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U. S. Steel
600 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 I :

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 Timmons	From Tom J. Jansen		
Co./Dept. NJ	Co. NJ		
Phone #	Phone # (512) 985-6065		
Fax # (717) 541-2420	Fax # (512) 985-6772		

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.

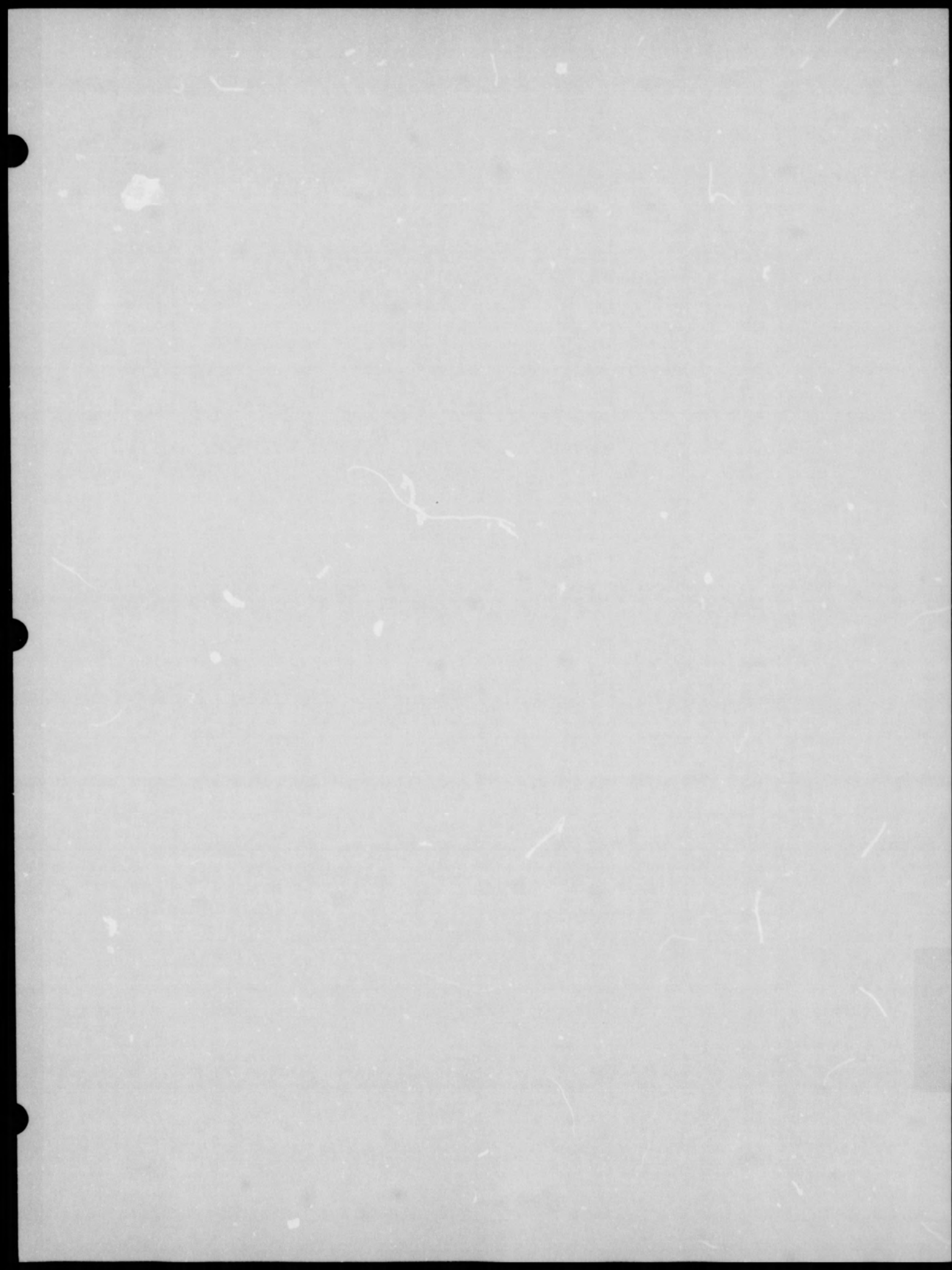
Your cooperation and assistance this year and in the coming year is appreciated.

Very truly yours,

Michael W. Snovitch

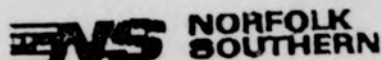
C: B. M. Scanlan
T. D. Newhart -Norfolk Southern
185 Spring Street, N.W.
Atlanta, GA 30303

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.

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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?

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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 THU:

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

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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.

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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.

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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
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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?

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April 16, 2001
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(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

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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
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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
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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?

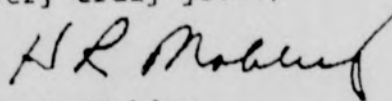
Employees who are currently off due to sickness or disability will be treated in the same manner as they were prior to the transaction.

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?

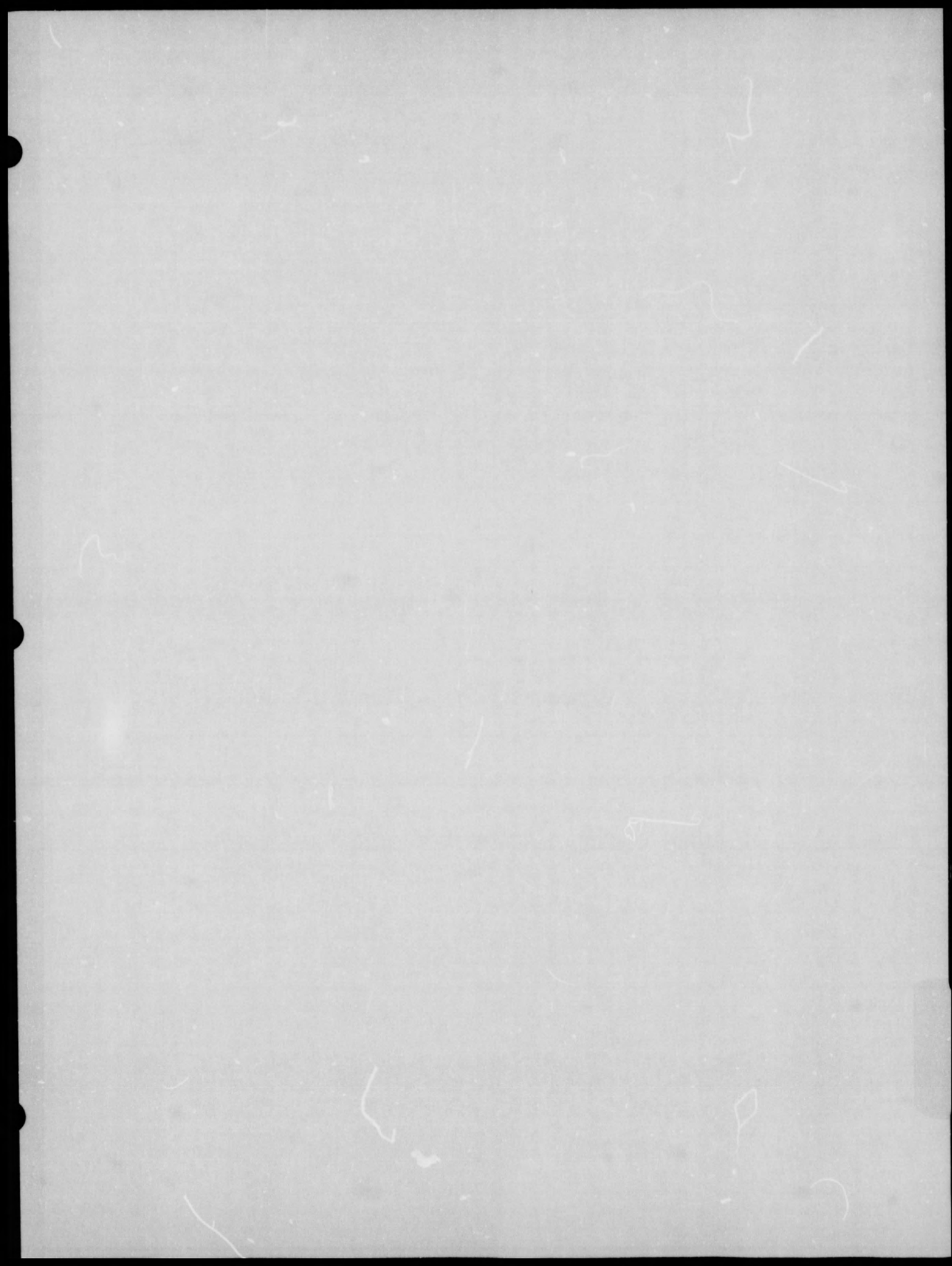
No.

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.

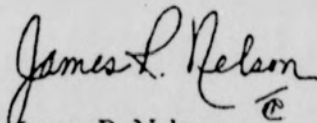
1. N/S is not calling this a closing, but it is eliminating all the jobs, why isn't this being called a closing?
2. What is the reason for the closing/elimination of all jobs? What are the changed economic conditions relied on by N/S?
3. What are N/S's plans for the shops? Sale? Abandonment?
4. Why aren't 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?

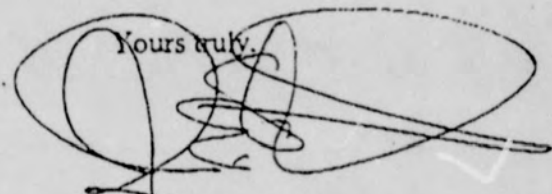
Page 2
April 25, 2001

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?

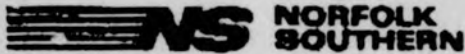
Once we receive your response to the above, we will contact you as soon as possible.

Yours truly,


James R. Nelson,
General Chairman NCF&O


Yours truly,
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, 1964 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?

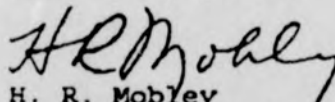
F & O work performed in conjunction with freight car repairs and associated work in line with practices at the receiving locations.

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?

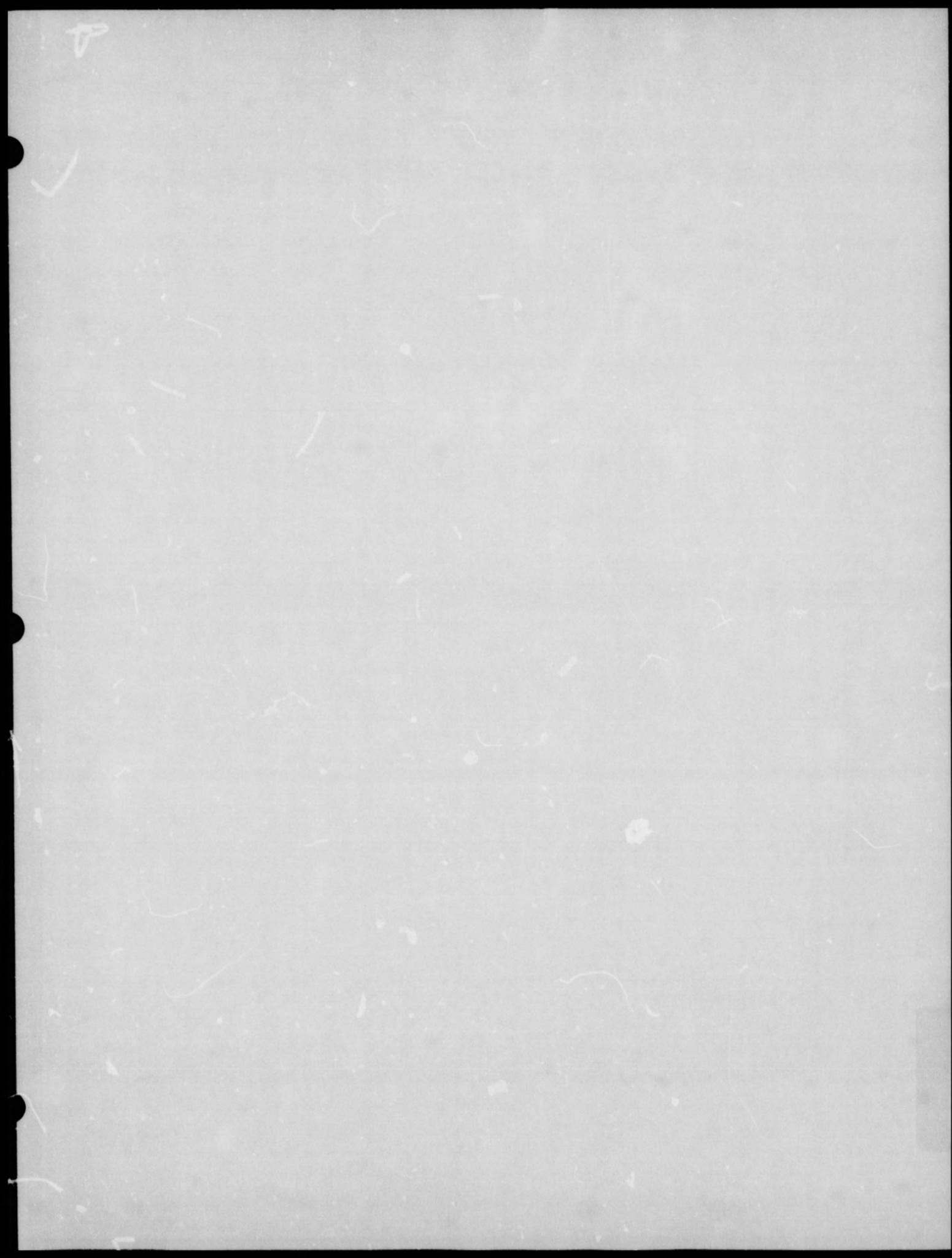
The receiving locations will perform all freight car repairs and program work previously performed at HCS. The transferred work will be performed as long as the needs of service require it and resources are available.

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 than 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. Luton 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.

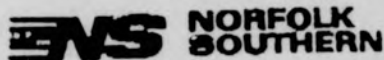
5-4-01
Date

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 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 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 16 (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 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.

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?

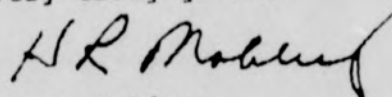
Employees who are currently off due to sickness or disability will be treated in the same manner as they were prior to the transaction.

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

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 23.33% Increase

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

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	3665	0	201	25	0	3895	17327
1959	8244	1386	412	451	0	10493	27820
1960	2693	8236	0	2	185	1116	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	2621	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

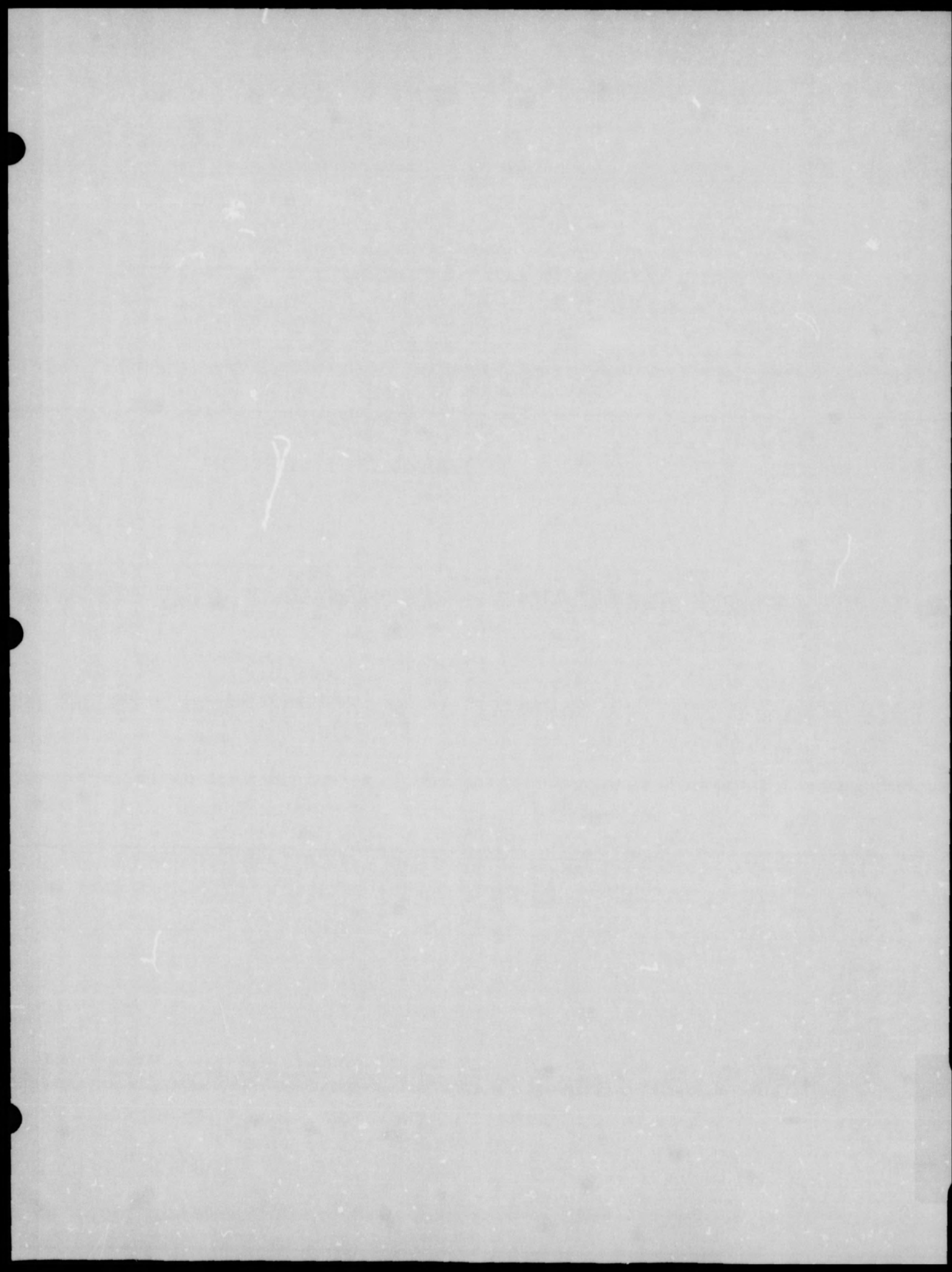
Year 2000

				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

sampling of the complaints.

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

Company 4: "Problems were anticipated but not this bad. Car from 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 with 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.

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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.

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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 \$55 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.

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The Roanoke Times

January 27, 2000, Thursday

KR-ACC-NO: RO-RAILROAD

LENGTH: 883 words

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.

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.

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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>

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The Virginian-Pilot (Norfolk, VA)

April 27, 2000, Thursday, FINAL EDITION

TION: BUSINESS, Pg. D1

GTH: 993 words

DLINE: RAILROAD IS DOWN BUT NOT OUT NORFOLK SOUTHERN LOSES \$ 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 railers 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 its business and handle it better.

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

Previously, 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 wash 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.

Goode said the buyouts and layoffs were strategic steps to cut costs, raise share 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 future 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.

Goode 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 protection 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.

NS posted a \$ 125 million increase in revenue from intermodal traffic, based 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 cost.

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 \$ 100 million or more for the next couple of years.

Roanoke Times & World News, April 27, 2000

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

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

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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.

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.

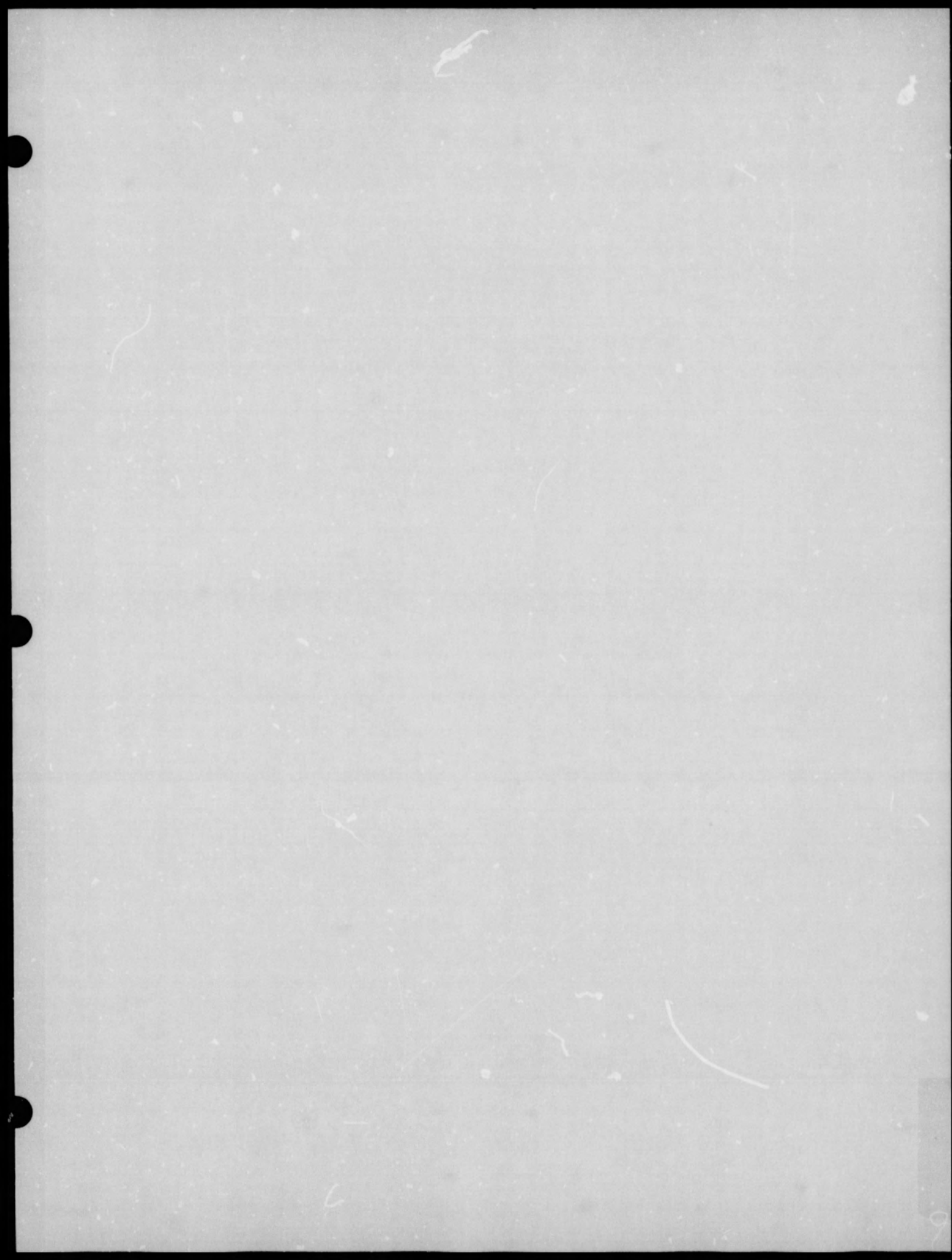
And making only \$ 31 million, "there's no doubt there will be layoffs for union employees if we continue in this downward spiral," said McCoy.

To see more of The Roanoke Times, or to subscribe to the newspaper, go to <http://www.roanoke.com>

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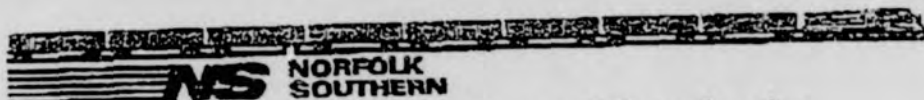
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PETITIONERS'

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

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'Brian, 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.

