

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34237]

Norfolk Southern Railway Company—Corporate Family Transaction Exemption—Memphis and
Charleston Railway Company

Norfolk Southern Railway Company (NSR)¹ and its subsidiary, Memphis and
Charleston Railway Company (MCR),² have filed a verified notice of exemption. As part of a
proposed corporate restructuring, MCR will be merged into NSR, with NSR as the surviving
entity. Under the agreement and plan of merger, NSR will own all of the assets of MCR and
will be responsible for all debts and obligations of MCR.

The transaction is scheduled to be consummated on or after October 1, 2002. The
earliest the transaction could have been consummated was September 5, 2002, the effective
date of the exemption (7 days after the exemption was filed).

¹ NSR is a Class I carrier, and its railroad subsidiaries own or operate approximately
21,500 miles of railroad located in 22 states, the District of Columbia, and the Province of
Ontario. NSR is controlled through stock ownership by Norfolk Southern Corporation, a
noncarrier holding company.

² MCR owns approximately 34 miles of railroad located in the State of Mississippi,
that have been leased to NSR or its predecessors since 1898.

The purpose of the transaction is to eliminate MCR as a separate corporate entity, simplify the corporate structure of NSR and the NSR system, and eliminate costs associated with separate accounting, tax, bookkeeping and reporting functions. The proposed transaction will further the goal of corporate simplification.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). The parties stated that the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family.

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Although applicants do not expect any employees to be adversely affected by this merger and control transaction, they have agreed to apply employee protective conditions pursuant to 49 U.S.C. 11326(a). Therefore, any employees adversely affected by the merger and control transaction will be protected by the conditions set forth in New York Dock Ry.–Control–Brooklyn Eastern Dist., 360 I.C.C. 60 (1979).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34237 must be filed with the Surface Transportation Board, 1925 K Street, NW, Washington, DC 20423-0001. In addition, a copy of each pleading must be served on David A. Shelton, Norfolk Southern Corporation, Three Commercial Place, Norfolk, VA 23510-9241.

Board decisions and notices are available on our website at
“WWW.STB.DOT.GOV.”

Decided: September 20, 2002.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary