

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

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EX PARTE No. 770

URGENT ISSUES IN FREIGHT RAIL SERVICE

EX PARTE No. 770 (Sub. No. 1)

URGENT ISSUES IN FREIGHT RAIL SERVICE

[corrected]¹

**SUPPLEMENTAL COMMENTS OF THE BROTHERHOOD OF MAINTENANCE OF
WAY EMPLOYEES DIVISION/IBT; BROTHERHOOD OF RAILROAD SIGNALMEN;
INTERNATIONAL ASSOCIATION OF SHEET METAL, AIR, RAIL AND
TRANSPORTATION WORKERS/MECHANICAL DIVISION; INTERNATIONAL
ASSOCIATION OF BOILERMAKERS; INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE WORKERS DISTRICT #19;
NATIONAL CONFERENCE OF FIREMEN AND OILERS 32BJ/SEIU;
AND TRANSPORT WORKERS UNION OF AMERICA-
ONE YEAR AFTER THE OPENING OF THESE DOCKETS**

I. INTRODUCTION

The Brotherhood of Maintenance of Way Employees Division/IBT; Brotherhood of Railroad Signalmen; International Association Of Boilermakers; International Association Of Machinists And Aerospace Workers District #19; International Association of Sheet Metal, Air, Rail and Transportation Workers Mechanical Division; National Conference of Firemen and Oilers, 32BJ/SEIU, and the Transport Workers Union of America (“Unions”) submit these supplemental Comments regarding the progress, or rather lack of progress, of the Class I

¹ These corrected supplemental comments modify the original supplemental comments by correcting a typo as to the amount of stock buybacks by CSXT, NSR and UP since 2019. The correct amount is \$33.7 billion, not \$3.37 billion as stated in the original supplemental comments. The errors are corrected on p. 10. The error also appeared on page 7 of the original Exhibit 2 and the first page of that exhibit was missing. The Supplemental Comments and Exhibit 2 are being resubmitted as corrected.

railroads in improving rail service since the Board’s hearings in this docket a little over a year ago.

The Class I’s continue to adhere to the ruthless cost-cutting business model that is marketed as “Precision Scheduled Railroading” (“PSR”). As part of that business model, the the Class I railroads have dramatically reduced the numbers of employees in all rail crafts. The results have been reduced inspection, maintenance and repair work on rail infrastructure and equipment, requiring a reduced workforce to handle the responsibilities once handled by a significantly larger workforce for the same amount of infrastructure; insufficient train and engine service employees to meet the needs of shippers; reduction in the number of locomotives and reduced inspection and maintenance of the remaining locomotives; increased congestion on the networks; and less safe operations. But the profits of the Class I’s have continued to increase, as have the stock repurchases, even though the level of carloadings has been essentially stagnant.

The Unions have previously described how the current service and safety problems in the industry have been driven by the demands of so-called “activist investors” and “private equity”, and the disregard those interests have for compliance with the common carrier obligation and the representations made by the Class I’s that were relied upon by the Board and its predecessor in approving the transactions that created the current mega-carrier duopolies. It is the market concentration permitted by this agency and its predecessor that allow the “activist investors” and “private equity” to extract value from the industry, while diminishing service and safety, without adverse financial consequences for those interests. The Unions will not delve further into those points in these Supplemental Comments.

In these Supplemental Comments, the Unions will address levels of employment in the

industry since the hearings last year, and changes in employment numbers since implementation of the cost-cutting business model. The Class I's have attempted to persuade the Board and industry stakeholders that they have increased employment. But they have not done so. As noted in prior filings by some of the Unions, the Class I's have provided spreadsheets, pie charts, and graphs that show they have been hiring; but they have not provided information on net employment. The granular filings of the carriers are all noise and no signal. In reality, based on the reports the carriers file with the Board, the increase in employment has been anemic, about a 1% increase from 2021 to 2022. Union membership numbers also show negligible growth over that period. The Class I railroads' claims of hiring "binges" and "sprees" and increases in employment are simply misleading; and the manner of presentation of this information in Ex Parte 770-1 appears to be deliberate deception. Furthermore, comparing employment today to employment in 2021 is to compare against a very low bar- a time when volume was just beginning to recover after the initial shock of the pandemic. Carloadings are near 2019 levels, but employment is way below 2019 levels.

The Unions will also discuss the effects the reductions in employment have had on service and safety. They will also address those problems in the context of industry finances.

The Unions again urge the Board to exercise its full authority to enforce service standards generally, and the common carrier obligation in particular; and if the Board feels that it lacks sufficient authority to do what is necessary to compel restoration of safe, adequate and reasonable service, it should so advise Congress.

II. RAIL INDUSTRY EMPLOYMENT

Multiple measures of industry employment show that it is dramatically down for all crafts

since implementation of the new business model, significantly down from employment levels just prior to the pandemic, and only insignificantly up since the Board decided that rail service had so deteriorated that extraordinary hearings and special reporting requirements were necessary. This is shown by employment data the carriers report to the Board, which is discussed in materials provided by the Labor Bureau, Inc. (a labor economics and union finance consulting firm), and is shown on graphs prepared by the Brotherhood of Locomotive Engineers and Trainmen. Since employment reported to the STB is reported by department, not craft, the Unions are also providing membership numbers for most of the rail unions. The picture is completed by reference to U.S. Railroad Retirement Board data.

The graphs prepared by BLET from data reported to the STB (Exhibit 1) vividly illustrate how total rail employment was reduced from a little over 170,000 in 2015 to about 150,000 in 2019 to about 120,000 in January of 2023. For the Class I railroads, for reporting categories 300 (engineering-maintenance of way and signal), 400 (mechanical- maintenance of equipment), and 600 (train and engine), total employment went from about 121,000 in 2016, to about 107,000 in 2019 to about 96,000 in January of 2023. The graphs show dramatic downward movement for all departments across the carriers over the 2015-2023 period with only incremental upticks over the last year that come nowhere near employment levels in 2019. More specifically, the Labor Bureau charts for the Big 4 Class I's (BNSF, CSXT, NSR and UP) for engineering, mechanical and train and engine service departments (Exhibit 2) show the following numbers for those groups combined between 2019 and 2022:

2019 105,099

2020 88,004

2021 83,483

2022 84,690

That is a 19% decrease since 2019; and a mere .5% increase from 2021 to 2022. Since 2019, the reductions have been across all departments:

Year	Engineering	mechanical/shops	train and engine service
2019	28,316	23,437	53,346
2020	26,465	18,754	42,785
2021	25,149	16,180	42,153
2022	25,207	16,047	43,436

Every department across the Big 4 Class I's is significantly down from 2019; engineering and mechanical are actually down from 2021 to 2022; and train and engine service is only up 3% from 2021 to 2022 (and still down 19% from 2019).

Railroad Retirement Board data is consistent with the STB numbers. Exhibit 3 consists of three RRRB graphs: employment from January 2017 through December 2021, employment from January 2022 through January 2023, and employment from January 2017-February 2023 (the RRRB does not produce historical graphs until after the end of the year so the January 2022-February 2023 data was manually plotted onto the RRRB's 2017-2021 graphs). The RRRB shows 225,000 employees in January of 2017, 223,000 in January of 2019, and 184,000 in January of 2023. Moreover, these graphs show a mere 5,000 increase for the entire industry from December of 2021 to December of 2022 (Amtrak accounted for almost half of that increase). Accordingly, by the railroads own reporting to the STB and RRRB, there was a huge cut in employment since implementation of the new business model, employment is well below 2019

levels, and it is only up by a miniscule amount over the last year.

The reductions are shown with greater particularity on a craft basis. The Unions, and several of the rail unions not signatory to these Supplemental Comments have provided their membership numbers for the period between 2016 and the present. The unions' membership numbers are truly demonstrative of the numbers of individuals employed by the carriers in the crafts/classes represented by the rail unions because they exclude non-craft department employees and include only actual, continually employed, workers who are paying union dues; and they are not inflated by trainees who do not actually start and maintain careers in the railroad industry. The membership numbers also show large cuts since 2016, and continuing cuts since 2019. The membership numbers also show actual reductions for all crafts from 2022 to 2023 except for SMART TD (up 7%) and NCFO (up 18%, but after a 50% drop from 2019-2022). The total Class I memberships of the reporting unions are at Exhibit 4. Those charts show that:

Total Class I BLET membership was 32118 in 2016, 29777 in 2019, 25897 in 2022, and 25514 in 2023.

Total BMWED Class I membership was 25854 in 2016, 22997 in 2019, 20682 in 2022, and 20506 in 2023.

Total BRS Class I BRS membership was 9037 in 2016, 7913 in 2019, 6944 in 2022, and 6937 in 2023.

Total IAM Class I membership was 6800 (approx.) in 2019, 5032 in 2022, and 4937 in 2023.

Total Class I IBEW membership (excl. CN and CP) was 5831 in 2016, 5362 in 2019, 3522 in 2022.

Total Class I NCFO membership was 2987 in 2016, 2699 in 2019, 1362 in 2022, and 1668 in 2023.

Total Class I SMART MD membership (BNSF, CSXT, NSR, UP) was 995 in 2016, 780 in 2019, 570 in 2022.

Total Class I SMART TD membership was 42014 in January 2016, 34157 in July 2016, 36271 in 2019, 24047 in 2020, 27014 in 2022, and 29051 in 2023.

Total Class I TWU membership (CSX, NSR, Conrail) was 960 in 2016, 672 in 2019, 650 in 2022, and 504 in 2023.

In response to the Board's opening of this docket; the hearings held last year; the Board's reporting requirements; and Congressional, financial analyst and journalist inquiries, the Class I's, especially the Big 4, have told the Board and industry stakeholders that they have stepped up hiring, and are attempting to increase their workforces. Executives of the largest Class I's have stated that they are hiring like crazy, and going on hiring sprees. But the absolute numbers of new hires who actually began work and continued to work are insubstantial. Furthermore, as the unions have noted in prior filings, the executives' remarks never discuss net employment; they only provide data on hiring, omitting other relevant data-- attrition. A complete picture of employment data shows that the Class I's have only imperceptibly moved the needle on increasing their workforces. As the data supplied by the Unions demonstrate, the net employment numbers indicate weak or surface efforts to give the impression of attempts to increase employment, and suggest efforts to placate critics by giving the appearance of action. The statements of the executives and the public relations statements of the railroads are negligent at best, and intentionally misleading at worst.

As noted in prior union filings, the Class I's have tried to characterize themselves as suffering from the same problems endured by other businesses that had difficulty staffing up after the onset of the pandemic; such as early retirements, declines of recalls, and recruitment problems. But other employers had not drastically shed workers in the years before the pandemic. Furthermore, as employment has continually increased nationally in the months after

last year's hearings, it became apparent that other (non-railroad) companies have been able to hire.

The Class I's have argued that there are particular difficulties recruiting into the rail industry. But Amtrak has successfully increased its work force. BLET, BRS, BMWED, IAM, IBEW, and SMART TD have also provided their membership numbers for Amtrak. All of those unions show increases in their Amtrak memberships (some significant) from over the past year or year and a half (BLET [12/21-4/23]: 1463 to 1538, BMWED [12/21-4/23]:2321 to 2866, BRS [12/21-3/23]: 778 to 882, IAM [12/21-1/23] 496 to 554, IBEW [12/21-3/23: 1024 to 1196, SMART TD [7/22-4/23]:1819 to 1919). So how did Amtrak do it? It did it by making real efforts to hire by committing to new and creative recruitment programs. Exhibit 5 is an explanation of the recruitment efforts undertaken by Amtrak that produced true increases in employment. It should also be noted that a very large percentage of Amtrak jobs are in the Northeast Corridor, where the cost-of-living is higher than most of the rest of the Country, and the wages and benefits of railroad workers do not stand out as vividly in comparison to other available jobs in other parts of the Country. The Class I's, particularly the Big 4, have been play-acting at recruitment, Amtrak actually did the work of recruitment. That Amtrak has been able to increase employment shows that the assertion that the railroad industry presents peculiar recruitment problems is just a false façade over a lack of desire to increase employment.

Another relevant comparator is the airline industry. It too suffered dramatic reductions in business and furloughed large numbers of employees at the start of the pandemic. And it too initially struggled with staffing as business returned. But the airlines managed to hire over 110,000 employees since November of 2020, and they are now at levels of employment that

exceed pre-pandemic levels of employment. Exhibit 6 includes articles and reports regarding the increases in employment in aviation; indeed A4A, the aviation industry equivalent to the AAR, proudly reports that the airline industry has increased employment to levels that exceed pre-employment levels. From the AAR all we hear is disingenuous whining that the railroads simply can't fill positions. It should also be noted that characteristics of rail industry employment that the railroads cite as impediments to recruitment, like much time away from home, irregular schedules, on-call work, and 24/7 operations are features of airline employment too. Like Locomotive Engineers, Conductors and Maintenance of Way workers, Pilots and Flight Attendants are often away from home. Like Locomotive Engineers and Conductors, Pilots and Flight Attendants work irregular schedules and are called to fill-in as needed. Like Locomotive Mechanics, Carmen and Shop Laborers, airline mechanics and baggage/ramp workers are employed in shops and stations that operate 24/7. There is no reason railroads can't fill positions while the airlines can, other than lack of will and refusal to respond to reduced supply as a market actor ought to react—by aggressive outreach and economic enticements.

The updated employment information provided with this submission, and the comparisons to Amtrak and the airlines, reinforces prior statements by the Unions--that the Class I's, particularly the Big 4, do not intend to rebuild their workforces in order to provide better and more reliable service; nor do they intend to improve their resiliency by staffing at a level where they will be able to respond to reasonably foreseeable events and actions (such as weather events and seasonal or circumstantial demand for service). The Big 4 appear to still be setting staffing targets at the leanest possible levels; levels that are only sufficient to provide the most basic service to the highest priority shippers, assuming that nothing will ever go wrong, and that

workers can be compelled to work multiple days of overtime, on off-days and when they are sick. Furthermore, analysts report that some Class I's are curtailing hiring in anticipation of a possible, but not certain, recession. *See Exhibit 7.* Railroad executives have said that if there is another recession, they do not plan to furlough employees as they did in the past. But they are also limiting hiring to below what is necessary to meet current demand for service. So, the supposed change in philosophy is not meaningful. To avoid the furlough-recall-furlough cycle, the railroads are understaffing as a hedge against a possible recession, not fully staffing for current needs, and they are again failing to maintain a cushion for a future increase in demand. If there is an actual recession, the Class I's will be so thinly staffed that they will again be unable to rebound once the demand for service is restored. Accordingly, despite their protests to the contrary, it is clear that the Class I's are focused primarily on their Operating Ratios and profit maximization, and not on what it takes to comply with their common carrier obligations.

III. CLASS I REVENUE, OPERATING RATIOS, PROFITS AND SHAREHOLDER GAINS

The materials provided by the Labor Bureau (Exhibit 2) reveal that the Class I's continue to roll up record profits, and that the publicly traded Class I's continue to dole out stock buybacks. Carloadings have nearly returned to pre-pandemic levels (they are now at 95% of pre-pandemic carloads), while employment is down by 19%, profits are up by 14% and stock repurchases have continued to increase (for CSXT, NSR and UP: \$33.7 billion since 2019). These trends are all shown on the graph on the first page of the Labor Bureau materials (Exhibit 2), which demonstrates that profits have increased dramatically since 2019, but carloadings are only slightly off while employment is dramatically down—this supports the conclusion that the increases in profits (and resulting stock buybacks) have been driven in large part by the cuts in

employment, which, in turn, have adversely affected service and safety.

IV. PERFORMANCE OF THE BIG 4 CLASS I'S OVER THE LAST YEAR

Despite the Board's hearings last April; and its subsequent requirement for reporting data on service and employment; and despite the increased public attention on rail safety and service; the performance of the Class I's has not improved. As recounted in the Board's recent decision reviewing the performance of the Big 4 Class I's, except for CSXT, they have not even met their own unilaterally set service and employment targets. BNSF, NSR and UP are like a pole vaulter who sets the bar a foot off the ground and hits the bar while stepping over it. As the Board found in its May 1, 2023 Order in this Docket (Sub No.1) "BNSF has failed to achieve almost all of its one-year service targets for key performance indicators in recent weeks"; "NSR has occasionally met its targets for velocity and on-time delivery since its December 2022 Interim Update. In recent weeks however NSR has not met its targets for any key performance indicator"; and "UP's four most recent biweekly progress reports indicate that UP's performance is below its target for car velocity on average and that UP has met its target for cars per carload just once". The Board also noted that none of those three carriers had met all of their targets for employment for all departments. Again, it must be emphasized that the targets set by the Big 4 (including CSXT which met or nearly met all targets) are not objective targets, or targets demonstrably related to what is actually necessary to fulfill the common carrier obligations of those carriers, they are merely unilaterally set, arbitrary targets.

Indicative of the service problems are the high profile failures of NSR in safety, and UP in service (embargoes); and BNSF's failure to timely inspect its locomotive fleet- to comply with FRA inspection requirements and to perform basic maintenance necessary to operate a railroad.

These specific failures of BNSF, NSR and UP are worth reviewing as illustrative of their overall performance problems; and also how those problems have been causally related to inadequate staffing.

Union Pacific

The Board is, of course, well-aware of UP's extraordinary use of embargoes to cease or limit service. The facts adduced at the hearing in Ex Parte 772 were truly astounding: over 1000 embargoes in 2022 compared to 27 in 2017.

In that proceeding, BLET officers explained how the reduced work force and long trains had significantly contributed to UP's service problems and the system congestion that UP cited as the reason for the embargoes. A BLET General Chairman explained that UP had reduced the extra boards for his territory by 12%, while carloads were up by 6%. Another BLET officer explained how UP was operating 13,000' foot trains when the sidings on his territory are 9,000' to 10,000', and how this ties up the lines because trains can't pass each other; this, in turn, causes crews to expire under the Hours of Service law, requiring re-crewing which then uses up available crews. He also explained how trains have to be re-crewed when UP assembles 11,000' trains in a terminal that does not have yard tracks that long--preventing ingress and egress to the terminal. Another BLET officer described trains planned for servicing grain elevators showing up with "bad order" (not fully operational) locomotives and then being unable to pull the cars they were to pull. The unions noted that UP had dramatically reduced its mechanical forces, the workers who inspect and repair locomotives, who would prevent bad order locomotives going into consists. A BLET officer cited the situation in Sioux City IA, where the carrier had reduced the number of daily switch engine shifts from four to two which reduced the carrier's ability to

keep up with classifying cars; and how at a refinery at Rosemount, MN where there had been 5 regularly assigned jobs, there was 1– this resulted in both substandard service for the shipper and a need for that shipper to use a contract switcher and to purchase 5 locomotives. All of this evidence demonstrated how UP's reduction in staffing and unswerving commitment to ever longer trains (which is driven in part by the desire to reduce the number of operating employees– two 12,000' trains theoretically require 2 crews whereas three 7,500' trains require 3 crews) led to the service problems and system congestion that UP cited as justification for the embargoes.

BMWED and BRS officers demonstrated how the reductions in maintenance of way and signal employees contributed to system congestion. They produced UP records showing increases in slow orders on UP. Slow orders are placed on tracks when a Signaller or Maintenance of Way worker detects a signal system or track or right of way defect, the defect is not immediately repaired, and trains can still safely operate on the tracks but not at customary speeds. Slow orders restrict the speed of train movements and thus increase congestion, since all trains moving through a section of track are moving more slowly. The fewer Signallers and Maintenance of Way workers there are on a railroad, the harder it is for them to perform maintenance and repairs that prevent, or clear, slow orders. BMWED and BRS produced Union Pacific slow order reports for 2021 and 2022 that showed an increase in the number of slow orders in 2022, and track miles under slow orders. In October of 2022 over **22%** of UP's trackage was under slow orders. The principal reason for UP's inability to keep up with maintenance and repairs is insufficient staffing, particularly over time, as Signal and track conditions deteriorate over time. The cuts in Signal and Maintenance of Way employment on UP

have negatively impacted its maintenance and repair of Signal systems and the track and right of way --which in turn, impedes the ability of UP to adequately and timely serve its customers.

Last year, Union Pacific was the subject of two emergency service orders issued in response to petitions filed by Foster Poultry Farms. BRS and BMWED provided evidence showing that UP's inability to adequately serve Foster Poultry Farms was caused in substantial part by the deterioration of the line UP used to serve that customer. UP had failed to perform basic maintenance on part of the line; in particular, the line had not been properly undercut for over 15 years (undercutting is a method for cleaning out the track ballast and ensuring proper drainage which is necessary to prevent early tie deterioration); and that sand fences along the right of way were in disrepair and disarray, resulting in sand covering the ties in some parts of the line. In addition to track problems, these conditions caused the signal system to malfunction (essentially short circuits) causing delays in train movements. BMWED and BRS further showed that the Signal and Maintenance of Way workforces assigned to the line had been reduced, so there were fewer workers assigned for regular inspections and maintenance to manage an undermaintained line, further contributing to UP's difficulties in serving Foster Poultry Farms. This situation is a graphic illustration of how cutbacks in engineering department forces, and engineering inspection and maintenance work, impairs the ability of a carrier to satisfy its obligations as a common carrier.¹

¹ In response to the Unions' filing in the Foster Poultry Farms case, UP submitted a statement that purported to show its efforts to fix the problems identified by the Unions. However, the line is still not in a condition sufficient for UP to adequately serve shippers and to comply with its common carrier obligation. Exhibit 8 to these Comments is a powerpoint presentation prepared by the BRS which shows that the line used to serve Foster Poultry Farms is still in decrepit condition; and that the FRA has cited UP for a number of violations on the line.

The Board has found that UP is failing to meet its own, meager service targets. The specific service failures of UP discussed above demonstrate that UP's drive to reduce headcounts and to maintain low headcounts, has substantially contributed to those service failures.

Norfolk Southern

Derailments not only pose safety hazards, they impact service by closing lines, requiring rehabilitation, or necessitating slow orders. Preliminary findings on the derailment in East Palestine have focused on inadequate spacing of wayside "hotbox" detectors, and NSR's unacceptable practice of keeping hotbox detector information from train crews. But it must also be noted that NSR had drastically reduced its workforce of Carmen--the employees who inspect rail cars in yards before trains are sent over the road. A proper inspection could detect problems like worn out wheel bearing boxes and dripping lubricant. As shown by the membership numbers for TWU (which represents NSR Carmen in Delaware, Maryland, Pennsylvania, Ohio, Indiana and Illinois), TWU's membership was 601 in 2016, 376 in 2019 and is currently 228. See Exhibit 4. Additionally, as demonstrated before the Senate Committee on Commerce, Science and Transportation, NSR has guidelines for Carmen to inspect cars in 60 seconds, when it is not possible to even walk around a car in 60 seconds. Before this Board, TWU explained that its members were being required to work fast, cut-corners, and check brake systems while trains are rolling, that supervisors sometimes removed tags on cars employees found to have defects, and that employees were threatened with discipline if they sent cars to the shop for maintenance or repairs. Proper inspection of cars can prevent derailments and disasters, and can assure better service. NSR's substantial reduction in the number of Carmen it employs, and the resulting pressure it put on remaining employees to work fast, have contributed to NSR's service

and safety problems.

BNSF

At the hearings in this docket last year, and in a subsequent filing, BNSF acknowledged (in something of an understatement) that its service had not been meeting its customers' expectations. BNSF pledged to make improvements. BNSF said that it would increase the number of active locomotives and was "surging resources" to its shops to get those units ready for active service. Well, service did not materially improve; and there was no meaningful increase in motive power or locomotive mechanics. And BNSF did not tell the Board that as part of its cost-cutting/profit maximization program, the Carrier had closed a number of its locomotive shops, dramatically reduced its locomotive shop mechanic work force and was not actually trying to increase that work force. Nor did BNSF reveal that since September of 2021 it had been limiting inspections of its locomotives to only Federally required inspections.

As a result of those actions, and during the period in which it was supposedly implementing its service recovery plan, BNSF found itself short of mechanics and shops, and ultimately short of locomotives that could be used to serve its customers. By December of 2022, BNSF was substantially behind on federally mandated inspections of its locomotives, and very far behind on general inspections and maintenance necessary to keep its locomotives in good working order. BNSF then announced a plan to contract-out inspection and maintenance work, that is the work of its shopcraft workers by contract and historical practice. That last action led to a lawsuit by the unions that represent BNSF's electrical workers, machinists and sheet metal workers (IBEW, IAM and SMART MD). The Unions assert that BNSF violated the Railway Labor Act by acting in bad faith to render itself incapable of performing the most basic

locomotive inspections and repairs, effectively disabling it from complying with its contracts with the Unions. But the facts in that dispute, set forth in the declarations of officers of the Unions (Exhibit 9)², also demonstrate how BNSF has impaired its own ability to provide adequate service to its customers. Those facts are summarized below.

In 2020, BNSF began permanently closing a number of its maintenance shops. BNSF also further reduced its workforce by over 400 locomotive maintenance employees. Even though BNSF's freight volumes had recovered to pre-pandemic volumes by the end of 2020, BNSF did not start recalling employees until late 2021 and early 2022. Many of those employees – some of whom had been furloughed for almost a year or more – declined to return. But BNSF did not immediately begin hiring to bring its staffing to levels sufficient to perform necessary locomotive inspections and maintenance. Across the three crafts, there has been a net loss of approximately 750 workers. BNSF also removed a significant number of locomotives from service and placed them in storage (recently over 1,700 of BNSF's 7,500 locomotives, more than 20% of its fleet, were in storage).

In September 2021, BNSF began deferring the regularly scheduled maintenance of its locomotives, limiting inspections and repairs only to “federal items” (just what is minimally required by federal regulations). Full inspections and maintenance necessary to ensure efficient and effective performance of the locomotives were deferred. As a result, over time, many locomotives were not operating in a state of good repair.

² Because of the size of the full declarations with attachments, the Unions are providing only the declarations themselves; the Unions would be glad to submit the full declarations if the Board requests them.

In late December 2022, BNSF announced a plan to implement a “0% overtime initiative” for 2023, in order to cut the mechanical budget by \$51 million dollars, even though BNSF was not only far behind schedule with respect to the inspections and maintenance necessary for effective operations of its locomotives, it was also behind on federally mandated inspections. BNSF requested and received from the Federal Railroad Administration temporary relief from the obligation to perform federal items inspections on hundreds of its locomotives. Then, on January 5, 2023, BNSF notified the Unions that it was going to outsource the full general inspection, maintenance, and repair on around 800 locomotives due to “a high out of service count and back log of scheduled maintenance events”. BNSF’s January 5th notice stated that outsourcing the general inspection, maintenance, and repair work was necessary due to lack of manpower and shop capacity to perform the work within the necessary time frame- even though both were results of BNSF’s cost-cutting program.

Rail carriers need motive power to provide the service that they sell, and their customers purchase: pick-up and delivery of rail cars. BNSF has had difficulty in meeting the needs of its customers after it deferred necessary inspections and maintenance and failed to ensure that it had a workforce sufficient to perform that work. BNSF has presented itself as victim of circumstances– the pandemic related slackening of demand, a more competitive labor market, and the weather; anything but its own actions. However, the difficulties BNSF has had with properly inspecting and maintaining its locomotive fleet, which have contributed to the decline in BNSF’s service to its customers, are a direct result of affirmative decisions made by BNSF in its drive to cut costs and increase profits, without regard for its common carrier obligations.

Accidents and Incidents

Derailments and other accidents and incidents have consequences for rail workers and the communities in which they occur, sometimes, very serious consequences. But they also affect service, as system fluidity and train movements in general are disrupted when there is a derailment or other serious incident, which means pick-ups and deliveries are delayed. In connection with the East Palestine derailment, the Class I's propounded a narrative that, in actuality, derailments have decreased in recent years. But, as with employment data, the derailment data relied on by the carriers does not tell the whole story, because it omits other relevant data. By citing just the number of derailments, the railroads have ignored the fact that they have been operating fewer but longer trains. If the number of train starts is down, then a reduction in the absolute number of derailments does not necessarily demonstrate a true decrease in frequency of derailments or increased safety. When the carriers cite the number of derailments per year, they never provide the number of train starts, or the percentage of derailments per number of train starts. One data source that does control for the longer but fewer trains is the FRA data for accidents/incidents per million train miles. For the Big 4 Class I railroads, the accidents/incidents per million train miles have increased since 2013. For those railroads, the data is as follows:

(FRA Rate of Accidents/Incidents per million train miles - controls for variation in length of trains)

CARRIER	ROAD DERAILMENTS		YARD DERAILMENTS	
	2013	2022	2013	2022
BNSF	7.3	7.9	16.6	18.7
CSXT	9.8	14	16.6	17.2
NSR	11.4	12.8	8.5	21.3
UP	10.5	13.9	12.7	23.1

Derailments are caused by various factors. Among them are policies adopted under the new business model that lead to reduced equipment inspection and maintenance; reduced capital investment; reduced inspection and maintenance of the infrastructure; and human error due to overwork and pressure to work quickly. All of those factors have been heightened by the new business model and the reductions in rail employment. Reversing aspects of the new business model, removing incentives for the sorts of policies adopted under the new business model, and creating disincentives against those sorts of policies will lead to a real reduction in derailments and thus better, more reliable, service.

V. THE RAIL SERVICE PROBLEMS CITED BY SHIPPERS AND THE RAIL UNIONS, THAT HAVE NOW BEEN EXTENSIVELY DOCUMENTED BY THE BOARD, ARE SUBSTANTIALLY A RESULT OF THE CUTS IN THE WORK FORCE AND THE NEW BUSINESS MODEL

The Class I's continue to deny that their service and safety failures have been caused by their dramatic reductions in their workforces and the new business model. In fact, they contend that the causes have nothing to do with the cuts in staffing and the new business model. They blame all sorts of factors that they say are outside their control—like the weather, the pandemic, and changes in work-life preferences of prospective employees. But the evidence in this docket, the emergency service order dockets, the common carrier obligation dockets and publicly available facts, demonstrate that the service failures are the result of affirmative decisions by the Class I's, and that their excuses designed to divert attention from their own actions are meritless.

There is no basis for the railroads' citation of factors outside their control as an excuse for their performance failures. The railroads are fond of saying that they have outdoor plants, and that railroading is an "outdoor sport". But when their service degrades, they blame the outdoors. For example, BNSF asserted that early snows in the northern Midwest in December of 2022

impacted its ability to move trains and to maintain equipment. These excuses should be dismissed as absurd. Early snows in the northern Midwest should not be a surprise. And rails buckling due to heat, and track and right of way being impacted by heavy rains are a consequence of having an outdoor operation. Before there were polar vortices, there were cold fronts. Part of doing what is necessary to provide common carrier service is to prepare for the reasonably foreseeable; which includes having the staffing to cope with reasonably foreseeable weather events. The railroads may note that climate change has resulted in more extreme weather events. But, by now, that should not be a surprise to anyone; the railroads should have been aligning their workforces to the demands of more extreme weather. If weather was the cause of the railroads' service problems, then they were derelict in their duty to prepare for it.

The railroads have also blamed the pandemic for their problems. But other businesses have comeback from the impact of the pandemic. Indeed, the data on carloadings shows that the customers of the railroads have nearly resumed the volume of shipments by rail—and the volume probably would have reached or exceeded pre-pandemic levels if the railroads hadn't disincentivized the use of rail. The railroads should not continue to be heard to rely on the pandemic as an excuse over three years since its start.

As noted above, the railroads also claim that their inability to staff up is a simply a symptom of a national change in people's desires with respect to employment. But, as the Unions demonstrated, this claim is without any merit because Amtrak and the airlines have been able to fill positions, and to even increase their workforces. The employment shortfalls of the Class I's are not something that happened to them; it is simply the result of lack of will.

The Unions submit that it is clear that the service problems of the Class I's are directly

related to the railroads' deliberate and continued reductions in staffing. Most obviously, service began to decline, and the decline continued, as the Class I's cut their workforces. A 30% reduction in staffing since 2016, and 19% since 2019, coincided with the degradation in service. While it is often said that correlation is not causation, railroading is ultimately a service industry and here the service declined as the number of people providing and supporting the service was cut. And the Unions have shown how reductions in train and engine service employees who directly serve shippers impedes the railroads' ability to serve the shippers. The Unions have also shown how reductions in locomotive mechanics reduces the number of locomotives available to move rail cars, and how reductions in engineering forces reduces the speeds at which trains can operate and thus increase delivery times. And to expect 81% of a pre-pandemic workforce to move 95% of pre-pandemic carloads is not just unrealistic, but, irresponsible.³

VI. WHAT IS TO BE DONE

The STB is responsible for administering the Interstate Commerce Act as amended and enforcing commands of the statute, including those related to service standards and the common carrier obligation.

Carriers have bridled at any effort of the government to require better service and to provide remedies for service that falls short of what is necessary for national rail transportation and performance of the common carrier obligation. The Carriers criticize any STB or FRA performance of their statutory functions as a return to a pre-Staggers regulatory regime, and as

³ Another principle of determining causation is "Occam's Razor" –essentially, that when there are competing theories, the simpler one is preferred. Given the direct relationship between the employees who provide and support the service to the service, when service declines in tandem with reduction in the number of employees, it is logical to conclude that the reduction in employment is causal to the decline in service.

unacceptable government interference in the private sector. But no one has advocated a return to pre-Staggers levels of regulation; the Unions and many shippers instead advocate a regulatory regime that comports with the industry that exists today, not the one that existed 40 years ago. And, as Senator Vance noted in the recent Senate Commerce Committee rail safety hearings, the same railroads that loudly protest government action in response to rail safety failures came running to the government to intervene in, and settle, a dispute between those railroads and their employees last December.

Again, it must be recognized that the Class I railroads are not actors in a free and open market. Today's Class I's are duopolies that exist as a result of ICC and STB approvals of consolidations of previously separate carriers; they are immune from many legal challenges and are effectively impervious to market-based challenges and corrections. Additionally, creation or extension of rail lines comes at a significant capital expense. And entry to and exit from the industry requires Board approval or exemption. Furthermore, the merger and control transactions that created every one of today's Class I railroads required ICC or STB approval based on findings that the transactions were consistent with the public interest. In those cases, the railroads contended, and the ICC and STB agreed, that the mega-carriers would provide better and faster service through longer-end-to-end runs, reduced interchanges, and greater system velocity; that efficiencies would be achieved that would result in savings that would be passed along to shippers and the public in general; and that the economies of scale available to larger carriers would allow for increased investment in rail infrastructure. Those considerations outweighed concerns about concentration in the industry; as a result, the Class I's gained a degree of market dominance not permitted in other industries. For the carriers to assert that the Board has no place

in assessing whether the public interest is still being served by the railroads that resulted from those transactions, when the railroads are exploiting their size and lack of competition that flowed from the authorized transactions, is as hypocritical as their objections to the rail safety legislation co-sponsored by Senator Vance. Having reaped the benefits of Board approval of their creation, the railroads are in no position to object to the Board taking steps to ensure that they comply with their statutory obligations, and structure themselves (including as to staffing), to provide the public transportation benefits they represented would flow from Board approval of the transactions that created the mega- carriers and the industry that exists today.

The Unions urge the Board to do all it can to enforce service standards and the common carrier obligation. If the Board feels that it currently lacks sufficient authority to remedy service problems and enforce the common carrier, it should so advise Congress.

Respectfully submitted,

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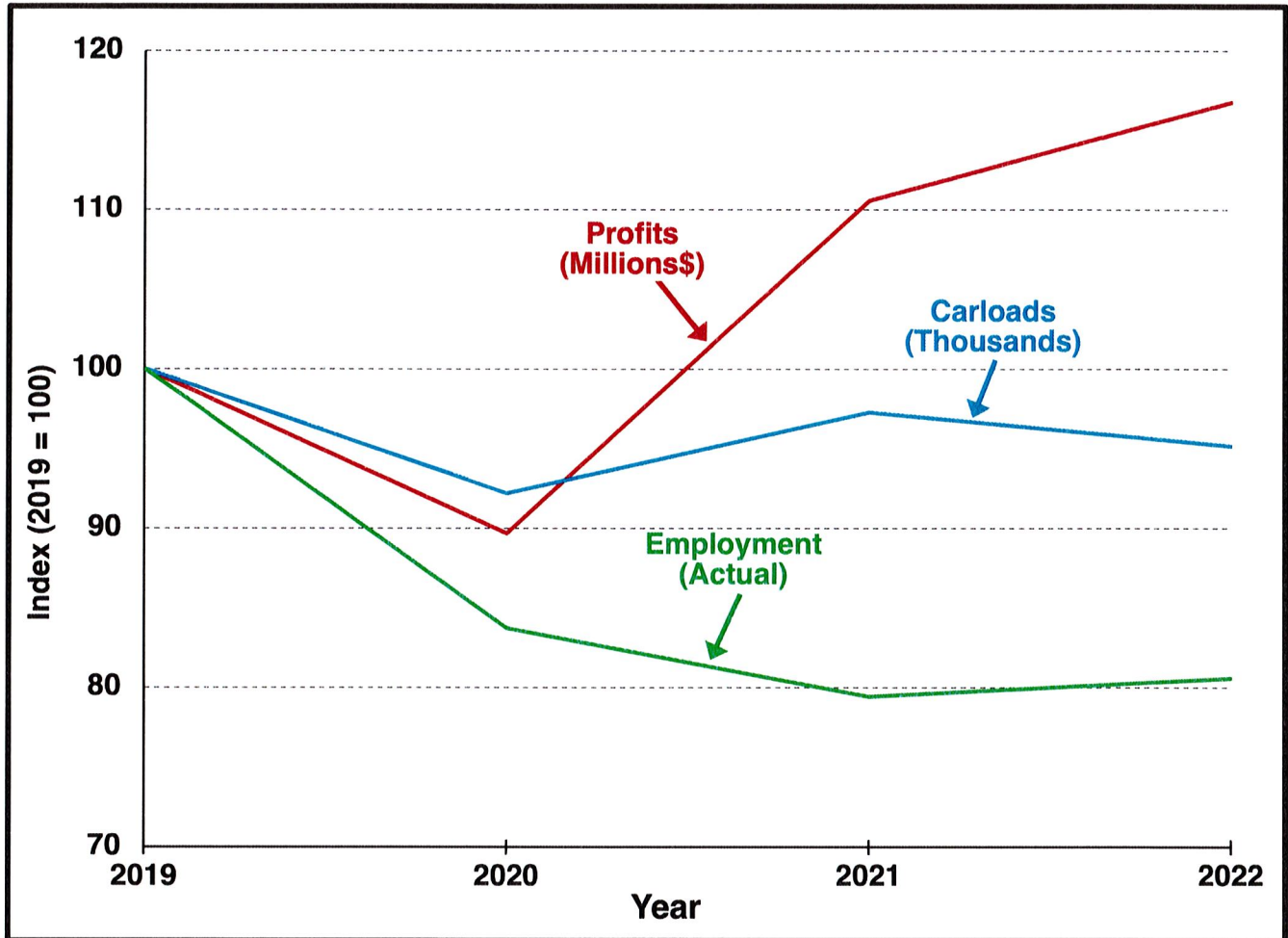
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Unions Supplemental Comments

EXHIBIT 2

BIG FOUR RAILROAD CORPORATIONS

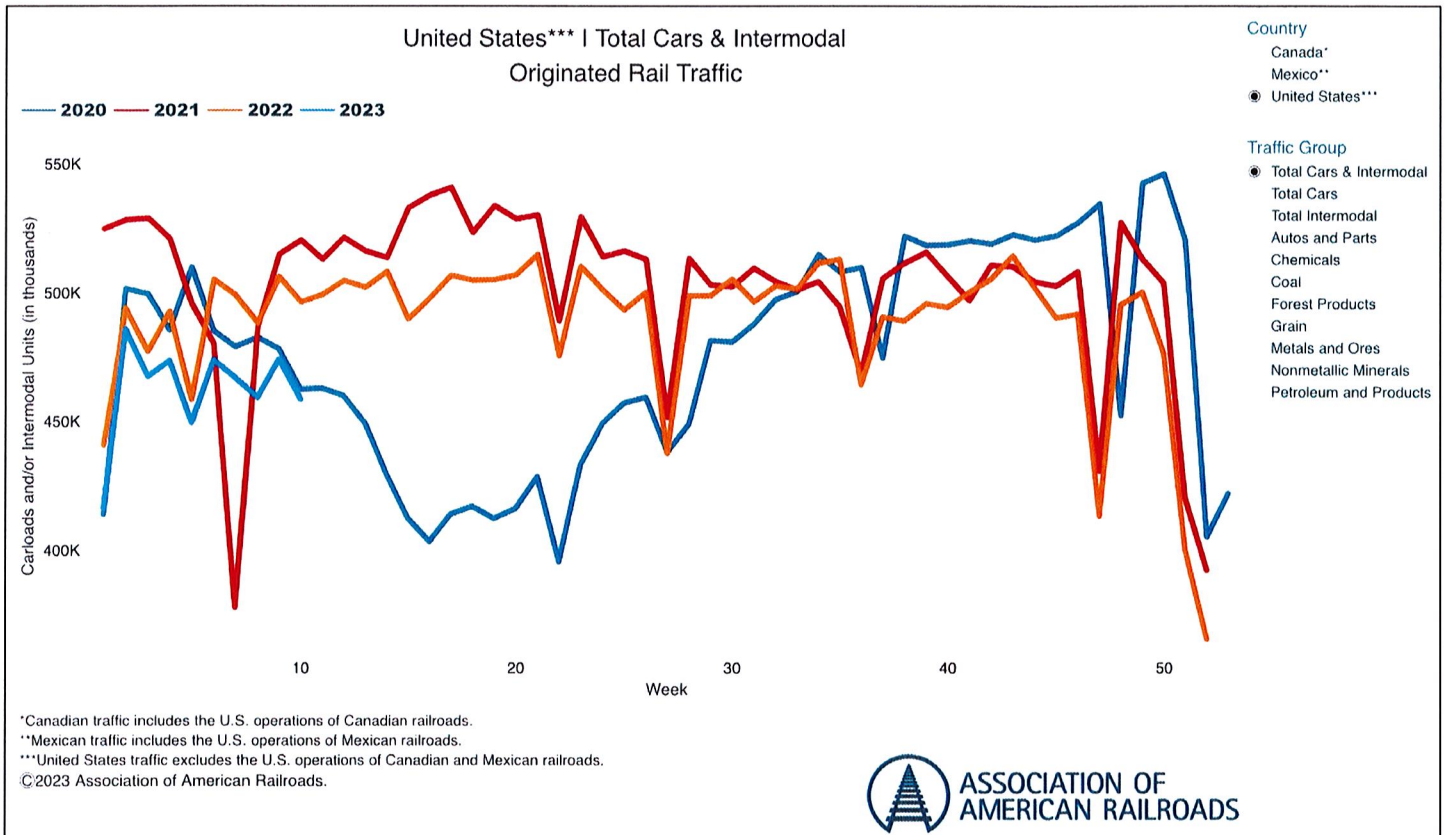


	2019	2020	2021	2022
Profits (Millions\$)	\$17,453	\$15,650	\$19,299	\$20,380
Carloads (Thousands)	32,341	29,810	31,458	30,771
Employment (Actual)	105,099	88,004	83,482	84,690

12 Months Freight Revenue Ton-Miles (Millions)				
	2019	2020	2021	2022
CSX	199,211	183,815	194,323	193,818
NS	194,045	164,056	178,085	178,629
UP	423,433	384,976	411,273	420,752
BNSF	665,033	588,919	621,451	605,226
Total	1,481,723	1,321,766	1,405,131	1,398,425

12 Months Revenue Carloads (Thousands)				
	2019	2020	2021	2022
CSX	6,220	5,892	6,253	6,218
NS	7,554	6,684	7,032	6,835
UP	8,346	7,753	8,038	8,169
BNSF	10,221	9,481	10,135	9,549
Total	32,341	29,810	31,458	30,771

- These are the two measures of traffic/volume.
- RTM's are down 5.6% from pre-pandemic levels.
- Carloads are down 4.9%
- However, MoW employment is down 11%; shops down 32% and T&E down 19%.



Week	2020	2021	2022	2023
1	413,973	524,895	440,799	416,489
2	501,640	528,400	494,227	486,000
3	499,611	529,053	477,270	467,485
4	485,556	521,017	492,944	473,650
5	509,967	495,790	458,505	449,586
6	485,291	480,356	505,299	473,972
7	479,090	377,905	499,222	466,932
8	482,769	486,776	488,149	459,233
9	478,269	515,050	506,262	474,191
10	462,478	520,491	496,470	458,629
11	462,842	513,046	499,362	
12	460,041	521,537	504,817	
13	449,372	516,274	502,194	
14	429,471	513,714	508,343	
15	412,526	533,023	489,801	
16	403,394	537,982	498,011	
17	414,026	540,933	506,819	
18	417,028	523,422	504,927	
19	412,331	533,908	505,120	
20	416,209	528,787	506,976	
21	428,546	530,262	514,934	
22	395,544	489,235	475,513	
23	433,275	529,595	510,295	
24	449,298	514,007	501,207	
25	457,160	516,250	493,374	
26	459,401	513,040	500,285	
27	438,045	451,709	437,600	
28	449,033	513,384	498,899	
29	481,505	503,174	498,901	
30	481,005	502,423	505,409	
31	487,877	509,626	496,526	
32	497,436	504,479	502,775	
33	500,511	501,178	501,548	
34	514,840	504,391	511,574	
35	508,108	494,652	513,087	
36	509,847	468,694	464,261	
37	474,678	505,552	490,654	
38	522,038	511,514	489,111	
39	518,406	515,812	495,868	
40	518,699	506,451	494,413	
41	520,206	497,029	500,304	
42	518,983	510,752	505,322	
43	522,659	510,238	514,457	
44	520,570	504,359	502,106	
45	522,242	502,696	490,350	
46	527,292	508,309	491,794	
47	534,606	430,879	413,305	
48	452,395	527,328	495,472	
49	542,601	513,220	500,310	
50	546,206	503,784	476,232	
51	520,349	420,622	400,289	
52	405,205	392,341	365,553	
53	422,065			

Employment (Actual)					
Group		2019	2020	2021	2022
CSX	Engineering	5,105	4,903	4,829	4,883
	Shops	3,087	2,649	2,432	2,420
	T&E	7,645	6,622	6,630	7,161
NS	Engineering	5,160	4,680	4,203	4,244
	Shops	4,739	3,307	2,542	2,420
	T&E	10,372	8,126	7,576	8,004
UP	Engineering	9,647	8,819	8,163	8,099
	Shops	6,881	5,010	4,585	4,802
	T&E	17,123	13,636	13,318	13,648
BNSF	Engineering	8,404	8,063	7,954	7,981
	Shops	8,730	7,788	6,621	6,405
	T&E	18206	14401	14629	14,623
Total	Engineering	28,316	26,465	25,149	25,207
	Shops	23,437	18,754	16,180	16,047
	T&E	53,346	42,785	42,153	43,436
Four Group Total		105,099	88,004	83,482	84,690

Source: STB

Employees Per Carload					
Group		2019	2020	2021	2022
CSX	Engineering	1,218	1,202	1,295	1,273
	Shops	2,015	2,224	2,571	2,569
	T&E	814	890	943	868
NS	Engineering	1,464	1,428	1,673	1,611
	Shops	1,594	2,021	2,766	2,824
	T&E	728	823	928	854
UP	Engineering	865	879	985	1,009
	Shops	1,213	1,548	1,753	1,701
	T&E	487	569	604	599
BNSF	Engineering	1,216	1,176	1,274	1,196
	Shops	1,171	1,217	1,531	1,491
	T&E	561	658	693	653
Total	Engineering	1,142	1,126	1,251	1,221
	Shops	1,380	1,590	1,944	1,918
	T&E	606	697	746	708
Four Group Total		308	339	377	363

Source: 10-K's

- With traffic rebounding from the pandemic effects and the railroads continued struggle to increase employment, the carloads per employee have climbed.

THE LABOR BUREAU, INC.



Unions Supplemental Comments Ex. 2

BIG FOUR RAILROAD CORPORATIONS CONSOLIDATED FINANCIAL REVIEW 2010 – 2022

(Millions of Dollars except Per Share Values)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Railway Operating Revenue	\$53,023	\$61,686	\$64,207	\$66,786	\$70,995	\$65,536	\$60,727	\$64,586	\$70,395	\$68,456	\$60,774	\$68,750	\$78,361
Percent of Total Revenue	98.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Railway Operating Expense	\$38,074	\$44,429	\$44,911	\$45,942	\$48,012	\$43,234	\$40,417	\$42,308	\$45,250	\$42,877	\$37,352	\$40,573	\$49,012
Non-recurring items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$98)	\$0	\$0	\$0	\$0	\$0
Rail Operating Income	\$14,949	\$17,257	\$19,296	\$20,844	\$22,983	\$22,302	\$20,310	\$22,278	\$25,145	\$25,579	\$23,422	\$28,177	\$29,349
Exc. Non-recurring items	\$14,949	\$17,257	\$19,296	\$20,844	\$22,983	\$22,302	\$20,310	\$22,376	\$25,145	\$25,579	\$23,422	\$28,177	\$29,349
Rail Operating Ratio – Exc. Non-recurring	0.718	0.720	0.699	0.688	0.676	0.660	0.666	0.654	0.643	0.626	0.615	0.590	0.625
Total Operating Income	\$15,191	\$17,257	\$19,296	\$20,844	\$22,983	\$22,302	\$20,310	\$22,278	\$25,145	\$25,579	\$23,422	\$28,177	\$29,349
Exc. Non-recurring items	\$15,191	\$17,257	\$19,296	\$20,844	\$22,983	\$22,302	\$20,310	\$22,376	\$25,145	\$25,579	\$23,422	\$28,177	\$29,349
Other Income - Net	\$233	\$316	\$356	\$444	\$339	\$523	\$419	\$505	\$339	\$686	\$548	\$548	\$705
Interest Expense	\$1,709	\$1,652	\$1,651	\$1,670	\$1,695	\$1,746	\$2,832	\$2,831	\$3,107	\$3,461	\$3,557	\$3,557	\$3,730
Provision for Income Tax	\$5,224	\$6,007	\$6,726	\$7,185	\$8,058	\$7,868	\$6,598	\$6,465	\$5,217	\$5,351	\$4,763	\$5,869	\$6,113
Non-recurring items – After Tax	\$0	\$0	\$0	\$0	\$0	(\$58)	(\$115)	(\$85)	\$0	\$0	\$0	\$0	\$0
Net Income	\$8,491	\$9,914	\$11,275	\$12,433	\$13,569	\$13,153	\$11,184	\$13,402	\$17,160	\$17,453	\$15,650	\$19,299	\$20,380
Exc. Non-recurring items	\$8,491	\$9,914	\$11,275	\$12,433	\$13,569	\$13,211	\$11,299	\$13,585	\$17,160	\$17,453	\$15,650	\$19,299	\$20,380
Net Income Margin	15.8%	16.1%	17.6%	18.6%	19.1%	20.2%	18.6%	21.0%	24.4%	25.5%	25.8%	28.1%	26.0%
Return on Shareholder's Equity	12.5%	12.3%	13.6%	14.1%	14.5%	13.6%	11.5%	13.8%	18.1%	19.4%	17.6%	21.9%	23.7%
Pre-Tax Net Income (exc. non-rec. items)	\$13,715	\$15,921	\$18,001	\$19,618	\$21,627	\$21,079	\$17,897	\$20,050	\$22,377	\$22,804	\$20,413	\$25,168	\$26,324
Pre-Tax Net Income Margin	25.5%	25.8%	28.0%	29.4%	30.5%	32.2%	29.5%	31.0%	31.8%	33.3%	33.6%	36.6%	33.6%
Average Shares Outstanding (Basic)*	4,793	4,566	4,381	4,295	4,209	4,117	3,967	3,819	3,600	3,356	3,232	3,151	2,994
Earnings Per Share*	\$1.22	\$1.45	\$1.72	\$1.90	\$2.18	\$2.00	\$1.92	\$2.27	\$3.32	\$3.57	\$3.24	\$4.22	\$4.82
Exc. Non-recurring items*	\$1.22	\$1.45	\$1.72	\$1.90	\$2.18	\$2.02	\$1.95	\$2.31	\$3.32	\$3.57	\$3.24	\$4.22	\$4.82
Dividends*	\$0.32	\$0.44	\$0.54	\$0.61	\$0.72	\$0.80	\$0.82	\$0.89	\$1.08	\$1.29	\$1.36	\$1.48	\$1.73
Stock Price (Yr. End) *	\$19.77	\$22.22	\$23.24	\$31.65	\$42.28	\$28.36	\$38.62	\$52.43	\$54.10	\$70.52	\$83.90	\$102.69	\$84.51
Dividends Yield*	1.64%	1.97%	2.32%	1.92%	1.70%	2.83%	2.12%	1.69%	2.00%	1.82%	1.62%	1.44%	2.05%
P/E Ratio (Exc. Non-recurring)*	16.2	15.3	13.5	16.7	19.4	14.1	19.8	22.6	16.3	19.8	25.9	24.3	17.5
Total Assets	\$166,089	\$171,725	\$178,204	\$186,772	\$194,629	\$203,376	\$207,799	\$213,779	\$217,208	\$226,427	\$228,813	\$233,986	\$238,857
Long-term Debt	\$26,175	\$26,736	\$27,902	\$28,553	\$30,612	\$35,784	\$36,890	\$59,529	\$69,205	\$74,456	\$76,369	\$79,322	\$85,913
Shareholders Equity	\$80,240	\$80,895	\$84,398	\$91,432	\$95,771	\$97,887	\$98,173	\$98,945	\$91,014	\$88,750	\$88,765	\$87,398	\$84,563
Debt to Capital	24.6%	24.8%	24.8%	23.8%	24.2%	26.8%	27.3%	37.6%	43.2%	45.6%	46.2%	47.6%	50.4%

* Excludes BNSF

Source of data: Form 10-K, and Annual Report to Shareholders for CSX, NSC, BNSF, UP.

Previous Year
Prev Prev Year

*** Comptations include
revisions from previous
months

Employees By
Company and
Job Description

Date

Group Total							Total
L 100	L200	L 300	L 400	L 500	L 600		
Executives, officials, and staff assistants	Professional and administrative	Maintenance of way and structures	Maintenance of equipment and stores	Transportation (other than train and engine)	Transportation (train and engine)		
9,189	13,416	35,887	28,282	6,004	59,831	152,618	
9,140	13,360	35,641	28,177	5,959	59,764	152,041	
9,193	13,281	35,187	28,209	5,939	59,822	151,631	
9,035	13,190	34,412	28,306	5,927	59,481	150,350	
9,129	13,258	34,182	28,042	5,915	58,043	148,687	
9,150	13,274	34,073	27,949	5,892	58,850	148,988	
9,110	13,288	34,108	27,934	5,852	59,191	149,481	
8,885	12,753	34,224	27,859	5,857	59,888	149,266	
8,799	12,691	34,164	27,732	5,833	60,072	149,191	
8,760	12,762	34,048	27,309	5,814	60,098	148,789	
8,738	12,722	33,855	27,045	5,799	59,544	147,703	
8,692	12,697	33,626	26,864	5,712	59,888	147,477	
8,560	12,467	33,490	26,750	5,687	59,882	146,838	
8,280	12,272	33,278	26,576	5,675	60,425	148,504	
8,275	12,257	33,065	26,640	5,679	60,200	146,116	
8,187	12,223	32,483	26,608	5,634	60,466	145,579	
8,392	12,195	32,141	26,571	5,590	59,684	144,573	
8,421	12,199	32,244	26,753	5,600	59,847	145,064	
8,382	12,097	32,439	26,597	5,564	60,287	145,356	
8,358	12,027	32,650	26,653	5,573	60,891	146,152	
8,418	11,948	32,778	26,865	5,591	61,593	147,189	
8,447	12,117	32,723	26,809	5,601	61,787	147,484	
8,478	12,124	32,823	26,811	5,698	61,891	147,625	
8,518	12,094	32,818	26,957	5,707	62,442	148,336	
8,470	11,969	32,499	27,119	5,689	62,841	148,367	
8,555	11,927	32,563	27,381	5,714	62,780	148,920	
8,352	11,946	32,397	27,505	5,707	63,280	149,187	
8,299	11,823	31,882	27,325	5,658	62,950	147,937	
8,260	11,818	31,417	27,129	5,587	62,545	146,766	
8,268	11,810	31,592	26,991	5,575	61,848	146,082	
8,075	11,568	31,074	26,489	5,590	61,673	145,269	
7,976	11,489	32,082	26,264	5,566	61,139	144,546	
7,970	11,424	32,130	25,919	5,578	60,256	143,275	
7,909	11,593	31,876	25,378	5,596	59,597	141,917	
7,913	11,586	31,739	24,946	5,573	59,281	141,028	
7,888	11,459	31,841	24,838	5,523	58,491	139,818	
7,778	11,187	31,496	24,128	5,485	57,115	137,199	
7,800	11,147	31,342	23,788	5,468	55,381	134,908	
7,777	11,055	31,252	23,377	5,448	54,636	133,545	
7,771	10,955	30,790	22,755	5,405	54,133	131,809	
7,764	10,983	30,181	22,652	5,355	51,709	128,624	
7,733	10,945	30,315	22,175	5,326	51,451	127,945	
7,722	10,882	30,395	22,067	5,316	51,801	128,183	
7,823	10,769	30,529	21,718	5,247	49,658	124,742	
7,785	10,731	30,512	21,284	5,216	48,860	119,198	
7,749	10,848	30,377	19,990	5,145	42,536	118,446	
7,681	10,512	29,938	19,554	5,085	44,772	117,542	
7,647	10,484	29,441	19,170	5,079	46,263	118,074	
7,801	10,451	29,453	18,862	5,031	47,037	118,436	
7,483	10,500	28,791	18,685	4,912	46,749	117,120	
7,473	10,420	27,889	18,247	4,840	46,434	115,283	
7,472	10,366	27,727	18,627	4,832	49,069	118,093	
7,454	10,373	27,628	18,089	4,734	45,621	113,799	
7,431	10,389	27,951	18,117	4,759	45,794	114,431	
7,445	10,349	28,367	18,023	4,778	46,404	115,364	
7,433	10,299	28,544	17,898	4,724	46,951	115,849	
7,454	10,218	28,702	17,735	4,730	47,044	115,884	
7,525	10,261	28,659	17,863	4,760	47,444	116,312	
7,506	10,264	28,525	17,522	4,740	47,498	116,055	
7,460	10,033	28,345	17,208	4,668	47,109	114,823	
7,436	10,013	28,334	17,198	4,702	48,927	114,610	
7,435	9,952	28,264	17,278	4,683	47,000	114,612	
7,485	9,968	28,072	17,234	4,658	48,978	114,395	
7,489	10,021	27,782	17,292	4,694	47,611	114,889	
7,492	9,882	27,470	16,950	4,686	45,767	112,207	
7,608	9,832	27,812	17,186	4,743	47,098	114,277	
7,558	9,788	28,017	17,285	4,707	47,897	115,052	
7,603	9,692	28,207	17,408	4,693	48,009	115,510	
7,667	9,543	28,365	17,407	4,693	48,076	115,771	
7,783	9,859	28,492	17,382	4,675	48,080	116,251	
7,838	9,805	28,417	17,324	4,671	48,252	116,407	
7,900	9,791	28,437	17,410	4,716	48,760	117,014	
7,919	9,810	28,408	17,556	4,718	49,173	117,582	
7,954	9,888	28,442	17,639	4,716	49,569	118,208	
8,030	9,998	28,429	17,774	4,779	49,934	118,944	
7,997	10,028	28,520	17,814	4,836	50,170	119,373	
7,998	10,081	28,205	17,794	4,854	50,313	118,245	
8,114	10,086	28,454	17,851	4,847	50,858	120,210	
0	0	0	0	0	0	0	

COST OF SHARE REPURCHASE PROGRAMS

Millions\$

	2016	2017	2018	2019	2020	2021	2022
UP	\$3,105	\$4,013	\$8,225	\$5,804	\$3,705	\$7,291	\$6,282
NSC	\$803	\$1,012	\$2,781	\$2,099	\$1,439	\$3,390	\$3,110
CSX	\$1,056	\$1,970	\$4,671	\$3,373	\$867	\$2,886	\$4,731
Big-3 Total	\$4,964	\$6,995	\$15,677	\$11,276	\$6,011	\$13,567	\$14,123

Source: SEC 10-K's

- In 3 years since pandemic Big-3 spent \$33.7 billion on stock buy-backs.

ADDITIONAL OBSERVATIONS

- The monthly employment data show that the Railroads' hiring is not keeping up with attrition. For example, train crew employment in February 2023 is up only 3,762 positions industry wide from a year ago. Shops up 665; and Engineering up 642 over the past 12 months. All headcounts well below the pre-pandemic levels in December 2019.
- The PEB 250 retro payments were made in 2022. This caused a spike in expense for the big-4 – up 21% – and a bite into the operating ratio – up to .625 from .59 in 2021.
- Notwithstanding the above, revenue increased to an historic \$78.4 billion, and PROFITS rose 5.6%; The \$20.4 billion in 2022 profit was the greatest in history.
- All measures of financial performance in 2022 exceeded pre-pandemic 2019:

	<u>2019</u>	<u>2022</u>
OR	0.626	0.625
Profits	\$17.5B	\$20.4B
Profit Margin	25.50%	26.00%
Return on Equity	19.40%	23.70%
EPS	\$3.57	\$4.82
Stock Price	\$70.52	\$84.51
Dividends/share	\$1.29	\$1.73

- The Big-3 spent \$14.1B on stock buy-backs in 2022.