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Rudolph G. Penner  
Director

## Erratum

### Economic Viability of Conrail August 1986

On page xvii of the Summary, the last two sentences of the concluding paragraph should read:

Applying this range of ratios to the average level of Conrail's real earnings on a book tax basis for the three profitability cases suggests a price range for the government's common stock of between \$1.2 billion and \$4.9 billion. Using a value of 9--the middle of the range of price-earnings ratios--and the base-case estimates of Conrail's profitability, the government's interest in Conrail would be worth \$2.8 billion on the open market today.



**ECONOMIC VIABILITY OF CONRAIL**

The Congress of the United States  
Congressional Budget Office

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### NOTES

All dollar amounts are current dollars unless otherwise noted.

All years are calendar years.

Numbers in text and tables may not add because of rounding.

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## PREFACE

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Under the terms of the Northeast Rail Service Act of 1981, the Department of Transportation is seeking ways to return the Consolidated Rail Corporation, or Conrail, to the private sector. The future viability of Conrail as an ongoing enterprise will affect both the choice of a manner in which to divest the government of this firm, and perceptions of its economic value. This special study, requested by the Subcommittee on Commerce, Transportation, and Tourism of the House Committee on Energy and Commerce, investigates these issues. In keeping with the Congressional Budget Office's mandate to provide objective and nonpartisan analysis, the report makes no recommendations.

Mark R. Dayton of CBO's Natural Resources and Commerce Division wrote the report and constructed the model for the analysis, with the assistance of Julie Goldman. The study was conducted under the supervision of Everett M. Ehrlich. Mark E. Steitz made valuable contributions at early stages of the project. Linden Smith of the Joint Committee on Taxation, Evan Allen of the U.S. Railway Association, and Thomas J. Lutton and Jennifer Solomon of CBO all provided valuable comments and assistance. Many outside reviewers, including individuals from the railroad industry, made helpful comments and criticisms. Sherry Snyder edited the manuscript, and Gwen Coleman and Angela Z. McCollough prepared the report for publication.

Rudolph G. Penner  
Director

August 1986

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