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2 of 4

News Clips

Page 14

1 ANNOUNCER: And that is seen as just the
2 beginning. There is also the promise of \$67 million to
3 improve the repair facilities. But there's still
4 plenty of apprehension among workers.

5 VOICE: I'll wait and see what happens, hope
6 for the best.

7 VOICE: They said they were going to bring
8 some jobs into town and I think they're going to do it;
9 we'll wait and see.

10 VOICE: Their concerns is how Norfolk &
11 Southern is going to treat them. They're so used to
12 the agreements that they had with the Conrail. Anytime
13 we had a problem with Conrail, the door was always
14 open.

15 ANNOUNCER: Company officials say they're
16 confident the transition will be smooth.

17 CEO GOODE: The changes that will occur I
18 believe will be good ones and will be changes that come
19 from opportunities to bring more business in here.

20 ANNOUNCER: It was a chance to enjoy a day
21 off with friends and family away from the Conrail shop.

22

1 In light of the recent takeover, many
2 employees are concerned about the changes that lay
3 ahead. David Goode, the CEO of Norfolk Southern, was
4 at the picnic. He says there will be some changes, but
5 that they will be positive ones.

6 CEO GOODE: These are important facilities.
7 We have a lot of plans which we've talked about which
8 are part of the, really of the operating plans on which
9 we premised our acquisition of a portion of Contrail,
10 and Altoona and Hollidaysburg facilities are key to
11 that.

12 ANNOUNCER: Right now the locomotive shops in
13 Hollidaysburg and Juniata are busy. Work is underway
14 on a number of projects including the assembly of 39
15 EMD locomotives for General Motors. Company leaders
16 say the shop will remain busy as Norfolk Southern takes
17 over.

18 VOICE: Norfolk Southern expects to transfer
19 approximately 170 jobs here to the Altoona area. Those
20 jobs will be across the board, management and labor
21 positions.

22 ANNOUNCER: They also plan to invest over

News Clips

Page 16

1 \$60 million into improving the facilities at both
2 Hollidaysburg and Juniata. So far the breakup of
3 Conrail does seem to be good for the Blair County
4 workforce.

5 CEO GOODE: This is where everything that
6 makes railroading possible has to happen by the kind of
7 good professional railroaders that we see here.

8 ANNOUNCER: Exactly what changes will take
9 place remain to be seen. Many things still need to be
10 worked out. Right now, Norfolk Southern is working on
11 getting the labor agreements in place.

12 CEO GOODE: Only time will make people really
13 understand what this combination can bring, and I'm
14 very optimistic that we'll all look back several years
15 from now, and be very pleased with the benefits,
16 benefits we see.

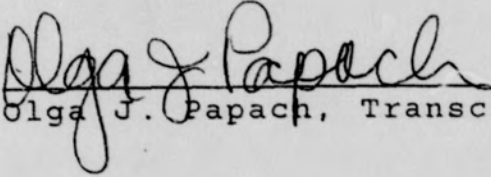
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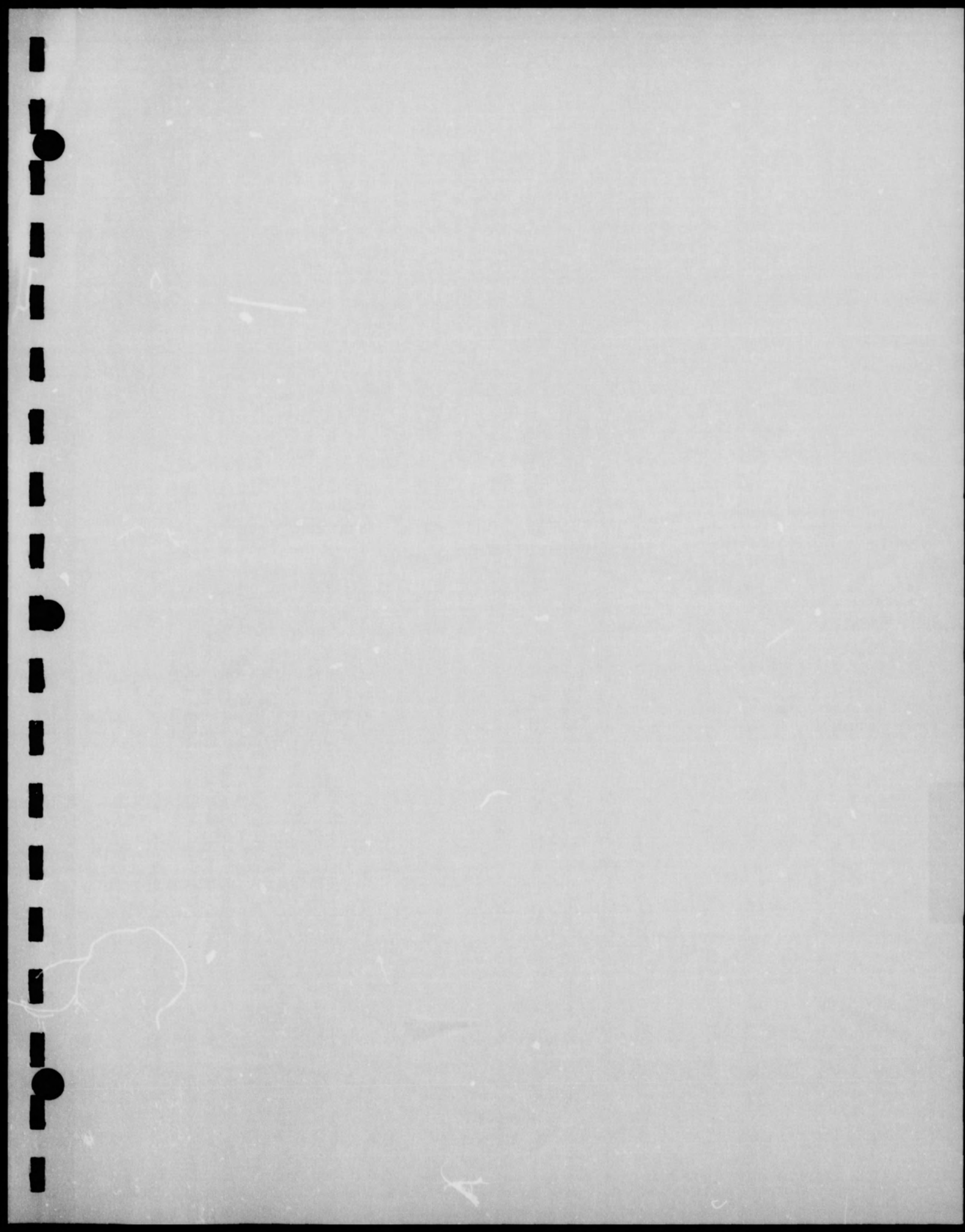
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C E R T I F I C A T I O N

I, Olga J. Papach, do hereby certify
that the attached pages represent a transcript
of the recording of the above.

BY:


Olga J. Papach, Transcriber



PETITIONERS'

EXHIBIT 23

**Testimony of M. Patrick McCune
Resident Vice President of Public Affairs
Norfolk Southern Corporation**

Before the

**House Transportation Committee
Richard A. Geist, Majority Chairman**

**Thursday, May 15, 1997
Altoona, Pennsylvania**

Also Before:

Rep. David Argall
Rep. Dick Hess
Rep. Dennis Leh
Rep. Todd Platts
Rep. Jerry Stern

1 CHAIRMAN GEIST: Good morning, and welcome to
2 the Republican House Transportation Committee. It's
3 actually the Stand (phonetic) Committee. It's not the
4 Republican. I just said that to nail Paul.

5 We're pleased that everybody could come out
6 this morning. This should be the first of, we believe,
7 four hearings that will be held statewide. It's probable
8 that hearings will be held also in Philadelphia, Conway,
9 and Harrisburg.

10 The agreement that we have been working with
11 in Pennsylvania -- we already had one hearing along with
12 Senator Corman. The Senate Committee had it in
13 Harrisburg, which was very well attended; and we talked
14 about then having a series of committee hearings with the
15 House Transportation Committee.

16 I'd like to introduce the folks who are up
17 front now with us, and I'll start to my far left. The
18 fellow over there with the beard is Bob Mustin. He is the
19 Senior staff person for Senator Doyle Corman Senate
20 Transportation Committee.

21 The guy beside him to the left who still owes
22 me lunch, Paul Parsells, he is the Executive Director for
23 the Democratic Staff in the House and the Transportation
24 Committee. Both of these two fellows are super
25 knowledgeable about transportation issues in Pennsylvania.

1 The next fellow is Dennis Leh, Representative
2 Dennis Leh from Berks County; and he can speak
3 Pennsylvania Dutch for you. He's a long-time member of
4 the House and also a long-term member of this committee.
5 Beside him is Dave Argall, and he'll probably want to talk
6 about Route 61.

7 REPRESENTATIVE ARGALL: Not today.

8 CHAIRMAN GEIST: He's been bugging me for a
9 highway project, had me up to his district to see all his
10 trucks going through his town; and we re glad that Dave
11 came today. And, of course, beside me, who needs no
12 introduction in this part of the state, is Jerry Stern.
13 And Jerry represents Hollidaysburg Car Shops in his
14 district in Southern Blair County.

15 And on my right is our counsel for the
16 Committee, Dick Wilson; and Dick has been retained to do
17 the work concerning the Norfolk Southern CSX marriage and
18 the acquisition of Conrail.

19 My opening remarks are going to be very brief.
20 We in this part of the country have gone through a myriad
21 of changes in the history of railroading in Altoona. From
22 the time that the Pennsylvania Railroad decided that they
23 were going to conquer the Alleghenies in the establishment
24 of the city of Altoona, we've watched much change take
25 place in railroading.

1 As a little boy, I can remember when my
2 grandfathers, who were both laborers in the shop -- a
3 blacksmith and a tinsmith -- were laid off. My father
4 worked at the station and also played baseball for the
5 Altoona Works Team and watching my uncles and everybody
6 else through the ups and downs of railroading.

7 We went through -- when I first was elected
8 twenty years ago, we were just forming Conrail. We were
9 going through the terrible bankruptcies of the Northeast,
10 and the emerging railroad was Conrail.

11 And a long relationship of working very
12 closely with Conrail employees and management to build the
13 railroad to where it is today: A railroad that's worth
14 \$115 a share to CSX and Norfolk.

15 And we are very interested to make sure that
16 the change that's going to take place is a partnership
17 where we in Blair County and with both Sam Ray, Juniata
18 Shop, and the other people, suppliers in this community
19 who are deeply tied to that railroad infrastructure have a
20 better idea of what's going to happen so that we all can
21 work together.

22 I'd also like to introduce two folks in the
23 crowd today. And because the lights are so bright, you'll
24 have to forgive me. Mayor Ray Voltz (phonetic) is here,
25 Mayor Voltz; and Councilman Denny Halerman (phonetic) are

1 here. And both of them are very, very interested in
2 what's going on here today.

3 So if we could, I'd like to start the program
4 this morning. And I know that Norfolk Southern has other
5 people that are on the way, at least they said they were.
6 When they saw the rope outside, I think maybe they turned
7 around and left. We'd like to call Pat McCune.

8 Pat McCune and I go way back together into the
9 very -- to the '80s when he was Consolidation Coal. I
10 know that he is going to be testifying and Senator Craig
11 Louis is supposed to be testifying.

12 Now, this is a House hearing; and we have two
13 ex-senators. Pat was an ex-senator in the state of West
14 Virginia. So it's nice to have the senators come and talk
15 to the House members. So, Pat, if you'd like to come up,
16 have a statement, and then we're going to open it up for
17 questions from the members that are present.

18 MR. McCUNE: Thank you, Mr. Chairman, members
19 of the House Transportation Committee, staff members. I'm
20 honored and please to be here with all of you today here
21 in Altoona to talk to you a little bit about the NS
22 prospective acquisition of Conrail and what it means to
23 NS, what it means to the people of Altoona and to the
24 future of Norfolk Southern System.

25 As happy as I am to be here to talk to you

1 about Norfolk Southern, I'm also here to listen to all
2 of you -- members of the Committee, members of the
3 community, to the business and labor communities -- that
4 have a legitimate stake in what happens to the Conrail
5 system after the proposed takeover of Conrail by Norfolk
6 Southern and CXS.

7 And I'm here to listen and take your
8 suggestions, your recommendations, your advice, and your
9 council back to the pertinent individuals at Norfolk
10 Southern; and I'll be here the rest of the day and take
11 your questions and be here to answer anything that I can
12 and, more importantly, to listen to your concerns.

13 I'd like to do a couple of things. I'd like
14 to tell you a little bit about Norfolk Southern, a profile
15 or bio, if you will, about the company; talk to you about
16 what it means for Pennsylvania in a microsense for the
17 people of Altoona and the surrounding area; in a
18 macrosense for what we believe the proposed purchase of
19 Conrail by Norfolk Southern and to some extent CXST means
20 for the State of Pennsylvania.

21 Norfolk Southern is a Norfolk-based holding
22 company that owns Norfolk Southern Railroad; North
23 American Van Lines, the moving company that I'm sure
24 you've all seen throughout the highways; and Pocahontas
25 Land Company, which is based in Bluefield, West Virginia,

1 and is a land and natural resources management company
2 which controls some 900,000 acres primarily in West
3 Virginia, Kentucky, Virginia, and Alabama.

4 The railroad system currently owns
5 approximately 14,000 miles of track that dissect twenty
6 states throughout the midwest and southeast primarily;
7 Washington, D.C.; and Canada. We haul anything that moves
8 by rail. But the staple and the major products that
9 Norfolk Southern moves to markets include coal, chemicals,
10 automobile, auto parts, grain, paper, steel and metal
11 products, and construction materials.

12 We are also a major transporter of intermodal
13 freight. This type of freight consists of truck trailers
14 and containers that move from origin to destination
15 by using more than one mode of transportation, usually
16 trucks and trains.

17 Norfolk Southern employs approximately 24,000
18 people in a lot of diverse capacities stretched out over a
19 current twenty-state system. Besides our corporate
20 offices located in Norfolk, we have two very large centers
21 of employment levels in Atlanta and in Roanoke and soon to
22 be Altoona.

23 A little look at our financials: 1996 will
24 probably go down as a record year for Norfolk Southern.
25 We set new safety, service, and performance levels based on

1 year-to-year basis. We had record earnings in 1996 of \$6
2 and 9 cents a share, up 12 percent. We had net income of
3 \$770 million, up 8 percent. Our income from rail
4 operations was \$1.2 billion, up 10 percent.

5 We experienced our sixteenth straight quarter
6 of year-over-year increases in earnings per share. We had
7 a dividend increase of 8 percent, which I believe is
8 labeled the best return in the railroad industry. In our
9 operating ratio, a barometer of our efficiency and
10 productivity, was 71.6 percent for 1996 down 1 percent;
11 and we're working to get it lowered.

12 We also improved our on-time performance
13 and our equipment utilization 8 and 4 percent, and we
14 reduced or grade crossing accidents happily by 18 percent
15 in 1996.

16 We take pride in being the safest railroad in
17 the country. Norfolk Southern is the winner for the last
18 seven years of the Harriman Award. The Harriman Award is
19 sponsored by the Federal Railroad Administration and is
20 bestowed upon each class railroad that has the fewest
21 reportable injuries per 200,000 man-hours worked.

22 This years' Harriman Award should be
23 announced, I've been told, sometime in the next week or
24 two; and we fully expect and are very confident that we'll
25 be named the winner for 1996 -- 97. Excuse me.

1 We're very proud of our financials and the
2 profitability of Norfolk Southern, but we're doubly
3 proud of our safety achievements. And we're now honored
4 that most of the major Class 1 railroads have now
5 benchmarked the Norfolk Southern safety record. It's good
6 for all of us.

7 Additionally, Fortune Magazine has named
8 Norfolk Southern as America's most admired railroad for
9 the second consecutive year and has also placed in the top
10 10 percent of more than 400 companies in all industries
11 included in Fortune's annual corporate reputation survey.

12 We are successful for many, many reasons; but
13 one critical component of our success is due to the
14 wonderful efforts of our industrial development
15 department. With approximately fifty employees, it is
16 presumed to be the largest industrial development property
17 of all the railroads. We eagerly pursue all types of
18 business.

19 That aggressiveness has helped Norfolk Southern
20 to either locate or expand over 100 businesses to our
21 lines in 1996. Those 100 projects equate to approximately
22 4,000 new jobs directly related to our industrial
23 development efforts.

24 It is no coincidence that nine of the last
25 twelve auto assembly plants built in the United States

1 have been sited on Norfolk Southern's lines. An extension
2 of our success in the auto area is the recently
3 announced contract that Norfolk Southern has entered into
4 with Ford Motor Corporation.

5 The Ford contract calls for Norfolk Southern
6 to build and operate four mixing centers, which are
7 essentially a hub-and-spoke system similar to the airline
8 industries, that will operate in various locations in the
9 Midwest, the Mid-Atlantic region, and the South.

10 They will handle all the destination
11 distribution of approximately 80 percent of Ford Motor's
12 finish product vehicles. This project will be completed
13 by the end of 1997 and operational in early 1998. The
14 contract length is for twelve years and is expected to
15 generate tens of million dollars in net revenues for
16 Norfolk Southern during the length of the contract.

17 Where are we in the process? It's no secret.
18 You all know that Norfolk Southern and CSX have announced
19 plans to jointly acquire the outstanding shares of Conrail
20 for \$115 a share. NS will contribute \$5.9 billion towards
21 that purchase for a 58 percent share of the Conrail
22 assets, and CSX will contribute \$4.3 billion for its 42
23 percent share.

24 Right now, representatives of both CSX and
25 Norfolk Southern are working feverishly to put together an

1 operating plan that will be submitted in the form of a
2 joint application to the Surface Transportation Board. We
3 expect to submit this plan to the Surface Transportation
4 Board sometime in mid-June.

5 We have petitioned the Surface Transportation
6 Board for an accelerated or an expedited hearing. If
7 approved, the Surface Transportation Board should rule on
8 a joint application in approximately 255 days as opposed
9 to the more frequently used one-year standard. If that's
10 approved, sometime in March a ruling is expected.

11 NS will acquire most of the Conrail assets in
12 Pennsylvania. Craig Louis -- Craig is here. Craig, do
13 you have any maps?

14 MR. LOUIS: Got them.

15 MR. McCUNE: Thank you. This is Craig Louis.
16 Craig is a partner in the law firm of Dechert, Rhoads, and
17 Price and, as Chairman Geist indicated, a former state
18 senator, I believe, for thirteen years from the
19 Philadelphia area; and he's been retained by Norfolk
20 Southern. I've got some maps I'd like to distribute so
21 you can follow along and a quick explanation of where we
22 will go.

23 MR. LOUIS: They were here a few minutes ago.

24 MR. McCUNE: Bear with me for one moment.

25 If you look at the map, I think it's possible

1 to follow along. Norfolk Southern will acquire, as most
2 of you know, most of the Conrail assets in the state of
3 Pennsylvania. We will operate the Conrail line between
4 Cleveland and Northern and Southern New Jersey via
5 Pittsburgh, Altoona, Harrisburg, Lancaster, and
6 Philadelphia, to the port of Philadelphia and to
7 Southeastern New Jersey.

8 And Norfolk Southern will own and operate the
9 Conrail lines from Harrisburg to Buffalo, New York, as
10 well as owning and operating the former Erie and
11 Lackawanna or otherwise known as the southern tier line
12 from Buffalo -- I don't know if you can see-- you can just
13 see it on the top left-hand side of the map to the New
14 York area via Binghamton, New York, and parts of
15 Northeastern Pennsylvania.

16 The port of Philly will be served by a
17 terminal railroad that will be jointly owned by Norfolk
18 Southern and CSX. There will be a lot of shared assets
19 and shared lines by both CSX and Norfolk Southern into the
20 customer base in the Philadelphia area.

21 Norfolk Southern will own the Monongahela
22 Railroad and the coal fields of Southwestern Pennsylvania.
23 CSX will have shared access to those coal mines, offering
24 a dose of real competition into the thriving coal reserves
25 and coal markets that are indigenous to that area.

1 Included in Norfolk Southern's Pennsylvania
2 assets will be the Altoona area shops complex. This
3 includes, as you all know, the Juniata Locomotive Repair
4 Shops in Altoona which overhaul and repair locomotives and
5 locomotive components and Holliday's Car Shops which
6 overhauls freight cars and car components. These two
7 shops have an excellent reputation within the railroad
8 industry and especially in Norfolk Southern. Its workers
9 are among the best in the nation, and we look forward to
10 having the Conrail Repair Shop employees join the Norfolk
11 Southern team soon after the merger is approved.

12 Our chairman, Mr. Goode, visited the shops in
13 this area, I believe, in March, if I'm correct, and came
14 away very impressed by the level of the work and the
15 quality of the work that is being conducted at those
16 shops. These shops will continue to be a critical and
17 integral component to the Norfolk Southern system after
18 the merger.

19 We intend to operate these shops at the same
20 level that Conrail utilizes them today. We then hope to
21 grow the maintenance business at those shops to the maximum
22 utilization possible. How are we going to grow the
23 business? There's a couple of ways that I think we can
24 grow the business and Norfolk Southern thinks we can grow
25 the business:

1 Number 1, CSX has given certain incentives to
2 use the maintenance capabilities at those shops via the
3 purchasing agreement; and we're fully confident that they
4 intend to use those incentives.

5 Norfolk Southern has historically owned most
6 of its car fleet. It's my understanding that
7 Conrail -- within the Conrail fleet, there's a lot of
8 private cars and leased cars. Norfolk Southern has a
9 tendency to own more of their cars, and this obviously
10 proves that there will be periodic overhauling provided
11 here at Altoona.

12 The jointly-owned lines that I talked about in
13 the Philadelphia terminal area and the New Jersey areas
14 will need the services provided by the shops here in the
15 Altoona area. And lastly, the general growth in the
16 business that we fully expect in the years to come in
17 growing our rail freight businesses will undoubtedly
18 create new opportunities for the shops here.

19 This merger is based on growth, ladies and
20 gentlemen. It's not based on paring or selling off
21 assets. We fully expect to develop new markets to
22 increase our market share and to increase every segment of
23 business that Norfolk Southern is now engaged in, and that
24 undoubtedly will have benefits to the car complex shops
25 here in Altoona.

1 In a macrosense, what does it mean for
2 Pennsylvania? Pennsylvania will benefit greatly from the
3 acquisition of Conrail and the divisions of its operations
4 between CSX and Norfolk Southern. The transaction keeps
5 true competition in Pennsylvania.

6 Its too biggest cities, Philly and Pittsburgh,
7 will retain rail freight service by two major competitors.
8 Pennsylvania freight shippers will have the price and
9 service operations that come when rail service is provided
10 by two large, comparably-sized, Class 1 railroads both
11 serving carload and fast growing intermodal markets.

12 Norfolk Southern does considerably more for
13 Pennsylvania than maintaining existing competition.
14 Pennsylvania's shippers will gain new and more efficient
15 routes and services as well as reduced transportation
16 costs to existing markets.

17 They will also have access to new markets to
18 the extended networks and market reach of both Norfolk
19 Southern and CSXT. The new Norfolk Southern System, for
20 example, will allow the first single-line service between
21 Pennsylvania shippers and Kansas City, bypassing costly
22 congestion delays at Chicago and East St. Louis.

23 Norfolk Southern will create new, attractive
24 transportation lanes to Tennessee, the Carolinas, and
25 other points in the southeast. Single line rates usually

1 are lower than two-carrier pricing. They provide
2 Pennsylvania customers the additional opportunities to
3 expand their market reach.

4 The elimination of intermediate switching will
5 reduce transit times and provide improved equipment
6 availability and utilization as well as more consistent
7 customer deliveries further enhancing market opportunities
8 for Pennsylvania's shippers and Pennsylvania receivers.

9 Pennsylvania will see new and expanded
10 intermodal service, the fastest growing segment of
11 railroad traffic in Norfolk Southern. We are very
12 competitive for immediate intermodal hauls as short as
13 500 miles, and that is one-third less than the rail
14 industry average or norm of approximately 750 miles.

15 We know how to run intermodal operations, and
16 we do it well. Since 1988, Norfolk Southern's
17 intermodal volume has grown 94 percent. That's about
18 twice the industry rate. We fully expect to site a new
19 intermodal facility in the Harrisburg area to facilitate
20 the expected growth in north/south intermodal traffic.

21 Competitive intermodal service, carrying truck
22 trailers and containers on rail cars that I alluded to
23 earlier, benefits more than just shippers of freight.
24 Competitive rail service will attract more traffic to rail
25 intermodal and will divert traffic from trucks.

1 Taking trucks off the highway produces
2 significant benefits for the region by alleviating
3 congestion and help lessening air pollution.

4 Representative Argall, I think maybe we'll take some of
5 those trucks off of that congested highway in your area
6 possibly saving Chairman Geist a commitment.

7 REPRESENTATIVE ARGALL: Don't let him off that
8 easy.

9 MR. McCUNE: After we acquire the portions of
10 Conrail, Norfolk Southern will provide improved intermodal
11 services and will expand double-stack opportunities for
12 Pennsylvania customers on all ready cleared routes to the
13 Midwest, the Southwest, Atlanta, and Florida destinations.

14 The day that the merger is consummated by the
15 Surface Transportation Board, we fully expect to operate
16 double-stack service out of the port of Philadelphia to
17 the Midwest to New England and to Canada through a
18 partnership with CP.

19 Triple Crown Services, the Norfolk Southern
20 bimodal subsidiary, successfully competes with
21 over-the-road trucks in the market for moving consumer
22 goods and industrial material for just-in-time inventory
23 management.

24 Triple Crown will serve Philadelphia, with
25 Norfolk Southern operated roadrail trains both to southern

1 and midwestern destinations and will build a road rail
2 terminal in the Philadelphia area.

3 The expanded roadrail network will take truck
4 traffic off Interstate 95 and will permit expanded Norfolk
5 Southern to provide services that might not be cost
6 effective or possible with conventional rail service.
7 We're presently talking to officials at Amtrak about
8 possibly using the northeast corridor for Triple Crown
9 Services.

10 Pennsylvania utilities and the integrated
11 steel companies will be able to draw a larger number of
12 coal sources with the Norfolk Southern/Conrail merger of
13 Conrail. Similarly, Pennsylvania coal producers will gain
14 the ability to ship their coal to a wider number of
15 markets.

16 Monongahela Coal Mine, Pennsylvania's largest
17 generator of rail traffic, will gain the benefits of
18 two-carrier competition and additional single line routes
19 for the first time since Conrail obtained sole access to
20 that coal field in 1990.

21 Norfolk Southern has also negotiated a rate
22 for PP&L that attempts to keep the coals produced in the
23 Clearfield cluster at a competitive market rate and
24 hopefully keep them viable into both the near and
25 long-term future.

1 I've already described for you in some
2 detail the success of our industrial development
3 department. A word about the short lines and the regional
4 railroads. Some of them will be testifying after me
5 today.

6 We recognize and support the concept of an
7 extremely strong and healthy partnership with our
8 connecting short lines and regional railroads. Norfolk
9 Southern takes pride in our short line relationships; and
10 we will work to achieve short line loyalty with aggressive
11 marketing and business incentives, not penalties.

12 All the short lines and regionals will not be
13 happy with the proposed merger, and I'm sure you'll hear
14 more about that later. But Norfolk Southern has met and
15 is committed to meet -- to continue to meet with these
16 railroads with the intention of reaching a fair agreement
17 that will hopefully mitigate any negative effects that the
18 merger may play with the investments of the short line and
19 the regional railroads.

20 We continue to work with the Wheeling Lake
21 Erie. I think Mr. Fisk will tell you about an agreement
22 that we've reached with the CP. Mr. Robey will talk to
23 you about his railroads; and we will continue to meet with
24 them on a one-on-one basis to hopefully resolve any
25 marketing problems, any traffic flow problems that may

1 develop from our merger.

2 Just as the City of Philadelphia will retain
3 two-railroad competitive service, so will the port of
4 Philadelphia with two competitive east/west and almost
5 three with CP north/south routes. Vigorous rail
6 competition, which has been the principle feature of the
7 CSX/Norfolk Southern relationship for many years, will
8 help developers of the Philadelphia Navy Yard to attract
9 new industries and new jobs.

10 The site has a potential for a significant
11 intermodal facility and could be developed as a major
12 distribution center for paper, plastic, and other bulk
13 goods. We're excited about the opportunities that this
14 merger presents to Norfolk Southern. There's been a
15 tremendous rejuvenation of the railroad industry since the
16 Staggers (phonetic) Act deregulated our industry in the
17 early 80s.

18 And Norfolk Southern -- all of us at Norfolk
19 Southern are extremely confident that the service and the
20 efficiency benefits that will be produced by the
21 consolidation of the Conrail rail network into two
22 comparably-sized, financially-strong systems will benefit
23 Pennsylvania customers, Pennsylvania rail employees,
24 Pennsylvania communities and the general Pennsylvania
25 public.

1 With that, I thank you for your attention. We
2 will be here the rest of the day. Mr. Louis and I will
3 try to answer any of your questions to the extent that we
4 can, and we look forward to a long-lasting relationship
5 with this Committee and to the citizens and the business
6 community of the Altoona area. Thank you.

7 CHAIRMAN GEIST: Thank you very much, Pat.
8 Let me introduce Representative Dick Hess from Bedford,
9 who just came in. Dick has an awful lot of his
10 constituents who work for Conrail and has a very deep
11 interest in what we're doing here today.

12 We're going to open up the panel for some
13 questions for you. I'd like to ask a couple first that
14 we've prepared. In Norfolk and Western Southern Railroad
15 merger proceeding, Norfolk Southern cited a number of
16 benefits related to the coordination of shop and repair
17 facilities and maintenance away functions.

18 Norfolk Southern claimed that a result of the
19 merger, is able to avoid planned shop expansions at its
20 Roanoke car shop and at Schaffers Crossing, Virginia,
21 facility for air brake cleaning.

22 What benefits related to the coordination of
23 shop and repair facilities have you been able to identify
24 as a result of your planned acquisitions of Conrail's
25 Hollidaysburg Car Shop and its Juniata Locomotive Car

1 Shop?

2 MR. McCUNE: Mr. Chairman, I mean, I'm
3 prepared to tell you that we will operate those shops at
4 the same level that Conrail presently utilizes those
5 shops and we think that the addition of Norfolk Southern
6 as the new owner of those shops will bring additional
7 opportunities for growth at both Juniata and the
8 Hollidaysburg shops.

9 How that relates to what Norfolk Southern did
10 in the '80's, I mean, I'm not aware of. I wasn't around
11 then. I don't have any historic perspective that would
12 lead anybody to a conclusion other than what I've laid out
13 to you today.

14 CHAIRMAN GEIST: If you don't have answers to
15 the questions, after this meeting's over, would you have
16 Craig present written answers to the Committee, please?

17 MR. McCUNE: Yes, sir.

18 CHAIRMAN GEIST: On November 18th, '96, Norfolk
19 Southern publicly announced that it was committed to
20 operate Conrail's Hollidaysburg Car Shop and the Juniata
21 Locomotive Shop and that it would promote -- and I
22 underline the word promote -- employment there. Norfolk
23 Southern also stated it would aggressively pursue work
24 from other equipment owners to increase the work handled
25 by these two shops.

1 As you have proceed with your plans in
2 conjunction with the merger, what steps have you taken and
3 what actions will you undertake in order to honor the
4 commitment and the public statements made about the CSX
5 percentage of work coming there?

6 MR. McCUNE: Well, I don't know if we can
7 force CSX to take advantage of the incentives; but I think
8 the economic incentives to CSXT are legitimate and real
9 and offer them real incentives for them to use the shops.

10 We have divided the assets of Conrail, as I've
11 told you earlier, on a 58/42 basis. CSX is entitled to 42
12 percent of the supplies and material at that shop. It's
13 my understanding that CSX will pay for the labor at the
14 shop but that they are entitled to their prorated share of
15 the supplies and materials.

16 And we feel very confident that they are going
17 to honor their commitment that they said earlier in March
18 to use those shops, and we think these incentives are
19 enough to bring them there.

20 CHAIRMAN GEIST: What portion of the Conrail
21 car and locomotive fleet will Norfolk Southern be
22 acquiring as part of this merger?

23 MR. LOUIS: Mr. Chairman, under the agreement,
24 the assets of Conrail are essentially going to be divided
25 on a 58/42 basis. There's been no specific delineation as

1 to which cars or which locomotives are going to be the
2 subject of that, but the assumption is that it will
3 essentially be divided along those lines.

4 CHAIRMAN GEIST: Just as an aside, Pat, you
5 know we get all the ones with bathrooms already in it.

6 Could you please describe for the folks here
7 the current shop facilities operated by Norfolk Southern
8 at Roanoke, Atlanta, Lynnwood, and other locations on the
9 system?

10 MR. McCUNE: I don't have any intimate
11 knowledge how those are operated. I'd be more than happy
12 at the appropriate time to bring representatives of
13 Norfolk Southern who have some management responsibility
14 for those shops before this Committee or before any
15 committee at a future location and time to discuss their
16 intimate knowledge of those shops.

17 CHAIRMAN GEIST: All right. That's all the
18 questions. I'm going to come back to me, but I'd like to
19 defer to the other Committee members. Jerry.

20 REPRESENTATIVE STERN: I have a question
21 regarding Norfolk Southern and whether or not you've
22 closed any of your car or locomotive repair facilities
23 within the last five years and, if so, what circumstances
24 led to that decision to close those facilities?

25 MR. McCUNE: I don't know the answer to that,

1 sir. I'll find that out. To the best of my knowledge, I
2 don't know if we've closed any. I think we may have
3 consolidated some of our repair shops in the south, but
4 I'll have to find that out for you.

5 REPRESENTATIVE STERN: That's all the
6 questions I have for now, Mr. Chairman.

7 CHAIRMAN GEIST: Dave -- Representative
8 Argall.

9 REPRESENTATIVE ARGALL: Thank you,
10 Mr. Chairman. In your opening comments, you talked a good
11 bit about the impact on Pennsylvania coal; but I believe
12 all of your comments were strictly bituminous.

13 I represent an anthracite-producing area, and
14 I'd appreciate it sometime in the future if you could
15 prepare for me a statement on what the impact will be upon
16 the anthracite industry -- much smaller, but from my
17 perspective, a very important segment of our local
18 economy.

19 I'm hearing some quiet optimism back home, but
20 there's a lot of what ifs; and I'd appreciate it if you
21 could provide that information for me at a later time.

22 MR. McCUNE: Sure. It is a new market. We
23 understand metallurgic and steam coal very well, but the
24 anthracite is a completely new region for us. I do know
25 that Bill Fox, Vice President of Coal Marketing, and, I

1 believe, Bill Monasland (phonetic) have made a trip to the
2 anthracite fields.

3 If that hasn't been accomplished, it's been
4 planned in the near future to get a better grip on some of
5 the issues and the marketing capabilities and
6 opportunities that may develop for the anthracite regions.

7 REPRESENTATIVE ARGALL: Thank you.

8 CHAIRMAN GEIST: Representative Leh.

9 REPRESENTATIVE LEH: Yes. Thank you,
10 Mr. Chairman. First of all, let me state that I don't
11 pretend to understand vast consequences of such a buyout;
12 however, I do, as a small businessman, understand
13 competition. And I guess when I look at the map here,
14 what I'm trying to understand is you're talking about
15 increasing competition; but I only see green lines.

16 And I know -- I was on the Consumer -- I still
17 serve on the Consumer Affairs Committee. And as the
18 former Senator knows, we worked together last year on
19 deregulating electric. And when we deregulate electric in
20 Pennsylvania, we enable people or we will enable people,
21 people in Allentown or people in Pittsburgh, to purchase
22 electric power from generators anywhere else in this
23 Commonwealth.

24 Yet, if I have a business in Reading, I'm only
25 going to be able to use Norfolk Southern if the deal goes

1 through. I don't understand the competition. I do
2 understand you're saying that you will be able to take my
3 product to many new markets; however, I'm still going to
4 have to rely on you to transport it and no one else.

5 So that's -- I just don't understand when
6 you're saying this is going to increase competition and
7 therefore lower prices.

8 MR. McCUNE: In some areas, that remains the
9 same; but in most of the areas, in most of the consuming
10 markets in the Philadelphia/Pittsburgh area and in many
11 points in the eastern part of the state you will have
12 access to two or more Class 1s and in some cases three or
13 more Class 1s.

14 Not only will it benefit the receivers of
15 freight traffic in Pennsylvania but also to those shippers
16 who for the first time will have access by a choice of
17 Class 1 carriers -- Norfolk Southern or CSX -- into the
18 largest consumer market in the country; and that's New
19 England, Northern New Jersey, New York area. That has
20 never existed before.

21 REPRESENTATIVE LEH: Okay. I said -- there's
22 some things that I still don't see. And I can understand
23 that because you're talking something here that I'm going
24 to have a hard time understanding the whole concept of it,
25 but I'm going to be looking at it very closely. But thank

1 you. I appreciate it.

2 CHAIRMAN GEIST: Paul, this is a chance to
3 deal with something other than monster trucks for the next
4 couple weeks.

5 MR. PARSELLS: The Chairman realizes and many
6 of our members, I'm concerned with the increasing size and
7 number of trucks. I was glad to hear about your efforts
8 to get those trucks off the road.

9 One thing that I've heard in previous
10 testimony and in things that I've read about Norfolk
11 Southern is you're much more willing to take our short
12 hauls where Conrail clearly has not done that in this
13 state to any great extent. Do you see opportunities in
14 Pennsylvania for increasing short-haul business?

15 MR. McCUNE: We certainly do. As I indicated
16 in my presentation, we feel very confident in being able
17 to deliver intermodal freight very efficiently and
18 competitively at around the 500-mile mark.

19 I do know that we intend to develop new
20 intermodal markets from the Philadelphia area into the
21 Ohio Valley and aggressively market that intermodal
22 capacity, which hasn't been done before.

23 We run a profitable intermodal operation. I
24 think Tom Finkbeiner (phonetic), our vice president of
25 intermodal operations said -- and we run a railroad that

1 goes nowhere. We've learned how to do it because we don't
2 have a lot of long-haul routes between major metropolitan
3 markets. We will get that after the merger.

4 But we have sharpened our intermodal skills on
5 a lot of short hauls, and we know how to do it
6 competitively and productively. And I think that it opens
7 up a whole world of opportunities for short line,
8 intermodal hauls in Pennsylvania and from Pennsylvania to
9 surrounding states and surrounding markets.

10 MR. PARSELLS: Thank you, Mr. Chairman.

11 CHAIRMAN GEIST: Bob.

12 MR. MUSTIN: Yes. I note that following your
13 testimony there's Standard Steel, which is from Lewistown
14 which is from Senator Corman's district.

15 When we had a tour of the Conrail locomotive
16 shops a few months back, I noted that we were told that
17 steel was purchased from Standard Steel for the wheels for
18 the locomotives. I also know that Conrail purchases
19 somewhere in the neighborhood of about \$400 million of
20 goods and services from Pennsylvania companies. Will
21 Norfolk Southern continue that practice?

22 MR. McCUNE: Yes -- I mean. Yes, sir. I
23 mean, right now, we do \$100 million worth of business with
24 Pennsylvania suppliers to the rail industry and we operate
25 2 percent of the freight miles that Conrail operates today

1 in this state; and we fully expect that that \$100 million
2 level will do nothing but rise as we acquire -- hopefully
3 acquire the 2600 miles of track and the assets of Conrail
4 in the State of Pennsylvania. It can only go up.

5 CHAIRMAN GEIST: Jerry.

6 MR. McCUNE: Providing they're competitive.

7 REPRESENTATIVE STERN: It's been brought to my
8 attention that on October 7th, 1996, that Norfolk Southern
9 did issue a press release announcing that on January 6th,
10 '97, its locomotive shop in Chattanooga, Tennessee, where
11 repaired EMD Engines would be closed and consolidated with
12 its locomotive repair shop of Roanoke, Virginia, sixty
13 employees were to be relocated as a result of that
14 closure. Is that news to you or is that something you're
15 not familiar with?

16 MR. McCUNE: As I indicated to you, sir, I do
17 recall that. I'm a regional lobbyist in the Mid-Atlantic
18 and in Pennsylvania; and to the extent that I have any
19 intimate knowledge of what happens in some of the southern
20 states, I really don't. I'd be more than happy to find
21 out as much information as I can.

22 I think I said that I do recall there was some
23 closures or a closure in the Tennessee area, and I believe
24 it was Chattanooga. I'm not stonewalling you. I just
25 don't know.

1 REPRESENTATIVE STERN: Could you get that
2 information back to the --

3 MR. McCUNE: Surely.

4 REPRESENTATIVE STERN: -- Committee Chairman
5 and report back to him, please?

6 MR. LOUIS: Mr. Chairman, I'm not familiar
7 with the issue of Chattanooga versus Roanoke; but there was
8 considerable discussion which I was privy to
9 between -- during the Chairman's visit to the Altoona area
10 a couple of months ago in which he described the current
11 capacity at Roanoke as being overflowing and the fact
12 that, without respect to this Conrail acquisition, that it
13 was clear that Norfolk Southern was going to need expanded
14 capacity for locomotive repair.

15 And the clear expectation is that in addition
16 to the Conrail work which is already being done and as Pat
17 has described to you all will continue to be done through
18 these shops, there's the clear expectation that Norfolk's
19 current need for expanded capacity is also going to
20 provide the opportunity for increased business here in the
21 locomotive repair shops.

22 So it would seem to me that, if anything, the
23 prior closure of Chattanooga and consolidation into Roanoke
24 may inure to the benefit of Altoona because there is no
25 longer an existing capacity within the current Norfolk

1 system to meet their present demand.

2 CHAIRMAN GEIST: I'm going to jump over to
3 some labor questions, which I don't think that it's any
4 secret to you that we've had so many inquiries into our
5 office as to what the current labor situation is and what
6 the job retraining situation is and practices within
7 Norfolk Southern.

8 I have some questions that I would like to
9 follow-up on the labor side of this and employment side of
10 it. On November 12th, 1996, Mr. Goode in a presentation
11 before Solomon Brothers Transportation Conference in New
12 York indicated that a CSX/Conrail acquisition would have
13 resulted in substantial overlap of CSX/Conrail routes and
14 facilities.

15 He stated, quote, I wish Conrail employees
16 could have heard the CSX/Conrail conference call last week
17 with the analysis. If they had, they would have heard the
18 list of yards and shops being considered for
19 consolidation.

20 From a job security standpoint, if I were in
21 the safety shoes of the Conrail employee, I would welcome
22 Norfolk Southern with open arms. I welcome a merger with
23 a company whose physical plant extends and complements
24 rather than duplicates the Conrail system.

25 At the same time, I'd be concerned about my

1 retirement. I want my overfunded Conrail pension fund to
2 be combined with Norfolk Southern's overfunded pension
3 plan. I would not want it anywhere close to CSX'S, which
4 had been on the Pension Benefit Guaranteed Corporation's
5 of Most Underfunded Pension Plans.

6 Quote, Fund statement by your president and
7 CEO raises a number of very important issues to Conrail
8 employees in this community. With Norfolk Southern's
9 Roanoke Shops only 700 miles south of Altoona, this
10 community is justifiably concerned about what the Norfolk
11 Southern takeover of these repair facilities will hold for
12 the future.

13 And as a result of your continuing development
14 of an over-operating plan and assessment of the assets to
15 be acquired from Conrail, have you identified any
16 redundancies or duplication of facilities that would
17 result in reduction of employment at Hollidaysburg or
18 Juniata Shops?

19 And on that 42 percent takeover, who gets the
20 42 percent of the pension funds that would go to CSX?
21 These are -- some of these labor questions really need to
22 be addressed in public.

23 MR. McCUNE: Commenting on the first part of
24 your question, I believe you asked why is Norfolk Southern
25 a benefit for Conrail, its system, and its employees than

1 the CSX proposed merger. And I think the Chairman --

2 CHAIRMAN GEIST: That's correct.

3 MR. McCUNE: -- answered it later on in his
4 statement that if you overlay a map of the current Norfolk
5 Southern System, the current Conrail System, that it's an
6 end-to-end fit.

7 And you will find that there were far less
8 duplications, far less redundant assets, far less
9 redundant lines with our proposed merger and our proposed
10 plan than there was in the proposed CSX/Conrail
11 acquisition plan that was unveiled in October of 1996.

12 CHAIRMAN GEIST: The reason that we went back
13 a collected all these quotes was that -- I think everybody
14 in this room and everybody watching the television was
15 very aware of the ads that were running when CSX and
16 Conrail were in love.

17 And then after CSX and Norfolk Southern fell
18 in love, then Conrail was shuffled aside. My question I'd
19 asked in Harrisburg was before, What made this love affair
20 take place? We see the different ads and different quotes
21 now basing these questions. So I'm very, very concerned
22 about the pension plans and the employees and the future
23 of the employment here, and that's why these questions are
24 being asked.

25 MR. McCUNE: They are legitimate concerns. We

1 have marked those concerns down. I hope that we have gone
2 to the extent possible to help allay some of those
3 concerns. Obviously, the details will be unveiled in the
4 operating plan.

5 But as Mr. Louis indicated, the Roanoke Shops
6 are at capacity; and we don't see, I mean, at this point,
7 any threat from those shops siphoning off work from the
8 local shops here.

9 CHAIRMAN GEIST: On December 4th, 1996,
10 Norfolk Southern ran a newspaper ad in eighteen newspapers
11 serving cities with significant numbers of Conrail
12 employees. This ad urged Conrail employees to support a
13 Norfolk Southern acquisition of Conrail and argued that a
14 combination of CSX wasn't good for Conrail employees.

15 In that advertisement, Norfolk stated, quote,
16 At the same time, Conrail's major Hollidaysburg and
17 Altoona Shops are within 70 miles of CSX facilities at
18 Cumberland, Maryland. Redundancies like these could add up
19 to lost jobs.

20 It also stated, Conrail employees have every
21 reason to support a combination with Norfolk Southern.
22 Norfolk Southern System extends and compliments the
23 Conrail System rather than duplicating it.

24 May we assume from the publication that
25 Norfolk Southern does not believe that the Hollidaysburg

1 and Juniata repair facilities duplicate or create
2 redundancy with respect to the Roanoke and -- facilities?

3 MR. McCUNE: I hope I've answered that,
4 Mr. Chairman. We see no duplication and no redundancy and
5 no threat.

6 CHAIRMAN GEIST: A lot of these things you've
7 touched upon in your testimony. We would really hope that
8 we could get detailed answers, especially in the division
9 of services and goods because we do have a facility at CSX
10 very close by.

11 MR. McCUNE: As far as your question on how
12 you divide the pension assets, it's a legitimate question.

13 CHAIRMAN GEIST: It's a very legitimate
14 question.

15 MR. McCUNE: I don't know. We'll certainly
16 find out. I do know that some of these things have yet to
17 be decided and will be worked on probably up and through
18 the submission of our operating plan to the Surface
19 Transportation Board.

20 CHAIRMAN GEIST: We have received numerous
21 inquiries in our office from local Conrail retirees and
22 employees regarding the status of their supplemental
23 pension plan as a result of the acquisition and the
24 division of Conrail.

25 As your own CEO has pointed out, the Norfolk

PETITIONERS'

EXHIBIT 24

NORFOLK SOUTHERN OPENING STATEMENT
PA HOUSE OF REPRESENTATIVES
TRANSPORTATION COMMITTEE
ALTOONA, PA
APRIL 12, 2001
RICHARD F. TIMMONS
RESIDENT VICE PRESIDENT, PUBLIC AFFAIRS

Good morning Mr. Chairman and other distinguished members of the Committee, local officials and others with interest in Norfolk Southern and its operations in the Commonwealth of Pennsylvania

I thank you for the opportunity today to present information that I believe will be most useful as you review the past performance of Norfolk Southern since the Conrail acquisition in June of 1999. I would much rather have met this body of distinguished legislators under more favorable circumstances, and I regret that the reason for these hearings is the decision Norfolk Southern made to close the Car Shops at Hollidaysburg, but from my perspective this is still a constructive forum for a useful, two-way dialogue concerning the current Norfolk Southern situation as it has evolved over the past 22 months.

Let me begin by saying that I have three observations to offer this morning and with your permission and I would like to elaborate on each. These observations are:

- ♦ First, the information process underlying the Norfolk Southern Conrail acquisition of 1999.
- ♦ Second, the ongoing Norfolk Southern strategy to address our current economic and service challenges.
- ♦ And lastly, the Norfolk Southern investment in the Commonwealth of Pennsylvania over the past 2 years and the general contributions to state organizations and institutions - our good neighbor initiatives.

Permit me at this time to comment on each of these in turn and then I will be pleased to address any questions you may have concerning what I have provided in this testimony or other matters that you believe are important for us to discuss.

In relation to the first point, our railroad and the Conrail acquisition process, let me point out several details that are not well understood and have a direct bearing on how we at Norfolk Southern approached the acquisition and developed the high expectations we promoted in our comments and testimony to state and federal officials.

- The base year for the Conrail traffic studies and operating plans was 1995. That was the most recent data available on Conrail's operations and that data was used to make projections and calculations on what Norfolk Southern could expect to realize from a revenue and operating standpoint once the acquisition had occurred.

- The application to the Surface Transportation Board in Washington for the acquisition of Conrail actually was submitted in 1997.
- And, the control date was in August of 1998. This was the technical date that Norfolk Southern and CSX could legally take control of their portions of the Conrail system.
- And as we all know the transaction was actually realized and executed in June of 1999
- Many of the shippers that used the Conrail system did not commit and award contracts for traffic until just before the June 1999 split date. Split date refers to the division of the Conrail system between Norfolk Southern and CSX in a 58 to 42% ratio. Even though nearly everyone involved with shipping on the railroads was aware of the upcoming Norfolk Southern - CSX transaction, shippers opted to bargain for the best deal and wait until the last minute to commit one way or the other. This is normal and fully understandable. The consequence of this, however, was that Norfolk Southern and CSX were both faced with vastly different service requirements and operating plans, most notable in the Shared Assets Area, and had to modify their plans right up until the last minute. These last minute adjustments were clearly not the result of poor data or inaccurate or exaggerated benefits projections, but were clearly as a result of unanticipated customer decisions at the last minute.
- During this period of uncertainty, both railroads were vigorously competing for business, locking in contracts without any fuel adjustments, and moving quickly based on the prevailing record setting national economic trends of growth and prosperity that the nation had been experiencing since 1993.

From the period 1997 through 1999, railroad analysts, our service design personnel, marketing teams, the transportation departments, and Wall Street were optimistic about the future growth and great economic potential of this new northeastern franchise. We spent two years working to get the foundation in place and based on everything that we thought we knew, we were confident of the outcomes and our success. When asked, we were enthusiastic and confident about the future of our new system and believed we had the numbers to support that optimism.

We promoted it strongly, believed what we said and backed that aggressiveness up with dollars when we paid dearly for our portion of the Conrail system, approximately 58%. No one to my knowledge had other than the highest expectations for our new system and our future prosperity as reflected by the U.S. economy during 1998 and 1999.

Now between the time the 1995 Conrail data base was used as the baseline and the year 2000, a number of interesting and unpredictable economic developments occurred in our commodities departments. All of which strongly compelled modifications in our operating plans and traffic patterns as a result of new customers, plant sitings, shifts in production decided by customers and significant changes in world and domestic markets. For example:

- **Metals (Steel):** Between 1995 and last year, six steel mills which shipped 34,000 carloads generating \$34.5 million in freight revenue on NS' lines closed and another 12 which shipped 76,000 carloads generating \$72.1 million in freight revenues opened.
- **Chemicals:** Between 1997 and last year, 12 chemical production facilities which shipped more than 14,000 carloads generating \$23 million in freight revenues on NS' lines closed or shifted production and 16 such facilities which shipped more than 16,000 carloads generating \$21.4 million opened or expanded production.
- **Export and Coastwise Coal:** Dramatic changes in the world market for coal have curtailed significantly the amount of coal shipped via NS' Lamberts Point, Virginia export facilities, with last year's total dumpings at exactly 10 million tons less than in the Conrail "base year" of 1995 (18.9 million tons vs. 28.9 million tons). And as recently as 1991 that total was 38.5 million tons.
- **Intermodal:** Following the Conrail Split Date, NS handled approximately 5500 loads per week for APL, the largest steamship stacktrain operator. Less than six months later, APL was purchased by Neptune Orient Lines and it entered into a long-term contract that resulted in the shift of all of its traffic from NS to CSX, essentially stripping NS of almost 20% of its total intermodal business. Yet NS - which could scarcely have projected in the Conrail consolidation application the purchase of the largest US container shipping line by a Singapore shipping line - aggressively sought and won replacement business, including significant volumes with BNSF, and in short order was actually handling more intermodal loads than it had before losing the APL business. But the movement patterns and supporting train services for this business changed dramatically.

These examples bring home the reality of our constantly changing business requirements that obviously demand new capital investments and reconfigured service offerings in order to capitalize on the opportunities and meet demands of the changing market place.

Coupled with these dynamic conditions, the current U.S. economic downturn over the past eight months has hit the railroad industry hard. For Norfolk Southern, this has been very measurable and the implications are clear. For example,

- Diesel fuel prices have increased significantly in the past year from \$.75 in January of 2000 to \$1.12 in January 2001. This is a 47% increase in one year. No one in 1997-98 could have foreseen this dramatic increase or calculated the costs to the railroad.
- Our carloadings are a direct reflection of the economy:
 - Coal down 2.2%
 - Agriculture down 2%
 - Metals and construction down 11%
 - Chemical down 4%
 - Paper Products down 7%
 - Automotive down 10%
 - Only Intermodal has increased - up 6%
 - Overall, a decline of 2% or 61.4 thousand carloads in a year.

The impacts on our revenues are clear and the requirements to address these problems are obvious. But I must re-emphasize the point that our plans and commitments and statements prior to coming to Pennsylvania were made in good faith and with the best information available at the time. No company consciously makes investments that are going to result in economic losses and failures. Norfolk Southern has experienced a significant economic turndown that was a true surprise. We made forecasts that turned out to be exaggerated and that cannot now be sustained in this current economic environment. This is the truth of the matter and while unfortunate, this reality underlies the reason for the ongoing corporate restructuring that has been underway for the past year at Norfolk Southern.

As all in this room are so well aware, the acquisition of Conrail in Pennsylvania went very poorly for Norfolk Southern for the first 6-8 months. Our now well known computer problems produced an escalating series of very serious congestion, lost car, misrouting, locomotive and crew availability problems that took months to correct. But all of that is behind us now and the overall record speaks for itself. By the spring of 2000, less than a year after the acquisition, the railroad was back in action and rapidly improving each week.

The Surface Transportation Board mandatory report this week reflects Norfolk Southern train speeds of 22.3 MPH, dwell times of 23.7 HRS and cars online 203K. These are dramatic improvements from a year ago and vastly different numbers from the summer and fall of 1999. The Norfolk Southern railroad system in Pennsylvania is fluid, flexible, retains capacity and is safe and being upgraded as we speak as the summer construction season is now underway throughout the state.

But this is just a start. Our aim is to grow the business, improve the system, and preserve what we have built over the past two years. As many of you are aware, we have few options in this regard. Our stock has declined 60% in two years and our debt with the Conrail acquisition remains at \$7B. Carloadings are down as are overall revenues. We have difficult and serious work before us, but we are committed to seeing what we started through to a successful conclusion.

This leads me to observation number two, the Norfolk Southern strategy to address these challenges and service issues that we are experiencing today and, incidentally so are the other major railroads in the United States.

- NS has embarked on a corporate restructuring campaign that has reduced the management force by 20%.
- We will reduce the workforce by 1,000 - 2,000 employees this year.
- We will dispose of 12,000 railroad cars over the next year.
- Will eliminate 4,000 miles of our 22,000 mile system, principally in the southeastern United States.
- Divest ourselves of 10 redundant or underutilized facilities.

- Sell real estate, mineral and timber rights.
- Redesign Norfolk Southern's service network with the assistance of Multi-modal Applied Systems analysts.
- Use outside analysts to evaluate the organizational structure and operations of the corporation and make changes as appropriate.
- We have already cut the dividend this year by 70%. This is the first time ever that Norfolk Southern has reduced the dividend.

Unquestionably, the focus must be on service and we are determined to improve our service. We will do that with technical innovations, internal reorganizations, partnering with other railroad systems across the United States, develop operating plans and investments driven by computer analysis and continue to focus on operating a safe and reliable railroad. If we are not able to successfully reshape the railroad and make it more reliable, customer friendly, service oriented and adaptable to the dynamics of the market place, the company at large will be at serious risk and the other 5,500 employees of the company in Pennsylvania will be in jeopardy.

We seriously regret the closing of the Hollidayburg Car Shops. We did not come to Pennsylvania to struggle with service, labor and business problems. We fought hard to be part of a historic rail network with a renowned labor force that was anticipated to be wonderful blending of an unparalleled north-south and east-west freight rail system. We still believe in the viability of that system and are working hard to make it a reality.

And finally, the last observation I would like to make is that of the Norfolk Southern commitments to the Commonwealth over the past two years. Let me break this out by broad category.

- Investments to Support Increased Traffic: \$79.8M
- Investments to Improve Service and Operating Efficiency: \$34M
- Investments in Public and Environmental Improvements: \$30.7M; and \$389K to Altoona
- Fiber Optic Investments: \$52.2M; and \$17M to the Altoona area
- Basic Railway Infrastructure: \$109.4M
- Investments in Shops and Mechanical Facilities: \$17.3M; and \$16M to Altoona and Hollidaysburg Shops
- Miscellaneous Railway Investments: \$17.4M; and \$179K to Altoona
- Shared Asset Capital Investments: \$1.7M
- For a total of \$342,870,752

Some of the highlights include:

- Worked with Bethlehem Steel to establish the \$12M intermodal freight terminal at Bethlehem.
- We are close to a \$15M intermodal terminal contract at the PNBC.

- \$6M in cash to the City of Philadelphia to advance the redevelopment of the Naval Shipyard - specifically Kvaerner shipyards.
- \$.5M on track expansions for new industries.
- \$.33 M on track expansion for a steel importing firm at U.S. Steel Fairless Works.
- \$3M coal unloading facility at Homer City power plant.
- \$5.8M batch weigh loading system at Consols Baily Mine at Waynesburg.
- \$28M rail line to the Keystone Power Plant in Shelocta.
- \$31M for Rutherford Yard Intermodal Hub in Harrisburg
- \$6.9M for Conway Yard near Pittsburgh.
- \$6.8M signals upgrade on the Harrisburg to Philadelphia line.
- \$4.9M for the Northern Region headquarters building in Harrisburg.
- \$4.2M in Harrisburg for new track connections and signals.
- \$2.2M for new connections in Bethlehem yards.
- \$1.2M for fueling facility improvements in Harrisburg.
- \$8M for general shop improvements.
- \$52M invested for fiber optic cable conduits along the Pennsylvania right-of-way.

It goes without further elaboration that many of these and others have very important implications for safety, environmental, power generation, and communications for the citizens of the Commonwealth.

Overall \$342.8M invested to date in Pennsylvania with another \$30M proposed. I am not aware of any other state in the Norfolk Southern system of 22 states that has received this level of investment across such a broad spectrum of our activities and facilities. This is an unprecedented level of commitment.

As new neighbors to many of you, we have strived hard to be good neighbors. Many organizations throughout the state have asked for contributions and we have stepped up to those requests. The Norfolk Southern Foundation has donated \$144,700; and \$42.5K to Blair County alone. We have contributed \$15,000 to the independent colleges and universities and \$10,700 as matching gifts to Pennsylvania organizations.

Community frustrations in and around Chambersburg and Erie, Pennsylvania due to mainline tracks running through the center of the towns have been relocated at a cost to Norfolk Southern of \$8M

We have cooperatively engaged in serious discussions across the Commonwealth on commuter rail issues such as the Harrisburg Corridor One, Schuylkill Valley Metro, Pittsburgh Mon-Fayette Expressway and other exploratory initiatives that could prove beneficial to the citizens of the Commonwealth in years to come if the details of federal and state regulations as well as financing can be reconciled.

As many on this Committee are well aware, Pennsylvania has more regional and short line railroads of any state in the nation, approximately 60. We have strong partnerships with many of these railroads who are providing services, economic development and employment opportunities to numerous communities throughout the state. Our Chairman, Mr. David Goode, led the American

railroad industry in establishing a cooperative railroad agreement with short lines to facilitate their operations and growth and revenues.

Mr. Chairman and members of the Committee, our history of investment and commitment to the Commonwealth of Pennsylvania is clear and a matter of record. You may not agree with where we have invested our money and what our priorities have been. These have been business decisions tied to our obligations to our stockholders and to the future health and well being of Norfolk Southern Railway Corporation. We made it clear when we arrived in Pennsylvania that we were here for the long term and that our investments and business decisions were tied to that long term view. We still are committed to improved service, growth of revenue and cooperation with officials, communities and our business partners. My sincere thanks to you for your forbearance in hearing me out this morning and I now stand ready for any comments or questions you may have.

PETITIONERS'

EXHIBIT 25

FOR WIRE TRANSMISSION: 8:30 A.M. EDT, FRIDAY, APRIL 27, 2001

Virginia H. Mannering: (202) 606-5304
Recorded message: 606-5306

BEA 01-10

GROSS DOMESTIC PRODUCT: FIRST QUARTER 2001 (ADVANCE)

Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 2.0 percent in the first quarter of 2001, according to advance estimates released by the Bureau of Economic Analysis. In the fourth quarter, real GDP increased 1.0 percent.

The Bureau emphasized that the first-quarter "advance" estimates are based on source data that are incomplete or subject to further revision by the source agency (see the box on page 3). The first-quarter "preliminary" estimates, based on more comprehensive data, will be released on May 25, 2001.

Personal consumption expenditures (PCE) was the largest contributor to the increase in GDP in the first quarter. Government spending, nonresidential structures, and residential structures also contributed to the increase. The contributions of these components were partly offset by a large decrease in private nonfarm inventory investment and decreases in exports and in equipment and software. Imports, which are a subtraction in the calculation of GDP, decreased.

The acceleration in real GDP growth in the first quarter primarily reflected an upturn in PCE for goods, a smaller decrease in exports, and an upturn in residential fixed investment that were partly offset by a larger decrease in private inventory investment and a deceleration in PCE for services. There was a much larger decrease in imports in the first quarter than in the fourth.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 2.8 percent in the first quarter, compared with an increase of 1.9 percent in the fourth. Excluding food and energy prices, the price index for gross domestic purchases increased 2.4 percent in the first quarter, compared with an increase of 1.6 percent in the fourth.

NOTE.--Quarterly estimates are expressed at seasonally adjusted annual rates, unless otherwise specified. Quarter-to-quarter dollar changes are differences between these published estimates. Percent changes are calculated from unrounded data and annualized. "Real" estimates are in chained (1996) dollars. Price indexes are chain-type measures.

- more -

Real personal consumption expenditures increased 3.1 percent in the first quarter, compared with an increase of 2.8 percent in the fourth. Durable goods purchases increased 11.9 percent, in contrast to a decrease of 3.1 percent. Nondurable goods increased 2.6 percent, compared with an increase of 1.0 percent. Services expenditures increased 1.7 percent, compared with an increase of 4.9 percent.

Real nonresidential fixed investment increased 1.1 percent in the first quarter, in contrast to a decrease of 0.1 percent in the fourth. Nonresidential structures increased 11.0 percent, compared with an increase of 10.4 percent. Equipment and software decreased 2.1 percent, compared with a decrease of 3.3 percent. Real residential fixed investment increased 3.3 percent, in contrast to a decrease of 3.6 percent.

Real exports of goods and services decreased 2.2 percent in the first quarter, compared with a decrease of 6.4 percent in the fourth. Real imports of goods and services decreased 10.4 percent, compared with a decrease of 1.2 percent.

Real federal government consumption expenditures and gross investment increased 5.7 percent in the first quarter, compared with an increase of 3.8 percent in the fourth. National defense increased 4.9 percent, compared with an increase of 8.9 percent. Nondefense increased 7.0 percent, in contrast to a decrease of 4.6 percent. Real state and local government consumption expenditures and gross investment increased 3.1 percent, compared with an increase of 2.5 percent.

The real change in private inventories subtracted 2.48 percentage points from the first-quarter change in real GDP, after subtracting 0.62 percentage point from the fourth-quarter change. Private businesses reduced inventories \$7.1 billion in the first quarter, following increases of \$55.7 billion in the fourth quarter and \$72.5 billion in the third.

Real final sales of domestic product -- GDP less change in private inventories -- increased 4.6 percent in the first quarter, compared with an increase of 1.7 percent in the fourth.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 0.6 percent in the first quarter, compared with an increase of 1.5 percent in the fourth. Gross domestic purchases is equal to GDP minus net exports of goods and services.

Disposition of personal income

Current-dollar personal income increased \$121.2 billion in the first quarter, compared with an increase of \$80.7 billion in the fourth. Personal tax and nontax payments increased \$28.9 billion, compared with an increase of \$34.6 billion.

Disposable personal income increased \$92.2 billion in the first quarter, compared with an increase of \$46.1 billion in the fourth. Real disposable personal income increased 2.0 percent, compared with an increase of 0.7 percent.

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3 of 4

Personal outlays increased \$115.0 billion in the first quarter, compared with an increase of \$83.9 billion in the fourth. Personal saving -- disposable personal income less personal outlays -- was a negative \$74.3 billion in the first quarter, compared with a negative \$51.6 billion in the fourth. The personal saving rate -- saving as a percentage of disposable personal income -- decreased from a negative 0.7 percent in the fourth quarter to a negative 1.0 percent in the first.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 5.2 percent, or \$129.2 billion, in the first quarter to a level of \$10,243.6 billion. In the fourth quarter, current-dollar GDP increased 3.0 percent, or \$75.0 billion.

Information on the assumptions used for unavailable source data is provided in a technical note that is posted with the news release on BEA's and STAT-USA's Web sites. Within a few days after the release, a detailed "Key Source Data and Assumptions" file is also posted on the STAT-USA site. In the middle of each month, an analysis of the current quarterly estimates of GDP and related series is made available on both Web sites; click on Survey of Current Business, "Business Situation."

* * *

BEA's major national, international, regional, and industry estimates; the Survey of Current Business; and BEA news releases are available without charge on BEA's Web site:

<www.bea.doc.gov>

STAT-USA maintains an Internet site that contains BEA estimates, the Survey of Current Business, and BEA news releases. For information about STAT-USA, go to <www.stat-usa.gov>, or call (202) 482-1986. Subscriptions for single-user unlimited access to STAT-USA's Internet information are \$75.00 for 3 months or \$175.00 for 1 year.

Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606-5306	Gross domestic product
606-5303	Personal income and outlays
606-5362	U.S. international transactions

Most of BEA's estimates and analyses are published in the Survey of Current Business, BEA's monthly journal. Subscriptions and single copies of the printed Survey are for sale by the Superintendent of Documents, U.S. Government Printing Office. Internet: <bookstore.gpo.gov>; phone: 202-512-1800; fax: 202-512-2550; mail: Stop SSOP, Washington, DC 20402-0001.

* * *

Next release -- May 25, 2001, at 8:30 A.M. EDT for:
Gross Domestic Product: First Quarter 2001 (Preliminary)
Corporate Profits: First Quarter 2001

Comparisons of Revisions to GDP

Quarterly estimates of GDP are released on the following schedule: "Advance" estimates, based on source data that are incomplete or subject to further revision by the source agency, are released near the end of the first month after the end of the quarter; as more detailed and more comprehensive data become available, "preliminary" and "final" estimates are released near the end of the second and third months, respectively. The "latest" estimates reflect the results of both annual and comprehensive revisions.

Annual revisions are usually carried out each summer and cover the quarters of the most recent calendar year and of the 2 preceding years. Comprehensive (or benchmark) revisions are carried out at about 5-year intervals and incorporate definitional and classificational changes that update the accounts to portray more accurately the evolving U.S. economy and statistical changes that update the accounts to reflect the introduction of new and improved methodologies and the incorporation of newly available and revised source data.

The table below shows comparisons of the revisions between quarterly percent changes of GDP for the different vintages of the estimates. These comparisons can be used to assess the likely size of future revisions. For example, two-thirds of the revisions between the quarterly change in the advance estimate of real GDP and that in the final estimate were within a range of -0.6 to +0.9 percentage point. Thus, based on past history, the first-quarter change in real GDP now estimated at 2.0 percent at an annual rate, is not likely to be revised below 1.4 percent or above 2.9 percent in the next two releases.

Revisions Between Quarterly Percent Changes of GDP: Vintage Comparisons [Annual rates]

Vintages compared	Average without regard to sign	Range	
		Two-thirds of revisions	Nine-tenths of revisions
<u>Current-dollar GDP</u>			
Advance to preliminary.....	0.6	-0.5 to 0.9	-0.9 to 1.4
Advance to final.....	.7	- .6 to 1.0	- .9 to 1.6
Preliminary to final.....	.3	- .3 to .4	- .6 to .7
Advance to latest.....	1.3	- .6 to 2.0	-1.9 to 3.7
Preliminary to latest.....	1.2	-1.1 to 1.7	-1.6 to 3.0
Final to latest.....	1.3	-1.0 to 2.2	-1.7 to 2.9
<u>Real GDP</u>			
Advance to preliminary.....	0.5	-0.5 to 0.7	-0.9 to 1.2
Advance to final.....	.6	- .6 to .9	- .9 to 1.3
Preliminary to final.....	.3	- .4 to .4	- .5 to .6
Advance to latest.....	1.4	-1.1 to 2.0	-1.6 to 3.4
Preliminary to latest.....	1.4	-1.2 to 2.0	-1.7 to 3.1
Final to latest.....	1.4	-1.1 to 2.3	-1.8 to 3.0

NOTE.--These comparisons are based on the period from 1978 through 1999 for the first three comparisons in each group and on the period from 1978 through 1997 for the last three comparisons in each group.

The Washington Post

SATURDAY, APRIL 28, 2001

HOME EDITION

Inside: Real Estate
Today's Contents on Page A2

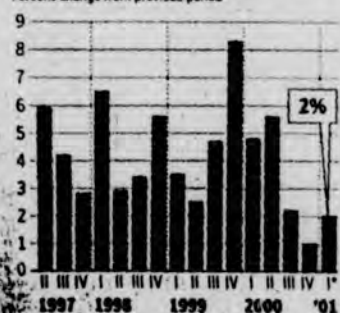
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Prices may vary in areas outside metropolitan Washington. (See box on Page A4)

Seeing Double

The nation's economy grew about twice as fast as many predicted in the first quarter of 2001.

Gross domestic product, seasonally adjusted, annual rate
Percent change from previous period



Preliminary numbers
SOURCE: Department of Commerce

Economy Beats Expectations

Strong Consumer Spending Calms Fears of Impending Recession

By JOHN M. BERRY
Washington Post Staff Writer

Americans bought so many cars, refrigerators and other goods that the U.S. economy grew faster than expected in the first three months of the year, when some experts thought the nation's 10-year expansion was coming to an end.

The economy grew at a 2 percent annual rate in the first quarter, the Commerce Department reported yesterday, double the pace of late last year and about twice as fast as most forecasters had predicted.

Analysts said the gain, largely driven

by rising consumer spending, indicated the economy was not in as bad shape as it had appeared during the winter, when stocks were falling, layoff announcements were multiplying and some economists and politicians were warning of a possible recession.

"These are great numbers," said economist James Glassman of JP Morgan Chase Securities. "They suggest that the economy is not nearly as weak as was feared and that we are not close to being in a recession."

"The reason everyone feels so bad about the economy is that at 2 percent

growth, we are operating far below our potential," Glassman said.

Stocks rallied in response to the Commerce report. The Dow Jones industrial average gained 117.70 points to close at 10,810.05. The Nasdaq composite index rose 40.80 to 2,075.68. However, Glassman and other analysts cautioned that with unemployment rising and both business and consumer confidence falling, the demand for goods and services in coming months remains uncertain. As a result, most of them said the Federal Reserve

See ECONOMY, A12, Col. 1

1st-Quarter Economic Growth a Surprise

ECONOMY, From A1

likely to continue cutting short-term interest rates.

The Fed has lowered its target for overnight rates by 2 percentage points since the beginning of the year, with another half-point reduction probable, Glassman said.

But given the picture of the economy painted by the Commerce report, particularly the large reduction in business inventories, "I think it is doubtful they will go beyond that," he said.

In January, Fed Chairman Alan Greenspan worried that economic growth had slowed nearly to a stop. As recently as March, White House officials warned that President Bush's proposed tax cut was needed to prevent a recession.

Meanwhile, Americans were buying. The most important factor in first-quarter growth was a solid gain in consumer spending, which rose at a 3.1 percent annual rate, up slightly from a 2.8 percent rate in the fourth quarter of last year. The rate in part reflected a big jump in spending on durable goods such as cars, appliances and furniture. Consumer purchases account for roughly two-thirds of GDP.

Spending for housing and business structures both rose, as did outlays by both federal and state and local governments.

Another positive note in the report was a significant drop in the U.S. trade deficit. The better trade results added 1.38 percentage points to the overall increase in the GDP, which measures the amount of goods and services produced in the United States after adjustment for inflation.

"The trade numbers show that U.S. producers are not suffering as much as it appeared," Glassman said. "This is not a great story for global growth but it means things are better in this country than we thought."

The first-quarter growth rate, an estimate based on incomplete data, confirmed that businesses have moved unusually fast to get rid of the unwanted inventories that built up in the second half of last year, when spending by both consumers and businesses slowed sharply. The report said the decline in inventories cut 2.48 percentage points off the first-quarter growth rate.

While some industries, especially manufacturers of high-tech equipment, still have problems, analysts said most of the production cuts required to reduce inventories appear to have been made. If so, that means the drag on growth from inventories will be much smaller later this year.

Besides inventories, the only decline was in business spending for new equipment and software, which fell at a 2.1 percent annual rate.

When the Fed cut its target for overnight rates by half a percentage point last week, policymakers cited concerns about the future of business investment as one reason for their action. Business profits, an important source of funding for investment, are down, but the most important determinant of spending for new plants and equipment is whether there will be a demand for what will be produced. That is why analysts are still cautious about the U.S. economic outlook.

If consumer spending continues to increase even at a modest rate, businesses will be much more likely to avoid major cuts in capital investment except in few especially hard-hit sectors, such as telecommunications, where there is an enormous overcapacity.

Most forecasters have been predicting that economic growth would pick up in the second half of this year and, according to a number of analysts, the Commerce figures support those predictions but hardly guarantee their accuracy.

However, concerns about the future of consumer spending were reinforced yesterday by another report showing that consumer sentiment fell this month as worries about jobs continued to deepen. The University of Michigan's index of consumer sentiment fell to 88.4 from 91.5 last month. However, the final April figure was up a bit from a preliminary reading two weeks ago.

"The gain recorded in late April was due to the rebound in stock prices as well as the cut in interest rates," a survey official said. "Importantly, lower interest rates have not improved buying attitudes. Consumers are not convinced that the rate cuts will quickly restore favorable job and income prospects, and the continued increases in job and income uncertainty will dampen consumer spending throughout the balance of the year."

Most of the drop in confidence was in consumers' assessment of current economic conditions rather than their expectations about how the economy will perform in coming months.

Norfolk Southern beats estimates, but sees challenges

Updated 10:10 a.m. ET, Thu Apr 26, 2001

From wire reports

NEW YORK - Norfolk Southern Corp. nearly doubled Wall Street forecasts Wednesday after two other major U.S. railroads missed earnings targets earlier in the week.

The railroad's earnings rose to \$61 million, or 16 cents a share, even better than the highest estimate of analysts surveyed by earnings tracker First Call, whose forecasts ranged from breakeven to 15 cents a share, with a consensus forecast of 9 cents.

Norfolk Southern, which combined about half the former Conrail into its system starting in 1999, earned \$14 million, or 4 cents a share, a year earlier, excluding a charge for cutting staff in the wake of the Conrail integration.

Including that charge and a gain from the sale of its North American Van Lines business, the company reported net income \$74 million, or 19 cents a share, compared with a net loss of \$48 million, or 12 cents a share, a year earlier.

Railroad officials warned that a slowing U.S. economy could cause problems going forward.

"The plight of the industrial economy makes our outlook for the remainder of the year guarded," said Ike Prillaman, the company's chief marketing officer. "Carloadings for April are running behind last year's volume in all of the industrial groups."

Analysts forecast earnings per share will rise to 31 cents in the second quarter from 26 cents a year earlier. While Jason Seidl, analyst with ING Barings, said Norfolk's improvement in service levels is impressive, he said the company faces challenges.

"They finally got their house in order and here we are with the economy in the tank," he said. "They're probably going to have to play the waiting game to show what they can do."

Revenue at the railroad edged up to \$1.54 billion from \$1.50 billion a year earlier. Its ratio of operating expenses to revenue, a key measure of a railroad's financial performance, improved to 86.7% from 91.4% a year earlier.

[\[Go Back To Results\]](#) [\[Previous Doc\]](#) [\[Next Doc\]](#)

PETITIONERS'

EXHIBIT 26

NORFOLK SOUTHERN OPENING STATEMENT
PA HOUSE OF REPRESENTATIVES
TRANSPORTATION COMMITTEE
HARRISBURG, PA
APRIL 26, 2001
RICHARD F. TIMMONS
RESIDENT VICE PRESIDENT, PUBLIC AFFAIRS

Good morning Mr. Chairman and members of the Committee. This is the second time I have appeared before this Committee in as many weeks and I thank you for the opportunity to provide additional information concerning Norfolk Southern's presence in the Commonwealth of Pennsylvania over the last 22 months.

This morning, I have with me Mr. Mike McClellan, Vice President of Intermodal Marketing, who in just a few moments will provide you with information concerning our marketing and intermodal operations in the Commonwealth.

Before that, however, let me bring you up to date on several issues and clarify others that were part of the testimony that some of you heard on April 12 in Altoona. At that time, I testified that **Norfolk Southern had invested \$342.8M in the Commonwealth over the past 22 months**. I am pleased to report this morning that that sum has increased by **\$1.9M with our decision last week to expand the Enola freight yards capacity from 125 to a 600 car flat switching yard which includes 28 miles of new track, switches and other improvements further enhancing this region as a transportation hub.**

This \$344.7M total with an additional \$30M commitment to the Commonwealth is a clear indication of Norfolk Southern's commitment to the rail network in Pennsylvania and our belief in the future of the system that we are building here.

Our investment priorities have been established with the intention of building a railroad in Pennsylvania and the northeast that is competitive, service oriented and adaptable to the fast moving market conditions in the freight shipping world. Our expenditures in this region of the state in the Rutherford intermodal yards, the Enola yards, the Harrisburg intermodal yards, our Northern Region headquarters offices and dispatching center, along with a renewed Triple Crown roadrailer operation in Swatara Township are all long term investments with an eye to handling the well documented freight increases expected for the future.

Let me also re-emphasize the **Norfolk Southern commitment to safety across our system**. The record is admirable by any measure. And is a focus of the PUC, FRA and Norfolk Southern management. For 10 consecutive years, Norfolk Southern has won the industry safety award for Class I railroads - the Harriman Award. In the year 2000, in just the Harrisburg Division, we spent \$26.7M on road bed and bridge maintenance and \$13.5M on signals projects. We are proud of our safety record and these investments are intended to sustain our safety tradition.

With your permission, I would like to clarify several points that were of interest to both labor representatives and Committee members following my last testimony:

- I was asked about the future job opportunities for the **330 Norfolk Southern employees** working in the Hollidaysburg shops. My response was that all would be offered jobs at Norfolk Southern facilities following the closure on September 1 of this year. This statement is accurate and correct notwithstanding other testimony provided to the Committee.
- Now following my testimony in Altoona, there were questions concerning the provisions of the **New York Dock for the Hollidaysburg employees**. The New York Dock is a labor protective agreement stemming from the 1968 Penn Central merger. Let me say that this is a New York Dock transaction:
 - And the **relocation benefits** have been programmed for employees that are offered jobs distant from Altoona. All exceed the New York Dock standards.
 - As you may not be aware, the New York Dock benefits are not purely a railroad decision, but are an agreed upon position that **can go to arbitration** if employees and the railroad cannot agree.
 - And as a point of interest, you should know that **Norfolk Southern pays \$1.5M each month to Conrail employees** under New York Dock provisions as a result of the Conrail acquisition.
- And finally, I testified previously that our service has dramatically improved from the summer and fall problems of 1999 and that the Norfolk Southern performance metrics provided to the STB each week reflect that upturn. To highlight this change in service efficiency, I would point out that **Norfolk Southern has received laudatory letters from PPL US Steel, as well as short line operators** thanking us for the improved service, the cooperation and the commitment that Norfolk Southern has shown in working through the problems and shortcomings of the past.

At this time, I would like to introduce Mr. Mike McClellan, Vice President, Intermodal Marketing, for comments that he has for your use and information, and following his remarks we will be prepared to answer any questions that you may have.



U. S. Steel
800 Grant Street
Pittsburgh, PA 15219-2749
412 433 3155
Fax: 412 433 3085

Keith H. Jansen
General Manager
Distribution & Logistics Services

April 25, 2001

L. Ike Prillaman
Vice Chairman and Chief Marketing Officer
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510

Dear Ike:

I wanted to drop you a note and thank you for the service Norfolk Southern has and is providing U. S. Steel on our shipments. During the past year and half we have witnessed considerable improvement in transit times and equipment supply, helping us to deliver our products in an efficient and cost effective way. We are dependent upon quality rail transportation and even more so on Norfolk Southern's rail transportation, as you handle more than 80% of our rail shipments in the East.

Service post Conrail split has improved and in particular, U. S. Steel is now enjoying transit times from our Gary, Indiana and Mon Valley Works here in Pennsylvania to Fairless, Pennsylvania that are faster and more reliable than prior to the June 1999 split. And, as you know these are critical intra-plant movements for us involving thousands of shipments annually.

Additionally, Norfolk Southern, along with the Union Pacific is delivering our products into Mexico with greater speed than prior to the Conrail split. These faster delivery schedules contribute to our ability to meet U. S. Steel's customers ever increasing expectations and again, we thank you and all of the Norfolk Southern employees who are working so hard to meet our needs.

I look forward to seeing you again and wish you the best.

Sincerely,

Keith H. Jansen

Post-it* Fax Note 7671		Date 4/25/01	# of pages 1
To Mr. Rick Timmon	From Tom Stellingman		
Co/Dept. NJ	Co. NJ		
Phone #	Phone # (542) 965-6063		
Fax # (717) 541-2420	Fax # (542) 965-6772		

U. S. Steel Group
A unit of USX Corporation

APR 25 2001 14:31



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PAGE 02
** TOTAL PAGE.01 **

Michael W. Snovitch
Manager-Fossil Fuel Supply

PPL Generation, LLC
Two North Ninth Street, GENNS
Allentown, PA 18101
Tel. 610-774-5415; Fax. 610-774-5141
mwsnovitch@pplweb.com



December 15, 2000

M. R. McClellan
R. F. Timmons

See my memo.

J. H. Friedmann
04/24/01

Mr. R. A. Listwak, Asst. V.P.
Norfolk Southern Corporation
Two Commerce Square
2001 Market Street
Philadelphia, PA 19101

Dear Ron:

I want to take this opportunity to thank you and your staff for all your support and assistance during 2000.

As you know, connecting Conrail to the Norfolk Southern in 1999 was a difficult task. However, once the problems were resolved last fall, service has continually improved. Unit train personnel in Atlanta and Pittsburgh have been outstanding. Operations personnel across the system - throughout central Appalachia, Western Pennsylvania, Harrisburg, Lock Haven and Allentown have done an excellent job moving PPL trains from and to our plants.

As we near the end of 2000, we look forward to another prosperous year. Coal shipments to Montour, Brunner Island and Martins Creek are expected to be at very high levels in 2001.

Your cooperation and assistance this year and in the coming year is appreciated.

Very truly yours,

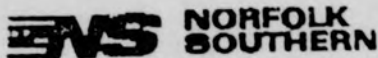
Michael W. Snovitch

C: B. M. Scanlan
T. D. Newhart -Norfolk Southern
185 Spring Street, N.W.
Atlanta, GA 30303

Bmslistwak/rld

PETITIONERS'

EXHIBIT 27



Norfolk Southern Corporation
223 East City Hall Avenue
Norfolk, Virginia 23510-1728

H. R. Mobley
Assistant Vice President
Labor Relations
(757) 629-2425

April 16, 2001

NC-S-5-6

Mr. J. V. Waller
General Chairman BRC Divn-TCU
127 Baron Circle
Corryton, TN 37721

Mr. J. Czuczman
Internat'l Vice President, TWU
80 West End Avenue
New York, NY 10023

Gentlemen:

Listed below are the Carrier's answers to the questions posed by the BRC, letter dated April 8, 2001, and the TWU, letter dated April 6, 2001, in connection with the transfer of work and rearrangement of forces at Hollidaysburg Car Shop (HCS). We are faxing and mailing our lists of responses to each of your respective offices so that you will have adequate time to review this information prior to our scheduled meeting in Washington on April 17, 2001.

Questions submitted by BRC:

1. Currently at the receiving locations there are a number of Carmen and Student Carmen in a furloughed status. Will these employees be recalled before any Carmen are transferred to these locations?

No. Since we are adding new positions at these locations as a result of a transfer of work from HCS the employees from the origin point (HCS) have the right to transfer with their work to the receiving location.

2. In your letter of March 21, 2001, you state as follows:
"The work being transferred is all freight car repairs and the associated work referenced in the Notice pertained to the support work and facility maintenance performed by the other Shop Crafts party to the Notice. The description of the work to be transferred is consistent with job bulletins at Hollidaysburg (copies of two bulletins are enclosed) and should serve to be sufficiently descriptive." It is very

clear that this description of the work being transferred is very vague and completely fails to identify any specific work that is being transferred to any receiving location. Would you now please identify the specific work that is being transferred to each specific location?

The work being transferred is that of all freight car repairs and associated work including facility maintenance and the capacity to perform future program work. The work may vary from time to time due to changing demands therefore we cannot define the "exact" work that may be transferred to any particular point. Any and all kinds of freight car repairs and associated facility maintenance may be performed at any of the receiving points as is the current practice at HCS.

3. In your letter of March 21, 2001, you state: "I am advised that presently both program car repair work as well as the continuation of insourcing projects are being performed at Hollidaysburg. However, this work is not predicted to extend beyond September 1, 2001. If this, is a factual statement, there is not any work that is currently scheduled for Hollidaysburg Car Shop after September 1, 2001. Therefore, there is no work that could be transferred after this date. Is this a correct understanding of your statement?"

No insourcing projects have been scheduled beyond the September 1, 2001 transfer date due to the anticipated closure of this facility. Any program work which would have been performed at HCS is being diverted to one of the five receiving locations.

4. At our meeting on March 15, 2001, both you and I were advised by Brother Tom Lutton, President of the TWU Local, who is employed at the Hollidaysburg Car Shop, that there was presently no program work being performed at Hollidaysburg. Is there any program work presently being performed at Hollidaysburg, or is all the work currently being performed work that is considered insourcing?

We are presently doing the following program work at HCS:

1. Preparing gons and box cars for turnback to lessors
2. Repair work to auto parts box cars
3. Repair work to scale test cars

4. We will be modifying box cars to place in paper service
5. We will soon begin work on stored heavy bad order cars
5. Is there any insourcing work scheduled for Hollidaysburg after September 1, 2001?

As previously stated, we do not have any insourcing projects scheduled for HCS after September 1, 2001 in preparation of the shops closure and the transfer of the freight car repair work and facility maintenance to the new points.

6. All of the receiving locations are points consisting of a repair track and a train yard. These points are not equipped to perform more than running repairs. Are the facilities at the receiving locations going to be upgraded with the necessary tools and equipment to perform said transferred work?

Due to the surplus of cars in the NS fleet at this time, the Mechanical Department does not foresee an immediate need for any major car repairs. The existing repair facilities at the new locations are equipped to handle the additional work which is being transferred to them. However, this does not preclude NS from making facility upgrades or purchasing new tools and equipment as the need arises.

7. How long does the Carrier expect to perform the "transferred work" at the receiving locations?

The receiving locations will perform all freight car repairs and program work previously performed at HCS. The transferred work will be performed as long as the needs of service require it and resources are available.

8. Once the transferred insourcing work is completed at each of the receiving locations, will additional work be insourced at these receiving locations to ensure that the work force remains at the level established after the transfer of employees?

No insourcing work will be transferred to the new locations. The only work that is being transferred is work that is necessary on our own fleet of cars.

Hollidaysburg Car Shop

April 16, 2001

Page 4

9. In the Notice of February 21, 2001, it is stated that fifty six (56) Carman positions will be established at Bellevue, Ohio; eight (8) at Columbus, Ohio; forty six (46) at Decatur, Illinois; two (2) at Linwood, North Carolina and two (2) at Macon, Georgia to perform the work being transferred. If there are not enough Carman to fill these positions at these receiving locations, will additional Carman be hired at these locations to perform work being transferred? If the answer is in the negative, why not?

If the transferred positions are not filled by HCS employees then the Mechanical Department will determine at that time, based on the needs of service, whether if and when to recall or hire employees.

10. Will Carman at receiving locations be eligible to bid on the newly created positions, or will the Carman from Hollidaysburg be the only ones eligible to bid on the newly created positions?

Article I, Section 4(a) of the October 16, 1998 Implementing Agreement provides that concurrent with the abolishment of positions at the location from which the work is being transferred positions will be established at the locations to which the work is being transferred. Such positions will be advertised for a period of seven (7) days to all employees holding regular Carman assignments at the transferring location.

11. Will the Carman transferring from Hollidaysburg, to the receiving locations be placed on a separate seniority roster at the receiving location?

Article I, Section 4(e) of the October 16, 1998 Implementing Agreement stipulates that employees who transfer under this section will have their seniority dates(s) dovetailed in accordance with the procedures set forth in Article II on the appropriate roster(s) at the receiving location.

12. Will the current 2001 seniority rosters at the receiving locations be "dovetailed" to include the Carman transferring to the receiving location?

Hollidaysburg Car Shop
 April 16, 2001
 Page 5

Yes. See Q/A 11 above

13. If, after September 1, 2001, there is a furlough at the receiving locations, would the Carman who have transferred to that location be furloughed first?

Any force reductions that occur at the receiving locations subsequent to September 1, 2001 will be conducted in reverse seniority order on the newly dovetailed seniority roster as provided in Rule 26 (NW), Rule 24 (NKP) or Rule 24 (NSR).

14. If the seniority rosters at the receiving locations are "dovetailed" and there is a furlough of Carman after September 1, 2001, would the furloughed Carman be offered any protection by the Carrier?

The answer to this question is fact-driven. If the furlough resulted from a "Transaction" authorized by the STB, then protection may be involved - again depending on the fact situation of the involved employee. If the furlough was not a result of a "Transaction," then no protection would be involved.

Questions submitted by TWU:

1. Norfolk Southern, in the notice of February 21, 2001, is not calling this a closing, but is eliminating all the jobs, why isn't it being called a closing?

This is a transfer of work from HCS to various other points. After the transfer has been accomplished there will no longer be a need for HCS.

2. What is the reason for the closing and elimination of all the jobs, especially in light of the commitments made by Norfolk Southern to continue operations?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen

Hollidaysburg Car Shop
April 16, 2001
Page 6

For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

3. What exactly are the changing economic conditions being referenced in Mark Manion's statement in the February 21, 2001, NS new release?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

4. How have these alleged changing economic conditions affected the Hollidaysburg Car Shop operation?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

5. Since acquiring Hollidaysburg Car Shop in the "Conrail Transaction" what has Norfolk Southern done to attain "insourcing" at Hollidaysburg?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

Hollidaysburg Car Shop
 April 16, 2001
 Page 7

6. Was Norfolk Southern actively and aggressively seeking insourcing work for Hollidaysburg Car Shop?

If so, were there any orders pending or work scheduled when Norfolk Southern made its decision to close Hollidaysburg?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

7. In reference to Norfolk Southern's February 21, 2001, news release it was stated that Norfolk Southern would continue to work with Blair County.

Prior to 2/21/01 was Norfolk Southern working with Blair County to find alternative uses for the facility?

If so, when did these efforts commence?

With whom in Blair County was Norfolk Southern working with?

Are they still working with Blair County?

Exactly what efforts have been made, where do they stand at the present time, and what future efforts are planned?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

Hollidaysburg Car Shop
April 16, 2001
Page 8

8. What are Norfolk Southern plans for the Car Shops, Sale, Abandonment, Other?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

9. Is Norfolk Southern planning to contract-out work previously performed at Hollidaysburg Car Shop?

In the event contracting out work becomes necessary, it will be done in accordance with the provisions of the September 25, 1964 Shop Craft Agreement as amended.

10. What is happening with the 200 CSXT cars which Norfolk Southern sent out of Hollidaysburg since their announced closing of the shop?

The CSX cars have been returned to CSX since it will not be possible to complete the work on them prior to September 1, 2001.

11. Is Norfolk Southern basing its decision on the amount of work from CSXT?

If so, what has the history been, and what are CSXT plans?

What percentage of the Hollidaysburg Shop work was the CSXT work?

No.

12. Exactly what work at Hollidaysburg is being transferred to the locations outlined in Norfolk Southern's February 21, 2001, notice?

See BRC Q/A 2 above

Hollidaysburg Car Shop
April 16, 2001
Page 9

13. Does the carrier have work available at the receiving locations?

If so, for what period of time?

What is the work?

See BRC Q/A 7 above

14. Do the shops identified by Norfolk Southern as the shops receiving this alleged work have the capability to perform this type work?

Do they have the equipment to perform this work?

See BRC Q/A 6 above

15. Why aren't all the jobs being transferred / re-established at other locations

It is the intention of NS to offer any employee who desires to transfer an opportunity to do so.

16. What is the basis for the Norfolk Southern claim that efficiency is enhanced by consolidating work at shops in Ohio, Illinois, and Tennessee?

HCS was operating at a substantially reduced capacity. Obviously there was a great deal of inefficiency since overheads for such a limited operation were extremely high. By transferring the work to other more efficient locations, their efficiencies would be increased and per unit overheads would decline and continue to be less than HCS.

17. Is it the intent of the carrier to have the entire work force at Hollidaysburg work until September 01, 2001?

Yes, in fact it may be necessary to keep some of the employees working up to thirty days beyond September 1, 2001 to facilitate the ultimate closure of the facility.

18. (a) Does any of the receiving locations have furloughed employees?

Hollidaysburg Car Shop
April 16, 2001
Page 10

(b) If so, do the senior furloughed employees have the right to bid and be awarded positions?

(c) When bidding will employees have preference on the location desired?

(a) Yes

(b) See BRC Q/A 10 above

(c) Yes, consistent with the needs of service at each of the receiving locations.

19. Is the carrier going to fill all positions at each receiving location?

See BRC Q/A 9 above

20. Will employees transferring from Hollidaysburg retain their seniority and be subject to recall at Hollidaysburg?

The Implementing Agreement provides that the seniority of Altoona/Hollidaysburg employees who bid on and are awarded positions at any of the receiving locations pursuant to Article I, Section 4(a) and 4(b) will have their seniority dovetailed on the appropriate roster at the receiving location and their name will be removed from the roster at Altoona/Hollidaysburg. Employees who transfer pursuant to Article I, Section 4(c) or 4(d) will retain their seniority at the location from which transferred, subject to recall to a permanent vacancy known to be of at least 60 days duration.

21. If all positions are filled at the receiving location, what protection are the surplus employees entitled to?

See TWU Q/A #15 above. The Notice indicated that it was NS intent to afford any employee an opportunity to transfer.

22. If an employee does not bid, or is not requested to take a position at the receiving location, what protection are they entitled to?

If an employee is offered a position at the receiving location and refuses to take an available position, he

Hollidaysburg Car Shop
April 16, 2001
Page 11

would be considered as voluntarily furloughed and not entitled to protection.

23. If an employee transfers what amount of money does the employee receive prior to moving?

See Side Letter #2 of the October 16, 1998 Implementing Agreement.

24. If an employee at the transferring location is on disability at the time the transfers are made what rights to positions and protection does that employee have?

An employee on disability at HCS at the time of the transfer will be governed by the provisions of NW Rule 17, as revised July 11, 2000.

25. Does an employee transferring retain his red circle rate at the receiving location?

See Side Letter #8 to the October 16, 1998 Implementing Agreement.

26. If an employee who transfers is off sick at the receiving location, are the days off sick calculated for the purpose of relocation payments?

No.

27. If an employee transfers, are the days worked at the receiving location calculated as qualifying time for sub-pay benefits?

Yes, see Side Letter #1 to the October 16, 1998 Implementing Agreement.

28. If an employee who transfers gets furloughed at the receiving location, is he required to repay moving expenses?

No.

29. If an employee refuses to transfer, on what basis should he be denied protective benefits, New York Dock or Sub-Pay?

The employee would be considered as having elected voluntary furlough.

Hollidaysburg Car Shop

April 16, 2001

Page 12

30. Does the carrier intend to maintain the Hollidaysburg Car Shop roster as it stands on the day of closing?

No, as previously outlined in Q/A 20, the names of the employees who transfer to the receiving location pursuant to Article I, Section 4(a) or (b) will be removed from the Altoona/Hollidaysburg roster at the time of the transfer. All other employees will be maintained on the Altoona/Hollidaysburg roster subject to recall.

31. Does the carrier intend to provide the organization a copy of all benefit provisions available to employees?

It is not clear what benefits this question refers to. However, the October 16, 1998 Implementing Agreement provides for certain relocation benefits.

32. How will employees who choose not to transfer be handled, will they be availed an opportunity to transfer at a later date?

Employees who desire to transfer with the benefits provided in the October 16, 1998 Implementing Agreement must do so at the time the positions are advertised. Any subsequent request to transfer will be handled in accordance with Rule 28 of the NW Agreement.

33. How will an employee who chooses not to transfer be handled with respect to recall at Juniata, or any other location where a position which becomes available from the Hollidaysburg roster?

Employees who decide not to transfer to one of the receiving points may elect voluntary furlough without benefits at their home point. Such employees will be subject to recall in seniority order as positions become available at their seniority point.

34. How will transferring employees vacations be handled at the receiving location? What about vacation which may have already been scheduled at Hollidaysburg?

The vacation of employees who transfer to the new work locations will be handled in accordance with the provisions of Side Letter #12 of the October 16, 1998 Implementing Agreement.

Hollidaysburg Car Shop
April 16, 2001
Page 13

Furloughed carmen will be paid their 2001 vacation during regularly scheduled vacation periods. All unscheduled vacation will be paid at year end if the employee is not recalled.

35. Is the 221 Carmen outlined in the carriers notice an accurate number?

The 221 figure is based on the number of active employees at the time of the notice. Due to the length of the notice involved in this particular transaction the actual number may change as a result of attrition or a change in an employee's status.

36. How are employees whom may currently be off due to sickness, disability, etc be treated?

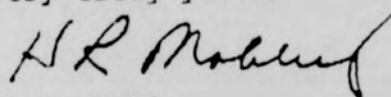
Employees who are currently off due to sickness or disability will be treated in the same manner as they were prior to the transaction.

37. Will an employee who is off at the time of the transfer and subsequently returns to work be offered the same benefits, moving expenses, etc. as an employee who is active and transfers at the time the shop closing?

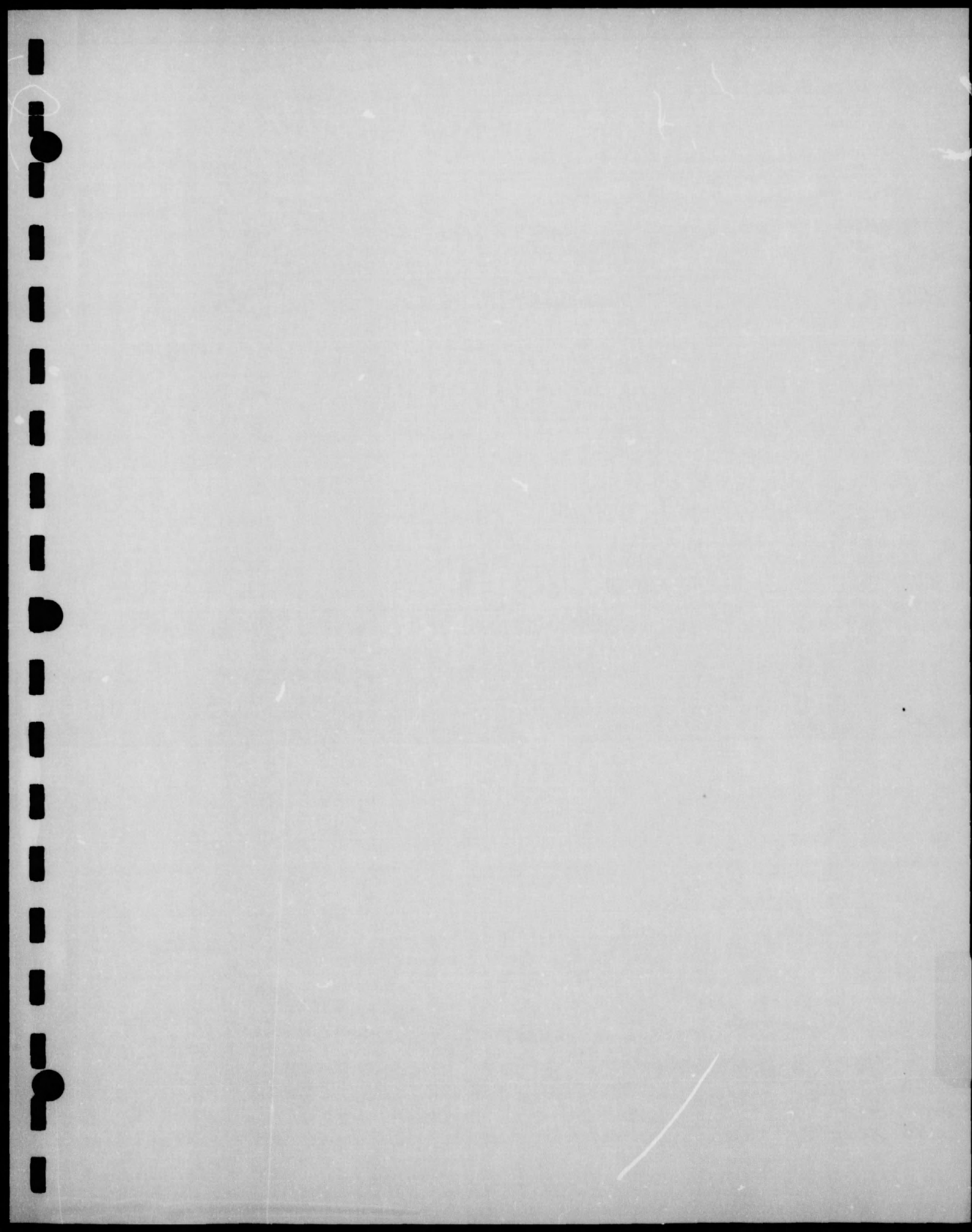
No.

I trust these responses adequately address all of the outstanding issues you may have. I look forward to seeing you in Washington on the 17th.

Very truly yours,



H. R. Mobley
Assistant Vice President
Labor Relations



PETITIONERS'

EXHIBIT 28



NATIONAL CONFERENCE
OF FIREMEN & OILERS
SYSTEM COUNCIL NO. 2
4201 Church Road, Suite #7
Mt. Laurel, NJ 08054

856 778 4411
856 778 6196 (Fax)

JOHN E. KILMER
General Chairman
Home Office & Fax
518 756 6307

DEAN DEVITA
Vice General Chairman
Home Office & Fax
516 489 3580



VIA FAX

April 25, 2001

Harold R. Mobley
Assistant Vice President
Labor Relations
Norfolk Southern Corporation
223 East City Hall Avenue
Norfolk, VA 23510-1728

Dear Mr. Mobley:

This is in regards to the Hollidaysburg Car Facility closing and our on-going negotiations of an Implementing Agreement. Following is a list of questions we would like addressed.

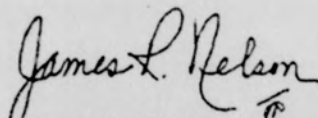
1. N/S is not calling this a closing, but it is eliminating all the jobs, why isn't this being called a closing?
2. What is the reason for the closing/elimination of all jobs? What are the changed economic conditions relied on by N/S?
3. What are N/S's plans for the shops? Sale? Abandonment?
4. Why aren't all jobs being transferred/re-established at other locations?
5. Are the shops receiving the work capable of doing program work? Do they have the facilities and equipment necessary? Do they currently do program work? What kind of work do they currently do?
6. Is N/S planning to contract-out any work previously done at Hollidaysburg?
7. Is N/S basing its decision on the amount of work from CSX? If so, what has the history been and what are CSX's plans?
8. What is happening to the 200 CSX cars that N/S has sent away?
9. What percentage of the Hollidaysburg shops work was CSX work?

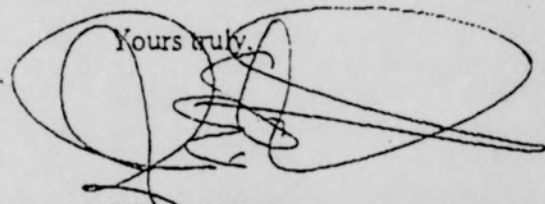
Page 2
April 25, 2001

10. What is the basis for N/S's claim that efficiency is enhanced by consolidating the work at shops in Ohio, Illinois and Tennessee?
11. What work does N/S anticipate will be done at the transferee shops?
12. What work will be there for NCF&O members?
13. What reason would the NCF&O members working at Hollidaysburg have to believe that the work will last at the new locations and that they won't be laid off again?

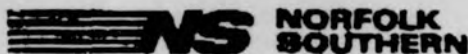
Once we receive your response to the above, we will contact you as soon as possible.

Yours truly,


James R. Nelson,
General Chairman NCF&O


John E. Kilmer,
General Chairman NCF&O

cc: G. J. Francisco, Jr., NCF&O President
Dean Devita, Vice General Chairman - System Council #2
Richard Edmonds, Vice General Chairman - System Council #6
Ron Burgoon, Local Chairman #1218



Norfolk Southern Corporation
223 East City Hall Avenue
Norfolk, Virginia 23510-1728

Harold R. Mobley
Assistant Vice President
Labor Relations
(757) 829-2425
Harold.Mobley@nscorp.com

April 25, 2001

NC-S-5-6

Mr. J. E. Kilmer
General Chairman, NCF&O
4201 Church Road - Suite 7
Mt. Laurel, NJ 08054

Mr. J. R. Nelson
General Chairman, NCF&O
P. O. Box 620
Vinton, VA 24179

Gentlemen:

Listed below are the Carrier's answers to the questions posed in your letter dated April 25, 2001 in connection with the transfer of work from the Hollidaysburg Car Shop (HCS):

1. N/S is not calling this a closing, but it is eliminating all the jobs, why isn't this being called a closing?

This is a transfer of work from HCS to various other points. After the transfer has been accomplished there will no longer be a need for HCS.

2. What is the reason for the closing/elimination of all jobs? What are the changed economic conditions relied on by N/S?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

3. What are N/S's plans for the shops? Sale? Abandonment?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

4. Why aren't all jobs being transferred/re-established at other locations?

It is the intention of NS to offer any employee who desires to transfer an opportunity to do so.

5. Are the shops receiving the work capable of doing program work? Do they have the facilities and equipment necessary? Do they currently do program work? What kind of work do they currently do?

Due to the surplus of cars in the NS fleet at this time, the Mechanical Department does not foresee an immediate need for any major car repairs. The existing repair facilities at the new locations are equipped to handle the additional work which is being transferred to them. However, this does not preclude NS from making facility upgrades or purchasing new tools and equipment as the need arises.

6. Is N/S planning to contract-out any work previously done at Hollidaysburg?

In the event contracting out work becomes necessary, it will be done in accordance with the provisions of the September 25, 1954 Shop Craft Agreement as amended.

7. Is N/S basing its decision on the amount of work from CSX? If so, what has the history been and what are CSX's plans?

No.

8. What is happening to the 200 CSX cars that N/S has sent away?

The CSX cars have been returned to CSX since it will not be possible to complete the work on them prior to September 1, 2001.

9. What percentage of the Hollidaysburg shops work was CSX work?

See #7 above.

10. What is the basis for N/S's claim that efficiency is enhanced by consolidating the work at shops in Ohio, Illinois and Tennessee?

Messrs. Kilmer & Nelson
NC-S-5-6
April 25, 2001
Page 3

HCS was operating at a substantially reduced capacity. Obviously there was a great deal of inefficiency since overheads for such a limited operation were extremely high. By transferring the work to other more efficient locations, their efficiencies would be increased and per unit overheads would decline and continue to be less than HCS.

11. What work does N/S anticipate will be done at the transferee shops?

The work being transferred is that of all freight car repairs and associated work including facility maintenance and the capacity to perform future program work. The work may vary from time to time due to changing demands therefore we cannot define the "exact" work that may be transferred to any particular point. Any and all kinds of freight car repairs and associated facility maintenance may be performed at any of the receiving points as is the current practice at HCS.

12. What work will be there for NCF&O members?

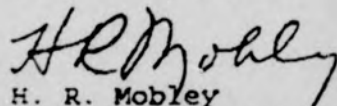
F & O work performed in conjunction with freight car repairs and associated work in line with practices at the receiving locations.

13. What reason would the NCF&O members working at Hollidaysburg have to believe that the work will last at the new locations and that they won't be laid off again?

The receiving locations will perform all freight car repairs and program work previously performed at HCS. The transferred work will be performed as long as the needs of service require it and resources are available.

I trust these responses adequately address all of the outstanding issues that you may have.

Very truly yours,



H. R. Mobley
Assistant Vice President
Labor Relations

PETITIONERS'

EXHIBIT 29

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

CSX Corporation and CSX Transportation, Inc.,
Norfolk Southern Corp. and Norfolk
Southern Ry. Co.--Control and Operating
Leases/Agreements--Conrail Inc.
and Consolidated Rail Corporation
Transfer of Railroad Line by Norfolk
Southern Railway Company to CSX Transportation, Inc.

SECOND DECLARATION OF THOMAS D. LUTTON

I, THOMAS D. LUTTON, declare under penalty of perjury, and pursuant to 28 U.S.C. § 1746, that the following is true, correct, and based upon personal knowledge.

1. I am the President of Local 2017 of the Transport Workers Union of America ("TWU"). My office is located in Altoona, Pennsylvania. Part of my duties involve providing representation to Car shop workers employed by Norfolk Southern Ry. ("NSR") at its Hollidaysburg car shops in the Altoona area. This is my second declaration in support of the joint petition filed by TWU and other unions and the Commonwealth of Pennsylvania for enforcement of NSR's commitment to retain and operate the Hollidaysburg Car Shop ("HCS") in Altoona, PA. The purpose of this declaration is to respond to assertions made by NSR in its reply to the joint petition.

2. NSR's Reply argued that it made no commitment regarding the HCS, that it merely stated an intention to keep the shops and that it viewed itself as free to walk away from the HCS at its own whim. However, that is inconsistent with statements made by NSR CEO David Goode

at Altoona on "Day One" of NSR's operation of former Conrail lines and facilities. NSR hosted a big reception at the Juniata Locomotive Shop for workers at that shop and the HCS. I attended the festivities and heard speeches by Mr. Goode and former Representative Bud Shuster. In the presence of Mr. Goode who spoke after him, Congressman Shuster repeated prior statements by NSR regarding its plans for the Altoona shops and repeated NSR's statements that it would spend 67 million on the two shops. Mr. Goode spoke after Congressman Shuster and he stated that NSR was in Altoona for the long run, and that these were the finest shops and the heart of the new NS and the heart of railroading. Mr. Goode acknowledged that approval of the transaction could not have happened without the support of Pennsylvania and its elected officials (some of whom were with him on the platform). He also repeated the list of commitments, including the investments in the HCS, recited by Congressman Shuster, describing NSR's plans as commitments. He also said that people will look back 100 years from now and still see Altoona as the heart of railroading. I have viewed a copy of the videotape of the speeches made by Congressman Shuster and Mr. Goode that is being provided to the Board by the Unions and Pennsylvania and it accurately reproduced what they said that day. Regardless of what NSR's lawyers may now be telling the Board, it was clear from Mr. Goode's speech that he viewed NSR's statements about its plans for the HCS as a commitment, not mere aspirations.

3. Because NSR served a notice on TWU and TCU under the *New York Dock* conditions and an implementing agreement regarding NSR's planned closing of the HCS, we gave NSR a list of questions about its plans for the HCS. Copies of NSR's answers are attached hereto as Lutton Exhibit F. In response to our observation that NSR's notice said that work was being transferred from the HCS and that all positions would be abolished, but did not say that the HCS

was being closed, NSR stated that "After the transfer of work has been accomplished, there will no longer be a need for HCS", and that some workers would continue at HCS "up to thirty days beyond September 1, 2001 to facilitate the ultimate closure of the facility". NSR also stated that its plans were not based on the amount of work from CSXT, and that CSXT cars had been sent from the HCS back to CSXT because the work could not be completed by September 1, 2001.

4. NSR has said that it was acting in good faith in closing the HCS because its marketing efforts were not sufficiently successful. However, our review of the recent history of insourcing at the HCS shows a steady increase in insourcing over the past five years and that NSR actually significantly increased insourcing after its takeover of the HCS. See Lutton Exhibit G. I also note that NSR turned away at least four potential insourcing contracts for 2000 because it did not have a sufficient number of employees to do the work.

5. NSR has asserted that the HCS is only operating at one-third capacity, but this is misleading because the current usage of the HCS is not much different Conrail's use of the facility in 1997-1998 when NSR made its commitments to retain the HCS. NSR has compared current usage of the HCS to its usage in 1977-1978, but that was a time of the highest level of use of the HCS ever. In both 1977 and 1978 the HCS worked on over 13, 000 cars, the HCS has not had anything near that level of production since 1980. In 1998 the HCS worked on 5456 cars. Attached hereto as Lutton Ex. H is a copy of "Record of Production" chart that has been maintained at the HCS that shows the number of cars worked at the HCS since 1955 and is the source of this information. The chart shows that the HCS worked on 6398 cars in 1997, 5456 cars in 1998, 4138 cars in 1999 and 3538 cars in 2000 (after the furloughs in April of 2000). We believe that NSR's report of work actually done in 2000 is not reflective of the work that was

actually available to be done because NSR furloughed employee who would have been available to do additional work, because NSR rejected four orders for lack of sufficient staff, and because it appears that NSR has deferred necessary maintenance work. A report on "bad order counts" (cars rejected by shippers) for the first quarter to 2001 shows that the number of rejects more than doubled from the first quarter of 2000. Lutton Exhibit I.

6. The Record of Production chart also shows that the number of cars worked fluctuates: the years with the lowest number of cars worked were 2678 and 2969 in 1983 and 1984, a mere several years after the 1977-79 production of 11000-13000; that the number of cars worked gradually increased during the 1980s to 1990; and that there were a number of years with changes in production of 1000 or more cars from the preceding years: 1988-4547, 1989-6105, 1990-5121; and 1994-6327, 1995-4667, 1996-6078.

7. With respect to the question of usage of the HCS relative to its capacity, I note that there were approximately 1890 employees working at the HCS in 1978-1979, but there were only approximately 481 employees working at the HCS in 1998, 451 in early 2000 and 330 at the present time. I also note that the reduction to the current 330 employees was a result of NSR's furloughs that flowed from its stated need to reduce expenses to offset the costs it incurred in digging out of the hole NSR dug for itself in its bungled implementation of the transaction. To a large extent, the usage of the HCS relative to its capacity is controlled by the railroad. For NSR to complain that it is only using 1/3 of the capacity of the HCS is to complain about NSR's own decisions.

8. In any event, the Record of Production and data on employment show that there was no significant reduction in work at the HCS between the time NSR made its commitments regarding retention of the HCS and the proposal to close the Shop.

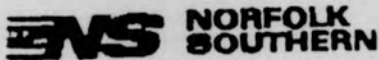
5-4-01
Date

Thomas D. Lutton
Thomas D. Lutton

SECOND LUTTON

DECLARATION

EXHIBIT F



Norfolk Southern Corporation
223 East City Hall Avenue
Norfolk, Virginia 23510-1728

H. R. Mobley
Assistant Vice President
Labor Relations
(757) 629-2425

April 16, 2001

NC-S-5-6

Mr. J. V. Waller
General Chairman BRC Divn-TCU
127 Baron Circle
Corryton, TN 37721

Mr. J. Czuczman
Internat'l Vice President, TWU
80 West End Avenue
New York, NY 10023

Gentlemen:

Listed below are the Carrier's answers to the questions posed by the BRC, letter dated April 8, 2001, and the TWU, letter dated April 6, 2001, in connection with the transfer of work and rearrangement of forces at Hollidaysburg Car Shop (HCS). We are faxing and mailing our lists of responses to each of your respective offices so that you will have adequate time to review this information prior to our scheduled meeting in Washington on April 17, 2001.

Questions submitted by BRC:

1. Currently at the receiving locations there are a number of Carman and Student Carman in a furloughed status. Will these employees be recalled before any Carman are transferred to these locations?

No. Since we are adding new positions at these locations as a result of a transfer of work from HCS the employees from the origin point (HCS) have the right to transfer with their work to the receiving location.

2. In your letter of March 21, 2001, you state as follows:
"The work being transferred is all freight car repairs and the associated work referenced in the Notice pertained to the support work and facility maintenance performed by the other Shop Crafts party to the Notice. The description of the work to be transferred is consistent with job bulletins at Hollidaysburg (copies of two bulletins are enclosed) and should serve to be sufficiently descriptive." It is very

clear that this description of the work being transferred is very vague and completely fails to identify any specific work that is being transferred to any receiving location. Would you now please identify the specific work that is being transferred to each specific location?

The work being transferred is that of all freight car repairs and associated work including facility maintenance and the capacity to perform future program work. The work may vary from time to time due to changing demands therefore we cannot define the "exact" work that may be transferred to any particular point. Any and all kinds of freight car repairs and associated facility maintenance may be performed at any of the receiving points as is the current practice at HCS.

3. In your letter of March 21, 2001, you state: "I am advised that presently both program car repair work as well as the continuation of insourcing projects are being performed at Hollidaysburg. However, this work is not predicted to extend beyond September 1, 2001. If this, is a factual statement, there is not any work that is currently scheduled for Hollidaysburg Car Shop after September 1, 2001. Therefore, there is no work that could be transferred after this date. Is this a correct understanding of your statement?"

No insourcing projects have been scheduled beyond the September 1, 2001 transfer date due to the anticipated closure of this facility. Any program work which would have been performed at HCS is being diverted to one of the five receiving locations.

4. At our meeting on March 15, 2001, both you and I were advised by Brother Tom Lutton, President of the TWU Local, who is employed at the Hollidaysburg Car Shop, that there was presently no program work being performed at Hollidaysburg. Is there any program work presently being performed at Hollidaysburg, or is all the work currently being performed work that is considered insourcing?

We are presently doing the following program work at HCS:

1. Preparing gons and box cars for turnback to lessors
2. Repair work to auto parts box cars
3. Repair work to scale test cars

4. We will be modifying box cars to place in paper service
5. We will soon begin work on stored heavy bad order cars
5. Is there any insourcing work scheduled for Hollidaysburg after September 1, 2001?

As previously stated, we do not have any insourcing projects scheduled for HCS after September 1, 2001 in preparation of the shops closure and the transfer of the freight car repair work and facility maintenance to the new points.

6. All of the receiving locations are points consisting of a repair track and a train yard. These points are not equipped to perform more than running repairs. Are the facilities at the receiving locations going to be upgraded with the necessary tools and equipment to perform said transferred work?

Due to the surplus of cars in the NS fleet at this time, the Mechanical Department does not foresee an immediate need for any major car repairs. The existing repair facilities at the new locations are equipped to handle the additional work which is being transferred to them. However, this does not preclude NS from making facility upgrades or purchasing new tools and equipment as the need arises.

7. How long does the Carrier expect to perform the "transferred work" at the receiving locations?

The receiving locations will perform all freight car repairs and program work previously performed at HCS. The transferred work will be performed as long as the needs of service require it and resources are available.

8. Once the transferred insourcing work is completed at each of the receiving locations, will additional work be insourced at these receiving locations to ensure that the work force remains at the level established after the transfer of employees?

No insourcing work will be transferred to the new locations. The only work that is being transferred is work that is necessary on our own fleet of cars.

Hollidaysburg Car Shop
April 16, 2001
Page 4

9. In the Notice of February 21, 2001, it is stated that fifty six (56) Carman positions will be established at Bellevue, Ohio; eight (8) at Columbus, Ohio; forty six (46) at Decatur, Illinois; two (2) at Linwood, North Carolina and two (2) at Macon, Georgia to perform the work being transferred. If there are not enough Carman to fill these positions at these receiving locations, will additional Carman be hired at these locations to perform work being transferred? If the answer is in the negative, why not?

If the transferred positions are not filled by HCS employees then the Mechanical Department will determine at that time, based on the needs of service, whether if and when to recall or hire employees.

10. Will Carman at receiving locations be eligible to bid on the newly created positions, or will the Carman from Hollidaysburg be the only ones eligible to bid on the newly created positions?

Article I, Section 4(a) of the October 16, 1998 Implementing Agreement provides that concurrent with the abolishment of positions at the location from which the work is being transferred positions will be established at the locations to which the work is being transferred. Such positions will be advertised for a period of seven (7) days to all employees holding regular Carman assignments at the transferring location.

11. Will the Carman transferring from Hollidaysburg, to the receiving locations be placed on a separate seniority roster at the receiving location?

Article I, Section 4(e) of the October 16, 1998 Implementing Agreement stipulates that employees who transfer under this section will have their seniority dates(s) dovetailed in accordance with the procedures set forth in Article II on the appropriate roster(s) at the receiving location.

12. Will the current 2001 seniority rosters at the receiving locations be "dovetailed" to include the Carman transferring to the receiving location?

Hollidaysburg Car Shop
April 16, 2001
Page 5

Yes. See Q/A 11 above

13. If, after September 1, 2001, there is a furlough at the receiving locations, would the Carmen who have transferred to that location be furloughed first?

Any force reductions that occur at the receiving locations subsequent to September 1, 2001 will be conducted in reverse seniority order on the newly dovetailed seniority roster as provided in Rule 26 (NW), Rule 24 (NKP) or Rule 24 (NSR).

14. If the seniority rosters at the receiving locations are "dovetailed" and there is a furlough of Carmen after September 1, 2001, would the furloughed Carmen be offered any protection by the Carrier?

The answer to this question is fact-driven. If the furlough resulted from a "Transaction" authorized by the STB, then protection may be involved - again depending on the fact situation of the involved employee. If the furlough was not a result of a "Transaction," then no protection would be involved.

Questions submitted by TWU:

1. Norfolk Southern, in the notice of February 21, 2001, is not calling this a closing, but is eliminating all the jobs, why isn't it being called a closing?

This is a transfer of work from HCS to various other points. After the transfer has been accomplished there will no longer be a need for HCS.

2. What is the reason for the closing and elimination of all the jobs, especially in light of the commitments made by Norfolk Southern to continue operations?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen

For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

3. What exactly are the changing economic conditions being referenced in Mark Manion's statement in the February 21, 2001, NS new release?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

4. How have these alleged changing economic conditions affected the Hollidaysburg Car Shop operation?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

5. Since acquiring Hollidaysburg Car Shop in the "Conrail Transaction" what has Norfolk Southern done to attain "insourcing" at Hollidaysburg?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

Hollidaysburg Car Shop
 April 16, 2001
 Page 7

6. Was Norfolk Southern actively and aggressively seeking insourcing work for Hollidaysburg Car Shop?

If so, were there any orders pending or work scheduled when Norfolk Southern made its decision to close Hollidaysburg?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

7. In reference to Norfolk Southern's February 21, 2001, news release it was stated that Norfolk Southern would continue to work with Blair County.

Prior to 2/21/01 was Norfolk Southern working with Blair County to find alternative uses for the facility?

If so, when did these efforts commence?

With whom in Blair County was Norfolk Southern working with?

Are they still working with Blair County?

Exactly what efforts have been made, where do they stand at the present time, and what future efforts are planned?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

Hollidaysburg Car Shop
 April 16, 2001
 Page 8

8. What are Norfolk Southern plans for the Car Shops, Sale, Abandonment, Other?

This question is not pertinent to the issues involved in the rearrangement of forces to occur as a result of the coordination. In any event, see Norfolk Southern's Reply to "Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order Directing Compliance with Commitments, or Alternatively to Reopen For Order Directing Compliance with Commitments, or Alternatively for Relief Not Otherwise Provided For" to be filed April 17, 2001.

9. Is Norfolk Southern planning to contract-out work previously performed at Hollidaysburg Car Shop?

In the event contracting out work becomes necessary, it will be done in accordance with the provisions of the September 25, 1964 Shop Craft Agreement as amended.

10. What is happening with the 200 CSXT cars which Norfolk Southern sent out of Hollidaysburg since their announced closing of the shop?

The CSX cars have been returned to CSX since it will not be possible to complete the work on them prior to September 1, 2001.

11. Is Norfolk Southern basing its decision on the amount of work from CSXT?

If so, what has the history been, and what are CSXT plans?

What percentage of the Hollidaysburg Shop work was the CSXT work?

No.

12. Exactly what work at Hollidaysburg is being transferred to the locations outlined in Norfolk Southern's February 21, 2001, notice?

See BAC Q/A 2 above

Hollidaysburg Car Shop
April 16, 2001
Page 9

13. Does the carrier have work available at the receiving locations?

If so, for what period of time?

What is the work?

See BRC Q/A 7 above

14. Do the shops identified by Norfolk Southern as the shops receiving this alleged work have the capability to perform this type work?

Do they have the equipment to perform this work?

See BRC Q/A 6 above

15. Why aren't all the jobs being transferred / re-established at other locations

It is the intention of NS to offer any employee who desires to transfer an opportunity to do so.

16. What is the basis for the Norfolk Southern claim that efficiency is enhanced by consolidating work at shops in Ohio, Illinois, and Tennessee?

HCS was operating at a substantially reduced capacity. Obviously there was a great deal of inefficiency since overheads for such a limited operation were extremely high. By transferring the work to other more efficient locations, their efficiencies would be increased and per unit overheads would decline and continue to be less than HCS.

17. Is it the intent of the carrier to have the entire work force at Hollidaysburg work until September 01, 2001?

Yes, in fact it may be necessary to keep some of the employees working up to thirty days beyond September 1, 2001 to facilitate the ultimate closure of the facility.

18. (a) Does any of the receiving locations have furloughed employees?

Hollidaysburg Car Shop
April 16, 2001
Page 10

(b) If so, do the senior furloughed employees have the right to bid and be awarded positions?

(c) When bidding will employees have preference on the location desired?

(a) Yes

(b) See BRC Q/A 10 above

(c) Yes, consistent with the needs of service at each of the receiving locations.

19. Is the carrier going to fill all positions at each receiving location?

See BRC Q/A 9 above

20. Will employees transferring from Hollidaysburg retain their seniority and be subject to recall at Hollidaysburg?

The Implementing Agreement provides that the seniority of Altoona/Hollidaysburg employees who bid on and are awarded positions at any of the receiving locations pursuant to Article I, Section 4(a) and 4(b) will have their seniority dovetailed on the appropriate roster at the receiving location and their name will be removed from the roster at Altoona/Hollidaysburg. Employees who transfer pursuant to Article I, Section 4(c) or 4(d) will retain their seniority at the location from which transferred, subject to recall to a permanent vacancy known to be of at least 60 days duration.

21. If all positions are filled at the receiving location, what protection are the surplus employees entitled to?

See TWU Q/A #15 above. The Notice indicated that it was NS intent to afford any employee an opportunity to transfer.

22. If an employee does not bid, or is not requested to take a position at the receiving location, what protection are they entitled to?

If an employee is offered a position at the receiving location and refuses to take an available position, he

Hollidaysburg Car Shop
April 16, 2001
Page 11

would be considered as voluntarily furloughed and not entitled to protection.

23. If an employee transfers what amount of money does the employee receive prior to moving?

See Side Letter #2 of the October 16, 1998 Implementing Agreement.

24. If an employee at the transferring location is on disability at the time the transfers are made what rights to positions and protection does that employee have?

An employee on disability at HCS at the time of the transfer will be governed by the provisions of NW Rule 17, as revised July 11, 2000.

25. Does an employee transferring retain his red circle rate at the receiving location?

See Side Letter #8 to the October 16, 1998 Implementing Agreement.

26. If an employee who transfers is off sick at the receiving location, are the days off sick calculated for the purpose of relocation payments?

No.

27. If an employee transfers, are the days worked at the receiving location calculated as qualifying time for sub-pay benefits?

Yes, see Side Letter #1 to the October 16, 1998 Implementing Agreement.

28. If an employee who transfers gets furloughed at the receiving location, is he required to repay moving expenses?

No.

29. If an employee refuses to transfer, on what basis should he be denied protective benefits, New York Dock or Sub-Pay?

The employee would be considered as having elected voluntary furlough.

30. Does the carrier intend to maintain the Hollidaysburg Car Shop roster as it stands on the day of closing?

No, as previously outlined in Q/A 20, the names of the employees who transfer to the receiving location pursuant to Article I, Section 4(a) or (b) will be removed from the Altoona/Hollidaysburg roster at the time of the transfer. All other employees will be maintained on the Altoona/Hollidaysburg roster subject to recall.

31. Does the carrier intend to provide the organization a copy of all benefit provisions available to employees?

It is not clear what benefits this question refers to. However, the October 16, 1998 Implementing Agreement provides for certain relocation benefits.

32. How will employees who choose not to transfer be handled, will they be availed an opportunity to transfer at a later date?

Employees who desire to transfer with the benefits provided in the October 16, 1998 Implementing Agreement must do so at the time the positions are advertised. Any subsequent request to transfer will be handled in accordance with Rule 28 of the NW Agreement.

33. How will an employee who chooses not to transfer be handled with respect to recall at Juniata, or any other location where a position which becomes available from the Hollidaysburg roster?

Employees who decide not to transfer to one of the receiving points may elect voluntary furlough without benefits at their home point. Such employees will be subject to recall in seniority order as positions become available at their seniority point.

34. How will transferring employees vacations be handled at the receiving location? What about vacation which may have already been scheduled at Hollidaysburg?

The vacation of employees who transfer to the new work locations will be handled in accordance with the provisions of Side Letter #12 of the October 16, 1998 Implementing Agreement.

Hollidaysburg Car Shop
April 16, 2001
Page 13

Furloughed carmen will be paid their 2001 vacation during regularly scheduled vacation periods. All unscheduled vacation will be paid at year end if the employee is not recalled.

35. Is the 221 Carmen outlined in the carriers notice an accurate number?

The 221 figure is based on the number of active employees at the time of the notice. Due to the length of the notice involved in this particular transaction the actual number may change as a result of attrition or a change in an employee's status.

36. How are employees whom may currently be off due to sickness, disability, etc be treated?

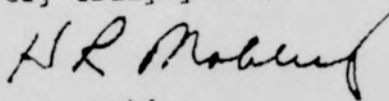
Employees who are currently off due to sickness or disability will be treated in the same manner as they were prior to the transaction.

37. Will an employee who is off at the time of the transfer and subsequently returns to work be offered the same benefits, moving expenses, etc. as an employee who is active and transfers at the time the shop closing?

No.

I trust these responses adequately address all of the outstanding issues you may have. I look forward to seeing you in Washington on the 17th.

Very truly yours,



H. R. Mobley
Assistant Vice President
Labor Relations

SECOND LUTTON

DECLARATION

EXHIBIT G

STB

FD-33388

5-9-01

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202181

4 of 4

HOLLIDAYSBURG CAR SHOP – INSOURCING WORK 1992-2000

YEAR	TYPE WORK (Foreign Equipment)	NO. CARS
1992	Equipment Built, Modified or Repaired	30
1993	Equipment Built, Modified or Repaired	180
1994	Equipment Built, Modified or Repaired	800
1995	Equipment Built, Modified or Repaired	260
1996	Equipment Built, Modified or Repaired	900
1997	Equipment Built, Modified or Repaired	1450
1998	Equipment Built, Modified or Repaired	1500
1999	Equipment Built, Modified or Repaired	1500
2000	Equipment Built, Modified or Repaired	1850

**Lower Numbers Between
1992 –1995 reflect Conrail's
focus on its own fleet of
cars.**

23.33% Increase

NOTES:

- (1) Insourcing work has continuously increased for the past 5 years.
- (2) Since Norfolk Southern's acquiring operations at Hollidaysburg the number of cars insourced has increased by at least 23.33%.
- (3) Norfolk Southern's first full year of operation, realized the largest number of cars ever insourced at Hollidaysburg.
- (4) The issue of capacity, in large part is controlled by management as reflected in the low number of cars insourced between 1992-1995. During that period Conrail focused on its own fleet, however could have increased capacity with insourcing had it increased its work force.
- (5) During year 2000 Norfolk Southern turned away at least 4 additional insourcing orders due to not having the man power to complete the orders, again reflecting management's control over how much work is insourced and shop capacity.

SECOND LUTTON

DECLARATION

EXHIBIT H

HOLLIDAYSBURG CAR SHOP RECORD OF PRODUCTION

PENNSYLVANIA RAILROAD

YEAR	NEW CARS	REPAIR CLASS				YEAR TOTAL	GRAND TOTAL
		I	II	III	IV		
1955	0	685	15	0	0	700	700
1956	1059	4819	176	0	0	6054	6754
1957	2851	3519	308	0	0	6678	13432
1958	3669	0	201	25	0	3895	17327
1959	8244	1386	412	451	0	10493	27820
1960	2693	8236	0	2	185	11116	38936
1961	3934	3585	60	198	1016	8793	47729
1962	2847	2907	56	2778	315	8903	56632
1963	504	7270	102	381	116	8373	65005
1964	3685	2451	54	3661	14	9865	74870
1965	6729	3371	0	1761	89	11950	86820
1966	2724	3135	0	2114	40	8013	94833
1967	756	4085	170	867	28	5906	100739

PENN CENTRAL

YEAR	NEW CARS	REPAIR CLASS				YEAR TOTAL	GRAND TOTAL
		I	II	III	IV		
1968	3739	3548	220	236	91	7834	108573
1969	1830	4163	1473	128	449	8043	116616
1970	1489	3367	1332	310	295	6793	123409
1971	0	7011	1308	339	358	9016	132425
1972	0	6130	542	2691	71	9434	141859
1973	0	7069	1113	3844	1228	13254	155113
1974	0	9449	0	4022	2440	15911	171024
1975	0	9736	0	2086	214	12036	183060
1976	0	13246	0	33	0	13279	196339

YEAR	CARS	I	II	III	IV	TOTAL
1977	0	12458	0	983	170	13611
1978	9	11725	0	1095	225	13054
1979	0	10014	0	1464	0	11478
1980	567	6792	0	951	2	8312
1981	2	5664	0	565	2246	8477
1982	0	2565	0	828	1097	4490
1983	0	816	0	223	1639	2678
1984	336	995	0	0	1638	2969
1985	70	1294	0	0	2327	3691
1986	50	2641	0	0	1080	3771
1987	100	1508	0	0	2316	3924
1988	0	2277	0	0	2270	4547
1989	0	2572	0	2530	1003	6105
1990	0	2871	0	548	1702	5121
1991	0	3159	0	35	2358	5552
1992	0	3644	110	108	2039	5901
1993	703	2821	188	68	1809	5389
1994	1426	2067	208	381	2245	6327
1995	1206	1124	514	646	1177	4667
1996	59	1618	265	469	3667	6078
1997	600	2529	262	539	2468	6398
1998	600	2860	92	564	1340	5456

NORFOLK SOUTHERN

YEAR	NEW CARS	REPAIR CLASS				YEAR TOTAL
		I	II	III	IV	
1999	0	1739	11	621	1767	4138
2000	0	1207	159	165	2052	3583
2001						
2002						
2003						

REPAIR CLASS OF THE CARS WHEN THEY ARE WORKED ON IN THE SHOP.

I	HEAVY REPAIRS INSOURCING
II	M&W REPAIRS
III	MEDIUM REPAIR MISC., WRECK & DEFEC
IV	LIGHT REPAIR

SECOND LUTTON

DECLARATION

EXHIBIT I

EQUIPMENT REJECTS 2000-2001

REPRINT

Year 2000

Year 2000				1 ST				2 ND				3 RD				4 TH	ANNUAL
	JAN	FEB	MAR	QTR	APR	MAY	JUN	QTR	JUL	AUG	SEP	QTR	OCT	NOV	DEC	QTR	TOTAL
BOXCARS	174	144	436	754	344	336	351	1031	432	419	426	1277	504	493	452	1449	4611
GONDOLAS	39	27	155	221	159	63	80	302	56	51	36	143	73	63	54	190	856
COVERED COILS						31	40	71	35	18	24	77	25	62	56	143	291
OPEN COILS						8	19	27	7	5	7	19	5	5	2	12	58
CO.MAT. EQUIP			5	5	6	1	5	12	8	13	7	28		4	6	10	55
COV HOP.	69	66	181	316	170	164	170	504	184	216	211	611	204	206	214	624	2055
FLATS		3	8	11	7	12	14	33	53	15	5	73	15	8	4	27	144
MDSE HOP. (OT)	1	7	33	41	15	48	41	104	36	42	39	117	30	57	49	136	398
MULTILEVELS			22	22	14	15	14	43	28	40	16	84	19	16	26	61	210
TANKS	2	1	11	14	9	15	10	34	11	17	9	37	12	13	6	31	116
UNKNOWN			2	2	1			1	1	1	4	6	1	1		2	11
MDSE TOTAL	285	243	853	1386	725	693	744	2162	851	837	784	2472	888	928	869	2685	8705
COAL HOP.	40	42	68	150	103	168	109	380	134	128	61	323	127	123	126	376	1229
GRAND TTL	325	290	921	1536	828	861	853	2542	985	965	845	2795	1015	1051	995	3061	9934

Year 2001

	1 ST			
	JAN	FEB	MAR	QTR
BOXCARS	465	491	571	1527
GONDOLAS	58	52	82	192
COVERED COILS	47	29	52	128
OPEN COILS	2	6	1	9
CO.MAT. EQUIP	9	2	11	22
COV HOP.	319	243	294	856
FLATS	12	27	16	55
MDSE HOP. (OT)	84	35	68	187
MULTILEVELS	19	8	27	54
TANKS	14	15	21	50
UNKNOWN		1		1
MDSE TOTAL	1029	909	1143	3081
COAL HOP.	158	106	81	345
GRAND TTL	1187	1015	1224	3426

EXHIBIT I

PETITIONERS'

EXHIBIT 30

THE CONRAIL BREAKUP

Chemical group slams NS, CSX

BY RIP WATSON

Journal of Commerce Staff

Twenty-five disgruntled chemical shippers gave the Surface Transportation Board an earful about problems resulting from the division of Conrail Inc.

They cited plant shutdowns, diversion to trucks and delays on key routes operated by Norfolk Southern Corp. and CSX Transportation Inc.

The chronicle of complaints was submitted to STB by the Chemical Manufacturers Association.

CMA, whose members spend almost \$5 billion on rail freight service annually, said, "The U.S. chemical industry has been adversely affected by rail service disruptions. CMA commends CSX and Norfolk Southern for cooperating with their customers. Nevertheless, rail service, particularly in the Northeast and Midwest has not been acceptable."

In recent weeks, other shipper groups, including the National Industrial Transportation League, have been directing their members to forward complaints about the breakup of Conrail to the STB so that the agency can have a fuller picture of the problems that have occurred.

Companies in the CMA complaint are identified by number, and not by name, because of competitive reasons, said Tom Schick, a CMA spokesman.

The chemical shippers complained of difficulty in reaching the railroads, safety of time-sensitive products that were delayed and "ping-pong" cars that are sent to places other than the destination before arriving late.

A sampling of the complaints:

Company 1: "We have not shut down any customers yet, but are closer to several. One plant has 35 shipments behind. Minimum transit times are close to doubling."

Company 4: "Problems were anticipated but not this bad. Car on Newark, Delaware, that left June 1 still hasn't made it to Ohio as of June 14."

Company 6: "We've had to convert to truck as much as possible, but some customers will not take

truck deliveries. We are clearly in danger of shutting down several key accounts."

• Company 11: "Delays ranging from two to five days. Cause ranges from EDI failures to severe congestion in key areas, cars being moved incorrectly, no bills."

• Company 14: "Having terrible problems... two weeks' worth of cars missing, shutting down part of plant, moving stuff to trucks... \$500,000 a day in lost sales."

• Company 18: "Were unable to trace cars today... already filing

claims because we have moved to truck."

• Company 20: "The railroads are doing their best to respond when plant/customer shutdowns are at risk. It is still difficult obtaining accurate and stable ETA's."

• Company 21: "It would be helpful to us as customers to have specific contacts established who have the ability to obtain good information on when we can expect situations to improve."

The chemical shippers, whose comments concerned operations on NS and CSX during June, said prob-

lems on CSX were focused in the Pittsburgh, Albany, N.Y., and Atlanta areas, as well as shipments through Kansas City and from Texas to Pittsburgh. Problem areas on NS spanned 20 locations, including six in Ohio and two each in Indiana and New York state. Problems also were reported in Alabama, Tennessee, Maryland, Pennsylvania and Michigan.

Rip Watson can be reached at (410) 494-9959 or railrip@aol.com

NS offers workers incentives

BY RIP WATSON

Journal of Commerce Staff

Norfolk Southern Corp. has offered sweeping incentives to 30,000 union workers if they stay on the job the rest of the summer and help restore normal operations in the wake of the Conrail breakup.

The railroad has been plagued with delays since the division of Conrail Inc. on June 1.

An NS union employee who offers to be available for work through late August or early September can collect a \$600 bonus for each of five pay periods. The railroad's total cost of the incentive program, if all employees accept, would be \$90 million.

The actual financial impact on NS, which will be reported as part of third-quarter earnings, is less because the payments will be in contributions to individual workers' accounts under the company's 401(k) program.

CSX Transportation, which also has suffered its share of delays since it divided Conrail's system with NS on June 1, has had a more modest incentive plan effective since that date. CSX offered \$500 to train-crew workers on some portions of the railroad if they make themselves available for service every day during a two-week period.

The NS and CSX approaches were

not the first time a railroad offered financial incentives to employees during an extended period of service problems.

During the Union Pacific Railroad's operational crisis in 1997 and 1998, the carrier offered bonuses to train-crew workers who made themselves available to work on holidays. Those incentives weren't offered to unionized shop, track and clerical workers.

"The month of June was particularly demanding for all of us," said an NS bulletin over the signature of Chairman David Goode. "July and August will be challenging months. We must continue to concentrate on improving the quality of service to our customers. In recognition of the level of dedication that will be required to successfully complete the tasks at hand, the special availability bonus program... is being placed in effect."

Susan Terpay, a spokeswoman, said the incentive program was being made available to all union workers so that all would be treated fairly. "We are eager to return to normal operations as soon as possible," she said. "This is one of many steps we are taking."

Last week, NS announced other steps to help restore normal operations. Those included offers to hire back recently retired Conrail train crew members, and proposals to furloughed Union Pacific and NS

workers to run trains on newly acquired lines for up to 90 days.

In addition, NS has leased at least 90 more locomotives and has arranged with short-line railroads to handle intercity traffic that typically would have moved over NS.

CSX's offer, in the form of a contribution to an employee stock ownership plan, was part of an agreement made last year that took effect when Conrail was divided.

Kathy Burns, a CSX spokeswoman, said CSX did not expect the offer would remain in effect much longer, but she did not specify a date.

The CSX offer has been accepted by 20% to 30% of the 5,500 eligible employees, she said.

Union workers at NS have the option of not working on scheduled days off during one or more of the pay periods without losing eligibility for the incentive payout during times when they would be willing to work every day.

NS employees who have already scheduled vacation time can take it and be paid for it, if their supervisor agrees, the bulletin said.

The 5,500 management workers at NS are not eligible for the incentive program.

Rip Watson can be reached at (410) 494-9959 or railrip@aol.com

Briefs

INDUSTRY NEWS IN SHORT

WTO's Moore vows to aid poor nations

■ **FRANKFURT** - The incoming director-general of the World Trade Organization, New Zealand's Mike Moore, said the top priority for his coming three-year tenure in office would be assisting the integration of the least developed countries more fully into the world trading system.

"The very poor still don't get the access they need for their products, and the technical assistance to fully engage so they can sit at the table of our global family, and share equally and fully," Moore said.

Moore, who will pass on the WTO leadership to the Thai Supachai Panichpakdi for a further three years, said it was vital the Seattle Ministerial Conference scheduled for November tackled the problems of the poorest countries.

"We need these solutions now, not in seven or eight years," he said.

THE CONRAIL AFTERMATH

Performance of NS and CSX still lags, but shipper complaints are fewer

Problems persist 3 months after break-up

BY RIP WATSON

Journal of Commerce Staff

NORFOLK SOUTHERN CORP. and CSX Corp., three months after dividing up Conrail Inc., still have not met the expectations of their customers — nor themselves.

But the two giant eastern railroads, which spent a record \$10 billion for Conrail, can take some satisfaction from their ability to resolve most of the start-up problems that triggered widespread service troubles during June and July.

The Surface Transportation Board and shipper representatives continue to receive a steady stream of service complaints, but the frequency of complaints appears to be slowing.

NS and CSX suffered a blow

over the last week when new service problems led United Parcel Service, a high-profile intermodal shipper, to yank up to half of its freight off the rails and put it on the highways. UPS took a similar step in late June, but restored much of the diverted business to NS and CSX when service improved in late July.

"Quite frankly, it has gone much slower than we had planned and hoped for," said Don O'Brien, an NS assistant vice president in the Conrail integration team. "But the important thing is that we are continuing to see progress. We had significant glitches up front that sort of snowballed a bit. Operations and congestion are still the troubling part."

He said NS had achieved August goals of reducing freight car inventory to approximately 230,000 cars and terminal dwell (switching) time below 30 hours.

A CSX executive said his rail-

road also is making strides.

"After the first 90 days we probably are not in as good shape as we want to be in, but the railroad itself is not in bad shape," said Clarence Gooden, CSX's vice president for system transportation. "Velocity is not where it was in May, but it is slowly and surely coming back up."

He said bulk service for phosphate and grain customers is good and that coal demand is being met in most locations. Merchandise freight service problems in Baltimore and Toledo, Ohio, are being addressed and should be resolved in a week, Gooden said.

Intermodal service has improved significantly over June and July levels, but is still behind where it was before the Conrail split, he said.

But shippers continue to experience delays.

"We are still getting reports of problems," said Mike Heimowitz, a spokesman for the Chemical Manufacturers Association. "The railroads themselves said there would be gradual improvement through the end of the year. We are seeing some improvement, but there are still significant delays and people are still using trucks a lot."

Heimowitz compared the situation to a brush fire that moves around from place to place.

"Our members never know where to expect the next trouble spot," he said.

Edward Emmett, president of the National Industrial Transporta-

tion League, said the level of members' complaints about NS and CSX has been declining.

But he added that "every time we are quoted as saying things are getting better, we get two or three very hostile e-mails from members saying, 'That's not true for me.'"

"There are still some problems out there," Emmett said. "We are getting some rumblings that congestion is going up again."

Norman Black, a UPS spokesman, agrees. "Unfortunately, two weeks ago things started deteriorating again. Delays resurfaced all across both railroads. Congestion just dramatically worsened," he said.

Some service indicators such as train speeds and freight car inventory are better than they were two months ago. But improvement is modest.

CSX trains are running at 18.6 mph, compared with 18.8 mph in early June.

At NS, the freight car count is lower now than it was soon after the takeover. However, it is still 13,000 cars (or 6%) above the number of cars on the expanded NS system as it stood on June 1.

NS train speeds last week were 17.9 mph, the slowest in weeks. NS train speeds reached nearly 19 mph in early August but still were short of pre-June 1 levels.

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3PLs overlook start-ups

From page 1

start-ups which may or may not turn out to be major users of logistics services in the future.

Otherwise occupied

in-house capability, and some 3PLs are servicing e-commerce accounts.

"One of the hottest areas and topics today is the outsourcing of fulfillment and customer service," said Elaine Rubin, an e-commerce consultant and chairman of

behind them and we have open warehouse space in their geography," she said. "Most of them we say have to say no. We're struggling with that. I'm sure we've made some big mistakes."

Balancing risk and reward

RAILROADS

Shippers steer to trucks as railroad service lags

BY BILL MONGELLUZZO

MONTEREY, CALIF. — Sunkist Growers Inc., a high-volume shipper of perishable citrus products, once moved 70% of its traffic by rail in the early 1970s.

Today, Sunkist ships 90% of its cargo by truck, only 1% in rail carloads and 9% intermodally.

Lawrence Stern, director of distribution for Sunkist, said intermodal rates are lower than truck rates, and that rail carload rates are even lower. But he said that isn't enough to force him back to shipping perishable products by rail.

"No matter how attractive the rates, we can't tolerate delays," Stern said. "The best service today is 10 days, and that pathetic service is only 25% of the time. Thirteen to 25 days is more common."

Sunkist is not the only major shipper that has opted for truck shipment. Railroads have the potential to regain some of that traffic, but the opportunity will slip away if they don't improve their service.

"We're at a watershed moment for railroads," Stern said at a conference sponsored by the National Industrial Transportation League and the Transportation Club of San Francisco.

Shippers want to move more of their traffic by rail, he said. Truck rates are increasing because of a persistent driver shortage and high diesel fuel costs. The trucking industry also is experiencing equipment problems.

"We must find a way to return some business to the railroads," he said.

Railroad officials agree that their industry has a long way to go to improve its image.

"Trains arrive either too early or too late," said Ike Evans, president of Union Pacific Railroad.

The rail industry suffers from a number of problems, both internal and external. Rail carriers are divided over the proposed merger of Burlington Northern and Santa Fe Railway and Canadian National Railroad. Other major North American railroads,

still struggling with recent mergers of their own, welcomed the Surface Transportation Board's decision last month to suspend all rail mergers for 15 months, in essence stalling the BNSF-CN merger.

This type of competition among railroads is not good for the industry, said Leroy Jones, vice president and national legislative representative at the Brotherhood of Locomotive Engineers.

"They're like a bunch of piranhas eating each other's tails off," he said.

Labor wants their employers to concentrate on improved service so there will be more business for railroads and more jobs for workers.

"Let's run trains," Jones said.

The rail industry is marked by a hostile customer base, angry labor unions that oppose the "cramdown" tactics through which labor contracts are terminated following mergers and a Wall Street investment community that no longer likes railroads, said Curt Warfel, manager of customer service and logistics at EKA Chemicals Inc.

Nevertheless, shippers will jump at the opportunity to save money if rail carriers roll out products that meet shipper needs, Stern said. For example, Sunkist will be the launch customer next month for an Amtrak freight service. The passenger railroad will provide eight-day transit from Fresno, Calif., to New York, and nine days from Fresno to Boston for time-sensitive freight, he said.

Railroads also are increasing their intermodal offerings, such as BNSF's Ice Cold Express service, said Charles L. Schultz, the railroad's executive vice president. The railroad also offers a premier intermodal service for United Parcel Service.

Shippers said that while these specialized services are attracting more freight from the highways, their scope is so limited that they do not appeal to the broad range of customers. If railroads expect to capture a significant share of the long-haul market,

they must push their premium service offerings down to this general level of customers.

Rail carriers could attract a significant amount of freight that now moves by truck. Evans identified a truck market for shipments of greater than 700 miles that totals \$85 billion a year. For every 1% of that market that is diverted to rail, the railroads would increase their revenue by almost \$100 million.

Railroads have several strategies for improving their service. They're focusing on reducing congestion in their systems in order to increase average train speed, or velocity. This will require total network solutions, including better interline operations.

One of the major problems railroads face is when Western rail carriers interline with Eastern railroads in Chicago. The Chicago hub system is congested and antiquated. Also, the Western carriers, which have improved their service since their mergers in the mid-1990s, are interlining shipments with Eastern carriers that are still experiencing problems from their mergers after the Conrail breakup.

"How can you guarantee service to customers when you interchange 40% of your traffic with struggling railroads?" Evans said.

Rail carriers must also be easier to do business with, Schultz added. Customers are tired of having to tell railroads when there is a problem. They want their rail carriers to be proactive and inform them, he said.

Shippers say that railroads are improving their intermodal service, which provides a key opportunity for growth, but even this high-end service is far from reaching its potential.

Sunkist, for example, ships 9% of its traffic intermodally today, compared with 5% in 1973, but during that time, Sunkist's total business has grown 23%.

"Railroads haven't shared in that growth," Stern said.

Bill Mongelluzzo can be reached at (562) 499-1247, or bmongelluzzo@att.net.

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January 27, 2000, Thursday

KR-ACC-NO: RO-RAILROAD

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HEADLINE: Norfolk, Va.-Based Railroad Employees Retire Early, Help Boost Profits

BYLINE: By Lois Caliri

BODY:

Nearly 1,200 employees may retire early from Norfolk Southern -- a strategic move that company officials hope will help the railroad recover financially from its troubled takeover of Conrail.

To boost profits it has lost since then, NS said Wednesday it is offering an early retirement package to about 20 percent of its nonunion, management workers. About 270 Roanoke employees are eligible for the buyout.

The railroad's problems have taken a toll on the company's bottom line.

NS saw its fourth-quarter profits plunge 81 percent to \$ 31 million, or 8 cents a share, compared with \$ 160 million, or 42 cents a share, in the same quarter a year earlier.

The railroad has been hit by a number of difficulties since the takeover, including congestion in the Northeast as a result of misrouted trains, scheduling snafus and computer problems that followed the June 1 breakup of Conrail Inc. by NS and CSX Transportation Inc. Customers have complained about late shipments, and many rail shippers turned to trucks to meet tight schedules.

Still, NS officials remain confident they can turn things around.

David Goode, chairman and chief executive officer of NS, acknowledged and apologized for its mistakes during Wednesday's meeting with analysts and tried to reassure Wall Street that NS will get back on track. He said it's time for NS to prove to its customers, every day, that it can deliver what it has promised -- safe, efficient and reliable service.

"I remain convinced the network we've created is filled with opportunity," Goode said.

Norfolk-based NS offered its buyout plan to employees who are 55 or older this year and have been with the company for at least 10 years -- just one in a series of steps it intends to take to manage its operating expenses. Employees can add three years to their service and three years to their age, which will be factored into their pension benefits. Voluntary retirements will begin March 1. NS will take applications between Tuesday and Feb. 29.

The Roanoke Times January 27, 2000, Thursday

Roanoke, Atlanta and Norfolk have the highest number of eligible employees.

NS said it will pay for the buyout program with the surplus in its \$ 2.08 billion pension fund.

Officials would not estimate what the company could save as a result of this buyout. It did save about \$ 58 million in 1987, however, when it offered a similar buyout. Then, nearly 1,107 employees were eligible and 89 percent took the offer.

Wednesday's announcements appeared to have caught Wall Street by surprise, said David Leibowitz, a managing director at Burnham Securities in New York. Analysts surveyed by First Call / Thomson Financial had expected the company to earn 10 cents a share during the fourth quarter.

"The company's numbers over the next several quarters will be watched very carefully," Leibowitz said. "Investors will be looking for signs of positive momentum on every level."

Yet, some analysts say they're confident NS will turn things around.

Robert L. Banks of R.L. Banks & Associates Inc., a rail consulting firm in Washington, D.C., said Norfolk Southern continues to be an outstanding railroad. "I would expect that they will have one or two more poor quarters," Banks said. "Within a year's time, they will pull themselves out of this."

NS is a good operating company, said Terrence Gardner Jr. with Deutsche Bank Securities in New York. Day-to-day operations continue to improve, he said.

"Wednesday's news appeared to be worse than it really was," Gardner said. "In essence, we're looking through the rear view mirror. Let's look at service and operating measures that have been improving over the last couple of weeks."

(Further cost-cutting measures are coming.)

NS officials said the company will put many of its properties in urban areas up for sale, as it did last year in Atlanta. And it plans to reduce its number of leased locomotives.

"We'll reduce extra costs which we had to incur to overcome the merger," as painful as they may be, Goode said.

The company's focus will be on customer service, said Goode. "We will improve our customer service to regain their confidence and recapture those who diverted after June 1."

But this won't happen overnight.

"First, we have to maintain customer service, and then worry about the recurring costs. As we get better, you'll see that (bottom line) improve."

One thing for sure, he is not "overpromising" anything, Goode said. He learned that from experience.

NS officials were confident they could take over Conrail without much trouble.

"No matter how confident you are, no matter how much you plan, no matter how ready you are for change, there is the very real possibility you will be surprised," Goode said.

NS' troubles also took union officials by surprise.

Those responsible for the planning were "totally out in left field and didn't encompass what was going to take place," said T.R. "Tom" McCoy Jr., general chairman of the Brotherhood of Maintenance of Way Employees. He said the planners underestimated everything, technically.

And making only \$ 31 million, "there's no doubt there will be layoffs for union employees if we continue in this downward spiral," said McCoy.

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The Virginian-Pilot (Norfolk, VA)

April 27, 2000, Thursday, FINAL EDITION

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DLINE: RAILROAD IS DOWN BUT NOT OUT NORFOLK SOUTHERN LOSPS \$ 48 MILLION, BUT
LYSTS THINK WORST IS BEHIND

INE: BY CHRISTOPHER DINSMORE, STAFF WRITER

ELINE: NORFOLK

Y:
Norfolk Southern Corp. reported a quarterly loss Wednesday for the first time
ce 1991 as the cost of an early retirement program wiped out what little
fit it made hauling cargo.

The Norfolk-based railroad lost \$ 48 million, or 12 cents a share, in the
st quarter, ended March 31, after recording a \$ 101 million pre-tax charge
reducing its work force.

The charge, announced April 3, covers the cost of early retirement for 919
union workers and the layoffs of nearly 2,000 union workers since December.
21,600-mile railroad, the nation's fourth largest, now employs about 34,000
ple.

Without the charge, Norfolk Southern would have earned \$ 14 million, or 4
ts a share.

In 1999's first quarter, before Norfolk Southern and CSX Corp. divided
rail on June 1, Norfolk Southern made \$ 112 million, or 30 cents per share.

"Our results, while clearly not what we would like, are necessarily the
t of getting operations fluid," said David R. Goode, Norfolk Southern's
irman and chief executive.

Despite the first-quarter loss, Norfolk Southern's outlook has brightened
siderably.

"The operating statistics have shown significant improvement over the past
months," said Michael Lloyd, a rail stock analyst with Merrill Lynch.
ney are now going to accelerate their profitability."

Independent rail analyst Anthony Hatch agreed. "Operationally they are
k; financially their performance is lagging a little bit," he said. "The
sis is over."

The Virginian-Pilot (Norfolk, VA), April 27, 2000

The railroad's stock price reflects the optimism. While the stock dipped 31 cents to \$ 18.13 a share on Wednesday, it is up 42 percent from its recent low \$ 12.75 a share on March 14.

The railroad stumbled badly following the Conrail takeover as information systems failures and operational difficulties caused congestion and service problems.

Earnings suffered as its business lagged and expenses soared for labor and equipment to resolve the problem. The worst coal export market in two decades and a doubling of diesel fuel prices in the past year compounded the railroad's financial difficulty.

The budding turnaround is most apparent in the railroad's revenue growth during the first quarter. As service improved, the railroad saw its business grow as it regained diverted traffic and attracted new cargo.

The railroad disclosed that it generated \$ 466 million of revenue in January, \$ 489 million in February and \$ 540 million in March. For the quarter, revenues nearly reached \$ 1.5 billion, 45 percent more than a year ago before the Conrail takeover.

"We believe the stage is certainly set for us to drive improved growth and profitability," said L.I. "Ike" Prillaman, the railroad's vice chairman and chief marketing officer.

Revenue growth was strongest in intermodal traffic - the hauling of truck trailers and shipping containers. Intermodal revenue jumped 94 percent to \$ 242 million from \$ 125 million a year ago.

"Intermodal is where we have our greatest potential for growth," Prillaman said. "We have regained all of the market share lost to truck during our service problems last year, and our prospect for additional growth is good as we continually improve service."

General merchandise revenues rose 46 percent to \$ 910 million as the railroad regained some of the traffic diverted last year. General merchandise includes automotive, agricultural, metals and chemical traffic.

The railroad's business hauling vehicles and auto parts surged 50 percent to 240 million compared to a year ago. The growth is expected to continue as U.S. auto sales remain strong and Norfolk Southern begins hauling pickups from the Ford Motor Co. plant in Norfolk.

The new Ford business should generate revenues in excess of \$ 35 million a year, Prillaman said.

The weakest link in the railroad's revenue chain remains the coal business, which grew just 22 percent to \$ 343 million in the first quarter. A mild winter lowered demand for coal from electric utilities, and intense foreign competition continued to drag down coal exports.

"Export coal at Lamberts Point declined as overseas buyers continued to make cheaper coal from Australia, Canada and Poland," Prillaman said of the railroad's big export terminal in Norfolk.

The Virginian-Pilot (Norfolk, VA), April 27, 2000

The terminal's exports fell 18 percent in the quarter to under 4.1 million tons compared to a year earlier.

But even the outlook for coal exports could be brightening as overseas demand increases and higher ocean freight rates hurt Australian coal's competitiveness in Europe, Prillaman said.

Still, Norfolk Southern must work to cut operating expenses that soared to \$1.37 billion in the first quarter, not counting the one-time work force reduction charge, up 72 percent from a year ago.

As operations improve, the railroad is already beginning to drive out costs related to coping with the congestion, said Henry C. Wolf, the railroad's vice chairman and chief financial officer.

However, increased diesel fuel costs must simply be borne. The railroad spent \$115 million on fuel in the first quarter, compared to \$37 million in 1999's first quarter.

Although fuel costs rose in part because of its expanded rail system, the principal driver was an increase in the price per gallon from an average of 40 cents a year ago to more than 85 cents this year, Wolf said.

"Performance barometers show our system on a steady course to improved customer service," Goode said. "Our focus for the remainder of 2000 will be to provide consistent and reliable service, return diverted business to the railroad, grow our revenue base and reduce operating expenses."

Merrill Lynch's Lloyd believes Norfolk Southern is well on its way.

"There will be significant profitability in the second quarter," he said. "Our estimate is 25 cents a share, and that the third and fourth quarter should rapidly grow from that level, assuming the economy cooperates."

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HEADLINE: NS PROFITS CONTINUE PLUMMET;
QUARTERLY EARNINGS FALL 88 PERCENT FOR RAILROAD

BY: LOIS CALIRI THE ROANOKE TIMES

Norfolk Southern's profits plunged 88 percent in the first quarter of this year, a nosedive that followed similar falls since its June 1 takeover of Conrail.

The railroad said Wednesday it earned \$ 14 million, or 4 cents a share, compared with \$ 112 million, or 30 cents a share, in the same quarter a year ago. The company blamed higher fuel prices, the lingering effects of a bad coal market and costs related to Conrail for its decline in income.

"We have to do better than this," said John Fishwick of Roanoke, a shareholder and retired president of Norfolk and Western Railway. He said NS needs to get more business and handle it better.

Despite the steep fall, NS officials said the company is ready to achieve the savings and benefits it promised to shareholders and shippers after the takeover.

Obviously, we have yet to prove that to you and others, but our goal is to do that during second quarter and improve through the rest of the year. NS president David Goode said Wednesday, speaking at a meeting with Wall Street analysts.

Reported revenue for the first quarter of \$ 1.5 billion, up 45 percent from \$ 1.03 billion a year earlier, primarily because of new business it has gained from the old Conrail.

Analysts, not surprised by NS' earnings performance, said the railroad met market expectations.

"I don't think there's any doubt they turned around the operating numbers," Michael Lloyd, analyst with Merrill Lynch Global Securities. But the time it takes for the profits to follow is another question, he said. "I think we'll see significant earnings in the second quarter and subsequent strong growth in third and fourth quarter."

Railroad mergers rarely run smoothly, and even those with a minimum of problems don't seem to add to their earnings as quickly as they anticipated, David Leibowitz, an analyst with Burnham Securities. "The acquisition of NS has proven a major headache, not just for Norfolk Southern, but for CSX," Leibowitz said.

NS fared better than NS in its first quarter earnings. It posted a 61 percent drop in profits, to \$ 29 million, or 14 cents a share, down from \$ 75 million, or 36 cents a share in the same period last year, before a one-time cash accounting charge.

It took a one-time charge of \$ 101 million related to a reduction in its work force, which resulted in a net loss of \$ 48 million, or 12 cents a share.

It said the buyouts and layoffs were strategic steps to cut costs, raise value and increase profits. In January, NS laid off 550 employees who maintain the tracks. In March, 919 nonunion NS employees accepted an early retirement buyout, and eligible union clerks were offered a one-time buyout package of \$ 45,000. In April, NS workers laid off 470 union workers in the motive shops.

Despite the cutbacks, Goode said NS continues to build a new and better culture focusing on a better work environment and close cooperation with labor management.

It hasn't happened that way, said T.R. "Tom" McCoy Jr., general chairman of Brotherhood of Maintenance of Way Employees.

It said NS basically dictated how it would lay off union workers. And since "there's been nothing but a fight for the workers in obtaining labor action rights that were guaranteed through the Conrail transaction and national agreements.

"Goode must be living in some fantasy castle in New York."

Lloyd, an analyst with Merrill Lynch Global Securities, said there could be a rebound in employment in the second half of this year at the earliest, given the demand for rail traffic.

The greatest potential for growth is in the shipment of containers and trailers from rail to truck, barge or ship, what transportation experts call intermodal traffic, NS said.

It posted a \$ 125 million increase in revenue from intermodal traffic. Increased traffic for J.B. Hunt Transport Services Inc., Hyundai and Maersk and contributed to the business growth.

The railroad also said it regained traffic it lost to trucks when angry shippers took their business away because of earlier problems with service and reliability.

Service continues to improve daily at NS, said Ed Rastatter, director of relations with the National Industrial Transportation League, a shippers' group. Shippers have been complaining of rate increases and new charges, he added.

Potential income from real estate transactions can help boost the railroad's bottom line in the next couple of years, said L.I. Prillaman, chief marketing officer for NS. If NS sells its surplus property in Atlanta, northern Virginia, Maryland, Ohio and Jacksonville, Fla., it could generate yearly proceeds of \$ 10 million or more for the next couple of years.

he railroad's stock closed Wednesday at \$ 18.13, down from \$ 18.44 Tuesday.

ois Caliri can be reached at 981- 3117 or loisc@roanoke.com

HIC: chart - Norfolk Southern Corp. 1st Quarter THE ROANOKE TIMES

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Robert L. Banks of R.L. Banks & Associates Inc., a rail consulting firm in Washington, D.C., said Norfolk Southern continues to be an outstanding railroad. "I would expect that they will have one or two more poor quarters," Banks said. "Within a year's time, they will pull themselves out of this."

NS is a good operating company, said Terrence Gardner Jr. with Deutsche Bank Securities in New York. Day-to-day operations continue to improve, he said.

"Wednesday's news appeared to be worse than it really was," Gardner said. "In essence, we're looking through the rear view mirror. Let's look at service and operating measures that have been improving over the last couple of weeks."

(Further cost-cutting measures are coming.)

NS officials said the company will put many of its properties in urban areas up for sale, as it did last year in Atlanta. And it plans to reduce its number of leased locomotives.

"We'll reduce extra costs which we had to incur to overcome the merger," as painful as they may be, Goode said.

The company's focus will be on customer service, said Goode. "We will improve our customer service to regain their confidence and recapture those who diverted after June 1."

But this won't happen overnight.

"First, we have to maintain customer service, and then worry about the recurring costs. As we get better, you'll see that (bottom line) improve."

One thing for sure, he is not "overpromising" anything, Goode said. He learned that from experience.

The Roanoke Times January 27, 2000, Thursday

NS officials were confident they could take over Conrail without much trouble.

"No matter how confident you are, no matter how much you plan, no matter how ready you are for change, there is the very real possibility you will be surprised," Goode said.

NS' troubles also took union officials by surprise.

Those responsible for the planning were "totally out in left field and didn't encompass what was going to take place," said T.R. "Tom" McCoy Jr., general chairman of the Brotherhood of Maintenance of Way Employees. He said the planners underestimated everything, technically.

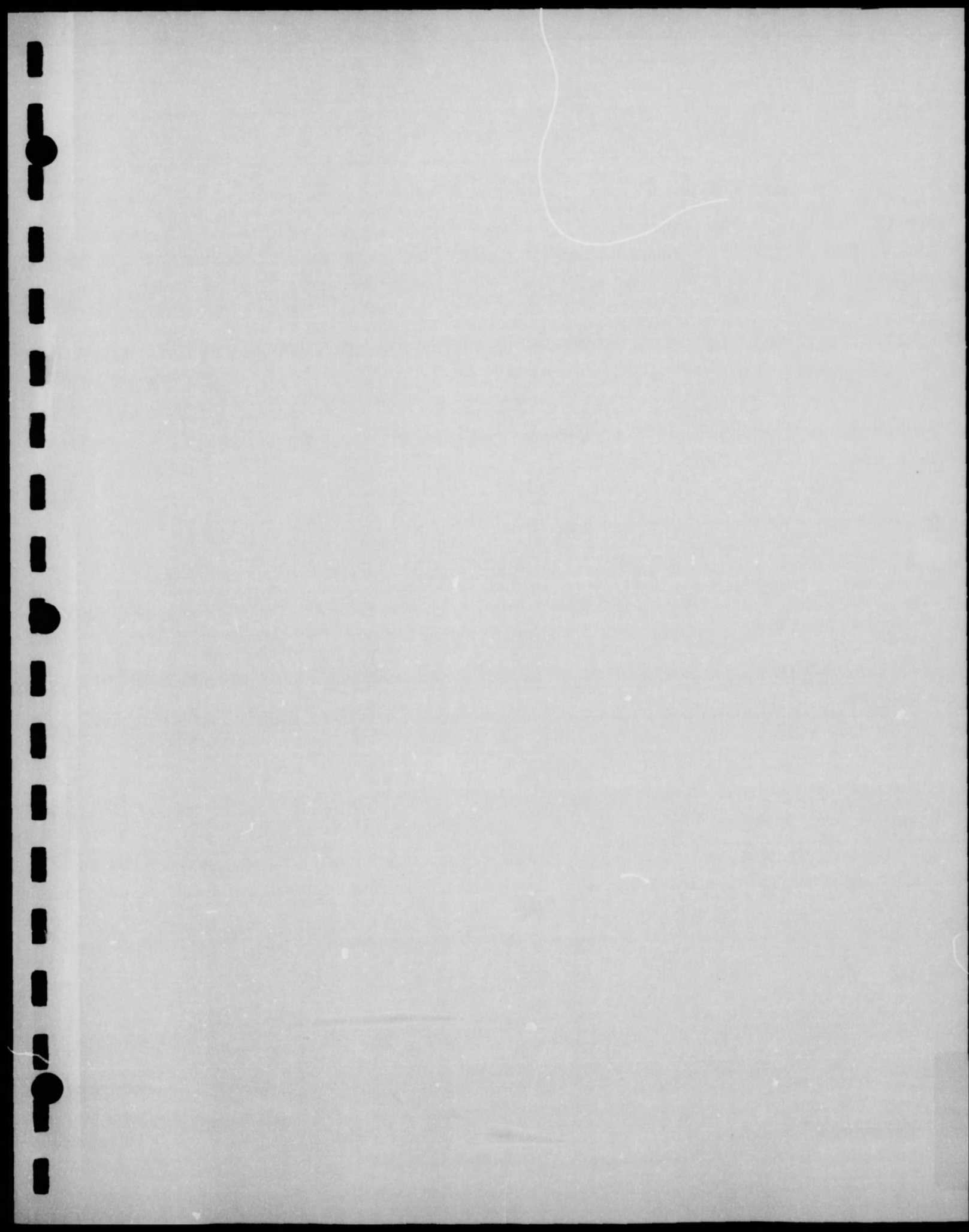
And making only \$ 31 million, "there's no doubt there will be layoffs for union employees if we continue in this downward spiral," said McCoy.

To see more of The Roanoke Times, or to subscribe to the newspaper, go to
<http://www.roanoke.com>

LANGUAGE: ENGLISH

JOURNAL-CODE: RO

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PETITIONERS'

EXHIBIT 31



Implementation Update

October 31, 1997 Norfolk Southern Public Relations

Headlines

Pennsylvania, Philadelphia Support Plan: The City and Commonwealth endorsed the proposed operation of Conrail by Norfolk Southern and CSX in statements filed with the Surface Transportation Board (STB) on October 21. Norfolk Southern, building a strong public-private partnership with Philadelphia and the Commonwealth of Pennsylvania, announced on October 22 that it will create a new economic development program to attract rail-served business to Philadelphia and across Pennsylvania.

In its STB statement, the Commonwealth of Pennsylvania said it supports the application because it will, among other things: (1) increase competition in the Philadelphia/South Jersey Shared Assets Area and in the Monongahela coal fields, (2) enhance competition between rail and truck throughout Pennsylvania, and (3) allow for construction, expansion or upgrading of repair shops, intermodal facilities, yards and other facilities.

The City of Philadelphia and the **Philadelphia Industrial Development Corp.** said the application strikes the proper balance between, on the one hand, restoring rail competition and maintaining the financial viability of the region's railroads, and, on the other, re-emphasizing Conrail's commitment to a Philadelphia headquarters and to the future of Conrail's employees. Other Northeastern entities endorsing the proposal included the **Philadelphia Regional Port Authority**, the **South Jersey Port Corporation**, the **Delaware River Port Authority** and the **Port of Philadelphia and Camden, Inc.**

More Favorable Comments Filed with STB: **Bethlehem Steel Corporation**, the nation's second-largest integrated steel producer, said the Conrail proposal would improve transit times, equipment utilization, rail service efficiencies and market penetration. **Weirton Steel** said approval by the STB would result in competition for shipments now moving by truck, greater flexibility and more efficient rail operations across the Conrail system.

The National Grain and Feed Association, representing 1,000 grain, feed and processing companies, said the plan would improve market access through single-line service and that shippers and carriers could benefit from efficiencies where competition is maintained. **Cargill, Inc.**, a major shipper of agricultural commodities, also supported the application and offered several suggestions for consideration by the STB.

Boston and Maine Corporation, **Springfield Terminal Railway Co.** and **Maine Central Railroad Co.** said the proposal would provide their customers the opportunity to route traffic to either Norfolk Southern or

<http://www.nscorp.com/nscorp/html/update/iu10-31-97.html>

4/29/01

CSX. The City of Cincinnati also filed a statement generally supportive of the application.

STB Hearing on Western Rail Service: The STB's October 27 hearing on UP's service problems served to direct national attention yet again to rail service and safety issues. Although focused on the West, some witnesses tried to relate UP's service problems to the Conrail control transaction. In response to a general question from STB Chairwoman Linda Morgan about UP's failure to anticipate service problems, Richard K. Davidson, chairman, president and CEO of UP, said, "Our biggest sin was haste." Norfolk Southern's commitment to move only with deliberate speed should offer a credible response.

Notable

Norfolk Southern has named a five-person staff charged with full-time responsibility for coordinating the implementation plan. Reporting directly to Chairman, President and CEO David R. Goode, the team is led by Vice President Nancy (N.S.) Fleischman and includes Don (D.J.) O'Brien, assistant vice president; Sarah (S.B.) Corey, director; Chris (C.W.) Bremus, manager; and Jane (J.S.) Montgomery, staff assistant. Also, in addition to continued involvement of the Strategic Planning and Law Departments, seven senior managers from Norfolk Southern's Operations Division and six senior managers from IT are assigned full-time to the process.

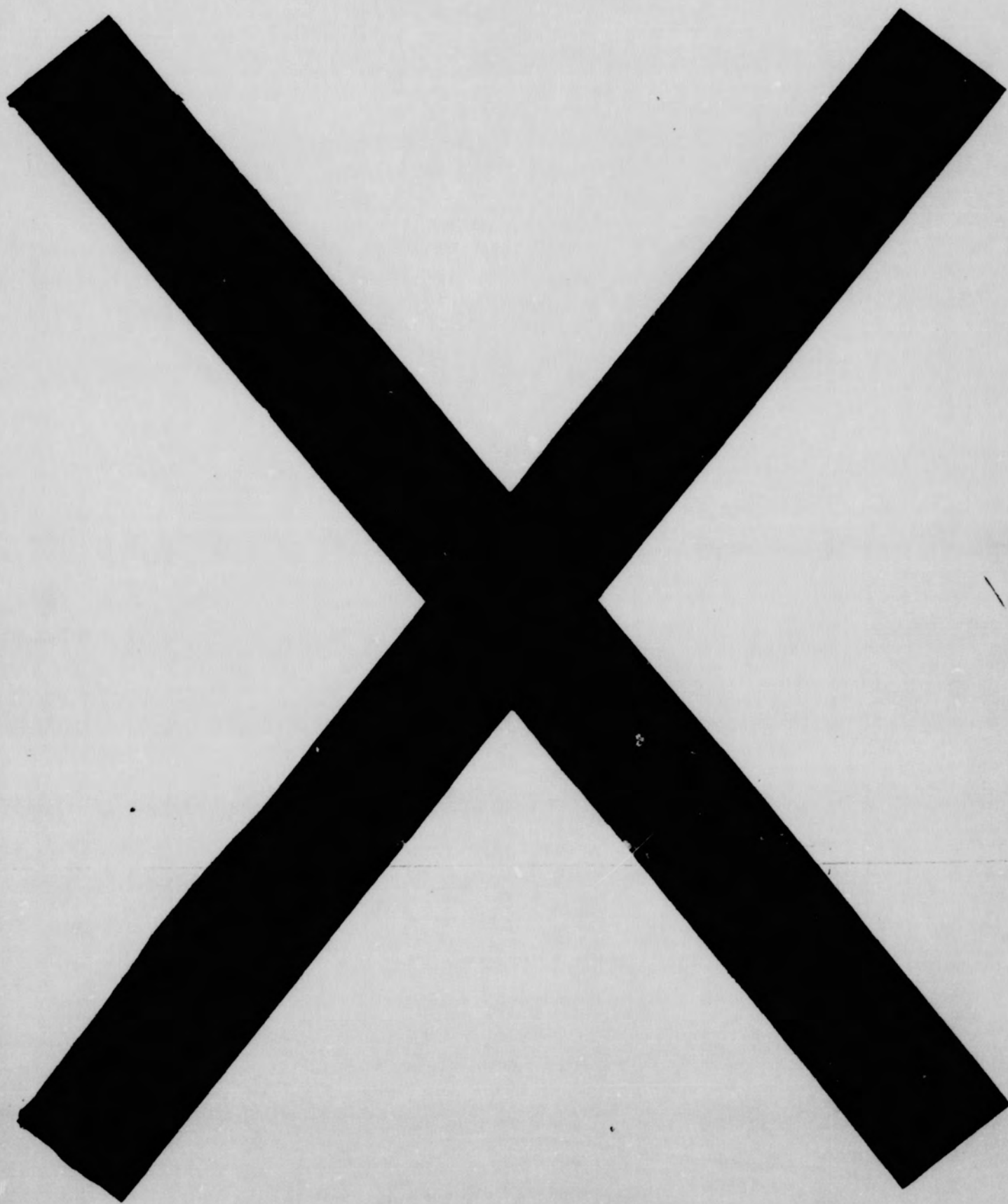
The Conrail transition effort at CSXT is led by Michael J. Ward, CSXT's executive vice president finance. He is assisted by Bob Haulter, assistant vice president, and approximately 20 other people from various CSXT departments working full-time on Conrail matters. CSXT is using a rigorous project management approach, developed and monitored with the aid of Ernst & Young. Monthly meetings between Norfolk Southern and CSXT Conrail implementation managers are intended to assure that planning efforts are closely coordinated where necessary and to resolve disputes between individual Norfolk Southern and CSXT implementation teams, when the teams cannot agree on important issues. For example, the October 28 meeting covered several Shared Assets Areas issues, implementation timing, and monitoring of Conrail interim operations.

Quotable

"Despite recent headline-making accidents, our industry as a whole has steadily improved its safety performance over the last two decades. I am concerned that the recent incidents will cause some to overlook the truly dramatic progress the entire industry has made...Safety is essential to our success and therefore is our first priority as we implement the Conrail transaction." - David R. Goode to financial analysts October 22

"Let me assure you that Norfolk Southern is committed to ensuring that the service disruptions in the West will not replay in the East." - David R. Goode to financial analysts October 22

"We will make major plant investments - sidings, double-tracking, rail yards and shops - to increase capacity of the new Norfolk Southern. We recognize that service disruptions would be costly to us as well as our customers, and our focus is on avoiding any disruptions." - Stephen C.



STB

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SURFACE TRANSPORTATION BOARD

Memorandum



DATE: May 3, 2001

TO : Ellen Keys, Assistant Secretary
Section of Publications/Records
Office of the Secretary

FROM  Mel Clemens, Director
Office of Compliance and Enforcement

SUBJECT : STB FINANCE DOCKET NO. 33388 - OPERATIONAL MONITORING DATA

D

Attached are the original and two copies of the latest weekly public data files provided to this office by CSX and Norfolk Southern as required in the above proceeding, which are to be committed to the docket for public reference. As requested, I am providing the three paper copies to Ron Douglas, two for the docket and one for Da To Da Office Solutions. If there are any questions, please don't hesitate to contact me or Ed Nelson.

Attachments

cc: Chairman Morgan
Vice Chairman Clyburn
Commissioner Burkes
Richard Armstrong
Ron Douglas
Charles Renninger

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Office of the Secretary

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Jacksonville, FL 32202
Phone (904) 366-4134
Fax (904) 359-1571

T. J. Stephenson
Assistant Vice President -
Service Measurements

May 2, 2001

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
The Mercury Building
1925 K Street, NW, Suite 780
Washington, DC 20423

Dear Mr. Clemens:

Enclosed with this transmittal letter are CSX Transportation's operational monitoring reports to the Board for the week ending Friday, April 27th. Cars on-line improved from 241,502 to 240,359, and train velocity improved, increasing from 21.4 to 21.6 miles-per-hour. Terminal dwell improved to 24.5 hours from the previous week's 25.1. Cars on-line and terminal dwell achieved their best performance since the Acquisition.

We would offer the following observations and interpretations regarding the data CSXT provides the STB, Conrail Transaction Council, and the AAR:

Chicago Gateway Operations

During this reporting week, the on-time-to-two-hours-late measure of deliveries to western carriers through Chicago moved unfavorably three percentage points to 75%. The more-than-six-hours-late category moved unfavorably three percentage points to 11%.

Yards and Terminals

Car volumes and dwell times changed very little, remaining within expected levels at most terminals across the network. Six of the 14 measured yards showed an improvement in dwell time compared to the prior week.

Corridor Performance

Four of the six measured corridors showed an improvement compared to the prior week. The best performance in the on-time-to-two-hours-late category was the I-95 corridor with 100%. Overall, the on-time-to-two-hours-late category was 83%, up two percentage points from last week's 81%, and the percent of trains in the greater-than-six-hours-late category moved favorably one percentage point to 8%.

Shared Areas

Daily average on hand cars decreased marginally at Oak Island and Pavonia, while holding steady at North Yard. All volumes still remain within expected or observed norms for comparable periods. Overall terminal dwell time was 29.4 hours, the same as last week. Performance improvement at Pavonia was offset by declines at Oak Island and North Yard.

Additional Measurements

Train Delay Metric: For 755 train starts, weekly train delay totaled 17 hours for Power and 72 hours for Crew. Power delay increased as well as crew from the previous week.

Train Crew Delay Metric: The percent of crews not departing within two hours of the on-duty time averaged 18.2% for the week, up from 16.2% last week.

Daily Crew Availability Percentage: Crew Availability Percentage was 80%, down from 84% the previous week.

Daily Number of Recrews Required: Of 1819 crew starts, 30 (2%) were recrews, same percentage as last week.

Shared Asset Areas Train Delay Metric: No information was available for Train Delays due to an IT problem.

Locomotives: Gross Locomotives = 3856, Average Available = 3532, and Out-of-Service Ratio = 5.1%, slightly up from 5.0% the previous week.

Cars Offered in Interchange: averaged 249 cars daily, of which 32 were for the Norfolk Southern. The NS-offered cars increased this week, while the total-offered cars decreased.

On-time performance, passenger trains through Brunswick, MD: 40% for 10 AMTRAK trains (Pittsburgh – Washington) and 94% for 32 MARC trains (West Virginia – Washington). No MARC trains ran on Wednesday, Thursday, or Friday, 4/25 through 4/27, because of a derailment just east of Point of Rocks, MD.

Buffalo Customer Service (Hot-Line): the customer service center received no calls this week.

Last week we met the goal for 16 of the 18 key service measures established for the second quarter. Goals were met for FRA-reportable injuries, cars on-line, overall train velocity, merchandise train

velocity, slow order miles, crews on duty greater than 12 hours, relief crews, hours of crew delay, car dwell, right connection, on-time originations, on-time arrivals, 30-hour cars, industrial switching, hours of locomotive delay, and leased locomotive out-of-service ratio. Most of the goals were made more stringent for the second quarter. The railroad is focused on meeting the ambitious goals we have set for these two areas.

CSXT's service performance continues at near-record levels, with little movement in indicators. Operations are very fluid and CSXT is able to absorb additional traffic.

Sincerely,

L. L. Hayes
Director Management and Regulatory Reporting
Service Measurements

Surface Transportation Board

Performance Measures

For the week ending: 04/27/01

Yard Performance

(Composite of NS/CSX Traffic)

		Monday	Tuesday	Wednesday	Thursday	Friday
Location	Measure	04/23/01	04/24/01	04/25/01	04/26/01	04/27/01
Oak Island, NJ	Fluid Capacity	1200	1200	1200	1200	1200
	Cars On Hand - Loaded	307	279	248	433	267
	Cars On Hand - Empty	467	313	244	478	387
	Cars On Hand - Total	774	592	492	911	654
	Cars Handled	568	344	694	647	732
	Dwell Hours	35.6	34.3	33.4	25.9	23.6
Pavonia, NJ	Fluid Capacity	900	900	900	900	900
	Cars On Hand - Loaded	297	259	178	349	212
	Cars On Hand - Empty	416	272	190	316	271
	Cars On Hand - Total	713	531	368	665	483
	Cars Handled	219	341	538	422	456
	Dwell Hours	52.2	42.7	31.7	31.5	31.9
North Yard, MI	Fluid Capacity	850	850	850	850	850
	Cars On Hand - Loaded	150	174	163	292	212
	Cars On Hand - Empty	252	130	136	122	217
	Cars On Hand - Total	402	304	299	414	429
	Cars Handled	366	384	214	483	325
	Dwell Hours	26.3	21.5	20.1	16.6	22.4

CSX Comments: Daily average on hand cars decreased marginally at Oak Island and Pavonia, while holding steady at North Yard. All volumes still remain within expected or observed norms for comparable periods.
Overall terminal dwell time was 29.4 hours, the same as last week.

Surface Transportation Board

Performance Measures

Train Originations

(Composite of NS/CSX Traffic)

		Monday	Tuesday	Wednesday	Thursday	Friday
Location	Measure	04/23/01	04/24/01	04/25/01	04/26/01	04/27/01
North Jersey SAA	Number of Originations	3	5	10	9	10
	% Ontime	67%	40%	50%	56%	50%
	% Late 0-2 Hours	33%	40%	50%	44%	30%
	% Late 2-4 Hours	0%	0%	0%	0%	100%
	% Late 4-6 Hours	0%	20%	0%	0%	0%
	% Late GT 6 Hours	0%	0%	0%	0%	10%
South Jersey SAA	Number of Originations	0	3	3	3	4
	% Ontime	0%	67%	100%	33%	100%
	% Late 0-2 Hours	0%	33%	0%	33%	0%
	% Late 2-4 Hours	0%	0%	0%	0%	0%
	% Late 4-6 Hours	0%	0%	0%	0%	0%
	% Late GT 6 Hours	0%	0%	0%	33%	0%
Detroit SAA	Number of Originations	2	6	8	8	8
	% Ontime	100%	83%	50%	75%	63%
	% Late 0-2 Hours	0%	17%	38%	25%	38%
	% Late 2-4 Hours	0%	0%	13%	0%	0%
	% Late 4-6 Hours	0%	0%	0%	0%	0%
	% Late GT 6 Hours	0%	0%	0%	0%	0%

CSX Comments: Total road train delays and hours were not available this week due to an IT problem.

Surface Transportation Board

Performance Measures

CSXT Cars Offered in Interchange but not Accepted

(Snapshot at Midnight for Day Measured)

		Monday	Tuesday	Wednesday	Thursday	Friday	Daily
Measure	Railroad Offered To	04/23/01	04/24/01	04/25/01	04/26/01	04/27/01	Average
Cars Offered	NS	1	24	39	39	57	32
	All Other	166	189	265	194	273	217
	Total	167	213	304	233	330	249

Measures all cars in offered interchange status on acquired Conrail territory only. Volumes are listed by cars offered to NS (Norfolk Southern) and All Other Railroads.

CSXT On Time Passenger Train Performance

"Brunswick Line"

Between West Virginia/Washington, DC

		Monday	Tuesday	Wednesday	Thursday	Friday	Weekly
Service	Measure	04/23/01	04/24/01	04/25/01	04/26/01	04/27/01	Totals
AMTK	Trains	2	2	2	2	2	10
	% On Time	50%	100%	50%	0%	0%	40%
MARC	Trains	16	16	0	0	0	32
	% On Time	100%	88%	0%	0%	0%	94%

AMTK measured according to contract with CSXT.

Surface Transportation Board

Performance Measures

CSXT Train Crew Delay

	Causes of Delay	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly
Terminal	Trains / Hours	04/21/01	04/22/01	04/23/01	04/24/01	04/25/01	04/26/01	04/27/01	Total
Baltimore	Train Crew Starts	23	16	25	18	14	19	23	138
	Crews Delayed +2 Hours	10	5	11	5	9	10	8	58
	% Delayed +2 Hours	43%	31%	44%	28%	64%	53%	35%	42%
Buffalo	Train Crew Starts	43	34	35	42	49	47	49	299
	Crews Delayed +2 Hours	6	6	3	1	7	6	11	40
	% Delayed +2 Hours	14%	18%	9%	2%	14%	13%	22%	13%
Chicago	Train Crew Starts	22	19	25	25	23	27	24	165
	Crews Delayed +2 Hours	3	3	5	6	3	5	6	31
	% Delayed +2 Hours	14%	16%	20%	24%	13%	19%	25%	19%
Cincinnati	Train Crew Starts	38	39	32	33	42	41	34	259
	Crews Delayed +2 Hours	1	3	1	1	1	2	0	9
	% Delayed +2 Hours	3%	8%	3%	3%	2%	5%	0%	3%
Cleveland	Train Crew Starts	18	22	22	23	25	21	17	148
	Crews Delayed +2 Hours	5	6	6	5	9	7	3	41
	% Delayed +2 Hours	28%	27%	27%	22%	36%	33%	18%	28%
Cumberland	Train Crew Starts	34	30	32	30	27	25	34	212
	Crews Delayed +2 Hours	3	3	0	0	0	0	4	10
	% Delayed +2 Hours	9%	10%	0%	0%	0%	0%	12%	5%
Detroit	Train Crew Starts	5	5	6	7	7	7	5	42
	Crews Delayed +2 Hours	0	0	2	3	2	2	2	11
	% Delayed +2 Hours	0%	0%	33%	43%	29%	29%	40%	26%
Philadelphia	Train Crew Starts	15	12	13	16	14	15	15	100
	Crews Delayed +2 Hours	1	0	3	1	3	6	3	17
	% Delayed +2 Hours	7%	0%	23%	6%	21%	40%	20%	17%
Selkirk	Train Crew Starts	41	34	33	36	50	49	44	287
	Crews Delayed +2 Hours	12	4	9	8	13	18	15	79
	% Delayed +2 Hours	29%	12%	27%	22%	26%	37%	34%	28%
Toledo	Train Crew Starts	31	34	30	25	31	31	37	219
	Crews Delayed +2 Hours	5	5	1	1	4	5	7	28
	% Delayed +2 Hours	16%	15%	3%	4%	13%	16%	19%	13%
Willard	Train Crew Starts	39	34	33	41	39	42	42	270
	Crews Delayed +2 Hours	7	8	5	5	4	9	10	48
	% Delayed +2 Hours	18%	24%	15%	12%	10%	21%	24%	18%

Daily number of train crew starts from selected yards or terminals and the number of those originating train crews that were delayed in those yards or terminals for two hours or more after going on-duty. The percentage of those delayed starts.

Surface Transportation Board Performance Measures

CSXT Train Delay - Northern Region Lines

	Cause of Delay	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly
Measure	Trains / Hours	04/21/01	04/22/01	04/23/01	04/24/01	04/25/01	04/26/01	04/27/01	Total
Train Delay	Originating Train Starts	103	102	101	109	108	115	117	755
	Delayed Hours - Power	0	6	2	2	5	0	2	17
	Delayed Hours - Crews	10	3	9	21	4	8	17	72

Daily number of originating train starts on the Northern Region and the hours delayed due to lack of power and crew of those originating train crews. The delayed train starts will be broken down between power and crew delayed hours.

Daily Crew Availability Percentage - Northern Region Lines

		Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Daily
Measure	Crew Availability	04/21/01	04/22/01	04/23/01	04/24/01	04/25/01	04/26/01	04/27/01	Average
Crew Availability		81%	80%	82%	83%	84%	84%	83%	82%

Daily percentage of CSXT road train crews that are available for work on the Northern Region Lines.

Daily Number of Train Crew Starts and Recrews Required

		Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly
Measure	Crew/Recrews	04/21/01	04/22/01	04/23/01	04/24/01	04/25/01	04/26/01	04/27/01	Total
Crews/Recrews	Train Crew Starts	264	226	219	260	287	279	284	1819
	Recrews	4	4	1	4	4	8	5	30
	% Recrewed	2%	2%	0%	2%	1%	3%	2%	2%

Daily number of CSXT road train crew starts, the number of recrews and percentage of recrews for the Northern Region Lines.

Surface Transportation Board Performance Measures

CSXT Locomotive Fleet Condition

		Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Daily
Measure	Locomotives	04/21/01	04/22/01	04/23/01	04/24/01	04/25/01	04/26/01	04/27/01	Average
Locomotives	Gross Fleet Size	3841	3827	3842	3870	3877	3880	3852	3856
	Avg. Number Available	3509	3516	3530	3521	3540	3548	3558	3532
	OOS Ratio	5.1	4.9	5.0	5.1	5.3	5.3	5.1	5.1

The measure for Gross Fleet will consist of CSX owned, leased, and foreign locomotives on-line. The Average Number Available will be the number of net fleet available to move traffic. The Out-of-Service Ratio (OOS) is the ratio of CSXT owned locomotives not available.

Shared Asset Areas Train Delay

		Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Daily
Measure	Shared Area	04/21/01	04/22/01	04/23/01	04/24/01	04/25/01	04/26/01	04/27/01	Average
Train Delay	Philadelphia/South Jersey	NA	NA	NA	NA	NA	NA	NA	0
	North Jersey	NA	NA	NA	NA	NA	NA	NA	0
	Detroit	NA	NA	NA	NA	NA	NA	NA	0

Daily number of outbound trains ready for departure that are held for line haul carriers in each of the shared asset areas for more than one hour after notification. The measure will be a composite of CSX and NS trains.

George A. Aspatore
General Solicitor

(757) 629-2657
(757) 533-4872
E-mail gaaspato@nscorp.com

May 2, 2001

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

Dear Mr. Clemens:

Pursuant to Decision No. 89 issued in STB Finance Docket No. 33388, for the week ending April 27, 2001, enclosed are schedules reporting Train Origination Performance, Yard Performance, and Trains Held in the Shared Assets Areas. Also enclosed is a schedule showing a daily snapshot of NS Cars Offered in Interchange but not Accepted, and our Locomotive Fleet Statistics. This schedule also includes NS Northern Region Train Starts and Delays that are not limited to a snapshot period.

Another schedule incorporated into this transmittal shows NS Crew Starts and Delays, NS Northern Region Daily Crew Availability Percentage, and NS Northern Region Crew Starts and Recrews. Also included is the bi-weekly Buffalo update.

Additionally, this transmittal includes confidential reports containing performance statistics for NS's Chicago Gateway Interchange Operations, Corridor Train Performance and Yard Performance. In an effort to provide you with more detailed information regarding delays, I have included two schedules supporting NS's Chicago Gateway and Corridor Train Performance reports, which identify the number and total time for delays due to crew, power, or other issues. I also have supplied the Public Reporting Measures that we provide to the Conrail Transaction Council and the AAR.

Mr. Melvin F. Clemens, Jr.
May 2, 2001
Page 2

As always, I am including a letter written by Tony L. Ingram, Vice President Transportation – Operations, which discusses delays in our rail operations. If you have any questions or need additional information, please call me.

Sincerely,

George A. Aspatore
General Solicitor

Enclosures

May 2, 2001

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

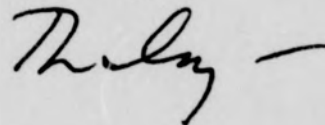
Dear Mr. Clemens:

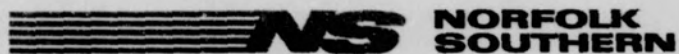
Norfolk Southern's performance metrics remain within normal operating range. The number of cars on line decreased, the average train speed decreased, and the average terminal dwell decreased. On the monitored corridors and Chicago gateway operations, 53 trains were held for terminal delays, 28 trains were held for crews, and 14 trains were held for power.

With respect to our customer service hotline in Buffalo, NS did not receive any calls over the two-week period.

In the Shared Assets Areas, daily average on-hand car volume decreased at Oak Island and Pavonia and remained constant at North Yard. All volume counts were within expected operating norms. Overall average terminal dwell time remained constant. Due to technical difficulties, information normally supplied in the Shared Asset Area Trains Held table is unavailable at this time. We will append that data to next week's report.

Sincerely,

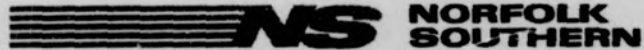




For the week ending 4/27/01

Shared Asset Area - Yard Performance

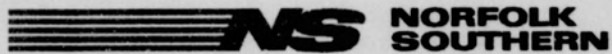
Yard	date	Fluid Capacity	On hand - Empty	On hand - Loaded	On hand - Total	Cars handled	Average dwell
North Yard MI	4/23/01	850	252	150	402	366	26.3
	4/24/01	850	130	174	304	384	21.5
	4/25/01	850	136	163	299	214	20.1
	4/26/01	850	122	292	414	483	16.6
	4/27/01	850	217	212	429	325	22.4
North Yard MI Average		850	171	198	370	354	21.2
Oak Island NJ	4/23/01	1200	467	307	774	568	35.6
	4/24/01	1200	313	279	592	344	34.3
	4/25/01	1200	244	248	492	694	33.4
	4/26/01	1200	478	433	911	647	25.9
	4/27/01	1200	387	267	654	732	23.6
Oak Island NJ Average		1200	378	307	685	597	29.9
Pavonia NJ	4/23/01	900	416	297	713	219	52.2
	4/24/01	900	272	259	531	341	42.7
	4/25/01	900	190	178	368	538	31.7
	4/26/01	900	316	349	665	422	31.5
	4/27/01	900	271	212	483	456	31.9
Pavonia Average		900	293	259	552	395	35.9



For the week ending 4/27/01

Shared Asset Train Origination Performance

location	date	Trains	On time	0-2 hours late	2-4 hours late	4-6 hours late	6+ hours late
Detroit Total	23-Apr	2	100%	0%	0%	0%	0%
	24-Apr	6	83%	17%	0%	0%	0%
	25-Apr	8	50%	38%	13%	0%	0%
	26-Apr	8	75%	25%	0%	0%	0%
	27-Apr	8	63%	38%	0%	0%	0%
Detroit Total		32	69%	28%	3%	0%	0%
North Jersey Total	23-Apr	3	67%	33%	0%	0%	0%
	24-Apr	5	40%	40%	0%	20%	0%
	25-Apr	10	50%	50%	0%	0%	0%
	26-Apr	9	56%	44%	0%	0%	0%
	27-Apr	10	50%	30%	10%	0%	10%
North Jersey Total		37	51%	41%	3%	3%	3%
South Jersey Total	23-Apr	0	0%	0%	0%	0%	0%
	24-Apr	3	67%	33%	0%	0%	0%
	25-Apr	3	100%	0%	0%	0%	0%
	26-Apr	3	33%	33%	0%	0%	33%
	27-Apr	4	100%	0%	0%	0%	0%
South Jersey Total		13	77%	15%	0%	0%	8%
Grand Total		82	62%	32%	2%	1%	2%

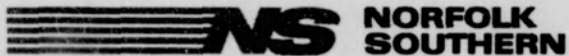


For the week ending 4/27/01

Shared Asset Area Trains Held

area	Sat 21-Apr	Sun 22-Apr	Mon 23-Apr	Tue 24-Apr	Wed 25-Apr	Thu 26-Apr	Fri 27-Apr	Grand Total
North Jersey								
South Jersey								
Detroit								

Daily number of outbound trains ready for departure that are held for line haul carriers in each of the shared asset areas for more than one hour after notification.



NS Cars Offered in Interchange but not Accepted

offered	Monday	Tuesday	Wednesday	Thursday	Friday	Total
CSX	0	0	0	0	0	0
other	0	192	145	94	0	431
Total	0	192	145	94	0	431

Snapshot taken between 2:00 and 3:00 each day
NS acquired territory only

NS Northern Region Train Starts and Delays

	Saturday 21-Apr	Sunday 22-Apr	Monday 23-Apr	Tuesday 24-Apr	Wednesday 25-Apr	Thursday 26-Apr	Friday 27-Apr	Grand Total
# of Train Starts	153	147	157	167	179	173	174	1150
Delay Cause								
Crew Delays (hrs)	15.8	2.3	0.0	3.2	8.3	10.2	4.7	44.5
Power Delays (hrs)	54.9	24.4	30.1	15.9	31.5	45.5	65.5	267.6

The delay numbers are expressed in hours

Locomotive Fleet Statistics

	Saturday 21-Apr	Sunday 22-Apr	Monday 23-Apr	Tuesday 24-Apr	Wednesday 25-Apr	Thursday 26-Apr	Friday 27-Apr	average
Fleet Size	3173	3171	3140	3179	3213	3224	3174	3182
available	2974	2965	2947	2989	3016	3012	2987	2984
out of service %	6.3%	6.5%	6.1%	6.0%	6.1%	6.6%	5.9%	6.2%

Snapshot taken at midnight
Fleet size is all locomotives on line. Includes owned, leased and foreign.



NS Crew Starts and Delays

		Saturday 21-Apr	Sunday 22-Apr	Monday 23-Apr	Tuesday 24-Apr	Wednesday 25-Apr	Thursday 26-Apr	Friday 27-Apr	Grand Total
Allentown	crew starts	13	13	17	14	18	19	15	109
	crews delayed	5	2	6	2	6	8	7	36
Bellevue	crew starts	38	28	31	38	38	40	37	250
	crews delayed	5	6	10	8	9	6	12	56
Buffalo	crew starts	22	18	18	22	23	25	20	148
	crews delayed	3	3	1	5	2	4	3	21
Chicago	crew starts	28	31	33	33	37	31	34	227
	crews delayed	8	5	12	6	9	7	14	61
Cincinnati	crew starts	40	30	28	35	33	38	34	238
	crews delayed	4	5	9	4	3	6	6	37
Cleveland	crew starts	14	11	8	12	13	13	11	82
	crews delayed	3	5	2	7	3	6	4	30
Conway	crew starts	60	49	49	44	57	57	60	376
	crews delayed	20	7	15	7	17	15	21	102
Detroit	crew starts	18	16	18	22	21	21	20	136
	crews delayed	7	8	7	6	5	5	12	50
Elkhart	crew starts	32	35	33	39	37	37	34	247
	crews delayed	9	12	12	10	14	14	15	86
Harrisburg	crew starts	49	56	44	57	53	57	55	371
	crews delayed	20	13	11	14	23	19	28	128
Toledo	crew starts	60	51	49	44	60	49	57	370
	crews delayed	9	11	8	4	11	15	17	75

Notes: Data source is T&E employees' "End of Trip" reporting
 A summary of all "E-O-T's" where departure time is reported as two or more hours after time crew ordered.
 Includes all trains for location, whether originating or run-through.
 A delayed crew is one delayed two hours or more after coming on duty

NS Northern Region Daily Crew Availability Percentage

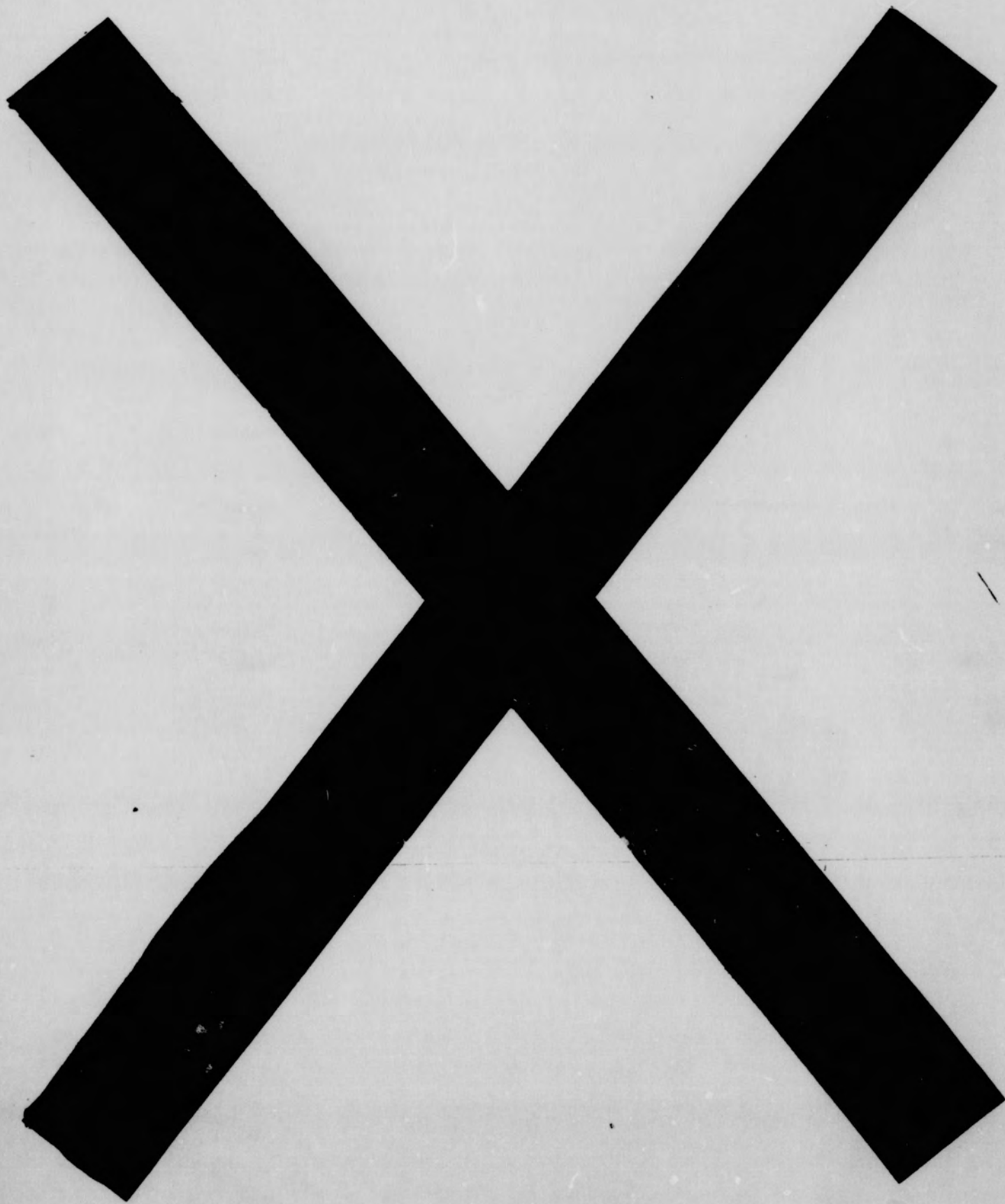
	Saturday 21-Apr	Sunday 22-Apr	Monday 23-Apr	Tuesday 24-Apr	Wednesday 25-Apr	Thursday 26-Apr	Friday 27-Apr	average
availability%	74%	74%	77%	79%	80%	80%	77%	77%

Notes: A "snapshot" of percent of Train and Engineman available at approximately 5:00 AM

NS Northern Region Crew Starts and Recrews

	Saturday 21-Apr	Sunday 22-Apr	Monday 23-Apr	Tuesday 24-Apr	Wednesday 25-Apr	Thursday 26-Apr	Friday 27-Apr	Grand Total
crew starts	308	293	274	293	337	334	321	2160
recrews	10	7	9	8	7	14	10	65

Notes: A summary of trains ordered by field transportation using relief crew (recrew) train symbol
 Does not include recrews/trains pulled into terminals by yard crews or road crews called and used in regular service



STB

FD-33388

4-25-01

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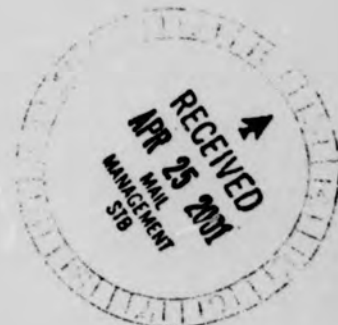
202127

April 25, 2001

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388

CSX Corporation and CSX Transportation, Inc.,
Norfolk Southern Corp. and Norfolk
Southern Ry. Co.--Control and Operating
Leases/Agreements--Conrail Inc.
and Consolidated Rail Corporation
Transfer of Railroad Line by Norfolk
Southern Railway Company to CSX Transportation, Inc.

ENTERED
Office of the Secretary

MAY 02 2001

Part of
Public Record

**RESPONSE OF SENATOR ARLEN SPECTER TO
JOINT PETITION OF VARIOUS UNIONS
AND THE COMMONWEALTH OF PENNSYLVANIA
FOR ENFORCEMENT OF ORDER, OR ALTERNATIVELY TO REOPEN FOR
ORDER DIRECTING COMPLIANCE WITH COMMITMENTS,
OR ALTERNATIVELY FOR RELIEF NOT OTHERWISE PROVIDED FOR**

I am deeply troubled by Norfolk Southern's decision to close its Hollidaysburg car shops in Altoona, Pennsylvania, and transfer work from that facility to other states, despite prior commitments that the railroad would consolidate its heavy repair work at the Hollidaysburg shops. I therefore urge the Board to grant the joint petition filed by the Commonwealth of Pennsylvania and several unions for enforcement and/or reopening of its Decision No. 89 which authorized Norfolk Southern Corp. and CSX Corp. to acquire control of Conrail Inc. I further support the joint petition that the Board should order Norfolk Southern to comply with its commitments regarding the shops -- specifically that it would retain and keep the shops open, and invest \$4 million in those shops. I submit that the Board can and should enforce Norfolk Southern's commitments based on the Board's statement in Decision No. 89 that "Applicants must adhere to all of the representations they made during the course of this proceeding, whether

or not such representations are specifically referenced in this decision." *Id.* at 176.

The application and supporting documents Norfolk Southern filed with the Board clearly stated that the railroad would retain the Hollidaysburg shops, consolidate work there, and absorb most car "program work" from shops in other states. Norfolk Southern's Operating Plan expressly committed the railroad to investing \$4 million in the Hollidaysburg shops and stated that "Hollidaysburg will absorb most car program work with Roanoke Shop-Car concentrating on new car construction and rebodying." Norfolk Southern Operating Plan p. 219, 326. I submit that it was clear that Norfolk Southern made representations in this proceeding that it would retain and invest in the Hollidaysburg shops and that the Board should therefore direct Norfolk Southern to comply with those representations in accordance with its Order in Decision No. 89.

I would also note that Norfolk Southern's representations about the Shops came not only in the application and supporting papers, but also in statements to Pennsylvania elected officials, Pennsylvania communities, and Conrail workers. These representations were designed to elicit support and diminish opposition to the acquisition of Conrail.

Norfolk Southern CEO David Goode testified on March 20, 1997, before a Senate Transportation Appropriations Subcommittee which I chaired on the joint Norfolk Southern/CSX acquisition of Conrail. I specifically asked Mr. Goode about the Hollidaysburg shops and employment in Altoona. Mr. Goode stated:

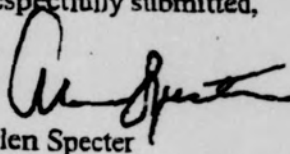
Well, we have looked, as you know, earlier this week at those shops, we had some knowledge of them earlier than that. John and I had a very good tour of the shops, they are excellent facilities.

Since Norfolk Southern will be the likely beneficiary of the lines and of those shops, we do not have nearby shop facilities, as CSX did in Cumberland, so we are in a position of not only being able to give assurances that we will keep those shops and keep them operating, we are going to need them.

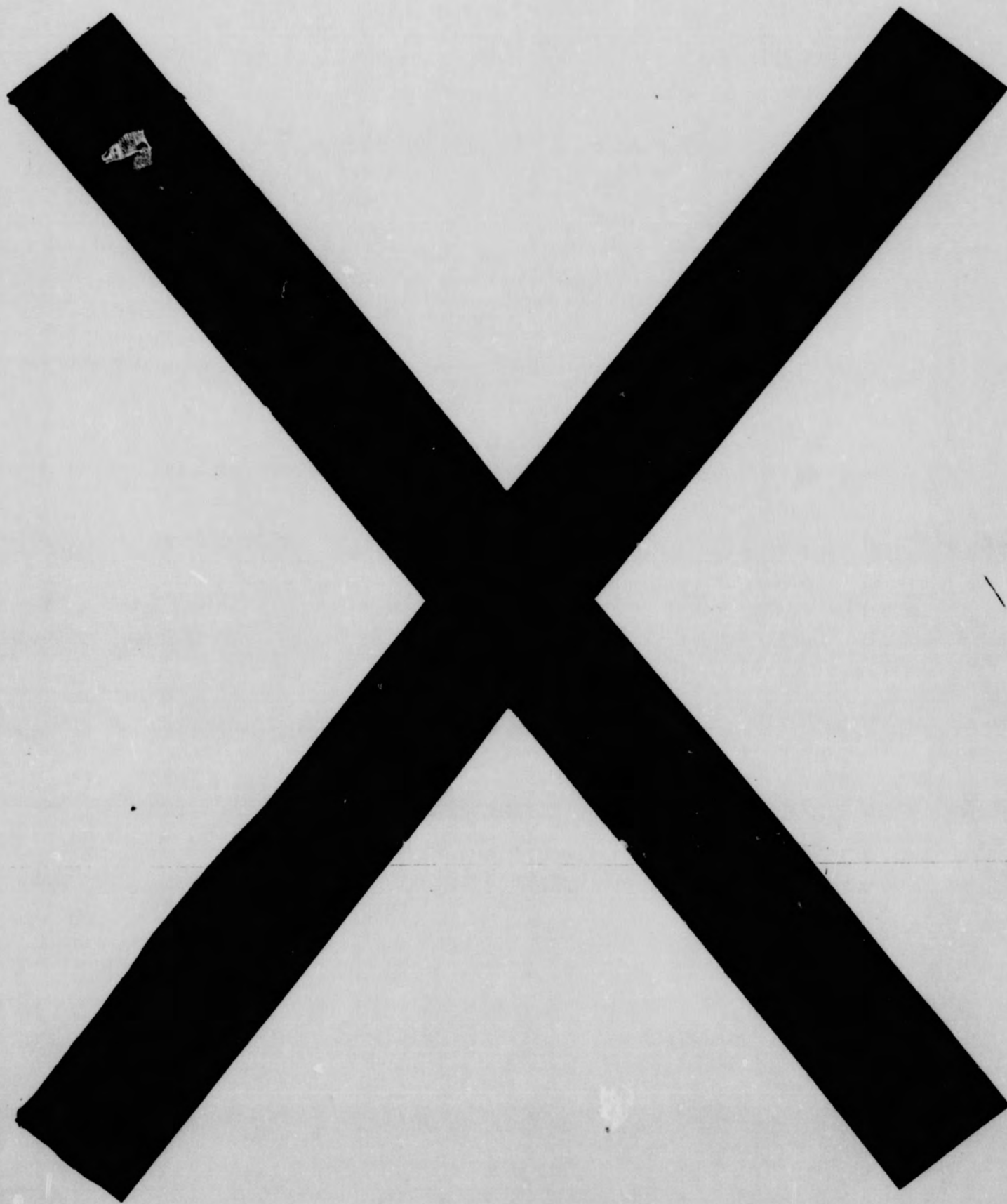
I responded that his answer would be well-received in Blair County. Norfolk Southern's current plans to close the Hollidaysburg shops are directly contrary to the assurances Mr. Goode gave me in sworn testimony before the Subcommittee.

The Board's decision approving the Norfolk Southern and CSX acquisition of Conrail came after representations made by Norfolk Southern in the Board proceedings. It was against this background that the Board bound Norfolk Southern to these representations in Decision No. 89. I submit that it is clear that Norfolk Southern is now preparing to renege on its commitments. Accordingly, I urge the Board to enforce and/or reopen its Decision No. 89 and order Norfolk Southern to comply with its commitments to retain and keep the Hollidaysburg shops open, as well as invest \$4 million in those shops.

Respectfully submitted,



Arlen Specter



STB

FD-33388

8-10-00

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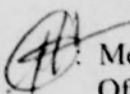
SURFACE TRANSPORTATION BOARD

Memorandum

199470

DATE: August 10, 2000

TO : Ellen Keys, Assistant Secretary
Section of Publications/Records
Office of the Secretary

FROM  Mel Clemens, Director
Office of Compliance and Enforcement

ENTERED
Office of the Secretary

AUG 10 2000

Part of
Public Record



SUBJECT : STB FINANCE DOCKET NO. 33388 - OPERATIONAL MONITORING DATA

Attached are the original and two copies of the latest monthly reports provided to this office by CSX and Norfolk Southern as required in the above proceeding, which are to be committed to the docket for public reference. As requested, I am providing the three paper copies to Ron Douglas, two for the docket and one for Da To Da Office Solutions. If there are any questions, please don't hesitate to contact me or Jim Greene.

Attachments

cc: Chairman Morgan
Vice Chairman Burkes
Commissioner Clyburn
Richard Armstrong
Ron Douglas
Charles Renninger

500 Water Street (J215)
Jacksonville, FL 32202
(904) 366-4092
FAX: (904) 359-2263

R.J. Haulter
Assistant Vice President-Integration Planning

July 31, 2000

Meivin F. Clemens, Jr.
Director Office of Compliance and Enforcement
Surface Transportation Board
Washington, DC 20423-0001

Dear Mr. Clemens:

Attached to this letter are the Operational Monitoring Reports required in STB Finance Docket No. 33388.

The reports are presented in the following order:

Labor Implementing Agreements	Page 1
Labor Task Force	Page 1
Construction and Other Capital Projects Table	Pages 2-3
Infrastructure Maintenance and Expansion	Page 4
Additional Noteworthy Engineering Projects Table.....	Pages 5-7
Information Technology	Pages 8-11
Customer Service	Page 12
Training.....	Page 13

Note: Italicized information indicates a change or update from the last report.

Please contact Bob Haulter, Assistant Vice President-Integration Planning at CSX Transportation (E-mail: Bob_Haulter@csx.com) if there are any issues that need clarification or explanation. As information, coincident with filing this report with the STB, CSXT has made this report available on our web site (www.csx.com).

Very truly yours,

Bob Haulter

cys: Peter J. Shudtz, Vice President
Law & General Counsel

Paul R. Hitchcock - J150
Senior Counsel

CSX TRANSPORTATION, INC.
STB OPERATIONAL MONITORING REPORT
As of July 31, 2000

Table of Contents

The reports are presented in the following order:

Labor Implementing Agreements	Page 1
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STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

LABOR

Labor Implementing Agreements

All of the Labor Implementing Agreements have been reached. Accordingly, the requirement provided for in Paragraph 1 on page 162, of STB Decision No. 89 issued in Finance Docket No. 33388 has concluded.

Labor Management Task Force

CSXT has sent an invitation to each of its unions with which an implementing agreement has been reached and which will continue to represent employees on CSXT to participate in a labor task force similar to the one established with the United Transportation Union. CSXT has held labor task force meetings with a number of its unions. CSXT will hold additional meetings, as the need arises. CSXT also will continue its effort to have frequent communications with its unions to guarantee that problems which may still arise with respect to the implementation of the transaction receive prompt attention.

STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location	Project	Status	Expected Completion Date
1) Greenwich, Ohio to Pine Junction, Indiana	Construct 2 nd main track with TCS on B&O including connections.	Complete	4Q 98
2) Quaker to Greenwich, Ohio	Construction by Conrail of 2 nd main track with TCS.	Complete	4Q 98
3) Willard, Ohio	Yard Expansion	Complete	1Q 99
4a) Crestline, Ohio	a) Construct or rehabilitate connection tracks with Indianapolis Line.	a) Complete	2Q 99
4b) Sidney, Ohio	b) Connection Track	b) Complete	4Q 98
4c) Marion, Ohio	c) Rehabilitate Connection Track	c) Complete	1Q 99
5) Carleton, Michigan	Connect track with Conrail	Complete	4Q 98
6a) Alice, Indiana	a) Siding Extension	a) Complete	a) 3Q 98
6b) Harwood, Indiana	b) Siding Extension	b) Complete	b) 4Q 98
7a) Chicago, Illinois	a) Intermodal Expansions	a) Complete	a) 3Q 98
7b) Cleveland, Ohio	b) Intermodal Expansions	b) Complete	b) 1Q 99
7c) Philadelphia, Pennsylvania	c) Intermodal Expansions	c) Underway	c) 4Q 00
7d) Little Ferry, New Jersey	d) Intermodal Expansions	d) Complete	d) 3Q 98
8) Philadelphia, Pennsylvania	Rebuild Eastwick connection track with Conrail.	Complete	4Q 98
9) Hobart, Indiana to Tolleston, Indiana	Restoration of connection and main track between Hobart & Tolleston.	Complete	2Q 99

STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location	Project	Status	Expected Completion Date
10) Chicago, Illinois	Chicago area-upgrade connection tracks and other improvements.	Complete	2Q 99
11) Newell & New Castle, Pennsylvania	Upgrade capacity on the Mon. Subdivision	Complete	4Q 98
12) Albany, New York to Bergen, New Jersey	Extend 3 sidings by Conrail on River Line	Complete	4Q 98
13) Little Ferry, New Jersey	Connection track Conrail/NYSW	Complete	2Q 99
14) Dolton, Illinois	Connection track @ Lincoln Avenue CSX/IHB	Complete	2Q 99

STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

Infrastructure Maintenance and Expansion Report

CSXT has completed all scheduled construction and other capital projects that we originally identified as being necessary to initially integrate the acquired Conrail lines into the CSXT network (with the exception of the Philadelphia Intermodal Expansions anticipated to be completed in the fourth quarter of 2000). Further projects to improve integration of the former Conrail lines with the CSXT system will be progressed in the future, as they are identified and appear to be needed and cost-justified. In this report, and in later reports, we will be supplementing the Construction and Other Capital Projects section with a discussion of other noteworthy activity related to the maintenance and expansion of the CSXT rail system unrelated to Conrail integration activities, as well as future Conrail integration projects as they may develop.

CSXT continues to address capacity limitations on heavy corridors. *In July we continued with track construction on the three siding capacity projects in Wadley, Coosa Pines, and Franklin, Alabama. The work is currently progressing and all three of these projects are on schedule for completion in the third quarter. These projects are all designed to improve capacity on the Nashville-Atlanta-Florida corridor where traffic has strained the line's capacity. The primary benefits will be seen in enhanced reliability of transit times, particularly for the intermodal trains in this corridor. Grading work was completed on the new passing siding at McDaniel, TN. This project is also scheduled for completion in the 3rd quarter.*

STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

ADDITIONAL NOTEWORTHY ENGINEERING PROJECTS TABLE (In some cases these projects may be unrelated to the Conrail integration.)

Location		Project	Under Construction	Estimated Completion
1)	Alexendria, VA	AF Interlocking reconstruction (VRE project)	N	06/01/01
2)	Aliquippa, PA	Construct 2 industry support tracks	N	08/15/00
3)	Baltimore, MD (Bay View YD)	Add crossover BA Tower	N	09/01/00
4)	Chicago, IL	Barr SD – TCS – Phase II	Y	12/31/00
5)	Chicago, IL	Construct 59 th Street North Lead	Y	06/30/00
6)	Chicago, IL	Construct storage tracks & 3 rd Main at Barr Yard	Y	12/31/00
7)	Chicago, IL	TCS Blue Island SD to 75 th Street	Y	03/31/01
8)	Cleveland, OH	Construct mainline fueling facility at Collinwood Yard	Y	08/30/00
9)	Columbus, OH	Scioto Interlocking w/NS (ODOT project)	N	10/31/00
10)	Coosa Pines, AL	Construct new 11,200' passing siding	Y	09/11/00
11)	East Cleveland, OH	Noise berms, landscaping	Y	Complete
12)	East Fostoria, OH	Extend yard/connection lead	Y	Deferred
13)	Erie, PA	NS relocation project	N	Pending
14)	Erie, PA	Replace CSXT bridge decks over B&LE (CSXT work relating to NS relocation project)	N	12/31/00
15)	Fall River, MA	MBTA replacement of 4 undergrade bridges	Y	07/31/00

STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

ADDITIONAL NOTEWORTHY ENGINEERING PROJECTS TABLE

(In some cases these projects may be unrelated to the Conrail integration.)

Location	Project	Under Construction	Estimated Completion
16) Feltonville, PA	Extend siding to 20,200'	N	09/30/00
17) Franklin, AL	Construct new 11,200' passing siding	Y	09/11/00
18) Frederick, MD	MARC project	Y	03/31/01
19) Ft. Lauderdale, FL	Construct 45 miles of 2 nd main for TriRail	N	Pending
20) Gallaway, TN	Build siding with 10,000' in clear	N	10/31/00
21) Garrett, IN	Construct Randolph St. underpass	Y	08/30/00
22) Gibraltar, MI	Construct crossover between CSXT and CN	Y	09/30/00
23) Greenwood, SC	Construct double-track to Salak	N	10/09/00
24) Hopkinsville, KY	Install turnouts/signals for new Ft. Campbell lead wye	N	06/30/01
25) Keystone, SC	(Sandpatch to Rockwood, PA)-Upgrade #10 crossovers to power #15's and TCS	N	09/30/00
26) Lacon to Holmes Gap, AL	Add 8 miles of 2 nd main MP 328-MMP336	N	03/30/01
27) Lima, OH	Conrail connection track improvements	Y	05/30/00
28) Louisville, KY	Link Highway Track to Highland Park #2	Y	08/30/00

STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

ADDITIONAL NOTEWORTHY ENGINEERING PROJECTS TABLE

(In some cases these projects may be unrelated to the Conrail integration.)

Location		Project	Under Construction	Estimated Completion
29)	Martinsburg, Hobbs, Miller/Cherry Run, W Cumbo, WV	Eliminate manned interlockings, Phase I	N	12/31/01
30)	McDaniel, TN	Siding extension to 10,000' clear	Y	08/28/00
31)	New Boston, MI	Parking lot expansion	Y	07/30/00
32)	Philadelphia, PA	Greenwich Yard Phase I rehabilitation	Y	06/30/00
33)	Philadelphia, PA	Greenwich Yard Phase II expansion	N	12/21/00
34)	Teaneck, NJ	Construct siding CP7-CP10	Y	03/31/00
35)	Union City, GA	Construct connection track	Y	04/15/00
36)	Union City-Tilford, GA	Clearance improvement project	Y	03/15/00
37)	W. Baltimore, MD	Convert #10 HTEL to Power #15	N	09/30/00
38)	Wadley, AL	Extend passing siding to 10,000' clear	Y	08/28/00
39)	Youngstown, OH	Construct Ashtabula Connection for 140 car capacity	Y	07/15/00

Surface Transportation Board Operational Monitoring Report

As of September 30, 2000

INFORMATION TECHNOLOGY

Systems and Personnel Training

Operating Area	Project	Status
TRANSPORTATION		
Car Management and Movement	Systems – Multiple projects	Implementation Complete. Continue to monitor functionality of systems and make program adjustments where necessary.
Includes Thoroughbred Yard Enterprise System (TYES) and Central Yard Operations (CYO) System	Personnel Training	
	Prepare training materials for TYES and CYO	Complete
	Trainer orientation	Complete
	TYES training at Conrail locations	Complete
Train Dispatching	Systems	Complete
	Personnel Training	
	Prepare computer-based training materials for Norfolk Southern Train Information System (TIS) and Train System Accident Reporting System (TSAR).	Complete
	Train Conrail employees at Dearborn, Pittsburgh, and Mt. Laurel	Complete
Locomotive Management	Systems	Complete
	Personnel Training	
	Prepare training materials; conduct pilot sessions	Complete
	Trainer orientation	Complete
	Train employees at 8 Conrail locations	Complete

STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

INFORMATION TECHNOLOGY

Information Technology

The implementation strategy, training plans, and status of the Information Technology (IT) initiatives affecting the following Operating Areas are summarized:

- ❖ Customer Service
 - Electronic Customer Connectivity
- ❖ Operations Personnel
 - Crew Management
- ❖ Transportation
 - Car Management & Movement
 - Locomotive Management
 - Train Dispatching

Operating Area	Implementation Strategy	Status	Training
Customer Service Electronic Customer Connectivity	<p>All inbound (e.g. bill-of-lading) and outbound (e.g. car tracing) electronic communications with existing Conrail customers are to be migrated to CSX and NS. All customers will be informed of their system migration options and have the opportunity to test the replacement electronic connections prior to a transfer of the customer communications links on Day 1.</p> <p>CSX and NS will work with all affected customers and EDI vendors to develop migration plans</p>	<p>Systems testing in process and on schedule</p> <p>A joint letter was distributed to current Conrail customers</p> <p>Existing and new Conrail Electronic Commerce customers have been contacted by CSX in separate mailings</p> <p>Electronic Commerce Certification of Conrail customers acquired by CSX is in progress.</p> <p>Planned customer conversions to CSX Electronic Commerce tools are complete.</p> <p>All EC is complete</p>	<p>All customers will be provided adequate systems documentation and a detailed description of any changes to their current Conrail-provided electronic services</p> <p>All customers targeted for conversion to CSX electronic commerce tools have received information regarding the changes.</p> <p>All customer training and customer conversions are complete.</p>

STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

INFORMATION TECHNOLOGY

Operating Area	Implementation Strategy	Status	Training
Operations Personnel Crew Management	<p>Separation of callings desks (CSX, NS, SAC) in Dearborn, MI has been pre-negotiated and is in place. There will be a phased roll-out of eight calling desks to TECS – the CSX Crew Calling System. The first desk will be rolled out 50 days after Day 1.</p> <p>T&E Crews will continue to submit paper time sheets to Dearborn, MI until the TECS desk roll-out is completed. Paperless payroll implementation will take place 2 weeks after each TECS desk implementation. The entire roll-out will take approximately seven months.</p>	<p>Systems development in process and on schedule.</p> <p>The TECS desk roll-out is still on schedule.</p> <p>All desks have been cut Over to TECS.</p> <p>Paperless payroll training was completed Dec. 10, 1999</p> <p>Crew Callers have been moved from Dearborn to Jacksonville – Crew Management is complete.</p>	<p>CSX Payroll officers will train T&E employees on the CSX Payroll system immediately following the implementation of TECS. Local Chairman will participate in the training. Training documents have been prepared and presented to Conrail personnel.</p> <p>Training sessions have been completed.</p>
Transportation Car Management and Movement	<p>Field personnel will continue using Conrail application systems supporting yard inventory, train consisting and work orders after Day 1.</p> <p>Disposition and management of empty cars will occur in Jacksonville using CSX systems after Day 1 to ensure coordinated system wide transportation operations.</p> <p>Customers on the acquired territory will continue to order empty cars and obtain information on order status as they do today.</p> <p>CSX systems will be rolled-out to the acquired Conrail territory in 4 phases after Day 1.</p>	<p>Systems development in process and on schedule.</p> <p>Toledo Stanley Yard was cut-over to CSX systems July 27th.</p> <p>Chunk 1 Field Rollout including Indianapolis was successfully cut-over on Oct 11.</p> <p>Chunk 2 including Cleveland, Collinwood and Columbus, Ohio was successfully cut-over on January 10.</p> <p>Chunk 3 including Buffalo & Syracuse was successfully cut over on March 13, 2000.</p> <p>Chunk 4 including Selkirk & W. Springfield was successfully cutover on May 8, 2000</p> <p>All Car Management is complete</p>	<p>Training sessions have been completed</p>

STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

INFORMATION TECHNOLOGY

Operating Area	Implementation Strategy	Status	Training
Transportation Locomotive Management	<p>CSX Locomotive Management System (LMS) will be used to manage locomotives in CSX acquired territory beginning on Day 1. This will occur from the Operations Center in Philadelphia, PA for approximately 180 days after Day 1. The management team in Philadelphia will consist of two locomotive managers and one senior locomotive manager. Dual entry of locomotive assignments will be made to the Conrail Locomotive Distribution System (LDS). Shutdown of Conrail LDS will accompany field roll-out and will be dependent upon other Conrail Systems (TRIMS & TMS) no longer relying on assignments being passed from Conrail LDS.</p> <p>Within 180 days after Day 1, locomotive management for the acquired Conrail territory will be relocated to the Kenneth Dufford Center in Jacksonville. Two CSX Locomotive Managers will manage the acquired territory at that time.</p>	<p>Implementation was completed June 1st.</p> <p>Dual entry into Conrail LDS was discontinued June 15th.</p> <p>The locomotive management of the acquired territory was transitioned to the Kenneth Dufford Center in Jacksonville, FL on July 12, 1999.</p> <p>Locomotive Management is Complete.</p>	<p>Locomotive managers for the acquired Conrail territory have been trained on the CSX Locomotive Management System (LMS). Locomotive Management has conducted training that included cross training of CSX and Conrail cultures.</p>

STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

INFORMATION TECHNOLOGY

Operating Area	Implementation Strategy	Status	Training
Transportation Train Dispatching	<p>Train dispatchers will continue to use current Conrail systems. Phase 1 geographic realignments will separate dispatchers into CSX, NS & SAC entities within current division offices. Phase 1 will complete 90-120 days after Day 1.</p> <p>Phase 2 division realignment will move dispatchers to acquiring road's division. CSX Cleveland East dispatcher in Dearborn, MI will move to CSX headquarters in Indianapolis, IN. CSX Chesapeake & Riverline dispatchers in Mt. Laurel, NJ will move to CSX headquarters in Albany, NY. Phase 2 will complete 90-120 days after an implementing agreement has been reached.</p> <p>Phase 2 moves are contingent upon Phase 1 realignment completion for territory being transferred. Also contingent upon an implementing agreement being in place with the ATDD.</p>	<p>Systems development has been completed and implementation is proceeding on schedule.</p> <p>Phase 1 realignments :</p> <p>Albany, Indianapolis & Philadelphia complete.</p> <p>Dearborn Division started.</p> <p>Dearborn will be complete Mid-August 1999.</p> <p>Phase 2 realignments:</p> <p>Two dispatcher desks moved from Indianapolis to Dearborn on 7/27/99.</p> <p>Phase 2 projected to be completed with CSAO dispatcher move from Dearborn to Mt. Laurel on 8/10/99.</p> <p>All phases of the Train Dispatcher Realignment Project have been completed. Implementing agreements are now in place.</p> <p>Train Dispatching is complete.</p>	<p>Dispatchers will be trained on their new territory using the current processes in place at Conrail.</p>

STB OPERATIONAL MONITORING REPORT

As of July 31, 2000

Customer Service Progress Report

During May we completed the rollout of all CSXT systems for the fourth regional area. Cutover took place on May 8, 2000 and went smoothly. Major locations included in the cutover were Selkirk, South Kearney, and Framingham areas.

Personnel

We duplicated our training and mentoring procedures for this last cutover. Classroom training in Pittsburgh was completed prior to the cutover with the remaining personnel trained on all CSXT systems.

Customer Familiarization

The customer familiarization processes used previously were also duplicated. Tariffs have been published and distributed for supplemental billing purposes, and procedures put in place to convert the records for the first 7 days of May from the Conrail to the CSX demurrage system, so that customers will see only one bill for the month. All customers have been notified regarding the up coming changes.

Brochures were customized and distributed to customers by our Electronic Commerce Customer Integration Center to explain our EC offerings and initiatives, with special telephone numbers and other vital data provided. Other customer communications included blast faxes, mailings, and regular interaction with our Electronic Commerce personnel.

STB OPERATIONAL MONITORING REPORT
As of March 31, 2000

STB Status Submission Report on Training

All remaining training for the acquired territories was completed during the month of May.

Clerical employees received one-on-one training at their work locations on specific job tasks for their jobs. Train & Engine Service employees received instructions in the preparation of work order documents to ensure the correct documentation of placing and pulling of cars from industries. Field transportation officers and yardmasters also received specific training in the use of yard and train management systems. Extensive training was provided for 45 yardmasters and 17 transportation officers.

Coaches were positioned at strategic locations to assist employees during the cutover at all major terminals and crew on-duty locations.

The last cutover completed the training initiatives for this project.

Maquiling B. Parkerson:
Attorney

(757) 533-4939
fax (757) 533-4872

E-mail: maqui.parkerson@nscorp.com

August 9, 2000

Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

Dear Mr. Clemens,

Enclosed is Norfolk Southern's Monitoring Report dated July 31, 2000. This report shows further progress on our efforts to install double track on our route between Sandusky and Columbus, Ohio, one of our two major north-south corridors. NS has already completed installation of 16 miles of double track on this route and we expect to finish double tracking an additional ten-mile segment in the fourth quarter of this year. These infrastructure improvements should significantly increase our line capacity and the fluidity of our operations along this corridor.

Please let me know if you need any further information.

Sincerely,

Enclosure

Norfolk Southern Corporation

STB Operational Monitoring Report

As of July 31, 2000

Reporting Requirement	Page
Item 1. Labor Implementing Agreements.....	2
Item 2. Construction and Other Capital Projects	3
Item 3. Information Technology	9
Item 4. Customer Service.....	11
Item 5. Power and Rolling Stock	*
Item 6. Car Management, Crew Management and Dispatching	9
Item 7. Shared Assets Areas	*
Item 8. Monongahela Coal Area.....	3
Item 9. Cleveland Operations	3
Item 10. Chicago Gateway Operations	*
Item 11. Yards and Terminals	*
Item 12. On Time Performance.....	*
Item 13. The Conrail Transaction Council.....	*
Item 14. Labor Task Forces.....	2

Note: Bold print indicates changes from previous report.

* To be disclosed under a different cover or in a later report.

Surface Transportation Board Operational Monitoring Report

As of July 31, 2000

LABOR

Labor Implementing Agreements

All of the Labor Implementing Agreements have been reached, concluding our reporting requirement, as provided in Paragraphs 1 and 14, on pages 162 and 165, respectively, of STB Decision No. 89 issued in Finance Docket No. 33388.

Labor-Management Task Forces

All implementing agreements became effective on June 1, 1999. A continuing dialogue has taken place between labor and NS management on a daily or as-needed basis concerning implementation and safety issues. Labor organization cooperation has been a key element in assuring the safe implementation of the Conrail transaction. This interaction will continue as the parties work through issues of mutual concern.

Note: Bold print indicates changes from previous report.

Surface Transportation Board Operational Monitoring Report

As of July 31, 2000

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location		Project	Dept	Phase	Status
Alexandria	IN	Construct track connection Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
			Signal	Const	Complete
				Design	Complete
Allentown - Reading	PA	Traffic Control System	Signal	Const	Complete
	PA	Estimated Completion Date: 4Q01			In progress
Angola	NY	Upgrade existing siding, construct new siding Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Bridge	Design	Complete
			Signal	Const	Complete
				Design	Complete
Ashtabula	OH	Construct connection track Estimated Completion Date: Complete	Track	Const	Complete
					Complete
			Signal	Const	Complete
Attica	IN	Extend siding 4, 580 track feet Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Signal	Design	Complete
Boundbrook	NJ	Extend siding 15,000 track feet Estimated Completion Date: Undetermined	Track	Const	Complete
					Project being defined.
			Signal	Design	
Bristol	VA	Extend siding 14,255 track feet Estimated Completion Date: Complete	Track	Const	
				Design	Complete
				Grading	Complete
			Bridge	Const	Complete
				Design	Complete
			Signal	Const	Complete
Bucyrus	OH	Construct track connection Estimated Completion Date: Complete	Land		Complete
					Complete
			Track	Design	Complete
				Grading	Complete
			Signal	Const	Complete
				Design	Complete
Buffalo - Cleveland	NY	Traffic control system and remove pole line.	Signal	Const	Complete
	OH	Estimated Completion Date: Complete			Complete
Buffalo	NY	Rehabilitate tracks in sub-leased BPRR yard Estimated Completion Date: Complete	Track	Const	Complete
Buffalo	NY	Construct connection to BPRR yard Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Signal	Design	Complete
				Const	Complete

Surface Transportation Board Operational Monitoring Report

As of July 31, 2000

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location		Project	Dept	Phase	Status
Buffalo	NY	Reconstruct portion of Bison Yard Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Signal	Design Const	Complete Complete
Butler	IN	Construct track connection Estimated Completion Date: Undetermined	Track	Design	Project being defined.
				Grading	
			Signal	Design Const	
Chicago	IL	Expand and improve 47th St Yard Intermodal Terminal Estimated Completion Date: 4Q00	Track	Design	Complete
				Grade/Pave	In progress
Cloggsville	OH	Track Rehabilitation Estimated Completion Date: Complete	Track	Design	Complete
				Const	Complete
Cloggsville	OH	Construct second main Estimated Completion Date: 4Q00	Track	Design	Complete
				Grading	Complete
				Const	In progress
			Bridge	Design Const	Complete Complete
			Signal	Design Const	Complete In progress
Columbus	OH	Construct track connection Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Signal	Design Const	Complete Complete
Crockett	VA	Construct 9,100 foot new siding Estimated Completion Date: Complete	Land		Complete
			Track	Design	Complete
				Grading	Complete
				Const	Complete
			Bridge	Design Const	Complete Complete
			Signal	Design Const	Complete Complete
Croxtton	NJ	Expand and improve intermodal terminal Estimated Completion Date: Complete	Track	Design	Complete
				Grade/Pave	Complete
E-Rail	NJ	Expand and improve intermodal terminal Estimated Completion Date: 2Q01	Track	Design Grade/Pave	In progress
Erie	PA	Erie Track Realign Project Estimated Completion Date: 4Q01	Track	Design	Complete
				Grading	In progress
				Const	In progress
			Signal	Design Const	Complete In progress

Surface Transportation Board Operational Monitoring Report
As of July 31, 2000

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location		Project	Dept	Phase	Status
Flemington	NJ	Construct 12,500 foot siding Estimated Completion Date: Undetermined	Track	Design	Project being defined.
			Signal	Grading Const Design Const	
Hadley Jct (Ft Wayne)	IN	Double tracking Estimated Completion Date: Undetermined	Track	Design	Project being defined.
			Signal	Grading Const Design Const	
Hagerstown Sec (Greencastle)	PA	Construct siding Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Signal	Design Const	Complete Complete
Hagerstown Sec	PA	Traffic Control Estimated Completion Date: 4Q00	Signal	Design Const	Complete In progress
Harrisburg	PA	Construct double track Estimated Completion Date: 4Q00	Land		In progress
			Track	Design	Complete
				Grading	In progress
				Const	In progress
			Signal	Design Const	Complete In progress
Harrisburg (Rutherford)	PA	Construct intermodal terminal Estimated Completion Date: Complete	Track	Design	Complete
				Grade/Pave	Complete
Harrisburg - Reading	PA	Traffic Control System and remove pole line Estimated Completion Date: 4Q00	Signal	Design Const	Complete In progress
KD Tower - Cumberland Falls	KY	Extending double track 40,120 feet Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
				Const	Complete
			Signal	Design Const	Complete Complete
Knoxville - Chattanooga	TN	Double Stack Clearances Estimated Completion Date: Complete	Track	Design	Complete
	TN			Const	Complete
			Bridge	Design	Complete
Marshfield	IN	Upgrade and extend siding 7,908 feet Estimated Completion Date: Complete	Land		Complete
			Track	Design	Complete
				Grading	Complete
				Const	Complete
			Bridge	Design	Complete
				Const	Complete
			Signal	Design Const	Complete Complete
Oak Harbor	OH	Construct track connection Estimated Completion Date: Complete	Land		Complete
			Track	Design	Complete
				Grading	Complete
				Const	Complete
			Signal	Design Const	Complete Complete

Surface Transportation Board Operational Monitoring Report

As of July 31, 2000

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location		Project	Dept	Phase	Status
Pattensburg	NJ	Clearance-9 Bridges Estimated Completion Date: Complete	Bridge	Design Const	Complete Complete
Pattensburg	NJ	Siding Extensions Estimated Completion Date: Complete	Track	Design Grading Const	Complete Complete Complete
			Signal	Design Const	Complete Complete
Pattensburg	NJ	Tunnel Clearance Estimated Completion Date: Complete	Bridge	Design Const	Complete Complete
Philadelphia	PA	Construct crossover - Zoo Estimated Completion Date: Undetermined	Track	Design Grading Const	Project being defined.
			Signal	Design Const	
Piney Flats	TN	Extend siding 6,610 feet Estimated Completion Date: Complete	Land Track	Design Grading Const	Complete Complete Complete
			Signal	Design Const	Complete Complete
Port Reading	NJ	Chemical Coast Clearance Projects Estimated Completion Date: Complete	Track	Design Const	Complete Complete
			Bridge	Design Const	Complete Complete
Rader	TN	Extend siding 5,189 feet Estimated Completion Date: Complete	Land Track	Design Grading Const	Complete Complete Complete
			Bridge	Design Const	Complete Complete
			Signal	Design Const	Complete Complete
Reading - Philadelphia	PA PA	Traffic Control System and remove pole line Estimated Completion Date: 4Q01	Signal	Design Const	Complete
Riverton Jct - Roanoke	VA VA	Clearance projects Estimated Completion Date: Complete	Bridge	Design Const	Complete Complete
Sandusky (Bellevue)	OH	Construct Triple Crown Terminal Estimated Completion Date: Complete	Track	Design Grade/Pave	Complete Complete
			Building	Const	Complete
Sandusky- Columbus	OH	Double Track: S 13.60 - S 26.00 Estimated Completion Date: Complete	Track	Design Grading Const	Complete Complete Complete
			Signal	Design Const	Complete Complete

Surface Transportation Board Operational Monitoring Report
As of July 31, 2000

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location		Project	Dept	Phase	Status
Sandusky-Columbus	OH	Double Track: S 78.10 - S 88.40 Estimated Completion Date: 4Q00	Land Track		In progress
				Design	Complete
			Signal	Grading	In progress
				Const	In progress
Sandusky-Columbus	OH	Double Track: S 88.30 - S 95.60 Estimated Completion Date: Complete	Land Track	Design	Complete
				Grading	Complete
			Signal	Const	Complete
				Design	Complete
Sidney	IL	Construct track connection Estimated Completion Date: Complete	Track	Const	Complete
				Design	Complete
			Signal	Grading	Complete
				Const	Complete
Sido	MO	Double tracking 36,458 track feet Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
			Bridge	Const	Complete
				Design	Complete
Sloan	IL	Extend siding 5,027 track feet Estimated Completion Date: Complete	Track	Const	Complete
				Design	Complete
			Signal	Grading	Complete
				Const	Complete
Southern Tier	NY	Southern Tier Rehabilitation Estimated Completion Date: Undetermined	Track	Design	Project being defined.
			Bridge	Const	In progress
St. Louis (Mitchell)	MO	Expand Mitchell Triple Crown Terminal Estimated Completion Date: Complete	Track	Design	Complete
			Signal	Grade/Pave	Complete
Toledo	OH	Intermodal Terminal Estimated Completion Date: Undetermined	Track	Design	Complete
				Const	Complete
Tolono	IL	Track Connection Estimated Completion Date: Complete	Track	Design	Complete
				Grading	Complete
			Signal	Const	Complete
				Design	Complete
Vermillion	OH	Track Connection Estimated Completion Date: Complete	Land Track	Const	Complete
				Design	Complete
			Signal	Grading	Complete
				Const	Complete

Surface Transportation Board Operational Monitoring Report
As of July 31, 2000

CONSTRUCTION AND OTHER CAPITAL PROJECTS

Location		Project	Dept	Phase	Status
Wabash	IN	Construct connection track	Track	Const	Complete
		Estimated Completion Date: Complete	Signal	Design	Complete
				Const	Complete

Note: Bold print indicates changes from previous report. If status of project phase is blank, work on that part of the project has not yet begun.

Surface Transportation Board Operational Monitoring Report

As of July 31, 2000

INFORMATION TECHNOLOGY

Systems and Personnel Training

Operating Area	Project	Status
TRANSPORTATION		
Car Management and Movement	Systems – Multiple projects	Implementation Complete. Continue to monitor functionality of systems and make program adjustments where necessary.
Includes Thoroughbred Yard Enterprise System (TYES) and Central Yard Operations (CYO) System	Personnel Training	
	Prepare training materials for TYES and CYO	Complete
	Trainer orientation	Complete
	TYES training at Conrail locations	Complete
Train Dispatching	Systems	Complete
	Personnel Training	
	Prepare computer-based training materials for Norfolk Southern Train Information System (TIS) and Train System Accident Reporting System (TSAR).	Complete
	Train Conrail employees at Dearborn, Pittsburgh, and Mt. Laurel	Complete
Locomotive Management	Systems	Complete
	Personnel Training	
	Prepare training materials; conduct pilot sessions	Complete
	Trainer orientation	Complete
	Train employees at 8 Conrail locations	Complete

Surface Transportation Board Operational Monitoring Report

As of July 31, 2000

INFORMATION TECHNOLOGY

Operating Area	Project	Status
OPERATIONS PERSONNEL		
Crew Management	Systems	Complete
	Personnel Training	
	Prepare training materials	Complete
	Train Conrail employees	Complete
Train and Engine (T&E) Payroll	Personnel Training	
	Prepare training materials; conduct pilot sessions	Complete
	Train T&E crews	Complete
Non-Train and Engine Payroll	Personnel Training	
	Prepare training materials; conduct pilot sessions	Complete
	Trainer orientation	Complete
	Train Conrail employees	Complete
CUSTOMER SERVICE		
Electronic Customer Connectivity	Systems	Complete
	Personnel Training	
	Testing new systems	Complete
	Customer Coordination	
	Information to be distributed to customers	Complete
National Customer Service Center	Personnel Training	
	Prepare training materials	Complete
	Train employees in Pittsburgh and Atlanta	Complete

Note: Bold print indicates changes from previous report.

Note: The Board has asked NS to report on any IT efforts relative to the Southern Tier and the Buffalo area. Although there are no initiatives tailored to a specific area, NS is putting particular emphasis on IT issues systemwide and continues to address them with the rollout of the Thoroughbred Yard Enterprise System, continued monitoring and refining of the NS data system's interaction with the Shared Assets Area systems, and daily monitoring of information quality. These efforts will improve service throughout the NS network, including of course the Southern Tier and the Buffalo area.

Surface Transportation Board Operational Monitoring Report

As of July 31, 2000

CUSTOMER SERVICE

Transition Process

Transition team members for NS in Philadelphia working in Customer Service were released at the end of February. Call volumes have leveled off as general service levels improve and remain at the approximate levels originally projected. The phone trace system, which is an automated feature of our toll-free line that allows a customer to trace the location of its cars by keying in car numbers on the telephone key pad, continues to work as expected.

Personnel

The implementation of the Thoroughbred Yard Enterprise System in the former Conrail areas has been completed, including the training of field personnel. All supervisory positions have been filled for Data Quality, the Agency Operations Center and Customer Service.

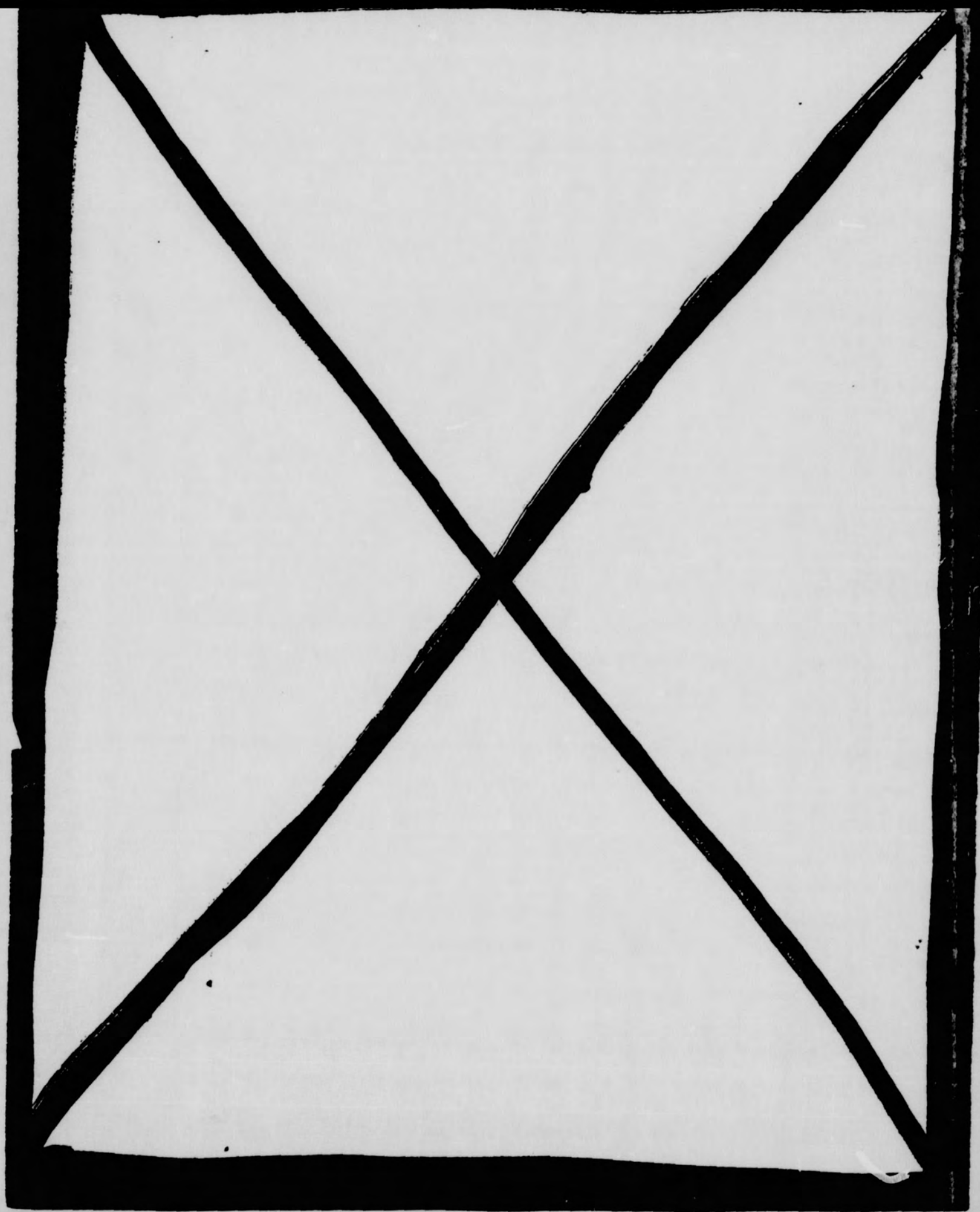
Customer Awareness

NS continues to host customer meetings to evaluate and provide feedback on the Company's planning processes and strategies. NS continues to make numerous meetings and presentations in order to keep our customers informed.

The Customer Resource Guide, distributed to our customers, provides customers with all resources and information necessary for doing business with the new NS.

The Help Desk Directory, also distributed to our customers, lists key phone numbers that connect users to areas that may assist them in answering questions about NS. It is available in three formats: a pocket guide for employees, a list for customers, and an expanded version available for downloading from the Internet.

Note: Bold print indicates changes from previous reports.



STB

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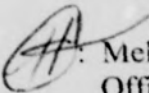
SURFACE TRANSPORTATION BOARD

Memorandum

1994/69

DATE: August 10, 2000

TO : Ellen Keys, Assistant Secretary
Section of Publications/Records
Office of the Secretary

FROM :  Mel Clemens, Director
Office of Compliance and Enforcement

ENTERED
Office of the Secretary

AUG 10 2000

Part of
Public Record

D



SUBJECT : STB FINANCE DOCKET NO. 33388 - OPERATIONAL MONITORING DATA

Attached are the original and two copies of the latest weekly public data files provided to this office by CSX and Norfolk Southern as required in the above proceeding, which are to be committed to the docket for public reference. As requested, I am providing the three paper copies to Ron Douglas, two for the docket and one for Da To Da Office Solutions. If there are any questions, please don't hesitate to contact me or Jim Greene.

Attachments

cc: Chairman Morgan
Vice Chairman Burkes
Commissioner Clyburn
Richard Armstrong
Ron Douglas
Charles Renninger



500 Water Street (J407)
Jacksonville, FL 32202
Phone (904) 366-4134
Fax (904) 359-1571

T. J. Stephenson
Assistant Vice President -
Service Measurements

August 9, 2000

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
The Mercury Building
1925 K Street, NW, Suite 780
Washington, DC 20423

Dear Mr. Clemens:

Enclosed with this transmittal letter are CSX Transportation's operational monitoring reports to the Board for the week ending Friday, August 4th.

Railroad performance remained relatively unchanged last week, and although no key service measurement moved significantly in either direction, more nudged unfavorably than favorably. Cars on-line moved up from 255,458 to 256,117, an increase of 659 cars. Overall train velocity decreased from 19.8 to 19.5 miles-per-hour. Terminal dwell increased slightly from 27.4 to 27.7 hours.

We would offer the following observations and interpretations regarding the data CSXT provides the STB, Conrail Transaction Council, and the AAR:

Chicago Gateway Operations

During this reporting week, the on-time-to-two-hours-late measure of deliveries to western carriers through Chicago moved favorable one percentage point. The greater-than-six-hours-late category moved unfavorable by four percentage points.

Yards and Terminals

Car volumes and dwell times remained steady or increased slightly in most terminals across the network.

Corridor Performance

Two of the six corridors showed an improvement compared to the prior week. The best train performance during this week in the on-time-to-two-hours-late category was the East St. Louis to Northeast corridor. Overall, the on-time-to-two-hours-late category moved unfavorably by three percentage points compared to last week. The percent of trains in the greater-than-six-hours-late category moved unfavorably by one percentage point.

Shared Areas

Daily average on hand cars decreased slightly at Oak Island and Detroit North Yard and increased at Pavonia. All volumes remained within expected or observed norms. Overall terminal dwell time was 27.6 hours, compared to 28.2 hours last week. For the week, there were a total of 76 trains delayed for CSXT and NS: 43 for crew, 17 for power, and 16 for late arrivals.

Additional Measurements

Train Delay Metric: For 763 train starts, daily Train Delay totaled 144 hours for Power and 142 hours for Crew. Crew and Power delays were up from the prior week.

Train Crew Delay Metric: The percent of crews not departing within two hours of the on-duty time averaged 24.9% for the week, a slightly unfavorable move from the previous week.

Daily Crew Availability Percentage: Crew Availability Percentage was 78%, same as the prior week, and still showing the effects of the high summer vacation period.

Daily Number of Recrews Required: Of 1907 crew starts, 77 (4%) were recrews, up one percentage point from the prior week.

Shared Asset Areas Train Delay Metric: SAA Train Delays averaged one train per day for South Jersey and North Jersey. Detroit averaged zero (total of two for the week).

Locomotives: Gross Locomotives = 4090, Average Available = 3674, and Out-of-Service Ratio = 5.2%, up from 5.1% the prior week.

Cars Offered in Interchange: averaged 135 cars daily, of which 70 were allocated to Norfolk Southern. Daily average was down from the prior week, while the NS average was up

On-time performance, passenger trains through Brunswick, MD: 20% for 10 AMTRAK trains (Pittsburgh – Washington) and 83% for 90 MARC trains (West Virginia – Washington). Amtrak delays were mostly attributed to slow orders and signal problems.

Buffalo Customer Service (Hot-Line): the customer service center received no hot-line calls seeking assistance in tracing cars.

CSXT is continuing its scheduled summer maintenance work programs throughout the network. In general, the work has moved north throughout the curfew season. Train operations are being adjusted around these work gangs in order to provide more efficient windows of work.

The company is making excellent progress on the goals it established for Fall Peak preparation. Nine of the 17 goals were achieved last week. Dwell time, On-time Train Origination, and Locomotive Out of Service Ratio were slightly below their targets. We anticipate the accomplishment of the majority by September 1. The level of preparation for the fall surge is unprecedented. New targets are being established for the fall peak in traffic. Nine terminals and fourteen corridors have been identified for special preparation and special monitoring. New measurements for the performance of these specific areas are being developed.

CSXT is working with our customers at this time of year to provide stable service levels and a continuation of the improvements that have been evident since April.

Sincerely,

L. L. Hayes
Director
Service Measurements

Surface Transportation Board Performance Measures

For the week ending: 08/04/00

Yard Performance

(Composite of NS/CSX Traffic)

		Monday	Tuesday	Wednesday	Thursday	Friday
Location	Measure	07/31/00	08/01/00	08/02/00	08/03/00	08/04/00
Oak Island, NJ	Fluid Capacity	1200	1200	1200	1200	1200
	Cars On Hand - Loaded	375	309	387	359	378
	Cars On Hand - Empty	263	214	300	375	315
	Cars On Hand - Total	638	523	687	734	693
	Cars Handled	544	429	473	560	362
	Dwell Hours	30.8	30.1	25.6	28.4	30.1
Pavonia, NJ	Fluid Capacity	900	900	900	900	900
	Cars On Hand - Loaded	311	291	270	331	239
	Cars On Hand - Empty	298	363	381	300	343
	Cars On Hand - Total	609	654	651	631	582
	Cars Handled	526	345	577	521	281
	Dwell Hours	47.8	28.9	20.7	19.9	23.8
North Yard, MI	Fluid Capacity	850	850	850	850	850
	Cars On Hand - Loaded	63	120	154	169	144
	Cars On Hand - Empty	117	180	190	181	120
	Cars On Hand - Total	180	300	344	350	264
	Cars Handled	90	153	264	278	163
	Dwell Hours	18.6	21.7	23.3	24.3	17.5

CSX Comments: Daily average on hand cars decreased slightly at Oak Island and North Yard, and increased slightly at Pavonia. Overall terminal dwell time was 27.6 hours, down from 28.2 the prior week.

Surface Transportation Board Performance Measures

Train Originations

(Composite of NS/CSX Traffic)

		Monday	Tuesday	Wednesday	Thursday	Friday
Location	Measure	07/31/00	08/01/00	08/02/00	08/03/00	08/04/00
North Jersey SAA	Number of Originations	5	12	15	14	13
	% Ontime	20%	0%	13%	0%	15%
	% Late 0-2 Hours	60%	33%	20%	21%	38%
	% Late 2-4 Hours	0%	42%	33%	50%	0%
	% Late 4-6 Hours	0%	8%	13%	14%	5%
	% Late GT 6 Hours	20%	17%	20%	14%	31%
South Jersey SAA	Number of Originations	4	7	7	7	6
	% Ontime	75%	29%	29%	43%	50%
	% Late 0-2 Hours	25%	29%	0%	14%	17%
	% Late 2-4 Hours	0%	14%	57%	14%	0%
	% Late 4-6 Hours	0%	0%	14%	14%	17%
	% Late GT 6 Hours	0%	29%	0%	14%	17%
Detroit SAA	Number of Originations	4	6	7	5	6
	% Ontime	25%	33%	43%	40%	33%
	% Late 0-2 Hours	50%	50%	43%	20%	50%
	% Late 2-4 Hours	25%	17%	0%	20%	17%
	% Late 4-6 Hours	0%	0%	14%	0%	0%
	% Late GT 6 Hours	0%	0%	0%	20%	0%

CSX Comments: Total road train delays were 76 trains. Crew delays were 43 trains for 189 hours; power 17 trains for 94 hours; originating trains 16 for 72 hours, due to late connections.

Surface Transportation Board

Performance Measures

CSXT Cars Offered in Interchange but not Accepted

(Snapshot at Midnight for Day Measured)

		Monday	Tuesday	Wednesday	Thursday	Friday	Daily
Measure	Railroad Offered To	07/31/00	08/01/00	08/02/00	08/03/00	08/04/00	Average
Cars Offered	NS	32	145	30	30	114	70
	All Other	10	72	109	63	70	65
	Total	42	217	139	93	184	135

Measures all cars in offered interchange status on acquired Conrail territory only. Volumes are listed by cars offered to NS (Norfolk Southern) and All Other Railroads.

CSXT On Time Passenger Train Performance

"Brunswick Line"

Between West Virginia/Washington, DC

		Monday	Tuesday	Wednesday	Thursday	Friday	Weekly
Service	Measure	07/31/00	08/01/00	08/02/00	08/03/00	08/04/00	Average
AMTK	Trains	2	2	2	2	2	10
	% On Time	0%	50%	0%	0%	50%	20%
MARC	Trains	18	18	18	16	18	88
	% On Time	100%	83%	67%	88%	78%	83%

AMTK measured according to contract with CSXT.

Surface Transportation Board
Performance Measures
CSXT Train Crew Delay

	Causes of Delay	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly
Terminal	Trains / Hours	07/29/00	07/30/00	07/31/00	08/01/00	08/02/00	08/03/00	08/04/00	Total
Baltimore	Train Crew Starts	20	10	16	17	18	14	18	113
	Crews Delayed +2 Hours	11	4	8	10	10	6	6	55
	% Delayed +2 Hours	55%	40%	50%	59%	56%	43%	33%	49%
Buffalo	Train Crew Starts	32	40	33	36	43	36	36	256
	Crews Delayed +2 Hours	6	9	7	4	8	7	9	50
	% Delayed +2 Hours	19%	23%	21%	11%	19%	19%	25%	20%
Chicago	Train Crew Starts	24	24	26	29	26	25	28	182
	Crews Delayed +2 Hours	11	14	10	9	7	13	8	72
	% Delayed +2 Hours	46%	58%	38%	31%	27%	52%	29%	40%
Cincinnati	Train Crew Starts	32	36	42	38	36	38	45	267
	Crews Delayed +2 Hours	1	1	1	0	1	1	2	7
	% Delayed +2 Hours	3%	3%	2%	0%	3%	3%	4%	3%
Cleveland	Train Crew Starts	27	28	22	27	24	25	23	173
	Crews Delayed +2 Hours	5	9	2	5	4	6	11	42
	% Delayed +2 Hours	19%	32%	9%	19%	17%	24%	55%	24%
Cumberland	Train Crew Starts	33	29	31	33	32	31	35	224
	Crews Delayed +2 Hours	4	1	5	1	4	1	4	20
	% Delayed +2 Hours	12%	3%	16%	3%	13%	3%	11%	9%
Detroit	Train Crew Starts	6	4	5	7	7	6	8	43
	Crews Delayed +2 Hours	1	0	1	2	3	3	3	13
	% Delayed +2 Hours	17%	0%	20%	29%	43%	50%	38%	30%
Philadelphia	Train Crew Starts	10	12	11	15	13	13	5	79
	Crews Delayed +2 Hours	3	3	5	3	2	3	4	23
	% Delayed +2 Hours	30%	25%	45%	20%	15%	23%	80%	29%
Selkirk	Train Crew Starts	32	30	30	32	35	41	43	243
	Crews Delayed +2 Hours	16	15	14	9	12	11	14	91
	% Delayed +2 Hours	50%	50%	47%	28%	34%	27%	33%	37%
Toledo	Train Crew Starts	28	29	22	22	26	29	28	184
	Crews Delayed +2 Hours	3	6	5	1	5	10	3	33
	% Delayed +2 Hours	11%	21%	23%	5%	19%	34%	11%	18%
Willard	Train Crew Starts	41	47	42	39	47	42	46	304
	Crews Delayed +2 Hours	9	11	10	9	10	12	18	79
	% Delayed +2 Hours	22%	23%	24%	23%	21%	29%	39%	26%

Daily number of train crew starts from selected yards or terminals and the number of those originating train crews that were delayed in those yards or terminals for two hours or more after going on-duty. The percentage of those delayed starts

Surface Transportation Board Performance Measures

CSXT Train Delay - Northern Region Lines

	Cause of Delay	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly
Measure	Trains / Hours	07/29/00	07/30/00	07/31/00	08/01/00	08/02/00	08/03/00	08/04/00	Total
Train Delay	Originating Train Starts	99	117	103	103	110	127	114	773
	Delayed Hours - Power	44	14	2	23	10	26	25	144
	Delayed Hours - Crews	28	28	5	14	11	33	23	142

Daily number of originating train starts on the Northern Region and the hours delayed due to lack of power and crew of those originating train crews. The delayed train starts will be broken down between power and crew delayed hours.

Daily Crew Availability Percentage - Northern Region Lines

		Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Daily
Measure	Crew Availability	07/29/00	07/30/00	07/31/00	08/01/00	08/02/00	08/03/00	08/04/00	Average
Crew Availability	% Available	76%	75%	78%	80%	80%	79%	79%	78%

Daily percentage of CSXT road train crews that are available for work on the Northern Region Lines.

Daily Number of Train Crew Starts and Recrews Required

		Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly
Measure	Crew/Recrews	07/29/00	07/30/00	07/31/00	08/01/00	08/02/00	08/03/00	08/04/00	Total
Crews/Recrews	Train Crew Starts	269	256	250	275	288	291	278	1907
	Recrews	13	9	8	9	6	8	24	77
	% Recrewed	5%	4%	3%	3%	2%	3%	9%	4%

Daily number of CSXT road train crew starts, the number of recrews and percentage of recrews for the Northern Region Lines.

Surface Transportation Board Performance Measures

CSXT Locomotive Fleet Condition

		Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Daily
Measure	Locomotives	07/29/00	07/30/00	07/31/00	08/01/00	08/02/00	08/03/00	08/04/00	Average
Locomotives	Gross Fleet Size	4057	4079	4112	4094	4119	4080	4088	4090
	Avg. Number Available	3672	3674	3673	3674	3687	3677	3658	3674
	OOS Ratio	5.2	5.8	5.4	4.9	5.1	5.1	5.2	5.2

The measure for Gross Fleet will consist of CSX owned, leased, and foreign locomotives on-line. The Average Number Available will be the number of net fleet available to move traffic. The Out-of-Service Ratio (OOS) is the ratio of CSXT owned locomotives not available.

Shared Asset Areas Train Delay

		Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Daily
Measure	Shared Area	07/29/00	07/30/00	07/31/00	08/01/00	08/02/00	08/03/00	08/04/00	Average
Train Delay	Philadelphia/South Jersey	2	2	0	1	0	0	1	1
	North Jersey	0	1	1	0	3	3	0	1
	Detroit	0	1	1	0	0	0	0	0

Daily number of outbound trains ready for departure that are held for line haul carriers in each of the shared asset areas for more than one hour after notification. The measure will be a composite of CSX and NS trains.

George A. Aspatore
General Solicitor

(757) 629-2657
(757) 533-4872
E-mail gaaspato@nscorp.com

August 9, 2000

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

Dear Mr. Clemens:

Pursuant to Decision No. 89 issued in STB Finance Docket No. 33388, for the week ending August 4, 2000, enclosed are schedules reporting Train Origination Performance, Yard Performance, and Trains Held in the Shared Assets Areas. Also enclosed is a schedule showing a daily snapshot of NS Cars Offered in Interchange but not Accepted, and our Locomotive Fleet Statistics. This schedule also includes NS Northern Region Train Starts and Delays that are not limited to a snapshot period.

Another schedule incorporated into this transmittal shows NS Crew Starts and Delays, NS Northern Region Daily Crew Availability Percentage, and NS Northern Region Crew Starts and Recrews. Also included is the bi-weekly Buffalo update.

Additionally, this transmittal includes confidential reports containing performance statistics for NS's Chicago Gateway Interchange Operations, Corridor Train Performance and Yard Performance. In an effort to provide you with more detailed information regarding delays, I have included two schedules supporting NS's Chicago Gateway and Corridor Train Performance reports, which identify the number and total time for delays due to crew, power, or other issues. I also have supplied the Public Reporting Measures that we provide to the Conrail Transaction Council and the AAR.

Mr. Melvin F. Clemens, Jr.
August 9, 2000
Page 2

As always, I am including a letter written by Tony L. Ingram, Vice President Transportation – Operations, which discusses delays in our rail operations. If you have any questions or need additional information, please call me.

Sincerely,

George A. Aspatore
General Solicitor

Enclosures

August 9, 2000

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

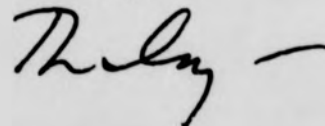
Dear Mr. Clemens:

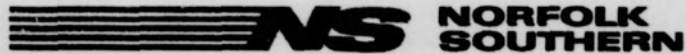
Norfolk Southern's performance metrics improved over the prior week. The number of cars on line decreased; the average terminal dwell decreased; and the average train speed remained constant. On the monitored corridors and Chicago gateway operations, 69 trains were held for terminal congestion, 46 trains were held for crews, and 9 trains were held for power.

With respect to our customer service hotline in Buffalo, NS did not receive any calls over the two-week period.

In the Shared Assets Areas, daily average on-hand car volume decreased slightly at Oak Island and North Yard, while increasing at Pavonia. All volume counts were within acceptable operating norms. Overall average terminal dwell time decreased slightly. Reported road train delays for crews and power increased from the prior week: 43 trains were delayed 189 hours for lack of crews and 17 trains were delayed for 94 hours awaiting power. Sixteen originating trains were delayed a total of 72 hours due to late arrivals from CSXT and/or NS. Together, these delays accounted for 53% of the delay hours reported in the SAAs.

Sincerely,

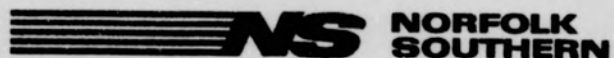




For the week ending 8/4/00

Shared Asset Area - Yard Performance

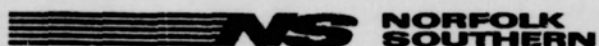
Yard	date	Fluid Capacity	On hand -Empty	On hand - Loaded	On hand - Total	Cars handled	Average dwell
North Yard MI	7/31/00	850	117	63	180	90	18.6
	8/1/00	850	180	120	300	153	21.7
	8/2/00	850	190	154	344	264	23.3
	8/3/00	850	181	169	350	278	24.3
	8/4/00	850	120	144	264	163	17.5
North Yard MI Average		850	158	130	288	190	21.9
Oak Island NJ	7/31/00	1200	263	375	638	544	30.8
	8/1/00	1200	214	309	523	429	30.1
	8/2/00	1200	300	387	687	473	25.6
	8/3/00	1200	375	359	734	560	28.4
	8/4/00	1200	315	378	693	362	30.1
Oak Island NJ Average		1200	293	362	655	474	28.9
Pavonia NJ	7/31/00	900	298	311	609	526	47.8
	8/1/00	900	363	291	654	345	28.9
	8/2/00	900	381	270	651	577	20.7
	8/3/00	900	300	331	631	521	19.9
	8/4/00	900	343	239	582	281	23.8
Pavonia Average		900	337	288	625	450	28.5



For the week ending 8/4/00

Shared Asset Train Origination Performance

location	date	Trains	On time	0-2 hours late	2-4 hours late	4-6 hours late	6+ hours late
Detroit Total	31-Jul	4	25%	50%	25%	0%	0%
	1-Aug	6	33%	50%	17%	0%	0%
	2-Aug	7	43%	43%	0%	14%	0%
	3-Aug	5	40%	20%	20%	0%	20%
	4-Aug	6	33%	50%	17%	0%	0%
Detroit Total		28	36%	43%	14%	4%	4%
North Jersey Total	31-Jul	5	20%	60%	0%	0%	20%
	1-Aug	12	0%	33%	42%	8%	17%
	2-Aug	15	13%	20%	33%	13%	20%
	3-Aug	14	0%	21%	50%	14%	14%
	4-Aug	13	15%	38%	0%	15%	31%
North Jersey Total		59	8%	31%	29%	12%	20%
South Jersey Total	31-Jul	4	75%	25%	0%	0%	0%
	1-Aug	7	29%	29%	14%	0%	29%
	2-Aug	7	29%	0%	57%	14%	0%
	3-Aug	7	43%	14%	14%	14%	14%
	4-Aug	6	50%	17%	0%	17%	17%
South Jersey Total		31	42%	16%	19%	10%	13%
Grand Total		118	24%	30%	23%	9%	14%

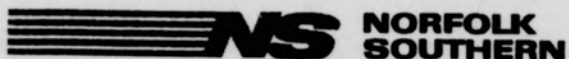


For the week ending 8/4/00

Shared Asset Area Trains Held

area	Sat 29-Jul	Sun 30-Jul	Mon 31-Jul	Tue 01-Aug	Wed 02-Aug	Thu 03-Aug	Fri 04-Aug	Grand Total
North Jersey	4	6	2	3	5	5	5	30
South Jersey	5	5	5	1	2	4	4	26
Detroit	2	3	3	1	4	2	5	20

Daily number of outbound trains ready for departure that are held for line haul carriers in each of the shared asset areas for more than one hour after notification.



NS Cars Offered in Interchange but not Accepted

offered	Monday	Tuesday	Wednesday	Thursday	Friday	Total
CSX	0	0	60	0	0	60
other	115	0	0	81	77	273
Total	115	0	60	81	77	333

Snapshot taken between 2:00 and 3:00 each day
NS acquired territory only

NS Northern Region Train Starts and Delays

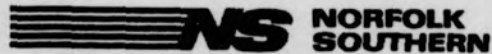
	Saturday 29-Jul	Sunday 30-Jul	Monday 31-Jul	Tuesday 1-Aug	Wednesday 2-Aug	Thursday 3-Aug	Friday 4-Aug	Grand Total
# of Train Starts	229	233	239	258	189	194	254	1596
Delay Cause								
Crew Delays (hrs)	0.0	0.0	0.9	0.0	8.6	0.0	0.0	9.5
Power Delays (hrs)	129.6	0.0	0.0	0.0	0.0	0.0	744.0	873.6

The delay numbers are expressed in hours

Locomotive Fleet Statistics

	Saturday 29-Jul	Sunday 30-Jul	Monday 31-Jul	Tuesday 1-Aug	Wednesday 2-Aug	Thursday 3-Aug	Friday 4-Aug	average
Fleet Size	3443	3439	3440	3453	3494	3485	3484	3463
available	3279	3261	3260	3265	3299	3301	3321	3284
out of service %	4.8%	5.2%	5.2%	5.4%	5.6%	5.3%	4.7%	5.2%

Snapshot taken at midnight
Fleet size is all locomotives on line. Includes owned, leased and foreign.



NS Crew Starts and Delays

		Saturday 29-Jul	Sunday 30-Jul	Monday 31-Jul	Tuesday 1-Aug	Wednesday 2-Aug	Thursday 3-Aug	Friday 4-Aug	Grand Total
Allentown	crew starts	10	12	13	16	16	20	19	106
	crews delayed	5	0	1	3	4	6	6	25
Bellevue	crew starts	44	50	42	46	48	41	39	310
	crews delayed	12	15	14	11	21	21	21	115
Buffalo	crew starts	24	22	22	27	32	32	27	186
	crews delayed	8	7	5	8	6	6	6	46
Chicago	crew starts	37	31	33	32	38	32	37	240
	crews delayed	17	11	15	17	14	12	23	109
Cincinnati	crew starts	34	40	29	34	36	33	31	237
	crews delayed	9	4	6	5	7	4	6	41
Cleveland	crew starts	14	17	17	19	15	19	17	118
	crews delayed	7	8	6	6	6	12	8	53
Conway	crew starts	56	50	47	56	52	59	49	369
	crews delayed	15	14	12	17	8	12	11	89
Detroit	crew starts	17	12	17	24	23	21	16	130
	crews delayed	6	3	2	8	8	7	4	38
Elkhart	crew starts	35	39	40	38	30	37	40	259
	crews delayed	10	13	11	12	14	16	17	93
Harrisburg	crew starts	61	43	46	55	63	61	64	393
	crews delayed	22	17	15	15	24	18	18	129
Toledo	crew starts	60	56	51	59	55	61	55	397
	crews delayed	12	14	10	12	9	17	19	93

Notes: Data source is T&E employees' "End of Trip" reporting
 A summary of all "E-O-T's" where departure time is reported as two or more hours after time crew ordered.
 Includes all trains for location, whether originating or run-through.
 A delayed crew is one delayed two hours or more after coming on duty

NS Northern Region Daily Crew Availability Percentage

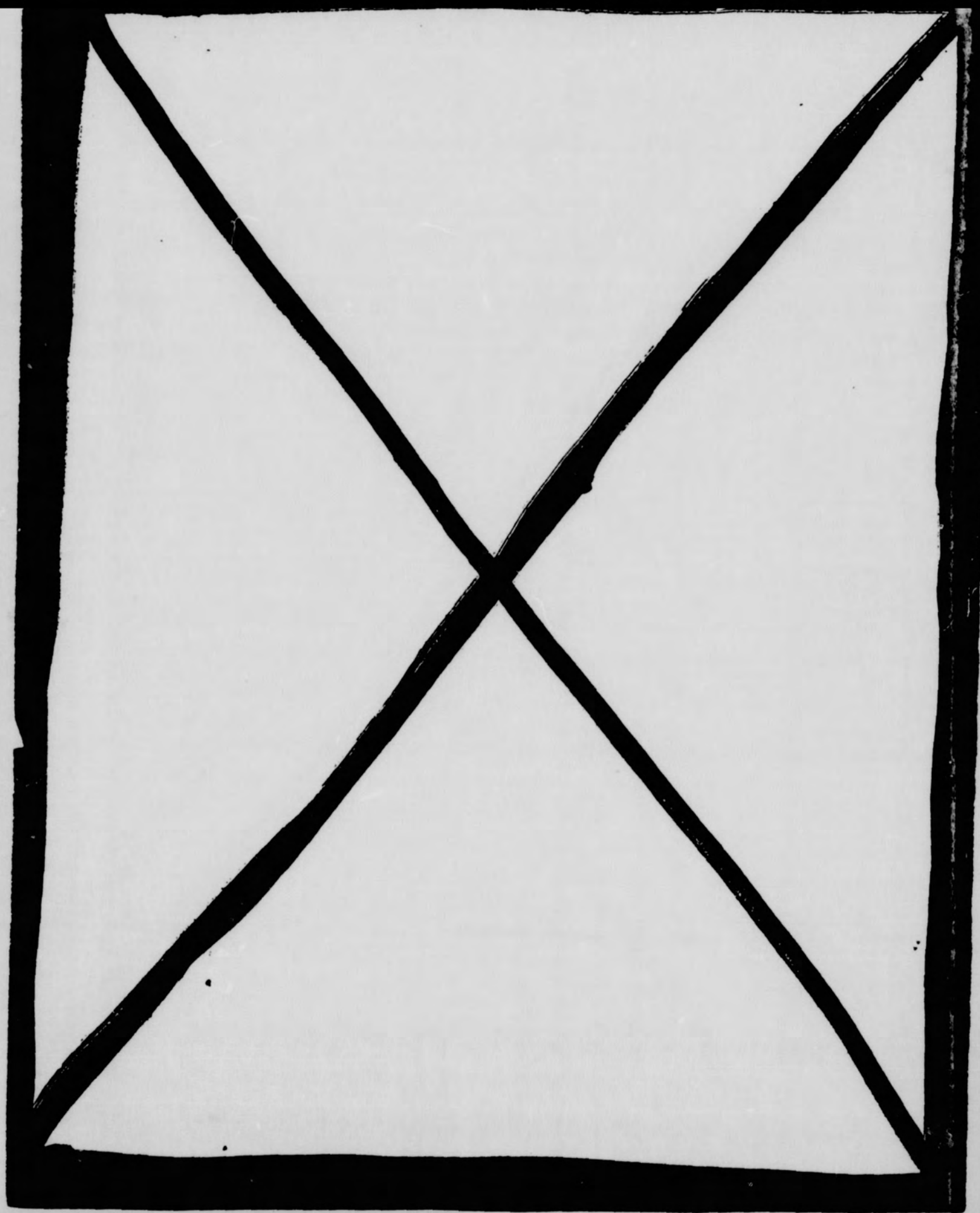
	Saturday 29-Jul	Sunday 30-Jul	Monday 31-Jul	Tuesday 1-Aug	Wednesday 2-Aug	Thursday 3-Aug	Friday 4-Aug	average
availability%	75%	73%	77%	79%	80%	80%	78%	77%

Notes: A "snapshot" of percent of Train and Engineman available at approximately 5:00 AM

NS Northern Region Crew Starts and Recrews

	Saturday 29-Jul	Sunday 30-Jul	Monday 31-Jul	Tuesday 1-Aug	Wednesday 2-Aug	Thursday 3-Aug	Friday 4-Aug	Grand Total
crew starts	314	292	282	326	326	330	343	2217
recrews	5	5	9	4	9	10	14	56

Notes: A summary of trains ordered by field transportation using relief crew (recrew) train symbol
 Does not include recrews/trains pulled into terminals by yard crews or road crews called and used in regular service



STB

FD-33388

8-3-00

D

199427

SURFACE TRANSPORTATION BOARD

Memorandum

ENTERED
Office of the Secretary

AUG 03 2000

Part of
Public Record

199427
DATE: August 3, 2000



TO : Ellen Keys, Assistant Secretary
Section of Publications/Records
Office of the Secretary

FROM FOR : Mel Clemens, Director
Office of Compliance and Enforcement

SUBJECT : STB FINANCE DOCKET NO. 33388 - OPERATIONAL MONITORING DATA

Attached are the original and two copies of the latest weekly public data files provided to this office by CSX and Norfolk Southern as required in the above proceeding, which are to be committed to the docket for public reference. As requested, I am providing the three paper copies to Ron Douglas, two for the docket and one for Da To Da Office Solutions. If there are any questions, please don't hesitate to contact me or Jim Greene.

Attachments

cc: Chairman Morgan
Vice Chairman Burkes
Commissioner Clyburn
Richard Armstrong
Ron Douglas
Charles Renninger



500 Water Street (J407)
Jacksonville, FL 32202
Phone (904) 366-4134
Fax (904) 359-1571

T. J. Stephenson
Assistant Vice President -
Service Measurements

August 2, 2000

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
The Mercury Building
1925 K Street, NW, Suite 780
Washington, DC 20423



Dear Mr. Clemens:

Enclosed with this transmittal letter are CSX Transportation's operational monitoring reports to the Board for the week ending Friday, July 28th.

Improvement trends continue. Cars on-line moved down nearly 2000 cars from 257,205 to 255,458 in spite of other measurements being relatively flat. Overall train velocity decreased from 20.0 to 19.8 miles-per-hour. Terminal dwell improved from 27.8 to 27.4 hours.

We would offer the following observations and interpretations regarding the data CSXT provides the STB, Conrail Transaction Council, and the AAR:

Chicago Gateway Operations

During this reporting week, the on-time-to-two-hours-late measure of deliveries to western carriers through Chicago moved favorable two percentage points. The greater-than-six-hours-late category moved favorable by five percentage points.

Yards and Terminals

Car volumes remained steady or increased in most terminals, yet overall dwell hours decreased across the network as terminal and network operations continue to improve prior to the Fall shipping peak.

Corridor Performance

Four of the six corridors showed an improvement compared to the prior week. The best train performances during this week in the on-time-to-two-hours-late category were the East St. Louis to Northeast and I-95 corridors. Overall, the on-time-to-two-hours-late category moved unfavorably by four percentage points compared to last week. The percent of trains in the greater-than-six-hours-late category moved unfavorably by one percentage point.

Shared Areas

Daily average on hand cars increased slightly at Oak Island and Detroit North Yard and decreased at Pavonia. Pavonia's decreased volume reflected a resumption of normal counts of inbound empty equipment. All volumes remained within expected or observed norms. Overall terminal dwell time was 28.2 hours, compared to 27.3 hours last week. For the week, there were a total of 57 trains delayed for CSXT and NS: 39 for crew, 8 for power, and 10 for late arrivals.

Additional Measurements

Train Delay Metric: For 763 train starts, average daily Train Delay totaled 58 hours for Power and 126 hours for Crew. Crew delays increased while Power delays were down from the prior week.

Train Crew Delay Metric: The percent of crews not departing within two hours of the on-duty time averaged 22.6% for the week, a slightly unfavorable move from the previous week.

Daily Crew Availability Percentage: Crew Availability Percentage was 78%, same as the prior week, but still showing the effects of the high summer vacation period.

Daily Number of Recrews Required: Of 1850 crew starts, 52 (3%) were recrews, same percentage as the prior week.

Shared Asset Areas Train Delay Metric: SAA Train Delays averaged one train per day for South Jersey and North Jersey. Detroit improved from the previous week.

Locomotives: Gross Locomotives = 4027, Average Available = 3681, and Out-of-Service Ratio = 5.1%, down from 5.5% the prior week.

Cars Offered in Interchange: averaged 196 cars daily, of which 9 were allocated to Norfolk Southern. Daily average was up from the prior week, while the NS average was down.

On-time performance, passenger trains through Brunswick, MD: 60% for 10 AMTRAK trains (Pittsburgh – Washington) and 92% for 90 MARC trains (West Virginia –

Washington). Amtrak delays were mostly attributed to slow orders, signal problems, and thunderstorm related delay.

Buffalo Customer Service (Hot-Line): the customer service center received three hot-line calls seeking assistance in tracing cars. The requests were resolved without requiring further assistance.

CSXT is continuing its scheduled summer maintenance work programs throughout the network. Train operations are being adjusted around these work gangs in order to provide more efficient windows of work.

The company is making excellent progress on the goals it established for Fall Peak preparation. Twelve of the 17 goals were already met at the end of last week, and all are trending favorably, so we anticipate the accomplishment of the majority by September 1.

CSXT is working with our customers at this time of year to provide stable service levels and a continuation of the improvements that have been evident since April.

Sincerely,

T. J. Stephenson
Assistant Vice President
Service Measurements

Surface Transportation Board

Performance Measures

For the week ending:

07/28/00

Yard Performance

(Composite of NS/CSX Traffic)

		Monday	Tuesday	Wednesday	Thursday	Friday
Location	Measure	07/24/00	07/25/00	07/26/00	07/27/00	07/28/00
Oak Island, NJ	Fluid Capacity	1200	1200	1200	1200	1200
	Cars On Hand - Loaded	438	234	390	394	289
	Cars On Hand - Empty	440	342	549	427	376
	Cars On Hand - Total	878	576	939	821	665
	Cars Handled	523	289	737	463	567
	Dwell Hours	35.1	37.7	32.8	31.1	30.8
Pavonia, NJ	Fluid Capacity	900	900	900	900	900
	Cars On Hand - Loaded	375	246	223	208	214
	Cars On Hand - Empty	298	298	378	383	285
	Cars On Hand - Total	673	544	601	591	499
	Cars Handled	542	368	687	449	382
	Dwell Hours	40.9	20.7	18.5	26.2	22.5
North Yard, MI	Fluid Capacity	850	850	850	850	850
	Cars On Hand - Loaded	166	148	183	189	180
	Cars On Hand - Empty	100	113	150	197	186
	Cars On Hand - Total	266	261	333	386	366
	Cars Handled	310	207	251	192	245
	Dwell Hours	26.7	19.0	20.2	21.8	21.8

CSX Comments: Daily average on hand cars increased at Oak Island and North Yard, and decreased at Pavonia. Overall terminal dwell time was 28.2 hours, up from 27.2 the prior week.

Surface Transportation Board

Performance Measures

Train Originations

(Composite of NS/CSX Traffic)

Location	Measure	Monday 07/24/00	Tuesday 07/25/00	Wednesday 07/26/00	Thursday 07/27/00	Friday 07/28/00
North Jersey SAA	Number of Originations	6	12	14	11	13
	% Ontime	17%	58%	21%	18%	31%
	% Late 0-2 Hours	50%	17%	21%	45%	31%
	% Late 2-4 Hours	17%	17%	7%	27%	31%
	% Late 4-6 Hours	17%	8%	14%	0%	0%
	% Late GT 6 Hours	0%	0%	36%	9%	8%
South Jersey SAA	Number of Originations	5	8	6	7	7
	% Ontime	20%	25%	50%	29%	29%
	% Late 0-2 Hours	20%	25%	0%	14%	29%
	% Late 2-4 Hours	20%	13%	17%	57%	29%
	% Late 4-6 Hours	40%	38%	33%	0%	0%
	% Late GT 6 Hours	0%	0%	0%	0%	14%
Detroit SAA	Number of Originations	7	6	8	5	7
	% Ontime	43%	50%	25%	20%	43%
	% Late 0-2 Hours	14%	50%	50%	20%	43%
	% Late 2-4 Hours	43%	0%	0%	20%	0%
	% Late 4-6 Hours	0%	0%	0%	20%	14%
	% Late GT 6 Hours	0%	0%	25%	20%	0%

CSX Comments: Total road train delays were 57 trains. Crew delays were 39 trains for 169 hours; power 8 trains for 33 hours; originating trains 10 for 56 hours, due to late connections.

Surface Transportation Board

Performance Measures

CSXT Cars Offered in Interchange but not Accepted

(Snapshot at Midnight for Day Measured)

		Monday	Tuesday	Wednesday	Thursday	Friday	Daily
Measure	Railroad Offered To	07/24/00	07/25/00	07/26/00	07/27/00	07/28/00	Average
Cars Offered	NS	1	18	1	23	0	9
	All Other	44	202	287	235	170	188
	Total	45	220	288	258	170	196

Measures all cars in offered interchange status on acquired Conrail territory only. Volumes are listed by cars offered to NS (Norfolk Southern) and All Other Railroads.

CSXT On Time Passenger Train Performance

"Brunswick Line"

Between West Virginia/Washington, DC

		Monday	Tuesday	Wednesday	Thursday	Friday	Weekly
Service	Measure	07/24/00	07/25/00	07/26/00	07/27/00	07/28/00	Average
AMTK	Trains	2	2	2	2	2	10
	% On Time	100%	50%	50%	50%	50%	60%
MARC	Trains	18	18	18	18	18	90
	% On Time	100%	89%	100%	100%	72%	92%

AMTK measured according to contract with CSXT.

Surface Transportation Board

Performance Measures

CSXT Train Crew Delay

Terminal	Causes of Delay Trains / Hours	Saturday 07/22/00	Sunday 07/23/00	Monday 07/24/00	Tuesday 07/25/00	Wednesday 07/26/00	Thursday 07/27/00	Friday 07/28/00	Weekly Total
Baltimore	Train Crew Starts	17	13	12	19	17	21	18	117
	Crews Delayed +2 Hours	7	4	3	10	8	10	4	46
	% Delayed +2 Hours	41%	31%	25%	53%	47%	48%	22%	39%
Buffalo	Train Crew Starts	38	34	28	37	43	35	42	257
	Crews Delayed +2 Hours	5	6	3	5	7	10	9	45
	% Delayed +2 Hours	13%	18%	11%	14%	16%	29%	21%	18%
Chicago	Train Crew Starts	24	22	23	28	24	23	25	169
	Crews Delayed +2 Hours	6	8	4	4	3	8	10	43
	% Delayed +2 Hours	25%	36%	17%	14%	13%	35%	40%	25%
Cincinnati	Train Crew Starts	34	41	32	34	37	40	35	253
	Crews Delayed +2 Hours	2	2	3	2	1	2	1	13
	% Delayed +2 Hours	6%	5%	9%	6%	3%	5%	3%	5%
Cleveland	Train Crew Starts	26	27	19	23	25	22	28	170
	Crews Delayed +2 Hours	5	11	3	5	9	11	8	52
	% Delayed +2 Hours	19%	41%	16%	22%	36%	50%	29%	31%
Cumberland	Train Crew Starts	29	35	30	25	29	32	38	218
	Crews Delayed +2 Hours	4	1	4	1	1	1	5	17
	% Delayed +2 Hours	14%	3%	13%	4%	3%	3%	13%	8%
Detroit	Train Crew Starts	5	3	6	6	6	8	6	40
	Crews Delayed +2 Hours	1	1	1	2	2	3	2	12
	% Delayed +2 Hours	20%	33%	17%	33%	33%	38%	33%	30%
Philadelphia	Train Crew Starts	9	10	8	14	9	15	10	75
	Crews Delayed +2 Hours	1	4	4	3	2	6	1	21
	% Delayed +2 Hours	11%	40%	50%	21%	22%	40%	10%	28%
Selkirk	Train Crew Starts	34	36	31	33	36	43	37	250
	Crews Delayed +2 Hours	12	14	6	5	12	13	9	71
	% Delayed +2 Hours	35%	39%	19%	15%	33%	30%	24%	28%
Toledo	Train Crew Starts	30	23	31	25	32	31	26	198
	Crews Delayed +2 Hours	9	5	9	3	10	7	10	53
	% Delayed +2 Hours	30%	22%	29%	12%	31%	23%	38%	27%
Willard	Train Crew Starts	42	43	37	44	40	37	51	294
	Crews Delayed +2 Hours	12	14	7	7	9	6	8	63
	% Delayed +2 Hours	29%	33%	19%	16%	9%	16%	16%	21%

Daily number of train crew starts from selected yards or terminals and the number of those originating train crews that were delayed in those yards or terminals for two hours or more after going on-duty. The percentage of those delayed starts.

Surface Transportation Board Performance Measures

CSXT Train Delay - Northern Region Lines

	Cause of Delay	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly
Measure	Trains / Hours	07/22/00	07/23/00	07/24/00	07/25/00	07/26/00	07/27/00	07/28/00	Total
Train Delay	Originating Train Starts	106	108	99	103	108	114	125	763
	Delayed Hours - Power	11	0	0	4	11	12	20	58
	Delayed Hours - Crews	27	20	4	26	17	12	20	126

Daily number of originating train starts on the Northern Region and the hours delayed due to lack of power and crew of those originating train crews. The delayed train starts will be broken down between power and crew delayed hours.

Daily Crew Availability Percentage - Northern Region Lines

		Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Daily
Measure	Crew Availability	07/22/00	07/23/00	07/24/00	07/25/00	07/26/00	07/27/00	07/28/00	Average
Crew Availability	% Available	77%	76%	77%	78%	79%	79%	78%	78%

Daily percentage of CSXT road train crews that are available for work on the Northern Region Lines.

Daily Number of Train Crew Starts and Recrews Required

		Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly
Measure	Crew/Recrews	07/22/00	07/23/00	07/24/00	07/25/00	07/26/00	07/27/00	07/28/00	Total
Crews/Recrews	Train Crew Starts	266	246	232	263	270	277	296	1850
	Recrews	5	4	6	7	8	9	13	52
	% Recrewed	2%	2%	3%	3%	3%	3%	4%	3%

Daily number of CSXT road train crew starts, the number of recrews and percentage of recrews for the Northern Region Lines.

Surface Transportation Board

Performance Measures

CSXT Locomotive Fleet Condition

Measure	Locomotives	Saturday 07/22/00	Sunday 07/23/00	Monday 07/24/00	Tuesday 07/25/00	Wednesday 07/26/00	Thursday 07/27/00	Friday 07/28/00	Daily Average
Locomotives	Gross Fleet Size	4029	4050	4003	4014	4007	4026	4060	4027
	Avg. Number Available	3670	3665	3693	3692	3678	3660	3708	3681
	OOS Ratio	5.2	5.1	5.0	4.6	5.1	5.5	5.4	5.1

The measure for Gross Fleet will consist of CSX owned, leased, and foreign locomotives on-line. The Average Number Available will be the number of net fleet available to move traffic. The Out-of-Service Ratio (OOS) is the ratio of CSXT owned locomotives not available.

Shared Asset Areas Train Delay

Measure	Shared Area	Saturday 07/22/00	Sunday 07/23/00	Monday 07/24/00	Tuesday 07/25/00	Wednesday 07/26/00	Thursday 07/27/00	Friday 07/28/00	Daily Average
Train Delay	Philadelphia/South Jersey	2	1	1	0	0	0	2	1
	North Jersey	0	1	0	0	0	1	2	1
	Detroit	0	0	0	0	0	0	0	0

Daily number of outbound trains ready for departure that are held for line haul carriers in each of the shared asset areas for more than one hour after notification. The measure will be a composite of CSX and NS trains.

George A. Aspatore
General Solicitor

(757) 629-2657
(757) 533-4872
E-mail gaaspato@nscorp.com

August 2, 2000

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

Dear Mr. Clemens:

Pursuant to Decision No. 89 issued in STB Finance Docket No. 33388, for the week ending July 28, 2000, enclosed are schedules reporting Train Origination Performance, Yard Performance, and Trains Held in the Shared Assets Areas. Also enclosed is a schedule showing a daily snapshot of NS Cars Offered in Interchange but not Accepted, and our Locomotive Fleet Statistics. This schedule also includes NS Northern Region Train Starts and Delays that are not limited to a snapshot period.

Another schedule incorporated into this transmittal shows NS Crew Starts and Delays, NS Northern Region Daily Crew Availability Percentage, and NS Northern Region Crew Starts and Recrews.

Additionally, this transmittal includes confidential reports containing performance statistics for NS's Chicago Gateway Interchange Operations, Corridor Train Performance and Yard Performance. In an effort to provide you with more detailed information regarding delays, I have included two schedules supporting NS's Chicago Gateway and Corridor Train Performance reports, which identify the number and total time for delays due to crew, power, or other issues. I also have supplied the Public Reporting Measures that we provide to the Conrail Transaction Council and the AAR.

Finally, the number of the number of Shared Asset Area Trains Held for the week ending July 21, 2000 was reported incorrectly as a result of an administrative error. A corrected version of the report is included with this week's reports.

Mr. Melvin F. Clemens, Jr.
August 2, 2000
Page 2

As always, I am including a letter written by Tony L. Ingram, Vice President Transportation – Operations, which discusses delays in our rail operations. If you have any questions or need additional information, please call me.

Sincerely,

George A. Aspatore
General Solicitor

Enclosures

August 2, 2000

Mr. Melvin F. Clemens, Jr.
Director, Office of Compliance and Enforcement
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

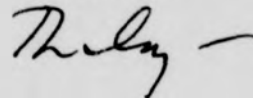
Dear Mr. Clemens:

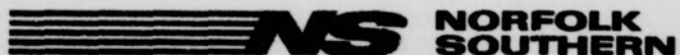
Norfolk Southern's performance metrics show the following changes: the number of cars on line increased; the average train speed decreased; and the average terminal dwell increased. All changes reflect normal seasonal traffic cycles. On the monitored corridors and Chicago gateway operations, 45 trains were held for terminal congestion, 19 trains were held for crews, and 10 trains were held for power.

In the Shared Assets Areas, daily average on-hand car volume increased slightly at Oak Island and North Yard, while decreasing at Pavonia. All volume counts were within acceptable operating norms. Overall average terminal dwell time increased. Reported road train delays for crews and power increased from the prior week: 39 trains were delayed 169 hours for lack of crews and 8 train was delayed for 33 hours awaiting power. Ten originating trains were delayed a total of 56 hours due to late arrivals from CSXT and/or NS. Together, these delays accounted for 51% of the delay hours reported in the SAAs.

On another matter, the number of Shared Asset Area Trains Held for the week ending July 21, 2000 was reported incorrectly as a result of an administrative error. A corrected version of the report is included with this week's reports.

Sincerely,

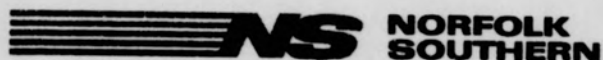
A handwritten signature in dark ink, appearing to be "Thelma" followed by a horizontal line.



For the week ending 7/28/00

Shared Asset Area - Yard Performance

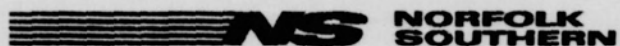
Yard	date	Fluid Capacity	On hand -Empty	On hand - Loaded	On hand - Total	Cars handled	Average dwell
North Yard MI	7/24/00	850	100	166	266	310	26.7
	7/25/00	850	113	148	261	207	19.0
	7/26/00	850	150	183	333	251	20.2
	7/27/00	850	197	189	386	192	21.8
	7/28/00	850	186	180	366	245	21.8
North Yard MI Average		850	149	173	322	241	22.3
Oak Island NJ	7/24/00	1200	440	438	878	523	35.1
	7/25/00	1200	342	234	576	289	37.7
	7/26/00	1200	549	390	939	737	32.8
	7/27/00	1200	427	394	821	463	31.1
	7/28/00	1200	376	289	665	567	30.8
Oak Island NJ Average		1200	427	349	776	516	33.1
Pavonia NJ	7/24/00	900	298	375	673	542	40.9
	7/25/00	900	298	246	544	368	20.7
	7/26/00	900	378	223	601	687	18.5
	7/27/00	900	383	208	591	449	26.2
	7/28/00	900	285	214	499	382	22.5
Pavonia Average		900	328	253	582	486	25.9



For the week ending 7/28/00

Shared Asset Train Origination Performance

location	date	Trains	On time	0-2 hours late	2-4 hours late	4-6 hours late	6+ hours late
Detroit Total	24-Jul	7	43%	14%	43%	0%	0%
	25-Jul	6	50%	50%	0%	0%	0%
	26-Jul	8	25%	50%	0%	0%	25%
	27-Jul	5	20%	20%	20%	20%	20%
	28-Jul	7	43%	43%	0%	14%	0%
Detroit Total		33	36%	36%	12%	6%	9%
North Jersey Total	24-Jul	6	17%	50%	17%	17%	0%
	25-Jul	12	58%	17%	17%	8%	0%
	26-Jul	14	21%	21%	7%	14%	36%
	27-Jul	11	18%	45%	27%	0%	9%
	28-Jul	13	31%	31%	31%	0%	8%
North Jersey Total		56	30%	30%	20%	7%	13%
South Jersey Total	24-Jul	5	20%	20%	20%	40%	0%
	25-Jul	8	25%	25%	13%	38%	0%
	26-Jul	6	50%	0%	17%	33%	0%
	27-Jul	7	29%	14%	57%	0%	0%
	28-Jul	7	29%	29%	29%	0%	14%
South Jersey Total		33	30%	18%	27%	21%	3%
Grand Total		122	32%	29%	20%	11%	9%

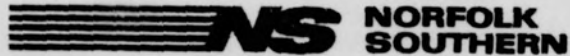


For the week ending 7/28/00

Shared Asset Area Trains Held

area	Sat 22-Jul	Sun 23-Jul	Mon 24-Jul	Tue 25-Jul	Wed 26-Jul	Thu 27-Jul	Fri 28-Jul	Grand Total
North Jersey	1	3	5	5	1	3	6	24
South Jersey	4	1	4	1	5	4	3	22
Detroit	0	2	2	1	1	1	4	11

Daily number of outbound trains ready for departure that are held for line haul carriers in each of the shared asset areas for more than one hour after notification.



NS Cars Offered in Interchange but not Accepted

offered	Monday	Tuesday	Wednesday	Thursday	Friday	Total
CSX	0	0	0	0	0	0
other	48	38	0	38	0	124
Total	48	38	0	38	0	124

Snapshot taken between 2:00 and 3:00 each day
NS acquired territory only

NS Northern Region Train Starts and Delays

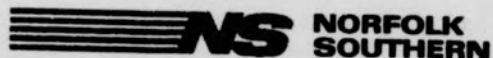
	Saturday 22-Jul	Sunday 23-Jul	Monday 24-Jul	Tuesday 25-Jul	Wednesday 26-Jul	Thursday 27-Jul	Friday 28-Jul	Grand Total
# of Train Starts	252	217	232	244	191	198	242	1576
Delay Cause								
Crew Delays (hrs)	10.7	0.0	0.0	0.0	0.0	0.0	0.0	10.7
Power Delays (hrs)	367.2	0.0	0.0	0.0	102.0	0.0	194.4	663.6

The delay numbers are expressed in hours

Locomotive Fleet Statistics

	Saturday 22-Jul	Sunday 23-Jul	Monday 24-Jul	Tuesday 25-Jul	Wednesday 26-Jul	Thursday 27-Jul	Friday 28-Jul	average
Fleet Size	3415	3385	3339	3388	3418	3406	3463	3402
available	3256	3220	3183	3226	3250	3253	3299	3241
out of service %	4.7%	4.9%	4.7%	4.8%	4.9%	4.5%	4.7%	4.7%

Snapshot taken at midnight
Fleet size is all locomotives on line. Includes owned, leased and foreign.



NS Crew Starts and Delays

		Saturday 22-Jul	Sunday 23-Jul	Monday 24-Jul	Tuesday 25-Jul	Wednesday 26-Jul	Thursday 27-Jul	Friday 28-Jul	Grand Total
Allentown	crew starts	13	15	16	15	16	17	15	107
	crews delayed	4	5	4	6	4	4	5	32
Bellevue	crew starts	37	39	40	41	41	42	39	279
	crews delayed	15	9	23	11	15	18	14	105
Buffalo	crew starts	28	21	24	27	27	29	29	185
	crews delayed	7	5	5	3	4	9	4	37
Chicago	crew starts	40	34	32	36	34	32	35	243
	crews delayed	13	15	10	17	10	10	16	91
Cincinnati	crew starts	33	35	30	30	35	34	36	233
	crews delayed	2	4	7	3	3	2	5	26
Cleveland	crew starts	13	17	15	18	16	16	16	111
	crews delayed	7	10	5	7	5	6	9	49
Conway	crew starts	57	47	46	55	58	56	55	374
	crews delayed	8	9	12	13	12	16	10	80
Detroit	crew starts	22	9	19	20	22	18	26	136
	crews delayed	7	2	5	6	5	5	9	39
Elkhart	crew starts	35	38	36	39	40	39	31	258
	crews delayed	9	9	18	16	11	10	11	84
Harrisburg	crew starts	54	46	42	50	60	54	55	361
	crews delayed	13	12	11	18	18	13	20	105
Toledo	crew starts	63	53	44	50	60	58	60	388
	crews delayed	10	12	9	20	11	13	9	84

Notes:

Data source is T&E employees' "End of Trip" reporting

A summary of all "E-O-T's" where departure time is reported as two or more hours after time crew ordered

Includes all trains for location, whether originating or run-through

A delayed crew is one delayed two hours or more after coming on duty

NS Northern Region Daily Crew Availability Percentage

	Saturday 22-Jul	Sunday 23-Jul	Monday 24-Jul	Tuesday 25-Jul	Wednesday 26-Jul	Thursday 27-Jul	Friday 28-Jul	average
availability%	77%	74%	76%	78%	78%	78%	79%	77%

Notes:

A "snapshot" of percent of Train and Engineman available at approximately 5:00 AM

NS Northern Region Crew Starts and Recrews

	Saturday 22-Jul	Sunday 23-Jul	Monday 24-Jul	Tuesday 25-Jul	Wednesday 26-Jul	Thursday 27-Jul	Friday 28-Jul	Grand Total
crew starts	352	298	260	322	350	343	325	2250
recrews	3	6	6	7	8	11	5	46

Notes:

A summary of trains ordered by field transportation using relief crew (recrew) train symbol

Does not include recrews/trains pulled into terminals by yard crews or road crews called and used in regular service

