

"B&M" shall have the meaning given to that term in the introductory paragraph.

"Bill of Sale" shall have the meaning given to that term in the Recitals.

"Business Day" shall mean any day other than a Saturday or Sunday or any day banks in the State of New York are authorized or required to be closed.

"Canadian Pacific" shall mean Canadian Pacific Railway Company or Delaware and Hudson Railway Company, Inc., as its subsidiary, as the context may require.

"Capital Projects and Facility Management Agreement" shall have the meaning given to that term in the Recitals.

"Charter Documents" shall mean the certificate of incorporation or articles of incorporation and the by-laws, with respect to a corporation; the partnership agreement, with respect to a general partnership; or the certificate of formation and operating or company agreement, with respect to a limited liability company.

"Cleanup" shall mean all actions, including investigations, required by Law to: (1) cleanup, remove, treat or remediate Hazardous Materials in the environment; (2) prevent the Release of Hazardous Materials so that they do not migrate, endanger or threaten to endanger public health or welfare or the environment; (3) perform pre-remedial studies and investigations and post-remedial monitoring and care; or (4) respond to any government requests for information or documents in any way relating to cleanup, removal, treatment or remediation or potential cleanup, removal, treatment or remediation of Hazardous Materials in the environment.

"Closing" shall mean the closing for the joint venture, which shall involve, among other things, the capital contribution by NSR to the Company described in Section 2.2(a) of this Agreement and the capital contribution by the Pan Am System Parties to the Company described in Section 2.3(a) of this Agreement.

"Closing Date" shall have the meaning given to that term in Section 6.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time.

"Company" shall have the meaning given to that term in the Recitals.

"Company Agreement" shall have the meaning given to that term in the Recitals.

"Company Indemnified Parties" shall have the meaning given to that term in Section 14.2(a).

"ConnDOT" shall have the meaning given to that term in the Recitals.

"Confidentiality Agreement" shall have the meaning given to that term in Section 12.2(a).

"Contract" shall mean any note, bond, debenture, mortgage, license, agreement, commitment, contract, obligation, promise or understanding.

"CSXT" shall have the meaning given to that term in the Recitals.

"Damages" shall have the meaning given to that term in Section 14.2(a).

"Delaware Courts" shall have the meaning given to that term in Section 16.3(a)(i).

"Dispute" shall have the meaning given to that term in Section 16.1.

"Environmental Claim" means any fine, claim, action, lien, cause of action, investigation or notice by any Person alleging potential liability (including potential liability for Cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, manufacture, processing, distribution, use, treatment, storage, Release or threatened Release, disposal, transport or handling, of any Hazardous Materials, or (b) circumstances forming the basis of any violation of any Environmental Law.

"Environmental Laws" means all Laws relating to pollution or protection of human health or the environment, including all Laws relating to Releases or threatened Releases of Hazardous Materials or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, disposal, transport or handling of Hazardous Materials, all Laws relating to record keeping, notification, disclosure and reporting requirements respecting Hazardous Materials and all Laws relating to endangered or threatened species of fish, wildlife and plants and natural resources.

"Environmental Reports" shall have the meaning given to that term in Section 10.6(d).

"Excluded Assets" shall have the meaning given to that term in Section 10.3(a).

"Execution Date" shall mean the date that the last Party executes this Agreement.

"Existing Transportation Agreement" shall have the meaning given to that term in Section 8.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any mediation body or arbitral tribunal, including the STB.

"Hazardous Materials" shall mean asbestos, polychlorinated biphenyls, oil, gasoline or other petroleum based liquids, and any and all other materials or substances deemed hazardous or toxic or regulated by applicable Laws, including but not limited to substances defined as hazardous under the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §§ 6901 et seq. (or any state counterpart to the foregoing statutes) or determined to present the unreasonable risk of injury to health or the environment under the Toxic Substances Control Act, as amended, 15 U.S.C. §§ 2601 et seq.

"Indebtedness" means, with respect to any Person, (i) any liability, contingent or otherwise, (a) for borrowed money, capitalized lease obligations, purchase money obligations or other obligations relating to the deferred purchase price of assets or property or (b) evidenced by a note, bond, debenture, letter of credit or similar instrument given in connection with the acquisition, other than in the ordinary course of business consistent with past practice, of any property, assets, securities or otherwise, including indebtedness created or arising under conditional sale or other title retention agreements (even though the rights and remedies of the seller or lender under the agreements in the event of default are limited to repossession or sale of the property), (ii) any liability of others described in the preceding clause (i) which such Person has guaranteed or which otherwise is its legal liability, (iii) all indebtedness referred to above secured by (or for which the holder of the indebtedness has an existing right, contingent or otherwise, to be secured by), any Lien upon the property of such Person, whether or not the obligations secured thereby have been assumed, and (iv) any amendment, renewal, extension or refunding of any liability referred to in clauses (i), (ii) and (iii) above; provided, however, that Indebtedness does not include any trade payables of any Person incurred in the ordinary course of business consistent with past practice. The amount of Indebtedness of any Person at any date shall be the outstanding balance at the date of all unconditional obligations as described above and the maximum amount of any contingent obligations at the date.

"Indemnified Party" shall have the meaning given to that term in Section 14.4.

"Indemnifying Party" shall have the meaning given to that term in Section 14.4.

"Intermodal Traffic" generally shall refer to the movement of railcars for the transportation of containers and trailers.

"Knowledge" with respect to Pan Am shall mean the actual knowledge, after due inquiry into the matter in question, of Pan Am officials with managerial responsibility over the subject matter in question, and, with respect to NSR, shall mean the actual knowledge, after due inquiry in to the matter in question, of NSR officials with managerial responsibility over the subject matter in question.

"Law" shall mean any U.S. federal, state or local or foreign statute, law, rule, regulation, ordinance, order, code, policy or rule of common law, now or hereafter in effect and, in each case, as amended, any binding judicial or administrative interpretation thereof by a Governmental Authority or otherwise, including any judicial or administrative order, consent, decree or judgment.

"Lease" and **"Leases"** shall have the meaning given to those terms in Section 10.4(b)(v).

"Leased Personal Property" shall mean all personal property leased by any of the Pan Am System Parties that is included in the Assets.

"Leased Property" and **"Leased Properties"** shall have the meaning given to those terms in Section 10.9(b).

"Lien" shall mean any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, purchase option, right of first offer, right of first refusal, priority or other security agreement (including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable Law of any jurisdiction to evidence any of the foregoing).

"Line" shall have the meaning given to that term in the Recitals.

"Material Adverse Effect" shall mean, with respect to any Party, any change, circumstance, event or effect which, individually or when considered in conjunction with other changes, circumstances or effects, has had or would reasonably be likely to have a material adverse effect on (a) with respect to a Material Adverse Effect on Pan Am and its Subsidiaries, the Assets, taken as a whole, or the financial condition or results of operations of the business of the Company to be conducted with the Assets after the Closing, taken as a whole, or (b) with respect to a Material Adverse Effect on any Party, the ability of such Party to consummate the transactions contemplated by this Agreement or the Ancillary Agreements or to perform its obligations hereunder or thereunder; provided, that none of the following shall be deemed to constitute, and none of the following shall be taken into account in determining whether there has been, a Material Adverse Effect: (x) any adverse change, event, development, or effect arising from or relating to (1) general business or economic conditions, including changes in energy prices or availability, except to the extent that such conditions disproportionately affect such Party's business relative to the effect of such factors on other Persons operating in such party's industry, (2) national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, except to the extent that such conditions disproportionately affect such Party's business relative to the effect of such factors on other Persons operating in such party's industry, (3) financial, banking, or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (4) changes in United States generally accepted accounting principles, (5) changes in Law or (6) the taking of any action contemplated by this Agreement and the other agreements contemplated hereby, (y) any of the events, occurrences, or circumstances set forth in Schedule 1.1(b) and (z) any change, occurrence, event or effect, which shall have been cured without a Material Adverse Effect (excluding this clause (z)), on the Assets, before the earlier of the Closing Date or the date on which this Agreement is terminated pursuant to Section 14.

"Material Contracts" shall have the meaning given to that term in Section 10.4(b).

"MBTA" shall have the meaning given to that term in the Recitals.

"MBTA Operating Rights" shall have the meaning given to that term in the Recitals.

"MBTA Segment" shall have the meaning given to that term in the Recitals.

"Mechanicville Improvements" shall have the meaning given to that term in Schedule 2.2(a).

"Mechanicville Intermodal and Automotive Facility" shall mean that intermodal and automotive facility anticipated to be constructed in Mechanicville, NY on property now owned, or under option by, one or more of the Pan Am System Parties or a subsidiary thereof.

"Metro North" shall have the meaning given to that term in the Recitals.

"Miscellaneous Assignment and Assumption Agreement" shall have the meaning given to that term in the Recitals.

"Notices" shall have the meaning given to that term in Section 17.1.

"NSR" shall have the meaning given to that term in the introductory paragraph.

"NSR Contribution" shall have the meaning given to that term in Section 2.2(a).

"NSR Indemnified Parties" shall have the meaning given to that term in Section 14.2(a).

"NSR Joint Use Agreement" shall have the meaning given to that term in the Recitals.

"Option Agreement" shall have the meaning given to that term in the Recitals.

"Owned Property" and **"Owned Properties"** shall have the meaning given to those terms in Section 10.9(a).

"Pan Am" shall have the meaning given to that term in the introductory paragraph.

"Pan Am Change in Control" shall mean: (1) the establishment of a voting trust as described in 49 C.F.R. Part 1013 – Guidelines for the Proper Use of Voting Trusts, or any subsequent regulation, with regard to the acquisition of a controlling block of voting securities of the Pan Am Member or any entity having direct

or indirect control over the Pan Am Member, including but not limited to the Pan Am Parent; (2) the submission to the STB of any application, petition for exemption, or notice of exemption seeking approval, or exemption from approval, to effect a change in control of the Pan Am Member or any entity having direct or indirect control over the Pan Am Member; (3) any merger or consolidation of the Pan Am Parent with or into any Person; (4) the acquisition by any Person of all or substantially all of the assets of the Pan Am Parent; or (5) not taking into account Pan Am's membership interest in the Company, the sale, transfer or other distribution of all or substantially all of the assets of Pan Am.

"Pan Am Contribution" shall have the meaning given to that term in Section 2.3(a).

"Pan Am Disclosure Schedule" shall have the meaning given to that term in Section 10.

"Pan Am Indemnified Parties" shall have the meaning given to that term in Section 14.3(a).

"Pan Am Member" shall mean B&M or any permitted transferee of its membership interest in the Company under the Company Agreement.

"Pan Am Parent" shall mean Pan Am Systems, Inc., a Florida corporation, and the ultimate parent of the Pan Am System Parties.

"Pan Am System Parties" shall have the meaning given to that term in the introductory paragraph.

"Parent" as to NSR shall mean Norfolk Southern Corporation.

"Party" and **"Parties"** shall have the meaning given to those terms in the introductory paragraph.

"Permits" shall have the meaning given to that term in Section 10.11(b).

"Permitted Liens" shall mean collectively, (i) Liens for Taxes not yet due and payable or which are being contested in good faith by appropriate proceedings and for which adequate reserves have been made; (ii) such imperfections of title, easements and other similar encumbrances, if any, as do not, individually or in the aggregate, interfere in any material respect with the use of any Owned Property as such Owned Property is used on the date of this Agreement; (iii) mechanics', materialmen's, workmen's, repairmen's, warehousemen's, carrier's and other similar Liens arising in the ordinary course of business consistent with past practice, all of which shall be released at or prior to the Closing; or (iv) those Liens set forth on Schedule 1.1(c) hereto.

"Person" shall mean an individual or a partnership, corporation, trust, association, limited liability company, Governmental Authority or other entity.

"Properties" shall have the meaning given to that term in Section 10.9(b).

"Railroad Operating Agreement" shall have the meaning given to that term in the Recitals.

"Release" means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, or leaching into the environment (including ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property of any Hazardous Material, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

"Remaining Springfield Terminal" shall mean those lines owned or operated by Springfield Terminal on the day after the Closing.

"Required Governmental Consents" shall have the meaning given to that term in Section 12.3.

"Rules" shall have the meaning given to that term in Section 16.3(b).

"Sanvel Automotive Facility" shall mean that facility anticipated to be constructed for the transfer of Automotive Traffic to be located east of Willows Road in Ayer, MA as generally identified as Sanvel on the Ayer Switching Agreement schematic.

"Special Use Facilities" shall have the meaning given to that term in Section 9.2.

"Springfield Terminal" shall have the meaning given to that term in the introductory paragraph.

"Springfield Terminal Haulage Rights Agreement" shall mean an agreement governing the provision of certain haulage rights granted by the Company to Springfield Terminal, substantially in the form of Appendix L, which such agreement shall be executed and delivered in the stead of the Springfield Terminal Joint Use Agreement if the consent to use the MBTA Section for purposes of the Springfield Terminal Joint Use Agreement is not procured.

"Springfield Terminal Joint Use Agreement" shall have the meaning given to that term in the Recitals.

"Springfield Terminal Transportation Contract" shall mean a Transportation Agreement to which one of the Pan Am System Parties is a party involving the purchase of railroad transportation services over the Line.

"STB" shall mean the Surface Transportation Board or any successor entity thereto.

"STB Approval" shall mean the grant of the approval of the STB, or the grant of an exemption from the need to obtain such approval, in each case received in response to submissions of the Parties requesting the same.

"Subsidiary" of any Person shall mean any entity of which such Person owns, directly or indirectly, securities or other ownership interests having the power to elect a majority of the board of directors or other persons performing similar functions, or otherwise having the power to direct, manage or control the conduct of business of such entity and, when used with respect to Pan Am, shall include without limitation B&M and Springfield Terminal.

"Tax Return" shall mean any report, return, document, declaration or other information or filing (including any amendment thereto) with respect to Taxes required by Law to be supplied to any Governmental Authority (foreign or domestic) or to be collected or maintained, including information returns, any documents accompanying payments of estimated Taxes, or requests for the extension of time in which to file any such report, return, document, declaration or other information or filing.

"Tax" or "Taxes" shall mean all federal, state, local, foreign and other taxes, customs, duties, fees, levies, assessments or charges of any kind whatsoever, including all net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, withholding, payroll, employment, excise, estimated, severance, stamp, occupation, real or personal property, business, documentary, registration, filing, recordation, unemployment, worker's compensation, commercial rent, premium, windfall profits, deemed profits, lease, capital, production, corporation, value added, bulk sale or other taxes, customs, duties, fees, levies, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any Governmental Authority (domestic or foreign) regardless of whether disputed or whether related to the filing of a Tax Return (or the failure to file a Tax Return).

"Third Party Claim" shall have the meaning given to that term in Section 14.5(a).

"Third Party Lease" and "Third Party Leases" shall have the meaning given to those terms in Section 10.4(b)(vi).

"Title Company" shall have the meaning given to that term in Section 12.4(b).

"Transfer" shall mean sell, assign, transfer, pledge, grant a security interest in, or otherwise dispose of, with or without consideration, and **"Transferred"** shall have a correlative meaning.

"Transportation Agreement" shall mean a Contract between rail carrier(s) and a Person or Persons relating to the purchase of transportation services as specified in 49 U.S.C. Section 10102(9)(A) and (B); provided that, if a Transportation Agreement covers service between more than one pair of points, the provisions governing service between each pair of points shall be treated as a distinct Transportation Agreement.

"Transportation Agreement Assignment and Divisions Allocation Agreement" shall have the meaning given to that term in the Recitals.

1.2 Construction of Certain Terms and Phrases.

Unless the context otherwise requires, (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; (d) the terms "Article" or "Section" refers to the specified Article or Section of this Agreement; (e) the terms "and" and "or" include the term "and/or" when the context is appropriate; (f) the terms "include" or "including" also include the words "without limitation" when the context is appropriate; and (g) the phrases "ordinary course of business" and "ordinary course of business consistent with past practice" refer to the business and practice of the Person specified or, in the case of the operation of the Line, the business and practice of Pan Am and its Subsidiaries with respect to the Assets. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under generally accepted accounting principles, as in effect in the United States of America. Unless the context otherwise requires, whenever this Agreement refers to an Appendix, Exhibit or Schedule, it is a reference to an Appendix, Exhibit or Schedule attached hereto, and the referenced Appendix, Exhibit or Schedule shall be deemed to be incorporated by reference.

2. Option, Improvements and Capital Contribution .

2.1 Execution of the Company Agreement.

On the Closing Date, which shall in all cases be a date subsequent to the effective date of the decision granting STB Approval, B&M and NSR shall: (a) execute the Company Agreement, and (b) complete and execute and submit all other forms reasonable and necessary or desirable, and perform all other tasks reasonable and necessary or desirable, to have the Company (i) exist in good standing to do business in the States of New York, Vermont, Connecticut, Massachusetts, and New Hampshire and (ii) governed by the Company Agreement.

2.2 Capital Contribution for NSR Interest

(a) At the Closing, NSR and B&M shall cause the Company to issue to NSR, in exchange for an assignment of the Option Agreement and cash and commitments to contribute cash in the amounts and on the dates set forth in Schedule 2.2(a) (the "NSR Contribution"), the NS Member's Membership Interests (as defined and otherwise described in the form of Company Agreement attached). The commitments to contribute cash shall be reflected by one or more demand notes that permit prepayment with no penalty.

(b) The Parties acknowledge that NSR's initial capital account in the Company immediately after the Closing shall be the amount reflected in Exhibit 2.2 of the form of Company Agreement attached.

2.3 Capital Contribution for Pan Am Interest.

(a) At the Closing, NSR and B&M shall cause the Company to issue to B&M, in exchange for contribution by it of the remaining undivided interest in the Assets (other than the To-Be-Constructed Assets, as defined in the Option Agreement) that is not subject to the Option Agreement, (the "Pan Am Contribution"), the Pan Am Member's Membership Interests (as defined and otherwise described in the form of Company Agreement attached). The Pan Am System Parties shall cause the Assets to reside in B&M before its contribution in part to the Company, and its sale in part to the Company under the Option Agreement, of the Assets free and clear of all Liens other than Permitted Liens and judgment liens of record with respect to which Pan Am shall execute and deliver an indemnification agreement in the form of the attached Appendix M. The Parties acknowledge that, at Closing, Springfield Terminal will have an inventory of track material physically on the property to be contributed. It is the intention that this track material will remain the property of Springfield Terminal. Such track material shall be collected and removed by Springfield Terminal from the Company's property after Closing. Any such track material remaining on the Company's property ninety (90) days after the Closing shall become the property of the Company.

(b) The Parties acknowledge that the Pan Am Member's initial capital account in the Company will be as reflected in Exhibit 2.2 of the form of Company Agreement attached.

2.4 Transfer of Liabilities.

Subject to the terms and conditions of this Agreement, at the Closing, NSR and Pan Am shall cause the Company to assume the liabilities and obligations of the Pan Am System Parties relating to the operation of the Assets set forth on Schedule 2.4 hereto (the "Assumed Liabilities"). Except as and to the extent otherwise expressly provided in this Agreement, the Company does not agree to pay, shall not be required to assume and shall not have any obligation in respect of, any liability or obligation, direct or indirect, absolute or contingent, of Pan Am, NSR or any other Person, the assumption of which by the Company is not expressly provided for in this Agreement, including but not limited to any Environmental Claims arising out of conditions existing prior to Closing.

2.5 Use of Proceeds.

NSR and Pan Am shall cause the Company to use \$87,500,000 of the proceeds from the NSR Contribution plus any interest earned thereon from time to time for the capital expenditures anticipated to be made over a three (3) year period commencing on the Closing Date in accordance with Schedule 2.5.

3. Asset Purchase and Sale.

At the Closing, NSR and Pan Am shall cause the Company to exercise the NSR-contributed Option Agreement and purchase from B&M a twenty-six and three hundred sixteen thousandth percent (26.316%) undivided interest in the Assets other than the To-Be-Constructed Assets, as defined in the Option Agreement, and a one-hundred percent (100%) interest in the To-Be-Constructed Assets, in exchange for Forty-seven Million Five Hundred Thousand Dollars (\$47,500,000) (being the net of the purchase price of Fifty-two Million, Five Hundred Thousand Dollars (\$52,500,000) taking into consideration the Five Million Dollars (\$5,000,000) credit of the option purchase price). B&M shall sell the Option Property, as defined in the Option Agreement, to the Company free and clear of all Liens other than Permitted Liens and judgment liens of record with respect to which Pan Am shall execute and deliver an indemnification agreement in the form of the attached Appendix M.

4. Freight Rail Operations over the MBTA Segment and other Passenger Corridors.

Prior to the Closing, each of the Pan Am System Parties shall use its commercially reasonable efforts to obtain the consent of MBTA, pursuant to the Assignment and Assumption Agreement Regarding Passenger Rail Operations or its general equivalent, to an assignment of the MBTA Operating Rights to the Company, together with the consent of MBTA for the use of the MBTA Segment as contemplated in the Springfield Terminal Joint Use Agreement and the NSR Joint Use Agreement. Prior to Closing, each of the Pan Am System Parties shall use its commercially reasonable efforts to obtain the consent of Amtrak, ConnDOT and Metro North to an assignment of the Pan Am System Parties' operating rights over sections of the Line owned by those passenger entities. The Parties shall seek the authority, or exemption from the need to obtain such authority, of the STB permitting said assignments, should such consent be obtained and should STB authority be required for said assignments.

5. Passenger Rail over the Line.

The Parties acknowledge and agree that the potential exists for additional passenger service on the Line, including the potential for an expansion, or increased frequency, of service between Boston and the surrounding areas. While other entities, including Amtrak, Metro North, ConnDOT and MBTA, state government and the federal government, are responsible for funding infrastructure and operating costs related to the introduction and operation of additional passenger trains and service, the Parties acknowledge their respective obligations to work with Amtrak, Metro North, ConnDOT and MBTA and other governmental entities to evaluate in good faith proposals for government-funded passenger service, and to cooperatively implement such funded proposals to the extent they do not interfere with the growth and development of freight service.

6. The Closing.

The Closing shall take place at the offices of Zuckert, Scoutt & Rasenberger, LLC (7th Floor, 888 17th Street, N.W., Washington, D.C.) at 10:00 A.M., local time on a date to be agreed to by the Parties, which shall be no later than three Business Days following the date on which all of the conditions set forth in Article 13 shall have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions), or at such other time and place as the Parties mutually agree upon in writing. The date of the Closing is referred to in this Agreement as the "Closing Date."

7. Deliveries at the Closing.

7.1 Deliveries at the Closing.

At the Closing:

(a) NSR shall deliver: (i) to the Company, the NSR Contribution; (ii) to each of the parties to each of the respective Ancillary Agreements, a duly executed counterpart original of each Ancillary Agreement, including but not limited to the Company Agreement, to which NSR is a party; and (iii) to Pan Am, such other documents and instruments as Pan Am may reasonably request to evidence the satisfaction of all conditions precedent set forth in Articles 13.1 and 13.3 of this Agreement or which are required to be delivered by NSR at or prior to the Closing Date pursuant to this Agreement.

(b) Each of the Pan Am System Parties shall deliver: (i) to each of the parties to each of the respective Ancillary Agreements, a duly executed counterpart original of each of the Ancillary Agreements, including but not limited to the Company Agreement, to which such Pan Am System Party is a party; (ii) to the Company, quitclaim deeds with respect to each of the Owned Properties; (iii) to the Company, the consents to the assignment provided for in Section 4 of this Agreement, if any; (iv) to the Company, all such other deeds, endorsements, assignments and other instruments as are necessary to transfer to the Company the interests of each and every one of the Pan Am System Parties in the Assets in accordance with the terms hereof; and (v) to NSR, such documents and instruments as NSR may reasonably request to evidence the satisfaction of all conditions precedent set forth in Articles 13.1 and 13.2 of this Agreement or which are required to be delivered by Pan Am at or prior to the Closing Date pursuant to this Agreement. Notwithstanding anything to the contrary in this Section 7.1(b), if consent to use the MBTA Section for the purposes of the Springfield Terminal Joint Use Agreement is not procured, then the Springfield Terminal Haulage Rights Agreement shall be executed and delivered in the stead of the Springfield Terminal Joint Use Agreement.

(c) NSR and Pan Am shall cause the Company to deliver to each of NSR and the Pan Am System Parties duly executed counterpart originals of each Ancillary Agreement to which both the Company and the other Party are parties. Notwithstanding anything to the contrary in this Section 7.1(b), if consent to use the MBTA Section for the purposes of the Springfield Terminal Joint Use Agreement is not

procured, then the Springfield Terminal Haulage Rights Agreement shall be executed and delivered in the stead of the Springfield Terminal Joint Use Agreement.

(d) Each of the Pan Am System Parties shall deliver to the Company a copy of each and every Existing Transportation Agreement.

7.2 Further Assurances.

At and following the Closing, each Party to this Agreement shall deliver or cause to be delivered, as appropriate, such further certificates, consents and other documents as may be necessary to carry out the terms of this Agreement.

8. Allocation of Pan Am Transportation Agreements.

Each Pan Am Transportation Agreement in effect as of the Closing Date ("Existing Transportation Agreement") shall remain in effect through its stated term and the rights and obligations thereunder shall, from and after Closing, belong to, and be carried out by, the Company and Pan Am, each to the extent said Existing Transportation Agreement involves rail transportation over its respective rail lines, all pursuant to the Transportation Agreement Assignment and Divisions Allocation Agreement. Revenues accruing from and after Closing under each such Existing Transportation Agreement shall be allocated in accordance with the Transportation Agreement Assignment and Divisions Allocation Agreement.

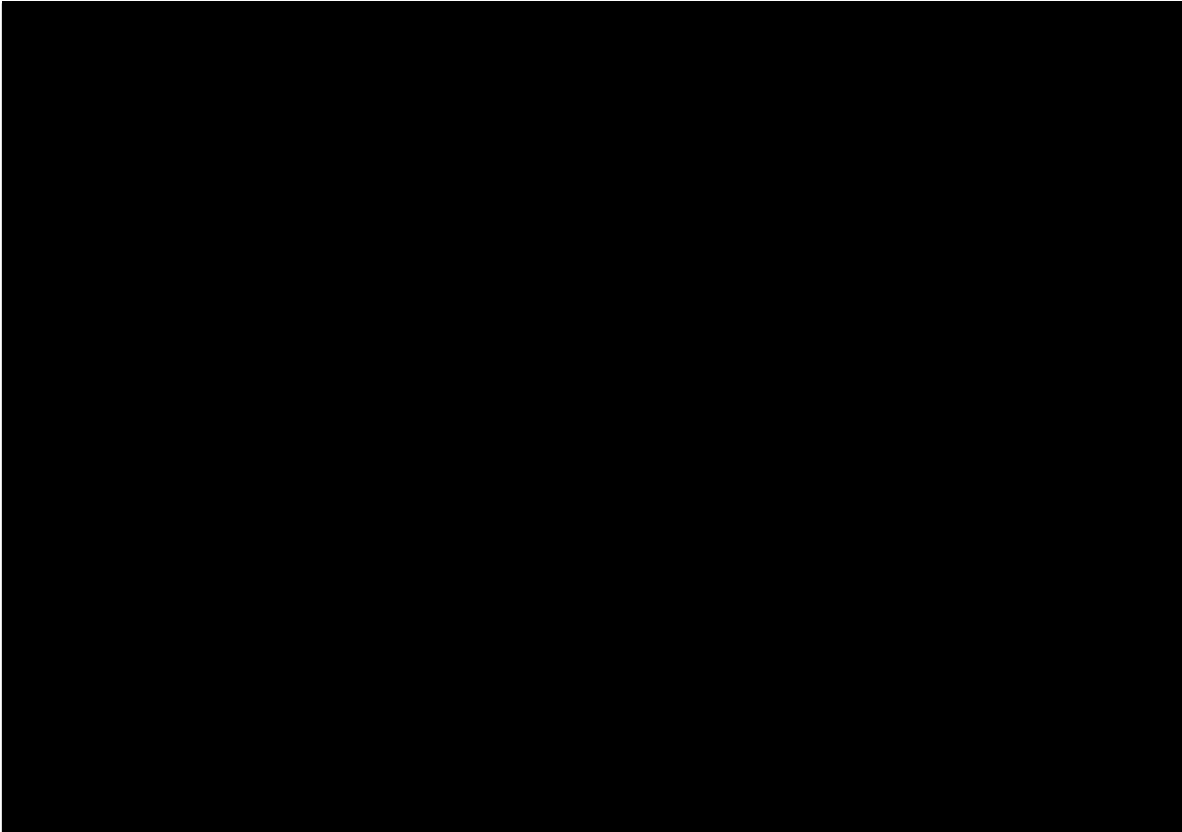
9. Destination Facilities.

9.1 Mechanicville Intermodal and Automotive Facility.

(a) The Parties acknowledge and agree that the construction and operation of the Mechanicville Intermodal and Automotive Facility are material to the proposed transactions described herein, and agree to perform, and to cause their respective subsidiaries, at and following the Closing, to perform those actions as are reasonably necessary in order to effectuate the construction and entering into operation said Facility, all in accordance with the terms and conditions of the Capital Projects and Facility Management Agreement as it appears as an appendix hereto.

(b) Following construction, and subject to Section 9.2, the Parties agree that the Mechanicville Intermodal and Automotive Facility will be a facility for the interchange and yard work (including the loading and unloading) of loaded and empty Intermodal Traffic and Automotive Traffic: (i) between Canadian Pacific and the Company; (ii) between NSR and the Company; (iii) if and when NSR initiates trackage rights operations pursuant to the NSR Joint Use Agreement, between Canadian Pacific (or NSR trackage rights operations over the same) and NSR Joint Use Agreement trackage rights operations; and (iv) between Canadian Pacific and Springfield Terminal. Canadian Pacific shall not be charged for access to the Mechanicville Intermodal and Automotive Facility for the purpose of delivering or pulling NSR Intermodal Traffic or Automotive Traffic.

(c) Except as may be required by Section 9(g)(ii)(A) of the Railroad Operating Agreement, as it appears as an Appendix hereto, the Mechanicville Intermodal and Automotive Facility will be operated by a terminal operator(s) selected in accordance with the terms and conditions of the Capital Projects and Facility Management Agreement as it appears as an appendix hereto, which terminal operator shall provide all services, including mechanical, switching, unloading, data entry, tracking, security, and such other services as may be reasonable and necessary to efficiently and effectively carry out the purposes of the facility. The rules and terms of the then-current NSR Intermodal Rules Circular and the NSR Conditions of Carriage, in each case as amended from time to time, shall apply to services provided at the facility.



9.2 Special Use Facilities.

In recognition of the limited capacity of the Mechanicville Intermodal and Automotive Facility, the Ayer Intermodal Facility, the Ayer Automotive Facility, and the Sanvel Automotive Facility (collectively, the "Special Use Facilities"), the Company shall dedicate all capacity at the Special Use Facilities as follows: (i) the Ayer Intermodal Facility shall be dedicated to NSR for Intermodal Traffic having a prior or subsequent move over Mechanicville, and to Springfield Terminal for Intermodal Traffic having a prior or subsequent move over the remaining Springfield Terminal System east of CPF 312, (ii) the Mechanicville Intermodal and Automotive Facility shall be dedicated to Springfield Terminal for traffic having a prior or subsequent move over the lines of Remaining Springfield Terminal east of CPF 312, and to NSR for all other

Intermodal Traffic and Automotive Traffic; (iii) the Sanvel Automotive Facility shall be dedicated to NSR for Automotive Traffic; and (iv) as soon as it becomes available upon termination or expiration of the existing lease thereon, the Ayer Automotive Facility shall be dedicated to NSR for Automotive Traffic.

10. Representations and Warranties of Pan Am.

Except as set forth in the disclosure schedule (the "Pan Am Disclosure Schedule") prepared by Pan Am and delivered by Pan Am to NSR concurrently with the execution of this Agreement (in each case making reference to the particular subsection of this Agreement to which the relevant disclosure or exception is being made), Pan Am, on behalf of itself and the other Pan Am System Parties, represents and warrants to NSR as of the date hereof and, to the extent provided in Section 13.3(a), as of the Closing, as follows:

10.1 Organization, Standing and Power.

Pan Am, and each of the other Pan Am System Parties, is a corporation (or, in relevant case, a limited liability company) duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or other formation and has all requisite power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted. Pan Am, and each of the other Pan Am System Parties, is duly qualified or licensed as a foreign entity and is in good standing in each jurisdiction where the nature of its properties owned or held under lease or the nature of the business conducted by it make such qualification necessary, except for any failure to be so qualified, licensed and in good standing as would not, individually or in the aggregate, have a Material Adverse Effect on the Company.

10.2 Authority; Enforceability; Noncontravention.

(a) Each of Pan Am and the other Pan Am System Parties has full power and authority to enter into, execute and deliver this Agreement, each of the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement) to which it is a party, and perform its obligations hereunder and thereunder. This Agreement has been, and each of the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement) will be, duly authorized by all necessary action of the Pan Am System Parties. This Agreement has been, and each of the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement) will be, duly executed and delivered by each of Pan Am and the other Pan Am System Parties and, assuming their due execution and delivery by the other party or parties hereto or thereto, constitutes or will constitute a valid and legally binding obligation of each of Pan Am and the other Pan Am System Parties, respectively, enforceable against them in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar Laws relating to or affecting creditors' rights generally, and to the availability of equitable remedies.

(b) The execution and delivery of this Agreement and each of the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement) by each of Pan Am and the other Pan Am System Parties, as the case may be, does not and will not, and compliance by Pan Am and the other Pan Am System Parties with the provisions of this Agreement and each of the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement) will not, (i) conflict with or result in a breach or default under the Charter Documents of the relevant Pan Am System Party; (ii) constitute or result in a material breach or violation of, or a material default under, or the acceleration of (with or without the giving of notice, the lapse of time or both) any obligation pursuant to, any provision of any Material Contract to which the relevant Pan Am System Party is a party or otherwise bound, or to which any property or asset of the relevant Pan Am System Party is subject; (iii) subject to the filings with Governmental Authorities and other matters referred to in Section 10.2(c) below, violate any Law applicable to Pan Am or the other Pan Am System Parties; (iv) result in the creation or imposition of any material Lien on the Assets; or (v) constitute or result in any material change in the rights or obligations of any party under any of the Material Contracts.

(c) Except (i) for the applicable requirements of the STB and (ii) as set forth on Section 10.2(c) of the Disclosure Schedule, there are no approvals, authorizations, consents, orders or other actions of, or filings with, any Person, including any Governmental Authority, that are required to be obtained or made by Pan Am or any other Pan Am System Party in connection with the execution of, and the consummation of the transactions contemplated under, this Agreement or the Ancillary Agreements (including the Company Agreement), except in each case as will not, individually or in the aggregate, impair in any material respect the performance by Pan Am or any other Pan Am System Party of their respective obligations hereunder.

10.3 Assets.

(a) The Assets constitute all properties, assets and rights (real, personal and mixed, tangible and intangible) currently utilized in the operation of the Line, other than (i) operating equipment such as locomotives, rail cars and maintenance vehicles, (ii) maintenance of way machinery and tools and (iii) an inventory of track material physically on the property not to be contributed (the "Excluded Assets") and, except for the Excluded Assets, the Assets are sufficient to operate the Line (i) in substantially the same manner as operated by the Pan Am System Parties prior to the Closing (assuming the use, by the Railroad Operator, as defined in the form of Railroad Operating Agreement attached, of operating equipment and maintenance of way machinery and tools) and (ii) as contemplated by the NSR Joint Use Agreement. It is the intent of the Pan Am System Parties to convey all interest in any real property that is contiguous and/or appurtenant to the Line delineated on the attached Schedule 1.1(a), but not to convey any interest in any real property that is not contiguous and/or appurtenant to the Line delineated on the attached Schedule 1.1(a). To the extent the Parties have erroneously failed to exclude from Schedule 1.1(a) any real property that is not contiguous and/or appurtenant to the Line, the Parties agree to perform all things reasonable and necessary to correct that error. Upon consummation of the transactions

contemplated hereby, the Company will acquire, good and marketable title to all of the non-real estate owned Assets free and clear of all Liens except for Permitted Liens.

(b) The Ayer Automotive Facility shall be available for use by the Company for receipt and distribution of Automotive Traffic by 2017.

10.4 Material Contracts.

(a) (i) True and correct copies of each Material Contract, including all amendments and modifications thereof and waivers thereunder, have been made available to NSR and its counsel; (ii) each Material Contract is in full force and effect, and is the valid and binding obligation of the relevant Pan Am System Party and, to the Knowledge of Pan Am, each other party to the Material Contract, and upon consummation of the transactions contemplated hereby each Material Contract will remain in full force and effect, and will be the valid and binding obligation of the Company and, to the Knowledge of Pan Am, each other party to the Material Contract; (iii) each of the relevant Pan Am System Parties has performed all of its respective material obligations required to be performed by it to date under each Material Contract, and is not in material breach of or material default under any Material Contract, and no event has occurred or circumstance exists which, with notice or lapse of time or both, would constitute a material breach of or material default by the relevant Pan Am System Party under any Material Contract; (iv) to the Knowledge of Pan Am, each party to each Material Contract other than a Pan Am System Party has performed all of the material obligations required to be performed by it to date under the Material Contract, and is not in material breach of or in material default under the Material Contract, and no event has occurred or circumstance exists which, with notice or lapse of time or both, would constitute a material breach of or material default by such other party under any Material Contract; and (v) no Material Contract will be affected adversely in any material way by the execution, delivery or performance of this Agreement or the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement), each in accordance with its terms, and no Material Contract contains any change in control provision, restriction on assignment or other terms that will become applicable or inapplicable as a result of the consummation of the transactions contemplated by this Agreement or the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement).

(b) For purposes of this Agreement, "Material Contracts" shall mean the following Contracts of any of the Pan Am System Parties, each of which contracts is listed in Section 10.4(b) of the Disclosure Schedule, (X) relating to or affecting in any material way the Assets or the Assumed Liabilities or (Y) to be assigned to the Company pursuant to the terms hereof which are in effect on the date hereof:

(i) Each Contract which is to be performed in whole or in part at or after the date of this Agreement and which (1) Pan Am cannot cancel upon a specified number of days' notice, not to exceed ninety (90) days, without payment or penalty, and involves aggregate annual payments of more than \$100,000; (2) involves material non-monetary obligations to be performed later than one year from the date

hereof; (3) otherwise materially affects the Assets or the operation of the Line; or (4) was not entered into in the ordinary course of business consistent with past practice;

(ii) Each Contract providing for any future payments that are conditioned, in whole or in part, on any Transfer or assignment of any of the Assets;

(iii) Each Contract for the Transfer of any of the Assets or for the grant of any preferential right to purchase any of the Assets or which requires the consent of any third party to the Transfer of any of the Assets;

(iv) Each Contract pursuant to which any material Leased Personal Property is used or leased in the operation of the Line;

(v) Each lease, sublease or other occupancy agreement pursuant to which any of the Pan Am System Parties leases, subleases or otherwise occupies any real property included or related to the Line (such leases, subleases and other occupancy agreements, together with any amendments, modifications and other supplements thereto, each a "Lease" and collectively, the "Leases");

(vi) Each lease, sublease or other occupancy agreement pursuant to which any of the Pan Am System Parties leases or subleases any real property included or related to the Line to a third party or one of its Affiliates (each such lease, sublease and other occupancy agreement, together with any amendments, modifications and other supplements thereto, a "Third Party Lease" and collectively, the "Third Party Leases");

(vii) Each Contract imposing a Lien on any of the Assets which serve as collateral for Indebtedness; and

(viii) Each Contract granting haulage, trackage or other access or operating rights with respect to the Line.

10.5 Litigation and Proceedings.

There is no pending or, to the Knowledge of Pan Am, threatened Action to which any of the Pan Am System Parties is a party involving the Assets or the operation of the Line in any material way, and none of the Pan Am System Parties are subject to any material judgment, order, writ, injunction, decree or regulatory directive or agreement with respect to the Assets or the operation of the Line. None of the Assets is subject to any judgment, order or decree entered in any Action which would be reasonably likely to have a Material Adverse Effect on the Company.

10.6 Environmental Matters.

(a) Each of the Pan Am System Parties, with respect to the Properties and the operation of the Line, are in compliance in all material respects with all applicable Environmental Laws (which compliance includes, but is not limited to, the

possession by each of the Pan Am System Parties of all material permits or decrees and other governmental authorizations required or entered into under applicable Environmental Laws, and compliance with the terms and conditions thereof), except as set forth in Section 10.6(a)(i) of the Disclosure Schedule. None of the Pan Am System Parties has received in writing any notice, action, inquiry, investigation or claim alleging that the relevant Pan Am System Party, with respect to the Properties or the operation of the Line, are not in such compliance, except as set forth in Section 10.6(a)(ii) of the Disclosure Schedule.

(b) To the best of Pan Am's knowledge or belief, there is no Environmental Claim relating to the Properties or the operation of the Line pending or threatened against any of the Pan Am System Parties or against any Person whose liability for any such Environmental Claim any of the Pan Am System Parties has retained or assumed either contractually or by operation of Law which would, individually or in the aggregate, be a Material Adverse Effect, except as set forth in Section 10.6(b) of the Disclosure Schedule.

(c) To the best of Pan Am's knowledge and belief, there are no present or past or future actions, activities, circumstances, conditions, events or incidents, including, without limitation, the Release, threatened Release or presence of any Hazardous Material which could form the basis of any Environmental Claim relating to the Properties or the operation of the Line which would, individually or in the aggregate, be a Material Adverse Effect, except as set forth in Section 10.6(c) of the Disclosure Schedule.

(d) Pan Am has delivered or otherwise made available for inspection to NSR true and correct copies and results of any reports, studies, analyses, tests or other monitoring reports or related substantive correspondence with any Governmental Authority possessed or initiated by or on behalf of any of the Pan Am System Parties pertaining to Hazardous Materials in, on, beneath or adjacent to the Properties, or regarding the compliance of the Pan Am System Parties with applicable Environmental Laws with respect to the Properties and the operation of the Line (any of the foregoing, "Environmental Reports").

10.7 Labor Relations.

Except as set forth in Section 10.7 of the Disclosure Schedule:

(a) There is no strike, lockout, slowdown or stoppage pending or, to the Knowledge of Pan Am, threatened against or directly affecting the operation of the Line.

(b) None of the Pan Am System Parties is delinquent in payments in any material respect: (i) to any of its employees involved in the operation of the Line for any wages, salaries, commissions, bonuses or other direct compensation for any services performed by them, (ii) to any of its employees involved in the operation of the Line for amounts required to be reimbursed to such employees or (iii) to any benefit

plans with respect to amounts owed on behalf of any of its employees involved in the operation of the Line.

(c) There is no material unfair labor practice, charge or complaint against any of the Pan Am System Parties with respect to the operation of the Line, pending or, to the knowledge of Pan Am, threatened, before any Governmental Authority; and there is no grievance that would be reasonably likely to have a Material Adverse Effect on any of the Pan Am System Parties nor any arbitration proceeding arising out of or under any collective bargaining agreement pending against the Pan Am System Parties with respect to the operation of the Line.

10.8 Books and Records.

The books and records of the Pan Am System Parties relating to the Assets and the operation of the Line have been fully, properly and accurately maintained in all material respects.

10.9 Real Property.

(a) Section 10.9(a) of the Disclosure Schedule sets forth a true, correct and complete identification of the real property owned by any of the Pan Am System Parties included in the Assets (each such parcel individually, an "Owned Property" and collectively, the "Owned Properties") showing the common address, or other means of identification, and record title holder thereof and, to the Knowledge of Pan Am, all Liens thereon. Each of the Pan Am System Parties, as applicable, owns, and upon the consummation of the transactions contemplated hereby will transfer and quitclaim to the Company all of their respective rights, titles and interests in and to the Owned Properties and to all buildings, structures and other improvements thereon, free and clear of all Liens, except for Permitted Liens, sufficient for the operation of the Line in the ordinary course of business (i) in substantially the same manner as operated by the Pan Am System Parties prior to the Closing and (ii) as contemplated by the NSR Joint Use Agreement.

(b) Section 10.9(b) of the Disclosure Schedule sets forth, with regard to property to be included in the Assets, an identification of the real property leased or subleased by the Pan Am System Parties pursuant to each Lease (each a "Leased Property" and collectively, the "Leased Properties," and, collectively with the Owned Properties, the "Properties"). Each of the Pan Am System Parties has conducted a search of its records and has provided to NSR true, correct and complete copies of all leases, work letters, side agreements, consents, subordination agreements, guarantees and other similar arrangements or agreements with respect to each Lease and to which the respective Pan Am System Party is a party. The respective Pan Am System Party holds, and after the consummation of the transactions contemplated hereby the Company will hold, a valid and existing leasehold or subleasehold interest, as applicable, in each Leased Property pursuant to the applicable Lease, free and clear of all Liens, other than Permitted Liens. There are no oral agreements in effect as to any Lease to which any of the Pan Am System Parties is a party. The terms of the Leases have not been modified in any

respect, except to the extent that such modifications are set forth in the documents previously delivered or made available to NSR and its counsel, and none of the Pan Am System Parties is in negotiations with any landlord to cancel or terminate any Lease prior to the stated maturity date of such Lease. Except for Permitted Liens, none of the Pan Am System Parties has assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered its leasehold interest in any Lease. None of the Pan Am System Parties has received a notice of default or termination with respect to any Lease. No material damage or destruction (i.e., damage or destruction that would permit either party to the applicable Lease to terminate such Lease or cause the abatement of rent thereunder) has occurred with respect to any of the Leased Properties which has not been repaired prior to the date hereof.

(c) The Properties constitute all of the real estate within which the Pan Am System Parties operate the Line. The Properties are in compliance with all requirements of applicable Law in all material respects, and none of the Pan Am System Parties has received notice of, and none of the Pan Am System Parties has Knowledge of, any condemnation, eminent domain, zoning, land use proceedings or other claims, causes of action, lawsuits or legal proceedings pending, threatened or contemplated regarding the ownership, use or possession of the Properties or any part thereof or of any sale or other disposition of the Owned Properties or any part thereof in lieu of condemnation, except for those matters that are set forth in Section 10.9(c) of the Disclosure Schedule.

(d) Section 10.9(d) of the Disclosure Schedule sets forth, with regard to property to be included within the Assets, the common address of, or other means of identifying, each parcel of real property leased or subleased by a Pan Am System Party pursuant to each Third Party Lease and the property (or portion thereof) subject to such Third Party Lease. True, correct and complete copies of all work letters, side agreements, consents, subordination agreements, guarantees and other similar arrangements or agreements with respect to the Third Party Leases and to which the Pan Am System Party is a party have heretofore been made available to NSR. The terms of the Third Party Leases have not been modified in any respect, except to the extent that such modifications are set forth in the documents previously delivered or made available to NSR and its counsel, and none of the Pan Am System Parties is in negotiations with any tenant or subtenant to cancel or terminate any Third Party Lease prior to the stated maturity date of such Third Party Lease.

10.10 Brokers.

None of the Pan Am System Parties has retained or otherwise engaged or employed, or paid or agreed to pay any fee or commission, to any agent, broker, finder or other Person, for or on account of acting as a finder or broker in connection with this Agreement or the Ancillary Agreements (including the Company Agreement or, if applicable, the Springfield Terminal Haulage Rights Agreement) or the transactions contemplated hereby and thereby.

10.11 Compliance With Laws and Other Matters. Each of the Pan Am System Parties:

(a) is, and has been, in compliance in all material respects, in the operation of the Line, with all applicable Laws (it being understood that, solely for purposes of this Section 10.11(a), the term "Laws" shall not include any statutes, laws, rules, regulations, ordinances, orders, codes, policies or rules of common law or amendment thereto that becomes effective after the Closing Date or any Environmental Laws) and the regulations, ordinances, rules, judgments, orders or decrees of any Governmental Authority applicable thereto or to the employees involved in the operation of the Line;

(b) has, and upon the consummation of the transactions contemplated hereby the Company will have, all material permits, licenses, franchises, certificates of authority, orders, and approvals of, and has made all material filings, applications, and registrations with, Governmental Authorities that are required in order to permit it to operate the Line (the "Permits"); and has been in compliance in all material respects with the terms of the Permits; and all the Permits are, and will be, in full force and effect and a complete and accurate list of the Permits is set forth in Section 10.11(b) of the Disclosure Schedule;

(c) has received no notification or communication from any Governmental Authority (i) asserting that it is not in compliance with any Laws (or indicating, in the absence of any such assertion, a possible investigation or inquiry with respect to any of the foregoing) with respect to the operation of the Line or (ii) threatening to suspend, materially modify or revoke any Permit; and

(d) is not a party to or subject to any material order, decree, agreement, memorandum of understanding or similar arrangement with, or a commitment letter, supervisory letter or similar submission to, any Governmental Authority with respect to the Assets or the operation of the Line, and none of the Pan Am System Parties has been advised by any such Governmental Authority that such Governmental Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such material order, decree, agreement, memorandum of understanding, commitment letter, supervisory letter or similar submission other than those items identified in Section 10.11(d) of the Disclosure Schedule.

10.12 Taxes. (a) All Tax Returns required to be filed by each of the Pan Am System Parties with respect to the Assets and the operation of the Line have been filed on a timely basis and all such returns are true, complete, and correct in all material respects, (b) all Taxes (whether or not shown on any Tax Return) that are due or claimed to be due from any of the Pan Am System Parties with respect to the Assets and the operation of the Line have been paid, (c) no notice has been received of any deficiencies for Taxes claimed, proposed or assessed by any Government Authority with respect to the Assets or the operation of the Line for which any of the Pan Am System Parties may be liable, (d) there are no pending, current or proposed audits, examinations, suits, proceedings, investigations, claims or administrative proceedings for or relating to any liability in respect of any Taxes with respect to the Assets or the operation of the Line for which any of the Pan Am System Parties may be liable, (e) each of the Pan Am System Parties has withheld and paid to the relevant Governmental Authority all Taxes required

to have been withheld and paid in accordance with applicable Law with respect to the Assets and the operation of the Line, including in connection with any amounts paid or owing to any employee, independent contractor, creditor, equity holder or other Person, (f) there is, to the Knowledge of Pan Am, no outstanding material claim by any Governmental Authority in a jurisdiction where the Pan Am System Parties does not file Tax Returns that the Pan Am System Parties may be subject to Tax in such jurisdiction with respect to the Assets or and the operation of the Line, (g) there are no Liens on any of the Assets that arose in connection with any failure (or alleged failure) to pay any Tax, (h) none of the Pan Am System Parties with respect to the Assets or the operation of the Line will be required to include any item of income in, or exclude any item of deduction from, income for any Tax period (or portion thereof) ending after the Closing Date as a result of any (1) change in method of accounting for a Tax period ending on or prior to the Closing Date, (2) agreement with a Governmental Authority executed on or prior to the Closing Date, (3) deferred gains, (4) installment sale or open transaction disposition made on or prior to the Closing Date, or (5) prepaid amount received on or prior to the Closing Date, in each case under this Section 10.12, to the extent that the Tax liability of the Company or any Member (as defined in the form of Company Agreement attached) could be materially affected, and (i) none of the Pan Am System Parties with respect to the Assets or the operation of the Line is or will be required to adjust its tax basis in the Assets as may be required under Section 45G of the Code.

10.13 Insurance. The Assets are insured with reputable insurers and Section 10.13 of the Disclosure Schedule contains a true and correct list of such insurance policies maintained by the Pan Am System Parties, copies of which have been made available to NSR. With respect to all insurance policies that are individually or in the aggregate material to the Assets and the operation of the Line: (i) such policies are in full force and effect on the date hereof and the Pan Am System Parties shall use their commercially reasonable efforts to continue such policies in full force and effect through the Closing Date, (ii) all premiums currently payable or previously due and payable with respect to all periods up to and including the Closing Date have been paid to the extent such premiums are due and payable on or prior to the date hereof and, with respect to premiums not due or payable at or prior to the date hereof, all premiums due and payable prior to the Closing Date, will have been paid prior to the Closing Date and (iii) no notice of cancellation or termination has been received with respect to any such policy.

10.14 Transactions with Affiliates.

With respect to the Assets and the operation of the Line, there are no outstanding amounts payable to or receivable from, or advances by any of the Pan Am System Parties to, and none of the Pan Am System Parties is otherwise a creditor or debtor to, any member or stockholder, director, employee or Affiliate of any of the Pan Am System Parties. With respect to the Assets and the operation of the Line, none of the Pan Am System Parties are a party to any transaction or agreement with any Affiliate, member or stockholder, director or executive officer of any of the Pan Am System Parties or any material transaction or agreement with any employee other than executive officers.

11. Representations and Warranties of NSR. NSR hereby represents and warrants as of the date hereof and, to the extent provided in Section 13.2(a), as of the Closing, as follows:

11.1 Organization, Standing and Power.

NSR is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation and has all requisite power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted.

11.2 Authority; Enforceability; Noncontravention.

(a) NSR has full power and authority to enter into, execute and deliver this Agreement and each of the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement) to which it is a party and perform its obligations hereunder and thereunder. This Agreement has been, and each of the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement) to which it is a party will be, duly authorized by all necessary action of NSR. This Agreement has been and each of the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement) to which it is a party will be, duly executed and delivered by NSR, and, assuming it is duly executed and delivered by the other parties thereto, constitutes or will constitute a valid and legally binding obligation of NSR, enforceable against it in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar Laws relating to or affecting creditors' rights generally, and to the availability of equitable remedies.

(b) The execution and delivery by NSR of this Agreement and each of the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement) do not and will not, and compliance by NSR with the provisions of this Agreement and each of the Ancillary Agreements (including the Company Agreement and, if applicable, the Springfield Terminal Haulage Rights Agreement) will not, (i) conflict with or result in a breach or default under the Charter Documents of NSR or any of the terms, conditions or provisions of any Contract to which NSR is a party or otherwise bound, or to which any property or asset of NSR is subject; (ii) subject to the filings with Governmental Authorities and other matters referred to in Section 13.1(c) below, violate any Law applicable to NSR; or (iii) result in the creation or imposition of any Lien on any asset of NSR, except in each case as will not, individually or in the aggregate, impair in any material respect NSR's performance of its obligations hereunder.

(c) Except (i) for the applicable requirements of the STB and (ii) as set forth on Schedule 11.2(c), there are no approvals, authorizations, consents, orders or other actions of, or filings with, any Person that are required to be obtained or made by NSR in connection with the execution of, and the consummation of the

transactions contemplated under, this Agreement or the Ancillary Agreements (including the Company Agreement or, if applicable, the Springfield Terminal Haulage Rights Agreement) except for any matters as will not, individually or in the aggregate, impair in any material respect NSR's performance of its obligations hereunder.

11.3 Brokers.

NSR has not retained or otherwise engaged or employed, or paid or agreed to pay any fee or commission, to any agent, broker, finder or other Person, for or on account of acting as a finder or broker in connection with this Agreement or the Ancillary Agreements (including the Company Agreement or, if applicable, the Springfield Terminal Haulage Rights Agreement) or the transactions contemplated hereby and thereby.

12. Covenants.

12.1 Operation of the Line by the Pan Am System Parties.

Between the date of this Agreement and the earlier of the Closing or termination pursuant to Section 15, except (a) as contemplated by this Agreement, (b) as may be required by applicable Law, (c) as set forth in Schedule 12.1 or (d) with the prior written consent of NSR, the Pan Am System Parties will (X) operate the Line according to the ordinary course of business consistent with past practice, (Y) use all commercially reasonable efforts to preserve intact the Assets and maintain the rights, franchises and existing relations with customers, suppliers, employees and business associates relating thereto and (Z) without limiting the generality of the clauses (X) and (Y) above:

(i) not transfer any of the Assets or any interest of the Pan Am System Parties therein other than in the ordinary course of business consistent with past practice or to another of the Pan Am System Parties in a manner consistent with this Agreement;

(ii) not change the general nature of operation of the Assets or conduct any new line of business with the Assets not consistent with past practice;

(iii) not mortgage, encumber or pledge any of the Assets or permit or allow any of the Assets to be subjected to any Lien other than Permitted Liens;

(iv) not terminate, make any material modifications to, transfer or materially amend any Material Contract;

(v) not dispose of any books, records and accounts relating to the Assets, and to maintain such books records or accounts in the usual, regular and ordinary manner, on a basis consistent with prior periods;

- (vi) not enter into any lease for real property with respect to any portion of the Assets;
- (vii) not permit any waste of any of the Assets;
- (viii) not pay, discharge or satisfy any material claim, liability or obligation (absolute, accrued, contingent or otherwise) related to the Assets other than in the ordinary course of business consistent with past practice;
- (ix) not cancel or compromise any material debt or material claim or waive or release any material rights relating to the Assets or the operation of the Line;
- (x) not grant any haulage, trackage or other access or operating rights with respect to the Line, except as required by Law;
- (xi) not take any action that would cause a breach of any representation or warranty set forth in Section 10 hereof; or
- (xii) not authorize or enter into any agreement to otherwise take any of the foregoing actions.

12.2 Inspection of Records; Environmental Audits.

(a) Between the date of this Agreement and the Closing, each of the Pan Am System Parties shall allow, to the extent not prohibited by applicable Law, the officers, attorneys, accountants and other duly authorized representatives of NSR reasonable access during regular business hours to the records and files, correspondence, audits, properties and personnel, as well as to all information, in each case, relating to the Assets and the operations of the Line. Any information regarding the Assets or the operations of the Line so obtained, and any information obtained by any Party pursuant to the provisions of this Agreement shall be subject to the Non-Disclosure Agreement, dated as of October 26, 2005, as extended to date (the "Confidentiality Agreement"), and such information shall be held by the recipient in accordance with the terms of the Confidentiality Agreement; it being understood that, for purposes of this provision, the term of the Confidentiality Agreement shall be deemed to have been extended for a period of one (1) year immediately following the Closing Date. Notwithstanding anything herein to the contrary, any Party may disclose any information in connection with an audit by its external auditors, the Internal Revenue Service, or other tax authority.

(b) Between the date of this Agreement and the Closing, each of the Pan Am System Parties shall continue to make available for inspection by NSR true, correct and complete copies of the Environmental Reports, and shall promptly deliver to NSR true, correct and complete copies of any Environmental Reports that are prepared after the date hereof or that have not been previously disclosed to NSR.

12.3 Commercially Reasonable Efforts. Between the date of this Agreement and the Closing, each of the Parties to this Agreement will use its

commercially reasonable efforts to cause the conditions to the obligations of the other Parties set forth in Section 13 of this Agreement, as the case may be, to be satisfied; provided, that, except as agreed in writing by the Parties hereto, in no event shall any of the Parties hereto be obligated to accept, or cause the Company to accept, in connection with obtaining any Required Governmental Consents required by Section 13.1(c) or any consent, approval or agreement anticipated by Section 5, any condition or requirement that is not acceptable to such Party, to be exercised in its sole discretion. In addition, the Parties hereto shall (i) cooperate and use their commercially reasonable efforts to obtain all consents, approvals, authorizations and agreements (or exemptions therefrom) of all Governmental Authorities necessary to authorize, approve or permit the consummation of the transactions contemplated by this Agreement, the Company Agreement and the Ancillary Agreements (the "Required Governmental Consents") at the earliest possible time hereafter, including but not limited to the assignment of the MBTA Operating Rights to the Company notwithstanding a failure to obtain consent therefor, (ii) as promptly as practicable hereafter, file or submit, or cause to be filed or submitted, to all Governmental Authorities all notices, applications, documents and other materials necessary in connection with obtaining the Required Governmental Consents and (iii) use their respective commercially reasonable efforts to respond as promptly as practicable to all inquiries received from all Governmental Authorities for additional information or documentation in connection with obtaining such Required Governmental Consents. Each of the Parties hereto shall promptly advise each other Party hereto upon receiving any communication (written or oral) from any Governmental Authority whose consent, approval or authorization is required, or to whom notice must be submitted, for consummation of the transactions contemplated by this Agreement, and the Ancillary Agreements which constitutes a reasonable likelihood that any requisite regulatory consent, approval or authorization will not be obtained or that receipt of any such consent, approval or authorization will be materially delayed or materially conditioned. Each of the Parties hereto shall furnish to each other Party hereto such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of any filings or submissions to any Governmental Authority necessary to obtain any of the Required Governmental Consents. Each of the Parties hereto shall provide each other Party hereto with draft copies and as-filed copies of all filings and submissions with Governmental Authorities in respect of the Required Governmental Consents and shall provide the other with a reasonable opportunity to comment upon all such draft copies. Each of the Parties hereto and its respective representatives shall promptly inform the other Party hereto regarding the substance of all communications and contacts received from any Governmental Authority with respect to this Agreement, the Ancillary Agreements or the transactions contemplated hereby and thereby, and neither of the Parties hereto shall initiate any contact or communications with any Governmental Authority regarding this Agreement, the Ancillary Agreements or the transactions contemplated hereby and thereby without giving reasonable prior notice to each other Party hereto and offering each other Party hereto the opportunity to have a representative of such other Party participate in the contact or communication. For the avoidance of doubt, each Party hereto shall be free to discuss regulatory matters with any Governmental Authority without the participation of the other Parties hereto to the extent

such discussions do not directly relate to the transactions contemplated by this Agreement, and the Ancillary Agreements.

12.4 Real Estate Matters.

(a) The Pan Am System Parties shall use their commercially reasonable efforts to obtain an estoppel certificate from each landlord under the Leases certifying that each lease is in full force and effect and that there are no defaults thereunder or any conditions that with the passage of time would constitute a default thereunder, or an estoppel certificate in the form so provided for under any such Lease or Third Party Lease. In the event that the Pan Am System Parties are unable to deliver an estoppel certificate for any of the Leases or Third Party Leases to NSR at the Closing, Pan Am shall indemnify NSR against any loss, cost, liability or expense which NSR may incur as a result of the failure of the Pan Am System Parties to deliver such estoppel certificate.

(b) The Pan Am System Parties shall cause (i) title to the Owned Properties, at Closing, to be free and clear of all Liens and without exceptions, disclaimers of liability or objections except for Permitted Liens and any matters which the Title Company has committed to insure over or omit, and (ii) the First American Title Insurance Company of New York or another reputable title insurance company selected by NSR (the "Title Company") to insure the Owned Properties under the terms described above.

(c) Between the date of this Agreement and the Closing, the Pan Am System Parties shall disclose to NSR any newly identified Liens on the Owned Properties that have not been previously disclosed to NSR.

(d) Any and all Taxes associated with the contribution of the Assets described in Section 2.3 and associated with the sale of the Assets described in Section 3 shall be the sole responsibility of Pan Am and the Pan Am System Parties.

(e) Pan Am and the Pan Am System Parties shall promptly notify NSR in writing if the Internal Revenue Service or other tax authority raises any issue under examination that could affect the Company and any of its members in any way, including an adjustment to the tax basis of the Assets. Pan Am and the Pan Am System Parties also shall keep NSR informed of the progress of any examination relating to any such issues until the matter has reached a final determination under the law.

12.5 Publicity.

The initial public disclosure relating hereto, if any, will be a joint press release and thereafter, except as otherwise required by Law, the applicable rules of the stock exchanges on which NSR's, Pan Am's and/or Norfolk Southern Corporation's shares are listed, if any, or any other self-regulatory organization, each of the Parties shall coordinate with each of the other Parties, including by the provision of drafts and the opportunity to comment thereon, prior to issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby.

12.6 Encumbrance and Transfer of Assets.

From and after the date hereof, none of the Pan Am System Parties shall, without the prior written consent of NSR, enter into, amend or extend any Contract in any manner which would encumber any of the Assets.

12.7 Employee Claims

Each Party agrees to indemnify and hold harmless the other Party against any and all costs and payments, including benefits, allowances and arbitration, administrative and litigation expenses, arising out of claims or grievances made by or on behalf of its own employees, either pursuant to employee protective conditions imposed by a governmental agency as conditions for that agency's approval of this Agreement, any of the Ancillary Agreements and operations hereunder or thereunder, or pursuant to a collective bargaining agreement. It is the intention of the Parties that each Party shall bear the full costs of protection of its own employees under employee protective conditions which may be imposed, and of grievances filed by its own employees arising under its collective bargaining agreements with its employees. Similarly, each Party agrees to indemnify and hold harmless the other Parties against any and all costs and payments, including judgments, damages, attorneys' fees and litigation expenses, arising out of claims, lawsuits and actions brought by or on behalf of its own employees pursuant to any provision of law, including common law, and based on employment arising out of the operations covered by this Transaction Agreement or any of the Ancillary Agreements, except to extent otherwise specifically provided in the Transaction Agreement or the pertinent Ancillary Agreement.

13. Conditions to the Closing.

13.1 Mutual Conditions.

The respective obligations of the Parties to consummate the NSR Contribution and the Pan Am Contribution and to take the other actions required to be taken by each of the Parties at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived jointly by NSR and the Pan Am System Parties in writing, in whole or in part):

(a) Company Agreement. NSR and Pan Am shall have entered into, and the Company shall have taken all necessary and reasonable action to make effective, the Company Agreement.

(b) Ancillary Agreements. Each of the Ancillary Agreements shall have been entered into by the respective parties thereto.

(c) Regulatory Approvals. All Required Governmental Consents (including the receipt of STB Approval from the STB) shall have been obtained and shall be in full force and effect, and not subject to conditions that any Party deems unacceptable in its sole judgment, and shall not be subject to a pending petition for review before a U.S. Court of Appeals.

(d) No Order or Action. No Law shall have been enacted, entered, promulgated, clarified or enforced by any Governmental Authority which prohibits, restricts or makes illegal the consummation of the Closing or any of the material transactions contemplated thereby, or material provisions hereof, and no Action shall be pending or threatened that questions the validity of this Agreement, the Company Agreement or any of the other Ancillary Agreements or declares or proposes to declare the same unlawful or seeks to enjoin the consummation of any of the material transactions contemplated hereby or thereby.

13.2 Additional Conditions of NSR.

The obligation of NSR to consummate the NSR Contribution, and to take the other actions required to be taken by NSR at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following additional conditions (any of which may be waived by NSR in writing, in whole or in part):

(a) Representations and Warranties. The representations and warranties contained in Section 10 hereof and in all certificates delivered by the Pan Am System Parties to NSR pursuant hereto or in connection with the transactions contemplated hereby shall be true and accurate in all respects (in the case of representations and warranties qualified by "materiality," "in all material respects," "Material Adverse Effect" or similar terms or phrases, and in the case of the representations and warranties set forth in Sections 10.1 and 10.2) or in all material respects (in the case of all other representations and warranties) as of the date of this Agreement and as of the Closing as though made at and as of the Closing (except for changes contemplated by this Agreement and except for representations and warranties that by their terms speak specifically as of the date of this Agreement or some other date, in which case as of such date).

(b) Performance. The Pan Am System Parties shall have performed all of their respective obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by the Pan Am System Parties on or prior to the Closing Date.

(c) Certificate. Pan Am shall have delivered to NSR a certificate, dated the Closing Date, signed on behalf of the Pan Am System Parties by an officer of Pan Am, certifying that the conditions specified in Sections 13.2(a) and (b) of this Agreement have been satisfied.

(d) No Material Adverse Effect. There shall have been no Material Adverse Effect on any of the Pan Am System Parties.

(e) Consents. At the Closing, Pan Am shall have delivered to NSR all consents, approvals and agreements of any third Persons required to effectuate the NSR Joint Use Agreement and the Springfield Terminal Joint Use Agreement, and required by the terms of any Material Contract in order that the rights of any of the Pan Am System Parties or the prospective rights of the Company under such Material

Contract, in each case, as they relate to the Assets or the Assumed Liabilities, will not be impaired by the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, and such consents, approvals and agreements shall be in full force and effect.

13.3 Additional Conditions of the Pan Am System Parties.

The obligation of the Pan Am System Parties to consummate the Pan Am Contribution in exchange for the Pan Am Member's Membership Interest, and to take the other actions required to be taken by the Pan Am System Parties at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following additional conditions (any of which may be waived by Pan Am in writing, in whole or in part):

(a) Representations and Warranties. The representations and warranties contained in Section 11 hereof and in all certificates delivered by NSR to Pan Am pursuant hereto or in connection with the transactions contemplated hereby shall be true and accurate in all respects (in the case of representations and warranties qualified by "materiality," "in all material respects," "material adverse effect" or similar terms or phrases, and in the case of the representations and warranties set forth in Sections 11.1 and 11.2) or in all material respects (in the case of all other representations and warranties) as of the date of this Agreement and as of the Closing as though made at and as of the Closing (except for changes contemplated by this Agreement and except for representations and warranties that by their terms speak specifically as of the date of this Agreement or some other date, in which case as of such date).

(b) Performance. NSR shall have performed all obligations and complied with in all material respects all covenants required by this Agreement to be performed or complied with by NSR on or prior to the Closing Date.

(c) Certificate. NSR shall have delivered to Pan Am a certificate, dated the Closing Date, signed on behalf of NSR by an officer of NSR, certifying that the conditions specified in Sections 13.3(a) and (b) of this Agreement have been satisfied.

(d) No Material Adverse Effect. There shall have been no Material Adverse Effect on NSR.

14. Survival of Representations and Warranties; Indemnity.

14.1 Survival of Representations and Warranties. All representations and warranties made in this Agreement or made in any document delivered pursuant to this Agreement by or on behalf of any party shall survive the execution and delivery of this Agreement and the Closing, regardless of notice of or any investigation or right of investigation made after the date of this Agreement by or on behalf of any Party, and shall terminate and expire five (5) years following the Closing Date, except that, (a) if later, the representations and warranties made in Sections 10.6, 10.8, 10.9 and 10.12 shall terminate and expire sixty (60) days after the termination of the applicable statute of limitations (including extensions thereof), in each case, after which date they shall be of

no further force or effect (except for bona fide claims of which a party has provided written notice in good faith to the other parties prior to the relevant expiration date) and (b) that the indemnifications set forth in Section 12.7 and Section 14.7 shall survive without expiration or termination.

14.2 Indemnification by Pan Am.

(a) Pan Am shall indemnify, save and hold harmless (i) each of NSR, its Affiliates, and each of their respective officers, directors, employees and agents, and each of their respective successors and assigns (collectively, the "NSR Indemnified Parties"), from and against any and all costs, losses, claims, liabilities, damages, fines, penalties, expenses and Cleanup costs (including any interest which may be imposed in connection therewith and court costs and reasonable fees and disbursements of counsel) ("Damages," which shall not include any claim of diminution of value of NSR's membership interest in the Company) incurred in connection with, arising out of, resulting from or incident to: (A) any breach of the representations or warranties of the Pan Am System Parties in this Agreement, except for Section 10.6 (in each case, solely for the purpose of calculating the amount of Damages, without regard to any qualification or limitation with respect to "materiality," whether by reference to "material," "in all material respects" or "Material Adverse Effect"), or (B) any breach or default in any covenants or agreements made by the Pan Am System Parties in this Agreement; and (ii) the Company and each of its officers, directors, employees and agents and its successors and assigns (collectively, the "Company Indemnified Parties") and any NSR Indemnified Parties from and against any and all Damages incurred in connection with, arising out of, resulting from or incident to any obligation or liability, other than the Assumed Liabilities, incurred in connection with, arising out of, resulting from or incident to any act or omission by the Pan Am System Parties prior to the Closing relating to the Assets, whether fixed or contingent, recorded or unrecorded, known or unknown and whether or not set forth on the Disclosure Schedule.

(b) Pan Am shall defend, indemnify and hold harmless any NSR Indemnified Parties and any Company Indemnified Parties for, from, and against all Damages asserted against, resulting to, imposed on, or incurred by any NSR Indemnified Party or Company Indemnified Party in connection with: (i) any misrepresentation or breach of any environmental representation or warranty set forth in Section 10.6 of this Agreement; (ii) the Release of any Hazardous Materials (A) prior to the Closing Date on, from or under the Properties or in connection with the operation of the Assets or (B) on, from or under any other property where, prior to the Closing Date, Hazardous Materials are or were Released, discharged or disposed of in connection with the Properties or the Assets, whether or not, in any case, such Release, discharge or disposal was in compliance with Environmental Laws; (iii) the violation of any Environmental Law prior to the Closing by any of the Pan Am System Parties or any other Person in connection with the Properties or the Assets; and (iv) any Environmental Claim arising out of, resulting from, or incident to any act or omission prior to the Closing Date relating to the Properties or the Assets against any Person whose liability for such Environmental Claim any of the Pan Am System Parties has retained or assumed either contractually or by operation of Law.

(c) Except for fraud, injunctive and provisional relief and remedies that cannot be waived as a matter of Law, if the Closing occurs, this Section 14.2 shall be the exclusive remedy for any breach of any of the Pan Am System Parties representations and warranties or any breach of any Pan Am System Party's covenants contained in this Agreement.

14.3 Indemnification by NSR.

(a) NSR shall indemnify, save and hold harmless each of the Pan Am System Parties, and each of their respective officers, directors, employees and agents and each of their respective successors and assigns (collectively, the "Pan Am Indemnified Parties"), from and against any and all Damages incurred in connection with, arising out of, resulting from or incident to: (i) any breach of or any inaccuracy in any of the representations or warranties of NSR in this Agreement (in each case, solely for the purpose of calculating the amount of Damages, without regard to any qualification or limitation with respect to "materiality," whether by reference to "material," "in all material respects" or "Material Adverse Effect"); or (ii) any breach or default in covenants or agreements made by NSR in this Agreement. For the purposes of this Section 14.3 only, "Damages" shall not include Cleanup costs or expenses.

(b) Except for fraud, injunctive and provisional relief and remedies that cannot be waived as a matter of Law, if the Closing occurs, this Section 14.3 shall be the exclusive remedy for any breach of any of NSR's representations and warranties or any breach of NSR's covenants contained in this Agreement.

14.4 Notification of Claims. A Party entitled to indemnification under Sections 14.2 or 14.3 (an "Indemnified Party") shall notify the other Party (the "Indemnifying Party") within a reasonable period of time after becoming aware of any Damages which the Indemnified Party shall have determined has given or could give rise to a claim for indemnification under Sections 14.2 or 14.3 hereof. Such notice shall include an estimate of the Damages that the Indemnified Party has determined may be incurred to the extent then known or reasonably determinable. The failure to so notify the Indemnifying Party will not relieve the Indemnifying Party of any liability that it may have to any Indemnified Party, except to the extent of any prejudice to the Indemnifying Party resulting from such delay. As soon as practicable after the date of such notice, the Indemnified Party shall provide to the Indemnifying Party all information and documentation necessary to support and verify the Damages so claimed and the Indemnifying Party and its agents shall be given access to all books and records in the possession or control of the Indemnified Party which the Indemnifying Party reasonably determines to be related to such claim.

14.5 Matters Involving Third Parties.

(a) If any third party shall commence an Action against any Indemnified Party with respect to any matter (a "Third Party Claim") which may give rise to a claim for indemnification under Sections 14.2 or 14.3 or if an Indemnified Party otherwise becomes aware that a Third Party Claim may be asserted against the

Indemnified Party, the Indemnified Party shall notify the Indemnifying Party in writing as soon as practicable so that the Indemnifying Party has an opportunity to assume the defense of such Third Party Claim. The failure to so notify the Indemnifying Party will not relieve the Indemnifying Party of any liability that it may have to any Indemnified Party, except to the extent of any prejudice to the Indemnifying Party resulting from such delay. If the Indemnifying Party notifies the Indemnified Party that it does not dispute the Third Party Claim, or fails to notify the Indemnified Party within 30 days after delivery of such notice by the Indemnified Party whether the Indemnifying Party disputes the Third Party Claim, all Damages incurred in connection with, arising out of, resulting from or incident to such Third Party Claim will be conclusively deemed a liability of the Indemnifying Party and the Indemnifying Party shall pay the amount of such Damages to the Indemnified Party promptly upon the final determination thereof.

(b) If the Indemnifying Party does not respond to the notice or elects not to assume the defense of such Third Party Claim, in each case within the period allowed after delivery of the notice, the Indemnified Party shall have the right to defend such Third Party Claim by appropriate proceedings or to settle or pay any such Third Party Claim for such an amount as the Indemnified Party shall deem appropriate, in either case at the sole cost and expense of the Indemnifying Party, provided that the Indemnified Party shall not settle any such Third Party Claim without the prior written consent of the Indemnifying Party, which consent will not be unreasonably withheld, conditioned or delayed. In the event that the Indemnifying Party does not assume the defense of such Third Party Claim, the Indemnifying Party shall have the right to participate in such defense (including with counsel of its choice), at its own expense, and the Indemnified Party shall reasonably cooperate with the Indemnifying Party in connection with such participation.

(c) If the Indemnifying Party notifies the Indemnified Party that it desires to defend against such Third Party Claim, then the Indemnifying Party shall be entitled to participate in or, at the Indemnifying Party's option, assume at its own cost and expense the defense of any such Third Party Claim with counsel of its own choosing (which shall be reasonably acceptable to the Indemnified Party), provided, that, if the Indemnifying Party assumes the defense of such Third Party Claim it shall reimburse the Indemnified Party for out of pocket expenses incurred by the Indemnified Party (such as travel costs, but not internal time charges) and the Indemnified Party (i) shall reasonably cooperate with the Indemnifying Party; and (ii) may elect to participate in any such defense at its sole cost and expense, but the control of such defense and its settlement or resolution shall rest with the Indemnifying Party. If, in the opinion of the Indemnified Party, there is a significant conflict of interest between the Indemnified Party and the Indemnifying Party in the conduct of the defense of such Third Party Claim, the reasonable fees and disbursements of one counsel of the Indemnified Party shall be at the expense of the Indemnifying Party. The Indemnifying Party shall not compromise or settle any such Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), unless such settlement or compromise does not subject the Indemnified Party to any monetary liability, will not impose on the Indemnified Party any obligation, admission, restriction

or further Damages and includes a complete, unconditional release of the Indemnified Party from all liability with respect to such Third Party Claim.

(d) In all cases the Indemnified Party and the Indemnifying Party shall keep each other reasonably informed as to all matters concerning any Third Party Claim and shall promptly notify the other party in writing of any and all significant developments relating thereto.

14.6 Taxes. If any indemnity payment pursuant to this Section 14 is determined to be taxable to any Indemnified Party by any Governmental Authority, the indemnity payment shall be increased by such amount as is necessary so that, after taking into account the Tax liability imposed upon such Indemnified Party upon receipt of such indemnity payment, the Indemnified Party receives an amount equal to the amount it would have received had such indemnity payment not been subject to Tax (after taking into account, in accordance with Section 14.8(a), any Tax benefits and/or insurance coverage that may be available to the Indemnified Party). Notwithstanding anything to the contrary herein, property taxes on the Assets for the year of Closing shall be prorated between the Company and the relevant Pan Am System Party as of the Closing Date.

14.7 Post-Closure Environmental Claims.

The Company shall indemnify and hold harmless the Pan Am Indemnified Parties and the NSR Indemnified Parties from and against any suit or claim growing out of any nuisance, use, storage, Release or threatened Release or disposal of Hazardous Materials, hazardous waste, toxic materials or waste materials, upon the Line or other real property assets, including without limitation Laws controlling air, water, noise, solid wastes and other pollution; provided that the Company shall not indemnify and hold harmless the Pan Am Indemnified Parties to the extent that any such suit or claim is based upon any act or omission prior to Closing. The Company shall install and bear the expense of any and all pollution control structures, devices or equipment which are required under any applicable Laws; provided that such pollution control structures, devices or equipment are necessitated by events occurring after the Closing.

14.8 Other Limits on Indemnification.

(a) The amount of any Damages sustained by an Indemnified Party shall be reduced (i) by any amount received by such Indemnified Party with respect thereto under any insurance coverage relating thereto or from any other party alleged to be responsible therefore, or from any other party with any contribution commitment therefor (including, without limitation, contribution from state or federal Cleanup funds) and (ii) by the amount of any Tax benefit actually realized with respect to the Damages. An Indemnified Party shall use its commercially reasonable efforts to collect any amounts available under such insurance coverage and from such other party alleged to have responsibility or other contribution commitment and to realize any Tax benefit with respect to the Damages. If an Indemnified Party realizes a Tax benefit or receives an amount under insurance coverage or from such other party with respect to Damages sustained at any time subsequent to any indemnification provided pursuant to this Section

14, then such Indemnified Party shall promptly reimburse the applicable Indemnifying Party for any payment made by such Indemnifying Party in connection with providing such indemnification up to such amount realized or received by the Indemnified Party. Nothing in this Section 14.8(a) shall limit in any way the ability of any of the Pan Am System Parties, NSR or the Company to (i) take (or refrain from taking, as the case may be) any reasonable position for Tax purposes that that Pan Am System Party, NSR or the Company determines to take (or refrain from taking) in its sole discretion or (ii) refrain from pursuing any third party insurance recovery that the Pan Am System Party, NSR or the Company, as the case may be, determines would be commercially inadvisable to pursue.

(b) Each Indemnified Party shall use its commercially reasonable efforts to mitigate any claim or liability that an Indemnified Party asserts or may assert under this Section 14. In the event that an Indemnified Party shall fail to make such commercially reasonable efforts to mitigate any such claim or liability, then notwithstanding anything contained in this Agreement to the contrary, the Indemnifying Party shall not be required to indemnify any Indemnified Party for that portion of any Damages that would reasonably be expected to have been avoided if the Indemnified Party had made such efforts.

14.9 Indemnification Coverage.

As part of the consideration hereof, each Party hereby agrees that all of its indemnity commitments in this Transaction Agreement in favor of the other Party shall also extend to and indemnify the parent corporation, the subsidiaries and affiliates of such other Party, and all of their respective directors, officers, agents and employees.

15. Termination.

15.1 Termination by Mutual Consent. This Agreement may be terminated at any time prior to the Closing by the mutual agreement, in writing, of each of NSR and Pan Am.

15.2 Termination by Final Order. This Agreement may be terminated by NSR or Pan Am upon written notice to the other Parties that any final, non-appealable Law shall have been enacted, entered, promulgated or enforced by any Governmental Authority of competent jurisdiction which prohibits, restricts or makes illegal the consummation of the Closing or any of the material transactions contemplated thereby, or by the Company Agreement or any of the other Ancillary Agreements.

15.3 Termination by NSR. NSR may (but shall not be obligated to) terminate this Agreement prior to the Closing by giving written notice to the other Parties if:

(a) there has been a material violation or breach by any of the Pan Am System Parties of any of its respective agreements or covenants contained in this Agreement or there has been a material violation or breach by any of the Pan Am System

Parties of any of their respective representations or warranties contained in this Agreement, and such violation or breach shall not have been cured or corrected within twenty days after receipt of notice thereof;

(b) the Closing does not occur on or prior to December 1, 2008 (the "Outside Date"), or such later date as may be agreed to in writing by the Parties; provided that the non-occurrence is not due to a breach by NSR of any condition or covenant hereunder;

(c) there has been imposed by a Governmental Authority a condition to any Required Governmental Consent, which condition is not acceptable to NSR, in its sole discretion;

(d) there has been a Material Adverse Effect on Pan Am which shall not have been cured or corrected within twenty (20) days after receipt of notice thereof; provided that such Material Adverse Effect is not due to a breach by NSR of any condition or covenant hereunder; or

(e) there has been a Pan Am Change in Control.

15.4 Termination by Pan Am. Pan Am may (but shall not be obligated to) terminate this Agreement prior to the Closing by giving written notice to the other Parties if:

(a) there has been a material violation or breach by NSR of any of its respective agreements or covenants contained in this Agreement or there has been a material violation or breach by NSR of any of its representations or warranties contained in this Agreement, and such violation or breach shall not have been cured or corrected within twenty days after receipt of notice thereof;

(b) the Closing does not occur on or prior to the Outside Date, or such later date as may be agreed to in writing by the Parties; provided that the non-occurrence is not due to a breach by any of the Pan Am System Parties of any condition or covenant hereunder;

(c) there has been imposed by a Governmental Authority a condition to any Required Governmental Consent, which condition is not acceptable to Pan Am, in its sole discretion; or

(d) there has been a Material Adverse Effect on NSR which shall not have been cured or corrected within twenty days after receipt of notice thereof; provided that such Material Adverse Effect is not due to a breach by any of the Pan Am System Parties.

15.5 Effect of Termination. In the event of the termination of this Agreement as permitted by this Section 15, no Party shall have any obligation under, or liability to any other in respect to, this Agreement, except with respect to any willful breach of this Agreement that gives rise to such termination and except for the provisions of the Confidentiality Agreement and the confidentiality obligations contained in Section 12.2(a) and this Section 15.5, which shall survive the termination of this Agreement.

16. Dispute Resolution.

16.1 Reference to Senior Management.

Any dispute, controversy or claim between NSR, on the one hand, and any of the Pan Am System Parties, on the other hand, arising out of or relating to this Agreement or the breach, termination or validity thereof ("Dispute") shall be referred, in writing, to the senior management of NSR and Pan Am for resolution.

16.2 Reference for Formal Dispute Resolution.

Any Dispute not resolved within sixty (60) days after receipt by any of the involved Parties of written notice of reference of such Dispute to the senior management pursuant to Section 16.1, shall be submitted, by either Member for formal dispute resolution pursuant to Section 16.3.

16.3 Formal Dispute Resolution.

(a) Submission to Jurisdiction. NSR and each of the Pan Am System Parties hereby (i) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the "Delaware Courts") in any action to enforce or in aid of the agreement to arbitrate in Section 16.3(b) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iii) waives any objection based on forum non conveniens or any other objection to venue thereof.

(b) Dispute Resolution. NSR and each of the Pan Am System Parties hereby stipulates and agrees that any Dispute that is not resolved pursuant to Section 16.1 will be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the AAA then in effect (the "Rules"), under the following terms and conditions:

(i) Selection of Arbitrator. A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(ii) Conduct of Arbitration. The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to money damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(iii) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

(iv) Findings and Conclusions. The arbitrator will, after reaching judgment and award, prepare and distribute to the parties a written award including the findings of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(v) Time is of the Essence. The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against any party if, upon a showing that such party is unreasonably delaying the proceeding.

(vi) Temporary Equitable Relief. By agreeing to arbitration, the parties do not intend to deprive any Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award money damages for the failure of any party to respect the arbitrator's orders to that effect.

(vii) Consolidation. The parties are committed to the prompt and efficient resolution of Disputes. Accordingly, if more than one Dispute arise under this Agreement and/or any Ancillary Agreement, such Disputes may be brought in a single arbitration. If more than one arbitration is brought with respect to Disputes under this Agreement and/or any Ancillary Agreement, then any party may request that any arbitration or any new Dispute arising under this Agreement or the Ancillary be consolidated into any prior arbitration. The new Dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new Dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the parties. Unless the parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The parties waive any right they have to appeal or to seek interpretation, revision or

annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(viii) Discovery. Recognizing the express desire of the parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(ix) Costs and Attorneys' Fees. Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 16.3(b) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to the prevailing party or parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the party resisting enforcement.

(x) Miscellaneous. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator. An arbitrator's award may be appealed in accord with Section 23 of the Uniform Arbitration Act.

17. Miscellaneous

17.1 Notices. All notices, requests, demands and other communications (collectively, "Notices") given pursuant to this Agreement shall be in writing, and shall be delivered by personal service, courier, overnight delivery service, facsimile transmission (which must be confirmed) or by United States registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

(i) if to NSR, to:

Mike R. McClellan
Vice President – Intermodal & Automotive Marketing
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

with a copy to:

Vice President Law
Norfolk Southern Corporation
Three Commercial Place

Norfolk, VA 23510.

(ii) if to any of the Pan Am System Parties, to:

David A. Fink
President
Pan Am Railways, Inc.
Iron Horse Park
North Billerica, MA 01862-1692
(978) 663-1186
(978) 663-6907 (fax)

with a copy to:

Robert Culliford
Vice President Law
Pan Am Systems
Iron Horse Park
North Billerica, MA 01862-1692
(603) 766-2002
(603) 766-2094 (fax)

Any Notice, other than a Notice sent by registered or certified mail, shall be effective when received; a Notice sent by registered or certified mail, postage prepaid return receipt requested, shall be effective on the earlier of when received or the third day following deposit in the United States mails. Any Party may from time to time change its address for further Notices hereunder by giving notice to the other Parties in the manner prescribed in this Section.

17.2 Entire Agreement. This Agreement, including any attached exhibits, appendices and schedules, contain the sole and entire agreement and understanding of the Parties with respect to the entire subject matter of this Agreement, and any and all prior discussions, negotiations, commitments and understandings, whether oral or otherwise, related to the subject matter of this Agreement are hereby merged herein. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the parties hereto any rights or remedies under or by way of this Agreement.

17.3 Assignment. No Party may assign its rights or obligations under this Agreement, and any attempted or purported assignment or any delegation of any Party's duties or obligations arising under this Agreement to any third party or entity shall be deemed to be null and void, and shall constitute a material breach by such Party of its duties and obligations under this Agreement.

17.4 Extension, Waiver and Amendment. At any time prior to the Closing, NSR may (a) extend the time for the performance of any of the obligations or other acts of any other Party hereto, (b) waive any inaccuracies in the representations and warranties of any other Party hereto contained herein or in any document delivered pursuant hereto, and (c) waive compliance by any other Party hereto with any of the agreements or conditions contained herein. At any time prior to the Closing, Pan Am may (a) extend the time for the performance of any of the obligations or other acts of NSR, (b) waive any inaccuracies in the representations and warranties of NSR contained herein or in any document delivered pursuant hereto, and (c) waive compliance by NSR with any of the agreements or conditions contained herein. Any agreement on the part of a Party hereto to any such extension or waiver shall be valid if set forth in writing in an instrument signed by or on behalf of such Party. The waiver by any Party hereto of a breach of this Agreement shall not operate or be construed as a waiver of any subsequent breach. This Agreement may be amended only by a written agreement executed by all of the Parties to this Agreement.

17.5 Confidentiality

Except as provided in Section 12.2 or otherwise by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement, or as may be necessary or appropriate for a Party hereto to enforce its rights under this Agreement, upon the execution of this Agreement and for a period of three (3) years after the Closing Date or the termination of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or which is obtained hereunder will be kept confidential and will not be disclosed by any Party to any Person other than members, officers, employees, and attorneys of such Party, without the prior written approval of the other Parties. Notwithstanding anything to the contrary, any Party may disclose this Agreement in connection with an audit by its external auditors, the Internal Revenue Service or other tax authority or as otherwise required by applicable law.

17.6 Governing Law.

THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

17.7 Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, it is agreed that a court or other tribunal interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against any Person by reason of the rule of construction that a document is to be construed more strictly against the Person who itself or through its agent prepared the same, it being agreed that all Parties have participated in the preparation of this Agreement.

17.8 No Third Party Beneficiaries. Except as expressly provided in this Agreement, this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties hereto; provided, however, that this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns.

17.9 Captions. The various captions of this Agreement are for reference only and shall not be considered or referred to in resolving questions of interpretation of this Agreement.

17.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

17.11 Costs and Attorneys' Fees. Whether or not the transactions contemplated hereby are consummated, each of the parties shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial or other consultants, investment bankers, accountants and counsel.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**NORFOLK SOUTHERN RAILWAY
COMPANY**

By: C.W. Mooring
Name:
Title:

**BOSTON AND MAINE
CORPORATION**

By: _____
Name:
Title:

PAN AM RAILWAYS, INC.

By: _____
Name:
Title:

**SPRINGFIELD TERMINAL
RAILWAY COMPANY**

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

NORFOLK SOUTHERN RAILWAY
COMPANY

By: _____

Name:

Title:

BOSTON AND MAINE
CORPORATION

By: David G. Fink

Name: DAVID A. FINK

Title: President

PAN AM RAILWAYS, INC.

By: David G. Fink

Name: David A. Fink

Title: President

SPRINGFIELD TERMINAL
RAILWAY COMPANY

By: David G. Fink

Name: President

Title: DAVID A. FINK

Transaction Agreement Appendices

Section 10 Disclosure Statement is omitted from the filed copy of the Transaction Agreement.

The Appendices to the Transaction Agreement are included below except for the following, which are included elsewhere in the Application, as noted below.

Transaction Agreement

Reference to Application

Appendix A	Map	See, Volume 1, Exhibit 1
Appendix B	Company Agreement	See, Volume 2, Exhibit 2B
Appendix C	NSR Joint Use Agreement	See, Volume 2, Exhibit 2E
Appendix G	Divisions Agreement	See, Volume 2, Exhibit 2F
Appendix I	STC Terminal Joint Use Agreement	See, Volume 2, Exhibit 2G
Appendix J	Capital Projects and Facility Management Agreement	See, Volume 2, Exhibit 2D
Appendix K	Railroad Operating Agreement	See, Volume 2, Exhibit 2C
Appendix L	Springfield Terminal Haulage Agreement	See, Volume 2, Exhibit 2G

APPENDIX E

**MISCELLANEOUS ASSIGNMENT AND
ASSUMPTION AGREEMENT**

THIS MISCELLANEOUS ASSIGNMENT AND ASSUMPTION

AGREEMENT (this "Agreement") is made and entered into as of [], 2008, by and among Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern" or the "Assignee"), Pan Am Railways, Inc. on behalf of itself and its subsidiaries ("Pan Am"), Boston and Maine Corporation ("B&M"), and Springfield Terminal Railway Company ("Springfield Terminal"). Each of Pan Am Southern, Pan Am, B&M, and Springfield Terminal shall hereinafter be referred to as a "Party" or collectively as the "Parties." Pan Am, B&M, and Springfield Terminal shall hereinafter be referred to as the "Pan Am System Group" or the "Assignors".

RECITALS:

WHEREAS, on the terms and conditions set forth in the Transaction Agreement, as hereinafter defined, each member of the Pan Am System Group has agreed to contribute, transfer and assign to Pan Am Southern all of their respective right, title and interest in, to and under, and Pan Am Southern has agreed to assume, observe and perform, all contracts, agreements, leases and licenses pursuant to which third parties have rights with respect to the Assets, including, without limitation, the lateral and perpendicular fiber and wire agreements, pipeline agreements, rental agreements, clearance agreements and other agreements set forth on Exhibit A and Exhibit B, and agreements concerning the performance of any grade crossing facility maintenance, repair and inspection obligation arising from the creation or maintenance of any public highway-railroad grade crossing or private grade crossing set forth on Exhibit C (the "Ancillary Agreements"), excluding (i) the portions thereof that relate to and affect assets that are not included in the Assets and (ii) the agreements listed on Exhibit D;

WHEREAS, on the terms and conditions set forth in the Transaction Agreement, each member of the Pan Am System Group has agreed to contribute, transfer and assign to Pan Am Southern all of their respective right, title and interest in, to and under, and Pan Am Southern has agreed to assume, observe and perform, all (1) Permits, (2) architectural, mechanical, engineering and other plans and specifications relating to the Assets and in the possession and control of any member of the Pan Am System Group, (3) all deposits under all contracts, agreements, leases and licenses included in or otherwise related to the Assets and (4) all warranties, guarantees, contract rights and miscellaneous rights with respect to the Assets (the "Intangibles"), in each case excluding (i) the portions thereof that relate to and affect assets that are not included in the Assets and (ii) the intangibles listed on Exhibit E.

NOW, THEREFORE, the Parties hereto, for and in consideration of the premises, the mutual covenants and agreements contained herein and in the Transaction Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION

(a) Interpretation Generally.

Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry. Each definition in this Agreement includes the singular and the plural. References herein to any agreement or contract mean such agreement or contract as amended. As used in this Agreement, the words "include" or "including" also include the words "without limitation" when the context is appropriate, and the words "herein", "hereof" and "hereunder" refer to this Agreement as a whole. All dollar amounts stated herein are in United States currency. All capitalized terms used but not otherwise defined in this Agreement shall have the meaning ascribed to such terms in the Transaction Agreement by and among Norfolk Southern Railway Company and the Pan Am System Group, dated _____, 2008 (the "Transaction Agreement").

(b) Construction of Certain Terms and Phrases.

Unless the context otherwise requires, (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "Article" or "Section" refers to the specified Article or Section of this Agreement; (d) the terms "and" and "or" include the term "and/or" when the context is appropriate; and (e) the phrases "ordinary course of business" and "ordinary course of business consistent with past practice" refer to the business and practice of the Person specified or, in the case of the operation of the Line, the business and practice of Pan Am and its Subsidiaries with respect to the Assets. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under generally accepted accounting principles, as in effect in the United States of America. Unless the context otherwise requires, whenever this Agreement refers to an Appendix, Exhibit or Schedule, it is a reference to an Appendix, Exhibit or Schedule attached hereto, and the referenced Appendix, Exhibit or Schedule shall be deemed to be incorporated by reference.

SECTION 2. ASSIGNMENTS.

Subject to the terms of the Transaction Agreement, and for value received, Assignors do hereby transfer and assign (as to the Ancillary Agreements listed on Exhibits A and C), or partially transfer and assign (as to the Ancillary Agreements listed on Exhibit B) unto Assignee, to the fullest extent that they lawfully may, all of Assignors' rights, titles and interests in those various Ancillary Agreements listed on Exhibit A, Exhibit B and Exhibit C. Assignors further transfer or partially transfer and assign unto Assignee, to the fullest extent that they lawfully may, the respective rights, titles and interests of Assignors, if any, in the Intangibles other than those listed on Exhibit E. Notwithstanding anything to the contrary in this Agreement, Assignors withhold from assignment each and every agreement listed on Exhibit D hereto and each and every intangible listed on Exhibit E.

SECTION 3. ASSUMPTION.

Subject to the terms of the Transaction Agreement, Assignee does hereby accept and assume, to the extent of the interest hereby assigned, all of the rights, titles and interests of Assignors contained within the Ancillary Agreements (other than those listed on Exhibit D hereto) and the Intangibles, in each case to the extent assigned pursuant to Section 2, and agrees to pay, observe, perform and discharge the future obligations under the Ancillary Agreements and Intangibles, in each case in accordance with their respective terms and to the extent assigned.

SECTION 4. DELIVERY OF ASSIGNED AGREEMENTS.

Within a reasonable time from the date of this Agreement, Assignors will deliver to Assignee copies of the documents indicated on Exhibit A, Exhibit B, Exhibit C and Exhibit E.

SECTION 5. ERRONEOUS ASSIGNMENT.

It is the intent of Assignors to assign their interest in only those instruments affecting, and only to the extent that they affect, the Assets. Should any instruments that do not affect the Assets be included on the instruments provided herein to Assignee, notwithstanding anything to the contrary herein, this Agreement shall be void and of no effect as to those instruments.

SECTION 6. AFTER-DISCOVERED AGREEMENTS AND INTANGIBLES.

The instruments listed on the exhibits hereto constitute all of such instruments known to Assignors affecting the Assets. If subsequent to the effective date of this Agreement, Assignors discover any additional instruments which affect the Assets, said instruments shall be automatically assigned as if included herein.

SECTION 7. THE TRANSACTION AGREEMENT.

This Agreement is subject to the terms and conditions of the Transaction Agreement. Nothing herein shall be deemed to amend, modify, alter, expand or diminish the terms and conditions of the Transaction Agreement, including the covenants, representations, warranties and indemnity obligations contained therein.

SECTION 8. GOVERNING LAW.

THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

SECTION 9. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

SECTION 10. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon and inure solely to the benefit of each Party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, interests, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

SECTION 11. FURTHER ASSURANCES.

Assignors shall, from time to time upon the reasonable request of Assignee, execute and deliver all such further documents and instruments, and take all such further acts as shall be reasonably necessary or desirable to give full effect to the intent and meaning of this Agreement.

The effective date of this Agreement is _____, 2008.

DATED this _____ day of _____, 2008.

PAN AM SOUTHERN LLC

PAN AM RAILWAYS, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**BOSTON AND MAINE
CORPORATION**

**SPRINGFIELD TERMINAL
RAILWAY COMPANY**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPENDIX H

AYER SWITCHING AGREEMENT

THIS SWITCHING AGREEMENT (the "Agreement") is entered into this _____ day of _____, 2008, by and between Springfield Terminal Railway Company ("Springfield Terminal"), a Vermont corporation, and Pan Am Southern LLC ("Pan Am Southern"), a Delaware limited liability company. Each of Springfield Terminal and Pan Am Southern shall be a "Party" to this Agreement and collectively they shall be referred to as the "Parties".

WITNESSETH:

WHEREAS, Norfolk Southern Railway Company ("Norfolk Southern"), Pan Am Railway, Inc. ("Pan Am"), for itself and its subsidiaries, Boston and Maine Corporation ("B&M") and Springfield Terminal, (together with Pan Am and B&M, the "Pan Am System Parties") entered into a Transaction Agreement (the "Transaction Agreement"), dated as of [], 2008, which provides, among other things, for Norfolk Southern and B&M to form Pan Am Southern; and

WHEREAS, the Transaction Agreement provides for B&M and other Pan Am System Parties to sell in part, and contribute in part, certain railroad lines and trackage rights owned or operated by B&M generally in New York, Vermont, Connecticut, Massachusetts, and New Hampshire (the "Line", as more specifically defined in the Transaction Agreement) and certain other related assets to Pan Am Southern (the "Contribution"); and

WHEREAS, the Transaction Agreement anticipates that, pursuant to a Railroad Operating Agreement, Pan Am Southern initially will hire Springfield Terminal, a wholly-owned subsidiary of Pan Am, to perform as the designated operator (in its role pursuant to that Railroad Operating Agreement, "Railroad Operator") for all railroad operations on behalf of Pan Am Southern, including the Pan Am Southern railway operations required pursuant to this Agreement; and

WHEREAS, the Transaction Agreement provides for Pan Am Southern to provide to Springfield Terminal certain switching services for the movement of certain traffic that moves in Springfield Terminal's own revenue waybill account ("Springfield Terminal Traffic") between the rail lines remaining to Springfield Terminal immediately following the completion of the Contribution that lie north and east of Willows ("Remaining Pan Am"), and certain industrial locations in Ayer; and

WHEREAS, Norfolk Southern and the Pan Am System Parties obtained the prior consent of the Surface Transportation Board to consummate the transactions set forth in the Transaction Agreement; and

WHEREAS, Norfolk Southern and B&M formed Pan Am Southern in accordance with the Transaction Agreement; and

WHEREAS, Pan Am Southern now wishes to provide Springfield Terminal switching services for Springfield Terminal Traffic as provided herein; and

WHEREAS, given the structure of Pan Am Southern, the Parties desire to grant Norfolk Southern third-party beneficiary status to enforce this Agreement on behalf of Pan Am Southern; and

WHEREAS, the Parties desire to set forth the terms and conditions upon which Pan Am Southern will provide switching services to Springfield Terminal;

NOW, THEREFORE, the Parties hereto do mutually agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION

(a) Interpretation Generally.

(i) Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.

(ii) Each definition in this Agreement includes the singular and the plural, and references in this Agreement to the neuter gender include the masculine and feminine where appropriate. References herein to any agreement or contract mean such agreement or contract as amended. As used in this Agreement, the word "including" means "without limitation", and the words "herein", "hereof" and "hereunder" refer to this Agreement as a whole. All dollar amounts stated herein are in United States currency.

(iii) Unless the context requires otherwise, a reference to Pan Am Southern shall be a reference to Pan Am Southern and its Railroad Operator. When Springfield Terminal is operating on its own behalf pursuant to this Agreement, its actions shall not be considered to be those of the Railroad Operator.

(b) Capitalized Terms.

All capitalized terms shall have the defined meaning set forth below:

"Agreement" shall have the meaning given to that term in the introductory paragraph.

"AAR" shall mean the Association of American Railroads.

"B&M" shall have the meaning given to that term in the Recitals.

"Cars" means each loaded or empty railroad freight car (including platform and well rail cars) or similar equipment.

"Contribution" shall have the meaning given to that term in the Recitals.

"Delaware Courts" shall have the meaning given to that term in Section 15(c)(i).

"Dispute" shall have the meaning given to that term in Section 15(a).

"Effective Date" shall have the meaning given to that term in Section 12(a).

"Equipment" shall mean and be confined to hi-rail vehicles, track inspection equipment and other non-revenue vehicles and machinery (other than locomotives) capable of being operated on railroad tracks that, at the time of an occurrence, are (i) being operated on the trackage upon which such occurrence takes place, or (ii) are on the trackage upon which such occurrence takes place, or on the adjoining right-of-way, for the purpose of maintenance or repair thereof or the clearing of wrecks thereon.

"Foreign Railroad" shall mean a railroad that is not a party to this Agreement.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any mediation body or arbitral tribunal, including the STB.

"Indemnified Persons" shall have the meaning given to that term in Section 5(b).

"Industry Location" shall have the meaning given to that term in Section 2(a).

"Intermodal Traffic" shall refer to rail cars loaded with intermodal containers and trailers.

"JOC" shall mean that Joint Operating Committee established pursuant to the LLC Agreement.

"JV Transaction Agreement" shall have the meaning given to that term in the LLC Agreement.

"Line" shall have the meaning given to that term in the Recitals.

"LLC Agreement" shall mean that Limited Liability Company Agreement of Pan Am Southern LLC, by and between Norfolk Southern and B&M, and dated as of [], 2008.

"Loss or Damage" shall have the meaning given to that term in Section 10.

"Management Committee" shall mean the Management Committee of Pan Am Southern as provided in the LLC Agreement.

"Monthly Statement" shall have the meaning given to that term in Section 7(a).

"Norfolk Southern" shall have the meaning given to that term in the Recitals.

"Pan Am" shall have the meaning given to that term in the Recitals.

"Pan Am Southern" shall have the meaning given to that term in the introductory paragraph.

"Pan Am System Parties" shall have the meaning given to that term in the Recitals.

"Parties" shall have the meaning given to that term in the introductory paragraph.

"Party" shall have the meaning given to that term in the introductory paragraph.

"Person" shall mean an individual or partnership, corporation, trust, association, limited liability company, Governmental Authority or other entity.

"Railroad Operator" shall have the meaning given to that term in the Recitals.

"Remaining Pan Am" shall have the meaning given to that term in the Recitals.

"Rules" shall have the meaning given to that term in Section 15(c)(ii).

"Springfield Terminal" shall have the meaning given to that term in the Recitals.

"Springfield Terminal Cars" shall mean Cars and Equipment in the revenue and/or car hire account of Pan Am.

"Springfield Terminal Traffic" shall have the meaning given to that term in the Recitals.

"STB" shall mean the Surface Transportation Board or any successor entity thereto.

"Subject Traffic" shall have the meaning given to that term in Section 10(a).

"Transaction Agreement" shall have the meaning given to that term in the Recitals.

"Use Invoice" shall have the meaning given to that term in Section 7(a).

(c) Successor Laws.

A reference to any particular statute or regulation shall include a reference to any successor statute or regulation.

SECTION 2. INDUSTRY SWITCHING

(a) Pan Am Southern will perform switching of Springfield Terminal Traffic to and from the industry locations specified in Section 2(b) (each hereinafter referred to as an "Industry Location"), located at Ayer, Massachusetts, and certain Intermodal Traffic, described in Section 2(b), in either case for the account of Springfield Terminal, and provide services as necessary to handle such traffic between said Industry Location and CPF 312 near Willows, Massachusetts. Pan Am Southern will use its own crews and locomotives, or those of its contract operator (initially to be Springfield Terminal) to perform said services.

(b) The Industrial Locations are all those industrial and commercial locations served by rail on the attached Ayer Customer Map between CPF 312, Ayer and Shirley line, and Ayer and Harvard line (Appendix B), other than the Sanvel Automotive Facility and the Ayer Automotive Facility (as such terms are defined in the Transaction Agreement"). By way of clarification only, and without intending to modify the immediately preceding sentence, the Parties intend that Springfield Terminal shall have access, pursuant to this Agreement, to all current and future shipping customers located at the Industrial Locations, and that access is not to be restricted to shipping customers existing as of the date of this Agreement, but that Springfield Terminal shall not have, pursuant to this Agreement, access to the intermodal facility at Ayer, MA other than for Intermodal Traffic (if delivered to the Ayer Intermodal Facility) having a prior movement over the Remaining Pan Am and (if received from the Ayer Intermodal Facility) having a subsequent movement over the Remaining Pan Am.

(c) For revenue purposes, Cars switched under this Agreement shall remain in the account of Springfield Terminal, and Pan Am Southern shall not be entitled to any line haul revenue for the handling of such Cars, nor appear in any rates, routes or divisions pertaining to

any Cars in the account of Pan Am Southern, except as specified otherwise herein.

(d) Springfield Terminal Pan Am shall assume its own car hire expenses, and Pan Am Southern shall assess and collect all related demurrage charges

SECTION 3. DELIVERY AND RECEIPT OF CARS

(a) Cars handled under this Agreement shall be considered as having been delivered by one Party to the other when placed on mutually agreed upon trackage designated for such deliveries, accompanied or preceded by the necessary data for forwarding and to insure delivery and acceptance by the designated representative of the receiving road. Should movements pursuant to this Agreement take the form of an uninterrupted movement of a train operating by Springfield Terminal, in part over the Remaining Pan Am and in part over the lines of Pan Am Southern, Cars handled under this Agreement shall be considered as having been delivered by one Party to the other when the loaded or empty Cars pass CPF 312.

(b) Springfield Terminal and Pan Am Southern shall provide each other with suitable information (which may be transferred by paper documents, facsimiles, or electronic means, or by other means, as mutually agreed) necessary for the handling of Cars switched under this Agreement, which will identify for each Car:

- (1) Car initial and number.
- (2) Loaded or empty.
- (3) Destination station and consignee on inbound movements.
- (4) All required hazardous materials information.
- (5) Any other information as agreed between the Parties to be necessary or convenient for the safe, efficient movements of Cars switched under terms of this Agreement.

For so long as Springfield Terminal is the Railroad Operator, this information shall have been deemed to have been provided when assembled by Springfield Terminal.

(c) Pan Am Southern may make repairs to Cars switched under terms of this Agreement as may be necessary for safe transit, and Pan Am Southern may make adjustments to or transfers of lading from crippled, defective or overloaded Cars, as in its determination may be necessary to safely move said Cars. Springfield Terminal shall reimburse Pan Am Southern its full cost for repairs, adjustments and lading transfers promptly upon receipt of billing therefore.

(d) With recognition to the limited capacity of the Ayer Intermodal Facility, Pan Am Southern agrees that all capacity at said facility will be dedicated to Norfolk Southern for Intermodal Traffic originating or terminating at points west of the facility, and to Springfield Terminal for Intermodal Traffic originating or terminating at points on Remaining Pan Am or otherwise east of the facility.

(e) In the event that Springfield Terminal ceases to be the Railroad Operator to Pan Am Southern, Pan Am Southern commits to switching a customer facility within forty-eight (48) hours after Pan Am Southern receives notice that the customer has released Cars for movement hereunder, on outbound movements, and within forty-eight (48) hours after Pan Am Southern receives notice of placement for interchange and provision of the information required by Section 3(b), on inbound movements. Pan Am Southern shall reimburse Springfield Terminal for any car hire expenses incurred as a result of failure to provide such switch within said time frame.

SECTION 4. INSPECTION

Pan Am Southern shall not be responsible for making any mechanical inspection of Cars in the account of Springfield Terminal switched to and from the Industrial Locations.

SECTION 5. COMPLIANCE WITH APPLICABLE LAWS AND RULES

(a) Each of Pan Am Southern and Springfield Terminal shall comply, and Pan Am Southern shall cause its Railroad Operator to comply, with all applicable federal, state and local laws, rules, regulations and orders promulgated by any Governmental Authority that relate to the operations contemplated hereunder. If any fine, penalty, cost or charge is imposed or assessed on or against either of them by reason of the other Party's non-compliance (or, in the case of Pan Am Southern, the non-compliance of the Railroad Operator, for which Pan Am Southern shall be responsible) with any such laws, rules, regulations or orders, such non-complying Party shall reimburse and indemnify the other Party for or on account of any such fine, penalty, cost, or charge, and all expenses and attorney's fees incurred in connection therewith, and, to the extent feasible, such non-complying Party shall defend the interests of that other Party in any related legal proceeding free of cost, charge or expense to that other Party.

(b) Without affecting the generality of the foregoing Section 5(a), each of Pan Am Southern and Springfield Terminal shall comply, and Pan Am Southern shall cause its Railroad Operator to comply, with the provisions of the Federal Locomotive Inspection Act and the Federal Safety Appliance Act, as amended, and any other applicable federal and state and local laws, regulations and rules respecting the operation, condition, inspection and safety of its trains, locomotives, Cars and Equipment while such trains, locomotives, Cars, and Equipment are being operated over the Subject Trackage. Each of those Parties shall indemnify, protect, defend, and save harmless the other from and against all fines, penalties and liabilities imposed upon such Party under such laws, rules, and regulations by any public authority or court having jurisdiction, when attributable solely to the failure of the indemnifying Party (or, in the case of Pan Am Southern, the failure of the Railroad Operator, for which Pan Am Southern shall be responsible) to comply with its obligations in this regard.

(c) Traffic switched pursuant to this Agreement shall not include locomotives, Cars or Equipment which exceed the width, height, weight or other restrictions or capacities of the

Subject Trackage as contained in the clearance file maintained by Pan Am Southern, and no train shall contain locomotives, Cars or Equipment which require speed restrictions or other movement restrictions below the maximum authorized freight speeds as provided by Pan Am Southern's operating rules and regulations, without the prior consent of Pan Am Southern. The JOC shall make proper accommodation for exceptions, should that be reasonable, necessary, and practicable.

SECTION 6. INTENTIONALLY OMITTED

SECTION 7. INVOICES AND PAYMENT OF BILLS

(a) On or before the 15th day of each calendar month during the term of this Agreement, the Railroad Operator shall prepare on behalf of Pan Am Southern a monthly statement setting forth the number of Springfield Terminal Cars switched during the month (the "Monthly Statement") and an invoice (the "Use Invoice"). The Monthly Statement shall be in electronic format, and shall contain a detailed list of the Springfield Terminal Cars that were switched during the subject month, which list shall include, for each Car, information relating to such Cars that Pan Am Southern may reasonably request in connection with accounting for the use of the services and rights provided hereunder. The Monthly Statement and the Use Invoice shall be delivered to Springfield Terminal and Springfield Terminal shall make payment to Pan Am Southern within thirty (30) days after the date of receipt of such Use Invoice, provided, however, that for so long as Springfield Terminal is the Railroad Operator, the Monthly Statement and the Use Statement shall be considered delivered when prepared.

(b) Any dispute regarding the details of a Monthly Statement or amount of a Use Invoice shall be reconciled between the Parties pursuant to Section 15, and any adjustment resulting from such reconciliation shall be reflected in a subsequent Use Invoice. If Springfield Terminal disputes any portion of a Use Invoice, it shall nevertheless pay such Use Invoice in full subject to adjustment upon resolution of the dispute; provided, however, that (i) no exception to any charge in a Use Invoice shall be honored, recognized or considered if filed after the expiration of three (3) years from the date of the Use Invoice, and (ii) no invoice shall be rendered more than three (3) years (a) after the last day of the calendar month in which the expense covered thereby is incurred, or (b) in the case of charges disputed as to amount or liability, after the amount owed or liability therefore is established. Any claim for the adjustment of a Monthly Statement or Use Invoice shall be deemed to be waived if not made in writing within three (3) years after the date of the relevant Monthly Statement for statement adjustments and the date of the relevant Use Invoice for invoice adjustments.

(c) Pan Am Southern and Springfield Terminal shall each have the right, at its own expense, to audit the records of any other Party pertaining to the use of the Subject Trackage under this Agreement, and any Monthly Statement, Use Invoice or other invoice issued by Pan Am Southern pursuant to this Agreement, provided such audit is initiated at any time within three (3) years of the date of the relevant Use Invoice or other invoice (as applicable) relating to this

Agreement. All such audits shall be conducted at reasonable intervals, locations, and times. All such audits shall be prosecuted with reasonable due diligence. Each Party agrees that all information disclosed to it or its representatives in connection with such an audit will be held in strictest confidence and will not be disclosed to any third party (other than to an arbitrator in connection with an arbitration conducted pursuant this Agreement or as required by applicable law). Any adjustment resulting from an audit conducted pursuant to this Section 7(c) with respect to which the Parties are in concurrence shall be reflected in a subsequent Use Invoice.

(d) Invoices rendered pursuant to the provisions of this Agreement, other than Use Invoices, shall include direct labor and material costs, together with the surcharges, overhead percentages, and Equipment rentals as specified by Pan Am Southern at the time any work is performed by Pan Am Southern for Springfield Terminal, or shall include actual costs and expenses, upon mutual agreement of the Parties.

SECTION 8. INTERRUPTION; RERAILING

(a) Interruption, Delay. In the event the use of trackage in performing the referenced switching services shall be interrupted or traffic delayed at any time from any cause, neither Party shall have any claim against the other Party for liability of any kind from such interruption or delay.

(b) Rerailing, Wrecking, Bad Orders and Repairs.

(i) Whenever one or more Cars and/or locomotives in the account of Springfield Terminal requires rerailing, wrecking service or wrecking train service, Pan Am Southern shall arrange for the provision of such service, including the repair and restoration of roadbed, the trackage and structures. Pan Am Southern shall promptly inform Springfield Terminal of its intent to proceed with wrecking service or wrecking train service, and shall permit a Springfield Terminal representative to be present on the scene, to work in concert with the employees of its Railroad Operator to manage such wrecking service or wrecking train service, provided, however, for so long as Springfield Terminal is the Railroad Operator, no such notice need be provided to Springfield Terminal and no additional Springfield Terminal representatives need be present on the scene. The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom shall be apportioned in accordance with the provisions of Section 10 hereof. All locomotives, Cars, Equipment and salvage from the same so picked up and removed which is owned by or under the management and control of or used by Springfield Terminal at the time of such wreck, shall be promptly delivered to it.

(ii) If any Cars or locomotives of Springfield Terminal are bad ordered en route on the Subject Trackage and it is necessary that they be set out, those Cars or locomotives

shall, after being repaired, be picked up by Pan Am Southern, or if agreed upon by the Parties, Pan Am Southern will transport them to a mutually acceptable location to be picked up by Springfield Terminal. Pan Am Southern may, upon request of Springfield Terminal and at the expense of Springfield Terminal, unless otherwise provided for in the Field and Office Manuals of the Interchange Rules of the AAR, furnish required labor and material to perform light repairs required to make such bad ordered Cars or locomotives safe and lawful for movement, and billing for this work shall be at rates prescribed in, and submitted pursuant to, the Field and Office Manuals of the Interchange Rules of the AAR.

SECTION 9. COMPENSATION; MILEAGE AND CAR HIRE

(a) Springfield Terminal shall pay Pan Am Southern the amount set forth in Appendix A hereto for each revenue waybilled railcar handled by Pan Am Southern for the account of Springfield Terminal to or from the Industrial Locations pursuant to this Agreement.

(b) All mileage and car hire charges accruing on Springfield Terminal Cars moved pursuant to this Agreement shall be assumed by Springfield Terminal and reported and paid by it directly.

SECTION 10. LIABILITY

As between the Parties hereto, responsibility for all claims, liabilities, demands, actions at law or equity, judgments, settlements, losses, damages, costs (including without limitation reasonable attorney's fees) and expenses of every character, including any loss or destruction of, or damage to, any property whatsoever, and any injury to or death of any person or persons whomever (including employees of the Parties or the Railroad Operator), resulting from, arising out of, incidental to or occurring in connection with this Agreement ("Loss or Damage"), shall be allocated as follows, without regard to considerations of fault or negligence (except as otherwise specifically provided for hereinafter):

(a) Springfield Terminal Cars moving pursuant to this Agreement shall, for the purposes of this Section 10, be referred to as "Subject Traffic". Otherwise, for the purposes of assigning responsibility for Loss or Damage under this Section 10 (including but not limited to Section 10(d)) as between the Parties, the trains, Cars and Equipment of a Foreign Railroad shall be considered to be the trains, Cars and Equipment of Pan Am Southern. By way of illustration only, if, for example, Pan Am Southern were to grant D&H trackage rights pursuant to a trackage rights agreement, then traffic moving pursuant to that D&H trackage rights agreement would be considered Pan Am Southern traffic.

(b) Springfield Terminal shall be responsible for: (1) Loss or Damage to Equipment in its revenue waybill and the lading therein; and (2) to the extent not allocated pursuant to Section 10(c)(1), Loss or Damage arising from or growing out of its negligence or willful misconduct or that of its officers, agents, contractors, or employees, either solely or in

conjunction with a third party.

(c) Pan Am Southern shall be responsible for: (1) Loss or Damage to Equipment in its revenue waybill and the lading therein; and (2) to the extent not allocated pursuant to Section 10(b)(1), Loss or Damage arising from or growing out of its negligence or willful misconduct or that of its officers, agents, contractors (including the Railroad Operator), or employees, either solely or in conjunction with a third party.

(d) Loss or Damage arising from or growing out of the negligence or willful misconduct of both Springfield Terminal and Pan Am Southern (or their respective officers, agents, contractors or employees) shall be borne by the Parties in proportion to their fault.

(e) To the extent responsibility for Loss or Damage is not allocated pursuant to Section 10(b), Section 10(c), and Section 10(d) such responsibility for Loss or Damage shall be: (i) borne solely by Springfield Terminal if the involved trains are handling only Subject Traffic, or (ii) borne by each of Pan Am Southern and Springfield Terminal in proportion to the number of Cars in such trains that are moving in that Party's revenue waybill or car hire account.

(f) Notwithstanding anything to the contrary in Section 10(b), Section 10(c), Section 10(d), and Section 10(e) above, when any damage to or destruction of the environment, including without limitation land, air, water, wildlife, and vegetation, or to third parties from substances transported in Cars or contained in locomotives occurs with one or more trains handling Subject Traffic Cars being involved, then, as between themselves, (i) Pan Am Southern shall be solely responsible for any damage or destruction to the environment and to third parties which results solely from a substance transported in Pan Am Southern Cars and/or contained in a Pan Am Southern locomotive which was released, (ii) Springfield Terminal shall be solely responsible for any damage or destruction to the environment and to third parties which results solely from a substance transported in Subject Traffic Cars and/or contained in a Springfield Terminal locomotive which was released, and (iii) responsibility for damage or destruction to the environment and to third parties which results from one or more substances which was (or were) being transported in Cars, Equipment or locomotives in the revenue waybill and car hire accounts of both Springfield Terminal and Pan Am Southern which was (or were) released shall be borne by the Parties in proportion to the total number of such Cars, Equipment or locomotives in that Party's revenue waybill or car hire account from which there was (or were) such a release.

(g) Notwithstanding anything to the contrary in this Section 10, if: (i) Loss or Damage occurs with one or more trains being involved; (ii) one or more of the involved trains is handling (A) only Subject Traffic Cars or (B) both Subject Traffic Cars and Pan Am Southern Cars; (iii) such Loss or Damage is attributable solely to the Gross Negligence or Willful or Wanton Misconduct of only one of the Parties to this Agreement (or of Springfield Terminal in its role as the Railroad Operator for Pan Am Southern); and (iv) such Gross Negligence or Willful or Wanton Misconduct is the direct or proximate cause of such Loss or Damage, then the Party to which such Gross Negligence or Willful or Wanton Misconduct is attributable shall assume all

liability, cost and expense in connection with such Loss or Damage. The Parties agree that, for purposes of this Section 10(g), (1) "Gross Negligence or Willful or Wanton Misconduct" shall be defined as "the intentional failure to perform a manifest duty in reckless disregard of the consequences as affecting the life or property of another; such a gross want of care and regard for the rights of others as to justify the presumption of willfulness and wantonness" and shall include, by definition, acts or omissions of any its employees while under the influence of drugs or alcohol; and (2) Subject Traffic Cars being handled in haulage shall be considered Pan Am Southern Cars.

(h) If any suit or action shall be brought against any Party for Loss or Damage which under the provisions of this Agreement are in whole or in part the responsibility of another Party, said responsible Party shall be notified in writing by the Party sued, and the Party so notified shall have the right and be obligated to take part in the defense of such suit and shall pay its share of the judgment and the costs and expense incurred in such suit in accordance with the terms of this Section 10.

(i) In every case of death or injury suffered by an employee of one of the Parties, when compensation to such employee or employee's dependents is required to be paid under any present or future state or federal worker's compensation, occupational disease, employers' liability or other law, and one or more of the Parties under provisions of this Agreement is/are required to pay same or a portion of same in installments over a period of time, said Party or Parties shall not be released from paying any such future installment(s) by reason of the termination of this Agreement prior to any of the respective date(s) upon which any such future installments are to be paid.

(j) Whenever any liability, cost or expense is assumed by or allocated to a Party under this Section 10, that Party shall: (i) forever protect, defend, indemnify and save harmless the other Party from and against that liability, cost and expense, regardless of whether such liability, cost and expense was caused in whole or in part by the fault, failure, negligence, misconduct, malfeasance or misfeasance of the Party indemnified, or their directors, officers, agents or employees, and (ii) defend such Party against such claims with counsel selected by the responsible Party and reasonably acceptable to the Indemnified Party.

(k) Each of Pan Am Southern and Springfield Terminal shall investigate, adjust and defend all cargo related claims filed with it in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract entered into pursuant to 49 U.S.C. Section 10709.

(l) All costs and expenses in connection with the investigation, adjustment and defense of any claim or suit (other than cargo-related claims made against a Party by a customer whose traffic was moving in the revenue and/or car hire account of such Party) under this Agreement shall be included as costs and expenses in applying the liability provisions of this Section 10; provided, however, that salaries or wages of full-time agents, full-time attorneys and

other full-time employees of any Party engaged directly or indirectly in such work shall be borne by such Party.

(m) No Party shall settle or compromise any claim, demand, suit or cause of action (other than a cargo-related claim filed with it in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract entered into pursuant to 49 U.S.C. Section 10709) for which another Party has any liability under this Agreement without the concurrence of such other Party if the consideration for such settlement or compromise exceeds Thirty-Five Thousand Dollars (US) (\$35,000). The foregoing amount of Thirty-Five Thousand Dollars (\$35,000) shall be adjusted annually in accordance with the provisions of Section (b) of Appendix A.

SECTION 11. EMPLOYEE CLAIMS

Each Party agrees to indemnify and hold harmless the other Party against any and all costs and payments, including benefits, allowances and arbitration, administrative and litigation expenses, arising out of claims or grievances made by or on behalf of its own employees, either pursuant to employee protective conditions imposed by a governmental agency as conditions for that agency's approval of this Agreement and operations hereunder, or pursuant to a collective bargaining agreement. It is the intention of the Parties that each Party shall bear the full costs of protection of its own employees under employee protective conditions which may be imposed, and of grievances filed by its own employees arising under its collective bargaining agreements with its employees. Similarly, each Party agrees to indemnify and hold harmless the other Parties against any and all costs and payments, including judgments, damages, attorneys' fees and litigation expenses, arising out of claims, lawsuits and actions brought by or on behalf of its own employees pursuant to any provision of law, including common law, and based on employment arising out of the operations covered by this Agreement, except to extent otherwise specifically provided in this Agreement.

SECTION 12. TERM AND TERMINATION

(a) This Agreement shall become effective following the latter of: (a) the date first written above; (b) receipt of any required regulatory approvals or exemptions; and (c) the expiration of any time periods required by the issuance of labor notices by Springfield Terminal and/or Pan Am Southern, should such labor notices be required ("Effective Date"). The Parties shall determine the Effective Date through an exchange of written correspondence.

(b) This Agreement shall commence on the Effective Date and shall continue until terminated by mutual agreement.

(c) Termination of this Agreement shall not relieve or release any Party hereto from any obligations assumed or from any liability which may have arisen or been incurred by such Party under the terms of this Agreement prior to termination hereof, nor shall it terminate any

underlying right of commercial access to the Industrial Locations.

SECTION 13. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties hereto. Third party beneficiary status shall inure to the benefit of Norfolk Southern and each of its successors and permitted assigns. Neither Party hereto shall transfer or assign this Agreement, or any of its rights, interests, or obligations hereunder, to any person, firm or corporation without obtaining the prior written consent of the other Party.

SECTION 14. MISCELLANEOUS

(a) Notices. Any notice, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be deemed to have been delivered, given, and received for all purposes (i) if delivered personally to the Person or to an officer of the Person to whom the same is directed or (ii) when the same is actually received, if sent either by express delivery service or registered or certified mail, postage and charges prepaid and return receipt requested, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent promptly thereafter by registered or certified mail, postage and charges prepaid, addressed as follows or to such other address as such Person may from time to time specify, by notice to the other Party:

If to Pan Am Southern:	Chairman Pan Am Southern LLC c/o Pan Am Railways Iron Horse Park North Billerica, MA 01862-1692
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With a copy to Norfolk Southern:	Mike R. McClellan Vice President – Intermodal and Automotive Marketing Norfolk Southern Corporation Three Commercial Place Norfolk, Virginia 23510-2191
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and

Vice President – Law
Norfolk Southern Corporation
Three Commercial Place

Norfolk, VA 23510
(757) 629-2374
(757) 533-4872 (fax)

If to Springfield
Terminal: David A. Fink
President
Pan Am Railways
Iron Horse Park
North Billerica, MA 01862-1692
(978) 663-1186
(978) 663-6907 (fax)

With a copy to: Robert Culliford
Vice President Law
Pan Am Systems
Iron Horse Park
North Billerica, MA 01862-1692
(603) 766-2002
(603) 766-2094 (fax)

(b) Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

(c) Prior Agreements. This Agreement supersedes all prior agreements among the Parties hereto, written or oral, with respect to the subject matter hereof.

(d) Severability. Every provision of this Agreement is intended to be severable, and, if any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

(e) Incorporation by Reference. Every exhibit and other appendix attached to this Agreement and referred to herein is incorporated in this Agreement by reference unless this Agreement expressly otherwise provides.

(f) Counterpart Execution. This Agreement may be executed in any number of counterparts with the same effect as if both Parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

(g) Third Party Beneficiaries. Except as provided in this Section 14(g), this Agreement shall not benefit or create any right or cause of action in or on behalf of any person

other than the Parties hereto. Norfolk Southern shall have third party status solely for the purpose of enforcing this Agreement, and not by way of recovery for damages hereunder.

(h) GOVERNING LAW. THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER.

(k) Confidentiality. Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement, or in connection with an audit by the Internal Revenue Service or other tax authority, or as may be necessary or appropriate for a Party hereto to enforce its rights under this Agreement, during the term of this Agreement, and for a period of three (3) years after termination or expiration of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or which is obtained hereunder will be kept confidential and will not be disclosed by either Party to any person other than members, officers, employees, independent auditors, and attorneys, without the prior written approval of the other Party. Notwithstanding anything to the contrary, any Party may disclose this Agreement in connection with an audit by its external auditors, the Internal Revenue Service or other tax authority or as otherwise required by applicable law.

(l) Amendment, Consent and Waiver. No term or provisions of this Agreement may be changed, waived, discharged, or terminated except by an instrument in writing signed by both parties to this Agreement. No consent or waiver, expressed or implied, by a Party of any breach or default by the other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance hereunder by such other Party. Failure on the part of a Party to complain of any act or failure of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first mentioned Party of its rights hereunder.

(m) Interpretation. All words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms, and phrases in the railroad industry.

(n) The records of each Party hereto, insofar as they pertain to matters covered by this Agreement, shall be open at all reasonable times to inspection by the other Party.

SECTION 15. DISPUTE RESOLUTION

(a) Reference to JOC. Any dispute, controversy or claim between the Parties and arising out of or relating to this Agreement or the breach, termination or validity thereof ("Dispute") shall be referred to the JOC (for Pan Am Southern) for resolution and if the Parties

are unable to resolve the dispute, it will be referred, in writing, to the Management Committee (for Pan Am Southern) to resolve.

(b) Reference for Formal Dispute Resolution. Any Dispute not resolved within sixty (60) days after receipt by any of the involved parties of written notice of reference of such Dispute to the Management Committee pursuant to Section 15(a), shall be submitted for formal dispute resolution, if at all, by either Party for formal dispute resolution pursuant to Section 15(c).

(c) Formal Dispute Resolution.

(i) Submission to Jurisdiction. Each of the Parties hereby (A) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the "Delaware Courts") in any action to enforce or in aid of the agreement to arbitrate in Section 15(c)(ii) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (B) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (C) waives any objection based on forum non conveniens or any other objection to venue thereof.

(ii) Dispute Resolution. Each of the Parties stipulates and agrees that any Dispute that is not resolved pursuant to Section 15(a) will be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the AAA then in effect (the "Rules"), under the following terms and conditions:

(A) Selection of Arbitrator. A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(B) Conduct of Arbitration. The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to money damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(C) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

(D) Findings and Conclusions. The arbitrator will, after reaching judgment and award, prepare and distribute to the parties a written award including the findings of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(E) Time is of the Essence. The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against any party if, upon a showing that such party is unreasonably delaying the proceeding.

(F) Temporary Equitable Relief. By agreeing to arbitration, the parties do not intend to deprive any Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award money damages for the failure of any party to respect the arbitrator's orders to that effect.

(G) Consolidation. The parties are committed to the prompt and efficient resolution of Disputes. Accordingly, if more than one Dispute arise under this Agreement and/or any JV Transaction Agreement, such Disputes may be brought in a single arbitration. If more than one arbitration is brought with respect to Disputes under this Agreement and/or any other JV Transaction Agreement, then any party may request that any arbitration or any new Dispute arising under this Agreement or any other JV Transaction Agreement be consolidated into any prior arbitration. The new Dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new Dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the parties. Unless the parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The parties waive any right they have to appeal or to seek interpretation, revision or annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(H) Discovery. Recognizing the express desire of the parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(I) Costs and Attorneys' Fees. Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 15(c)(ii) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to the prevailing party or parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the party resisting enforcement.

(J) Miscellaneous. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator. An arbitrator's award may be appealed in accord with Section 23 of the Uniform Arbitration Act.

(c) As a third party beneficiary, Norfolk Southern may initiate and prosecute arbitration pursuant to Section 15(b) on behalf of Pan Am Southern. Pan Am Southern and Springfield Terminal shall cooperate with Norfolk Southern in the Pan Am Southern preparation for, and the initiation and prosecution of, such arbitration, at Pan Am Southern's expense.

SECTION 16. INDEMNITY COVERAGE

As part of the consideration hereof, each Party hereby agrees that all of its indemnity commitments in this Agreement in favor of the other Party shall also extend to and indemnify the parent corporation, the subsidiaries and affiliates of such other Party, and all of their respective directors, officers, agents and employees.

SECTION 17. FORCE MAJEURE

The obligations, other than payment obligations, of the Parties to this Agreement shall be subject to force majeure (consisting of flood, earthquake, hurricane, tornado, or other such severe weather or climatic condition, riot, accident, wreck, derailment, washout, explosion, Acts of God, act of terrorism and public enemy, war, blockage, insurrection, vandalism or sabotage, fire, strike, lockout or labor dispute, embargoes or AAR service orders, Federal Railroad Administration orders, or governmental laws, orders or regulations, or governmental laws, orders or regulations and other causes or circumstances beyond the control of the Party invoking such force majeure as an excuse for nonperformance), but only as long as, and to the extent that, such force majeure shall reasonably prevent performance of such obligations by the affected Party. In the event that an event of force majeure impairs either Party's ability to fulfill its obligations to the other Party under this Agreement, said Party shall take all commercially reasonable measures to restore performance of its obligations in a timely manner.

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

PAN AM SOUTHERN LLC

By: _____

Title:

Date:

SPRINGFIELD TERMINAL
RAILWAY COMPANY

By: _____

Title:

Date:

APPENDIX A. COMPENSATION

(a) The Switching Charge shall initially be set at [REDACTED] for each revenue waybilled railcar, other than a Car bearing Intermodal Traffic, by Pan Am Southern for the account of Springfield Terminal to or from the Industrial Locations, plus any applicable surcharge, as provided in Section (c) of this Appendix A. [REDACTED]
[REDACTED]
[REDACTED]

(b) Switching Charge Adjustment

(1) The Switching Charge shall be revised upward or downward each year by a "Cost Factor", beginning with the bill rendered for the month of July 2009, to compensate for the increase or decrease in the cost of labor and material, as reflected in 100% of the change from one year to the next in the "AAR Railroad Cost Indexes – Table A – Annual Indexes of Charge-out Prices and Wage Rates (1977=100) – East – Materials, prices, wage rates and supplements combined (excluding fuel)" (the "Cost Index"). The Cost Factor shall be calculated for each calendar year by taking the difference between the currently available Cost Index as of January 1, and comparing that Cost Index with the Cost Index for the immediately preceding year. The Cost Factor may be a positive or negative number.

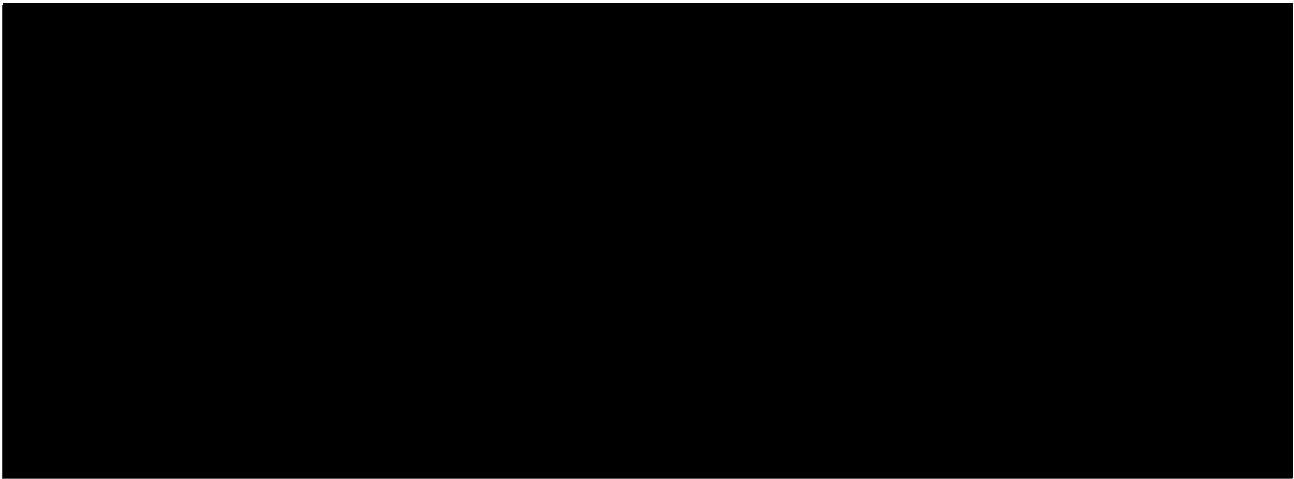
(2) The Switching Charge shall be revised by calculating the Cost Factor (essentially the percent of increase or decrease in the index for the latest calendar year as related to the index for the previous calendar year) and applying that percentage to the then current Switching Charge. In computing the adjusted Switching Charge, any fraction of a cent less than one-half shall be dropped, and any fraction equal to or greater than one-half of a cent shall be increased to the next whole cent.

(3) In the event the base for the Cost Index shall be changed from that in effect at the effective date of this Agreement, an appropriate revision shall be made. If the STB or any successor organization discontinues publication of the "AAR Railroad Cost Indexes", an appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto.

(4) In the event that the Cost Factor is a negative number, no adjustment to the Trackage Rights Charge will take place for that calendar year. Said negative Cost Factor will be taken into consideration in calculating subsequent years' Cost Factor. Specifically, if the Cost Index is negative for two years in a row, the Cost Factor for the second year shall be adjusted downward assuming that the first year's negative Cost Index was taken into account. If the Cost Factor goes negative for three years in a row, the rate shall be adjusted again by the Cost Factor with the assumption that the first two years' negative Cost Index was taken into account, and so on.

(5) Notwithstanding any of the foregoing, under no circumstances shall the Switching Charge be less than those reflected in the tables above except as provided in subsection (a).

(c) Fuel Surcharge:

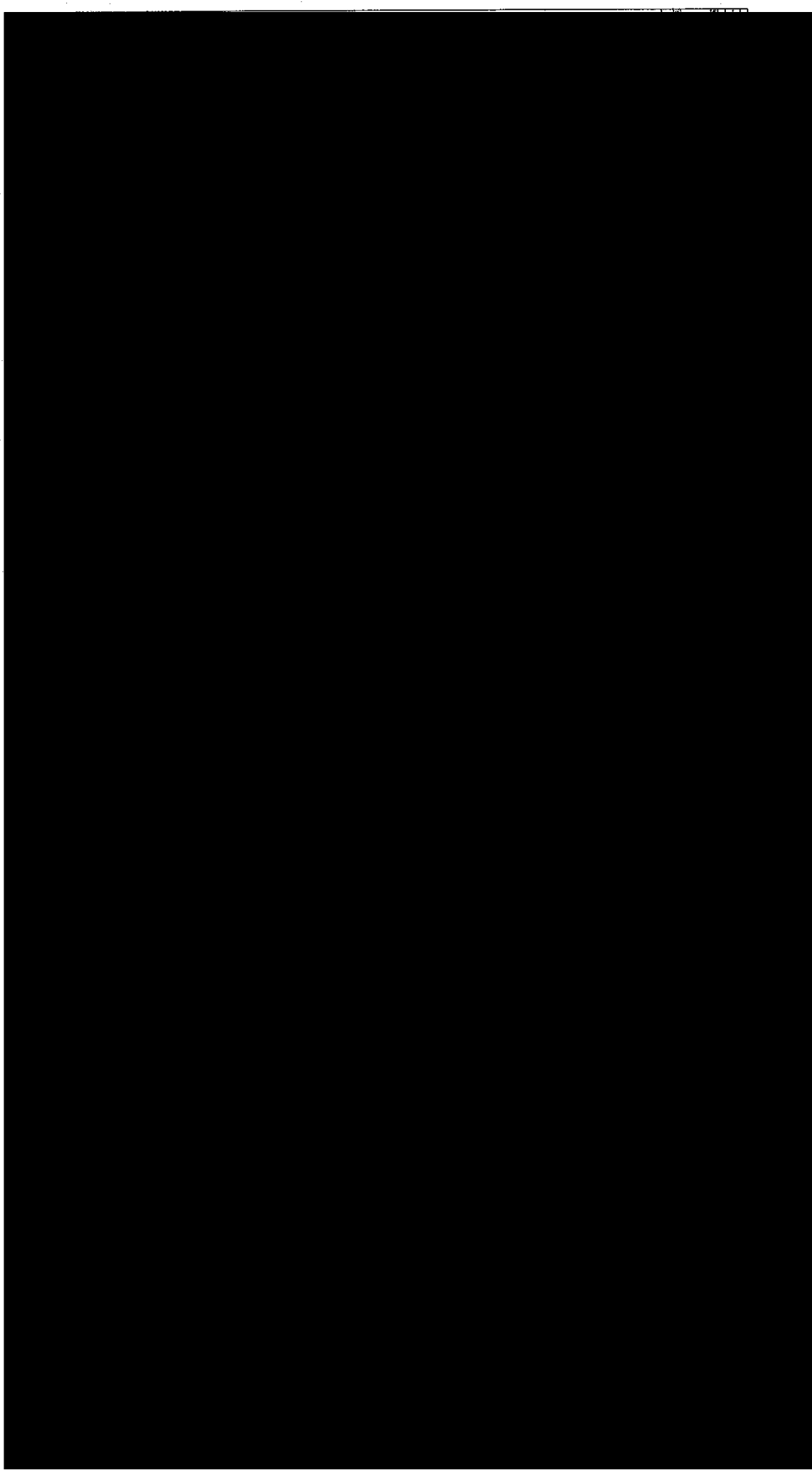


The surcharge will be applied to the overall monthly invoice. For a given month, take the average of the DOE's Index value released on each of the Mondays during that month. Using the above scale, determine the appropriate fuel surcharge to apply.

(d) Pan Am Southern shall keep and maintain an accurate account of all loaded Cars handled by it for the account of Springfield Terminal, and shall at the end of each month, render an itemized bill, computed in accordance with the provisions herein, to Springfield Terminal for payment, provided, however, that for so long as Springfield Terminal is the Railroad Operator, the bill shall be deemed delivered when prepared.

(e) Should Springfield Terminal Intermodal Traffic volumes moved to or from the Ayer Intermodal Facility exceed, on average, twenty (20) revenue loads per week, and if such volumes result in additional switching, terminal labor, utilities, maintenance or other fixed costs, or result in the need to expand the Ayer Intermodal Facility, then Springfield Terminal, Norfolk Southern and Pan Am Southern agree to work together in good faith to develop adjustments to access fees in order to better allocate the costs of the facility.

(f) Springfield Terminal shall pay within thirty (30) days from receipt thereof, and any errors or omissions in such bills shall be adjusted in subsequent billing.



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OMNIBUS AMENDMENT

THIS OMNIBUS AMENDMENT (this “*Amendment*”) is made and entered into as of the 17 day of January, 2011 (the “*Effective Date*”), by and among NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia corporation (“*NSR*”); BOSTON AND MAINE CORPORATION, a Delaware corporation (“*B&M*”); PAN AM RAILWAYS, INC., a Delaware corporation (“*Pan Am*”), on behalf of itself and its Subsidiaries (as defined in the Transaction Agreement); SPRINGFIELD TERMINAL RAILWAY COMPANY, a Vermont corporation (“*STRC*”); and PAN AM SOUTHERN, LLC, a Delaware limited liability company (“*PAS*”).

WHEREAS, NSR, Pan Am, B&M and STRC are parties to that certain Transaction Agreement dated as of May 15, 2008 (the “*Transaction Agreement*”);

WHEREAS, NSR and B&M, as the members of PAS, are parties to that certain Limited Liability Company Agreement of PAS dated as of April 9, 2009 (the “*LLC Agreement*”);

WHEREAS, the respective parties to the Transaction Agreement and the LLC Agreement desire to amend such documents as set forth herein;

NOW THEREFORE, for and in consideration of the benefits and detriments arising hereunder, the receipt and sufficiency of which are acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Section 1.1 of the Transaction Agreement is hereby amended by adding thereto the following definitions:

“**NSR Supplemental Contribution**” shall have the meaning given to that term in Section 2.2(c).

“**Sanvel Automotive Improvements**” shall have the meaning contemplated in Schedule 2.5.

“**Sanvel Costs**” shall have the meaning given to that term in Schedule 2.2(c).

2. The Transaction Agreement is hereby amended by deleting Section 2.2 thereof in its entirety and inserting in its place the following:

“2.2 Capital Contribution for NSR Interest;
Additional Contribution”

(a) At the Closing, NSR and B&M shall cause the Company to issue to NSR, in exchange for an assignment of the Option Agreement and cash and commitments to contribute cash in the amounts and on the dates set forth in Schedule 2.2(a) (the “*NSR Contribution*”), the NS Member’s Membership Interests (as defined and otherwise described in the form of Company Agreement

attached). The commitments to contribute cash shall be reflected by one or more demand notes that permit prepayment with no penalty.

(b) The Parties acknowledge that NSR's initial capital account in the Company immediately after the Closing shall be the amount reflected in Exhibit 2.2 of the form of Company Agreement attached.

(c) In addition to the NSR Contribution, NSR shall contribute to the Company cash in the amounts and subject to the terms and conditions set forth in Schedule 2.2(c) (the "NSR Supplemental Contribution").

3. The Transaction Agreement is hereby amended by deleting Section 2.3 thereof in its entirety and inserting in its place the following:

"2.3 Capital Contribution for Pan Am Interest;
Additional Contribution.

(a) At the Closing, NSR and B&M shall cause the Company to issue to B&M, in exchange for contribution by it of the remaining undivided interest in the Assets (other than the To-Be-Constructed Assets, as defined in the Option Agreement) that is not subject to the Option Agreement, (the "Pan Am Contribution"), the Pan Am Member's Membership Interests (as defined and otherwise described in the form of Company Agreement attached). The Pan Am System Parties shall cause the Assets to reside in B&M before its contribution in part to the Company, and its sale in part to the Company under the Option Agreement, of the Assets free and clear of all Liens other than Permitted Liens and judgment liens of record with respect to which Pan Am shall execute and deliver an indemnification agreement in the form of the attached Appendix M. The Parties acknowledge that, at Closing, Springfield Terminal will have an inventory of track material physically on the property to be contributed. It is the intention that this track material will remain the property of Springfield Terminal. Such track material shall be collected and removed by Springfield Terminal from the Company's property after Closing. Any such track material remaining on the Company's property ninety (90) days after the Closing shall become the property of the Company.

(b) The Parties acknowledge that the Pan Am Member's initial capital account in the Company will be as reflected in Exhibit 2.2 of the form of Company Agreement attached.

4. The Transaction Agreement is hereby amended by deleting Section 2.5 thereof in its entirety and inserting in its place the following:

"2.5 Use of Proceeds.

NSR and Pan Am shall cause the Company to use [REDACTED] of the proceeds from the NSR Contribution plus any interest earned thereon from time to time for the capital expenditures anticipated to be made

over a three (3) year period commencing on the Closing Date in accordance with Schedule 2.5, provided that, notwithstanding anything in Schedule 2.5 to the contrary, on and after December 1, 2010, no proceeds from the NSR Contribution shall be used for the Sanvel Automotive Improvements.” Provided, however, that the [REDACTED] of the NSR Contribution utilized to fund the Original Facility Buildout (as defined in Schedule 2.2(c)) shall be replenished in accordance with Schedule 2.2(c) to ensure that the entire NSR Contribution is utilized for projects other than the Original Facility Buildout and/or the Expansion Facility Buildout (as defined in Schedule 2.2(c))

5. The Transaction Agreement is hereby amended by adding thereto Schedule 2.2(c) as follows:

“Schedule 2.2(c) – NSR Supplemental Contribution

NSR shall make the NSR Supplemental Contribution on the following terms and conditions:

1. The Company shall use the NSR Supplemental Contribution as reimbursement of costs used to pay the costs necessary to complete the Sanvel Automotive Improvements, as such costs are determined as of December 1, 2010 (the “Sanvel Costs”), and for no other purpose. The Sanvel Costs include [REDACTED] for work performed on the initial buildout of the Sanvel Facility (“Original Facility Buildout”), which represents the infrastructure expenses related to the construction and design of the Original Facility Buildout. The San Vel Costs also include the expansion of the San Vel Facility (the “Expansion Facility Buildout”), with regard to which the parties hereto have agreed to a budget of the following: (a) [REDACTED] for preparation of engineering plans and a SWPPP; (b) [REDACTED], which represents the estimated cost of the contractor-built facility expansion; (c) [REDACTED] which represents the estimated cost of the additional trackage; (d) [REDACTED], which represents the estimated cost of construction engineering; and (e) a built-in budget contingency of [REDACTED]. The cost of the Expansion Facility Buildout, consisting of the aforementioned elements is [REDACTED] (the “Expansion Facility Buildout Expense”).

2. For the Expansion Facility Buildout Expense, NSR shall make the NSR Supplemental Contribution as the Sanvel Costs are incurred by the Company, to wit: the Company shall submit to NSR one or more invoices for Sanvel Costs actually incurred, and upon verification thereof, NSR shall contribute to the Company the amount of such Sanvel Costs. For the Original Facility Buildout expenses of [REDACTED] and the cost of engineering plans and the SWPPP for the Expansion Facility Buildout of [REDACTED], NSR shall make that amount of the NSR Supplemental Contribution within thirty (30) days of the execution of the

Amendment. Such other costs related to the Expansion Facility Buildout will be paid within thirty (30) days of invoice until the Expansion Facility Buildout is complete provided that the total amount of the total NSR Supplemental Contribution for the Original Facility Buildout and the Expansion Facility Buildout shall not, in any case other than is provided in Sections 5, 6 or 8, exceed [REDACTED] and the total amount of the Expansion Facility Buildout Expense shall not, in any case other than is provided in Sections 5, 6 or 8 of the Amendment, exceed [REDACTED].

3. NSR and Pan Am shall, in cooperation and at the earliest opportunity, finalize the 60-day informational submittal to the Town of Ayer relative to the Expansion Facility Buildout ("Submittal"). The Submittal shall be completed in conformance with applicable legal obligations.

4. After the filing of the Submittal with the Town of Ayer, Pan Am shall, during the sixty (60) day period, finalize detailed construction and procurement plans for the Expansion Facility Buildout ("Plans"), and seek and procure NSR Engineering Department approval of the same. The Plans shall provide that all materials and construction methods for the Expansion Facility Buildout will be consistent with Phase I, except for the substitution of Water Quality Inlets for the Stormceptor units.

5. If, at any time after NSR Engineering Department approval of the Plans, NSR requires a change order to the Plans, including, without limitation, change orders that occur as a result of request by a federal, state or local agency that is not mandated by applicable law, then NSR and Pan Am shall meet in good faith to determine whether the costs directly associated with the change order shall be borne by NSR whether the Plans shall be modified so as to reduce the total cost or scope of the Expansion Facility Buildout (and so also the Sanvel Automotive Improvements) to at least accommodate the change order, or whether some other mutually agreeable funding arrangement for the change order is appropriate. Such change order shall be reflected in an adjustment to the Plans and, if necessary, the NSR Supplemental Contribution, as mutually agreed upon.

6. If, at any time after NSR Engineering Department approval of the Plans, a regulatory agency having appropriate jurisdiction requires a change order to the Plans that is mandated by applicable law, then NSR and Pan Am shall meet in good faith to determine whether the costs directly associated with the change order shall be borne by PAS, whether the Plans shall be modified so as to reduce the total cost or scope of the Expansion Facility Buildout (and so also the Sanvel Automotive Improvements) to at least accommodate the change order, or whether some other mutually agreeable funding arrangement for the change order

is appropriate. Such change order shall be reflected in an adjustment to the Plans and, if necessary, the NSR Supplemental Contribution, as mutually agreed upon.

7. If, at any time after NSR Engineering Department approval of the Plans, costs of the Sanvel Automotive Improvements increase due to a force majeure event including Act of God, war, civil disturbance, governmental action, labor dispute unrelated to the party claiming the force majeure event, or any other event beyond the reasonable control of the claiming party, then NSR and Pan Am shall meet in good faith to determine whether the costs directly associated with the change order shall be borne by PAS, whether the Plans shall be modified so as to reduce the total cost or scope of the Expansion Facility Buildout (and so also the Sanvel Automotive Improvements) to at least accommodate the change order, or whether some other mutually agreeable funding arrangement for the change order is appropriate. Such change order shall be reflected in an adjustment to the Plans and, if necessary, the NSR Supplemental Contribution, as mutually agreed upon..

8. If, at any time after NSR Engineering Department approval of the Plans, costs of the Sanvel Automotive Improvements increase due to material increases in the costs of materials or components, then NSR and Pan Am shall meet in good faith to determine , whether the Plans shall be modified so as to reduce the total cost of the Expansion Facility Buildout (and so also the Sanvel Automotive Improvements) to at least accommodate the change order, or whether some other mutually agreeable funding arrangement for the change order is appropriate. Any modifications shall be reflected in an adjustment to the Plans and, if necessary, the NSR Supplemental, as mutually agreed upon.

9. PAS shall construct the Sanvel Automotive Improvements in conformance with the Plans approved by the NSR Engineering Department, as such Plans may be modified by a change order or otherwise by consensus agreement of the parties, expressly acknowledging that PAS, in engaging contractors, shall provide in such engagement that, should at any time after NSR Engineering Department approval of the Plans, costs of the Sanvel Automotive Improvements increase due to the error or negligence of the contractor hired to construct the Sanvel Automotive Improvements, the contractor shall bear such increased costs.

6. The “Definitions” section of the LLC Agreement is hereby amended by adding thereto the following definitions:

“NSR Supplemental Contribution” shall have the meaning given to that term in Section 2.2(c) of the Transaction Agreement.

“Sanvel Costs” shall have the meaning given to that term in Schedule 2.2(c) to the Transaction Agreement.

7. The “Definitions” section of the LLC Agreement is hereby amended by deleting the defined terms identified below and inserting the respective definitions as follows:

“Capital Recovery Purchased Book Items” means (i) Depreciation attributable to the Assets purchased by the Company as described in Section 3 of the Transaction Agreement and attributable to the first [REDACTED] of Capital Projects to the extent such [REDACTED] is not allowed as a deductible expense for federal income-tax purposes, (ii) expenses (including any and all deductions associated with Rev. Proc. 2002-65) attributable to the first [REDACTED] of Capital Projects allowed as a deductible expense for federal income-tax purposes, (iii) Depreciation attributable to the Sanvel Costs funded by the NSR Supplemental Contribution to the extent such amount is not allowed as a deductible expense for federal income-tax purposes, and (iv) expenses (including any and all deductions associated with Rev. Proc. 2002-65) attributable to the Sanvel Costs funded by the NSR Supplemental Contribution allowed as a deductible expense for federal income-tax purposes.

“Capital Recovery Purchased Tax Deductions” means expenses, depreciation, amortization, and other cost recovery deductions (including any and all deductions associated with Rev. Proc. 2002-65) that are allowed as a deduction for federal income-tax purposes and that relate solely (i) to the Assets purchased by the Company as described in Section 3 of the Transaction Agreement, (ii) to the first [REDACTED] of Capital Projects, (iii) Depreciation attributable to the Sanvel Costs funded by the NSR Supplemental Contribution to the extent such amount is not allowed as a deductible expense for federal income-tax purposes, and (iv) expenses (including any and all deductions associated with Rev. Proc. 2002-65) attributable to the Sanvel Costs funded by the NSR Supplemental Contribution allowed as a deductible expense for federal income-tax purposes.

“Transaction Agreement” shall have the meaning set forth in the Recitals, provided that references to the Transaction Agreement in this Agreement shall mean the Transaction Agreement as it may be amended from time-to-time.

8. The LLC Agreement is hereby amended by deleting Section 2.3 thereof in its entirety and inserting in its place the following:

“2.3 Subsequent Capital Contributions-(a) The NS Member shall make the NSR Supplemental Contribution as defined in and pursuant to Section 2.2 and Schedule 2.2(c) of the Transaction Agreement.

9. Except as herein amended, the Transaction Agreement and the LLC Agreement shall continue in full force and effect.

10. This Amendment and all of the provisions hereof shall inure to the benefit of and shall be binding upon the successors in interest of the parties to the Transaction Agreement and the LLC Agreement.

11. This Amendment and the rights hereunder shall be interpreted in accordance with the laws of the State of Delaware, and all rights and remedies shall be governed by such laws without regard to principles of conflict of laws.

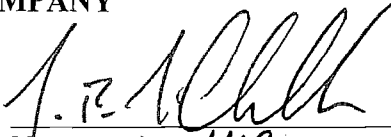
12. The invalidity or unenforceability of any particular provision of this Amendment shall not affect the other provisions hereof, and this Amendment shall be construed in all respects as if such invalid or unenforceable provision were omitted.

13. This Amendment may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument binding upon all of the parties notwithstanding the fact that all parties are not signatory to the original or the same counterpart. For purposes of this Amendment, facsimile and .PDF signatures shall be deemed originals, and the parties agree to exchange original signatures as promptly as possible.

[Remainder of page intentionally left blank—signature page follows]

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this
Amendment in multiple parts, with each part to be an original, as of the date and year
first written above.

**NORFOLK SOUTHERN RAILWAY
COMPANY**

By: 
Name: M.R. McClellan
Title: V.P. - TM/ASO MKTC

PAN AM RAILWAYS, INC.

By: _____
Name: _____
Title: _____

**BOSTON AND MAINE CORPORATION SPRINGFIELD TERMINAL RAILWAY
COMPANY**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

PAN AM SOUTHERN, LLC

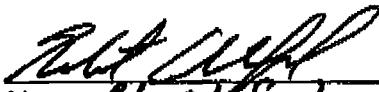
By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Amendment in multiple parts, with each part to be an original, as of the date and year first written above.

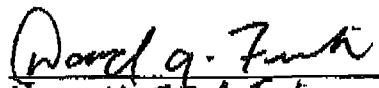
**NORFOLK SOUTHERN RAILWAY
COMPANY**

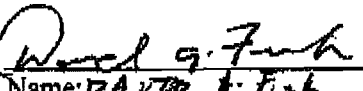
By: 
Name: N.P. McClellan
Title: V.P. - IN/AVO MKTG

PAN AM RAILWAYS, INC.

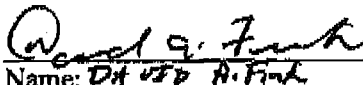
By: 
Name: Bob Culbert
Title: Gen. Mgr.

BOSTON AND MAINE CORPORATION **SPRINGFIELD TERMINAL RAILWAY
COMPANY**

By: 
Name: DAVID A. Fink
Title: President

By: 
Name: DAVID A. Fink
Title: President

PAN AM SOUTHERN, LLC

By: 
Name: DAVID A. Fink
Title: President

**LIMITED LIABILITY
COMPANY AGREEMENT
OF
PAN AM SOUTHERN LLC**

**BY AND BETWEEN
NORFOLK SOUTHERN RAILWAY COMPANY
AND
BOSTON AND MAINE CORPORATION
AS OF
APRIL 9, 2009**

TABLE OF CONTENTS

PAGE

SECTION 1 THE COMPANY

1.1	Formation and Continuation	15
1.2	Name	15
1.3	Purpose; Powers	15
1.4	Principal Place of Business, Chief Executive Office and Registered Office.....	15
1.5	Term	16
1.6	Filings; Agent for Service of Process.	16
1.7	Title to Property	17
1.8	Payments of Individual Obligations.....	17

SECTION 2 MEMBERS' CAPITAL CONTRIBUTIONS

2.1	Initial Capital Contributions.	17
2.2	Initial Capital Accounts	17
2.3	Subsequent Capital Contributions.....	17
2.4	Withdrawal and Return of Capital	17

SECTION 3 ALLOCATIONS

3.1	Profits	18
3.2	Losses	18
3.3	Special Allocations	18
3.4	Loss Limitation	21
3.5	Other Allocation Rules.	21
3.6	Tax Allocations; Code Section 704(c).	22
3.7	Revaluation of Capital Accounts	22
3.8	Membership Interests.....	22

SECTION 4 DISTRIBUTIONS

4.1	Distributions.....	23
4.2	Priority Distributions	23
4.3	Amounts Withheld	23
4.4	Limitations on Distributions	23
4.5	Distributions and Allocations in Respect of a Transferred Membership Interest.....	23

**SECTION 5
MANAGEMENT**

5.1	Manner of Operations	24
5.2	Management Committee.....	24
5.3	Committees of, or reporting to, the Management Committee.	25
5.4	Meetings of Management Committee.....	26
5.5	Action by Unanimous Written Consent.....	27
5.6	Management Committee Decisions	27
5.7	Budget and Business Plan; Investment Policies.	30
5.8	Officers	31
5.9	Exculpation and Indemnification.....	31
5.10	Fiduciary Duty; Exculpation.....	32
5.11	Interparty Matters.....	33
5.12	Industrial Development Projects.....	33

**SECTION 6
ROLE OF MEMBERS**

6.1	Rights or Powers	33
6.2	Voting Rights.....	34
6.3	Meetings of the Members.	34
6.4	Required Member Consents.....	35
6.5	Member Compensation.....	35
6.6	Members' Liability	35
6.7	Partition.....	35
6.8	Transactions Between a Member and the Company.....	36
6.9	Other Instruments.....	36
6.10	Advise of Changes	36
6.11	NS Change in Control.....	36

**SECTION 7
ACCOUNTING BOOKS AND RECORDS**

7.1	Accounting Books and Records.....	37
7.2	Reports.	38
7.3	Tax Matters.	39

**SECTION 8
AMENDMENTS**

8.1	Amendments	41
-----	------------------	----

**SECTION 9
TRANSFERS**

9.1	Restrictions on Transfers	41
9.2	Permitted Transfers.....	41

9.3	Conditions to Permitted Transfers	42
9.4	Prohibited Transfers	43
9.5	Rights of Unadmitted Assignees	43
9.6	Admission of New and Substituted Members	44
9.7	Representations Regarding Transfers; Legend	45

SECTION 10 EVENTS OF DEFAULT

10.1	Events of Default	45
10.2	Remedies Upon an Event of Default	46

SECTION 11 DISSOLUTION AND WINDING UP

11.1	Dissolution Events	47
11.2	Winding Up	47
11.3	Compliance With Certain Requirements of Regulations; Deficit Capital Accounts	48
11.4	Distributions in Kind	49
11.5	Rights of Members	49
11.6	Notice of Dissolution/Termination.	49
11.7	Allocations During Period of Liquidation	49
11.8	Character of Liquidating Distributions	49
11.9	The Liquidator.	49

SECTION 12 MISCELLANEOUS

12.1	Notices	50
12.2	Certificates.	51
12.3	Binding Effect	53
12.4	Time	53
12.5	Headings	53
12.6	Prior Agreements	53
12.7	Severability	53
12.8	Incorporation by Reference	53
12.9	Variation of Terms	54
12.10	Counterpart Execution	54
12.11	Third Party Beneficiaries	54
12.12	GOVERNING LAW	54
12.13	Confidentiality	54

SECTION 13 DISPUTE RESOLUTION

13.1	Reference to JOC.	54
13.2	Reference for Formal Dispute Resolution.	54

13.3 **Formal Dispute Resolution.55**

**LIMITED LIABILITY COMPANY AGREEMENT
OF
PAN AM SOUTHERN LLC**

This Limited Liability Company Agreement (this "Agreement") of Pan Am Southern LLC, a Delaware limited liability company (the "Company"), is entered into pursuant to and in accordance with the Delaware Limited Liability Company Act (the "Act") and shall be effective as of April 9, 2009 (the "Effective Date"), by and between Norfolk Southern Railway Company, a Virginia corporation (such corporation or any Permitted Transferee thereof, the "NS Member"), and Boston and Maine Corporation, a Delaware corporation ("B&M" and, together with any Permitted Transferee thereof, the "Pan Am Member"), as the Members pursuant to the provisions of the Act.

RECITALS

WHEREAS, the NS Member, Pan Am Railways, Inc. ("Pan Am"), B&M, a wholly-owned subsidiary of Pan Am, and Springfield Terminal Railway Company, a wholly-owned subsidiary of Pan Am ("Springfield Terminal", and together with Pan Am and B&M, the "Pan Am System Parties") have entered into a Transaction Agreement (the "Transaction Agreement"), dated as of May 15, 2008, which provides, among other things, for B&M to contribute an undivided interest in the railroad lines originally owned or operated by B&M or its Subsidiary, the Vermont & Massachusetts Railway, generally in New York, Vermont, Connecticut, Massachusetts, and New Hampshire (the "Line") and certain other related assets (together with the Line, the "Assets"), to the Company and for the NS Parent to cause the NS Member to make capital contributions to the Company as described in Schedule 2.2 of the Transaction Agreement, in each case in accordance with the provisions thereof;

WHEREAS, by executing this Agreement and the related Certificate of Formation and filing the Certificate of Formation with the Secretary of State of the State of Delaware, the parties hereto are hereby and thereby forming the Company; and

WHEREAS, the parties hereto desire to enter into this Agreement to set forth their rights and obligations as members of the Company.

NOW, THEREFORE, in consideration of the foregoing facts and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

DEFINITIONS

Capitalized words and phrases used in this Agreement have the following meanings:

"AAA" means the American Arbitration Association.

"Acceptance Agreement" shall have the meaning set forth in Section 10.2(d).

"Acceptance Period" shall have the meaning set forth in Section 10.2(c).

"Act" shall have the meaning set forth in the Recitals.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is deemed to be obligated to restore pursuant to the penultimate sentences in Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations; and

(b) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

"Affiliate" means, with respect to any specified Person, (i) any other Person who, directly or indirectly, controls, is under common control with, or is controlled by, such specified Person, (ii) any other Person who is a director, officer, manager, member, partner or trustee of the specified Person or a Person described in clause (i) of this definition or any spouse of the specified Person or any such other Person, (iii) any relative of the specified Person or any other Person described in clause (ii) of this definition, or (iv) any Person of which the specified Person and/or any one or more of the Persons specified in clause (i), (ii) or (iii) of this definition, individually or in the aggregate, beneficially own 10% or more of any class of Voting Securities.

"Agreement" shall have the meaning set forth in the Preamble. Words such as "herein," "hereinafter," "hereof," "hereto" and "hereunder" refer to this Agreement as a whole, unless the context otherwise requires.

"Assets" shall have the meaning set forth in the Recitals.

"Assignment and Assumption Agreement Regarding Passenger Rail Operations" means that agreement dated as of April 9, 2009 by and between Springfield Terminal and the Company generally providing for the partial assignment of the Springfield Terminal operating rights over the tracks of Massachusetts Bay Transportation Authority.

"Auditors" means the independent registered public accounting firm from time to time engaged by the Company to audit its financial statements and results of operations. The Auditors shall initially be Gray, Gray and Gray, LLP. Successor Auditors shall be appointed by the Management Committee in accordance with Section 5.6.

"Ayer Switching Agreement" means that Ayer Switching Agreement, dated as of the date hereof, between Springfield Terminal and the Company, generally governing the switching by the Company of certain railcars of Springfield Terminal.

"B&M" shall have the meaning set forth in the Introductory Paragraph.

"Bankruptcy" means, with respect to any Person, a Voluntary Bankruptcy or an Involuntary Bankruptcy (as each such term is defined herein).

"Bill of Sale" shall mean that bill of sale generally providing for the contribution to the Company by the Pan Am System Parties of all personal property included in the Assets.

"Budget" shall have the meaning set forth in Section 5.7(a).

"Business" means the business conducted by the Company, including owning, managing and maintaining the Assets, and making certain capital improvements to the same, and performing certain haulage and other freight railroad transportation services, generally as a private carrier.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City.

"Business Plan" shall have the meaning set forth in Section 5.7(a).

"Capital Account" means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited (1) such Member's Capital Contributions, (2) such Member's distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 3.3 and (3) the amount of any Company liabilities assumed by such Member or which are secured by any Property distributed to such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note (or a Member related to the maker of the note within the meaning of Regulations Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Member until the Company makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

(b) To each Member's Capital Account there shall be debited (1) the amount of money and the Gross Asset Value of any Property distributed to such Member pursuant to any provision of this Agreement, (2) such Member's distributive share of Losses and any items in the nature of expenses, deductions or losses which are specially allocated pursuant to Section 3.3 and (3) the amount of any liabilities of such Member assumed by the Company or which are secured by any Property contributed by such Member to the Company.

(c) In the event a Membership Interest is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Membership Interest.

(d) In determining the amount of any liability for purposes of subparagraphs (a) and (b) above, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Management Committee shall determine that it is prudent to modify the manner in which the Capital Accounts or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or any Members), are computed in order to comply with such Regulations, the Management Committee may make such modification, provided that it is not likely to have a material effect on the amounts distributed to any Person pursuant to Section 11 upon the dissolution of the Company. The Management Committee also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q) and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

"Capital Contribution" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any Property (other than money) contributed to the Company with respect to the Membership Interest in the Company held or purchased by such Member.

"Capital Project" means those capital expenditures relating to the Line as set forth in the Budgets (including any Rollover Budgets) approved in accordance with this Agreement.

"Capital Project Process" shall have the meaning set forth in Section 5.3(b).

"Capital Projects and Facility Management Agreement" means that Capital Projects and Facility Management Agreement, dated as of the date hereof, by and among the Company, Springfield Terminal, B&M and NSR, generally concerning the construction of the Capital Projects and the hiring of the initial operators for certain specified facilities.

"Capital Recovery Contributed Book Items" means Depreciation attributable to the Assets contributed to the Company as described in Section 2.3 of the Transaction Agreement.

"Capital Recovery Contributed Tax Deductions" means depreciation and amortization that are allowed as a deduction for federal income-tax purposes and that relate solely to the tax basis of the Assets contributed to the Company as described in Section 2.3 of the Transaction Agreement as determined on the date of their contribution to the Company.

"Capital Recovery Purchased Book Items" means (i) Depreciation attributable to the Assets purchased by the Company as described in Section 3 of the Transaction Agreement and attributable to the first \$87,500,000 of Capital Projects to the extent such \$87,500,000 is not

allowed as a deductible expense for federal income-tax purposes, and (ii) expenses (including any and all deductions associated with Rev. Proc. 2002-65) attributable to the first \$87,500,000 of Capital Projects allowed as a deductible expense for federal income-tax purposes.

“Capital Recovery Purchased Tax Deductions” means expenses, depreciation, amortization, and other cost recovery deductions (including any and all deductions associated with Rev. Proc. 2002-65) that are allowed as a deduction for federal income-tax purposes and that relate solely (i) to the Assets purchased by the Company as described in Section 3 of the Transaction Agreement and (ii) to the first \$87,500,000 of Capital Projects.

“Capital Transaction” shall mean any of the following: (i) a sale, exchange, transfer, assignment or other disposition of all or substantially all of the Company’s Property or all or substantially all of the rights in the Company’s Property; (ii) any condemnation or deeding in lieu of condemnation of all or substantially all of the Company’s Property; (iii) any financing or refinancing of the Company’s Property; (iv) any fire or other casualty to all or substantially all of the Company’s Property to the extent that such funds are not paid to a lender or used to restore, rebuild or repair the Company Property; and (v) any other transaction the proceeds of which, in accordance with generally accepted accounting principles, are considered capital in nature.

“Certificate of Formation” means the Certificate of Formation filed with the Secretary of State of the State of Delaware pursuant to the Act to form the Company, as originally executed and amended, modified, supplemented or restated from time to time, as the context requires.

“Claims” shall have the meaning set forth in Section 5.9(a).

“Closing Date” shall be the date the initial Capital Contributions are made under Section 2.1(a).

“CN” shall mean Canadian National Railway Company.

“CoC Trackage Rights” shall have the meaning given to that term in Section 6.11.

“Code” means the United States Internal Revenue Code of 1986, as amended from time to time.

“Committee Representative” shall have the meaning set forth in Section 5.2(b).

“Company” means the limited liability company formed pursuant to this Agreement and the Certificate of Formation and the limited liability company continuing the business of this Company in the event of dissolution of the Company as herein provided.

“Company Minimum Gain” has the same meaning as the term, “partnership minimum gain,” in Regulations Section 1.704-2(b)(2) and 1.704-2(d).

“CSX” shall mean CSX Transportation, Inc.

“Damages” shall have the meaning set forth in Section 10.2(b).

“Default Sale Notice” shall have the meaning set forth in Section 10.2(c).

“Delaware Courts” shall have the meaning set forth in Section 13.3(a).

“Depreciation” means, for each Fiscal Year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Management Committee.

“Dispute” shall have the meaning set forth in Section 13.1.

“Dissolution Event” shall have the meaning set forth in Section 11.1.

“Effective Date” shall have the meaning set forth in the Introductory Paragraph.

“Exchange Act” means the Securities Exchange Act of 1934.

“Fair Value” means the fair market value as determined by unanimous mutual agreement reached by the Members, or in the event the Members are unable to agree, as determined by an independent investment banking firm or firms or, in the case of any asset or other item not customarily valued by an investment banking firm, a qualified independent appraiser of the type customarily engaged in the valuation thereof (a “Qualified Appraiser”), in accordance with the following procedure. In the case of any event which gives rise to a requirement to determine “Fair Value” hereunder, the Management Committee shall be responsible for initiating the process by which Fair Value shall be determined as promptly as practicable, but in any event within twenty (20) days following such event and if the procedures contemplated herein in connection with determining Fair Value have not been complied with fully, then any such determination of Fair Value for any purpose hereunder shall be deemed to be preliminary and subject to adjustment pending full compliance with such procedures. Upon the occurrence of an event requiring the determination of Fair Value, the Management Committee shall give each Member notice of such event, and the Members shall engage in direct good faith discussions to arrive at a mutually agreeable determination of Fair Value. In the event the Members are unable to arrive at a mutually agreeable determination within thirty (30) days of the notice, an independent investment banking firm of national standing or Qualified Appraiser of national standing, as the case may be, selected by unanimous agreement of the Members shall make such determination and render such opinion. The determination so made shall be conclusive and binding on the Members. The fees and expenses of the investment banking firm or Qualified Appraiser retained for such purpose shall be paid by the Company.

“Fiscal Quarter” means any of the following:

(a) the period commencing on the date hereof and ending on the earliest to follow the Closing Date of March 31, June 30 and September 30 of the year in which the Closing Date occurs,

(b) any subsequent three (3) month period commencing on each of January 1, April 1, July 1 and October 1 and ending on the last date before the next such date, and

(c) the period commencing on the immediately preceding January 1, April 1, July 1, or October 1, as the case may be, and ending on the date on which all Property is distributed to the Members pursuant to Section 11.

"Fiscal Year" means any of the following:

(a) the period commencing on the date hereof and ending on December 31 of the year in which the Closing Date occurs,

(b) any subsequent twelve (12) month period commencing on January 1, and

(c) the period commencing on the immediately preceding January 1, and ending on the date on which all Property is distributed to the Members pursuant to Section 11.

"Freight Rail Common Carrier" shall mean Springfield Terminal, NSR, or such other freight rail common carrier that the Company, in accordance with the Agreement, admits to the entirety or any portion of the Line by way of haulage or trackage rights.

"GAAP" means generally accepted accounting principles as in effect in the United States of America, consistently applied.

"General Manager" means that individual so designated and appointed by the Railroad Operator who shall be responsible for directing the day-to-day operations, management and supervision of the Railroad Operator and shall be the single point of contact for the Members with respect to all such matters.

"Gross Asset Value" means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of contribution as determined by the Management Committee.

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as determined by the Management Committee as of the following times: (A) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Member of more than a de minimis amount of Company property as consideration for an interest in the Company; and (C) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), provided that an adjustment described in clauses (A) and (B) of this paragraph

shall be made only if the Management Committee reasonably determines that such adjustment is necessary to reflect the relative economic interests of the Members in the Company.

(c) The Gross Asset Value of any Company asset distributed to any Member shall be adjusted to equal the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of distribution as determined by the Management Committee.

(d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted tax basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)-(2)(iv)(m) and subparagraph (f) of the definition of "Profits" and "Losses"; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that an adjustment pursuant to subparagraph (c) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (a), (b) or (c), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Profits and Losses.

"Harvard Trackage Rights" shall mean the trackage rights granted pursuant to the Springfield Terminal Joint Use Agreement.

"Indemnified Parties" shall have the meaning set forth in Section 10.2(f).

"Indemnified Persons" shall have the meaning set forth in Section 5.9.

"Investment Policies" shall have the meaning set forth in Section 5.7(b).

"Industrial Development Project" shall mean a modification to the trackage owned or operated by the Company in order to permit new or expanded access to rail service by one or more new or potential rail service customer(s), which modification takes place on the property owned or operated by the Company, provided, however, that no bulk transload, intermodal, and an auto distribution facility shall be considered an Industrial Development Project.

"Involuntary Bankruptcy" means, with respect to any Person, without the consent or acquiescence of such Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar statute, law or regulation, or the filing of any such petition against such Person which petition shall not be dismissed within ninety (90) days, or without the consent or acquiescence of such Person, the entering of any order appointing a trustee, custodian, receiver or liquidator of such Person or of all or any substantial part of the Property of such Person which order shall not be dismissed within ninety (90) days.

"IRS" means the Internal Revenue Service.

"Issuance Items" shall have the meaning set forth in Section 3.3(h).

"Items" shall have the meaning set forth in Section 3.4.

"Joint Operating Committee" or "JOC" shall have the meaning set forth in Section 5.3(c).

"JV Transaction Agreements" means, collectively, (i) the Transaction Agreement (ii) this Company Agreement, (iii) the NSR Joint Use Agreement, (iv) the Assignment and Assumption Agreement Regarding Passenger Rail Operations, (v) the Miscellaneous Assignment and Assumption Agreement, (vi) the Bill of Sale, (vii) the Transportation Agreement Assignment and Divisions Allocation Agreement, (viii) the Ayer Switching Agreement, (ix) the Springfield Terminal Joint Use Agreement, (x) the Capital Projects and Facility Management Agreement, (xi) the Railroad Operating Agreement, and (xii) the Option Agreement.

"Line" shall have the meaning set forth in the Recitals.

"Liquidation Period" shall have the meaning set forth in Section 11.7.

"Liquidator" shall have the meaning set forth in Section 11.9(a).

"Losses" shall have the meaning set forth in the definition of "Profits."

"Major Decision" shall have the meaning set forth in Section 5.6.

"Management Committee" shall have the meaning set forth in Section 5.2(a).

"Members" means the Persons (i) who are referred to as such in the opening paragraph of this Agreement or who have become a new or substituted Member by acquisition of a Membership Interest pursuant to the terms of this Agreement and (ii) who have not ceased to be a Member.

"Member Nonrecourse Debt" has the same meaning as the term "partner nonrecourse debt" in Section 1.704-2(b)(4) of the Regulations.

"Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(3) of the Regulations.

"Member Nonrecourse Deductions" has the same meaning as the term "partner nonrecourse deductions" in Sections 1.704-2(i)(1) and 1.704-2(i)(2) of the Regulations.

"Membership Interest" means an ownership interest in the Company or any portion of or interest in such interest, including any and all benefits to which the holder of such interest may be entitled as provided in this Agreement, together with all obligations of such

Person to comply with the terms and provisions of this Agreement, the number of such Membership Interests being reflected on Exhibit C hereto.

"Miscellaneous Assignment and Assumption Agreement" means the Assignment and Assumption Agreement, dated the date hereof, by and between Pan Am, on behalf of itself and its subsidiaries, including B&M and Springfield Terminal, and the Company.

"Net Cash Flow" means for any period the gross cash proceeds of the Company for such period (excluding Capital Contributions) less the portion thereof used to pay or establish reserves for all Company expenses, debt payments, capital improvements, replacements, and contingencies, all as determined by the Management Committee. "Net Cash Flow" shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances, but shall be increased by any reductions of reserves previously established pursuant to the first sentence of this definition.

"Net Cash Flow Forecast" shall have the meaning set forth in Section 5.7(a).

"Nonrecourse Deductions" shall have the meaning set forth in Section 1.704-2(b)(1) of the Regulations.

"Nonrecourse Liability" shall have the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

"Notice" shall have the meaning set forth in Section 12.1.

"NS Change in Control" shall mean: (1) the establishment of a voting trust as described in 49 C.F.R. Part 1013 – Guidelines for the Proper Use of Voting Trusts, or any subsequent regulation, with regard to the acquisition by CSX or CN, or a subsidiary of either, of a controlling block of voting securities of the NS Member or any entity having direct or indirect control over the NS Member, including but not limited to the NS Parent; (2) the submission to the STB by CSX or CN, or a subsidiary of either, of any application, petition for exemption, or notice of exemption seeking approval, or exemption from approval, to effect a change in control of the NS Member or any entity having direct or indirect control over the NS Member; or (3) not taking into account the NS Member's Membership Interest in the Company, the sale, transfer or other distribution of all or substantially all of the assets of NSR to CSX or CN, or a subsidiary of either.

"NS Member" shall have the meaning set forth in the Preamble.

"NS Member's Membership Interests" shall have the meaning set forth in Section 3.8.

"NS Parent" means Norfolk Southern Corporation, a Virginia corporation and the ultimate parent of the NS Member.

"NSR" means Norfolk Southern Railway Company, a Virginia corporation and an operating subsidiary of the NS Parent.

"NSR Joint Use Agreement" shall mean the Joint Use Agreement, dated as of the date hereof, by and between NSR, Springfield Terminal and the Company, generally providing for certain haulage and trackage rights.

"Officers" means Persons designated as officers of the Company by the Management Committee for so long as any such Person remains an Officer in accordance with the terms of this Agreement.

"Option Agreement" shall mean that agreement dated as of May 1, 2008 by and among NSR, B&M and Pan Am generally concerning the grant of an option to NSR to acquire a certain percentage interest in the Assets.

"Pan Am" shall have the meaning set forth in the Recitals.

"Pan Am Change in Control" shall mean: (1) the establishment of a voting trust as described in 49 C.F.R. Part 1013 – Guidelines for the Proper Use of Voting Trusts, or any subsequent regulation, with regard to the acquisition of a controlling block of voting securities of the Pan Am Member, Pan Am, B&M or Springfield Terminal, or any entity having direct or indirect control over any of the same, including but not limited to the Pan Am Parent; (2) the submission to the STB (other than pursuant to 49 U.S.C. 11323(a)(4) where the only carriers involved are (a) one or more of the Pan Am Member, Pan Am, B&M or Springfield Terminal, or any entity having direct or indirect control over any of the same, including but not limited to the Pan Am Parent, and (b) the Company) of any application, petition for exemption, or notice of exemption seeking approval, or exemption from approval, to effect a change in control of the Pan Am Member, Pan Am, B&M or Springfield Terminal or any entity having direct or indirect control over any of the same; (3) any Permitted Transfer as described in Section 9.2 clauses (f) or (g); or (4) not taking into account the Pan Am Member's membership interest in the Company, the sale, transfer or other distribution of all or substantially all of the assets of the Pan Am Member, Pan Am, B&M or Springfield Terminal.

"Pan Am Member" shall have the meaning set forth in the Recitals.

"Pan Am Member's Membership Interests" shall have the meaning set forth in Section 3.8.

"Pan Am Parent" shall mean Pan Am Systems, Inc., a Florida corporation, and the ultimate parent of the Pan Am Member.

"Pan Am System Parties" shall have the meaning set forth in the Recitals.

"Permitted Transfer" shall have the meaning set forth in Section 9.2.

"Permitted Transferees" means a transferee pursuant to a Permitted Transfer.

"Person" means an individual or a partnership, corporation, trust, association, limited liability company or other entity.

"Profit and Loss Allocation Percentage Interest" shall be each Member's Membership Interest as reflected on Exhibit A.

"Profits" and **"Losses"** means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, deduction or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year, computed in accordance with the definition of Depreciation;

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustments shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits and Losses; and

(g) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 3.3 shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss, deduction or credit available to be specially allocated pursuant to Section 3.3 shall be determined by applying the rules analogous to those set forth in subparagraphs (a) through (g) above.

"Property" means all real and personal property acquired by the Company, including cash, and any improvements thereto, and shall include both tangible and intangible property.

"Proposed Capital Projects" means those capital expenditures anticipated to be constructed over the three (3) year period commencing on the date hereof, as identified more specifically in Exhibit B.

"Qualified Appraiser" shall have the meaning set forth in the definition of "Fair Value".

"Rail Carrier" means a Freight Rail Common Carrier or a passenger rail carrier.

"Railroad Operating Agreement" means the Railroad Operating Agreement, dated as of the date hereof, between the Company and Springfield Terminal, generally concerning the railroad operating and administrative services provided by Springfield Terminal for the Company.

"Railroad Operator" means the Springfield Terminal or such other Person as the Management Committee may designate pursuant to this Agreement and the Railroad Operating Agreement, which shall be responsible for performing day-to-day railroad operations for the Company.

"Regulations" means the Treasury Regulations, including temporary and proposed Regulations, promulgated under the Code, as such regulations are amended from time to time.

"Rollover Budget" shall have the meaning set forth in Section 5.7(a).

"Rules" shall have the meaning set forth in Section 13.3(b).

"Securities Act" means the Securities Act of 1933.

"Springfield Terminal" shall have the meaning set forth in the Recitals.

"Springfield Terminal Joint Use Agreement" means the trackage rights agreement, dated as of the date hereof, among NSR, Springfield Terminal and the Company, generally providing for the grant, by the Company to Springfield Terminal, of certain trackage rights.

"Tax Matters Partner" shall mean the "tax matters partner," as that term is defined in Section 6231(a)(7) of the Code of the Company, with all of the rights, duties and powers provided for in Sections 6221 through 6234 of the Code.

"Transaction Agreement" shall have the meaning set forth in the Recitals.

"Transfer" means, as a noun, any voluntary or involuntary transfer, distribution, sale, pledge, assignment or hypothecation or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, pledge, assign or hypothecate or otherwise dispose of.

"Transportation Agreement Assignment and Divisions Allocation Agreement" means that agreement dated as of April 9, 2009 generally providing for the assignment of existing customer transportation agreements and setting forth the respective divisions for transportation services to be provided by the Company under certain existing and future contract and tariff movements.

"Voluntary Bankruptcy" means, with respect to any Person, any of the following:

(a) the inability of such Person generally to pay its debts as such debts become due, or an admission in writing by such Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors.

(b) the filing of any petition or answer by such Person seeking to adjudicate itself as bankruptcy or insolvent, or seeking for itself any liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of such Person or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking, consenting to, or acquiescing in the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for such Person or for any substantial part of its Property, or

(c) corporate action taken by such Person to authorize any of the actions set forth above.

"Voting Securities" shall mean any securities of any Person which vote generally in the election of directors.

"Wholly-Owned Affiliate" of any Person means

(a) an Affiliate of such Person one hundred percent (100%) of the voting stock or beneficial ownership of which is owned by such Person, or by any Person who, directly or indirectly, owns one hundred percent (100%) of the voting stock or beneficial ownership of such Person,

(b) an Affiliate of such Person who, directly or indirectly, owns one hundred percent (100%) of the voting stock or beneficial ownership of such Person, and

(c) any Wholly-Owned Affiliate of any Affiliate described in clause (a) or clause (b).

SECTION 1
THE COMPANY

1.1 Formation and Continuation

. The Members hereby agree to organize the Company as a limited liability company under and pursuant to the provisions of the Act and upon the terms and conditions set forth in this Agreement. The rights and liabilities of the Members shall be as provided under the Act, the Certificate of Formation and this Agreement.

1.2 Name

. The name of the Company shall be Pan Am Southern LLC and all business of the Company shall be conducted in such name or, in the discretion of the Management Committee, under any other name.

1.3 Purpose; Powers.

(a) Generally.

(i) The purpose of the Company is to engage in the Business and in any other lawful activity for which a limited liability company may be organized under the Act.

(ii) The Company has the power to do any and all acts necessary, appropriate, proper, advisable, incidental or convenient to or in furtherance of the purposes of the Company set forth in Section 1.3(a) and has, without limitation, any and all powers that may be exercised on behalf of the Company by the Management Committee pursuant to Section 5.

(b) Carrier Status.

(i) Notwithstanding the generality of Section 1.3(a), the Members intend that the Company shall be a rail carrier, as that term is defined in 49 U.S.C. § 10101(5), that performs transportation services over the Line.

(ii) The Company may participate or appear in any rates, routes or divisions relating to any freight traffic whatsoever to, from and over the Line, and shall be entitled to or responsible for any freight charges relating to such freight traffic. The Company may quote or establish any rate and service terms applicable to freight transportation services to, from or over the Line, enter into transportation contracts with persons, provide for freight transportation services to, from or over the Line, and undertake to perform any for-hire transportation services directly, in its own name or for its own account, for any person, subject to Section 5.6(xxi).

1.4 Principal Place of Business, Chief Executive Office and Registered Office

. The principal place of business and chief executive office of the Company shall be located at the offices of Pan Am Railways, 400 Amherst Street, Suite 405, Nashua, NH 03063, or in such other place as the Management Committee may determine from time to time. The registered office of the Company in the State of Delaware initially is located at c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

1.5 Term

. The term of the Company commenced on the date the Certificate of Formation was filed in the office of the Secretary of State of the State of Delaware in accordance with the Act and shall continue until the winding up and liquidation of the Company and its business is completed following a Dissolution Event, as provided in Section 11.

1.6 Filings; Agent for Service of Process.

(a) The Members shall promptly after the execution of this Agreement cause the Certificate of Formation to be filed in the Office of the Secretary of State of the State of Delaware in accordance with the provisions of the Act. The Management Committee shall take, or cause to be taken, any and all actions reasonably necessary to perfect and maintain the status of the Company as a limited liability company under the laws of the State of Delaware, including the preparation and filing of such amendments to the Certificate of Formation and such other assumed name certificates, documents, instruments and publications as may be required by law, including, without limitation, action to reflect:

(i) A change in the Company name,

(ii) A correction of false or erroneous statements in the Certificate of Formation or the desire of the Members to make a change in any statement therein in order that it shall accurately represent the agreement among the Members, or

(iii) A change in the time for dissolution of the Company if approved by the Members as evidenced by an amendment to this Agreement (approved as provided herein).

(b) The Members and the Management Committee shall execute and cause to be filed original or amended certificates and shall take any and all other actions as may be reasonably necessary to perfect and maintain the status of the Company as a limited liability company or similar type of entity under the laws of any other jurisdictions in which the Company engages in business.

(c) The registered agent for service of process on the Company in the State of Delaware shall be The Corporation Trust Company or any successor as appointed by the Members in accordance with the Act.

(d) Upon the dissolution and completion of the winding up and liquidation of the Company in accordance with Section 11, the Management Committee (and, if necessary and requested by the Management Committee, the Members) shall promptly execute and cause to be filed certificates of cancellation, statements of intent to dissolve and articles of

dissolution in accordance with the Act and the laws of any other jurisdictions in which the Management Committee deems such filing necessary or advisable.

1.7 Title to Property

. All Property owned by the Company shall be owned by the Company as an entity and no Member shall have any ownership interest in such Property in its individual name, and each Member's Membership Interests in the Company shall be personal property for all purposes. At all times after the date hereof, the Company shall hold title to all of its Property in the name of the Company and not in the name of any Member.

1.8 Payments of Individual Obligations

. The Company's credit and assets shall be used solely for the benefit of the Company and no asset of the Company shall be Transferred or encumbered for, or in payment of, any individual obligation of any Member.

SECTION 2
MEMBERS' CAPITAL CONTRIBUTIONS

2.1 Initial Capital Contributions.

(a) Pursuant to the Transaction Agreement and simultaneously with the execution of this Agreement, (i) the NS Member has made the initial Capital Contribution described in Section 2.2(a) of the Transaction Agreement and in that certain Funding Agreement dated April 9, 2009 among the Pan Am System Parties and the NS Member, and (ii) the Pan Am Member has made an initial Capital Contribution described in Section 2.3(a) of the Transaction Agreement.

(b) Pursuant to the Transaction Agreement and simultaneously with the execution of this Agreement, the Pan Am Member has also contributed or caused to be contributed to the Company, and the Company has assumed, the Assumed Liabilities (as such term is defined in Section 2.4 of the Transaction Agreement).

2.2 Initial Capital Accounts

. The Company shall establish an individual Capital Account for each Member. The Company shall determine and maintain each Capital Account in accordance with Regulations Section 1.704-1(b)(2)(iv). The initial Capital Accounts of the Members as of the date hereof are as reflected in Exhibit 2.2.

2.3 INTENTIONALLY OMITTED

2.4 Withdrawal and Return of Capital

. No Member shall withdraw any of its capital without the consent of the other Members, except upon the dissolution or liquidation of the Company to the extent provided in this Agreement. Under circumstances requiring or permitting a return of any Capital Contribution, no Member shall have the right to receive property other than cash except as may be specifically provided in Section 11.2(d).

SECTION 3 **ALLOCATIONS**

3.1 Profits

. After giving effect to the special allocations set forth in Section 3.3, Profits for any Fiscal Year shall be allocated to the Members as follows:

(a) First, Profits shall be allocated to each Member in an amount necessary to offset any previous allocations of Loss to such Member pursuant to Section 3.4.

(b) Second, Profits less any amounts allocated under Section 3.1(a) shall be allocated to the Members in proportion to their respective Profit and Loss Allocation Percentage Interests.

3.2 Losses

. After giving effect to the special allocations set forth in Section 3.3 and subject to Section 3.4, Losses for any Fiscal Year shall be allocated to the Members in proportion to their Profit and Loss Allocation Percentage Interests.

3.3 Special Allocations

. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback

. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding any other provision of this Section 3, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Members share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 3.3(a) is intended to comply with the minimum gain chargeback requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback

. Except as otherwise provided in Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this Section 3, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Fiscal Year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 3.3(b) is intended to comply with the minimum gain chargeback requirement in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset

. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of the Member as quickly as possible, provided that an allocation pursuant to this Section 3.3(c) shall be made only if and to the extent that the Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 3 have been tentatively made as if this Section 3.3(c) were not in the Agreement.

(d) Gross Income Allocation

. In the event any Member has a deficit Capital Account at the end of any Fiscal Year which is in excess of the sum of the amount such Member is deemed obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 3.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 3 have been made as if Section 3.3(c) and this Section 3.3(d) were not in the Agreement.

(e) Nonrecourse Deductions

. Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Members in proportion to their respective Profit and Loss Allocation Percentage Interests.

(f) Member Nonrecourse Deductions

. Any Member Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the

Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

(g) Section 754 Adjustments

. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Sections 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of such Member's interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their Percentage Interests in the event Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(h) Allocations Relating to Taxable Issuance of a Membership Interest

. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of a Membership Interest by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

(i) Guaranteed Payments

. To the extent any compensation paid to any Member by the Company, including any fees payable by the Company to any Member, is determined by the Internal Revenue Service not to be a guaranteed payment under Code Section 707(c) or is not paid to the Member other than in its capacity as a partner (Member) within the meaning of Code Section 707(a), the Member shall be specially allocated gross income of the Company in an amount equal to the amount of that compensation.

(j) Capital Recovery Contributed Book Items

. The Capital Recovery Contributed Book Items shall be specially allocated ninety-nine (99) percent to the Pan Am Member and one (1) percent to the NS Member.

(k) Capital Recovery Purchased Book Items

. The Capital Recovery Purchased Book Items shall be specially allocated one (1) percent to the Pan Am Member and ninety-nine (99) percent to the NS Member.

(l) Special Allocations of Gain from Capital Transactions. Gain for each item of Property arising from a Capital Transaction (computed by reference to Gross Asset Value) in excess of any gain allocated pursuant to Sections 3.3(a) and (b) above shall be allocated to a Member up to and in proportion to the excess of (i) the amounts allocated to the

Member pursuant to Sections 3.3(j) and (k) above, over (ii) the sum of (A) amounts previously allocated to such Member pursuant to this Section 3.3(l), (B) the amount of gain allocated to the Member pursuant to Sections 3.3(a) and (b) above, and (C) such Member's remaining share of Company Minimum Gain and Member Nonrecourse Minimum Gain. Any remaining gain from a Capital Transaction shall be allocated between the Members pursuant to Section 3.1. Gain for tax purposes shall be consistent with the allocations under this Section 3.3(l) and Section 3.6.

3.4 Loss Limitation

. Losses allocated pursuant to Section 3.2, together with Capital Recovery Contributed Book Items and Capital Recovery Purchased Book Items allocated pursuant to Sections 3.3(j) and 3.3(k) (the "Items"), shall not exceed the maximum amount of Losses and Items that can be allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses and Items pursuant to Section 3.2 and Sections 3.3(j) and 3.3(k), the limitation set forth in this Section 3.4 shall be applied on a Member by Member basis and Losses and Items not allocable to any Member as a result of such limitation shall be allocated to the other Members in accordance with the positive balances in such Member's Capital Accounts (including the adjustment described in subparagraphs (a) and (b) of the definition of "Adjusted Capital Account Deficit") so as to allocate the maximum permissible Losses and Items to each Member under Regulations Section 1.704-1(b)(2)(ii)(d). Subsequent Profits shall be specially allocated hereunder to charge back any Losses and Items disproportionately allocated to the Members pursuant to this Section 3.4, pro rata in accordance with the amount of such excess Losses and Items allocated hereunder and not charged back hereby.

3.5 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Management Committee using any permissible method under Code Section 706 and the Regulations thereunder.

(b) The Members are aware of the income tax consequences of the allocations made by this Section 3 and hereby agree to be bound by the provisions of this Section 3 in reporting their shares of Company income and loss for income tax purposes.

(c) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Members' interests in Company Profits are in proportion to their Percentage Interests.

(d) To the extent permitted by Regulations Section 1.704-2(h)(3), the Management Committee shall endeavor to treat distributions of Net Cash Flow as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

(e) In the event the IRS adjusts the amount of any fees, interest, or other amounts paid to a Member or an Affiliate of a Member pursuant to this Agreement or any other agreement between the Company and such Member or Affiliate, and such amounts are or were treated as deductible by the Company, whether in reliance upon Section 162, 163, 707(a) or 707(c) of the Code or otherwise, then

(i) In the case of an upward adjustment, there shall be allocated to the Member who received (or whose Affiliate received) or is treated as having received such payments an amount of loss or deduction for the taxable year in or with respect to which such fees, interest or other amounts were adjusted equal to the amount of the increase of such fees, interest, or other amounts, and

(ii) In the case of a downward adjustment, there shall be allocated to the Member who received (or whose Affiliate received) or is treated as having received such payment an amount of gross income for the taxable year in or with respect to which such fees, interest, or other amounts were adjusted equal to the amount of the decrease of such fees, interest, or other amounts.

3.6 Tax Allocations; Code Section 704(c).

In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, deduction and credit with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of Gross Asset Value) using the traditional method set forth in Regulations Section 1.704-3(b).

3.7 Revaluation of Capital Accounts

. Capital Accounts shall not be revalued in connection with the Capital Contributions described in Schedule 2.2(a) of the Transaction Agreement and described in Section 2.1(a) and 2.3(a) and (b) of this Agreement.

3.8 Membership Interests.

The NS Member and the Pan Am Member shall have the Membership Interests reflected in Exhibit C, and such Membership Interests shall be referred to as the "NS Member's Membership Interests" and the "Pan Am Member's Membership Interests", respectively.

3.9 Special Election.

The Company shall elect on its federal income tax return for its first Fiscal Year to use the safe harbor method of accounting for track structure expenditures provided in Rev. Proc. 2002-65 and follow such safe harbor method of accounting until the Members unanimously agree otherwise.

SECTION 4 **DISTRIBUTIONS**

4.1 Distributions

. Except as otherwise provided in this Section 4 or Section 11, remaining Net Cash Flow, if any, shall be distributed upon the approval of the Management Committee.

4.2 Timing and Allocation of Distributions

. Notwithstanding anything to the contrary in Section 4.1, for each Fiscal Year of the Company, Net Cash Flow shall be distributed on at least an annual basis. Such distribution of Net Cash Flow shall be made pro rata to the Members in accordance with each Member's Profit and Loss Allocation Percentage Interest.

4.3 Amounts Withheld

. All amounts withheld pursuant to the Code or any provision of any state, local or foreign tax law with respect to any payment, distribution or allocation to the Company or the Members shall be treated as amounts paid or distributed, as the case may be, to the Members with respect to which such amount was withheld pursuant to this Section 4.3 for all purposes under this Agreement. The Company is authorized to withhold from payments and distributions, or with respect to allocations to the Members, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state or local law or any foreign law, and shall allocate any such amounts to the Members with respect to which such amount was withheld. The withholdings by the Company referred to in this Section 4.3 shall be made at the appropriate applicable statutory rate under the applicable tax as determined by the Management Committee.

4.4 Limitations on Distributions

. The Company shall make no distributions to the Members except (i) as provided by and in accordance with this Section 4 and Section 11 or as agreed to by all of the Members and (ii) in conformance with the Act.

4.5 Distributions and Allocations in Respect of a Transferred Membership Interest

. If any Membership Interest is Transferred during any Fiscal Year in compliance with the provisions of Section 9 or Section 10 or additional Members are admitted to the Company after the date hereof on different dates during any Fiscal Year, Profits, Losses, each item thereof, and all other items attributable to the Transferred Membership Interest or the newly issued Membership Interest, as the case may be, for such Fiscal Year shall be divided and allocated among the Members by taking into account their varying Profit and Loss Allocation Percentage Interests during the Fiscal Year in accordance with Code Section 706(d), using the interim-closing-of-the-books method unless the Members agree otherwise in writing. In the case of a Transferred Interest, all distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes

of making such allocations and distributions, the Company shall recognize such Transfer not later than the end of the calendar month during which it is given notice of such Transfer, provided that, if the Company is given notice of a Transfer at least ten (10) Business Days prior to the Transfer, the Company shall recognize such Transfer as of the date of such Transfer, and provided further that if the Company does not receive a notice stating the date such Membership Interest (or portion thereof) was Transferred and such other information as the Management Committee may reasonably require within thirty (30) days after the end of the Fiscal Year during which the Transfer occurs, then all such items shall be allocated, and all distributions shall be made, to the Person who, according to the books and records of the Company, was the owner of the Membership Interest on the last day of such Fiscal Year.

SECTION 5 **MANAGEMENT**

5.1 Manner of Operations

. The Members each agree to act in good faith to operate the Company in a manner reasonably designed to maximize the long-term value of the Company as a whole.

5.2 Management Committee.

(a) *Management by the Management Committee*

. Subject to the provisions of this Agreement, the business, property and affairs of the Company shall be managed, and all powers of the Company shall be exercised, by or under the direction of a management committee (the "Management Committee"). Without limiting the generality of the foregoing, but subject to the express limitations set forth elsewhere in this Agreement, the Management Committee shall have all necessary powers to manage and carry out the purpose, business, property and affairs of the Company. Notwithstanding anything to the contrary herein, the Management Committee shall cause the Company to effectuate Section 9 of the Transaction Agreement.

(b) *Composition of Management Committee*

. The Management Committee shall consist of: (i) prior to a Pan Am Change in Control, six (6) committee representatives, three (3) of whom shall be designated by the Pan Am Member and three (3) of whom shall be designated by the NS Member, and alternates appointed by the Pan Am Member and the NS Member, respectively, to serve in the absence or unavailability of a committee representative, or (ii) upon and after a Pan Am Change in Control, immediately and without the need for any action of any Member or any other Person, five (5) committee representatives, two (2) of whom shall be designated by the Pan Am Member and three (3) of whom shall be designated by the NS Member, in each case with alternates appointed by the Pan Am Member and the NS Member, respectively, to serve in the absence or unavailability of a committee representative (each, including alternates, a "Committee Representative"). Each Committee Representative shall serve at the pleasure of the Member or Members who designated such Committee Representative. The initial Committee Representatives are identified in Exhibit 5.2(b) attached hereto. Any Committee Representative

may resign upon written notice to the Member who designated such Committee Representative and to the Company. The resignation of any such Committee Representative shall take effect upon receipt of such notice, or at such later time as shall be specified in such notice. A Committee Representative may be removed at any time with or without cause by the Member who originally designated such Committee Representative. Except as governed by Section 10 for an Event of Default by a Member, any vacancy occurring for any reason in the number of Committee Representatives shall be filled by the Member who originally designated the Committee Representative whose position has become vacant. A Member shall provide written notice to all other Members of the identity of a new Committee Representative when that new Committee Representative is designated, provided, however, that the provision of said written notice shall not be a prerequisite to said designation nor the ability of said Committee Representative to participate in the governance of the Company. The Chairman of the Management Committee shall be appointed by the Pan Am Member in all even numbered calendar years and by the NS Member in all odd numbered calendar years, provided that, upon and after a Pan Am Change in Control, the Chairman of the Management Committee shall be appointed by the NS Member.

(c) *Independent Activities.* Except as otherwise restricted by the provisions of this Agreement or any other agreement between the Company and the Person acting as Committee Representative, each Committee Representative in his capacity as a Committee Representative shall be required to devote such time to the affairs of the Company as may be necessary to serve the Company in such capacity and shall be free to serve any other Person or enterprise in any capacity that such Committee Representative may deem appropriate in his discretion.

5.3 Committees of, or reporting to, the Management Committee.

(a) *Creation of Committees*

. Subject to Section 5.6, the Management Committee shall have the power and right (but not the obligation) to create and disband committees and to determine the duties, responsibilities, activities and composition thereof. Except as otherwise provided herein, prior to a Pan Am Change in Control, the Pan Am Member and the NS Member shall each be entitled to equal representation on any such committee, and, upon and after a Pan Am Change in Control, the NS Member shall be entitled to a majority of the representation on any such committee.

(b) *Capital Project Committee.* The Members hereby agree that there shall be created a Capital Project Committee consisting of: (1) prior to a Pan Am Change in Control, four Committee Representatives, two of whom shall be designated by the Pan Am Member and two of whom shall be designated by the NS Member; and (2) upon and after a Pan Am Change in Control, three Committee Representatives, two of whom shall be designated by the NS Member and one of whom shall be designated by the Pan Am Member. The Capital Project Committee shall establish a process (the "Capital Project Process") utilizing capacity modeling and field input to determine capacity needs and capital expenditures with respect to Capital Projects. The Capital Project Process will specify that the engineering specifications and instructions applicable to any particular Capital Project shall conform to the then-current NSR internal specifications and instruction for constructing a similar capital project. The Capital

Project Committee shall be responsible for (i) determining the optimum use of capital expenditures provided for in the Company's Budget (including any Rollover Budget) or Business Plan in accordance with the Capital Project Process and (ii) performing the functions allocated to it pursuant to the Capital Projects and Facility Management Agreement. The initial designees to the Capital Project Committee shall be those persons identified in Exhibit 5.3(b)(i) hereto. Except as provided in Section 5.12, the Capital Project Committee shall follow any protocols approved by the Management Committee in accordance with Section 5.6 to guide capital expenditures decisions.

(c) *Joint Operating Committee.* The Members hereby agree that there shall be created a Joint Operating Committee (the "Joint Operating Committee" or the "JOC") consisting of the Chief Operations Officer, Chief Marketing Officer and one other appointed representative, or their respective designees, of Springfield Terminal and NSR. Prior to a Pan Am Change in Control, the Joint Operating Committee shall make decisions by the unanimous vote of its members. Upon and after a Pan Am Change in Control, the NS Member shall have the right to appoint an additional member to the Joint Operating Committee, and the Joint Operating Committee shall make decisions based upon a majority vote. The Joint Operating Committee shall have responsibility for (i) having direct, day-to-day interface with the General Manager, (ii) monitoring such matters as operations, performance and scheduling, (iii) seeking the resolution of disputes with respect to such matters, (iv) reviewing the operating efficiencies of the East Deerfield repair shops on or before the three-year anniversary of the Closing Date and (v) reviewing the operation of Springfield Terminal as the Railroad Operator, and overall railroad operations and business, by focusing on the following five (5) key performance areas, which review shall be based upon specific performance metrics that the Joint Operating Committee shall develop: (A) safety metrics, including injury ratios and accident ratios; (B) service metrics, including on-time train and service performance; (C) engineering and maintenance quality, including miles slow-ordered; (D) performance to budget, including operating ratio; and (E) commercial metrics, including revenue growth and customer satisfaction.

(d) The Capital Project Committee and the Joint Operating Committee may meet by telephone or in any manner or place as shall be agreeable to its members. If, prior to a Pan Am Change in Control, the Capital Project Committee and the Joint Operating Committee is unable to reach a unanimous vote on any matter, it shall refer that matter to the Management Committee for resolution.

5.4 Meetings of Management Committee.

(a) *Notices*

. Meetings of the Management Committee shall be held at least once each calendar quarter and may be called by any Committee Representative. All meetings shall be held upon fifteen (15) Business Days' notice by mail or four (4) Business Days' notice delivered personally or by telephone, e-mail or facsimile stating the business to be transacted at such meeting; provided, that at least thirty (30) Business Days' notice shall be provided for any meeting in which approval of any action of the type set forth in clauses (xxi) or (xxii) of Section 5.6 is sought. The Committee Representatives present may adjourn any meeting to another time and place. Notice of any adjourned meeting shall be given to the Committee Representatives

who are not present at the time of the adjournment thereof in accordance with the second sentence of this Section 5.4. Meetings of the Management Committee shall be held at the offices of the Company unless another location shall have been designated in the notice of the meeting or at such place as may be approved by the Management Committee. Members of the Management Committee may participate in a meeting through use of conference telephone or similar communications equipment, so long as all Committee Representatives participating in such meeting can hear one another. Participation in a meeting in such manner constitutes presence in person at such meeting. No business other than that stated in the notice shall be transacted at any meeting without the unanimous consent of all of the Committee Representatives. Any Committee Representative may authorize in writing any Person to act for it by proxy on all matters on which a Committee Representative is entitled to act, including waiving notice of, or voting or participating at, any meeting.

(b) *Quorum*

. The presence in person of a majority of the Committee Representatives (at least one of whom shall be a Committee Representative appointed by the NS Member if a Major Decision is to be made) shall constitute a quorum for the transaction of business at a meeting of the Management Committee duly called in accordance with Section 5.4(a), provided that, upon and after a Pan Am Change in Control, the presence of at least two Committee Representatives appointed by the NS Member shall be required so as to constitute a quorum.

(c) *Vote*

. Each Committee Representative shall have one vote to cast in person or by proxy.

(d) *Action of the Committee*

. Except to the extent that this Agreement expressly requires otherwise (including as provided in Section 5.6), every action or resolution done or made by the majority approval of the Management Committee at a duly noticed meeting at which a quorum is present is the action of the Management Committee.

5.5 Action by Unanimous Written Consent

. Any action required or permitted to be taken by the Management Committee may be taken by the Committee Representatives without a meeting without prior notice and without a vote, but only if a consent or consents in writing shall be signed by all of the Committee Representatives.

5.6 Management Committee Decisions

. Notwithstanding anything to the contrary contained in this Agreement (other than Section 5.11), the following actions are reserved and require the approval of the Management Committee, including the approval of at least one of the Committee Representatives appointed by the NS Member, and no committee thereof, nor any officer, agent

or other representative of the Company shall be entitled to authorize or effect any such action absent such approval (each such action, a "Major Decision"):

- (i) Repealing, modifying or amending this Agreement or any of the JV Transaction Agreements to which the Company is a party, or waiving compliance with any provision of this Agreement or any of the JV Transaction Agreements to which the Company is a party;
- (ii) Repealing, modifying or amending the Investment Policies;
- (iii) Entering into any agreement with respect to or consummating any (A) acquisition, divestiture, spin-off, merger, consolidation, business combination or similar transaction involving equity interests or assets of the Company, (B) sale, transfer, lease, sublease, license or other disposition of any property or asset to a third party other than in the ordinary course of business, or (C) formation of, investment of the funds or assets of the Company in or other participation in any joint venture or partnership;
- (iv) Entering into any transactions with any Member or any Affiliate of any Member, other than as contemplated by the Capital Projects and Facility Management Agreement, the distributions contemplated in Section 2.4 or Section 4 or pursuant to the JV Transaction Agreements;
- (v) Approving the Budget or the Business Plan or any changes in, amendments to or deviations from, the Budget (including any Rollover Budget) or the Business Plan; provided, however, in the event the Management Committee cannot agree on (A) a Capital Project or (B) the Operating or Maintenance Budgets, the prior year's budget shall roll forward as provided in Section 5.7(a);
- (vi) Appointing, setting the rate of compensation of, approving bonuses for, or terminating any employees or Officers of the Company, if any;
- (vii) Approving any change in the number of members of the Management Committee;
- (viii) Declaring, making or paying any dividend or any other distribution (whether in cash, securities or other property) on any equity interests of the Company, other than the distributions contemplated in Section 4;
- (ix) Incurring any indebtedness, guarantee or lien or making any loans (including any Notes), advances or capital contributions to, or investments in, any Person, except (A) as provided in the Budget or Rollover Budget, (B) purchase money financing of assets used in the conduct of the business of the Company, and (C) as may be reasonable or necessary, in light of force majeure events or other eventualities, to maintain operations of the Company and, if any, NSR, on the Line;

(x) Creating any employee equity option, structured equity, employee stock option plan or other similar plan, making any grants under any such plan or materially modifying any employee benefit plan;

(xi) Requiring any Capital Contribution beyond those contributions specified in this Agreement, the JV Transaction Agreements and any Budget (including any Rollover Budget) adopted pursuant to the terms of this Agreement;

(xii) Initiating or consenting to the filing of any petition to place the Company in insolvency, bankruptcy or similar proceedings;

(xiii) Admitting new Members to the Company;

(xiv) Approving any changes in the Profit and Loss Allocation Percentage Interests of the Members other than as contemplated by Section 2.3;

(xv) Commencing, settling or disposing of any litigation against the Company or any of its assets or properties, except any settlement or disposition not exceeding \$250,000;

(xvi) Except as contemplated by the Capital Projects and Facility Management Agreement, entering into any agreement, license, program or arrangement pursuant to which the Company is obligated to make or receive payments or forgive debt, or amending, terminating or failing to renew any such contract other than those specified in the Budget (including any Rollover Budget), other than as may be reasonable or necessary, in light of force majeure events or other eventualities, to maintain operations of the Company and, if any, NSR, on the Line;

(xvii) Approving the formation and composition of any committees of the Management Committee (other than self-effecting changes in such composition pursuant to this Agreement) and the formation and composition of the boards or equivalent governing bodies of any subsidiary of the Company;

(xviii) Making any material change in the Company's accounting practices or policies (other than as required by GAAP) or, prior to a Pan Am Change in Control, any change in the Auditors;

(xix) Taking any of the actions set forth in clauses (i) through (xviii) above with respect to any entity of which the Company owns, directly or indirectly, securities or other ownership interests having the power to elect a majority of the board of directors or other persons performing similar functions, or otherwise having the power to direct, manage or control the conduct of business of such entity or otherwise owning at least ten percent (10%) of the outstanding ownership interests of such entity;

(xx) Making operating expenses or capital expenditures beyond those contained in the Budget (including any Rollover Budget), except as may be

reasonable or necessary, in light of force majeure events or other eventualities, to maintain operations of the Company and, if any, NSR, on the Line;

(xxi) Entering into an agreement, program or other arrangement pursuant to which the Company grants or provides to any Person any operating, haulage, trackage or any other rights that allow access over the Line, or otherwise expands any such current access rights; or

(xxii) Permitting any Freight Rail Common Carrier to perform haulage for any rail carrier, whether such Freight Rail Common Carrier is operating over the Line in haulage or on trackage rights.

5.7 Budget and Business Plan; Investment Policies.

(a) Attached as Exhibit 5.7(a) to this Agreement is a forecast of the budget (the "Budget") for the first Fiscal Year, a forecast of a business plan (a "Business Plan") for the first Fiscal Year, and a forecast of net cash flow (which, by definition, will reflect any reasonably necessary cash reserve requirements) (a "Net Cash Flow Forecast") for the first Fiscal Year. On or prior to the date which is sixty days before the end of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2009, the Management Committee shall review, and, if acceptable, approve, a Budget, Business Plan and Net Cash Flow Forecast for the following Fiscal Year, in each case to be prepared by the Railroad Operator. The Budget shall consist of a Maintenance Budget and an Operating Budget (which such Operating Budget shall be prepared in conformance with the Operating Expense Accounting Plan attached as Appendix D to the Railroad Operating Agreement), and the Business Plan shall consist of a Maintenance Plan and an Operating Plan. The Budget, Business Plan and Net Cash Flow Forecast for the next succeeding Fiscal Year shall upon approval of the Management Committee in accordance with Section 5.6 become the Budget, Business Plan and Net Cash Flow Forecast for such Fiscal Year. If the Management Committee does not approve a Budget, Business Plan or Net Cash Flow Forecast for any Fiscal Year prior to the commencement of such year, then the Budget, Business Plan or Net Cash Flow Forecast for that Fiscal Year shall be the Budget, Business Plan or Net Cash Flow Forecast, as the case may be, from the prior Fiscal Year (excluding the prior Fiscal Year's extraordinary and nonrecurring items, but including any contractually obligated or legally required commitments or expenditures for the current year), as the case may be, adjusted, in the case of the Budget based on the "AAR Railroad Cost Indexes – Table A – Annual indexes of charge-out prices and wage rates (1977 = 100) – East – Materials prices, wage rates and supplements combined (excluding fuel)," together with any adjustment of contractual commitments in accordance with their terms (a "Rollover Budget"). Notwithstanding anything to the contrary set forth herein, the Budget (including any Rollover Budget), Business Plan and Net Cash Flow Forecast for any Fiscal Year shall take into account the capital expenditures for such Fiscal Year set forth in Schedule 2.5 to the Transaction Agreement and any reserves the Management Committee deems to be reasonably necessary to conduct the business of the Company as reflected in the Budget and Business Plan.

(b) Attached as Exhibit 5.7(b) to this Agreement are the investment policies (the "Investment Policies") pursuant to which the initial Capital Contribution of the NS Member described in Section 2.1(a), any additional cash Capital Contributions to the Company,

and any other funds shall be invested by the Company. The Company shall provide a monthly report to the NS Member and the Pan Am Member detailing the investments made by the Company and the extent of such holdings.

5.8 Officers

(a) Officers. Subject to Section 5.6, the Management Committee shall have the authority to appoint and terminate Officers of the Company and retain and terminate employees, agents and consultants of the Company and to delegate such duties to any such Officers, employees, agents and consultants as the Management Committee deems appropriate, including the power, acting individually or jointly, to represent and bind the Company in all matters, in accordance with the scope of their respective duties. The setting and modifications of compensation levels (including bonuses and benefits, if any) for any such Officers, employees, agents or consultants shall be set by the approval of the Management Committee in accordance with Section 5.6.

(b) General Manager. Subject to Section 5.6, the Management Committee shall have the authority to ratify the appointment of the General Manager, such appointment to be made by the Railroad Operator.

5.9 Exculpation and Indemnification.

(a) Indemnified Persons

The Committee Representatives, the Officers (if any) and each Member and its Affiliates, and the partners, members, shareholders, officers, directors, advisory directors, managers, employees and control persons (as such term is defined in the Securities Act) of each Member and its Affiliates (collectively, the "Indemnified Persons") shall not be liable, directly or indirectly, to the Company, any other Member or any other Person who has an interest in the Company for any act or omission (in relation to the Company or this Agreement) taken or omitted by such Indemnified Person in good faith in their capacity as such, provided that such act or omission did not constitute gross negligence, fraud or willful violation of the law, this Agreement or the fiduciary duties set forth in Section 5.10(a). To the fullest extent permitted by applicable law, the Company shall indemnify and hold harmless each Indemnified Person and may indemnify any other Person subject to approval and designation of such person for such indemnification by approval of the Management Committee against all claims, damages, losses, liabilities and expenses of whatever nature (including reasonable attorneys' fees and disbursements) ("Claims") relating to activities undertaken in connection with the Company in their capacity as such, including, but not limited to, amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees and expenses reasonably incurred in connection with the investigation, defense or disposition of any action, suit or other proceeding, whether civil or criminal, before any court or administrative body in which such Indemnified Person may be or may have been involved as a party or otherwise, or with which such Indemnified Person may be or may have been threatened, while acting as such Indemnified Person; provided that no indemnity shall be payable hereunder against any liability incurred by

such Indemnified Person by reason of gross negligence, fraud, a willful violation of the law or a breach of this Agreement or the fiduciary duties set forth in Section 5.10(a). No Indemnified Person shall settle or compromise any Claim without the written consent, which consent shall not be unreasonably withheld, of the Management Committee, subject to Section 5.6.

(b) Advance of Expenses

. Expenses incurred by an Indemnified Person in defense or settlement of any Claim that may be subject to a right of indemnification hereunder may be advanced (and must be advanced to Members, the Committee Representatives and Officers, if any, of the Company) by the Company prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall ultimately be determined that the Indemnified Person is not entitled to be indemnified by the Company.

(c) Non-Exclusivity

. The right of any Indemnified Person to the indemnification provided herein shall be cumulative of and in addition to any and all rights to which such Indemnified Person may otherwise be entitled by contract or as a matter of law or equity and shall extend to such Indemnified Person's successors, assigns and legal representatives.

(d) Satisfaction from Company Assets

. All judgments against the Company or an Indemnified Person, in respect of which such Indemnified Person is entitled to indemnification, shall only be satisfied from Company assets and no other Person shall have any liability with respect thereto.

(e) Expenses

. The Company is authorized to pay expenses, fees, withholding taxes and other costs reasonably incurred by the Company, including, without limitation, expenses incurred in connection with acquisitions or investments and expenses incurred under this Section 5.9.

(f) Report to the Management Committee. The Company shall report in writing to the Management Committee details of any payments made pursuant to Section 5.9(d) or Section 5.9(e).

5.10 Fiduciary Duty; Exculpation.

(a) Notwithstanding any other provisions of this Agreement, whether express or implied, or applicable law, the Members agree that, except as to the matters set forth in Section 5.12(b), to the fullest extent permitted by Section 18-1101(c) of the Act, no Member shall owe any duties at law or in equity (including fiduciary duties) to the Company or any other Member; provided, that an Indemnified Person who is a Committee Representative and who shall also be an employee of a Member shall have a fiduciary duty to such Member and not to the Company. Notwithstanding the foregoing, nothing in this Section 5.10 shall eliminate any implied covenant of good faith and fair dealing between any Member and the Company or the

other Members. With regard to matters set forth in Section 5.12(b), the Members shall require their respective Committee Representatives to act in the best interests of the Company.

(b) The provisions of this Agreement, to the extent that they restrict the duties and liabilities of an Indemnified Person otherwise existing at law or in equity, are agreed by the Members hereunder to replace such other duties and liabilities of such Indemnified Person.

5.11 Interparty Matters

. Notwithstanding anything to the contrary contained in this Agreement, in the event of any disagreement, dispute or controversy between any Member or any of its Affiliates (other than the Company), on the one hand, and the Company, on the other hand, arising out of or relating to this Agreement or any of the JV Transaction Agreements to which the Company is a party or is subject or the breach, termination or validity thereof, the Committee Representatives designated by the other Member shall control (on behalf of the Company) the conduct or settlement of any such disagreement, dispute or controversy or any proceedings relating thereto.

5.12 Industrial Development Projects.

(a) Notwithstanding anything to the contrary herein, each Member, acting in its individual capacity and not as a Member or otherwise on behalf of the Company, shall have the right to directly contract with any new or existing customer of that Member so as to induce said customer to locate or expand facilities on the Line.

(b) The Company shall construct and maintain one or more Industrial Development Projects if said Industrial Development Project(s) are in the Company's best interest, giving due consideration to costs, revenues, contributions, safety, security, and capacity needs of current and projected expansions of existing or authorized traffic.

5.13 Public Funds.

The Company shall solicit public funding for the capital projects appearing on Exhibit B hereto, provided, however, that nothing in this Section 5.13 shall require the Company to receive, without an affirmative vote of the Management Committee, public funding that would require the Company to provide third party access to the Company's facilities.

SECTION 6 **ROLE OF MEMBERS**

6.1 Rights or Powers

. The Members in their capacity as Members shall not have any right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way. Notwithstanding the foregoing, the Members have all the rights and powers specifically set forth in this Agreement and, to the extent not inconsistent with this

Agreement, in the Act. A Member shall cease to be a Member at the time such Member ceases to own any Membership Interests.

6.2 Voting Rights

. No Member has any voting right except with respect to those matters specifically reserved for a Member vote which are set forth in this Agreement and as required in the Act.

6.3 Meetings of the Members.

(a) Meetings of the Members may be called upon the written request of any Member. The call shall state the location of the meeting and the nature of the business to be transacted. Notice of any such meeting, including any meeting that has been adjourned, shall be given to each Member not less than fifteen (15) Business Days (or four (4) Business Days if delivered personally or by telephone, email or facsimile) nor more than forty-five (45) days prior to the date of such meeting. Members may vote in person, by proxy or by telephone at such meeting and may waive advance notice of such meeting. Whenever the vote or consent of Members is permitted or required under the Agreement, such vote or consent may be given at a meeting of the Members or may be given in accordance with the procedure prescribed in Section 6.3(f). No business other than that stated in the notice shall be transacted at any meeting without the unanimous consent of all of the Members entitled to vote thereat.

(b) For the purpose of determining the Members entitled to vote on, or to vote at, any meeting of the Members or any adjournment thereof, the Management Committee or the Member requesting such meeting may fix, in advance, a date as the record date for any such determination. Such date shall not be more than thirty (30) days nor less than ten (10) days before any such meeting, unless between the setting of the record date and the record date there is a Pan Am Change in Control. If between the setting of the record date and the record date there is a Pan Am Change in Control, the NS Member shall be given notice and the opportunity to set a new record date, which record date may be a date following the acquisition of any Governmental Approvals as may be reasonable or necessary for the NS Member to acquire and exercise control of the Company.

(c) Each Member may authorize any Person or Persons to act for it by proxy on all matters in which a Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Member or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it.

(d) Each meeting of Members shall be conducted by an individual Person selected by the Member entitled to appoint the Chairman of the Management Committee for the calendar year in which the meeting is held. Except as otherwise required by law, the presence in person or by proxy of Members able to appoint more than fifty-nine percent (59%) of the voting members of the Management Committee shall constitute a quorum for the transaction of business at a meeting of the Members duly called in accordance with Section 6.3(a). In case a

quorum shall not be present at any meeting, any Member present thereat, in person or by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite number of Members shall be present.

(e) At a meeting, any proposal shall be approved if it receives the affirmative vote of the Members able to appoint more than fifty-nine percent (59%) of the voting members of the Management Committee.

(f) Notwithstanding this Section 6.3, any action required or permitted to be taken at any meeting of the Members may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by each and every Member.

6.4 Required Member Consents

. Notwithstanding any other provision of this Agreement no action may be taken by the Company (whether by the Management Committee, or otherwise) in connection with any of the following matters without the written consent of all of the Members:

- (a) Any act in contravention of this Agreement; or
- (b) Any transaction to liquidate or dissolve the Company.

6.5 Member Compensation

. No Member shall receive any interest, salary or drawing with respect to its Capital Contributions or its Capital Account or for services rendered on behalf of the Company, or otherwise, in its capacity as a Member, except as otherwise provided in this Agreement, any of the JV Transaction Agreements or in another agreement among the Company and a Member that received approval by the Management Committee in accordance with Section 5.6.

6.6 Members' Liability

. No Member shall be liable under a judgment, decree or order of a court, or in any other manner for the debts or any other obligations or liabilities of the Company. A Member shall be liable only to make its Capital Contributions and shall not be required to restore a deficit balance in its Capital Account or to lend any funds to the Company or, after its Capital Contributions have been made, to make any additional contributions, assessments or payments to the Company, provided that a Member may be required to repay distributions made to it as provided in Section 4 or the Act. A Committee Representative shall not have any personal liability for the repayment of any Capital Contributions of any Member.

6.7 Partition

. While the Company remains in effect or is continued, each Member agrees and waives its rights to have any Company Property partitioned, or to file a complaint or to institute any suit, action or proceeding at law or in equity to have any Company Property partitioned, and each Member, on behalf of itself, its successors and its assigns hereby waives any such right.

6.8 Transactions Between a Member and the Company

. Except as otherwise provided by applicable law and the provisions of this Agreement or as contemplated by the Transaction Agreement, subject to the Management Committee's approval in accordance with Section 5.6, any Member or any Affiliate of any Member may, but is not required to, enter into, directly or indirectly, any transaction, agreement, joint enterprise or arrangement, guarantee, loan, advance or investment with the Company provided the same is on an arms length basis and at fair market value. No Member may, without the approval of the other Member, enter into, directly or indirectly, any transaction, agreement, joint enterprise or arrangement, guarantee, loan, advance or investment with the Company other than on an arms length basis and at fair market value. The existence of these relationships and acting in such capacities will not result in the Member being deemed to be participating in the control of the business of the Company or otherwise affect the limited liability of the Member.

6.9 Other Instruments

. Each Member hereby agrees to execute and deliver to the Company within five days after receipt of a written request therefor, such other and further documents and instruments, statements of interest and holdings, designations, powers of attorney and other instruments and to take such other action as the Management Committee deems necessary, useful or appropriate to comply with any laws, rules or relations as may be necessary to enable the Company to fulfill its responsibilities under this Agreement.

6.10 Advise of Changes

. Each Member hereby agrees to notify the other Members as soon as practicable of any event, circumstance or fact of which it has knowledge which has had, or is reasonably likely to have, a material adverse effect on such Member's ability to fulfill its obligations under this Agreement.

6.11 NS Change in Control.

Notwithstanding anything to the contrary herein, in the event of a NS Change in Control, the Company shall enter into an agreement with Springfield Terminal granting to Springfield Terminal overhead trackage rights ("CoC Trackage Rights") between: (a) CPF 312 and Mechanicville for the sole purpose of interchanging traffic with Canadian Pacific Railway Company, or its wholly-owned subsidiary, at Mohawk Yard, NY; (b) CPF 312 and a connection with Vermont Railway at Hoosick Junction; (c) New England Central Railway at East Northfield, MA, or, should the Company's connection with New England Central Railway be moved to Millers Falls, MA, at Millers Falls; and (d) CSXT at Rotterdam Junction, NY. The agreement shall have the same general terms and conditions as that governing the Harvard Trackage Rights, except that: (1) the compensation shall be the \$0.24 per car mile (indexed beginning the Effective Date in the same manner as the compensation for the Harvard Trackage Rights); (2) the route will be over the main line of the Company between CPF 312 and the relevant entry-exit locations (Mechanicville, Hoosick Junction, East Northfield (or Millers Falls) and Rotterdam Junction); and (3) operations will be limited to two train pairs per day – one for carrying out the interchange with CP and CSXT and one for carrying out the interchange with Vermont Railway

and New England Central. Further, the Company and Springfield Terminal shall amend the Springfield Terminal Joint Use Agreement to permit an unlimited number of cars to move via those trackage rights; in all other ways the Springfield Terminal Joint Use Agreement shall be unmodified. In addition, the Company shall agree to invest up to \$5 million in a capital improvement as may be reasonably necessary to facilitate the use of the Harvard Trackage Rights under the amended agreement.

SECTION 7

ACCOUNTING BOOKS AND RECORDS

7.1 Accounting Books and Records.

(a) The Company shall keep on site at its principal place of business, or in such other place as the Management Committee may determine from time to time (which such location shall be immediately communicated to each Committee Representative), each of the following:

(i) Separate books of account for the Company which shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received, and all income derived in connection with the conduct of the Company and the operation of the Business in accordance with this Agreement, and, where costs and expenses, or costs and expenses inputs, are derived by taking a ratio of Springfield Terminal's costs, the Company shall show a true and accurate record of Springfield Terminal's total costs subject to the ratio, as well as true and accurate records of the metrics from which the applicable ratio is generated,

(ii) A current list of the full name and last known business, residence or mailing address of each Member and Committee Representative, both past and present,

(iii) A copy of the Certificate of Formation and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any amendment has been executed,

(iv) Copies of the Company's federal, state, and local income tax returns and reports, if any, until one year after the period of limitations for auditing the return by the federal government or by any applicable state or local government expires,

(v) Copies of this Agreement (including any amendments thereto),

(vi) Copies of any writings permitted or required under the Act regarding the obligation of a Member to perform any enforceable promise to contribute cash or property or to perform services as consideration for such Member's Capital Contribution, and

(vii) Any written consents obtained from Members pursuant to the Act regarding action taken by Members without a meeting.

(b) The Company shall use the accrual method of accounting in preparation of its financial reports and for tax purposes and shall keep its books and records accordingly. Any Member or its designated representative has the right to access and audit, inspect and copy the contents of such books or records and shall also have access during normal business hours to such additional financial information, documents, books and records as may be reasonably requested (including in order to comply with any reporting requirements of such Member under applicable laws or stock exchange regulations). The rights granted to a Member pursuant to this Section 7.1 are expressly subject to compliance by such Member with the safety, security and confidentiality procedures and guidelines of the Company, as such procedures and guidelines may be established from time to time.

(c) The accounting period of the Company shall be the Fiscal Year.

7.2 Reports.

(a) In General

. The Railroad Operator shall be responsible for causing the preparation of financial reports of the Company and the coordination of financial matters of the Company with the Company's accountants.

(b) Periodic and Other Reports

. The Company shall cause to be delivered to each Member the financial statements listed in clauses (i) and (ii) below, prepared, in each case (other than with respect to Member's Capital Accounts, which shall be prepared in accordance with this Agreement) in accordance with GAAP consistently applied (and, if required by any Member or its Affiliates for purposes of reporting under the Exchange Act Regulation S-X), including any reports as may be required in accordance with the Company's or any of its Members' status as a rail carrier, and such other reports, representations and certifications as any Member may reasonably request from time to time, provided that, if the Management Committee so determines within 30 days thereof, such other reports shall be provided at such requesting Member's sole cost and expense. The monthly and quarterly financial statements referred to in clause (ii) below may be subject to normal year-end audit adjustments.

(i) As soon as practicable following the end of each Fiscal Year (and in any event not later than 120 days after the end of such Fiscal Year) the Company shall cause to be delivered to each Member, an income statement and a balance sheet of the Company as of the end of such Fiscal Year and the related statements of operations, Members' Capital Accounts and changes therein, and cash flows for such Fiscal Year, together with appropriate notes to such financial statements and supporting schedules, all of which shall be audited and certified by the Auditors, and in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the immediately preceding Fiscal Year end (in the case of the

balance sheet) and the two immediately preceding Fiscal Years (in the case of the statements), and

(ii) As soon as practicable following the end of each month and following the end of the first eleven months of each Fiscal Year (and in any event not later than 30 days after the end of each month and the end of each such month), the Company shall cause to be delivered to each Member, a balance sheet of the Company as of the end of each such month and each such Fiscal Quarter and the related statements of operations and cash flows for each such month and each such Fiscal Quarter and for the Fiscal Year to date, in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the prior Fiscal Year's month and for the prior Year's Fiscal Quarter and the interim period corresponding to the month and the interim period just completed.

The periodic statements described in clause (ii) above shall be accompanied by a written certification of the General Manager that such statements have been prepared in accordance with GAAP consistently applied or this Agreement, as the case may be. The Company and the Management Committee shall also distribute to all Members, at the same time such reports are circulated, delivered or distributed internally, each and every internal management report prepared by, for or circulated among senior management of the Company relating to the business or financial performance of the Company.

7.3 Tax Matters.

(a) Partnership Status

. It is the intent of the Members that the Company be classified as a partnership for U.S. federal, state and local income tax purposes. The Members hereby agree not to elect to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Code or any similar state statute.

(b) Company Tax Returns

. The Tax Matters Partner (as defined in Section 7.3(d)) shall prepare (or cause to be prepared) the U.S. federal and state income tax returns and information returns (including, but not limited to, employment tax returns and various Forms 1099) and all other tax and information returns of the Company in a manner consistent with this Agreement. The federal income tax return shall contain an election under Section 6231(a)(1)(B)(ii) of the Code and the regulations thereunder to treat the Company as a partnership to which the provisions of Sections 6221 through 6234 of the Code, inclusive, apply. The Tax Matters Partner shall cause the Company's accountants to prepare and review the necessary federal and state income tax returns and information returns for the Company, always reporting in a manner that legally produces the lowest Company taxable income (e.g., reporting depreciation under the accelerated method rather than under the straight-line or alternative depreciation system or electing any bonus depreciation that may be allowed in the future). Each Member shall provide such information, if any, as may be needed by the Company for purposes of preparing such tax and information returns, provided that such information is readily available from regularly

maintained accounting records. Prior to April 1st of each year, or sooner as applicable, the Tax Matters Partner shall deliver to the other Member for its review a copy of the Company's federal and state income tax returns and information returns in the form proposed to be filed for each Fiscal Year, and shall reasonably consider and take into account all reasonable comments to such proposed tax returns and information returns provided by the other Member at least ten (10) days prior to the filing date for such returns. After taking into account any such comments, the Tax Matters Partner shall cause the Company to timely file such tax returns. Within two (2) Business Days after filing such federal and state income tax returns and information returns, the Tax Matters Partner shall cause the Company to deliver to each Member a copy of the Company's federal and state income tax returns and information returns as filed for each Fiscal Year, together with any additional tax-related information in the possession of the Company that such Member may reasonably and timely request in order to properly prepare its own income tax returns.

(c) Tax Information

. The U.S. federal and state income tax returns for the Company (and other tax information if reasonably required by a Member, including a detailed calculation of each Member's Adjusted Capital Account for purposes of section 704(b) of the Code) shall be delivered to each Member as soon as practicable after the end of each Fiscal Year of the Company but not later than five months after the end of each Fiscal Year. Tax information needed by each Member for financial reporting purposes shall be delivered to each Member within three (3) days after the end of each Fiscal Quarter.

(d) Tax Audits.

(i) At all times prior to a Pan Am Change in Control, the Pan Member shall be the "tax matters partner," as that term is defined in Section 6231(a)(7) of the Code (the "Tax Matters Partner"); at all times upon and after a Pan Am Change in Control, the NS Member shall be the Tax Matters Partner. The Tax Matters Partner is hereby directed and authorized to take whatever steps the Tax Matters Partner, in its sole discretion, deems necessary or desirable to perfect such designation, including, without limitation, filing any forms or documents with the IRS and taking such other action as from time to time is required under the Regulations.

(ii) The Tax Matters Partner, in consultation with the other Member, shall direct the defense of any claims made by the IRS (or by any other taxing authority) to the extent that such claims relate to the adjustment of Company items at the Company level and, in connection therewith, shall cause the Company to retain and to pay the fees and expenses of counsel and other advisors chosen by the Tax Matters Partner with the consent of the other Member. The Tax Matters Partner shall promptly deliver to each other Member a copy of all notices, communications, reports and writings received from the IRS relating to or potentially resulting in an adjustment of Company items, shall promptly advise the other Member of the substance of any conversations with the IRS in connection therewith, and shall keep the other Member advised of all developments with respect to any proposed adjustments which come to its attention. In addition, the Tax Matters Partner shall (A) provide in a timely manner the other Member

with a draft copy of any correspondence or filing to be submitted by the Company in connection with any administrative or judicial proceedings relating to the determination of Company items at the Company level reasonably in advance of such submission, (B) incorporate all reasonable changes or comments to such correspondence or filing requested by the other Member and (C) provide the other Member with a final copy of correspondence or filing. The Tax Matters Partner will provide the other Member with notice reasonably in advance of any meetings or conferences with respect to any administrative or judicial proceedings relating to the determination of Company items at the Company level (including any meetings or conferences with counsel or advisors to the Company with respect to such proceedings), and the other Member shall have the right to participate, at its sole cost and expense, in any such meetings or conferences.

(iii) Notwithstanding anything in this Section 7.3, the Tax Matters Partner shall not (A) extend the period of limitations for any tax year for Federal, state, and local income tax purposes, (B) enter into any settlement agreement that is binding upon the Members with respect to the determination of Company items at the Company level, (C) file a petition under Section 6226(a) of the Code for the readjustment of Company items, or (D) appeal any judicial decision with respect to any Company item, without the prior consent of the other Member which consent shall not be unreasonably withheld, conditioned or delayed.

SECTION 8

AMENDMENTS

8.1 Amendments

. Amendments to this Agreement may be proposed by any Committee Representative or any Member. Following such proposal, the Management Committee shall submit to the Members a verbatim statement of any proposed amendment, and the Management Committee shall include in any such submission a recommendation as to the proposed amendment. The Management Committee shall seek the written consent of the Members pursuant to Section 6.3(f) on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate. A proposed amendment shall be adopted and be effective as an amendment hereto only if it receives the affirmative vote of each of the Members.

SECTION 9

TRANSFERS

9.1 Restrictions on Transfers

. Except as provided in Section 9.2 of this Agreement, no Member shall Transfer all or any portion of its Membership Interest.

9.2 Permitted Transfers

. Subject to the conditions and restrictions set forth in Section 9.3, a Member may at any time Transfer all or any portion of its Membership Interest to (a) any Wholly-Owned Affiliate of either the NS Parent or Pan Am Parent, (b) subject to the prior written consent of all other Members, any Person, (c) any Person that (i) is the surviving Person as a result of any merger or consolidation of the NS Parent with or into any such Person or (ii) acquires all or substantially all of the assets of the NS Parent, (d) any other Member, (e) any administrator, trustee or other Person to whom the NS Member or the NS Member's Membership Interest is transferred involuntarily by operation of law, (f) any Person that (i) is the surviving Person as a result of any merger or consolidation of the Pan Am Parent with or into any such Person or (ii) acquires all or substantially all of the assets of the Pan Am Parent, (g) any administrator, trustee or other Person to whom the Pan Am Member or the Pan Am Member's Membership Interest is transferred involuntarily by operation of law (any such Transfer being referred to in this Agreement as a "Permitted Transfer"). Any "Permitted Transfer" described in clauses (a) through (e) shall not constitute a Pan Am Change in Control and shall not effect a modification of the rights or obligations of the Members. Any "Permitted Transfer" described in clauses (f) or (g) (even if such transfer also is described in clause (a)) shall constitute a Pan Am Change in Control and shall effect a modification of the rights or obligations of the Members as further set forth herein.

9.3 Conditions to Permitted Transfers

. A Transfer of a Membership Interest shall not be treated as a Permitted Transfer under Section 9.2 unless and until the following conditions are satisfied:

(a) Except in the case of a Transfer involuntarily by operation of law, the transferor and transferee shall execute and deliver to the Company such documents and instruments of conveyance as may be reasonably necessary or appropriate in the opinion of counsel to the Company to effect such Transfer. In the case of a Transfer of a Membership Interest involuntarily by operation of law, the Transfer shall be confirmed by presentation to the Company of legal evidence of such Transfer, in form and substance satisfactory to counsel to the Company. In all cases, the transferor and/or transferee shall reimburse the Company for all costs and expenses that the Company reasonably incurs in connection with such Transfer.

(b) The transferor and transferee shall furnish the Company with the transferee's taxpayer identification number and any other information reasonably necessary to permit the Company to file all required federal and state tax returns and other legally required information, statements or returns. Without limiting the generality of the foregoing, the Company shall not be required to make any distribution otherwise provided for in this Agreement with respect to any transferred Membership Interest until it has received such information.

(c) Except in the case of a Transfer of a Membership Interest involuntarily by operation of law, either (i) such Membership Interest shall be registered under the Securities Act and any applicable state securities laws or (ii) the transferor shall provide (unless waived by the Management Committee) an opinion of counsel which opinion and counsel shall be reasonably satisfactory to the Management Committee to the effect that such

Transfer is exempt from all applicable registration requirements and that such Transfer will not violate any applicable laws regulating the Transfer of securities.

(d) Prior to any such Transfer, the Transferee shall deliver to each Member a written commitment from such Transferee to be bound by this Agreement and to comply with the applicable provisions of Section 9.6.

(e) Prior to any such Transfer, the transferor delivers to all other Members a written explanation about why or why not the Transfer would not cause the Company to terminate under Section 708(b)(1)(B) of the Code and the Regulations thereunder as a result of such Transfer.

(f) Prior to any such Transfer, each other Member delivers to the transferor either

(i) The Member's written agreement that the Transfer would not cause the Company to terminate under Section 708(b)(1)(B) of the Code and the Regulations thereunder solely as a result of such Transfer, or

(ii) The Member's written consent for the Transfer.

9.4 Prohibited Transfers

. Any purported Transfer of a Membership Interest that is not permitted by the terms of this Agreement shall be null and void and of no force or effect whatever; provided that, if the Company is required as a matter of law to recognize a Transfer that is not a Transfer permitted by the terms of this Agreement (unless the Management Committee, in its sole discretion and by unanimous action or consent, elects to recognize a Transfer that is not a Transfer permitted by the terms of this Agreement), the Membership Interest Transferred shall be strictly limited to the transferor's rights to allocations and distributions as provided by this Agreement with respect to the transferred Membership Interest, which allocations and distributions may be applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such Membership Interest may have to the Company.

In the case of a Transfer or attempted Transfer of a Membership Interest that is not a Transfer permitted by the terms of this Agreement, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify, and hold harmless the Company and the other Members from all cost, liability, and damage that any of such indemnified Person may incur (including, without limitation, incremental tax liabilities, attorneys' fees, fees of experts and accountants, and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

9.5 Rights of Unadmitted Assignees

. A Person who acquires a Membership Interest, but who is not admitted as a substituted Member pursuant to Section 9.6 shall be entitled only to allocations and distributions with respect to such Membership Interest in accordance with this Agreement, and shall have no

right to any information or accounting of the affairs of the Company, shall not be entitled to inspect the books or records of the Company, and shall not have any of the rights of a Member under the Act or this Agreement but shall succeed to all of the obligations of the Member who purported to transfer a Membership Interest in violation hereof including without limitation the obligation of the transferee under this Section 9 with respect to any subsequent transfers.

9.6 Admission of New and Substituted Members

. Subject to the other provisions of this Section 9, a transferee or acquirer of a Membership Interest shall be admitted to the Company as a new or substituted Member upon satisfaction of the conditions set forth in this Section 9.6:

(a) The Membership Interest with respect to which the transferee is being admitted was acquired by means of a Transfer permitted by the terms of this Agreement.

(b) The transferee of the Membership Interest (other than, with respect to clauses (i) and (ii) below, a transferee that was a Member or a Wholly-Owned Affiliate of a Member prior to the Transfer) shall, by written instrument in form and substance reasonably satisfactory to the Management Committee (and, in the case of clause (iii) below, the transferor Member), (i) make customary representations and warranties to each non-transferring Member as to its due organization, authority to become a party to this Agreement, litigation and required consents, (ii) accept and adopt the terms and provisions of this Agreement, including Section 5.2(c), this Section 9 and Section 10, and (iii) assume the obligations of the transferor Member under this Agreement with respect to the transferred Membership Interest. Upon unanimous agreement of all Members, a transferor Member transferring all but not less than all of its Membership Interest to any Permitted Transferee shall be released from all such assumed obligations except (x) those obligations or liabilities of the transferor Member arising out of a breach of this Agreement, and (y) in the case of a Transfer to any Person other than a Member or any of its Affiliates, those obligations or liabilities of the transferor Member based on events occurring, arising or maturing prior to the date of Transfer.

(c) A new Member acquiring a Membership Interest from the Company shall by written instrument in form and substance reasonably satisfactory to the Management Committee (i) make representations and warranties to the Members equivalent to those set forth in Section 9.6(b)(i) and (ii) accept and adopt the terms and provisions of this Agreement.

(d) The transferee or acquirer pays or reimburses the Company for all reasonable legal, filing, and publication costs that the Company incurs in connection with the admission of the transferee or acquirer as a Member with respect to the Transferred Membership Interest.

(e) Except in the case of a Transfer involuntarily by operation of law, if required by the Management Committee, the transferee (other than a transferee that was a Member or a Wholly-Owned Affiliate of a Member prior to the Transfer) shall deliver to the Company evidence of the authority of such Person to become a Member and to be bound by all of the terms and conditions of this Agreement, and the transferee and transferor shall each

execute and deliver such other instruments as the Management Committee reasonably deems necessary or appropriate to effect, and as a condition to, such Transfer, including amendments to the Certificate or any other instrument filed with the State of Delaware or any other state or governmental authority. In the event of an involuntary Transfer by operation of law the transferee shall succeed to all of the obligations of the transferring Member under this Agreement but shall not have any rights (including rights with respect to Management Committee membership or under Section 9) other than with respect to allocations or distributions under this Agreement.

9.7 Representations Regarding Transfers; Legend

. Each Member hereby represents and warrants to the Company and the Members that such Member's acquisition of a Membership Interest hereunder is made as principal for such Member's own account and not for resale or distribution of such Membership Interest. Each Member further hereby agrees that the following legends may be placed upon any counterpart of this Agreement, the Certificate of Formation, or any other document or instrument evidencing ownership of a Membership Interest:

The Membership Interest represented by this document has not been registered under any securities laws and the transferability of such Membership Interest is restricted. Such Membership Interest may not be sold, assigned, or transferred, nor will any assignee, vendee, transferee, or endorsee thereof be recognized as having acquired any such Membership Interest by the issuer for any purposes, unless (1) a registration statement under the United States Securities Act of 1933, as amended, with respect to such Membership Interest shall then be in effect and such transfer has been qualified under all applicable state securities laws or (2) the availability of an exemption from such registration and qualification shall be established to the satisfaction of counsel to the Company; and

The Membership Interest represented by this document is subject to, and is transferable only upon compliance with, the provisions of a limited liability company agreement, dated as of April 9, 2009. A copy of the above-referenced agreement is on file at the principal office of the Company.

SECTION 10
EVENTS OF DEFAULT

10.1 Events of Default

. The following acts shall constitute an Event of Default hereunder:

- (a) A Transfer by any Member that is not a Permitted Transfer;
- (b) Failure of any Member to materially comply with any material covenant or agreement hereunder in accordance with its terms within thirty (30) days after receipt of notice thereof; or

(c) The Bankruptcy of any Member.

10.2 Remedies Upon an Event of Default

. If an Event of Default has occurred and is continuing:

(a) The non-defaulting Members may seek specific performance of any covenant or agreement contained herein, and may seek to enjoin the breach of any covenant or agreement. It is acknowledged that in such event it would be impossible to measure in money the damages that would be suffered if the parties hereto fail to comply with any of the obligations imposed herein on them and that, in the event of any such failure, an aggrieved party hereto will be irreparably damaged and will not have an adequate remedy at law. In addition to being entitled to exercise all rights granted by law, any such party shall therefore, be entitled to equitable relief from any court having jurisdiction over such dispute, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties shall raise the defense that there is an adequate remedy at law; and

(b) Each non-defaulting Member shall be entitled to recover from the defaulting Member in an appropriate proceeding any and all claims, damages, losses, liabilities and expenses of whatever nature (including reasonable attorneys' fees and disbursements) (collectively, "Damages") suffered or incurred by the Company or the non-defaulting Members as a result of such Event of Default. No punitive damages shall be awarded as a result of an Event of Default hereunder.

(c) If the Event of Default arises from the Bankruptcy of a Member, no less than five Business Days after the commencement of a Bankruptcy proceeding, whether Voluntary or Involuntary, such Member shall provide notice of its offer to sell to all non-defaulting Members (the "Default Sale Notice") all but not less than all of the Membership Interest of the Company held by such defaulting Member. Each non-defaulting Member shall have the option within forty-five days of receiving the Default Sale Notice (the "Acceptance Period") to purchase all, but not less than all, of its pro rata share (based on the number of Membership Interests held by such non-defaulting Member as compared to the total number of Membership Interests held by all non-defaulting Members) of the Membership Interests offered. The price of the Membership Interests offered by the defaulting Member shall be the Fair Value of such Membership Interests less any Damages incurred by the non-defaulting Member that are recoverable pursuant to Section 10.2(b). If such offer to purchase is accepted such that all of the Membership Interests of the defaulting Member are purchased, and at least two Members remain, such Bankruptcy shall not be a Dissolution Event.

(d) Each non-defaulting Member shall if it so desires, exercise its rights under Section 10.2(c) by delivering to the defaulting Member written notice of election (the "Acceptance Agreement") prior to 5:00 p.m., Eastern standard time, on or before the last day of the Acceptance Period. By delivering the Acceptance Agreement, the non-defaulting Member agrees to purchase, and the defaulting Member agrees to sell, that portion of the defaulting Member's Membership Interests which corresponds to the defaulting Member's pro rata share. The Acceptance Agreement shall identify the committed source of financing for such purchase or provide evidence that the non-defaulting Member is able to effect the purchase.

The completion of the sale pursuant to Section 10.2(c) shall occur on a date to be mutually agreed between the defaulting Member and the non-defaulting Member(s), but in no event later than five Business Days after the latter of (i) the delivery date of the Acceptance Agreement or (ii) the date on which the last of any required regulatory approvals in connection with such transaction is received. All payments of the purchase price for a transaction pursuant to Section 10.2(c) shall be made by wire transfer of immediately available funds to an account or accounts designated by the defaulting Member for such purpose.

(e) If the Event of Default arises from a Transfer that is not a Permitted Transfer, the transferring Member shall take or cause to be taken all action necessary to reverse such Transfer.

(f) In addition to the foregoing remedies, each defaulting Member hereby agrees to indemnify, defend and hold harmless each non-defaulting Member, the Company, their Affiliates and their respective partners, officers, directors, agents, representatives, employees and trustees ("Indemnified Parties") from and against all Damages arising out of or related to such Event of Default.

SECTION 11

DISSOLUTION AND WINDING UP

11.1 Dissolution Events

. The Company shall dissolve and shall commence winding up and liquidating upon the first to occur of any of the following (each a "Dissolution Event"):

(i) The unanimous vote of the Members to dissolve, wind up, and liquidate the Company; or

(ii) A judicial dissolution under Section 18-802 of the Act.

The Members hereby agree that, notwithstanding any provision of the Act, the Company shall not dissolve prior to the occurrence of a Dissolution Event. The Members acknowledge that, prior to a Pan Am Change in Control, the Management Committee has the potential to be deadlocked on certain decisions, and it is the intent of the Members that such deadlock shall not constitute grounds for a judicial dissolution under Section 18-802 of the Act.

11.2 Winding Up

. Upon the occurrence of a Dissolution Event, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Members, and no Member shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs, provided that all covenants contained in this Agreement and obligations provided for in this Agreement shall continue to be fully binding upon the Members until such time as the Property has been distributed pursuant to this Section 11.2 and the Certificate of Formation has been canceled pursuant to the Act. The Liquidator shall be responsible for

overseeing the winding up and dissolution of the Company, which winding up and dissolution shall be completed within ninety days of the occurrence of the Dissolution Event. The Liquidator shall take full account of the Company's liabilities and Property and shall cause the Property or the proceeds from the sale thereof, to the extent sufficient therefor, to be applied and distributed, to the maximum extent permitted by law, in the following order:

(a) First, to creditors (including Members and Committee Representatives who are creditors, to the extent otherwise permitted by law) in satisfaction of all of the Company's debts and other liabilities (whether by payment or the making of reasonable provision for payment thereof), other than liabilities for which reasonable provision for payment has been made;

(b) Second, except as provided in this Agreement, to Members and former Members of the Company in satisfaction of liabilities for distribution under the Act;

(c) The balance, if any, to the Members in accordance with their positive Capital Account balances (after taking into account all adjustments thereto for contributions, distributions and allocations for the year of dissolution and all prior periods).

(d) Notwithstanding the foregoing, in the event of a Dissolution Event, the holder(s) of the NS Member's Membership Interests shall have a right to in-kind distribution of the Line upon payment of an amount equal to the difference between the Fair Value of the Line and the amount the NS Member would otherwise be entitled to after giving effect to Section 11.2(a) through Section 11.2(c) above.

(e) Members or Committee Representatives may receive reasonable compensation for any services performed pursuant to this Section 11.

11.3 Compliance With Certain Requirements of Regulations; Deficit Capital Accounts

. In the event the Company is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), and any Member has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all Fiscal Years, including the Fiscal Year during which such liquidation occurs), such Member shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the company or to any other Person for any purpose whatsoever. In the discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Members pursuant to this Section 11 may be:

(a) Distributed to a trust established for the benefit of the Members for the purposes of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Liquidator, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to Section 11.2; or

(b) Withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Members as soon as practicable.

11.4 Distributions in Kind

. Any non-cash asset distributed to one or more Members shall first be valued at its Fair Value to determine Profit and Loss that would have resulted if such asset were sold for such value. Such Profit or Loss shall then be allocated to reflect such allocation.

11.5 Rights of Members

. In the event of any distribution of Property in accordance with Section 11 hereof, except as provided in Section 11.2(d), no Member shall have the right or power to demand or receive Property other than cash from the Company. If the assets of the Company remaining after payment or discharge of the debts or liabilities of the Company are insufficient to return such Capital Contributions, the Members shall have no recourse against the Company or any other Member or Committee Representative.

11.6 Notice of Dissolution/Termination.

(a) In the event a Dissolution Event occurs, the Management Committee shall promptly, but in no event later than seven (7) days thereafter, provide written notice thereof to each of the Members.

(b) Upon completion of the distribution of the Company's Property as provided in this Section 11, the Company shall be terminated, and the Liquidator shall cause the filing of the Certificate of Cancellation pursuant to the Act and shall take all such other actions as may be necessary to terminate the Company.

11.7 Allocations During Period of Liquidation

. During the period commencing on the first day of the Fiscal Year during which a Dissolution Event occurs and ending on the date on which all of the assets of the Company have been distributed to the Members pursuant to Section 11.2 (the "Liquidation Period"), the Members shall continue to share Profits, Losses, gain, loss and other items of Company income, gain, loss or deduction in the manner provided in Section 3.

11.8 Character of Liquidating Distributions

. All payments made in liquidation of the interest of a Member in the Company shall be made in exchange for the interest of such Member in Property pursuant to Section 736(b)(1) of the Code, including the interest of such Member in Company goodwill.

11.9 The Liquidator.

(a) Definition

. The "Liquidator" shall mean a Person appointed by the unanimous vote of the Members to oversee the liquidation of the Company.

(b) Fees

. The Company is authorized to pay a reasonable fee to the Liquidator for its services performed pursuant to this Section 11 and to reimburse the Liquidator for its reasonable costs and expenses incurred in performing those services.

(c) Indemnification

. The Company shall indemnify, save harmless, and pay all judgments and claims against such Liquidator or any officers, directors, agents or employees of the Liquidator relating to any liability or damage incurred by reason of any act performed or omitted to be performed by the Liquidator, or any officers, directors, agents or employees of the Liquidator in connection with the liquidation of the Company, including reasonable attorneys' fees incurred by the Liquidator, officer, director, agent or employee in connection with the defense of any action based on any such act or omission, which attorneys' fees may be paid as incurred, except to the extent such liability or damage is caused by the fraud, intentional misconduct of, or a knowing violation of the laws by the Liquidator which was material to the cause of action.

SECTION 12
MISCELLANEOUS

12.1 Notices

. Any notice, payment, demand, or communication required or permitted to be given by any provision of this Agreement (each a "Notice") shall be in writing and shall be deemed to have been delivered, given, and received for all purposes (i) if delivered personally to the Person or to an officer of the Person to whom the same is directed or (ii) when the same is actually received, if sent either by express delivery service or registered or certified mail, postage and charges prepaid and return receipt requested, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent promptly thereafter by registered or certified mail, postage and charges prepaid, addressed as follows or to such other address as such Person may from time to time specify, by notice to the Members and Committee Representatives:

If to the Company: Chairman
Pan Am Southern LLC
c/o Pan Am Railways
400 Amherst Street, Suite 405
Nashua, NH 03063

With a copy to the

NS Member and the
Pan Am Member

If to NS Member: Mike R. McClellan
Vice President – Intermodal and
Automotive Marketing
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

With a copy to: Vice President – Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510
(757) 629-2374
(757) 533-4872 (fax)

If to the Pan Am
Member: David A. Fink
President
Pan Am Railways
400 Amherst Street, Suite 405
Nashua, NH 03063

With a copy to: Robert Culliford
Vice President Law
Pan Am Systems
400 Amherst Street, Suite 405
Nashua, NH 03063
(603) 816-0042
(603) 816-0043 (fax)

12.2 Certificates.

(a) Right of the Management Committee to Issue Certificates

. If at any time the Management Committee determines that it is in the best interests of the Company to issue certificates attesting to the ownership of Membership Interest in the Company by its Members, the provisions of this Section shall thereafter apply (and prior to such determination by the Management Committee, if any, this Section shall have no force or effect).

(b) Form of Certificates

. Certificates attesting to the ownership of interests in the Company shall be in such form as shall be approved unanimously by the Management Committee and shall state that the Company is a limited liability company formed under the laws of the State of Delaware, the name of the Member to whom such certificate is issued and that the certificates represent limited liability company interests within the meaning of the Act. Each such certificate shall be signed by one Committee Representative appointed by the Pan Am Member and one Committee Member appointed by the NS Member and shall include the legends referred to in Section 9.7.

(c) Register

. The transfer register or transfer books and blank share certificates shall be kept by the Secretary of the Company or by any transfer agent or registrar designated by the Management Committee for that purpose.

(d) Issuance

. The certificates of the Company shall be numbered and registered in the share register or transfer books of the Company as they are issued.

(e) Transfer

. Subject to all provisions hereof relating to Transfers of Membership Interest, if the Company shall issue certificates in accordance with the provisions of this Section, Transfers of Membership Interests shall be made on the register or transfer books of the Company upon surrender of the certificate therefor, endorsed by the Person named in the certificate or by an attorney lawfully constituted in writing.

(f) Record Holder

. Except to the extent that the Company shall have received written notice of an assignment of a Membership Interest in the Company, the Company shall be entitled to treat the Person in whose name any certificates issued by the Company stand on the books of the Company as the absolute owner thereof, and shall not be bound to recognize any equitable or other claim to, or interest in, such Membership Interest on the part of any other Person.

(g) Lost Destroyed or Mutilated Certificates

. The holder of any certificates issued by the Company shall promptly notify the Company of any loss, destruction or mutilation of such certificates, and the Management Committee may cause a new certificate or certificates to be issued to such holder, in case of mutilation of the certificate upon the surrender of the mutilated certificate or, in case of loss or destruction of the certificate, upon satisfactory proof of such loss or destruction and, if the Management Committee shall so determine, the granting of an indemnity and/or the deposit of a bond in such form and in such sum, and with such surety or sureties, as the Management Committee may direct.

12.3 Binding Effect

. Except as otherwise provided in this Agreement every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the Members and their respective successors, transferees and assigns.

12.4 Time

. In computing any period of time pursuant to this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included, but the time shall begin to run on the next succeeding day. The last day of the period so computed shall be included, unless it is not a Business Day, in which event the period shall run until the end of the next day which is a Business Day.

12.5 Headings

. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

12.6 Prior Agreements

. This Agreement, the JV Transaction Agreements and the Certificate of Formation supersede all prior agreements among the parties hereto, written or oral, with respect to the operation of the Company or the transactions referred to herein and specifically any and all term sheets prepared in respect of such transactions.

12.7 Severability

. Except as otherwise provided in the succeeding sentence, every provision of this Agreement is intended to be severable, and, if any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement. The preceding sentence of this Section 12.7 shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any Member to lose the material benefit of its economic bargain.

12.8 Incorporation by Reference

. Every exhibit and other appendix attached to this Agreement and referred to herein is incorporated in this Agreement by reference unless this Agreement expressly otherwise provides.

12.9 Variation of Terms

. All terms and any variations thereof shall be deemed to refer to masculine, feminine, or neuter, similar or plural, as the identity of the Person or Persons may require.

12.10 Counterpart Execution

. This Agreement may be executed in any number of counterparts with the same effect as if all of the Members had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

12.11 Third Party Beneficiaries

. Except for Indemnified Persons, this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the parties hereto.

12.12 GOVERNING LAW

. THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER.

12.13 Confidentiality

. Any information obtained by any Member, its respective Affiliates and respective employees in connection with this Agreement or the JV Transaction Agreements shall be subject to the confidentiality provision set forth in Section 17.5 of the Transaction Agreement. Notwithstanding anything herein to the contrary, any Member may share this Agreement and related information with its external auditors, the IRS any other tax authority or as may otherwise be required by applicable law.

**SECTION 13
DISPUTE RESOLUTION**

13.1 Reference to JOC.

Subject to Sections 5.6 and 5.11 hereof, any dispute, controversy or claim between or among any two or more of the Company, the NS Member and the Pan Am Member and arising out of or relating to this Agreement or the breach, termination or validity thereof ("Dispute") shall be referred to the JOC for resolution and if the JOC is unable to resolve the dispute, it will be referred, in writing, to the Management Committee to resolve.

13.2 Reference for Formal Dispute Resolution.

Any Dispute not resolved within sixty (60) days after receipt by any of the involved parties of written notice of reference of such Dispute to the Management Committee pursuant to Section 13.1, shall be submitted, by either Member for formal dispute resolution pursuant to Section 13.3.

13.3 Formal Dispute Resolution.

(a) Submission to Jurisdiction

. Each of the Company, the NS Member and the Pan Am Member hereto hereby (i) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the "Delaware Courts") in any action to enforce or in aid of the agreement to arbitrate in Section 13.3(b) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iii) waives any objection based on forum non conveniens or any other objection to venue thereof.

(b) Dispute Resolution

. Except as provided in Section 10.2, each of the Company, the NS Member and the Pan Am Member hereto stipulates and agrees that any Dispute that is not resolved pursuant to Section 13.1 will be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the AAA then in effect (the "Rules"), under the following terms and conditions:

(i) Selection of Arbitrator. A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(ii) Conduct of Arbitration. The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to money damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(iii) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

(iv) Findings and Conclusions. The arbitrator will, after reaching judgment and award, prepare and distribute to the parties a written award including the findings of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(v) Time is of the Essence. The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right

and authority to issue monetary sanctions against any party if, upon a showing that such party is unreasonably delaying the proceeding.

(vi) Temporary Equitable Relief. By agreeing to arbitration, the parties do not intend to deprive any Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award money damages for the failure of any party to respect the arbitrator's orders to that effect.

(vii) Consolidation. The parties are committed to the prompt and efficient resolution of Disputes. Accordingly, if more than one Dispute arise under this Agreement and/or any JV Transaction Agreement, such Disputes may be brought in a single arbitration. If more than one arbitration is brought with respect to Disputes under this Agreement and/or any JV Transaction Agreement, then any party may request that any arbitration or any new Dispute arising under this Agreement or the JV Agreement be consolidated into any prior arbitration. The new Dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new Dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the parties. Unless the parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The parties waive any right they have to appeal or to seek interpretation, revision or annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(viii) Discovery. Recognizing the express desire of the parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(ix) Costs and Attorneys' Fees. Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 13.3(b) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to the prevailing party or parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the party resisting enforcement.

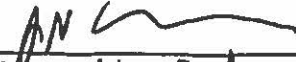
(x) Miscellaneous. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully

determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator. An arbitrator's award may be appealed in accord with Section 23 of the Uniform Arbitration Act.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the day first above set forth.

NORFOLK SOUTHERN RAILWAY COMPANY

By: 
Name: John F. Freeman
Title: Vice President

BOSTON AND MAINE CORPORATION

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the day first above set forth.

NORFOLK SOUTHERN RAILWAY COMPANY

By: _____
Name:
Title:

BOSTON AND MAINE CORPORATION

By: *Robt W. [Signature]*
Name: *Robt W. [Signature]*
Title: *Sr VP*

EXHIBIT B

PROPOSED CAPITAL PROJECTS

the 'information' and 'communication' fields. The 'information' field is defined as:

...the study of the nature, uses and functions of information, and the ways in which it is created, communicated, evaluated and used. (p. 1)

The 'communication' field is defined as:

...the study of the nature, uses and functions of communication, and the ways in which it is created, communicated, evaluated and used. (p. 1)

The 'information science' field is defined as:

...the study of the nature, uses and functions of information science, and the ways in which it is created, communicated, evaluated and used. (p. 1)

The 'information studies' field is defined as:

...the study of the nature, uses and functions of information studies, and the ways in which it is created, communicated, evaluated and used. (p. 1)

The 'information technology' field is defined as:

...the study of the nature, uses and functions of information technology, and the ways in which it is created, communicated, evaluated and used. (p. 1)

The 'information systems' field is defined as:

...the study of the nature, uses and functions of information systems, and the ways in which it is created, communicated, evaluated and used. (p. 1)

The 'information management' field is defined as:

...the study of the nature, uses and functions of information management, and the ways in which it is created, communicated, evaluated and used. (p. 1)

The 'information policy' field is defined as:

...the study of the nature, uses and functions of information policy, and the ways in which it is created, communicated, evaluated and used. (p. 1)

The 'information law' field is defined as:

...the study of the nature, uses and functions of information law, and the ways in which it is created, communicated, evaluated and used. (p. 1)

The 'information ethics' field is defined as:

...the study of the nature, uses and functions of information ethics, and the ways in which it is created, communicated, evaluated and used. (p. 1)

The 'information economics' field is defined as:

...the study of the nature, uses and functions of information economics, and the ways in which it is created, communicated, evaluated and used. (p. 1)

Exhibit C

Membership Interests of the Members

Norfolk Southern Railway Company	50 Membership Interests
Boston and Maine Corporation	50 Membership Interests

A

Exhibit 2.2

Initial Capital Accounts of the Members

Norfolk Southern Railway Company	\$59,590,125
Boston and Maine Corporation	\$140,000,000

Exhibit 5.2(b)

Initial Management Committee Representative

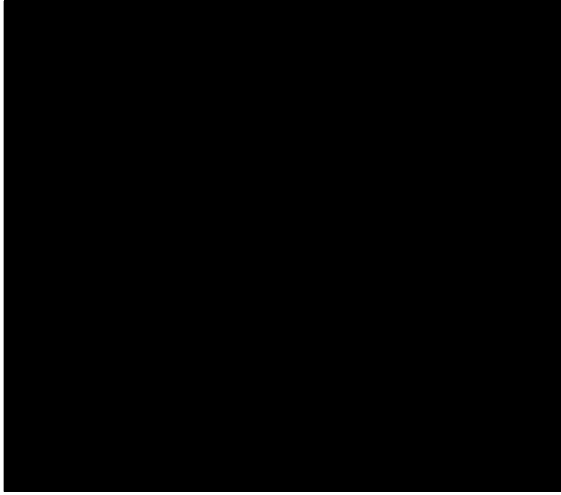


Exhibit 5.3(b)(i)

Initial Members of Capital Project Committee

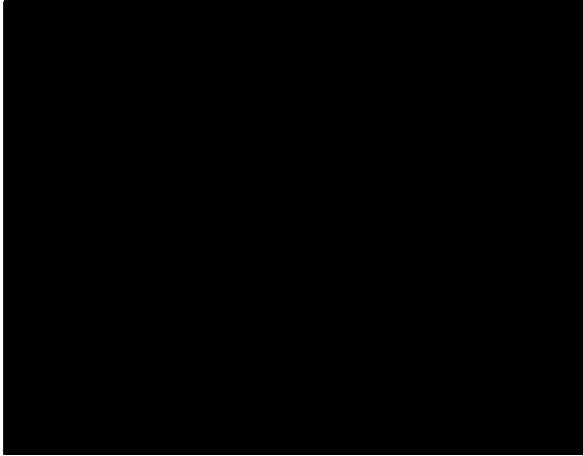
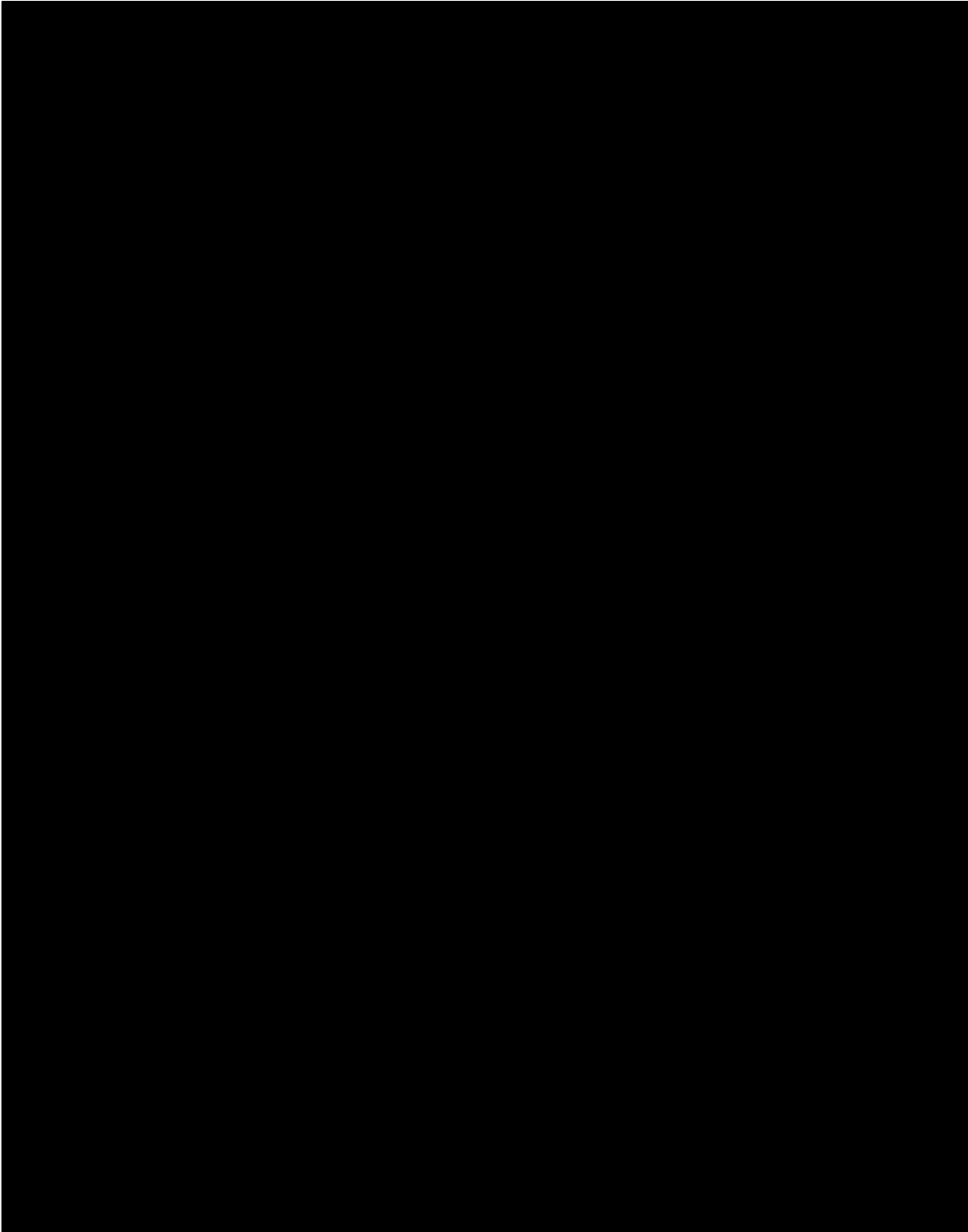


Exhibit 5.7(a)

Approved Budget and Business Plan

Patriot Corridor



REDACTED - TO BE PLACED ON PUBLIC FILE
Pan Am Southern
2008 Pro Forma Operating Expenses

Springfield Terminal Cost Category	Cost Description	Annual Amount	Direct Cost	Indirect Cost
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[REDACTED]				
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Exhibit 5.7(b)

Approved Investment Policies

The Person designated by the Management Committee (which initially shall be the Railroad Operator) is authorized to purchase and sell from time to time on behalf of the Company the classes of United States dollar securities, described herein, subject to the specified limitations and ratings, and subject to any limitations that may be fixed from time to time by the Management Committee of the Company.

As used herein:

- (i) "AAA" shall mean an AAA rating by S&P or Fitch;
- (ii) "A" shall mean an A1, A2 or A3 rating by Moody's or an A rating by S&P or Fitch;
- (iii) "Aa" shall mean an Aa1, Aa2 or Aa3 rating by Moody's;
- (iv) "AA" shall mean an AA rating by S&P or Fitch;
- (v) "A1" shall mean an A1 rating by S&P;
- (vi) "P1" shall mean a P1 rating by Moody's;
- (vii) "MIG-1" shall mean a MIG-1 rating by Moody's;
- (viii) "VMIG-1" shall mean a VMIG-1 rating by Moody's;
- (ix) "SP-1" shall mean an SP-1 rating by S&P; and
- (x) "A-1" shall mean an A-1 rating by S&P.

Securities in the short-term portfolio will consist of those maturing not later than one year from date of purchase. Securities in the intermediate-term portfolio will consist of those maturing from one to five years from date of purchase. Long-term ratings requirements with respect to the short-term and intermediate-term portfolios as set forth below are subject to the exception that up to twenty five percent (25%) of aggregate securities in both portfolios may carry an A rating.

I. SHORT-TERM PORTFOLIO

Investments and Credit Quality

- 1. U. S. Treasury obligations
- 2. Federal agency obligations
- 3. Bank obligations (Domestic and Eurodollar)
 - U. S. and foreign banks: Time deposits, money market demand accounts, certificates of deposit, bankers' acceptances, letter of credit-backed paper, and commercial paper issued by domestic bank holding companies and foreign bank owned funding subsidiaries.
 - Minimum equity of \$500 million for U. S. banks; \$1 billion for foreign banks.

- Aa long-term deposit rating or Aa/AA long-term debt rating. A1/P1 rating on short-term deposits and commercial paper. In the absence of long-term ratings, Thompson Financial Services' ratings are acceptable.
- 4. **Commercial Paper (U. S. and non-U. S.)**
 - a. **Asset-backed and non asset-backed.** In the case of asset-backed paper, the issuer may be backed by a letter of credit from a financial institution with a long-term debt rating of AA.
 - **Long-term debt ratings of Aa/AA, short-term ratings of A1/P1.** If an issuer does not have a long-term debt rating, S&P common stock rating of A or better may be substituted for this debt requirement.
 - b. **Domestic subsidiaries of foreign corporations.**
 - **Long-term debt ratings of Aa/AA, short-term ratings of A1/P1.**
 - c. **Foreign governments and agencies, foreign supra-national corporations.**
 - **Long-term debt ratings of Aa/AA, short-term ratings of A1/P1.**
- 5. **Repurchase Agreements**
 - a. **Use only primary government dealers.**
 - **Overnight or term repos up to 30-day maturity.**
 - **Collateral coverage of not less than 102% (based upon current market value plus accrued interest), using government, federal agencies and obligations of banks which otherwise meet the criteria of this policy.**
- 6. **Overnight Institutional Money Market Funds**
 - a. **Minimum equity of \$1 billion.**
 - b. **Money market mutual funds organized under the laws of the United States or any state thereof which have daily pricing and daily redemption features and invest at least ninety percent (90%) of their assets in the investments described in this policy.**
- 7. **Tax-Exempt and taxable municipal securities-**
 - a. **General obligation notes; state and municipal authorities, school districts and other revenue notes and bonds; variable rate demand/put notes and bonds; and Daily Tenders.**
 - **Long-term debt ratings of Aa/AA**
 - **Short-term debt ratings of MIG-1/VMIG-1 or SP-1/A-1.**
 - **Long-term ratings of Aa/AA on issues insured by Municipal Bond Insurance Association (MBIA); Financial Guaranty Insurance Company (FGIC), and Bond Investors Guaranty Insurance Company (BIG).**
 - **In the case of variable rate/put bonds, underlying issuer must be rated A by at least one of the rating agencies. If the underlying issuer's rating is no higher than A, then the issue must be supported by an irrevocable letter of credit issued by a bank qualifying under the above credit quality standards.**
 - b. **Tax-exempt commercial paper**

- Long-term debt ratings of Aa/AA, commercial paper ratings of A1/P1.
- 8. Corporate Obligations
Floating and fixed rates credit rating by at least one rating agency of AA or equivalent. Floating notes, commonly referred to as variable rate demand floaters, which have Put features.
- 9. Broker LLC private investment funds rated AAA.

II. INTERMEDIATE-TERM PORTFOLIO

Credit requirements for these issues are the same standards as short-term issues. If the total of the short-term and intermediate-term portfolios exceeds \$200 million, then no more than fifty percent (50%) of the total investments may be placed in the intermediate-term portfolio.

Investments

- 1. All instruments included in the short-term portfolio.
- 2. Eurodollar and Yankee Notes and Bonds.
- 3. Floating Rate Instruments –
 - a. Domestic and Eurodollar certificates of deposit and notes.
 - b. Variable Coupon Renewable Notes.
- 4. Asset-backed securities, defined as:
 - a. Government National Mortgage Association (GNMA)
Pass-Through Certificates
 - b. Federal National Mortgage Association (FNMA) Mortgage
Backed Securities.
 - c. Federal Home Loan Mortgage Corporation (FHLMC)
Participation Certificates.

IV. PORTFOLIO LIMITS

- 1. U. S. Treasury obligations – no limits.
- 2. Federal agency obligations – not more than fifty percent (50%) of the total portfolio.
- 3. Bank obligations
 - a. Any single issuer is limited to ten percent (10%) of total portfolio.
 - b. Total bank related obligations may not exceed fifty percent (50%) of total portfolio.
 - c. Foreign bank obligations may not exceed twenty five percent (25%) of the total portfolio
- 4. Commercial Paper
 - a. Any single issuer is limited to ten percent (10%) of the total portfolio.
 - b. Not more than fifty percent (50%) of the total portfolio may be invested in commercial paper.

- c. Not more than twenty five percent (25%) of the total portfolio may be invested in foreign commercial paper (excluding foreign bank related commercial paper).
- 5. Repurchase Agreements
 - a. No limits on total repurchase agreements.
 - b. Any approved dealer is limited to ten percent (10%) of total portfolio.
- 6. Tax-exempt and taxable securities
 - a. Any single issuer is limited to ten percent (10%) of total portfolio.
 - b. Total tax-exempt obligations shall not exceed two percent (2%) of the investing company's average total assets as determined by the Tax Department.
- 7. Money Market Funds – no limits
 - a. Any single issuer is limited to ten percent (10%) of the portfolio.
 - b. Any single institution is limited to twenty percent (20%) of the portfolio.
- 8. Corporate obligations (other than bank obligations)
 - a. Any single issue is limited to ten percent (10%) of total portfolio.
 - b. Corporate obligations may not exceed fifty percent (50%) of total portfolio.
 - c. A limit of \$50 million on any single issue.
- 9. Miscellaneous
 - a. Obligations of any one industry shall not exceed twenty five percent (25%) of the total portfolio, provided that bank-related obligations may constitute up to fifty percent (50%) of the total portfolio.
 - b. Not more than five percent (5%) of the total portfolio may be invested in any category or obligation of any issuer not covered by the limitations or credit standards established above, provided the investments within this limitation are consistent with the objectives of the portfolio.
 - c. The total of all securities issued by foreign governments and agencies, foreign supra-national corporations, U.S. subsidiaries of foreign corporations, and foreign banks (including U.S. subsidiaries) shall not exceed fifty percent (50%) of the total portfolio. Investments shall be limited to those issuers located in Canada, Germany, United Kingdom, France, Switzerland, the Netherlands and Japan with no more than 10% of the total portfolio invested in any one country.
 - d. The total limitations on federal agency, commercial paper, bank obligations and corporate obligations will not apply when the total of the short-term and intermediate-term portfolios is \$200 million or less.
 - e. Any single issuer cannot exceed \$50 million or ten percent (10%) of the portfolio, whichever is less.

RAILROAD OPERATING AGREEMENT

THIS RAILROAD OPERATING AGREEMENT ("Agreement") is made and entered into as of this 9th day of April, 2009, by and among Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern"), Springfield Terminal Railway Company ("Springfield Terminal"), Pan Am Railways, Inc. ("Pan Am") and Norfolk Southern Railway Company ("NSR"). Each of Pan Am Southern, Springfield Terminal, Pan Am and NSR is sometimes referred to as a "Party" and collectively as "Parties."

RECITALS

WHEREAS, Pan Am, on behalf of itself and its subsidiaries, Boston and Maine Corporation ("B&M"), Springfield Terminal (collectively with Pan Am and B&M, the "Pan Am System Parties") and NSR entered into a Transaction Agreement (the "Transaction Agreement"), dated as of May 15, 2008, which provides, among other things, for NSR and B&M to form Pan Am Southern pursuant to a Limited Liability Company Agreement of Pan Am Southern between NSR and B&M, dated as of April 9, 2009 (the "LLC Agreement"); and

WHEREAS, prior to Closing, as defined in the Transaction Agreement, Springfield Terminal was responsible for performing the administrative and railroad maintenance and operating tasks involved in the rail transportation system for the then-existing Springfield Terminal system (the portion of such system as is not included in the Pan Am Southern Assets (as hereinafter defined) being defined as "Remaining Springfield Terminal Assets"); and

WHEREAS, the Transaction Agreement provides for B&M and the other Pan Am System Parties to sell in part and contribute in part certain railroad lines and trackage rights constituting a portion of the Springfield Terminal system and owned or operated generally in New York, Vermont, Connecticut, Massachusetts, and New Hampshire (the portions of which that are to be sold and contributed being the "Line", as more specifically defined in the Transaction Agreement) and certain other related assets, all of which were previously operated in a unified manner with other railroad lines and trackage rights by one or more of the Pan Am System Parties (together with the Line, the "Pan Am Southern Assets", as more specifically defined as the Assets in the Transaction Agreement) to Pan Am Southern (the "Pan Am Contribution"); and

WHEREAS, as a result of the Pan Am Contribution, the Pan Am Southern Assets previously operated in a unified manner will, after Closing, be operated by two entities, Pan Am Southern (as to the Pan Am Southern Assets) and Springfield Terminal (as to the Remaining Springfield Terminal Assets); and

WHEREAS, the Transaction Agreement contemplates that railroad operations over the Line, including the quoting of Rates and Allowances (as defined in the Transportation Agreement Assignment and Division Allocation Agreement, hereinafter defined), initially will be performed on behalf of Pan Am Southern by a railroad operator

(the "Railroad Operator") and that the initial Railroad Operator shall be Springfield Terminal; and

WHEREAS, NSR, Pan Am Southern and Springfield Terminal have entered into an agreement (the "Transportation Agreement Assignment and Division Allocation Agreement") pursuant to which, among other things, the Railroad Operator will quote Rates and Allowances, and allocate revenues to be collected, on behalf of Pan Am Southern and Springfield Terminal; and

WHEREAS, the Pan Am System Parties and Pan Am Southern have entered into an agreement (the "Miscellaneous Assignment and Assumption Agreement") pursuant to which, among other things, each member of the Pan Am System Parties has assigned to Pan Am Southern all of their respective rights and obligations to certain contracts, agreements, leases and licenses pursuant to which third parties have rights with respect to the Pan Am Southern Assets, including, without limitation, the lateral and perpendicular fiber and wire agreements, pipeline agreements, rental agreements, clearance agreements, agreements concerning the performance of any grade crossing facility maintenance, repair and inspection obligations (such agreements as assigned and as entered into after the date hereof pursuant to Section 4(b), the "Ancillary Agreements"); and

WHEREAS, Pan Am Southern and NSR have entered into an agreement (the "NSR Joint Use Agreement") pursuant to which, among other things, Pan Am Southern will provide certain haulage services to NSR and has committed to certain service standards with regard to the provision of those haulage services; and

WHEREAS, NSR, Pan Am, B&M and Springfield Terminal obtained the prior consent of the Surface Transportation Board to consummate the transactions set forth in the Transaction Agreement, including the authority to enter into, and perform pursuant to, this Agreement;

WHEREAS, the Parties desire to enter into this Agreement to, among other things, set forth (i) the obligations of Springfield Terminal as the Railroad Operator and (ii) the compensation to be paid to Springfield Terminal therefor;

WHEREAS, the Parties desire that Springfield Terminal incur certain operating expenses on behalf of Pan Am Southern and be reimbursed therefor in the manner described in Appendices C and D and that Springfield Terminal pay all of Pan Am Southern's other operating expenses out of Pan Am Southern's accounts and using Pan Am Southern's funds; provided that certain of such expenses may be subject to indemnification from Springfield Terminal as provided in this Agreement, the Transaction Agreement or other agreements contemplated by the Transaction Agreement;

NOW, THEREFORE, with reference to the foregoing facts and in consideration of the mutual agreements and understandings set forth herein, the Parties hereto, intending to be legally bound, agree as follows:

SECTION 1. DEFINITIONS

(a) Interpretation Generally.

Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.

(b) Capitalized Terms.

Appendix D contains several terms that are defined therein. All other capitalized terms shall have the defined meaning set forth below:

"Additional Repair Item" shall have the meaning given to that term in Section 3(a)(ii)(A).

"Administrative Services" shall have the meaning given to that term in Section 2(a)(i).

"Agreement" shall have the meaning given to that term in the introductory paragraph.

"Ancillary Agreements" shall have the meaning given to that term in the Recitals.

"Ayer Switching Agreement" shall mean that switching agreement by and between Springfield Terminal and Pan Am Southern, dated as of April 9, 2009, pursuant to which Pan Am Southern provides to Springfield Terminal certain switching services generally between CPF 312 and Ayer, MA, as is more definitively set forth therein and in the schematic attached thereto.

"B&M" shall have the meaning given to that term in the Recitals.

"Claim" or **"Claims"** shall mean any and all claims, demands, losses (including the loss of use), costs (including investigation, remedial and clean-up costs), expenses (including attorneys', consultants' or experts' fees and expenses), judgments, awards, penalties, governmental action (including fines and liens), causes of action, liens, suits or liability of every kind and nature suffered, including for exemplary, special or consequential damages.

"Cleanup" shall mean all actions, including investigations, required by Law to: (1) cleanup, remove, treat or remediate Hazardous Materials in the environment; (2) prevent the Release of Hazardous Materials so that they do not migrate, endanger or threaten to endanger public health or welfare or the environment; (3) perform pre-remedial studies and investigations and post-remedial monitoring and care; or (4) respond to any government requests for information or documents in any way relating to cleanup,

removal, treatment or remediation or potential cleanup, removal, treatment or remediation of Hazardous Materials in the environment.

"Delaware Courts" shall have the meaning given to that term in Section 17(c)(i).

"Designated Engineer" shall mean, as to each of NSR and Springfield Terminal, the engineering representative that is a designated contact for matters relating to this Agreement.

"Dispute" shall have the meaning given to that term in Section 17(a).

"Effective Date" shall have the meaning given to that term in Section 11(a).

"Environmental Claim" means any fine, claim, action, lien, cause of action, investigation or notice by any Person alleging potential liability (including potential liability for Cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, manufacture, processing, distribution, use, treatment, storage, Release or threatened Release, disposal, transport or handling, of any Hazardous Materials, or (b) circumstances forming the basis of any violation of any Environmental Law.

"Environmental Laws" means all Laws relating to pollution or protection of human health or the environment, including all Laws relating to Releases or threatened Releases of Hazardous Materials or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, disposal, transport or handling of Hazardous Materials, all Laws relating to record keeping, notification, disclosure and reporting requirements respecting Hazardous Materials and all Laws relating to endangered or threatened species of fish, wildlife and plants and natural resources.

"Financial Activities" shall have the meaning given to that term in Section 4(c).

"Freight Railroad Service" shall have the meaning given to that term in Section 2(a)(i).

"General Manager" shall have the meaning given to that term in Section 2(b).

"Governmental Action" shall mean any applicable law, rule, regulation or ordinance promulgated by any Governmental Authority having jurisdiction.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any mediation body or arbitral tribunal, including the STB.

“Grade Crossing Facility Maintenance and Repair” shall have the meaning given to that term in Section 3(a)(iii).

“Hazardous Materials” shall mean all substances defined as Hazardous Substances, Oils, Pollutants or Contaminants in the National Oil and Hazardous Substances Pollution Contingency Plan, 40 C.F.R. § 300.5, or defined as such by, or regulated as such under, any Environmental Law.

“Invoiced Party” shall have the meaning given to that term in Section 14(a).

“Invoicing Party” shall have the meaning given to that term in Section 14(a).

“JOC” shall mean the Joint Operating Committee established by Section 5.3(c) of the LLC Agreement.

“Law” shall mean any U.S. federal, state or local or foreign statute, law, rule, regulation, ordinance, order, code, policy or rule of common law, now or hereafter in effect and, in each case, as amended, any binding judicial or administrative interpretation thereof by a Governmental Authority or otherwise, including any judicial or administrative order, consent, decree or judgment.

“Lien” shall have the meaning given to that term in Section 9(h)(i).

“Line” shall have the meaning given to that term in the Recitals.

“LLC Agreement” shall have the meaning given to that term in the Recitals.

“Local Services” shall mean those local services not necessary for completion of the line haul transportation, including, without limitation, loading or unloading, weighing of cars, intra-plant switching, storage or warehousing. The weighing of cars for the purpose of assessing transportation charges shall be a Local Service.

“Local Service Charge” shall mean charges assessed for the provision of Local Services.

“Main Line” shall mean that portion of the Line between Mechanicville, NY at Milepost 467.40, and a connection with Remaining Springfield Terminal Assets at CPF 312 at Milepost 311.97.

“Maintenance and Inspection” shall have the meaning given to that term in Section 3(a)(i)(A).

“Maintenance Item” shall have the meaning given to that term in Section 3(a)(i)(A).

“Management Committee” shall mean the management committee of Pan Am Southern as provided for in the LLC Agreement.

“MBTA” shall mean the Massachusetts Bay Transportation Authority.

“Miscellaneous Assignment and Assumption Agreement” shall have the meaning given to that term in the Recitals.

“Monthly Statement” shall have the meaning given to that term in Section 14(a).

“NSR” shall have the meaning given to that term in the introductory paragraph.

“NSR Joint Use Agreement” shall have the meaning given to that term in the Recitals.

“Operating Fee Additive Element” shall have the meaning ascribed to that term in Section 2 of Appendix C.

“Operating Fee Base Element” shall have the meaning ascribed to that term in Section 1 of Appendix C.

“Option Agreement” shall mean that agreement dated May 1, 2008 by and among Pan Am, B&M and NSR, concerning the acquisition of an option to purchase a certain undivided interest in the Assets, as defined therein, among other things.

“Pan Am” shall have the meaning given to that term in the introductory paragraph.

“Pan Am Change in Control” shall mean: (1) the establishment of a voting trust as described in 49 C.F.R. Part 1013 – Guidelines for the Proper Use of Voting Trusts, or any subsequent regulation, with regard to the acquisition of a controlling block of voting securities of the Pan Am Member, Pan Am, B&M or Springfield Terminal, or any entity having direct or indirect control over any of the same, including but not limited to the Pan Am Parent; (2) the submission to the STB of any application, petition for exemption, or notice of exemption seeking approval, or exemption from approval, to effect a change in control of the Pan Am Member, Pan Am, B&M or Springfield Terminal or any entity having direct or indirect control over any of the same; (3) any Permitted Transfer as described in Section 9.2 clauses (f) or (g) of the LLC Agreement; or (4) not taking into account the Pan Am Member’s membership interest in Pan Am Southern, the sale, transfer or other distribution of all or substantially all of the assets of the Pan Am Member, Pan Am, B&M or Springfield Terminal.

“Pan Am Contribution” shall have the meaning given to that term in the Recitals.

“Pan Am Member” shall mean B&M or any permitted transferee of its membership interest in Pan Am Southern under the LLC Agreement.

“Pan Am Parent” shall mean Pan Am Systems, Inc., a Florida corporation, and the ultimate parent of the Pan Am System Parties.

“Pan Am Southern” shall have the meaning given to that term in the introductory paragraph.

“Pan Am Southern Assets” shall have the meaning given to that term in the Recitals.

“Pan Am System Parties” shall have the meaning given to that term in the Recitals.

“Party” or **“Parties”** shall have the meaning given to that term in the introductory paragraph.

“Person” shall mean an individual or a partnership, corporation, trust, association, limited liability company, Governmental Authority or other entity.

“Railroad Operator” shall have the meaning given to that term in the Recitals.

“Release” shall mean any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, or leaching into the environment (including ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property of any Hazardous Material, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

“Remaining Springfield Terminal Assets” shall have the meaning given to that term in the Recitals.

“Required Personnel and Tools” shall have the meaning given to that term in Section 9(d)(ii).

“Rules” shall have the meaning given to that term in Section 17(c)(ii).

“Springfield Terminal” shall have the meaning given to that term in the introductory paragraph.

“Springfield Terminal Joint Use Agreement” shall mean that joint use agreement by and among Pan Am Southern, Springfield Terminal and NSR, dated as of April 9, 2009, pursuant to which, among other things, Pan Am Southern granted to Springfield Terminal certain overhead trackage rights generally between CPF 312 and Harvard, MA for the purpose of interchange with CSX Transportation, Inc. and for service to both existing and future customers on Springfield Terminal trackage south of Harvard.

“STB” shall mean the Surface Transportation Board or any successor entity thereto.

“Swapped-out Property” shall have the meaning given to that term in Section 9(c).

“Transaction Agreement” shall have the meaning given to that term in the Recitals.

“Transportation Agreement Assignment and Division Allocation Agreement” shall have the meaning given to that term in the recitals.

“Work” shall mean all tasks, duties, obligations, services, requirements and activities of whatever kind or nature, express or implied, direct or incidental, to be performed, and all items tangible and intangible, to be provided by Springfield Terminal pursuant to this Agreement.

(c) **Construction of Certain Terms and Phrases**

Unless the context otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms “hereof,” “herein,” “hereby” and derivative or similar words refer to this entire Agreement; (iv) the terms “Article” or “Section” refers to the specified Article or Section of this Agreement; (v) the terms “and” and “or” include the term “and/or” when the context is appropriate; (vi) the terms “include” or “including” also include the words “without limitation” when the context is appropriate. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under generally accepted accounting principles, as in effect in the United States of America. All dollar amounts set forth herein are in United States currency. Whenever this Agreement refers to an Appendix, Exhibit or Schedule attached hereto, the Appendix, Exhibit or Schedule shall be deemed to be incorporated by reference. References herein to any agreement or contract mean such agreement or contract as amended.

SECTION 2. DESIGNATED RAILROAD OPERATOR

(a) **Engagement of Springfield Terminal as Designated Railroad Operator.**

(i) Pan Am Southern hereby retains and engages Springfield Terminal, and Springfield Terminal agrees, to become and act as the designated Railroad Operator for the Line, to manage, administer, supervise, perform and provide all railroad services over the Line (the “Freight Railroad Service”) on behalf of Pan Am Southern, including but not limited to Local Services, maintaining, dispatching and providing transportation rail services over the Line, and to provide all of the management, administration, supervision and performance of all general and administrative services necessary or appropriate to the conduct of the business of Pan Am Southern (“Administrative Services”), including, but not limited to accounting, treasury and tax services, legal services, claims handling, information technology services, ancillary agreement management, human resources and labor relations services, and, pursuant to the Transportation Agreement Assignment and Divisions Allocation Agreement, the

billing and collection of all Local Service Charges and revenues for railroad transportation, and the quotation of rates, on behalf of Pan Am Southern. The Administrative Services also include the performance of all functions assigned to the Railroad Operator under the LLC Agreement, including without limitation (i) the preparation of the Budget and the Business Plan (each as defined in the LLC Agreement) as provided in Section 5.7(a) of the LLC Agreement and (ii) the performance of accounting functions and preparation and delivery of financial reports as provided in Section 7 of the LLC Agreement.

(ii) It is the intention of the Parties that Section 2(a)(i) be read expansively in order to effectuate the intention of this Agreement as set forth in the Recitals. Notwithstanding the generality of the foregoing, the Freight Railroad Service shall include, among other things, the specific items set forth in Appendix A – Specific Freight Railroad Service Obligations.

(iii) Springfield Terminal shall be authorized to negotiate and pay, on behalf of Pan Am Southern, certain costs, invoices and claims (such as payment for freight claims, taxes, or leases or other expenses that Pan Am Southern is initially obligated to pay). Nothing in this Agreement (pursuant to which Springfield Terminal acts as a contractor to Pan Am Southern) is meant to modify the allocation of liability, costs or obligations pursuant to the Transaction Agreement or any other JV Transaction Agreement (as defined in the LLC Agreement), entered into contemporaneously with this Agreement or otherwise. By way of illustration only, and without intending to modify the foregoing, pursuant to the NS Joint Use Agreement, Pan Am Southern is not to settle without NSR input certain claims for which NSR provides an indemnification pursuant to that agreement. The provisions of Section 4(a)(iii) of this Agreement dictate the responsibilities that Springfield Terminal has with regard to freight claim settlement vis a vis Pan Am Southern. If, as is the case under the NS Joint Use Agreement, Pan Am Southern has an obligation to consult with NSR with regard to certain claims, the provisions of this Agreement are not meant to modify that consultation requirement, and Springfield Terminal, as Pan Am Southern's contractor, is required to comply with that consultation requirement. Similarly, and by way of further illustration only, any requirement set forth herein for Springfield Terminal to pay, as a contractor hereunder but using Pan Am Southern funds, invoices for certain claims shall have no effect upon any requirement found in the Transaction Agreement or other JV Transaction Agreement for indemnification of Springfield Terminal.

(iv) Springfield Terminal shall not, by reason of this Agreement, have any right to permit any rail carrier access to operate or use the Line or the other Pan Am Southern Assets.

(b) General Manager.

(i) Springfield Terminal shall appoint an individual ("General Manager") who shall manage and supervise the operation, maintenance and use of the Pan Am Southern Assets in accordance with this Agreement and directives and policies

of Pan Am Southern. Pan Am Southern acknowledges that the General Manager also shall have responsibilities with regard to Pan Am operations. Notwithstanding the foregoing, Springfield Terminal agrees that the General Manager shall perform his or her responsibilities on an impartial and non-discriminatory basis as between Pan Am Southern and Pan Am. Springfield Terminal shall promptly appoint a new General Manager to fill any vacancy caused by the retirement, removal or otherwise long-term unavailability of the then-current General Manager.

(ii) Pan Am Southern may require that Springfield Terminal remove, and Springfield Terminal shall promptly remove, the current General Manager at any time for serious misconduct, which shall mean conduct that would make it unreasonable to retain the General Manager as manager of Pan Am Southern's business, including but not limited to conduct such as: (A) violation of applicable alcohol or drug use policies, (B) fraud, (C) embezzlement or other act of dishonesty against Pan Am Southern, Pan Am or NSR or any of their customers or suppliers, (D) activities willfully undertaken by the General Manager which reflect adversely upon the reputation of Pan Am Southern, Pan Am or NSR, (E) refusal to perform or substantial neglect of the responsibilities assigned to the General Manager, (F) failure to perform his or her responsibilities on an impartial and non-discriminatory basis as between Pan Am Southern and Pan Am after 45-days' written notice from Pan Am Southern or Pan Am describing such failure, (G) any violation of law or rule or regulation of any Governmental Authority which results in serious adverse consequences to Pan Am Southern, Pan Am or NSR, or (H) any material violation of any directive or policy of Pan Am Southern.

SECTION 3. MAINTENANCE OF THE RAILROAD PREMISES

(a) Without intending to limit the provisions of Section 2(a)(i), the Parties intend that the Freight Railroad Services that Springfield Terminal shall provide and perform include the following:

(i) Maintenance and Inspection.

(A) Springfield Terminal shall provide inspection and maintenance and repair (the "Maintenance and Inspection," any specified item of which may be referred to as a "Maintenance Item") of the Line's right-of-way, track, structures, communications and signals fixtures and appurtenances.

(B) Springfield Terminal and Pan Am Southern shall quarterly meet to review the maintenance program, and Springfield Terminal and Pan Am Southern shall mutually determine any adjustments thereto.

(ii) Additional Maintenance and Repair.

(A) Springfield Terminal shall provide, or cause to be provided, any repair or upgrade item that is not a Maintenance Item (an "Additional Repair Item") that is required in order to keep the Assets (including the Line) in good operating condition.

(B) Such Additional Repair Items include, but are not limited to, any capital maintenance, or other maintenance, repair, upgrade or other additional maintenance items caused by: (u) an unforeseen or unanticipated condition; (v) a casualty loss or damage, including but not limited to a derailment involving any carrier operating on the Line or third-party events such as an automobile accident damaging any portion of a grade crossing, the associated gates, signalization or warning devices; (w) a force majeure event as described in Section 18; (x) a Governmental Action (including a change in regulatory compliance requirements), mandate, order, judgment or award by a Governmental Authority with jurisdiction over the Line or rail transport thereover; (y) environmental investigation, cleanup or remediation required by Governmental Action or by the performance of the Freight Rail Services and Maintenance and Inspection or the Additional Repair Items pursuant to this Agreement; or (z) other like condition or occurrence, but in any event the Additional Repair Items shall not include those items that are Capital Projects (as defined in the LLC Agreement).

(iii) Grade Crossing Facility Maintenance and Repair.

Springfield Terminal shall fulfill, or cause to be fulfilled, any grade crossing facility maintenance, repair and inspection obligation ("Grade Crossing Facility Maintenance and Repair") of Pan Am Southern arising from the creation or maintenance of any public highway-railroad grade crossing or private grade crossing, including any present or future obligations that may arise as a result of the receipt of funding or other support from a Governmental Authority for the grade crossing warning devices or other highway-railroad grade crossing facility such as those assigned pursuant to the Miscellaneous Assignment and Assumption Agreement and listed in Appendix B – Assigned Grade Crossing Agreements or otherwise governing such facilities regardless of the fact that said agreement(s) may not have been assigned to Pan Am Southern.

(b) Minimum Standards.

Springfield Terminal shall keep and maintain the Pan Am Southern Assets, including any buildings or other structures in current use or leased or occupied by Springfield Terminal on the Closing Date (as defined in the Transaction Agreement), (a) in good operating condition and repair in a manner consistent with sound, accepted engineering principles and maintain the Main Line of the Line at least to a minimum condition existing as of the Effective Date hereof until the completion of the certain capital improvement projects described in Schedule 2.5 of the Transaction Agreement that would permit Federal Railroad Administration Class 3 standards (or any successor standard thereto), capable of handling cars of 286,000 lbs., after which Springfield Terminal shall keep and maintain the Pan Am Southern Assets in good operating condition and repair in a manner consistent with sound, accepted engineering principles and maintain the Main Line of the Line at least to a minimum existing as of the Effective Date hereof until the completion of the certain capital improvement projects described in Schedule 2.5 of the Transaction Agreement that would permit Federal Railroad Administration Class 3 standards (or any successor standard thereto), capable of handling

cars of 286,000 lbs. Springfield Terminal shall provide Freight Railroad Services reasonably capable of satisfying the services standards committed to NSR in the Joint Use Agreement.

SECTION 4. SPECIFIC ADMINISTRATIVE SERVICES

Without intending to limit the provisions of Section 2(a)(i), the Parties intend that the Administrative Services that Springfield Terminal shall provide and perform include the following:

(a) **Claims Handling Services.**

(i) Springfield Terminal shall provide a claims handling service including but not limited to claims intake and classification, fraud screening, investigation, review and settlement, and litigation support. Pan Am Southern shall be responsible for amounts owed to third parties with respect to third party claims for which Pan Am Southern is responsible and Springfield Terminal shall cause the payment of such amounts from Pan Am Southern's accounts as and when due.

(ii) The Parties agree to cooperate in the defense of claims to the extent reasonable and necessary; and to execute all documents reasonably required to enable the other Party to recover amounts paid by or on behalf of that Party on account of such claims to persons other than the Parties hereto.

(iii) Springfield Terminal shall have the authority to settle, on behalf of Pan Am Southern, claims handled under the claims handling service provided such settlement does not exceed \$100,000 per incident. In all other cases, Springfield Terminal shall consult with, and receive approval of, Pan Am Southern, prior to settling any claim pursuant to this Section 4(a).

(b) **Ancillary Agreement Management.**

Springfield Terminal shall negotiate new pipe, wire and other such Ancillary Agreements, and shall manage all existing Ancillary Agreements. Pan Am Southern, and not Springfield Terminal, shall be a party to new Ancillary Agreements. Springfield Terminal shall report periodically (but no less often than quarterly) to Pan Am Southern the nature and status of newly proposed and executed Ancillary Agreements. Springfield Terminal shall manage the Ancillary Agreements (those existing on the Effective Date, as well as those entered into following the Effective Date) on behalf of Pan Am Southern, which such management shall include the collection and payment of such rents and fees as required under such Ancillary Agreements, the providing and receipt of notices and other communications as required or advisable under such Ancillary Agreements, the performance and receipt of the performance of such other acts including renewals or terminations as may be required or advisable under such Ancillary Agreements, all in accordance with the terms and conditions thereof.

(c) Accounting.

Springfield Terminal shall keep proper books of record and account in which full and correct entries shall be made of all Pan Am Southern transactions, costs, expenses and revenues ("Financial Activities"), including but not limited to those associated with the management of the Ancillary Agreements, the provision of Local Services, the assessment and collection of demurrage, and the assessment and collection of transportation revenues. Such books of record and account shall be in accordance with then-current generally accepted accounting principles, but in any case shall be maintained for a period not less than seven (7) years from its creation. All Financial Activities shall be readily identifiable by distinct accounting codes and be reported in a manner that allows Pan Am Southern to comply with its election under Rev. Proc. 2002-65. The books of record and account shall be owned by Pan Am Southern.

(d) MBTA and Other Passenger Service Interface.

Springfield Terminal, through the General Manager, shall constitute the primary communications and negotiations interface between MBTA and other passenger service operators, on the one hand, and Pan Am Southern, on the other hand. The General Manager shall report from time to time, but no less than on a monthly basis, on matters of significant interest to Pan Am Southern regarding the relationship and negotiations pursued under this Section 4(d), including but not limited to matters identified by any member of the Management Committee.

(e) Trackage/Operating Rights Review.

Springfield Terminal, through the General Manager, shall constitute the primary communications and oversight interface between Pan Am Southern, on the one hand, and the trackage/operating rights landlord, on the other hand. The General Manager shall report from time to time, but no less than on a monthly basis, on matters of significant interest to Pan Am Southern regarding the relationship and oversight pursued under this Section 4(e), including but not limited to matters identified by any member of the Management Committee.

SECTION 5. [INTENTIONALLY OMITTED]

SECTION 6. CONTRACTOR INDEMNIFICATION

Springfield Terminal shall indemnify, defend and hold harmless Pan Am Southern, its members, and each of the affiliated and subsidiary companies of the foregoing (except Springfield Terminal itself), and each of their respective directors, officers, employees and agents (collectively, the "Indemnified Parties") from and against any and all claims, fines, penalties, demands, suits, liability, damages, losses, costs (including, but not limited to, attorneys' fees) and expenses arising from or in connection with:

(a) (i) any alleged loss of life of or personal injury to the officers, employees or agents of Springfield Terminal or the damage to or loss of the property of Springfield Terminal, its officers, employees or agents, arising from, incident to or occurring in connection with the performance by Springfield Terminal of its obligations under this Agreement or the presence of the officers, employees or agents of Springfield Terminal on or around the Line and the other Pan Am Southern Assets,

(ii) except with respect to persons and property covered by subsection (a)(i) above, any alleged loss of life of or personal injury to any person or the loss of or damage to any property arising from, incident to or in connection with the negligent acts or omissions or willful misconduct of Springfield Terminal,

(b) any alleged violation of any law, statute, code, ordinance or regulation of the United States or of any state, county or municipal government (including, without limitation, those relating to air, water, noise, solid waste and other forms of environmental protection, contamination or pollution or to discrimination on any basis) that results in whole or in part, directly or indirectly, from the activities of Springfield Terminal or its officers, agents, employees or subcontractors related in any way to this Agreement or from any other act or omission of Springfield Terminal, its officers, agents, employees or subcontractors contributing to such violation, regardless of whether such activities, acts or omissions are intentional or negligent, and regardless of any specification by Pan Am Southern without actual knowledge that it might violate any such law, statute, code, ordinance or regulation.

SECTION 7. RELATIONSHIP TO TRANSPORTED TRAFFIC

(a) Except pursuant to the Springfield Terminal Joint Use Agreement and the Ayer Switching Agreement, no freight rail traffic transported over all or any portion of the Pan Am Southern Assets pursuant to this Agreement shall move in the revenue waybill of Springfield Terminal.

(b) Springfield Terminal shall not, pursuant to this Agreement, on its own account or behalf:

- (i) participate or appear in any rates, routes or divisions,
- (ii) establish rates, charges, service terms, routes or divisions, or enter into any transportation contracts, or
- (iii) collect freight revenues or demurrage or detention charges

relating to any freight traffic whatsoever that is transported over all or any portion of the Pan Am Southern Assets, though nothing in this Section 7(b) shall limit its rights or responsibilities under either the Transportation Agreement Assignment and Divisions Allocation Agreement or the Springfield Terminal Joint Use Agreement.

(c) Springfield Terminal shall not, pursuant to this Agreement, have any right to require shippers or carriers to provide to it the nature, level or existence of any rates or

charges levied against, charged to or otherwise applicable to shippers for traffic that moves over all or any portion of the Pan Am Southern Assets pursuant to the NSR Joint Use Agreement.

SECTION 8. ENVIRONMENTAL MATTERS

In performance of its obligations hereunder, Springfield Terminal shall comply with all applicable laws, ordinances, rules, and regulations and all lawful orders of any Governmental Authority including, without limitation, the Resource Conservation and Recovery Act (42 USC § 6901 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act (42 USC § 9601 et seq.) and the Toxic Substances Control Act (15 USC § 2601 et seq.) and all other laws pertaining to the generation, handling, transportation, treatment, release, storage and disposal of municipal, solid, and hazardous materials, substances and wastes, pollutants and contaminants. Springfield Terminal shall establish and maintain and, upon request of Pan Am Southern, Pan Am or NSR, furnish to Pan Am Southern, Pan Am and NSR appropriate records, receipts and documents, papers and any other data or information covering or pertaining to the generation, handling, transportation, treatment, release, storage and disposal of any municipal, solid or hazardous materials, substances and wastes, pollutants and contaminants.

SECTION 9. MISCELLANEOUS PROVISIONS APPLICABLE TO ALL WORK PERFORMED

(a) Right(s) of Entry for Freight Railroad Operations.

Pan Am Southern hereby provides Springfield Terminal with access to and use of the Pan Am Southern Assets, under the terms and conditions of this Agreement, for the purposes of providing the Freight Railroad Services and the Administrative Services. Pan Am Southern, its members, or their respective designated representatives, shall have the right to enter upon the Pan Am Southern Assets upon reasonable notice at any time for the purpose of inspecting and examining the property, the facilities, and the performance of the obligations of Springfield Terminal hereunder.

(b) Right(s) of Entry for Administrative Services.

Springfield Terminal grants to each of Pan Am Southern, Pan Am and NSR access, during normal business hours, to inspect and make copies of any and all books of record and accounts relating to this Agreement, all of which shall be maintained by Springfield Terminal at its headquarters in North Billerica, MA. or such other location as Springfield Terminal shall specify to Pan Am Southern, Pan Am and NSR from time to time.

(c) Ownership of Materials.

Any rails, ties and other items of track, signaling equipment or other materials that Springfield Terminal installs into the Line in furtherance thereof shall become the property of Pan Am Southern. Any rails, ties and other items of track, signaling equipment or other materials that Springfield Terminal removes from the Line in furtherance thereof ("Swapped-out Property") shall remain the property of Pan Am Southern. Notwithstanding the foregoing, Springfield Terminal may retain such Swapped-out Property in partial payment for the services provided hereunder, valued at market value; provided that Springfield Terminal shall provide a full accounting thereof in accordance with Section 9(g).

(d) Provision of Equipment, Labor and Materials.

(i) Springfield Terminal shall furnish, and/or shall cause to be furnished, all labor, materials, supplies, tools and equipment needed to perform the Work.

(ii) Springfield Terminal shall be responsible at its own risk and expense for providing, training, maintaining, fueling, servicing, licensing and replacing all employees, equipment and facilities (employees, training facilities for its employees, locomotives, rolling stock maintenance equipment, office space, computer facilities and equipment, licenses, rail yards (other than those included in the Pan Am Southern Assets)), repair facilities, engineering design and planning, customer service operations and dispatch operations center and other such personnel, equipment, licenses and property as may be reasonable or required for Springfield Terminal's provision of the Freight Railroad Service and the Administrative Services hereunder ("Required Personnel and Tools"). Notwithstanding that these Required Personnel and Tools may be leased, licensed or otherwise held by Springfield Terminal, as between Pan Am Southern and Springfield Terminal, these Required Personnel and Tools shall be considered the personnel and property of Springfield Terminal. Springfield Terminal shall receive no additional compensation for the provision of the same other than as is set forth in Section 10.

(iii) All equipment provided by Springfield Terminal to perform the Work shall be in good operating condition and shall conform to any and all applicable standards prescribed by the Association of American Railroads and the Federal Railroad Administration for such type of equipment.

(iv) Springfield Terminal shall cooperate with Pan Am Southern to maintain and meet the metric goals established by the JOC pursuant to Section 5.3(c) of the LLC Agreement.

(e) Condition of the Line and the Other Pan Am Southern Assets.

Springfield Terminal accepts the Pan Am Southern Assets in a "where is, as is" condition, without recourse to Pan Am Southern, for the purposes of fulfilling its obligations hereunder. Pan Am Southern makes no representation or warranty as to the physical condition of the Line and the other Pan Am Southern Assets, or the condition of

the legal title thereto, nor does Pan Am Southern make any representation or warranty as to the suitability or fitness of the Line and the other Pan Am Southern Assets for railroad operating purposes or any other purpose.

(f) Performance of the Work.

(i) Springfield Terminal shall use its best efforts to conduct the Freight Railroad Service and the Administrative Services in a manner that meets or exceeds the highest standards attained by competitive services.

(ii) In performing its obligations under this Agreement, Springfield Terminal shall, at all times:

(A) act in accordance with its then-current collective bargaining agreements as if the Pan Am Southern Assets were an integral part of the Springfield Terminal railroad network;

(B) observe and comply with any and all requirements of the constituted public authorities and with all applicable federal, state and local statutes, ordinances, regulations and standards applicable to Springfield Terminal or its operation of the Pan Am Southern Assets;

(C) obtain all applicable approvals, authorizations, franchises, licenses and permits of any Governmental Authority as may be required;

(D) use no less than the degree of care, skill, accuracy, quality, completeness and effort as it uses in performing the same or similar services on its own behalf;

(E) effectively guard against all accidents on or damages to the Pan Am Southern Assets and its and others' employees, agents and contractors,

(F) ensure that all of its employees, agents and contractors are familiar with, and comply with, all applicable operating, safety and roadway worker rules, and

(G) cooperate with, and permit inspection by, members of the JOC in order to review compliance with this Agreement.

(iii) Safety and Operating Rules.

Springfield Terminal shall use the utmost diligence in the prosecution of the Work to effectively guard against all accidents on or damages to the Pan Am Southern Assets in its performance of the Work. Springfield Terminal shall comply with all applicable Pan Am Southern operating, safety and roadway worker rules when performing the Work. The Springfield Terminal Designated Engineer shall ensure that

all persons engaged in the Work are familiar with all applicable Pan Am Southern operating, safety and roadway worker rules. Springfield Terminal shall require its employees and/or contractors, if any, to comply with all applicable safety requirements contained in the laws, ordinances, rules and regulations of any Governmental Authority having jurisdiction over the Work.

(g) Accounting.

Springfield Terminal shall keep proper books of record and account in which full and correct entries shall be made of all Springfield Terminal Financial Activities that arise from the rights and obligations of Springfield Terminal pursuant to this Agreement. Such books of record and account shall be in accordance with then-current generally accepted accounting principles. All Financial Activities shall be readily identifiable by distinct accounting codes.

(h) Liens.

(i) Springfield Terminal shall not create, permit to be created, or permit to remain undischarged, any contingent or actual lien, encumbrance or charge (each a "Lien") as to any of the Pan Am Southern Assets that: (x) arise out of the obligations it has undertaken pursuant to this Agreement; (y) involve services, materials and/or supplies furnished and/or delivered by Springfield Terminal or its permitted subcontractors; or (z) arise out of any mortgage, conditional sale, security agreement or chattel mortgage.

(ii) Springfield Terminal shall, within ten (10) days after acquiring knowledge thereof, provide notice to Pan Am Southern, Pan Am and NSR of any Lien against the Line, any part thereof, or any of the Pan Am Southern Assets. Springfield Terminal shall, within ten (10) days after demand from Pan Am Southern, Pan Am or NSR, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise.

SECTION 10. COMPENSATION

Pan Am Southern shall pay to Springfield Terminal an Operating Fee Base Element and an Operating Fee Additive Element as provided in Appendix C – Operating Fee and Appendix D – Operating Expense Accounting Plan.

SECTION 11. TERM AND TERMINATION

(a) Effective Date.

This Agreement shall become effective following the latest date of: (i) the date first written above; (ii) following receipt of any required regulatory approvals or exemptions; and (iii) following the expiration of any time periods required by the issuance of labor notices by any of the Parties, should such labor notices be required

("Effective Date"). The Parties shall determine the Effective Date through an exchange of written correspondence.

(b) Term.

This Agreement shall commence on the Effective Date, and shall continue until terminated by mutual agreement. This Agreement may be terminated by Pan Am Southern, without penalty or payment to any Party, upon a Pan Am Change of Control. This Agreement shall be terminated, without penalty or payment to any Party, should Pan Am Southern abandon its common carrier rights over all or substantially all of the Line. This Agreement may be terminated immediately by Pan Am Southern upon a material breach of this Agreement by Springfield Terminal.

(c) No Release.

Termination of this Agreement shall not relieve or release any Party hereto from any obligations assumed or from any liability which may have arisen or been incurred by such Party under the terms of this Agreement prior to termination hereof.

SECTION 12. INDEMNIFICATION

(a) Springfield Terminal shall reimburse and indemnify Pan Am Southern, Pan Am and NSR for or on account of:

(i) any breach of this Agreement, and

(ii) any fine, penalty, cost, or charge, and all expenses incurred in connection therewith, that is imposed or assessed on, or against, such Parties by reason of Springfield Terminal's non-compliance with any applicable federal, state or local law, rule, regulation or order promulgated by any Governmental Authority that relates to the provision of services hereunder,

without regard as to any contributory actions of Pan Am Southern, Pan Am or NSR. Except as provided in Section 12(b), no expenditure made pursuant to this Section 12(a) shall be included in the Operating Fee Base Element, as defined in Appendix C, for reimbursement or payment by Pan Am Southern pursuant to Section 10.

(b) To the extent feasible, Springfield Terminal shall defend the interests of Pan Am Southern in any related legal proceeding arising out of the matters referenced in Section 12(a)(ii), and the cost of the conduct of the legal proceedings, including attorneys' fees, shall be an expenditure that may be included in the Operating Fee Base Element for reimbursement or payment by Pan Am Southern pursuant to Section 10.

(c) Springfield Terminal agrees to indemnify, defend and hold harmless Pan Am Southern, Pan Am and NSR from and against Claims arising from its failure, or

alleged failure, to comply with any applicable collective bargaining agreement, without regard as to any contributory actions of Pan Am Southern, Pan Am and NSR.

(d) Notwithstanding anything herein to the contrary, the Parties agree that to the extent that there is an Environmental Claim, the Parties will jointly pursue indemnification from third parties and to the extent that the effort to obtain such third party indemnification is not successful, Springfield Terminal shall indemnify Pan Am Southern, Pan Am and NSR to the extent provided under Section 12(a) as if there is no third party indemnification.

(e) As a part of the consideration hereof, Springfield Terminal hereby agrees that each and every one of its indemnity commitments in this Agreement in favor of any other Party hereto shall extend to and indemnify the parent or members (including, as to Pan Am Southern, Pan Am and NSR), Norfolk Southern Corporation (on whose behalf, with regard to this Agreement, the Parties agree that NSR may act), subsidiaries (except, as to Pan Am, Springfield Terminal) and affiliates of such other Party (except, as to Pan Am Southern and Pan Am, Springfield Terminal), and all of their respective directors, officers, agents and employees.

(f) Each of the Parties shall indemnify and hold harmless the other Parties against any and all costs and payments, including benefits, allowances, and arbitration, administrative and litigation expenses, arising out of lawsuits, claims or grievances brought by or on behalf of its own employees or their collective bargaining representatives, either pursuant to employee protective conditions imposed by a governmental agency upon the agency's approval or exemption of this Agreement and operations hereunder or pursuant to a collective bargaining agreement. It is the Parties' intention that each of the Parties shall bear the full costs of protection of its own employees under employee protective conditions that may be imposed, and of grievances filed by its own employees arising under its collective bargaining agreements with its employees. Similarly each Party agrees to indemnify and hold harmless the other Party against any and all costs and payments, including judgments, damages, attorneys' fees and litigation expenses, arising out of claims, lawsuits and actions brought by or on behalf of its own employees pursuant to any provision of law, including common law, and based on employment arising out of the operations covered by this Agreement, except to extent otherwise specifically provided in this Agreement.

SECTION 13. INSURANCE

Springfield Terminal shall name each of Pan Am Southern, Pan Am and NSR as an additional named insured under any comprehensive general liability, federal employer's liability act, cargo legal liability, automotive liability, railroad hazards, or terrorism insurance policies carried by Springfield Terminal that would cover Springfield Terminal in its operations or activities related to, on or over the Line or the other Pan Am Southern Assets pursuant to this Agreement.

SECTION 14. INVOICES AND PAYMENT OF BILLS

(a) On or before the 15th day of each calendar month during the term of this Agreement, the Party seeking to provide an invoice to another Party (the "Invoicing Party") shall prepare and deliver to the other Party (the "Invoiced Party") and NSR a statement setting forth the charges to be invoiced, the basis for the charges, and any other information relating to such charges that the Invoiced Party may reasonably request in connection with accounting for the use of the services and rights provided hereunder (the "Monthly Statement"). The Invoicing Party shall deliver the Monthly Statement to the Invoiced Party's designee in electronic format, with a copy thereof to Pan Am and NSR. The Invoiced Party shall make payment to Invoicing Party within sixty (60) days after the date of such Monthly Statement, with confirmation of such payment provided to Pan Am and NSR.

(b) Any dispute regarding the amount of a Monthly Statement shall be reconciled between the Parties, and any adjustment resulting from such reconciliation shall be reflected in a subsequent Monthly Statement. If the Invoiced Party disputes any portion of a Monthly Statement, it shall nevertheless pay such Monthly Statement in full (unless such dispute involves a material amount in relation to the total amount of such Monthly Statement), subject to adjustment upon resolution of the dispute; provided, however, that (i) no exception to any charge in a Monthly Statement shall be honored, recognized or considered if filed after the expiration of three (3) years from the date of the Monthly Statement, and (ii) no invoice shall be rendered more than three (3) years (A) after the last day of the calendar month in which the expense covered thereby is incurred, or (B) in the case of charges disputed as to amount or liability, after the amount owed or liability therefor is established. Any claim for the adjustment of a Monthly Statement shall be deemed to be waived if not made in writing within three (3) years after the date of the relevant Monthly Statement.

SECTION 15. AUDIT

Pan Am Southern, Pan Am and NSR shall each have the right, at its own expense, to audit the records of any other Party pertaining to the subject matter of this Agreement, and any invoice issued by Springfield Terminal pursuant to this Agreement, provided such audit is initiated at any time within three (3) years of the date of the relevant invoice. All such audits shall be conducted at reasonable intervals, locations and times. All such audits shall be prosecuted with reasonable due diligence. Each agrees that all information disclosed to it or its representatives in connection with such an audit will be held in strictest confidence and will not be disclosed to any third party (other than to an arbitrator in connection with an arbitration conducted pursuant to this Agreement or as required by applicable law). Any adjustment resulting from an audit conducted pursuant to this Section 15 with respect to which Springfield Terminal, Pan Am Southern, Pan Am and NSR are in concurrence shall be reflected in a subsequent invoice.

SECTION 16. STATUS OF SPRINGFIELD TERMINAL

(a) In the performance of the services described herein, Springfield Terminal shall be an independent contractor of Pan Am Southern. Springfield Terminal shall have managerial control with respect to the provision of the Freight Railroad Services and Administrative Services provided hereunder. All personnel of Springfield Terminal shall be subject to the direction, supervision and control of Springfield Terminal and not Pan Am Southern, Pan Am or NSR. Nothing herein shall be interpreted as creating an association, partnership, joint venture or other joint undertaking between Springfield Terminal and Pan Am Southern.

(b) For the services provided by Springfield Terminal, including the provision of equipment, Springfield Terminal may engage the services of subcontractors or agents to the extent consistent with Springfield Terminal's collective bargaining agreements.

SECTION 17. DISPUTE RESOLUTION

(a) Reference to JOC.

Any dispute, controversy or claim between the Parties and arising out of or relating to this Agreement or the breach, termination or validity thereof ("Dispute") shall be referred to the JOC (for Pan Am Southern) for resolution and if the parties are unable to resolve the dispute, it will be referred, in writing, to the Management Committee (for Pan Am Southern) to resolve.

(b) Reference for Formal Dispute Resolution.

Any Dispute not resolved within sixty (60) days after receipt by any of the involved Parties of written notice of reference of such Dispute to the senior management pursuant to Section 17(a), shall be submitted for formal dispute resolution, if at all, by either Party for formal dispute resolution pursuant to Section 17(c).

(c) Formal Dispute Resolution.

(i) Submission to Jurisdiction.

Each of the Parties hereby (i) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the "Delaware Courts") in any action to enforce or in aid of the agreement to arbitrate in Section 17(b) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iii) waives any objection based on forum non conveniens or any other objection to venue thereof.

(ii) Dispute Resolution.

Each of the Parties hereby stipulates and agrees that any Dispute that is not resolved pursuant to Section 17(a) will be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the AAA then in effect (the "Rules"), under the following terms and conditions:

(iii) Selection of Arbitrator.

A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(iv) Conduct of Arbitration.

The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to money damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(v) Replacement of Arbitrator.

Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

(vi) Findings and Conclusions.

The arbitrator will, after reaching judgment and award, prepare and distribute to the parties a written award including the findings of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(v) Time is of the Essence.

The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against any party if, upon a showing that such party is unreasonably delaying the proceeding.

(vi) Temporary Equitable Relief.

By agreeing to arbitration, the Parties do not intend to deprive any

Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant provisional remedies and to direct the Parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award money damages for the failure of any party to respect the arbitrator's orders to that effect.

(vii) Consolidation.

The Parties are committed to the prompt and efficient resolution of Disputes. Accordingly, if more than one Dispute arise under this Agreement and/or any Ancillary Agreement and/or the Transaction Agreement or any other agreement contemplated by the Transaction Agreement, such Disputes may be brought in a single arbitration. If more than one arbitration is brought with respect to Disputes under such agreements, then any Party may request that any arbitration or any new Dispute arising under this Agreement or the Ancillary be consolidated into any prior arbitration. The new Dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new Dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no Party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the parties. Unless the Parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The Parties waive any right they have to appeal or to seek interpretation, revision or annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(viii) Discovery.

Recognizing the express desire of the Parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(ix) Costs and Attorneys' Fees.

Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 17(c) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to the prevailing Party or parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the Party resisting enforcement.

(x) Miscellaneous.

The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator. An arbitrator's award may be appealed in accord with Section 23 of the Uniform Arbitration Act.

(d) As a third party beneficiary, NSR may initiate and prosecute arbitration pursuant to Section 17(b) on behalf of Pan Am Southern. Pan Am Southern and Springfield Terminal shall cooperate with NSR in the Pan Am Southern preparation for, and the initiation and prosecution of, such arbitration, at Pan Am Southern's expense.

SECTION 18. FORCE MAJEURE

The obligations, other than payment obligations, of Springfield Terminal under this Agreement shall be subject to force majeure (including flood, earthquake, hurricane, tornado, or other such severe weather or climatic condition, riot, wreck, derailment, washout, explosion, Acts of God, act of terrorism and public enemy, war, blockage, insurrection, vandalism or sabotage, fire, strike, lockout or labor dispute, embargoes or AAR service orders, or governmental laws, orders or regulations, and other causes or circumstances beyond the control of the Party invoking such force majeure as an excuse for nonperformance), but only as long as, and to the extent that, such force majeure shall reasonably prevent performance of such obligations by the affected Party. In the event that an event of force majeure impairs Springfield Terminal's ability to fulfill its obligations to the other Parties under this Agreement, Springfield Terminal shall take all commercially reasonable measures to restore performance of its obligations in a timely manner.

SECTION 19. MISCELLANEOUS

(a) Notices.

All notices, requests, demands and other communications (collectively, "Notices") given pursuant to this Agreement shall be in writing, and shall be delivered by personal service, courier, overnight delivery service, facsimile transmission (which must be confirmed) or by United States registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

If to Pan Am
Southern: Chairman
Pan Am Southern LLC
c/o Pan Am Railways, Inc.
400 Amherst Street, Suite 405
Nashua, NH 03063

With a copy to NSR
and Pan Am

If to NSR: Mike R. McClellan
Vice President – Intermodal and
Automotive Marketing
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

With a copy to: Vice President – Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510
(757) 629-2374
(757) 533-4872 (fax)

If to Pan Am: David A. Fink
President
Pan Am Railways, Inc.
400 Amherst Street, Suite 405
Nashua, NH 03063

With a copy to: Robert Culliford
Vice President Law
Pan Am Systems, Inc.
400 Amherst Street, Suite 405
Nashua, NH 03063
(603) 816-0042
(603) 816-0043 (fax)

If to Springfield
Terminal: David A. Fink
President
Springfield Terminal Railway Company
c/o Pan Am Railways, Inc.
400 Amherst Street, Suite 405
Nashua, NH 03063

With a copy to: Robert Culliford
Vice President Law
Pan Am Systems, Inc.
400 Amherst Street, Suite 405
Nashua, NH 03063
(603) 816-0042
(603) 816-0043 (fax)

Any Notice, other than a Notice sent by registered or certified mail, shall be effective when received; a Notice sent by registered or certified mail, postage prepaid return receipt requested, shall be effective on the earlier of when received or the third day following deposit in the United States mails. Any Party may from time to time change its address for further Notices hereunder by giving notice to the other Parties in the manner prescribed in this Section.

(b) Entire Agreement.

This Agreement, including any attached exhibits and schedules, contain the sole and entire agreement and understanding of the Parties with respect to the entire subject matter of this Agreement, and any and all prior discussions, negotiations, commitments and understandings, whether oral or otherwise, related to the subject matter of this Agreement are hereby merged herein. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the parties hereto any rights or remedies under or by way of this Agreement.

(c) Assignment.

Springfield Terminal may not assign its rights or obligations under this Agreement, and any attempted or purported assignment or any delegation of Springfield Terminal's duties or obligations arising under this Agreement to any third party or entity shall be deemed to be null and void, and shall constitute a material breach by Springfield Terminal of its duties and obligations under this Agreement.

(d) Extension, Waiver and Amendment.

Any agreement on the part of a Party hereto to any extension or waiver shall be valid if set forth in writing in an instrument signed by or on behalf of such Party. The waiver by any Party hereto of a breach of this Agreement shall not operate or be

construed as a waiver of any subsequent breach. This Agreement may be amended only by a written agreement executed by all of the Parties to this Agreement.

(e) Confidentiality.

Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement, or as may be necessary or appropriate for a Party hereto to enforce its rights under this Agreement, during the term of this Agreement (including any extensions thereof), and for a period of three (3) years after termination or expiration of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or which is obtained hereunder will be kept confidential and will not be disclosed by any Party to any person other than members, officers, employees, and attorneys, without the prior written approval of the other Parties. Notwithstanding anything to the contrary, any Party may disclose this Agreement in connection with an audit by its external auditors, the Internal Revenue Service or other tax authority.

(f) Governing Law.

THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

(g) Judicial Interpretation.

Should any provision of this Agreement require judicial interpretation, it is agreed that a court or other tribunal interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against any Person by reason of the rule of construction that a document is to be construed more strictly against the Person who itself or through its agent prepared the same, it being agreed that all Parties have participated in the preparation of this Agreement.

(h) No Third Party Beneficiaries.

Except as expressly provided in this Agreement, this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties hereto; provided, however, that this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns.

(i) Captions.

The various captions of this Agreement are for reference only and shall not be considered or referred to in resolving questions of interpretation of this Agreement.

(j) Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(k) Costs and Attorneys' Fees.

Whether or not the transactions contemplated hereby are consummated, each of the parties shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial or other consultants, investment bankers, accountants and counsel.

(l) Good Faith and Fair Dealing.

The Parties agree to deal with one another on matters related to this Agreement fairly, honestly, and in good faith. "Good Faith" means honesty in fact and observance of reasonable commercial standards and customs of fair dealing in the transportation industry generally and of the intermodal, automotive and railroad transportation industry in particular.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**NORFOLK SOUTHERN RAILWAY
COMPANY**

By: [Signature]
Name: John Fritsch
Title: Vice President
PAN AM SOUTHERN LLC

By: [Signature]
Name: Rob Collette
Title: Sr VP

PAN AM RAILWAYS, INC.

By: [Signature]
Name: Rob Collette
Title: Sr VP
**SPRINGFIELD TERMINAL
RAILWAY COMPANY**

By: [Signature]
Name: Rob Collette
Title: Sr VP

INDEX TO APPENDICES

- Appendix A. Specific Freight Railroad Service Obligations
- Appendix B. Assigned Grade Crossing Agreements
- Appendix C. Operating Fee
- Appendix D. Operating Expense Accounting Plan

APPENDIX A – SPECIFIC FREIGHT RAILROAD SERVICE OBLIGATIONS

Without intending to limit the provisions of Section 2(a)(i), the Freight Railroad Service shall include, among other things, the following specific items:

- (a) the provision of haulage services and access for trackage rights as required of Pan Am Southern pursuant to the NSR Joint Use Agreement;
- (b) consultation with the JOC;
- (c) the development and provision of schedules and timetables for regularly scheduled trains operating over the Line, as well as any proposed modifications thereto;
- (d) keep and maintain the Assets including the Line in good operating condition and repair in a manner consistent with sound, accepted engineering principles and in reasonably good condition for the use herein contemplated, taking all reasonable steps to ensure that any interruptions in service will be kept to a minimum;
- (e) perform full customer accountability services (tracking services) for freight rail shipments moved by Springfield Terminal pursuant to this Agreement, including but not limited to car accounting and tracing, and claims handling services, to the same extent the same is provided on the Remaining Springfield Terminal Assets rail system;
- (f) at its sole risk and expense, provide any and all training to its employees, contractors or agents as is necessary and advisable for Springfield Terminal to perform its obligation under this Agreement;
- (g) provide dispatching, scheduling and traffic movement control, switching and yard services, for all trains over the Line, without discrimination at any time in favor of or against any Party except as may be set forth in the NSR Joint Use Agreement or the Springfield Terminal Joint Use Agreement, or otherwise as is set forth in accordance with written policies and priorities of freight, type of railcar, size of train and train destinations as may be established from time to time by the General Manager in consultation and with the approval of Pan Am Southern; and
- (h) weigh railcars which require weighing and fuel, sand and service locomotives requiring fueling, sanding and/or servicing;
- (i) provide such labor and materials as may be required to perform, and perform, light repairs on bad ordered railcars as may be necessary to make such railcars legal and safe for movement, or, for any such bad ordered railcars that cannot reasonably be made legal and safe for movement, and arrange for the appropriate removal of the affected railcar in accordance with Pan Am Southern's instructions;
- (j) provide special services from time to time as is requested by Pan Am Southern with respect to trains, locomotives and railcars; and

(k) provide rerailling, wrecking service or wrecking train service as may be required, including the repair and restoration of roadbed, track, structures and the environment, as promptly as possible.

APPENDIX B – ASSIGNED GRADE CROSSING AGREEMENTS

APPENDIX B

[Assigned Grade Crossing Agreements]

(see schedule A Attachment)

APPENDIX C – OPERATING FEE

The Operating Fee shall consist of the following two elements:

1. Operating Fee Base Element

As partial progress payments for the payment of the annual Operating Fee Base Element, Pan Am Southern shall make monthly payments to Springfield Terminal in each calendar year equal to

[REDACTED]

2. Operating Fee Additive Element

For the first full fiscal year, and separately for any partial fiscal year prior to the first full fiscal year, following the Effective Date during which Springfield Terminal serves as the Railroad Operator, Pan Am Southern

[REDACTED]

For each fiscal year after the first full fiscal year following the Effective Date, and for so long as Springfield Terminal continues to serve as the Railroad Operator,

[REDACTED]

[]

[]

APPENDIX D – OPERATING EXPENSE ACCOUNTING PLAN

This Appendix D sets forth the methodology for determining [REDACTED]

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Reports, Audit Rights and General Principles

Springfield Terminal shall be responsible for generating the data called for by this Appendix and shall update and provide to NSR and Pan Am Southern copies of all tables as of the end of each calendar year to reflect changes applicable thereto for each such calendar year. All such data, including without limitation underlying data used to calculate ratios and any and all financial data of Springfield Terminal from which any such data is derived, shall be subject to audit by NSR and by Pan Am Southern.

[REDACTED]

CAPITAL PROJECTS AND FACILITY MANAGEMENT AGREEMENT

This CAPITAL PROJECTS AND FACILITY MANAGEMENT AGREEMENT (this "Agreement") is entered into as of this 9th day of April, 2009, by and among Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern"), Springfield Terminal Railway Company, a Vermont company ("Springfield Terminal"), Pan Am Railways, Inc., a Delaware corporation ("Pan Am"), and Norfolk Southern Railway Company, a Virginia corporation ("Norfolk Southern"). Pan Am Southern, Springfield Terminal, Pan Am and Norfolk Southern are referred to individually herein as a "Party" and collectively as the "Parties".

RECITALS:

WHEREAS, Pan Am, Boston and Maine Corporation ("B&M"), Springfield Terminal (collectively with Pan Am and B&M, the "Pan Am System Parties"), and Norfolk Southern entered into a Transaction Agreement (the "Transaction Agreement"), dated as of May 15, 2008, which provides, among other things, for Norfolk Southern and B&M to form Pan Am Southern pursuant to a Limited Liability Company Agreement of Pan Am Southern between Norfolk Southern and B&M, dated as of April 9, 2009 (the "LLC Agreement"); and

WHEREAS, the Transaction Agreement provides for B&M and the other Pan Am System Parties to sell in part, and contribute in part, certain railroad lines and trackage rights owned or operated generally in New York, Vermont, Connecticut, Massachusetts, and New Hampshire (the "Line", as more specifically defined in the Transaction Agreement) and certain other related assets to Pan Am Southern; and

WHEREAS, as contemplated by the Transaction Agreement, the Parties now wish to set forth the terms and conditions on which (i) the performance and oversight of Capital Projects and Mechanicville Projects (as hereinafter defined) will be allocated and (ii) Norfolk Southern will oversee the hiring of the operators of Pan Am Southern's intermodal facility in Ayer, MA, automotive facility in Ayer, MA (upon the expiration of the lease thereof to CSX Transportation, Inc.), automotive facility to be constructed in Sanvel and intermodal/automotive facility to be constructed in Mechanicville, NY (each a "Facility" and collectively the "Facilities"); and

WHEREAS, the Parties wish to have equal rights to observe the work performed in connection with the Capital Projects; and

WHEREAS, Norfolk Southern can use its remedies under the Master Norfolk Southern Joint Use Agreement (as hereinafter defined) to terminate the Facility Operating Agreements (as hereinafter defined) that are entered into pursuant to this Agreement.

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

SECTION 1. DEFINITIONS AND INTERPRETATION

- (a) Interpretation Generally.

Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.

(b) Capitalized Terms.

All capitalized terms shall have the defined meaning set forth below:

“Agreement” shall have the meaning given to that term in the introductory paragraph.

“B&M” shall have the meaning given to that term in the Recitals.

“Capital Improvement Agreement” shall mean any agreement pursuant to which a third party contractor shall effect one or more Capital Projects for Pan Am Southern, which such agreement shall in all cases include the Capital Project Specifications applicable to the Capital Project.

“Capital Projects” shall mean those capital expenditures relating to the Line as approved in accordance with the LLC Agreement, other than a Mechanicville Project.

“Capital Project Specifications” shall mean the specifications and instructions applicable to a Capital Project or a Mechanicville Project, as approved by the CPC in accordance with the LLC Agreement.

“CPC” shall mean the Capital Project Committee of Pan Am Southern established pursuant to the LLC Agreement.

“Construction Bid Process” shall have the meaning given to that term in Section 2(c).

“Delaware Courts” shall have the meaning given to that term in Section 11(c)(i).

“Dispute” shall have the meaning given to that term in Section 11(a).

“Effective Date” shall have the meaning given to that term in Section 8(a).

“Facility” and **“Facilities”** shall have the meaning given to those terms in the Recitals.

“Facility Operating Agreement” shall have the meaning given to that term in Section 4(b).

“Indemnified Party” shall have the meaning given to that term in Section 6(a).

“Indemnifying Party” shall have the meaning given to that term in Section 6(a).

“JOC” shall mean the Joint Operating Committee of Pan Am Southern established pursuant to the LLC Agreement.

“JV Transaction Agreement” shall have the meaning given to that term in the LLC Agreement.

“Line” shall have the meaning given to that term in the Recitals.

“LLC Agreement” shall have the meaning given to that term in the Recitals.

“Master Norfolk Southern Joint Use Agreement” shall mean the Master Norfolk Southern Joint Use Agreement, dated as of the date hereof, by and among Pan Am Southern, Springfield Terminal and Norfolk Southern.

“Mechanicville Bid Process” shall have the meaning given to that term in Section 2(d).

“Mechanicville Construction Agreement” shall have the meaning given to that term in Section 2(d).

“Mechanicville Project” shall mean a project related to the construction of an intermodal/automotive facility in Mechanicville, New York as approved in accordance with the LLC Agreement.

“Norfolk Southern” shall have the meaning given to that term in the introductory paragraph.

“NS Entity” shall have the meaning given to that term in Section 2(b).

“NS Option Project” shall have the meaning given to that term in Section 2(b).

“NS Project” shall have the meaning given to that term in Section 2(b).

“Operator Bid Process” shall have the meaning given to that term in Section 4(b).

“Pan Am” shall have the meaning given to that term in the introductory paragraph.

“Pan Am Entity” shall mean Pan Am or an affiliated company of Pan Am.

“Pan Am System Parties” shall have the meaning given to that term in the Recitals.

“Party” and **“Parties”** shall have the meaning given to those terms in the introductory paragraph.

“Pan Am Southern” shall have the meaning given to that term in the introductory paragraph.

“Railroad Operating Agreement” shall mean the Railroad Operating Agreement, dated as of the date hereof, by and among Pan Am Southern, Pan Am, Norfolk Southern and

Springfield Terminal, generally concerning the railroad operating and administrative services provided by Springfield Terminal for Pan Am Southern.

"Rules" shall have the meaning given to that term in Section 11(c)(ii).

"Springfield Terminal" shall have the meaning given to that term in the introductory paragraph.

"ST Facility Operation" shall have the meaning given to such term in Section 4(a).

"ST Option Project" shall have the meaning given to such term in Section 2(a).

"ST Project" shall have the meaning given to such term in Section 2(a).

"Transaction Agreement" shall have the meaning given to that term in the Recitals.

(c) Construction of Certain Terms and Phrases.

Unless the context otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; (iv) the terms "Article" or "Section" refers to the specified Article or Section of this Agreement; (v) the terms "and" and "or" include the term "and/or" when the context is appropriate; (vi) the terms "include" or "including" also include the words "without limitation" when the context is appropriate. Whenever this Agreement refers to a number of days, such number shall refer to calendar days. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under generally accepted accounting principles, as in effect in the United States of America. All dollar amounts set forth herein are in United States currency. Whenever this Agreement refers to an Appendix, Exhibit or Schedule attached hereto, the Appendix, Exhibit or Schedule shall be deemed to be incorporated by reference. References herein to any agreement or contract mean such agreement or contract as amended.

SECTION 2. CAPITAL PROJECT BID PROCESS

(a) To the extent that Springfield Terminal's collective bargaining agreements (subject to applicable law) would have, assuming the transaction contemplated by the Transaction Agreement had not occurred, required that Springfield Terminal employees perform certain services required in connection with a Capital Project or a Mechanicville Project (an "ST Option Project"), then Springfield Terminal shall perform such services unless it obtains a waiver, which Springfield Terminal may, but shall not be obligated to, pursue in its sole discretion, of such requirements under its collective bargaining agreements. Pan Am Southern shall give Springfield Terminal notice of each ST Option Project at least sixty (60) days prior to the anticipated commencement thereof, and Springfield Terminal shall have no less than thirty (30) days within which to provide written notice to Pan Am Southern and Norfolk Southern to the effect that it will perform such ST Option Project or has obtained a waiver under its

collective bargaining agreements as referred to above. If Springfield Terminal is to perform any such ST Option Project (an "ST Project"), its performance thereof shall be governed by the terms and conditions set forth in Appendix A.

(b) To the extent that a Capital Project is not an ST Project (an "NS Option Project"), Norfolk Southern shall have the option, but not the obligation, to perform, either directly or through an affiliated company (an "NS Entity"), some or all of the services required in connection therewith. Pan Am Southern shall give Norfolk Southern notice of each NS Option Project within thirty (30) days following receipt of the notice from Springfield Terminal referred to in Section 2(a), and Norfolk Southern shall have fifteen (15) days within which to exercise its option to perform such NS Option Project by written notice to Pan Am Southern. If an NS Entity elects to perform any such NS Option Project (an "NS Project"), its performance thereof shall be governed by the terms and conditions set forth in Appendix A.

(c) To the extent that a Capital Project is not an ST Project or an NS Project, Springfield Terminal shall manage the bid process for the selection of one or more contractors to perform such Capital Projects pursuant to the procedures set forth in Appendix B (the "Construction Bid Process"). No NS Entity or Pan Am Entity shall be permitted to bid to perform such Capital Projects. Springfield Terminal shall determine a preliminary bid winner in accordance with the requirements of the Construction Bid Process and shall submit a related Capital Improvement Agreement between such preliminary bid winner and Pan Am Southern to the CPC for its consideration. Norfolk Southern and Pan Am shall cause their respective representatives on the CPC to approve any Capital Improvement Agreement submitted for its approval by Springfield Terminal hereunder unless Springfield Terminal shall have failed to comply with the requirements of this Section 2(c).

(d) Norfolk Southern shall develop all specifications and instructions for each Mechanicville Project. To the extent that a Mechanicville Project is not an ST Project, Norfolk Southern shall manage the bid process, pursuant to competitive bidding in accordance with Norfolk Southern's corporate procedures for similar bidding processes that it conducts on its own behalf, for the selection of one or more third party contractors to perform the Mechanicville Project (the "Mechanicville Bid Process"). No NS Entity or Pan Am Entity shall be permitted to bid to perform such Mechanicville Projects with the exception of the provision of materials for use in connection therewith. Norfolk Southern shall determine a preliminary bid winner in accordance with the Mechanicville Bid Process and shall submit one or more related agreements governing the construction projects to be performed by such contractors (a "Mechanicville Construction Agreement") to the CPC for its consideration. Unless Norfolk Southern shall have failed to comply with the Mechanicville Bid Process, Norfolk Southern and Pan Am shall cause their respective representatives on the CPC to approve each such Mechanicville Construction Agreement.

SECTION 3. CAPITAL PROJECT MANAGEMENT

(a) Each of the Parties shall have the equal right, at its own expense, to observe all aspects of the applicable third party contractor's performance of each Capital Project or Mechanicville Project to ensure compliance with the applicable Capital Improvement Agreement

or Mechanicville Construction Agreement. Such right shall include without limitation the right to appoint qualified representatives to personally observe the third party contractor's day-to-day performance on-site at the work location. Pan Am Southern shall provide each of Springfield Terminal, Pan Am and Norfolk Southern with (i) such information as may be reasonably available to Pan Am Southern, (ii) site access at the relevant property of Pan Am Southern and (iii) such other cooperation, in each case as may be reasonably required to facilitate the exercise of the rights granted under this Section 3(a).

(b) With respect to Capital Projects where a third party is the contractor, Springfield Terminal shall be responsible for the oversight and direction of the project on behalf of Pan Am Southern to ensure compliance with the applicable Capital Improvement Agreement. Notwithstanding the foregoing, Norfolk Southern shall have the right to cause Springfield Terminal to provide specific direction to the third party contractor that is not inconsistent with the applicable Capital Improvement Agreement. To the extent that action by Pan Am Southern is deemed, by either Norfolk Southern or Springfield Terminal, necessary or desirable to enforce Pan Am Southern's rights with respect to any Capital Project where a third party is the contractor, Springfield Terminal shall have the affirmative obligation to take such action on behalf of Pan Am Southern and Norfolk Southern shall have the right, but not the affirmative obligation, to cause Springfield Terminal to take such action. Springfield Terminal acknowledges that it may not abrogate its affirmative obligations under the preceding sentence by relying on the right of Norfolk Southern to cause it to take such action. Springfield Terminal shall be compensated for its performance under this Section 3(b) under the terms of the Railroad Operating Agreement.

(c) Norfolk Southern shall be responsible for the oversight and direction of each Mechanicville Project on behalf of Pan Am Southern to ensure compliance with the applicable Mechanicville Construction Agreement. To the extent that action by Pan Am Southern is deemed, by either Norfolk Southern or Springfield Terminal, necessary or desirable to enforce Pan Am Southern's rights with respect to any Mechanicville Project, Norfolk Southern shall have the affirmative obligation to take such action on behalf of Pan Am Southern and Springfield Terminal shall have the right, but not the affirmative obligation, to cause Norfolk Southern to take such action. Norfolk Southern acknowledges that it may not abrogate its affirmative obligations under the preceding sentence by relying on the right of Springfield Terminal to cause it to take such action.

(d) Norfolk Southern shall have the right to observe and inspect any work done in furtherance of ST Projects on behalf of Pan Am Southern to ensure compliance with Appendix A. To the extent that action by Pan Am Southern is deemed necessary or desirable by Norfolk Southern to enforce Pan Am Southern's rights with respect to any such project, Norfolk Southern shall have the right, but not the affirmative obligation, to take such action on behalf of Pan Am Southern.

(e) Springfield Terminal shall have the right to observe and inspect any work done in furtherance of NS Projects on behalf of Pan Am Southern to ensure compliance with Appendix A. To the extent that action by Pan Am Southern is deemed necessary or desirable by Springfield Terminal to enforce Pan Am Southern's rights with respect to any such project,

Springfield Terminal shall have the right, but not the affirmative obligation, to take such action on behalf of Pan Am Southern.

(f) A copy of any notice delivered by any Party with respect to a Capital Project or a Mechanicville Project shall be sent contemporaneously to each of the other Parties.

SECTION 4. FACILITY OPERATION BID PROCESS

(a) To the extent that Springfield Terminal's collective bargaining agreements would have, assuming the transaction contemplated by the Transaction Agreement had not occurred, required that Springfield Terminal employees perform certain services required in connection with the operation of the Facilities (such as switching, security, maintenance and other similar services), Springfield Terminal shall perform such services unless it obtains a waiver which Springfield Terminal may, but shall not be obligated to, pursue in its sole discretion, under its collective bargaining agreements, (such services as Springfield Terminal elects to perform the "ST Facility Operation"). Springfield Terminal's performance of the ST Facility Operation shall be governed by the terms and conditions of the Railroad Operating Agreement.

(b) Except with respect to the ST Facility Operation, Norfolk Southern shall manage the bid process for the selection of the initial operator and each subsequent operator of each Facility pursuant to competitive bidding in accordance with its corporate procedures for similar bidding processes that it conducts on its own behalf (the "Operator Bid Process"). No NS Entity or Pan Am Entity shall be permitted to bid to become the operator of any Facility. After evaluating all bids submitted by prospective operators of a Facility pursuant to the Operator Bid Process, Norfolk Southern shall select the winning bidder and present a related agreement governing the operation of such Facility (a "Facility Operating Agreement") to the JOC for approval on behalf of Pan Am Southern. Norfolk Southern and Pan Am shall cause their respective representatives on the JOC to approve any such Facility Operating Agreement unless Norfolk Southern shall have failed to comply with the Operator Bid Process.

(c) Each Facility Operating Agreement shall include, without limitation, the following: (i) a requirement that the operator of the respective Facility submit invoices to Pan Am Southern and to each user of such Facility, with the invoices that are sent to users reflecting a pro rata allocation of the Facility operator's fees in accordance with the usage of such Facility by each such user and (ii) a provision stipulating that Pan Am Southern be required to pay all such invoices, but that payment received from Facility users shall be applied toward satisfaction of Pan Am Southern's payment obligation.

SECTION 5. OVERSIGHT BY PAN AM SOUTHERN

Pan Am Southern (through the CPC as to Sections 2 and 3 and through the JOC as to Section 4), shall have the right, at its own expense, to oversee, observe and review all aspects of the performance of Springfield Terminal and Norfolk Southern under Sections 2, 3 and 4 hereof, to ensure compliance with the terms thereof. Such right shall be exercised through reasonable means and shall include, without limitation, the right to audit, at reasonable intervals, locations

and times, the related records of Springfield Terminal and Norfolk Southern pertaining to such performance.

SECTION 6. INDEMNIFICATION FOR THIRD PARTY CONSTRUCTION OVERSIGHT

(a) Each of the Parties (as applicable, the "Indemnifying Party") shall indemnify, defend and hold harmless the other Parties and their respective affiliated and subsidiary companies and its and their directors, officers, employees and agents (as applicable, the "Indemnified Parties") from and against any and all claims, demands, suits, judgments, liability, damages, losses, costs (including reasonable attorneys' fees) and expenses, arising from or in connection with:

(i) any alleged loss of life of or personal injury to the officers, employees or agents of the Indemnifying Party or damage to or loss of the property of the Indemnifying Party or its officers, employees or agents, that occurred during and in the course of the observance, oversight or direction of third party contractors under Section 3 hereof, unless such injury, death, loss or damage was caused solely by the negligence or intentional misconduct of one or more of the Indemnified Parties; provided, however, that if under the law applicable to enforcement of this Agreement an agreement to indemnify a party against its own negligence is invalid, then the Indemnifying Party's obligation to indemnify the Indemnified Party shall be reduced in proportion to the negligence of the Indemnified Party, if any, that proximately contributed to such loss of life, personal injury or property loss or damage; and

(ii) except to the extent governed by subsection (a)(i) above, any alleged loss of life of or personal injury to any person or the loss of or damage to any property that occurred during and in the course of the observance, oversight or direction of third party contractors under Section 3 hereof, to the extent caused by the Indemnifying Party's negligence or intentional misconduct.

(b) The indemnification obligations set forth in this Section 6 shall be the exclusive remedy of the Parties against each other with respect to personal injuries (including death) and/or property damage or loss to whomsoever or whatsoever that arise from or relate to the observance, oversight or direction of third party contractors under Section 3 hereof.

SECTION 7. FORCE MAJEURE

The obligations of Springfield Terminal and Norfolk Southern under this Agreement shall be subject to force majeure (consisting of flood, earthquake, hurricane, tornado, or other such severe weather or climatic condition, riot, explosion, Acts of God, act of terrorism and public enemy, war, blockage, insurrection, vandalism or sabotage, fire, strike, lockout or labor dispute, embargoes or AAR service orders, or governmental laws, orders or regulations, and other causes or circumstances beyond the control of Springfield Terminal or Norfolk Southern, as the case may be), but only as long as, and to the extent that, such force majeure shall reasonably prevent performance of such obligations. In the event that force majeure impairs

Springfield Terminal's or Norfolk Southern's ability to fulfill its obligations under this Agreement, Springfield Terminal or Norfolk Southern, as the case may be, shall take all commercially reasonable measures to restore performance of its obligations in a timely manner.

SECTION 8. TERM AND TERMINATION

(a) This Agreement shall become effective following the latest date of: (a) the date first written above; (b) receipt of any required regulatory approvals or exemptions; and (c) the expiration of any time periods required by the issuance of labor notices by the Parties, should such labor notices be required (the "Effective Date"). The Parties shall determine the Effective Date through an exchange of written correspondence.

(b) This Agreement shall commence on the Effective Date and shall continue until terminated by mutual agreement; provided that this Agreement automatically shall terminate upon any termination of the Railroad Operating Agreement.

(c) Termination of this Agreement shall not relieve or release any Party from any obligations assumed or from any liability which may have arisen or been incurred by such Party under the terms of this Agreement prior to termination hereof.

SECTION 9. SUCCESSORS AND ASSIGNS.

(a) This Agreement shall inure to the benefit of and be binding upon each of the Parties and their respective successors and permitted assigns. No Party may assign this Agreement, or any of its rights, interests or obligations hereunder, including by operation of law, without the prior consent in writing of the other Parties, which consent may be withheld at the discretion of such other Parties.

(b) In the event of a sale of substantially all of the assets or business of a Party, or the merger or consolidation of such Party into or with a firm or corporation not controlled by such Party, such Party may, without the prior consent of the other Parties, assign this Agreement to such firm or corporation acquiring substantially all of its assets or business or merging or consolidating with it; provided, however, that such assignment shall not extinguish or (except in the case of merger or consolidation) transfer any liability or obligation of such Party under this Agreement that existed prior to such assignment.

SECTION 10. NOTICE

Any notice required or permitted to be given by one Party to the other Party under this Agreement shall be deemed given on the date sent by certified mail, or by such other means as the Parties may mutually agree, and shall be addressed as follows:

(a) If to Pan Am Southern:

Chairman
Pan Am Southern LLC

c/o Pan Am Railways
400 Amherst Street, Suite 405
Nashua, NH 03063

with a copy to:

Vice President Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510

(b) If to Springfield Terminal:

David A. Fink
President
Springfield Terminal Railway Company
c/o Pan Am Railways
400 Amherst Street, Suite 405
Nashua, NH 03063

with a copy to:

Robert Culliford
Vice President Law
Pan Am Systems
400 Amherst Street, Suite 405
Nashua, NH 03063
(603) 816-0042
(603) 816-0043 (fax)

(c) If to Pan Am:

David A. Fink
President
Springfield Terminal Railway Company
c/o Pan Am Railways
400 Amherst Street, Suite 405
Nashua, NH 03063

with a copy to:

Robert Culliford
Vice President Law
Pan Am Systems
400 Amherst Street, Suite 405
Nashua, NH 03063

(603) 816-0042
(603) 816-0043 (fax)

(d) If to Norfolk Southern:

Mike R. McClellan
Vice President – Intermodal and
Automotive Marketing
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510

with a copy to:

Vice President Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510

Any Party may provide notice of changes in its address listed above to the other Party by personal service or certified mail.

SECTION 11. DISPUTE RESOLUTION

(a) Any dispute, controversy or claim between or among the Parties and arising out of or relating to this Agreement or the breach, termination or validity thereof ("Dispute") shall be referred to the involved Parties for resolution. Except as otherwise provided in the LLC Agreement, Disputes involving Pan Am Southern shall be handled for Pan Am Southern by the JOC and, if necessary, may be escalated by the JOC to the Management Committee, as defined in the LLC Agreement.

(b) Any Dispute not resolved within sixty (60) days after receipt by a Party of written notice of such Dispute shall be submitted by any Party (by the Management Committee in the case of Pan Am Southern) for formal dispute resolution pursuant to Section 11(c).

(c) Formal Dispute Resolution:

(i) Submission to Jurisdiction. Each of the Parties hereby (A) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the "Delaware Courts") in any action to enforce or in aid of the agreement to arbitrate in Section 11(c)(ii) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (B) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (C) waives any objection based on forum non conveniens or any other objection to venue thereof.

(ii) Dispute Resolution. Each of the Parties stipulates and agrees that any Dispute that is not resolved pursuant to Sections 11(a) shall be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the AAA then in effect (the "Rules"), under the following terms and conditions:

(A) Selection of Arbitrator. A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(B) Conduct of Arbitration. The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to money damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(C) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

(D) Findings and Conclusions. The arbitrator will, after reaching judgment and award, prepare and distribute to the parties a written award including the findings of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(E) Time is of the Essence. The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against any party if, upon a showing that such party is unreasonably delaying the proceeding.

(F) Temporary Equitable Relief. By agreeing to arbitration, the parties do not intend to deprive any Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award money damages for the failure of any party to respect the arbitrator's orders to that effect.

(G) Consolidation. The Parties are committed to the prompt and efficient resolution of disputes. Accordingly, if more than one dispute arise under this Agreement and/or any JV Transaction Agreement, such disputes may be brought in a single arbitration. If more than one arbitration is brought with respect to disputes under this Agreement and/or any JV Transaction Agreement, then any Party may request that any arbitration or any

new dispute arising under this Agreement or the JV Agreement be consolidated into any prior arbitration. The new dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no Party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the parties. Unless the parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The Parties waive any right they have to appeal or to seek interpretation, revision or annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(H) Discovery. Recognizing the express desire of the parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(I) Costs and Attorneys' Fees. Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 11(c) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to the prevailing party or parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the party resisting enforcement.

(J) Miscellaneous. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator.

SECTION 12. CONFIDENTIALITY

Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement, or in connection with an audit by the Internal Revenue Service or other tax authority, or as may be necessary or appropriate for a Party to enforce its rights under this Agreement, during the term of this Agreement (including any extensions thereof), and for a period of three (3) years after termination or expiration of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or which is obtained hereunder shall be kept confidential and shall not be disclosed to any person other than its members, officers, employees, independent auditors, and attorneys, without the prior written approval of all affected Parties. Notwithstanding anything to the contrary, any Party may disclose this Agreement in connection with an audit by its external auditors, the Internal Revenue Service or other tax authority.

SECTION 13. MISCELLANEOUS PROVISIONS

(a) This Agreement and each and every provision hereof is for the exclusive benefit of the Parties. Nothing herein contained shall be taken as creating or increasing any right of any third party to recover by way of damages or otherwise against any of the Parties.

(b) This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes any and all oral understandings between the Parties.

(c) No term or provision of this Agreement may be changed, waived, discharged, or terminated except by an instrument in writing and signed by all Parties.

(d) The division of this Agreement into articles, sections, and subsections and the insertion of headings and references are for convenience of reference only, and shall not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, all references to articles, sections or subsections are to articles, sections or subsections of this Agreement.

(e) This Agreement is the result of mutual negotiations between the Parties, none of whom shall be considered the drafter for purposes of contract construction.

(f) No consent or waiver, expressed or implied, by a Party of any breach or default by any other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance hereunder by such other Party. Failure on the part of a Party to complain of any act or failure of any other Party or to declare such other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first mentioned Party of its rights hereunder.

(g) If any provision of this Agreement or the application thereof to any Party or to any circumstance shall be determined by a court of competent jurisdiction to be invalid or unenforceable to any extent or for any reason, the remainder of this Agreement or the application of the provisions thereof to such Party or circumstance, other than those determined to be invalid or unenforceable, shall not be affected thereby and shall be enforced to the fullest extent permitted by law, and the Parties shall promptly enter into such other agreement(s) as their respective legal counsel may deem appropriate in order to replace such invalid or unenforceable provisions in a manner that produces a result which is substantially equivalent to the original terms of this Agreement in all material respects.

(h) Nothing herein shall be interpreted as creating an association, partnership, joint venture or other joint undertaking between or among any of the Parties. Springfield Terminal is an independent contractor and shall not be deemed to be an employee or agent of any of the Parties by reason of its obligations under this Agreement.

(i) This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without regard to application of the choice of law principles thereof.

(j) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same instrument.

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

WITNESS:

Donald G. Frank
As to Pan Am Southern

PAN AM SOUTHERN LLC

By: E. H. Sand

WITNESS:

Donald G. Frank
As to Springfield Terminal

SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: E. H. Sand

WITNESS:

Donald G. Frank
As to Pan Am

PAN AM RAILWAYS, INC.

By: E. H. Sand

WITNESS:

[Signature]
As to Norfolk Southern

NORFOLK SOUTHERN RAILWAY COMPANY

By: [Signature]

INDEX TO APPENDICES

APPENDIX A – CAPITAL PROJECT PERFORMANCE STANDARDS

APPENDIX B – CONSTRUCTION BID PROCESS

APPENDIX A

CAPITAL PROJECT PERFORMANCE STANDARDS

These Capital Project Performance Standards apply to the performance of ST Projects by Springfield Terminal and to the performance of NS Projects by any NS Entity. As used in this Appendix A, the following terms shall have the following meanings:

“Contractor” shall mean, as applicable, Springfield Terminal or the relevant NS Entity performing the applicable Project.

“Contractor Engineer” shall mean a competent and experienced engineering officer (including his or her appointed representatives) of Contractor who shall be appointed by Contractor to set a construction schedule, provide general oversight and coordination of all Work and perform all other responsibilities given thereto with respect to the applicable Project under this Appendix A.

“Indemnified Parties” shall mean and include, collectively and singularly, Pan Am Southern and the Overseer; affiliates and subsidiaries of Pan Am Southern and the Overseer; and its and their officers, directors, employees and agents.

“Overseer” shall mean, as applicable, Springfield Terminal or Norfolk Southern in the performance of their respective obligations under Sections 3(c) and 3(d) of the Agreement, as applicable.

“Overseer Engineer” shall mean an engineering officer (including his or her appointed representatives) of the Overseer who shall be appointed by the Overseer to perform all responsibilities given thereto with respect to the applicable Project under this Appendix A.

“Project” shall mean the applicable ST Project or NS Project to be performed hereunder.

“Work” shall mean the furnishing of all superintendence, labor, equipment, tools, supplies, signs, transportation and materials and the performance of all services necessary or appropriate to complete the Project.

All capitalized terms used but not otherwise defined in this Appendix A shall have the meaning given to such terms in the Capital Projects and Facility Management Agreement to which this Appendix A is attached. Any deviation from the provisions of this Appendix A shall require the approval of the CPC.

1. **Performance.** Contractor shall give constant and efficient attention to the faithful and diligent prosecution of the Work in strict accordance with the Capital Project Specifications applicable to the Project. Contractor shall, whether or not specified in the Capital Project Specifications, furnish all additional material and perform all additional services reasonably necessary or appropriate to accommodate the occurrence or discovery of unanticipated conditions in connection with the completion of the applicable Project; provided that Contractor is given an opportunity to revise its cost estimates under Section 2 hereof in response to any such

change.. Contractor shall cure any failure to comply with the applicable Capital Project Specifications at Contractor's sole cost and expense without compensation hereunder.

2. Costs and Estimates. Contractor shall perform the Work at cost plus allowable cost additives intended to approximate internal costs necessary to support the Work, it being acknowledged and understood that Contractor shall not be entitled to profit from the performance of the Work except with respect to materials sourced directly from an affiliate of Contractor. Allowable additives specifically exclude direct costs that would have been incurred by Contractor even if Contractor were not engaged to perform the Work, but do include applicable overheads; provided, however that, where Springfield Terminal is the Contractor, applicable overheads shall not include those for which Springfield Terminal is already compensated under the Railroad Operating Agreement, the express intent of the parties being not to double count any such overheads. Notwithstanding anything to the contrary herein, Contractor shall not be entitled to any compensation for any matter described herein as being at Contractor's sole cost and expense or otherwise payable by Contractor, nor shall Contractor be entitled to reimbursement for any amounts payable under its indemnification obligations hereunder. Together with its written notice to Pan Am Southern indicating that it will perform the Work, Contractor shall submit to Pan Am Southern and the Overseer (a) an estimated schedule for the completion of the Work, including the total time required to complete the Work, and (b) an estimated total cost to complete the Work (including allowable additives), itemized by category including a break-out of material costs separate from labor costs. Contractor shall submit quarterly updates to the foregoing estimates to the Overseer and, before incurring any expense that is inconsistent with the most recently submitted estimates, promptly shall submit revised estimates to the Overseer for approval by Pan Am Southern.

3. Changes. If Contractor determines that a deviation from the applicable Capital Project Specifications is necessary in order to complete the Project, Contractor shall promptly notify Pan Am Southern and the Overseer thereof. The CPC shall then promptly review the details of the requested deviation and, if appropriate, revise the Capital Project Specifications accordingly. Pan Am Southern shall have the right to alter or change the Capital Project Specifications at any time, either before or after commencement of the Work; provided that Contractor is given an opportunity to revise its cost estimates under Section 2 hereof in response to any such change.

4. Workmanship and Material Standards. All materials and workmanship of every description furnished by Contractor shall be of the quality specified in the Capital Project Specifications. Contractor shall replace any materials or workmanship failing to comply with the Capital Project Specifications at Contractor's sole cost and expense without compensation hereunder.

5. Procurement of Materials for Springfield Terminal. Notwithstanding anything to the contrary in this Appendix A, if Springfield Terminal is the Contractor, Norfolk Southern may elect to procure any and all materials necessary for the completion of the Project if it can procure such materials at a lower cost than indicated in Springfield Terminal's cost estimates delivered pursuant to Section 2 of this Appendix A. Risk of loss therefor shall transfer to Springfield Terminal when notice is given by Norfolk Southern that the materials have been placed for unloading or are otherwise available for Springfield Terminal's use. Springfield Terminal shall

unload such materials. Should the materials require further transportation from such delivery point to the work site, such further transportation, and any reloading and subsequent unloading arising out of such further transportation, shall be performed or arranged for by Springfield Terminal; provided that Contactor is given an opportunity to revise its cost estimates under Section 2 hereof in response to any such change..

6. Period for Completion. Contractor shall commence the Work on the starting date fixed in the notice from Pan Am Southern delivered pursuant to Section 2(a) or 2(b) of the Agreement, as applicable, and shall complete the Work in strict accordance with the schedule of dates specified in the applicable Capital Project Specifications. Time is of the essence and all applicable dates, deadlines, time limits and schedules must be strictly followed and met. The starting times and hours of the performance of the Work by Contractor's employees may be varied to meet Pan Am Southern's operating and administrative requirements. Night work may be required to complete the Work on schedule. If night work is required to complete the Work on schedule, Contractor shall provide ample and suitable lighting. Contractor shall not be entitled to additional compensation, except for overtime, for work at night, during legal holidays, or at other than regular business or construction hours.

7. Risk of Loss. Until completion and acceptance of the Project: (a) the Work shall be performed at the sole risk and responsibility of Contractor in every respect and (b) Contractor shall be responsible for and assumes all risk of loss in connection with material furnished or delivered in connection with the Work. Contractor shall be responsible for the safe and suitable storage of all material at the Work site. Contractor shall receive, tag, warehouse, properly store and distribute all equipment and materials and shall account for all equipment and materials, including equipment and materials furnished or procured by other persons or entities for use by Contractor in connection with the Work. Storage locations and method of storage shall in no way interfere with Pan Am Southern's railroad operations. Pan Am Southern may designate material storage locations and require Contractor to move material from storage locations; provided that designation of material storage locations by Pan Am Southern shall in no way effect the risk of loss applicable thereto.

8. Use of Property. Contractor shall have the right and license to enter upon Pan Am Southern's premises to the extent necessary to perform the Work. Before entering upon or making use of any private property in connection with the Work, Contractor shall ensure that Pan Am Southern has obtained the written permission of the owner of such property for such use. Pan Am Southern shall pay any amounts required to be paid to gain access to such properties; provided that Contractor shall be responsible for and shall indemnify Pan Am Southern from and against any access to or use of private property without first ensuring that Pan Am Southern has obtained permission for such access and use. If it shall become necessary or desirable to acquire additional property in connection with the Project, Contractor shall notify Pan Am Southern of such need or desire for consideration by the CPC. Any such acquisition of additional property shall be made, if at all, by Pan Am Southern for Pan Am Southern's benefit.

9. Cooperation with Construction Oversight. Contractor shall cooperate with the other Parties to permit the Construction Oversight and shall cooperate with the Overseer and the Overseer Engineer to permit the performance of their obligations with respect to the Project.

Contractor shall designate a Contractor Engineer as its principal contact person for representatives of the Parties, including the Overseer Engineer, with respect to matters related to each Project.

10. Ecology and Hazardous Commodities.

(a) In its use and occupancy of Pan Am Southern's premises under this Appendix A, Contractor shall comply with all federal, state and local laws, rules, regulations and ordinances controlling air, water, noise, solid wastes and other pollution or relating to the storage, transport, release or disposal of hazardous materials, substances or waste. Contractor shall, at its own expense, make all modifications, repairs or additions to Contractor's equipment and shall install and bear the expense of any and all structures, devices or equipment that may be required under such laws, rules, regulations or ordinances. Contractor shall furnish Pan Am Southern written notice of any and all releases of hazardous wastes or substances whenever such releases are required to be reported to any federal, state or local authority. Such written notice shall identify the substance released, the amount released, and the measures undertaken to clean up and remove the released material and any contaminated soil or water, and shall further certify that no contamination remains. Contractor shall also provide Pan Am Southern with copies of any and all reports made to any governmental agency that relate to the use or occupancy of Pan Am Southern's premises.

(b) Regardless of acquiescence by Pan Am Southern, Contractor shall indemnify and hold harmless the Indemnified Parties from and against all liability, fines or penalties resulting from violation of subsection (a) above and shall reimburse the Indemnified Parties for all costs and expenses incurred thereby in eliminating or remedying such violations unless such liability, fines or penalties arise from the negligence of another Party. Regardless of any acquiescence by Pan Am Southern, Contractor also shall reimburse and hold harmless the Indemnified Parties from and against any and all costs, expenses, attorneys' fees and all penalties or civil judgments obtained against the Indemnified Parties as a result of Contractor's use or release onto the ground or into the water or air of any hazardous substance or waste from or upon the premises of Pan Am Southern or any other person or entity, unless resulting from the negligence of another Party. Nothing in this Section 10 shall in any way limit the more general indemnification provisions set forth in Section 26 of this Appendix A.

11. Protection of Pan Am Southern Property; No Interference with Train Operations.

(a) Contractor shall use special care and vigilance to avoid damage to trains, tracks or other facilities of Pan Am Southern and shall conduct its work so as not to interfere with or delay the movement of trains or other operations of Pan Am Southern. Contractor shall not proceed with any work that might endanger or interfere with the movement of trains or operations or other facilities until Contractor submits a proposed method thereof to Pan Am Southern, provided that such approval shall not relieve Contractor from liability for damages caused by such method. Contractor must exercise care when performing the Work near, under or over tracks and structures carrying railway traffic. If trains, tracks or other facilities are or may become endangered by the operations of Contractor, Contractor shall immediately do such work as may be necessary to restore safety and, upon failure of Contractor to carry out such orders

immediately, Pan Am Southern may take whatever steps are necessary to restore safe conditions. The cost and expense to Pan Am Southern of restoring safe conditions or of any damages to trains, tracks or other facilities caused by Contractor's operations shall be charged against and paid by Contractor or may be deducted from any amounts due, or that become due, to Contractor under this Appendix A. The cost of furnishing trainmen or flagmen deemed necessary by Pan Am Southern for continuity and safety of train operations shall be borne by Pan Am Southern; provided, however, that if such protection is required because of Contractor's failure to comply with the applicable Capital Project Specifications, Contractor shall bear the cost of furnishing such protection.

(b) Contractor shall not be permitted to transport material along or between Pan Am Southern's tracks except as authorized by Pan Am Southern. No blasting close to or near operated tracks, tunnels, structures, wires, pole lines, and other facilities of Pan Am Southern or of tenants on the right of way or property of Pan Am Southern shall be permitted until authorized by Pan Am Southern and proper precautions have been taken and arrangements made with Pan Am Southern to protect such property and to quickly clear all debris from the track. Blasted material must be controlled and smothered wherever such material may endanger tracks, tunnels, structures, wires, pole lines or other property.

12. Safety. Except as provided in Section 11 with respect to train operations, Contractor shall furnish and maintain all requisite watchmen, flagmen, lights, barricades, safeguards, fences and other facilities for the protection of the Work and the safety of the general public and of employees of Pan Am Southern, the Overseer and Contractor. Contractor shall exercise precaution at all times for protection of persons and property. Contractor shall observe the safety provisions of applicable laws and building and construction codes. Machinery and equipment and other hazards shall be guarded in accordance with the safety provisions of the most recent edition of the Manual of Accident Prevention in Construction, published by the Associated General Contractors of America, to the extent that such provisions are consistent with applicable law or regulation.

13. Temporary Roads, Structures and Other Changes. Contractor shall construct and maintain all roads necessary for its use in the Work. No separate compensation shall be due to Contractor for any temporary walkways, scaffolds, roads, bridges, trestles, tracks, structures or detours that Contractor may construct for its own use to carry on or facilitate the Work. Whenever it is necessary for material to be transported across operated track, tracks, or structures, the location and character of the crossing must be approved by Pan Am Southern. The material and labor required to install and maintain such crossing shall be furnished, installed and maintained by Contractor. Such crossing shall be operated and protected in accordance with all safety requirements, and shall be removed by Contractor when it has served its intended purpose. If, in the conduct of the Work, any temporary changes or alterations in pipelines, sewers, drains, conduits, fences, tracks, power or communication lines, or other facilities are necessary, either for the convenience of Contractor or for the performance of the Work, the responsibility for making such changes shall rest with Contractor unless otherwise provided elsewhere in this Appendix A.

14. Inspection. All Work, including all materials, tools and supplies, must be at all times open to inspection, acceptance or rejection by the Overseer at the site of the Work or at plant locations removed from the site of the Work. Contractor must provide reasonable and necessary facilities for such inspection, including whatever samples may be required for making tests and examinations, and all labor and tools required for examining material and workmanship.

15. Order of Completion. Contractor shall complete any portion or portions of the Work in such order and according to the schedule specified in the applicable Capital Project Specifications. Pan Am Southern shall have the right to take possession of and use any completed or partially completed portions of the Work, even though the time for completing the entire Work or such portions thereof may not have expired; but such taking possession and use shall not be deemed an acceptance of the Work so taken or used or any part thereof. If such possession and prior use delays the Work, Contractor shall be entitled to a corresponding extension of time.

16. Contiguous Work. Wherever work being performed by Pan Am Southern forces or by other contractors is contiguous to the Work related to a Project, the respective rights of the various interests involved shall be established by Pan Am Southern.

17. Project Termination. Contractor may terminate its obligation to perform a Project by written notice to Pan Am Southern provided that it has secured a waiver of the contractual obligations referred to in Section 2(a) of the Agreement. Pan Am Southern shall have the right to terminate a Project at any time upon written notice to Contractor.

18. Removal of Equipment. Upon completion of the Work, or in case of termination of a Project before completion for any cause whatever, Contractor shall promptly remove all of its equipment, materials, tools and supplies from the premises of Pan Am Southern and shall promptly clean up all premises occupied by Contractor in connection with performing the Work and leave such premises in a neat and orderly condition. If Contractor fails to do so within five (5) days after notice from Pan Am Southern, Pan Am Southern shall have the right to remove such equipment, materials, tools and supplies at the expense of Contractor.

19. Sales and Use Taxes. Unless otherwise specified, Contractor shall be responsible for and pay all sales and use taxes properly assessed, under any federal, state or local law in effect during the term of this Appendix A, against any materials, tools, supplies, services and equipment furnished directly by Contractor and used in carrying out the Work.

20. Monthly Invoices. Except as otherwise provided, payments for the Work shall be made monthly as the Work progresses. Contractor shall submit to Pan Am Southern an invoice by the tenth day of each month for all amounts payable to Contractor hereunder in connection with the Project with respect to the calendar month preceding such invoice. So long as the Work is performed in accordance with the provisions of this Appendix A, and with such progress as may be satisfactory to Pan Am Southern, the undisputed amount of each such invoice, less a retained amount of five percent (5%), shall be paid to Contractor promptly thereafter. Work and material included in such monthly invoices shall be the property of Pan Am Southern. No payment made

under this Appendix A shall be construed as an acceptance of defective work or improper materials.

21. Final Acceptance. The Work shall be inspected for acceptance by Pan Am Southern promptly upon receipt of written notice from Contractor that the Work has been completed and is ready for such inspection; provided, however, that Pan Am Southern shall not be obligated to accept any part or parts of the Work until the Work as a whole shall have been completed. Notwithstanding anything to the contrary in this Appendix A, (a) Contractor shall not be relieved by any such acceptance of any unperformed obligation that shall have accrued under this Appendix A prior to such acceptance and (b) acceptance by Pan Am Southern of all or any part of the Work shall not constitute any waiver or relinquishment of any warranty, right or remedy with respect to defects not apparent or discoverable upon reasonable inspection.

22. Final Invoice. Upon acceptance of the Work in accordance with Section 21 above, Contractor shall submit a final invoice for all consideration remaining payable under this Appendix A. The undisputed amount of such invoice shall be paid to Contractor promptly thereafter, including all amounts retained pursuant to Section 20 above.

23. Charges Against Contractor. Pan Am Southern shall have the right to apply any sums due or to become due to Contractor under this Appendix A in payment of any liabilities of Contractor, or of any of Contractor's permitted subcontractors, to Pan Am Southern for freight charges, rental of equipment, furnishing labor, materials or supplies, or for any other charges originating from or in connection with this Appendix A.

24. Withholding of Payment. Before any payment is made under this Appendix A, if requested by Pan Am Southern, Contractor shall furnish satisfactory evidence, including but not limited to final releases, waivers of liens and contractor/subcontractor affidavits, that (a) all payrolls and other obligations outstanding for labor, bills for materials and other indebtedness in connection with the Work ("Indebtedness") have been paid, (b) all liens, claims, demands or suits for labor performed or materials or supplies furnished in connection with the Work ("Liens") have been released, dismissed or satisfied and (c) any other claims arising out of or in connection with Contractor's performance under this Appendix A made against Pan Am Southern by any person other than Contractor ("Other Claims") have been released, dismissed or satisfied. Pan Am Southern may withhold from any payment otherwise required under this Appendix A such sums as Pan Am Southern may deem ample to protect it against and assure payment of any Indebtedness, Liens and Other Claims until it receives adequate assurance of the payment, release, dismissal or satisfaction thereof. Alternatively, Pan Am Southern may apply such sums in such manner as Pan Am Southern may deem proper for such protection and assurance. Such application shall be deemed payments for Contractor's account.

25. Daily Reports and Accounting Information. Contractor shall furnish daily or other periodic statements of labor, material and equipment as to each item of Work performed, showing hours worked and rates for the various classes of labor. Upon completion of the Work, Contractor shall furnish to Pan Am Southern a complete list of unit quantities, unit costs and such other information as may be required by Pan Am Southern to comply with its accounting

requirements. If requested, Contractor shall furnish Pan Am Southern "as built" plans of the Work.

26. Indemnification.

Contractor shall indemnify and hold harmless the Indemnified Parties from and against any and all liability, damages, claims, suits, judgments, costs and expenses (including, but not limited to, litigation costs, investigation costs, reasonable attorney fees, environmental clean-up costs), fines, penalties and losses arising from or in connection with:

(a) (i) any alleged loss of life of or personal injury to the officers, employees or agents of Contractor or damage to or loss of the property of Contractor, its officers, employees or agents, arising from, incident to or occurring in connection with the performance by Contractor of the Work or the presence of the officers, employees or agents of Contractor on the property of Pan Am Southern, except to the extent that such loss of life, personal injury or property loss or damage was caused by the negligence or intentional misconduct of the Overseer during and in the course of providing oversight hereunder; provided, however, that if, under the law applicable to enforcement of this Appendix A, an agreement to indemnify a party against its own negligence is invalid, then in that event Contractor's obligation to indemnify the Indemnified Parties under this Section shall be reduced in proportion to the negligence or intentional misconduct, if any, of the Indemnified Parties that proximately contributed to such loss of life, personal injury or property loss or damage;

(ii) except with respect to persons and property covered by subsection (a)(i) above, any alleged loss of life of or personal injury to any person or the loss of or damage to any property arising from, incident to or in connection with the negligent acts or omissions or intentional misconduct of Contractor; except to the extent that the loss of life or personal injury or property loss or damage was caused by the negligent acts or omissions or intentional misconduct of the Overseer during and in the course of providing oversight hereunder.

(b) any alleged violation of any law, statute, code, ordinance or regulation of the United States or of any state, county or municipal government (including, without limitation, those relating to air, water, noise, solid waste and other forms of environmental protection, contamination or pollution or to discrimination on any basis) that results in whole or in part, directly or indirectly, from the activities of Contractor or its officers, agents, employees or subcontractors related in any way to this Appendix A or from any other act or omission of Contractor, its officers, agents, employees or subcontractors contributing to such violation, regardless of whether such activities, acts or omissions are intentional or negligent, and regardless of any specification by Pan Am Southern without actual knowledge that it might violate any such law, statute, code, ordinance or regulation.

The Parties acknowledge that the Overseer shall not have any liability to any other Party for any loss of life of or personal injury to any person whomsoever or loss of or damage to any property whatsoever alleged to have occurred as a result of, but after, the performance of its obligations as the Overseer under this Appendix A.

27. Compliance With Laws. Contractor shall comply with all laws, statutes, codes, ordinances and regulations of the United States or of any state, county or municipal government (including, without limitation, those relating to air, water, noise, solid waste and other forms of environmental protection, contamination or pollution or to discrimination on any basis) in any way relating to the Work. Without limiting the foregoing, Contractor's employees shall use appropriate personal protective equipment whenever they are exposed to one or more potentially harmful airborne contaminants, such as dust, fumes, mists, sprays, gases or vapors in excess of regulatory permissible exposure limits.
28. Permits. Contractor shall procure, at Contractor's expense and in a timely manner, all permits, licenses, surveys, inspections, certificates and authorizations, of any description, that may be necessary for the performance and completion of the Work as required by this Appendix A. Contractor shall furnish the Overseer Engineer all certificates of inspection for any part of the Work for which a certificate may be required.
29. Liens. If the Work or any part of Pan Am Southern's premises becomes subject to any lien or encumbrance chargeable to or through Contractor, Contractor shall immediately cause such lien or encumbrance to be discharged and released of record without cost to Pan Am Southern.
30. Independent Contractor. Contractor shall be and remain an original and independent party hereunder, and all matters to be performed by Contractor shall be its own separate business, under its management, supervision and direction. Contractor shall employ, pay from his own funds and discharge all persons engaged in the performance of the Work, and all such persons shall be and remain the sole employees of Contractor.
31. Subcontractors. Contractor shall not be permitted to subcontract out any of the Work without the express written consent of Pan Am Southern.
32. Records and Audits. During any Project and for three years following the completion of each Project, Pan Am Southern and the Overseer, through their duly authorized representatives, shall be permitted access, within a reasonable time after request, to Contractor's books, records, accounts and other related documentation, pertaining to any Work performed by Contractor under this Appendix A for the purpose of auditing and verifying the Work, the cost of the Work and/or any other charges or payments billed hereunder.
33. Applicability of Agreement Provisions. The provisions of Sections 7 through 13 of the Agreement shall apply to this Appendix A as if fully set forth herein.

APPENDIX B

CONSTRUCTION BID PROCESS

All capitalized term used but not otherwise defined in this Appendix B shall have the meaning given to such terms in the Capital Projects and Facility Management Agreement to which this Appendix B is attached. Any deviation from the provisions of this Appendix B shall require the approval of the CPC.

1. Competitive Bidding

Competitive bids shall be solicited from construction firms that are qualified to perform the work and capable of securing the necessary bonds to complete the Capital Project. The request for proposals utilized by Springfield Terminal shall allow for a fair comparison of all bids submitted. All bidders shall be given an equal opportunity to participate in the bidding process, including:

- Where appropriate for the type work to be performed, all bidders shall be given at least 10 business days' notice of and shall be invited to attend any pre-bid meetings with potential bidders where the particular Capital Project is to be discussed.
- All bidders shall be given at least 5 business days following the pre-bid meeting to respond to the bid solicitation.
- For projects that do not require a pre-bid meeting, all bidders shall be given at least 10 business days to respond to the bid solicitation.
- All bidders shall be provided copies of (i) the applicable Capital Project Specifications and (ii) the form of Capital Improvement Agreement that will govern the work (the "Form Agreement"), all of which shall be the same for each bidder and shall be given to each bidder at approximately the same time.
- When technical clarifications are requested by a bidder during the bid process, and the response by Springfield Terminal could potentially affect the bid in a significant way, such information will be provided to all registered bidders.

2. Bid Requirements

In order for a bidder's bid to be considered for selection, the bid must:

- be submitted by the bidding deadline;
- include proposed changes, if any, to the Form Agreement; and
- comply with all Capital Project Specifications applicable to the Capital Project.

3. Contractor Qualification

All bidders must include performance and payment bonds, must have adequate insurance and Springfield Terminal shall check each such bidder's references and obtain a Dun & Bradstreet report thereon. Contractors must have all licenses, permits and other approvals required for the performance of the work on the related Capital Project and must submit evidence thereof. Before awarding any bid to any bidder, Springfield Terminal shall ensure that such bidder is not on Norfolk Southern's restricted vendor list.

4. Awarding of Contracts

Contracts shall be awarded to the bidder:

- offering the most cost effective proposal taking into account, among other things, itemized unit costs and total bid cost, as well as the out-of-pocket and lost opportunity costs to Polaris associated with the time required to complete the project as proposed;
- meeting all of the requirements set forth in Sections 2 and 3 above; and
- submitting a bid without significant changes to the liabilities and obligations imposed by the Form Agreement.

5. Change Orders

Once a contract has been entered into with the winning bidder, Springfield Terminal is not authorized to approve any changes to the price or any significant changes to the other requirements applicable to a Capital Project without first obtaining the approval of the CPC. Once approved by the CPC, all approved changes shall be documented in a writing signed by Polaris and the contractor.

**CHANGE ORDER NO. 1 TO
CAPITAL PROJECTS AND FACILITY MANAGEMENT AGREEMENT**

This Change Order No. 1 to Capital Projects and Facility Management Agreement (this "Change Order No. 1") is dated October 7, 2009 by and among Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern"), Springfield Terminal Railway Company, a Vermont company ("Springfield Terminal"), Pan Am Railways, Inc., a Delaware corporation ("Pan Am"), Boston and Maine Corporation, a Delaware corporation ("B&M"), and Norfolk Southern Railway Company, a Virginia corporation ("Norfolk Southern") and. Pan Am Southern, Springfield Terminal, Pan Am, B&M and Norfolk Southern are referred to individually herein as a "Party" and collectively as the "Parties".

WHEREAS, Springfield Terminal has notified its labor unions that Norfolk Southern will perform rail replacement work on the Pan Am Southern rail line as described in the Capital Project Specifications attached hereto as Attachment A (the "NS Work"); and

WHEREAS, the Parties desire to modify the applicability to the NS Work of certain provisions of the Capital Projects and Facility Management Agreement dated April 9, 2009 by and among the Parties (the "CPFMA") and to substitute B&M in place of Pan Am as a party to the CPFMA.

NOW THEREFORE, the Parties, intending to be legally bound, hereby agree as follows:

Norfolk Southern shall reimburse Springfield Terminal for the unavoidable costs of time claims that Springfield Terminal incurs for its employees that directly result from claims by Springfield Terminal employees related to the performance of the NS Work by Norfolk Southern. "Costs of time claims" will be limited to actual payment of time claims due to a violation of applicable collective bargaining agreements, based on performance of the NS Work by other than Springfield Terminal employees, to Springfield Terminal employees in compliance with final awards of the National Railroad Adjustment Board or a board of adjustment or public law board established pursuant to Section 3 Second of the Railway Labor Act (and specifically will not, without limitation, include costs of administration, negotiation, litigation or arbitration, interest or penalties). Costs will be considered avoidable if Springfield Terminal failed to use its best efforts to avoid the incurrence of a time claim obligation to its employees (including, without limitation, failure to properly and timely dispute eligibility for or entitlement to payments under collective bargaining agreement, failure to exercise its best efforts to defend claims, failure to provide sufficient employment opportunity during the performance of the NS Work by Norfolk Southern (provided that ST shall not be obligated to provide such sufficient employment opportunity if the NS Work extends beyond the normal work season observed by Springfield Terminal) and failure to exercise best efforts to resolve claims and seek timely concurrence of Norfolk Southern to an agreed resolution -- Norfolk Southern may agree to such a resolution, and to contribute to it, but will have no obligation to do so). In no event will time claim costs be reimbursed that are (i) based on work occurring after completion of the NS Work; (ii) based on claims other than time claims under the applicable Springfield Terminal collective bargaining agreements related to the rail replacement work at issue; or (iii) are not actually paid

irrevocably by Springfield Terminal to its employees. Costs will be reimbursed only upon written claim to Norfolk Southern made promptly upon payment of time claim to employee, and receipt of all appropriate supporting documentation, as requested by Norfolk Southern. Springfield Terminal will give prompt written notice to Norfolk Southern of the filing of any time claim potentially subject to reimbursement, and of material developments thereafter regarding such possible filing, and failure to do so is cause for denial of reimbursement. Norfolk Southern may elect to be present at any arbitration of such claims and request to be heard.

Springfield Terminal hereby waives the provision in Section 2(a) of the CPFMA requiring Pan Am Southern to provide Springfield Terminal with sixty (60) days notice of the NS Work. Norfolk Southern hereby provides Pan Am Southern with written notice, as required by Section 2(b), that Norfolk Southern intends to perform the NS Work.

The Capital Project Specifications, as defined in the CPFMA, for the NS Work are attached hereto as Attachment A.

Appendix A, "Capital Project Performance Standards," of the CPFMA is hereby modified with respect to the NS Work, and only with respect to the NS Work, as follows:

Section 2 is hereby deleted in its entirety and replaced with the following:

"2. Cost. Contractor shall perform the Work for [REDACTED], which shall be payable by Pan Am Southern within thirty days of receipt of an invoice therefor following acceptance of the Work by Pan Am Southern."

The first two sentences of Section 6 are hereby deleted in their entirety and replaced with the following:

"Contractor shall commence the Work on or after May 10, 2009 and time is of the essence for the completion of the Work."

Section 25 is hereby deleted in its entirety and replaced with the following:

"25. Reports. Contractor shall furnish daily reports regarding the approximate number of feet of rail laid per day by reference to applicable mileposts."

Section 31 is hereby deleted in its entirety and replaced with the following:

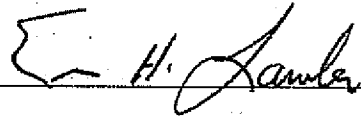
"31. Subcontractors. Contractor shall be permitted to subcontract out the following aspects of the Work that normally are handled by Contractor's local maintenance forces: (i) delivery of material from the major distribution point to intermediate access points for distribution and set up by Springfield Terminal at the applicable Work sites (R. J. Corman), (ii) provision of thermite welds for welded rail (Bankhead) and (iii) clean-up and handling of released material (T.C. Taylor). Except as set forth in the preceding sentence, Contractor shall not be permitted to subcontract out any of the Work without the express written consent of Pan Am Southern.

Sections 20, 22 and 32 are hereby deleted in their entirety.

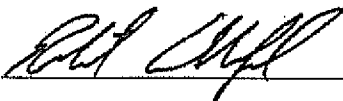
The CPFMA is hereby amended to remove Pan Am as a party and to substitute in its place B&M. The references to Pan Am in Sections 2(c), 2(d) and 4(b) of the CPFMA are hereby replaced with references to B&M.

IN WITNESS WHEREOF, the Parties have caused this Change Order No. 1 to be duly executed as of the date first above written.

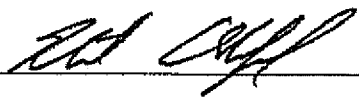
PAN AM SOUTHERN LLC

By: 

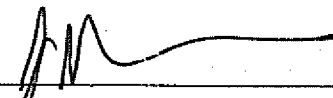
SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: 

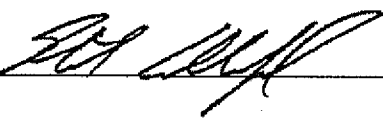
PAN AM RAILWAYS, INC.

By: 

NORFOLK SOUTHERN RAILWAY COMPANY

By: 

BOSTON AND MAINE CORPORATION

By: 

ATTACHMENT A

Capital Project Specifications

Scope Of Work

The base lump sum Cost of the NS Work shall include:

- Provide, weld, transport, unload and install approximately 175,680 linear feet relay quality 132RE standard rail, welded into 122 strands of welded rail (1,440 LF each) and 213,120 linear feet relay quality 115RE standard rail, welded into 148 strands of welded rail (1,440 LF each), loaded onto NS rail trains and transported to interchange with PAN AM
- 50% tie plate replacement with relay material for rail laying areas
- 100% tie plate replacement in areas where 6 inch base rail is laid where 5 ½ inch base rail had been previously
- New anchors
- New spikes
- Supervision and personnel to unload the CWR on PAN AM
- Gauge approximately 90,195 linear feet of track
- 1,002 field welds resulting from rail replacement and gauging
- 41 prefabricated insulated joints.
- Delivery and primary distribution of OTM
- NS will provide a plate set-up crew ahead of rail gang.

Stipulations

- PAN AM will arrange for prompt handling of NS rail train while on PAN AM. PAN AM will be charged [REDACTED] per day for rail train rental for each rail train not released back to NS after 4 days commencing with initial interchange, provided NS did not cause delays.
- PAN AM will supply flagging for the crossings.
- No grade crossing removal or replacement is included in the Work.
- No track surfacing is included in the Work.
- Pan Am will distribute OTM from primary distribution points and set up at the work sites.
- All released rail and OTM remains property of PAN AM.
- Cost to provide work train power and train crews is not included in the estimate.
- PAN AM to provide RWP protection for the Work, including material distribution, rail gangs or thermit welding crews.
- PAN AM will consistently provide a minimum of ten (10) hours of track time each day for NS gangs.

**CHANGE ORDER NO. 2 TO
CAPITAL PROJECTS AND FACILITY MANAGEMENT AGREEMENT**

This Change Order No. 2 to Capital Projects and Facility Management Agreement (this "Change Order No. 2") is dated August 7, 2012 by and among Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern"), Springfield Terminal Railway Company, a Vermont company ("Springfield Terminal"), Boston and Maine Corporation, a Delaware corporation ("B&M"), and Norfolk Southern Railway Company, a Virginia corporation ("Norfolk Southern"). Pan Am Southern, Springfield Terminal, B&M and Norfolk Southern are referred to individually herein as a "Party" and collectively as the "Parties."

WHEREAS, PAS has requested that Norfolk Southern perform certain rail replacement work on the Pan Am Southern rail line as described in the Capital Project Specifications, as defined in the Capital Projects and Facility Management Agreement dated April 9, 2009, by and among the Parties (the "CPFMA"), attached hereto as Attachment A (the "2012 NS Work");

WHEREAS, on October 7, 2009, the Parties entered into Change Order No. 1 to the CPFMA, which modified the applicability of certain provisions of the CPFMA to certain work to be performed by Norfolk Southern and substituted B&M in place of Pan Am Railways, Inc. as a party to the CPFMA; and

WHEREAS, the Parties once again desire to modify the applicability to the 2012 NS Work of certain provisions of the CPFMA; and

WHEREAS, Springfield Terminal will notify its labor unions that Norfolk Southern will perform the 2012 NS Work as required under its applicable collective bargaining agreements.

NOW THEREFORE, the Parties, intending to be legally bound, hereby agree as follows:

Springfield Terminal hereby waives the provision in Section 2(a) of the CPFMA requiring Pan Am Southern to provide Springfield Terminal with sixty (60) days' notice of the 2012 NS Work. Norfolk Southern hereby provides Pan Am Southern with written notice, as required by Section 2(b), that Norfolk Southern intends to perform the 2012 NS Work.

Pan Am Southern agree to indemnify and hold harmless, to the extent permitted by law, Norfolk Southern and Springfield Terminal against any and all costs and payments, including benefits, allowances, arbitration, and administrative and litigation expenses, arising out of claims or grievances made by or on behalf of, or lawsuits brought by or on behalf of, Springfield Terminal's employees pursuant to a Springfield Terminal collective bargaining agreement and arising out of Norfolk Southern's performance of the 2012 NS Work.

The Capital Project Specifications, as defined in the CPFMA, for the 2012 NS Work are attached hereto as Attachment A.

NS shall generate periodic invoices upon completion of all or portions of the 2012 NS Work. Any invoices generated by NS for the 2012 NS Work must be paid by December 1, 2012, from the capital reserve fund to be created by the Parties pursuant to that certain Capital Reserve Fund Agreement dated August 17, 2012 (the "Capital Reserve Fund"). If the Capital Reserve Fund has not yet been established and funded by December 1, 2012, then NS shall issue a working capital note to PAS at the then-prevailing interest rates for a mutually agreed upon amount up to [REDACTED] (the "Note"). Such Note shall be used solely to pay for the 2012 NS Work and any resulting labor claims brought by or on behalf of Springfield Terminal's employees. The Note will have a three (3) year term from the date of issuance with no penalty for prepayment. PAS agrees to pay the amount of the Note and any interest thereon in full from the Capital Reserve Fund within thirty (30) days from the date that the Capital Reserve Fund is established.

Appendix A, "Capital Project Performance Standards," of the CPFMA is hereby modified with respect to the 2012 NS Work, and only with respect to the 2012 NS Work, as follows:

Section 2 is hereby deleted in its entirety and replaced with the following:

"2. Cost. Contractor shall perform the 2012 NS Work for [REDACTED] which shall be payable by Pan Am Southern within thirty days of receipt of an invoice therefor following acceptance of the Work by Pan Am Southern."

The first two sentences of Section 6 are hereby deleted in their entirety and replaced with the following:

"Contractor shall commence the 2012 NS Work on or after September 1, 2012 and time is of the essence for the completion of the 2012 NS Work."

Section 25 is hereby deleted in its entirety and replaced with the following:

"25. Reports. Contractor shall furnish daily reports regarding the approximate number of feet of rail laid per day by reference to applicable mileposts."

Section 31 is hereby deleted in its entirety and replaced with the following:

"31. Subcontractors. Contractor shall be permitted to subcontract out the following aspects of the 2012 NS Work that normally are handled by Contractor's local maintenance forces: (i) delivery of material from the major distribution point to intermediate access points for distribution and set up at the applicable Work sites (R. J. Corman), (ii) provision of thermit welds for welded rail (Bankhead), (iii) clean-up and handling of released material (T.C. Taylor), and (iv) the setting up of plates (B&B/H&H). Except as set forth in the preceding sentence, Contractor shall not be permitted to subcontract out any of the 2012 NS Work without the express written consent of Pan Am Southern.

Sections 20, 22 and 32 are hereby deleted in their entirety.

IN WITNESS WHEREOF, the Parties have caused this Change Order No. 2 to be duly executed as of the date first above written.

PAN AM SOUTHERN LLC

By: _____

SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: _____

NORFOLK SOUTHERN RAILWAY COMPANY

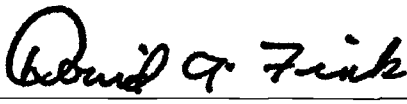
By:  _____

BOSTON AND MAINE CORPORATION

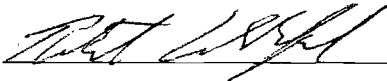
By: _____

IN WITNESS WHEREOF, the Parties have caused this Change Order No. 2 to be duly executed as of the date first above written.

PAN AM SOUTHERN LLC

By: 

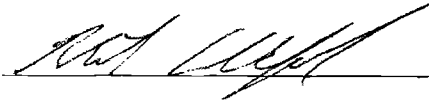
SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: 

NORFOLK SOUTHERN RAILWAY COMPANY

By: _____

BOSTON AND MAINE CORPORATION

By: 

ATTACHMENT A

Capital Project Specifications Scope Of Work

The base lump sum Cost [REDACTED] of the NS Work shall include:

- Provide, weld, transport, unload and install approximately 65,550 linear feet relay quality 132RE standard rail, welded into strands of welded rail (1,440 LF each) and 86,972 linear feet relay quality 115RE standard rail, welded into strands of welded rail (1,440 LF each), loaded onto NS rail trains and transported to interchange with PAN AM
- Supervision and personnel to unload the CWR on PAN AM SOUTHERN.
- 100% tie plate replacement with relay material for rail laying areas
- New anchors
- New spikes
- 350 field welds resulting from rail replacement
- 18 prefabricated insulated joints.
- 14 compromise joints
- Delivery and primary distribution of OTM
- NS will provide a plate set-up crew ahead of rail gang.
- Supervision, personnel and equipment to surface 21 miles of track with PAN AM SOUTHERN supplying ballast at a rate of 500 tons per mile.

Stipulations

- PAN AM SOUTHERN will arrange for prompt handling of NS rail train while on PAN AM SOUTHERN. PAN AM SOUTHERN will be charged [REDACTED] per day for rail train rental for each rail train not released back to NS after 4 days commencing with initial interchange, provided NS did not cause delays.
- PAN AM SOUTHERN to supply oxygen and acetylene for the rail train and two employees to support unloading of the rail.
- PAN AM SOUTHERN will supply flagging for the crossings.
- PAN AM SOUTHERN will supply 500 tons of ballast per mile for surfacing work and dumped prior to surfacing gang arrival.
- No grade crossing removal or replacement is included in the Work.
- All released rail and OTM remains property of PAN AM SOUTHERN LLC.
- Cost to provide work train power and train crews is not included in the estimate.
- PAN AM SOUTHERN to provide RWP protection for the Work, including material distribution, rail gangs, thermit welding crews and clean up activity by providing a minimum of five (5) pilots.
- PAN AM SOUTHERN will consistently provide a minimum of ten (10) hours of track time each day for NS gangs.
- Released material will be collected and transported to a central location for PAN AM SOUTHERN disposal. PAN AM SOUTHERN will accommodate arrival of Material thirty (30) days prior to NS gang arrival and will allow spotting at Housick Middle Yard, Deerfield Yard and Mechanicsville Yard (if the Engine tie-up track is complete) and provide accessibility by truck for unloading and distribution of Material.

**CHANGE ORDER NO. 3 TO
CAPITAL PROJECTS AND FACILITY MANAGEMENT AGREEMENT**

This Change Order No. 2 to Capital Projects and Facility Management Agreement (this "Change Order No. 3") is dated June 25, 2013 by and among Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern"), Springfield Terminal Railway Company, a Vermont company ("Springfield Terminal"), Boston and Maine Corporation, a Delaware corporation ("B&M"), and Norfolk Southern Railway Company, a Virginia corporation ("Norfolk Southern"). Pan Am Southern, Springfield Terminal, B&M and Norfolk Southern are referred to individually herein as a "Party" and collectively as the "Parties."

WHEREAS, PAS has requested that Norfolk Southern perform certain rail replacement work on the Pan Am Southern rail line as described in the Capital Project Specifications, as defined in the Capital Projects and Facility Management Agreement dated April 9, 2009, by and among the Parties (the "CPFMA"), attached hereto as Attachment A (the "2013 NS Work");

WHEREAS, on October 7, 2009, the Parties entered into Change Order No. 1 to the CPFMA, which modified the applicability of certain provisions of the CPFMA to certain work to be performed by Norfolk Southern and substituted B&M in place of Pan Am Railways, Inc. as a party to the CPFMA; and

WHEREAS, on August 7, 2012, the Parties entered into Change Order No. 2 to the CPFMA, which modified the applicability of certain provisions of the CPFMA to certain work to be performed by Norfolk Southern; and

WHEREAS, the Parties once again desire to modify the applicability to the 2013 NS Work of certain provisions of the CPFMA; and

WHEREAS, Springfield Terminal will notify its labor unions that Norfolk Southern will perform the 2012 NS Work as required under its applicable collective bargaining agreements.

NOW THEREFORE, the Parties, intending to be legally bound, hereby agree as follows:

Springfield Terminal hereby waives the provision in Section 2(a) of the CPFMA requiring Pan Am Southern to provide Springfield Terminal with sixty (60) days' notice of the 2012 NS Work. Norfolk Southern hereby provides Pan Am Southern with written notice, as required by Section 2(b), that Norfolk Southern intends to perform the 2013 NS Work.

Pan Am Southern agree to indemnify and hold harmless, to the extent permitted by law, Norfolk Southern and Springfield Terminal against any and all costs and payments, including benefits, allowances, arbitration, and administrative and litigation expenses, arising out of claims or grievances made by or on behalf of, or lawsuits brought by or on behalf of, Springfield Terminal's employees pursuant to a Springfield Terminal collective bargaining agreement and arising out of Norfolk Southern's performance of the 2013 NS Work.

The Capital Project Specifications, as defined in the CPFMA, for the 2013 NS Work are attached hereto as Attachment A.

NS shall generate periodic invoices upon completion of all or portions of the 2013 NS Work. Any invoices generated by NS for the 2013 NS Work must be paid within thirty days from receipt or as otherwise agreed by the parties, from funding sources used to fund PAS's 2013 capital budget.

Appendix A, "Capital Project Performance Standards," of the CPFMA is hereby modified with respect to the 2013 NS Work, and only with respect to the 2013 NS Work, as follows:

Section 2 is hereby deleted in its entirety and replaced with the following:

"2. Cost. Contractor shall perform the 2013 NS Work for [REDACTED], which shall be payable by Pan Am Southern within thirty days of receipt of an invoice therefor following acceptance of the Work by Pan Am Southern."

The first two sentences of Section 6 are hereby deleted in their entirety and replaced with the following:

"Contractor shall commence the 2013 NS Work on or after September 2, 2013 and time is of the essence for the completion of the 2013 NS Work."

Section 25 is hereby deleted in its entirety and replaced with the following:

"25. Reports. Contractor shall furnish daily reports regarding the approximate number of feet of rail laid per day by reference to applicable mileposts."

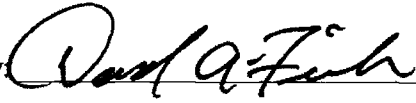
Section 31 is hereby deleted in its entirety and replaced with the following:

"31. Subcontractors. Contractor shall be permitted to subcontract out the following aspects of the 2013 NS Work that normally are handled by Contractor's local maintenance forces: (i) delivery of material from the major distribution point to intermediate access points for distribution and set up at the applicable Work sites (R. J. Corman), (ii) provision of thermit welds for welded rail (Bankhead), (iii) clean-up and handling of released material (T.C. Taylor), and (iv) the setting up of plates (B&B/H&H). Except as set forth in the preceding sentence, Contractor shall not be permitted to subcontract out any of the 2013 NS Work without the express written consent of Pan Am Southern.

Sections 20, 22 and 32 are hereby deleted in their entirety.

IN WITNESS WHEREOF, the Parties have caused this Change Order No. 3 to be duly executed as of the date first above written.

PAN AM SOUTHERN LLC

By: 

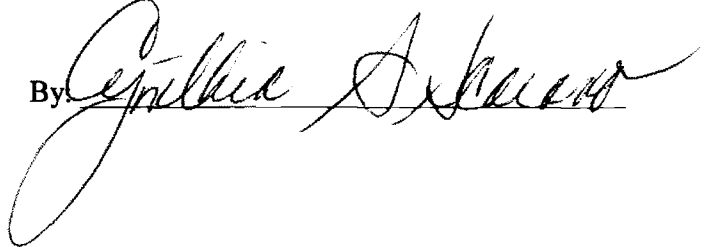
SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: 

NORFOLK SOUTHERN RAILWAY COMPANY

By: _____

BOSTON AND MAINE CORPORATION

By: 

IN WITNESS WHEREOF, the Parties have caused this Change Order No. 3 to be duly executed as of the date first above written.

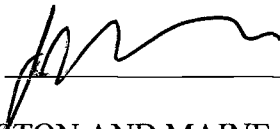
PAN AM SOUTHERN LLC

By: _____

SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: _____

NORFOLK SOUTHERN RAILWAY COMPANY

By:  _____

BOSTON AND MAINE CORPORATION

By: _____

ATTACHMENT A

Capital Project Specifications

Scope of Work

The base lump sum Cost [REDACTED] of the 2013 NS Work shall include:

- Provide, weld, transport, unload and install approximately 32,436 linear feet relay quality 132RE standard rail, welded into strands of welded rail (1,440 LF each) and 44,800 linear feet relay quality 115RE standard rail, welded into strands of welded rail (1,440 LF each), loaded onto NS rail trains and transported to interchange with PAN AM
- Supervision and personnel to unload the CWR on PAN AM
- 100% tie plate replacement with relay material for rail laying areas
- New anchors
- New spikes
- New wooden tie plugs
- Field welds, insulated joints, and compromise joints needed resulting from rail replacement
- Delivery and primary distribution of OTM
- NS will provide a plate set-up crew ahead of rail gang.
- Supervision, personnel and equipment to surface 14 miles of track with PAN AM supplying ballast at a rate of 500 tons per mile.

Stipulations

- PAN AM will arrange for prompt handling of NS rail train while on PAN AM. PAN AM will be charged [REDACTED] per day for rail train rental for each rail train not released back to NS after 4 days commencing with initial interchange, provided NS did not cause delays.
- PAN AM to supply oxygen and acetylene for the rail train.
- Pan AM will supply 1 swing loader with operator along with 2 laborers to assist in the unloading of the rail train.
- PAN AM will supply flagging for the crossings.
- PAN AM will supply 500 tons of ballast per mile for surfacing work and dumped prior to surfacing gang arrival.
- No grade crossing removal or replacement is included in the Work.
- All released rail and OTM remains property of PAN AM SOUTHERN LLC.
- Cost to provide work train power and train crews is not included in the estimate.
- PAN AM to provide RWP protection for the Work, including material distribution, rail gangs, thermit welding crews and clean up activity by providing a minimum of five (5) pilots.
- PAN AM will consistently provide a minimum of ten (10) hours of track time each day for NS gangs.
- Released material will be collected and transported to a central location for PAM AM disposal.
- Pan AM will accommodate arrival of Material thirty (30) days prior to NS gang arrival and will allow spotting at Deerfield Yard and provide accessibility by truck for unloading and distribution of Material.

**CHANGE ORDER NO. 4 TO
CAPITAL PROJECTS AND FACILITY MANAGEMENT AGREEMENT**

This Change Order No. 4 to Capital Projects and Facility Management Agreement (this "Change Order No. 4") is dated May 21, 2014 by and among Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern"), Springfield Terminal Railway Company, a Vermont company ("Springfield Terminal"), Boston and Maine Corporation, a Delaware corporation ("B&M"), and Norfolk Southern Railway Company, a Virginia corporation ("Norfolk Southern"). Pan Am Southern, Springfield Terminal, B&M and Norfolk Southern are referred to individually herein as a "Party" and collectively as the "Parties."

WHEREAS, PAS has requested that Norfolk Southern perform certain rail replacement work on the Pan Am Southern rail line known as the Knowledge Corridor as described in the Capital Project Specifications, as defined in the Capital Projects and Facility Management Agreement dated April 9, 2009, by and among the Parties (the "CPFMA"), attached hereto as Attachment A (the "2014 NS Knowledge Corridor Work");

WHEREAS, on October 7, 2009, the Parties entered into Change Order No. 1 to the CPFMA, which modified the applicability of certain provisions of the CPFMA to certain work to be performed by Norfolk Southern and substituted B&M in place of Pan Am Railways, Inc. as a party to the CPFMA; and

WHEREAS, on August 7, 2012, and June 28, 2013, the Parties entered into Change Order No. 2 and Change Order No. 3, respectively, to the CPFMA, which modified the applicability of certain provisions of the CPFMA to certain work to be performed by Norfolk Southern; and

WHEREAS, the Parties once again desire to modify the applicability to the 2014 NS Knowledge Corridor Work of certain provisions of the CPFMA; and

WHEREAS, Springfield Terminal will notify its labor unions that Norfolk Southern will perform the 2014 NS Knowledge Corridor Work, as required under its applicable collective bargaining agreements.

NOW THEREFORE, the Parties, intending to be legally bound, hereby agree as follows:

Springfield Terminal hereby waives the provision in Section 2(a) of the CPFMA requiring Pan Am Southern to provide Springfield Terminal with sixty (60) days' notice of the 2014 NS Knowledge Corridor Work. Norfolk Southern hereby provides Pan Am Southern with written notice, as required by Section 2(b), that Norfolk Southern intends to perform the 2014 NS Knowledge Corridor Work.

Pan Am Southern agree to indemnify and hold harmless, to the extent permitted by law, Norfolk Southern and Springfield Terminal against any and all costs and payments, including benefits, allowances, arbitration, and administrative and litigation expenses, arising out of claims or grievances made by or on behalf of, or lawsuits brought by or on behalf of, Springfield

Terminal's employees pursuant to a Springfield Terminal collective bargaining agreement and arising out of Norfolk Southern's performance of the 2014 NS Knowledge Corridor Work.

The Capital Project Specifications, as defined in the CPFMA, for the 2014 NS Knowledge Corridor Work are attached hereto as Attachment A.

NS shall generate periodic invoices upon completion of all or portions of the 2014 NS Knowledge Corridor Work. Any invoices generated by NS for the 2014 NS Knowledge Corridor Work must be paid within thirty days from receipt or as otherwise agreed by the parties.

Appendix A, "Capital Project Performance Standards," of the CPFMA is hereby modified with respect to the 2014 NS Knowledge Corridor Work, and only with respect to the 2014 NS Knowledge Corridor Work, as follows:

Section 2 is hereby deleted in its entirety and replaced with the following:

"2. Cost. Contractor shall perform the 2014 NS Knowledge Corridor Work for [REDACTED], which shall be payable by Pan Am Southern within thirty days of receipt of an invoice therefor following acceptance of the Work by Pan Am Southern."

The first two sentences of Section 6 are hereby deleted in their entirety and replaced with the following:

"Contractor shall commence the 2014 NS Knowledge Corridor Work on or after July 17, 2014 and time is of the essence for the completion of the 2014 NS Knowledge Corridor Work."

Section 25 is hereby deleted in its entirety and replaced with the following:

"25. Reports. Contractor shall furnish daily reports regarding the approximate number of feet of rail laid per day by reference to applicable mileposts."

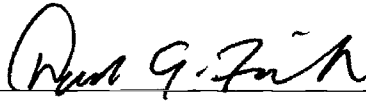
Section 31 is hereby deleted in its entirety and replaced with the following:

"31. Subcontractors. Contractor shall be permitted to subcontract out the following aspects of the 2014 NS Knowledge Corridor Work that normally are handled by Contractor's local maintenance forces: (i) delivery of material from the major distribution point to intermediate access points for distribution and set up at the applicable Work sites, (ii) provision of thermit welds for welded rail, (iii) clean-up and handling of released material, and (iv) the setting up of plates. Except as set forth in the preceding sentence, Contractor shall not be permitted to subcontract out any of the 2014 NS Knowledge Corridor Work without the express written consent of Pan Am Southern.

Sections 20, 22 and 32 are hereby deleted in their entirety.

IN WITNESS WHEREOF, the Parties have caused this Change Order No. 4 to be duly executed as of the date first above written.

PAN AM SOUTHERN LLC

By: 

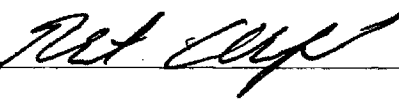
SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: 

NORFOLK SOUTHERN RAILWAY COMPANY

By: 

BOSTON AND MAINE CORPORATION

By: 

ATTACHMENT A

Capital Project Specifications

Scope of Work

The base lump sum Cost [REDACTED] of the 2014 NS Knowledge Corridor Work shall include:

- Norfolk Southern will supply the labor and equipment to install 372,770 linear feet of out-of-face welded rail on the Knowledge Corridor.
- Norfolk Southern will spike the tie plates during the rail laying process and have the lagging operation follow behind the gang and lag two screws per tie plate.
- Norfolk Southern will pay embedded contractors Davis-Bacon prevailing wages.
- Norfolk Southern will surface all tracks where rail was replaced.
- Norfolk Southern will handle the tie plate and OTM set-up prior to rail installation.
- Norfolk Southern will supply field welds needed resulting from rail replacement.
- Norfolk Southern will collect the released OTM and transport to central locations for disposal by Pan Am Southern.
- Norfolk Southern will follow NS standard installation procedures.

Stipulations

- Pan Am Southern will provide the rail, pandrol plates, anchors, screws, spikes in 200 lb. kegs and distribute the OTM to the closest road crossing.
- Pan Am Southern will provide appropriate quantities of ballast prior to surfacing gang arrival.
- Pan Am Southern will broom track in locations where heavy ballast exists on the crossties/tie plates prior to rail gang arrival.
- Pan Am Southern will remove inner guard rails on bridges prior to rail gang arrival.
- Pan Am Southern will provide at minimum a 1,450 foot track for NS camp cars, and a single, safe location to store equipment flats for the duration of the project. If this is an issue, an agreement can be made between both parties.
- Pan Am Southern will provide access to water and adequate parking for the camp car site is preferred. Pan Am Southern will unload the new rail and pick up the released rail.
- Pan Am Southern is responsible for working any and all road crossings if necessary.
- Pan Am Southern is to provide 10 hours daily track time for the project. Failure to provide the pre-established minimum track time daily will result in an additional cost of [REDACTED] per hour, or portion thereof, per rail gang.

**MASTER NORFOLK SOUTHERN
JOINT USE AGREEMENT**

THIS AGREEMENT (the "Agreement") is entered into as of this 9th day of April, 2009, by and among Pan Am Southern LLC, a Delaware limited liability Company ("Pan Am Southern"), Springfield Terminal Railway Company ("Springfield Terminal"), a subsidiary of Pan Am Railways, Inc. ("Pan Am"), and Norfolk Southern Railway Company, a Virginia corporation ("Norfolk Southern"). Each of Pan Am Southern, Springfield Terminal, and Norfolk Southern hereinafter are referred to individually as a "Party" and collectively as the "Parties", and Pan Am Southern and Norfolk Southern hereinafter are referred to individually herein as a "Participant Party" and collectively as the "Participant Parties".

RECITALS:

WHEREAS, Norfolk Southern, Pan Am, on behalf of itself and its subsidiaries, Boston and Maine Corporation, a subsidiary of Pan Am ("B&M"), and Springfield Terminal entered into a Transaction Agreement (the "Transaction Agreement"), dated as of May 15, 2008, which provides, among other things, for Norfolk Southern and B&M to form Pan Am Southern; and

WHEREAS, the Transaction Agreement provides for B&M, and, to the extent necessary, for Pan Am to cause any other subsidiary, to sell in part, and contribute in part, certain railroad lines and trackage rights owned or operated generally in New York, Vermont, Connecticut, Massachusetts, and New Hampshire (the "Line", as more specifically defined in the Transaction Agreement) and certain other related assets to Pan Am Southern (the "Contribution"); and

WHEREAS, Massachusetts Bay Transportation Authority ("MBTA") operates passenger train service over a portion of the Line; and

WHEREAS, MBTA owns a line of railroad between Milepost 313.77±, CPF WL., near Ayer, MA and Milepost 329.55±, near Fitchburg, MA (the "MBTA Segment"), which constitutes a portion of the operating rights included in the Line; and

WHEREAS, MBTA and one or more of the Pan Am System Parties are parties to several agreements that govern the rights and obligations of each relating to the provision of passenger service, including passenger service on the Line that have been assigned to Pan Am Southern; and

WHEREAS, Springfield Terminal, B&M, Maine Central Railroad Company, Guilford Motor Express, Inc. and Norfolk Southern are parties to that Intermodal Agreement dated as of March 30, 1998, as amended ("1998 Intermodal Agreement"), providing for the provision of haulage services for containers and trailers by the Pan Am System Parties between Mechanicville/Mohawk, NY and certain intermodal terminals; and

WHEREAS, the Transaction Agreement anticipates that, pursuant to a Railroad Operating Agreement, Pan Am Southern initially will hire Springfield Terminal to perform as the designated operator ("Railroad Operator") for all railroad operations on behalf of Pan Am

Southern, including Pan Am Southern railway operations required pursuant to this Agreement; and

WHEREAS, the Parties desire to terminate the 1998 Intermodal Agreement and replace it with a new agreement, among other things, to (1) provide a service guarantee, (2) expand the haulage services thereunder to include haulage for multilevels and other rail cars capable of transporting Automotive Traffic, and (3) permit Norfolk Southern to extend haulage services to Canadian Pacific Railway Company ("CP") and/or CP's Delaware and Hudson Railway Company, Inc. subsidiary ("D&H"); and

WHEREAS, the Transaction Agreement provides for Pan Am Southern to grant to Norfolk Southern certain haulage and overhead trackage rights for the movement of traffic in the revenue waybill account of Norfolk Southern ("Norfolk Southern Traffic") and, under certain circumstances, traffic in the revenue waybill account of CP ("CP Traffic") and/or the revenue waybill account of D&H ("D&H Traffic") over the Line; and

WHEREAS, Norfolk Southern, Pan Am, B&M and Springfield Terminal obtained the prior consent of the Surface Transportation Board to consummate the transactions set forth in the Transaction Agreement, including the grant of rights described herein; and

WHEREAS, Norfolk Southern and B&M formed Pan Am Southern in accordance with the Transaction Agreement; and

WHEREAS, Pan Am Southern now wishes to grant Norfolk Southern certain haulage and trackage rights as provided herein; and

WHEREAS, MBTA has granted consent for Pan Am Southern to grant trackage rights over the MBTA Segment to Norfolk Southern as provided herein; and

WHEREAS, given the structure of Pan Am Southern, the Parties desire to grant B&M third-party beneficiary status to enforce this Agreement on behalf of Pan Am Southern; and

WHEREAS, the Parties desire to set forth the terms and conditions upon which Norfolk Southern may use haulage and trackage rights to transport Norfolk Southern Traffic, CP Traffic and D&H Traffic over the Line;

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

SECTION 1. DEFINITIONS AND INTERPRETATION

(a) Interpretation Generally.

(i) Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.

(ii) Each definition in this Agreement includes the singular and the plural, and references in this Agreement to the neuter gender include the masculine and feminine where appropriate. References herein to any agreement or contract mean such agreement or contract as amended. As used in this Agreement, the word “including” means “without limitation”, and the words “herein”, “hereof” and “hereunder” refer to this Agreement as a whole. All dollar amounts stated herein are in United States currency.

(iii) Unless the context requires otherwise, a reference to Pan Am Southern shall be a reference to Pan Am Southern and its Railroad Operator. When Springfield Terminal is operating on behalf of Pan Am, its actions shall not be considered to be those of the Railroad Operator.

(b) Capitalized Terms.

All capitalized terms shall have the defined meaning set forth below:

“1998 Intermodal Agreement” shall have the meaning given to that term in the Recitals.

“Abandonment Notice Period” shall have the meaning given to that term in Section 16(c).

“Abandonment Segment” shall have the meaning given to that term in Section 16(a).

“Agreement” shall have the meaning given to that term in the introductory paragraph.

“AAR” shall mean the Association of American Railroads.

“Automotive Traffic” means finished automobiles, sport utility vehicles, vans (including minivans), trucks and any other vehicles.

“Ayer Automotive Facility” shall mean that facility for the transfer of Automotive Traffic generally located at approximately MP 314 in Ayer, MA.

“Ayer Intermodal Facility” shall mean that intermodal trailer and container transfer facility generally located in Ayer (Devens), MA, but excluding the warehouse complex owned by Pan Am.

“Ayer Switching Agreement” shall mean that Ayer Switching Agreement, dated as of the date hereof, between Springfield Terminal and Pan Am Southern, generally governing the switching by Pan Am Southern of certain railcars of Springfield Terminal.

“B&M” shall have the meaning given to that term in the Recitals.

“Cars” means each loaded or empty railroad freight car (including platform and well rail cars) or similar equipment.

“Chemicals” shall mean traffic moving on STCC 28-xxx-xx and 29-1xx-xx in carload service, excluding STCC 28-2xx-xx and TIH/PIH.

“Contribution” shall have the meaning given to that term in the Recitals.

“Corn Starch” shall mean traffic moving on STCC 20-462-xx.

“Corn Syrup” shall mean traffic moving on STCC 20-461-xx.

“Correction Period” shall have the meaning given to that term in Section 2(b) of Appendix B.

“CP” shall have the meaning given to that term in the Recitals.

“CPFMA” shall have the meaning given to that term in Section 1(a) of Appendix B.

“CP Haulage Cars” shall mean Haulage Cars moving, pursuant to this Agreement, in the revenue waybill account of CP.

“CP Traffic” shall have the meaning given to that term in the Recitals.

“CTC” shall have the meaning given to that term in Section 5(a)(iii).

“D&H” shall have the meaning given to that term in the Recitals.

“D&H Haulage Cars” shall mean Haulage Cars moving, pursuant to this Agreement, in the revenue waybill account of D&H.

“D&H Traffic” shall have the meaning given to that term in the Recitals.

“Destination Facilities” shall refer to the Ayer Automotive Facility, the Ayer Intermodal Facility, and the Sanvel Properties.

“Destination Terminals” shall refer to the Destination Facilities other than the supporting yards.

“Effective Date” shall have the meaning given to that term in Section 11(a).

“End Points” shall mean the “end points” as defined in each of Appendices A, C, D, E and F.

“Equipment” shall mean and be confined to hi-rail vehicles, track inspection equipment and other non-revenue vehicles and machinery (other than locomotives) capable of being operated on railroad tracks that, at the time of an occurrence, are (i) being operated on the trackage upon which such occurrence takes place, or (ii) are on the trackage upon which such

occurrence takes place, or on the adjoining right-of-way, for the purpose of maintenance or repair thereof or the clearing of wrecks thereon.

“Exercise Notice” shall have the meaning given to that term in Section 16(c).

“Flour” shall mean all traffic moving on STCC [REDACTED]

“FMV” shall have the meaning given to that term in Section 16(c).

“FRA” shall mean the U.S. Federal Railroad Administration.

“Foreign Railroad” shall mean a railroad that is not a party to this Agreement.

“General Commodities” shall mean Industrial Products other than Hazardous Materials, Plastics, Chemicals, Corn Syrup, Corn Starch and Flour.

“Governmental Authority” shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any mediation body or arbitral tribunal, including the STB.

“Haulage Cars” shall mean Cars moved pursuant to the Haulage Rights.

“Haulage Rights” shall have the meaning given to that term in Section 2(b)(i).

“Hazardous Materials” shall mean traffic moving on STCC 49-xxx-xx.

“Industrial Products” shall mean all traffic moving by rail, including automotive and truck parts moving in boxcars, except coal, Automotive Traffic and Intermodal traffic.

“Initial Period” shall have the meaning given to that term in Section 2(a) of Appendix B.

“Intermodal” generally shall mean the movement of containers and trailers onto, on and off of rail cars.

“JOC” shall mean that Joint Operating Committee established pursuant to the LLC Agreement.

“JV Transaction Agreements” shall have the meaning given to that term in the LLC Agreement.

“Line” shall have the meaning given to that term in the Recitals.

“LLC Agreement” shall mean that Limited Liability Company Agreement of Pan Am Southern LLC, by and between Norfolk Southern and B&M, and dated as of April 9, 2009.

“Loss or Damage” shall have the meaning given to that term in Section 8.

“Major Service Standard Failure” shall have the meaning given to that term in Appendix B.

“Management Committee” shall mean the Management Committee of Pan Am Southern as provided in the LLC Agreement.

“MBTA” shall have the meaning given to that term in the Recitals.

“MBTA Segment” shall have the meaning given to that term in the Recitals.

“Monthly Statement” shall have the meaning given to that term in Section 7(a).

“NECR” shall mean the New England Central Railroad.

“Norfolk Southern” shall have the meaning given to that term in the introductory paragraph.

“Norfolk Southern Haulage Traffic” shall mean the traffic permitted to be moved in accordance with Appendix C, Appendix D, Appendix E and Appendix F.

“Norfolk Southern Intermodal/Automotive Traffic” shall have the meaning given to that term in Section 1(b)(iv) of Appendix B.

“Norfolk Southern Traffic” shall have the meaning given to that term in the Recitals.

“P&W” shall mean the Providence and Worcester Railroad.

“Pan Am” shall have the meaning given to that term in the introductory paragraph.

“Pan Am Southern” shall have the meaning given to that term in the introductory paragraph.

“Pan Am System Parties” shall mean Pan Am, B&M and Springfield Terminal.

“Participant Parties” shall have the meaning given to that term in the introductory paragraph.

“Participant Party” shall have the meaning given to that term in the introductory paragraph.

“Parties” shall have the meaning given to that term in the introductory paragraph.

“Party” shall have the meaning given to that term in the introductory paragraph.

“Person” shall mean an individual or partnership, corporation, trust, association, limited liability company, Governmental Authority or other entity.

“Placement” shall have the meaning given to that term in Section 1(b)(iii) of Appendix B.

“Plastics” shall mean all traffic moving on STCC 28-2xx-xx.

“Qualifying Trains” shall have the meaning given to that term in Section 1(b)(iv) of Appendix B.

“Railroad Operator” shall have the meaning given to that term in the Recitals.

“Release” shall have the meaning given to that term in Section 1(b)(ii) of Appendix B.

“Sanvel Properties” shall mean that facility anticipated to be constructed for the transfer of Automotive Traffic to be located east of Willows Road in Ayer, MA as generally identified as Sanvel on the Ayer Switching Agreement schematic.

“Service Reports” shall have the meaning given to that term in Section 2(a)(ii).

“Springfield Terminal” shall have the meaning given to that term in the introductory paragraph.

“STB” shall mean the Surface Transportation Board or any successor entity thereto.

“Subject Trackage” shall mean the certain lines of railroad covered by any of Appendices A and C through F through I, which appendices identify specific haulage or trackage rights arrangements and the trackage covered thereby.

“Subject Traffic” shall have the meaning given to that term in Section 8(a).

“Termination Period” shall have the meaning given to that term in Section 2(d) of Appendix B.

“TIH/PIH” shall mean, as defined by the definition of “material poisonous by inhalation” to be found at 49 CFR Section 171.8, specifically:

(1) A gas meeting the defining criteria of Section 173.115(c) of Subchapter C (which is titled “Hazardous Materials Regulations”) and assigned to Hazard Zone A, B, C or D in accordance with Section 173.116(a) of Subchapter C;

(2) A liquid (other than as a mist) meeting the defining criteria in Section 173.132(a)(1)(iii) of Subchapter C and assigned to Hazard Zone A or B in accordance with Section 173.133 (a) of Subchapter C; or

(3) Any material identified as an inhalation hazard by a special provision in Column 7 of the Section 172.101 table.

“Trackage Rights” shall have the meaning given to that term in Section 2(a).

“Trackage Rights Notification” shall have the meaning given to that term in Section 2(c) of Appendix B.

“Transaction Agreement” shall have the meaning given to that term in the Recitals.

“Use Invoice” shall have the meaning given to that term in Section 7(a).

“VTR” shall mean the Vermont Railway Company.

“Waiver Notice” shall have the meaning given to that term in Section 16(e).

(c) Successor Laws.

A reference to any particular statute or regulation shall include a reference to any successor statute or regulation.

SECTION 2. TRACKAGE AND HAULAGE RIGHTS

(a) Trackage Rights.

(i) Pursuant to the Transaction Agreement and subject to the terms set forth in this Agreement, Pan Am Southern hereby grants Norfolk Southern trackage rights (collectively, the “Trackage Rights”) between Mechanicville, NY and the Ayer Intermodal Facility, the Ayer Automotive Facility and the Sanvel Properties for Intermodal traffic, Automotive Traffic and CP Traffic and D&H Traffic as more fully described in Appendix A. Norfolk Southern’s use of the Trackage Rights shall be subject to the limitations and restrictions set forth in this Section 2 and Section 3.

(ii) Norfolk Southern shall not exercise its Trackage Rights unless and until a Major Service Standard Failure, as defined in Appendix B to this Agreement, has occurred, and only pursuant to the terms and conditions set forth therein. Pan Am Southern shall provide Norfolk Southern with monthly reports, quarterly reports and annual reports (“Service Reports”) that will provide data to Norfolk Southern sufficient to permit it to determine whether a Major Service Standard Failure has occurred. Failure to exercise its rights under this subsection with respect to any one Major Service Standard Failure time shall not prejudice Norfolk Southern’s rights to exercise its rights with respect to any subsequent Major Service Standard Failure.

(iii) The Trackage Rights shall be for the purpose of Norfolk Southern using the Subject Trackage to operate its trains in overhead movements only and shall not

include the right of ingress and egress to any tracks, switches, turnouts, or other track classifications that connect to any point along the Subject Trackage except the End Points.

(iv) Except as may otherwise be permitted by this Agreement, Norfolk Southern shall not use any part of the Subject Trackage for the purpose of switching, storage or servicing Cars or Equipment, or the making or breaking up of trains; provided, however, that Norfolk Southern may use such auxiliary trackage as may be designated by the Pan Am Southern as necessary for the handling of locomotives or cars bad ordered en route.

(v) Norfolk Southern's use of Subject Trackage shall be in common with Pan Am Southern and any other authorized user, and other than as explicitly set forth herein, Pan Am Southern's right to use the Subject Trackage shall not be diminished by this Agreement.

(vi) Norfolk Southern may operate trains in either direction over the Subject Trackage.

(b) Haulage Rights.

(i) Pursuant to the Transaction Agreement and subject to the terms set forth in this Agreement, Pan Am Southern hereby grants Norfolk Southern haulage rights (collectively, the "Haulage Rights") to the extent described in each of the following Appendices:

Appendix C – Haulage Rights between Mechanicville, NY and Gardner, MA to/from an interchange with the P&W, for the movement of any Norfolk Southern Haulage Traffic for which a rate is provided; and

Appendix D – Haulage Rights between Mechanicville, NY and Hoosick Junction for the movement of Norfolk Southern Haulage Traffic to/from an interchange with VTR, for the movement of any Norfolk Southern Haulage Traffic for which a rate is provided; and

Appendix E – Haulage Rights between Mechanicville, NY and East Northfield, MA (and, following reconstruction of the connection at Millers Falls, at Millers Falls, MA), to/from an interchange with the NECR, for the movement of any Norfolk Southern Haulage Traffic for which a rate is provided; and

Appendix F – Haulage Rights between Mechanicville, NY and the Ayer Intermodal Facility, the Ayer Automotive Facility and the Sanvel Properties for the local delivery of Intermodal traffic, Automotive Traffic and CP Traffic and D&H Traffic.

(ii) Pan Am Southern's obligation to provide Norfolk Southern the Haulage Rights between Mechanicville, NY and the Ayer Intermodal Facility, the Ayer Automotive Facility and the Sanvel Properties hereunder shall cease in the event that Norfolk Southern initiates its Trackage Rights operations pursuant to Section 2(a)(ii) of this Agreement.

SECTION 3. OPERATING AND OTHER RESTRICTIONS

(a) Norfolk Southern Haulage Cars shall at all times remain in the revenue waybill and car hire accounts of Norfolk Southern while moving over the Subject Trackage via the Haulage Rights. CP Haulage Cars shall at all times remain in the revenue waybill and car hire accounts of CP while moving over the Subject Trackage via the Haulage Rights or the Trackage Rights. D&H Haulage Cars shall at all times remain in the revenue waybill and car hire accounts of D&H while moving over the Subject Trackage via the Haulage Rights or the Trackage Rights.

(b) Pan Am Southern shall not be entitled to any line haul revenue for the handling of Norfolk Southern, CP or D&H Haulage Cars, or movement of traffic pursuant to the Trackage Rights, nor shall Pan Am Southern participate in the routing of, nor appear in tariffs, waybills or other shipping documents as a participating carrier in connection with, the movement of any of the same.

(c) Norfolk Southern locomotives and crews operating over the Subject Trackage pursuant to the trackage rights grant shall be equipped to communicate with Pan Am Southern on radio frequencies normally used by Pan Am Southern in directing train movements on the Subject Trackage.

(d) Norfolk Southern's operations over the Subject Trackage shall at all times be subject to the direction and control of the Pan Am Southern and comply in all respects with the safety rules, operating rules and other regulations of the Pan Am Southern.

(e) Norfolk Southern shall make such arrangements with Pan Am Southern as may be required to have each of its employees who shall operate its trains, locomotives, Cars and Equipment over any of the routes traversing the Subject Trackage qualified for operation over the specific route that the employee will operate. Pan Am Southern shall provide, and shall cause its Railroad Operator to provide, reasonable cooperation and assistance in the qualification of Norfolk Southern operating (train and engine) crews for service over the Subject Trackage upon request. Norfolk Southern supervisory personnel who have been qualified to operate over the Subject Trackage may qualify other Norfolk Southern employees for operation of trains over the Subject Trackage.

(f) Except as permitted by Section 2(b) of Appendix F hereto, Norfolk Southern may not, pursuant to this Agreement, grant haulage rights, trackage rights, or other operating rights of any nature on or over the Subject Trackage to any other Person.

SECTION 4. INFRASTRUCTURE

(a) Maintenance.

(i) Pan Am Southern shall be solely responsible for the maintenance, repair, and renewal of the Subject Trackage. Pan Am Southern shall arrange to keep and maintain the Subject Trackage in reasonably good condition for the use herein contemplated, such condition (following the upgrading anticipated by the Transaction Agreement) not to be less than Federal Railroad Administration Class III (or any replacement of it), subject to normal slow orders and the like, but Pan Am Southern does not guarantee the condition of the Subject Trackage or that operations thereover will not be interrupted. Pan Am Southern shall take reasonable steps to ensure that any interruptions will be kept to a minimum and shall use commercially reasonable efforts to avoid such interruptions.

(ii) Existing connections or facilities connecting the trackage owned or operated by Norfolk Southern or with connecting carriers with those of the Subject Trackage shall continue to be maintained, repaired, and renewed by and at the expense of the Person or Persons responsible for such maintenance, repair, and renewal under applicable agreements.

(b) Infrastructure Improvements.

Pan Am Southern from time to time may make changes in, additions and betterments to, or retirements from, the Subject Trackage as shall, in its judgment, be necessary or desirable for the economical or safe operation of the Subject Trackage or as shall be required by any law, rule, regulation, or ordinance promulgated by any governmental entity having jurisdiction, provided that no such retirement shall materially affect operations over the Subject Trackage. Such additions and betterments shall become a part of the Subject Trackage and such retirements shall be excluded from the Subject Trackage.

(c) Loss of Use of the Subject Trackage.

(i) Other than as specifically set forth in this Agreement, Norfolk Southern shall not have, pursuant to this Agreement, any claim against Pan Am Southern for liability on account of Loss or Damage of any kind in the event the use of the Subject Trackage by Norfolk Southern is interrupted or delayed at any time by any cause.

(ii) If the Subject Trackage is unavailable for service due to a derailment, line outage or other interruption of service, then Pan Am Southern shall cooperate and consult, and cause its Railroad Operator to cooperate and consult, with Norfolk Southern in order to address any resulting backlog of trains over a period of time following the resolution of such derailment as may be required to reduce such backlog of Norfolk Southern, CP and D&H Traffic or trains. The operation of such trains shall be prioritized according to service standard protocols to be developed by the JOC.

SECTION 5. MANAGEMENT AND OPERATIONS

(a) Dispatching

(i) Pan Am Southern, through its Railroad Operator, shall have exclusive control over the management and dispatching of the Subject Trackage. Dispatching of the Subject Trackage shall be conducted in a manner as to afford each of Pan Am Southern and Norfolk Southern, and any other present or future user of the Subject Trackage (or any portion thereof) the most economical and efficient movement of its traffic over the Subject Trackage consistent with the demands and needs of other authorized users. For the purposes of dispatching, trains of the same class shall be treated with equal priority, with the four (4) classes of trains (in order of priority) being:

- (1) Passenger;
- (2) Intermodal and Automotive unit trains;
- (3) Regular (other unit and freight trains not scheduled to set off/pick up en route); and
- (4) Other (includes trains and equipment that must operate at restricted speeds, i.e., local, work, or other such equipment movements);

provided, that in the event of a conflict, the dispatcher shall be empowered to deviate from the priorities set forth herein in order to employ best practices to efficiently move all trains.

(ii) Norfolk Southern shall have the right to station a Norfolk Southern employee or agent in the dispatch center operated by Pan Am Southern or its Railroad Operator. Said person shall be present solely as an observer, and shall have no authority to control the movement of trains or otherwise interfere with or adjust the operation of trains, Cars or Equipment operating on the Subject Trackage.

(iii) Pan Am Southern shall cause its Railroad Operator to provide Norfolk Southern with read-only access to the Railroad Operator's central traffic control ("CTC") screens for the Subject Trackage in the offices of Norfolk Southern designated by Norfolk Southern. Pan Am Southern shall be responsible for the cost of modifying its system to the extent necessary to provide Norfolk Southern access to its CTC screens, and Norfolk Southern shall be responsible for the cost of the communications link with Norfolk Southern and the costs to use such link incurred in Norfolk Southern's offices.

(b) Dimensional Loads/Excess Clearance Cars

Norfolk Southern shall not have the right to operate dimensional loads and excess clearance railcars for handling over the Subject Trackage.

(c) Compensation.

Norfolk Southern shall compensate Pan Am Southern for the use of the Subject Trackage in accordance with Appendix G – Compensation.

(d) Mileage and Car Hire.

Norfolk Southern shall assume, report and pay directly all mileage and car hire charges for traffic moving in its revenue waybill account. Norfolk Southern shall cause CP and D&H to assume, report and pay directly all mileage and car hire charges in their respective revenue waybill accounts.

(e) TIH/PIH.

Unless the Parties specifically agree to the contrary, no TIH/PIH traffic shall be permitted in Haulage Cars.

(f) Transfer to Ayer Automotive Facility.

As soon as the Ayer Automotive Facility becomes available upon termination or expiration of the existing lease thereon, the Parties shall cooperate to make the Ayer Automotive Facility operational. Upon reaching operational status (a status that shall be confirmed by an exchange of letters between the Parties) the destination for Automotive Traffic shall be the Ayer Automotive Facility, rather than the Sanvel Properties. Startup costs associated with the transition of Automotive Traffic from the Sanvel Properties to the Ayer Automotive Facility shall be borne by Norfolk Southern. Should there be insufficient capacity at the Ayer Automotive Facility to handle the Norfolk Southern Automotive Traffic, the Sanvel Properties shall remain an automotive distribution facility available to Norfolk Southern pursuant to this Agreement. Pan Am Southern warrants that the Ayer Automotive Facility shall be available for use beginning 2017.

(g) Destination Facility Capacity.

In recognition of the limited capacity of the Destination Facilities, Pan Am Southern shall dedicate all capacity at the Destination Facilities as follows: (i) the Ayer Intermodal Facility shall be dedicated to Norfolk Southern for Intermodal traffic originating or terminating at points west of the facility, and to Springfield Terminal for Intermodal traffic originating or terminating at points on Springfield Terminal east of CPF 312, (ii) the Sanvel Properties shall be dedicated to Norfolk Southern for Automotive Traffic and (iii) as soon as it becomes available upon termination or expiration of the existing lease thereon, the Ayer Automotive Facility shall be dedicated to Norfolk Southern for Automotive Traffic.

SECTION 6. COMPLIANCE WITH APPLICABLE LAWS AND RULES

(a) Each of Pan Am Southern and Norfolk Southern shall comply, and Pan Am Southern shall cause the Railroad Operator to comply, with all applicable federal, state and local laws, rules, regulations and orders promulgated by any government or governmental agency that relate to the operations contemplated hereunder. If any fine, penalty, cost or charge is imposed

or assessed on or against either of them by reason of the other Party's non-compliance (or, in the case of Pan Am Southern, the non-compliance of the Railroad Operator, for which Pan Am Southern shall be responsible) with any such laws, rules, regulations or orders, such non-complying Party shall reimburse and indemnify the other Party for or on account of any such fine, penalty, cost, or charge, and all expenses and attorney's fees incurred in connection therewith, and, to the extent feasible, such non-complying Party shall defend the interests of that other Party in any related legal proceeding free of cost, charge or expense to that other Party.

(b) Without affecting the generality of the foregoing Section 6(a), each of Pan Am Southern and Norfolk Southern shall comply, and Pan Am Southern shall cause the Railroad Operator to comply, with the provisions of the Federal Locomotive Inspection Act and the Federal Safety Appliance Act, as amended, and any other applicable federal and state and local laws, regulations and rules respecting the operation, condition, inspection and safety of its trains, locomotives, Cars and Equipment while such trains, locomotives, Cars, and Equipment are being operated over the Subject Trackage. Each of those Parties shall indemnify, protect, defend, and save harmless the other from and against all fines, penalties and liabilities imposed upon such Party under such laws, rules, and regulations by any public authority or court having jurisdiction, when attributable solely to the failure of indemnifying Party (or, in the case of Pan Am Southern, the failure of the Railroad Operator, for which Pan Am Southern shall be responsible) to comply with its obligations in this regard.

(c) Trains operated pursuant to this Agreement shall not include locomotives, Cars or Equipment which exceed the width, height, weight or other restrictions or capacities of the Subject Trackage as contained in the clearance file maintained by Pan Am Southern, and no train shall contain locomotives, Cars or Equipment which require speed restrictions or other movement restrictions below the maximum authorized freight speeds as provided by Pan Am Southern's operating rules and regulations, without the prior consent of Pan Am Southern. The JOC shall make proper accommodation for exceptions, should that be reasonable, necessary, and practicable.

(d) If any employee of Norfolk Southern shall neglect, refuse, or fail to abide by Pan Am Southern's rules, instructions and restrictions governing the operation on or along Pan Am Southern's property, such employee shall, upon written request of Pan Am Southern, be prohibited by Norfolk Southern from working on Pan Am Southern's property. If any Person shall deem it necessary to hold a formal investigation to establish such neglect, refusal, or failure on the part of any employee of Norfolk Southern, then upon such notice presented in writing, Norfolk Southern shall promptly hold an investigation in which all Parties concerned shall participate, with each Party bearing the expense for its officers', counsel's, witnesses' and employees' participation. Norfolk Southern shall give notice of such investigations to its employees, and such investigation shall be conducted in accordance with the terms and conditions of schedule agreements between the employer and its employees. If the result of such investigation warrants, such employee shall, upon written request by Pan Am Southern, be withdrawn by Norfolk Southern from service on Pan Am Southern's property and Norfolk Southern shall release and indemnify Pan Am Southern from and against any and all claims and expenses because of such withdrawal.

SECTION 7. INVOICES AND PAYMENT OF BILLS

(a) On or before the 15th day of each calendar month during the term of this Agreement, the Railroad Operator shall prepare on behalf of Pan Am Southern a monthly statement setting forth the number of Cars operated over the Subject Trackage during the month pursuant to this Agreement (the "Monthly Statement") and an invoice (the "Use Invoice"). The Monthly Statement shall be in electronic format, and shall contain a detailed list of the Cars that moved during the subject month, which list shall include, for each Car, information relating to such Cars that Pan Am Southern may reasonably request in connection with accounting for the use of the services and rights provided hereunder. The Monthly Statement and the Use Invoice shall be delivered to Norfolk Southern and Norfolk Southern shall make payment to Pan Am Southern within thirty (30) days after the date of receipt of such Use Invoice.

(b) Any dispute regarding the amount of a Monthly Statement or Use Invoice shall be reconciled between the Participant Parties pursuant to Section 14, and any adjustment resulting from such reconciliation shall be reflected in a subsequent Use Invoice. If Norfolk Southern disputes any portion of a Use Invoice, it shall nevertheless pay such Use Invoice in full subject to adjustment upon resolution of the dispute; provided, however, that (i) no exception to any charge in a Use Invoice shall be honored, recognized or considered if filed after the expiration of three (3) years from the date of the Use Invoice, and (ii) no invoice shall be rendered more than three (3) years (a) after the last day of the calendar month in which the expense covered thereby is incurred, or (b) in the case of charges disputed as to amount or liability, after the amount owed or liability therefor is established. Any claim for the adjustment of a Monthly Statement or Use Invoice shall be deemed to be waived if not made in writing within three (3) years after the date of the relevant Monthly Statement for statement adjustments and the date of the relevant Use Invoice for invoice adjustments.

(c) Pan Am Southern and Norfolk Southern shall each have the right, at its own expense, to audit the records of any other Participant Party (including, for operations of Springfield Terminal pursuant to the Railroad Operating Agreement, of Springfield Terminal) pertaining to the use of the Subject Trackage under this Agreement, and any Monthly Statement, Use Invoice or other invoice issued by Pan Am Southern pursuant to this Agreement, provided such audit is initiated at any time within three (3) years of the date of the relevant Use Invoice or other invoice (as applicable) relating to this Agreement. All such audits shall be conducted at reasonable intervals, locations, and times. All such audits shall be prosecuted with reasonable due diligence. Each Participant Party and Springfield Terminal agrees that all information disclosed to it or its representatives in connection with such an audit will be held in strictest confidence and will not be disclosed to any third party (other than to an arbitrator in connection with an arbitration conducted pursuant this Agreement or as required by applicable law). Any adjustment resulting from an audit conducted pursuant to this Section 7(c) with respect to which the Participant Parties are in concurrence shall be reflected in a subsequent Use Invoice.

(d) Invoices rendered pursuant to the provisions of this Agreement, other than Use Invoices, shall include direct labor and material costs, together with the surcharges, overhead percentages, and Equipment rentals as specified by Pan Am Southern at the time any work is

performed by Pan Am Southern for Norfolk Southern, or shall include actual costs and expenses, upon mutual agreement of the Participant Parties.

SECTION 8. LIABILITY

Except as provided in Section 5(b) of Appendix F, as between the Parties hereto, responsibility for all claims, liabilities, demands, actions at law or equity, judgments, settlements, losses, damages and expenses of every character, including any loss or destruction of, or damage to, any property whatsoever, and any injury to or death of any person or persons whomever (including employees of the Participating Parties or Springfield Terminal), resulting from, arising out of, incidental to or occurring in connection with this Agreement ("Loss or Damage"), shall be allocated as follows, without regard to considerations of fault or negligence (except as otherwise specifically provided for hereinafter):

(a) Norfolk Southern Cars, D&H Cars and CP Cars moving pursuant to this Agreement shall, for the purposes of this Section 8, be referred to as "Subject Traffic". Otherwise, for the purposes of assigning responsibility for Loss or Damage under this Section 8 (including but not limited to Section 8(e)) as between the Participating Parties, the trains, Cars and Equipment of a Foreign Railroad shall be considered to be the trains, Cars and Equipment of Pan Am Southern. By way of illustration only, if, for example, Pan Am Southern were to grant D&H trackage rights pursuant to a trackage rights agreement, then traffic moving pursuant to that D&H trackage rights agreement would be Pan Am Southern traffic.

(b) Pan Am Southern shall be responsible for Loss or Damage arising, in whole or in part, from any conditions involving, or connected with, the Destination Terminals or any trackage within the Destination Terminals that are owned or otherwise controlled by Pan Am Southern, or the operations or conditions therein or thereon. Norfolk Southern shall be responsible for Loss or Damage arising, in whole, or in part, from any condition involving its terminal or any trackage within its terminal that are owned or otherwise controlled by Norfolk Southern.

(c) Except as set forth in Section 8(b), Norfolk Southern shall be responsible for: (1) Loss or Damage to Equipment in its revenue waybill account and the lading therein; and (2) to the extent not allocated pursuant to Section 8(d)(1), Loss or Damage arising from or growing out of its negligence or willful misconduct or that of its officers, agents, contractors (other than Pan Am Southern, to the extent Pan Am Southern is considered a contractor hereunder, and Springfield Terminal, to the extent Springfield Terminal is a contractor to Pan Am Southern), or employees, either solely or in conjunction with a third party.

(d) Except as set forth in Section 8(b), Pan Am Southern shall be responsible for: (1) Loss or Damage to Equipment in its revenue waybill account and the lading therein; and (2) to the extent not allocated pursuant to Section 8(c)(1), Loss or Damage arising from or growing out of its negligence or willful misconduct or that of its officers, agents, contractors (including the Railroad Operator), or employees, either solely or in conjunction with a third party.

(e) Except as set forth in Section 8(b), and to the extent not allocated pursuant to Section 8(c)(1) or Section 8(d)(1), Loss or Damage arising from or growing out of the negligence or willful misconduct of both Norfolk Southern and Pan Am Southern (or, as to Pan Am Southern, that of the Railroad Operator, and in each case of Norfolk Southern, Pan Am Southern and the Railroad Operator, their respective officers, agents, contractors or employees) shall be borne by the Participating Parties in proportion to their fault.

(f) To the extent responsibility for Loss or Damage is not allocated pursuant to Section 8(b), 8(c), 8(d) or Section 8(e) such responsibility for Loss or Damages shall be:
(i) borne solely by Norfolk Southern if the involved trains are handling only Subject Traffic, or
(ii) borne by each of Pan Am Southern and Norfolk Southern in proportion to the number of Cars in such trains that are moving in that Party's revenue waybill account or car hire account, with Subject Traffic Cars being counted for this Section 8(f) as if they were Norfolk Southern Cars.

(g) Notwithstanding anything to the contrary in Section 8(b), Section 8(c), Section 8(d), Section 8(e) and Section 8(f) above, when any damage to or destruction of the environment, including without limitation land, air, water, wildlife, and vegetation, or to third parties from substances transported in cars or contained in locomotives occurs with one or more trains handling Subject Traffic Cars being involved, then, as between themselves, (i) Pan Am Southern shall be solely responsible for any damage or destruction to the environment and to third parties which results solely from a substance transported in Pan Am Southern Cars and/or contained in a Pan Am Southern locomotive which was released, (ii) Norfolk Southern shall be solely responsible for any damage or destruction to the environment and to third parties which results solely from a substance transported in Subject Traffic Cars and/or contained in a Norfolk Southern locomotive which was released, and (iii) responsibility for damage or destruction to the environment and to third parties which results from one or more substances which was (or were) being transported in Cars, Equipment or locomotives in the revenue waybill account and car hire accounts of both Norfolk Southern and Pan Am Southern which was (or were) released shall be borne by the Participant Parties in proportion to the total number of such Cars, Equipment or locomotives in that Party's revenue waybill account or car hire account from which there was (or were) such a release, with Subject Traffic Cars being counted for this Section 8(g) as if they were in Norfolk Southern's revenue waybill account or car hire account.

(h) Notwithstanding anything to the contrary in this Section 8, if: (i) Loss or Damage occurs with one or more trains being involved; (ii) one or more of the involved trains is handling (A) only Subject Traffic Cars or (B) both Subject Traffic Cars and Pan Am Southern Cars; (iii) such Loss or Damage is attributable solely to the Gross Negligence or Willful or Wanton Misconduct of only one of the Participant Parties to this Agreement (or of Springfield Terminal in its role as the Railroad Operator for Pan Am Southern); and (iv) such Gross Negligence or Willful or Wanton Misconduct is the direct or proximate cause of such Loss or Damage, then the Party to which such Gross Negligence or Willful or Wanton Misconduct is attributable shall assume all liability, cost and expense in connection with such Loss or Damage. The Parties agree that, for purposes of this Section 8(h), (1) "Gross Negligence or Willful or Wanton Misconduct" shall be defined as "the intentional failure to perform a manifest duty in reckless disregard of the consequences as affecting the life or property of another; such a gross want of care and regard for the rights of others as to justify the presumption of willfulness and

wantonness" and shall include, by definition, acts or omissions of any its employees while under the influence of drugs or alcohol; and (2) Subject Traffic Cars being handled in haulage shall be considered Pan Am Southern Cars.

(i) If any suit or action shall be brought against any Party for Loss or Damage which under the provisions of this Agreement are in whole or in part the responsibility of another Party, said responsible Party shall be notified in writing by the Party sued, and the Party so notified shall have the right and be obligated to take part in the defense of such suit and shall pay its share of the judgment and the costs and expense incurred in such suit in accordance with the terms of this Section 8.

(j) In every case of death or injury suffered by an employee of one of the Parties, when compensation to such employee or employee's dependents is required to be paid under any present or future state or federal worker's compensation, occupational disease, employers' liability or other law, and one or more of the Parties under provisions of this Agreement is/are required to pay same or a portion of same in installments over a period of time, said Party or Parties shall not be released from paying any such future installment(s) by reason of the termination of this Agreement prior to any of the respective date(s) upon which any such future installments are to be paid.

(k) Whenever any liability, cost or expense is assumed by or allocated to a Party under this Section 8, that Party shall: (i) forever protect, defend, indemnify and save harmless the other Party from and against that liability, cost and expense, regardless of whether such liability, cost and expense was caused in whole or in part by the fault, failure, negligence, misconduct, malfeasance or misfeasance of the Party indemnified, or their directors, officers, agents or employees, and (ii) defend such Party against such claims with counsel selected by the responsible Party and reasonably acceptable to the indemnified Party.

(l) Each of Pan Am Southern and Norfolk Southern shall investigate, adjust and defend all cargo related claims filed with it in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract entered into pursuant to 49 U.S.C. Section 10709.

(m) All costs and expenses in connection with the investigation, adjustment and defense of any claim or suit (other than cargo-related claims made against a Party by a customer whose traffic was moving in the revenue and/or car hire account of such Party) under this Agreement shall be included as costs and expenses in applying the liability provisions of this Section 8; provided, however, that salaries or wages of full-time agents, full-time attorneys and other full-time employees of any Party engaged directly or indirectly in such work shall be borne by such Party.

(n) No Party shall settle or compromise any claim, demand, suit or cause of action (other than a cargo-related claim filed with it in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract entered into pursuant to 49 U.S.C. Section 10709) for which another Party has any liability under this Agreement without the concurrence of such other Party if the consideration for such settlement

or compromise exceeds [REDACTED] The foregoing amount of [REDACTED] shall be adjusted annually in accordance with the provisions of Section 2 of Appendix G.

(o) Each Party shall indemnify and hold harmless the other Parties against any and all costs and payments, including benefits, allowances, and arbitration, administrative and litigation expenses, arising out of claims or grievances made by or on behalf of or lawsuits brought by or on behalf of its own employees or their collective bargaining representatives, either pursuant to employee protective conditions imposed by a governmental agency upon the agency's approval or exemption of this Agreement and operations hereunder or pursuant to a collective bargaining agreement. It is the Parties' intention that each Party shall bear the full costs of protection of its own employees under employee protective conditions that may be imposed, and of grievances filed by its own employees arising under its collective bargaining agreements with its employees. Similarly, each Party agrees to indemnify and hold harmless the other Parties against any and all costs and payments, including judgments, damages, attorneys' fees and litigation expenses, arising out of claims, lawsuits and actions brought by or on behalf of its own employees pursuant to any provision of law, including common law, and based on employment arising out of the operations covered by this Agreement, except to extent otherwise specifically provided in this Agreement.

SECTION 9. RERAILING, WRECKING, BAD ORDERS AND REPAIRS

(a) Whenever one or more Cars and/or locomotives in the account of Norfolk Southern requires rerailling, wrecking service or wrecking train service, Pan Am Southern shall arrange for the provision of such service, including the repair and restoration of roadbed, the Subject Trackage and structures. Pan Am Southern shall promptly inform Norfolk Southern of its intent to proceed with wrecking service or wrecking train service, and shall permit a Norfolk Southern representative to be present on the scene, to work in concert with the employees of Pan Am Southern and its Railroad Operator to manage such wrecking service or wrecking train service. The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom shall be apportioned in accordance with the provisions of Section 8 hereof. All locomotives, Cars, Equipment and salvage from the same so picked up and removed which is owned by or under the management and control of or used by Norfolk Southern at the time of such wreck, shall be promptly delivered to it.

(b) If any Cars or locomotives of Norfolk Southern are bad ordered en route on the Subject Trackage and it is necessary that they be set out, those Cars or locomotives shall, after being repaired, be picked up by Pan Am Southern, or if agreed upon by the Participant Parties, Pan Am Southern will transport them to a mutually acceptable location to be picked up by Norfolk Southern. Pan Am Southern may, upon request of Norfolk Southern and at the expense of Norfolk Southern, unless otherwise provided for in the Field and Office Manuals of the Interchange Rules of the AAR, furnish required labor and material to perform light repairs

required to make such bad ordered Cars or locomotives safe and lawful for movement, and billing for this work shall be at rates prescribed in, and submitted pursuant to, the Field and Office Manuals of the Interchange Rules of the AAR.

SECTION 10. FORCE MAJEURE

The obligations, other than payment obligations, of Norfolk Southern and Pan Am Southern under this Agreement shall be subject to force majeure (including flood, earthquake, hurricane, tornado, or other such severe weather or climatic condition, riot, wreck, derailment, washout, explosion, Acts of God, act of terrorism and public enemy, war, blockage, insurrection, vandalism or sabotage, fire, strike, lockout or labor dispute, embargoes or AAR service orders, or governmental laws, orders or regulations, and other causes or circumstances beyond the control of the Party invoking such force majeure as an excuse for nonperformance), but only as long as, and to the extent that, such force majeure shall reasonably prevent performance of such obligations by the affected Party. In the event that an event of force majeure impairs any Party's ability to fulfill its obligations to the other Parties under this Agreement, said Party shall take all commercially reasonable measures to restore performance of its obligations in a timely manner.

SECTION 11. TERM AND TERMINATION

(a) This Agreement shall become effective following the latest date of: (a) the date first written above; (b) receipt of any required regulatory approvals or exemptions; and (c) the expiration of any time periods required by the issuance of labor notices by the Parties, should such labor notices be required ("Effective Date"). The Participant Parties shall determine the Effective Date through an exchange of written correspondence.

(b) This Agreement, and each of the rights covered by Appendices A, C, D, E and F shall commence on the Effective Date and shall continue until terminated by mutual agreement. Upon the termination of any one or more particular the rights covered by Appendices A, C, D, E or F, this Agreement and the rights covered by all remaining appendices shall remain in full force and effect.

(c) Termination of this Agreement, or termination of the rights covered by any particular Appendices A, C, D, E or F, shall not relieve or release any Party hereto from any obligations assumed or from any liability which may have arisen or been incurred by such Party under the terms of this Agreement prior to such termination, nor shall it terminate any underlying right, or contingent right, of movement pursuant to the trackage rights grant.

SECTION 12. SUCCESSORS AND ASSIGNS.

(a) This Agreement shall inure to the benefit of and be binding upon each of the Parties and their respective successors and permitted assigns. Third party beneficiary status shall inure to the benefit of Pan Am and each of its successors and permitted assigns.

(b) Except as otherwise specifically provided hereinafter, a Party may assign this Agreement, or any of its rights, interests or obligations hereunder, including by operation of law,

only with the prior consent in writing of the Participant Parties, which consent may be withheld at the discretion of such Participant Parties.

(c) In the event of a sale of substantially all of the assets or business of Norfolk Southern, or the merger or consolidation of Norfolk Southern into or with a firm or corporation not controlled by Norfolk Southern, Norfolk Southern may, without the prior consent of Pan Am Southern, assign this Agreement to such firm or corporation acquiring substantially all of the assets or business of Norfolk Southern, or merging or consolidating with Norfolk Southern; provided, however, that such assignment shall not extinguish or (except in the case of merger or consolidation) transfer any liability or obligation of Norfolk Southern under this Agreement that existed prior to such assignment.

(d) In the event of a sale of substantially all of the assets or business of Pan Am Southern, or the merger or consolidation of Pan Am Southern, Pan Am Southern may, without the prior consent of Norfolk Southern, assign this Agreement to such firm or corporation acquiring substantially all of the assets or business of Pan Am Southern, or merging or consolidating with Pan Am Southern; provided, however, that such assignment shall not extinguish or (except in the case of merger or consolidation) transfer any liability or obligation of Pan Am Southern under this Agreement that existed prior to such assignment.

SECTION 13. NOTICE

Any notice required or permitted to be given by one Party to the other Party under this Agreement shall be deemed given on the date sent by certified mail, or by such other means as the Parties may mutually agree, and shall be addressed as follows:

If to Pan Am Southern:	Chairman Pan Am Southern LLC c/o Pan Am Railways 400 Amherst Street, Suite 405 Nashua, NH 03063
---------------------------	---

With a copy to
Norfolk Southern
and Pan Am

If to Norfolk Southern:	Mike R. McClellan Vice President – Intermodal and Automotive Marketing Norfolk Southern Corporation Three Commercial Place Norfolk, Virginia 23510-2191
----------------------------	--

With a copy to: Vice President – Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510
(757) 629-2374
(757) 533-4872 (fax)

If to Springfield
Terminal: David A. Fink
President
Springfield Terminal Railway Company
c/o Pan Am Railways
400 Amherst Street, Suite 405
Nashua, NH 03063

With a copy to: Robert Culliford
Vice President Law
Pan Am Systems
400 Amherst Street, Suite 405
Nashua, NH 03063
(603) 816-0042
(603) 816-0043 (fax)

Any Party may provide notice of changes in the above addressees to the other Party by personal service or certified mail.

SECTION 14. DISPUTE RESOLUTION

(a) Any dispute, controversy or claim between the Parties and arising out of or relating to this Agreement or the breach, termination or validity thereof (“Dispute”) shall be referred to the JOC (for Pan Am Southern) and Norfolk Southern for resolution and if the JOC and Norfolk Southern are unable to resolve the dispute, it will be referred to the Management Committee (for Pan Am Southern) and Norfolk Southern to resolve.

(b) Any Dispute not resolved within sixty (60) days after receipt by a Party of written notice of reference of such Dispute to the Management Committee (for Pan Am Southern) and Norfolk Southern pursuant to Section 14(a), shall be submitted, by either (a) Norfolk Southern or (b) any Member (as defined in the LLC Agreement), for Pan Am Southern, for formal dispute resolution pursuant to Section 14(c).

(c) Formal Dispute Resolution:

(i) Submission to Jurisdiction. Each of the Parties hereto hereby (A) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the “Delaware Courts”) in any action to enforce or in aid of the agreement to arbitrate

in Section 14(c)(ii) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (B) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (C) waives any objection based on forum non conveniens or any other objection to venue thereof.

(ii) Dispute Resolution. Each of the Parties hereto stipulates and agrees that any Dispute that is not resolved pursuant to Section 14(a) will be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the AAA then in effect (the "Rules"), under the following terms and conditions:

(A) Selection of Arbitrator. A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(B) Conduct of Arbitration. The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to money damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(C) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

(D) Findings and Conclusions. The arbitrator will, after reaching judgment and award, prepare and distribute to the parties a written award including the findings of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(E) Time is of the Essence. The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against any party if, upon a showing that such party is unreasonably delaying the proceeding.

(F) Temporary Equitable Relief. By agreeing to arbitration, the Parties do not intend to deprive any Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant provisional remedies and to direct the Parties to request that any court modify or vacate any temporary or

preliminary relief issued by such court, and to award money damages for the failure of any party to respect the arbitrator's orders to that effect.

(G) Consolidation. The Parties are committed to the prompt and efficient resolution of Disputes. Accordingly, if more than one Dispute arise under this Agreement and/or any JV Transaction Agreement, such Disputes may be brought in a single arbitration. If more than one arbitration is brought with respect to Disputes under this Agreement and/or any JV Transaction Agreement, then any Party may request that any arbitration or any new Dispute arising under this Agreement or the JV Agreement be consolidated into any prior arbitration. The new Dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new Dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no Party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the parties. Unless the Parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The Parties waive any right they have to appeal or to seek interpretation, revision or annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(H) Discovery. Recognizing the express desire of the Parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(I) Costs and Attorneys' Fees. Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 14(c) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to the prevailing Party or Parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the Party resisting enforcement.

(J) Miscellaneous. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator. An arbitrator's award may be appealed in accord with Section 23 of the Uniform Arbitration Act.

(c) As a third party beneficiary, Pan Am may initiate and prosecute arbitration pursuant to Section 14(b) on behalf of Pan Am Southern. Pan Am Southern and Springfield Terminal shall cooperate with Pan Am in the preparation for, and the initiation and prosecution of, such arbitration, at Pan Am Southern's expense.

SECTION 15. CONFIDENTIALITY

Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement, or in connection with an audit by the Internal Revenue Service or other tax authority, or as may be necessary or appropriate for a Party hereto to enforce its rights under this Agreement, during the term of this Agreement (including any extensions thereof), and for a period of three (3) years after termination or expiration of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or which is obtained hereunder will be kept confidential and will not be disclosed by any Party to any person other than members, officers, employees, independent auditors, and attorneys, without the prior written approval of the Participant Parties. Notwithstanding anything to the contrary, any Party may disclose this Agreement in connection with an audit by its external auditors, the Internal Revenue Service or other tax authority.

SECTION 16. ABANDONMENT

(a) Pan Am Southern shall have the right, subject to securing any necessary regulatory approval or exemption, to abandon or discontinue service on the Subject Trackage or any portion thereof (the "Abandonment Segment") during the term of this Agreement. Pan Am Southern shall provide Norfolk Southern no less than ninety (90) days prior notice of its intention to seek to abandon or discontinue service over any Abandonment Segment.

(b) If Pan Am Southern elects to abandon or discontinue service over the Subject Trackage (or any portion thereof) pursuant to Section 16(a), this Agreement shall continue to apply in all respects to any remaining portion of the Subject Trackage not abandoned or subject to discontinuance by Pan Am Southern.

(c) Pan Am Southern shall, not less than sixty (60) days prior to any submission to the STB (or successor agency having jurisdiction over said abandonment or discontinuance) of an application or exemption for authority to abandon or discontinue service over an Abandonment Segment(s), first offer Norfolk Southern the first right to purchase such Abandonment Segment(s) for fair market value ("FMV") of such Abandonment Segment(s), and on such other terms and conditions as are customary with respect to line sales, which such notice shall specifically identify this Section 16 and the time periods for action hereunder. Norfolk Southern shall have forty-five (45) days ("Abandonment Notice Period") within which to advise Pan Am Southern that it will exercise its right to purchase ("Exercise Notice"). If the Participant Parties are unable to agree upon the FMV of the Abandonment Segment(s) that Norfolk Southern wishes to purchase, either Participant Party may refer the issue to arbitration pursuant to Section 14, which arbitration shall determine all other issues relating to terms and conditions for the sale not then (at the time of the initiation of the arbitration) agreed to by the Participant Parties. Such arbitration shall be conducted on an expedited basis, with selection of the arbitrator within thirty (30) days of the initiation of arbitration, all submissions to be made by the Participant Parties within sixty (60) days of the initiation of arbitration, and a written decision to be rendered within thirty (30) days following the final submissions of the Participant Parties.

(d) The Participant Parties shall consummate the sale contemplated by this Section 16 within forty-five (45) days of the latest of: (i) the rendering of a written arbitration decision, should issues related to the sale proceed to arbitration; (ii) the execution of a purchase and sale agreement, should the Participant Parties execute the same; and (iii) the grant of authority, or exemption from the need to obtain a grant of authority, from any regulatory body having jurisdiction over the same.

(e) If Norfolk Southern elects not to purchase the Abandonment Segment, it shall so advise Pan Am Southern within the same forty-five (45) day Abandonment Notice Period by delivering to Pan Am Southern a notice of waiver of right to purchase said segment ("Waiver Notice"). Failure of Norfolk Southern to provide Pan Am Southern (including a copy to Pan Am) with either an Exercise Notice or a Waiver Notice within the aforesaid forty-five (45) day period shall constitute a Waiver Notice.

(f) In the event of a Waiver Notice and Norfolk Southern does not purchase the Abandonment Segment pursuant to its rights in this Agreement, Norfolk Southern shall promptly file such application, petition or exemption notice as may then be required to obtain regulatory authority or exemption for the Abandonment Segment and for the discontinuance of Norfolk Southern's trackage rights over the Abandonment Segment.

SECTION 17. INDEMNITY COVERAGE

As part of the consideration hereof, each Party hereby agrees that each and all of its indemnity commitments in this Agreement in favor of the other Parties shall also extend to and indemnify the parent corporation, subsidiaries and affiliates of such other Party, and all of their respective directors, officers, agents and employees.

SECTION 18. INSURANCE

[REDACTED]

SECTION 19. TERMINATION OF 1998 INTERMODAL AGREEMENT

The Parties hereby terminate the 1998 Intermodal Agreement effective as of the Effective Date. Guilford Motor Express, Inc. hereby consents to the termination of the 1998 Intermodal Agreement effective as of the Effective Date. To the extent an action would be required of any of the Pan Am System Parties to give full and complete effect to this Agreement,

but this Agreement fails to provide a reference to one of the Pan Am System Parties, each of the Pan Am System Parties nevertheless agrees to perform said action.

SECTION 20. PERSONNEL

(a) Pan Am Southern's relationship to Norfolk Southern hereunder is that of landlord (with regard to the Trackage Rights) or independent contractor (with regard to the Haulage Rights) providing services over Pan Am Southern's railroad and at the Destination Terminals, as defined in the Appendices. Pan Am Southern shall be solely responsible, and shall cause its contractors to be solely responsible, for employing, supervising and directing all personnel reasonably required, in its judgment, to perform its obligations under this Agreement and the Appendices, including, maintaining all appropriate employment and operating records, and for paying and accounting for all wages, salaries, benefits (including without limitation pension benefits or obligations), employer social security contributions, unemployment insurance, and state, local and federal withholding taxes upon such compensation for its employees. Pan Am Southern shall, and shall cause its contractors to, be responsible for all negotiation and other dealings with any labor organization representing its employees, and for any grievances or other labor claims made by its employees or made by a labor organization on their behalf.

(b) Each Party shall each ensure that its employees meet all requirements imposed by law and/or reasonably and uniformly required in connection with the performance of its respective obligations under this Agreement and the Appendices.

SECTION 21. COVENANT OF GOOD FAITH AND FAIR DEALING

The Parties agree to deal with one another on matters related to this Agreement fairly, honestly, and in good faith. "Good Faith" means honesty in fact and observance of reasonable commercial standards and customs of fair dealing in the transportation industry generally and of the intermodal, automotive and railroad transportation industry in particular.

SECTION 22. MISCELLANEOUS PROVISIONS

(a) This Agreement and each and every provision hereof are for the exclusive benefit of the Parties hereto. Nothing herein contained shall be taken as creating or increasing any right of any third party to recover by way of damages or otherwise against any of the Parties hereto. Pan Am shall have third party status solely for the purpose of enforcing this Agreement, and not by way of recovery for damages hereunder.

(b) This Agreement contains the entire understanding of the Parties hereto with respect to the subject matter hereof and supersedes any and all oral understandings between the Parties.

(c) Any term or provision of this Agreement may be changed, waived, discharged, or terminated but only by an instrument signed by both of the Participant Parties, which such instrument need not be served on any other Party to be effective.

(d) The division of this Agreement into articles, sections, and subsections and the insertion of headings and references are for convenience of reference only, and shall not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, all references to articles, sections or subsections are to articles, sections or subsections of this Agreement.

(e) This Agreement is the result of mutual negotiations between the Parties hereto, none of whom shall be considered the drafter for purposes of contract construction.

(f) No consent or waiver, expressed or implied, by a Party of any breach or default by the other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance hereunder by such other Party. Failure on the part of a Party to complain of any act or failure of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first mentioned Party of its rights hereunder.

(g) If any provision of this Agreement or the application thereof to any Party hereto or to any circumstance shall be determined by a court of competent jurisdiction to be invalid or unenforceable to any extent or for any reason, the remainder of this Agreement or the application of the provisions thereof to such Party or circumstance, other than those determined to be invalid or unenforceable, shall not be affected thereby and shall be enforced to the fullest extent permitted by law, and the Parties shall promptly enter into such other agreement(s) as their respective legal counsel may deem appropriate in order to replace such invalid or unenforceable provisions in a manner that produces a result which is substantially equivalent to the terms of this Agreement in all material respects.

(h) Nothing herein shall be interpreted as creating an association, partnership, joint venture or other joint undertaking between any of the Parties.

(i) THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

(j) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same instrument.

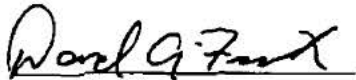
(k) This Agreement, including the appendices hereto, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous oral or written understandings, agreements, and commitments as to the subject matter hereof. This Agreement and the appendices hereto may not be modified, changed or altered except by written agreement signed by authorized representatives of the Parties. Any Appendix hereto may be amended by the Participant Parties signing a revised version of such Appendix and this Agreement will be deemed to be amended thereby.

INDEX TO APPENDICES

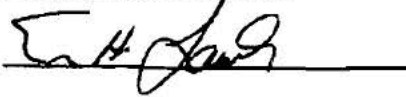
APPENDIX A – INTERMODAL AND AUTOMOTIVE TRACKAGE RIGHTS
APPENDIX B – DEFINITION OF MAJOR SERVICE STANDARD FAILURE
APPENDIX C – HAULAGE RIGHTS FOR P&W INTERCHANGE
APPENDIX D – HAULAGE RIGHTS FOR VTR INTERCHANGE
APPENDIX E – HAULAGE RIGHTS FOR NECR INTERCHANGE
APPENDIX F – INTERMODAL AND AUTOMOTIVE HAULAGE RIGHTS
APPENDIX G – COMPENSATION

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

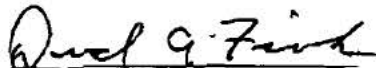
WITNESS:


As to Pan Am Southern

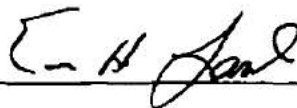
PAN AM SOUTHERN LLC

By: 

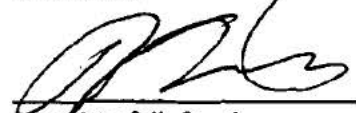
WITNESS:


As to Springfield Terminal

SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: 

WITNESS:


As to Norfolk Southern

NORFOLK SOUTHERN RAILWAY COMPANY

By: 

Solely for the purpose of consent in
accordance with Section 19 hereof:

GUILFORD MOTOR EXPRESS, INC.

By: _____

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

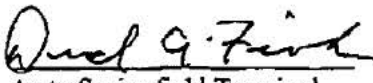
WITNESS:


As to Pan Am Southern

PAN AM SOUTHERN LLC

By: 

WITNESS:


As to Springfield Terminal

SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: 

WITNESS:

As to Norfolk Southern

NORFOLK SOUTHERN RAILWAY COMPANY

By: _____

Solely for the purpose of consent in
accordance with Section 19 hereof:

GUILFORD MOTOR EXPRESS, INC.

By: 

APPENDIX A – INTERMODAL AND AUTOMOTIVE TRACKAGE RIGHTS

SECTION 1. SUBJECT TRACKAGE; END POINTS

(a) Subject Trackage. The following segments of railroad owned or operated by Pan Am Southern are hereby identified as the “Subject Trackage” for this Appendix A:

(i) The line between Mechanicville, NY, at or near Milepost 467.40, and the Ayer Intermodal Facility in Ayer, MA, at or near Milepost 316.1, a distance of approximately 151.3 miles (which distance will be used to determine the compensation due for use of these rights pursuant to Section 5(c) of the Agreement).

(ii) The line between Mechanicville, NY, at or near Milepost 467.40, and the Ayer Automotive Facility in Ayer, MA, at or near Milepost 314.2, a distance of approximately 153.2 miles (which distance will be used to determine the compensation due for use of these rights pursuant to Section 5(c) of the Agreement).

(iii) The main line between Mechanicville, NY, at or near Milepost 467.40, and the Sanvel Properties in Ayer, MA, at or near Milepost 312.9, a distance of approximately 154.5 miles (which distance will be used to determine the compensation due for use of these rights pursuant to Section 5(c) of the Agreement).

The Subject Trackage for this Appendix A is reflected on the attached Map A.

(b) End Points. The following locations are hereby identified as the “End Points” for this Appendix A: The main line in Mechanicville, NY, at or near Milepost 467.40, the Ayer Intermodal Facility in Ayer, MA, at or near Milepost 316.1, the Ayer Automotive Facility in Ayer, MA, at or near Milepost 314.2, and the Sanvel Properties in Ayer, MA, at or near Milepost 312.9.

SECTION 2. ADDITIONAL RESTRICTIONS ON USE

In addition to other restrictions on use described in the Agreement, the Trackage Rights pursuant to this Appendix A may only be used for the movement of loaded or empty Intermodal Cars and Equipment or Automotive Traffic Cars and Equipment.

APPENDIX B – DEFINITION OF MAJOR SERVICE STANDARD FAILURE

Section 1. Service Standards.

(a) The Service Standards contained in this Section 1 shall become effective beginning with the start of the calendar year following the earlier of (i) completion of the spending of the Capital Proceeds as defined in the Capital Planning and Facility Management Agreement (“CPFMA”), excluding the two million five hundred thousand dollars (\$2,500,000) for improvements at Ayer; or (ii) the fourth anniversary of the Closing of the Transaction.

(b) For the purpose of this Appendix B, the following definitions shall apply:

(i) The term “End Points” shall mean Mechanicville, on the one hand, and the Ayer Intermodal Facility, the Ayer Automotive Facility or the Sanvel Properties, depending upon the intended origin or destination of the relevant Qualifying Train.

(ii) The term “Release” shall refer to the verified time that the terminal contractor at (1) Mechanicville releases the eastbound train or (2) Ayer releases the westbound train, to the Railroad Operator’s transportation department for furtherance to Ayer and Mechanicville respectively.

(iii) The term “Placement” shall be the time that the Norfolk Southern Intermodal/Automotive Traffic railcars are placed on the loading tracks of the relevant intermodal or automotive terminal and blue flags are placed so that the train can be unloaded.

(iv) The term “Qualifying Trains” shall be trains carrying primarily Norfolk Southern Haulage Traffic permitted to be moved pursuant to Appendix F to this Agreement (“Norfolk Southern Intermodal/Automotive Traffic”) released within thirty (30) minutes of the scheduled released time. In addition, Qualifying Trains must meet the following criteria to be included in the computation for Service Standards:

(A) The train must not have been delayed en route between the End Points directly as a result of:

(1) a crossing accident;

(2) the failure of locomotives in Norfolk Southern’s account on the train, unless said failure is intentionally caused by the acts of the crews, in the case of trains moving Norfolk Southern Intermodal/Automotive Traffic,

(3) trains carrying Norfolk Southern Intermodal/Automotive Traffic that undergo a 1,000 mile inspection between the End Points;

(4) concentrated FRA audits;

(5) a scheduled maintenance of way window where Pan Am Southern has given Norfolk Southern at least thirty (30) days advance notice, and, despite the good faith efforts of the Railroad Operator and Norfolk Southern under the direction of the JOC to resolve potential conflicts in scheduling, said train delays could not be avoided; or

(6) Force Majeure; or

(B) The train must not have begun its transit over the Line on any of the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

(c) At the time Service Standards become effective, the following transit times for Qualifying Trains will apply:

(i) On eastbound services, the Service Standard Transit Time for a Qualifying Train moving Norfolk Southern Intermodal/Automotive Traffic from Release at Mechanicville Yard to Placement at the Ayer Intermodal Facility or Ayer Automotive Facility shall be set forth in a schedule that will specify a transit time of seven (7) hours or less.

(ii) On westbound services, the Service Standard Transit Time for a Qualifying Train moving Norfolk Southern Intermodal/Automotive Traffic from Release at, as may be relevant for the affected Norfolk Southern Intermodal/Automotive Traffic, the Ayer Intermodal Facility, the Sanvel Properties or the Ayer Automotive Facility (or, should the Qualifying Train contain both intermodal and automotive rail cars, whichever of the same is later) to Placement in either the yard or on the loading tracks at Mechanicville, whichever the operations manager for that facility directs, shall be set forth in a schedule that will specify a transit time of seven (7) hours or less.

(iii) If the Qualifying Train is a mixed train (containing both: (x) multilevels and/or unilevels and (y) intermodal cars), then the seven (7) hour service standard set forth in Section 1(c)(i) shall only apply to the Placement of the first of the Norfolk Southern Intermodal/Automotive Traffic to be delivered to the relevant terminal, provided that:

(A) Pan Am Southern shall, and shall cause its Railroad Operator and its Terminal Operator to, place first the railcars running closest to scheduled availability, and;

(B) Pan Am Southern shall, and shall cause its Railroad Operator and its Terminal Operator to, take all reasonable efforts to move the remaining railcars to their respective terminals within one (1) hour or less.

(iv) In the event that a Qualifying Train requires fueling en route over Pan Am Southern, then a one (1) hour allowance shall be added to the relevant service standard.

(d) The Service Standard Transit Times provided for herein will not be amended or modified as a result of a Pan Am Change in Control, as defined in the LLC Agreement.

(e) Pan Am Southern shall, or shall cause its contractors to, provide Norfolk Southern a monthly report detailing scheduled release, actual Release and Placement times to support any necessary audit, review and enforcement of the provisions of this Appendix B.

(f) If a Qualifying Train length exceeds the available pad tracks at the relevant Terminal, then only the portion of the Qualifying Train that can fit on the available pad tracks is subject to the on-time metric detailed herein.

Section 2. Major Service Standard Failure

(a) A "Major Service Standard Failure" occurs when Qualifying Trains do not operate to the Service Standard Transit Times at least eighty five percent (85%) of the time, measured with a sixty (60) minute leeway, in any given rolling ninety (90) day period (the "Initial Period").

(b) Upon notification to Pan Am Southern of a Major Service Standard Failure, Pan Am Southern shall have three (3) months (the "Correction Period") to make such operational and other adjustments as may be reasonable or necessary to eliminate the causes of the deficiency. During this Correction Period, Pan Am Southern shall provide Norfolk Southern periodic (but no less than every other week) reports as to efforts undertaken. Within the Correction Period, Pan Am Southern shall certify that the causes of the deficiency have been corrected or that the causes of the deficiency cannot be corrected. In the event that Pan Am Southern certifies that the causes of the deficiency have been corrected, this certification shall be validated by Pan Am Southern operations for any thirty (30) consecutive day period within the Correction Period in conformance with the Service Standard Transit Times.

(c) If either (a) Pan Am Southern certifies that the causes of the deficiency cannot be corrected or (b) Pan Am Southern is unable to validate (in conformance with the final sentence of Section 2(b) of this Appendix B) that its certification that the causes of the deficiency have been corrected, then Norfolk Southern has the option, but not the obligation, to provide notice ("Trackage Rights Notification") to Pan Am Southern that it will invoke its right to begin to exercise the trackage rights provided by Section 2(a) of this Agreement.

(d) Upon service of the Trackage Rights Notification, Pan Am Southern and Norfolk Southern will continue to work to eliminate the causes of the deficiency giving rise to the Major Service Standard Failure, and to return haulage operations to the ninety percent (90%) on time requirement, taking into account the thirty (30) minute tolerance factor described above. Norfolk Southern shall have the right to withdraw its Trackage Rights Notification (without prejudice to service of the same for any future Major Service Standard Failure) during the subsequent ninety (90) day period (the "Termination Period"). Norfolk Southern may, at its option, initiate trackage rights operations at any time following the expiration of the Termination Period.

(e) For calculation purposes, a subsequent Initial Period can overlap with a prior Correction Period and Termination Period, and a subsequent Correction Period can overlap with a prior Termination Period.

APPENDIX C - HAULAGE RIGHTS FOR P&W INTERCHANGE

SECTION 1. SUBJECT TRACKAGE; END POINTS

(a) Subject Trackage. The following segment of railroad owned or operated by Pan Am Southern is hereby identified as the "Subject Trackage" for this Appendix C: The main line between Mechanicville, NY, at or near Milepost 467.40, and a connection with the P&W in Gardner, MA, at or near Milepost 344.66, a distance of approximately 122.74 miles, each such location being designated as an "End Point" for this Appendix C. The Subject Trackage for this Appendix C is reflected on the attached Map C.

(b) Permitted Traffic. In addition to traffic for which a rate is provided in Section 1(c) of this Appendix C, haulage provided to Norfolk Southern for interchange to the P&W shall include movements of the following [REDACTED] flows:

(1)

[REDACTED] and [REDACTED]

(2)

[REDACTED]

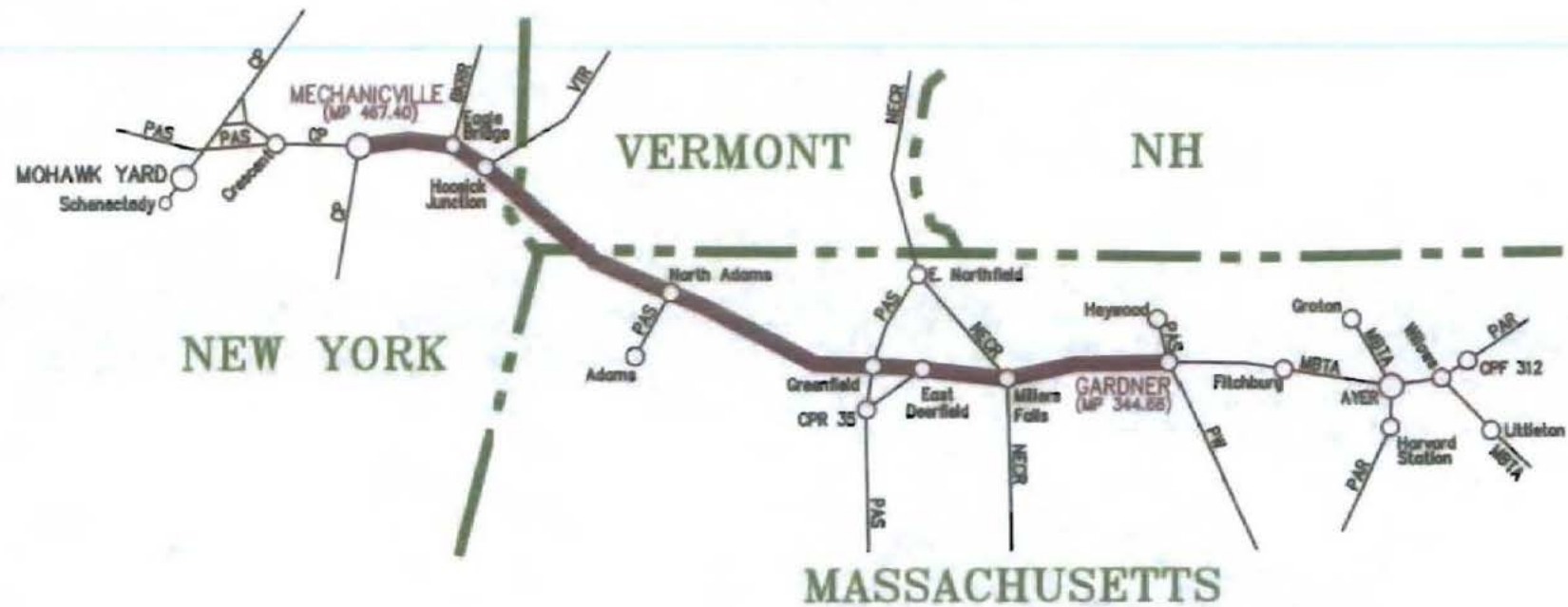
(c) Compensation. For each loaded carload of [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

All rates set forth herein shall be subject to rate adjustment and fuel surcharge as set forth in Appendix G.



LEGEND

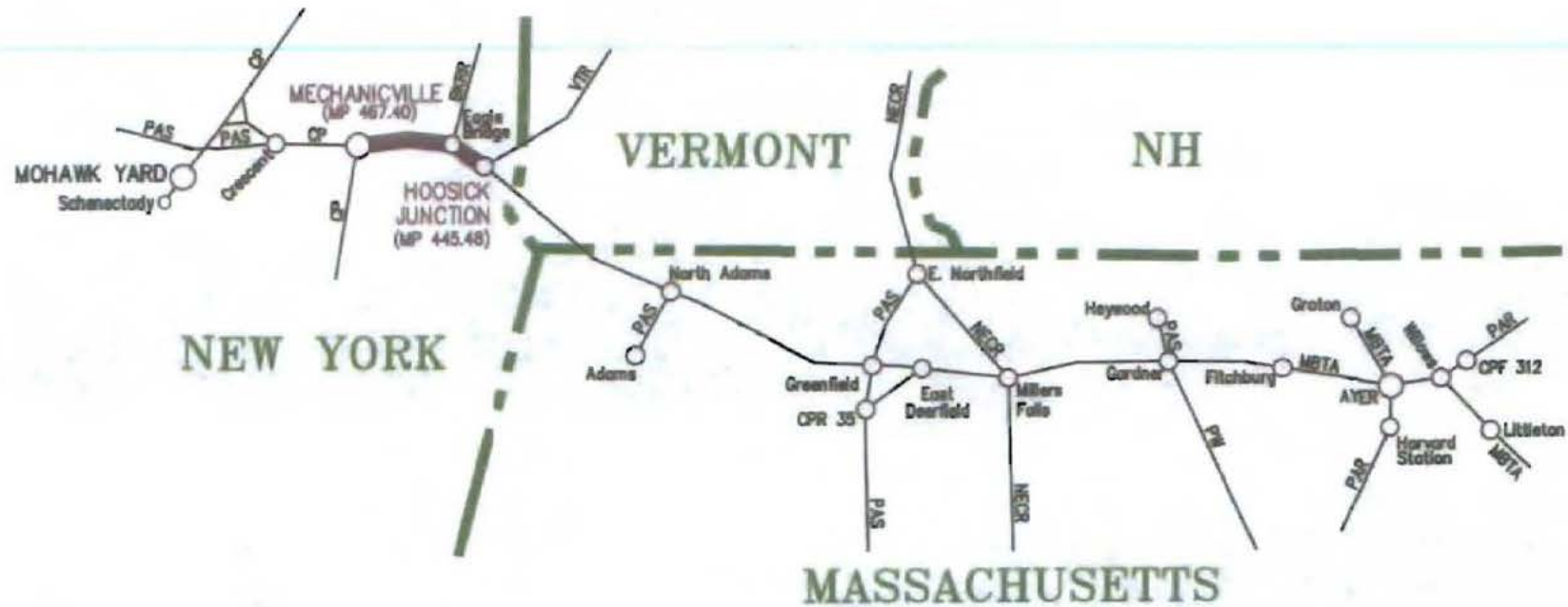
 PAN AM SOUTHERN SUBJECT TRACKAGE
 OTHER TRACK

PAN AM SOUTHERN

OFFICE OF THE VICE PRESIDENT - ENGINEERING

SUBJECT TRACKAGE - APPENDIX C
MECHANICVILLE(MP 467.40) TO
GARDNER(MP 344.66)

WEIGHT	LINE	FREIGHT MAIN LINE	
ST.	WHL	AWT	NET PWT AS SHOWN
SCALE	NOT TO SCALE		DATE 3/25/09
STOWED BY	M.S.		SHOWN BY M.S.
DELIVER BY	V.C.M.		APPROVED BY V.C.M.



LEGEND

- PAN AM SOUTHERN SUBJECT TRACKAGE
- OTHER TRACK

PAN AM SOUTHERN

OFFICE OF THE VICE PRESIDENT - ENGINEERING

SUBJECT TRACKAGE - APPENDIX D
MECHANICVILLE(MP 467.40) TO
HOOSICK JUNCTION(MP 445.48)

REVISION	DATE	DESCRIPTION	BY	APP'D
1	3/25/08	ISSUED FOR CONSTRUCTION	VCM	AS SHOWN
2	3/25/08	NOT TO SCALE	VCM	3/25/08
3	3/25/08	U.S.	VCM	U.S.
4	3/25/08	V.C.M.	VCM	V.C.M.

APPENDIX D – HAULAGE RIGHTS FOR VTR INTERCHANGE

SECTION 1. SUBJECT TRACKAGE; END POINTS

(a) Subject Trackage. The following segment of railroad owned or operated by Pan Am Southern is hereby identified as the “Subject Trackage” for this Appendix D: The main line between Mechanicville, NY, at or near Milepost 467.40, and a connection with the VTR in Hoosick Junction, at or near Milepost 445.48, a distance of approximately 22.22 miles, each such location of which are hereby identified as “End Points” for this Appendix D. The Subject Trackage for this Appendix D is reflected on the attached Map D.

(b) Compensation. For each loaded carload of [REDACTED], the following per car haulage rates shall apply [REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

All rates set forth herein shall be subject to rate adjustment and fuel surcharge as set forth in Appendix G.

APPENDIX E – HAULAGE RIGHTS FOR NECR INTERCHANGE

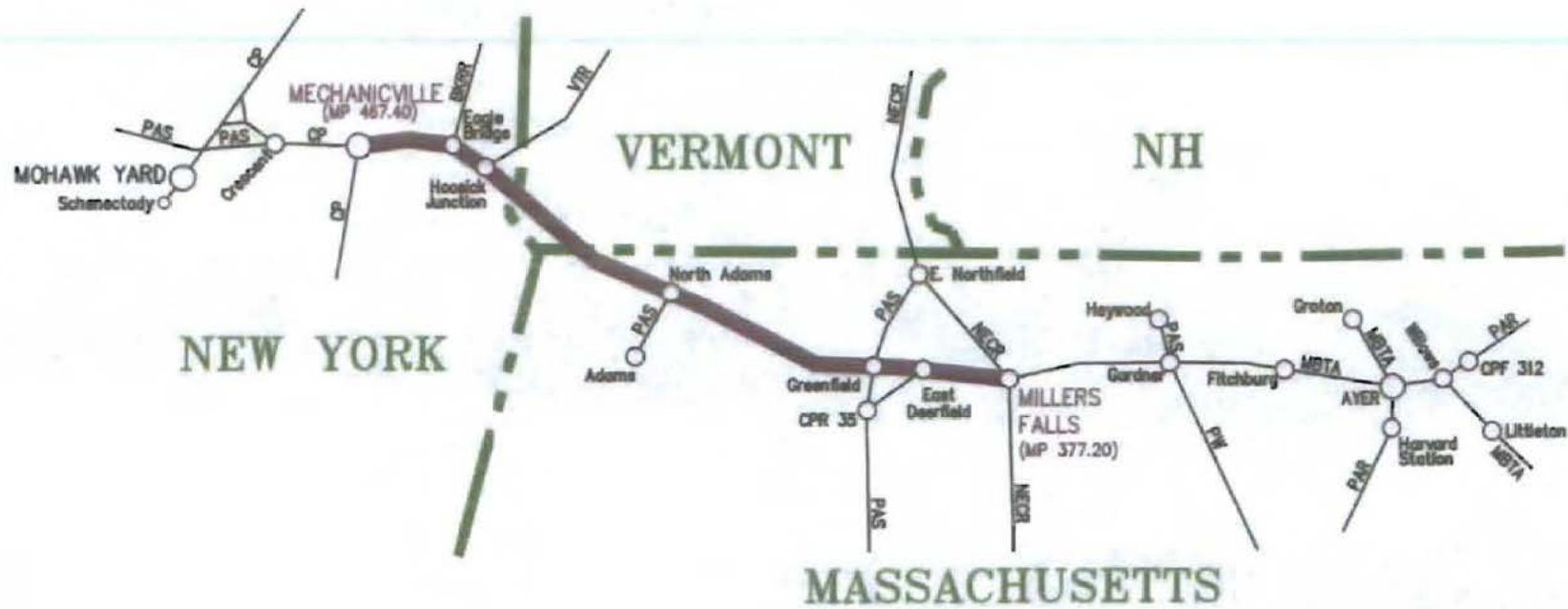
SECTION 1. SUBJECT TRACKAGE; END POINTS

(a) Subject Trackage. The following segment of railroad owned or operated by Pan Am Southern is hereby identified as the “Subject Trackage” for this Appendix E: The main line between Mechanicville, NY, at or near Milepost 467.40, and a connection with the NECR in Brattleboro, VT, and, following construction of a connection at Millers Falls, Millers Falls, at or near Milepost 377.20, a distance of approximately 90.2 miles, each such location of which are identified as “End Points” for this Appendix E. The Subject Trackage for this Appendix E is reflected on the attached Map E.

(b) Compensation. For each loaded carload of [REDACTED], the following per car haulage rates shall apply [REDACTED]
[REDACTED]

[REDACTED]

All rates set forth herein shall be subject to rate adjustment and fuel surcharge as set forth in Appendix G.



LEGEND

- PAN AM SOUTHERN SUBJECT TRACKAGE
- OTHER TRACK

PAN AM SOUTHERN

OFFICE OF THE VICE PRESIDENT - ENGINEERING

SUBJECT TRACKAGE - APPENDIX E
MECHANICVILLE(MP 467.40) TO
MILLERS FALLS(MP 377.20)

REVISION	DATE	DESCRIPTION	BY	DATE
1	3/25/09	AS SHOWN	AS SHOWN	AS SHOWN
2	3/25/09	NOT TO SCALE	NOT TO SCALE	NOT TO SCALE
3	3/25/09	M.S.	M.S.	M.S.
4	3/25/09	V.C.M.	V.C.M.	V.C.M.

APPENDIX F – INTERMODAL AND AUTOMOTIVE HAULAGE RIGHTS

SECTION 1. ADDITIONAL DEFINITIONS

Capitalized terms defined in Section 1 of the Agreement shall have the same meaning in this Appendix F as set forth in that section. The following capitalized terms shall have, for the purposes of this Appendix F, the defined meaning set forth below:

“Auxiliary Services” shall refer to those services described in Schedule C, not included in the line haul rate, requested by and paid for by either a Customer or Norfolk Southern.

“Cause” shall have the meaning given to that term in Section 9 of this Appendix F.

“Customers” shall refer to shippers and consignees and their agents tendering Intermodal trailers and containers, or Automotive Traffic to Norfolk Southern for movement by rail.

“Interchange” shall refer only to the physical exchange of Cars, Intermodal Equipment, Automotive Traffic or trains at Mechanicville, NY and shall not constitute or imply the transfer of any liabilities or obligations not specifically set forth in this Agreement.

“Intermodal Equipment” shall refer to all containers, trailers and chassis transported or used in the provision of the Haulage Services or the Lift Services.

“Haulage Services” shall refer to those services described in Schedule A, provided by Pan Am Southern, included in the rates and paid for solely by Norfolk Southern.

“Lift Services” shall refer to those services described in Schedule B, which Pan Am Southern shall cause to be provided by the Terminal Operator, and for which Norfolk Southern shall pay the Terminal Operator directly as set forth in Schedule D.

“Norfolk Southern Operations Service Representatives” shall refer to the Norfolk Southern employees designated to work with Pan Am Southern and the Terminal Operator to ensure that the service meets the needs of Customers.

“Railcars” shall refer to all flatcars, multilevels and other rail equipment used to provide Haulage Services.

“Terminal Operator” shall refer to that operator performing the Lift Services and the Auxiliary Services at each of the Destination Facilities and the Waterville Facility.

“Waterville Facility” shall refer to the intermodal facility owned by one or more of the Pan Am System Parties and/or one or more of their subsidiary or affiliated companies in Waterville, ME.

SECTION 2. DESCRIPTION OF SERVICES

(a) Haulage, Lift and and Auxiliary Services. Subject to the terms and conditions of this Agreement and this Appendix F, Pan Am Southern shall perform the Haulage Services and shall cause its Terminal Operators to perform the Lift Services (at the Ayer Intermodal) and Vehicle Loading/Unloading Services (at the Automotive terminals) and the Auxiliary Services. Norfolk Southern shall (i) pay Pan Am Southern for the performance of the Haulage Services, (ii) pay Pan Am Southern for the performance of the Lift Services and (iii) pay Pan Am Southern for the performance of the Auxiliary Services that are requested by Norfolk Southern, all at the rates set forth or calculable in accordance with Schedule D. For purposes of clauses (ii) and (iii) of this Subsection 2(a), Pan Am Southern directs Norfolk Southern to pay the fee it owes to Pan Am Southern directly to the Terminal Operator, and Pan Am Southern will require the Terminal Operator to report the activity and payments to Pan Am Southern

(b) Traffic Permitted to be Handled. The Haulage Services, the Lift Services and the Auxiliary Services shall be provided to traffic tendered to Pan Am Southern for the provision of such services under this Appendix F, which traffic shall be limited to loaded or empty Intermodal or Automotive Cars moving in the revenue waybill account of Norfolk Southern, CP or D&H. Without limiting the foregoing, Norfolk Southern need not handle the tendered traffic prior to, or subsequent to the tendering of traffic to Pan Am Southern for the provision of the Haulage Services, the Lift Services or the Auxiliary Services under this Appendix F.

(b) Terminal Schedules and Operating Hours. Pan Am Southern shall perform, and shall cause its Terminal Operators to perform, according to the schedules and Destination Terminals' operating hours set forth in Schedule E.

(c) Terminal and Dispatching Holidays. Pan Am Southern shall not be obligated to operate any of the Destination Terminals or dispatch trains handling traffic pursuant to this Appendix F on the following holidays: New Years Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas. Notwithstanding the foregoing, the Participant Parties shall review operations and commercial requirements prior to these and other holidays and determine if any adjustments to service or Destination Terminal operating hours are required to accommodate Customer demands.

(d) Provision of Personnel and Equipment. Pan Am Southern shall provide, and shall cause its Terminal Operators to provide, all qualified operating and supervisory personnel, locomotives, track, utilities, materials and supplies reasonably necessary for the efficient performance of their respective components of the Haulage Services, the Lift Services and the Auxiliary Services.

(e) Record Keeping. Pan Am Southern shall keep, and shall cause its Terminal Operators to keep, all appropriate records and prepare and deliver to Norfolk Southern (or its designee) all reports reasonably required by Norfolk Southern regarding the services listed in Schedule A and Schedule B or as described elsewhere in this Appendix F.

(f) Loading Efficiency. Pan Am Southern shall cause its Terminal Operator to make every effort to load Intermodal Equipment and Automotive Traffic onto Railcars in such a way

that the minimum number of Railcars are used for the given amount, type, size and arrival time of Intermodal Equipment and Automotive Traffic at respective Destination Terminals. For Intermodal Railcars with capacity of two or more units, Pan Am Southern shall cause the Terminal Operator of any Intermodal Destination Facility or the Waterville Facility to make every effort to load each Railcar with the same destination terminal Intermodal Equipment. Pan Am Southern shall follow, and shall cause its Terminal Operator to follow, reasonable Norfolk Southern loading and blocking instructions and restrictions. Norfolk Southern, Pan Am Southern and the Terminal Operator shall periodically discuss loading and possible blocking priorities to best suit market conditions.

(g) Terminal Operation Rules. Pan Am Southern shall cause its Terminal Operator to operate (i) the Ayer Intermodal Facility and the Waterville Facility in accordance with the Norfolk Southern Intermodal Rules Circular the AAR Intermodal Trailer and Container Securement Manual for Intermodal Cars and Intermodal Equipment, and as detailed in the Association of American Railroads (AAR) Manual of Standards and Recommended Practices, Section N, Multi-Level Manual, for Automotive Cars and Automotive Traffic, and (ii) the Sanvel Properties and the Ayer Automotive Facility in accordance with the Norfolk Southern Conditions of Carriage and the Association of American Railroads (AAR) Manual of Standards and Recommended Practices, Section N, Multi-Level, for Automotive Traffic, in each case including without limitation with respect to the application of free time and storage charges; provided that Norfolk Southern may make exceptions to the application of such rules with respect to select accounts with the approval of Pan Am Southern and existing exceptions to the application of such rules (with respect to the Ayer Intermodal Facility and the Waterville Facility) shall be respected until requested otherwise by Norfolk Southern.

SECTION 3. RAILCAR AND EQUIPMENT MAINTENANCE

(a) Railcar and Equipment Maintenance Generally. All work on Railcars and Intermodal Equipment shall be performed in accordance with Section 3(d) and Section 3(e) of this Appendix F, as may be relevant to the affected Railcars or Intermodal Equipment. Norfolk Southern shall not have, and shall not be deemed to have, any responsibility for the direct supervision of the Destination Terminal employees engaged in the performance of any such maintenance, cleaning, repair or related services. Any repairs must be authorized in writing by the Norfolk Southern Operations Service Representative.

(b) Pan Am Southern and Terminal Operator Equipment. Pan Am Southern shall be responsible for maintaining and repairing at its own expense (including parts and materials) its own work equipment and machinery, and causing the Terminal Operators to maintain and repair (including parts and materials) any work equipment, tools, and machinery used by the Terminal Operators.

(c) Norfolk Southern Equipment. Without limiting the Participant Parties' responsibilities under various provisions of this Agreement and this Appendix F, the Norfolk Southern Operations Service Representatives shall have overall responsibility to coordinate, order and request from Pan Am Southern (or, if directed by Pan Am Southern, from its Terminal

Operators) maintenance, cleaning, repair and replacement for Intermodal Equipment owned, leased or otherwise controlled by Norfolk Southern (or CP or D&H).

(d) Norfolk Southern Railcars. Section 9(b) of the Agreement dictates responsibilities and obligations should a Railcar owned by or in the account of Norfolk Southern (or CP or D&H) require repairs while on the Subject Trackage. For the purpose of implementing Section 9(b), Railcars owned by or in the account of CP or D&H moving pursuant to this Appendix F shall be considered to be, for the purpose of Section 9(b), a Railcar owned by or in the account of Norfolk Southern, and Norfolk Southern shall be principally responsible for the cost of repairs that are performed pursuant to that Section, notwithstanding the acknowledgement of the Parties that Norfolk Southern will request CP and D&H to pay any invoices directly.

(e) Customer Owned Equipment. Pan Am Southern shall cause its Terminal Operators to perform maintenance, cleaning, and repair work on Customers' privately owned or leased Intermodal Equipment as requested and authorized by the Customer. Where such services are performed at the request of the Customer, Pan Am Southern shall send, or cause its Terminal Operator to send, the invoice directly to the Customer. Where such services are performed at the request of Norfolk Southern, Pan Am Southern shall send, or shall cause its Terminal Operator to send, the invoices directly to Norfolk Southern. Norfolk Southern shall not be responsible for any cost incurred by a Terminal Operator in performing Customer authorized service work for which the Terminal Operator is not fully reimbursed by the Customer.

(f) Damaged Equipment and Lading. Pan Am Southern shall be responsible for repairing at its own expense or cause the Terminal Operator to repair (including parts and materials) any damage to Intermodal Equipment caused by negligence or abuse by Pan Am Southern or its Terminal Operators, their subcontractors or agents or other parties while said Intermodal Equipment is in the control of Pan Am Southern or its Terminal Operators. Pan Am Southern shall cause its Terminal Operators to report on a regular basis as directed by Norfolk Southern as to any damaged Norfolk Southern (or CP or D&H) Intermodal Equipment and will give Norfolk Southern (and CP and D&H, as the case may be) an opportunity, at Norfolk Southern's option, to inspect such damage prior to any repairs being made. If such damage or destruction is beyond economic repair, Pan Am Southern shall pay Norfolk Southern the depreciated replacement value of the Intermodal Equipment as determined under the AAR Rules. Norfolk Southern may direct that payment be made directly to CP or D&H for CP or D&H Intermodal Equipment. Pan Am Southern shall be liable for damage to the contents of Intermodal Equipment caused by the negligence of Pan Am Southern, its employees, contractors (including Springfield Terminal and the Terminal Operators), or agents, except that Pan Am Southern shall not be liable for any damage that is latent or that cannot be readily ascertained from a visual inspection of the exterior of the Intermodal Equipment. The Participant Party responsible for damage to any lading that is required to be transferred to other Intermodal Equipment shall be responsible for the cost of transferring same. As between Norfolk Southern (or CP or D&H) and Pan Am Southern, liability for Loss or Damage to Intermodal Equipment or its contents or to Automotive Traffic shall be determined on the basis of principles of comparative negligence.

SECTION 4. DESTINATION FACILITIES AND DESTINATION TERMINAL PREMISES

(a) Access to Destination Terminals. Pan Am Southern hereby grants Norfolk Southern and Norfolk Southern's Customers full access to the Destination Facility areas and facilities in Ayer, MA, and Waterville, ME, including yard, loading areas, parking areas and other outdoor areas, for all activities required for normal intermodal and automotive terminal operations subject to all reasonable operations and security limitations. Pan Am Southern hereby grants Norfolk Southern the right to extend that grant of access to CP, D&H, and their respective Customers. Draymen of Customers shall have access to the Destination Terminals only for the purpose of picking up or dropping off Intermodal Equipment and Automotive Traffic.

(b) Maintenance and Repair to Destination Facilities. Pan Am Southern shall cause the Destination Facilities and the Waterville Facility to be kept in good and safe condition for the operations reasonably expected to be performed there. Except as otherwise stated herein, Pan Am Southern shall be responsible for all maintenance and repairs of the Destination Terminals and facilities. Maintenance and repair shall include, but are not limited to, providing utilities, snow removal, security, janitorial services, maintenance and repair of paved or stoned or other surfaces, work equipment and track. Such maintenance and repair services shall be separate from and in addition to the Haulage Services, the Lift Services and the Auxiliary Services and shall not be subject to additional consideration hereunder.

SECTION 5. SPECIAL LOSS OR DAMAGE PROVISIONS

(a) Loss or Damages Generally. The procedures outlined in this Section are intended to allocate on an equitable basis responsibility for Loss or Damage to Intermodal Equipment and lading and to Automotive Traffic. The Participant Parties agree to periodically review these procedures for the purpose of achieving this intent, improving the procedures, and reducing the incidents of loss and damage.

(b) Westbound Loading at Terminal. For all westbound traffic, Pan Am Southern shall be responsible for ensuring that all trailers, containers and vehicles loaded onto Railcars are properly secured, using normal and customary procedures as detailed in the AAR Intermodal Trailer and Container Securement Manual, for Intermodal Cars and Intermodal Equipment, and as detailed in the Association of American Railroads (AAR) Manual of Standards and Recommended Practices, Section N, Multi-level Manual, for Automotive Cars and Automotive Traffic. Notwithstanding the provisions of Section 8(c) of the Agreement, Pan Am Southern shall be responsible for Loss or Damage due to failure to ensure that all trailers, containers and vehicles are so properly secured. With respect to any Railcars delivered to Norfolk Southern (or CP or D&H) at Mechanicville, NY, Norfolk Southern shall be responsible for inspection, or for causing the inspection, of Intermodal Equipment, Automotive Traffic and Railcars delivered by Pan Am Southern, using normal and customary procedures. Forwarding of Intermodal Equipment, Automotive Traffic and Railcars without inspection or exception by Norfolk Southern (or CP or D&H) shall constitute acceptance.

(c) Eastbound Exchange at Mechanicville, NY. For all eastbound traffic, Norfolk Southern shall be responsible for ensuring that all trailers, containers and vehicles loaded onto Railcars are properly secured, using normal and customary procedures as detailed in the AAR Intermodal Trailer and Container Securement Manual, for Intermodal Traffic, and as detailed in the Association of American Railroads (AAR) Manual of Standards and Recommended Practices, Section N, Multi-level Manual, for Automotive Traffic. With respect to any Railcars to be delivered to Pan Am Southern by Norfolk Southern (or CP or D&H) at Mechanicville, NY, Pan Am Southern shall be responsible for inspection of Intermodal Equipment, Automotive Traffic and Railcars prior to the departure of the eastbound train from Mechanicville, NY, using normal and customary procedures. Pan Am Southern shall not be responsible for any damage to Intermodal Equipment, Automotive Traffic and Railcars that is reported to Norfolk Southern (or CP or D&H, for that of CP or D&H) prior to departure of the Railcars. Forwarding of Intermodal Equipment, Automotive Traffic and Railcars without inspection or exception by Pan Am Southern shall constitute acceptance.

(d) Security. Pan Am Southern shall be responsible for the security of all Intermodal Equipment and Automotive Traffic (i) for west bound moves, from the time the same enters a Destination Terminal gate to the time that it is delivered to Norfolk Southern at Mechanicville, NY and (ii) for east bound moves, from the time such is delivered from Norfolk Southern at Mechanicville, NY to the time the same leaves a Destination Terminal gate. All seal exceptions and associated lading theft or damage will be reported to the other Participating Party within thirty-six (36) hours. If seal exceptions are not noted, any claims arising from damage and theft resulting from seal exceptions will be the responsibility of the terminating carrier.

(e) Additional Security at Destination Facilities. Pan Am Southern may require its Terminal Operator to provide additional security at each or all of the Destination Facilities or the Waterville Facility (including any associated facilities and rail yards) to the extent reasonably required to ensure the integrity and commercial viability of the associated Destination Terminal operation.

(f) Qualified Drayman. Pan Am Southern shall only permit, and shall cause its Terminal Operators to only permit, those draymen, to whom the physical possession of containers or trailers are transferred at the respective Destination Terminals, who have signed an interchange agreement with Norfolk Southern to accept Intermodal Equipment and Automotive Traffic in interchange at the Destination Terminals. Norfolk Southern shall be responsible for providing Pan Am Southern' Terminal Operators with a current and updated list of qualified draymen.

SECTION 6. CAR HIRE AND EQUIPMENT PER DIEM

(a) Per Diem. Under this Appendix F, all per diem for Intermodal Equipment and Railcars will be maintained in the account of Norfolk Southern, CP or D&H, and the ultimate management of said Intermodal Equipment and Railcars will be the responsibility of Norfolk Southern. Pan Am Southern represents that its accounting and reporting systems are capable of supporting the objectives of this Section 6(a).

(b) Dwell Time. Pan Am Southern and Norfolk Southern hereby agree to work toward, and Pan Am Southern shall cause its Terminal Operators to work toward, minimizing the average Car dwell time (the amount of time that the Car is in the possession of Pan Am Southern from the day Pan Am Southern receives the Car until Pan Am Southern returns the Car to Norfolk Southern, CP or D&H). Pan Am Southern shall provide Norfolk Southern a daily inventory of Cars on Pan Am Southern or in the Terminal and such inventory shall include Car initial and number and day and date that Car was delivered by Norfolk Southern, CP or D&H to Pan Am Southern at Mechanicville, NY.

(c) All Railcars, Intermodal Equipment and Automotive Traffic exchanged between Norfolk Southern (or CP or D&H) and Pan Am Southern and destined to one or more of the Destination Facilities or the Waterville Facility are to be used solely in this service and are not to be interchanged to another carrier or placed into another Pan Am Southern service without written consent from Norfolk Southern, CP or D&H with respect to Cars interchanged by each with Pan Am Southern. Pan Am Southern will use its best efforts to retrieve or replace any Railcars, Intermodal Equipment or Automotive Traffic so interchanged or placed. If not retrieved or replaced within 15 days of its delivery to Pan Am Southern by Norfolk Southern, CP or D&H, then said Railcars, Intermodal Equipment or Automotive Traffic shall thereafter be considered as in the account of Pan Am Southern.

SECTION 7. PERFORMANCE REQUIREMENTS

(a) Pan Am Southern Performance Requirements. Pan Am Southern shall cause its Terminal Operators to not load any Intermodal Equipment that is not in transportable condition. The Participating Parties agree to the train schedules, terminal hours and operating parameters as detailed in Schedule E to this Appendix F, and Pan Am Southern shall operate in accordance with said criteria. The Participating Parties agree to accommodate changes to each other's train schedules, including release cutoff times, provided that such changes are not unreasonable.

(b) Safety Regulations. The Participating Parties shall at all times during the term of this Appendix F comply with all applicable federal and state safety laws, regulations and procedures, including, but not limited to, those promulgated under the Occupational Safety and Health Act.

(c) Norfolk Southern Performance Requirements. Norfolk Southern is responsible for the spotting of eastbound trains at the appropriate Interchange area and time agreed to with Pan Am Southern and for prompt delivery of billing information to Pan Am Southern.

SECTION 8. SPECIAL DEFAULTS

(a) Terminal Operator Default. Norfolk Southern may require that Pan Am Southern replace a Terminal Operator with the Person it designates for "cause" by giving sixty (60) days written notice to Pan Am Southern. "Cause" shall mean:

- (i) Failure of Pan Am Southern to perform or cause its Terminal Operators to perform obligations under Section 7(a) of this Appendix F to Norfolk Southern's satisfaction based upon reasonable commercial standards of performance. For example, damaged containers, where the occurrence of same is more than occasional, would constitute "cause" under this Section 8(a)(i).
- (ii) Failure of Pan Am Southern to correct or cause its Terminal Operators to correct a performance deficiency or other breach of this Appendix F, as it relates to a Destination Terminal, within 60 days of written notice thereof.
- (iii) Failure of Pan Am Southern to timely repair or cause its Terminal Operators to timely repair damaged Norfolk Southern, CP, D&H or Customer Intermodal Equipment in accordance with authorization, where such failure is more than occasional.

Pan Am Southern shall ensure that agreements with its Terminal Operators permits the replacement of such Terminal Operators as required by this Section 8(a).

(b) Failure to Interchange – Westbound. Should Pan Am Southern fail to Interchange westbound traffic prior to the cutoff time, the following procedure and guidelines shall apply:

- (i) Pan Am Southern shall notify Norfolk Southern as soon as possible of any delays and an estimated time of arrival at Mechanicville, NY.
- (ii) Both Participating Parties shall make every reasonable effort to accommodate such delays and to make scheduled connections.

(c) Failure to Interchange – Eastbound. Should Norfolk Southern fail to Interchange eastbound traffic prior to the cutoff time for Pan Am Southern's eastbound trains departing from Mechanicville, NY, the following procedure and guidelines shall apply:

- (i) Norfolk Southern shall notify Pan Am Southern as soon as possible of any delays and an estimated time of arrival at Mechanicville, NY.
- (ii) Both Participating Parties shall make every reasonable effort to accommodate such delays and to make scheduled arrival time at the intended Destination Terminal.

(d) Event of Default Not Related to Performance. Either of the following events shall constitute an "Event of Default" which shall give Norfolk Southern or Pan Am Southern cause to terminate at the non-defaulting Participating Party's option.

- (i) The admission in writing by Norfolk Southern or Pan Am Southern of its inability to pay its debts when due.

- (ii) A force majeure event as defined in Section 10 of the Agreement prevents either party from performing its obligations hereunder for a period of sixty (60) days.

(d) Service Standards. The parties shall perform their responsibilities hereunder in accordance with the line haul and terminal service standards set forth in Schedule E to this Appendix F.

SCHEDULE A TO APPENDIX F – HAULAGE SERVICES

Westbound Haulage Services between the Destination Facilities or the Waterville Facility and Interchange at Mechanicville, NY shall include:

- **Transportation of Intermodal Equipment and Automotive Traffic from terminal to Interchange point at Mechanicville, NY using Pan Am Southern power.**
- **Notification to Norfolk Southern of Interchange.**
- **Generation of invoices to Norfolk Southern for Haulage Services.**

Eastbound Haulage Services between Norfolk Southern Interchange at Mechanicville, NY and the Destination Facilities or the Waterville Facility shall include:

- **Transportation between Mechanicville, NY interchange and the Destination Facilities or the Waterville Facility using Pan Am Southern power.**
- **Generation of invoices to Norfolk Southern for Haulage Services.**

SCHEDULE B TO APPENDIX F – LIFT SERVICES

Lift Services for westbound traffic between the Destination Facilities or the Waterville Facility and Interchange at Mechanicville, NY shall include:

- Receipt of Intermodal Equipment and Automotive Traffic through gate at terminal.
- Inspection of Intermodal Equipment and seal and Automotive Traffic at gate and documentation of any exceptions.
- Confirmation and/or input of waybill data.
- Storage of Intermodal Equipment and Automotive Traffic in Destination Facility or the Waterville Facility until:
 - 1) Next departing train; or
 - 2) Disposition instructions received from Customer or Norfolk Southern
- Proper loading of Intermodal Equipment and Automotive Traffic onto Railcars at Destination Facility or the Waterville Facility.
- For Automotive Traffic, vehicle unloading, shuttling, baying and inventory management.
- Generation of invoices in the name of Pan Am Southern to Norfolk Southern for Lift Services with instructions to pay the Terminal Operator directly.

Lift Services for eastbound traffic between Norfolk Southern Interchange at Mechanicville, NY and the Destination Facilities or the Waterville Facility shall include:

- Proper unloading and grounding of Intermodal Equipment and Automotive Traffic from Railcars.
- Live lifting upon request.
- Notification of arrival to Customer.
- Storage of Intermodal Equipment and Automotive Traffic.
- Provision of any customs or bonding services for international traffic.
- Outgate clerical services and collection of storage or other fees.
- Generation of invoices in the name of Pan Am Southern to Norfolk Southern for Lift Services with instructions to pay the Terminal Operator directly.

SCHEDULE C TO APPENDIX F – AUXILIARY SERVICES

- 1) **Equipment Maintenance – Maintain Intermodal Equipment at the request of the Customer or Norfolk Southern - whomever owns, leases or otherwise controls the Intermodal Equipment - in accordance with the provisions and guidelines contained in Appendix V. Intermodal Equipment Maintenance shall include the cleaning of Intermodal Equipment.**
- 2) **Miscellaneous Terminal Services - These services shall include:**
 - a. **Transferring or adjusting lading - This shall be billable only if such activity is requested by Customer or Norfolk Southern and is not the result of sole negligence or error in handling the Intermodal Equipment or Automotive Traffic by Pan Am Southern or the Terminal Operator.**
 - b. **Inspecting Intermodal Equipment prior to lease termination or other inspections not associated with lift operations.**
 - c. **Any other miscellaneous services not associated with linehaul services that Norfolk Southern and/or its Operations Service Representatives may request.**
- 3) **Generation of invoices in the name of Pan Am Southern to Norfolk Southern for Auxiliary Services requested by Norfolk Southern with instructions to pay the Terminal Operator directly.**
- 4) **Generation of invoices in the name of Pan Am Southern to Customers for Auxiliary Services requested by Customers with instructions to pay the Terminal Operator directly.**

SCHEDULE D TO APPENDIX F – RATES FOR HAULAGE SERVICES, LIFT SERVICES
AND AUXILIARY SERVICES

■ [REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2. Lift Services

[REDACTED]

3. Auxiliary Services

[REDACTED]

SCHEDULE E TO APPENDIX F – SCHEDULES AND HOURS OF OPERATIONS

Eastbound Schedules and Days of Operation

Mechanicville Yard to Ayer Intermodal Facility:

Days of Operation: Sunday, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday

A transit time of 7 hours, from the time from the train is released at Mechanicville Yard until it is placed at the Ayer Intermodal facility.

Containers/Trailers will be made available for pick up at the Ayer terminal within 2 hours of the train placement at the Ayer Intermodal facility.

Ayer to Waterville Intermodal facility:

Days of Operation: Sunday, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday

A transit time of 22 hours from the time it arrives the Ayer Yard until it is placed at the Waterville Intermodal facility

Containers/Trailers will be made available for pick up at the Ayer terminal within 2 hours of the train is placed at the Waterville Intermodal Facility

Mechanicville Yard to Sanvel Properties or Ayer Intermodal Facility:

Days of Operation: Sunday, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday

A transit time of 7 hours, from the time from the train is released at Mechanicville Yard until it is placed at the Sanvel Properties or Ayer Automotive facility.

Westbound Schedules and Days of Operation

Waterville Intermodal facility to Ayer Yard:

Days of Operation: Sunday, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday

A transit time of 22 hours, from the time from the train is released at Waterville Intermodal Facility until it is arrived at the Ayer Yard

Ayer Intermodal facility to Mechanicville:

Days of Operation: Sunday, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday

A transit time of 7 hours, from the time from the train is released at Ayer Intermodal facility until it is placed at the Mechanicville Yard

Sanvel Properties or Ayer Automotive facility:

Days of Operation: Sunday, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday

A transit time of 7 hours, from the time from the train is released at the Sanvel Properties or Ayer Automotive facility until it is placed at the Mechanicville Yard

For haulage trains running mixed consist of both Intermodal and Automotive traffic, the service standard shall be determined against the transit time to placement at the first facility of the two for Eastbound trains, and from the last facility where the last pick up occurs on Westbound trains.

WATERVILLE TERMINAL GATE HOURS OF OPERATION

MON-FRI: 24 hours SAT: 0800-1700 SUN: 0800-1700

AYER TERMINAL GATE HOURS OF OPERATION

M-F 24 hours, Sa 07:00 – 17:00, Su 07:00 – 17:00

APPENDIX G – COMPENSATION

Section 1. Compensation.

[REDACTED]

[REDACTED]

Section 2. The Trackage Rights Charge.

(a) The Trackage Rights Charge shall initially be set at [REDACTED] (United States currency).

(b) The Trackage Rights Charge shall be revised upward or downward each year by a “Cost Factor”, beginning with the bill rendered for the month of July first following the Effective Date of this Agreement, to compensate for the increase or decrease in the cost of labor and material, as reflected in 100% of the change from one year to the next in the “AAR Railroad Cost Indexes – Table A – Annual Indexes of Charge-out Prices and Wage Rates (1977=100) – East – Materials, prices, wage rates and supplements combined (excluding fuel) (the “Cost Index”. The Cost Factor shall be calculated for each calendar year by taking the difference between the currently available Cost Index as of January 1, and comparing that Cost Index with the Cost Index for the immediately preceding year. The Cost Factor may be a positive or negative number.

(c) The Trackage Rights Charge shall be revised by calculating the Cost Factor (essentially the percent of increase or decrease in the index for the latest calendar year as related to the index for the previous calendar year) and applying that percentage to the then current Trackage Rights Charge. In computing the adjusted Trackage Rights Charge, any fraction of a cent less than one-half shall be dropped, and any fraction equal to or greater than one-half of a cent shall be increased to the next whole cent.

(d) In the event the base for the Cost Index shall be changed from that in effect at the Effective Date of this Agreement, an appropriate revision shall be made. If the STB or any successor organization discontinues publication of the “AAR Railroad Cost Indexes”, an appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto. In the absence of agreement, the parties shall submit the matter to binding arbitration under terms of Section 14 of this Agreement.

(e) In the event that the Cost Factor is a negative number, no adjustment to the Trackage Rights Charge will take place for that calendar year. Said negative Cost Factor will be taken into consideration in calculating subsequent years' Cost Factor. Specifically, if the Cost Index is negative for two years in a row, the Cost Factor for the second year shall be adjusted downward assuming that the first year's negative Cost Index was taken into account. If the Cost Factor goes negative for three years in a row, the rate shall be adjusted again by the Cost Factor with the assumption that the first two years' negative Cost Index was taken into account.

(f) Notwithstanding any of the foregoing, under no circumstances shall the rate paid to Pan Am Southern by Norfolk Southern be less than the initial Trackage Rights Charge set forth in Section 2(a) of this Appendix G.

Section 3. The Haulage Rights Charge.

The per car charges for each loaded haulage car are set forth in the individual appendices. Those charges shall be subject to adjustment as set forth below:

(a) Rate Adjustment

(1) The Rates shall be revised upward or downward each year by a "Cost Factor", beginning with the bill rendered for the month of July 2009 (or, in the case of Automotive Traffic, the first July thereafter following the initial commencement of Haulage Services with respect to Automotive Traffic), to compensate for the increase or decrease in the cost of labor and material, as reflected in 100% of the change from one year to the next in the "AAR Railroad Cost Indexes – Table A – Annual Indexes of Charge-out Prices and Wage Rates (1977=100) – East – Materials, prices, wage rates and supplements combined (excluding fuel)" (the "Cost Index"). The Cost Factor shall be calculated for each calendar year by taking the difference between the currently available Cost Index as of January 1, and comparing that Cost Index with the Cost Index for the immediately preceding year. The Cost Factor may be a positive or negative number.

(2) The Rates shall be revised by calculating the Cost Factor (essentially the percent of increase or decrease in the index for the latest calendar year as related to the index for the previous calendar year) and applying that percentage to the then current Rates. In computing the adjusted Rates, any fraction of a cent less than one-half shall be dropped, and any fraction equal to or greater than one-half of a cent shall be increased to the next whole cent.

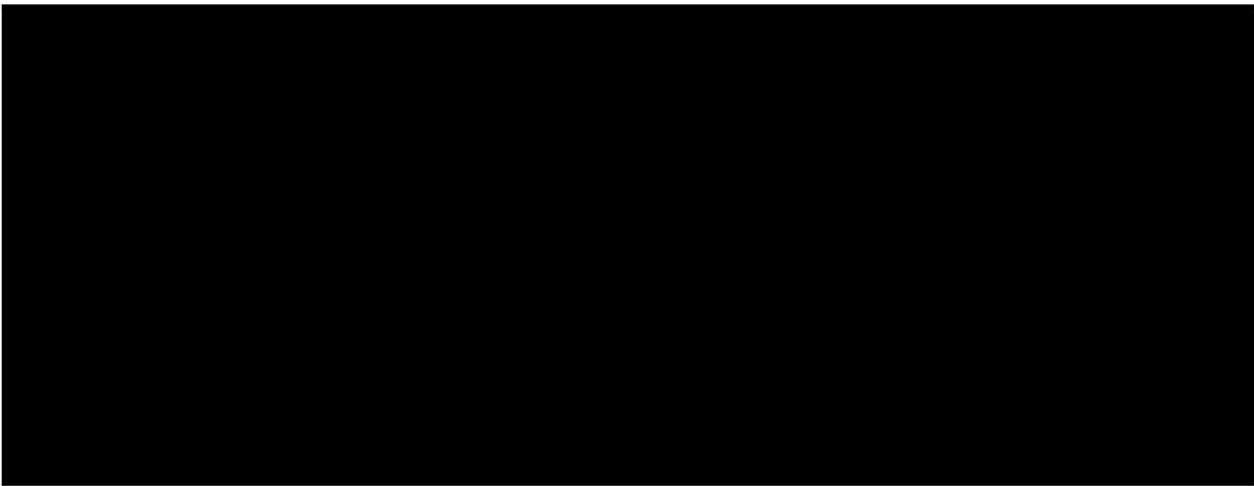
(3) In the event the base for the Cost Index shall be changed from that in effect at the effective date of this Agreement, an appropriate revision shall be made. If the STB or any successor organization discontinues publication of the "AAR Railroad Cost Indexes", an appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto.

(4) In the event that the Cost Factor is a negative number, no adjustment to the Haulage Rights Charge will take place for that calendar year. Said negative Cost Factor will be

taken into consideration in calculating subsequent years' Cost Factor. Specifically, if the Cost Index is negative for two years in a row, the Cost Factor for the second year shall be adjusted downward assuming that the first year's negative Cost Index was taken into account. If the Cost Factor goes negative for three years in a row, the rate shall be adjusted again by the Cost Factor with the assumption that the first two years' negative Cost Index was taken into account, and so on.

(5) Notwithstanding any of the foregoing, under no circumstances shall the Rates be less than those reflected in the tables above except as provided in subsection (b)(4) of Schedule D of Appendix F to the Agreement.

(b) Fuel Surcharge:



The surcharge will be applied to the intermodal haulage component of the monthly invoice. For a given month, take the average of the DOE's Index value released on each of the Mondays during that month. Using the above scale, determine the appropriate fuel surcharge to apply.

**FIRST AMENDMENT
TO
MASTER NORFOLK SOUTHERN
JOINT USE AGREEMENT**

**THIS FIRST AMENDMENT TO MASTER NORFOLK SOUTHERN
JOINT USE AGREEMENT** (this "***Amendment***") is entered into as of this ¹⁷ day of ~~December, 2010~~ ^{January, 2011}, by and among Pan Am Southern LLC, a Delaware limited liability company ("***Pan Am Southern***"), Springfield Terminal Railway Company, a Vermont corporation ("***Springfield Terminal***"), and Norfolk Southern Railway Company, a Virginia corporation ("***Norfolk Southern***").

WHEREAS, Pan Am Southern, Springfield Terminal and Norfolk Southern are parties to that certain Master Norfolk Southern Joint Use Agreement dated as of April 9, 2009 (the "***Agreement***");

WHEREAS, the parties desire to amend the Agreement as set forth herein;

NOW THEREFORE, for and in consideration of the benefits and detriments arising hereunder, the receipt and sufficiency of which are acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. The Agreement is hereby amended by deleting Schedule D to Appendix F in its entirety and inserting in its place Schedule D to Appendix F attached hereto as Exhibit A and made a part hereof.
2. Except as herein amended, the Transaction Agreement and the LLC Agreement shall continue in full force and effect.
3. This Amendment and all of the provisions hereof shall inure to the benefit of and shall be binding upon the successors in interest of the parties hereto.
4. This Amendment and the rights hereunder shall be interpreted in accordance with the laws of the State of Delaware, and all rights and remedies shall be governed by such laws without regard to principles of conflict of laws.
5. The invalidity or unenforceability of any particular provision of this Amendment shall not affect the other provisions hereof, and this Amendment shall be construed in all respects as if such invalid or unenforceable provision were omitted.
6. This Amendment may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument binding upon all of the parties notwithstanding the fact that all parties are not signatory to the original or the same counterpart. For purposes of this Amendment, facsimile and .PDF signatures shall be

deemed originals, and the parties agree to exchange original signatures as promptly as possible.

[Remainder of page intentionally left blank—signature page follows]

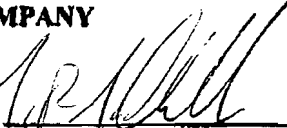
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PANAM SYSTEMS

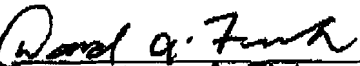
#1115 P.003/003

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Amendment in multiple parts, with each part to be an original, as of the date and year first written above.

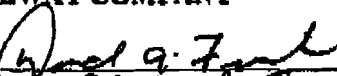
**NORFOLK SOUTHERN RAILWAY
COMPANY**

By: 
Name: M. R. McCLure
Title: V.P. - IM/AUTO MKTG

PAN AM SOUTHERN LLC

By: 
Name: DAVID A. Fink
Title: President

**SPRINGFIELD TERMINAL
RAILWAY COMPANY**

By: 
Name: DAVID A. Fink
Title: president

IN WITNESS WHEREOF, THE PARTIES HERETO have executed this Amendment in multiple parts, with each part to be an original, as of the date and year first written above.

**NORFOLK SOUTHERN RAILWAY
COMPANY**

By: 
Name: M. R. McClendon
Title: VP - Int'l Mktg

PAN AM SOUTHERN LLC

By: _____
Name: _____
Title: _____

**SPRINGFIELD TERMINAL
RAILWAY COMPANY**

By: _____
Name: _____
Title: _____

Exhibit A

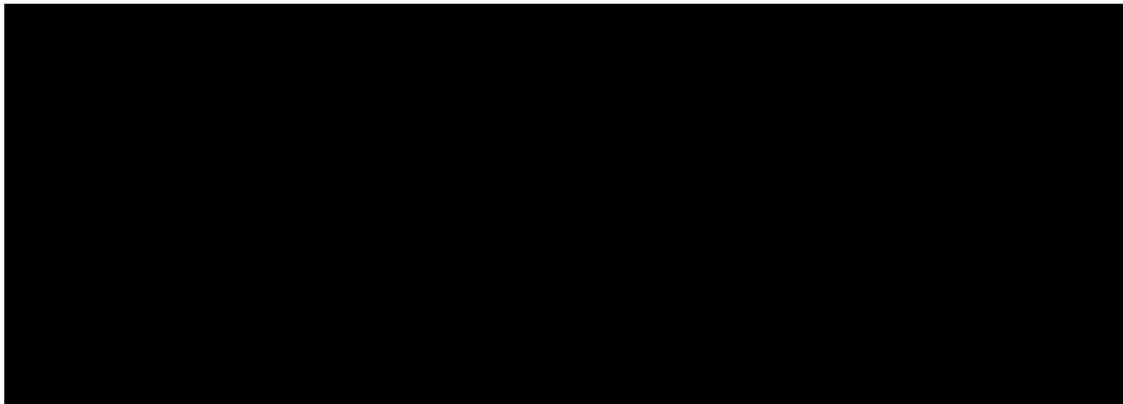
**SCHEDULE D TO APPENDIX F – RATES FOR HAULAGE SERVICES, LIFT SERVICES
AND AUXILIARY SERVICES**

1. Haulage Charges

(a) Intermodal

Intermodal Equipment

Rate Per Unit



- 1) Rates and/or service are to be marketed as single-line Norfolk Southern.
- 2) Norfolk Southern will be responsible for all flatcar and trailer per diem and mileage.
- 3) Rates include initial terminal switching, all other switching moves requested by Norfolk Southern or its agent and/or necessitated by Norfolk Southern blocking shall be charged at a rate of [REDACTED] per switch, subject to rate adjustment provisions set forth in Appendix G.

- 4) Terminal lift charges by the Terminal Operator at the Ayer Intermodal Facility and the Waterville Facility shall apply in addition to rates listed above.
- 5) Pan Am Southern shall supply its own locomotive power and fuel for terminal switching only.
- 6) Norfolk Southern shall supply locomotives and fuel for line-haul services.

(b) Automotive

Automotive Traffic between Mechanicville, on the one hand, and the Sanvel Properties or the Ayer Intermodal Facility, on the other hand, shall be subject to a rate per multilevel determined as follows:

- (i) As of the Effective Date, the rate per multilevel shall be [REDACTED] and subject to the rate adjustment provisions set forth in Appendix G to the Agreement.

(ii) As of January 1, 2022, the rate per multilevel shall be the actual rate in effect on December 31, 2021 plus [REDACTED], and still subject to the rate adjustment provisions set forth in Appendix G to the Agreement.

Additional terms:

- 1) Rates include empty repositioning and initial terminal switching, all other switching moves requested by Norfolk Southern or its agent and/or necessitated by Norfolk Southern blocking shall be charged at a rate of [REDACTED] per switch subject to the rate adjustment provisions set forth in Appendix G.
- 2) Rates include automotive terminal, land, maintenance and taxes for operation of both the original construction and any expansion thereof contemplated as of the effective date of this amendment.
- 3) Rates exclude operating expenses at the Sanvel Properties and the Ayer Automotive Facility, except as noted above in (1) and (2) above.
- 4) Should other multilevel Railcars with vehicle carrying capacity differing from conventional multilevels (e.g., unilevels, bilevels or trilevels) be used in transporting Automotive Traffic, the haulage charge listed above shall be adjusted in proportion to such differing vehicle carrying capacity.

(c) The Intermodal haulage rates were increased by [REDACTED] effective August 1, 2008. Thereafter, the Intermodal haulage rates shall be subject to the rate adjustment provisions set forth in Appendix G to the Agreement.

(d) Intermodal and Automotive haulage rates shall not be subject to a fuel surcharge pursuant to Appendix G to the Agreement, except for automotive traffic moving in merchandise trains as opposed to dedicated automotive/intermodal line haul trains.

2. Lift Services

Norfolk Southern shall pay Pan Am Southern for the Lift Services performed by the Terminal Operator at the rates set forth or calculable in accordance with the agreements between Pan Am Southern and the Terminal Operator. Any upward adjustment in such rates other than as provided for in such agreements must be approved in writing by Norfolk Southern or shall be the sole obligation of Pan Am Southern.

3. Auxiliary Services

Norfolk Southern shall pay Pan Am Southern for the Auxiliary Services from the Terminal Operator that are requested by Norfolk Southern at the rates set forth or calculable in accordance with the agreements between Pan Am Southern and the Terminal Operator. Any upward adjustment in such rates other than as provided for in such agreements must be approved in writing by Norfolk Southern or shall be the sole obligation of Pan Am Southern.

**SECOND AMENDMENT TO THE
MASTER NORFOLK SOUTHERN
JOINT USE AGREEMENT**

THIS AMENDMENT, made this 16th day of June, 2011 to the Master Norfolk Southern Joint Use Agreement dated April 9, 2009 (the "Agreement") by and between Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern"), Springfield Terminal Railway Company ("Springfield Terminal"), a subsidiary of Pan Am Railways, Inc. ("Pan Am"), and Norfolk Southern Railway Company, a Virginia corporation ("Norfolk Southern"), as amended on January 17, 2011.

RECITALS

WHEREAS, pursuant to Section 2(b) of the Agreement, Pan Am Southern granted certain haulage rights to Norfolk Southern, as more particularly described in Appendix C, Appendix D, Appendix E and Appendix F of the Agreement, including the rates to be charged for such services (collectively, the "Haulage Rights");

WHEREAS, Norfolk Southern as requested, and Pan Am Southern has agreed to provide, additional haulage rights for the movement of food or kindred products between Mechanicville, New York and the connection of the Pan Am Southern railway system with that of Pan Am Railways located at Mile Post CPF 312 outside of Boston, Massachusetts;

WHEREAS, Pan Am Southern and Norfolk Southern desire to amend the Agreement to set forth the terms and conditions pursuant to which said haulage services will be provided;

WHEREFORE, for good and valuable consideration, Pan Am Southern and Norfolk Southern agree as follows:

Section 1. The Agreement shall be amended to include a new Appendix H, which appears, in its entirety, as Appendix H hereto.

Section 2. The definition of "End Points" found in Section 1(b) of the Agreement shall be amended to read, in its entirety, as follows:

The definition of "End Points" shall mean the "end points" as defined in each of Appendix A, C, D, E, F and H.

Section 3. The definition of "Norfolk Southern Haulage Traffic" found in Section 1(b) of the Agreement shall be amended to read, in its entirety, as follows:

“Norfolk Southern Haulage Traffic” shall mean the traffic permitted to be moved in accordance with Appendix C, Appendix D, Appendix E, Appendix F and Appendix H.

Section 4. The definition of “Food or Kindred Products” shall be added to Section 1(b) between the definition for “FRA” and “Foreign Railroad”, such definition to read, in its entirety:

“Food or Kindred Products” shall mean commodities with a Standard Transportation Commodity Code of [REDACTED] moving in boxcars only.

Section 5. Section 2(b)(i) of the Agreement shall be amended to add, at the end of the current language, the following:

“Appendix H – Haulage Rights between Mechanicville, NY and Mile Post CPF 312 for interchange with Pan Am of Food or Kindred Products moving in boxcars only. It is acknowledged and agreed that, as of the date of execution of this Second Amendment to the Agreement, Pan Am Railways and the Massachusetts Bay Transit Administration are working to reinstall a switch making service to the Winchester Tighe Warehouse Facility possible, and that the Haulage Rights to said facility is contingent upon such reinstallation.”

Section 6. Each reference in Section 11 of the Agreement to “Appendices A, C, D, E and F” shall hereinafter be a reference to “Appendices A, C, D, E, F and H”.

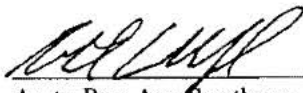
Section 7. All other terms and conditions of the Agreement remain in full force and effect.

Section 8. This amendment shall be effective for a term of five (5) calendar years from the date first noted above (the “Term”). Unless otherwise renewed during the Term, this amendment shall expire at the end of the Term.

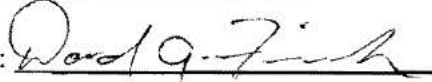
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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the date first above written.

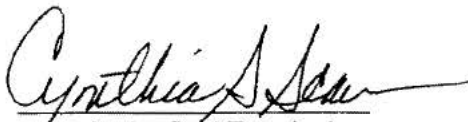
WITNESS:


As to Pan Am Southern

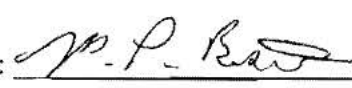
PAN AM SOUTHERN LLC

By: 

WITNESS:


As to Springfield Terminal

SPRINGFIELD TERMINAL RAILWAY
COMPANY

By:  4.14.11
SVP Munk & S. G.

WITNESS:


As to Norfolk Southern

NORFOLK SOUTHERN RAILWAY COMPANY

By: 

APPENDIX H – HAULAGE RIGHTS FOR PAR INTERCHANGE

SECTION 1. SUBJECT TRACKAGE; END POINTS

(a) Subject Trackage. The following segment of railroad owned or operated by Pan Am Southern is hereby identified as the “Subject Trackage” for this Appendix H: The main line between Mechanicville, NY, at or near Milepost 467.40, and a connection with Pan Am, at or near Milepost CPF 312, a distance of approximately 155 miles, each such location of which are hereby identified as “End Points” for this Appendix H. The Subject Trackage for this Appendix H is reflected on the attached Map H.

(b) Compensation. For each round-trip movement of carloads of “Food or Kindred Products”, the following per car haulage rates shall apply for movements in boxcars only:

■ per carload (Winchester, MA)

■ per carload (Walnut Hill, MA)

All rates set forth herein shall be subject to rate adjustment and the fuel surcharge as set forth in Appendix G.

Execution Version

**MASTER NORFOLK SOUTHERN
JOINT USE AGREEMENT AMENDMENT**

THIS THIRD AMENDMENT, made this 28 day of October, 2011 to the Master Norfolk Southern Joint Use Agreement dated April 9, 2009 (the "Agreement") by and between Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern"), Springfield Terminal Railway Company ("Springfield Terminal"), a subsidiary of Pan Am Railways, Inc. ("Pan Am"), and Norfolk Southern Railway Company, a Virginia corporation ("Norfolk Southern").

RECITALS

WHEREAS, pursuant to Section 2(b) of the Agreement, Pan Am Southern granted certain haulage rights to Norfolk Southern, as more particularly described in Appendices C through F of the Agreement, including the rates to be charged for such services (collectively, the "Haulage Rights");

WHEREAS, Norfolk Southern as requested, and Pan Am Southern has agreed to provide, additional haulage rights for the movement of ethanol between Mechanicville, New York and the connection of the Pan Am Southern railway system with that of Pan Am Railways located at CPF 312 outside of Boston, Massachusetts;

WHEREAS, Pan Am Southern and Norfolk Southern desire to amend the Agreement to set forth the terms and conditions pursuant to which said haulage services will be provided;

WHEREFORE, for good and valuable consideration, Pan Am Southern and Norfolk Southern agree as follows:

Section 1. The Agreement shall be amended to include a new Appendix I, which appears, in its entirety, as Appendix I hereto.

Section 2. The definition of "Norfolk Southern Haulage Traffic" found in Section 1(b) of the Agreement shall be amended to read, in its entirety, as follows:

"Norfolk Southern Haulage Traffic" shall mean the traffic permitted to be moved in accordance with Appendix C, Appendix D, Appendix E, Appendix F, Appendix H and Appendix I.

Section 3. The definition of "Ethanol" shall be added to Section 1(b) between the definition for "Equipment" and "Exercise Notice", such definition to read, in its entirety:

"Ethanol" shall mean commodities with a Standard Transportation Commodity Code of [REDACTED].

Execution Version

Section 4. Section 2(b)(i) of the Agreement shall be amended to add, at the end of the current language, the following:

“Appendix I – Round-trip Haulage Rights between Mechanicville, NY and the CPF 312 for interchange with Pan Am of Ethanol.”

Section 5. Each reference in Section 11 of the Agreement to “Appendices A, C, D, E, F and H” shall hereinafter be a reference to “Appendices A, C, D, E, F, H and I”.

Section 6. All other terms and conditions of the Agreement remain in full force and effect.

Section 7. Term and Termination

(a) This Amendment shall become effective upon the date first written above. This Amendment shall continue in effect until the expiration of the Norfolk Southern – Pan Am Railway Haulage Agreement dated as of ____, 2011.

(b) Termination of this Agreement shall not relieve or release any Party hereto from any obligations assumed or from any liability which may have arisen or been incurred by such Party under the terms of this Agreement prior to such termination.

[the remainder of this page is left intentionally blank]

Execution Version

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

WITNESS:

PAN AM SOUTHERN LLC

By: _____

As to Pan Am Southern

WITNESS:

SPRINGFIELD TERMINAL RAILWAY
COMPANY

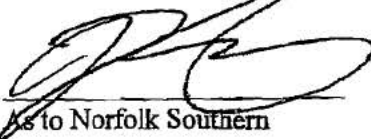
By: _____

As to Springfield Terminal

WITNESS:

NORFOLK SOUTHERN RAILWAY COMPANY

By: _____


As to Norfolk Southern

APPENDIX I - HAULAGE RIGHTS FOR PAR INTERCHANGE

SECTION 1. SUBJECT TRACKAGE; END POINTS

(a) Subject Trackage. The following segment of railroad owned or operated by Pan Am Southern is hereby identified as the "Subject Trackage" for this Appendix I: The main line between Mechanicville, NY, at or near Milepost 467.40, and a connection with Pan Am, at or near Milepost CPF 312, a distance of approximately [] miles, each such location of which are hereby identified as "End Points" for this Appendix I. The Subject Trackage for this Appendix H is reflected on the attached Map I.

(b) Compensation. For each round-trip movement of carload of ethanol, the following per car haulage rates shall apply for such traffic moving with run-through Norfolk Southern power pursuant to the Run Through Agreement:

[REDACTED]

All rates set forth herein shall be subject to rate adjustment, but not the fuel surcharge, set forth in Appendix G.

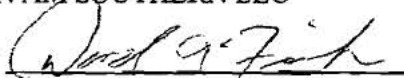
Execution Version

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

WITNESS:

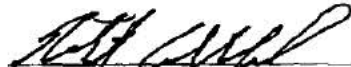
PAN AM-SOUTHERN LLC

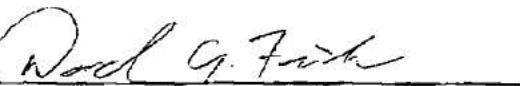

As to Pan Am Southern

By: 

WITNESS:

SPRINGFIELD TERMINAL RAILWAY
COMPANY


As to Springfield Terminal

By: 

WITNESS:

NORFOLK SOUTHERN RAILWAY COMPANY

As to Norfolk Southern

By: _____

APPENDIX I – HAULAGE RIGHTS FOR PAR INTERCHANGE

SECTION 1. SUBJECT TRACKAGE; END POINTS

(a) Subject Trackage. The following segment of railroad owned or operated by Pan Am Southern is hereby identified as the "Subject Trackage" for this Appendix I: The main line between Mechanicville, NY, at or near Milepost 467.40, and a connection with Pan Am, at or near Milepost CPF 312, a distance of approximately [] miles, each such location of which are hereby identified as "End Points" for this Appendix I. The Subject Trackage for this Appendix H is reflected on the attached Map I.

(b) Compensation. For each round-trip movement of carload of ethanol, the following per car haulage rates shall apply for such traffic moving with run-through Norfolk Southern power pursuant to the Run Through Agreement:



All rates set forth herein shall be subject to rate adjustment, but not the fuel surcharge, set forth in Appendix G.

**MASTER NORFOLK SOUTHERN
JOINT USE AGREEMENT AMENDMENT**

THIS FOURTH AMENDMENT, made this 23rd day of May, 2012 to the Master Norfolk Southern Joint Use Agreement dated April 9, 2009 (the "Agreement") by and between Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern"), Springfield Terminal Railway Company ("Springfield Terminal"), a subsidiary of Pan Am Railways, Inc. ("Pan Am"), and Norfolk Southern Railway Company, a Virginia corporation ("Norfolk Southern"). All capitalized terms not defined herein shall have the same meaning in this Fourth Amendment as set forth in Section 1 of the Agreement or as otherwise provided herein.

RECITALS

WHEREAS, pursuant to Section 2(b) of the Agreement, Pan Am Southern granted certain haulage rights to Norfolk Southern, as more particularly described in Appendices C through F of the Agreement, including the rates to be charged for such services (collectively, the "Haulage Rights");

WHEREAS, Norfolk Southern as requested, and Pan Am Southern has agreed to provide, additional haulage rights for certain CP Traffic and D&H Traffic moving between Mechanicville, NY and Gardner, MA to/from an interchange with the P&W; and

WHEREAS, Norfolk Southern and D&H, d/b/a CP, will enter into a haulage agreement, pursuant to which Norfolk Southern promises to arrange for haulage services of certain traffic in the waybill account of CP between Mechanicville, NY and Gardner, MA; and

WHEREAS, Pan Am Southern and Norfolk Southern desire to amend the Agreement to set forth the terms and conditions pursuant to which said haulage services will be provided;

WHEREFORE, for good and valuable consideration, Pan Am Southern and Norfolk Southern agree as follows:

Section 1. The description of Appendix C contained in Section 2(b)(i) of the Agreement shall be amended to read, in its entirety as follows:

Appendix C– Haulage Rights between Mechanicville, NY and Gardner, MA to/from an interchange with the P&W, for the movement of any Norfolk Southern Haulage Traffic for which a rate is provided and certain CP Haulage Cars and D&H Haulage Cars; and

Section 2. Section 1(b) of Appendix C of the Agreement shall be amended to add, at the end of the current language, the following:

“(3) D&H Haulage Cars and CP Haulage Cars transporting waterborne import vehicles or export light vehicles and Volkswagen Automotive Traffic, in each case ultimately moving between Canada and Davisville, RI.

Section 3. Railcars owned by or in the account of CP or D&H moving pursuant to this Appendix C shall be considered to be, for the purposes of Section 9 of the Agreement, railcars owned by or in the account of Norfolk Southern, and Norfolk Southern shall be principally responsible for the cost of repairs that are performed pursuant to that section, notwithstanding the acknowledgment of the Parties that Norfolk Southern will request CP and D&H to pay any invoices directly.

Section 4. Pan Am Southern shall cause the Railroad Operator to include in its Monthly Statement and Use Invoice the total number of CP Haulage Cars and D&H Haulage Cars moving pursuant to this Appendix C during the month.

Section 4. All other terms and conditions of the Agreement, as previously amended, remain in full force and effect.

[The remainder of this page is left intentionally blank.]

REDACTED - TO BE PLACED ON PUBLIC FILE

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

WITNESS:

PAN AM SOUTHERN LLC

By: _____

As to Pan Am Southern

WITNESS:

SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: _____

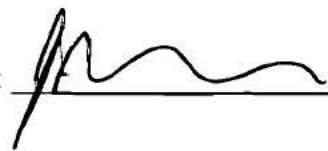
As to Springfield Terminal

WITNESS:

NORFOLK SOUTHERN RAILWAY COMPANY



As to Norfolk Southern

By:  _____

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

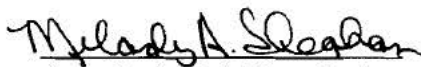
WITNESS:


As to Pan Am Southern

PAN AM SOUTHERN LLC

By: 

WITNESS:


As to Springfield Terminal

SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: 

WITNESS:

As to Norfolk Southern

NORFOLK SOUTHERN RAILWAY COMPANY

By: _____

TRANSPORTATION AGREEMENT ASSIGNMENT AND DIVISIONS ALLOCATION AGREEMENT

THIS TRANSPORTATION AGREEMENT ASSIGNMENT AND DIVISIONS ALLOCATION AGREEMENT ("Agreement") is made and entered into this 9th day of April, 2009, by and among Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern") and Springfield Terminal Railway Company ("Springfield Terminal"). Each of Pan Am Southern and Springfield Terminal is sometimes referred to as a "Party" and collectively as "Parties."

RECITALS

WHEREAS, Pan Am Railways, Inc. ("Pan Am"), on behalf of itself and its subsidiaries, Boston and Maine Corporation ("B&M"), and Springfield Terminal (collectively, the "Pan Am System Parties") and Norfolk Southern Railway Company ("Norfolk Southern") entered into a Transaction Agreement (the "Transaction Agreement"), dated as of May 15, 2008, which provides, among other things, for Norfolk Southern and B&M to form Pan Am Southern; and

WHEREAS, prior to Closing, as defined in the Transaction Agreement, Springfield Terminal was responsible for developing and quoting Rates and Allowances, as each of those terms is defined hereinafter, for rail transportation over the then-existing Pan Am system (the portion of such system as is not included in the Assets (as hereinafter defined) being defined as "Remaining Springfield Terminal System"); and

WHEREAS, the Transaction Agreement provides for B&M and the other Pan Am System Parties to sell in part, and contribute in part, certain railroad lines and trackage rights owned or operated generally in New York, Vermont, Connecticut, Massachusetts, and New Hampshire (the "Line", as more specifically defined in the Transaction Agreement) and certain other related assets previously operated in a unified manner with other railroad lines, trackage rights and assets by Springfield Terminal (collectively, the "Assets", as more specifically defined in the Transaction Agreement) to Pan Am Southern (the "Contribution"); and

WHEREAS, as a result of the Contribution, the rail lines previously operated in a unified manner by Springfield Terminal will, after Closing, be operated by two entities. Pan Am Southern (as to the lines contributed and sold to Pan Am Southern) and Springfield Terminal (as to the Remaining Springfield Terminal System); and

WHEREAS, the Transaction Agreement contemplates that railroad operations over the Line, including the quoting of Rates and Allowances initially will be performed on behalf of Pan Am Southern by a railroad operator (the "Railroad Operator") pursuant to a Railroad Operating Agreement (as defined in the Transaction Agreement) and that the initial Railroad Operator shall be Springfield Terminal; and

WHEREAS, for so long as Springfield Terminal remains the Railroad Operator, it will have direct knowledge of the costs for the provision of particular railroad transportation services over the rail lines of Pan Am Southern, because Springfield Terminal will be the Railroad Operator, and will be compensated, pursuant to the Railroad Operating Agreement, for providing that Railroad Operator service; and

WHEREAS, for so long as the Railroad Operating Agreement remains effective, Springfield Terminal will continue, after the Closing, to be responsible for developing and quoting Rates and Allowances for movements over the same lines as it did prior to Closing, but owner and operator with respect to the Remaining Springfield Terminal System and, under separate agreements, as the Railroad Operator for Pan Am Southern; and

WHEREAS, the Parties acknowledge the difficulty in, and legal impediments against, Springfield Terminal developing independent Rates and Allowances for Pan Am Southern, principally in the context of a joint line transportation move involving both the Line and Remaining Springfield Terminal System (a "Joint Move"), or a transportation move involving only the Line (a "Pan Am Southern Only Move" and, collectively with a Joint Move, a "Rail Move"), when Springfield Terminal also develops Rates and Allowances for itself with respect to the Remaining Springfield Terminal System; and

WHEREAS, Pan Am Southern and Springfield Terminal have determined to implement a formulaic model (the "Model", as further defined in Section 4) for allocation of revenues and certain Allowances from transportation provided by Pan Am Southern (as to the lines contributed and sold) and Springfield Terminal (as to the Remaining Springfield Terminal System) pursuant to a Rail Move as a result of Rates developed and quoted by Springfield Terminal; and

WHEREAS, Pan Am Southern and Springfield Terminal have determined that the Model shall provide for a certain set amount (the "Terminal Credit") to be allocated to either or both Carrier(s) if the Rail Move involves an origin or termination on said Carrier, and to allocate the remainder, after allocating for any Terminal Credits and/or any Local Service Charges, to each Carrier on the basis of each Carrier's on-line route miles involved in the Rail Move, if any; and

WHEREAS, Norfolk Southern and Springfield Terminal obtained the prior approval of the Surface Transportation Board ("STB") to consummate the transactions set forth in the Transaction Agreement, including the authority to enter into, and perform pursuant to, this Agreement;

NOW, THEREFORE, with reference to the foregoing facts and in consideration of the mutual agreements and understandings set forth herein, the Parties hereto, intending to be legally bound, agree as follows:

Section 1. Definitions and Interpretation

(a) Interpretation Generally.

Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.

(b) Capitalized Terms.

All capitalized terms shall have the defined meaning set forth below:

"AAA" shall have the meaning given to that term in Section 11(c)(ii).

"Agreement" shall have the meaning given to that term in the introductory paragraph.

"Allowance" shall have the meaning given to that term in Section 2(e).

"Assets" shall have the meaning given to that term in the Recitals.

"B&M" shall have the meaning given to that term in the Recitals.

"Carrier" shall mean Pan Am Southern and/or Springfield Terminal, as the context requires.

"Cars" shall mean each loaded or empty railroad freight car (including platform and well rail cars) or similar equipment.

"Contribution" shall have the meaning given to that term in the Recitals.

"Cost Factor" shall have the meaning given to that term in Section 5(b).

"Cost Index" shall have the meaning given to that term in Section 5(b).

"Customers" shall mean shippers and receivers of rail freight.

"Customer Transportation Agreements" shall mean contracts, exempt quotations and common carrier offerings pursuant to which Springfield Terminal and/or Pan Am Southern has undertaken, alone or in conjunction with other rail carriers to provide through rail transportation to Customers.

"Delaware Courts" shall have the meaning given to that term in Section 11(c)(i).

"Dispute" shall have the meaning given to that term in Section 11(a).

"Effective Date" shall mean the effective date of the Railroad Operating Agreement.

"Existing Customer Transportation Agreement" shall have the meaning given to that term in Section 2(a).

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any mediation body or arbitral tribunal, including the STB.

"HPH" shall mean horse power hours.

"JOC" shall have the meaning given to that term in the LLC Agreement.

"Joint Move" shall have the meaning given to that term in the Recitals.

"Line" shall have the meaning given to that term in the Recitals.

"LLC Agreement" shall mean the Limited Liability Company Agreement of Pan Am Southern between Norfolk Southern and B&M dated April 9, 2009.

"Local Services" shall mean those local services not necessary for completion of the line haul transportation, including, without limitation, loading or unloading, weighing of cars, intra-plant switching, storage or warehousing. The weighing of cars for the purpose of assessing transportation charges shall be a Local Service.

"Local Service Charge" shall have the meaning given to that term in Section 4(b).

"Management Committee" shall have the meaning given to that term in the LLC Agreement.

"Model" shall have the meaning given to that term in the Recitals and Section 4.

"Monthly Statement" shall have the meaning given to that term in Section 7(a).

"New Customer Transportation Agreement" shall have the meaning given to that term in Section 3(a)(ii).

"Norfolk Southern" shall have the meaning given to that term in the Recitals.

"Pan Am" shall have the meaning given to that term in the Recitals.

"Pan Am System Parties" shall have the meaning given to that term in the Recitals.

"Party" and **"Parties"** shall have the meaning given to those terms in the introductory paragraph.

"Person" shall mean an individual or a partnership, corporation, trust, association, limited liability company, Governmental Authority or other entity.

"Pan Am Southern" shall have the meaning given to that term in the introductory paragraph.

"Pan Am Southern Only Move" shall have the meaning given to that term in the Recitals.

"Rail Move" shall have the meaning given to that term in the Recitals.

"Railroad Operator" shall have the meaning given to that term in the Recitals.

"Rate" shall mean any public or private commercial transportation charge quoted for the movement of loaded or empty freight rail cars, locomotives or other rail-moved equipment, exclusive of any and all Allowances, and not including any charges for Local Services.

"Remainder" shall have the meaning given to that term in Section 4.

"Remaining Springfield Terminal System" shall have the meaning given to that term in the Recitals.

"Rules" shall have the meaning given to that term in Section 11(c)(ii).

"Springfield Terminal" shall have the meaning given to that term in the introductory paragraph.

"STB" shall have the meaning given to that term in the Recitals.

"Terminal Credit" shall have the meaning given to that term in the Recitals.

"TIH/PIH" shall mean, as defined by the definition of "material poisonous by inhalation" to be found at 49 CFR Section 171.8, specifically:

(1) A gas meeting the defining criteria of Section 173.115(c) of Subchapter C (which is titled "Hazardous Materials Regulations") and assigned to Hazard Zone A, B, C or D in accordance with Section 173.116(a) of Subchapter C;

(2) A liquid (other than as a mist) meeting the defining criteria in Section 173.132(a)(1)(iii) of Subchapter C and assigned to Hazard Zone A or B in accordance with Section 173.133 (a) of Subchapter C; or

(3) Any material identified as an inhalation hazard by a special provision in Column 7 of the Section 172.101 table.

"Transaction Agreement" shall have the meaning given to that term in the Recitals.

"Transportation Agreement" shall mean an Existing Customer Transportation Agreement or a New Customer Transportation Agreement, as the context requires.

(c) Construction of Certain Terms and Phrases

Unless the context otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; (iv) the terms "Article" or "Section" refers to the specified Article or Section of this Agreement; (v) the terms "and" and "or" include the term "and/or" when the context is appropriate; (vi) the terms "include" or "including" also include the words "without limitation" when the context is appropriate. Whenever this Agreement refers to a number of days, such number shall refer to calendar days. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under generally accepted accounting principles, as in effect in the United States of America. All dollar amounts set forth herein are in United States currency. Whenever this Agreement refers to an Appendix, Exhibit or Schedule attached hereto, the Appendix, Exhibit or Schedule shall be deemed to be incorporated by reference. References herein to any agreement or contract mean such agreement or contract as amended.

Section 2. Existing Customer Transportation Agreements

(a) Appendix B lists all identified existing Customer Transportation Agreements pursuant to which Springfield Terminal, prior to Closing, has committed to undertake freight rail transportation requiring the use of the Line (each an "Existing Customer Transportation Agreement"). If,

subsequent to the effective date of this Agreement, Springfield Terminal discovers any additional Existing Customer Transportation Agreements, said Appendix B shall be amended accordingly.

(b) Subject to the terms of the Transaction Agreement, and for value received, Springfield Terminal does hereby transfer and assign unto Pan Am Southern all of Springfield Terminal's rights, titles and interests in those various Existing Customer Transportation Agreements to the extent that said instruments involve freight rail transportation requiring the use of the Line, and retaining to itself said Existing Customer Transportation Agreements to the extent, if any, that said instruments involve freight rail transportation requiring the use of Remaining Springfield Terminal System.

(c) Subject to the terms of the Transaction Agreement, Pan Am Southern does hereby accept and assume, to the extent of the interest hereby assigned, all of the rights, titles, interests, covenants, promises and obligations of Springfield Terminal contained within the Existing Customer Transportation Agreements.

(d) For the avoidance of doubt: (1) Pan Am Southern shall cause to be performed all the necessary operations to complete the transportation to and from Pan Am Southern's stations, or in interchange with other carriers, pursuant to Existing Customer Transportation Agreements, in each case in accordance with its terms, and (2) Springfield Terminal shall cause to be performed all the necessary operations to complete the transportation to and from stations on the Remaining Springfield Terminal System, or in interchange with other carriers, pursuant to Existing Customer Transportation Agreements, in each case in accordance with its terms and to the extent not assigned.

(e) Except as described in Section 6(b), revenues received from, and any obligations to provide refunds, rebates or other such payments or discounts, including the obligation to pay car hire or expenses or horse power hours on utilized locomotives (each an "Allowance"), if any, arising out of Existing Customer Transportation Agreements shall be allocated in accordance with the Model.

Section 3. Appointment of Springfield Terminal

(a) Pan Am Southern hereby retains and engages Springfield Terminal and Springfield Terminal agrees to become and act as the agent for Pan Am Southern for:

(i) the allocation of revenues and Allowances between Pan Am Southern and Springfield Terminal, if any, arising from Existing Customer Transportation Agreements, and

(ii) the development and quoting of Rates and Allowances and charges for Local Services for Customer Transportation Agreements entered into on or after Closing (each a "New Customer Transportation Agreement") involving the movement of rail traffic over either: (A) the Line exclusively (either for a move local to the Line or a move involving carriers other than the Remaining Springfield Terminal System) or (B) both the Line and the Remaining Springfield Terminal System (either for a move local to the Line and the Remaining Springfield Terminal System or a moving involving carriers other than Pan Am Southern and the Remaining Springfield Terminal System), including:

(A) the form and content of said New Customer Transportation Agreement, be it common carrier rate, exempt rate quote, circular, contract, or other, provided, however, that Rates and Allowances generally shall be quoted on a joint line (through rate) basis, except with regard to movements of TIH/PIH movements, which generally shall be quoted on a Rule 11 basis; and

(B) any applicable fuel surcharge to be applied; and

(C) charges for demurrage and Local Services.

(it being understood that Springfield Terminal, when developing and quoting a Rate and Allowance for Customer Transportation Agreements involving the movement of rail traffic over the Remaining Springfield Terminal System but not over the Line shall do so, if at all, pursuant to a different authority granted pursuant to a different agreement).

(b) Generally the pricing for Pan Am Southern will be on through rates, but allowing for exceptions (e.g. TIH/PIH). Pan Am Southern and Springfield Terminal agree that the pricing strategy should support the commercial objectives established by Pan Am Southern.

(c) In order to maximize the development of competitive market opportunities for Pan Am Southern, Springfield Terminal shall consult with the JOC when necessary or appropriate on the development of a Rate and Allowance, if any, for a New Customer Transportation Agreement involving the movement of rail traffic over the Line but not over Remaining Springfield Terminal System.

Section 4. Allocation of Transportation Revenues.

For all movements pursuant to a Transportation Agreement, Pan Am Southern and Springfield Terminal shall be allocated revenues and Allowances in accordance with the following Model:

(a) If either or both of the Carriers shall have an origin or destination covered by the transportation provided pursuant to a Transportation Agreement, the Carrier with that origin or destination shall be allocated a Terminal Credit.

(b) If either or both of the Carriers shall perform Local Services for which a charge ("Local Service Charge") is separately assessed to the Customer (in addition to the Rate), the Carrier shall be allocated the associated applicable charge.

(c) The Terminal Credit, and all Local Service Charges assessed as a portion of the Rate, shall be subtracted from the Rate to arrive at the "Remainder".

(d) The Remainder shall then be allocated to each Carrier in a ratio that equals a ratio of the on-system main line miles over which the transportation is provided. On-system main line miles shall be calculated using the distances between stations using Springfield Terminal timetables in effect on May 1, 2008, and shall be rounded to the nearest whole mile, with decimals under .50 rounding down, and decimals at .50 and above rounding up.

- (e) Allowances and surcharges, such as fuel surcharges, shall be allocated in the same proportion as the Rate is allocated.

Examples of the application of the Model are set forth in Appendix A.

Section 5. Terminal Credit

- (a) The Terminal Credit for the movement of Cars [REDACTED].

(b) The Terminal Credit shall be revised upward or downward each year by a "Cost Factor", beginning with the bill rendered for the month of July first following the Effective Date of this Agreement, to compensate for the increase or decrease in the cost of labor and material, as reflected in 100% of the change from one year to the next in the "AAR Railroad Cost Indexes – Table A – Annual Indexes of Charge-out Prices and Wage Rates (1977=100) – East – Materials, prices, wage rates and supplements combined (excluding fuel) (the "Cost Index"). The Cost Factor shall be calculated for each calendar year by taking the difference between the currently available Cost Index as of January 1, and comparing that Cost Index with the Cost Index for the immediately preceding year. The Cost Factor may be a positive or negative number.

(c) The Terminal Credit shall be revised by calculating the Cost Factor (essentially the percent of increase or decrease in the index for the latest calendar year as related to the index for the previous calendar year) and applying that percentage to the then current Terminal Credit. In computing the adjusted Terminal Credit, any fraction of a cent less than one-half shall be dropped, and any fraction equal to or greater than one-half of a cent shall be increased to the next whole cent.

(d) In the event the base for the Cost Index shall be changed from that in effect at the Effective Date of this Agreement, an appropriate revision shall be made. If the STB or any successor organization discontinues publication of the "AAR Railroad Cost Indexes", an appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto. In the absence of agreement, the parties shall submit the matter to binding arbitration under the terms of Section 11 of this Agreement.

(e) In the event that the Cost Factor is a negative number, no adjustment to the Terminal Credit will take place for that calendar year. Said negative Cost Factor will be taken into consideration in calculating subsequent years' Cost Factor. Specifically, if the Cost Index is negative for two years in a row, the Cost Factor for the second year shall be adjusted downward assuming that the first year's negative Cost Index was taken into account. If the Cost Factor is negative for three years in a row, the rate shall be adjusted again by the Cost Factor with the assumption that the first two years' negative Cost Index was taken into account.

(f) Notwithstanding any of the foregoing, under no circumstances shall the Terminal Credit be less than the initial Terminal Credit set forth in Section 5(a).

Section 6. Car Hire and Special Locomotive Provisions

- (a) Car Hire.

For all traffic moving pursuant to a Customer Transportation Agreement, car hire shall be placed in the account of Pan Am Southern, while Cars are located on Pan Am Southern, and in the account of Springfield Terminal, while the Cars are located on the Remaining Springfield Terminal System, [REDACTED]

(b) Special Locomotive Provisions.

[REDACTED]

Section 7. Reports

(a) On or before the 15th day of each calendar month during the term of this Agreement, Springfield Terminal shall prepare on behalf of and deliver to Pan Am Southern a monthly statement setting forth the number of Cars operated over the Line during the prior calendar month (the "Monthly Statement"), which shall detail the associated allocation of revenues and Allowances to be billed and paid and the basis (respective on-line route miles traversed, on-line destination/termination, and other matters reasonably requested by Pan Am Southern) for such allocation. The Parties acknowledge that Springfield Terminal, pursuant to the Railroad Operating Agreement, shall be responsible for invoicing Customers pursuant to Transportation Agreements. The Monthly Statement shall be in electronic format and shall contain a detailed list of the Cars that moved during the subject month, which list shall include, for each Car, information relating to such Cars that Pan Am Southern may reasonably request in connection with accounting for the allocation of revenues and Allowances hereunder.

(b) Any dispute regarding the details of a Monthly Statement or allocation thereunder shall be raised no later than three (3) years from the date of the Monthly Statement and shall be reconciled between the Parties pursuant to Section 11, and any adjustment resulting from such reconciliation shall be reflected in a subsequent Monthly Statement.

(c) Pan Am Southern and Springfield Terminal shall each have the right, at its own expense, to audit the records of any other Party pertaining to any Monthly Statements or the data used to determine the allocations thereunder, provided, however, that such audit is initiated at any time within three (3) years of the date of the relevant Monthly Statement. All such audits shall be conducted at reasonable intervals, locations, and times. All such audits shall be prosecuted with reasonable due diligence. Each Party acknowledges that all information disclosed to it or its representatives in connection with such an audit will be subject to Section 13. Any adjustment resulting from an audit conducted pursuant to this Section 7(c) with respect to which the Parties are in concurrence shall be reflected in a subsequent Monthly Statement. The initiation of an audit pursuant to this Section 7(c)

within the three (3) year time frame provided for in this Section 7(c) shall be considered the raising of a timely dispute pursuant to Section 7(b).

Section 8. Term and Termination

This Agreement shall become effective on the Effective Date and shall continue until the earlier of: (i) termination by mutual agreement, and (ii) the termination or expiration of the Railroad Operating Agreement. Pan Am Southern shall have the right to terminate this Agreement upon a Pan Am Change in Control, as that term is defined in the Transaction Agreement.

Section 9. Successors and Assigns

(a) This Agreement shall inure to the benefit of and be binding upon each of the Parties and their respective successors and permitted assigns. Third party beneficiary status shall inure to the benefit of Norfolk Southern and its subsidiary railroads and each of its and their successors and permitted assigns.

(b) No Party may assign this Agreement, or any of its rights, interests or obligations hereunder, including by operation of law, without the prior consent in writing of the other Parties, which consent may be withheld at the discretion of such other Parties.

Section 10. Notice

Any notice required or permitted to be given by one Party to any other Party under this Agreement shall be deemed given on the date sent by certified mail, or by such other means as the Parties may mutually agree, and shall be addressed as follows:

If to Pan Am Southern:	Chairman Pan Am Southern c/o Pan Am Railways 400 Amherst Street, Suite 405 Nashua, NH 03063
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With a copy to
Norfolk Southern
and Springfield
Terminal

If to Norfolk
Southern: Mike R. McClellan
Vice President – Intermodal and
Automotive Marketing
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

With a copy to: Vice President – Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510
(757) 629-2374
(757) 533-4872 (fax)

If to Springfield
Terminal: David A. Fink
President
Springfield Terminal Railway Company
c/o Pan Am Railways
400 Amherst Street, Suite 405
Nashua, NH 03063

With a copy to: Robert Culliford
Vice President Law
Pan Am Systems
400 Amherst Street, Suite 405
Nashua, NH 03063
(603) 816-0042
(603) 816-0043 (fax)

Any Notice, other than a Notice sent by registered or certified mail, shall be effective when received; a Notice sent by registered or certified mail, postage prepaid return receipt requested, shall be effective on the earlier of when received or the third day following deposit in the United States mails. Any Party may from time to time change its address for further Notices hereunder by giving notice to the other Parties in the manner prescribed in this Section.

Section 11. Dispute Resolution

(a) Reference to Senior Management.

Any dispute, controversy or claim between the Parties and arising out of or relating to this Agreement or the breach, termination or validity thereof ("Dispute") shall be referred to the JOC (for Pan Am Southern) for resolution and if the parties are unable to resolve the dispute, it will be referred, in writing, to the Management Committee (for Pan Am Southern) to resolve.

(b) Reference for Formal Dispute Resolution.

Any Dispute not resolved within sixty (60) days after receipt by any of the involved parties of written notice of reference of such Dispute to the senior management pursuant to Section 11(a), shall be submitted, if at all, by any Party for formal dispute resolution pursuant to Section 11(c).

(c) Formal Dispute Resolution.

(i) Submission to Jurisdiction. Each of the Parties hereby (A) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the "Delaware Courts") in any action to enforce or in aid of the agreement to arbitrate in Section 11(c)(ii) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (B) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (C) waives any objection based on forum non conveniens or any other objection to venue thereof.

(ii) Dispute Resolution. Each of the Parties stipulates and agrees that any Dispute that is not resolved pursuant to Section 11(a) will be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the American Arbitration Association ("AAA") then in effect (the "Rules"), under the following terms and conditions:

(A) Selection of Arbitrator. A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(B) Conduct of Arbitration. The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to money damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(C) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

(D) Findings and Conclusions. The arbitrator will, after reaching judgment and award, prepare and distribute to the parties a written award including the findings of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(E) Time is of the Essence. The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against any party if, upon a showing that such party is unreasonably delaying the proceeding.

(F) Temporary Equitable Relief. By agreeing to arbitration, the parties do not intend to deprive any Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral

attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award money damages for the failure of any party to respect the arbitrator's orders to that effect.

(G) Consolidation. The parties are committed to the prompt and efficient resolution of Disputes. Accordingly, if more than one Dispute arise under this Agreement and/or any other JV Transaction Agreement, as that term is defined in the LLC Agreement, such Disputes may be brought in a single arbitration. If more than one arbitration is brought with respect to Disputes under this Agreement and/or any other JV Transaction Agreement, then any party may request that any arbitration or any new Dispute arising under this Agreement or the other JV Transaction Agreement be consolidated into any prior arbitration. The new Dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the parties. Unless the parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The parties waive any right they have to appeal or to seek interpretation, revision or annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(H) Discovery. Recognizing the express desire of the Parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(I) Costs and Attorneys' Fees. Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 11(c)(ii) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to the prevailing party or parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the party resisting enforcement.

(J) Miscellaneous. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator. An arbitrator's award may be appealed in accord with Section 23 of the Uniform Arbitration Act.

(d) As a third party beneficiary, Norfolk Southern may initiate and prosecute arbitration pursuant to Section 11(b) on behalf of Pan Am Southern. Pan Am Southern and Springfield Terminal shall cooperate with Norfolk Southern in the preparation for, and the initiation and prosecution of, such arbitration, at Pan Am Southern's expense.

Section 12. Relationship of the Parties.

Nothing herein shall be interpreted as creating an association, partnership, joint venture or other joint undertaking between the Parties. In the performance of transportation and other services by the Carriers, each shall be independent of the other, and employees of Pan Am Southern and Springfield Terminal shall be subject to the direction, supervision and control of their respective employer.

Section 13. Confidentiality

Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement, or as may be necessary or appropriate for a Party hereto to enforce its rights under this Agreement, during the term of this Agreement (including any extensions thereof), and for a period of three (3) years after termination or expiration of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or which is obtained hereunder will be kept confidential and will not be disclosed by any Party to any person other than members, officers, employees, and attorneys, without the prior written approval of the other Parties. Notwithstanding anything to the contrary, any Party may disclose this Agreement in connection with an audit by its external auditors, the Internal Revenue Service or other tax authority.

Section 14. Miscellaneous

(a) Entire Agreement.

This Agreement, including any attached exhibits and schedules, contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter of this Agreement, and any and all prior discussions, negotiations, commitments and understandings, whether oral or otherwise, related to the subject matter of this Agreement are hereby merged herein. Except as expressly provided herein, nothing in this Agreement is intended to confer upon any Person other than the parties hereto any rights or remedies under or by way of this Agreement.

(b) Extension, Waiver and Amendment.

The Parties may (i) extend the time for the performance of any of the obligations or other acts of any other Party hereto or (ii) waive compliance by any other Party hereto with any of the provisions hereof, in each case only if set forth in writing in an instrument signed by or on behalf of such Party. The waiver by any Party hereto of a breach of this Agreement shall not operate or be construed as a waiver of any subsequent breach. This Agreement may be amended only by a written agreement executed by all of the Parties to this Agreement.

(c) Governing Law.

THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

(d) Judicial Interpretation.

Should any provision of this Agreement require judicial interpretation, it is agreed that a court or other tribunal interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against any Person by reason of the rule of construction that a document is to be construed more strictly against the Person who itself or through its agent prepared the same, it being agreed that all Parties have participated in the preparation of this Agreement.

(e) No Third Party Beneficiaries.

Other than specifically set forth herein, this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties hereto; provided, however, that this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns.

(f) Captions.

The various captions of this Agreement are for reference only and shall not be considered or referred to in resolving questions of interpretation of this Agreement.

(g) Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

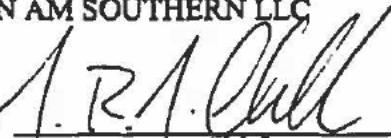
(h) Costs and Attorneys' Fees.

Each of the parties shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial or other consultants, investment bankers, accountants and counsel.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

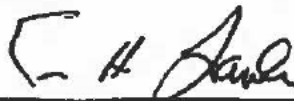
PAN AM SOUTHERN LLC

By: 
Name: M.R. McCreary
Title:

NORFOLK SOUTHERN RAILWAY
COMPANY

By: 
Name: John Fritchman
Title: Vice President

SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: 
Name: Eric H. Lauer
Title: CFO/SR VP

Appendix A

Example 1. Rail Car Moving Between Buffalo, NY and Deerfield, MA

The interchange point between Norfolk Southern and Pan Am Southern is located at Mechanicville, NY. Springfield Terminal, on behalf of Pan Am Southern, quotes a joint line rate division of \$1,000 for the movement of a single loaded rail car between Mechanicville and Deerfield, MA. Pan Am Southern is allocated a Terminal Credit of [REDACTED]. The Remainder [REDACTED] is determined. The Remainder is allocated 100% to Pan Am Southern because there is no movement of the loaded rail car over the Remaining Springfield Terminal System. Any Allowance is allocated 100% to Pan Am Southern because the entirety of the revenues from the Rate is allocated to Pan Am Southern. The revenue waybill will indicate a routing of Buffalo – Norfolk Southern – Mechanicville – Pan Am Southern – Deerfield.

Example 2. Rail Car Moving Between Buffalo, NY and Portland, ME

The interchange point between Pan Am Southern and Remaining Springfield Terminal System is just east of Ayer, MA near Forge Village, MA. Springfield Terminal, on behalf of Pan Am Southern and Springfield Terminal, quotes a joint line rate division of \$1,000 for the movement of a single loaded rail car between Mechanicville and Portland, ME. Springfield Terminal is allocated a Terminal Credit of [REDACTED]. The Remainder [REDACTED] is determined. The Remainder is allocated 56.03% to Pan Am Southern and 43.97% to Springfield Terminal because the traffic will move 158 route miles over Pan Am Southern and 124 route miles over the Remaining Springfield Terminal System. Total revenues allocated to Pan Am Southern are [REDACTED] and total revenues allocated to Springfield Terminal are [REDACTED]. The revenue waybill will indicate a routing of Buffalo – Norfolk Southern – Mechanicville – Pan Am Southern – Forge Village – Springfield Terminal – Portland.

Example 3. Rail Car Moving Between Deerfield, MA and Portland, ME

Springfield Terminal, on behalf of Pan Am Southern and Springfield Terminal, quotes a joint line rate division of \$1,000 for the movement between Deerfield, MA and Portland, ME. Pan Am Southern and Springfield Terminal are both allocated a Terminal Credit [REDACTED] each, totaling [REDACTED]. The Remainder [REDACTED] is determined. The Remainder is allocated [REDACTED] to Pan Am Southern and [REDACTED] to Springfield Terminal because the traffic will move 74 route miles over Pan Am Southern and 124 route miles over the Remaining Springfield Terminal System. Total revenues allocated to Pan Am Southern are [REDACTED] and total revenues allocated to Springfield Terminal are [REDACTED]. The revenue waybill will indicate a routing of Deerfield – Pan Am Southern – Forge Village – Springfield Terminal – Portland.

Example 4. Rail Car Moving Between Worcester, MA (P&W) and Auburn, ME (SLR)

The interchange point between the Providence and Worcester ("P&W") and Pan Am Southern is located at Gardner, MA. The interchange point between Remaining Springfield Terminal System and Saint Lawrence & Atlantic Railroad ("SLR") is located at Danville Junction, ME. Springfield Terminal, on behalf of Pan Am Southern and Springfield Terminal, quotes a joint line rate division of \$1,000 for the movement between Gardner and Danville

Junction. Neither Pan Am Southern nor Springfield Terminal is allocated a Terminal Credit. The Remainder equals the entire \$1,000 quoted division. The Remainder is allocated [REDACTED] to Pan Am Southern and [REDACTED] to Springfield Terminal because the traffic will move 29 route miles over Pan Am Southern and 148 route miles over the Remaining Springfield Terminal System. Total revenues allocated to Pan Am Southern are [REDACTED] and total revenues allocated to Springfield Terminal are [REDACTED]. The revenue waybill will indicate a routing of P&W – Gardner – Pan Am Southern – Ayer – Springfield Terminal – Danville Junction-SLR-Auburn, ME.

Appendix B – Transportation Agreements

[to be completed at closing]

Appendix C ~

[REDACTED]

[REDACTED]

SPRINGFIELD TERMINAL JOINT USE AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into as of this 9th day of April, 2009, by and among Pan Am Southern LLC, a Delaware limited liability Company ("Pan Am Southern"), Springfield Terminal Railway Company ("Springfield Terminal"), a Vermont corporation that is a wholly-owned subsidiary of Pan Am Railways, Inc. ("Pan Am", and collectively with Boston and Maine Corporation ("B&M") and Springfield Terminal, the "Pan Am System Parties"). Pan Am Southern and Springfield Terminal are referred to individually herein as a "Party" and collectively as the "Parties".

RECITALS:

WHEREAS, Norfolk Southern, Pan Am, on behalf of itself and its subsidiaries, including B&M, and Springfield Terminal entered into a Transaction Agreement (the "Transaction Agreement"), dated as of May 15, 2008, which provides, among other things, for Norfolk Southern Railway Company ("Norfolk Southern") and B&M to form Pan Am Southern; and

WHEREAS, the Transaction Agreement provides for B&M and the other Pan Am System Parties to sell in part and contribute in part certain railroad lines and trackage rights owned or operated generally in New York, Vermont, Connecticut, Massachusetts, and New Hampshire (the "Line", as more specifically defined in the Transaction Agreement) and certain other related assets to Pan Am Southern (the "Contribution"); and

WHEREAS, Massachusetts Bay Transportation Authority ("MBTA") operates passenger train service over a portion of the Line; and

WHEREAS, MBTA owns a line of railroad between CPF 312, at or near Milepost 311.97±, in the region of Ayer, MA and Milepost 329.55±, near Fitchburg, MA (the "MBTA Segment"), which constitutes a portion of the operating rights included in the Line; and

WHEREAS, MBTA and one or more of the Pan Am System Parties are parties to several agreements that govern the rights and obligations of each relating to the provision of passenger service, including passenger service on the Line that has been assigned to Pan Am Southern; and

WHEREAS, pursuant to a Railroad Operating Agreement, Pan Am Southern initially hired Springfield Terminal to perform as the designated operator ("Railroad Operator") for all railroad operations on behalf of Pan Am Southern, including Pan Am Southern railway operations required pursuant to this Agreement; and

WHEREAS, the Transaction Agreement provides for Pan Am Southern to grant to Springfield Terminal overhead trackage rights for the movement of traffic in Springfield Terminal's revenue waybill account ("Springfield Terminal Traffic") over certain rail lines of Pan Am Southern ("Subject Trackage" as is further defined herein) between the rail lines remaining to Springfield Terminal immediately following the completion of the Contribution

that lie north and east of Willows, and a connection with the rail lines remaining to Springfield Terminal that lie south of Harvard; and

WHEREAS, the Parties acknowledge the operating constraints governing the use of the Subject Trackage and limiting its use by Springfield Terminal to the extent set forth herein; and

WHEREAS, the Transaction Agreement provides for Pan Am Southern to grant to Springfield Terminal certain haulage rights for the movement of Intermodal Traffic and Automotive Traffic, as hereinafter defined, between CPF 312 and an intermodal and automotive facility to be constructed by Pan Am Southern in Mechanicville, NY (the "Mechanicville Facility"); and

WHEREAS, Norfolk Southern, Pan Am, B&M and Springfield Terminal obtained the prior consent of the Surface Transportation Board to consummate the transactions set forth in the Transaction Agreement, including the grant of the trackage rights described herein; and

WHEREAS, Norfolk Southern and B&M formed Pan Am Southern in accordance with the Transaction Agreement; and

WHEREAS, Pan Am Southern now wishes to grant Springfield Terminal overhead trackage rights under the terms and conditions hereinafter provided; and

WHEREAS, MBTA has granted consent for Pan Am Southern to grant trackage rights over the MBTA Segment to Springfield Terminal as provided herein; and

WHEREAS, Pan Am Southern now wishes to grant Springfield Terminal Haulage Rights, as defined herein, under the terms and conditions hereinafter provided; and

WHEREAS, given the structure of Pan Am Southern, the Parties desire to grant Norfolk Southern third-party beneficiary status to enforce this Agreement on behalf of Pan Am Southern; and

WHEREAS, the Parties desire to set forth the terms and conditions upon which Springfield Terminal may use trackage rights to transport Springfield Terminal Traffic over the Subject Trackage;

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

SECTION 1. DEFINITIONS AND INTERPRETATION

(a) Interpretation Generally.

(i) Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.

(ii) Each definition in this Agreement includes the singular and the plural, and references in this Agreement to the neuter gender include the masculine and feminine where appropriate. References herein to any agreement or contract mean such agreement or contract as amended. As used in this Agreement, the word "including" means "without limitation", and the words "herein", "hereof" and "hereunder" refer to this Agreement as a whole. All dollar amounts stated herein are in United States currency.

(iii) The Parties acknowledge that Springfield Terminal initially will be the Railroad Operator for Pan Am Southern pursuant to the Railroad Operating Agreement. Unless the context requires otherwise, a reference to Pan Am Southern shall be a reference to Pan Am Southern and its Railroad Operator. Except when Springfield Terminal is operating on behalf of Pan Am Southern pursuant to the Railroad Operating Agreement, its actions shall not be considered to be those of the Railroad Operator.

(b) Capitalized Terms.

All capitalized terms shall have the defined meaning set forth below:

"AAR" shall mean the Association of American Railroads.

"Abandonment Notice Period" shall have the meaning given to that term in Section 16(c).

"Abandonment Segment" shall have the meaning given to that term in Section 16(a).

"Agreement" shall have the meaning given to that term in the introductory paragraph.

"Automotive Traffic" shall mean finished automobiles, sport utility vehicles, vans (including minivans), trucks and other vehicles.

"B&M" shall have the meaning given to that term in the introductory paragraph.

"Carload Operating Charges" shall mean those per carload mile charges imposed on Pan Am Southern to operate freight rail service over the MBTA Segment.

"Cars" means each loaded or empty railroad freight car (including platform and well rail cars) or similar equipment.

"Clearance File" shall have the meaning given to that term in Section 5(b).

"Contribution" shall have the meaning given to that term in the Recitals.

"CSXT" shall mean CSX Transportation, Inc.

"Effective Date" shall have the meaning given to that term in Section 11(a).

“End Points” shall mean: (1) Harvard, MA at Milepost 25.70; and (2) CPF 312 at Milepost 311.97.

“Equipment” shall mean and be confined to hi-rail vehicles, track inspection equipment and other non-revenue vehicles and machinery (other than locomotives) capable of being operated on railroad tracks that, at the time of an occurrence, are (i) being operated on the trackage upon which such occurrence takes place, or (ii) are on the trackage upon which such occurrence takes place, or on the adjoining right-of-way, for the purpose of maintenance or repair thereof or the clearing of wrecks thereon.

“Exercise Notice” shall have the meaning given to that term in Section 16(c).

“FMV” shall have the meaning given to that term in Section 16(c).

“Foreign Railroad” shall mean a railroad that is not a party to this Agreement.

“Governmental Authority” shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any mediation body or arbitral tribunal, including the STB.

“Haulage Rights” shall have the meaning given to that term in Section 2(b)(i).

“Haulage Traffic” shall have the meaning given to that term in Section 2(b).

“Hazardous Materials” shall mean any traffic moving on STCC 49-XXX-XX.

“Intermodal Traffic” generally shall mean the movement of containers and trailers on rail cars.

“JOC” shall mean that Joint Operating Committee of Pan Am Southern established pursuant to the LLC Agreement.

“JV Transaction Agreements” shall have the meaning given to that term in the LLC Agreement.

“Line” shall have the meaning given to that term in the Recitals.

“LLC Agreement” shall mean that Limited Liability Company Agreement of Pan Am Southern Railway LLC, by and between Norfolk Southern and B&M, and dated as of April 9, 2009.

“Loss or Damage” shall have the meaning given to that term in Section 8.

“Management Committee” shall mean the Management Committee of Pan Am Southern as provided in the LLC Agreement.

“MBTA” shall have the meaning given to that term in the Recitals.

“MBTA Segment” shall have the meaning given to that term in the Recitals.

“Mechanicville Facility” shall have the meaning given to that term in the Recitals.

“Monthly Statement” shall have the meaning given to that term in Section 7(a).

“Norfolk Southern” shall have the meaning given to that term in the Recitals.

“Pan Am” shall have the meaning given to that term in the introductory paragraph.

“Pan Am Southern” shall have the meaning given to that term in the introductory paragraph.

“Pan Am Southern Cars” shall mean Cars and Equipment in the revenue and/or car hire account of Springfield Terminal.

“Pan Am System Parties” shall have the meaning given to that term in the Recitals.

“Parties” shall have the meaning given to that term in the introductory paragraph.

“Party” shall have the meaning given to that term in the introductory paragraph.

“Person” shall mean an individual or partnership, corporation, trust, association, limited liability company, Governmental Authority or other entity.

“Railroad Operator” shall have the meaning given to that term in the Recitals.

“Remaining Springfield Terminal” shall mean those lines owned or operated by Springfield Terminal on the day after the Closing.

“Springfield Terminal” shall have the meaning given to that term in the introductory paragraph.

“Springfield Terminal Cars” shall mean Cars and Equipment in the revenue and/or car hire account of Springfield Terminal.

“Springfield Terminal Capacity Improvements” shall have the meaning given to that term in Section 3(j).

"Springfield Terminal Capacity Study" shall have the meaning given to that term in Section 3(j)

"Springfield Terminal Traffic" shall have the meaning given to that term in the Recitals.

"STB" shall mean the Surface Transportation Board or any successor entity thereto.

"Subject Trackage" shall mean the certain lines of railroad generally running between the End Points.

"Subject Traffic" shall have the meaning given to that term in Section 8(a).

"Trackage Rights" shall have the meaning given to that term in Section 2(a)(i).

"Transaction Agreement" shall have the meaning given to that term in the Recitals.

"Use Invoice" shall have the meaning given to that term in Section 7(a).

"Waiver Notice" shall have the meaning given to that term in Section 16(e).

(c) Successor Laws.

A reference to any particular statute or regulation shall include a reference to any successor statute or regulation.

SECTION 2. TRACKAGE RIGHTS AND HAULAGE RIGHTS

(a) Trackage Rights.

(i) Pursuant to the Transaction Agreement and subject to the terms set forth in this Agreement, Pan Am Southern hereby grants Springfield Terminal trackage rights for the sole purpose of transporting Springfield Terminal Traffic over the Subject Trackage, including the MBTA Segment (collectively, "Trackage Rights"). These rights consist of the right to operate its trains, locomotives, Cars, and Equipment with its own crews over the entirety of the Subject Trackage. Springfield Terminal's use of the Trackage Rights shall be subject to the limitations and restrictions set forth in this Section 2(a) and Section 3.

(ii) Springfield Terminal locomotives and crews operating over the Subject Trackage shall be equipped to communicate with Pan Am Southern on radio frequencies normally used by Pan Am Southern in directing train movements on the Subject Trackage.

(iii) Springfield Terminal's operations over the Subject Trackage shall at all times be subject to the direction and control of Pan Am Southern and comply in all respects with the safety rules, operating rules and other regulations of Pan Am Southern.

(iv) Springfield Terminal shall make such arrangements with Pan Am Southern as may be required to have all of its employees who shall operate its trains, locomotives, Cars and Equipment over the Subject Trackage qualified for operation thereover. Pan Am Southern shall provide, and shall cause its Railroad Operator to provide, reasonable cooperation and assistance in the qualification of Springfield Terminal operating (train and engine) crews for service over the Subject Trackage upon request. Springfield Terminal supervisory personnel who have been qualified to operate over the Subject Trackage may qualify other Springfield Terminal employees for operation of trains over the Subject Trackage.

(b) Haulage Rights. Pursuant to the Transaction Agreement and subject to the terms set forth in this Agreement, Pan Am Southern hereby grants Springfield Terminal haulage rights (collectively, the "Haulage Rights") between CPF 312 and the Mechanicville Facility [REDACTED] ("Haulage Traffic").

SECTION 3. USE AND RESTRICTIONS ON USE OF THE SUBJECT TRACKAGE

(a) Traffic moving pursuant to this Agreement shall at all times remain in the revenue waybill and car hire accounts of Springfield Terminal while moving over the tracks of Pan Am Southern.

(b) Pan Am Southern shall not be entitled to any line haul revenue for the handling of Haulage Traffic, or movement of traffic pursuant to the Trackage Rights, nor shall Pan Am Southern participate in the routing of, nor appear in tariffs, waybills or other shipping documents as a participating carrier in connection with, the movement of any of the same.

(c) Springfield Terminal's use of Subject Trackage pursuant to the trackage rights grant shall be in common with Pan Am Southern, and other than as explicitly set forth herein, Pan Am Southern's right to use the Subject Trackage shall not be diminished by this Agreement.

(d) Springfield Terminal's operations over the Subject Trackage shall at all times be subject to the direction and control of Pan Am Southern and comply in all respects with the safety rules, operating rules and other regulations of the Pan Am Southern.

(e) In its exercise of the Trackage Rights grant, Springfield Terminal may operate trains in either direction over the Subject Trackage.

(f) In its exercise of the Trackage Rights grant, Springfield Terminal may use its Trackage Rights only to move traffic between:

(i) an interchange with CSXT south of Harvard and Springfield Terminal's own line at Willows; and

(ii) customers local to the Springfield Terminal's line south of Harvard and Springfield Terminal's line north of Willows; and

(iii) a connection with the Providence and Worcester at Worcester, MA and Springfield Terminal's line north of Willows; and

(iv) Ayer and an interchange with CSXT at Barbers, south of Harvard, but only for movements of empty Equipment originating at Ayer, such empty Equipment to be picked up by through trains that are operated by Springfield Terminal pursuant to this Agreement; and

(v) Ayer and Springfield Terminal's own line at Willows, but only for movements of traffic originating at Ayer that, in addition, is either (A) dimensional traffic requiring the use of the Ayer – Barber line segment or (B) empty Equipment originating at Ayer, such dimensional traffic or empty equipment to be picked up by through trains that are operated by Springfield Terminal pursuant to this Agreement.

(g) Except as provided in Section 3(f)(iii) and Section 3(f)(iv), Springfield Terminal may use its Trackage Rights solely to operate its trains in overhead movements. The Trackage Rights shall not include the right of ingress and egress to any tracks, switches, turnouts, or other track classifications that connect to any point along the Subject Trackage except the End Points.

(h) Except as may otherwise be permitted by this Agreement, Springfield Terminal shall not use any part of the Subject Trackage for the purpose of switching, storage or servicing Cars or Equipment, or the making or breaking up of trains; provided, however, that Springfield Terminal may use such auxiliary Subject Trackage as may be designated by the Railroad Operator as necessary for the handling of locomotives or Cars bad ordered en route.

(i) Springfield Terminal may not, pursuant to this Agreement, grant haulage rights, trackage rights, or other operating rights of any nature on or over the Subject Trackage to any other Person.

(j) In its exercise of the Trackage Rights grant, Springfield Terminal may not move, in any one calendar year, over the Subject Trackage more than one hundred twenty percent (120%) of Cars, loaded or empty, in the aggregate (counting each one-way movement as a single movement) that moved over the Subject Trackage in 2007, unless and until: (i) Springfield Terminal funds fifty percent (50%) of a study (the "Springfield Terminal Capacity Study", to be conducted by an independent third party) to identify the capacity improvements ("Springfield Terminal Capacity Improvements") necessary to handle the potential additional traffic with no negative impact on Pan Am Southern, and (ii) the Springfield Terminal Capacity Improvements are constructed at Springfield Terminal's sole risk and expense. Should the Springfield Terminal Capacity Improvements be constructed, the number of Cars, loaded or empty, Springfield Terminal may move over the Subject Trackage in any one calendar year shall be expanded only by an amount equal to the added capacity. Pan Am Southern agrees to fund fifty (50%) of the Springfield Terminal Capacity Study. Pan Am Southern shall have the right to

approve the individual Springfield Terminal Capacity Improvements constructed, but such approval shall not be unreasonably withheld, provided the Springfield Terminal Capacity Improvements conform to the recommendations of the Springfield Terminal Capacity Study.

(k) Springfield Terminal Cars shall not move on trains transporting Norfolk Southern Intermodal Traffic or Automotive Traffic unless Norfolk Southern and the JOC consent.

SECTION 4. INFRASTRUCTURE

(a) Maintenance.

(i) Pan Am Southern shall be solely responsible for the maintenance, repair, and renewal of the Subject Trackage. Pan Am Southern shall arrange to keep and maintain the Subject Trackage in reasonably good condition for the use herein contemplated, such condition (following the upgrading anticipated by the Transaction Agreement) not to be, as to Hill Yard, less than industry yard standard but in any event not less than Federal Railroad Administration Class 1, and, as to the remainder of the Subject Trackage, less than Federal Railroad Administration Class 2 (or any replacement of it), subject to normal slow orders and the like, but Pan Am Southern does not guarantee the condition of the Subject Trackage or that operations thereover will not be interrupted. Pan Am Southern shall take reasonable steps to ensure that any interruptions will be kept to a minimum and shall use commercially reasonable efforts to avoid such interruptions.

(ii) Existing connections or facilities connecting the trackage owned or operated by Springfield Terminal with those of the Subject Trackage 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 applicable agreements.

(b) Infrastructure Improvements.

Pan Am Southern from time to time may make changes in, additions and betterments to, or retirements from, the Subject Trackage as shall, in its judgment, be necessary or desirable for the economical or safe operation of the Subject Trackage or as shall be required by any law, rule, regulation, or ordinance promulgated by any Governmental Authority having jurisdiction, provided that no such retirement shall materially affect operations over the Subject Trackage. Such additions and betterments shall become a part of the Subject Trackage and such retirements shall be excluded from the Subject Trackage.

(c) Loss of Use of the Line.

(i) Other than as specifically set forth in this Agreement, Springfield Terminal shall not have, pursuant to this Agreement, any claim against Pan Am Southern for liability on account of Loss or Damage of any kind in the event the use of the Subject Trackage by Springfield Terminal is interrupted or delayed at any time by any cause.

(ii) If the Subject Trackage is unavailable for service due to a derailment, line outage or other interruption of service, then Pan Am Southern shall cooperate and consult, and shall cause its Railroad Operator to cooperate and consult, with Springfield Terminal in order to address any resulting backlog of trains over a period of time following the resolution of such derailment as may be required to reduce such backlog of Springfield Terminal Traffic or trains. The operation of such trains shall be prioritized according to service standard protocols to be developed by the JOC.

SECTION 5. MANAGEMENT AND OPERATIONS

(a) Dispatching

(i) Pan Am Southern, through its Railroad Operator, shall have exclusive control over the management and dispatching of the Subject Trackage. Dispatching of the Subject Trackage shall be conducted in a manner as to afford each of Pan Am Southern and Springfield Terminal, and any other present or future user of the Subject Trackage (or any portion thereof) the most economical and efficient movement of its traffic over the Subject Trackage consistent with the demands and needs of other authorized users. For the purposes of dispatching, trains of the same class shall be treated with equal priority, with the four (4) classes of trains (in order of priority) being:

- (1) Passenger;
- (2) Unit trains carrying Intermodal Traffic or Automotive Traffic;
- (3) Regular (unit and freight trains not scheduled to set off/pick up en route); and
- (4) Other (includes trains and equipment that must operate at restricted speeds, i.e., local, work, or other such equipment movements);

provided, that in the event of a conflict, the dispatcher shall be empowered to deviate from the priorities set forth herein in order to employ best practices to efficiently move all trains.

(ii) Springfield Terminal shall have the right to station a Springfield Terminal employee or agent in the dispatch center operated by Pan Am Southern or its Railroad Operator. Said person shall be present solely as an observer, and shall have no authority to control the movement of trains or otherwise interfere with or adjust the operation of trains, Cars or Equipment operating on the Subject Trackage.

(b) Dimensional Loads/Excess Clearance Cars

In the exercise of its Trackage Rights grant, but not its Haulage Rights grant, Springfield Terminal shall have the right to operate all dimensional loads and excess clearance railcars for handling over the Subject Trackage, subject to a clearance file (the "Clearance File") applicable to traffic of Pan Am Southern and all other carriers authorized to operate over the line. Pan Am

Southern shall promptly inform Springfield Terminal of any changes made to the Clearance File, provided, however, that for so long as Springfield Terminal shall be the Railroad Operator, all changes in the Clearance File shall be assumed to have been communicated to Springfield Terminal.

(c) Compensation.

Springfield Terminal shall compensate Pan Am Southern for the use of the Subject Trackage in accordance with Appendix B – Compensation.

(d) Mileage, Car Hire and Carload Operating Charges.

All mileage and car hire charges accruing on Springfield Terminal Cars on the Subject Trackage shall be assumed by Springfield Terminal and reported and paid by it directly. All Carload Operating Charges shall be paid by Pan Am Southern.

SECTION 6. COMPLIANCE WITH APPLICABLE LAWS AND RULES

(a) Each of Pan Am Southern and Springfield Terminal shall comply, and Pan Am Southern shall cause its Railroad Operator to comply, with all applicable federal, state and local laws, rules, regulations and orders promulgated by any Governmental Authority that relate to the operations contemplated hereunder. If any fine, penalty, cost or charge is imposed or assessed on or against either of them by reason of the other Party's non-compliance (or, in the case of Pan Am Southern, the non-compliance of the Railroad Operator, for which Pan Am Southern shall be responsible) with any such laws, rules, regulations or orders, such non-complying Party shall reimburse and indemnify the other Party for or on account of any such fine, penalty, cost, or charge, and all expenses and attorney's fees incurred in connection therewith, and, to the extent feasible, such non-complying Party shall defend the interests of that other Party in any related legal proceeding free of cost, charge or expense to that other Party.

(b) Without affecting the generality of the foregoing Section 6(a), each of Pan Am Southern and Springfield Terminal shall comply, and Pan Am Southern shall cause its Railroad Operator to comply, with the provisions of the Federal Locomotive Inspection Act and the Federal Safety Appliance Act, as amended, and any other applicable federal and state and local laws, regulations and rules respecting the operation, condition, inspection and safety of its trains, locomotives, Cars and Equipment while such trains, locomotives, Cars, and Equipment are being operated over the Subject Trackage. Each of those Parties shall indemnify, protect, defend, and save harmless the other Party from and against all fines, penalties and liabilities imposed upon such Party under such laws, rules, and regulations by any Governmental Authority or court having jurisdiction, when attributable solely to the failure of indemnifying Party (or, in the case of Pan Am Southern, the failure of the Railroad Operator, for which Pan Am Southern shall be responsible) to comply with its obligations in this regard.

(c) Springfield Terminal's trains shall not include locomotives, Cars or Equipment which exceed the width, height, weight or other restrictions or capacities of the Subject Trackage as contained in the Clearance File maintained by Pan Am Southern, and no train shall contain

locomotives, Cars or Equipment which require speed restrictions or other movement restrictions below the maximum authorized freight speeds as provided by Pan Am Southern's operating rules and regulations, without the prior consent of Pan Am Southern. The JOC shall make proper accommodation for exceptions, should that be reasonable, necessary, and practicable.

(d) If any employee of Springfield Terminal shall neglect, refuse, or fail to abide by Pan Am Southern's rules, instructions and restrictions governing the operation on or along Pan Am Southern's property, such employee shall, upon written request of Pan Am Southern, be prohibited by Springfield Terminal from working on Pan Am Southern's property. If any party shall deem it necessary to hold a formal investigation to establish such neglect, refusal, or failure on the part of any employee of Springfield Terminal, then upon such notice presented in writing, Springfield Terminal shall promptly hold an investigation in which all Parties concerned shall participate, with each Party bearing the expense for its officers', counsel's, witnesses' and employees' participation. Springfield Terminal shall give notice of such investigations to its employees, and such investigation shall be conducted in accordance with the terms and conditions of schedule agreements between the employer and its employees. If the result of such investigation warrants, such employee shall, upon written request by Pan Am Southern, be withdrawn by Springfield Terminal from service on Pan Am Southern's property and Springfield Terminal shall release and indemnify Pan Am Southern from and against any and all claims and expenses because of such withdrawal.

SECTION 7. INVOICES AND PAYMENT OF BILLS

(a) On or before the 15th day of each calendar month during the term of this Agreement, the Railroad Operator shall prepare on behalf of Pan Am Southern a monthly statement setting forth the number of Springfield Terminal Cars operated over the Subject Trackage during the month (the "Monthly Statement") and an invoice (the "Use Invoice"). The Monthly Statement shall be in electronic format, and shall contain a detailed list of the Springfield Terminal Cars that moved during the subject month, which list shall include, for each Car, information relating to such Cars that Pan Am Southern may reasonably request in connection with accounting for the use of the services and rights provided hereunder. The Monthly Statement and the Use Invoice shall be delivered to Springfield Terminal and Springfield Terminal shall make payment to Pan Am Southern within thirty (30) days after the date of receipt of such Use Invoice.

(b) Any dispute regarding the details of a Monthly Statement or amount of a Use Invoice shall be reconciled between the Parties pursuant to Section 14, and any adjustment resulting from such reconciliation shall be reflected in a subsequent Use Invoice. If Springfield Terminal disputes any portion of a Use Invoice, it shall nevertheless pay such Use Invoice in full subject to adjustment upon resolution of the dispute; provided, however, that (i) no exception to any charge in a Use Invoice shall be honored, recognized or considered if filed after the expiration of three (3) years from the date of the Use Invoice, and (ii) no invoice shall be rendered more than three (3) years (a) after the last day of the calendar month in which the expense covered thereby is incurred, or (b) in the case of charges disputed as to amount or liability, after the amount owed or liability therefor is established. Any claim for the adjustment of a Monthly Statement or Use Invoice shall be deemed to be waived if not made in writing

within three (3) years after the date of the relevant Monthly Statement for statement adjustments and the date of the relevant Use Invoice for invoice adjustments.

(c) Pan Am Southern and Springfield Terminal shall each have the right, at its own expense, to audit the records of any other Party pertaining to the use of the Subject Trackage under this Agreement, and any Monthly Statement, Use Invoice or other invoice issued by Pan Am Southern pursuant to this Agreement, provided such audit is initiated at any time within three (3) years of the date of the relevant Use Invoice or other invoice (as applicable) relating to this Agreement. All such audits shall be conducted at reasonable intervals, locations, and times. All such audits shall be prosecuted with reasonable due diligence. Each Party agrees that all information disclosed to it or its representatives in connection with such an audit will be held in strictest confidence and will not be disclosed to any third party (other than to an arbitrator in connection with an arbitration conducted pursuant this Agreement or as required by applicable law). Any adjustment resulting from an audit conducted pursuant to this Section 7(c) with respect to which the Parties are in concurrence shall be reflected in a subsequent Use Invoice.

(d) Invoices rendered pursuant to the provisions of this Agreement, other than Use Invoices, shall include direct labor and material costs, together with the surcharges, overhead percentages, and Equipment rentals as specified by Pan Am Southern at the time any work is performed by Pan Am Southern for Springfield Terminal, or shall include actual costs and expenses, upon mutual agreement of the Parties.

SECTION 8. LIABILITY

As between the Parties hereto, responsibility for all claims, liabilities, demands, actions at law or equity, judgments, settlements, losses, damages and expenses of every character, including any loss or destruction of, or damage to, any property whatsoever, and any injury to or death of any person or persons whomever (including employees of the Parties), resulting from, arising out of, incidental to or occurring in connection with this Agreement ("Loss or Damage"), shall be allocated as follows, without regard to considerations of fault or negligence (except as otherwise specifically provided for hereinafter):

(a) Springfield Terminal Cars moving pursuant to this Agreement shall, for the purposes of this Section 8, be referred to as "Subject Traffic". Otherwise, for the purposes of assigning responsibility for Loss or Damage under this Section 8 (including but not limited to Section 8(d)) as between the Parties, the trains, Cars and Equipment of a Foreign Railroad shall be considered to be the trains, Cars and Equipment of Pan Am Southern. By way of illustration only, if, for example, Pan Am Southern were to grant D&H trackage rights pursuant to a trackage rights agreement, then traffic moving pursuant to that D&H trackage rights agreement would be considered Pan Am Southern traffic.

(b) Springfield Terminal shall be responsible for: (1) Loss or Damage to Equipment in its revenue waybill account and the lading therein; and (2) to the extent not allocated pursuant to Section 8(c)(1), Loss or Damage arising from or growing out of its negligence or willful misconduct or that of its officers, agents, contractors, or employees, either solely or in conjunction with a third party.

(c) Pan Am Southern shall be responsible for: (1) Loss or Damage to Equipment in its revenue waybill account and the lading therein; and (2) to the extent not allocated pursuant to Section 8(b)(1), Loss or Damage arising from or growing out of its negligence or willful misconduct or that of its officers, agents, contractors (including the Railroad Operator), or employees, either solely or in conjunction with a third party.

(d) Loss or Damage arising from or growing out of the negligence or willful misconduct of both Springfield Terminal and Pan Am Southern (or their respective officers, agents, contractors or employees) shall be borne by the Parties in proportion to their fault.

(e) To the extent responsibility for Loss or Damage is not allocated pursuant to Section 8(b), 8(c), and 8(d) such responsibility for Loss or Damages shall be: (i) borne solely by Springfield Terminal if the involved trains are handling only Subject Traffic, or (ii) borne by each of Pan Am Southern and Springfield Terminal in proportion to the number of Cars in such trains that are moving in that Party's revenue waybill account or car hire account.

(f) Notwithstanding anything to the contrary in Section 8(b), Section 8(c), Section 8(d), and Section 8(e) above, when any damage to or destruction of the environment, including without limitation land, air, water, wildlife, and vegetation, or to third parties from substances transported in Cars or contained in locomotives occurs with one or more trains handling Subject Traffic being involved, then, as between themselves, (i) Pan Am Southern shall be solely responsible for any damage or destruction to the environment and to third parties which results solely from a substance transported in Pan Am Southern Cars and/or contained in a Pan Am Southern locomotive which was released, (ii) Springfield Terminal shall be solely responsible for any damage or destruction to the environment and to third parties which results solely from a substance transported in Subject Traffic and/or contained in a Springfield Terminal locomotive which was released, and (iii) responsibility for damage or destruction to the environment and to third parties which results from one or more substances which was (or were) being transported in Cars, Equipment or locomotives in the revenue waybill and car hire accounts of both Springfield Terminal and Pan Am Southern which was (or were) released shall be borne by the Parties in proportion to the total number of such Cars, Equipment or locomotives in that Party's revenue waybill or car hire account from which there was (or were) such a release.

(g) Notwithstanding anything to the contrary in this Section 8, if: (i) Loss or Damage occurs with one or more trains being involved; (ii) one or more of the involved trains is handling (A) only Subject Traffic or (B) both Subject Traffic and Pan Am Southern Cars; (iii) such Loss or Damage is attributable solely to the Gross Negligence or Willful or Wanton Misconduct of only one of the Parties (or of Springfield Terminal in its role as the Railroad Operator for Pan Am Southern); and (iv) such Gross Negligence or Willful or Wanton Misconduct is the direct or proximate cause of such Loss or Damage, then the Party to which such Gross Negligence or Willful or Wanton Misconduct is attributable shall assume all liability, cost and expense in connection with such Loss or Damage. The Parties agree that, for purposes of this Section 8(g), (1) "Gross Negligence or Willful or Wanton Misconduct" shall be defined as "the intentional failure to perform a manifest duty in reckless disregard of the consequences as affecting the life or property of another; such a gross want of care and regard for the rights of others as to justify

the presumption of willfulness and wantonness" and shall include, by definition, acts or omissions of any its employees while under the influence of drugs or alcohol; and (2) Subject Traffic being handled in haulage shall be considered Pan Am Southern Cars.

(h) If any suit or action shall be brought against any Party for Loss or Damage which under the provisions of this Agreement are in whole or in part the responsibility of another Party, said responsible Party shall be notified in writing by the Party sued, and the Party so notified shall have the right and be obligated to take part in the defense of such suit and shall pay its share of the judgment and the costs and expense incurred in such suit in accordance with the terms of this Section 8.

(i) In every case of death or injury suffered by an employee of one of the Parties, when compensation to such employee or employee's dependents is required to be paid under any present or future state or federal worker's compensation, occupational disease, employers' liability or other law, and one or more of the Parties under provisions of this Agreement is/are required to pay same or a portion of same in installments over a period of time, said Party or Parties shall not be released from paying any such future installment(s) by reason of the termination of this Agreement prior to any of the respective date(s) upon which any such future installments are to be paid.

(j) Whenever any liability, cost or expense is assumed by or allocated to a Party under this Section 8, that Party shall: (i) forever protect, defend, indemnify and save harmless the other Party from and against that liability, cost and expense, regardless of whether such liability, cost and expense was caused in whole or in part by the fault, failure, negligence, misconduct, malfeasance or misfeasance of the Party indemnified, or their directors, officers, agents or employees, and (ii) defend such Party against such claims with counsel selected by the responsible Party and reasonably acceptable to the indemnified Party.

(k) Each of Pan Am Southern and Springfield Terminal shall investigate, adjust and defend all cargo related claims filed with it in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract entered into pursuant to 49 U.S.C. Section 10709.

(l) All costs and expenses in connection with the investigation, adjustment and defense of any claim or suit (other than cargo-related claims made against a Party by a customer whose traffic was moving in the revenue and/or car hire account of such Party) under this Agreement shall be included as costs and expenses in applying the liability provisions of this Section 8; provided, however, that salaries or wages of full-time agents, full-time attorneys and other full-time employees of any Party engaged directly or indirectly in such work shall be borne by such Party.

(m) No Party shall settle or compromise any claim, demand, suit or cause of action (other than a cargo-related claim filed with it in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract entered into pursuant to 49 U.S.C. Section 10709) for which another Party has any liability under this Agreement without the concurrence of such other Party if the consideration for such settlement

or compromise exceeds [REDACTED] The foregoing amount of [REDACTED] shall be adjusted annually consistent with the provisions of Section 2(b) and Section 2(c) of Appendix B.

(n) Each Party shall indemnify and hold harmless the other Parties against any and all costs and payments, including benefits, allowances, and arbitration, administrative and litigation expenses, arising out of claims or grievances made by or on behalf of or lawsuits brought by or on behalf of its own employees or their collective bargaining representatives, either pursuant to employee protective conditions imposed by a governmental agency upon the agency's approval or exemption of this Agreement and operations hereunder or pursuant to a collective bargaining agreement. It is the Parties' intention that each Party shall bear the full costs of protection of its own employees under employee protective conditions that may be imposed, and of grievances filed by its own employees arising under its collective bargaining agreements with its employees. Similarly, each Party agrees to indemnify and hold harmless the other Parties against any and all costs and payments, including judgments, damages, attorneys' fees and litigation expenses, arising out of claims, lawsuits and actions brought by or on behalf of its own employees pursuant to any provision of law, including common law, and based on employment arising out of the operations covered by this Agreement, except to extent otherwise specifically provided in this Agreement.

SECTION 9. RERAILING, WRECKING, BAD ORDERS AND REPAIRS

(a) Whenever one or more Cars and/or locomotives in the account of Springfield Terminal requires rerailling, wrecking service or wrecking train service, Pan Am Southern shall arrange for the provision of such service, including the repair and restoration of roadbed, the Subject Trackage and structures. Pan Am Southern shall promptly inform Springfield Terminal of its intent to proceed with wrecking service or wrecking train service, and shall permit a Springfield Terminal representative to be present on the scene, to work in concert with the employees of Pan Am Southern and its Railroad Operator to manage such wrecking service or wrecking train service. The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom shall be apportioned in accordance with the provisions of Section 8 hereof. All locomotives, Cars, Equipment and salvage from the same so picked up and removed which is owned by or under the management and control of or used by Springfield Terminal at the time of such wreck, shall be promptly delivered to it.

(b) If any Cars or locomotives of Springfield Terminal are bad ordered en route on the Subject Trackage and it is necessary that they be set out, those Cars or locomotives shall, after being repaired, be picked up by Pan Am Southern, or if agreed upon by the parties, Pan Am Southern will transport them to a mutually acceptable location to be picked up by Springfield Terminal. Pan Am Southern may, upon request of Springfield Terminal and at the expense of Springfield Terminal, unless otherwise provided for in the Field and Office Manuals of the Interchange Rules of the AAR, furnish required labor and material to perform light repairs required to make such bad ordered Cars or locomotives safe and lawful for movement, and

billing for this work shall be at rates prescribed in, and submitted pursuant to, the Field and Office Manuals of the Interchange Rules of the AAR.

SECTION 10. FORCE MAJEURE

The obligations, other than payment obligations, of Springfield Terminal and Pan Am Southern under this Agreement shall be subject to force majeure (including flood, earthquake, hurricane, tornado, or other such severe weather or climatic condition, riot, wreck, derailment, washout, explosion, Acts of God, act of terrorism and public enemy, war, blockage, insurrection, vandalism or sabotage, fire, strike, lockout or labor dispute, embargoes or AAR service orders, or governmental laws, orders or regulations, and other causes or circumstances beyond the control of the Party invoking such force majeure as an excuse for nonperformance), but only as long as, and to the extent that, such force majeure shall reasonably prevent performance of such obligations by the affected Party. In the event that an event of force majeure impairs either of Springfield Terminal's or Pan Am Southern's ability to fulfill its obligations to the other Parties under this Agreement, said Party shall take all commercially reasonable measures to restore performance of its obligations in a timely manner.

SECTION 11. TERM AND TERMINATION

(a) This Agreement shall become effective following the latest date of: (a) the date first written above; (b) receipt of any required regulatory approvals or exemptions; and (c) the expiration of any time periods required by the issuance of labor notices by the Parties, should such labor notices be required ("Effective Date"). The Parties shall determine the Effective Date through an exchange of written correspondence.

(b) This Agreement shall commence on the Effective Date and shall continue until terminated by mutual agreement.

(c) Termination of this Agreement shall not relieve or release any Party hereto from any obligations assumed or from any liability which may have arisen or been incurred by such Party under the terms of this Agreement prior to termination hereof, nor shall it terminate any underlying right, or contingent right, of movement pursuant to the trackage rights grant.

SECTION 12. SUCCESSORS AND ASSIGNS.

(a) This Agreement shall inure to the benefit of and be binding upon each of the Parties and their respective successors and permitted assigns. Third party beneficiary status shall inure to the benefit of Norfolk Southern and each of its successors and permitted assigns.

(b) Except as otherwise specifically provided hereinafter, no Party may assign this Agreement, or any of its rights, interests or obligations hereunder, including by operation of law, without the prior consent in writing of the other Parties, which consent may be withheld at the discretion of such other Parties.

(c) In the event of a sale of substantially all of the assets or business of Springfield Terminal, or the merger or consolidation of Springfield Terminal into or with a firm or corporation not controlled by Springfield Terminal, Springfield Terminal may, without the prior consent of Pan Am Southern, assign this Agreement to such firm or corporation acquiring substantially all of the assets or business of Springfield Terminal, or merging or consolidating with Springfield Terminal; provided, however, that such assignment shall not extinguish or (except in the case of merger or consolidation) transfer any liability or obligation of Springfield Terminal under this Agreement that existed prior to such assignment.

(d) In the event of a sale of substantially all of the assets or business of Pan Am Southern, or the merger or consolidation of Pan Am Southern, Pan Am Southern may, without the prior consent of Springfield Terminal, assign this Agreement to such firm or corporation acquiring substantially all of the assets or business of Pan Am Southern, or merging or consolidating with Pan Am Southern; provided, however, that such assignment shall not extinguish or (except in the case of merger or consolidation) transfer any liability or obligation of Pan Am Southern under this Agreement that existed prior to such assignment.

SECTION 13. NOTICE

Any notice required or permitted to be given by one Party to the other Party under this Agreement shall be deemed given on the date sent by certified mail, or by such other means as the Parties may mutually agree, and shall be addressed as follows:

If to Pan Am
Southern:

Chairman
Pan Am Southern LLC
c/o Pan Am Railways
400 Amherst Street, Suite 405
Nashua, NH 03063

With a copy to
Norfolk Southern:

Mike R. McClellan
Vice President – Intermodal and
Automotive Marketing
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

and

Vice President – Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510
(757) 629-2374
(757) 533-4872 (fax)

If to Springfield
Terminal: David A. Fink
President
Springfield Terminal Railway Company
c/o Pan Am Railways
400 Amherst Street, Suite 405
Nashua, NH 03063

With a copy to: Robert Culliford
Vice President Law
Pan Am Systems
400 Amherst Street, Suite 405
Nashua, NH 03063
(603) 816-0042
(603) 816-0043 (fax)

Any Party (or Norfolk Southern) may provide notice of changes in the above addressees to the others by personal service or certified mail.

SECTION 14. DISPUTE RESOLUTION

(a) Reference to JOC.

Any dispute, controversy or claim between the Parties and arising out of or relating to this Agreement or the breach, termination or validity thereof ("Dispute") shall be referred to the JOC (for Pan Am Southern) for resolution and if the Parties are unable to resolve the dispute, it will be referred, in writing, to the Management Committee (for Pan Am Southern) to resolve.

(b) Reference for Formal Dispute Resolution.

Any Dispute not resolved within sixty (60) days after receipt by any of the involved parties of written notice of reference of such Dispute to the Management Committee pursuant to Section 14(a), shall be submitted, by either Party for formal dispute resolution pursuant to Section 14(c).

(c) Formal Dispute Resolution.

(i) Submission to Jurisdiction. Each of the Parties hereby (A) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the "Delaware Courts") in any action to enforce or in aid of the agreement to arbitrate in Section 14(c)(ii) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (B) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from

any such court, and (C) waives any objection based on forum non conveniens or any other objection to venue thereof.

(ii) Dispute Resolution. Each of the Parties stipulates and agrees that any Dispute that is not resolved pursuant to Section 14(a) will be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the AAA then in effect (the "Rules"), under the following terms and conditions:

(A) Selection of Arbitrator. A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(B) Conduct of Arbitration. The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to money damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(C) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

(D) Findings and Conclusions. The arbitrator will, after reaching judgment and award, prepare and distribute to the parties a written award including the findings of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(E) Time is of the Essence. The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against any party if, upon a showing that such party is unreasonably delaying the proceeding.

(F) Temporary Equitable Relief. By agreeing to arbitration, the parties do not intend to deprive any Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award money damages for the failure of any party to respect the arbitrator's orders to that effect.

(G) Consolidation. The parties are committed to the prompt and efficient resolution of Disputes. Accordingly, if more than one Dispute arise under this Agreement and/or any other JV Transaction Agreement, such Disputes may be brought in a

single arbitration. If more than one arbitration is brought with respect to Disputes under this Agreement and/or any JV Transaction Agreement, then any party may request that any arbitration or any new Dispute arising under this Agreement or any other JV Transaction Agreement be consolidated into any prior arbitration. The new Dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new Dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the parties. Unless the parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The parties waive any right they have to appeal or to seek interpretation, revision or annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(H) Discovery. Recognizing the express desire of the parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(I) Costs and Attorneys' Fees. Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 14(c)(ii) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to the prevailing party or parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the party resisting enforcement.

(J) Miscellaneous. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator. An arbitrator's award may be appealed in accord with Section 23 of the Uniform Arbitration Act.

(c) As a third party beneficiary, Norfolk Southern may initiate and prosecute arbitration pursuant to Section 14(b) on behalf of Pan Am Southern. Pan Am Southern and Springfield Terminal shall cooperate with Norfolk Southern in the preparation for, and the initiation and prosecution of, such arbitration, at Pan Am Southern's expense.

SECTION 15. CONFIDENTIALITY

Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement, or in connection with an audit by the Internal Revenue Service or other tax authority, or as may be necessary or appropriate for a Party hereto to enforce its rights under this Agreement, during the term of this Agreement

(including any extensions thereof), and for a period of three (3) years after termination or expiration of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or which is obtained hereunder will be kept confidential and will not be disclosed by either Party to any person other than members, officers, employees, independent auditors, and attorneys, without the prior written approval of the other Party. Notwithstanding anything to the contrary, any Party may disclose this Agreement in connection with an audit by its external auditors, the Internal Revenue Service or other tax authority.

SECTION 16. ABANDONMENT

(a) Pan Am Southern shall have the right, subject to securing any necessary regulatory approval or exemption, to abandon or discontinue service on the Subject Trackage or any portion thereof (the "Abandonment Segment") during the term of this Agreement. Pan Am Southern shall provide Springfield Terminal no less than ninety (90) days prior notice of its intention to seek to abandon or discontinue service over any Abandonment Segment.

(b) If Pan Am Southern elects to abandon or discontinue service over the Subject Trackage (or any portion thereof) pursuant to Section 16(a), this Agreement shall continue to apply in all respects to any remaining portion of the Subject Trackage not abandoned or subject to discontinuance by Pan Am Southern.

(c) Pan Am Southern shall, not less than 60 days prior to any submission to the STB (or successor agency having jurisdiction over said abandonment or discontinuance) of an application or exemption for authority to abandon or discontinue service over an Abandonment Segment(s), first offer Springfield Terminal the first right to purchase such Abandonment Segment(s) for fair market value ("FMV") of such Abandonment Segment(s), and on such other terms and conditions as are customary with respect to line sales, which such notice shall specifically identify this Section 16 and the time periods for action hereunder. Springfield Terminal shall have forty-five (45) days ("Abandonment Notice Period") within which to advise Pan Am Southern that it will exercise its right to purchase ("Exercise Notice"). If the Parties are unable to agree upon the FMV of the Abandonment Segment(s) that Springfield Terminal wishes to purchase, either Party may refer the issue to arbitration pursuant to Section 14, which arbitration shall determine all other issues relating to terms and conditions for the sale not then (at the time of the initiation of the arbitration) agreed to by the Parties. Such arbitration shall be conducted on an expedited basis, with selection of the arbitrators within thirty (30) days of the initiation of arbitration, all submissions to be made by the Parties within sixty (60) days of the initiation of arbitration, and a written decision to be rendered within thirty (30) days following the final submissions of the Parties.

(d) The Parties shall consummate the sale contemplated by this Section 16 within forty-five (45) days of the latest of: (i) the rendering of a written arbitration decision, should issues related to the sale proceed to arbitration; (ii) the execution of a purchase and sale agreement, should the Parties execute the same; and (iii) the grant of authority, or exemption from the need to obtain a grant of authority, from any regulatory body having jurisdiction over the same.

(e) If Springfield Terminal elects not to purchase the Abandonment Segment, it shall so advise Pan Am Southern within the same forty-five (45) day Abandonment Notice Period by delivering to Pan Am Southern a notice of waiver of right to purchase said segment ("Waiver Notice"). Failure of Springfield Terminal to provide Pan Am Southern (including a copy to Norfolk Southern) with either an Exercise Notice or a Waiver Notice within the aforesaid forty-five (45) day period shall constitute a Waiver Notice.

(f) In the event of a Waiver Notice and Springfield Terminal does not purchase the Abandonment Segment pursuant to its rights in this Agreement, Springfield Terminal shall promptly file such application, petition or exemption notice as may then be required to obtain regulatory authority or exemption for the Abandonment Segment and for the discontinuance of Springfield Terminal's trackage rights over the Abandonment Segment.

SECTION 17. INDEMNITY COVERAGE

As part of the consideration hereof, each Party hereby agrees that each and all of its indemnity commitments in this Agreement in favor of the other Parties shall also extend to and indemnify the parent corporation, subsidiaries and affiliates of such other Party, and all of their respective directors, officers, agents and employees.

SECTION 18. MISCELLANEOUS PROVISIONS

(a) This Agreement and each and every provision hereof are for the exclusive benefit of the Parties hereto. Nothing herein contained shall be taken as creating or increasing any right of any third party to recover by way of damages or otherwise against any of the Parties hereto. Norfolk Southern shall have third party status solely for the purpose of enforcing this Agreement, and not by way of recovery for damages hereunder.

(b) This Agreement contains the entire understanding of the Parties hereto with respect to the subject matter hereof and supersedes any and all oral understandings between the Parties.

(c) No term or provision of this Agreement may be changed, waived, discharged, or terminated except by an instrument in writing and signed by all Parties.

(d) The division of this Agreement into articles, sections, and subsections and the insertion of headings and references are for convenience of reference only, and shall not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, all references to articles, sections or subsections are to articles, sections or subsections of this Agreement.

(e) This Agreement is the result of mutual negotiations between the Parties hereto, neither of whom shall be considered the drafter for purposes of contract construction.

(f) No consent or waiver, expressed or implied, by a Party of any breach or default by the other Party in the performance by such other Party of its obligations hereunder shall be

deemed or construed to be a consent to or waiver of any other breach or default in the performance hereunder by such other Party. Failure on the part of a Party to complain of any act or failure of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first mentioned Party of its rights hereunder.

(g) If any provision of this Agreement or the application thereof to any Party hereto or to any circumstance shall be determined by a court of competent jurisdiction to be invalid or unenforceable to any extent or for any reason, the remainder of this Agreement or the application of the provisions thereof to such Party or circumstance, other than those determined to be invalid or unenforceable, shall not be affected thereby and shall be enforced to the fullest extent permitted by law, and the Parties shall promptly enter into such other agreement(s) as their respective legal counsel may deem appropriate in order to replace such invalid or unenforceable provisions in a manner that produces a result which is substantially equivalent to the terms of this Agreement in all material respects.

(h) Nothing herein shall be interpreted as creating an association, partnership, joint venture or other joint undertaking between Pan Am Southern and Springfield Terminal.

(i) THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

(j) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same instrument.

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

WITNESS:

David A. Fink
As to Pan Am Southern

PAN AM SOUTHERN LLC

By: E. H. Smith

WITNESS:

David A. Fink
As to Springfield Terminal

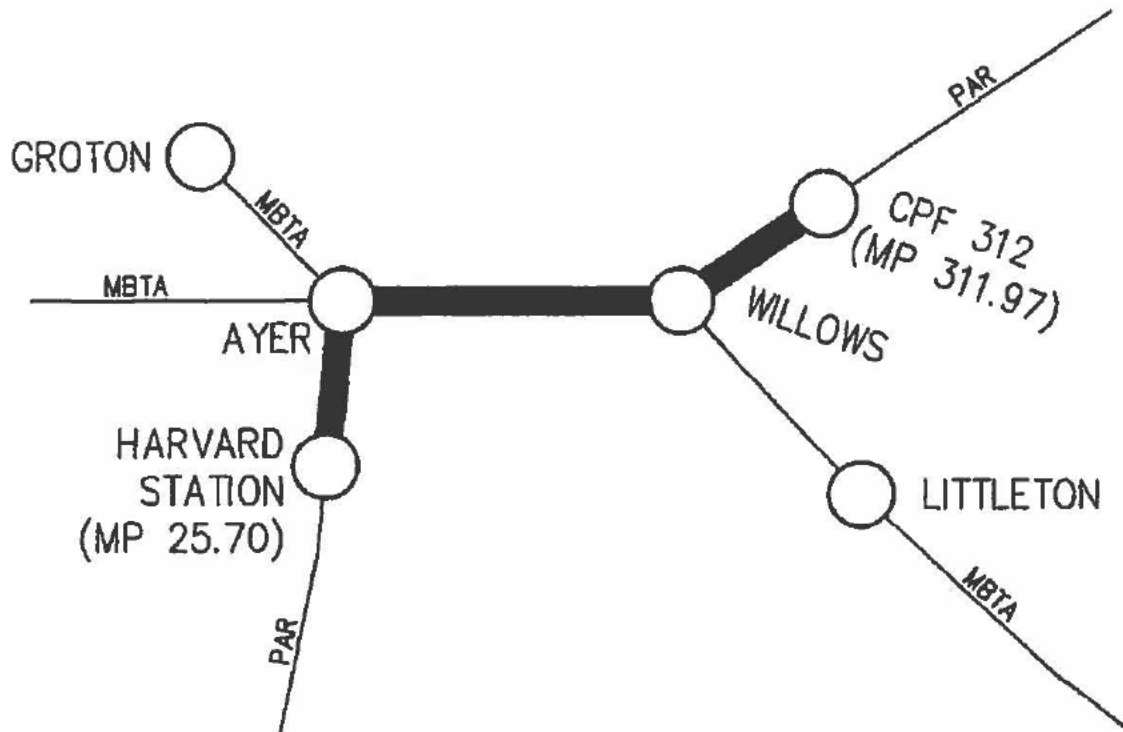
SPRINGFIELD TERMINAL RAILWAY
COMPANY

By: E. H. Smith

INDEX TO APPENDICES

APPENDIX A – MAP OF SUBJECT TRACKAGE

APPENDIX B – COMPENSATION



JV SYSTEM MAP AYER AREA

PAN AM RAILWAYS TRACKAGE RIGHTS

MARCH 24, 2008

LEGEND

- PAN AM RAILWAYS TRACKAGE RIGHTS
- OTHER TRACK

APPENDIX B – COMMERCIAL APPENDIX

Section 1. Trackage Rights Compensation

(a) Compensation.

Springfield Terminal shall compensate Pan Am Southern for the use of the Subject Trackage by paying to Pan Am Southern a sum computed by multiplying (i) the Trackage Rights Charge, as hereinafter defined, by (ii) the number of Cars (loaded or empty) and locomotives moved over the Subject Trackage, with multi-platform Cars being counted as one car for each four axles.

(b) The Trackage Rights Charge.

(i) The Trackage Rights Charge shall initially be set at:

[REDACTED]

(ii) The Trackage Rights Charge shall be revised upward or downward each year by a "Cost Factor", beginning with the bill rendered for the month of July first following the Effective Date of this Agreement, to compensate for the increase or decrease in the cost of labor and material, as reflected in 100% of the change from one year to the next in the "AAR Railroad Cost Indexes – Table A – Annual Indexes of Charge-out Prices and Wage Rates (1977=100) – East – Materials, prices, wage rates and supplements combined (excluding fuel) (the "Cost Index")". The Cost Factor shall be calculated for each calendar year by taking the difference between the currently available Cost Index as of January 1, and comparing that Cost Index with the Cost Index for the immediately preceding year. The Cost Factor may be a positive or negative number.

(iii) The Trackage Rights Charge shall be revised by calculating the Cost Factor (essentially the percent of increase or decrease in the index for the latest calendar year as related to the index for the previous calendar year) and applying that percentage to the then current Trackage Rights Charge. In computing the adjusted Trackage Rights Charge, any fraction of a cent less than one-half shall be dropped, and any fraction equal to or greater than one-half of a cent shall be increased to the next whole cent.

(iv) In the event the base for the Cost Index shall be changed from that in effect at the Effective Date of this Agreement, an appropriate revision shall be made. If the STB or any successor organization discontinues publication of the "AAR Railroad Cost Indexes", an appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto. In the absence of agreement, the parties shall submit the matter to binding arbitration under terms of Section 14 of this Trackage Rights Agreement.

(v) In the event that the Cost Factor is a negative number, no adjustment to the Trackage Rights Charge will take place for that calendar year. Said negative Cost Factor will be taken into consideration in calculating subsequent years' Cost Factor. For example, if the Cost Index is negative for two years in a row, the Cost Factor for the second year shall be adjusted downward assuming that the first year's negative Cost Index was taken into account. If the Cost Factor goes negative for three years in a row, the rate shall be adjusted again by the Cost Factor with the assumption that the first two years' negative Cost Index was taken into account.

(vi) Notwithstanding any of the foregoing, under no circumstances shall the rate paid to Pan Am Southern by Springfield Terminal be less than the initial Trackage Rights Charge set forth in Section 1(b)(i) of this Appendix B.

(c) In addition to any other adjustment to the Trackage Rights Charge described in this Appendix B, should the charges imposed on Pan Am Southern for the use of the MBTA Segment increase year-over-year in a rolling three year average by more than three percent (3%), then the Trackage Rights Charge shall be increased to reflect such change.

Section 2. Intermodal Haulage Compensation

(a) Compensation.

Springfield Terminal shall compensate Pan Am Southern for the Intermodal Haulage by paying to Pan Am Southern a sum computed by multiplying (i) the Intermodal Haulage Charge, as hereinafter defined, by (ii) the number of units (loaded or empty) moved.

(b) **The Intermodal Haulage Charge.**

(i) **The Intermodal Haulage Charge shall initially be set as follows:**

[illegible]

(i) Rate Adjustment

(A) The Rates shall be revised upward or downward each year by a "Cost Factor", beginning with the bill rendered for the month of July 2009, to compensate for the increase or decrease in the cost of labor and material, as reflected in 100% of the change from one year to the next in the "AAR Railroad Cost Indexes - Table A - Annual Indexes of Charge-out Prices and Wage Rates (1977=100) - East - Materials, prices, wage rates and supplements combined (excluding fuel)" (the "Cost Index"). The Cost Factor shall be calculated for each calendar year by taking the difference between the currently available Cost Index as of January 1, and comparing that Cost Index with the Cost Index for the immediately preceding year. The Cost Factor may be a positive or negative number.

(B) The Rates shall be revised by calculating the Cost Factor (essentially the percent of increase or decrease in the index for the latest calendar year as related to the index for the previous calendar year) and applying that percentage to the then current Rates. In computing the adjusted Rates, any fraction of a cent less than one-half shall be dropped, and any fraction equal to or greater than one-half of a cent shall be increased to the next whole cent.

(C) In the event the base for the Cost Index shall be changed from that in effect at the effective date of this Agreement, an appropriate revision shall be made. If the STB or any successor organization discontinues publication of the "AAR Railroad Cost Indexes", an

appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto.

(D) In the event that the Cost Factor is a negative number, no adjustment to the Intermodal Haulage Charge will take place for that calendar year. Said negative Cost Factor will be taken into consideration in calculating subsequent years' Cost Factor. Specifically, if the Cost Index is negative for two years in a row, the Cost Factor for the second year shall be adjusted downward assuming that the first year's negative Cost Index was taken into account. If the Cost Factor goes negative for three years in a row, the rate shall be adjusted again by the Cost Factor with the assumption that the first two years' negative Cost Index was taken into account, and so on.

(E) Notwithstanding any of the foregoing, under no circumstances shall the Rates be less than those reflected in the tables above except as provided in Subsection 2(b)(1) of this Appendix B.

(ii) Fuel Surcharge:

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AYER SWITCHING AGREEMENT

THIS SWITCHING AGREEMENT (the "Agreement") is entered into this 9th day of April, 2009, by and between Springfield Terminal Railway Company ("Springfield Terminal"), a Vermont corporation, and Pan Am Southern LLC ("Pan Am Southern"), a Delaware limited liability company. Each of Springfield Terminal and Pan Am Southern shall be a "Party" to this Agreement and collectively they shall be referred to as the "Parties".

WITNESSETH:

WHEREAS, Norfolk Southern Railway Company ("Norfolk Southern"), Pan Am Railway, Inc. ("Pan Am"), for itself and its subsidiaries, Boston and Maine Corporation ("B&M") and Springfield Terminal, (together with Pan Am and B&M, the "Pan Am System Parties") entered into a Transaction Agreement (the "Transaction Agreement"), dated as of May 15, 2008, which provides, among other things, for Norfolk Southern and B&M to form Pan Am Southern; and

WHEREAS, the Transaction Agreement provides for B&M and other Pan Am System Parties to sell in part, and contribute in part, certain railroad lines and trackage rights owned or operated by B&M generally in New York, Vermont, Connecticut, Massachusetts, and New Hampshire (the "Line", as more specifically defined in the Transaction Agreement) and certain other related assets to Pan Am Southern (the "Contribution"); and

WHEREAS, the Transaction Agreement anticipates that, pursuant to a Railroad Operating Agreement, Pan Am Southern initially will hire Springfield Terminal, a wholly-owned subsidiary of Pan Am, to perform as the designated operator (in its role pursuant to that Railroad Operating Agreement, "Railroad Operator") for all railroad operations on behalf of Pan Am Southern, including the Pan Am Southern railway operations required pursuant to this Agreement; and

WHEREAS, the Transaction Agreement provides for Pan Am Southern to provide to Springfield Terminal certain switching services for the movement of certain traffic that moves in Springfield Terminal's own revenue waybill account ("Springfield Terminal Traffic") between the rail lines remaining to Springfield Terminal immediately following the completion of the Contribution that lie north and east of Willows ("Remaining Pan Am"), and certain industrial locations in Ayer; and

WHEREAS, Norfolk Southern and the Pan Am System Parties obtained the prior consent of the Surface Transportation Board to consummate the transactions set forth in the Transaction Agreement; and

WHEREAS, Norfolk Southern and B&M formed Pan Am Southern in accordance with the Transaction Agreement; and

WHEREAS, Pan Am Southern now wishes to provide Springfield Terminal switching services for Springfield Terminal Traffic as provided herein; and

WHEREAS, given the structure of Pan Am Southern, the Parties desire to grant Norfolk Southern third-party beneficiary status to enforce this Agreement on behalf of Pan Am Southern; and

WHEREAS, the Parties desire to set forth the terms and conditions upon which Pan Am Southern will provide switching services to Springfield Terminal;

NOW, THEREFORE, the Parties hereto do mutually agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION

(a) Interpretation Generally.

(i) Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.

(ii) Each definition in this Agreement includes the singular and the plural, and references in this Agreement to the neuter gender include the masculine and feminine where appropriate. References herein to any agreement or contract mean such agreement or contract as amended. As used in this Agreement, the word "including" means "without limitation", and the words "herein", "hereof" and "hereunder" refer to this Agreement as a whole. All dollar amounts stated herein are in United States currency.

(iii) Unless the context requires otherwise, a reference to Pan Am Southern shall be a reference to Pan Am Southern and its Railroad Operator. When Springfield Terminal is operating on its own behalf pursuant to this Agreement, its actions shall not be considered to be those of the Railroad Operator.

(b) Capitalized Terms.

All capitalized terms shall have the defined meaning set forth below:

"Agreement" shall have the meaning given to that term in the introductory paragraph.

"AAR" shall mean the Association of American Railroads.

"B&M" shall have the meaning given to that term in the Recitals.

"Cars" means each loaded or empty railroad freight car (including platform and well rail cars) or similar equipment.

"Contribution" shall have the meaning given to that term in the Recitals.

"Delaware Courts" shall have the meaning given to that term in Section 15(c)(i).

"Dispute" shall have the meaning given to that term in Section 15(a).

"Effective Date" shall have the meaning given to that term in Section 12(a).

"Equipment" shall mean and be confined to hi-rail vehicles, track inspection equipment and other non-revenue vehicles and machinery (other than locomotives) capable of being operated on railroad tracks that, at the time of an occurrence, are (i) being operated on the trackage upon which such occurrence takes place, or (ii) are on the trackage upon which such occurrence takes place, or on the adjoining right-of-way, for the purpose of maintenance or repair thereof or the clearing of wrecks thereon.

"Foreign Railroad" shall mean a railroad that is not a party to this Agreement.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any mediation body or arbitral tribunal, including the STB.

"Indemnified Persons" shall have the meaning given to that term in Section 5(b).

"Industry Location" shall have the meaning given to that term in Section 2(a).

"Intermodal Traffic" shall refer to rail cars loaded with intermodal containers and trailers.

"JOC" shall mean that Joint Operating Committee established pursuant to the LLC Agreement.

"JV Transaction Agreement" shall have the meaning given to that term in the LLC Agreement.

"Line" shall have the meaning given to that term in the Recitals.

"LLC Agreement" shall mean that Limited Liability Company Agreement of Pan Am Southern LLC, by and between Norfolk Southern and B&M, and dated as of April 9, 2009.

"Loss or Damage" shall have the meaning given to that term in Section 10.

"Management Committee" shall mean the Management Committee of Pan Am Southern as provided in the LLC Agreement.

"Monthly Statement" shall have the meaning given to that term in Section 7(a).

"Norfolk Southern" shall have the meaning given to that term in the Recitals.

"Pan Am" shall have the meaning given to that term in the Recitals.

"Pan Am Southern" shall have the meaning given to that term in the introductory paragraph.

"Pan Am System Parties" shall have the meaning given to that term in the Recitals.

"Parties" shall have the meaning given to that term in the introductory paragraph.

"Party" shall have the meaning given to that term in the introductory paragraph.

"Person" shall mean an individual or partnership, corporation, trust, association, limited liability company, Governmental Authority or other entity.

"Railroad Operator" shall have the meaning given to that term in the Recitals.

"Remaining Pan Am" shall have the meaning given to that term in the Recitals.

"Rules" shall have the meaning given to that term in Section 15(c)(ii).

"Springfield Terminal" shall have the meaning given to that term in the Recitals.

"Springfield Terminal Cars" shall mean Cars and Equipment in the revenue and/or car hire account of Pan Am.

"Springfield Terminal Traffic" shall have the meaning given to that term in the Recitals.

"STB" shall mean the Surface Transportation Board or any successor entity thereto.

"Subject Traffic" shall have the meaning given to that term in Section 10(a).

"Transaction Agreement" shall have the meaning given to that term in the Recitals.

"Use Invoice" shall have the meaning given to that term in Section 7(a).

(c) Successor Laws.

A reference to any particular statute or regulation shall include a reference to any successor statute or regulation.

SECTION 2. INDUSTRY SWITCHING

(a) Pan Am Southern will perform switching of Springfield Terminal Traffic to and from the industry locations specified in Section 2(b) (each hereinafter referred to as an "Industry Location"), located at Ayer, Massachusetts, and certain Intermodal Traffic, described in Section 2(b), in either case for the account of Springfield Terminal, and provide services as necessary to handle such traffic between said Industry Location and CPF 312 near Willows, Massachusetts. Pan Am Southern will use its own crews and locomotives, or those of its contract operator (initially to be Springfield Terminal) to perform said services.

(b) The Industrial Locations are all those industrial and commercial locations served by rail on the attached Ayer Customer Map between CPF 312, Ayer and Shirley line, and Ayer and Harvard line (Appendix B), other than the Sanvel Automotive Facility and the Ayer Automotive Facility (as such terms are defined in the Transaction Agreement"). By way of clarification only, and without intending to modify the immediately preceding sentence, the Parties intend that Springfield Terminal shall have access, pursuant to this Agreement, to all current and future shipping customers located at the Industrial Locations, and that access is not to be restricted to shipping customers existing as of the date of this Agreement, but that Springfield Terminal shall not have, pursuant to this Agreement, access to the intermodal facility at Ayer, MA other than for Intermodal Traffic (if delivered to the Ayer Intermodal Facility) having a prior movement over the Remaining Pan Am and (if received from the Ayer Intermodal Facility) having a subsequent movement over the Remaining Pan Am.

(c) For revenue purposes, Cars switched under this Agreement shall remain in the account of Springfield Terminal, and Pan Am Southern shall not be entitled to any line haul revenue for the handling of such Cars, nor appear in any rates, routes or divisions pertaining to any Cars in the account of Pan Am Southern, except as specified otherwise herein.

(d) Springfield Terminal Pan Am shall assume its own car hire expenses, and Pan Am Southern shall assess and collect all related demurrage charges

SECTION 3. DELIVERY AND RECEIPT OF CARS

(a) Cars handled under this Agreement shall be considered as having been delivered by one Party to the other when placed on mutually agreed upon trackage designated for such deliveries, accompanied or preceded by the necessary data for forwarding and to insure delivery and acceptance by the designated representative of the receiving road. Should movements pursuant to this Agreement take the form of an uninterrupted movement of a train operating by Springfield Terminal, in part over the Remaining Pan Am and in part over the lines of Pan Am Southern, Cars handled under this Agreement shall be considered as having been delivered by one Party to the other when the loaded or empty Cars pass CPF 312.

(b) Springfield Terminal and Pan Am Southern shall provide each other with suitable information (which may be transferred by paper documents, facsimiles, or electronic means, or by other means, as mutually agreed) necessary for the handling of Cars switched under this Agreement, which will identify for each Car:

- (1) Car initial and number.
- (2) Loaded or empty.
- (3) Destination station and consignee on inbound movements.
- (4) All required hazardous materials information.
- (5) Any other information as agreed between the Parties to be necessary or convenient for the safe, efficient movements of Cars switched under terms of this Agreement.

For so long as Springfield Terminal is the Railroad Operator, this information shall have been deemed to have been provided when assembled by Springfield Terminal.

(c) Pan Am Southern may make repairs to Cars switched under terms of this Agreement as may be necessary for safe transit, and Pan Am Southern may make adjustments to or transfers of lading from crippled, defective or overloaded Cars, as in its determination may be necessary to safely move said Cars. Springfield Terminal shall reimburse Pan Am Southern its full cost for repairs, adjustments and lading transfers promptly upon receipt of billing therefore.

(d) With recognition to the limited capacity of the Ayer Intermodal Facility, Pan Am Southern agrees that all capacity at said facility will be dedicated to Norfolk Southern for Intermodal Traffic originating or terminating at points west of the facility, and to Springfield Terminal for Intermodal Traffic originating or terminating at points on Remaining Pan Am or otherwise east of the facility.

(e) In the event that Springfield Terminal ceases to be the Railroad Operator to Pan Am Southern, Pan Am Southern commits to switching a customer facility within forty-eight (48) hours after Pan Am Southern receives notice that the customer has released Cars for movement hereunder, on outbound movements, and within forty-eight (48) hours after Pan Am Southern receives notice of placement for interchange and provision of the information required by Section 3(b), on inbound movements. Pan Am Southern shall reimburse Springfield Terminal for any car hire expenses incurred as a result of failure to provide such switch within said time frame.

SECTION 4. INSPECTION

Pan Am Southern shall not be responsible for making any mechanical inspection of Cars in the account of Springfield Terminal switched to and from the Industrial Locations.

SECTION 5. COMPLIANCE WITH APPLICABLE LAWS AND RULES

(a) Each of Pan Am Southern and Springfield Terminal shall comply, and Pan Am Southern shall cause its Railroad Operator to comply, with all applicable federal, state and local laws, rules, regulations and orders promulgated by any Governmental Authority that relate to the operations contemplated hereunder. If any fine, penalty, cost or charge is imposed or assessed on or against either of them by reason of the other Party's non-compliance (or, in the case of Pan Am Southern, the non-compliance of the Railroad Operator, for which Pan Am Southern shall be responsible) with any such laws, rules, regulations or orders, such non-complying Party shall reimburse and indemnify the other Party for or on account of any such fine, penalty, cost, or charge, and all expenses and attorney's fees incurred in connection therewith, and, to the extent feasible, such non-complying Party shall defend the interests of that other Party in any related legal proceeding free of cost, charge or expense to that other Party.

(b) Without affecting the generality of the foregoing Section 5(a), each of Pan Am Southern and Springfield Terminal shall comply, and Pan Am Southern shall cause its Railroad Operator to comply, with the provisions of the Federal Locomotive Inspection Act and the Federal Safety Appliance Act, as amended, and any other applicable federal and state and local laws, regulations and rules respecting the operation, condition, inspection and safety of its trains, locomotives, Cars and Equipment while such trains, locomotives, Cars, and Equipment are being operated over the Subject Trackage. Each of those Parties shall indemnify, protect, defend, and save harmless the other from and against all fines, penalties and liabilities imposed upon such Party under such laws, rules, and regulations by any public authority or court having jurisdiction, when attributable solely to the failure of the indemnifying Party (or, in the case of Pan Am Southern, the failure of the Railroad Operator, for which Pan Am Southern shall be responsible) to comply with its obligations in this regard.

(c) Traffic switched pursuant to this Agreement shall not include locomotives, Cars or Equipment which exceed the width, height, weight or other restrictions or capacities of the Subject Trackage as contained in the clearance file maintained by Pan Am Southern, and no train

shall contain locomotives, Cars or Equipment which require speed restrictions or other movement restrictions below the maximum authorized freight speeds as provided by Pan Am Southern's operating rules and regulations, without the prior consent of Pan Am Southern. The JOC shall make proper accommodation for exceptions, should that be reasonable, necessary, and practicable.

SECTION 6. INTENTIONALLY OMITTED

SECTION 7. INVOICES AND PAYMENT OF BILLS

(a) On or before the 15th day of each calendar month during the term of this Agreement, the Railroad Operator shall prepare on behalf of Pan Am Southern a monthly statement setting forth the number of Springfield Terminal Cars switched during the month (the "Monthly Statement") and an invoice (the "Use Invoice"). The Monthly Statement shall be in electronic format, and shall contain a detailed list of the Springfield Terminal Cars that were switched during the subject month, which list shall include, for each Car, information relating to such Cars that Pan Am Southern may reasonably request in connection with accounting for the use of the services and rights provided hereunder. The Monthly Statement and the Use Invoice shall be delivered to Springfield Terminal and Springfield Terminal shall make payment to Pan Am Southern within thirty (30) days after the date of receipt of such Use Invoice, provided, however, that for so long as Springfield Terminal is the Railroad Operator, the Monthly Statement and the Use Statement shall be considered delivered when prepared.

(b) Any dispute regarding the details of a Monthly Statement or amount of a Use Invoice shall be reconciled between the Parties pursuant to Section 15, and any adjustment resulting from such reconciliation shall be reflected in a subsequent Use Invoice. If Springfield Terminal disputes any portion of a Use Invoice, it shall nevertheless pay such Use Invoice in full subject to adjustment upon resolution of the dispute; provided, however, that (i) no exception to any charge in a Use Invoice shall be honored, recognized or considered if filed after the expiration of three (3) years from the date of the Use Invoice, and (ii) no invoice shall be rendered more than three (3) years (a) after the last day of the calendar month in which the expense covered thereby is incurred, or (b) in the case of charges disputed as to amount or liability, after the amount owed or liability therefore is established. Any claim for the adjustment of a Monthly Statement or Use Invoice shall be deemed to be waived if not made in writing within three (3) years after the date of the relevant Monthly Statement for statement adjustments and the date of the relevant Use Invoice for invoice adjustments.

(c) Pan Am Southern and Springfield Terminal shall each have the right, at its own expense, to audit the records of any other Party pertaining to the use of the Subject Trackage under this Agreement, and any Monthly Statement, Use Invoice or other invoice issued by Pan Am Southern pursuant to this Agreement, provided such audit is initiated at any time within three (3) years of the date of the relevant Use Invoice or other invoice (as applicable) relating to this Agreement. All such audits shall be conducted at reasonable intervals, locations, and times. All

such audits shall be prosecuted with reasonable due diligence. Each Party agrees that all information disclosed to it or its representatives in connection with such an audit will be held in strictest confidence and will not be disclosed to any third party (other than to an arbitrator in connection with an arbitration conducted pursuant this Agreement or as required by applicable law). Any adjustment resulting from an audit conducted pursuant to this Section 7(c) with respect to which the Parties are in concurrence shall be reflected in a subsequent Use Invoice.

(d) Invoices rendered pursuant to the provisions of this Agreement, other than Use Invoices, shall include direct labor and material costs, together with the surcharges, overhead percentages, and Equipment rentals as specified by Pan Am Southern at the time any work is performed by Pan Am Southern for Springfield Terminal, or shall include actual costs and expenses, upon mutual agreement of the Parties.

SECTION 8. INTERRUPTION; RERAILING

(a) Interruption, Delay. In the event the use of trackage in performing the referenced switching services shall be interrupted or traffic delayed at any time from any cause, neither Party shall have any claim against the other Party for liability of any kind from such interruption or delay.

(b) Rerailing, Wrecking, Bad Orders and Repairs.

(i) Whenever one or more Cars and/or locomotives in the account of Springfield Terminal requires rerailing, wrecking service or wrecking train service, Pan Am Southern shall arrange for the provision of such service, including the repair and restoration of roadbed, the trackage and structures. Pan Am Southern shall promptly inform Springfield Terminal of its intent to proceed with wrecking service or wrecking train service, and shall permit a Springfield Terminal representative to be present on the scene, to work in concert with the employees of its Railroad Operator to manage such wrecking service or wrecking train service, provided, however, for so long as Springfield Terminal is the Railroad Operator, no such notice need be provided to Springfield Terminal and no additional Springfield Terminal representatives need be present on the scene. The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom shall be apportioned in accordance with the provisions of Section 10 hereof. All locomotives, Cars, Equipment and salvage from the same so picked up and removed which is owned by or under the management and control of or used by Springfield Terminal at the time of such wreck, shall be promptly delivered to it.

(ii) If any Cars or locomotives of Springfield Terminal are bad ordered en route on the Subject Trackage and it is necessary that they be set out, those Cars or locomotives shall, after being repaired, be picked up by Pan Am Southern, or if agreed upon by the Parties,

Pan Am Southern will transport them to a mutually acceptable location to be picked up by Springfield Terminal. Pan Am Southern may, upon request of Springfield Terminal and at the expense of Springfield Terminal, unless otherwise provided for in the Field and Office Manuals of the Interchange Rules of the AAR, furnish required labor and material to perform light repairs required to make such bad ordered Cars or locomotives safe and lawful for movement, and billing for this work shall be at rates prescribed in, and submitted pursuant to, the Field and Office Manuals of the Interchange Rules of the AAR.

SECTION 9. COMPENSATION; MILEAGE AND CAR HIRE

[REDACTED]

[REDACTED]

SECTION 10. LIABILITY

As between the Parties hereto, responsibility for all claims, liabilities, demands, actions at law or equity, judgments, settlements, losses, damages, costs (including without limitation reasonable attorney's fees) and expenses of every character, including any loss or destruction of, or damage to, any property whatsoever, and any injury to or death of any person or persons whomever (including employees of the Parties or the Railroad Operator), resulting from, arising out of, incidental to or occurring in connection with this Agreement ("Loss or Damage"), shall be allocated as follows, without regard to considerations of fault or negligence (except as otherwise specifically provided for hereinafter):

(a) Springfield Terminal Cars moving pursuant to this Agreement shall, for the purposes of this Section 10, be referred to as "Subject Traffic". Otherwise, for the purposes of assigning responsibility for Loss or Damage under this Section 10 (including but not limited to Section 10(d)) as between the Parties, the trains, Cars and Equipment of a Foreign Railroad shall be considered to be the trains, Cars and Equipment of Pan Am Southern. By way of illustration only, if, for example, Pan Am Southern were to grant D&H trackage rights pursuant to a trackage rights agreement, then traffic moving pursuant to that D&H trackage rights agreement would be considered Pan Am Southern traffic.

(b) Springfield Terminal shall be responsible for: (1) Loss or Damage to Equipment in its revenue waybill and the lading therein; and (2) to the extent not allocated pursuant to Section 10(c)(1), Loss or Damage arising from or growing out of its negligence or willful misconduct or that of its officers, agents, contractors, or employees, either solely or in conjunction with a third party.

(c) Pan Am Southern shall be responsible for: (1) Loss or Damage to Equipment in its revenue waybill and the lading therein; and (2) to the extent not allocated pursuant to Section 10(b)(1), Loss or Damage arising from or growing out of its negligence or willful misconduct or that of its officers, agents, contractors (including the Railroad Operator), or employees, either solely or in conjunction with a third party.

(d) Loss or Damage arising from or growing out of the negligence or willful misconduct of both Springfield Terminal and Pan Am Southern (or their respective officers, agents, contractors or employees) shall be borne by the Parties in proportion to their fault.

(e) To the extent responsibility for Loss or Damage is not allocated pursuant to Section 10(b), Section 10(c), and Section 10(d) such responsibility for Loss or Damage shall be: (i) borne solely by Springfield Terminal if the involved trains are handling only Subject Traffic, or (ii) borne by each of Pan Am Southern and Springfield Terminal in proportion to the number of Cars in such trains that are moving in that Party's revenue waybill or car hire account.

(f) Notwithstanding anything to the contrary in Section 10(b), Section 10(c), Section 10(d), and Section 10(e) above, when any damage to or destruction of the environment, including without limitation land, air, water, wildlife, and vegetation, or to third parties from substances transported in Cars or contained in locomotives occurs with one or more trains handling Subject Traffic Cars being involved, then, as between themselves, (i) Pan Am Southern shall be solely responsible for any damage or destruction to the environment and to third parties which results solely from a substance transported in Pan Am Southern Cars and/or contained in a Pan Am Southern locomotive which was released, (ii) Springfield Terminal shall be solely responsible for any damage or destruction to the environment and to third parties which results solely from a substance transported in Subject Traffic Cars and/or contained in a Springfield Terminal locomotive which was released, and (iii) responsibility for damage or destruction to the environment and to third parties which results from one or more substances which was (or were) being transported in Cars, Equipment or locomotives in the revenue waybill and car hire accounts of both Springfield Terminal and Pan Am Southern which was (or were) released shall be borne by the Parties in proportion to the total number of such Cars, Equipment or locomotives in that Party's revenue waybill or car hire account from which there was (or were) such a release.

(g) Notwithstanding anything to the contrary in this Section 10, if: (i) Loss or Damage occurs with one or more trains being involved; (ii) one or more of the involved trains is handling (A) only Subject Traffic Cars or (B) both Subject Traffic Cars and Pan Am Southern Cars; (iii) such Loss or Damage is attributable solely to the Gross Negligence or Willful or Wanton Misconduct of only one of the Parties to this Agreement (or of Springfield Terminal in its role as the Railroad Operator for Pan Am Southern); and (iv) such Gross Negligence or Willful or Wanton Misconduct is the direct or proximate cause of such Loss or Damage, then the Party to which such Gross Negligence or Willful or Wanton Misconduct is attributable shall assume all liability, cost and expense in connection with such Loss or Damage. The Parties agree that, for

purposes of this Section 10(g), (1) "Gross Negligence or Willful or Wanton Misconduct" shall be defined as "the intentional failure to perform a manifest duty in reckless disregard of the consequences as affecting the life or property of another; such a gross want of care and regard for the rights of others as to justify the presumption of willfulness and wantonness" and shall include, by definition, acts or omissions of any its employees while under the influence of drugs or alcohol; and (2) Subject Traffic Cars being handled in haulage shall be considered Pan Am Southern Cars.

(h) If any suit or action shall be brought against any Party for Loss or Damage which under the provisions of this Agreement are in whole or in part the responsibility of another Party, said responsible Party shall be notified in writing by the Party sued, and the Party so notified shall have the right and be obligated to take part in the defense of such suit and shall pay its share of the judgment and the costs and expense incurred in such suit in accordance with the terms of this Section 10.

(i) In every case of death or injury suffered by an employee of one of the Parties, when compensation to such employee or employee's dependents is required to be paid under any present or future state or federal worker's compensation, occupational disease, employers' liability or other law, and one or more of the Parties under provisions of this Agreement is/are required to pay same or a portion of same in installments over a period of time, said Party or Parties shall not be released from paying any such future installment(s) by reason of the termination of this Agreement prior to any of the respective date(s) upon which any such future installments are to be paid.

(j) Whenever any liability, cost or expense is assumed by or allocated to a Party under this Section 10, that Party shall: (i) forever protect, defend, indemnify and save harmless the other Party from and against that liability, cost and expense, regardless of whether such liability, cost and expense was caused in whole or in part by the fault, failure, negligence, misconduct, malfeasance or misfeasance of the Party indemnified, or their directors, officers, agents or employees, and (ii) defend such Party against such claims with counsel selected by the responsible Party and reasonably acceptable to the Indemnified Party.

(k) Each of Pan Am Southern and Springfield Terminal shall investigate, adjust and defend all cargo related claims filed with it in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract entered into pursuant to 49 U.S.C. Section 10709.

(l) All costs and expenses in connection with the investigation, adjustment and defense of any claim or suit (other than cargo-related claims made against a Party by a customer whose traffic was moving in the revenue and/or car hire account of such Party) under this Agreement shall be included as costs and expenses in applying the liability provisions of this Section 10; provided, however, that salaries or wages of full-time agents, full-time attorneys and other full-time employees of any Party engaged directly or indirectly in such work shall be borne

by such Party.

(m) No Party shall settle or compromise any claim, demand, suit or cause of action (other than a cargo-related claim filed with it in accordance with 49 U.S.C. Section 11706 or 49 C.F.R. Section 1005, or in accordance with any applicable transportation contract entered into pursuant to 49 U.S.C. Section 10709) for which another Party has any liability under this Agreement without the concurrence of such other Party if the consideration for such settlement or compromise exceeds [REDACTED] the foregoing amount of [REDACTED] shall be adjusted annually in accordance with the provisions of Section (b) of Appendix A.

SECTION 11. EMPLOYEE CLAIMS

Each Party agrees to indemnify and hold harmless the other Party against any and all costs and payments, including benefits, allowances and arbitration, administrative and litigation expenses, arising out of claims or grievances made by or on behalf of its own employees, either pursuant to employee protective conditions imposed by a governmental agency as conditions for that agency's approval of this Agreement and operations hereunder, or pursuant to a collective bargaining agreement. It is the intention of the Parties that each Party shall bear the full costs of protection of its own employees under employee protective conditions which may be imposed, and of grievances filed by its own employees arising under its collective bargaining agreements with its employees. Similarly, each Party agrees to indemnify and hold harmless the other Parties against any and all costs and payments, including judgments, damages, attorneys' fees and litigation expenses, arising out of claims, lawsuits and actions brought by or on behalf of its own employees pursuant to any provision of law, including common law, and based on employment arising out of the operations covered by this Agreement, except to extent otherwise specifically provided in this Agreement.

SECTION 12. TERM AND TERMINATION

(a) This Agreement shall become effective following the latter of: (a) the date first written above; (b) receipt of any required regulatory approvals or exemptions; and (c) the expiration of any time periods required by the issuance of labor notices by Springfield Terminal and/or Pan Am Southern, should such labor notices be required ("Effective Date"). The Parties shall determine the Effective Date through an exchange of written correspondence.

(b) This Agreement shall commence on the Effective Date and shall continue until terminated by mutual agreement.

(c) Termination of this Agreement shall not relieve or release any Party hereto from any obligations assumed or from any liability which may have arisen or been incurred by such Party under the terms of this Agreement prior to termination hereof, nor shall it terminate any underlying right of commercial access to the Industrial Locations.

SECTION 13. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties hereto. Third party beneficiary status shall inure to the benefit of Norfolk Southern and each of its successors and permitted assigns. Neither Party hereto shall transfer or assign this Agreement, or any of its rights, interests, or obligations hereunder, to any person, firm or corporation without obtaining the prior written consent of the other Party.

SECTION 14. MISCELLANEOUS

(a) Notices. Any notice, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be deemed to have been delivered, given, and received for all purposes (i) if delivered personally to the Person or to an officer of the Person to whom the same is directed or (ii) when the same is actually received, if sent either by express delivery service or registered or certified mail, postage and charges prepaid and return receipt requested, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent promptly thereafter by registered or certified mail, postage and charges prepaid, addressed as follows or to such other address as such Person may from time to time specify, by notice to the other Party:

If to Pan Am Southern:	Chairman Pan Am Southern LLC c/o Pan Am Railways 400 Amherst Street, Suite 405 Nashua, NH 03063
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With a copy to Norfolk Southern:	Mike R. McClellan Vice President – Intermodal and Automotive Marketing Norfolk Southern Corporation Three Commercial Place Norfolk, Virginia 23510-2191
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and

Vice President – Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510

(757) 629-2374
(757) 533-4872 (fax)

If to Springfield
Terminal: David A. Fink
President
Pan Am Railways
400 Amherst Street, Suite 405
Nashua, NH 03063

With a copy to: Robert Culliford
Vice President Law
Pan Am Systems
400 Amherst Street, Suite 405
Nashua, NH 03063
(603) 816-0042
(603) 816-0043 (fax)

(b) Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

(c) Prior Agreements. This Agreement supersedes all prior agreements among the Parties hereto, written or oral, with respect to the subject matter hereof.

(d) Severability. Every provision of this Agreement is intended to be severable, and, if any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

(e) Incorporation by Reference. Every exhibit and other appendix attached to this Agreement and referred to herein is incorporated in this Agreement by reference unless this Agreement expressly otherwise provides.

(f) Counterpart Execution. This Agreement may be executed in any number of counterparts with the same effect as if both Parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

(g) Third Party Beneficiaries. Except as provided in this Section 14(g), this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than the Parties hereto. Norfolk Southern shall have third party status solely for the purpose of enforcing this Agreement, and not by way of recovery for damages hereunder.

(h) GOVERNING LAW. THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER.

(k) Confidentiality. Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement, or in connection with an audit by the Internal Revenue Service or other tax authority, or as may be necessary or appropriate for a Party hereto to enforce its rights under this Agreement, during the term of this Agreement, and for a period of three (3) years after termination or expiration of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or which is obtained hereunder will be kept confidential and will not be disclosed by either Party to any person other than members, officers, employees, independent auditors, and attorneys, without the prior written approval of the other Party. Notwithstanding anything to the contrary, any Party may disclose this Agreement in connection with an audit by its external auditors, the Internal Revenue Service or other tax authority or as otherwise required by applicable law.

(l) Amendment, Consent and Waiver. No term or provisions of this Agreement may be changed, waived, discharged, or terminated except by an instrument in writing signed by both parties to this Agreement. No consent or waiver, expressed or implied, by a Party of any breach or default by the other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance hereunder by such other Party. Failure on the part of a Party to complain of any act or failure of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first mentioned Party of its rights hereunder.

(m) Interpretation. All words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms, and phrases in the railroad industry.

(n) The records of each Party hereto, insofar as they pertain to matters covered by this Agreement, shall be open at all reasonable times to inspection by the other Party.

SECTION 15. DISPUTE RESOLUTION

(a) Reference to JOC. Any dispute, controversy or claim between the Parties and arising out of or relating to this Agreement or the breach, termination or validity thereof ("Dispute") shall be referred to the JOC (for Pan Am Southern) for resolution and if the Parties are unable to resolve the dispute, it will be referred, in writing, to the Management Committee (for Pan Am Southern) to resolve.

(b) Reference for Formal Dispute Resolution. Any Dispute not resolved within sixty (60) days after receipt by any of the involved parties of written notice of reference of such Dispute to the Management Committee pursuant to Section 15(a), shall be submitted for formal dispute resolution, if at all, by either Party for formal dispute resolution pursuant to Section 15(c).

(c) Formal Dispute Resolution.

(i) Submission to Jurisdiction. Each of the Parties hereby (A) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the "Delaware Courts") in any action to enforce or in aid of the agreement to arbitrate in Section 15(c)(ii) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (B) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (C) waives any objection based on forum non conveniens or any other objection to venue thereof.

(ii) Dispute Resolution. Each of the Parties stipulates and agrees that any Dispute that is not resolved pursuant to Section 15(a) will be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the AAA then in effect (the "Rules"), under the following terms and conditions:

(A) Selection of Arbitrator. A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(B) Conduct of Arbitration. The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to money damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(C) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

(D) Findings and Conclusions. The arbitrator will, after reaching judgment and award, prepare and distribute to the parties a written award including the findings

of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(E) Time is of the Essence. The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against any party if, upon a showing that such party is unreasonably delaying the proceeding.

(F) Temporary Equitable Relief. By agreeing to arbitration, the parties do not intend to deprive any Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award money damages for the failure of any party to respect the arbitrator's orders to that effect.

(G) Consolidation. The parties are committed to the prompt and efficient resolution of Disputes. Accordingly, if more than one Dispute arise under this Agreement and/or any JV Transaction Agreement, such Disputes may be brought in a single arbitration. If more than one arbitration is brought with respect to Disputes under this Agreement and/or any other JV Transaction Agreement, then any party may request that any arbitration or any new Dispute arising under this Agreement or any other JV Transaction Agreement be consolidated into any prior arbitration. The new Dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new Dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the parties. Unless the parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The parties waive any right they have to appeal or to seek interpretation, revision or annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(H) Discovery. Recognizing the express desire of the parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(I) Costs and Attorneys' Fees. Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 15(c)(ii) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to

the prevailing party or parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the party resisting enforcement.

(J) Miscellaneous. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator. An arbitrator's award may be appealed in accord with Section 23 of the Uniform Arbitration Act.

(c) As a third party beneficiary, Norfolk Southern may initiate and prosecute arbitration pursuant to Section 15(b) on behalf of Pan Am Southern. Pan Am Southern and Springfield Terminal shall cooperate with Norfolk Southern in the Pan Am Southern preparation for, and the initiation and prosecution of, such arbitration, at Pan Am Southern's expense.

SECTION 16. INDEMNITY COVERAGE

As part of the consideration hereof, each Party hereby agrees that all of its indemnity commitments in this Agreement in favor of the other Party shall also extend to and indemnify the parent corporation, the subsidiaries and affiliates of such other Party, and all of their respective directors, officers, agents and employees.

SECTION 17. FORCE MAJEURE

The obligations, other than payment obligations, of the Parties to this Agreement shall be subject to force majeure (consisting of flood, earthquake, hurricane, tornado, or other such severe weather or climatic condition, riot, accident, wreck, derailment, washout, explosion, Acts of God, act of terrorism and public enemy, war, blockage, insurrection, vandalism or sabotage, fire, strike, lockout or labor dispute, embargoes or AAR service orders, Federal Railroad Administration orders, or governmental laws, orders or regulations, or governmental laws, orders or regulations and other causes or circumstances beyond the control of the Party invoking such force majeure as an excuse for nonperformance), but only as long as, and to the extent that, such force majeure shall reasonably prevent performance of such obligations by the affected Party. In the event that an event of force majeure impairs either Party's ability to fulfill its obligations to the other Party under this Agreement, said Party shall take all commercially reasonable measures to restore performance of its obligations in a timely manner.

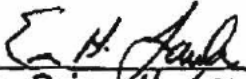
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

04/09/2009 13:35 FAX 19786631213

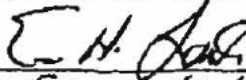
LAW DEPARTMENT

002

PAN AM SOUTHERN LLC


By: Eric H. Lawler
Title: SA VP/CP
Date: 4/9/09

SPRINGFIELD TERMINAL
RAILWAY COMPANY


By: Eric H. Lawler
Title: SA VP/CP
Date: 4/9/09

APPENDIX A. COMPENSATION

(a) The Switching Charge shall initially be set at [REDACTED] for each revenue waybilled railcar, other than a Car bearing Intermodal Traffic, by Pan Am Southern for the account of Springfield Terminal to or from the Industrial Locations, plus any applicable surcharge, as provided in Section (c) of this Appendix A. The Switching Charge shall be [REDACTED] per unit (container or trailer) handled by Pan Am Southern for the account of Springfield Terminal to or from the Ayer Intermodal Facility. In addition, but not as a Switching Charge, Springfield Terminal shall pay any directly applicable lift costs.

(b) Switching Charge Adjustment

(1) The Switching Charge shall be revised upward or downward each year by a "Cost Factor", beginning with the bill rendered for the month of July 2009, to compensate for the increase or decrease in the cost of labor and material, as reflected in 100% of the change from one year to the next in the "AAR Railroad Cost Indexes - Table A - Annual Indexes of Charge-out Prices and Wage Rates (1977=100) - East - Materials, prices, wage rates and supplements combined (excluding fuel)" (the "Cost Index"). The Cost Factor shall be calculated for each calendar year by taking the difference between the currently available Cost Index as of January 1, and comparing that Cost Index with the Cost Index for the immediately preceding year. The Cost Factor may be a positive or negative number.

(2) The Switching Charge shall be revised by calculating the Cost Factor (essentially the percent of increase or decrease in the index for the latest calendar year as related to the index for the previous calendar year) and applying that percentage to the then current Switching Charge. In computing the adjusted Switching Charge, any fraction of a cent less than one-half shall be dropped, and any fraction equal to or greater than one-half of a cent shall be increased to the next whole cent.

(3) In the event the base for the Cost Index shall be changed from that in effect at the effective date of this Agreement, an appropriate revision shall be made. If the STB or any successor organization discontinues publication of the "AAR Railroad Cost Indexes", an appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto.

(4) In the event that the Cost Factor is a negative number, no adjustment to the Trackage Rights Charge will take place for that calendar year. Said negative Cost Factor will be taken into consideration in calculating subsequent years' Cost Factor. Specifically, if the Cost Index is negative for two years in a row, the Cost Factor for the second year shall be adjusted downward assuming that the first year's negative Cost Index was taken into account. If the Cost Factor goes negative for three years in a row, the rate shall be adjusted again by the Cost Factor with the assumption that the first two years' negative Cost Index was taken into account, and so on.

(5) Notwithstanding any of the foregoing, under no circumstances shall the Switching Charge be less than those reflected in the tables above except as provided in subsection (a).

(c) Fuel Surcharge:

[illegible]

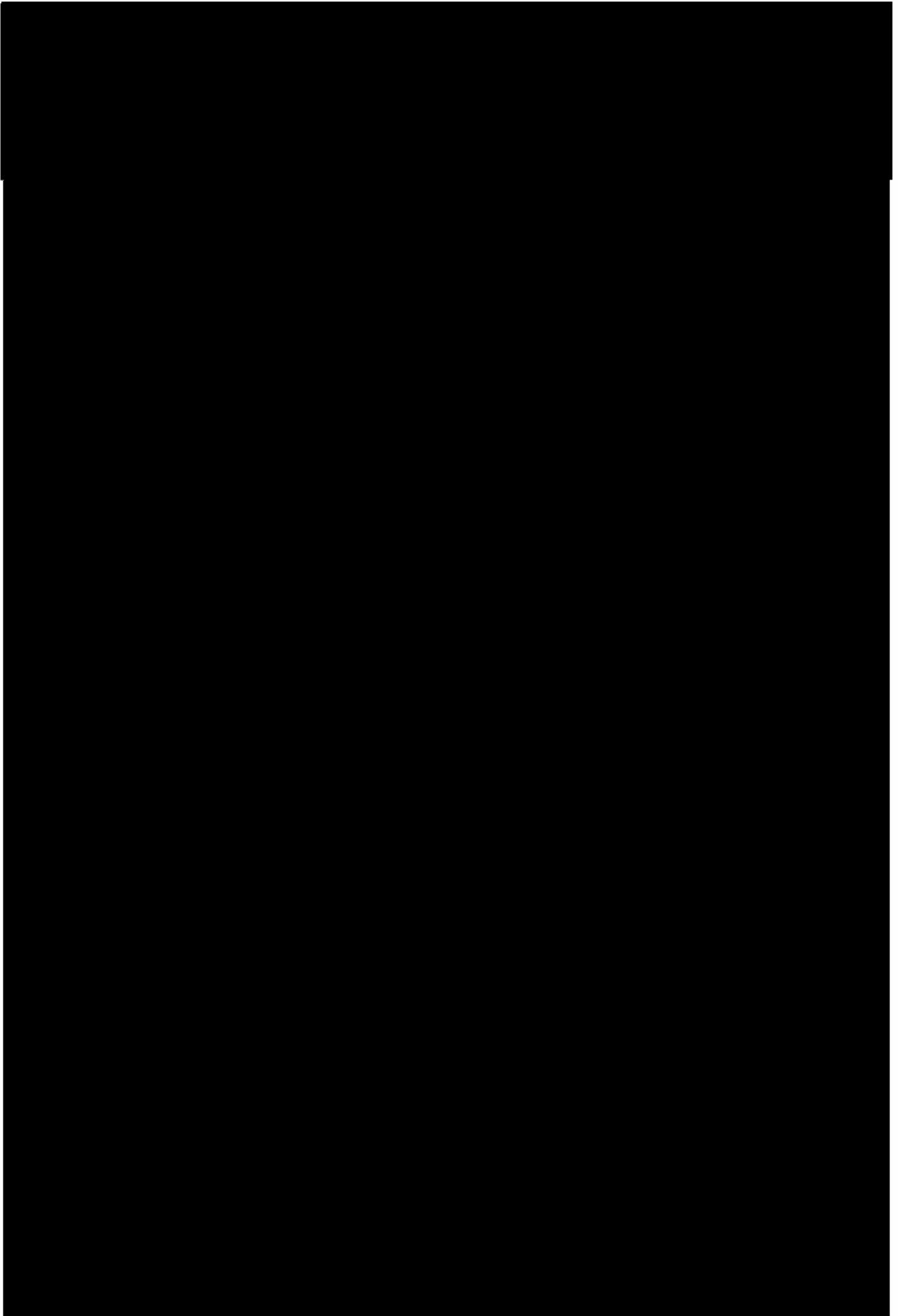
The surcharge will be applied to the overall monthly invoice. For a given month, take the average of the DOE's Index value released on each of the Mondays during that month. Using the above scale, determine the appropriate fuel surcharge to apply.

(d) Pan Am Southern shall keep and maintain an accurate account of all loaded Cars handled by it for the account of Springfield Terminal, and shall at the end of each month, render an itemized bill, computed in accordance with the provisions herein, to Springfield Terminal for payment, provided, however, that for so long as Springfield Terminal is the Railroad Operator, the bill shall be deemed delivered when prepared.

(e) Should Springfield Terminal Intermodal Traffic volumes moved to or from the Ayer Intermodal Facility exceed, on average, twenty (20) revenue loads per week, and if such volumes result in additional switching, terminal labor, utilities, maintenance or other fixed costs, or result in the need to expand the Ayer Intermodal Facility, then Springfield Terminal, Norfolk Southern and Pan Am Southern agree to work together in good faith to develop adjustments to access fees in order to better allocate the costs of the facility.

(f) Springfield Terminal shall pay within thirty (30) days from receipt thereof, and any errors or omissions in such bills shall be adjusted in subsequent billing.

APPENDIX B. AYER CUSTOMER MAP



Execution Version

**MISCELLANEOUS ASSIGNMENT AND
ASSUMPTION AGREEMENT**

THIS MISCELLANEOUS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made and entered into as of April 9, 2009, by and among Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern" or the "Assignee"), Pan Am Railways, Inc. on behalf of itself and its subsidiaries ("Pan Am"), Boston and Maine Corporation ("B&M"), and Springfield Terminal Railway Company ("Springfield Terminal"). Each of Pan Am Southern, Pan Am, B&M, and Springfield Terminal shall hereinafter be referred to as a "Party" or collectively as the "Parties." Pan Am, B&M, and Springfield Terminal shall hereinafter be referred to as the "Pan Am System Group" or the "Assignors".

RECITALS:

WHEREAS, on the terms and conditions set forth in the Transaction Agreement, as hereinafter defined, each member of the Pan Am System Group has agreed to contribute, transfer and assign to Pan Am Southern all of their respective right, title and interest in, to and under, and Pan Am Southern has agreed to assume, observe and perform, all contracts, agreements, leases and licenses pursuant to which third parties have rights with respect to the Assets, including, without limitation, the lateral and perpendicular fiber and wire agreements, pipeline agreements, rental agreements, clearance agreements and other agreements set forth on Exhibit A and Exhibit B, and agreements concerning the performance of any grade crossing facility maintenance, repair and inspection obligation arising from the creation or maintenance of any public highway-railroad grade crossing or private grade crossing set forth on Exhibit C (the "Ancillary Agreements"), excluding (i) the portions thereof that relate to and affect assets that are not included in the Assets and (ii) the agreements listed on Exhibit D;

WHEREAS, on the terms and conditions set forth in the Transaction Agreement, each member of the Pan Am System Group has agreed to contribute, transfer and assign to Pan Am Southern all of their respective right, title and interest in, to and under, and Pan Am Southern has agreed to assume, observe and perform, all (1) Permits, (2) architectural, mechanical, engineering and other plans and specifications relating to the Assets and in the possession and control of any member of the Pan Am System Group, (3) all deposits under all contracts, agreements, leases and licenses included in or otherwise related to the Assets and (4) all warranties, guarantees, contract rights and miscellaneous rights with respect to the Assets (the "Intangibles"). in each case excluding (i) the portions thereof that relate to and affect assets that are not included in the Assets and (ii) the intangibles listed on Exhibit E.

NOW, THEREFORE, the Parties hereto, for and in consideration of the premises, the mutual covenants and agreements contained herein and in the Transaction Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION

(a) Interpretation Generally.

Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry. Each definition in this Agreement includes the singular and the plural. References herein to any agreement or contract mean such agreement or contract as amended. As used in this Agreement, the words "include" or "including" also include the words "without limitation" when the context is appropriate, and the words "herein", "hereof" and "hereunder" refer to this Agreement as a whole. All dollar amounts stated herein are in United States currency. All capitalized terms used but not otherwise defined in this Agreement shall have the meaning ascribed to such terms in the Transaction Agreement by and among Norfolk Southern Railway Company and the Pan Am System Group, dated May 15, 2008 (the "Transaction Agreement").

(b) Construction of Certain Terms and Phrases.

Unless the context otherwise requires, (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "Article" or "Section" refers to the specified Article or Section of this Agreement; (d) the terms "and" and "or" include the term "and/or" when the context is appropriate; and (e) the phrases "ordinary course of business" and "ordinary course of business consistent with past practice" refer to the business and practice of the Person specified or, in the case of the operation of the Line, the business and practice of Pan Am and its Subsidiaries with respect to the Assets. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under generally accepted accounting principles, as in effect in the United States of America. Unless the context otherwise requires, whenever this Agreement refers to an Appendix, Exhibit or Schedule, it is a reference to an Appendix, Exhibit or Schedule attached hereto, and the referenced Appendix, Exhibit or Schedule shall be deemed to be incorporated by reference.

SECTION 2. ASSIGNMENTS.

Subject to the terms of the Transaction Agreement, and for value received, Assignors do hereby transfer and assign (as to the Ancillary Agreements listed on Exhibits A and C), or partially transfer and assign (as to the Ancillary Agreements listed on Exhibit B) unto Assignee, to the fullest extent that they lawfully may, all of Assignors' rights, titles and interests in those various Ancillary Agreements listed on Exhibit A, Exhibit B and Exhibit C. Assignors further transfer or partially transfer and assign unto Assignee, to the fullest extent that they lawfully may, the respective rights, titles and interests of Assignors, if any, in the Intangibles other than those listed on Exhibit E. Notwithstanding anything to the contrary in this Agreement, Assignors withhold from assignment each and every agreement listed on Exhibit D hereto and each and every intangible listed on Exhibit E.

SECTION 3. ASSUMPTION.

Subject to the terms of the Transaction Agreement, Assignee does hereby accept and assume, to the extent of the interest hereby assigned, all of the rights, titles and interests of Assignors contained within the Ancillary Agreements (other than those listed on Exhibit D hereto) and the Intangibles, in each case to the extent assigned pursuant to Section 2, and agrees to pay, observe, perform and discharge the future obligations under the Ancillary Agreements and Intangibles, in each case in accordance with their respective terms and to the extent assigned.

SECTION 4. DELIVERY OF ASSIGNED AGREEMENTS.

Within a reasonable time from the date of this Agreement, Assignors will deliver to Assignee copies of the documents indicated on Exhibit A, Exhibit B, Exhibit C and Exhibit E.

SECTION 5. ERRONEOUS ASSIGNMENT.

It is the intent of Assignors to assign their interest in only those instruments affecting, and only to the extent that they affect, the Assets. Should any instruments that do not affect the Assets be included on the instruments provided herein to Assignee, notwithstanding anything to the contrary herein, this Agreement shall be void and of no effect as to those instruments.

SECTION 6. AFTER-DISCOVERED AGREEMENTS AND INTANGIBLES.

The instruments listed on the exhibits hereto constitute all of such instruments known to Assignors affecting the Assets. If subsequent to the effective date of this Agreement, Assignors discover any additional instruments which affect the Assets, said instruments shall be automatically assigned as if included herein.

SECTION 7. THE TRANSACTION AGREEMENT.

This Agreement is subject to the terms and conditions of the Transaction Agreement. Nothing herein shall be deemed to amend, modify, alter, expand or diminish the terms and conditions of the Transaction Agreement, including the covenants, representations, warranties and indemnity obligations contained therein.

SECTION 8. GOVERNING LAW.

THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING HEREUNDER WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

SECTION 9. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

SECTION 10. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon and inure solely to the benefit of each Party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, interests, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

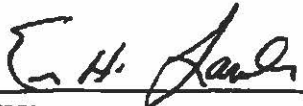
SECTION 11. FURTHER ASSURANCES.

Assignors shall, from time to time upon the reasonable request of Assignee, execute and deliver all such further documents and instruments, and take all such further acts as shall be reasonably necessary or desirable to give full effect to the intent and meaning of this Agreement.

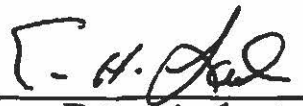
The effective date of this Agreement is April 9, 2009.

DATED this 9th day of April, 2009.

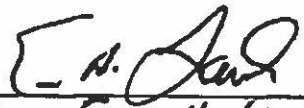
PAN AM SOUTHERN LLC

By: 
Name:
Title:

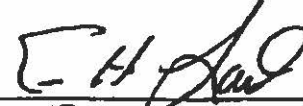
**BOSTON AND MAINE
CORPORATION**

By: 
Name: ERIC H. GULER
Title: SA VP/CRJ

PAN AM RAILWAYS, INC.

By: 
Name: ERIC H. GULER
Title: SA VP/CRJ

**SPRINGFIELD TERMINAL
RAILWAY COMPANY**

By: 
Name: ERIC H. GULER
Title: SA VP/CRJ

LEASES AND LICENSES

CONNECTICUT

CITY / TOWN	STATE	LICENSEE	RAIL LINE	APPURTENANCE	LICENSE NO.
BERLIN	CT	CONNECTICUT LIGHT AND POWER CO	BERLIN SEC	POWER/STATIC WIRES	GRER082058
BERLIN	CT	CONNECTICUT LIGHT AND POWER CO	TERRYVILLE	1 FIBER OPTIC CABLE	GRER082479
BRISTOL	CT	CITY OF BRISTOL	TERR. SEC.	SEWER PIPE	GRER082107
BRISTOL	CT	CITY OF BRISTOL	TERR. SEC.	SEWER PIPE	GRER082109
BRISTOL	CT	CITY OF BRISTOL	TERR. SEC.	SEWER PIPE	GRER082108
BRISTOL	CT	CITY OF BRISTOL	TERR. SEC.	SEWER PIPE	GRER082111
BRISTOL	CT	COMCAST	TERR. SEC.	CATV CABLE	GRER082132
BRISTOL	CT	GAVLUCK REALTY CORP	TERRYVILLE	CONCRETE TUNNEL	GRER082228
BRISTOL	CT	SAINT JOSEPH CHURCH	TERRYVILLE	DRIVEWAY	GREN081735
BRISTOL	CT	139 CENTER ST. ASSOCIATES	TERRYVILLE	LAND	GREN081736
FORESTVILLE	CT	CONNECTICUT LIGHT AND POWER CO	TERR. SEC.	POWER WIRES	GRER082125
FORESTVILLE	CT	THEIS PRECISION STEEL CORP	TERR. SEC.	SEWER PIPE	GRER082103
NEW BRITAIN	CT	COMMERCIAL SUPPLY CO, INC.	TERRYVILLE	DRIVEWAY	GREN081763
NEW BRITAIN	CT	CONNECTICUT LIGHT AND POWER CO	BERLIN SEC	POLE AND WIRE	GRER082054
NEW BRITAIN	CT	CONNECTICUT LIGHT AND POWER CO	BERLIN SEC	POWER WIRE	GRER082052
NEW BRITAIN	CT	CONNECTICUT LIGHT AND POWER CO	TERRYVILLE	13.8 KV AERIAL WIRE	GRER082458
NEW BRITAIN	CT	HARRIS BROTHERS	BERLIN SEC	PIPES AND WIRES	GRER082055
NEW BRITAIN	CT	HARRIS BROTHERS	TERRYVILLE	LAND	GREN081758
NEW BRITAIN	CT	PERMA TREAT CORPORATION	NEW BRITAIN	LAND AND SIDETRACK	GRER082411
NEW BRITAIN	CT	TENNESSEE GAS PIPELINE CO	TERRYVILLE	24" GAS MAIN	GRER082385
NEW BRITAIN	CT	THE STANLEY WORKS	NEW BRITAIN	WATER MAIN	GRER082144A
NEW BRITAIN	CT	CONNECTICUT LIGHT AND POWER CO	TERRYVILLE	13.8 WIRES, 20 POLES	GRER082257
PLAINVILLE	CT	AMERIGAS	AVON	16 CARLENGTHS OF TRACK	GRER082830
PLAINVILLE	CT	AMERIGAS	AVON	31 CARLENGTHS OF TRACK	GRER082703
PLAINVILLE	CT	GENERAL ELECTRIC CO	TERRYVILLE	DRIVEWAY, FENCE & GATE	GREN081743
PLAINVILLE	CT	GENERAL ELECTRIC CO	TERRYVILLE	LAND FOR BRIDGE	GREN081742
PLAINVILLE	CT	HUNTSMAN CORPORATION	TERRYVILLE	8 CARLENGTHS-YARD	GRER082474
PLAINVILLE	CT	NATIONAL EASTERN COROPORATION	AVON	1.25' FORCE MAIN	GRER082585
PLAINVILLE	CT	OUELLET, DORA & RODIER	CANAL	LAND FOR DRIVEWAY	GREN081768A
PLAINVILLE	CT	TOWN OF PLAINVILLE	WATBRY	8" WATER MAIN	GRER082584
PLAINVILLE	CT	CONNECTICUT LIGHT AND POWER CO	CANAL	27.6KV AERIAL CABLE	GRER082383
PLYMOUTH	CT	TOWN OF PLYMOUTH		2 STORM WATER LINES	GRER082875
TERRYVILLE	CT	HARTFORD ELECTRIC LIGHT CO	TERR. SEC.	POWER WIRES	GRER082128
WATERBURY	CT	CONNECTICUT LIGHT AND POWER CO	DUBLIN ST.	4800VOLT CABLE	GRER082176
WATERBURY	CT	WATERBURY BUCKLE CO.	DUBLIN ST.	SEWER & WATER PIPE	GRER082218
WATERBURY	CT	YANKEE GAS SERVICES	DUBLIN ST.	GAS MAIN	GRER082179

MASSACHUSETTS

CITY / TOWN	STATE	LICENSEE	RAIL LINE	APPURTENANCE	LICENSE NO.
ADAMS	MA	TOWN OF ADAMS	ADAMS	WATER & SEWER PIPE	GRER082332
ADAMS	MA	TOWN OF ADAMS	ADAMS	SEWER PIPE	GRER081837
ADAMS	MA	VERIZON NEW ENGLAND INC	ADAMS	POLE & WIRE LINE	GRER061831
ATHOL	MA	VERIZON NEW ENGLAND INC	FREIGHT MAIN	CABLE DUCT	GRER047493
ATHOL	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	CABLES	GRER055903
ATHOL	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	POLE & WIRE	GRER042495
ATHOL	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	WIRES, 12 POLES	GRER043666
ATHOL	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	3 WIRES, 2 POLES	GRER036220
ATHOL	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	3 WIRES, 5 POLES	GRER032377
ATHOL	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	4 WIRES-POLES-5 GUYS	GRER057055
ATHOL	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	8 WIRES	GRER028024
ATHOL	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	8 WIRES, 2 POLES	GRER028067
ATHOL	MA	NEW ENGLAND POWER CO	FREIGHT MAIN	POLE & WIRE	GRER038185
ATHOL	MA	NEW ENGLAND POWER CO	FREIGHT MAIN	POLE & WIRE	GRER028056
ATHOL	MA	NATIONAL PROPANE CORP	FREIGHT MAIN	LAND & SIDETRACK	GRER054548
ATHOL	MA	TOWN OF ATHOL	FREIGHT MAIN	18" WATER PIPE	GRER028347
ATHOL	MA	TOWN OF ATHOL	FREIGHT MAIN	16" SEWER & 18" WATER	GRER057996
ATHOL	MA	GIRARDI DIST., INC	FREIGHT MAIN	LAND & SIDETRACK	GRER048159
AYER	MA	ALLIED SYSTEMS	FITCH	AUTO FACILITY	GREN082261
AYER	MA	COMCAST	STONY BROOK	FIBER OPTIC CABLE	GRER082815
AYER	MA	MASS DEVELOPMENT	WORCESTER	LAND FOR TRACK	GRER038841
AYER	MA	MASS DEVELOPMENT	WORCESTER	WIRE DUCTS	GRER040287
AYER	MA	HORN ARTUR G.	STONY BROOK	LAND LEASE	GREN080806
AYER	MA	CAIN JOHN E.	WORCESTER	LAND & TRACK LEASE	GRER080803
AYER	MA	MASSACHUSETTS ELECTRIC	WORCESTER	11 WIRES, 5 POLES	GRER029057
AYER	MA	TOWN OF AYER	STONY BROOK	WATER MAIN	GRER061033

GRER058378
GRER010534
GREN068058
GRER052458
GRER014078
GRER028988
GRER058882

MASSACHUSETTS

<u>CITY/TOWN</u>	<u>STATE</u>	<u>LICENSEE</u>	<u>RAIL LINE</u>	<u>APPURTENANCE</u>	<u>LICENSE NO.</u>
BUCKLAND	MA	WESTERN MASS ELECTRIC	FITCH	13.8 KV AERIAL XING	GRER057444
BUCKLAND	MA	WESTERN MASS ELECTRIC	FITCH	4.8 KV AERIAL XING	GRER052127
BUCKLAND	MA	WESTERN MASS ELECTRIC	FITCH	6 KV AERIAL XING	GRER028202
CHARLEMONT	MA	MASSACHUSETTS ELECTRIC	FITCH	2 WIRES-POLE-2 GUYS	GRER046267
CHARLEMONT	MA	MASSACHUSETTS ELECTRIC	FITCH	2 WIRES, POLE, GUY.	GRER035008
CHARLEMONT	MA	MASSACHUSETTS ELECTRIC	FITCH	2 WIRES, 1 POLE	GRER043236
CHARLEMONT	MA	MASSACHUSETTS ELECTRIC	FITCH	4 WIRES-POLES-5 GUYS	GRER055821
CHICOPEE	MA	CITY OF CHICOPEE ELECT LIGHT	CONN RIVER	WIRE XING	GRER058316
CHICOPEE	MA	CITY OF CHICOPEE ELECT LIGHT	CONN RIVER	WIRE PRIVATE	GRER015282
CHICOPEE	MA	CITY OF CHICOPEE ELECT LIGHT	CONN RIVER	WIRES	GRER013993
CHICOPEE	MA	CITY OF CHICOPEE ELECT LIGHT	CONN RIVER	WIRES	GRER031292
CHICOPEE	MA	CITY OF CHICOPEE HIGHWAY DEPT	CONN RIVER	(2) SEWER PIPES	GRER058298
CHICOPEE	MA	HERCULES, INC.	CONN RIVER	LAND/SDTRK	GRER062793
CHICOPEE	MA	HERCULES, INC.	CONN RIVER	6" DRAIN	GRER058798
CHICOPEE	MA	HIGHWAY DEPT. CITY OF CHICOPEE	CONN RIVER	184" DRAIN PIPE	GRER058887
CHICOPEE	MA	HIGHWAY DEPT. CITY OF CHICOPEE	CONN RIVER	CASING PP/SITARZ AVE	GRER051845
CHICOPEE	MA	HIGHWAY DEPT. CITY OF CHICOPEE	CONN RIVER	42" PIPE	GRER057788
CHICOPEE	MA	HIGHWAY DEPT. CITY OF CHICOPEE	CONN RIVER	12" SEWER	GRER010883
CHICOPEE	MA	HIGHWAY DEPT. CITY OF CHICOPEE	CONN RIVER	36" SEWER	GRER022301
CHICOPEE	MA	HIGHWAY DEPT. CITY OF CHICOPEE	CONN RIVER	36" SEWER	GRER027999
CHICOPEE	MA	HIGHWAY DEPT. CITY OF CHICOPEE	CONN RIVER	810" SEWER PIPE	GRER014785
CHICOPEE	MA	CALLAWAY GOLF	CONN RIVER	FENCE	GRER028051
CHICOPEE	MA	CALLAWAY GOLF	CONN RIVER	DRAIN PIPE / SLEEVE	GRER040028
CHICOPEE	MA	VERIZON NEW ENGLAND INC	CONN RIVER	POLE & CABLE	GRER029758
CHICOPEE	MA	WATER DEPT. CITY OF CHICOPEE	CONN RIVER	WATER PP WILLIAMSETT	GRER030829
CHICOPEE	MA	WATER DEPT. CITY OF CHICOPEE	CONN RIVER	8" WATER	GRER032181
CHICOPEE	MA	WESTERN MASS ELECTRIC	CONN RIVER	1 FIBER OPTIC CABLE	GRER062596
CHICOPEE	MA	WESTERN MASS ELECTRIC	CONN RIVER	13.8 KV AERIAL XING	GRER052832
CHICOPEE	MA	WESTERN MASS ELECTRIC	CHICOPEE FALLS	66 KV AERIAL XING	GRER014591
CHICOPEE	MA	WESTERN MASS ELECTRIC	CONN RIVER	13.2 KV AERIAL XING	GRER030101
CHICOPEE	MA	WESTERN MASS ELECTRIC	CONN RIVER	13.8 KV AERIAL WIRE	GRER062459
CHICOPEE	MA	BROOKS FIBER COMMUNICATIONS	CONN RIVER	12 STRAND	GRER062804
CONWAY	MA	NEES COMMUNICATIONS, INC	FREIGHT MAIN	FIBER OPTIC CABLE	GRER062554
DEERFIELD	MA	CROP PRODUCTION SERVICES	FREIGHT MAIN	LAND/SDTRK	GRER060301
DEERFIELD	MA	DEERFIELD PLASTICS CO. INC.	CONN RIVER	2 CLNGTH S/7LD/SDFL	GRER058338
DEERFIELD	MA	HUNSTMAN PACKAGING CORP	CONN RIVER	4 CARLNGT/NO/END/SOF	GRER080783
DEERFIELD	MA	HUNSTMAN PACKAGING CORP	CONN RIVER	8 CARLNGT/SDTRK/S DE	GRER080781
DEERFIELD	MA	NEES COMMUNICATIONS, INC	CONN RIVER	288 STRND FIBER XING	GRER082656
DEERFIELD	MA	NEW ENGLAND POWER	CONN RIVER	POLE AND WIRE	GRER010533
DEERFIELD	MA	RUSSELL CANEDY	FREIGHT MAIN	WATER PP PRIVE DFLO	GRER043279
DEERFIELD	MA	SOUTH DEERFIELD WATER DISTRICT	CONN RIVER	WATER PIPE	GRER060408
DEERFIELD	MA	TOWN OF DEERFIELD	CONN RIVER	SEWER PP/SLEEVE	GRER060405
DEERFIELD	MA	UNITED CO-OPERATIVE FARMERS	FREIGHT MAIN	SIDETRACK/E DEERFIEL	GRER080574
DEERFIELD	MA	UNITED CO-OPERATIVE FARMERS	FREIGHT MAIN	WATER PP/E DEERFIELD	GRER048215
DEERFIELD	MA	VERIZON NEW ENGLAND INC.	CONN RIVER	2 STEEL CONDUITS/DFL	GRER059074
DEERFIELD	MA	WESTERN MASS ELECTRIC	CONN RIVER	VARIOUS WIRE XINGS	GRER058675
DEERFIELD	MA	WESTERN MASS ELECTRIC	CONN RIVER	13.8 KV AERIAL XING	GRER046592
DEERFIELD	MA	WESTERN MASS ELECTRIC	CONN RIVER	13.8 KV AERIAL XING	GRER080382
DEERFIELD	MA	WESTERN MASS ELECTRIC	CONN RIVER	3 ANCHOR GUYS	GRER029840
DEERFIELD	MA	WESTERN MASS ELECTRIC	DEERFIELD	4.0 KV AERIAL XING	GRER038858
E DEERFIELD	MA	ALL STATES ASPHALT, INC.	FREIGHT MAIN	6 CARLENGTHS - TRACK	GRER062488
E DEERFIELD	MA	DOW CHEMICAL	FREIGHT MAIN	5 CARS-TRACK 3 WEST	GRER062645
ERVING	MA	ERVING PAPER MILLS	FREIGHT MAIN	LAND LEASE	GRER062666
ERVING	MA	ERVING PAPER MILLS	FREIGHT MAIN	LAND/TRACK	GRER043417
ERVING	MA	ERVING PAPER MILLS	FREIGHT MAIN	OVERHEAD BRIDGE	GRER058570
ERVING	MA	ERVING PAPER MILLS	FREIGHT MAIN	WATER PIPES	GRER044153
ERVING	MA	ERVING PAPER MILLS	FREIGHT MAIN	LAND PUMP HO	GRER052897
ERVING	MA	ERVING PAPER MILLS	FREIGHT MAIN	VAR PIPES	GRER035688
ERVING	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	3 WIRES-POLE-3 GUYS	GRER031978
ERVING	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	4 WIRES	GRER038884
ERVING	MA	TOWN OF ERVING	FREIGHT MAIN	SEWER MAIN	GRER058348
ERVING	MA	TOWN OF ERVING	FREIGHT MAIN	SEWER/CULVERT	GRER058347
ERVING	MA	TOWN OF ERVING POTW1	FREIGHT MAIN	USE PRV XING	GRER058392
FARLEY	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	5 WIRES	GRER042820
FARLEY	MA	NEW ENGLAND POWER CO	FREIGHT MAIN	10 AERIAL WIRES	GRER024025
FITCHBURG	MA	CITY OF FITCHBURG	FREIGHT MAIN	SEWER PP/EL	GRER069130
FITCHBURG	MA	COMCAST	FREIGHT MAIN	TV CABLE/POLE	GRER067484
FITCHBURG	MA	FITCHBURG GAS & ELECTRIC CO	FREIGHT MAIN	POLE AND WIRE	GRER058183

GRER058006
GRER018707
GRER060246
GRER062256A
GREN058857
GRER018178

MASSACHUSETTS

<u>CITY / TOWN</u>	<u>STATE</u>	<u>LICENSEE</u>	<u>RAIL LINE</u>	<u>APPURTENANCE</u>	<u>LICENSE NO.</u>
FLORIDA	MA	ADELPHIA CABLE BERKSHIRE	FREIGHT MAIN	XING UNDER POWER LIN	GRER082033
GARDNER	MA	CITY OF GARDNER	FREIGHT MAIN	MAINT 2 WIRES	GRER054883
GARDNER	MA	CITY OF GARDNER	FREIGHT MAIN	30" SEWER PIPE	GRER055488
GARDNER	MA	COMMONWEALTH OF MASS.	FREIGHT MAIN	8" FORCE MAIN	GRER081032
GARDNER	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	3 CABLES, 25 POLES	GRER056380
GARDNER	MA	MASSACHUSETTS ELECTRIC	FREIGHT MAIN	POLE AND WIRE	GRER028103
GARDNER	MA	NEW ENGLAND POWER CO	FREIGHT MAIN	POLE AND WIRE	GRER018293
GARDNER	MA	SIMPLEX TIME RECORDER CO.	FREIGHT MAIN	4160 SF LAND/PARKING	GRER050024
GARDNER	MA	VERIZON NEW ENGLAND INC.	FREIGHT MAIN	CONDUIT LINES	GRER055872
GREENFIELD	MA	A R SANDRI	FREIGHT MAIN	LAND/DRWY/PRKG/GREEN	GRER054208
GREENFIELD	MA	COMCAST	FREIGHT MAIN	1 ALUM CABLE 4 POL/G	GRER058729
GREENFIELD	MA	GEORGE & LENA MAYO	CONN RIVER	LAND/BLDG	GRER056101
GREENFIELD	MA	GREENFIELD COUNTRY CLUB	CONN RIVER	WIRES/PIPE	GRER053384
GREENFIELD	MA	HELEN MACKIN	CONN RIVER	LAND/TRACK	GRER043847
GREENFIELD	MA	J & A MUSACCHIO	FREIGHT MAIN	LSE LAND/BLDG	GRER058780
GREENFIELD	MA	JUDY STEIN	TURNERS FALLS	LAND/BLDG	GRER057728
GREENFIELD	MA	KERMIT HOAR	FREIGHT MAIN	LSE LAND/GARG	GRER080715
GREENFIELD	MA	LAMAR ADVERTISING	FREIGHT MAIN	BILLBOARD	GRERLAD100
GREENFIELD	MA	NEW ENGLAND POWER	CONN RIVER	POLE AND WIRE	GRER054711
GREENFIELD	MA	RUGG LUMBER CO., INC.	FREIGHT MAIN	LAND AND SIDETRACK	GRER012548
GREENFIELD	MA	TOWN OF GREENFIELD	CONN RIVER	WATER PP/GREENFIELD	GRER025840
GREENFIELD	MA	TOWN OF GREENFIELD	CONN RIVER	WATER MAIN/SL	GRER051701
GREENFIELD	MA	TOWN OF GREENFIELD	FREIGHT MAIN	SEWER/MANHOLE	GRER058716
GREENFIELD	MA	WESTERN MASS ELECTRIC	CONN RIVER	13.8 KV AERIAL XING	GRER059159
GREENFIELD	MA	WESTERN MASS ELECTRIC	CONN RIVER	2 ANCHOR GUYS	GRER051479
GREENFIELD	MA	WESTERN MASS ELECTRIC	CONN RIVER	4.8 KV AERIAL XING	GRER058864
GREENFIELD	MA	WESTERN MASS ELECTRIC	FREIGHT MAIN	13 KV AERIAL XING	GRER057039
GREENFIELD	MA	WESTERN MASS ELECTRIC	FREIGHT MAIN	4.8 KV AERIAL XING	GRER057241
GREENFIELD	MA	WESTERN MASS ELECTRIC	CONN RIVER	4.8 KV AERIAL XING	GRER043982
GREENFIELD	MA	WESTERN MASS ELECTRIC	DEERFIELD	4.6 KV AERIAL XING	GRER021491
GREENFIELD	MA	WESTERN MASS ELECTRIC	FREIGHT MAIN	13 KV AERIAL XING	GRER028757
HARVARD	MA	KEYSPAN ENERGY	WORCESTER	8" GAS	GRER055258
HARVARD	MA	MASS DEVELOPMENT	WORCESTER	ELECTRIC WIRE LINE	GRER041430
HARVARD	MA	MASS DEVELOPMENT	WORCESTER	POLE & WIRE LINE	GRER043006
HATFIELD	MA	TURF CARE	CONN RIVER	LAND FOR TRACK	GRER001603
HATFIELD	MA	NANCY ROGALSKI	CONN RIVER	10000 SF LD DRW	GRER068427
HATFIELD	MA	WESTERN MASS ELECTRIC	CONN RIVER	13.8 KV AERIAL XING	GRER059158
HATFIELD	MA	WESTERN MASS ELECTRIC	CONN RIVER	13.8KV AERIAL CABLE	GRER062447
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	WA PP/HYDNT/MT TOM M	GRER058381
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	(1) 240V CABLE	GRER059857
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	(4) 115KV WIRES	GRER058328
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	(9) 4.8KV WIRES	GRER057832
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	10" STEAM PIPE	GRER047910
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	10" STEAM PIPE	GRER049255
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	PIPE CROSSING	GRER034457
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	STEAM PIPE	GRER038031
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	18" GAS MAIN	GRER011946
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	6" GAS MAIN	GRER025156
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	SEWER PP PRIV	GRER011711
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	TOWER-PROSPECT PARK	GRER007814
HOLYOKE	MA	CITY OF HOLYOKE	CONN RIVER	4" GAS PIPE	GRER044509
HOLYOKE	MA	COMCAST	CONN RIVER	CATV WIRE	GRER058283
HOLYOKE	MA	GRIFFIN EXPRESS INC	CONN RIVER	SIDETRACK	GRER049182
HOLYOKE	MA	HARRIS ENERGY & REALTY CORP	CONN RIVER	SIDETRACK	GRER038236
HOLYOKE	MA	HOLYOKE WATER POWER COMPANY	CONN RIVER	12" PRIVATE CROSSING	GRER002532
HOLYOKE	MA	LINWEAVE, INC.	CONN RIVER	SIDETRACK	GRER052932
HOLYOKE	MA	PAT'S LIQUORS INC	CONN RIVER	LEASE LAND PKG	GRER080543
HOLYOKE	MA	SULLIVAN & CO INC	CONN RIVER	LAND AND TRACK	GRER080487
HOLYOKE	MA	SULLIVAN REALTY TRUST	CONN RIVER	LAND LEASE FOR TRACK	GRER062678
HOLYOKE	MA	VERIZON NEW ENGLAND INC.	CONN RIVER	UNGD CABLE	GRER034720
LITTLETON	MA	COMCAST	STONY BROOK	COAXIAL CABLE	GRER082612
LITTLETON	MA	NEW ENGLAND POWER	STONY BROOK	POLE AND WIRE	GRER058729
LITTLETON	MA	VERYFINE PRODUCTS, INC.	FREIGHT MAIN	SIDETRACK	GRER080050
MONTAGUE	MA	TOWN OF MONTAGUE	FREIGHT MAIN	SEWER PIPE	GRER043288
MONTAGUE	MA	TOWN OF MONTAGUE	FREIGHT MAIN	LIC SEWAGE FAC	GRER080508
MONTAGUE	MA	U.S. DEPT. OF INTERIOR	FREIGHT MAIN	LEASE LAND MONTAGUE	GRER080048
MONTAGUE	MA	WESTERN MASS ELECTRIC	FREIGHT MAIN	88 KV AERIAL XING	GRER010122
MONTAGUE	MA	WESTERN MASS ELECTRIC	FREIGHT MAIN	88 KV AERIAL XING	GRER013537

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LAW DEPARTMENT

4/9/08

MONTAGUE
MONTAGUE
MONTAGUE
NORTH ADAMS
NORTH ADAMS

MA WESTERN MASS ELECTRIC
MA WESTERN MASS ELECTRIC
MA WESTERN MASS ELECTRIC
MA BERKSHIRE GAS CO.
MA BERKSHIRE GAS CO.

FREIGHT MAIN
FREIGHT MAIN
FREIGHT MAIN
FREIGHT MAIN
FREIGHT MAIN

1 FIBER OPTIC CABLE
1 FIBER OPTIC CABLE
1 FIBER OPTIC CABLE
4" GAS MAIN
4" GAS MAIN/SL

GRER062476
GRER062477
GRER062478
GRER045483
GRER062470

MASSACHUSETTS

<u>CITY / TOWN</u>	<u>STATE</u>	<u>LICENSEE</u>	<u>MAIL LINE</u>	<u>APPURTENANCE</u>	<u>LICENSE NO.</u>
NORTH ADAMS	MA	LAMAR ADVERTISING	ADAMS	BILLBOARD	GRER062899
NORTH ADAMS	MA	MORRISON BERKSHIRE, INC	ADAMS	WATER PIPE	GRER062214
NORTH ADAMS	MA	O'CONNELL OIL ASSOCIATES, INC	ADAMS	GARAGE ENCROACHMENT	GRER061708
NORTH ADAMS	MA	VERIZON NEW ENGLAND, INC	FREIGHT MAIN	UNDG CABLE	GRER049641
NORTH ADAMS	MA	MASSACHUSETTS ELECTRIC CO.	FREIGHT MAIN	(8) 22 KV WIRES	GRER026750
NORTH ADAMS	MA	MASSACHUSETTS ELECTRIC CO	FREIGHT MAIN	4 WIRES, 2 POLES	GRER045714
NORTH ADAMS	MA	MORRISON BERKSHIRE, INC.	ADAMS	POLE & WIRE	GRER062213
NORTHAMPTON	MA	COMCAST OF NEW ENGLAND	CONN RIVER	CABLE TV SYST	GRER060838
NORTHAMPTON	MA	EXXONMOBIL CHEMICAL	CONN RIVER	17 CARLENGTHS/SDTRK	GRER060671
NORTHAMPTON	MA	KOLLMORGAN CORPORATION	CONN RIVER	CROSSING PROTECTION	GRER060199B
NORTHAMPTON	MA	KOLLMORGAN CORPORATION	CONN RIVER	PRVATE CROSSING	GRER060199A
NORTHAMPTON	MA	MASSACHUSETTS ELECTRIC CO	CONN RIVER	3 WIRES, 3 POLES	GRER060818
NORTHAMPTON	MA	MASSACHUSETTS ELECTRIC CO	CONN RIVER	4 GUYS WIRES, 1 POLE	GRER060293
NORTHAMPTON	MA	MASSACHUSETTS ELECTRIC CO.	CONN RIVER	3 WIRES, 27 POLES	GRER058031
NORTHAMPTON	MA	MASSACHUSETTS ELECTRIC CO.	CONN RIVER	(8) 2.4 KV WIRES	GRER052030
NORTHAMPTON	MA	MASSACHUSETTS ELECTRIC CO	CONN RIVER	3 WIRES, 18 POLES	GRER058486
NORTHAMPTON	MA	MASSACHUSETTS ELECTRIC CO.	CONN RIVER	3 WIRES, 51 POLES	GRER048343
NORTHAMPTON	MA	MASSACHUSETTS ELECTRIC CO.	CONN RIVER	5 WIRES, 1 POLE	GRER047485
NORTHAMPTON	MA	VERIZON NEW ENGLAND INC	CONN RIVER	UNDG CABLE	GRER054312
NORTHFIELD	MA	COMCAST	CONN RIVER	1 FIBER OPTIC CABLE	GRER062525
NORTHFIELD	MA	THE LANE CONSTRUCTION CORP	CONN RIVER	LAND/S/T/MT HERMON M	GRER064468
ORANGE	MA	MASSACHUSETTS ELECTRIC CO.	FREIGHT MAIN	(3) 4 KV WIRES	GRER042381
ORANGE	MA	MASSACHUSETTS ELECTRIC CO.	FREIGHT MAIN	1 GUY WIRE & ANCHOR	GRER062485
ORANGE	MA	MASSACHUSETTS ELECTRIC CO.	FREIGHT MAIN	1 ANCHOR GUY	GRER048443
ORANGE	MA	MASSACHUSETTS ELECTRIC CO.	FREIGHT MAIN	5 WIRES, 1 POLE	GRER052382
ORANGE	MA	TOWN OF ORANGE	FREIGHT MAIN	(1) 6" SEWER MAIN	GRER062421
ORANGE	MA	TOWN OF ORANGE	FREIGHT MAIN	SEWER PP	GRER059536
ORANGE	MA	TOWN OF ORANGE	FREIGHT MAIN	WATER PIPE	GRER027498
ROYALSTON	MA	MASSACHUSETTS ELECTRIC CO.	FREIGHT MAIN	3 WIRES, 2 POLES	GRER038907
ROYALSTON	MA	TOWN OF ROYALSTON	FREIGHT MAIN	(1) 8" SEWER MAIN	GRER062408
ROYALSTON	MA	VERIZON NEW ENGLAND INC.	FREIGHT MAIN	CABLE DUCTS	GRER052213
SOUTH DEERFIELD	MA	SOUTH DEERFIELD WATER DISTRICT	CONN RIVER	PIPE/HWY/WHATELY LIN	GRER016755
SOUTH DEERFIELD	MA	SOUTH DEERFIELD WATER DISTRICT	CONN RIVER	WATER MAIN	GRER048113
SOUTH DEERFIELD	MA	TOWN OF DEERFIELD	CONN RIVER	SEWER PIPE	GRER055940
SOUTH DEERFIELD	MA	CHEVRON PHILLIPS CHEMICAL CO.	CONN RIVER	2 CARLENGTHS - TRACK	GRER090085
SHELBURNE	MA	WESTERN MASS ELECTRIC	FREIGHT MAIN	88 KV AERIAL XING	GRER017744
SHELBURNE FALLS	MA	NEW ENGLAND POWER	FREIGHT MAIN	POLE AND WIRE	GRER038538
SPRINGFIELD	MA	COMCAST	CONN RIVER	SIX CABLES 1 POL	GRER061180
SPRINGFIELD	MA	MCI WORLDCOM (G-8364)	CONN RIVER	FIBER OPTIC LINE	GRER062263
SPRINGFIELD	MA	SPRINT COMMUNICATIONS CO L.P.	CONN RIVER	FIBER OPTIC CABLE	GRER062297
SPRINGFIELD	MA	THE REPUBLICAN PUBLISHING CO	CONN RIVER	S/T/LAND	GRER052817
SPRINGFIELD	MA	WITEL COMMUNICATIONS GROUP	CONN RIVER	FIBER OPTIC SYSTEM	GRER062512
SPRINGFIELD	MA	WESTERN MASS ELECTRIC	CONN RIVER	120-208 V AERIALXING	GRER038144
TEMPLETON	MA	BALDWINVILLE PRODUCTS, INC.	FREIGHT MAIN	SIDETRACK/TEMPLETON	GRER062303
TEMPLETON	MA	KEATING, P. J. COMPANY	FREIGHT MAIN	LAND/S/T	GRER064799
TEMPLETON	MA	MASSACHUSETTS ELECTRIC CO.	FREIGHT MAIN	POLE AND WIRE	GRER038960
TEMPLETON	MA	SEAMAN PAPER CO OF MASS INC	FREIGHT MAIN	L & T	GRER062625
TEMPLETON	MA	TOWN OF TEMPLETON	FREIGHT MAIN	POLE & WIRE	GRER059443
TEMPLETON	MA	TOWN OF TEMPLETON	FREIGHT MAIN	POLE & WIRE	GRER015728
TEMPLETON	MA	TOWN OF TEMPLETON	FREIGHT MAIN	POLE & WIRE	GRER052567
TEMPLETON	MA	TOWN OF TEMPLETON	FREIGHT MAIN	POLE & WIRE	GRER056582
TEMPLETON	MA	TOWN OF TEMPLETON	FREIGHT MAIN	POLE & WIRES	GRER047247
TEMPLETON	MA	TOWN OF TEMPLETON	FREIGHT MAIN	POLES/GUY/WI	GRER055532
TEMPLETON	MA	TOWN OF TEMPLETON	FREIGHT MAIN	2 8" SEWER 1 5"SEWER	GRER060188
TEMPLETON	MA	VERIZON NEW ENGLAND INC.	FREIGHT MAIN	1 FIBER OPTIC CABLE	GRER062518
TURNERS FALLS	MA	TOWN OF MONTAGUE MASS	FREIGHT MAIN	PIPE/MONTAGUE MASS	GRER045288
TURNERS FALLS	MA	TOWN OF MONTAGUE MASS	FREIGHT MAIN	SEWER PP/MNHL	GRER058082
TURNERS FALLS	MA	WTE RECYCLING, INC.	FREIGHT MAIN	8375SF LAND	GRER060389
WACHUSETT	MA	NEW ENGLAND POWER	FREIGHT MAIN	POLE AND WIRE	GRER024185
WENDELL	MA	MASSACHUSETTS ELECTRIC CO	FREIGHT MAIN	2 GUYS AND POLE	GRER043536
WENDELL	MA	MASSACHUSETTS ELECTRIC CO	FREIGHT MAIN	5 WIRES	GRER042620
WENDELL	MA	NEW ENGLAND POWER	FREIGHT MAIN	POLE AND WIRE	GRER066452
WENDELL	MA	NEW ENGLAND POWER	FREIGHT MAIN	10 WIRES	GRER024025
WENDELL	MA	VERIZON NEW ENGLAND INC.	FREIGHT MAIN	WIRES IN CONDUIT	GRER037818
WHATELY	MA	BERKSHIRE GAS COMPANY	CONN RIVER	(1) 8" GAS MAIN	GRER062517
WHATELY	MA	FAIRVIEW FARMS, INC.	CONN RIVER	WA PPI/CULVERT	GRER060247
WHATELY	MA	SOUTH DEERFIELD WATER DISTRICT	CONN RIVER	WATER PIPE	GRER060248
WILLIAMSTOWN	MA	HOOSAC WATER QUALITY DIST	FREIGHT MAIN	PP STL CASING/WILLIA	GRER065814

GRER065730
GRER000100
GRER058000
GRER058016
GRER062372

MASSACHUSETTS

<u>CITY / TOWN</u>	<u>STATE</u>	<u>LICENSEE</u>	<u>RAIL LINE</u>	<u>APPURTENANCE</u>	<u>LICENSE NO.</u>
WILLIAMSTOWN	MA	TOWN OF WILLIAMSTOWN	FREIGHT MAIN	SEWER PIPE	GRER033852
WILLIAMSTOWN	MA	VERIZON NEW ENGLAND INC	FREIGHT MAIN	POLE & AERIAL CABLE	GRER057440
WILLIAMSTOWN	MA	WILLIAMS COLLEGE	FREIGHT MAIN	LAND/TRK	GRER028809

NEW YORK

<u>CITY / TOWN</u>	<u>STATE</u>	<u>LICENSEE</u>	<u>RAIL LINE</u>	<u>APPURTENANCE</u>	<u>LICENSE NO.</u>
CLIFTON PARK	NY	TIME WARNER CABLE	FREIGHT MAIN	DNE TV CABLE	GRER080315
CLIFTON PARK	NY	TIME WARNER CABLE	FREIGHT MAIN	CABLE XING	GRER081121
GLENVILLE	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	POLE & WIRES	GRER047148
GLENVILLE	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRER055442
GLENVILLE	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	20" PIPE FOR LP GAS	GRER058580
GLENVILLE	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	24" GAS MAIN	GRER082814
GLENVILLE	NY	SCOTIA STONE & GRAVEL CO INC	FREIGHT MAIN	LAND/S/T SCOTIA NY	GRER028359
GLENVILLE	NY	SCOTIA STONE & STONE CO. INC.	FREIGHT MAIN	WATER PP/SCOTIA NY	GRER032246
GLENVILLE	NY	TOWN OF CLIFTON PARK	FREIGHT MAIN	12" WATER MAIN	GRER082614
GLENVILLE	NY	TOWN OF GLENVILLE	FREIGHT MAIN	18" CI WA MAIN	GRER058814
GLENVILLE	NY	TOWN OF GLENVILLE	FREIGHT MAIN	24" WATER PIPE	GRER082818
GLENVILLE	NY	TOWN OF GLENVILLE	FREIGHT MAIN	LAND DRWY	GRER057430
GLENVILLE	NY	TOWN OF GLENVILLE	FREIGHT MAIN	WATER PP	GRER058085
GLENVILLE	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	OH WIRES	GRER056488
GLENVILLE	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	UDGO WIRES	GRER058511
GLENVILLE	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	1 FIBER OPTIC CABLE	GRER062484
GLENVILLE	NY	VERIZON NEW YORK INC.	ROTTERDAM	300 PAIR	GRER082607
HALFMOON	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	4" GAS	GRER018542
HOOSICK	NY	BRANDISH DISTRIBUTORS INC	FREIGHT MAIN	LAND/SDTRK	GRER063588
HOOSICK	NY	HOOSICK CABLEVISION INC	FREIGHT MAIN	TRUNK CABLE	GRER081114
HOOSICK	NY	HOOSICK CABLEVISION INC	FREIGHT MAIN	TRUNK CABLE ELM ST H	GRER081115
HOOSICK	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	POLE & WIRES	GRER051581
HOOSICK	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	POLES & WIRES	GRER052450
HOOSICK	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	115 KV WIRES	GRER054058
HOOSICK	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	34.5 KV WIRES	GRER054488
HOOSICK	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	POLES & WIRES	GRER041244
HOOSICK	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRER041225
HOOSICK	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	OH CABLE	GRER059753
HOOSICK	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	OH WIRES	GRER056934
HOOSICK	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	UDGD CABLE	GRER061343
HOOSICK	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	UDGD CABLE	GRER057784
HOOSICK FALLS	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	POLES & WIRES	GRER040840
HOOSICK FALLS	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	POLES & WIRES	GRER060124
HOOSICK FALLS	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRER080281
HOOSICK FALLS	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	POLES & WIRES	GRER051478
HOOSICK FALLS	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	UDGD CABLE	GRER051477
HOOSICK FALLS	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	UDGD WIRES	GRER051478
HOOSICK FALLS	NY	VILLAGE OF HOOSICK FALLS	FREIGHT MAIN	LC SEWRG SYS	GRER058878
JOHNSONVILLE	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRER035003
JOHNSONVILLE	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	UDGD CABLE	GRER045275
MECHANICVILLE	NY	CITY OF MECHANICVILLE	FREIGHT MAIN	WA PP WILLIAM&CANAL	GRER028987
MECHANICVILLE	NY	NEW YORK STATE ELECTRIC & GAS	FREIGHT MAIN	WIRES GUYS	GRER051455
MECHANICVILLE	NY	NEW YORK STATE ELECTRIC & GAS	FREIGHT MAIN	POLE & WIRE	GRER056298
MECHANICVILLE	NY	NEW YORK STATE ELECTRIC & GAS	FREIGHT MAIN	15KV UNDRD CABLE	GRER082388
MECHANICVILLE	NY	NEW YORK STATE ELECTRIC & GAS	FREIGHT MAIN	2 STEEL PIPES	GRER082387
MECHANICVILLE	NY	NEWCHANNELS CABLE TELEVISION	FREIGHT MAIN	4" PVC DUCT	GRER062355
MECHANICVILLE	NY	SCHUYLER-MECHANICVILLE PARTNER	FREIGHT MAIN	30" SEWER MAIN	GRER082357
MECHANICVILLE	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	OH CABLE	GRER058388A
MECHANICVILLE	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	2 DUCTS W/ CABLES	GRER082374
PETERSBURG	NY	NEW YORK STATE ELECTRIC & GAS	FREIGHT MAIN	WIRES	GRER051881
PETERSBURG	NY	NEW YORK STATE ELECTRIC & GAS	FREIGHT MAIN	WIRE CROSSING	GRER080870
PETERSBURG	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	OH CABLE	GRER080303
PETERSBURG	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	OH CABLE	GRER080304
PETERSBURG	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	OH WIRES	GRER042234
PITTSBOWN	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRER058617
PITTSBOWN	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRER037342
PITTSBOWN	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRER041588
PITTSBOWN	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRER047111
PITTSBOWN	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	UDGD WIRES	GRER055920
PITTSBOWN	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	UDGD WIRES	GRER055921

NEW YORK

<u>CITY / TOWN</u>	<u>STATE</u>	<u>LICENSEE</u>	<u>RAIL LINE</u>	<u>APPURTENANCE</u>	<u>LICENSE NO.</u>
SCHAGHTICOKE	NY	HOOSAC VALLEY FARMERS EXCH	FREIGHT MAIN	LAND/STORAGE	GRENO50472
SCHAGHTICOKE	NY	HOOSAC VALLEY FARMERS EXCH	FREIGHT MAIN	LAND/TRACK	GRENO23333
SCHAGHTICOKE	NY	NEW YORK STATE ELECTRIC & GAS	FREIGHT MAIN	115 KV WIRE CROSSING	GRENO55076
SCHAGHTICOKE	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	POLE & WIRES	GRENO52433
SCHAGHTICOKE	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRENO16541
SCHAGHTICOKE	NY	VERIZON NEW YORK INC	FREIGHT MAIN	AERIAL CABLE	GRENO50386
SCHAGHTICOKE	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	AERIAL CABLE	GRENO603008
SCHAGHTICOKE	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	AERIAL CABLE	GRENO50300C
SCHAGHTICOKE	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	OH WIRE	GRENO55874
SCHAGHTICOKE	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	340 POLES & WIRES	GRENO33725
SCOTIA	NY	CRANESVILLE BLOCK	FREIGHT MAIN	PRIVATE CROSSING	GRENO62153
SCOTIA	NY	LAMAR ADVERTISING	FREIGHT MAIN	BILLBOARD	GRENO62009
SCOTIA	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	23 KV WIRE CROSSING	GRENO62300
SCOTIA	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRENO44938
SCOTIA	NY	SCOTIA STONE & STONE CO. INC.	FREIGHT MAIN	3 WIRES	GRENO32203
SCOTIA	NY	VERIZON NEW YORK INC	FREIGHT MAIN	UNDG CABLE	GRENO53351
SCOTIA	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	UDGD CABLE	GRENO55750
SCOTIA	NY	VILLAGE OF SCOTIA NY	FREIGHT MAIN	LIC SEWER PPMHL	GRENO60087
SCOTIA	NY	VILLAGE OF SCOTIA NY	FREIGHT MAIN	SEWER LINE/SLV/SCOTI	GRENO50801
STILLWATER	NY	NEW YORK STATE ELECTRIC & GAS	FREIGHT MAIN	POLE/ANCHOR/GUY	GRENO37242
STILLWATER	NY	NEW YORK STATE ELECTRIC & GAS	FREIGHT MAIN	POLE/STUB/ANCHOR	GRENO50131
STILLWATER	NY	NEW YORK STATE ELECTRIC & GAS	FREIGHT MAIN	TRANSMISSION WIRES	GRENO60290
STILLWATER	NY	SARATOGA COUNTY SEWER DISTRICT	FREIGHT MAIN	LEASE LAND	GRENO00041
STILLWATER	NY	SARATOGA COUNTY SEWER DISTRICT	FREIGHT MAIN	LIC MAINT PPM/VILLE	GRENO60077
STILLWATER	NY	SARATOGA COUNTY SEWER DISTRICT	FREIGHT MAIN	10" SEWER MAIN	GRENO62603
TROY	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	4" GAS	GRENO48108
VALLEY FALLS	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRENO41144
VALLEY FALLS	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES & GUY	GRENO37110
W VALLEY FALLS	NY	VERIZON NEW YORK INC.	FREIGHT MAIN	45" CONDUIT/PP	GRENO50181

VERMONT

<u>CITY / TOWN</u>	<u>STATE</u>	<u>LICENSEE</u>	<u>RAIL LINE</u>	<u>APPURTENANCE</u>	<u>LICENSE NO.</u>
POWNAI	VT	CENTRAL VERMONT PUBLIC SERVICE	FREIGHT MAIN	(4) 7.2 KV WIRES	GRENO43500
POWNAI	VT	CENTRAL VERMONT PUBLIC SERVICE	FREIGHT MAIN	WIRE CROSSING	GRENO42117
POWNAI	VT	CENTRAL VERMONT PUBLIC SERVICE	FREIGHT MAIN	WIRES, 1 POLE	GRENO47409
POWNAI	VT	CENTRAL VERMONT PUBLIC SERVICE	FREIGHT MAIN	12.5 KV WIRE CROSSING	GRENO62042
POWNAI	VT	MACK MOLDING	FREIGHT MAIN	PIPE&SEWER PP	GRENO45071
POWNAI	VT	TOWN OF POWNAI	FREIGHT MAIN	15,200 SQ FT LAND LEASE	GRENO62039
POWNAI	VT	PROGRESS PARTNERS	FREIGHT MAIN	2 PRIVATE CROSSINGS	GRENO62040

ROTTERDAM	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	GUY	GRER040032
ROTTERDAM	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	POLE & WIRE	GRER030624
ROTTERDAM	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	POLES & WIRES	GRER043470
ROTTERDAM	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRER057173
ROTTERDAM	NY	NIAGARA MOHAWK POWER CORP	FREIGHT MAIN	WIRES	GRER060022
ROTTERDAM	NY	SCHENECTADY INTERNATIONAL, INC	FREIGHT MAIN	SIDETRACK	GRER040210
ROTTERDAM	NY	SCHENECTADY INTERNATIONAL, INC	FREIGHT MAIN	30 CARLEGTHS-1 WEST	GRER002311
ROTTERDAM	NY	TOWN OF ROTTERDAM, NY	FREIGHT MAIN	WATER MAIN	GRER044100

SCHEDULE B

"see schedule A Attachments"

SCHEDULE C

[Grade Crossing Agreements]

(see schedule A Attachments)

SCHEDULE D

[Excluded Agreements]

no document

OMNIBUS BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS THAT **PAN AM RAILWAYS, INC., BOSTON AND MAINE CORPORATION** and **SPRINGFIELD TERMINAL RAILWAY COMPANY** (collectively, "Sellers"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, have contributed, granted, bargained, sold, conveyed, transferred, assigned and delivered to **PAN AM SOUTHERN LLC**, a Delaware limited liability company ("Buyer"), and by these presents does hereby contribute, grant, bargain, sell, convey, transfer, assign and deliver unto Buyer, its successors and assigns, all of Sellers' right, title and interest, in and to all personal property (the "Personal Property") included in the Assets (as that term is defined in the Transaction Agreement by and among Sellers and Norfolk Southern Railway Company, the "Transaction Agreement"), or located on or within the Owned Properties and Leased Properties (as such terms are defined in the Transaction Agreement), including, without limitation, machinery, equipment, supplies and fixtures; provided however that the Personal Property shall not include the track material addressed in Section 2.3(a) of the Transaction Agreement and the deeds conveying the Assets.

TO HAVE AND TO HOLD, all and singular the Personal Property by these presents contributed, bargained, sold, conveyed, transferred, assigned and delivered unto Buyer, its successors and assigns, forever.

This Omnibus Bill of Sale is subject to the terms and conditions of the Transaction Agreement. Nothing herein shall be deemed to amend, modify, alter, expand or diminish the terms and conditions of the Transaction Agreement, including, without limitation, the covenants, representations, warranties and indemnification obligations contained therein. This Omnibus Bill of Sale shall be binding upon each of the Sellers and their respective successors and permitted assigns. This Omnibus Bill of Sale may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Sellers shall, from time to time and upon the reasonable request of Buyer, execute and deliver all such further documents and instruments, and take all such further acts, as shall be reasonably necessary or desirable to give full effect to the intent and meaning of this Omnibus Bill of Sale. The laws of the state of Delaware shall govern the validity of this Omnibus Bill of Sale, the construction of its terms and the interpretation of the rights and duties arising hereunder, without regard to the laws that might otherwise govern under the applicable principles of conflicts of law thereof.

[Signature Page Follows]

IN WITNESS WHEREOF, Sellers have caused this Omnibus Bill of Sale to be executed
this 9th day of April, 2009.

PAN AM RAILWAYS, INC.

By: [Signature]
Name: Robert L. Ford
Title: Sr VP

**SPRINGFIELD TERMINAL
RAILWAY COMPANY**

By: [Signature]
Name: Robert L. Ford
Title: Sr. VP

**BOSTON AND MAINE
CORPORATION**

By: [Signature]
Name: Robert L. Ford
Title: Sr VP

Execution Version

OPTION AGREEMENT

This **OPTION AGREEMENT** (this "Agreement") is made and entered into as of May 1, 2008, by and among Norfolk Southern Railway Company ("Norfolk Southern"), Boston and Maine Corporation ("B&M") and Pan Am Railways, Inc., on behalf of itself and its subsidiaries, including B&M (the "Pan Am System Parties"). Each of Norfolk Southern, Pan Am and B&M shall hereinafter be referred to as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the Pan Am System Parties currently own or operate certain railroad lines in New York, Vermont, Connecticut, Massachusetts, and New Hampshire (the "Line") and certain other related assets (together with the Line, the "Assets"), in each case more particularly described and generally depicted in Appendix A to this Agreement; and

WHEREAS, on the terms and conditions set forth herein, the Pan Am System Parties desire to grant to Norfolk Southern, and Norfolk Southern desires to acquire from the Pan Am System Parties, an option to purchase (i) a twenty-six and three hundred sixteen thousandth percent (26.316%) undivided interest in the Assets for a purchase price of [REDACTED], and (ii) a one-hundred percent (100%) interest in certain to-be-constructed assets described in Section 1.4 below (the "To-Be-Constructed Assets") for a purchase price of [REDACTED] and

WHEREAS, the Parties currently are in negotiations regarding a series of transactions involving, among other things, the formation of a joint venture company (the "Company") to which the Pan Am System Parties would contribute an undivided interest in the Assets and Norfolk Southern would contribute cash and this option, in each case in return for membership interests in the Company, and the Company would exercise this option and purchase the remaining undivided interest in the Assets and the interest in the To-Be-Constructed Assets from the Pan Am System Parties (the "Larger Transaction"); and

WHEREAS, the Parties desire to make the option hereby granted to Norfolk Southern assignable to the Company as part of Norfolk Southern's contribution to the Company;

NOW, THEREFORE, with reference to the foregoing facts and in consideration of the mutual agreements and understandings set forth herein, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. **The Option.**

1.1 **Grant of the Option.** Within ten (10) business days following the date hereof, Norfolk Southern shall pay to B&M [REDACTED] in the aggregate (the "Option Payment") by wire transfer of immediately available funds. Immediately and automatically upon receipt of the Option Payment (the "Grant Date"), the Pan Am System Parties hereby grant to Norfolk Southern an option to purchase (the "Option") a (i) twenty-six and three hundred sixteen thousandth percent (26.316%) undivided interest in the Assets, and (ii) a one-hundred percent (100%) interest in the "To-Be-Constructed Assets" (together, the Assets and the To-Be-Constructed Assets are hereafter referred to as (the "Option Property")).

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1.2 Exercise of the Option. Norfolk Southern may exercise the Option by notifying B&M in writing of its intent to exercise the Option at any time on or before the two year anniversary of the Grant Date (the date of such exercise, the "Exercise Date") and by paying an exercise price of [REDACTED] in the aggregate (the "Exercise Price") to B&M. The Option Payment shall be credited against the Exercise Price on the Exercise Date and the balance of the Exercise Price shall be payable to B&M as follows: [REDACTED] by wire transfer of immediately available funds on the Exercise Date and (ii) [REDACTED] by wire transfer of immediately available funds after the Exercise Date but on or before the first anniversary of the Exercise Date. The Pan Am Parties shall take or cause to be taken all actions, and shall execute or cause to be executed all documents, certificates or other instruments (including without limitation any and all deeds), that need to be taken or executed in order to consummate the purchase and conveyance of the Option Property upon exercise of the Option by Norfolk Southern. [REDACTED] of the Exercise Price shall be allocated to the purchase of the Assets and [REDACTED] of the Exercise Price shall be allocated to the To-Be-Constructed Assets.

1.3 Termination of the Option. Norfolk Southern may terminate the Option before the end of the two year anniversary of the Grant Date in its sole discretion effective on the date Norfolk Southern provides written notice to B&M of such termination.

1.4 To-Be-Constructed Assets. By October 1, 2008, and contingent upon receipt of the Option Payment, B&M shall expend [REDACTED] to acquire rail, tie and ballast and to use that material for improvements to the Line to remove the long-term slow orders between CPF 345 and CPF 346 (#1 Track and #2 Track) and between CPF 354 and CPF 363 (#1 Track and #2 Track) between Mechanicville and Ayer as more fully described in Appendix B attached hereto.

1.5 Assignment of the Option. If the Parties form the Company, Norfolk Southern may assign any or all of its rights and obligations under this Agreement, including the ability to exercise the Option on the terms hereof, to the Company.

1.6 Tax Treatment. The Parties agree that the Option Payment shall be treated as the payment by Norfolk Southern to B&M in exchange for this Option. Any subsequent assignment of the Option to the Company shall be treated as a contribution to the capital of the Company by Norfolk Southern of property with a value of [REDACTED] and, upon the Company's exercise of the Option, the Company shall be treated as purchasing the Assets and the To-Be-Constructed Assets.

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2. Dispute Resolution.

2.1 Reference to Senior Management. Any dispute, controversy or claim between Norfolk Southern, on the one hand, and any of the Pan Am System Parties, on the other hand, arising out of or relating to this Agreement or the breach, termination or validity thereof ("Dispute") shall be referred, in writing, to the senior management of Norfolk Southern and Pan Am for resolution.

2.2 Reference for Formal Dispute Resolution. Any Dispute not resolved within sixty (60) days after receipt by any of the involved Parties of written notice of reference of such Dispute to the senior management pursuant to Section 2.1, shall be submitted, by either Member for formal dispute resolution pursuant to Section 2.3.

2.3 Formal Dispute Resolution.

(a) Submission to Jurisdiction. Norfolk Southern and each of the Pan Am System Parties hereby (i) consents to submit itself to the exclusive jurisdiction of any Federal or state court located in the State of Delaware (the "Delaware Courts") in any action to enforce or in aid of the agreement to arbitrate in Section 2.3(b) herein or for provisional relief to maintain the status quo or prevent irreparable harm pending the appointment of the arbitrator, and to the non-exclusive jurisdiction of the Delaware Courts for enforcement of any award issued hereunder, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iii) waives any objection based on forum non conveniens or any other objection to venue thereof.

(b) Dispute Resolution. Norfolk Southern and each of the Pan Am System Parties hereby stipulates and agrees that any Dispute that is not resolved pursuant to Section 2.1 will be submitted for formal dispute resolution, if at all, to mandatory and binding arbitration, in Washington, D.C., by a single arbitrator, under the Commercial Arbitration Rules and the Large Complex Case Procedures of the AAA then in effect (the "Rules"), under the following terms and conditions:

(i) Selection of Arbitrator. A single independent arbitrator shall be appointed by the AAA using the listing, ranking and striking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen years of experience with large commercial cases and an experienced arbitrator.

(ii) Conduct of Arbitration. The arbitration shall be held and the award shall be issued in Washington, D.C. In addition to Damages, the arbitrator may award any remedy provided for under applicable law and the terms of this Agreement, including, without limitation, specific performance or other forms of injunctive relief. The arbitrator shall apply the law of the State of Delaware to the substance of the Dispute and will have no power or authority, under the rules of the AAA or otherwise, to amend or disregard any provision of this Agreement.

(iii) Replacement of Arbitrator. Should the arbitrator refuse or be unable to proceed with arbitration proceedings, a replacement arbitrator will be selected using the same method of selection as the original arbitrator.

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(iv) Findings and Conclusions. The arbitrator will, after reaching judgment and award, prepare and distribute to the Parties a written award including the findings of fact and conclusions of law relevant to such award and containing an opinion setting forth the reasons for the giving or denial of any award.

(v) Time is of the Essence. The arbitrator is hereby instructed that time is of the essence in the arbitration proceeding, and that the arbitrator shall have the right and authority to issue monetary sanctions against any Party if, upon a showing that such Party is unreasonably delaying the proceeding.

(vi) Temporary Equitable Relief. By agreeing to arbitration, the Parties do not intend to deprive any Delaware Court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a Delaware Court, the arbitrator shall have full authority to grant provisional remedies and to direct the Parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award Damages for the failure of any Party to respect the arbitrator's orders to that effect.

(vii) Consolidation. The Parties are committed to the prompt and efficient resolution of Disputes. Accordingly, if more than one Dispute arises under this Agreement, such Disputes may be brought in a single arbitration. If more than one arbitration is brought with respect to Disputes under this Agreement, then any Party may request that any arbitration or any new Dispute arising under this Agreement be consolidated into any prior arbitration. The new Dispute or arbitration shall be so consolidated, provided that the arbitrator for the prior (or first filed) arbitration determines that (x) the new Dispute or arbitration presents significant issues of law or fact common with those in the pending arbitration; (y) no Party would be unduly prejudiced and (z) consolidation under such circumstances would not result in undue delay for the prior arbitration. Any order of consolidation issued by such arbitrator shall be final and binding upon the Parties. Unless the Parties otherwise agree, the arbitrator appointed first in time shall serve as the arbitrator for the consolidated arbitration. The Parties waive any right they have to appeal or to seek interpretation, revision or annulment of such order of consolidation under the Rules or in any court. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Agreement, the subject of which has been consolidated into another arbitral proceeding.

(viii) Discovery. Recognizing the express desire of the Parties for an expeditious means of dispute resolution, the arbitrator will allow for limited discovery as may be reasonable under the circumstances.

(ix) Costs and Attorneys' Fees. Notwithstanding any rule of the AAA to the contrary, the arbitrators rendering judgment under this Section 2.3(b) will have the power to award the costs of the arbitration, including reasonable attorneys' fees and expenses to the prevailing Party or Parties in the arbitration. In any action to enforce this agreement to arbitrate or any arbitral award rendered hereunder, the court may award costs and attorneys' fees against the Party resisting enforcement.

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(x) Miscellaneous. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrator, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the Dispute until the subject of the Dispute shall have been fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrator.

3. Miscellaneous

3.1 Notices. All notices, requests, demands and other communications (collectively, "Notices") given pursuant to this Agreement shall be in writing, and shall be delivered by personal service, courier, overnight delivery service, facsimile transmission (which must be confirmed) or by United States registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

(a) if to Norfolk Southern, to:

Mike R. McClellan
Vice President – Intermodal & Automotive Marketing
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

with a copy to:

Vice President Law
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510

(b) if to any of the Pan Am System Parties, to:

David A. Fink
President
Pan Am Railways
Iron Horse Park
North Billerica, MA 01862-1692
(978) 663-1186
(978) 663-6907 (fax)

with a copy to:

Robert Culliford
Vice President Law
Pan Am Systems
Iron Horse Park

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North Billerica, MA 01862-1692
(603) 766-2002
(603) 766-2094 (fax)

Any Notice, other than a Notice sent by registered or certified mail, shall be effective when received; a Notice sent by registered or certified mail, postage prepaid return receipt requested, shall be effective on the earlier of when received or the third day following deposit in the United States mails. Any Party may from time to time change its address for further Notices hereunder by giving notice to the other Parties in the manner prescribed in this Section.

3.2 Entire Agreement. This Agreement, including any attached exhibits and schedules, contain the sole and entire agreement and understanding of the Parties with respect to the entire subject matter of this Agreement, and any and all prior discussions, negotiations, commitments and understandings, whether oral or otherwise, related to the subject matter of this Agreement are hereby merged herein. Nothing in this Agreement, express or implied, is intended to confer upon any person other than the Parties any rights or remedies under or by way of this Agreement.

3.3 Assignment. Except as provided in Section 1.4 hereof, no Party may assign its rights or obligations under this Agreement, and any attempted or purported assignment or any delegation of any Party's duties or obligations arising under this Agreement to any third party or entity shall be deemed to be null and void, and shall constitute a material breach by such Party of its duties and obligations under this Agreement.

3.4 Extension, Waiver and Amendment. Norfolk Southern and the pan Am System Parties may extend the time for the performance of any of the obligations or other acts of the other hereto and waive compliance by any other Party hereto with any of the agreements or conditions contained herein. Any agreement on the part of a Party hereto to any such extension or waiver shall be valid if set forth in writing in an instrument signed by or on behalf of such Party. The waiver by any Party hereto of a breach of this Agreement shall not operate or be construed as a waiver of any subsequent breach. This Agreement may be amended only by a written agreement executed by all of the Parties to this Agreement.

3.5 Confidentiality. Except as provided otherwise by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement, or as may be necessary or appropriate for a Party hereto to enforce its rights under this Agreement, during the term of this Agreement (including any extensions thereof), and for a period of three (3) years after termination or expiration of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or which is obtained hereunder will be kept confidential and will not be disclosed by any Party to any person other than members, officers, employees, and attorneys, without the prior written approval of the other Parties. Notwithstanding anything to the contrary, any Party may disclose this Agreement in connection with an audit by its external auditors, the Internal Revenue Service or other tax authority.

3.6 Governing Law. THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS

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TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES ARISING
HEREUNDER WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

3.7 Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, it is agreed that a court or other tribunal interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against any Person by reason of the rule of construction that a document is to be construed more strictly against the Person who itself or through its agent prepared the same, it being agreed that all Parties have participated in the preparation of this Agreement.

3.8 No Third Party Beneficiaries. Except as expressly provided in this Agreement, this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties hereto; provided, however, that this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns.

3.9 Captions. The various captions of this Agreement are for reference only and shall not be considered or referred to in resolving questions of interpretation of this Agreement.

3.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

3.11 Costs and Attorneys' Fees. Whether or not the transactions contemplated hereby are consummated, each of the Parties shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial or other consultants, investment bankers, accountants and counsel.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

PAN AM RAILWAYS, INC.

By: David A. Fink
Name: David A. Fink
Title: President

BOSTON AND MAINE CORPORATION

By: David A. Fink
Name: David A. Fink
Title: President

NORFOLK SOUTHERN RAILWAY COMPANY

By: Charles W. Moore
Name:
Title:

Execution Version

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

PAN AM RAILWAYS, INC.

By: David G. Fink
Name: David A. Fink
Title: President

BOSTON AND MAINE CORPORATION

By: David G. Fink
Name: David A. Fink
Title: President

NORFOLK SOUTHERN RAILWAY COMPANY

By: Charles W. Moore
Name:
Title:

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Appendix A – The Assets

Owned and Maintained Lines

Freight Main Line

- Between Engineering Station 122+53.1 and Engineering Station 215+89 (between Willows and CPF 312)
- Between Engineering Station 2619+12.4 and Engineering Station 9942+14 (between Fitchburg and Mechanicville)

Connecticut River Main Line

- Between Engineering station -2+25 and Engineering Station 2607+50.7 (between Springfield and East Northfield)

Worcester Main Line

- Between Engineering Station 1341+50 and Engineering Station 1484.26.2 (between Harvard Station and Ayer)

Rotterdam Branch (collectively between Crescent and Rotterdam Junction)

- Between Engineering Station 10450+60.4 and Engineering Station 10994+60.8
- Between Engineering Station 3108+55 and Engineering Station 3225+49

Adams Industrial Track

- Between Engineering Station 739+20 and Engineering Station 981+45 (between North Adams and Adams)

East Deerfield Loop Track

- Between Engineering Station 0+00 and Engineering Station 54+81 (between CPR 35 and East Deerfield)

Heywood Industrial Track

- Between Engineering Station 1383+05 and Engineering Station 1444+15 (between Gardner and Heywood)

Waterbury Branch (between Berlin and Waterbury)

- Between Engineering Station 0+00 and Engineering Station 135+10.15
- Between Engineering Station 6679+37.35 and Engineering Station 7881+34.04

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- Between Engineering Station 1442+01.89 and Engineering Station 1428.00

Canal Industrial Track (between Southington and Plainville)

- Between Engineering Station 1251+20 and Engineering Station 1414+10
- Between Engineering Station 0+00 and Engineering Station 75+32.4

Trackage Rights

On MBTA (between Littleton and Fitchburg)

- Between Engineering Station 1660+00 and Engineering Station 2619+1244

On Canadian Pacific/D&H (between Mechanicville and Mohawk Yard)

- Between Engineering Station 9942+14 and Engineering Station 10450+60.4
- Between Milepost 10.35 and Milepost 1.0

On NECR (between East Northfield and White River Junction)

- Between Milepost 49.67 and Milepost 13.4

On Amtrak (between New Haven and Springfield)

- Between Milepost 7.0 and Milepost 62.0

On Metro North/ConnDOT (between Waterbury and Derby)

- Between Milepost 8.4 and Milepost 27.0

On CSXT (at the Cedar Hill Connection between North Haven and Cedar Hill Yard)

- Between Milepost 0.00 and Milepost 3.65

On the Greenville Industrial Track (between Ayer and Groton)

- Between Engineering Station 0+00 and Engineering Station 263+75

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Appendix B

[REDACTED]					
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]					
[REDACTED]					
[REDACTED]					

Execution Version

**OPTION AGREEMENT
ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS OPTION AGREEMENT ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made and entered into as of April 9, 2009, by and among Norfolk Southern Railway Company ("Norfolk Southern"), Pan Am Southern LLC, a Delaware limited liability company ("Pan Am Southern" or the "Assignee"), Pan Am Railways, Inc. ("Pan Am"), and Boston and Maine Corporation ("B&M"). Each of Norfolk Southern, Pan Am Southern, Pan Am, and B&M shall hereinafter be referred to as a "Party" or collectively as the "Parties." Pan Am, B&M, and Springfield Terminal shall hereinafter be referred to as the "Pan Am System Group" or the "Assignors".

RECITALS:

WHEREAS, Norfolk Southern, B&M and PAR entered into that Option Agreement ("Option Agreement"), dated as of May 1, 2008, generally providing, among other things, for the grant and exercise of the Option, as defined in the Option Agreement; and

WHEREAS, Norfolk Southern, PAR, B&M, and Springfield Terminal ("ST") have entered into a transaction agreement (the "Transaction Agreement") dated as of May 15, 2008, generally providing, among other things, for the contribution by Norfolk Southern of the NSR Contribution, as defined therein, in exchange for a membership interest in PAS; and

WHEREAS, pursuant to Section 2.2 and Schedule 2.2(a) of the Transaction Agreement, the NSR Contribution generally consists of a series of cash payments totaling [REDACTED] and the assignment of the Option Agreement; and

WHEREAS, pursuant to a letter agreement between the Parties dated October 21, 2008, Norfolk Southern paid on behalf of Boston and Maine Corporation [REDACTED] to the Executive Office of Transportation and Public Works for the Commonwealth of Massachusetts and the Parties agreed to treat Norfolk Southern as having paid [REDACTED] for the Option Agreement and to reduce Norfolk Southern's obligation to contribute to Pan Am Southern [REDACTED] in cash to [REDACTED]; and

WHEREAS, the Parties now desire to assign the Option Agreement to PAS pursuant to the Transaction Agreement, and PAS desires to assume the Option Agreement and exercise the Option.

NOW, THEREFORE, the Parties hereto, for and in consideration of the premises, the mutual covenants and agreements contained herein and in the Transaction Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION

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(a) Interpretation Generally.

Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry. References herein to any agreement or contract mean such agreement or contract as amended. As used in this Agreement, the words "include" or "including" also include the words "without limitation" when the context is appropriate, and the words "herein", "hereof" and "hereunder" refer to this Agreement as a whole. All dollar amounts stated herein are in United States currency. All capitalized terms used but not otherwise defined in this Agreement shall have the meaning ascribed to such terms in the Transaction Agreement.

Unless the context otherwise requires, (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "Article" or "Section" refers to the specified Article or Section of this Agreement; and (d) the terms "and" and "or" include the term "and/or" when the context is appropriate. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under generally accepted accounting principles, as in effect in the United States of America. Unless the context otherwise requires, whenever this Agreement refers to an Appendix, Exhibit or Schedule, it is a reference to an Appendix, Exhibit or Schedule attached hereto, and the referenced Appendix, Exhibit or Schedule shall be deemed to be incorporated by reference.

SECTION 2. ASSIGNMENT.

Subject to the terms of the Transaction Agreement, and for value received, Norfolk Southern does hereby transfer and assign unto PAS all of its respective rights, titles and interests in the Option Agreement.

SECTION 3. ASSUMPTION AND EXERCISE.

Subject to the terms of the Transaction Agreement, PAS hereby accepts and assumes all of the rights, titles and interests of Norfolk Southern in the Option Agreement, agrees to pay, observe, perform and discharge the future obligations under the Option Agreement in accordance with its terms, and hereby exercises the Option under the Option Agreement.

SECTION 4. ADOPTION OF MISCELLANEOUS PROVISIONS.

The following sections of the Transaction Agreement are adopted herein as if set forth in full, except that to the extent reference is made in such sections to the Transaction Agreement, such reference shall, when set forth herein, be considered to be a reference to this Funding

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Agreement: (a) Section 1.2 (Construction of Certain Terms and Phrases); (b) Section 16 (Dispute Resolution); and (c) Section 17 (Miscellaneous).

SECTION 5. DISPUTE RESOLUTION AMENDMENT.

The Parties hereby agree that this Option Agreement Assignment and Assumption Agreement shall be an "Ancillary Agreement" for purposes of implementing the Dispute Resolution process as set forth in the Transaction Agreement and other Ancillary Agreements.

The effective date of this Agreement is April 9, 2009.

DATED this 9th day of April, 2009.

PAN AM SOUTHERN LLC

By: [Signature]
Name: M.R. McClure
Title:
Date:

PAN AM RAILWAYS, INC.

By: [Signature]
Name: Roberto G. Torres
Title: SVP
Date: 4/9/09

**BOSTON AND MAINE
CORPORATION**

By: [Signature]
Name: Roberto G. Torres
Title: SVP
Date: 4/9/09

**NORFOLK SOUTHERN RAILWAY
COMPANY**

By: [Signature]
Name: John F. Johnson
Title: Vice President
Date: 4/9/09

Settlement Agreement of October 20, 2008

The Executive Office of Transportation and Public Works for the Commonwealth of Massachusetts ("EOTPW"), the Massachusetts Bay Transportation Authority ("MBTA"), Norfolk Southern Railway Company ("NS"), and Pan Am Railways ("Pan Am" and, collectively with EOTPW, MBTA and NS, the "Parties"), in an effort to resolve certain issues raised by certain of the Parties in connection with a proposed transaction leading to the creation of Pan Am Southern LLC ("PAS") and the operation of PAS, NS and Pan Am over certain rail lines, or on property, owned by the MBTA or EOTPW in the Commonwealth of Massachusetts (the "Transaction"), hereby agree as follows:

1. Train Freight Operations

The MBTA agrees that, to the extent consent is required, Pan Am, through Boston & Maine and Springfield Terminal Railway Company ("Springfield Terminal"), are permitted to assign their respective freight easement rights over 23.1 miles of MBTA-owned rail lines (the "MBTA Lines") to PAS, and further agrees that PAS may contract with Springfield Terminal to fulfill PAS's common carrier obligations on the MBTA Lines, and that PAS may grant operating rights (in the form of overhead trackage rights) over the MBTA Lines to NS and Springfield Terminal, but only to these two rail carriers.

In return, NS and Pan Am agree that, following closing of the Transaction, (1) PAS will, as assignee of B&M and Springfield Terminal's freight easement interests in the MBTA Lines, assume all of Springfield Terminal's rights and obligations accruing on or after closing of the Transaction, as set forth in the 1976 Deed (as it may be amended, the "1976 Deed") as the same pertain to the MBTA Lines; (2) PAS will comply with the terms and conditions of the 1976 Deed, and, as to operations following assignment, will be responsible for all payments due to MBTA for the collective operations of PAS, NS, and Springfield Terminal over the MBTA Lines; and (3) PAS, NS, and Springfield Terminal will, upon acquisition of the operating rights described above, abide by, accept and be bound by the terms of the 1976 Deed, and operate on and over the MBTA Lines, subject to and in accordance with the terms of the 1976 Deed.

In keeping with the constructive nature of the discussions, the Parties agree that as a result of the proposed Transaction PAS anticipates that an additional 1.5 trains per day will be operating over the MBTA Lines. Similarly, the operations of the MBTA over the MBTA Lines are also expected to increase in the near future to possibly as many as seven additional round trips per day as a result of a planned \$150 million infrastructure investment by the MBTA in these Lines. In order to accommodate the expected increase in both freight and passenger service, the Parties agree that such increases are reasonably foreseeable, yet also agree to conduct a joint capacity study incorporating mutually agreed upon factors to determine the effect of an increase of two freight roundtrip trains per day and up to seven commuter rail round trip trains per day on the MBTA Lines and, if necessary, the additional capacity that may be needed to accommodate increases in operations by each party.

To the extent that either or both of the passenger or freight service over the lines is/are proposed be expanded beyond the levels identified in the preceding paragraph, the Parties agree

to first consult with each of the others to determine whether the expansion can reasonably be accommodated within the current operating plan, or with adjustments to the current operating plan. For expansions that cannot be so accommodated, the Parties agree to jointly fund a quantitative capacity study (generally an RTC study, or, as technology develops, its successor, as reasonably agreed upon by the parties) to determine both the non-infrastructure (operating) and infrastructure alternatives to addressing any identified capacity constraints, and the relative allocation of the costs associated with each, based upon the expansion requests that instigated the requested study, as well as by the ancillary capacity improvements for the other Parties arising out of any adjustments the Parties determine to implement.

2. Account Receivable Due to MBTA

The Parties agree to the following calculation:¹

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹ EOTPW, MBTA and Pan Am developed and agreed to the dollar amounts set forth herein.

² The Parties understand that this figure is a good faith estimate, based upon an anticipated date of closing of January 31, 2009. The Parties agree that the final figure will be mutually agreed to by the MBTA and Pan Am, in the same manner those parties agreed to the figure as of July 31, 2008.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. East Deerfield Yard

EOTPW agrees to the assignment of Pan Am's rights (through B&M) in and to the EOTPW-owned portion of East Deerfield Yard to PAS, provided that (1) NS and Pan Am agree that PAS will be bound by the terms and conditions set forth in the 1985 and 1987 conveyance documents and related agreements (the "EOTPW-B&M Agreements") that accrue on or after closing of the Transaction; (2) upon closing of the proposed Transaction, PAS will assume responsibility for payments prescribed under the terms of the EOTPW-B&M Agreements accruing on or after closing, and shall make such payments to EOTPW and the Town of Deerfield promptly and in full when due; (3) Pan Am will continue ongoing environmental remediation efforts at East Deerfield Yard, including cleanup of hazardous materials and monitoring of conditions, in compliance with all applicable laws and regulations; and (4) PAS will conduct safe and secure operations, in compliance with all applicable laws and regulations, at East Deerfield Yard and will cooperate with Town and Commonwealth officials with regard to same.

4. Commuter Rail Operations on other than MBTA Lines

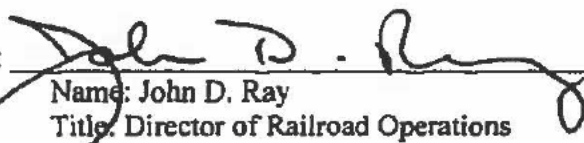
Pan Am, NS, EOTPW and the MBTA commit to continue good faith negotiations concerning the Commonwealth of Massachusetts' plans to commence passenger operations (by way of line acquisitions and/or acquisitions of passenger operating rights) over lines currently owned by rail carrier subsidiaries of Pan Am, including rail lines that Pan Am will convey to PAS and other lines that Pan Am rail carrier subsidiaries would retain post-Transaction.

The Parties agree that this Settlement Agreement can be signed in counterparts.

EXECUTIVE OFFICE OF TRANSPORTATION AND
PUBLIC WORKS ("EOTPW")

By: _____
Name:
Title:

MASSACHUSETTS BAY TRANSPORTATION
AUTHORITY ("MBTA")

By:  _____
Name: John D. Ray
Title: Director of Railroad Operations

NORFOLK SOUTHERN RAILWAY COMPANY ("NS")

By: _____
Name:
Title:

PAN AM RAILWAYS ("PAN AM")

By: _____
Name:
Title: