STB FD 33388 12-15-97 D 184826V2A 11/12

48 trainmen. In addition, CSX is committed to hiring additional crews (including pilot crews) for Day 1 operations to ensure that there will be a sufficient pool of well-trained employees to handle the new traffic.

The comments of most of the labor groups are replete with anecdotes about problems that UP is currently experiencing following its merger with SP. They speculate that the same thing will happen with this transaction. As I discussed earlier in this statement, and as is addressed more fully in the Rebuttal Verified Statement of James W. McClellan, there are significant differences between this transaction and the UP/SP merger. Moreover, UP's problems are atypical which is why they are is so newsworthy.

Some commentors have peppered their statements with unsupported speculation. For example, New York State Legislative Chairman, John F. Collins, who filed a verified statement on behalf of the Brotherhood of Locomotive Engineers, states that "CSX and NS have speculated rosy predictions . . . After they win STB approval of this transaction, there is nothing that can be done to stop them from spinning off what they claim to be "marginal lines." BLE (unnumbered), Collins VS at 7. As we have said, this is not a merger in which lines are being rationalized, but a growth opportunity for both CSX and NS. Both railroads are expanding, not reducing, their networks. Moreover, any subsequent transactions to abandon or sell lines would require STB approval.

D. The CSX Operating Plan Accommodates Passenger/Commuter Service, Improves Passenger/Freight Coordination and Promotes Better Service for Both Freight and Passenger Customers

Several commuter/passenger services have filed comments on the Primary Application. Their concerns largely relate to on-time performance issues. As I have stated previously, CSX remains committed to working with all passenger and commuter operations in an effort to maximize both CSX's and the passenger trains' performance. CSX has hired Paul Reistrup, the former President of Amtrak, to assist CSX in understanding commuter and passenger concerns, negotiating with passenger/commuter services to assure that our development of schedules and operating plans will adequately serve the interests of both freight and passenger services. Mr. Reistrup's verified statement filed with this submission provides more detailed information on specific issues raised by these parties and the status of current CSX negotiations with those parties to determine how best to accommodate those services and meet their needs. In this statement, I will address operational issues and, particularly, efforts to accommodate passenger train schedules and improve on-time performance.

1. Amtrak

Amtrak has expressed concern about on-time performance on the various lines over which CSX and Amtrak both operate, and particularly on Amtrak's Northeast Corridor (NEC). As Amtrak has acknowledged in its most recent filing (NRPC-09), CSX and Amtrak are engaged in on-going negotiations that will resolve the issue without the need for STB intervention.

With respect to Amtrak's comments concerning its on-time performance over CSX lines, as I discussed in my deposition, CSX's goal is 100% on-time performance for all Amtrak trains operated on CSX lines. Amtrak complains of CSX's past on-time performance record compared to that of other carriers over whose lines Amtrak operates. As explained in the verified statement of Paul Reistrup, Amtrak's figures are misleading because they include delays not caused by CSX and because they do not account for important differences among the carriers who have Amtrak trains. Nevertheless, CSX already has increased its on-time performance record, achieving its 100% goal on at least 10 days in 1997. CSX will continue to work with Amtrak in an effort to achieve 100% on-time performance. CSX planners have been involved in ongoing reviews of barriers to CSX achieving 100% on-time performance. As an example, CSX analysis of the train performance on the Richmond-Rocky Mount segment of the Atlantic Coast Service Route has identified the single main track segment across the Appomattox River as a key chokepoint. CSX is currently undertaking a number of tasks to improve operations at this location. Furthermore, CSX is upgrading the track on lines over which Amtrak operates along the Conrail Water Level Route between Albany and Buffalo, NY to increase both passenger and freight traffic speeds. Moving traffic more quickly will increase the track's capacity and improve service for both passenger and freight trains.

2. VRE

VRE likewise seeks improved on-time performance commitments from CSX and asserts that CSX is needlessly delaying its trains. VRE's own evidence shows that freight interference is only partially responsible for the delays it has experienced, and that there are other contributing factors.

Yet VRE attempts to blame CSX for its problems. VRE submitted a study from R.L. Banks suggesting that CSX operations *ipso facto* cause delays in VRE trains. The Banks study is flawed. First, the study uses a tally of CSX trains operating on the Fredericksburg line during commuter peak periods as a measure of interference between freight and commuter trains. This measure is naive in that it does not consider the multiple tracks available in this territory, or the proximity of freight and commuter trains in location and time. Correct presentations of the string line charts show that there is no conflict between the proposed CSX train operations with respect to known VRE train operations.[13] Figure JWO-18.

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[13] These charts reflect the schedules as adjusted for the NJSAA Operating Plan and minor adjustments needed to adapt them to schedules of other trains on our network, including NJT operations in the North Jersey area.

Trains on line from Alexandria VA to Washington DC

Northbound - Weekdays

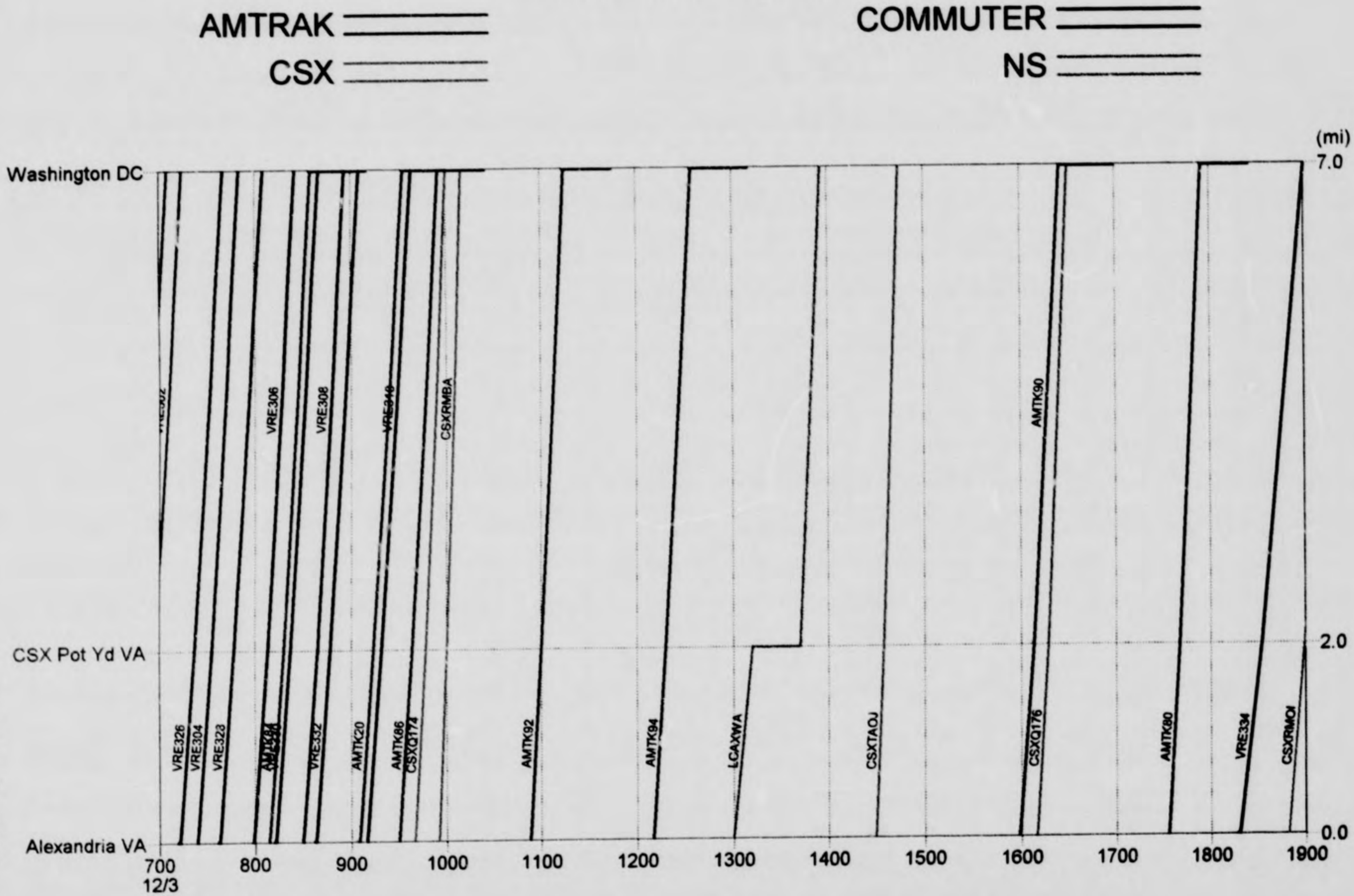
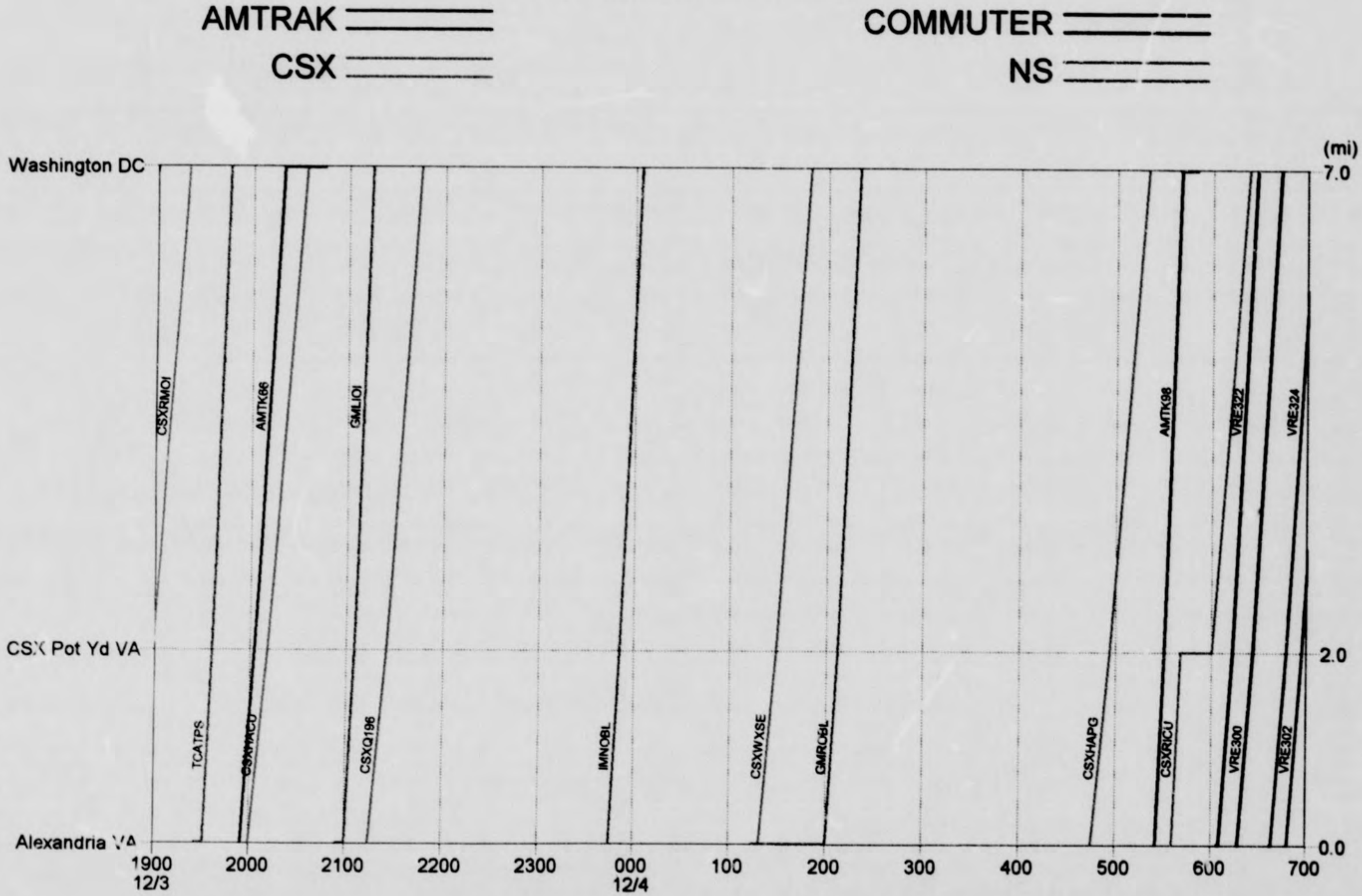


FIGURE JWO - 18
PAGE 1 OF 4

P-607

Trains on line from Alexandria VA to Washington DC
Northbound - Weekdays

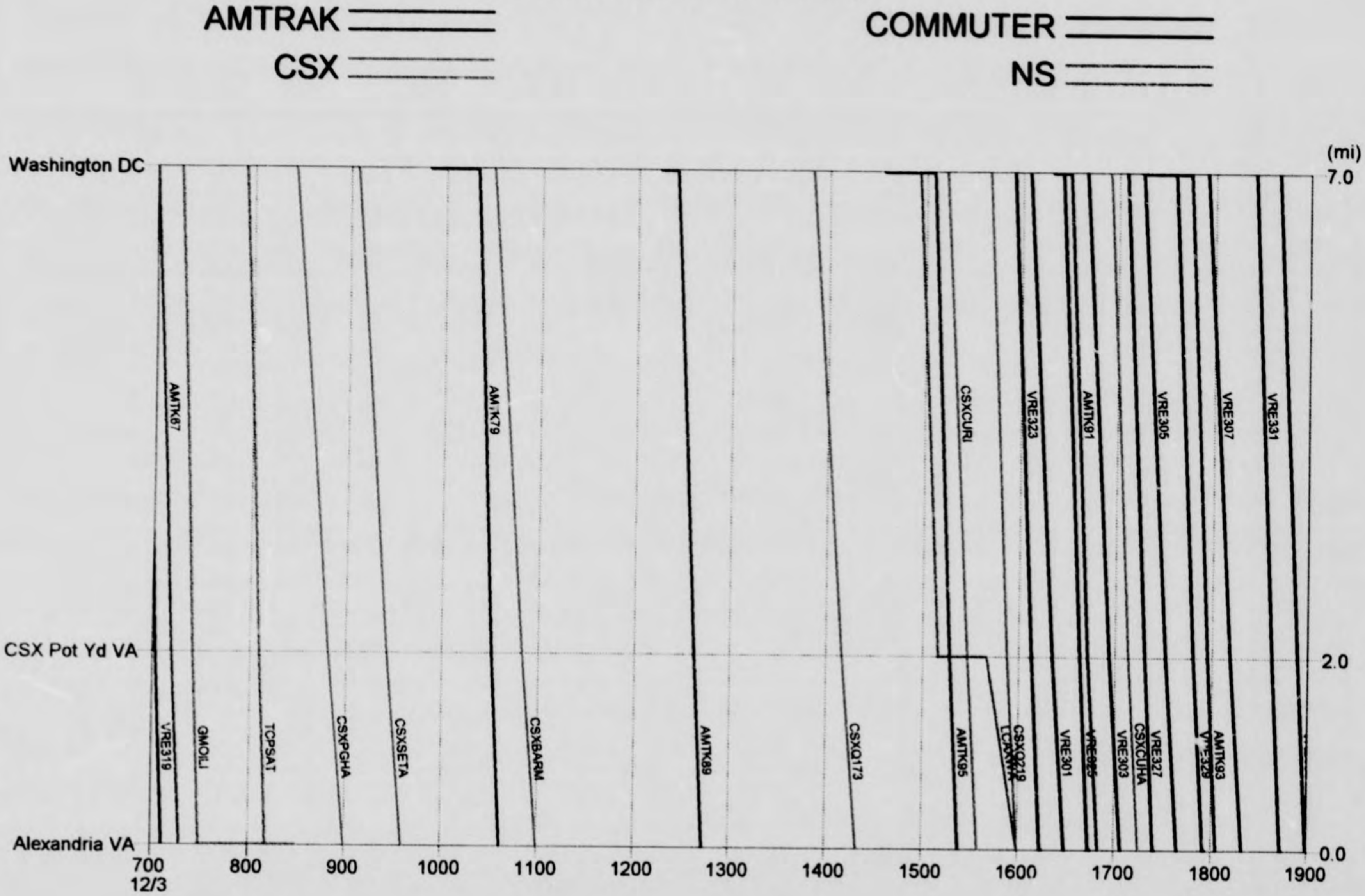


P-608

FIGURE JWO - 18
PAGE 2 OF 4

Trains on line from Alexandria VA to Washington DC

Southbound - Weekdays

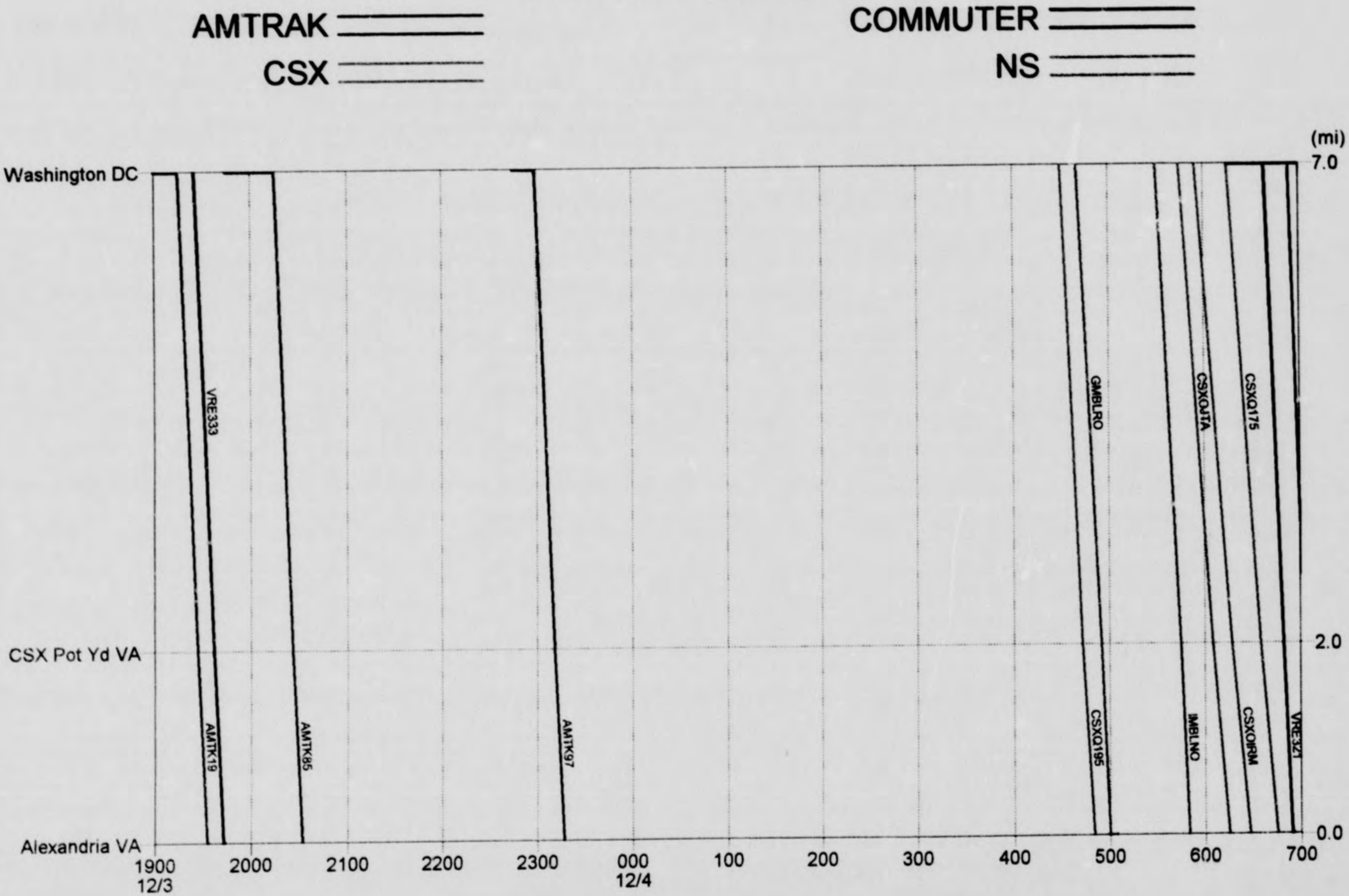


P-609

FIGURE JWO - 18
PAGE 3 OF 4

Trains on line from Alexandria VA to Washington DC

Southbound - Weekdays



P-610

FIGURE JWO - 18
PAGE 4 OF 4

Additionally, Banks' claim that VRE's on-time performance will plummet to "less than 81.1 percent," (VRE-8, Banks VS at 14) is highly suspect. First of all it reflects a base year operating level of 84%, whereas VRE's on-time performance during its FY 97 as measured by VRE,[14] was 90.1 percent as shown at Attachment 2 to the Roberts VS. VRE-8. Furthermore, in arriving at its conclusion, Banks used a cumulative average. A cumulative average always will lag current performance, possibly for a long time until early occurrences of poor performance are diluted by numerous later periods of good performance. Hence, a cumulative average is not a good indicator of future performance.

Nonetheless, CSX continues to advance its efforts to improve VRE's on-time performance. One means by which CSX seeks to increase service levels is by improving capacity and service over the Atlantic Coast Service Route, over segments of which VRE operates. Improving the track will move traffic over this line more quickly and create greater capacity for freight and passenger trains. An example of CSX's commitment to improve track and train operational capacity is the plan to modify the Virginia Avenue Tunnel and more than double the track speed in the tunnel area (from 10 mph to 25 mph or more) to improve train meets in Washington, D.C. Second, CSX is committed to operating a scheduled railroad; by adhering to these schedules, train operations will flow more smoothly and both passenger and freight service will be improved.

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[14] When on-time performance is calculated according to the terms of CSX's contract with VRE, the record is even better.

3. New Jersey Transit

NJT seeks a condition requiring CSX and NS to cooperate in the development of the South Jersey Light Rail Transit Project (the "Project"), and, in the event that the parties are unable to reach an agreement regarding the Project, requiring the parties to submit the dispute to the Board for resolution. NJT-8 at 17-18. In recognition of the fact that FRA safety standards prohibit the concurrent operation of light rail and conventional rail (whether freight or passenger) on the same track, Frank Russo, NJT's Senior Director-New Rail Construction, proposes to limit freight rail use of the Bordentown Secondary to a late night "window." NJT-8, Russo VS at 4-5. Although Mr. Russo does not reveal the proposed hours of the freight window in his verified statement, the consultant's study on which he relies states that freight operations would have to be curtailed to the [[ ]] period from [[ ]]. R.L. Banks & Associates, "Planning to Accommodate Freight Operations in Conjunction with the Southern New Jersey Light Rail Transit System," dated June 16, 1997 (the "Banks Study") (included in Vol. 3). NJT's proposal does not appear to be operationally feasible even for the current amount of service on the line, and would certainly not accommodate any growth in freight business.

Mr. Russo makes a valiant effort to persuade the Board that existing freight operations can be accomplished within the proposed [[ ]] freight window. NJT-8, Russo VS at 5-13. However, assuming for the sake of argument that all of Conrail's freight customers on the line would be willing to accommodate switching during this narrow window in the middle of the night (which NJT has not ascertained) and that the scenario would otherwise actually work under perfect conditions, Mr. Russo makes it clear that there would be little if any tolerance for any deviation from perfect conditions, including the need to perform additional unscheduled service to freight customers.

The Banks study reveals how tenuous NJT's plan is. The Banks Study (at 1) acknowledges that [[

]] The following passages from the Banks Study make clear just how challenging this plan would be for CSX and NS:

[[

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NJT's scenario is a recipe for poor freight service and unreliable rapid transit service. Despite a railroad's best efforts, equipment malfunctions do occur, and weather, of course, is entirely beyond control. Under NJT's plan, a minor equipment malfunction or a snowstorm could quickly turn into major delays for both freight and passenger customers. If a locomotive experiences problems during the proposed freight window, it is very likely that the train would be stranded somewhere off line until the next day's window begins.

A 1996 NJT study, performed at the direction of the New Jersey State Senate, concluded that a separate 3.4-mile long track would have to be constructed for light rail operations from Pavonia Yard in Camden to CP Hatch because freight operations on that line are so heavy. NJ Transit, Burlington-Glouster Transit System, Special Study No. 2, Camden-Trenton Rail Corridor (June 1996) (included in Vol. 3). It is surprising that NJT has failed to analyze the proposal that would appear to be the most reasonable from the standpoint of accommodating both freight and transit service -- building a separate track along the entire route for transit service on the Conrail right-of-way.

The Bordentown Secondary is presently used by Conrail for local freight services, and under the CSX and NS Operating Plans, it would continue to be used for local freight services. However, CSX and NS should not be deprived of the opportunity to develop new business in this area, an area that has been served solely by Conrail for more than 20 years. Neither should the existing customers on the line be relegated to second-class status. Moreover, the Bordentown Secondary could provide an alternative through route from Philadelphia to North Jersey in the event of an emergency closing of the main lines.[15] The NJT proposal would not accommodate either of these potential uses of the Bordentown Secondary.

E. CSX Will Negotiate With Customers and Cooperate With NS to Develop Operations to Meet Specific Shipper Needs

While the transaction will provide tremendous benefits to the shipping public as a whole, in any transaction of this size there will inevitably be a few situations in which the changes adversely affect some aspect of an individual shipper's needs. For example, there are some situations in which movements that are currently Conrail single-line movements, as a result of the allocation of Conrail assets will become joint-line moves after the acquisition. By and large this kind of change will not commercially disadvantage the customer, but a few shippers have raised the concern that their service will be adversely affected. These instances, however are few. In many cases, while a particular single-line

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15 If for any reason the Delair Bridge became inoperable the Bordentwon Secondary would be the only rail access route for all of South Jersey.

movement may no longer be available, the shipper will have new competitive options as a result of the transaction, such as single-line service from a different source or new sales opportunities to buyers it can reach economically. Nonetheless, while the efficiencies of single-line service are well known, traffic continues to move efficiently and competitively in joint line service. Where a shipper is genuinely affected by the change, CSX is willing to work with the shipper, and if need be to coordinate with NS, to develop an operation that will meet its needs.

I will discuss below the concerns of two shippers and ways in which, from an operational viewpoint, those needs can be met.

1. New York State Electric and Gas (NYSEG)

NYSEG is an investor-owned public utility which operates four power plants in New York State. Goudey, Greenidge, Milliken and Kintigh. All four of these plants are coal-burning stations. NYSEG currently has single-line service via Conrail to all four plants from all of the mine origins that NYSEG claims it is capable of using. After the acquisition, the Kintigh station will be exclusively served by CSX, and the other three will be exclusively served by NS. NYSEG-14 at 14-15. After the acquisition, the Kintigh station will have single-line service via CSX from some, but not all, of the mines that could supply the quantity and quality of coal ordinarily burned at Kintigh. NYSEG-14, Appendix 1 at 17.

Specifically service from the Powhatan [6 Mine and Mine 84, which will be served by NS, would be joint-line NS/CSX movements.

Basically, NYSEG argues that having single-line service via the <u>same</u> carrier to all four of its plants provides efficiencies and better car utilization. NYSEG-14, Appendix 1 at 17. For example, NYSEG notes that through a wholly owned subsidiary, Somerset Railroad Corporation (SRC), NYSEG owns three 130-car unit trains; one of those trains is used for service both to Kintigh and to Milliken. With both of these plants served by the same carrier, NYSEG says that it has the flexibility to divert coal movements enroute to Kintigh to Milliken and vice versa. NYSEG claims that these efficiencies will be obviated by the allocation of Conrail, assets.

NYSEG's proposed remedy to this car utilization issue is to seek trackage rights on behalf of NS or a third party carrier over the approximately 11.2 miles of line from Buffalo to NYSEG's Kintigh plant that CSX will operate; <u>or</u> on behalf of CSX or a third party carrier over the 333.4 miles of lines between Buffalo and NYSEG's Milliken, Goudey and Greenidge plants that NS will operate. NYSEG-14 at 4.

Trackage rights are not a reasonable solution to NYSEG's problem. Commercial considerations aside, trackage rights would create additional coordination issues on the lines, and lead to all the other previously discussed shortcomings of forced trackage rights. However, CSX is willing to address ways in which to improve cycle time and car utilization. NYSEG responses to interrogatories and document requests indicate that the instances in which cars are actually diverted enroute between Kintigh and Milliken are relatively few -- in 1996 only two trains were diverted from Kintigh to Milliken and one train from Milliken to Kintigh; in 1997 five trains were diverted from Kintigh to Milliken and two trains from Milliken to Kintigh. See NYSEG-17, Nov. 19, 1997 at 11. All but two of these diversions were for inventory management, with the remaining two due to outage at Milliken. NYSEG was unable to identify any specific cost savings as a result of these diversions. Id.

Given NYSEG's limited use of diversions and car switching between Kintigh and Milliken, the transaction will have relatively little effect on NYSEG and this can be ameliorated by improved inventory and car utilization. CSX is willing to work with NYSEG in developing operations to Kintigh that will improve the cycle time for NYSEG trains, and thus improve car utilization. Moreover, CSX currently has practices in place that permit efficient diversion of traffic upon notice from a shipper. CSX has in the past, and will in the future, work with NS to effect smooth interchanges efficiently and quickly provide for such diversions. While joint-line service is generally not as efficient as single-line service, for an occasional diversion of a unit train, there is no reason that the parties cannot work out a suitable arrangement that will be cost-effective and timely, and much less disruptive to overall service than the proposed trackage rights.

2. Inland Steel Company (ISC)

Inland Steel Company (ISC) is a steel producer whose sole steelmaking facility is located in the 1,900-acre Indiana Harbor Works (IHW) at East Chicago, IN. ISC, in a joint venture with Nippon Steel Corporation, operates a cold-rolling mill near New Carlisle, IN, for finishing. The joint ventures in New Carlisle are supplied with steel solely from IHW on a just-in-time basis and from there the finished product is shipped to the companies' customer in Kenton, OH. ISC also has a potential customer in Indianapolis, IN. ISI-5 at 1-3.

Currently the Kenton movement is handled in single-line service from New Carlisle via Conrail. The Indianapolis traffic moves by truck. ISC states that it has been able to demonstrate to its customers in Kenton, OH that the volumes of steel shipped by rail can be substantially increased without sacrificing the reliability of deliveries or increasing weather-related damage to the steel. ISC seeks assurances that after the transaction, these customers will continue to receive fast, reliable service. Id. at 3.

CSX and NS marketing and operating personnel have been working together to develop an operation that will preserve the existing reliability of the Kenton movement and enhance opportunities for further development of ISC's business. Conrail currently moves the steel out of ISC's IHW facility to the processing facility at New Carlisle on a train that moves from Michigan Avenue Yard on the IHB to Elkhart, IN and sets off the steel enroute at New Carlisle. Conrail then has another train destined to Columbus, OH, which picks up the finished steel at New Carlisle and moves it to Kenton. After Day One, NS will operate the line to New Carlisle and will continue to provide single-line service for that leg of the movement. However, CSX will serve Kenton and there are no current single-line through trains from New Carlisle to Kenton, which means that the move would become a joint-line move.

To address this situation and assure reliable service to Kenton, CSX and NS marketing personnel have reached an agreement that provides for NS to bring the finished steel back from New Carlisle to Michigan Avenue Yard everyday in its reverse move from Elkhart to Michigan Avenue. This will position the steel to move on a train that CSX will operate for expedited service to Toledo and Columbus. CSX shares ISC's desire to increase this business, and expects this expedited service to attract other steel movements from the steel mills in northwestern Indiana destined to points in Michigan, Toledo, Kenton, Columbus and South Charleston. CSX is eager to work with ISC to further develop this business.

ISC also is developing rail movements of steel from IHW and New Carlisle going to warehouses in the Indianapolis area. The traffic is currently handled by truck. CSX plans to operate train service from Chicago to Indianapolis and will move these steel shipments on that through service.

VI. REPLY TO COMMENTS ON CSX/NS-119, NORTH JERSEY SHARED ASSETS AREA OPERATIONS

Several parties -- including, but not limited to, the Port of New York and New Jersey (PONYNJ), The Commonwealth of Pennsylvania, and APL -- expressed the desire for more details as to how Applicants intend to operate in the Shared Assets Areas (SAA's). They claimed that this concept was "untried" and, particularly with respect to the North Jersey Shared Assets Areas (NJSAA), expressed concerns that the area was too "complex" and "congested" to enable three rail carriers to operate facilities that today are operated by only one carrier.

In response to those concerns, the Board issued Decision No. 44, which required Applicants to submit a more detailed operating plan for the NJSAA. CSX and NS submitted a joint plan of operations for the NJSAA on October 29, 1997 (CSX/NS-119), which outlined more fully the particular trains that would operate in the NJSAA, the division of labor between the NS and CSX and the Conrail Shared Assets Operations (CSAO), the proposed blocking strategies, and the local yard assignments in the NJSAA. CSX and NS attempted to explain (although some parties continue to profess a failure to understand) that Conrail will not be an individual carrier holding itself out to provide rail service, but would continue to provide the local service and switching services for CSX and NS in the same manner that it provides those services for itself today. The purpose of this arrangement is to have as little change in local operations as possible and to retain within the NJSAA (and other SAA's) the Conrail personnel that are most familiar with local operations. This will eliminate inefficient duplication of effort (and resulting increased congestion) that would result if NS and CSX were each to provide its own crews for yard activities, 90 interyard switching and local service. It also means that there will not be the additional traffic that would result from three carriers attempting to serve customers on their own behalf -- the CSAO will not be seeking its own customers or business; it will not be included in the waybill and will not participate in rates or negotiations with customers.

Five parties have responded to the October 29 submission: The Port Authority of New York and New Jersey (PONYNJ), APL, Amtrak, NJT and the Rutgers Environmental Law Clinic on behalf of the Tri-State Transportation Campaign (Tri-State). As Amtrak, NJT and Tri-State have fewer issues to address than PONY and APL, I will address them first.

A. Amtrak

Amtrak acknowledges in its response (NRPC-09) that it is currently in negotiations with Applicants and that the October 29 filing satisfied many of its concerns, e.g., Applicants have acknowledged and accepted all existing rights of passenger and commuter services, have stated a commitment to abide by the terms of existing Conrail/Amtrak agreements and have acknowledged that operations on Amtrak's NEC will be governed by Amtrak (NORAC) operating rules. NRPC-09 at 2. Amtrak's remaining concern at this time is a possible conflict with certain freight train schedules that propose to operate over the NEC outside the 10:00 pm - 6:00 am period to which Amtrak has restricted freight operations. However, as Amtrak acknowledges (id. at 4) these schedules are the basis of continued negotiations between the parties and will be resolved outside of this proceeding.

B. New Jersey Transit Corporation (NJT)

After reviewing Applicants' NJSAA operating plan, NJT in its Comments (NJT-12) has withdrawn its requests for a condition regarding capital expenditures on the NK-Aldene line segment and for conditions regarding the dispatching and maintenance personnel in the NJSAA. NJT-12 at 3. It continues, however, to press for (1) a "coordination condition" that will "ensure that implementation of the evolving NJSAA operating plan and the operation of multiple freight railroads in the NJSAA will not have an adverse affect on the safety or reliability of NJT's commuter rail operations in and around the NJSAA" (id. at 5); (2) a condition requiring NS, CSX and the CSAO to install Automatic Train Control/Positive Train Stop (ATC/PTS) on-board apparatus . . . on locomotives operating over NJT-owned properties, at the railroads' sole cost and on NJT's time schedule (id.); and (3) a condition assuring that NORAC rules will be retained. Id. at 6.

All of the issues raised by NJT were addressed in the NJSAA operating plan, in the Applicants' responses to NJT's subsequent discovery requests and in the joint deposition of myself and Mr. Mohan. First, Applicants have agreed to work for coordination with NJT. See Rebuttal Verified Statement of Paul Reistrup. Nothing more is necessary or advisable. While it is true that operations in the NJSAA are somewhat complex and that there is substantial traffic in the area and at times even congestion, it is certainly not beyond the experience or capabilities of CSX and NS, as NJT and others suggest.

Naturally, it is operationally easier to be a sole carrier in a major port and commercial area such as the New York/New Jersey area -- but it is not the norm. CSX and NS are experienced carriers that currently operate in many busy, complex and congested areas, including Chicago and Cincinnati. Both carriers are well aware of the need for coordination and careful planning to ensure smooth operations in such areas. Indeed the CSX Operating Plan is specifically designed to address those issues in Chicago and Cincinnati as well as all other major gateways and terminal areas, including the Shared Assets Areas.

CSX and NS have both invested time, effort and capital to coordinate efforts and improve operations across their networks. They certainly did not devise, and definitely will not allow, the organization of the SAA's to undercut all of their efforts in other areas of their networks. Good planning and coordination in the SAA's, and particularly the NJSAA because of its importance to both carriers' intermodal networks, are essential to the fulfillment of the objectives of the Operating Plans. NJT continues to be concerned about "three" railroads operating in the NJSAA, but there will be no additional traffic or movements as a result of retaining CSAO. If the CSAO were not there, CSX and NS would each have to provide crews to perform the local service and yard switching currently performed by Conrail and planned to be performed by CSAO. Because CSAO will retain individuals knowledgeable in the local operations and well versed in the complexities of the area, the use of the CSAO is more efficient and will alleviate, not increase, risk of congestion and confusion in the area.

Second, with respect to ATC/PTS, both CSX and NS have clearly stated their intent to install technology compatible with NJT's prospective train control equipment on locomotives that will operate over NJT-owned lines (CSX/NS-119 at 11) and to operate with equipment that is "compatible with the requirements of the owner of the track." Id. at 125. We would like the opportunity to discuss with NJT its plans for the new signalling technology, but we are committed to equipping locomotives compatible with NJT requirements.

Third, in addition to the affirmative statements made by me and Mr. Mohan in our joint deposition that Applicants will retain NORAC rules for three years, Applicants also responded to NJT's interrogatories concerning the length of time that the carriers intended to retain NORAC rules. Applicants stated in response that there were no plans to change and that NORAC rules would be retained into the foreseeable future. CSX/NS-166 at 6.

Thus, Applicants have adequately responded to all of NJT's concerns and there is no need for relief to be imposed by the STB. See Carey RVS for discussion of Bordentown Secondary.

C. Tri-State

Tri-State's comments are contained in a letter submitted to the STB by Edward Lloyd, General Counsel for Tri-State and Director of the Rutgers Environmental Law Clinic at Rutgers, The State University of New Jersey, School of Law Newark. ("Tri-State Comments"). A primary thrust of Tri-State's Comment is a reiteration of previous requests from Congressman Nadler and others that the NJSAA be expanded to include the area East of the Hudson River. This issue has been addressed elsewhere in this submission, and for the reasons stated there, should be denied.

Second, Tri-State notes with enthusiasm the restoration and increased use of the hump yard at Oak Island, which Tri-State believes could be an enhancement for carload freight in the area. To assure the increase in carload freight activity (especially vis-a-vis intermodal), Tri-State requests conditions that would require the Applicants to "spell out specific measures to maintain, expand and improve the hump classification facility at Oak Island Yard," and to conduct an assessment for New Jersey "similar to the New York Downstate Rail Freight Study (Mercer 1995)" in order to discover "untapped potential" and assign CSX and NS "specific target levels" for developing carload freight traffic. Tri-State (unnumbered) Comments at 4.

To the extent Tri-State asks the Board to compel particular studies and establish particular targets, this request goes far beyond the requirements and scope of this proceeding. There is no requirement to identify untapped potential traffic or to develop specific traffic, but only to show that the proposed operations will more efficiently handle existing traffic and provide benefits to the shipping public.

That said, it should be noted that the core traffic for the CSX and NS Operating Plans is conventional carload traffic, with the intermodal, automotive and coal networks superimposed on the carload traffic. In other words, carload traffic is the lifeblood of the railroads. Blocking plans and car movements are designed primarily to provide for efficient movement of carload traffic. The blocks that will be built at Oak Island involve carload traffic as do the movements of merchandise trains into and out of the NJSAA. The Operating Plan is replete with evidence of the provision for conventional carload traffic. Improvements to service routes and yard facilities benefit general merchandise (carload) traffic. In short, the carriers do not need any incentive to compete for and develop additional carload traffic -- they will do that in the normal course of business, and will continue to invest in improvements necessary to develop and retain that business. Accordingly, if the growth of this core traffic exceeds the capacity of existing facilities, CSX and NS will move quickly to make the necessary improvements at Oak Island and elsewhere to accommodate that traffic. Thus, Tri-State's request for assurances that Applicants will continue to pursue carload freight is nonsensical.

Finally, Tri-State requests a condition that NS, CSX and CSAO cooperate with NJT and MTA to allow for expansion of rail passenger service on existing routes and the introduction of passenger service on new routes in the sector west of the Hudson. As noted in the responses of NJT and Amtrak, the Applicants are in negotiations with passenger and commuter services to coordinate passenger/freight service and to discuss means of accommodating future passenger/commuter service development. In addition, CSX has hired a former president of Amtrak, Paul Reistrup to help us in these efforts. A more thorough discussion of passenger/freight issues is discussed in his verified statement filed with this submission.

D. Port of New York and New Jersey (PONYNJ)

PONYNJ's comments consist of the Verified Statement of William H. Sheppard, which basically is a page by page review of CSX/NS-119, listing what he apparently views as flaws, including such glaring errors as the inadequacy of the explanation in the color key on Figure 2 (NYNJ-18, Sheppard VS at 3), the failure of the Applicants to define the term "high quality" (id. at 4) and the inclusion of Little Ferry (which is a CSX facility and not part of the Shared Assets Area) in the schematic of the NJSAA without fully describing it in Section 4.0 (Service and Facilities in NJSAA).

Mr. Sheppard's points of concern are for the most part unfounded and can in no way support his dire prediction of "operational paralysis." Basically, he suggests that any change from existing Conrail operations (such as new blocking and switching strategies) will automatically mean doom and not improvement. These concerns, however, rest solely upon his lack of understanding of the overall objectives of the CSX and NS Operating Plans.

Mr. Sheppard incorrectly notes that "further investigation reveals" that CSX train Q173 providing service between North Jersey and Jacksonville, FL "will be 1'30" slower than current joint CSX/Conrail train service." Sheppard VS at 5. In fact, the schedule for the current CSX/Conrail train has for some time been arrival in Jacksonville at 08:00, not 06:30, as Mr. Sheppard asserts. The 08:00 arrival time meets all customer requirements. However, if it becomes necessary to reduce the running time for the customer, and again schedule the train to arrive at 06:30, the available time will be there.

Many of Mr. Sheppard's points are incorrect or have already been addressed in Applicants' various submissions, including the Operating Plans, the NJSAA plan, discovery responses and deposition testimonies. Nonetheless, I will respond to some of his points concerning CSX operations in the NJSAA. My counterpart at NS will respond to those points addressing NS operations.

A number of Mr. Sheppard's points focus on changes in operations at Oak Island, including blocking patterns, car handlings and routings. See, e.g., Sheppard VS at 5-

6 and 8, items 1-4, 7-9, and 11. While Mr. Sheppard asserts that these changes will "tax" Oak Island's capabilities, that is incorrect. There is, and has been in the past, sufficient capacity at Oak Island to handle the blocking and switching planned by CSX and NS. When the hump yard was fully utilized, it could sustain an average of 1,200 cars per day.

Changes in blocking patterns and use of Oak Island are parts of CSX and NS plans to improve service in the NJSAA. The current Conrail operating plan affecting facilities that after the acquisition will be par. of the proposed NJSAA does not make the most efficient use of Oak Island. In an attempt to reduce costs, Conrail reduced operations at Oak Island Yard. However, doing so resulted in detrimental affects on customers' traffic. To reduce switching at Oak Island, cars were sent out of route resulting in additional handlings (which increases risk of damage as well as delay) and adding days of transit time to customers' traffic. CSX and NS are planning a much more customer-oriented operation by restoring humping activities at Oak Island. This, together with better blocking plans throughout the CSX and NS systems, will remove car days from the existing operating plan and improve customer service. As noted in CSX/NS-119, since the filing of the Primary Application, Conrail has itself attempted to improve service by gradually increasing the hump processor at Oak Island and operating first one, and now two, shifts per day. CSX and NS will operate the facility three shifts per day in order to efficiently handle service.

The plan also calls for moving large <u>blocks</u> of traffic <u>through</u> Oak Island which will improve transit time on existing traffic. Likewise, switching traffic received from

South Jersey will improve service to customers by removing car days from the existing Philadelphia operation. Mr. Sheppard is incorrect in his assertion that there will be increased switching of inbound North Jersey traffic previously classified at Selkirk -- the Selkirk operation will remain the same as it is today for those movements.

Blocking instructions for Train CASE (Sheppard VS at 11), Train RMOI and Train SETA (id. at 12) are also part of the more customer-oriented plan that will reduce car days and improve transit times. With respect to the connecting block of traffic moving from Savannah, CSX currently picks up Selkirk and Oak Island blocks at Savannah on Train Q410 and will continue to do so.

Mr. Sheppard also notes with apparent disapproval that the NJSAA operations will include "transfer runs to reposition loaded and empty traffic moving among NS, CSX and NJSAA facilities" and "light engine (hostling) movements to reposition CSX and NS motive power among terminals in North Jersey for fueling and servicing." VS at 9, items 12 and 15. This is currently done by Conrail today and as these movements are operationally successful today, CSAO will continue such operations to the extent necessary after the implementation.

Mr. Sheppard notes (VS at 9, item 5) that certain CSX time-sensitive auto parts traffic will be "rerouted" for connections via Oak Island. However, with the exception of the Buffalo-Baltimore movement, the other three moves cited (Parma-Baltimore, Saginaw-

Baltimore and Parma-Wilmington) will continue to move as presently in CSX auto parts train Q296 operating from Saginaw, MI to Wilmington, DE, serving assembly plants in Lordstown, OH, Baltimore, MD and Wilmington. This train picks up auto parts at various locations.

Mr. Sheppard's statement (VS at 9, item 6) that CSX will bring blocks of time-sensitive auto parts on various trains for consolidation and movement in local service to Linden and Metuchen rather than using Train TOMT is not entirely correct. Unless there is sufficient traffic to introduce a separate Toledo-Metuchen train (TOMT), CSX has capacity on its existing Q290 train to bring existing Conrail Toledo traffic to the NJSAA and will use the existing TOMT local movement for delivery to Linden and Metuchen. However, service requirements may identify the need to operate a small auto parts train from Selkirk to Linden. If so, CSX is prepared to establish a parts train to serve Linden.

Mr. Sheppard notes (VS at 12) that there is no schedule in CSX/NS-119, Figure 4 for Train SASE. No schedule was submitted for SASE in CSX/NS-119 because northbound traffic will move in local service to Oak Island Yard and connect to OISE. This local was labelled as CSX SASE in CSX/NS-119, Figure 25.

Mr. Sheppard also complains that CSX trains OJTA and TAOJ will operate on Amtrak's NEC outside the 10:00 pm - 6:00 am window. As noted elsewhere in this statement, the schedules for those trains are the subject of on-going negotiations with Amtrak and those schedules will be run only with Amtrak approval.

With respect to concerns over potential traffic growth as a result of CSX's agreement to give Canadian Pacific commercial access into the NJSAA (Sheppard VS at 4), CSX does not anticipate significant traffic increases as a result of the agreement, and believes that any such traffic can be handled on existing trains. Therefore, no expansion of the operating plan is necessary.

As I mentioned in my deposition (joint with Mr. Mohan), in response to a question as to whether CSX will have a backup train for Q163 (Sheppard VS at 12), which is the CSX equivalent of TV207, it is CSX standard procedure to run a second section of the same train as a backup, if required. The scheduled and backup trains would run one behind the other so that they follow through on the same type of dispatching as a scheduled train. Generally the second section operates in advance of the regular scheduled train so that both trains meet their commitments at destination. Mohan/Orrison Dep., Nov. 19, 1997 at 74.

Mr. Sheppard suggests that detailed operating plans should be prepared for each facility in the NJSAA, to include 16 areas indicated in his statement. Sheppard VS at 17. Naturally all of these details are being worked out and will be in place in time for Day 1. Many of them have already been addressed, but others, such as descriptions of volumes of traffic by block and train, specific qualifications of individuals, chronological list of all train activity, will have to wait until the transaction has been approved, all conditions have been taken into account and final arrangements with specific shippers have been made. Also, many of the details are the responsibility of the General Manager and area superintendents. Those positions for the SAA's will be filled well in advance of Day 1 to allow the appointed managers and superintendents to fully develop and oversee all work assignments and crew qualifications.

Mr. Sheppard also notes changes that NJT and the Port intend to make in the NJSAA and suggests that additional operating flexibility should be provided to accommodate the increased demand of these plans. As I noted in my deposition, we are already aware of these plans and have prepared for them.

The four blocks that appear to be set off at Oak Island by Train SECA-B -- Parma-Penn Mary; Parma-Wilmington, Saginaw-Bay View and Saginaw-Penn Mary (Sheppard VS at 11) -- actually will move in Train Q296. As explained above, Q296 is an auto parts train operating from Saginaw, MI to Wilmington, DE via Toledo, Willard, and Cumberland, MD. Therefore, these blocks will not be handled at Oak Island or through Oak Island. The listing of these as blocks at Oak Island was incorrect.

PONYNJ is also concerned about movements of multi-levels along the Atlantic Coast Service Route before (and during) clearance of the Virginia Tunnel. The Virginia

Tunnel clearance project is scheduled to be completed by the fourth quarter of 1999. Prior to and during construction, traffic will be routed via Cincinnati, as it is today.

Finally, Mr. Sheppard expresses concern that there be review and coordination of dispatching activities, particularly "where control changes to CSX and NS employees in charge of train movements at Port Reading Junction, North Bergen, Croxton and other locations." (Sheppard VS at 19). Dispatching will be done by the CSAO and not by CSX and NS employees. As stated in CSX/NS-119, "All train movements, whether they are NJSAA, CSX, NS or NJT, operating on trackage within the NJSAA and currently dispatched by Conrail, will be under the direction of the NJSAA Train Dispatcher. Train operations on trackage owned and dispatched by Amtrak or NJT, will be under the direction of Amtrak or NJT dispatchers, as it currently exists." CSX/NS-119 at 136. Thus, PONYNJ's concerns in this area are unfounded.

E. APL

APL, an ocean carrier and intermodal container train operator, seeks a condition voiding a provision of the Transaction Agreement that contemplates that Conrail rail transportation contracts continue to be binding on APL and other shippers and provides that they will be binding on CSX and/or NS. APL's 15-year rail transportation contract with Conrail expires in 2004. While many of the issues raised by APL go beyond the scope of operational issues, and will be addressed elsewhere by Applicants in this rebuttal filing, I will here respond to two verified statements of Peter K. Baumhefner, Director of Stacktrain

Operations for APL Land Transport Services, Inc. These are the statements submitted in support of APL's October 21 Response and Request for Conditions (APL-4) and the statement submitted in support of APL's November 24 Response to the CSX/NS Operating Plan for the North Jersey Shared Assets Area (APL-8). For convenience, I will refer to these as the October 21 Statement and the November 24 Statement.

In these two statements, Mr. Baumhefner describes a parade of horribles concerning post-transaction CSX and NS service with respect to APL intermodal trains, particularly Northeast-Midwest trains. The premise of Mr. Baumhefner's analysis is that Conrail provides service at a level that CSX and NS will not be able to match. Worse than that, he predicts an operational "meltdown" in service from which APL will need to "start building what we can from the rubble." APL-4, Baumhefner VS at 16. Based on his dire predictions, he asks that the operational implementation of the transaction be postponed "until APL (and others similarly situated) have had a fair opportunity to negotiate with Applicants for a new, jointly-determined substitute for what Conrail does for us today." In other words, Mr. Baumhefner's arguments are set forth to support APL's primary request in this case -- that it be allowed to escape from the contract that it entered with Conrail so that APL can negotiate something more to its liking with CSX and NS. I will respond only to Mr. Baumhefner's operational points.

I will show here that Mr. Baumhefner's picture of operational chaos is not supported by the facts. His notion that two large and well-managed railroads such as CSX and NS cannot efficiently handle its traffic under APL's existing contract with Conrail is self-serving. We are prepared to discuss and address any legitimate operational concerns APL may have well in advance of the post-transaction institution of operations by CSX on Conrail lines. Our goal is to provide excellent service to APL, and I have no reason to believe that we will not be able to do so.

CSX has provided APL a detailed description of the service that CSX proposes to provide to its traffic and has already participated in several meetings to discuss these matters. While APL at the time showed enthusiasm with respect to CSX's plans, APL remains focused on its efforts to improve its contract position over that which it negotiated. Mr. Baumhefner's November 24 statement on page 2 contradicting my statement that the latest CSX contact with APL was on September 24, 1997 is not correct. CSX had three formal meetings with APL dealing with the Conrail acquisition: on April 16, 1997 in Phoenix; May 6 in Chicago, and June 25 in Jacksonville. Our proposed service design for APL was discussed at these meetings, as were APL's operational needs. In addition, on September 24, 1997, Peter Rutski, VP-Planning CSX Intermodal ("CSXI"), had a telephone conversation with Dan Pendleton of APL. Mr. Pendleton informed him that APL would oppose the Application as it was related to the treatment of pre-existing contracts, and that APL was developing a contract proposal for CSX and NS to consider, which would be sent by the end of September. I have been informed by Mr. Rutski that no such proposal, however, has been received. The ball is still in APL's court to respond to our presentations in response to its operational concerns.

In his October 21 and November 24 statements, Mr. Baumhefner has focused on three primary operational areas -- the interchange of its traffic with UP at Chicago, the operation of trains between the Midwest and Northeast and operations at its APINY facility in South Kearny, NJ, within the NJSAA. I will address each area below.

Chicago Area Operations

In his October 21 Verified Statement, Mr. Baumhefner expresses concern that the Conrail transaction will not allow direct or efficient connections between CSX and UP at Chicago. In fact, CSX will provide several alternative direct routings for the interchange of traffic which will represent an improvement over the service APL currently receives from Conrail. Figure JWO-19 illustrates these routing options.

First, CSX via the BOCT (B&O Chicago Terminal Company) will offer direct access between APL's Global I terminal and CSX's new 59th Street dedicated intermodal interchange facility for APL containers moving between any point on the CSX system and

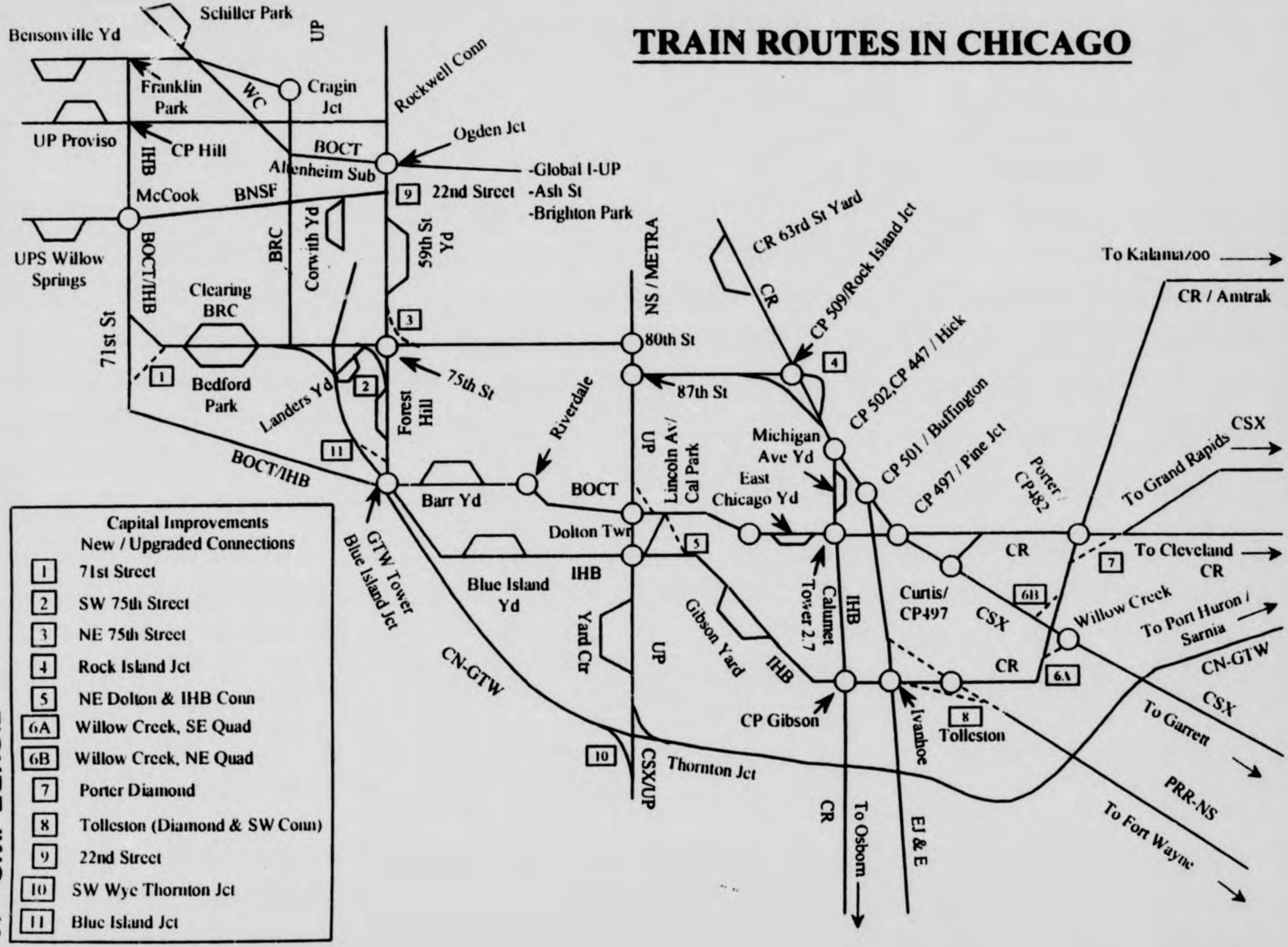

FIGURE JWO - 19

P-639

the West. CSX is investing over $30 million in this new terminal as a part of the transaction to combine the functions performed by Conrail for APL at Conrail's Ashland Avenue and 47th Street. Construction of the 59th Street facility has begun (all environmental and other permissions having been obtained) and it will be completed by September 1998, well in time for the start of operations following the allocation of the Conrail assets.

The 59th Street facility is sited directly on a double-track CSX mainline, within 4.5 miles of Global I. Transit times between the two facilities should be excellent. I understand that APL has advised CSXI that it often has significant congestion and delay on movement between Global I and Conrail's Ashland Avenue Terminal. Due to its superior location on the BOCT mainline interchange to or from CSX at Chicago, the 59th Street facility will relieve this congestion.

As a result of CSX's substantial investment in a combined steelwheel lift on/lift off-facility at 59th, APL will have the opportunity to steel wheel mixed destination cars to the 59th Street Terminal for reconsolidation to cars on trains operating direct to all major points on CSX's eastern network. The combined steel-wheel/intermodal lift-on/off capabilities of the 59th Street CSX terminal should minimize or even eliminate APL's need to perform any "rubber" crosstowns (APL must typically cross-town less than stack-car load volumes to Conrail, since the Conrail Ashland Avenue interchange does not have lift-on/off capabilities). If there is any rubber-tiring required at all in getting to CSX, the distance and drayage cost differential between CSX's 59th Street terminal and NS' 47th Street terminal is minimal or non-existent.

APL cars handled at 59th Street will then have access to the entire CSX network. Whereas today APL only has the opportunity to operate to Northeast and Upper Midwest points served by Conrail, CSX will offer APL the opportunity for direct dedicated service from the 59th Street Terminal to additional points throughout the Lower Midwest, Southeast, and Florida.

Mr. Baumhefner evinces doubt that the 59th Street facility will be ready at the time CSX begins to service APL's traffic, and he therefore offers an extended critique at pages 7 through 11 of his November 24 statement of transit times between Global I and CSX's Bedford Park facility. His concerns are misplaced -- CSX does not intend to utilize the Bedford Park facility for APL traffic. Mr. Baumhefner indicates that he will have to use CSX's Q160 as a fallback train out of Bedford Park as a replacement for TV78, thus causing a double-dray. Mr. Baumhefner is incorrect again, as train Q164 (which serves APINY) will be available from 59th Street, will have a later cut-off than Q160 and will operate to Kearny.

CSX has little doubt that the new 59th Street facility will be ready on time, but even in the very unlikely event that it were not complete, CSX has an interim plan to use the Conrail 63rd Street facility for up to 12 of the trains per day that would be handled at 59th

Street. The 63rd Street terminal has all of the connectivity and features of both 47th Street and 59th Street, and, in any event, its use would be short term.

CSX will also provide an alternative routing for APL traffic at Chicago via the IHB. This route provides an alternative for through APL trains to be routed around the Chicago terminal direct between UP-Proviso and CSX's mainline B&O route.

In addition, APL/UP have the ability to operate between Global I and UP Dolton Jct. via BOCT from Global I to 75th Street and then via BRC between 75th Street and 80th Street, then UP trackage to Dolton. At Dolton, APL's trains could operate through to eastern points via a planned CSX connection from the UP to CSX's B&O line.

Mr. Baumhefner states at page 8 of his November 24 Verified Statement that he was advised by UP officials that they were unaware of CSX's plans with respect to interchanging traffic at 59th Street. While he does not identify with whom he spoke, the fact is that a team of UP officials came to Jacksonville, Florida on August 21, 1997 to meet with CSX and CSXI officials. These UP officials included UP's VP Strategic Planning, its General Manager - Northern Region, the Director - Transportation Research, and Sr. Director - Interline Marketing. The Chicago and St. Louis interchanges were discussed in great detail. UP agreed that 59th Street was appropriate and feasible for performing steel-wheel interchanges. UP also was in agreement that the CSX-IHB route between Proviso and Barr was the most direct route for run through trains (i.e., APL TV200).

There have been numerous communications between CSX Service Design officials and UP regarding CSX's interchange and train operating plans at Chicago, and all plans have been developed in coordination with UP management. Since a major determining factor of any intermodal design is traffic density, both CSX and UP agreed to develop additional details on interchanges as the transaction moves forward.

Train Operations Between Chicago and the Northeast

Mr. Baumhefner suggests that CSX will not be able to operate the three primary run-through dedicated APL trains operated today. APL-4, Baumhefner VS at 8. He also suggests that CSX will not have back-up trains for APL's dedicated services.

CSX has trains in its plan that will accomplish each of these services. CSX has the capability to run additional dedicated trains as necessary between APL's western carriers and APINY for any dedicated train APL chooses to operate. CSX has included APL's "filet and toupee" service in its filing and service plan at Syracuse for New England service points, pending ultimate clearance of these points for double-stack.

Mr. Baumhefner describes the tight connections at Syracuse as if to suggest that CSX is not capable of performing the same operation as Conrail performs there. There are essentially no plans for changes in intermodal operating plans, personnel or infrastructure at Syracuse. Mr. Baumhefner offers no reason why CSX managers and former Conrail managers working for CSX in the future would be incapable of the same "joint effort and hard work" and "tightly coordinated" operations with APL that he describes in his October 21 statement. While CSX is committed to working with state and government agencies to eliminate all double-stack clearance impediments on its network, it is nonetheless well versed in "filet and toupee" operations (which it refers to as "stack hubbing"). CSX has successfully performed such services at Chicago, Atlanta, and Jacksonville in connection with transcontinental stack train operations for many years.

CSX also has included this type of operation at Cleveland for Baltimore and Philadelphia service points as a replacement for those functions presently performed by Conrail at Harrisburg. CSX is investing significant capital at Cleveland's Collinwood intermodal facility to add additional stack hubbing opportunities for APL and other container train customers. Cleveland's location at the intersection of the former CR-St. Louis-Boston/New York route and the CSX-Chicago-Baltimore/Philadelphia B&O route is ideally suited for transcontinental train operations via either the Chicago, St. Louis or Memphis gateways.

Mr. Baumhefner also describes congestion on Conrail's River Line, which will be operated by CSX. APL-4 at 7, 10-11. CSX plans to improve siding lengths, capacity and signaling on this line, as described in the Operating Plan. CSX/NS-20, Vol. 3A at 107-15. As an additional measure to improve capacity on this route, CSX will also invest capital to upgrade the track configuration, increase line capacity and to construct a new connection at Little Ferry.

While capital improvements are designed to eliminate the need for "escape valves," Mr. Baumhefner is not correct in his assumptions that the transaction will leave CSX and NS without "escape valves" in the event of line congestion. For example, CSX has the ability through the proposed Little Ferry connection to the NYSW to operate via the NYSW between Ridgefield and Syracuse. Also, CSX can operate trains via the Trenton line and the B&O or even (as is common industry practice) to operate via a standard detour agreement on the NS-operated Penn Route.

Similarly, NS would have the ability in the event of a problem on one of its lines to operate trains on CSX's River Route or on the B&O. Mr. Baumhefner's assertion that the transaction somehow eliminates the possibilities of alternative routings is therefore incorrect.

Mr. Baumhefner claims at page 9 of his October 21 statement that Chicago-Cleveland traffic would be handled by CSX over NS trackage rights. That is not true. CSX has its own lines between Chicago and Cleveland.

APL's concerns over line capacity on the Conrail line between Chicago and Cleveland are also unwarranted and ignore the fact that CSX has invested over $200 million to double-track the B&O mainline between Chicago and Greenwich, Ohio. The Operating Plan also describes CSX's plans to double-track the line from Greenwich to Collinwood.

Contrary to Mr. Baumhefner's assertion, there will be more, not less, capacity and better service between Chicago and Cleveland after the transaction.

CSX has the ability to operate up to 12 trains per day on the Conrail line between Berea and Chicago. The Operating Plan specifies that priority intermodal trains will operate on the newly double-tracked CSX route between Chicago-Greenwich and Cleveland. CSX/NS-20, Vol. 3A at 109-111. Further, contrary to Mr. Baumhefner's speculation, the major CSX improvements to Conrail's lines between Greenwich and Cleveland and Albany and Newark are all scheduled to be completed before Day 1.

Mr. Baumhefner posits in his November 24 Statement that the CSX and NS schedules may not replicate Conrail's schedules to and from the NJSAA. CSX schedules were based on independently determined market share components to/from the NJSAA as determined by ALK and Associates and the terms of the Transaction Agreement. Schedules will be further refined when the allocation of responsibility for service is worked out between CSX and NS. In any event, we will ensure that APL's traffic will be transported efficiently on our system.

Lane volume density is a major determiner of the range and types of services CSX can provide to APL and other customers. Assuming future APL lane volume concentrations equivalent to APL's current operation on Conrail, CSX is prepared to commit to APL that it will provide schedules at least equivalent to those provided today by Conrail to/from the NJSAA.

NJSAA Operations for APL

After the transaction, both CSX and NS will have direct routes and be able to offer direct service to and from the APL's APINY facility at South Kearny. The NJSAA agreement provides for either carrier's train crews to operate to or from the APINY facility. CSX will have direct routes via the Conrail River Line and the Trenton line; NS will also have two direct routes, via the Penn Route and the Southern Tier. APL is presently familiar with routing their trains and cargoes via three of these routes today and will be well served by their use by CSX and NS in the future.

Mr. Baumhefner states in his November 24 Statement that APL played no role in the formulation of CSX's Operating Plan and the NJSAA Operating Plan. To the contrary, APL and other major customers played a major role. CSXI and NS operating officers met with APL officials at South Kearny on March 13, 1997 to discuss APL operations and service requirements and on May 6, 1997, CSXI met with officials in Chicago, including Mr. Baumhefner. Input from both of these meetings was used to develop CSX's portion of its Operating Plan. CSXI officials also met with APL officials on June 25, 1997 to further discuss CSX's operating plans and APL service requirements, and a copy of CSXI's service presentation to APL is found in Volume 3.

In each case, input from APL was instrumental in formulating the NJSAA Operating Plan, which has evolved over time as more recent and improved information becomes available. CSX also had operational meetings with other major intermodal customers in the NJSAA and incorporated a balance of customer needs when developing the NJSAA Operating Plan.

Mr. Baumhefner suggests at page 3 of his November 24 Statement that there may be insufficient crews to handle APL's APINY traffic post transaction. Under the NJSAA Operating Plan, three CSAO crews will be assigned to serve APINY and the five other industries served by the CSAO from Kearny, and four CSX crews will serve the adjacent CSX Intermodal Terminal at S. Kearny. These job assignments are equivalent to the seven crews presently working APINY and the South Kearny Yard.

Mr. Baumhefner forecasts that increased volumes will require more train services and that this will result in NJSAA congestion. He overlooks that one of the primary economic benefits of the Conrail transaction is that by extending single-line services CSX can take advantage of existing capacity on trains and increased volume, without increasing fixed train starts. One example referred to by Mr. Baumhefner is the Philadelphia-New York over the road services, replaced by intermodal services. Trains planned between Chicago and New York can easily absorb the 26,000 annual units contemplated. Mr. Baumhefner also speculates that increased CP volumes will dictate additional train starts. Again, existing trains can absorb anticipated CP intermodal volumes.

Mr. Baumhefner's negative depiction of taking trains off the Southern Tier and running them through the Ridgefield connection to Little Ferry is actually counter to the facts. By expanding use of CSX's Little Ferry facility, which is not within the NJSAA, CSX will be taking intermodal volumes out of the NJSAA area. This will have a substantial impact on reducing actual or perceived NJSAA congestion (especially at Kearny) as depicted by Mr. Baumhefner.

CSX remains prepared to discuss with APL any legitimate operational concern it may have. We also remain confident that we can efficiently handle APL's traffic, just as we handle the traffic of hundreds of large and important intermodal customers. There is no need to reopen APL's contract to accomplish these ends.

F. Durham Transport Inc.

Durham Transportation also submitted a comment noting that the CSX/NS Application failed to mention interchange operations with Durham Transport, or continued joint use of lead tracks within the Raritan Center Industrial Park, and that the Conrail system map includes tracks in the North Jersey Shared Assets Area that belong to the Raritan Center Industrial Center. Durham seeks assurance that there will be coordination of rail operations over the GSA lead used to serve Durham.

Durham is correct concerning both the ownership of the lead tracks and the service, as CSX will acknowledge in a letter to Durham.

Although the Metuchen area map does not specifically depict Raritan Center tracks, CSX recognizes that tracks within the center that are not currently owned by Conrail are not part of the Shared Assets Area. The NJSAA will continue to interchange with Durham at Lower Yard in the Raritan Center in accordance with a July 1, 1994 Interchange Agreement between Conrail and Durham Transport Inc. The CSX/NS application has stated consistently that agreements between Conrail and other carriers would be honored.

Currently, train movements over the GSA lead and Raritan Industrial track are coordinated by the yardmaster at Metuchen This arrangement has provided safe and - efficient operation in the past and should continue to do the same in the future.

VII. INDIANAPOLIS COAL OPERATIONS

I have been asked to address coal operations in Indianapolis, specifically service to Indianapolis Power & Light Company's two generating plants located there.

Shippers in Indianapolis that are currently served by two carriers will continue to have two carrier options. Current train operations for the movement of coal to IP&L's Stout and Perry K plants will undergo only modest changes. The following compares the existing operating regime in Indianapolis with post-acquisition operations.

A. Overview of Service in Indianapolis

Today there exists a line of railroad of the former Belt Railroad and Stock Yard Company extending for approximately 13.5 miles in a horseshoe or belt configuration around the east, south, and west sides of the City of Indianapolis, generally between North Indianapolis and Brightwood, Indiana. This line is now Conrail's Indianapolis Belt Running Track (commonly referred to as the "Belt"). Conrail operates the Belt and switches all industries located on the Belt as part of the Conrail system.[16] Running horizontally through the middle of the Belt is a 1.25 mile former Indianapolis Union Railway Company track in the center of Indianapolis that is now owned and operated by Conrail (commonly referred to as the "IU" line).

Customers located on the Belt have the option of line haul service from Conrail, CSX, or INRD. However, Conrail is the only carrier that has direct physical access to customers on the Belt. CSX and INRD traffic must be switched by Conrail to reach customers located on the Belt.

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[16] Conrail does not own the Belt, but operates it pursuant to a 999-year lease. From 1883 to 1996, operations on the Belt were governed by terms and conditions found in the 1883 Operating Agreement, original parties to which are succeeded today by Conrail, CSX, and the Indiana Rail Road ("INRD").

In 1996, (prior to the inception of the acquisition of Conrail), Conrail, CSX, and INRD entered into a series of agreements that dissolved the 1883 Operating Agreement and substituted in its placed certain switching and trackage rights agreements. This action was taken for the operating and administrative convenience of the railroads.

To serve customers located on the Belt, CSX currently uses Conrail switching services and trackage rights over Conrail. CSX pays Conrail a separate fee for each service. CSX operates its trains into CSX's State Street Yard in Indianapolis. To reach the State Street Yard from the west, CSX uses Conrail's tracks and pays Conrail a trackage rights fee for that use. I have been advised that the fee is over 30¢ per car mile. (CSX can reach State Street Yard from the east using its own tracks.) At State Street Yard, Conrail picks up cars for delivery to Belt customers. I have been advised that Conrail charges CSX its standard reciprocal switch charge -- $390 per loaded car -- to perform this switch.[17]

For CSX deliveries to customers located on an INRD line, CSX takes its trains into the State Street Yard where the cars are interchanged to Conrail. Conrail then pulls the cars to its Hawthorne Yard where they are interchanged to INRD. I have been advised that Conrail charges CSX an intermediate switch charge of $110 per car for the switch from State Street Yard to INRD at Hawthorne Yard. CSX 31 P 000255.

B. Deliveries to IP&L Plants

1. Perry K

After consultation with CSX Coal Marketing representatives, I have learned that today, Conrail delivers Indiana Southern-origin coal to IP&L's Perry K plant, located in

[17] CSX 31 P 000254 (included in Volume 3). There is an exception for the Citizens Gas and Coke facility located on the Belt. CSX 31 P 000255 (included in Volume 3).

downtown Indianapolis. Conrail is the only rail carrier with direct physical access to IP&L's Perry K plant. The Perry K plant is not open to reciprocal switch.

2. Stout

After consultation with CSX Coal Marketing representatives, I have learned that IP&L's Stout plant is located on trackage owned by INRD. All rail coal destined to the Stout plant must be handled by INRD, the destination carrier. Currently, coal is being delivered to the Stout plant via a single-line haul of INRD-origin coal.

For deliveries of ISRR-origin coal to the Stout plant, ISRR coal could move over Conrail's tracks from the ISRR property line at Milepost 6, thence via Conrail's former Petersburg secondary north to Conrail's Crawford Yard. Conrail then moves the traffic to the Raymond Street interchange track, where it is interchanged to INRD. INRD then delivers the traffic to the Stout plant.

VIII. IMPACT OF PROPOSED TRANSACTION

A. In General

The proposed transaction intends to replicate the existing operating scenario -- but with some significant improvements for shippers. First, CSX will operate the Belt and the IU line. Like Conrail does today, CSX will switch traffic destined for customers located on the Belt or on former Conrail lines off the Belt.

Second, to avoid the loss of competitive rail service by two Class I carriers, NS will essentially assume CSX's present position in Indianapolis. Customers located on the Belt will be able to use CSX and NS line haul -- just as they have CSX and Conrail options today. All other "two-to-one" customers located off the Belt will have the same option. Moreover, NS will be able to serve the General Motors metal fabrication plant, one of the largest rail shippers in Indianapolis and one that CSX cannot serve today. See CSX/NS-25, Vol. 8A at 377.

Third, instead of being switched at CSX's State Street Yard, as CSX traffic is today, NS traffic will be switched at Hawthorne Yard. NS will have sufficient tracks at Hawthorne Yard for the arrival, departure and make up of trains and will have reasonable access to and from designated tracks. CSX/NS-25, Vol. 8A, at 369; CSX/NS-25, Vol. 8B at 118. NS will also be able to interchange directly with INRD at Hawthorne Yard without an intermediate switch by CSX.

B. Effect on IP&L

1. Perry K

Today, Conrail is the only rail carrier with physical access to the Perry K plant. Post-acquisition, CSX will be the only rail carrier with physical access to the plant. Just as today, ISRR can interchange ISRR coal at Milepost 6. The only difference will be that it will interchange with CSX instead of Conrail.

In contrast to the existing operations, however, NS will be able to participate in moves to the Perry K plant through an interchange with CSX at Hawthorne Yard, giving the plant two line-haul carriers to choose from.

2. Stout

As set forth above, coal by rail will be delivered to the Stout plant by INRD. I have been told that ISRR is seeking trackage rights over CSX and over INRD in order to reach the Stout plant. Today, ISRR can interchange with Conrail for subsequent movement to the Stout plant. There is no operating reason why, post-Transaction, ISRR's ability to handle coal movements delivered to Stout would be affected in the least. Post-Transaction, CSX will assume Conrail's role in interline coal movements to Stout.

In addition, NS will be able to participate in moves to the Stout plant. The Transaction will enable NS to interchange directly with INRD at Hawthorne Yard. CSX/NS-25, Vol. 8B at 111; CSX/NS-25, Vol. 8C at 313-34. This interchange capability, which will not require a switch by CSX, will give NS access to the plant via INRD, the sole rail carrier with direct physical access to the Stout plant. Accordingly, the IP&L Stout plant will gain the ability to source coal from the east, south, and west via two Class I carriers into Indianapolis, for final delivery by INRD.

WASHINGTON, D.C.)) ss)

VERIFICATION

John M. Orrison, being duly sworn, deposes and says that he is qualified and authorized to submit this Rebuttal Verified Statement, and that he has read the foregoing statement, knows the contents thereof, and that the same is true and correct.

John W. Orrison

Subscribed and sworn to before me by John W. Orrison this 8th day of December, 1997.

Sandra M. Colantuoni

My Commission Expires:

3/14/2002

EXHIBITS

TRAIN OPERATING TIME SUMMARY REPORT 2 (OS-TO-OS)
MILEPOSTS SPECIFIED:LEEWOD - AULON
DATE RANGE: 10/04/97 - 11/07/97

TRAIN INITIAL	TRAIN COUNT	AVG TIME (HOURS)	MIN TIME (HOURS)	MAX TIME (HOURS)	STD DEV (HOURS)	3+ HRS SHORTER	1-3 HRS SHORTER	+/-1 HR W/ MEAN	1-3 HRS LONGER	3+ HRS LONGER
E	1	1.0	1.0	1.0	.0	0	0	1	0	0
L	16	.8	.2	3.3	.9	0	0	13	3	0
Q	202	.5	.1	4.4	.6	0	0	186	12	1
S	10	.5	.2	1.2	.3	0	0	10	0	0
V	1	.2	.2	.2	.0	0	0	1	0	0
X	3	.3	.2	.4	.1	0	0	3	0	0
Z	752	.5	.1	12.3	1.2	0	0	653	12	25
TOTAL		.5			1.1					

TRAIN INITIAL

E = Empty Unit
L = Alternate Schedule For Q
Q = Merchandise
S = Second Section
V = Unit Train
X = Extra
Z = Foreign

EXHIBIT JWO - 1

Metra
547 W. Jackson Boulevard Chicago, Illinois 60661 Phone: 312 322-6900 TTY 312 322-67

November 10, 1997

Mr. Ron Batory
President
Belt Railway Company
6900 S. Central Avenue
Bedford Park, IL 60638

Dear Mr. Batory:

Attached is a summary of delays to Metra Southwest Service trains at Belt Junction for the month of October.

We have noted a significant improvement from September, but four of the seven delays exceeded our five minute threshold for reportable train delays, and the delays on October 6 and 9 caused major delays to our customers.

I appreciate your continued attention to this trouble spot on our Southwest Line.

Sincerely,

V.L. Stoner

V. L. Stoner
Chief Operations Officer

mlf

EXHIBIT JWO - 2
PAGE 1 OF 5

FREIGHT DELAYS - SOUTHWEST SERVICE

BELT JUNCTION - OCTOBER

Date	Train	Delay (min)	Cause
10/6	15	22	freight interference
10/6	18	7	"
10/9	10	11	"
10/16	11	4	signal malfunction
10/28	10	1	"
10/31	11	7	freight interference
10/31	16	4	"

Delays\BRC2
11/5/97

EXHIBIT JWO - 2
PAGE 2 OF 5

Metra

547 W. Jackson Boulevard Chicago, Illinois 60661 Phone: 312 322-6900 TTY 312 322-6774

November 10, 1997

Mr. Don Riordan
Assistant General Manager
CSX Transportation, Inc.
733 W. 136th St.
Riverdale, IL 60627

Dear Mr. Riordan:

Attached is a summary of delays to Metra Southwest Service trains at Forest Hill Interlocking for the month of October.

We will appreciate your assitance in minimizing these delays to our customers on the Southwest Line.

Sincerely,

V. L. Stoner

V. L. Stoner
Chief Operations Officer

mlf

cc: P. Reistrup

STB FD 33388 12-15-97 D 184826V2A 12/12

FREIGHT DELAYS - SOUTHWEST SERVICE

FOREST HILL INTERLOCKING - OCTOBER

Date	Train	Delay (min)	Cause
10/6	11	8	dispatch error
10/14	3	4	signal malfunction
10/15	1	12	freight interference
10/21	18	6	signal malfunction

Delays\CSX
11/6/97

THE BELT RAILWAY COMPANY OF CHICAGO

6900 SOUTH CENTRAL AVENUE - BEDFORD PARK, ILLINOIS 60638

R. L. BATORY
PRESIDENT

Phone: (708) 496-4001
Fax: (708) 496-4005

November 13, 1997

Mr. Vaughn L. Stoner
Chief Operations Officer
METRA
547 West Jackson Boulevard
Chicago, IL 60661

Dear Vaughn:

Reference is made towards your letter of November 10, 1997, concerning Metra Southwest commuter train service for the month of October, via our Belt Junction interlocking plant. It is pleasing to note that we continue to improve in reducing the amount of interference at said locale.

This current achievement of 98.3%, based on 414 trains with seven (7) incurred delays, is certainly the result of the continuing operating commitment of our respective organizations. Be assured, efforts will be progressed towards 100% performance of existing train schedules while we simultaneously encourage your pursuit of infrastructure improvement plans that will accommodate future commuter line growth.

Look forward to meeting with you early next month. In the meantime, best regards to you and yours during the forthcoming Thanksgiving holiday.

Very truly yours,

Ronald L. Batory
President

bcc: Mr. Jon L. Manetta, Vice President Transportation & Mechanical - NS
Mr. Franklin E. Pursley, Vice President Operations Support - CSXT
Mr. Gordon Mott, Assistant Vice President Passenger Integration - CSXT

This information augments letter previously sent to you on October 21, 1997 regarding results of September, 1997.

EXHIBIT JWO - 2
PAGE 5 OF 5

184826

CSX/NS-177

PUBLIC-REDACTED

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

CSX CORPORATION AND CSX TRANSPORTATION, INC.,
NORFOLK SOUTHERN CORPORATION AND
NORFOLK SOUTHERN RAILWAY COMPANY
— CONTROL AND OPERATING LEASES/AGREEMENTS —
CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION

D

RAILROAD CONTROL APPLICATION

APPLICANTS' REBUTTAL
VOLUME 2B OF 3

REBUTTAL VERIFIED STATEMENTS

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Counsel for Conrail Inc. and Consolidated Rail Corporation

December 1997

VOLUME 2

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PART B

Witness Statements

* The Rebuttal Verified Statement of Gordon C. Rausser and Robin A. Cantor is submitted solely on behalf of Norfolk Southern, not on behalf of the Applicants jointly.

REBUTTAL JOINT VERIFIED STATEMENT
OF
KENNETH R. PEIFER
AND
ROBERT S. SPENSKI

Kenneth R. Peifer is Vice President Labor Relations of CSX Transportation, Inc. ("CSX"). Robert S. Spenski is Vice President Labor Relations of Norfolk Southern Corporation and Norfolk Southern Railway Company ("NS"). Both previously submitted testimony in support of the Application through a Joint Verified Statement and a Supplemental Joint Verified Statement.

This Rebuttal Joint Verified Statement is offered to respond to comments of various parties on labor-related issues.

I. Employee Impact

A number of the comments filed were premised on the theme that the transaction will result in an extraordinary number of employee dislocations. They offered no support for this view, which is simply not correct. For instance, nine unions filing joint comments and calling themselves the "Allied Rail Unions" ("ARU") stated that, if this transaction is approved and implemented as described, "several thousand workers will lose their jobs and thousands more will have to relocate." ARU-23 at 56; see also id. at 24. The Transportation Trades Department of the AFL-CIO ("TTD") similarly predicted that "close to 3,000 workers will lose their jobs, thousands more will be asked to move." TTD-3 at 3. This theme was echoed by other unions and others as well. TCU-6 at 3 (employees "will suffer from forced relocation and employment loss"); John F. Collins V.S. (unnumbered) at 12 ("significant job cuts" in New York state); Congressman Robert Menendez (unnumbered) at 3 ("vastly reduced labor forces" in New Jersey); OAG-4 at 26 (serious negative impact in terms of jobs lost in Ohio).

The proposed impact of this transaction is relatively modest. Using the most accurate portrayal of the transaction, the 1996-97 Labor Impact Exhibit, the projected net contract job loss is only 1,159 contract positions. While 2,260 contract positions will be abolished, Applicants expect to create in the first three years 1,101 new contract positions, with most created in year one. Applicants also expect that most employees who are not initially able to retain a position will be offered employment within the first three years.

To put these numbers in context, we note that the total projected job loss of this transaction is far less than those predicted in the two recent major control transactions. In this transaction the total net job loss for contract and non-contract is 1981 positions.[1] In Burlington Northern Inc. and Burlington Northern R.R--Control and Merger--Santa Fe Pacific Corp. and the Atchison, Topeka and Santa Fe Ry., Finance Docket No. 32549 ("BN/SF Control"), the net job loss was 2,761. In Union Pacific Corp., Union Pacific R.R. and Missouri Pacific R.R.--Control and Merger--Southern Pacific Corp., Southern Pacific Transportation Co., et al., Finance Docket No. 32760 ("UP/SP Control"), the Applicants' Labor Impact Exhibit projected a net job loss of 3,387.

The projected job impact from this transaction is also far less than in recent consolidations and mergers in other industries. For example, in the recently announced Core-States Financial Corp. and First Union Corp. merger, job cuts are projected to significantly exceed 3,000. The Chemical-Chase Manhattan merger in 1995 resulted in

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[1] 822 are non-contract positions.

12,000 layoffs. Wells Fargo's merger with First Interstate in 1996 led to 12,600 job cuts. See "CoreStates Says Job Cuts Will Exceed 3,000," The Baltimore Sun, Nov. 20, 1997, page 2D; "Nationsbank Earnings Up 26 Pct.," The St. Louis Post-Dispatch, July 15, 1997, page 1C; "First Bank Agrees To Buy U.S. Bancorp," Las Vegas Review Journal, March 21, 1997, page 1D; "Job Cuts Continue at Wells," The San Francisco Examiner, Aug. 18, 1997, page D-1; "Bank Deal May Mark Bigger Job Cuts," St. Petersburg Times, Sept. 4, 1997, page 1E. (Articles attached to this Rebuttal Joint Verified Statement as Exhibits A-E.)

The relatively light impact of this transaction is further demonstrated by the fact that the job abolishments on Conrail, CSX, and NS as a percentage of the combined workforce of the three carriers are only four percent over three years. This three year total is equal to approximately one year's normal attrition on these carriers. In the longer run, CSX and NS expect that traffic will be diverted from truck to rail and this traffic diversion will result in additional new railroad jobs.

Only three crafts will experience any appreciable job loss, clerical, carmen and maintenance-of-way. The job losses in the clerical area will primarily result from the elimination of duplicative administrative functions, computerization of manual work, and the centralization of functions. It is for these reasons that clerical workforces traditionally experience more significant reductions in railroad consolidations. We are projecting job losses in the maintenance-of-way area, because CSX and NS are able to use employees and equipment more efficiently than Conrail does in this area.

The job losses for the carmen primarily result from the consolidation of heavy car repair work by NS.

In other crafts, there will be either slight net job losses or net job increases. For instance, the net job loss projected for signalmen is only 12 positions. In other crafts, boilermakers, bridge inspectors, communication workers, dispatchers and dock workers, there will be no net job losses. Electricians will experience an increase of 14 jobs; engineers, an increase of 187 jobs; the machinists, an increase of 24 jobs; and trainmen, an increase of 148 jobs.

Of course, those employees who are adversely affected by the transaction will be eligible for labor protection benefits under the New York Dock conditions, which we expect to be imposed.

Some commentors claiming significant job losses apparently rely on erroneous data. For example, John F. Collins, on behalf of the BLE New York State Legislative Board, states, without providing any source for his figure, that as a result of the transaction, "a minimum of 100 people in the Buffalo, New York area will lose their jobs." John F. Collins V.S. (unnumbered) at 5. In fact, the 1996-97 Labor Impact Exhibit shows that, in Buffalo, 13 jobs will be abolished, 57 jobs will be created and 7 jobs will be transferred (for a net gain of 37 jobs). When the economic analysis relied on by Mr. Collins in his comments is applied to the correct job impact, a net gain of 37 jobs in Buffalo, Mr. Collins' projected 30-year loss of income totaling $246,000,000 becomes a gain in income of approximately $91,000,000 for the City of Buffalo.

Similarly, the Ohio Attorney General, Ohio Rail Development Commission, and Public Utilities Commission of Ohio, also without citing any source, state that a net loss of 450 Ohio-based jobs is projected and that 300 positions are slated to be transferred out of

Ohio. OAG-4 at 27-28. In fact, the 1996-97 Labor Impact Exhibit shows that the expected net loss to Ohio is 264 jobs (400 jobs abolished and 136 created). The Exhibit also shows that while 189 jobs will be transferred out of Ohio, forty-seven jobs will be transferred into the state, for a net transfer out-of-state of 142 jobs. Accordingly, the total net loss to Ohio through job elimination and transfers is only 406 jobs, which is approximately five percent of the combined CSX, NS and Conrail employment in that state.

Many of the anticipated reductions in maintenance of way ("M of W") positions are associated with the performance of production work. Utilizing the more efficient CSX and NS regional or system production gangs and their equipment will permit the anticipated reduction in M of W positions. The same efficiencies are expected with the institution of CSX's system production gangs. Other M of W positions are being reduced as a result of the consolidation of roadway equipment repairs and the elimination of a few fixed headquarters positions.

In the mechanical areas, the consolidation of work from Conrail shops into CSX and NS facilities and the adoption of the best practices will increase the efficiencies of shop operations. For example, the ARU question the fact that CSX is "hiring only an additional 99 employees to handle an increase of 17,831 cars and 761 locomotives to its combined fleet." ARU-23 at 24, n.8. The ARU claim that this will have a long-term impact on employees because CSX later will supposedly use the lack of employees as a justification for contracting out more work when "employees retire and resign." According to ARU, "the long term effect then is a depletion of the work being performed by the shop crafts, an effect that is not compensated by the New York Dock protections." ARU-23 at 25, n.8.

There is no basis for this ARU contention. First, CSX intends to hire 179, not 99, additional employees at its Huntington heavy locomotive shop. This additional force will be sufficient to maintain CSX's combined locomotive fleet. Of the approximately 800 locomotives being obtained for use by CSX from Conrail, some 200 locomotives will fall out of the scheduled repair criterion. These are yard and switch locomotives, which because of their age, will not receive further heavy repairs, but simply be replaced. This will leave 600 additional Conrail locomotives to be worked into a six or seven year heavy repair cycle, resulting in an annual increase of less than 100 locomotives at Huntington.

With respect to the "17,831 Conrail" cars being obtained for use by CSX, only approximately 1,500 cars would be potential candidates for heavy repair. (Conrail's current percentage of heavy bad order cars in its fleet is 8.5 percent. 8.5% x 17,831 = 1,515). That number will be further reduced, since Conrail has a larger percentage of its fleet under lease obligations and a leased heavy bad order car with less than five years remaining of its lease term will not be repaired.

Currently, because of CSX's aggressive car repair programs in recent years coupled with significant improvements in utilization, CSX has significantly reduced the foreseeable need for heavy repairs for CSX cars at its Raceland heavy repair facility. Absent the heavy repairs for obtained Conrail cars, Raceland would have been faced with the potential of a furlough because of lack of work. Therefore, the proposed transaction will actually have a positive employee impact at Raceland.

Moreover, the predominant maintenance activity to support the car fleet is not heavy repairs, but daily or running repairs on the serviceable fleet. CSX intends to utilize all existing facilities performing this work on the allocated portion of Conrail for its use. Further, CSX does not foresee any significant reduction of the workforces engaged in this activity. Similarly, CSX intends to maintain all the existing Conrail locomotive servicing points and running repair and quarterly maintenance facilities which it obtains use of in the transaction, including most of their existing staffing.

Contrary to the implication of the ARU's assertions, CSX has not understated the impact of this transaction on the shopcrafts. More importantly, the facts disprove the alleged scheme of underestimating manpower needs to create future opportunities for subcontracting.

The ARU suggest that CSX is proposing to consolidate the work of welding rail now done on Conrail at Harrisburg, Pennsylvania with CSX's rail welding plant at Russell, Kentucky, because the CSX facility is operated by a nonunion contractor. ARU-23 at 28. This is not true. First, the rail welding for Conrail at Harrisburg is done by the same nonunion contractor that also operates CSX's Russell plant. Second, CSX is consolidating this work because it already has two rail welding plants and will not need a third.

With respect to the forecast job eliminations in the clerical craft, many of these are occurring because work that had been manually performed on Conrail will be computerized when the work is transferred to CSX and NS. For instance, Conrail has fifty-five Payroll and Input and Verification clerical employees, whose function involves the receipt of paper time and pay claims from the operating craft employees. These tasks have been computerized on CSX. The computerization of Conrail's payroll input and verification process will eliminate the necessity for fifty-five existing clerical positions. Even if this transaction had not occurred, it is likely that Conrail would in due course have implemented comparable changes in its own practices, resulting in job reductions.

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Several unions and others (e.g., ARU-23 at 24, 56; TTD-3 at 3; OAG-4 at 27-28) comment on the fact that there will be a certain number of transfers associated with this transaction. Railroad consolidations almost always involve employee relocations. Hundreds of employees have been required to relocate over the years on CSX and NS as the carriers have implemented approved transactions. Moreover, employees voluntarily move long distances as a matter of personal preference, using their regional or system seniority.

The number of agreement employee transfers contemplated over the three year period reflected in the Operating Plans and Impact Exhibits is modest. Only 1,476 transfers are projected in that time period. In year one, 1,040 transfers are expected to occur, while in years two and three the transfers will drop substantially to 247 and 189, respectively.

All employees who transfer will be entitled to the generous relocation benefits that are available under the New York Dock conditions. CSX and NS have attempted to minimize the number of relocations necessary to fully integrate Conrail properties to be operated by them with their respective systems and preserve the valuable expertise and knowledge of Conrail employees. Indeed, in the field -- as opposed to headquarters operations -- it is expected that transfers will be rare. Most transfers will be in administrative departments or shops.

This transaction will not involve significant shedding of redundant lines through abandonments or line sales. Rather, this transaction envisions the expansion of CSX's rail network from approximately 18,000 miles to 22,000 miles and NS' system from approximately 14,000 miles to approximately 21,000 miles, both with virtually no retirement of track. As we previously explained, this is a growth-oriented transaction. Through the expansion of line hauls, CSX and NS will become more competitive with trucks, thereby being able to divert more traffic from trucks. As our business grows, more jobs will be created for our employees.

Any interim adverse impact on employees will be more than adequately offset by the New York Dock labor protection benefits, which we anticipate will be imposed in this transaction. While CSX and NS do not concede that Conrail employees will necessarily be less well paid on CSX and NS, any employee who must accept a lower-paying position on CSX or NS will have his or her Conrail compensation protected under the New York Dock conditions. The conditions provide 100 percent wage and benefit protections for up to six years. A statutorily required assurance of six years income maintenance may be without parallel in any other industry in this country. For example, a survey, Sale of Central Vermont Railway, Inc. - Study of Severance Pay Practices, W. M. Mercer, Inc. (Oct. 1994), which was submitted in New England Central R.R.—Exemption—Acquisition and Operation of Lines Between East Alburgh, Vermont and New London, Connecticut, Finance Docket No. 32432, revealed that 46 percent of the collective bargaining agreements across U.S. industry do not provide for any severance or supplemental unemployment benefits. When only the transportation industry was considered, that percentage jumped to 60 percent. The most representative severance pay plan (the median plan) reported in the survey pays one week of pay for each year of service up to a maximum of 26 weeks. The severance payment plans in the ninetieth percentile (i.e., the plans of the most generous employers) provided for two weeks of severance for each year of service with no maximum. Thus, an employee with 35 years of service in a ninetieth percentile program would be entitled to 70 weeks in severance pay. By contrast, a railroad employee with only six years of service is eligible for 312 weeks of protection under the New York Dock conditions. The extremely generous nature of the New York Dock protections undoubtedly explains why many union comments recognize that the New York Dock conditions are appropriate for this transaction.

The TTD and the ARU claim in their comments that the New York Dock conditions are inadequate, because employees actually do not receive monetary benefits. TTD-3 at 5; ARU-23 at 59; see also Congressman Robert Menendez (unnumbered) at 4; Senator Arlen Specter (unnumbered) at 3. The assertion is simply wrong. TTD contends (TTD-3 at 5) that railroads "regularly expend massive resources to utilize every loophole at their disposal to evade actually making these protective payments." In fact, CSX and NS have expended tens of millions of dollars in protective benefits. For example, on CSX, between 1992 and 1996 alone, some $45.2 million in New York Dock claims were paid. During this same period CSX made protective payments to 1,958 new New York Dock claimants. Moreover, from 1990 to the present, some CSX employees, who were affected by more than one transaction, have drawn New York Dock benefits for more than six years. For example, 111 clerical employees have received New York Dock benefits for ten consecutive years, 52 for nine consecutive years, and 92 for more than eight years. In addition, CSX has also paid protection under collectively bargained protective arrangements where the employee chose the contract protection in lieu of New York Dock protection.

For its part, NS has paid out some $18.2 million in New York Dock benefits (including $4.7 million in separation payments) since 1982. This number does not provide the complete NS expenditure, because under the New York Dock conditions an employee has the right to elect other protective arrangements, if they are available. NS' total protective payments since 1982 have amounted to $79.7 million.

If carriers improperly deny New York Dock claims, the employees may pursue arbitration under Article I, Section 11 of the conditions. The experience on NS and CSX regarding arbitrated claims shows there is no basis for the assertion that railroads have improperly avoided their labor protection obligations. For example, on NS, only 31 New York Dock cases have gone to arbitration under Section 11 since the 1982 decision in NS Control. Of those 31 arbitrated cases, NS' decisions were upheld in 24 cases or 77 percent.

What the facts demonstrate is that employees do submit unmeritorious claims. Recently, a local union official's campaign literature boasted that he had organized a job bidding process so that all employees on the seniority roster would be adversely affected and entitled to receive New York Dock benefits. See campaign flyer captioned "Vote for Jim Hantz, District Chairman, Lodge 697" (attached to this Rebuttal Joint Verified Statement as Exhibit F).

Only the TCU has asked for modification of the New York Dock protections. The TCU is requesting three modifications. First, the TCU asks that employees be provided a separation option if the position available would require relocation. Under New York Dock, if an employee refuses to relocate to follow his work or to exercise obligatory seniority, he or she is not eligible for a separation allowance. Second, the TCU is requesting that the amount of the separation allowance be increased. Third the TCU is requesting that dismissed employees be provided "attrition protection." TCU-6 at 7. The TCU states that these enhancements are justified by the "unique circumstances of this transaction." Id. at 3. This type of condition has been requested in many other cases and it has been denied because of a failure to show unusual circumstances. In the instant proceeding, the TCU again has failed to demonstrate the "unusual circumstances" that would be required to justify departure from the standard labor protections. If anything, the modest job reductions associated with this transaction and the fact that nearly all dismissed employees are expected to be offered employment within three years show that there are no circumstances which would warrant the imposition of protection greater than New York Dock conditions.

Nor, as suggested by the TCU, would it be in the public interest to pay benefits to those employees who refuse to follow work to a new location. Such a modification of New York Dock would not only increase the labor protection costs of the transaction, it would deprive CSX and NS of knowledgeable employees. In effect, CSX and NS would be forced to pay twice for the performance of the same work, once through protection to the employee who refused a transfer and again to the new employee who has to be hired to perform the job at the new location. Also, the training cost for the new employees and the loss of the job knowledge of the current incumbents would be significant. Not only will the railroads' post-transaction operations be more efficient if the employees follow their work, the transferred employees will continue to be productively employed at wage and benefit levels not easily matched in other industries.

To sum up, labor commentors have exaggerated the impact of this transaction. The number of job abolishments is relatively modest and comparable in number and kind to those in other consolidations. Adverse impacts will be ameliorated by New York Dock protections and the fact that positions will become available for dismissed employees.

II. Washington Job Protection Agreement

The ARU assertion that implementation of the Conrail transaction could occur through the Railway Labor Act ("RLA") bargaining procedures and/or the Washington Job Protection Agreement ("WJPA") is completely unrealistic. That is why the ICC directed that implementation of approved transactions is to occur through the New York Dock procedures, and not through the RLA or WJPA process. The ARU cannot seriously suggest that after 18 years of application of the New York Dock conditions in major merger or control transactions, the Board should now find that this transaction must be implemented through the WJPA instead. The applicable procedures are those in the Board's New York Dock conditions, not the procedures of the WJPA.

In all events, the WJPA is not a viable means for guaranteeing that implementing agreements will be expeditiously reached. Although WJPA § 13 provides for arbitration of disputes, it contains no method to ensure that arbitration will proceed or a decision will be reached in anything approaching a timely manner. Originally, the § 13 procedure was based on decisionmaking by a permanent joint management-labor committee (the Section 13 Committee), which, historically, included dozens of members. This process was unwieldy, cumbersome, and prolonged. Under that procedure the permanent Section 13 Committee would convene intermittently to attempt consensually to resolve the disputes on its docket. In order to reach arbitration, the Section 13 Committee would first have to declare that the two sides were deadlocked. Once the arbitrator was finally chosen, he would often sit with the full Section 13 Committee, which would have to convene again for that purpose. The sheer size of the Section 13 Committee and the extended procedures involved before an arbitrator could even be chosen left the entire process vulnerable to extensive delay.

In 1984, the parties modified the § 13 procedures so that cases can be submitted to, and heard by, a neutral arbitrator without the participation of the full Section 13 committee. But the § 13 process is still not a tested or effective means for obtaining implementing agreements. Even as modified, the § 13 process contains no meaningful timetables to generate prompt disposition at each stage: negotiation, selection of an arbitrator, conduct of the arbitration proceeding, and the rendering of an award. The § 13 procedures contain no mechanism to encourage the timely negotiation of agreements or to ensure that cases will not languish. Nor is the WJPA process subject to regulatory oversight by the Board, an integral part of the overall New York Dock process. The § 13 process also contains procedural restrictions ill-suited to the task of arriving at an implementing agreement. For instance, the practice is for the parties' submissions to the Section 13 Committee and the arbitrator to be restricted to the factual record developed on the carrier's property. By contrast, in a New York Dock arbitration, the parties typically submit extensive evidentiary materials that were not exchanged on the carrier's property.

Most telling, the current WJPA § 13 procedure is totally unproven as a means of implementing transactions. Only a handful of cases have ever been arbitrated under the current process. The last such arbitration occurred 10 years ago. And not one of these cases involved the arbitration of an implementing agreement.[2] WJPA, in fact, has fallen into disuse as a means of implementing coordinations. The last time an implementing agreement was actually imposed in arbitration under WJPA § 13 was in 1969, in a case that took nearly two years to reach a decision.

Further, in asserting that implementation should occur through the WJPA, the ARU are arguing for lack of uniformity as well as undue delay. Three unions -- TCU, BRS, and BMWE -- are parties to a February 7, 1965 job stabilization agreement (the "February 7 Agreement"), which provides that for those unions disputes arising under WJPA would be resolved not through the § 13 process but through arbitration before an RLA Special Board of Adjustment, known as Special Board of Adjustment No. 605. This arrangement does not provide any better guarantee of prompt resolution of disputes than does the WJPA § 13 process itself. On average, it has taken two years from the time of submission for the last five WJPA disputes (most of which date back to the late 1970s or early 1980s) to have been decided by Special Board of Adjustment No. 605.[3]

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[2] Only three cases have been submitted to the Section 13 Committee since adoption of the new procedures in September 1984. Even though none of these involved arbitration of an implementing agreement, it still took more than two years to reach a decision in one case, and more than seven months to reach decisions in the other two.

[3] BMWE has recently entered into another agreement that provides, <u>inter alia</u>, that disputes arising under WJPA will be resolved by a new RLA Special Board of Adjustment No. 1087 created by that agreement.

In sharp contrast to WJPA, New York Dock is a well understood, proven means of obtaining implementing agreements in a timely manner. Under New York Dock, carriers can operationally implement transactions and generate the public transportation benefits that unification is designed to achieve. The New York Dock procedures do not permit frustration of a transaction. The entire New York Dock process is to be completed within 95 days. Although delays do sometimes occur, the New York Dock procedures still ensure that transactions are implemented in a reasonably expeditious manner. The ARU suggestion that the parties follow WJPA § 13 is a transparent attempt to thwart implementation of the Conrail transaction, not promote it.

In this transaction especially, where the allocated Conrail assets are to be operated by CSX and NS, it is imperative that the New York Dock implementing agreement process apply. The uncertainty and delay inherent in the WJPA process would preclude both CSX and NS from being able to divide and separately operate the allocated portions of Conrail in anything approaching a timely fashion and could perhaps frustrate implementation for several years. Further, resort to WJPA would extend the payment of the significant carrying costs for this transaction while at the same time delaying the receipt by NS, CSX, and the public of the benefits of the transaction.

III. UP/SP Transaction

Most of the labor organizations attempt to tar CSX and NS with the service and safety problems encountered by the Union Pacific Railroad ("UP") in implementing its merger with the Southern Pacific ("SP"). However, such analogies are totally misplaced.

CSX and NS both have extensive experience in successfully implementing railroad consolidations. The ICC's decision in CSX—Control was issued in 1980. Its decision in NS—Control was issued in 1982. Both railroads have successfully consolidated the extensive railroad systems which came under common control as a result of those decisions. Each railroad has negotiated or arbitrated dozens of implementing agreements which have successfully combined operations with all affected crafts.

CSX's experience also includes the successful implementation of the recent acquisition of the assets of the Pittsburgh and Lake Erie Railroad in 1992 and the assets of the Richmond, Potomac and Fredericksburg Railroad in 1991.

CSX and NS have maintained their position as industry leaders in safety performance while implementing these consolidations. In the past seven years CSX has reduced its train accident rate by 64 percent and its injury rate by 79 percent. NS' train accident rate is less than half of that of the rail industry as a whole. The Verified Statement of Edward English filed in this proceeding recognizes that CSX and NS have had the lowest accident rates of Class I railroads over the last five years. Additionally, NS' employee safety record has improved each year for ten consecutive years, and in 1997 NS was awarded its eighth consecutive Harriman Gold Medal Award for employee safety.

CSX's and NS' experience in successfully implementing transactions while maintaining a position as industry leaders in safety performance will be applied to the Conrail transaction.

CSX and NS intend to obtain the implementing agreements that are necessary before beginning to operate the respective portions of Conrail allocated to them. These arrangements will permit the expanded CSX and NS workforces to be fully integrated in the respective consolidated territories.

In addition, in the UP/SP merger, the UP was adding the 16,700-mile SP system to its 22,000-mile system. In this transaction, by contrast, neither CSX nor NS will have to assimilate an additional 16,700 miles of railroad into its existing system. Since Conrail's assets are being allocated, CSX and NS will each be responsible for operating only a portion of the present Conrail system. CSX will obtain operational rights on approximately 4,000 miles or less than a 25 percent increment to its existing 18,000-mile system. NS will obtain operational rights on approximately 7,000 miles or about 50 percent of its current 14,000-mile system. The remainder of Conrail's lines will be in the Shared Assets Areas, which will continue to be operated by Conrail for the joint benefit of both CSX and NS.

The ARU's claim (ARU-23 at 46) that CSX and NS will encounter dispatching problems is also without foundation. CSX does not intend to consolidate Conrail dispatching work with CSX work in the first three years. In its prior consolidation of dispatching work, CSX has pursued a cautious approach. For instance, Corbin dispatching work was not consolidated in Jacksonville for eight years. Former Conrail territory will continue to be dispatched from former Conrail offices with former Conrail manpower except for 4.5 miles of line between Washington, D.C. and Alexandria, Virginia. During this period, necessary technological improvements and changeovers will be carefully phased in so that the ultimate consolidation of dispatching at Jacksonville can proceed in a safe and efficient manner. For its part, NS will dispatch the portion of Conrail territory which it will operate using dispatching territories similar to those that have been in use on Conrail.

Additionally, CSX has a long history of safely operating a state-of-the-art consolidated dispatching center. CSX first consolidated dispatching in Jacksonville under a single labor agreement in 1988 through a New York Dock implementing agreement with the American Train Dispatchers Association, which is now the American Train Dispatchers Department of the BLE. During this same period NS has successfully and safely dispatched its trains from multiple dispatching offices. As noted above, during this period CSX and NS, despite their contrasting approaches to dispatching, have been the industry leaders in safety. It is obvious that the decision to dispatch on either a centralized or non-centralized basis does not significantly impact safety.

Additional employees are being hired and trained to meet projected service needs. For example, CSX intends to hire and have available at the start-up 350 additional train and engine service employees for its territory which will be consolidated with the allocated Conrail lines operated by it. Conrail plans to hire 109 additional train and engine service employees to work on the allocated lines which will be operated by NS, including the Southern Tier line in New York.

Furthermore, both CSX and NS have plans to hire additional train and engine service employees in 1998 for the remainder of their respective systems. CSX intends to hire over 1,000 such employees, and NS intends to hire approximately 1,000 employees. Both railroads are taking action to ensure they have available sufficient qualified and trained employees to fill the positions required for consolidated operations.

The ARU also claims that CSX has had problems implementing its coordination of train operations into its Eastern B&O Consolidated District ("EBOC") and thus will experience UP-type problems in implementing the Conrail transaction. ARU-23 at 44. This will not be the case. First, the allegation that CSX forced employees to relocate throughout the EBOC district is not correct. No employee has been forced to relocate as a result of the implementation of this coordination of operations. Second, the allegation that CSX restricted engineers in the EBOC from exercising their seniority is not true. These employees are permitted to exercise their seniority consistent with the provisions of the governing agreement.

Some problems were encountered in the implementation of EBOC as a result of engineers voluntarily, and in some instances deliberately, using their expanded seniority to move to jobs for which they were not qualified. In most cases, these employees could have held jobs for which they were already qualified, but chose to attempt to burden the system by moving to other jobs. These moves did create a temporary problem in providing sufficient pilots to qualify the crews to operate trains over territory new to them. However, CSX has learned from this experience and will seek provisions in its implementing agreements that avoid its reoccurrence in the implementation of the proposed transaction. CSX also plans to have sufficient pilots available to qualify crews where the need arises.

CSX would also note that BLE's predictions that implementation of the EBOC would force many engineers to relocate in order to hold a position on the expanded district did not come true. In fact, no engineers have filed for moving allowances as a result of that coordination.

IV. Carriers' Appendix A Proposals

Some unions take issue, on a variety of grounds, with the carriers' proposals for implementing the proposed transaction, as presented in each carrier's Appendix A. In general, these unions question the necessity for the carriers' proposals to operate the allocated assets of Conrail under labor agreements other than those that currently are in effect on the Conrail properties. The unions also criticize specific aspects of each carrier's proposed post-transaction operations.

The following two sections of our statement address the unions' criticisms separately, first on behalf of CSX, and second, on behalf of NS. This format is dictated largely by the carrier-specific nature of the carriers' respective Appendix A's and of the union's comments on those proposals. NS' and CSX's proposals both are guided by the same fundamental New York Dock standards, as we describe jointly in Volume 1. But each carrier brings to the proposal its own management, experience, and operating practices. Each carrier will be allocated different parts of the former Conrail properties and workforces, and those parts will mesh with their existing properties, operations, and workforces in different ways. Most importantly, each carrier has its own Operating Plan designed to produce efficiencies from the consolidation of operations, facilities and equipment on its own expanded system. As we explain in the following sections, each carrier's Appendix A represents that carrier's best judgment regarding which agreements are appropriate for operating the respective Conrail properties as an integrated part of its own existing system.

A. CSX's Appendix A Proposal

As set forth in CSX's Appendix A, CSX proposes to integrate the allocated Conrail assets which it will operate into its current system in order to achieve the benefits of single-system integration and expansion consistently recognized as public benefits by the Board, its predecessor, and the courts. The ARU and TCU contend that the agreement applications proposed in CSX's Appendix A are not necessary. Their criticisms are based on a fundamental mischaracterization of CSX's proposals.

The ARU contend that CSX is trying to use the Board's New York Dock arbitration procedures to obtain single system-wide agreements for each craft, without having to go through the RLA bargaining process. This is not true. CSX is not proposing in this proceeding system-wide collective bargaining agreements for any craft. As is typical in Board-approved transactions, CSX is proposing to combine its existing operations, workforces, facilities and equipment with the allocated portion of Conrail's operations, workforces, facilities and equipment, so that these properties can be operated as a single, integrated rail system. This consolidation does not require system-wide agreements. It does require that all employees, facilities, equipment and operations from CSX and Conrail that are to be consolidated be placed under a single agreement for each craft. For example, as explained in CSX's Operating Plan, CSX is proposing to integrate train operations on the allocated portion of Conrail which it will operate with CSX's existing train operations in the same territory. In order to accomplish this integration, CSX is proposing three new seniority districts, two of which will include both CSX operations and former Conrail operations. CSX is not proposing that these three new districts be placed under a single system-wide agreement each for locomotive engineers and trainmen. As explained in its Appendix A, CSX is proposing that two of the districts be placed under CSX's agreements applicable to the former B&O and that the third district be placed under the Conrail agreements. Clearly, CSX is not proposing in this proceeding to create new system-wide agreements. The unions' comments do not in fact identify any instance where CSX is proposing to create a system-wide agreement for any craft.

Several unions argue that, because CSX already operates successfully with more than one agreement applicable on its system in each craft, it is not necessary to place CSX and Conrail employees who work together under a single agreement. ARU-23 at 128, 155; TCU-6 at 8; IAM-4 at 3. While CSX continues to administer multiple agreements, representing former railroads which are now part of its system, it does not usually administer multiple agreements at a facility or in a territory which has been coordinated pursuant to Board or ICC authorization. Such coordinated operations are typically placed under one former railroad's agreement. This has been CSX's practice since the ICC first approved CSX's creation in 1980.

The EBOC is a good example of such a consolidation. CSX conducted train operations on the former B&O, C&O, WM and RF&P as if they continued as separate railroads, each with its own agreements. CSX decided in 1994 that this was not an efficient way to realize the efficiencies of common control of these carriers. In order to operate the rail lines of these former carriers in a fully integrated manner in this geographical area, it made operational sense to consolidate the train and engine employees into consolidated seniority districts covering the area. An arbitrated <u>New York Dock</u> agreement (the so-called

O'Brien Award) placed all the train and engine employees working in the EBOC on consolidated rosters (one for trainmen and one for engineers) under the former B&O agreements.

There are many other examples where CSX placed employees, operations, facilities, or equipment, which were coordinated pursuant to an ICC or Board authorized coordination, under a single railroad's agreement. CSX has had consolidated dispatching at Jacksonville for almost ten years. All of the dispatchers working at Jacksonville have been consolidated under a single agreement with the ATDD. Heavy car repair has been consolidated at Raceland, Kentucky under the former C&O's agreements with various shopcraft unions. A list of these and other examples of consolidations on CSX where employees in each craft were placed under a single agreement is attached to this Rebuttal Joint Verified Statement as Exhibit G.

The TCU comments assert that the norm on merged carriers is to leave employees under multiple agreements. TCU-6 at 8. However, as the above discussed examples show, consolidating employees from various railroads under a single agreement is the usual method for implementing approved transactions. This is equally true for clerical employees represented by the TCU. On CSX, hundreds of clerical employees -- 208 from the L&N, 224 from the B&O, and 424 from the C&O -- have been transferred from various points on the former B&O, C&O, L&N and other carriers to CSX's general offices at Jacksonville, where they have been placed under the SCL-TCU agreement.

The TCU Comments also suggest that, after the mergers of Burlington Northern and Santa Fe and of UP and SP, clerical employees were left under their former agreements. As on CSX, at locations where work was consolidated on these merged carriers, clerical employees were placed under a single agreement. Even before its acquisition of the SP, the UP had a single system-wide collective bargaining agreement with the TCU, consolidating clerical work on the various carriers which were then part of UP. We understand that, since its acquisition of SP, UP has transferred nearly 800 former SP clerical employees from San Francisco and other former SP locations to Omaha and St. Louis on UP. In each instance the employees became covered by UP agreements applicable to those locations. These coordinations were accomplished pursuant to a New York Dock implementing agreement negotiated between UP and TCU.

CSX plans to achieve those kinds of efficiencies by combining portions of its operations with those of the allocated portion of Conrail it will operate. For example, CSX's Operating Plan explained the efficiencies from the multiple routings CSX will have after the transaction between Chicago and Cleveland, Chicago and Toledo. Chicago and Detroit, Cleveland and Cincinnati, and Cincinnati and St. Louis. CSX/NS-20 at 486. In order to realize the efficiencies of these multiple routings, CSX must be able to use CSX or former Conrail engineers interchangeably, as an integrated workforce, on these routings. However, it would be very difficult to blend former Conrail and CSX train crew employees if they remained subject to their prior agreements. The former Conrail employees would claim that they have the exclusive right to operate trains over former Conrail track, even though that track has become part of the CSX system. The ARU does not actually deny that CSX must be able to consolidate CSX and former Conrail engineers under one agreement in each of three new seniority districts it is proposing for engineers if it is to realize the efficiencies described in the Operating Plan.

Similarly, operational problems result from the inability to consolidate crew calling. After a transition period, CSX plans to consolidate its crew calling on the allocated portion of Conrail with its center in Jacksonville. If all crew callers remained under separate agreements, the former Conrail crew callers would most likely claim that only they could call the crews that operated over the former Conrail lines. If CSX could not coordinate this crew calling work, a balkanized, inefficient operation would result at the crew calling center.

As explained above, CSX's approach is consistent with its own prior practice and with the practice of the industry in general. The unions incorrectly have characterized CSX's proposal as an attempt to abrogate or annul the Conrail agreements. The Conrail agreements are not being annulled or abrogated. They will continue to apply in the Shared Assets Areas, which will continue to be operated by Conrail for the benefit of CSX and NS. The Conrail agreements will also continue to apply on certain of CSX's operations, as described in CSX's Appendix A.

CSX did not select the collective bargaining agreements it has proposed for coordinated areas out of a desire to abrogate Conrail agreements.[4] CSX's Appendix A represents its best judgment regarding which agreement was appropriate for CSX's consolidated operations. In arriving at its proposed selections, CSX took into account its

[4] Three quarters of the crafts had higher average individual compensation on CSX than on Conrail, based on 1995 data. Only three unions have higher average earnings on Conrail than on CSX: BMWE, BRS, and UTU-RYA. In each case, the higher average earnings for these unions resulted from a significantly higher incidence of overtime on Conrail.

Operating Plan, individual method of operations, and past experience with approved transactions. CSX was also guided by the many New York Dock precedents, some on CSX's own properties, where arbitrators approved the carrier's selection of the single collective bargaining agreement to be applied in a coordinated area.

CSX is proposing to apply the agreement from the carrier which accounts for the predominant number of employees in the coordinated area. Using this rationale, CSX specified in its Appendix A which collective bargaining agreement would be applied for many of the crafts in the consolidated areas.

The ARU also do not take serious issue with CSX's proposed agreement modifications in the shopcrafts area. The ARU repeat their assertion that it is not necessary to place employees under a single agreement, because CSX operates with multiple agreements for each shopcraft now. ARU-23 at 150. However, as in other areas, CSX typically does not apply multiple agreements at locations which have been coordinated. For example, CSX consolidated freight car heavy repair work from its shop on the former SCL in Waycross, Georgia, at its Raceland, Kentucky, shop on the former C&O. All employees and work were placed under the C&O shopcraft agreements. CSX's locomotive heavy repairs are performed at its Huntington, West Virginia, locomotive shop on the former C&O, and all employees performing work there have been placed under the former C&O agreements.

The ARU do not deny that, in order to efficiently manage and repair former Conrail locomotive and cars as part of an integrated fleet, CSX must be able to repair these locomotives and cars at its existing facilities.[5] With respect to repairs at locations on portions of Conrail to be operated by CSX, the ARU shopcraft unions also do not quarrel with CSX's approach of determining the applicable agreement based upon the predominant number of employees. However, they assert that CSX does not always follow that methodology, because CSX is proposing to apply former B&O or C&O agreements at locations where, according to the ARU, former Conrail employees will predominate over CSX employees. ARU-23 at 135-137. CSX intends to follow a consistent approach. However, CSX is considering a geographic approach rather than the specific points. In any event, the ARU is clearly wrong in asserting that "CSXT does not have a predominate number of employees at any of the [shopcraft] locations at which it intends to apply its CBAs." ARU-23 at 135. CSX employees will continue to predominate, for example, at its Raceland heavy repair car shop and its Cumberland locomotive repair shop.

Regarding CSX's proposal to centralize dispatching over the portion of Conrail to be operated by CSX at CSX's dispatching center in Jacksonville, the ARU merely assert that the consolidation of such Conrail dispatching with CSX's "does not demonstrate that a public transportation benefit would be obtained from elimination of the ATDD-Conrail CBA." ARU-23 at 153. The ARU also allude to alleged safety problems found by the FRA at UP's centralized dispatch center.

5/ CSX will not operate Conrail's heavy locomotive and freight car repair facilities, which will be operated by NS after the transaction.

The ARU do not deny, though, that efficiencies result from centralized dispatching. Moreover, CSX has consolidated dispatching at Jacksonville since 1988 without any safety problems.

And, the ARU certainly do not deny the necessity for all dispatching work on CSX to be done under CSX's agreement with the ATDD applicable at Jacksonville. The ATDD agreed in 1988 that all dispatching centralized at Jacksonville will be done pursuant to that agreement.

Like the ARU, the TCU asserts that CSX cannot show a necessity to place employees under a single agreement, because CSX currently has several agreements with the TCU. The TCU argues, without any support, that "multiple collective bargaining agreements among merged carriers are the norm in the industry, including the recent BN/Santa Fe and UP/SP mergers." TCU-6 at 8. To the contrary, as shown in the discussion above, the norm is to place employees and work in consolidated functions under a single agreement. This is equally true for clerical work and employees.

For example, CSX has clerical agreements applicable to the former B&O, C&O, L&N and SCL. Where the work of these clerical employees has been coordinated, they have been placed under a single agreement pursuant to a New York Dock implementing agreement. Thus, where clerical employees from these former railroads have been consolidated on a merged seniority roster in Jacksonville, they have all been placed under CSX's clerical agreement covering the former SCL. The TCU has never questioned the need to place employees working in operations coordinated from several railroads, which have come under common control, under a single agreement on CSX. Indeed, TCU admits that employees can be consolidated under one railroad's agreement. TCU-6 at 18 ("If work is transferred, the agreement at the receiving location is normally applied."). In fact, TCU does not object to the application of the CSX-TCU agreement (former SCL) to former Conrail clerical work that is coordinated with CSX clerical work performed at CSX's Jacksonville headquarters.

CSX is proposing to create a single field seniority district for clerical employees working on portions of Conrail operated by CSX and adjacent portions of CSX. A "field" seniority district simply refers to clerical work done outside of the carrier's headquarter's location. The TCU does not disagree with CSX's proposal that the Conrail-TCU agreements apply to this district; rather, the TCU contends that CSX's proposed field district is unnecessarily large and unprecedented. TCU-6 at 17. CSX has previously consolidated numerous clerical districts into much larger districts covering several states.

The TCU contends that a consolidated field district is unnecessary, because CSX is not proposing to transfer CSX and former Conrail employees between locations in the new field district. TCU-6 at 17-19. However, CSX is proposing to consolidate the work done within this district, which is performed by these employees. Conrail clerical employees working today in the area covered by the proposed field district only work on tasks related to Conrail. After the transaction, they will work on tasks related to both CSX and the allocated portion of Conrail operated by CSX. In order to assign clerical work in the field as part of an integrated operation, CSX must be able to assign clerical work without regard to whether the clerical employee is a CSX or former Conrail employee. Only in that fashion can CSX achieve the efficiencies in clerical operations contemplated in its Operating Plan and made possible by the proposed transaction.

Several unions claim that CSX cannot show necessity to apply a single agreement to the consolidated territories, because it did not perform studies of the Conrail agreements. However, CSX did not need to perform special studies. CSX has had more than fifteen years experience with coordinating the operations, employees, facilities and equipment of the railroads which it controls. Moreover, it is obvious that a railroad cannot achieve the efficiencies of consolidation, if collective bargaining agreements on the pre-consolidated carriers require that they continue to be operated as separate carriers.

Finally, it is no answer to assert, as the ARU do, that work and employees can be integrated by modifying only scope and seniority provisions in agreements. ARU-23 at 93 n.18. First, scope and seniority provisions are integral to and interrelated with other provisions dealing with rates of pay, rules and working conditions. Second, leaving employees, who are supposedly working together in an integrated operation or facility, under different work rules will frustrate efficiencies, as we have explained.

Imposing multiple agreements where work would be coordinated would not just make the coordination of work in the area unwieldy but would totally thwart the benefits of the transaction. CSX could never fully attain the operational efficiencies of the transaction if it had to manage work and supervise employees under multiple and sometimes conflicting agreements. Some specific examples are as follows:

- Seniority rules - Employees on a dovetailed roster would be subject to conflicting rules related to bidding, assignment, displacement and other basic procedural matters.

For example, under the B&O BMWE Agreement (Rule 39) new positions and vacancies must be ". . . bulletined within fifteen (15) calendar days previous to or following the dates such positions are created or vacancies occur, except that temporary vacancies need not be bulletined until thirty (30) calendar days from the date such vacancies occur". This is inconsistent with Rule 3 of the Conrail BMWE Agreement which provides in Section 3(a), "All positions and vacancies will be advertised within thirty (30) days previous to or within twenty (20) days following the dates they occur." Similarly, the period of time advertisements run under the B&O and Conrail BMWE Agreements are not the same. On Conrail, under Rule 3(b) advertisements are ". . . posted on Monday or Tuesday and shall close at 5:00 P.M. on the following Monday". On the B&O, under Rule 40(a) bulletins are posted for a period of ten days, with no specific requirement to post on any particular day. The conflicts between these two agreements are repeated under almost every conceivable seniority move that could occur, such as force reductions and displacements. Under the Conrail BMWE Agreement Rule 4, Section 2(b), "An employee entitled to exercise seniority must exercise seniority within (10) days after the date affected." The Conrail Rule further provides, "Failure to exercise seniority to any position within his working zone (either divisional, zone or Regional) shall result in forfeiture of all seniority under this Agreement, except employees who decline to exercise Regional seniority in their Work Zone shall forfeit such Regional seniority". Under B&O Rule 44 employees who fail to exercise displacement rights are simply, "considered furloughed" and their seniority rights are not at risk until they are recalled and only then when recalled ". . . to a position with headquarters located within thirty (30) road travel miles from his home . . . ." In other words, if the conflicting agreements survived, chaos would reign.

- Classification of work - While the BMWE Agreements on both the B&O and Conrail generally cover employees working in the Track and Bridge and Building Departments, and the BRS Agreements generally cover employees in the Signal Departments, the basic classification of work rules are not identical. Accordingly, work that is normally assigned to one group of employees on Conrail, is not assigned to the same group of employees on the B&O. Switch heaters are maintained by Signalmen on the B&O and by Electricians working under the IBEW Agreement on the Conrail lines being operated by CSX. Moreover, the B&O BMWE Agreement contains specific classification of work rules and strict lines of demarcation between classifications, whereas the Conrail BMWE Agreement (Rule 19) permits employees to ". . . be temporarily assigned to different classes of work within the range of his ability".
- Classification of trains enroute - This rule applies to train and engine crews who depart their terminal and then are required to classify the cars in their train (switch them into different positions to create blocks or switch blocks of cars into different positions) at intermediate points or to reclassify their trains when no cars are picked up or set out. The B&O agreements do not restrict such intermediate point switching, as Conrail agreements do.

- Deferments - This rule applies to runs which are advertised to go on duty at a certain time. When trains are delayed and they will not be ready at the designated time, the rules require that the crews be notified of the delay prior to the time they are to show up at the reporting point. The Conrail rules require notifying them of the delay and the time to which their start is to be deferred within the advance calling time in effect at the particular terminal (60, 75, 90, etc., minutes, whatever the calling time is to allow the employee to get ready and report). The B&O rule provides for 1 hour. The Conrail rule allows a deferment of unspecified length; the B&O rule allows a maximum of 3 hours and then the crew goes on pay.
- Lap back - This rule allows or restricts the carrier from turning a train and engine crew back to a location that it just passed in the normal progress of its train, which turn is not part of the advertised work. The B&O agreement has no rule covering the lap back. The Conrail agreement has a rule which requires the carrier to pay a penalty of the round trip mileage traversed back in addition to the crew's normal compensation for pool freight crews. If the crew is regularly assigned, then the mileage is included in the actual miles run and paid for on a continuous time basis.

The only practical way to administer conflicting agreements would be to segregate the work force in the common geographical area which would effectively nullify any savings or efficiencies that would normally flow from a coordination.

Finally, there are significant administrative efficiencies from being able to apply a single labor agreement to employees performing consolidated work. There are costs to applying multiple agreements to employees. Supervisors and other employees involved with the administration of agreements must be familiar with disparate work rules in various agreements. This complexity invariably leads to mistakes, which result in grievances and additional costs for the carrier.

B. NS' Appendix A Proposal

NS' Appendix A is a fair and reasonable proposal for the selection and assignment of forces for NS' proposed operation of the former Conrail properties. On the basis of its extensive experience with railroad consolidations, NS developed Appendix A in order to address the immediate imperatives of operational implementation and also to accomplish the objectives of network expansion and single-system efficiency detailed in NS' Operating Plan. As the ICC and the Board and courts have long recognized, it almost always necessary to modify labor agreements in order effectively to implement railroad consolidations. This transaction is no exception.

The changes that NS proposes in Appendix A are, if anything, more necessary than in previous major railroad consolidations. The proposed transaction, unlike the typical railroad consolidation, will divide the properties of a single carrier into three parts, two of which will be operated by and need to be integrated into the existing systems of competing railroads. Following that division, the former Conrail property could not continue to be operated in place, as it is now. This circumstance makes the selection and assignment of forces among the Applicants' current employees an immediate operational imperative: NS and CSX must obtain the implementing agreements that are necessary to permit them to be able to operate allocated Conrail properties.

For similar reasons, the necessity of selecting appropriate labor agreements is obvious. NS will not be operating Conrail in its current form. It would not be possible for NS simply to operate allocated Conrail properties under the agreements currently in place on Conrail. Those agreements provide for the operation of a single integrated railroad by employees of a single carrier, a structure fundamentally at odds with the proposed transaction. This carrier cannot simply step into the role of employer under the previous owner's labor agreements.

The operational imperatives arising from the division of Conrail properties could not be resolved by simply narrowing the scope of the Conrail agreements to correspond to the NS-allocated properties which NS will operate. Many of the terms of Conrail's agreements, including terms that the unions contend are particularly worthy of preservation, are integrally tied to Conrail's existing size and geography. Existing scope and seniority rights (ARU-23 at 108) and bonuses and retirement benefits tied to the financial performance of Conrail (id. at 107), for example, cannot be applied on the fragmented properties that NS will operate as integral parts of a completely different railroad system, in an environment in which Conrail itself will no longer be operating a major railroad.

By dividing the Conrail properties, the proposed transaction fragments Conrail's existing seniority districts. If the existing Conrail agreements were left in place unchanged, NS' ability to use equipment and personnel would be artificially and inefficiently confined. The resulting operational inefficiencies would be particularly pronounced with respect to territorially confined maintenance and construction functions, such as the work performed under Conrail's agreements with BRS and BMWE. The BMWE agreement divides the

Conrail property into three tiers of geographic territories over which certain types of M of W work are performed. For purposes of major program production work (e.g., laying rail), the property is divided into two parts (eastern and western regions). Within those regions, the property is subdivided into six "zones," which confine the work of other production gangs (e.g., timber and surfacing gangs) and their equipment. Finally, the six zones correspond to 18 separate seniority districts for purposes of day-to-day line and other maintenance functions. The proposed transaction will divide both of Conrail's M of W regions, all six M of W "zones," and 11 of the 18 M of W districts among the portions of Conrail to be operated by the Applicants and the Shared Assets Areas. The properties to be operated by NS therefore will include fragments of these various Conrail M of W geographic territories. The Conrail/BMWE agreement was never intended to apply to properties after such fragmentation and could be "preserved" only at great cost. The Conrail properties to be operated by NS, standing alone, as would occur if the Conrail/BMWE agreement applied, would consist principally of territories that would not support a season's production work.

Similarly, the proposed transaction will fragment most of the existing seniority districts for signals and certain communications functions. Conrail's current agreement with BRS provides for 22 separate seniority districts. Employees subject to that agreement are required to protect assignments within those districts which do not require a change in residence.[6] The properties to be operated by NS will include parts of 11 districts that will

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[6] Under the Conrail agreement, a change in residence is defined to mean a change to a work location more than 30 miles from the employee's former work location and farther from the employee's residence than his former work location; or to a work location more than 30 miles from the employee's residence and farther from his residence than his current work location.

be split among NS and CSX and/or the Shared Assets Areas. If the Conrail/BRS agreement applied, the employees performing signal and communications work under that agreement would be restricted to truncated, unworkable seniority districts. Accordingly, any effort by NS to operate the allocated properties under Conrail's existing BRS agreement would be handicapped by territorial limitations that bear no relation to NS' post-transaction operations.

Beyond NS' immediate operational needs, Appendix A also addresses the objectives of operational integration set forth in NS' Operating Plan. NS intends to take full advantage of opportunities for single-system improvements by integrating the operations of former Conrail properties into its own highly successful operations.

The cornerstone of the NS operating plan is its "hub network system," under which NS plans to integrate the operations of former Conrail properties into a series of hubs grouped into three separate network systems. Each system will be comprised of combinations of existing NS and Conrail routes radiating from central hubs, which were selected (and may be shifted over time) to reflect major traffic flows. Within the hub network system, NS intends to operate run-through freight trains, combine duplicative functions and facilities, and consolidate yard operations to improve yard efficiency and the speed and responsiveness of its train operations. To function, the hub network system depends upon NS' ability to operate through existing terminals, to eliminate interchange movements, and to route trains according to traffic type.

All of these elements will necessitate extending the appropriate NS agreements and practices (with appropriate accommodations) to cover the former Conrail properties included in each hub network system. This will create unified workforces, which may be utilized in the combined train and yard operations without regard to former corporate boundaries. In addition, NS needs to realign and merge existing seniority districts and crew districts to match the hub design and to combine extra boards that provide crews for trains operating in different directions. None of this would be possible if NS were required to operate each hub network system using all of the agreements currently in effect on the properties that will comprise each hub network. To the contrary, if all agreements applied, NS would be required to make crew changes at the borders of existing crew districts, to engage in duplicate handling and interchange-type operations between existing terminals, and otherwise to operate the Conrail properties as a separate railroad rather than as part of the NS system.

Implemented in accordance with Appendix A, the hub network system will produce immediate and substantial improvements in the speed and efficiency of train operations by extending routes and facilitating the efficient use of track, workforces, and equipment. The Appendix A proposal will permit NS to take advantage of the multiple routings made possible by the combination of NS and Conrail track which NS operates. Under Appendix A, NS will be able to offer efficient single-system service in the corridor between Chicago, Cleveland, Pittsburgh and Harrisburg by routing trains according to traffic type, service demands, and other operational considerations, rather than by prior corporate ownership. If NS were to attempt to operate under the agreements currently in effect on the lines comprising that corridor, through freight operations would involve twelve separate seniority districts, which would dictate the routing of trains according to crew composition rather than service needs. Under NS' plan, the number of seniority districts would be reduced to four, thereby significantly enhancing the flexibility and efficiency of operations in this critical corridor. Likewise, throughout the Midwest, NS will use the NS track and the allocated Conrail track interchangeably, making possible shorter routings and segregation of traffic by type.

NS also intends to make the most efficient use of the new properties it will operate and the unified workforce by combining crew districts and eliminating crew changes at existing terminals. NS intends to operate single-crew through freight service between Bellevue, Ohio and Elkhart, Indiana, via a new connection at Oak Harbor, Ohio, a route comprised of both existing and allocated track. New single-crew service also is planned between Toledo, Ohio and Peru, Indiana and between Elkhart and Peru. These train operations will be substantially faster and more efficient than would be possible if existing labor agreements were applied to the allocated properties.

Similar efficiencies will be achieved through yard consolidations at the several hub locations where NS and Conrail currently maintain yards. Common point terminals include Toledo, Cleveland, Chicago. Cincinnati and Columbus. By combining those yard operations under the appropriate NS agreements, NS will reduce the delay, cost, and risk of loss associated with duplicate handling and transfer of rail cars between yards.

NS' proposed coordinations are not limited to train operations. Proceeding with due prudence and at an appropriate pace, NS intends to take advantage of opportunities to achieve efficiencies by coordinating a range of other functions, as described in our Operating Plan. For example, NS intends to combine clerical functions through both the consolidation of yards and terminals at common points and the centralization and relocation of clerical functions (such as yard operations, waybilling, and demurrage) from their former Conrail points to the respective NS facilities. NS intends to integrate the centralized yard functions for the allocated Conrail properties which it will operate (performed by approximately 200 TCU-represented clerks) in NS' centralized yard operations center at Atlanta, Georgia, where the work will be performed under the NS/TCU agreement already applicable to the center. In accordance with the Operating Plan, the Atlanta CYO center will monitor train and car movements for all yards on the NS system, including allocated Conrail facilities which NS will operate. NS and former Conrail employees will monitor car movements without regard to former corporate boundaries.

Likewise, it is necessary to apply a single labor agreement in order efficiently to maintain an integrated equipment fleet, as described in NS' Operating Plan. NS intends to consolidate heavy locomotive repair work so as to provide functional specialization based on manufacturer, sending General Electric locomotives to NW's Roanoke facility and General Motors locomotives to the former Conrail shop at Altoona. This will require operating both shops under a single set of agreements in order to enable NS to direct work based on functional specialization, rather than on the prior ownership of the locomotives, and to provide needed flexibility to shift locomotive work in response to changes in demand. Likewise, NS will consolidate the car repair facilities at NS-Conrail common points by unifying parts of the work and workforce of the former Conrail with the NS work performed under the NW shop craft agreements. Finally, NS intends to integrate shop craft personnel at field locations in order that running repairs may be made efficiently, without regard to the original ownership of the line on which the equipment is located at the time of the needed repair. Absent such consolidation, NS could be required to maintain duplicative forces at common points and on parallel lines that can be staffed efficiently only with a unified workforce. NS properly plans to avoid such inefficiencies by placing allocated Conrail properties under the NW shop craft agreements.

Equally important is the integrity of the infrastructure for track and signals. NS' Operating Plan also calls for integrating M of W work in order to achieve efficiencies in work force allocation and equipment use. NS intends to integrate allocated properties which it will operate into its designated production gang ("DPG") program. NS uses the heavily mechanized DPGs to perform major programmed track renewal and production work, such as timber and surfacing work and laying rail, which require the use of specialized machinery operated by qualified personnel. DPGs travel across broad territories, generally following the seasons south to north in order to make most efficient use of the expensive equipment and employee expertise needed for such work. NS intends to expand its existing DPG territories to include the allocated Conrail properties in order to make the most efficient use of its DPGs. To do so, it is necessary that NS extend the NW/BMWE agreements to the allocated Conrail properties which it will operate.

Conrail has no comparable DPG program. If the Conrail/BMWE agreement were adopted on the allocated property operated by NS, NS' DPGs could not be operated on the property. Under the Conrail/BMWE agreement, production projects that span existing seniority districts could not be performed by a single gang. Rather, a group of employees working on a production gang could stay with a project only to the limits of that group's seniority district; at the border, the existing gang would have to be disbanded, and a new gang, made up of employees holding seniority on the portion of the former Conrail territory operated by NS, created and trained. Such territorial restrictions would substantially slow production work and increase operating costs by reducing productivity in workforce and equipment utilization. Indeed, given that Conrail's seniority districts will be fragmented, as earlier discussed, application of the Conrail/BMWE agreement to allocated Conrail properties would be a practical impossibility. To avoid such inefficiencies, NS properly proposes to extend the NW/BMWE agreements to cover allocated Conrail properties which it will operate.[7]

Finally, Appendix A appropriately and of necessity promotes uniformity in standards, practices, and rules. The labor agreements on Conrail and NS contain various differing and conflicting rules regarding how work must be allocated between crafts of employees. As ARU acknowledge in their comments (ARU-23 at 109), the Conrail and NW shop craft agreements contain different, and conflicting, rules regarding how work must be allocated between the various crafts. Likewise, communications work is apportioned between BRS and IBEW in a significantly different manner on Conrail than on NS. Perpetuating these differences on the combined operation would complicate training and supervision of employees, create conflicts over work jurisdiction, and potentially result in delays in

[7] NW's DPG program was established in 1993 pursuant to the recommendation of Presidential Emergency Board 219 ("PEB 219"). PEB 219 found that DPGs were essential to the efficient use of certain production gangs and equipment and that, in order to function, DPGs should work under certain flexible work rules, such as flexible start time and work site reporting rules. In addition, in order for the DPGs to function as intended on the acquired properties, it is necessary that the DPGs be operated in tandem with the NW schedule agreement, which, unlike the Conrail/ BMWE agreement, contains the flexible work rules that PEB 219 found essential to the operation of DPGs.

performing repairs. NS appropriately proposes to avoid such problems by operating the allocated properties under the NW agreements.

Some of the unions have criticized NS for citing, among the justifications for the changes proposed in Appendix A, the promotion of uniform payroll, claims handling, and training processes and procedures. The unions seem to contend that such considerations, by definition, are insufficient to establish necessity under New York Dock standards. In addition, they contend that the fact that NS currently operates with multiple labor agreements refutes any suggestion that a single agreement is strictly necessary to efficient operations. ARU-23 at 129; TCU-6 at 8. The unions are wrong.

First, there is no inconsistency in NS' proposal with respect to the number of agreements that will be applied. It is true that for many crafts NS currently administers (and will continue to administer) more than one agreement per craft. NS' labor agreements generally cover only the NSR or NW properties, and some agreements govern only particular territories within the two properties. However, with few exceptions involving very few employees, facilities and operations that have been consolidated have been placed under a single agreement per craft. To that end, in previous New York Dock consolidations, NS has sought and obtained implementing agreements that place combined workforces under single agreements. NS proposes to do the same in this case.[8] This will enable NS to realize the

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[8] NS proposes to place the combined operations under appropriate NS agreements. NS proposes to apply particular agreements to particular crafts and/or geographic regions in order to achieve appropriate unified workforces, based on considerations of geography, workforce size, and operational efficiency. For the most part, the unions do not appear to challenge the selection of the particular NS agreement proposed, as much as they challenge the proposal to use any NS agreement rather than a Conrail agreement.

efficiencies of applying uniform rules and procedures to its combined workforce, an objective perfectly consistent with New York Dock standards and NS' own practices.

The unions' effort to trivialize the significance of uniform rules and practices also is unavailing. Maintaining multiple staffs and systems to preserve administrative features of labor agreements imposes costs that are no less real in terms of their impact on carrier operations than are the costs associated with maintaining other duplicative facilities and functions. Differences in items such as crew calling rules, claims handling procedures, and the rules governing rights to work assignments and filling vacancies necessitate duplicate computer programming, additional staffing levels, and unnecessary complication and confusion, while producing no corresponding benefits.

Likewise, NS reasonably considers it necessary to extend its first-rate training facilities and methods to the portions of Conrail which it will operate. This proposal is driven not only by bottom-line efficiencies, but by considerations of employee and public safety. NS brings to its management of the former Conrail property a consistently successful record in all measures of railroad performance and safety, including rates of bad orders for locomotives, employee injuries, and train incidents and derailments. In train operations alone, achieving NS' personal injury ratios and track-related derailment incident levels will contribute to approximately $20.7 million in annual savings. There is no reason why such savings should be considered any less necessary than equivalent savings achieved by eliminating unnecessary crew changes and car handling.

V. Comparability Of Labor Agreements

Some unions complain that CSX and NS did not let them pick the agreement to be applied in coordinated areas. However, the Applicants, not the unions, are responsible for developing their Operating Plans. The need for single collective bargaining agreements flowed from the new and changed operations described in the Operating Plans. We would not expect the unions to design the Applicants' Operating Plans. As explained, we selected the agreement proposed for each coordinated area based on our individual assessments of which agreement best implemented that particular coordination.

Contrary to the arguments of some unions, we did not propose to replace Conrail agreements because they were "superior" than the comparable CSX or NS agreement. The CSX, NS and Conrail agreements contain many similar provisions. While there are sufficient differences between the rules in the Conrail, CSX and NS agreements to make it impracticable to apply multiple agreements to the same integrated workforce, there are also many similarities between railroad agreements. The fundamental economic terms are, for the most part, the same on NS, CSX, and Conrail, because they were the product of national bargaining or followed the national pattern. For example, most of the provisions in Conrail's, CSX's and NS' train and engine service agreements resulted from World War I Director General's General Order 27, which laid the foundation for the separation of road and yard work and set forth the rules governing each. Since 1964, national agreements have brought further uniformity to the road and yard rules. These national agreements provide uniformity in matters such as pay, engine standards, hiring, promotion, vacation, personal leave time, off track vehicle insurance, health benefits, and lodging and meal allowances.

Where there are differences in the wording of similar rules between the Conrail agreement on the one hand and a CSX or NS agreement on the other, we do not understand how the unions can make the qualitative judgment that the Conrail agreement is better. For example, the mechanical department shopcraft agreements with CSX, NS and Conrail all contain scope and/or classification-of-work rules designed to preserve certain work for the employees in the various crafts.

The ARU make a blanket allegation that virtually all Conrail disciplinary rules are more protective than those on CSX and NS. ARU-23 at 30. However, while not identical, the rules of all three carriers are premised on the same concepts -- due process and discipline for just cause. Any differences in the agreements are not significant. For example, with respect to train dispatchers, the Conrail agreement provides for a more expedited disciplinary process, particularly in the initial stages, but all agreements allow for postponements, and postponements are common (often at the union's request if the time limits provide an insufficient amount of time to prepare a defense). Even with these time differences, however, the total amount of time to progress an appeal all the way to a tribunal under all dispatchers' agreements, if each appeal and decision uses the full period allotted, is the same: one year and one month (except that under the NSR/ATDD agreement, the full period would be ten months). Moreover, Conrail, CSX and NS employ similar informal practices regarding employee performance issues (coaching, counseling, etc.), and resort to formal disciplinary procedures only if such efforts prove to be unsuccessful.

Many of the purported "benefits" of the Conrail agreements, as opposed to the CSX or NS agreements, are illusory. For instance, the ARU contend (e.g., Buchanan Decl. ¶

16) that Conrail's agreements with SMWIA afford employees greater protection against loss of earnings by entitling furloughed employees to bid on positions system-wide. In fact, the NW shop craft agreements confer substantially the same right by enabling furloughed employees (per Rule 28 of the 1939 master shop craft agreement) to fill openings at other points while retaining seniority at their home points. Similarly, the ARU mischaracterize the NW rule regarding overtime earnings for signal employees. Contrary to the assertion of the ARU (Mason Dec. ¶ 24(c)), NW's BRS agreement provides (Rule 306(d)) for double time pay for work in excess of sixteen hours.[9] Finally, a number of the Conrail agreement rights that ARU contend are not conferred by the NS agreements -- such as a 401(k) savings plan and a commitment to adhere to federal and state civil rights and safety and health laws (ARU-24, Meredith, McAteer, Heinz Decl., at 13) -- are in fact provided to NS employees as a matter of company policy or statutory mandate.

The ARU also mischaracterize the differences between CSX and Conrail agreements. For example, the ARU point out that the Conrail-BRS agreement provides "special relocation benefits" for employees allowed to "transfer to a position at a work location where the Company has a need to hire new employees, provided any vacancy which results therefrom at the employee's former work location does not create a need to hire another employee." We have been informed that opportunities for such assistance have been extremely limited. In fact, the agreement provision has not been used since its adoption in August 1996. In addition, the inference in Mr. Mason's declaration (ARU-24 at 172, ¶ 20) that the Conrail-

[9] The ARU also erroneously contend (ARU-23 at 115) that NW's shop craft agreements do not provide for the payment of overtime wages when a relief employee works in excess of eight hours per day or forty hours per week.

BRS agreement is unique in containing such relocation benefits is incorrect. A national agreement provision on this subject (effective on Conrail, CSX, and NS) has been in effect for more than 25 years. It provides moving expenses for signalmen required to change their residence as a result of "organizational, operational or technological changes," which would cover most transfer of work situations not resulting from ICC/STB approved transactions.

Similarly, it is highly questionable whether Conrail's 401(k) plans are "better" than those of CSX or NS. For example, under the Conrail 401(k) plan for engineers, Conrail matches 20% of the employee's contribution, up to 2% of his or her annual earnings, if Conrail has reached a certain yearly goal. The amount matched by Conrail is prorated if the company is under the yearly goal. Under the CSX 401(k) plan, CSX matches 25% of an employee's contributions, up to 4% of the employee's annual earnings. The plan has no company goal contingency. An employee can deposit from 1% to 15% of his or her pay each pay period, subject to the above-discussed limit on matching.

Likewise, with respect to 401(k) plans for dispatchers, Conrail's plan provides for a company match of 20% of the employee's contribution, subject to a cap of 3% of the employee's pay, based on Conrail's percentage achievement of its performance goals. Under CSX's 401(k) plan for dispatchers, a match of 25% of the amount contributed by the employee, up to 4% of his or her compensation, is provided. The match is not tied to CSX's achievement of performance goals or any other standards or criteria. In addition, under CSX's plan, the employee may elect, once a year, to voluntarily contribute the monetary equivalent of up to 5 personal leave days to his or her account. Any personal leave days requested and not granted may also be voluntarily contributed to the employee's account. Finally, ARU's claim that CSX's dispatcher plan caps an employee's contribution at 10% of his or her earnings, as opposed to 15% under the Conrail plan, is untrue. CSX's plan allows employees to contribute up to 15% of their pay.

Under the NS 401(k) plan, an employee can contribute up to 10% of earnings to a pre-tax account, and NS matches 30% of the contribution (up to a maximum match of $45 per month). In addition, an employee may contribute up to 5% of earnings to an after-tax account.

In any event, CSX and NS did not follow an approach of trying to determine which railroads' agreements were "better" in determining which agreement was to be applied in the coordinated areas. Parties could argue forever which agreement was qualitatively better and never come to an objective basis for picking the "better" agreement.

Contrary to the comments of the ARU and TCU, we also are not proposing to abrogate the protections or rights that Conrail employees have under the Supplemental Unemployment Benefit Plan (SUB Plan) found in some Conrail agreements or the flowback agreements which allow certain employees with Conrail seniority to move from Conrail to Amtrak or commuter rail authorities. CSX and NS agree that former Conrail employees who are adversely affected will have the choice under Article I, Section 3 of <u>New York Dock</u> of electing protections under <u>New York Dock</u> or their SUB Plan or other protective arrangement. CSX and NS also intend to honor applicable flowback rights.

CSX is not proposing to abrogate rights that CSX clerical employees have under existing stabilization agreements between CSX and TCU. Pursuant to CSX's Appendix A, CSX clerical employees working in the field clerical district covering the CSX territory coordinated with the portion of Conrail CSX will operate will be placed under the Conrail/TCU agreement, which currently does not have a stabilization provision. These employees, however, would still be eligible for protections under the CSX/TCU stabilization agreement by virtue of Article I, Section 3 of New York Dock.

VI. Size of Seniority Districts

The ARU and TCU assert that Applicants are proposing to create unusually, and unnecessarily, large seniority districts. See, e.g., ARU-23 at 26, 45, 112; ARU-24 at 190; TCU-6 at 17. To the contrary, the districts proposed by NS and CSX are comparable in size to existing seniority districts and are necessary to realize the efficiencies in their Operating Plan. Indeed, some existing seniority districts on Conrail, CSX and NS are actually larger than those proposed by CSX and NS. For instance, on Conrail, the BLE and UTU agreed to system wide seniority for engineers and trainmen.

With respect to train and engine employees, CSX's proposed Eastern District will expand the current EBOC District only a relatively small amount, adding the territory between Cumberland, Maryland, and Willard, Ohio, which is now part of CSX's Central B&O District. CSX's proposed Northern District is actually smaller than Conrail's current "F" District, since the southern tier trackage in Conrail's F District will be allocated for operation by NS.

CSX's proposed train and engine districts are also smaller than some such districts on other parts of CSX. In 1996, the CSX BLE Western Lines and Northern Lines General Chairmen proposed, and CSX agreed to, the creation of seniority districts which are much larger than the districts proposed for the Conrail transaction.

The proposed seniority districts for M of W and signal work on the allocated properties operated by NS will each extend 789 highway miles. On NW, the corresponding existing seniority districts for both M of W and signal construction work range in length from 593 to 764 highway miles. Under the NSR/BMWE agreement, employees can be required to protect territories as long as 1,000 miles, well in excess of the largest district proposed for the combined NS-Conrail properties.

Likewise, the existing seniority districts for BRS-represented signalmen on the former SCL, IBEW-represented communications workers on the former SCL, B&O, and C&O, and TCU-represented communications workers on the former L&N encompass the entire former railroad systems and are larger than any of the districts proposed in CSX's Appendix A for these crafts.

CSX's and NS' proposed seniority districts are also smaller than some of those that exist on other railroads. Even before its acquisition of the SP, the UP had very large train and engine seniority districts. One district, for example, extended from Oakland through Salt Lake City to west of Boise, Idaho. Another ran from Lake Charles, Louisiana to Council Bluffs, Iowa, to Pueblo, Colorado. Districts proposed in this transaction are also significantly smaller than the M of W seniority districts on the western railroads, BNSF and UP.

Contrary to the comments of the unions, large seniority districts do not increase the work responsibility of, or otherwise impose undue hardships on, individual employees. To the contrary, as the ARU themselves recognize (ARU-23 at 31), large districts increase job opportunities by allowing employees to exercise their seniority throughout a broader area (objecting to point seniority as impinging on job opportunities).

For line and signal maintenance work, the size of a seniority district bears little practical relationship to the distances that will be covered by individual employees. Fixed headquarters employees typically work only on limited territories, which tend to be smaller than seniority districts. The proposed transaction will realign but not substantially alter the size of those territories. Fixed headquarters employees rarely will be required to travel the length of the seniority district. Moreover, a mobile gang does not normally work over the full extend of its territory in any given year. The carriers' proposals therefore will expand the work opportunities for M of W employees, but will not substantially alter employees' typical work patterns. In any event, employees on traveling assignments receive away-from-home expenses, in accordance with their applicable labor agreements.

Large districts also do not necessarily require employees to relocate. When CSX created its EBOC District, no moving allowances were claimed, even though the unions had predicted its creation would force many employees to relocate. Also, contrary to the ARU's assertion, engineers will not be transferred hundreds of miles from their homes for one or a few days. The relocation costs would be prohibitive for such short, temporary moves. Also, the transfer would be of little utility since engineers have to be familiar with the physical characteristics of a new territory.

Contrary to the ARU's assertion, large districts also do not cause safety hazards. Logically, there is no correlation between the size of a M of W or signal district and the safety of the corresponding work. The work performed by M of W production and signal production gangs requires functional, but not territorial, familiarity. The SCL signal district, which covers the entire former SCL, has been in existence since the 1960's. That district has experienced no unusual or disproportionate safety problems in its over 30 years of existence. If larger districts cause safety problems, they would have been evident by now on this district. Moreover, individual signal maintainers' territories on the SCL district are no larger than signal maintainers' territories elsewhere. The size of maintenance territories is generally a function of the number of signal devices and the complexity of the signaling system, not the size of the seniority district.

The centralization of dispatching on CSX will not produce safety problems. The transfer of dispatching work to the centralized train dispatching center in Jacksonville will not take place until the technological improvements have been completed to allow for the performance of this work in an efficient and safe manner. The dispatching work for the allocated Conrail lines operated by CSX will continue to be performed by the former Conrail dispatching offices at Albany and Indianapolis until the work is consolidated. Where individuals assume responsibilities for trackage which they do not currently dispatch, adequate training and familiarity with the territory will be provided.

In addition, CSX has had a centralized dispatching operation since 1988, and during the past nine years, CSX's safety record, and that of NS, have consistently been among the best in the industry. For the past five years, NS and CSX have maintained the lowest reportable train accident rates of the major railroads. Historically, derailments have accounted for 20% of all freight damage costs. CSX and NS ended 1996 with the same freight damage ratio, 20 cents in damage costs per $100 in revenue. This is considerably better than the industry average of 39 cents per $100. Since both CSX, with a centralized dispatching system, and NS, with multiple dispatching offices, have achieved the same ratio, no case can be made that either centralized dispatching or decentralized dispatching puts safety of operations at risk.

Contrary to the ARU's contentions, train and engine crews will be qualified on and familiar with the territory in which they operate. CSX and NS have always qualified their engineers and conductors over the territory they operate before they are permitted to operate without supervision. For example, in implementing the EBOC District, CSX spent millions of dollars qualifying employees. Significantly, the unions give no examples of employees being required to operate in territory where they were "qualified, but not familiar." Indeed, under CSX and NS operating rules, it would be nearly impossible for an engineer to be qualified on, but not be familiar with, a particular territory, since engineers on both carriers are required to make periodic qualifying trips over the trackage to remain qualified.

Train and engine employees will not necessarily operate trains over an entire seniority district. In fact, a train crew's runs post-transaction will be no longer than they typically are today on CSX, NS and Conrail. CSX, NS and Conrail now have long runs, which have not produced safety problems. Interdivisional runs are common and have existed for 25 years. In addition, the amount of time that a particular crew can operate a train is limited by the Hours of Service Act. As we previously stated, both carriers intend to hire and train a significant number of new train and engine employees as well as making certain that Conrail will have sufficient trained employees.

The ARU's claim that large seniority districts will cause declines in efficiency is also untrue. The CSX System Production Gangs, which can operate over CSX's entire system, are the most productive, as well as safest, track maintenance gangs that CSX has ever utilized. Unit costs for track rehabilitation have been dramatically reduced, while on-the-job injuries of maintenance-of-way employees are at an all time low. The productivity record of CSX's system gangs is far better than that of repair gangs on Conrail. For example, the unit cost for installing a cross tie on Conrail, including labor and material, is 50 percent higher than on CSX. CSX's unit costs for various types of programmed rail laying gangs are 25 to 60 percent less than the unit cost for similar Conrail gangs. CSX's unit costs for major programmed track surfacing are over 60 percent less than Conrail's unit costs for similar work.

Moreover, there will be no added emergency response time for track or signal repair projects. While seniority districts will increase in size, CSX and NS are not proposing to make substantial increases in the size of the basic maintenance territories for either M of W or signal employees. As we have previously stated, the size of a maintenance territory is not determined by seniority district size. Rather, the size is determined by such factors as the number and complexity of facilities or units and the traffic density on the territory.

The BRS and BMWE have asserted that CSX's proposed M of W and signal seniority districts are improper, because they include territory (former L&N, Monon and C&EI) that are "nowhere near the Conrail property to be acquired by CSX." ARU-23 at 32. To the contrary, CSX will operate allocated Conrail lines in Indiana and Illinois, in which lines of the former L&N, Monon and C&EI are also located. In fact, these allocated Conrail lines actually cross and connect with the former C&EI and Monon districts at several points such as Danville, Illinois and Terre Haute and Greencastle, Indiana. The inclusion of a line of the former SCL running from Petersburg to Richmond, Virginia in the proposed new Eastern District was also questioned. It is only reasonable to have the same M of W employees maintaining this line, as well as the former RF&P and B&O lines in that common geographical area.

VII. CSX's Proposed Transfer of Clerical Seniority Is Appropriate

CSX proposes to consolidate the clerical work associated with Conrail's customer service, crew management, finance and headquarters functions in Jacksonville, Florida, where it performs similar functions. CSX also proposes to place former Conrail clerical employees performing these functions, who are not immediately needed in Jacksonville, on its seniority rosters in Jacksonville. When future clerical vacancies arise at Jacksonville, these former Conrail employees who have been furloughed will be recalled to fill those vacancies.

TCU argues that such a transfer of seniority, when the employee is not being initially transferred, is unprecedented. TCU wants former Conrail employees who are furloughed when clerical work is transitioned to Jacksonville to be able to sit at home and draw full pay and benefits for up to six years, even when CSX has clerical work available in Jacksonville.

Contrary to TCU's contention, CSX's proposal is not unprecedented. CSX has in past coordinations transferred the seniority of surplus employees to the new location and then recalled them when a position became available. One such example involved the 1984 coordination of clerical work from the former L&N to CSX's Queensgate Yard in Cincinnati on the former C&O. There were more L&N employees than jobs initially available at Queensgate. The L&N and C&O employees were coordinated and added to C&O District No. 7 roster. Furloughed employees were later called to work at Queensgate as vacancies occurred. This is similar to what CSX is proposing in the instant transaction.

Another example involved CSX's 1988 coordination of dispatching at Jacksonville. The implementing agreement with ATDA provided dovetail seniority for excess train dispatchers who remained furloughed at outlying points until there was a subsequent need for them to occupy vacant positions in the centralized facility at Jacksonville.

Requiring furloughed former Conrail employees to relocate to Jacksonville as positions become available is not unfair. As previously explained, it is not unusual for clerical employees to have to relocate as a result of railroad consolidations. Clerical functions are often centralized as a result of such consolidations. The New York Dock conditions clearly contemplate that employees may be required to relocate, and provide for compensation for that event. Accordingly, any clerical employees required to relocate to Jacksonville will suffer no economic loss. Moreover, rather than sitting idle and collecting New York Dock benefits for the remainder of the six year protective period, they will be productively employed at good, high-paying jobs and able to use their prior railroad experience.

VIII. The Transaction Does Not Result In A Transfer of Wealth From Rail Employees

The ARU argue that the transaction results in a transfer of wealth from Conrail employees to CSX and NS. The ARU's argument is based, in part, on its comparison of projected labor cost savings with projected labor protection costs. The ARU contend, for example, that the Applicants only project paying labor protection for contract employees for three years after the transaction, for a total estimated cost of $66 million for CSX and of $103 million for NS. In contrast, CSX projects labor cost savings of $30.3 million annually from a reduction of contract positions. NS projects such savings of $44.1 million. The ARU then make the observation that labor costs savings will exceed labor protection costs after year four.

The ARU's analysis misses the point that labor cost savings are not coming from changes to Conrail's agreements. The ARU's own comments show that most of the labor cost savings are coming from reductions in positions, not from reducing pay or benefits. CSX and NS are able to reduce the number of positions because of the efficiencies envisioned in their Operating Plans such as the elimination of redundant operations and/or facilities. Those former Conrail employees who will be put under CSX and NS agreements will have wages and benefits that are generally comparable. To the extent that some former Conrail employees might realize somewhat lower compensation in a given month as a result of the transaction, they will be made whole by <u>New York Dock</u> displacement allowances or, if they elect, by protections under existing agreements. Those employees who initially lose their employment as a result of the transaction will not suffer any cognizable economic loss since they will be protected by the <u>New York Dock</u> benefits. Moreover, we expect that they will all be offered an opportunity to return to service, in most cases before these protections expire. Thus, CSX's and NS' projected labor savings are not the result of any current agreement employee's reduced compensation, but more a result of not needing to hire new employees to fill the positions that can be eliminated as a result of this transaction. The projected labor cost savings are the product of elimination of unneeded positions exclusive of any reduction in wages of current employees.

The ARU try to obfuscate these facts by arguing that wages of rail workers have remained stagnant while railroad profits have increased. According to the ARU, CSX's and NS' profits will increase even more, because they will pocket a significant share of the labor cost savings and not pass them on to shippers. First the ARU's premise that rail employee earnings have stagnated is incorrect.[10] To the contrary, employee earnings on an annual basis have increased by 118% since 1980, while the CPI-W has increased by only 85%. Selected Average Compensation Measures and BLS CPI-W, 83 Classes of Operating and Nonoperating Union Employees, Class I Freight Railroads, 1980 to 1996 (compiled by National Railway Labor Conference). Furthermore, it must be noted that throughout this period, and continuing today, rail workers are among the highest paid in all U.S. industries, with greater earnings than at least 97 percent of employees nationwide in each year since 1980. Survey of Current Business, U.S. Department of Commerce, August 1997 - July 1982 (attached as Exhibit H).

The ARU also admits that cost savings, including labor cost savings, are passed onto shippers in the form of lower rates. In fact, the same AAR statistics relied upon by the ARU show that Class I railroads' revenue per 1000 ton miles decreased from $32.27 in 1983

[10] The ARU support their statement with their Table 9. ARU-25 at 301. In that table, however, the ARU failed to adjust the current dollar figures to real dollars, and they computed the average base year earnings incorrectly. It was necessary to build the 1980 CSX data from that of its predecessor railroads, and in so doing, the ARU simply averaged the wages for the former railroads, rather than using an average weighted by the number of employees of each.

o S24.11 in 1996. The 1996 figure has not been adjusted for inflation. If it were, it would show an even greater revenue drop.

IX. Impact On Railroad Retirement

The ARU's assertion that the transaction will negatively impact Railroad Retirement is not relevant to the Board's consideration of the Application.

In any event, as discussed above, it is expected that most dismissed employees will be offered positions within three years. It is also anticipated that New York Dock protection will be available to these dismissed employees. Any protective payments will be reported as earnings, and creditable retirement months will be accrued.

In addition, according to the Railroad Retirement Board's Twentieth Actuarial Valuation Report, issued in August 1997, the railroad retirement system is financially sound for the next twenty years.

CSX and NS also project that they will grow railroad employment as they become more truck competitive as a result of this transaction. This growth will have a positive effect on the railroad retirement system.

X. Conclusion

As we have explained, there is no basis for complaints that labor is being treated unfairly by this transaction. Only three employee crafts will see significant job reductions. Most will see some increase or little impact, if any. Job abolishments, moreover, are expected to total only about the equivalent of one year's attrition on CSX, NS and Conrail. Employees who are adversely affected will be eligible for employee protection benefits. We expect that CSX and NS will be able to offer employment to most employees whose positions

STB FD 33388 12-15-97 D 184826V2B 2/14

are abolished as a result of the transaction within three years. Over the long run, CSX and NS also expect that they will be more efficient and vigorous competitors and attract new business as a result of this transaction, resulting in job growth.

VERIFICATION

DISTRICT OF COLUMBIA) ss.

Kenneth R. Peifer, being duly sworn, deposes and says that he is Vice President Labor Relations of CSX Transportation, Inc., that he is qualified and authorized to submit this Rebuttal Verified Statement, and that he has read the foregoing statement and knows the contents Parts I, II, III, IV(A), V, VI, VII, VIII, IX, and X thereof, and that those parts are true and correct.

Kenneth R. Peifer

Kenneth R. Peifer

Subscribed and sworn to before me
by Kenneth R. Peifer this 10th day
of December, 1997.

Notary Public
My Commission Expires April 30, 2000

VERIFICATION

	)	
DISTRICT OF COLUMBIA	)	ss.
	)	

Robert S. Spenski, being duly sworn, deposes and says that he is Vice President Labor Relations for Norfolk Southern Corporation, that he has read the foregoing statement and knows the contents of parts I, II, III, IV(B), V, VI, VIII, and IX thereof, and that those parts are true and correct.

R. Spenski

Robert S. Spenski

Subscribed and sworn to before me
by Robert S. Spenski this 10th day
of December, 1997.

J. Harkin

Notary Public

JOANNA HARKIN
NOTARY PUBLIC, DISTRICT OF COLUMBIA
My Commission Expires July 14, 2002

EXHIBIT A

LEVEL 1 - 5 OF 355 STORIES

The Baltimore Sun

November 20, 1997, Thursday, FINAL EDITION

SECTION: BUSINESS, Pg. 2D

LENGTH: 761 words

HEADLINE: CoreStates says job cuts will exceed 3,000; Merging banks' chiefs say attrition, freezes will reduce layoffs; Banking

SOURCE: FROM WIRE REPORTS

BODY:

PHILADELPHIA -- Core-States Financial Corp. Chief Executive Terrence A. Larsen said yesterday that initial job losses from the proposed $ 16 billion merger between his bank and First Union Corp. would far exceed the 3,000 new positions promised for the Philadelphia area.

But Larsen and his new boss, First Union Chief Executive Edward E. Crutchfield Jr., vowed to work to limit the number of layoffs through attrition, hiring freezes and cross-regional reassignments.

"We start with disruption that will be significantly above the 3,000, without question," the Core-States executive said at a 40-minute press conference.

Half the positions eliminated are expected to come from retail banking, a quarter from Core-States' Philadelphia headquarters and the remainder from back-office support.

Substantial closings

The bank also indicated there would be substantial branch closings: 55 percent of CoreStates' branches are within 2 miles of First Union branches.

Larsen and Crutchfield emphasized time and again that efforts would be made to soften the blow on the greater Philadelphia area, including New Jersey and Delaware, where most of the initial job cuts were expected to take place.

First Union has agreed to set up a $ 16 million training fund under which local technical and community colleges will retrain displaced CoreStates employees for new jobs, either at the merged operation or another employer.

The Charlotte, N.C.-based bank also agreed to establish a $ 100 million foundation to support charitable activities in Philadelphia.

But pledges did not silence critics of the merger.

U.S. Sen. Arlen Specter, a Pennsylvania Republican, referred to job losses while calling on the Justice Department to scrutinize the deal's antitrust implications.

Industry analysts said the merger would result in substantial layoffs in New Jersey and Pennsylvania, where the banks' operations overlap.

The two companies combined will have the largest share of retail deposits on the East Coast, including the largest share in New Jersey and Pennsylvania and the city of Philadelphia.

A day after announcing the merger, First Union said the purchase will trim earnings next year, before cost-cutting and expanded corporate banking services boost profit in 1999.

First Union now expects to earn $ 3.82 a share next year, or 9 cents less than estimated before the purchase. By 1999, the bank expects to earn $ 4.46 a share, 12 cents more than previously forecast, after it slashes CoreStates' expenses by 45 percent, or $ 459 million, and boosts revenue.

Larsen and Crutchfield said higher fees for banking services were not part of the higher revenue projections from the merger.

"There is not a penny factored into this transaction for higher fees," Crutchfield said.

The First Union CEO angrily took issue with press speculation that Larsen had rejected an initial offer from his bank in order to protect his own job and agreed in the end only after being offered a berth at the top of the merged banks' hierarchy.

"I don't know where this baloney came from about Mr. Larsen's going to do this or that, depending on whether there's a position for him," Crutchfield said.

Investors greeted the proposed merger -- valued at $ 16.6 billion based on First Union's closing $ 51.75 stock price Friday when it was announced late Tuesday -- less than enthusiastically, and the stocks of both banks fell even as other bank stocks rose. Yesterday, First Union fell 75 cents to $ 49.50 and CoreStates lost 93.75 cents to $ 78.0625, both on the New York Stock Exchange.

The drop in First Union stock means the deal is already worth less than the price announced after the market closed Tuesday, since the acquisition is to be made with shares of First Union, the nation's sixth largest bank.

But it was unclear if the drop in the stock price meant Mellon Bank Corp. would remount a rival bid for CoreStates. CoreStates recently rejected an offer of about $ 17.4 billion from Pittsburgh-based Mellon, which declined to comment Tuesday on the First Union-CoreStates announcement.

Analysts said after Tuesday's announcement that the deal was expensive for First Union, which is paying more than five times Core-States' book value, or assets minus liabilities.

With 2,766 offices serving 16 million customers, the combined bank will be the nation's sixth largest, with about $ 204 billion in assets.

The acquisitive First Union is also in the process of acquiring Richmond, Va.-based Signet Banking Corp.

Pub Date: 11/20/97
LOAD-DATE: November 21, 1997

EXHIBIT B

LEVEL 1 - 58 OF 355 STORIES

St. Louis Post-Dispatch

July 15, 1997, Tuesday, FIVE STAR LIFT EDITION

SECTION: BUSINESS, Pg. 1C

LENGTH: 314 words

HEADLINE: NATIONSBANK EARNINGS UP 26 PCT.

BYLINE: 1997,; Bloomberg News; ~~ Gallagher Of The Post-Dispatch Staff Contributed Information For

DATELINE: CHARLOTTE, N.C.

BODY:

NationsBank Corp. said Monday that second-quarter earnings rose 26 percent as the bank boosted income from loans, generated more deposit and investment banking fees and kept costs in check.

The nation's 4th-largest bank said second-quarter net income rose to $ 762 million, or $ 1.05 a share, from $ 605 million, or $ 1.00, in the same period last year.

In January, NationsBank bought Boatmen's Bancshares, the biggest bank in St. Louis.

NationsBank said it now expects to save 17 percent more from the B oatmen's merger than it originally expected. That would bring the savings to $ 600 million by 1999.

NationsBank said it increased its estimate as it got a better look at Boatmen's operations.

About half the increase will come from increased cost savings. The bank has trimmed 2,500 jobs so far from the 87,000 employed by both NationsBank and Boatmen's.

The banks imposed a hiring freeze when the merger was announced in August, and NationsBank says most of the job cuts have come through attrition. The bank last year estimated that 4,000 jobs would eventually go.

Meanwhile, NationsBank in St. Louis has been advertising to hire low-level lenders and tellers.

NationsBank has also boosted its estimate of the amount of new business it will generate in Boatmen's territory through marketing and by offering new products.

The bank said it is winning back some of the money-management business it lost when it merged Boatmen's Trust Co. into its operation.

A university and a union pension fund decided to stay with NationsBank, the bank said. It wouldn't name the clients or reveal the amount of money the bank will manage.

Several big Missouri pension funds and institutions removed more than $ 2 billion from NationsBank's management after some top Boatmen's bond fund managers defected and NationsBank sold off some back-office pension services.

LANGUAGE: English

LOAD-DATE: July 16, 1997

EXHIBIT C

LEVEL 1 - 89 OF 355 STORIES

Las Vegas Review-Journal (Las Vegas, NV)

March 21, 1997 Friday, FINAL EDITION

SECTION: D; Pg. 1D

LENGTH: 564 words

HEADLINE: First Bank agrees to buy U.S. Bancorp

BYLINE: Amy Cornellussen

BODY:

Few of the 4,000 job cuts expected from the merger will come from the bank's 33 branches in Nevada.

By Amy Corneliussen Associated Press

Graphic: FIRST BANK BUYS U.S. BANCORP (not available)

PORTLAND, Ore. _ First Bank System Inc. plans to buy U.S. Bancorp for $ 9 billion in a deal that will create the nation's 14th-largest bank with branches in 17 Midwestern and Western states, including Nevada. The new company, to be called U.S. Bancorp, will be based in First Bank's home town of Minneapolis. U.S. Bancorp's home is Portland. It will have assets of $ 70 billion and customers stretching from Minnesota to California, including almost 4 million households and 475,000 businesses. The combined bank expects to eliminate 4,000 jobs as a result of the merger, which it said will allow it to cut operating costs by 14 percent. Few, if any, of the job cuts will fall on Nevada, where U.S. Bancorp operates 33 branches, including 17 in the Las Vegas area, according to [illegible] Loader, U.S. Bancorp's spokeswoman for Nevada operations. Thursday's announcement comes as a new wave of mergers sweeps the banking industry. They are aimed at adding customers through acquisition while at the same time cutting costs. In a messier merger between Western and Midwestern banks, Washington Mutual and H.F. Ahmanson are fighting each other for Great Western Financial Corp. Gerry Cameron, U.S. Bancorp's chairman and chief executive officer, said the merger will be different from the Wells Fargo-First Interstate marriage, in which technical glitches left many unhappy customers. "I think it will actually be one of the quietest mergers you could ever find," he predicted. First Bank first approached U.S. Bancorp last November. Cameron was reluctant at first, but took First Bank's chairman and chief executive John Grundhofer's offer to his board of directors. First Bank has been in the market for a West Coast bank before. Last year, it lost a high-stakes buyout battle for Los Angeles-based First Interstate to hostile bidder Wells Fargo & Co. U.S. Bancorp had been facing increasing pressure to find a friendly merger partner because rivals, including Washington Mutual, were growing larger and could offer services at lower cost. "This deal will help First Bank," said Jim Bradshaw, an analyst with Pacific Crest Securities. "They have a great franchise, and this will allow them to expand to the West Coast."

In Nevada, the newly merged bank will continue U.S. Bancorp.'s practice of

lending to the gaming industry, Loader said. U.S. Bancorp spokeswoman Mary Ruble said the location of planned job cuts hadn't been made public. U.S. Bancorp employees were surprised to learn of the acquisition. An announcement was posted Thursday on the corporate computer bulletin board. First Bank System
has $ 36.5 billion in assets with 374 offices in 11 Midwestern and Plains states. U.S. Bancorp, founded in 1891 as U.S. National Bank in Portland, has $ 33.3 billion in assets and 636 U.S. Bank branches in Oregon, Washington, Nevada, Utah, Idaho and Northern California.

Review-Journal writer Adam Steinhauer contributed to this report.

GRAPHIC: Associated Press Harry Helfenstein sweeps up outside U.S. Bancorp headquarters in Portland Thursday. Minneapolis-based First Bank System plans to buy U.S. Bancorp, which has 33 branches in Nevada.

LANGUAGE: ENGLISH

LOAD-DATE: March 24, 1997

EXHIBIT D

LEVEL 1 - 52 OF 355 STORIES

The San Francisco Examiner

August 18, 1997, Monday; Second Edition

SECTION: BUSINESS; Pg. D-1

LENGTH: 511 words

HEADLINE: Job cuts continue at Wells;
Imperfect unions

SOURCE: OF THE EXAMINER STAFF

BYLINE: ZACHARY COILE

BODY:

Wells Fargo & Co. will cut another 1,200 jobs through the end of the year, bringing the total jobs lost to 12,600 since the San Francisco bank took over rival First Interstate Bancorp last spring.

The bank's quarterly filing with the Securities and Exchange Commission, received Thursday, confirmed it would trim its entire work force to 32,000 full-time positions by the end of the fourth quarter. The bank said in a June 30 filing that its work force totaled 33,216 full-time workers.

time positions by the end of the fourth quarter. The bank said in a June 30 filing that its work force totaled 33,216 full-time workers.

"One of the ways you reduce costs after a merger is through staff reductions," said Wells Fargo spokeswoman Lorna Doubet. "It's part of carrying out the merger."

The continuing job losses are another signal of the difficulty the bank has had in absorbing a hostile takeover of the company's former Los Angeles-based competitor last April. The $ 11.3 billion merger created the second largest bank in California after BankAmerica.

Doubet said the job losses were not unexpected and had been approved several months ago by bank management. The cuts drop the size of the bank's full-time work force from a high of 45,800 employees in April 1996, she said.

Still, the work force cuts are significantly deeper than Wells Fargo originally predicted. When the deal was signed, bank executives projected 7, 200 jobs would be eliminated. In December, Wells officials acknowledged that the merger would actually wipe out 10,800 jobs.

In the recent filing, the bank said it spent $ 12 million in the second quarter on salaries and employee benefits, including severance payments tied to the merger, as well as $ 10 million in the first quarter. The bank also warned that expenses may rise as a result of the job cuts.

Wells Fargo has long said its merger with First Interstate would result in huge cost savings for the bank. Instead the company has faced mass customer departures and unexpected costs.

In July, the company reported worse-than-expected earnings due to "back office" issues related to the merger, including clearing of accounts at other banks. The company's net income fell to $ 228 million for the second quarter, 37 percent lower than the same quarter last year.

The bank has been criticized for computer glitches and other mishaps, including the incorrect posting of deposits, meaning that some customers' deposits never got to their accounts. Doubet said the bank has ironed out the technical kinks related to the merger.

"We have had some problems. They are behind us," she said.

Catherine Murray, analyst with J.P. Morgan Securities in New York, said the SEC filing was unlikely to cause much of a stir on Wall Street since the cuts were expected. But Murray noted investors have watched warily as Wells Fargo has faced a torrent of bad news related to the merger.

"The merger integration has been difficult, but I believe it's largely behind Wells at this point," Murray said.

GRAPHIC: COLOR PHOTO 1 (EXAMINER / MARK COSTANTINI)
Caption 1, The facade of the Wells Fargo branch at 464 California St. gives no hint of the Bank's merger woes.

LANGUAGE: English

LOAD-DATE: August 26, 1997

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EXHIBIT E

LEVEL 1 - 41 OF 355 STORIES

St. Petersburg Times

September 4, 1997, Thursday, 0 South Pinellas Edition

SECTION: BUSINESS; Pg. 1F

LENGTH: 859 words

HEADLINE: Bank deal may mean bigger job cuts

BYLINE: ERIC TORBENSON

BODY:

NationsBank Corp.'s chief executive Hugh McColl said Wall Street is overestimating job cuts that will follow the acquisition of Barnett Banks Inc.

But some are skeptical, noting that the combined bank will have to cut deep to reach McColl's projected savings. Indeed, some analysts have doubled their earlier forecasts for job cuts in NationsBank's buyout of Barnett.

Lawrence Cohn of Ryan Beck & Co.. in Orange, N.J., thinks NationsBank will cut between 10,000 and 12,000 jobs, twice what he predicted last week. He raised his number after learning more about McColl's cost-cutting plans.

"NationsBank wants to cut 55 percent," Cohn said. "That's usually a good indicator of the percentage of people who are going to lose their jobs. I mean, they're talking about closing three, four hundred branches. Each branch has a manager, and assistant manager, a lot of loan officers. That's a lot of people."

Richard X. Bove of St. Petersburg's Raymond James & Associates Inc. agrees with Cohn's estimate. "To make the deal work, they're going to have to do a lot of cutting. Larry's right on the mark."

The new NationsBank won't need all 1,100 branches or 1,300 cash machines that the two banks now have in Florida, Bove said. NationsBank and Barnett have similar divisions, such as groups that sell various financial products.

McColl said a hiring freeze and attrition at Barnett, coupled with new jobs throughout NationsBank's growing territory, will help cut the actual number of jobs lost. McColl offered that he is continuing to look for expansion opportunities, especially in states like California.

For Barnett and NationsBank employees, it is still unclear what is ahead. Barnett has 22,000 employees, while NationsBank has 60,000 employees in 16 states.

One factor in tallying the job cuts is how many branches NationsBank sells off in the deal. NationsBank will have to sell $ 3.5-billion worth of assets to comply with federal banking laws that prohibit a bank from controlling more than 30 percent of an area's deposits.

McColl said the bank has repeatedly shown it knows how to cut costs. NationsBank was able to cut 60 percent of the costs in connection with its $ 1.69-billion purchase of Bank South Corp., which closed in January 1996, he said.

"We've proven that we know how to do an in-market merger," McColl told Bloomberg News. "We've clearly demonstrated in the Boatmen's merger that we've been able to take more than we indicated."

He referred to NationsBank's purchase of St. Louis-based Boatmen's Bancshares Inc. in January for $ 9.76-billion.

McColl said NationsBank would take advantage of its size in Florida to reduce expenses with its vendors. "We'll be able to acquire checks, computers, telephone services for lower than other people," he said. "Large companies always have purchasing power."

Many view other acquisitions as a preview of things to come. The June 1995 acquisition of First Interstate Bank by Wells Fargo & Co. resulted in 7,200 jobs cut. Some figure that deal is comparable to the NationsBank-Barnett combination because Wells Fargo overlapped First Interstate territory, which is true for the Barnett buyout.

The biggest layoffs from a merger came from Chase Manhattan Bank's purchase of Chemical Bank, when 12,000 jobs were cut.

NationsBank has about 3,000 jobs now open, said Jerri Franz, Barnett spokeswoman. Barnett employees have already started interviewing for those jobs. Barnett loses 20 percent of its workforce each year. Many of those jobs are in the bank's branches.

John wonders if Barnett's attrition rate might slow down. In most mergers or acquisitions, employees who are asked to leave receive a severance package. "There's going to be a large number of people who wait for the package," he said. "If they leave they're walking away from it."

The flip side of waiting for severance is that careers can slow while waiting for cash, said John Challenger, executive vice president of the Chicago outplacement firm Challenger, Gray and Christmas Inc.

"Leaving your career stalled six months or a year for this may not be the best thing," he said. "We call it the golden handcuffs."

Those lost in the merger won't just be from Barnett, Challenger predicts. Barnett workers in the bank's strongest areas may end up displacing their NationsBank counterparts in Florida, he said.

Though working for NationsBank may not inspire the same kind of "bleed green" loyalty that Barnett workers have, it will likely look good on a resume, Challenger said. Banks around the world are getting larger, and working at what would become the country's third largest bank would help most bank employees.

"It's a lot easier to go from a big bank to a smaller bank," he said. "But if you want to stay in banking, you're likely going to have this happen where you'll end up being bought up by a bigger bank."

NationsBank Stock closed down 44 cents at $ 58.31, while Barnett's shares rose 19 cents to $ 66.94.

- Information from Bloomberg News was used in this report.

GRAPHIC: COLOR PHOTO; Hugh McColl

LANGUAGE: ENGLISH

LOAD-DATE: September 5, 1997

EXHIBIT F

VOTE FOR JIM HANTZ
DISTRICT CHAIRMAN LODGE 697

I have the experience, knowledge, and desire necessary to be the District Chairman of Lodge 697 and if elected I will do everything in my power to restore confidence and responsibility to our Local and System Board.

QUALIFICATIONS

Local Chairman in Chicago under the C&O Agreement for four years prior to relocating to Jacksonville in 1989 at this time I also attended classes at the George Meany Institute of Labor Studies in Rockville, MD.

Elected, by my peers, to the position of Vice-General Chairman responsible for overseeing the States of Michigan, Wisconsin, Indiana, Illinois and Kentucky.

I have participated in negotiations between the carrier and the Union in Rockville, Maryland - Richmond, Virginia, - Chicago, Illinois and Cincinnati, Ohio.

Was an Inner Guard at the Nation Convention held in Miami, Florida.

Since relocating to Jacksonville I was elected to the position of District Chairman, Royal Palm Lodge 1523. Holding this position for four years.

Elected, by my peers, to the Appeals Committee on the System Board, participated in Claims Conferences and appointed to serve on the Laws and Rules Committee at the National Convention held in San Francisco, California.

Have worked closely with all members of the System Board in Jacksonville and have personal friends at the Grand Lodge in Rockville and C & O System Board in Richmond.

ACCOMPLISHMENTS

While in Chicago:

Secured rates of pay for waybillers that were higher than SCL, LN or B&O rates.

Established a move package for employees relocating to Jacksonville that locked in their higher rates of pay and allowed for round trip air fair for employees interested in the relocation.

Organized a roll down that allowed 60 clerks New York Dock protection from a single displacement.

Split Lodge 1523 so the people at Crew Management Center would have their own District Chairman.

Protected Red Circle rates for employees that allowed them to switch jobs and not lose money.

Kept the Carrier from establishing a Dress Code at South Point and having to pay for parking. Members of Lodge 1523 were also allowed to participate in the 401 K plan.

Only one investigation was held during this time and that was on an employee who was charged before relocating to Jacksonville.

Filed numerous claims against the carrier, one of which was filed on behalf of a senior employee who was not allowed to work under the pool system. This claim was taken to a law board and upheld and has resulted in over $300,000. 00 in awards.

Was available 24 hours a day 7 days a week.

IF ELECTED

I will work toward the splitting of this lodge so the members are afforded the representation they desire.

Oppose the Carriers policy for absenteeism which has no basis in our Union Agreement.

Develop lines of communication by establishing working Protective Committees which are open, to any interested union member. Actively seek your input into any negotiations. Not have any meetings with the Carrier without a member of the Protective Committee being present.

Represent all Lodge members equally to the best of my abilities 24 hours a day 7 days a week. **If it is a problem to you it is important to me.**

Questions or comments contact me at 282-8420 (Home) or extension 4921 (Work) 7:00 A.M. - 3:00 P.M. Tuesday - Saturday.

Sincerely and Fraternally,

James J. Hantz
Candidate for District Chairman

** TOTAL PAGE.03 **

EXHIBIT G

EXAMPLES OF ICC/STB COORDINATIONS ON CSX WHERE EMPLOYEES WERE CONSOLIDATED UNDER A SINGLE COLLECTIVE BARGAINING AGREEMENT

YEAR	TRANSACTION	UNION	ORIGNAL CBAS	CBA TO WHICH TRANSFERRED
1980	Richmond Coordination	BRC	SCL; C&O	C&O
1981	Terminal coordination - E. St. Louis	UTU	L&N; B&O	L&N
1981	SCL and C&O coord. at Richmond, Newport News & Portsmouth	TCU	SCL; C&O	C&O
1981	L&N & C&O Coord. - Lexington and Winchester	TCU	L&N; C&O	L&N
1981	B&O and L&N Coord. at Lou.	TCU	B&O; L&N	L&N
1981	B&O & L&N Coord. at E. St. Louis	TCU	B&O; L&N	B&O
1983	Wheel shop work from Glenwood to Louisville	BRC	B&O; L&N	L&N
1984	Consolidation of repair work at Cincinnati terminal	IAM	B&O; C&O; L&N	B&O
1984	Consolidation of work at Cincinnati	SMWIA	B&O; C&O	B&O
1984	Consolidation of work at Cincinnati terminal	IBF&O	B&O; L&N	B&O
1984	Consolidation of communication work at Cincinnati terminal	IBEW; TCU	B&O; C&O; L&N	B&O
1984	Coordination of electrical road force work at Cincinnati	IBEW	B&O; C&O; L&N	B&O
1984	Transfer of locomotive wheelwork from Cumberland to S. Louisville	IAM	B&O; L&N	L&N
1984	Transfer of air brake work from Louisville to Raceland	BRC	L&N; C&O	C&O

YEAR	TRANSACTION	UNION	ORIGNAL CBAS	CBA TO WHICH TRANSFERRED
1984	L&N & C&O Coord. - Decoursey & Cincinnati	TCU	B&O; L&N	C&O
1984	C&O signal employees and maintenance work to L&N	BRS	C&O; L&N	L&N
1984	Cincinnati terminal	TCU; IBEW	B&O; C&O	B&O
1984	Consolidation of work at Cincinnati terminal	BRC	B&O; L&N	B&O
1984	Toledo terminal	BRS; IBEW	C&O; B&O; TTRR	C&O
1984	Terminal coordination - Augusta	UTU	SCL; GA	SCL
1985	Road coordination	UTU	L&N; CRR	L&N
1985	Terminal Coordination - Athens	UTU	SCL; GA	SCL
1985	RF&P clerks to SCL in Jacksonville	TCU	RF&P; SCL	SCL
1986	Mechanical work from Erwin to Waycross	SMWIA	CRR; SCL	SCL
1986	Terminal Coordination - Athens	BLE; UTU	SCL; GA	SCL
1986	Mechanical, Signal, Engineering, Real Estate Coordination	TCU	SCL; C&O	SCL
1987	Savannah Signal Shop	BRS	SCL; L&N; A&WP; CRR; B&O; C&O; B&OCT	SCL
1987	Machinists from Louisville to Huntington and Waycross	IAM	L&N; C&O; SCL	C&O at Huntington; SCL at Waycross
1987	Signal shop work consolidated on SCL	BRS	SCL; L&N; A&WP; CRR; B&O; WM; B&OCT; C&O	SCL

YEAR	TRANSACTION	UNION	ORIGNAL CBAS	CBA TO WHICH TRANSFERRED
1987	Division managers from Nashville to Atlanta	TCU	SCL; L&N	SCL
1987	Divison managers from Evansville to Chicago	TCU	L&N; C&O	C&O
1987	Division managers from Cincinnati to Corbin	TCU	L&N; C&O	L&N
1987	Clerical functions - Vincennes, IN	TCU	B&O; L&N	L&N
1987	Purchases & Materials - Louisville, Corbin, et. al.	TCU	C&O; L&N	L&N
1988	Consolidation of train dispatching (Phase I)	ATDA	C&O; B&O; L&N; SCL; CRR	New CSXT CBA
1988	Freight car repair work from Lafayette to Evansville	TCU	Monon; L&N	L&N
1988	Carmen from Louisville to Raceland	TCU	L&N; C&O	C&O
1988	Industrial development	TCU	SCL; C&O	C&O
1988	Centralized crew dispatching	TCU	B&O; SCL	SCL
1989	Revenue accounting from Baltimore to Jacksonville	TCU	C&O; SCL	SCL
1989	Central waybilling from Chicago to Jacksonville	TCU	C&O; SCL	SCL
1989	Expenditure billing from Baltimore to Jacksonville	TCU	SCL; C&O	SCL
1989	Centralized crew dispatching	TCU	CRR; C&O; SCL	SCL
1989	Accounts payable from Baltimore to Jacksonville	TCU	C&O; SCL	SCL
1989	Central waybilling from Baltimore to Jacksonville	TCU	B&O; SCL	SCL
1989	Consolidatioin of train dispatching (Phase II)	ATDA	SCL; C&O; B&O; CSXT	CSXT

YEAR	TRANSACTION	UNION	ORIGNAL CBAS	CBA TO WHICH TRANSFERRED
1992	Machinists from Richmond to Huntington and Waycross	IAM	RF&P; C&O; SCL	C&O at Huntington; SCL at Waycross
1992	Freight damage prevention and expenditures billing to Jacksonville	TCU	C&O; B&O; SCL	SCL
1992	Purchasing and material clerks to Richmond	TCU	SCL; B&O; C&O	C&O
1992	Train dispatchers from Richmond to Jacksonville	TCU	RF&P-TCU; SCL-ATDA	SCL-ATDA
1992	Yardmasters from RF&P to Richmond	UTU	RF&P; C&O	C&O
1992	RF&P clerks to Jacksonville and Richmond	TCU	RF&P; SCL; C&O	SCL in Jacksonville C&O in Richmond
1993	TRRY carmen to B&O	TCU	TRRY; B&O	B&O
1993	Sheetmetal workers from TRRY to B&O	SMWIA	TRRY; B&O	B&O
1993	TRRY clerks to B&O and SCL	TCU	TRRY; B&O; SCL	B&O; SCL
1993	Consolidation of train and engine operations into central B&O consolidated district	UTU; BLE	B&O; TRRY; POV	B&O
1995	Consolidation of train and engine operations into eastern B&O consolidated district	UTU; BLE	B&O; C&O; WM; RF&P	B&O
1997	Consolidation of radio repair shop work at Louisville	BRS; IBEW; TCU	C&O (PM); B&O; Clinchfield; C&O (Sou); Monon; C&EI; A&WP/WRA & GA; RF&P; B&OCT; L&N-TCU	L&N-TCU

GLOSSARY

Labor Organizations

ATDA	American Train Dispatchers Dep't of BLE
BLE	Bhd. of Locomotive Engineers
BRC	Bhd. of Railway Carmen
BRS	Bhd. of Railroad Signalmen
IAM	Int'l Ass'n of Machinists and Aerospace Workers
IBEW	Int'l Bhd. of Electrical Workers
IBF&O	Int'l Bhd. of Firemen and Oilers
SMWIA	Sheet Metal Workers Int'l Ass'n
TCU	Transportation Communications Int'l Union
UTU	United Transportation Union

Railroads

A&WP	Atlanta & West Point Railroad Company
B&O	The Baltimore and Ohio Railroad Company
B&OCT	The Baltimore and Ohio Chicago Terminal Railroad Company
C&EI	Chicago and Eastern Illinois Railroad Company
C&O	The Chesapeake and Ohio Railway Company
Clinchfield	Carolina, Clinchfield and Ohio Railway
CRR	The Carrollton Railroad
GA	Georgia Railroad
L&N	Louisville and Nashville Railroad Company
Monon	Monon Railroad
POV	Pittsburgh & Ohio Valley Railway Company
PM	Pere Marquette Railway Company
RF&P	Richmond, Fredricksburg and Potomac Railway Company
SCL	Seaboard Coast Line Railroad Company
TTRR	Toledo Terminal Railroad Company
TRRY	The Three Rivers Railway Company
WM	Western Maryland Railway Company
WRA	The Western Railway of Alabama

EXHIBIT H

AVERAGE ANNUAL COMPENSATION PER FULL-TIME EQUIVALENT EMPLOYEE
BY INDUSTRY, RANKED FROM HIGH TO LOW
1996

RANK	INDUSTRY	NO. OF EMPLS. (000)	AVERAGE ANNUAL COMPENS.	PERCENT EMPLS. WITH LOWER COMP.	Class I Railroads	
1	Security and commodity brokers	558	$123,808	99.5%		
2	Holding and other investment offices	238	$78,855	99.3%	BLE	$83,169
3	Petroleum and coal products	138	$77,812	99.2%	UTU	$75,069
4	RAILROAD TRANSPORTATION	212	$73,231	99.0%	YDM	$73,885
5	PIPELINES, EXCEPT NATURAL GAS	14	$71,929	99.0%	ATDD	$72,635
6	Tobacco manufactures	42	$71,782	98.9%		
7	Motor vehicles and equipment	958	$66,801	98.1%		
8	Chemicals and allied products	1,020	$66,214	97.2%		
9	Telephone and telegraph	854	$65,810	96.4%		
10	Legal services	944	$64,038	95.8%		
11	Electric, gas, and sanitary services	872	$63,011	94.9%		
12	Metal mining	54	$62,185	94.8%	BRS	$62,870
13	Oil and gas extraction	315	$62,029	94.5%		
14	Coal mining	97	$61,588	94.4%		
15	Federal government	4,388	$60,835	90.6%		
16	Other transportation equipment	814	$57,869	89.9%	IAM	$56,953
17	Instruments and related products	843	$56,837	89.1%	SMW	$56,815
18	Other services	2,855	$54,573	88.5%	IBEW	$55,004
19	Primary metal industries	704	$53,818	85.9%	TCU	$55,294
20	Insurance carriers	1,447	$52,433	84.6%	BMWE	$55,129
21	Nondepository institutions	491	$51,098	84.2%	BRC	$54,391
22	Industrial machinery and equipment	2,072	$50,764	82.4%		
23	Radio and television	374	$50,671	82.1%		
24	Paper and allied products	678	$48,784	81.6%		
25	Electric and electronic equipment	1,643	$48,238	80.0%		
26	WATER TRANSPORTATION	168	$47,980	79.9%	NCFO	$47,974
27	Insurance agents, brokers, and service	707	$46,433	78.2%	IBB	$46,758
28	Wholesale trade	6,278	$46,104	73.7%		
29	Nonmetallic minerals, except fuels	106	$45,948	73.6%		
30	TRANSPORTATION BY AIR	1,043	$44,575	72.7%		
31	Motion pictures	432	$43,880	72.3%		
32	Depository institutions	1,921	$43,619	70.6%		
33	Printing and publishing	1,445	$43,120	69.4%		
34	Stone, clay, and glass products	533	$43,002	68.9%		
35	State and local government	13,838	$42,673	58.7%		
36	Fabricated metal products	1,426	$42,218	55.5%		
37	Health services	8,774	$40,837	47.7%		
38	TRUCKING AND WAREHOUSING	1,560	$39,250	46.4%		
39	Construction	5,442	$37,455	41.6%		
40	Transportation services	386	$38,046	41.2%		
41	Rubber and miscellaneous plastics products	965	$37,801	40.4%		
42	Food and kindred products	1,664	$37,740	38.9%		
43	Real estate	1,273	$35,278	37.8%		
44	Miscellaneous manufacturing industries	389	$34,357	37.5%		
45	Miscellaneous repair services	356	$33,807	37.2%		
46	Business services	6,875	$32,214	31.1%		
47	Lumber and wood products	782	$31,754	30.4%		
48	Furniture and fixtures	487	$31,698	30.0%		
49	Textile mill products	623	$30,087	29.4%		
50	Educational services	1,868	$29,230	27.8%		
51	Amusement and recreation services	1,298	$28,731	26.6%		
52	Leather and leather products	95	$28,653	26.6%		
53	Auto repair, services, and parking	1,136	$26,790	25.6%		
54	Local and interurban passenger transit	402	$25,127	25.2%		
55	Hotels and other lodging places	1,589	$24,167	23.6%		
56	Apparel and other textile products	846	$24,089	23.1%		
57	Social services and membership organizations	4,087	$23,574	18.5%		
58	Retail trade	18,383	$21,757	3.3%		
59	Agricultural services, forestry, and fisheries	1,070	$21,714	2.4%		
60	Farms	757	$21,645	1.7%		
61	Personal services	1,162	$21,178	0.7%		
62	Private households	798	$14,388	0.0%		
	Domestic industries	113,810	$36,988			

SOURCE: SURVEY OF CURRENT BUSINESS, U. S. Department of Commerce, August 1997.

AVERAGE ANNUAL COMPENSATION PER FULL-TIME EQUIVALENT EMPLOYEE
BY INDUSTRY, RANKED FROM HIGH TO LOW
1995

RANK	INDUSTRY	NO. OF EMPLS. (000)	AVERAGE ANNUAL COMPENS.	PERCENT EMPLS. WITH LOWER COMP.	Class I Railroads	
1	Security and commodity brokers	533	$111,538	99.5%		
2	Petroleum and coal products	142	$76,298	99.4%	BLE	$80,800
3	Holding and other investment offices	238	$73,937	99.2%	ATDD	$75,622
4	Tobacco manufactures	42	$70,214	99.1%	UTU	$73,070
5	PIPELINES, EXCEPT NATURAL GAS	15	$70,067	99.1%	YDM	$71,627
6	RAILROAD TRANSPORTATION	220	$68,905	98.9%		
7	Motor vehicles and equipment	950	$66,471	98.1%		
8	Telephone and telegraph	837	$64,159	97.3%		
9	Chemicals and allied products	1,027	$63,674	96.4%		
10	Legal services	957	$62,255	95.6%		
11	Electric, gas, and sanitary services	896	$61,163	94.8%		
12	Metal mining	52	$60,481	94.7%	BRS	$60,251
13	Oil and gas extraction	315	$60,092	94.4%		
14	Coal mining	103	$59,942	94.3%		
15	Other transportation equipment	809	$57,161	93.6%		
16	Federal government	4,530	$56,965	89.5%	IBEW	$56,704
17	Instruments and related products	826	$55,180	88.8%	IAM	$55,153
18	Primary metal industries	696	$53,383	88.2%	TCU	$54,881
19	Other services	2,807	$53,271	85.7%	SMW	$54,487
20	Insurance carriers	1,449	$50,198	84.4%	IBB	$53,892
21	TRANSPORTATION BY AIR	725	$49,251	83.7%	BRC	$52,837
22	Industrial machinery and equipment	2,050	$49,215	81.9%	BMWE	$52,286
23	Radio and television	358	$48,834	81.6%		
24	Nondepository institutions	446	$48,603	81.1%		
25	Paper and allied products	684	$48,152	80.5%		
26	Electric and electronic equipment	1,607	$48,028	79.1%		
27	WATER TRANSPORTATION	167	$46,984	78.9%	NCFO	$46,574
28	Wholesale trade	6,200	$44,549	73.4%		
29	Insurance agents, brokers, and service	697	$44,488	72.8%		
30	Nonmetallic minerals, except fuels	105	$44,229	72.7%		
31	Motion pictures	393	$42,842	72.3%		
32	Stone, clay, and glass products	531	$41,874	71.8%		
33	Printing and publishing	1,450	$41,846	70.5%		
34	Depository institutions	1,935	$41,469	68.8%		
35	Fabricated metal products	1,420	$41,263	67.5%		
36	State and local government	13,797	$41,117	55.1%		
37	Health services	8,492	$40,589	47.5%		
38	Construction	5,178	$37,417	42.9%		
39	TRUCKING AND WAREHOUSING	1,791	$37,361	41.5%		
40	Transportation services	388	$37,255	40.9%		
41	Food and kindred products	1,642	$37,175	39.4%		
42	Rubber and miscellaneous plastics products	862	$36,717	38.6%		
43	Miscellaneous manufacturing industries	385	$33,758	38.2%		
44	Real estate	1,252	$33,692	37.1%		
45	Miscellaneous repair services	343	$32,790	36.6%		
46	Lumber and wood products	772	$30,832	36.1%		
47	Furniture and fixtures	502	$30,783	35.7%		
48	Business services	6,372	$30,428	29.9%		
49	Textile mill products	654	$28,965	29.3%		
50	Educational services	1,801	$28,737	27.7%		
51	Amusement and recreation services	1,231	$28,047	26.6%		
52	Leather and leather products	108	$27,086	26.5%		
53	Auto repair, services, and parking	1,061	$26,230	25.6%		
54	Local and interurban passenger transit	384	$24,411	25.2%		
55	Hotels and other lodging places	1,518	$23,825	23.9%		
56	Social services and membership organizations	3,950	$23,181	20.3%		
57	Apparel and other textile products	820	$22,822	19.5%		
58	Agricultural services, forestry, and fisheries	997	$21,487	18.6%		
59	Retail trade	18,029	$21,250	2.4%		
60	Farms	744	$20,862	1.8%		
61	Personal services	1,139	$20,628	0.7%		
62	Private households	819	$14,433	0.0%		
	Domestic industries	111,423	$37,855			

SOURCE: SURVEY OF CURRENT BUSINESS. U. S. Department of Commerce, August 1997.

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AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE
BY INDUSTRY, RANKED FROM HIGH TO LOW
YEAR 1994

RANK	INDUSTRY	NO. OF EMPLS. (000)	AVERAGE ANNUAL COMPENS.	PERCENT EMPLS. WITH LOWER COMP.		
1	Security and commodity brokers	523	$106,096	99.5%		
2	Petroleum and coal products	146	$72,219	99.4%	BLE	$79,178
3	RAILROAD TRANSPORTATION	225	$68,671	99.2%	ATDA	$71,580
4	Holding and other investment offices	245	$68,069	99.0%	UTU	$70,856
5	Motor vehicles and equipment	891	$67,067	98.2%	RYA	$67,388
6	PIPELINES, EXCEPT NATURAL GAS	17	$65,529	98.1%		
7	Tobacco manufactures	42	$64,381	98.1%		
8	Chemicals and allied products	1,041	$61,339	97.2%		
9	Legal services	982	$59,919	96.3%		
10	Electric, gas, and sanitary services	914	$58,594	95.4%		
11	Oil and gas extraction	334	$58,156	96.1%	BRS	$58,083
12	Coal mining	111	$58,027	95.0%		
13	Metal mining	49	$58,020	95.0%		
14	Telephone and telegraph	886	$56,908	94.2%		
15	Other transportation equipment	844	$56,602	93.4%		
					IBEW	$53,836
16	Instruments and related products	852	$52,811	92.6%	IAU	$53,440
17	Other services	2,616	$52,458	90.3%	TCU	$53,000
18	Primary metal industries	693	$49,854	89.6%	SMW	$52,528
19	Industrial machinery and equipment	1,982	$48,755	87.6%	IBB	$51,880
20	TRANSPORTATION BY AIR	706	$48,343	87.2%	BRC	$51,341
					MOFW	$50,264
21	Insurance carriers	1,470	$48,000	85.8%		
22	Paper and allied products	688	$46,888	85.2%		
23	Nondepository institutions	489	$46,595	84.8%		
24	Electric and electronic equipment	1,556	$46,582	83.4%		
25	Federal government	5,578	$46,334	78.3%		
26	WATER TRANSPORTATION	169	$45,343	78.1%	IBFO	$45,100
27	Wholesale trade	5,972	$43,525	72.7%		
28	Insurance agents, brokers, and service	689	$43,012	72.1%		
29	Nonmetallic minerals, except fuels	103	$42,942	72.0%		
30	Radio and television	386	$42,025	71.6%		
31	Fabricated metal products	1,369	$40,989	70.4%		
32	Printing and publishing	1,448	$40,435	69.1%		
33	Stone, clay, and glass products	528	$40,341	68.6%		
34	Depository institutions	1,873	$39,22"	66.8%		
35	State and local government	13,731	$39,129	54.3%		
36	Health services	8,378	$38,724	46.7%		
37	Motion pictures	370	$38,638	46.3%		
38	Construction	4,988	$36,726	41.8%		
39	Food and kindred products	1,634	$36,508	40.3%		
40	TRUCKING AND WAREHOUSING	1,745	$36,469	38.7%		
41	Rubber and miscellaneous plastics products	941	$35,893	37.8%		
42	Transportation services	376	$35,281	37.5%		
43	Miscellaneous manufacturing industries	386	$33,427	37.1%		
44	Real estate	1,262	$33,020	36.0%		
45	Miscellaneous repair services	322	$32,000	35.7%		
46	Lumber and wood products	757	$30,388	35.0%		
47	Furniture and fixtures	493	$30,284	34.6%		
48	Business services	5,796	$28,962	29.3%		
49	Textile mill products	670	$28,538	28.7%		
50	Educational services	1,713	$28,382	27.1%		
51	Amusement and recreation services	1,145	$27,378	26.1%		
52	Auto repair, services, and parking	981	$26,581	25.2%		
53	Leather and leather products	113	$26,274	25.1%		
54	Local and interurban passenger transit	377	$23,676	24.7%		
55	Hotels and other lodging places	1,485	$23,117	23.4%		
56	Social services and membership organizations	3,813	$22,390	19.8%		
57	Apparel and other textile products	960	$22,290	19.0%		
58	Agricultural services, forestry, and fisheries	924	$21,920	18.2%		
59	Retail trade	17,307	$21,074	2.4%		
60	Farms	706	$20,545	1.8%		
61	Personal services	1,118	$20,189	0.7%		
62	Private households	821	$13,207	0.0%		
	Domestic industries	109,750	$36,524			

SOURCE: SURVEY OF CURRENT BUSINESS, U. S. Department of Commerce, January/February 1996.
Railroad Unions from Wage Statistics, Class I Railroads.

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AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE
BY INDUSTRY, RANKED FROM HIGH TO LOW
YEAR 1993

RANK	INDUSTRY	NO. OF EMPLOYEES (000)	AVERAGE ANNUAL COMPENS.	PERCENT EMPLS. WITH LOWER COMP.	
1	Security and Commodity Brokers	472	$114,102	99.35%	
2	Holding and Other Investment Offices	223	$75,498	99.34%	BLE $78,321
3	Petroleum and Coal Products	147	$72,224	99.20%	UTU $70,565
4	RAILROAD TRANSPORTATION	243	$69,082	98.97%	ATDA $68,498
5	Telephone and Telegraph	825	$63,592	98.19%	RYA $65,002
6	Tobacco Manufacturers	44	$61,886	98.15%	
7	Coal Mining	110	$61,755	98.05%	
8	Motor Vehicles and Equipment	829	$58,633	97.26%	
9	Chemicals and Allied Products	1,060	$57,275	96.26%	
10	PIPELINES, EXCEPT NATURAL GAS	19	$57,211	96.24%	
11	Legal Services	923	$56,789	95.36%	
12	Electric, Gas and Sanitary Services	929	$56,413	94.48%	BRS $56,022
13	Oil and Gas Extraction	336	$54,943	94.17%	
14	Metal Mining	50	$54,200	94.12%	
15	Other Transportation Equipment	908	$52,715	93.26%	
					IBEW $52,313
16	Other Services	2,597	$52,710	90.80%	IAM $52,075
17	Federal Government	4,894	$50,693	86.16%	SMW $51,532
18	Instruments and Related Products	878	$50,031	85.33%	TCU $51,313
19	TRANSPORTATION BY AIR	681	$49,673	84.69%	IBB $50,531
20	Primary Metal Industries	672	$49,190	84.05%	BRC $49,907
21	Nondepository Institutions	445	$48,043	83.63%	NOFV $48,721
22	Industrial Machinery & Equipment	1,903	$46,731	81.83%	
23	Insurance Carriers	1,446	$46,115	80.46%	
24	Paper and Allied Products	684	$45,442	79.81%	
25	Electronic & other Electric Equipment	1,506	$44,260	78.38%	
26	WATER TRANSPORTATION	159	$44,239	78.23%	
27	Nonmetallic Minerals Ex. Fuels	101	$42,594	78.14%	IBFO $43,275
28	Wholesale Trade	5,800	$42,152	72.65%	
29	Insurance Agents, Brokers & Service	664	$40,664	72.02%	
30	Radio and Television	332	$40,636	71.70%	
31	Motion Pictures	321	$40,234	71.40%	
32	Fabricated Metal Products	1,315	$39,557	70.15%	
33	Printing and Publishing	1,619	$39,514	68.81%	
34	Stone, Clay and Glass Products	511	$39,160	68.33%	
35	Depository Institutions	1,972	$38,951	66.46%	
36	Health Services	8,005	$38,233	58.88%	
37	State and Local Government	13,619	$37,970	45.98%	
38	Food and Kindred Products	1,609	$36,569	44.46%	
39	Rubber and Miscl. Plastics Products	896	$36,212	43.61%	
40	Transportation Services	340	$35,418	43.29%	
41	Construction	4,523	$35,247	39.00%	
42	TRUCKING & WAREHOUSING	1,611	$35,017	37.48%	
43	Miscellaneous Manufacturing Industries	379	$32,393	37.12%	
44	Miscellaneous Repair Services	350	$32,374	36.79%	
45	Real Estate	1,286	$31,071	35.57%	
46	Furniture and Fixtures	472	$30,025	35.12%	
47	Lumber and Wood Products	707	$29,635	34.45%	
48	Business Services	5,346	$28,507	29.39%	
49	Textile Mill Products	666	$28,020	28.76%	
50	Amusement and Recreation Services	1,049	$27,633	27.76%	
51	Educational Services	1,615	$27,237	26.23%	
52	Leather and Leather Prods.	117	$25,658	26.12%	
53	Local and Interurban Psgr. Transit	346	$24,795	25.80%	
54	Auto Repair, Services, and Parking	947	$24,794	24.90%	
55	Hotels and Other Lodging Places	1,445	$24,471	23.53%	
56	Apparel and Other Textile Products	954	$22,008	22.63%	
57	Retail Trade	16,728	$20,848	6.79%	
58	Agri. Services, Forestry & Fisheries	859	$20,694	5.97%	
59	Social Services & Membership Orgns.	3,597	$20,263	2.57%	
60	Personal Services	1,070	$20,150	1.55%	
61	Farms	783	$17,086	.81%	
62	Private Households	856	$12,570	.00%	
	All Domestic Industries	105,593	$35,803		

SOURCE: SURVEY OF CURRENT BUSINESS, U. S. Dept. of Commerce, July, 1994.
Railroad Unions from Wage Statistics, Class I Railroads.
NRLC Nov 4, 1994

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AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE
BY INDUSTRY, RANKED FROM HIGH TO LOW
YEAR 1992

RANK	INDUSTRY	NO. OF EMPLOYEES (000)	AVERAGE ANNUAL COMPENS.	PERCENT EMPLS. WITH LOWER COMP.		
1	Security and Commodity Brokers	465	$96,609	99.57%		
2	Holding and Other Investment Offices	285	$74,089	99.38%	BLE	$76,128
3	Petroleum and Coal Products	154	$68,422	99.23%	UTU	$71,552
4	RAILROAD TRANSPORTATION	268	$66,282	98.99%	ATDA	$65,565
5	Tobacco Manufacturers	47	$60,404	98.94%	RYA	$64,065
6	Telephone and Telegraph	891	$59,418	98.14%		
7	Coal Mining	136	$58,306	98.02%		
8	PIPELINES, EXCEPT NATURAL GAS	19	$57,842	98.00%		
9	Legal Services	914	$55,478	97.12%		
10	Chemicals and Allied Products	1,065	$54,912	96.10%		
					BRS	$54,056
11	Electric, Gas and Sanitary Services	940	$53,657	95.19%		
12	Motor Vehicles and Equipment	810	$53,306	94.41%		
13	Oil and Gas Extraction	345	$52,884	94.08%	IAM	$52,629
14	Metal Mining	53	$50,792	94.03%	IBEW	$50,919
15	Other Transportation Equipment	1,011	$50,463	93.05%	SMW	$50,198
					TCU	$49,873
16	TRANSPORTATION BY AIR	673	$48,272	92.40%	BRC	$49,544
17	Federal Government	5,081	$48,056	87.50%	IBB	$49,169
18	Instruments and Related Products	911	$47,914	86.63%	NCFU	$47,892
19	Other Services	2,530	$47,456	84.19%		
20	Primary Metal Industries	680	$47,082	83.53%		
21	Industrial Machinery & Equipment	1,805	$44,855	81.71%		
22	Paper and Allied Products	679	$43,791	81.05%		
23	Insurance Carriers	1,435	$43,225	79.65%		
24	Nondepository Institutions	394	$43,188	79.27%		
25	WATER TRANSPORTATION	164	$42,134	79.11%	IBFO	$42,764
26	Electronic & other Electric Equipment	1,507	$41,758	77.66%		
27	Nonmetallic Minerals Ex. Fuels	101	$40,703	77.56%		
28	Wholesale Trade	5,872	$40,408	71.90%		
29	Insurance Agents, Brokers & Service	656	$39,040	71.27%		
30	Radio and Television	327	$38,700	70.95%		
31	Motion Pictures	291	$38,227	70.67%		
32	Stone, Clay and Glass Products	508	$38,048	70.19%		
33	Fabricated Metal Products	1,305	$38,033	68.95%		
34	Printing and Publishing	1,409	$37,914	67.57%		
35	Health Services	7,768	$36,951	60.08%		
36	State and Local Government	13,434	$36,495	47.13%		
37	Depository Institutions	2,003	$36,125	45.20%		
38	Food and Kindred Products	1,591	$35,383	43.67%		
39	Construction	4,346	$35,005	39.46%		
40	Rubber and Miscl. Plastics Products	867	$34,554	38.62%		
41	TRUCKING & WAREHOUSING	1,541	$34,165	37.14%		
42	Transportation Services	326	$33,853	36.82%		
43	Miscellaneous Manufacturing Industries	368	$31,367	36.47%		
44	Miscellaneous Repair Services	335	$31,275	36.14%		
45	Real Estate	1,260	$29,853	34.93%		
46	Furniture and Fixtures	459	$28,636	34.49%		
47	Lumber and Wood Products	676	$28,494	33.83%		
48	Business Services	4,980	$27,616	29.03%		
49	Textile Mill Products	658	$26,995	28.40%		
50	Educational Services	1,559	$26,487	26.90%		
51	Amusement and Recreation Services	994	$26,332	25.94%		
52	Leather and Leather Prods.	119	$24,420	25.82%		
53	Auto Repair, Services, and Parking	898	$24,145	24.96%		
54	Local and Interurban Psgr. Transit	332	$23,949	24.64%		
55	Hotels and Other Lodging Places	1,430	$23,382	23.26%		
56	Agri. Services, Forestry & Fisheries	818	$21,540	22.47%		
57	Apparel and Other Textile Products	966	$21,362	21.54%		
58	Retail Trade	16,296	$20,352	5.83%		
59	Social Services & Membership Orgns.	3,458	$19,632	2.49%		
60	Personal Services	1,043	$19,584	1.49%		
61	Farms	739	$16,138	.78%		
62	Private Households	805	$12,605	.00%		
	All Domestic Industries	103,724	$34,536			

SOURCE: SURVEY OF CURRENT BUSINESS, U. S. Dept. of Commerce, August, 1993.
Railroad Unions from Wage Statistics, Class I Railroads.
NRLC Oct 12, 1993

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AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE
BY INDUSTRY, RANKED FROM HIGH TO LOW
YEAR 1991

RANK	INDUSTRY	NO. OF EMPLOYEES (000)	AVERAGE ANNUAL COMPENS.	PERCENT EMPLS. WITH LOWER COMP.
1	Security and Commodity Brokers	425	$79,249	99.4%
2	Holding and Other Investment Offices	207	$66,000	99.4%
3	Petroleum and Coal Products	156	$63,705	99.2%
4	Tobacco Manufacturers	48	$56,835	99.2%
5	RAILROAD TRANSPORTATION	256	$56,781	98.9%
6	Coal Mining	133	$55,677	98.8%
7	Telephone and Telegraph	858	$55,024	98.0%
8	PIPELINES, EXCEPT NATURAL GAS	19	$53,053	98.0%
9	Legal Services	903	$52,553	97.1%
10	Chemicals and Allied Products	1,066	$51,489	96.1%
11	Motor Vehicles and Equipment	775	$50,985	95.3%
12	Electric, Gas and Sanitary Services	944	$50,334	94.4%
13	Oil and Gas Ext--ction	385	$48,673	94.0%
14	Metal Mining	56	$48,137	94.0%
15	Other Transportation Equipment	1,091	$47,293	92.9%
16	TRANSPORTATION BY AIR	678	$46,239	92.3%
17	Instruments and Related Products	956	$44,966	91.3%
18	Other Services	2,474	$44,613	88.9%
19	Federal Government	5,266	$44,057	85.9%
20	Primary Metal Industries	713	$43,969	83.2%
21	Industrial Machinery & Equipment	1,974	$42,282	81.3%
22	Paper and Allied Products	682	$41,368	80.6%
23	Insurance Carriers	1,467	$40,462	79.2%
24	WATER TRANSPORTATION	172	$40,244	79.0%
25	Nondepository Institutions	367	$39,433	78.7%
26	Electronic & other Electric Equipment	1,570	$39,037	77.1%
27	Wholesale Trade	5,869	$38,402	71.5%
28	Nonmetallic Minerals Ex. Fuels	104	$38,337	71.4%
29	Insurance Agents, Brokers & Service	676	$36,973	70.7%
30	Fabricated Metal Products	1,328	$36,399	69.4%
31	Stone, Clay and Glass Products	513	$36,014	68.9%
32	Radio and Television	328	$35,848	68.4%
33	Printing and Publishing	1,443	$35,615	67.2%
34	Health Services	7,390	$35,469	60.1%
35	State and Local Government	13,368	$34,967	47.2%
36	Motion Pictures	315	$34,638	46.8%
37	Construction	4,535	$33,906	42.5%
38	Food and Kindred Products	1,603	$33,568	40.9%
39	Depository Institutions	2,070	$33,353	38.9%
40	Rubber and Miscl. Plastics Products	851	$32,643	38.1%
41	TRUCKING & WAREHOUSING	1,531	$32,599	36.6%
42	Transportation Services	323	$32,108	36.3%
43	Miscellaneous Manufacturing Industries	366	$29,962	35.9%
44	Miscellaneous Repair Services	331	$29,807	35.6%
45	Real Estate	1,279	$28,402	34.4%
46	Lumber and Wood Products	671	$27,191	33.7%
47	Furniture and Fixtures	457	$27,112	33.3%
48	Business Services	4,651	$26,403	28.8%
49	Educational Services	1,538	$25,640	27.3%
50	Textile Mill Products	653	$25,579	26.7%
51	Amusement and Recreation Services	951	$24,616	25.8%
52	Leather and Leather Prods.	123	$23,309	25.6%
53	Auto Repair, Services, and Parking	896	$23,268	24.8%
54	Local and Interurban Psgr. Transit	325	$23,046	24.5%
55	Hotels and Other Lodging Places	1,445	$21,990	23.1%
56	Apparel and Other Textile Products	987	$20,441	22.1%
57	Agri. Services, Forestry & Fisheries	815	$19,852	21.3%
58	Retail Trade	16,170	$19,496	5.7%
59	Personal Services	1,025	$19,019	4.7%
60	Social Services & Membership Orgns.	3,326	$18,923	1.5%
61	Farms	742	$16,042	.8%
62	Private Households	809	$11,352	.0%
	All Domestic Industries	103,426	$32,787	

BLE	$72,446
UTU	$66,911
ATDA	$63,253
RYA	$62,673
BRS	$54,864
IBEW	$51,360
TCU	$50,533
SMW	$50,518
BRC	$49,928
IBB	$49,546
MOFW	$48,227
IAM	$47,770
IBF&O	$43,228

SOURCE: SURVEY OF CURRENT BUSINESS, U. S. Dept. of Commerce, July, 1992.
NRLC Nov 30, 1992

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AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE
BY INDUSTRY, RANKED FROM HIGH TO LOW
YEAR 1990

RANK	INDUSTRY	NO. OF EMPLOYEES (000)	AVERAGE ANNUAL COMPENS.	PERCENT EMPLS. WITH LOWER COMP.		
1	SECURITY & COMMODITY BROKERS	430	$75,172	99.6%	BLE	$70,501
2	PETROLEUM & COAL PRODUCTS	154	$60,987	99.4%	UTU	$63,817
3	HOLDING & OTHER INVESTMENT OFFICES	208	$60,851	99.3%	ATDA	$61,304
4	RAILROAD TRANSPORTATION	278	$55,076	99.0%	RYA	$60,089
5	COAL MINING	144	$54,271	98.9%		
6	TOBACCO MANUFACTURES	51	$53,118	98.8%		
7	TELEPHONE & TELEGRAPH	899	$51,028	98.0%	BRS	$51,317
8	PIPELINES, EXCEPT NATURAL GAS	19	$49,474	97.9%		
9	LEGAL SERVICES	938	$49,150	97.1%		
10	MOTOR VEHICLES & EQUIPMENT	814	$49,047	96.3%		
					IBEW	$48,308
11	CHEMICALS & ALLIED PRODUCTS	1,076	$48,969	95.3%	IAM	$47,453
12	ELECTRIC, GAS & SANITARY SERVICES	937	$47,822	94.4%	SMW	$47,367
13	OIL & GAS EXTRACTION	387	$46,297	94.0%	TCU	$47,327
14	METAL MINING	58	$46,155	94.0%	BRC	$47,295
15	OTHER TRANSPORTATION EQUIPMENT	1,172	$45,188	92.9%	IBB	$46,538
					BMWE	$45,232
16	TRANSPORTATION BY AIR	685	$43,994	92.2%		
17	PRIMARY METAL INDUSTRIES	744	$43,338	91.5%		
18	INSTRUMENTS & RELATED PRODUCTS	968	$42,577	90.6%		
19	OTHER SERVICES	2,506	$41,423	88.1%		
20	INDUSTRIAL MACHINERY & EQUIPMT.	2,081	$40,821	86.2%		
21	PAPER & ALLIED PRODUCTS	691	$40,307	85.5%		
22	FEDERAL GOVERNMENT	5,410	$40,274	80.4%	IBF&O	$40,169
23	WATER TRANSPORTATION	169	$38,904	80.2%		
24	NONMETALLIC MINERALS, EXCEPT FUELS	111	$37,396	80.1%		
25	NONDEPOSITORY INSTITUTIONS	366	$37,352	79.8%		
26	INSURANCE CARRIERS	1,462	$37,185	78.4%		
27	ELECTRONIC & OTHR.ELEC.EQUIPMT.	1,658	$37,054	76.8%		
28	RADIO & TELEVISION	318	$37,051	74.5%		
29	WHOLESALE TRADE	6,028	$36,857	70.8%		
30	FABRICATED METAL PRODUCTS	1,404	$34,746	69.5%		
31	STONE, CLAY & GLASS PRODUCTS	551	$34,657	69.0%		
32	PRINTING & PUBLISHING	1,483	$34,118	67.6%		
33	MOTION PICTURES	322	$34,096	67.3%		
34	HEALTH SERVICES	7,124	$33,570	60.5%		
35	STATE AND LOCAL GOVERNMENT	13,209	$33,311	48.1%		
36	CONSTRUCTION	5,014	$32,836	42.3%		
37	FOOD & KINDRED PRODUCTS	1,602	$31,953	41.8%		
38	DEPOSITORY INSTITUTIONS	2,157	$31,816	39.9%		
39	INSURANCE BROKERS, AGENTS & SVC.	756	$31,661	39.1%		
40	RUBBER & MISCEL. PLASTICS PRODCTS.	872	$31,458	38.2%		
41	TRUCKING & WAREHOUSING	1,556	$31,207	35.8%		
42	REAL ESTATE	1,217	$29,672	35.6%		
43	TRANSPORTATION SERVICES	328	$28,851	35.3%		
44	MISCELLANEOUS REPAIR SERVICES	382	$28,641	34.9%		
45	MISCELLANEOUS MANUFACTURING IND.	375	$28,592	34.6%		
46	LUMBER & WOOD PRODUCTS	727	$26,524	33.9%		
47	FURNITURE & FIXTURES	495	$25,543	33.4%		
48	BUSINESS SERVICES	4,836	$25,056	28.9%		
49	TEXTILE MILL PRODUCTS	685	$23,966	28.2%		
50	EDUCATIONAL SERVICES	1,531	$23,412	26.6%		
51	AMUSEMENT & RECREATION SERVICES	954	$23,210	25.5%		
52	AUTO REPAIR, SVCS. & PARKING	967	$21,918	24.9%		
53	LEATHER & LEATHER PRODUCTS	134	$21,903	24.6%		
54	LOCAL & INTERURBAN PASSENGER TRNST.	323	$21,198	24.5%		
55	HOTELS & OTHER LODGING PLACES	1,508	$20,487	23.1%		
56	APPAREL & OTHER TEXTILE PRODUCTS	1,005	$19,321	22.1%		
57	RETAIL TRADE	16,872	$18,462	6.4%		
58	AGRI. SVCS. FORESTRY & FISHERIES	843	$18,239	5.5%		
59	PERSONAL SERVICES	1,089	$17,730	4.6%		
60	SOCIAL SVCS. & MEMBERSHIP ORGANIZ.	3,253	$17,470	1.5%		
61	FARMS	764	$15,741	.8%		
62	PRIVATE HOUSEHOLDS	822	$11,047	.0%		
	ALL DOMESTIC INDUSTRIES	105,803	$31,101			

SOURCE: SURVEY OF CURRENT BUSINESS, U. S. Dept. of Commerce, January,. 1992 NRLC 2/26/92

AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE, BY INDUSTRY, RANKED FROM HIGH TO LOW 1989

Rank (1)	Industry (2)	No. of Employees (000) (3)	Average Annual Compensation (4)	Percent of Employees with Lower Comp. (5)
1.	Security-Commodity Brokers & Svc.	429	$70,368	99.6%
2.	Petroleum & Coal Products	152	$61,526	99.4%
3.	Holding & Other Investment Cos.	210	$58,500	99.2%
4.	RAILROAD TRANSPORTATION	277	$55,924	98.9%
5.	Tobacco Manufacturers	51	$52,255	98.9%
6.	Telephone & Telegraph	938	$49,004	98.0%
7.	Motor Vehicles & Equipment	843	$48,989	97.1%
8.	Coal Mining	143	$48,951	97.0%
9.	Pipelines Ex. Natural Gas	18	$48,167	97.0%
10.	Elec. Gas & Sanitary Services	915	$46,914	96.1%
11.	Chemicals & Allied Products	1,058	$46,239	95.0%
12.	Metal Mining	56	$45,893	95.0%
13.	Legal Services	916	$45,742	94.1%
14.	Oil & Gas Extraction	365	$44,236	93.7%
15.	Other Transportation Equipment	1,207	$43,683	92.5%
16.	Transportation by Air	653	$42,426	91.9%
17.	Primary Metal Products	762	$42,344	91.2%
18.	Motion Pictures	198	$39,702	91.0%
19.	Machinery Ex. Electrical	2,075	$38,691	88.9%
20.	Miscl. Professional Services	1,534	$38,525	87.4%
21.	Paper & Allied Products	693	$38,494	86.7%
22.	Instruments & Related Products	728	$37,655	86.0%
23.	Federal Government	4,504	$37,422	81.6%
24.	Water Transportation	167	$37,048	81.4%
25.	Radio & Television Broadcasting	224	$36,438	81.2%
26.	Electric & Electronic Equipment	2,027	$36,380	79.2%
27.	Insurance Carriers	1,432	$35,801	77.8%
28.	Nonmetallic Minerals Ex. Fuels	110	$35,536	77.7%
29.	Wholesale Trade	6,050	$34,673	71.7%
30.	Ins. Agents Brokers & Services	638	$34,288	71.1%
31.	Fabricated Metal Products	1,420	$33,389	69.7%
32.	Stone Clay & Glass Products	593	$33,388	69.1%
33.	Construction	5,009	$32,338	64.2%
34.	Banking	1,662	$32,036	62.6%
35.	Printing & Publishing	1,473	$31,843	61.1%
36.	State & Local Government	11,820	$31,557	49.5%
37.	Health Services	6,717	$30,714	42.9%
38.	Food & Kindred Products	1,581	$30,594	41.3%
39.	Trucking & Warehousing	1,543	$30,224	39.8%
40.	Credit Agencies Other than Banks	860	$29,916	39.0%
41.	Rubber & Miscl. Plastics	838	$29,839	38.2%
42.	Transportation Services	314	$28,920	37.8%
43.	Real Estate	1,271	$28,121	36.8%
44.	Miscl. Repair Services	381	$27,474	36.2%
45.	Miscellaneous Manufacturing Inds.	382	$26,631	35.9%
46.	Business Services	5,525	$26,282	30.4%
47.	Lumber & Wood Products	730	$25,579	29.7%
48.	Furniture & Fixtures	510	$24,302	29.2%
49.	Textile Mill Products	705	$23,199	28.5%
50.	Educational Services	1,485	$22,270	27.1%
51.	Amusement & Recreation Services	811	$22,117	26.3%
52.	Auto Repair Services & Garages	899	$21,335	25.4%
53.	Local & Interurban Psgr. Transit	317	$20,751	25.1%
54.	Leather & Leather Prods.	138	$20,232	24.9%
55.	Hotels & Other Lodging Places	1,460	$19,046	23.6%
56.	Apparel & Other Textile Prods.	1,043	$18,164	22.5%
57.	Social Services Membership Orgns.	2,997	$18,116	19.5%
58.	Retail Trade	18,428	$17,859	3.4%
59.	Personal Services	1,125	$17,021	2.3%
60.	Agri. Svcs. Forestry & Fisheries	802	$16,955	1.5%
61.	Private Households	687	$14,921	0.8%
62.	Farms	806	$12,697	0.0%
	All Domestic Industries	103,470	$29,758	-

SOURCE: SURVEY OF CURRENT BUSINESS, U. S. Department of Commerce, July 1990, pp 79-80.

NRLC 08-27-1990

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AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE, BY INDUSTRY, RANKED FROM HIGH TO LOW
1988

Rank (1)	Industry (2)	No. of Employees (000) (3)	Average Annual Compensation (4)	Percent of Employees with Lower Comp. (5)
1.	Security-Commodity Brokers & Svc.	441	$73,764	99.6%
2.	Petroleum & Coal Products	158	$60,380	99.4%
3.	RAILROAD TRANSPORTATION	279	$53,688	99.1%
4.	Holding & Other Investment Cos.	211	$53,611	98.9%
5.	Tobacco Manufacturers	64	$48,981	98.8%
6.	Motor Vehicles & Equipment	841	$48,159	98.0%
7.	Pipelines Ex. Natural Gas	18	$48,056	98.0%
8.	Coal Mining	148	$47,372	97.8%
9.	Telephone & Telegraph	980	$47,210	96.9%
10.	Elec. Gas & Sanitary Services	918	$44,886	95.9%
11.	Metal Mining	50	$44,380	95.9%
12.	Chemicals & Allied Products	1,048	$44,348	94.8%
13.	Legal Services	875	$44,137	94.8%
14.	Oil & Gas Extraction	395	$42,298	93.0%
15.	Other Transportation Equipment	1,194	$42,049	92.4%
16.	Transportation by Air	608	$41,717	91.7%
17.	Primary Metal Products	763	$40,809	91.0%
18.	Motion Pictures	192	$37,969	90.8%
19.	Paper & Allied Products	682	$37,412	90.1%
20.	Machinery Ex. Electrical	2,047	$37,381	88.0%
21.	Miscl. Professional Services	1,444	$36,795	86.5%
22.	Instruments & Related Products	723	$36,567	85.9%
23.	Radio & Television Broadcasting	217	$35,889	85.6%
24.	Federal Government	4,492	$35,468	81.1%
25.	Water Transportation	166	$35,157	80.9%
26.	Electric & Electronic Equipment	2,080	$35,047	78.9%
27.	Nonmetallic Minerals Ex. Fuels	112	$34,563	78.0%
28.	Insurance Carriers	1,424	$34,137	77.3%
29.	Wholesale Trade	5,822	$33,721	71.5%
30.	Ins. Agents Brokers & Services	628	$33,289	70.8%
31.	Stone Clay & Glass Products	590	$32,846	70.2%
32.	Fabricated Metal Products	1,402	$32,451	68.8%
33.	Construction	4,940	$31,390	63.8%
34.	Printing & Publishing	1,453	$31,275	62.4%
35.	Banking	1,845	$31,127	60.7%
36.	State & Local Government	11,512	$30,096	49.1%
37.	Health Services	8,425	$29,822	42.6%
38.	Trucking & Warehousing	1,509	$29,508	41.1%
39.	Rubber & Miscl. Plastics	817	$29,001	40.3%
40.	Food & Kindred Products	1,573	$28,594	38.7%
41.	Credit Agencies Other than Banks	888	$28,279	37.8%
42.	Transportation Services	298	$27,708	37.5%
43.	Real Estate	1,272	$27,091	36.3%
44.	Miscl. Repair Services	341	$26,240	35.9%
45.	Miscellaneous Manufacturing Inds.	385	$25,881	35.5%
46.	Business Services	5,147	$25,200	30.3%
47.	Lumber & Wood Products	748	$25,137	29.8%
48.	Furniture & Fixtures	512	$23,584	29.1%
49.	Amusement & Recreation Services	744	$22,378	28.3%
50.	Textile Mill Products	714	$22,218	27.6%
51.	Educational Services	1,482	$21,125	26.1%
52.	Auto Repair Services & Garages	854	$20,748	25.3%
53.	Local & Interurban Psgr. Transit	302	$20,321	24.9%
54.	Leather & Leather Prods.	142	$19,465	24.8%
55.	Hotels & Other Lodging Places	1,392	$18,379	23.4%
56.	Apparel & Other Textile Prods.	1,055	$17,509	22.3%
57.	Social Services Membership Orgns.	2,780	$17,478	19.5%
58.	Retail Trade	15,915	$17,474	3.5%
59.	Agri. Svcs. Forestry & Fisheries	773	$16,705	2.7%
60.	Personal Services	1,103	$16,164	1.8%
61.	Private Households	725	$12,918	0.9%
62.	Farms	873	$11,525	0.0%
	All Domestic Industries	100,995	$28,790	-

SOURCE: SURVEY OF CURRENT BUSINESS, U. S. Department of Commerce, July 1989, pp 79-80.

NRLC 10-10-1989

VII
M

AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE,
BY INDUSTRY, RANKED FROM HIGH TO LOW
1987

Rank (1)	Industry (2)	No. of Employees (000) (3)	Average Annual Compensation (4)	Percent of Employees with Lower Comp. (5)
1.	Security-Commodity Brokers & Svc.	443	$70,312	99.5%
2.	Petroleum & Coal Products	160	$57,144	99.4%
3.	RAILROAD TRANSPORTATION	294	$49,558	99.1%
4.	Tobacco Manufacturers	53	$46,396	99.0%
5.	Holding & Other Investment Cos.	200	$46,376	98.8%
6.	Coal Mining	157	$45,904	98.6%
7.	Telephone & Telegraph	865	$45,758	97.6%
8.	Motor Vehicles & Equipment	847	$44,893	96.8%
9.	Pipelines Ex. Natural Gas	18	$44,889	96.7%
10.	Elec. Gas & Sanitary Services	901	$42,992	95.8%
11.	Chemicals & Allied Products	1,007	$41,821	94.8%
12.	Metal Mining	44	$41,659	94.7%
13.	Legal Services	831	$40,781	93.9%
14.	Other Transportation Equipment	1,182	$40,733	92.6%
15.	Oil & Gas Extraction	385	$40,701	92.2%
16.	Transportation by Air	570	$40,560	91.6%
17.	Primary Metal Products	724	$38,778	90.9%
18.	Motion Pictures	185	$36,481	90.7%
19.	Machinery Ex. Electrical	1,982	$35,584	88.6%
20.	Paper & Allied Products	674	$35,547	87.9%
21.	Miscl. Professional Services	1,371	$34,792	86.5%
22.	Instruments & Related Products	682	$34,458	85.8%
23.	Radio & Television Broadcasting	218	$34,018	85.6%
24.	Federal Government	4,472	$33,765	81.0%
25.	Water Transportation	170	$33,653	80.8%
26.	Electric & Electronic Equipment	2,055	$33,303	78.7%
27.	Nonmetallic Minerals Ex. Fuels	108	$33,185	78.5%
28.	Insurance Carriers	1,379	$32,047	77.1%
29.	Stone Clay & Glass Products	577	$31,458	76.5%
30.	Wholesale Trade	5,680	$31,364	70.6%
31.	Fabricated Metal Products	1,375	$30,958	69.2%
32.	Ins. Agents Brokers & Services	585	$30,924	68.6%
33.	Construction	4,778	$29,755	63.6%
34.	Printing & Publishing	1,400	$29,434	62.2%
35.	Banking	1,655	$28,634	60.5%
36.	Food & Kindred Products	1,560	$28,533	58.8%
37.	State & Local Government	11,294	$28,485	47.1%
38.	Trucking & Warehousing	1,429	$28,461	45.6%
39.	Rubber & Miscl. Plastics	809	$27,707	44.8%
40.	Health Services	6,301	$27,642	38.3%
41.	Credit Agencies Other than Banks	862	$27,609	37.4%
42.	Transportation Services	283	$26,124	37.1%
43.	Real Estate	1,216	$25,211	36.8%
44.	Miscl. Repair Services	312	$25,074	35.5%
45.	Miscellaneous Manufacturing Inds.	367	$24,618	35.1%
46.	Business Services	4,770	$24,127	30.2%
47.	Lumber & Wood Products	732	$23,833	29.4%
48.	Furniture & Fixtures	503	$22,509	28.9%
49.	Textile Mill Products	713	$21,442	28.3%
50.	Amusement & Recreation Services	733	$20,321	27.4%
51.	Auto Repair Services & Garages	818	$19,840	26.6%
52.	Local & Interurban Psgr. Transit	288	$19,427	26.3%
53.	Educational Services	1,434	$19,362	24.8%
54.	Leather & Leather Prods.	141	$18,409	24.6%
55.	Hotels & Other Lodging Places	1,320	$17,418	23.3%
56.	Retail Trade	15,400	$16,764	7.3%
57.	Social Services Membership Orgns.	2,816	$16,662	4.6%
58.	Apparel & Other Textile Prods.	1,061	$16,599	3.5%
59.	Agri. Svcs. Forestry & Fisheries	700	$16,360	2.7%
60.	Personal Services	1,051	$15,456	1.7%
61.	Private Households	740	$12,427	0.9%
62.	Farms	850	$11,498	0.0%
	All Domestic Industries	98,167	$27,334	-

SOURCE: SURVEY OF CURRENT BUSINESS, U. S. Department of Commerce, July 1988, pp 80-81.

NRLC 10-07-1988

AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE,
BY INDUSTRY, RANKED FROM HIGH TO LOW
1986

Rank (1)	Industry (2)	No. of Employees (000) (3)	Average Annual Compensation (4)	Percent of Employees with Lower Comp. (5)
1.	Security-Commodity Brokers & Svc.	352	$68,472	99.6%
2.	Petroleum & Coal Products	174	$56,600	99.4%
3.	RAILROAD TRANSPORTATION	342	$48,379	99.1%
4.	Holding & Other Investment Cos.	163	$45,138	98.9%
5.	Coal Mining	186	$45,029	98.7%
6.	Motor Vehicles & Equipment	872	$44,610	97.7%
7.	Pipelines, Ex. Natural Gas	19	$44,000	97.7%
8.	Telephone & Telegraph	999	$43,968	96.6%
9.	Tobacco Manufacturers	61	$42,232	96.6%
10.	Elec., Gas & Sanitary Services	889	$41,613	95.6%
11.	Metal Mining	45	$41,122	95.5%
12.	Oil & Gas Extraction	566	$40,727	94.9%
13.	Transportation by Air	490	$40,418	94.4%
14.	Chemicals & Allied Products	1,032	$40,074	93.3%
15.	Other Transportation Equipment	1,093	$39,527	92.1%
16.	Primary Metal Products	796	$38,092	91.2%
17.	Legal Services	710	$36,773	90.4%
18.	Paper & Allied Products	667	$34,565	89.7%
19.	Machinery, Ex. Electrical	2,152	$34,256	87.4%
20.	Water Transportation	176	$33,882	87.2%
21.	Instruments & Related Products	788	$33,467	86.4%
22.	Motion Pictures	177	$33,196	86.2%
23.	Miscl. Professional Services	1,246	$33,175	84.9%
24.	Radio & Television Broadcasting	218	$33,160	84.6%
25.	Federal Government	4,428	$32,485	79.8%
26.	Electric & Electronic Equipment	2,167	$31,939	77.5%
27.	Nonmetallic Minerals, Ex. Fuels	108	$31,687	77.3%
28.	Stone, Clay & Glass Products	576	$30,884	76.7%
29.	Fabricated Metal Products	1,438	$30,481	75.1%
30.	Wholesale Trade	5,497	$30,129	69.2%
31.	Insurance Carriers	1,276	$29,979	67.8%
32.	Ins. Agents, Brokers & Services	542	$28,827	67.2%
33.	Construction	4,519	$28,499	62.3%
34.	Printing & Publishing	1,320	$28,364	60.0%
35.	Food & Kindred Products	1,528	$27,911	59.2%
36.	Trucking & Warehousing	1,323	$27,577	57.7%
37.	State & Local Government	10,685	$27,546	46.1%
38.	Banking	1,623	$27,152	44.6%
39.	Rubber & Miscl. Plastics	774	$26,853	43.5%
40.	Credit Agencies Other than Banks	726	$26,360	42.7%
41.	Health Services	5,816	$25,271	36.4%
42.	Transportation Services	261	$25,096	36.1%
43.	Miscl. Repair Services	312	$24,829	35.8%
44.	Miscellaneous Manufacturing Inds.	359	$23,823	35.4%
45.	Real Estate	1,118	$23,798	34.2%
46.	Lumber & Wood Products	678	$23,323	33.4%
47.	Business Services	4,836	$23,185	29.1%
48.	Furniture & Fixtures	476	$21,756	28.5%
49.	Textile Mill Products	678	$20,563	27.8%
50.	Amusement & Recreation Services	692	$19,139	27.0%
51.	Auto Repair, Services & Garages	748	$19,056	26.2%
52.	Local & Interurban Psgr. Transit	268	$18,725	25.9%
53.	Educational Services	1,353	$18,103	24.9%
54.	Leather & Leather Prods.	163	$17,694	24.3%
55.	Hotels & Other Lodging Places	1,216	$16,683	23.0%
56.	Apparel & Other Textile Prods.	1,065	$16,212	21.8%
57.	Retail Trade	14,445	$16,183	6.1%
58.	Agri. Svcs., Forestry & Fisheries	588	$16,075	5.5%
59.	Social Services Membership Orgns.	2,428	$15,679	2.8%
60.	Personal Services	978	$15,042	1.0%
61.	Private Households	760	$12,416	1.0%
62.	Farms	875	$11,344	0.0%
	All Domestic Industries	93,630	$26,295	—

SOURCE: SURVEY OF CURRENT BUSINESS, U. S. Department of Commerce, July 1987, pp 59-60.

NALC 09/21/87

AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE,
BY INDUSTRY, RANKED FROM HIGH TO LOW
1985

Rank (1)	Industry (2)	No. of Employees (000) (3)	Average Annual Compensation (4)	Percent of Employees with Lower Comp. (5)
1.	Petroleum & Coal Products	176	$56,665	99.0%
2.	Security-Commodity Brokers & Svc.	[illegible]	$55,711	98.4%
3.	RAILROAD TRANSPORTATION	345	$46,052	98.1%
4.	Motor Vehicles & Equipment	866	$43,664	98.1%
5.	Coal Mining	184	$42,886	97.9%
6.	Holding & Other Investment Cos.	161	$42,621	97.7%
7.	Telephone & Telegraph	997	$42,125	95.7%
8.	Pipelines, Ex. Natural Gas	19	$42,105	95.6%
9.	Metal Mining	46	$40,630	95.6%
10.	Transportation by Air	467	$39,663	95.1%
11.	Elec., Gas & Sanitary Services	887	$39,542	95.1%
12.	Tobacco Manufacturers	62	$38,865	95.0%
13.	Oil & Gas Extraction	568	$38,532	94.4%
14.	Other Transportation Equipment	1,086	$38,207	93.2%
15.	Chemicals & Allied Products	1,042	$37,032	92.1%
16.	Primary Metal Products	863	$36,776	91.0%
17.	Legal Services	705	$34,465	90.5%
18.	Water Transportation	177	$33,356	90.3%
19.	Paper & Allied Products	671	$33,116	88.5%
20.	Machinery, Ex. Electrical	2,174	$32,581	87.2%
21.	Miscl. Professional Services	1,267	$31,988	86.0%
22.	Radio & Television Broadcasting	218	$31,784	85.6%
23.	Federal Government	4,440	$31,658	80.8%
24.	Motion Pictures	176	$31,304	80.6%
25.	Instruments & Related Products	709	$31,120	78.0%
26.	Nonmetallic Minerals, Ex. Fuels	108	$30,630	78.7%
27.	Electric & Electronic Equipment	2,193	$30,465	77.3%
28.	Stone, Clay & Glass Products	576	$29,597	76.7%
29.	Fabricated Metal Products	1,435	$29,329	75.1%
30.	Wholesale Trade	5,505	$28,874	68.1%
31.	Insurance Carriers	1,288	$28,034	67.7%
32.	Construction	4,571	$27,554	62.0%
33.	Printing & Publishing	1,738	$27,180	61.4%
34.	Trucking & Warehousing	1,323	$27,004	58.9%
35.	Food & Kindred Products	1,546	$26,882	58.3%
36.	Ins. Agents, Brokers & Services	541	$26,407	57.7%
37.	State & Local Government	10,605	$26,218	46.1%
38.	Rubber & Miscl. Plastics	778	$26,046	45.2%
39.	Banking	1,622	$25,589	43.5%
40.	Transportation Services	282	$24,431	43.2%
41.	Health Services	5,810	$24,255	36.9%
42.	Credit Agencies Other than Banks	725	$24,188	36.1%
43.	Miscl. Repair Services	211	$23,225	35.7%
44.	Miscellaneous Manufacturing Inds.	358	$22,620	35.3%
45.	Lumber & Wood Products	676	$22,441	34.6%
46.	Business Services	4,027	$22,303	30.2%
47.	Real Estate	1,128	$22,198	29.0%
48.	Furniture & Fixtures	477	$20,918	28.5%
49.	Textile Mill Products	688	$19,372	27.0%
50.	Auto Repair, Services & Garages	749	$18,377	26.9%
51.	Local & Interurban Pass. Transit	858	$18,289	26.6%
52.	Amusement & Recreation Services	691	$18,008	25.9%
53.	Educational Services	1,317	$17,495	24.5%
54.	Leather & Leather Prods.	153	$16,982	24.3%
55.	Hotels & Other Lodging Places	1,282	$15,887	23.0%
56.	Agri. Svcs., Forestry & Fisheries	389	$15,611	22.3%
57.	Apparel & Other Textile Prods.	1,087	$15,599	21.2%
58.	Retail Trade	14,471	$15,516	5.5%
59.	Social Services Membership Orgns.	2,413	$15,381	2.9%
60.	Personal Services	970	$14,462	1.0%
61.	Private Households	708	$11,924	1.0%
62.	Farms	675	$11,313	0.0%
	All Domestic Industries	93,653	$25,287	—

SOURCE: SURVEY OF CURRENT BUSINESS, U. S. Department of Commerce, July 1986, Vol. 66, pp 65-66.

AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE,
BY INDUSTRY, RANKED FROM HIGH TO LOW
1984

Rank (1)	Industry (2)	No. of Employees (000) (3)	Average Annual Compensation (4)	Percent of Employees with Lower Comp. (5)
1.	Petroleum & Coal Products	183	$54,404	99.8%
2.	Security-Commodity Brokers & Svc.	337	$51,819	99.4%
3.	RAILROAD TRANSPORTATION	365	$44,430	99.0%
4.	Coal Mining	195	$42,605	98.8%
5.	Motor Vehicles & Equipment	847	$41,749	97.8%
6.	Pipelines, Ex. Natural Gas	19	$40,632	97.8%
7.	Holding & Other Investment Cos.	147	$40,456	97.7%
8.	Telephone & Telegraph	1,030	$40,228	96.5%
9.	Metal Mining	55	$38,782	96.4%
10.	Transportation by Air	461	$38,729	95.9%
11.	Elec., Gas & Sanitary Services	873	$37,935	95.0%
12.	Tobacco Manufacturers	62	$37,000	94.9%
13.	Oil & Gas Extraction	594	$36,729	94.2%
14.	Other Transportation Equipment	1,040	$36,658	93.1%
15.	Chemicals & Allied Products	1,036	$36,413	91.9%
16.	Primary Metal Products	846	$36,220	31.0%
17.	Legal Services	557	$32,563	90.2%
18.	Water Transportation	183	$32,284	90.0%
19.	Paper & Allied Products	667	$31,963	89.3%
20.	Machinery, Ex. Electrical	2,169	$31,589	86.9%
21.	Miscl. Professional Services	1,167	$30,981	85.6%
22.	Federal Government	4,396	$30,047	80.6%
23.	Instruments & Related Products	700	$29,796	79.9%
24.	Radio & Television Broadcasting	214	$29,724	79.6%
25.	Nonmetallic Minerals, Ex. Fuels	107	$29,570	79.5%
26.	Motion Pictures	172	$29,535	79.3%
27.	Electric & Electronic Equipment	2,174	$28,985	76.9%
28.	Stone, Clay & Glass Products	584	$28,670	76.2%
29.	Fabricated Metal Products	1,436	$28,285	74.6%
30.	Wholesale Trade	5,370	$27,741	68.6%
31.	Insurance Carriers	1,254	$27,067	67.2%
32.	Construction	4,249	$26,936	62.5%
33.	Trucking & Warehousing	1,279	$26,801	61.0%
34.	Printing & Publishing	1,264	$26,320	59.6%
35.	Food & Kindred Products	1,536	$26,098	57.9%
36.	Rubber & Miscl. Plastics	765	$25,563	57.1%
37.	Ins. Agents, Brokers & Services	510	$24,937	56.5%
38.	State & Local Government	10,456	$24,827	44.0%
39.	Banking	1,599	$24,435	43.0%
40.	Transportation Services	242	$23,826	42.8%
41.	Health Services	5,633	$23,282	36.5%
42.	Credit Agencies Other than Banks	677	$22,647	35.7%
43.	Miscl. Repair Services	304	$22,247	35.4%
44.	Miscellaneous Manufacturing Inds.	376	$21,894	34.9%
45.	Lumber & Wood Products	690	$21,710	34.2%
46.	Business Services	3,693	$21,133	30.0%
47.	Real Estate	1,080	$21,100	28.8%
48.	Furniture & Fixtures	473	$20,072	28.3%
49.	Textile Mill Products	723	$18,941	27.5%
50.	Auto Repair, Services & Garages	697	$17,826	26.7%
51.	Local & Interurban Psgr. Transit	261	$17,644	26.4%
52.	Amusement & Recreation Services	684	$17,516	25.7%
53.	Leather & Leather Prods.	182	$16,808	25.5%
54.	Educational Services	1,251	$16,448	24.1%
55.	Hotels & Other Lodging Places	1,154	$15,355	22.8%
56.	Retail Trade	13,726	$15,289	7.4%
57.	Agri. Svcs., Forestry & Fisheries	543	$15,197	6.8%
58.	Apparel & Other Textile Prods.	1,136	$15,108	5.6%
59.	Social Services Membership Orgns.	2,357	$14,932	2.9%
60.	Personal Services	925	$14,131	1.9%
61.	Private Households	779	$11,172	1.0%
62.	Farms	923	$10,958	0.8%
	All Domestic Industries	91,115	$24,380	--

SOURCE: Unpublished data, Department of Commerce.

NRLC 04/07/86

AVERAGE ANNUAL COMPENSATION PER FULL-TIME ... BY INDUSTRY, RANKED FROM HIGH TO LOW
1983

M

Rank (1)	Industry (2)	No. of Employees (000) (3)	Average Annual Compensation (4)	Percent of Employees with Lower Comp. (5)
1.	Security Commodity Brokers & Svc.	294	$54,554	99.7%
2.	Petroleum & Coal Products	190	$52,163	99.4%
3.	Railroad Transportation	364	$41,310	99.0%
4.	Coal Mining	187	$39,722	98.8%
5.	Transportation by Air	428	$38,951	98.3%
6.	Telephone & Telegraph	1,094	$38,496	97.0%
7.	Pipelines, Ex. Natural Gas	21	$38,381	97.0%
8.	Motor Vehicles & Equipment	738	$38,283	96.1%
9.	Metal Mining	56	$37,768	96.0%
10.	Holding & Other Investment Cos.	125	$37,624	95.9%
11.	Tobacco Manufacturers	64	$37,469	95.8%
12.	Elec., Gas & Sanitary Svcs.	842	$36,598	94.8%
13.	Oil & Gas Extraction	571	$35,793	94.2%
14.	Other Transportation Equipment	980	$35,559	93.0%
15.	Primary Metal Products	813	$34,490	92.1%
16.	Chemicals & Allied Products	1,034	$34,475	90.9%
17.	Water Transportation	174	$31,736	90.6%
18.	Legal Services	550	$31,080	90.0%
19.	Paper & Allied Products	649	$30,300	89.2%
20.	Machinery, Ex. Electrical	1,906	$30,056	86.9%
21.	Miscl. Professional Services	1,015	$29,716	85.7%
22.	Instruments & Related Products	682	$28,792	84.9%
23.	Radio & Television	282	$28,465	84.7%
24.	Electric & Electronic Equipment	1,988	$27,897	82.4%
25.	Stone, Clay & Glass Products	552	$27,582	81.7%
26.	Motion Pictures	164	$27,530	81.5%
27.	Nonmetallic Minerals, Ex. Fuels	183	$27,078	81.4%
28.	Wholesale Trade	5,035	$26,266	73.3%
29.	Fabricated Metal Products	1,383	$26,262	73.9%
30.	Trucking & Warehousing	1,165	$26,202	72.9%
31.	Federal Government	3,161	$25,725	66.5%
32.	Insurance Carriers	1,227	$25,724	65.0%
33.	Construction	3,657	$25,614	60.7%
34.	Printing & Publishing	1,177	$25,297	59.3%
35.	Food & Kindred Products	1,529	$25,193	57.6%
36.	Rubber & Miscl. Plastics	652	$24,586	55.7%
37.	Ins. Agents, Brokers & Services	473	$23,729	56.2%
38.	State & Local Government	11,812	$23,589	43.3%
39.	Banking	1,594	$23,136	41.4%
40.	Health Services	5,388	$22,647	35.1%
41.	Transportation Services	217	$22,327	34.8%
42.	Miscellaneous Manufacturing Inds.	351	$21,595	34.4%
43.	Credit Agencies Other than Banks	613	$21,589	33.7%
44.	Miscl. Repair Services	260	$21,488	33.4%
45.	Lumber & Wood Products	623	$21,262	32.7%
46.	Business Services	3,181	$20,348	28.9%
47.	Real Estate	971	$19,491	27.8%
48.	Furniture & Fixtures	440	$18,864	27.3%
49.	Textile Mill Products	718	$18,440	26.4%
50.	Auto Repair, Services & Garages	569	$17,498	25.8%
51.	Local & Interurban Psgr. Transit	242	$17,339	25.5%
52.	Educational Services	1,142	$16,870	24.8%
53.	Amusement & Recreation Services	640	$16,688	23.4%
54.	Leather & Leather Prods.	194	$16,098	23.2%
55.	Retail Trade	12,470	$14,895	8.6%
56.	Social Services Membership Orgns.	2,125	$14,827	6.1%
57.	Hotels & Other Lodging Places	1,044	$14,686	4.8%
58.	Agri. Svcs., Forestry & Fisheries	426	$14,578	4.3%
59.	Apparel & Other Textile Prods.	1,092	$14,533	3.1%
60.	Personal Services	807	$13,761	2.1%
61.	Farms	1,072	$11,733	0.9%
62.	Private Households	735	$10,569	0.0%
	All Domestic Industries	85,241	$23,287	—

SOURCE: Survey of Current Business, July 1984, Department of Commerce.

NRLC 9/12/84

AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE, BY INDUSTRY, RANKED FROM HIGH TO LOW

1982

RANK (1)	INDUSTRY (2)	NO. OF EMPLOYEES (000) (3)	AVERAGE ANNUAL COMPENSATION (4)	PERCENT OF EMPLOYEES WITH LOWER COMP. (5)
1.	PETROLEUM & COAL PRODUCTS	193	$50,016	99.8%
2.	SECURITY COMMODITY BROKERS & SERVICES	260	$45,009	99.5%
3.	COAL MINING	234	$37,645	99.2%
4.	TRANSPORTATION BY AIR	419	$37,138	98.7%
5.	MOTOR VEHICLES & EQUIPMENT	698	$36,944	97.9%
6.	RAILROAD TRANSPORTATION	411	$36,929	97.4%
7.	PIPELINES, EXCEPT NATURAL GAS	21	$36,524	97.4%
8.	METAL MINING	73	$36,151	97.3%
9.	TELEPHONE & TELEGRAPH	1,140	$35,245	95.9%
10.	HOLDING & OTHER INVESTMENT COMPANIES	124	$35,026	95.8%
11.	OIL & GAS EXTRACTION	675	$33,873	95.6%
12.	PRIMARY METAL PRODUCTS	802	$33,814	93.9%
13.	ELECTRIC, GAS & SANITARY SERVICES	839	$33,615	92.9%
14.	OTHER TRANSPORTATION EQUIPMENT	1,023	$33,179	91.7%
15.	TOBACCO MANUFACTURES	66	$32,909	91.7%
16.	CHEMICALS & ALLIED PRODUCTS	1,068	$32,430	90.4%
17.	WATER TRANSPORTATION	187	$30,088	90.2%
18.	LEGAL SERVICES	517	$28,356	89.6%
19.	MACHINERY, EXCEPT ELECTRICAL	2,220	$28,348	86.9%
20.	PAPER & ALLIED PRODUCTS	650	$28,185	86.2%
21.	MISCL. PROFESSIONAL SERVICES	991	$27,920	85.0%
22.	RADIO & TELEVISION	186	$26,556	84.8%
23.	INSTRUMENTS & RELATED PRODUCTS	704	$26,521	84.0%
24.	NONMETALLIC MINERALS, EXCEPT FUELS	106	$25,962	83.8%
25.	STONE, CLAY & GLASS PRODUCTS	559	$25,887	83.2%
26.	FABRICATED METAL PRODUCTS	1,308	$25,727	81.5%
27.	MOTION PICTURES	161	$25,706	81.3%
28.	TRUCKING & WAREHOUSING	1,151	$25,535	80.0%
29.	ELECTRIC & ELECTRONIC EQUIPMENT	1,989	$25,460	77.6%
30.	CONSTRUCTION	3,600	$25,187	73.4%
31.	WHOLESALE TRADE	5,079	$25,042	67.4%
32.	FEDERAL GOVERNMENT	3,133	$24,221	61.3%
33.	FOOD & KINDRED PRODUCTS	1,383	$23,906	58.5%
34.	INSURANCE CARRIERS	1,242	$23,816	58.0%
35.	PRINTING & PUBLISHING	1,149	$23,700	56.7%
36	RUBBER & MISCL. PLASTIC PRODUCTS	676	$22,966	55.9%
37.	INSURANCE AGENTS, BROKERS & SERVICES	159	$22,534	55.3%
38.	STATE & LOCAL GOVERNMENT	11,049	$21,647	42.3%
39.	TRANSPORTATION SERVICES	287	$21,504	41.1%
40.	BANKING	1,592	$21,262	40.2%
41.	HEALTH SERVICES	5,215	$21,040	34.6%
42.	MISCL. REPAIR SERVICES	283	$20,567	33.7%
43.	LUMBER & WOOD PRODUCTS	583	$20,087	33.1%
44.	MISCL. MANUFACTURING INDUSTRIES	365	$20,000	32.6%
45.	CREDIT AGENCIES OTHER THAN BANKS	561	$19,986	32.0%
46.	BUSINESS SERVICES	2,940	$19,271	28.5%
47.	FURNITURE & FIXTURES	413	$18,179	28.0%
48.	REAL ESTATE	938	$17,967	26.8%
49.	LOCAL & INTERURBAN PASSENGER TRANSIT	248	$16,817	26.6%
50.	AUTO REPAIR SERVICES & GARAGES	344	$16,785	26.0%
51.	TEXTILE MILL PRODUCTS	715	$16,731	25.2%
52.	AMUSEMENT & RECREATION SERVICES	625	$15,669	24.4%
53.	EDUCATIONAL SERVICES	1,144	$15,586	23.1%
54.	LEATHER & LEATHER PRODUCTS	209	$14,981	22.8%
55.	AGRICULTURE SERVICES, FORESTRY & FISHERIES	406	$14,330	22.3%
56.	RETAIL TRADE	12,116	$14,255	8.1%
57.	SOCIAL SERVICES & MEMBERSHIP ORGNS.	2,115	$13,778	5.6%
58.	APPAREL & OTHER TEXTILE PRODUCTS	1,087	$13,626	4.3%
59.	HOTELS & OTHER LODGING PLACES	1,024	$13,254	3.1%
60.	PERSONAL SERVICES	761	$13,072	2.2%
61.	FARMS	1,102	$10,819	0.9%
62.	PRIVATE HOUSEHOLDS	727	$10,490	0.0%
	ALL DOMESTIC INDUSTRIES	84,737	$22,018	-

SOURCE: U. S. DEPARTMENT OF COMMERCE REPORTS

NRLC 8/24/83

AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE, BY INDUSTRY, RANKED FROM HIGH TO LOW

1981

RANK (1)	INDUSTRY (2)	NO. OF EMPLOYEES (000) (3)	AVERAGE ANNUAL COMPENSATION (4)	PERCENT OF EMPLOYEES WITH LOWER COMP. (5)
1.	PETROLEUM & COAL PRODUCTS	213	$43,728	99.8%
2.	SECURITY COMMODITY BROKERS & SERVICES	247	$41,757	99.5%
3.	MOTOR VEHICLES & EQUIPMENT	796	$36,419	98.6%
4.	TRANSPORTATION BY AIR	435	$34,222	98.1%
5.	RAILROAD TRANSPORTATION	409	$33,682	97.5%
6.	COAL MINING	224	$33,508	97.3%
7.	METAL MINING	105	$32,676	97.1%
8.	PRIMARY METAL PRODUCTS	1,118	$32,572	95.9%
9.	HOLDING & OTHER INVESTMENT COMPANIES	106	$31,925	95.7%
10.	TELEPHONE & TELEGRAPH	1,127	$31,647	94.6%
11.	PIPELINES, EXCEPT NATURAL GAS	22	$31,182	94.4%
12.	OIL & GAS EXTRACTION	669	$30,516	93.6%
13.	TOBACCO MANUFACTURES	68	$30,441	93.6%
14.	OTHER TRANSPORTATION EQUIPMENT	1,109	$30,036	92.3%
15.	ELECTRIC, GAS & SANITARY SERVICES	817	$29,924	91.3%
16.	CHEMICALS & ALLIED PRODUCTS	1,099	$29,462	90.1%
17.	WATER TRANSPORTATION	205	$28,127	89.8%
18.	MACHINERY, EXCEPT ELECTRICAL	2,451	$26,535	87.3%
19.	PAPER & ALLIED PRODUCTS	678	$26,047	86.2%
20.	MISCL. PROFESSIONAL SERVICES	994	$25,703	85.1%
21.	LEGAL SERVICES	492	$24,817	84.5%
22.	TRUCKING & WAREHOUSING	1,213	$24,351	83.1%
23.	FABRICATED METAL PRODUCTS	1,582	$24,305	81.3%
24.	RADIO & TELEVISION	198	$24,128	81.1%
25.	INSTRUMENTS & RELATED PRODUCTS	713	$24,101	80.3%
26.	STONE, CLAY & GLASS PRODUCTS	631	$24,051	79.6%
27.	NONMETALLIC MINERALS, EXCEPT FUELS	115	$23,922	79.4%
28.	ELECTRIC & ELECTRONIC EQUIPMENT	2,074	$23,380	77.0%
29.	WHOLESALE TRADE	5,168	$23,349	71.1%
30.	CONSTRUCTION	3,931	$23,279	66.6%
31.	MOTION PICTURES	170	$23,053	66.4%
32.	FEDERAL GOVERNMENT	5,186	$22,248	60.5%
33.	FOOD & KINDRED PRODUCTS	1,606	$22,161	59.6%
34.	PRINTING & PUBLISHING	1,151	$21,984	57.3%
35.	RUBBER & MISCL. PLASTIC PRODUCTS	722	$21,607	56.3%
36.	INSURANCE CARRIERS	1,235	$21,552	55.0%
37.	INSURANCE AGENTS, BROKERS & SERVICES	448	$21,167	54.5%
38.	TRANSPORTATION SERVICES	199	$20,281	54.3%
39.	STATE & LOCAL GOVERNMENT	11,154	$19,938	41.4%
40.	LUMBER & WOOD PRODUCTS	643	$19,543	40.7%
41.	MISCL. REPAIR SERVICES	274	$19,095	43.4%
42.	BANKING	1,564	$18,892	38.6%
43.	HEALTH SERVICES	5,828	$18,861	32.9%
44.	CREDIT AGENCIES OTHER THAN BANKS	566	$18,305	32.1%
45.	MISCL. MANUFACTURING INDUSTRIES	398	$17,395	31.7%
46.	BUSINESS SERVICES	2,918	$17,354	28.3%
47.	REAL ESTATE	951	$16,378	27.2%
48.	FURNITURE & FIXTURES	446	$16,313	26.7%
49.	LOCAL & INTERURBAN PASSENGER TRANSIT	245	$16,273	26.4%
50.	TEXTILE MILL PRODUCTS	794	$15,969	25.5%
51.	AUTO REPAIR SERVICES & GARAGES	535	$15,629	24.9%
52.	AMUSEMENT & RECREATION SERVICES	618	$14,403	24.2%
53.	EDUCATIONAL SERVICES	1,152	$14,178	22.9%
54.	LEATHER & LEATHER PRODUCTS	232	$14,125	22.6%
55.	AGRICULTURE SERVICES, FORESTRY & FISHERIES	413	$13,379	22.1%
56.	RETAIL TRADE	12,176	$13,342	9.1%
57.	APPAREL & OTHER TEXTILE PRODUCTS	1,186	$12,878	6.7%
58.	SOCIAL SERVICES & MEMBERSHIP ORGNS.	2,183	$12,729	4.2%
59.	PERSONAL SERVICES	771	$12,444	3.3%
60.	HOTELS & OTHER LODGING PLACES	1,020	$12,104	2.2%
61.	FARMS	1,137	$10,471	0.9%
62.	PRIVATE HOUSEHOLDS	740	$ 9,509	[illegible]
	ALL DOMESTIC INDUSTRIES	86,770	$20,372	-

SOURCE: SURVEY OF CURRENT BUSINESS, JULY 1982 / VOLUME 62.
UNITED STATES DEPARTMENT OF COMMERCE.

NRLC 9/20/82

AVERAGE ANNUAL COMPENSATION PER FULL-TIME EMPLOYEE, BY INDUSTRY, RANKED FROM HIGH TO LOW

1980

RANK (1)	INDUSTRY (2)	NO. OF EMPLOYEES (000) (3)	AVERAGE ANNUAL COMPENSATION (4)	PERCENT OF EMPLOYEES WITH LOWER COMP. (5)
1.	PETROLEUM & COAL PRODUCTS	202	$40,735	99.8%
2.	SECURITY, COMMODITY BROKERS & SERVICES	213	$38,323	99.5%
3.	MOTOR VEHICLES & EQUIPMENT	787	$32,446	98.6%
4.	TRANSPORTATION BY AIR	452	$31,461	98.1%
5.	COAL MINING	246	$30,757	97.8%
6.	RAILROAD TRANSPORTATION	506	$30,573	97.2%
7.	METAL MINING	100	$29,258	97.1%
8.	PRIMARY METAL PRODUCTS	1,134	$29,242	95.8%
9.	PIPELINES, EXCEPT NATURAL GAS	22	$28,355	95.8%
10.	TELEPHONE & TELEGRAPH	1,102	$28,514	94.5%
11.	OTHER TRANSPORTATION EQUIPMENT	1,093	$27,715	93.2%
12.	HOLDING & OTHER INVESTMENT COMPANIES	182	$27,265	93.1%
13.	OIL & GAS EXTRACTION	546	$27,259	92.2%
14.	ELECTRIC, GAS & SANITARY SERVICES	785	$27,102	91.5%
15.	CHEMICALS & ALLIED PRODUCTS	1,099	$26,757	90.2%
16.	WATER TRANSPORTATION	198	$26,434	90.0%
17.	TOBACCO MANUFACTURES	67	$26,373	89.9%
18.	MACHINERY, EXCEPT ELECTRICAL	2,444	$24,329	87.1%
19.	PAPER & ALLIED PRODUCTS	681	$23,800	86.3%
20.	MISCL. PROFESSIONAL SERVICES	944	$23,311	85.2%
21.	RADIO & TELEVISION	179	$22,547	85.0%
22.	TRUCKING & WAREHOUSING	1,231	$22,339	83.6%
23.	FABRICATED METAL PRODUCTS	1,579	$22,077	81.7%
24.	STONE, CLAY & GLASS PRODUCTS	650	$22,012	81.0%
25.	LEGAL SERVICES	457	$21,958	80.4%
26.	NONMETALLIC MINERALS, EXCEPT FUELS	122	$21,862	80.3%
27.	INSTRUMENTS & RELATED PRODUCTS	685	$21,782	78.8%
28.	WHOLESALE TRADE	5,051	$21,461	73.0%
29.	CONSTRUCTION	4,074	$21,286	68.9%
30.	ELECTRIC & ELECTRONIC EQUIPMENT	2,076	$21,184	66.4%
31.	MOTION PICTURES	168	$20,889	66.2%
32.	FOOD & KINDRED PRODUCTS	1,625	$20,419	64.4%
33.	PRINTING & PUBLISHING	1,137	$20,192	63.0%
34.	FEDERAL GOVERNMENT	5,102	$20,125	57.1%
35.	INSURANCE CARRIERS	1,217	$19,862	55.7%
36.	INSURANCE AGENTS, BROKERS & SERVICES	433	$19,718	55.2%
37.	RUBBER & MISCL. PLASTIC PRODUCTS	708	$19,549	54.3%
38.	TRANSPORTATION SERVICES	192	$18,349	54.1%
39.	STATE & LOCAL GOVERNMENT	11,283	$18,163	41.1%
40.	LUMBER & WOOD PRODUCTS	658	$17,859	40.3%
41.	MISCL. REPAIR SERVICES	268	$17,649	40.0%
42.	BANKING	1,507	$17,3[illegible]	39.3%
43.	HEALTH SERVICES	4,761	$17,000	32.7%
44.	CREDIT AGENCIES OTHER THAN BANKS	545	$16,857	32.2%
45.	MISCL. MANUFACTURING INDUSTRIES	399	$16,642	31.6%
46.	BUSINESS SERVICES	2,746	$15,983	28.4%
47.	FURNITURE & FIXTURES	439	$15,872	27.9%
48.	REAL ESTATE	932	$15,488	26.8%
49.	LOCAL & INTERURBAN PASSENGER TRANSIT	246	$15,061	26.3%
50.	TEXTILE MILL PRODUCTS	819	$14,603	25.6%
51.	AUTO REPAIR SERVICES & GARAGES	530	$14,530	25.0%
52.	AMUSEMENT & RECREATION SERVICES	682	$13,277	24.3%
53.	LEATHER & LEATHER PRODUCTS	227	$12,899	24.0%
54.	EDUCATIONAL SERVICES	1,145	$12,804	[illegible]
55.	AGRICULTURE SERVICES, FORESTRY & FISHERIES	389	$12,713	[illegible]
56.	RETAIL TRADE	12,003	$12,435	8.1%
57.	APPAREL & OTHER TEXTILE PRODUCTS	1,200	$11,916	6.7%
58.	PERSONAL SERVICES	753	$11,775	5.9%
59.	SOCIAL SERVICES & MEMBERSHIP ORGNS.	2,155	$11,703	3.4%
60.	HOTELS & OTHER LODGING PLACES	982	$11,056	2.2%
61.	FARMS	1,149	$ 9,707	0.9%
62.	PRIVATE HOUSEHOLDS	755	$ 8,722	0.0%
	ALL DOMESTIC INDUSTRIES	85,900	$18,611	-

SOURCE: SURVEY OF CURRENT BUSINESS, JULY 1982 / VOLUME 62, UNITED STATES DEPARTMENT OF COMMERCE.

NRLC 9/20/82

REBUTTAL VERIFIED STATEMENT

OF

L. I. PRILLAMAN

NS EXECUTIVE VICE PRESIDENT - MARKETING

My name is L. I. Prillaman. I am Executive Vice President-Marketing, Norfolk Southern Corporation, Norfolk, VA. I am the same L. I. Prillaman who submitted a verified statement previously in this proceeding. That statement is contained in Volume 2B of the Application.

In this statement, I would like to address one of the subjects which was raised in filings by certain individual shippers and shipper groups in this proceeding. This subject concerns Conrail transportation contracts and the need for a reasonable time for transition from Conrail to NS/CSX.

Section 2.2(c) of the Transaction Agreement between CSX and NS (see Volume 8B, pp. 24-29) states that NS and CSX will undertake to perform for the remainder of their terms all of Conrail's obligations and duties under transportation contracts in effect when the acquisition is closed. The Agreement further specifies how the performance of such contracts will be allocated as between NS and CSX.

The 2.2(c) allocation between NS and CSX is based upon location of the origins and destinations of the movements under the contracts. The performance of contracts which involve movements to or from stations on lines NS will serve directly and which CSX does not is to be allocated to NS. Likewise with CSX, contract performance involving movements between Shared Asset Areas, between stations NS and CSX will serve jointly, and between stations in Shared Asset Areas and other jointly served stations is to be divided 50-50 between CSX and NS under a protocol to be agreed upon by them. Accordingly, some of the commenting shippers and shipper groups in their filings have expressed concern with our proposal with respect to the allocation of service under transportation contracts, especially those that are to be divided 50/50 between NS and CSX. Some look on the proposed agreement as an imposition and inconsistent with the central theme of the CSX-NS proposal to introduce rail competition into markets that have had none for a number of years (see *e.g.*, APL, NYK, Eastman Kodak, and others). These parties would like the option to immediately reopen their long-term Conrail transportation contracts because of certain competitive reasons or because they feel that the NS-CSX plan will create a "new ball game" with new players and new ground rules. Others only want a role in the allocation process (see *e.g.*, NIT League, Occidental Chemical Corporation and Terra Nitrogen).

I will attempt to explain why it is not feasible to immediately open Conrail's transportation contracts as of the Closing (the date, after the Control Date, that Conrail operations are allocated between Norfolk Southern and CSX).

Norfolk Southern and CSX are taking extreme care to plan in every detail the complex process of transition from Conrail operations to separate CSX and Norfolk Southern operations. The level of detail is greatest in the Shared Asset Areas -- the very areas where the 50/50 allocation under Section 2.2(c) has its primary applicability. Numerous parties to this proceeding, particularly including the Federal Railroad Administration, have rightly insisted that railroad operations and safety must not be compromised during the transition.

Railroad operations are a function of the traffic to be handled. Therefore, CSX and Norfolk Southern must decide how the traffic under a transportation contract is to be handled between the two of them in order to provide the service. During the first few critical months of the transition, it would be extremely difficult to handle the traffic and effect the transition smoothly in any other way.

I am aware of the sometimes numerous and varied requirements of any service package to handle rail traffic. Equipment, often specialized, whether rail-owned or shipper-supplied, and crews must be assembled. The traffic will require yarding or switching. Trains must be blocked and scheduled and capacity constraints or conflicts with other movements averted. These resources and obligations must be allocated between Norfolk Southern and CSX on an agreed basis to serve contract customers.

Every one of the components of the rail service package entails careful planning, investment, and scheduling. This service package is dependent on an accurate assessment of the volumes to be handled, which is a product of the assigned provision.

Added to this planning challenge is our lack of information about Conrail transportation contracts. The only way for Norfolk Southern and CSX to plan for effective and efficient service on Closing Date is to know what contract business each will need to handle. Consequently, a process which opened up Conrail transportation contracts immediately as of the Closing Date could very well compromise operations during a transition period. Thus, allocation of the service requirements under transportation contracts between NS and CSX in an organized way is probably an unavoidable operational necessity on Day One.

After the two systems are up and running smoothly and the transition process has been completed, each will make adjustments over time to new service demands as carriers do on an everyday basis. Since the systems will not have that capability on the Closing Date, reopening of all contracts on that date is simply not feasible.

VERIFICATION

COMMONWEALTH OF VIRGINIA)
) SS:
CITY OF NORFOLK)

L. I. Prillaman, being duly sworn, deposes and says that he is Executive Vice President-Marketing for Norfolk Southern Corporation, that he has read the foregoing verified statement, knows the facts asserted therein and that the same are true as stated.

L. I. Prillaman

L. I. PRILLAMAN

Subscribed and sworn to before me,
a Notary Public in and for the
State and City aforesaid, this
5th day of December, 1997.

Sandra T. Gorley

NOTARY PUBLIC

My commission expires:

MARCH 31, 1998

[SEAL]

REBUTTAL VERIFIED STATEMENT
OF
FRANKLIN E. PURSLEY

My name is Franklin E. Pursley. I am Vice President - Operations Support and Safety Integration Officer for CSX Transportation, Inc. ("CSXT"). I have held my position as Vice President - Operations Support since 1995 and assumed my position as Safety Integration Officer in June, 1997. I have been employed by CSX or its predecessor since 1970, and have held a variety of positions, including Vice President - Service Quality (1987 - 1989), Vice President - Transportation (1989 - 1990) and Vice President - Transportation Services (1990 - 1995).

In my role as Vice President - Operations Support, I am responsible for the safe operation of CSXT and compliance with federal safety regulations administered by the Federal Railroad Administration ("FRA") and other agencies. As Safety Integration Officer, I have assumed specific responsibility for the safe integration of CSXT and Conrail operations following any Board approval of the Application for control of Conrail by CSX and Norfolk Southern that is pending in this proceeding. My responsibilities extend to all aspects of safety integration -- including workforce issues, equipment issues, and operational issues. In carrying out these responsibilities, I am charged with reviewing, from a safety perspective, the experiences that CSXT has had in its own prior mergers, and the experiences of other recent railroad mergers, so that CSXT is positioned to apply the lessons of previous mergers and acquisitions to the Conrail transaction. I am also charged with working with safety officials from other railroads, the Association of American Railroads and FRA with the goal of identifying the "best practices" that can be applied to particular integration issues so as to ensure a safe and smooth transition.

Of course, I am not a "one-man team" in these efforts. As I will discuss further below, CSXT has organized an impressive set of teams, composed of executive management and other rail officials, to plan and implement the safe integration of the portions of Conrail that will be operated by CSXT and the portions that will be operated jointly with NS in the Shared Assets Areas.

I understand that safety issues are being addressed in detail through the environmental review process that is currently underway in this proceeding. The Environmental Impact Statement ("EIS") that the Board will have before it at the time that it renders a decision in this proceeding will address safety in detail, including CSXT's plans for the safe integration of Conrail lines and assets that are proposed to be operated by CSXT. On December 3, 1997, in response to Board Decision No. 52, we submitted for inclusion in the Draft EIS a 243 page Safety Integration Plan ("SIP") that describes in detail CSXT's current plans. Jointly with NS, we also submitted a SIP for the Shared Assets Areas. (NS also submitted its own SIP for the Conrail lines to be operated by it.) As these SIP's explain, successful safety planning is by necessity a dynamic process. Therefore, the SIP's should not be viewed as the definitive or final description of our plans. Nonetheless, the SIP's offer a detailed view of the depth of the planning efforts and identify the areas where we are applying our safety planning energies.

I do not intend in this Statement to repeat all of the data that are set forth in the SIP's. Instead, my purpose is to: (1) describe the safety benefits of the Conrail transaction, (2) address some of the reasons why this transaction is different from the Union

Pacific/Southern Pacific merger transaction to which so many parties have alluded in their comments, (3) summarize the extensive safety planning process that CSX has undertaken to ensure a smooth transition and (4) address safety-related issues that certain parties have raised in their comments filed with the Board.

I. The Conrail Transaction Will Further The Public's Interest in Safe Transportation

Lost in the focus of so many parties on the UP/SP problems is the fact that the operation of Conrail's assets by CSXT and NS should result in a safer transportation system than exists today. There are at least three reasons for this that I will address.

First, while Conrail has a fine, and improving safety record, both CSXT and NS have accomplished even more in this area (and, as I will discuss further below, have better safety records than UP or SP). The Verified Statement of Mr. Edward R. English, the Director of FRA's Office of Safety Assurance and Compliance, submitted with the October 21, 1997 Comments of the Department of Transportation (DOT-3), correctly observes that "CSX and NS have had the two best safety records among large U.S. railroads for the last six years . . ." In the past seven years, CSXT has reduced its employee injury rate by 79 percent and its train accident rate by 64 percent. In terms of accidents/train miles, the measure used by DOT, CSXT has the best record among all of the Class I railroads, and its accident rate is one half that of Conrail's. This impressive safety record is a more reliable predictor of future safety benefits from this transaction than any other.

CSXT's strong safety record is the result of a corporate commitment to safety throughout the organization. A centerpiece of CSXT's safety process are the Overlapping

Safety Committees, headed by CSXT's Executive Vice President and Chief Operating Officer. These cross-functional committees meet regularly to address safety issues brought to them by employees and other safety committees organized throughout the railroad. The committees have generated a series of safety initiatives (described in more detail in our SIP), including aggressive programs to address grade crossing safety; to train local emergency personnel on rail accident prevention and emergency response and to prevent hazardous materials incidents. CSXT has also fostered an environment in which effective employee-run (and CSXT-supported) safety programs have developed. These include Operation Prevention, a peer intervention program designed to identify and work with employees whose work habits appear to be potentially unsafe. A list of some of the nationally-recognized safety awards that CSXT has earned is set forth in the Environmental Report, CSX/NS-23, at pp. 121-122.

Conrail's safety record, which is sound, has been improving. Nonetheless, in view of the better safety records of CSXT and NS, the extension of the strong safety cultures and tested practices of those railroads to Conrail can reasonably be expected to result in an overall improvement of Eastern railroad safety. This point is discussed further in the Verified Statement of Dr. Ian Savage, a rail safety expert who has studied the safety records of all major U.S. railroads. Dr. Savage concludes that extension of CSXT and NS safety practices to Conrail could result in a significant reduction in Conrail accident rates.

The safety benefits that should accrue from the extension of CSXT safety programs to Conrail properties are long-term benefits. To ensure safety in the short term, as little as possible will change on so-called "Day One," the date on which the Conrail assets will be split between CSXT and NS. The Conrail personnel that currently operate Conrail will continue to operate the allocated territory and, with few exceptions, Conrail operating practices and systems will remain unchanged.

Over time, we will continue to explore, as we have already begun to do, Conrail safety practices and make judgments as to whether to retain the Conrail practice, apply the CSXT practice (assuming it is different) or reach some other conclusion. It is not our intent, for example, to scrap the impressive array of Conrail hazardous materials safety programs that Mr. English lauds in his statement. Our goal is to study these programs and identify how they differ from the comparable CSXT programs. (CSXT's hazardous materials safety programs are also very successful. In 1996, for example, CSXT experienced only 4 hazardous materials incidents, involving 5 cars out of 338,000 hazardous materials cars handled, in which hazardous materials were released as a result of derailment -- an impressive spill rate of just .0012 percent.) We will ascertain the best elements of each railroad's programs and, as in other areas, we will use a "best practices" approach so that, at the end of the integration process, we will have drawn from the most effective of each railroad's safety programs. To the extent that practices are changed, however, CSXT is committed to a measured approach that will not disrupt service or safety.

The second reason that this transaction will enhance safety is that it will result in a very significant diversion of freight from all-highway carriage to intermodal transportation in which the long-haul portion will be handled by CSXT. Both CSXT and NS have predicted, between them, a total of approximately one million truck-to-rail diverted intermodal units over the next several years. These diversions will result from the expanded single-line rail service and the greater opportunities for attracting freight from the highways that will follow from improved single-line transit times and associated new service offerings.

There is no debate in the safety community that rail transport is significantly safer than highway transport. Part 2 of the Environmental Report submitted with the Application (Volume 6B) at pages 34-36 quantifies the safety benefits of these truck to rail diversions. As reported there, the projected decrease in truck miles should result in a decrease of 1,690 large truck crashes, including 429 crashes involving injuries and 21 crashes involving one or more fatalities as a result of the CSXT and NS division of Conrail.

The third safety benefit that will flow from the Conrail transaction will result from reduced switching activity. Rail yard activities, including the switching of cars, are inherently more dangerous than line-haul operations. With the melding of the Conrail system into CSXT and NS, the volume of such switching activity will be reduced, in part because of the elimination of switching between CSXT and Conrail and in part because of more efficient routings that will be made possible by the transaction. Dr. Savage addresses this point in more detail in his testimony.

II. Concerns About the Conrail Transaction <u>Based on the UP/SP Experience are Unfounded</u>

Despite the safety benefits of this transaction, several parties to this proceeding are endeavoring to exploit the UP/SP situation, and unfounded fears of chaos that will result from the Conrail transaction. Some parties may be playing on unfounded safety fears to further their own agendas. Numerous parties have predicated their request for conditions on the false proposition that the condition they seek is needed to avoid a repeat of the UP/SP situation, when in fact the requested condition is designed to further the goals of that party rather than the public interest.

It is not my intent here to minimize the UP/SP problems or to suggest that the UP/SP experience does not offer a lesson to any two railroads (or other businesses) that choose to integrate their operations. Rather, I will endeavor to place the UP/SP situation in its proper perspective and to explain why CSX believes that the Conrail transaction will not result in the same types of operational and safety problems that UP is now addressing.

First, there is the matter of safety records. A railroad's historic safety record is a major indicator as to how the railroad will perform going forward. On this basis, the Conrail transaction is clearly a safety plus, as I have noted above. CSXT has a better safety record than Conrail, as shown by the graph that appears at page 4 of the October 21 Comments of the U.S. Department of Transportation (DOT-3), DOT-3 at 17, and so does NS.

According to DOT's Comments (DOT-3) at page 4, the safety records of UP and SP stand in contrast to that of CSXT. DOT's report of accident rates indicates that, since at least 1991, UP and SP have had consistently higher accident rates than CSXT and NS. In 1996, the accident rates of these two Western railroads were more than twice that experienced by CSXT.

Second, Conrail is a healthy railroad with a strong safety culture and numerous excellent safety programs already in place. The DOT Comments in fact laud Conrail safety practices in numerous areas, including the handling of hazardous materials and bridge safety. By contrast, SP's financial and related problems at the time of its acquisition by UP have been widely reported.

Third, the UP/SP merger was much larger in terms of the size of the operations that one railroad was absorbing. UP was taking over an SP rail system that stretched well over 16,000 miles to form a single railroad with a total of over 36,000 miles of track. By contrast, CSXT will operate 42% of Conrail, a total of approximately 4,100 miles of track. The size of the proposed CSX and NS operations over Conrail lines is thus a fraction of the UP/SP transaction. In addition, we will not be abandoning any significant line segments, while by contrast UP undertook a major rationalization of the UP and SP systems.

Fourth, prior to merging with SP, UP had only recently completed its merger with C&NW. There is no comparable situation here.

Fifth, CSXT workforce levels in safety-sensitive areas will not be reduced on Day One, and in fact will be increased in several key areas, meeting a concern that some have raised about post-merger UP staffing levels. Also, CSXT plans on hiring about 850 conductors and engineers in 1997 and over 1,000 more in 1998. CSXT is also purchasing approximately 50 new locomotives in 1998 and planning to invest significantly in track, signal and facility improvements over the next several years. These investments include planned upgrades to Conrail facilities that will be allocated to CSXT.

Sixth, it appears that we have had more time to consider and address safety integration than did UP. CSX first initiated its current efforts to assume control of Conrail in 1996, but has been studying a possible Conrail acquisition for the last several years. Full-scale safety planning efforts, involving several teams of rail officials and key executive personnel, have been underway since June 1997. These efforts will continue well into 1998, beyond the date of any decision of the Board allowing CSX and NS to attain control of Conrail and leading up to Day One. This planning process, described in further detail below, is unprecedented in its scope and will cover each of the safety-sensitive areas of railroad operations. Conrail personnel will be involved throughout the process. In contrast, the UP proceeding was decided on a much faster track. The Board's procedural schedule in that proceeding was considerably shorter (by 140 days) than that in this case.

In addition to the distinctions between our situation and the UP/SP case, FRA has assumed a pro-active safety role in this transaction. CSXT has addressed each of the areas of most concern to the FRA in its SIP, which the FRA has reviewed for both sufficiency and reasonableness. DOT has advised the Board in the December 3 letter of its General Counsel Nancy McFadden that "CSX and NS are submitting well-reasoned SIP's that DOT believes to be adequate for inclusion in the draft EIS . . ." Through the SIP process and continuing consultations with CSXT and NS on safety matters, FRA will be an active participant with the railroads in assuring a smooth and safe transition that takes full account of the lessons learned from the UP/SP experience.

III. CSXT Has Been Engaged in an Extensive and On-Going Safety Planning Process

CSXT is itself the product of several major rail mergers, most recently the 1980 merger of the Chessie System and Seaboard Lines. Each of these mergers -- several of which involved the reallocation of substantially more track and operating assets than are involved in this transaction -- was accomplished without a serious safety problem. For example, the Chessie/Seaboard merger involved the integration of two large rail systems --

Chessie operated over 11,400 route miles and Seaboard over 16,600. While the merger took place in 1980, the operations of these two systems were not melded until 1985. Since that time, safety on the combined system has improved. The merged system achieved an impressive safety record from the outset, and the number of FRA-reportable personal injuries and train accidents declined (and has continued to decline) consistently following the merger.

The experience of the Chessie/Seaboard merger and other prior mergers has laid the foundation for the safety planning process undertaken by CSXT in connection with the Conrail transaction. We have learned that safe integration requires long-term planning and a significant commitment of personnel resources. Over 50 integration planning teams have been organized at CSXT to address each major area of rail operations -- e.g., operating practices, dispatching, crew management, technology, headquarters integration, and so forth. These teams are composed of senior executives, managers and others who will actually be involved in implementation of the plans that are being developed.

A series of integration planning teams are organized as so-called "Day One Operations Teams." The goal of these teams is to plan for the day on which CSXT operations will begin on the Conrail allocated lines. Among other matters, these teams are developing and reviewing plans for hiring train crews and dispatchers, plans for operations in the Shared Assets Areas, and technology plans to ensure that Conrail systems and CSXT systems are compatible on Day One and that sufficient redundancies are built into the systems. All of these efforts are being managed by a former Conrail executive that CSXT hired this year as its Vice President for Consolidation.

Safety is a central focus of the efforts of the Day One Operations Teams, as well as the dozens of other integration planning teams that CSXT has organized. The scope of issues that are addressed in the CSXT safety planning process is described in detail in the SIP. In accordance with SIP Guidelines provided by FRA, and in response to the DOT Comments, the SIP addresses CSXT's safety integration planning in each of the following areas:

- Safety Culture -- The SIP describes how CSXT has attained a leadership position in safety practices through its Overlapping Committee Safety Process and other initiatives. To underscore its commitment to safety, CSXT is planning a President's Roundtable Safety Forum to be chaired by CSXT President and CEO A.R. Pete Carpenter.

- Training -- CSXT has specific plans to train affected employees on every change in operating procedures. These plans are described in the SIP.

- Operating Practices -- The SIP describes CSXT's plan to continue Conrail operating practices unchanged on Day One, with only those exceptions needed to ensure safe and FRA-compliant operations systemwide.

- Motive Power and Equipment -- CSXT plans to retain almost all existing Conrail mechanical field forces on the allocated territory on Day One and will hire additional personnel as needed. CSXT also intends to modify Conrail fueling stations allocated to it to switch to a safer, industry standard fueling system.

- Signal and Train Control -- CSXT will invest substantial resources in track, signal and facility improvements over the next three years. CSXT will also extend its signal training and certification program to the Conrail lines, while continuing joint efforts to explore Positive Train Separation technologies.

- Track and Structures -- CSXT will maintain Conrail's track and bridge inspection program in place on Day One before adopting a unified program based on "best practices." CSXT will extend its formal training and field certification programs to Conrail, which does not currently nave such a program.

- Hazardous Materials -- CSXT will meld its outstanding programs with Conrail's to further improve performance. Training and community outreach programs will continue.

- Dispatching -- As of Day One, CSXT will retain dispatching from Conrail's current offices at Albany and Indianapolis. Consolidation of dispatching in Jacksonville is a long-term goal.

- Highway-Rail Grade Crossings -- Both railroads are actively involved with public authorities in closing crossings or improving warning systems. This will not change. CSXT will retain Conrail's involvement in Operation Lifesaver, the national grade crossing education/awareness program in which CSXT also participates. CSXT will review Conrail's safety practices in this area and adopt a "best practices" approach.

- Allocation of Personnel -- The various sections of the SIP describe CSXT's plans. Generally, CSXT will ensure adequate staffing levels. The overall decline in the workforce will not be substantial.

- Employee Quality of Life -- Both CSXT and Conrail have active programs to ensure that employees receive adequate rest opportunities and that a healthy workforce is retained. These programs will be continued and integrated.

- Freight and Passenger Service -- CSXT will honor Conrail's commitments under its operating agreements with commuter agencies. All safety related rules and practices now in place will remain in place. Some safety improvements will also be realized.

- Information Systems -- CSXT and Conrail technology experts are already working together to design and implement a plan for systems migration that will be required for safe operations. Adequate redundancies and contingency plans are also being formulated.

Each of these same safety focus areas is also addressed in the separate SIP that CSXT and NS have prepared, in consultation with Conrail, for the Shared Assets Areas operations to be conducted by the Conrail Shared Assets Operations ("CSAO"). Safety in those areas will be the primary responsibility of the CSAO, the efforts of which will be supported by both CSXT and NS. As the CSAO SIP discloses, a considerable amount of coordination planning has already been undertaken with respect to safe rail operations in these areas.

In many areas, CSXT and Conrail practices are not dramatically different from one another. As the SIP indicates, CSXT has studied the differences that do exist between its practices and Conrail's practices in each area and has planned an approach to integrate the activities of both railroads, with an emphasis on identifying and implementing "best practices."

As I have already noted, the preparation of the SIP was not the beginning of the CSXT safety planning process (which began months before the SIP was prepared). Nor is it the end of that planning process. Safety planning will continue up through "Day One" and beyond. The goal is to have a slow and measured integration of practices that builds on our experience with Conrail operations and practices.

IV. Safety Concerns Raised by Several Parties are Misplaced

DOT's Comments are focused exclusively on safety. Our goal is to work cooperatively with FRA safety officials to address any concerns that they might have. We have done so already through the SIP process, and I want to assure the Board that we will continue our cooperative consultations with FRA as we move forward toward integration in the event that the Board approves the proposed Conrail transaction.

Apart from FRA, several other parties have raised safety-related concerns in their comments filed in this proceeding. I will address these concerns here.

Allied Rail Unions (ARU-23) and Other Rail Union Filings -- In its comments, ARU repeatedly points to UP's recent problems and claims that the same safety problems will befall CSXT and NS. I have already addressed the differences between the UP situation and the Conrail transaction.

The focus of ARU's concern is manpower allocation and expanded seniority districts. These issues are addressed in the Joint Rebuttal Verified Statement of Kenneth R. Peifer and Robert S. Spenski and in the Rebuttal Verified Statement of John Orrison.

ARU claims that CSXT's plans for centralized dispatching will lead to the types of safety problems experienced by UP. Centralized dispatching is common in the rail industry, and has been the rule at CSXT for many years. CSXT believes that centralization of dispatching leads to better coordination and communication and thus enhances safety. Further, the current decentralized Conrail dispatching will remain in place for the near term.

ARU repeatedly points to the FRA's findings in a recent audit of CSXT as evidence that CSXT's safety practices are inadequate. ARU's concerns are not well founded. FRA recently concluded a Safety Assurance and Compliance Program ("SACP") audit of CSXT, conducted as part of FRA's continuing oversight of rail industry safety. CSXT has responded fully to the findings of the SACP audit, which found some areas where CSXT is excelling and others that need improvement. While CSXT does not agree with all aspects of the FRA's findings, CSXT has set up a team to address the areas that FRA identified as needing more attention and measures are already being implemented to enhance our programs.

Further, as noted, FRA is engaged in an open dialogue with CSXT on safety planning for the Conrail transaction and will be working with CSXT as the integration process moves forward. The FRA's continuing role should serve to further allay any remaining safety concerns that ARU might have.

Several other filings by rail union interests raise the same set of issues raised by ARU. These filings are by John F. Collins, for the Brotherhood of Locomotive