

PRESS RELEASE**FEBRUARY 3, 2005****SEPTA RESOLVES HISTORIC CLAIMS AT THE PAOLI RAIL YARD**

The law firm of Dilworth Paxson LLP announced today that it has settled the historic Paoli Rail Yard environmental claims of SEPTA against American Premier Underwriters, Inc., the successor corporation to the Penn Central Railway Company, for \$23 million.

In 1986, the Environmental Protection Agency declared the Paoli Rail Yard a Superfund Site, and required the transportation authority to undertake the massive cleanup of decades of contamination caused by PCBs in rail car transformers. Almost twenty years later, the multi million dollar clean up is almost complete. In the meantime, in 2003, Nicholas Staffieri, the General Counsel of SEPTA, chose to re-activate a dormant contribution case against the prior owner of the Rail Yard, Penn Central. While Penn Central went bankrupt in the mid-70's, its successor corporation, American Premier Underwriters, emerged from the bankruptcy as a billion dollar plus financial concern, thanks to preferential tax loss carry forwards generated by the transfer of the rail properties pursuant to the Railroad Reorganization Act. The SEPTA legal team, led by Thomas S. Siemer and Marianne E. Brown of Dilworth Paxson, and joined by a team of experts, were able to prove through a process known as chemical fingerprinting that the vast majority of the PCB contamination occurred on Penn Central's watch, or prior to 1976.

The litigation had been pending in the Eastern District of Pennsylvania, before the Honorable Robert F. Kelly, since 1986. Amtrak, which owned the Yard from 1976 onwards, and Conrail, who operated the Yard from 1976 through 1983, were also litigants. After substantial discovery and motion practice, during which SEPTA obtained summary judgment against American Premier Underwriters as to liability, the parties entered into extensive mediation, which eventually led to the settlement. Dilworth's chairman, Joseph H. Jacovini, explains: "This historic settlement is a testament to the persistence and 'never say die' attitude of SEPTA's General Counsel, Nicholas Staffieri. He believed in the merits of the case and in our team, and gave us resources we needed to prove a historic fact: that SEPTA, while it paid millions to clean up the Paoli Rail Yard, did not cause the majority of the PCB contamination there. I am also very proud of the outstanding lawyering of Tom and Marianne."

The case tracked almost ninety years of railroad history. The Paoli Car Shop, where much of the PCB contamination occurred, was built in 1917, at the time of the electrification of the rail industry. From 1933 to the early 1980s, PCBs were used to cool the large transformers, which were located on the underbelly of the railcars and delivered to the trains their electric power. In the mid-1970s, the federal government determined that PCB leakage into the environment was an inherent characteristic of the transformers, and began to regulate its use, phasing it out in the rail industry in the early 1980s. Testimony by retired Penn Central workers demonstrated that in the earlier years of PCB use, the used PCB fluid was dumped and spread at the Yard. SEPTA's involvement in the Yard coincided with heightened government scrutiny, increased safe handling practices, and the phasing out of PCB use. SEPTA's experts were able to sample and test the soil,

review and analyze historic records, and establish that the vast majority of the contamination at the Yard was caused by PCBs in use in the Penn Central era. SEPTA's experts included Dr. Eric L. Butler of Gradient Corporation, Raymond F. Dovell, CPA of Nihill and Riedley, and William J. Hengemihle and Stephen A. Johnson of LECG.