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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 33388



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

**NORFOLK SOUTHERN'S REPLY TO THE
"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"**

J. Gary Lane
George A. Aspatore
Jeffrey H. Burton
John V. Edwards
**NORFOLK SOUTHERN
CORPORATION**
Three Commercial Place
Norfolk, Virginia 23510-2191
(757) 629-2838

Richard A. Allen
Scott M. Zimmerman
**ZUCKERT, SCOUTT &
RASENBERGER, LLP**
888 Seventeenth Street, NW
Suite 600
Washington, D.C. 20006
(202) 298-8660

Jeffrey S. Berlin
SIDLEY & AUSTIN
1722 Eye Street, N.W.
Washington, D.C. 20006
(202) 736-8000

*Attorneys for Norfolk Southern Corporation
and Norfolk Southern Railway Company*

April 17, 2001

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PROVIDED-FOR"**

Introduction and Summary of Argument

Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively "NS") hereby reply to the Joint Petition filed by certain rail unions and the Commonwealth of Pennsylvania on March 28, 2001 seeking certain specified and unspecified relief related to NS's announced intention to close its railcar repair shops at Hollidaysburg, Pennsylvania on or about September 1, 2001.¹

¹ On April 13, 2001, the Transportation-Communications International Union ("TCU") filed a document entitled "Response of Transportation-Communications International in Support of Joint Petition of Various Unions and the Commonwealth of Pennsylvania for Enforcement of Order, or Alternatively for Relief Not Otherwise Provided-For" ("The TCU Response"). NS will not reply separately to the TCU Response.

The Board authorized NS and CSX² to acquire control of Conrail³ in Decision No. 89, served July 23, 1998. NS and CSX assumed control of Conrail on August 23, 1998 and commenced separate operations over the Conrail lines allocated to each of them on June 1, 1999 (commonly referred to as "Day One" or "Split Date").

For almost two years since Day One, NS has operated the car repair shops at Hollidaysburg in a manner consistent with NS' stated intentions before and during the Conrail proceeding. The Joint Petitioners so admit. *See* Unions' Exhibit 16, Lutton V.S. at ¶ 4; Unions' Exhibit 17, Francisco V.S. at ¶ 4. Indeed, NS has undertaken significant efforts to attract car repair business from sources outside NS, as detailed in the verified statement of David L. Veron, NS Director Insourcing, attached hereto as Exhibit 1.

Unfortunately, despite NS' substantial marketing efforts, neither the continued operation of the Hollidaysburg shops nor the \$4 million in additional investment there originally contemplated in the NS Operating Plan makes good economic sense. Therefore, NS reluctantly has made the hard but necessary decision to discontinue operations at the Hollidaysburg shops on or about September 1, 2001. It has also notified the 300-plus employees at Hollidaysburg that they will have the opportunity to follow their work to other locations.

The decision to close the Hollidaysburg shops is one of many difficult decisions that current economic conditions and serious financial challenges have required NS to make in recent months. Others include reducing NS' dividend for the first time in NS' history (by 70

² "CSX" refers collectively to CSX Corporation and CSX Transportation, Inc.

³ "Conrail" refers collectively to Conrail, Inc. and Consolidated Rail Corporation.

percent), cutting NS' management work force by nearly 25 percent and closing NS' century-old foundry and largely idling the car reclamation shops at Roanoke, VA.

The Joint Petition incorrectly claims that closing the Hollidaysburg shops will breach commitments NS assertedly made to the Board in the Application and during the Conrail control proceeding to continue operating the Hollidaysburg shops indefinitely, regardless of economic circumstances, and thus will violate the general condition imposed in Decision No. 89 requiring NS and CSX "to adhere to all of the representations they made during the proceeding." The Joint Petition thus asks the Board to order NS to continue operating the Hollidaysburg shops and to spend \$4 million in capital improvements there. Although the Joint Petition does not say openly how long NS is to be ordered to operate the shops, the obvious and necessary import of its arguments is that NS must be required to operate them forever, regardless of economic conditions.

There is no basis for the relief requested in the Joint Petition, and it should be dismissed. It is the unfortunate fact that business conditions do not justify NS maintaining all of NS' repair shops. At the time the Conrail control application was filed and during the proceeding, NS expected, in good faith, to use and operate the Hollidaysburg shops and to make certain infrastructure investments there, and stated that expectation in a variety of forums, including in the Application. Since Day One, NS has operated the shops and vigorously sought new business there.

At no time, however, did NS commit to operating the Hollidaysburg shops in perpetuity or without regard to economic circumstances or market conditions. The Joint Petitioners' assertion to the contrary is simply incorrect. As will be discussed in more detail below, during

the proceeding NS told many of the union petitioners here that the continued operation of any of NS' facilities post-transaction would depend upon future economic conditions and circumstances.⁴

Furthermore, the Board has recognized in its decisions prior to and in the Conrail proceeding and oversight that statements by applicants in control applications on such matters as the amount and mix of traffic they expect to move, how they anticipate operating the consolidated system, what facilities they expect to use and what specific infrastructure investments they expect to make are necessarily imprecise projections based on economic conditions and traffic flows known at the time the statements are made. The Board never treats such projections as inflexible commitments from which applicants may not deviate when they begin to operate the consolidated system. To do so would be a certain recipe for business failure, because market and economic conditions constantly evolve, and businesses that do not, or are not permitted to, react and adapt do not long survive.

The Joint Petitioners, however, seek to impose just such a crippling requirement on NS. They would require NS not only to operate a particular facility forever, but to spend millions of additional dollars on that facility regardless of the cost and regardless of whether or not it is economically justified. Such an enforced diseconomy could well require NS to quickly review the status of other facilities.

⁴ It should, of course, go without saying that as a general proposition in the business world, it is a given that the business plans, expectations, and projections of every company in every industry in the nation – at least those that expect to survive and thrive – are contingent upon, and must be able to adapt to, real-world market and economic circumstances as they develop. In this case NS expressly stated that fact.

STATEMENT OF FACTS

The Application and the Control Proceeding

The application of CSX and NS to acquire control of Conrail (the "Application") was filed on June 18, 1997. As indicated in Mr. Veron's verified statement, before the Application, NS and Conrail each performed car repairs at a number of different shops on their respective systems. Conrail's shop complex at Hollidaysburg was by far the largest of these.

The Application expressed NS' intention to continue use of the Hollidaysburg shops after Day One. As explained by NS' witness, Michael Mohan: "After the consolidation, the Conrail shop at Hollidaysburg will absorb most car program work, with Roanoke Shops - Car concentrating on new car construction and rebodging. Program car repair operations at Macedonia, OH [a former Conrail facility], Decatur, IL and Williamson, WV [two NS facilities] will be eliminated." CSX/NS-20, Vol. 3B at 62. NS also indicated its intention to spend \$4 million for material handling improvements at the Hollidaysburg shops. *Id.* at 288.

The Joint Petition repeatedly asserts that these and other similar statements in the Application and during the control proceeding constituted "commitments" by NS to operate the Hollidaysburg shops forever and without regard to economic circumstances; thus the Joint Petition asserts: "[T]hese commitments were not conditional, contingent or limited in time." Joint Pet. at 8. This characterization of NS' statements is entirely incorrect and without foundation. All of the statements cited reflect nothing more than NS' good faith intention and expectation at the time to continue using the shops when it commenced operation of the portion of the Conrail system allocated to it. The correctness and good faith of NS's stated intention

are clearly demonstrated by NS' actions after Day One, described by Mr. Veron and summarized below.

None of the statements in the Application suggests a commitment to operate Hollidaysburg (or any other facility) forever and without regard to economic conditions. Moreover, during the proceeding, NS expressly informed parties, including the petitioners here, that NS was *not* making any guarantee to operate any shops for any fixed period of time or in perpetuity and that the use of the shops, like all of NS's facilities, would depend on future economic circumstances.

In discovery, the Allied Rail Unions (ARU)⁵ asked, in their Interrogatory No. 180, the following: "NS has stated that it has not determined whether it will close any locomotive or car repair shops or facilities on the present NS or combined NS/Conrail other than those identified in its operating plan. a. When does NS expect to make that determination? b. In the absence of such a determination, why should the STB be expected to rely on the labor impact exhibit as an accurate representation of the effect that this Transaction will have on shop craft employees?"

NS responded as follows:

a. *After NS acquires its portion of Conrail, business conditions, revenue and traffic growth, efficiency of operations and similar factors will be evaluated to determine needs for car and locomotive shops.* b. See response to Interrogatory No. 10.

⁵ Several unions included in the ARU are also parties to the Joint Petition, including the Transport Workers Union of America (TWU), the International Brotherhood of Electrical Workers (IBEW), and the Sheet Metal Workers International Association (SMWIA). Further, counsel for the ARU, Mr. Edelman, is also counsel for TCU and the union petitioners here. Another union petitioner, the International Association of Machinists and Aerospace Workers (IAM), participated separately in the Conrail proceeding.

CSX/NS-84 at 17 (emphasis supplied). *See* Exhibit 5 hereto. The referenced response to Interrogatory No. 10, which asked, "whether the Applicants consider themselves bound by the Operating Plans . . . if the STB approves the Application," stated:

The Operating Plans are best projections which are not binding on the Applicants. Those Plans represent their best efforts to project, on the information available, how their allocated share of Conrail and the Shared Assets Areas will be operated post-STB approval of the control and related applications. These Plans, however, cannot anticipate all of the changes that may be necessary to operate Conrail's assets in an efficient manner. In addition, as Applicants actually implement their Operating Plans, new and different ways of Operation will become apparent. Applicants will also have to adjust their plans to the expectations and needs of shippers. Applicants will also have to take into account changes in shipper demands for their services which may occur between the time of the filing of the application and when STB approval is obtained. Finally, some changes to implement efficiencies from combined operations may not become apparent until after CSX and NS have been operating their allocated share of Conrail assets for some time.

CSX/NS-44 at 11-12. *See* Exhibit 4 hereto.

NS also indicated in the Application that it would attempt to develop business for its repair shops from other railroads and companies (known as "insourcing"), and that the results of those efforts would be important to its ability to fully utilize its shop capacity. *See* CSX/NS-20, Vol. 3B at 62-63. NS noted that one source of expected future insourcing would be CSX, which had agreed to send a certain number of cars to Hollidaysburg during the three years after Day One. *Id.* at 320-321; CSX/NS-25, Vol. 8C at 801-802. In the proceeding, ARU specifically expressed concern with whether and how long NS would continue to use the Hollidaysburg shops after Day One, and they pressed the issue in interrogatories and in depositions. For example, ARU Interrogatory No. 143 asked: "Once CSX discontinues its practice of sending 333 cars per year to the Hollidaysburg shop, what do the Applicants anticipate will be the effect upon TWU-represented carmen at the Hollidaysburg shop?" NS responded as follows:

The effect on carmen . . . is not known because it is not known when CSX will discontinue sending 333 cars to Hollidaysburg. *Presently, it is anticipated that it will be after three years. Accordingly, NS cannot speculate on the volume of work that will exist if and when CSX discontinues sending these cars to Hollidaysburg. Furthermore, NS cannot speculate on the impact of insourcing or the rate of attrition.*

CSX/NS-69 at 5-6 (emphasis supplied). See Exhibit 3. NS responded in the same vein to another interrogatory, ARU Interrogatory No. 132, asking a similar question pertaining to Hollidaysburg with respect to boilermakers, laborers, electrical workers and sheet metal workers. See Exhibit 4, CSX/NS-44 at 80-81.⁶ Robert Spenski, NS' Vice President-Labor Relations, said the same thing in a deposition attended by counsel for the union petitioners here. Spenski/Peifer Deposition Tr., September 2, 1997 at 81. See Exhibit 6 hereto.

Further, in response to ARU Interrogatory No. 151, which sought to identify future closings of shops on the then-Conrail system, NS referred back to its response to another ARU Interrogatory, No. 127, in which NS said that "Applicants have not determined whether any other locomotive or car shops or facilities, other than the ones specified in the Operating Plan, will be closed." See Exhibit 3, CSX/NS-69 at 12; Exhibit 4, CSX/NS-44 at 78.

The foregoing responses to concerns about shop closings made clear that NS was *not* committing to operate Hollidaysburg forever, or for any particular period of time, or without regard to future economic circumstances. They made clear that the statements in NS'

⁶ As explained by Mr. Veron and discussed below, the insourcing efforts did result in work for the Hollidaysburg shops. The work performed for CSX under the agreement was a relatively small part of the insourcing work done at Hollidaysburg. Despite the NS insourcing efforts, however, the shops have operated at a substantial loss and constitute a significant drain on NS, even with the CSX work. NS and CSX have agreed that CSX would not send additional cars to Hollidaysburg. That matter is solely between NS and CSX and has no bearing on the Joint Petition. The Joint Petition expressly disclaims any reliance on the term of the CSX/NS Agreement and seeks an order requiring NS to keep the shops open forever. See Joint Pet. at 8, n.1.

Operating Plan regarding Hollidaysburg and other facilities were statements of NS' good-faith expectation at the time about how it would operate as of Day One, and that whether and for how long NS would continue using particular facilities would depend entirely on future circumstances that could not be predicted with any degree of certainty.

Decision No. 89

Nothing in Decision No. 89 expressly states or implies that statements in the Applicants' Operating Plan concerning the properties they expect to use when the systems are consolidated, and how they expect to use them, constitute binding commitments from which Applicants cannot deviate regardless of future economic or other conditions.

Labor Implementing Agreements

After issuance of Decision No. 89 and prior to Day One, Applicants entered into implementing agreements with the unions representing their employees. Consistently with NS' statements during the proceeding, discussed earlier, the six implementing agreements Applicants entered into with unions representing shop craft employees each contain provisions that explicitly reflect the understanding and contemplation of all parties, including the unions, that there might be "future coordinations of work, services or operations, in whole or in part, not now contemplated" that would result in the dismissal or displacement of employees or the rearrangement of forces. The implementing agreement among Applicants, the Brotherhood Railway Carmen Division - TCU, and the Transport Workers of America (one of the petitioning unions here) is illustrative. Article I, Section 1 of the agreement permits applicants to effect, on seven days' notice, certain specified "coordinations or rearrangements of forces;" these specified actions include the transfer of "[p]rogram car repair work from Macedonia,

OH, Decatur, IL, and Williamson, WV to Hollidaysburg.” Article I, Section 3, however, anticipates further transfers of work by providing:

Future coordinations of work, services or operations, in whole or in part, *not now contemplated and/or specified in Section 1*, which involve the dismissal or displacement of any employee(s) or rearrangement of forces may be implemented by NSR and/or CRC after providing employee(s) and their Organization representatives thirty (30) days’ written notice. . . .

See Exhibit 7 (emphasis supplied). The implementing agreements between Applicants and each of the other petitioning unions contain similar language.⁷ The relevant excerpts from those agreements are attached as Exhibits 8-12.

Operations After Day One

As described in greater detail in Mr. Veron’s verified statement, NS has continued to operate the Hollidaysburg shops for almost two years since Day One. Some of the work done at the shops during that time was transferred to Hollidaysburg from other NS shops, as the Operating Plan anticipated. In addition to the work done on NS cars, NS made substantial efforts to “insource” additional work from other railroads and car owners. These efforts included both active marketing and substantial price reductions. As a result, almost half of the approximately 4,000 cars worked on at the shops in 2000 were non-NS cars.

⁷ If the employees or their representatives wish to confer with the carrier about the proposed rearrangement of forces after receiving such notice, the agreements provide for a process of negotiation and, failing agreement, arbitration of issues related to the rearrangement of forces. TCU also has an implementing agreement with NS (and CSX and Conrail), attached hereto as Exhibit 13. This agreement provides *inter alia* for future coordinations of work and relocation of employees by providing notice and certain information to the General Chairman, without any requirement for a new implementing agreement. This implementing agreement also provides for benefits superior to those provided under the *New York Dock* conditions. Notwithstanding this Implementing Agreement, TCU has now joined petitioners in asking the Board to continue to operate the Hollidaysburg shops. Contrary to the TCU’s

(continued on next page...)

The witnesses supporting the Joint Petition acknowledge that following Day One, NS has operated the Hollidaysburg shops, consolidated work at Hollidaysburg, and sought insourcing work for Hollidaysburg, as NS had expected to do. *See* Unions' Exhibit 16, Lutton V.S. at ¶ 4; Unions' Exhibit 17, Francisco V.S. at ¶ 4.

Unfortunately, despite the transfers of work from other shops and the insourcing efforts, the Hollidaysburg shops have operated only at about one-third capacity since Day One. The hard fact is that NS's other car repair facilities (not including the Roanoke shops that have been largely idled) have both the physical capacity and capabilities to perform the kinds and amounts of repair work on NS equipment now being performed at the shops now operating on the NS system. Hollidaysburg is thus a redundant facility, and a very expensive one. Contrary to the claims of TWU Local 2017 President Lutton, the verified statement of Robert H. Belvin, NS Manager – Budget Planning and Operations, shows that the Hollidaysburg shops, considered as a stand-alone facility, do not generate a profit but, in fact, have operated at a significant loss – almost \$ 7 million, as a conservative estimate, in the year 2000. *See* Exhibit 2, Belvin V.S. at 2.

(...continued from previous page)

assertion that NS will create only 14 jobs (Response at 1-2), NS has offered positions to all TCU-represented employees who are willing to relocate.

ARGUMENT

REOPENING OR OTHER RELIEF SOUGHT BY THE JOINT PETITION IS NOT WARRANTED.

A. NS HAS NOT BREACHED ANY REPRESENTATIONS MADE CONCERNING THE HOLLIDAYSBURG SHOPS.

NS regrets the economic circumstances that have led to the difficult decision to close Hollidaysburg. But the Joint Petition rests on the incorrect premise that NS guaranteed in the Application and during the proceeding to continue operating the Hollidaysburg shops forever and without regard to economic circumstances. This premise is wrong. NS correctly stated its good faith intention at the time to use the Hollidaysburg shops after Day One, an intention that was based on expectations at that time. At the same time, NS made clear to petitioners that it was not making a commitment to continue using Hollidaysburg, or any other facility, forever or for any period of time after Day One, and that how long NS would use Hollidaysburg and other facilities would depend entirely on future economic conditions that could not be known at the time. And the implementing agreements the unions representing NS' shop craft employees entered into after the Application was approved specifically recognized that future transfers of work might occur.

That NS' statements regarding its intentions with respect to Hollidaysburg were correct and made in good faith is clearly demonstrated by its continued use of Hollidaysburg since Day One and by its very substantial efforts to insource new car repair work at that facility, described by Mr. Veron and acknowledged by the Joint Petitioners' witnesses. Notwithstanding these efforts, the economic losses incurred at Hollidaysburg are substantial ones that NS simply cannot afford to have continue.

B. THE BOARD'S CATCH-ALL CONDITION WAS NOT INTENDED TO DEPRIVE CARRIERS OF THE FLEXIBILITY TO MAKE NECESSARY BUSINESS DECISIONS.

The Joint Petition also relies on the general, catch-all condition the Board imposed in Decision No. 89 requiring NS and CSX “to adhere to all of the representations they made during this proceeding, whether or not such representations are specifically referenced in this decision.” Decision No. 89 at 176, ¶ 19. This condition does not help petitioners because, as just discussed, NS has not breached any representations made during the proceedings regarding Hollidaysburg. In sum, NS said it expected to need Hollidaysburg post-transaction, to use it, to consolidate certain work there, to seek insourcing work, and, in light of its anticipated use, to spend \$4 million on a particular capital project there; but NS also said that how long it would continue to use any of its shops was unknown. There have been no misrepresentations.⁸

Moreover, the Board has made clear that its catch-all condition was not intended to apply to statements by Applicants in the Application and during the proceeding describing the Applicants’ plans for operating the consolidated systems after approval. Under the conditions

⁸ It is true that NS has not made the anticipated \$4 million expenditure for “material handling improvements” at the Hollidaysburg shops referenced in the NS Operating Plan. See CSX/NS-20, Vol. 3B at 288. In light of the circumstances compelling NS to conclude that Hollidaysburg should be closed, expenditure of that money now makes no economic sense. Nor would that expenditure have ameliorated the need to close the shops. See Veron V.S. at 7. Declining to carry out the project as originally anticipated is not a situation unique to Hollidaysburg; NS noted, for example, in its first annual oversight report that, in light of events unfolding after Day One, the company has modified in various respects its capital improvement plans from those anticipated in the application. See Finance Docket No. 33388 (Sub-No. 91)[General Oversight], NS-1 at 12 (filed June 1, 2000); see also Finance Docket No. 33388 (Sub-No. 93)[Buffalo Area Infrastructure], CSX/NS-1 at 19, n.13 (filed September 7, 2000) (noting that study undertaken subsequent to the Application indicated that certain projects contemplated in the Application for the Buffalo area were in fact not feasible).

in which applications must be prepared and submitted, such statements necessarily represent general, and therefore imprecise, projections of Applicants' expectations concerning the consolidated systems. They are not, and cannot be, precise blueprints for future operations that Applicants must follow forever, or until the Board affirmatively excuses them.

The Board recently so ruled in the Conrail general oversight proceeding when it explained, in response to comments by the Maryland Department of Transportation, that "MDOT . . . is not correct in its assessment that the operating plans filed by CSX and NS were 'commitments' to achieve proposed service and infrastructure improvements within 3 years after the implementation date that must be enforced without variation." Decision No. 5 in Finance Docket No. 33388 (Sub-No. 91) (served February 2, 2001) at 24.

The Board applied the same principle in this case in the Buffalo Area Infrastructure proceeding, when it rejected a claim that NS must be held to certain alleged representations regarding its expected construction of two track connections in the Buffalo, NY area. In that proceeding, the Erie-Niagara Rail Steering Committee ("ENRSC") noted that NS' Operating Plan had stated NS' expectation to build track connections at Blasdell and Gardenville Junction to relieve congestion at an estimated cost of \$6 million. ENRSC claimed that NS' subsequent decision not to build the connections amounted to a breach of its representations, to which the Board should hold NS by requiring it to spend \$6 million on other capital improvements designed to relieve congestion in Buffalo. The Board denied the request, stating:

Although we exempted NS' construction proposals at Blasdell and Gardenville Junction, these exemptions . . . are permissive. We did not make those construction proposals conditions to our approval of the Conrail transaction. ENRSC has cited no Board or other precedent for its novel request that NS be forced to spend a comparable amount as it originally projected for those constructions.

Decision in Finance Docket No. 33388 (Sub-No. 93) (served Feb. 2, 2001), at 6.⁹

These principles are not new. For example, in the UP/SP general oversight proceeding,¹⁰ the Board recognized that applicants' expectations regarding facilities usage or capital expenditures as set out in the application are not, and as a practical matter simply cannot be, inflexible commitments forever binding on the applicants regardless of subsequent market developments, customer needs, or economic circumstances. During the fourth annual round of UP/SP oversight, the California Public Utilities Commission asked the Board to "hold UP to its commitments to upgrade the Donner Pass and to increase capacity on the Sunset Route between El Paso and Los Angeles." *UP/SP* Decision No. 16 at 13 (served December 15, 2000). The Board, however, declined to do so, because "there is no requirement that a merger applicant actually make investments in the exact places or at the precise dollar amount that it predicts it will spend in its application." *Id.*¹¹

All of these decisions reflect the Board's recognition that statements by applicants in operating plans or elsewhere about how they expect to operate their systems do not, and

⁹ See also Decision No. 96 in this proceeding, which rejected a request to hold NS and CSX to alleged "representations" regarding train operations and traffic flows in their operating plans, stating: "[W]hile railroads do their best to predict the amount of post-transaction traffic likely to move over a given line, railroads need flexibility because the amount of traffic that actually moves depends on shipper demand. . . . Railroads must be permitted to decide on a continuous and ongoing basis which routes are most efficient to meet their needs." Slip op. at 22.

¹⁰ *Union Pacific Corp. et al. - Control and Merger - Southern Pacific Rail Corp. et al.*, Finance Docket No. 32760 (Sub-No. 21) ("*UP/SP*").

¹¹ The Board went on to note the general capital investment effort being undertaken by UP. *Id.* Here, NS, since Day One, has undertaken substantial capital improvement and investments in Pennsylvania (including, among other things, a major new intermodal terminal in Harrisburg) and elsewhere throughout its system. See, e.g., Finance Docket No. 33388 (Sub-No. 91)[General Oversight], NS-1 at 5-12.

cannot, establish binding commitments from which applicants cannot deviate after the transaction is approved. (Indeed, the Joint Petitioners cite no precedents to the contrary, nor any precedents supporting their claim for extraordinary relief.) The principles outlined by the Board in these decisions are directly pertinent to the request of the Joint Petition that NS be required to operate the Hollidaysburg shops forever and regardless of economic conditions (and indeed to invest an additional \$4 million there) and clearly demonstrate why the Joint Petitioners' request should be denied. Adopting the principle that the Joint Petitioners seek would do more than merely "impair [NS'] operating flexibility." Decision No. 96 at 9. Applied broadly, it could seriously impair NS' ability to make hard decisions that could be necessary to its very survival.

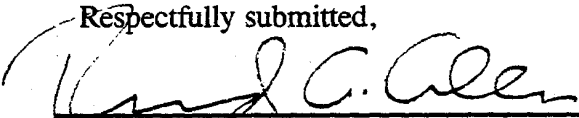
CONCLUSION

For the foregoing reasons, NS respectfully asks that the Joint Petition be denied.

J. Gary Lane
George A. Aspatore
Jeffrey H. Burton
John V. Edwards

**NORFOLK SOUTHERN
CORPORATION**
Three Commercial Place
Norfolk, Virginia 23510-2191
(757) 629-2838

Respectfully submitted,


Richard A. Allen
Scott M. Zimmerman
**ZUCKERT, SCOUTT &
RASENBERGER, LLP**
888 Seventeenth Street, NW
Suite 600
Washington, D.C. 20006
(202) 298-8660

Jeffrey S. Berlin
SIDLEY & AUSTIN
1722 Eye Street, N.W.
Washington, D.C. 20006
(202) 736-8000

*Attorneys for Norfolk Southern Corporation
and Norfolk Southern Railway Company*

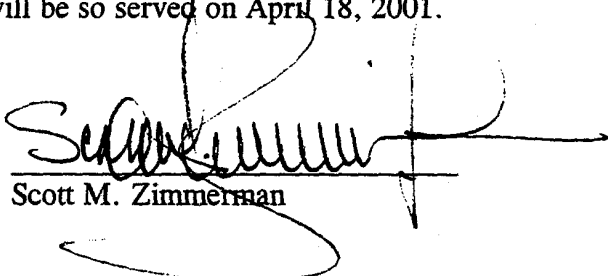
CERTIFICATE OF SERVICE

I hereby certify that on April 17, 2001, a true copy of the foregoing reply of Norfolk Southern to the joint petition of various unions and the Commonwealth of Pennsylvania was served by first class U.S. Mail, postage prepaid, or by more expeditious means, upon the following:

Richard S. Edelman
O'Donnell, Schwartz & Anderson, P.C.
1900 L Street, N.W.
Suite 707
Washington, D.C. 20036

Scott N. Stone
Patton Boggs, LLP
2550 M Street, N.W.
Washington, D.C. 20037

I further certify that a copy of the foregoing reply has been served, by first class U.S. mail, postage prepaid, or by more expeditious means, on all other parties of record in Finance Docket No. 33388 on April 17, 2001, or will be so served on April 18, 2001.



Scott M. Zimmerman

EXHIBIT LIST

- Exhibit 1** Verified Statement of David L. Veron.
- Exhibit 2** Verified Statement of Robert H. Belvin.
- Exhibit 3** CSX/NS-69, "Applicants' Responses To Allied Rail Unions' Second Set Of Interrogatories To Applicants (ARU-11)," pp. 1, 5-6, 12, 18-19.
- Exhibit 4** CSX/NS-44, "Applicants' Responses To Allied Rail Unions' First Set Of Interrogatories To Applicants (ARU-7)," pp. 1, 11-12, 78, 80-81, 86-87.
- Exhibit 5** CSX/NS-84, "Applicants' Responses To Allied Rail Unions' Third Set Of Interrogatories To Applicants (ARU-16)," pp. 1, 17, 31-32.
- Exhibit 6** Transcript of the Deposition of Robert Spenski and Kenneth Peifer, September 2, 1997, pp. 1-7, 80-81.
- Exhibit 7** Implementing Agreement Between CSX Transportation, Inc., Norfolk Southern Railway Company, Consolidated Rail Corporation, and the Brotherhood Railway Carmen Division-TCU and Transport Workers Union of America (dated October 16, 1998), pp. 1-6, 15.
- Exhibit 8** Implementing Agreement Between CSX Transportation, Inc., Norfolk Southern Railway Company, Consolidated Rail Corporation, and the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers (dated March 25, 1998), pp. 1-7, 18.
- Exhibit 9** Implementing Agreement Between CSX Transportation, Inc., Norfolk Southern Railway Company, Consolidated Rail Corporation, and the International Brotherhood of Electrical Workers (dated August 3, 1998), pp. 1-6, 16.

Exhibit 10

Implementing Agreement Between CSX Transportation, Inc., Norfolk Southern Railway Company, Consolidated Rail Corporation, and the National Conference of Firemen and Oilers (dated October 16, 1998), pp. 1-7, 18.

Exhibit 11

Implementing Agreement Between CSX Transportation, Inc., Norfolk Southern Railway Company, Consolidated Rail Corporation, and the Sheet Metal Workers International Association (dated September 17, 1998), pp. 1-4, 10; and Attachment B thereto (dated September 17, 1998), pp. 1-4, 10.

Exhibit 12

Implementing Agreement Between CSX Transportation, Inc., Norfolk Southern Railway Company, Consolidated Rail Corporation, and the International Association of Machinists and Aerospace Workers (dated October 10, 1998), pp. 1-3, 7; and Attachment B thereto (dated October 10, 1998), pp. 1-3, 12.

Exhibit 13

Implementing Agreement Between Norfolk Southern Corporation, Norfolk Southern Railway Company, Consolidated Rail Corporation, CSX Transportation, and the Transportation Communications International Union (dated November 2, 1998), pp. 1, 14-15, 27.

EXHIBIT 1

Verified Statement of David L. Veron

VERIFIED STATEMENT OF DAVID L. VERON

My name is David L. Veron. I am Director Insourcing, of Norfolk Southern Corporation ("NS"). I am based in Altoona, PA. I am submitting this statement in support of Norfolk Southern's response to the Petition filed on March 28, 2001 in Finance Docket No. 33388 by certain unions and the Commonwealth of Pennsylvania.

Personal Background

In my position as Director Insourcing, I am in charge of all of efforts to obtain business from other railroads and other companies (known as "insourcing") for all NS mechanical facilities. I have held that position since July 1999, shortly after NS began operating its portion of Conrail. I have worked for NS and its predecessors since 1974, when I was hired by the Southern Railway as Storehouseman-Material Management in Southern's diesel shop in Chattanooga, TN. I have worked for Southern and NS continuously since that time.

I am very familiar with the history of the Hollidaysburg car repair shops (the "Shops") and particularly with NS's operation of those Shops after June 1, 1999 ("Day One" or "Split Date") and its substantial efforts to develop business for the Shops, which I will describe below. As I will also discuss, many of the assertions made by Mr. T.D. Lutton in support of the petition regarding supposed prospective business for the Shops are simply incorrect, including his claim that the Shops make a profit for NS. Far from making a profit, the Hollidaysburg Shops in the year 2000 operated at a loss of nearly \$7 million, as explained in the separate statement of Robert Belvin.

Description of Hollidaysburg Shops

The Pennsylvania Railroad built the Hollidaysburg Shops in 1954-1955, nearly fifty years ago. The Shops are among the largest railroad car facilities in the world. They consist of over

three-quarters of a million square feet of enclosed shop and car production space sitting on over 360 acres of land. The building housing the Shops is over one-half mile long and at points it is nearly 330 feet wide. The building contains four main tracks over 3,000 feet long, 12 overhead cranes, and three paint and blast facilities. Up to 3,500 rail cars can be stored at the Shops at any one time. There are over 65 miles of rail tracks in the main building and elsewhere throughout the property.

During the period that the Pennsylvania Railroad had control of the Shops – from construction to the February 1968 consolidation of the railroad with the old New York Central into Penn Central – it repaired over 61,000 existing cars and constructed nearly 40,000 new cars at the Shops. (This amounted to an average of over 8,300 cars for repair and/or construction per year, not counting 1955 – the year the Shops first came on line). The Shops served as the primary Pennsylvania Railroad new freight car construction, rebuild and heavy repair facility.

During the 8 years the Shops were under the control of the Penn Central, it repaired over 73,000 cars and constructed over 7,000 new cars at the Shops. (This amounted to an average of over 10,100 cars per year).

Conrail took over the Shops on April 1, 1976. From that time until “Split Date” – June 1, 1999 – when NS acquired the use of the Shops, over 132,000 cars were repaired and over 5,700 cars were constructed at the Shops. At first, Conrail’s use of the Shops rivaled that of its predecessors – over 13,000 car repairs in each of 1977 and 1978, for example – but over time Conrail’s use of the Shops dwindled.

NS acquired use of the Shops on June 1, 1999. It is a “Pennsylvania Lines LLC” asset that is operated by NS as a result of the approval granted by the Surface Transportation Board (“STB” or “Board”) of the planned acquisition of control of Conrail by NS and CSX.

NS performs several activities at the car shop at Hollidaysburg, including "Rule 88 rebuilds" (upgrades to AAR car construction standards), wreck work, heavy bad orders, painting, reclamation and fabrication. This type of work is also performed at one or more of the several other shop locations on the NS system that can handle program maintenance,¹ but since Split Date – June 1, 1999 – much of this work has been moved to Hollidaysburg from the other NS shops. Despite that fact, the Shops currently run at less than one-third of capacity, with only one shift working five days per week.

The Shops During Year 2000

As discussed above, the Shops were heavily used during the Pennsylvania and the Penn Central eras. All of the work done at the Shops during those periods was done for the Shop's owners; there was no work performed for others. Much has changed. During year 2000, NS worked on approximately 4,040 cars in the Shops for over a dozen railroads and rail car leasing companies. No new cars were fabricated at the Shops during 2000.

Of the 4,040 cars repaired at the Shops during 2000, 1,838 were repaired for NS itself. Most of these (1,222) were for "light repairs" which I define as a repair that requires 25 or fewer man-hours of work. Only 729 of the cars required "medium repairs" (requiring between 26 and 75 man-hours of work), and only 287 required "heavy repairs" (requiring 76 or more man-hours of work). No outside company sent more than 500 cars to the Shops. The following represents a breakdown of the work performed at the Shops for outside companies:

¹ NS locations capable of handling program repairs are: Bellevue, OH; Birmingham, AL; Columbus, OH; Conway, PA; Elkhart, IN; Macedonia, OH (idled); Decatur, IL; Knoxville, TN; Linwood, NC; Macon, GA; Norfolk, VA; Shaffers Crossing – Roanoke, VA (largely idled); Williamson, WV.

	Heavy Repairs	Medium Repairs	Light Repairs
GATX	33	184	0
First Union	162	0	0
Greenbrier	100	0	84
Reading Blue Mountain & Northern	0	238	0
Rail Trust	155	0	0
CSXT	350	0	77
Winchester Western	0	13	0
Helm Leasing	0	0	20
GE Capital	200	0	0
Various flood damaged cars	0	0	186

Insourcing Efforts at Hollidaysburg

NS obtained much of the "insourcing" work done for others as a result of the substantial efforts of a restructured insourcing team. This team, which I have led since July 1999, has been dedicated to bringing work to Hollidaysburg as well as other facilities.

Having an active marketing insourcing effort dedicated to bringing in work to the Shops was something new to Hollidaysburg. Neither the Pennsylvania Railroad nor the Penn Central performed insourcing work for others at the Shops. Conrail did not itself actively solicit insourcing work for Hollidaysburg. Instead, to the extent an effort was made, it was generally made through a manufacturer's representative, Karol & Associates, which brought in some work for Hollidaysburg. Most of Conrail's car shop insourcing work was largely due to direct contacts from the customers themselves.

When NS contemplated taking over operations at the Shops, it knew that it would have to work to develop insourcing to keep the Shops active. NS believed that it could do so, and to that

end NS devoted additional resources, including creating a position of Manager of Freight Car Sales and Marketing. That position was held by Sam Williams, who reported directly to me, whose sole job was to bring in work to the NS car shops. I think he did an outstanding job of bringing in work to the Shops. Mr. Williams developed and actively worked a contact list of about 100 actual and potential customers.

Additionally, NS created a new division – Thoroughbred Mechanical Services (“TMS”) – which brought together in one division all insourcing efforts and operations throughout the NS car and locomotive shops. TMS developed and ran, at a substantial cost, a series of ads for publication further aimed at developing insourcing. These ads ran for much of the latter half of year 2000 in Progressive Railroading, Railway Age and The Pocket List of Railroad Officials, three mainstay publications in the railroad and rail car industries.

All of the insourcing efforts made by NS and TMS brought in new business – Mr. Lutton discusses many of the resulting contracts in his verified statement -- but, unfortunately, not nearly enough to justify continued operation of the Shops economically. Part of the success of the insourcing efforts resulted from a corporate decision to cut dramatically the rates for work at the facility. At first, NS sought to cover both labor costs and all allocated overhead costs. In order to attract business, however, NS later reduced rates substantially, which helped to bring in additional insourcing work, but the additional revenues still fell far short of covering the fully allocated costs of operating the Shops.

Lutton Declaration

I have reviewed the Declaration of Thomas D. Lutton, submitted with the Petition. Many of his contentions are incorrect or misleading. I will address only a few of them here.

First, Mr. Lutton is misinformed as to work that "would have kept the shops fully operational well into 2002." Lutton V.S. at 4. For example, he is mistaken that NS had a commitment from Bombardier for the conversion of 250 gondola cars at a cost of \$4.5 million. Lutton V.S. at 4. In fact, NS did have some initial discussions with Bombardier to build and apply a drop-in-trough to 225 gondolas, but Bombardier was willing to spend no more than \$1.9 million on the project, not the \$4.5 million Mr. Lutton claims.

Mr. Lutton also incorrectly claims that NS passed up work on 200 covered hopper cars for Johnstown America at an asserted cost of \$5 million. In fact, in November 2000, NS provided a quote to Johnstown America offering to work on these cars at a price of \$4.675 million. Although we were hopeful that we would bring that work to Hollidaysburg, Johnstown America informed us in February that they would do the work in their own shops.

Mr. Lutton is also mistaken in claiming that NS received a \$1 million commitment from Greenbrier for 1,000 container car covers. Lutton V.S. at 4. NS is not aware of any such proposal from Greenbrier. Nor have we received any proposal from First Union to provide warranty work on 400 gondolas, as Mr. Lutton claims on page 4 of his statement.

We did, however, have discussions with the Department of Defense. Those discussions concerned the possibility that NS would perform preventive maintenance on some of DoD's car fleet, and we had in fact provided them with a per-hour quote. Unfortunately, the Department of Defense did not contact us again until February 20 of this year – the day before NS announced the closure of the Shops. Even if we had entered into an agreement with the Department of Defense, I seriously doubt that the work would have been worth even close to \$8 million per year. The contemplated arrangement would have been an agreement on price per hour for work done on cars – not an agreement for the repair of a set number of cars.

Mr. Lutton claims that the Finger Lakes Railroad committed to have NS refurbish 20 cars at a price of \$380,000. Lutton V.S. at 4. In fact, this railroad expressed an interest in acquiring from NS an assortment of old cabooses and ballast cars. It wanted Norfolk Southern to then rework them. When we informed the Finger Lakes that we had no such cars for sale, the discussions ended.

Mr. Lutton also complains that NS did not invest \$4 million the NS's operating plan said NS expected to make for various material handling improvements. It is true that NS did not make that investment, but doing so would not, in my judgment, have helped NS to attract any more insourcing work than we were able to attract, and it would not, in my judgment, have had any material affect on the ultimate decision to close the Shops.

Finally, Mr. Lutton claims that the insourcing contracts produced a "profit." This claim is incorrect and completely ignores overhead costs reasonably allocable to the facility. If the Shops were considered a stand-alone facility, then by any reasonable definition of profit and loss, they have not operated at a profit but in fact have operated at a substantial loss since Day One. As I have noted, the Hollidaysburg Shops complex is a huge facility, one of the largest in the world, and since Day One it has been operating at less than one third of its capacity. As explained more fully in the verified statement of Mr. Belvin, on a conservative basis, the Shops lost almost \$7 million last year taking into account overhead costs and the costs and value of the repairs performed on cars in NS' fleet as well as for the insourcing customers.

VERIFICATION

I, David L. Veron, verify under penalty of perjury that I am Director - Insourcing.
that I have read the foregoing document and know its contents, and that the same is true
and correct to the best of my knowledge and belief.

Executed on April 17, 2001.

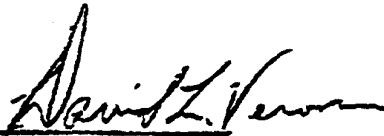

David L. Veron

EXHIBIT 2

Verified Statement of Robert H. Belvin

VERIFIED STATEMENT OF

ROBERT H. BELVIN

My name is Robert H. Belvin. I am submitting this verified statement in support of Norfolk Southern's response to the Petition several unions and the Commonwealth of Pennsylvania filed on March 28, 2001, in Finance Docket No. 33388. Specifically, I will address the claim found in the Declaration of TWU Local 2017 President T. D. Lutton, designated as "Union's Exhibit No. 16" to that Petition, that implies that the Hollidaysburg Shops are profitable. In my statement, I will demonstrate that this simply is not correct, and that the Shops, in fact, cost Norfolk Southern a significant amount to keep open.

I received my B.S. in Business Administration in 1974 from University of North Carolina – Chapel Hill, and my Masters of Business Administration from The College of William and Mary in Williamsburg, Virginia in 1976. I became a Certified Public Accountant in 1990. I began my career with Norfolk Southern nearly 25 years ago in the Engineering – Maintenance of Way – Budgeting and Planning section of the Financial Planning Department. I spent 12 years in the Cost Department. When I left that department, my title was Manager – Profit Analysis. I have held my current position of Manager – Budget Planning and Operations since March 1, 2000.

In his verified statement, Mr. Lutton discusses several contracts for work that Norfolk Southern performs for others at the Hollidaysburg Shops. (This work is commonly referred to as "insourcing" work.) He then makes the unsupported claim that this work "produced a net profit for NSR in an amount as high as \$1 million." If by this claim Mr. Lutton is implying that the Hollidaysburg Shops made a profit in calendar year

2000 as a result of the insourcing work Norfolk Southern was able to bring to the shops, then this is incorrect and completely ignores many of the costs reasonably allocable to the facility.

If the Hollidaysburg shops were considered a stand-alone facility, by any reasonable definition of profit and loss, they have not operated at a profit. In fact the shops have operated at a substantial loss since Day One. For year 2000, the only year for which I have complete numbers, they operated at a loss of at least \$6,824,211. (As I explain below, this is a very conservative figure.)

Mr. Lutton may have looked at whether the insourcing work netted for Norfolk Southern more than the marginal cost of producing that work. As can be seen in the attached statement, Exhibit 1, that clearly is the case. But from that fact no one can reasonably state or imply that the Hollidaysburg Shops are "profitable". One also must look at the cost of producing the work performed for Norfolk Southern at the Shops, at the general direct costs required to maintain the shops but not allocable to a particular project, and, on the revenue side, the value of the work done on the Norfolk Southern fleet.

I put together a profit/loss statement, which I attach hereto as Exhibit 1. I was very conservative in my calculations. For example, Pennsylvania Lines LLC ("PRR") actually owns the Hollidaysburg Shops, and Norfolk Southern only operates them. Norfolk Southern pays to PRR a fair market rental for the PRR lines and facilities it uses, including shops. The portion of this rental payment reasonably allocable to the Hollidaysburg Shops is over \$500,000. I did not include that expense in Exhibit 1. The bottom line in Exhibit 1 is \$6,824,211 in losses for calendar year 2000.

With only a few exceptions, Exhibit 1 is fairly self-explanatory. The first section sets forth revenues from insourcing sales together with the cost (labor, material and other expenses) required to produce these revenues.

The second section sets forth the labor costs for employees at the shops. (I note that this does not include all the wages for work associated with the shops – such as the wages and fringes for the Director Insourcing, David Veron, and those working for him.) In this section are two line items that should be noted: 1) “Capital programs” and 2) “Insourcing projects”. These two items are costs that produce a directly associated “revenue.”¹ As a result, they are also counted as revenues under “Billable, Insourcing and Capital Program Work in Process Credits.”

The next section sets forth the costs for materials used at the shops. Some of the material reflected in this section was used during year 2000 to produce components and other items that are in turn returned to inventory. Therefore, the value of that produced inventory (in labor, material and other expenses required to produce this inventory) is also included as revenue under “Inventory Credit.”

The next section sets forth the costs for other expenses directly associated with the Shops. The “other expenses” directly associated with insourcing projects is added back in under “Insourcing Work in Process Credits,” because eventually that will be recouped from others.

¹ The costs set forth in “Capital programs” will result in a corresponding increase in the value of the capital items produced. The costs set forth in “Insourcing projects” are costs for insourcing projects in process that will eventually be recouped from others.

In the line entitled "Work performed on NS fleet", I add back in the value of the work done at the Hollidaysburg Shops on the Norfolk Southern fleet. I understand that Hollidaysburg Shops employees spent 130,860.87 hours working on the Norfolk Southern fleet during year 2000. This produced a "value" of \$9,106,617, using the AAR billing rate (I am told that for 2000 the rate was \$69.59 per hour). I used the AAR billing rate in order to be conservative. This is higher than the per-hour rates that Norfolk Southern negotiated for all of the year 2000 insourcing contracts reflected in the Exhibit.

This means that the work performed on the Norfolk Southern fleet cost \$9,477,980 more to produce than the value received, when one assigns to that Norfolk Southern fleet work all of the costs of the shops not allocated to the insourcing effort. The insourcing work contributed \$2,653,769 to the bottom line. In sum, netting out all of the costs and all of the revenues, Norfolk Southern lost \$6,824,211 during year 2000 by operating the Hollidaysburg shops, despite the substantial insourcing efforts.

VERIFICATION

I, Robert H. Belvin, verify under penalty of perjury that I am Manager - Budget Planning and Operations, that I have read the foregoing document and know its contents, and that the same is true and correct to the best of my knowledge and belief.

Executed on April 17, 2001.


Robert H. Belvin

Hollidaysburg

Year 2000

Insourcing Sales	\$ 10,267,266
Insourcing Cost of Goods Sold	<u>(7,613,497)</u>
Insourcing Contribution	2,653,769
Labor:	
Car expense programs	(236,779)
Billable (including fringe allocation)	(3,595)
Shop expense	(3,431,020)
Shop machinery repair	(1,182,905)
Freight car repairs	(2,474,963)
Inventory production	(661,818)
Capital programs (including fringe allocation)	(1,890,163)
Insourcing projects (including fringe allocation)	(4,144,472)
All other labor	(3,321,660)
Fringe allocation (excl. Capital, Insourcing & Billable)	<u>(6,785,339)</u>
Subtotal	(24,132,714)
Billable, Insourcing and Capital Program Work in Process Credits	6,038,230
Total Expense Labor	<u>(18,094,484)</u>
Material:	
Car expense programs	(479,326)
Billable	-
Shop expense	(198,055)
Shop machinery repair	(408,094)
Freight car repairs	(1,786,802)
Inventory production	(3,747,816)
Capital programs (1)	-
Insourcing projects	(6,463,595)
All other material	(726,310)
Subtotal	<u>(13,809,998)</u>
Insourcing Work in Process Credits	6,463,595
Inventory credit	6,400,104
Total Expense Material	<u>(946,299)</u>
Other Expenses:	
Insourcing projects	(95,514)
Freight car repair	(21)
Shop expense	(80,242)
Shop machinery repair	(12,278)
All other expenses	<u>(1,334,753)</u>
Subtotal	(1,522,808)
Insourcing Work in Process Credits	95,514
Total Expense Other	<u>(1,427,294)</u>
Overhead expenses allocated to Insourcing Cost of Goods Sold	1,883,480
Work performed on NS fleet (2)	<u>9,106,617</u>
Total Pre-tax Income (Expense)	<u>\$ (6,824,211)</u>

(1) Capital material is not captured by shop location

(2) Valued at AAR billing rates for the year 2000

EXHIBIT 3

**CSX/NS-69, "Applicants' Responses To Allied Rail
Unions' Second Set Of Interrogatories To Applicants
(ARU-11)," pp. 1, 5-6, 12, 18-19.**

BEFORE THE
SURFACE TRANSPORTATION BOARD

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

STB FINANCE DOCKET NO. 33388

APPLICANTS' RESPONSES TO
ALLIED RAIL UNIONS'
SECOND SET OF INTERROGATORIES
TO APPLICANTS (ARU-11)

Applicants^{1/} hereby respond to the second set of discovery requests to
Applicants served by the Allied Rail Unions ("ARU" or "Requester").

GENERAL RESPONSES

The following general responses are made with respect to all of the requests
and interrogatories.

1. Applicants will conduct a reasonable search for documents responsive to the
requester's documents requests. Except as objections are noted herein,^{2/} all responsive

^{1/} "Applicants" refers collectively to CSX Corporation and CSX Transportation
(collectively "CSX"), Norfolk Southern Corporation and Norfolk Southern Railway Company
(collectively "NS"), and Consolidated Rail Corporation and Conrail Inc. (collectively
"Conrail").

^{2/} Thus, any responses that state that responsive documents are being produced is
subject to the General Objections, so that, for example, any documents subject to attorney-

INTERROGATORIES

Interrogatory No. 142

Identify any planned change as to the craft of the employees who, after consummation of the acquisition of control of Conrail by CSX and NS, will perform the work previously performed by TWU-represented carmen whose jobs will be abolished.

142. Applicants object to this interrogatory as vague and ambiguous. Without waiving that objection, and subject to the General Objections stated above, Applicants respond as follows:

Applicants note that this interrogatory appears to be based on a misconception that the work of abolished positions is somehow assigned to other employees. If the transaction is approved and consummated, there will be changes in the nature of the work to be done on the combined system. In addition, approval of the transaction will allow work to be performed more efficiently, with attendant impacts on the number and locations of jobs.

To the extent any work of the abolished positions remains, it will be performed by appropriate NS, CSX, or Conrail crafts pursuant to the terms of the applicable collective bargaining agreement. However, at this time, Applicants are unable to identify the specific positions to which the work will be assigned.

Interrogatory No. 143

Once CSX discontinues its practice of sending 333 cars per year to the Hollidaysburg shop, what do the Applicants anticipate will be the effect upon TWU-represented carmen at the Hollidaysburg shop?

143. Subject to the General Objections stated above, Applicants respond as follows:

The effect on carmen who will be working under the NS agreements as specified in Volume 3B, Appendix A is not known because it is not known when CSX will discontinue sending 333 cars to Hollidaysburg. Presently, it is anticipated that it will be after three years. Accordingly, NS cannot speculate on the volume of work that will exist if and when CSX discontinues sending these cars to Hollidaysburg. Furthermore, NS cannot speculate on the impact of insourcing or the rate of attrition. See Application, Volume 8C, p. 801-802.

Interrogatory No. 144

Explain the nature of the duties, if any, that Applicants plan for carmen in the SAA's, the number of TWU-represented carmen planned to be assigned to each SAA, the planned locations for their assignments, and the collective bargaining agreements that Applicants believe will be applicable to those employees.

144. Subject to the General Objections stated above, Applicants respond as follows:

Studies were not performed at a level of detail that would distinguish between carmen represented by ARU participants and carmen represented by other organizations. The duties of these employees in the SAA will be consistent with the applicable schedule agreement, recognizing that the Application has delineated changes that will be necessary since certain types of work will be outside the capability of SAA forces after the acquisition. The Conrail agreement will continue to apply to the SAA except as detailed in the Application. The exact locations for the assignments within the SAA's remains to be determined. Currently, the number of positions and planned locations for carmen in the SAA's are as follows:

Dearborn, MI	1
Detroit, MI (Jefferson Dk)	10
Detroit, MI (Livernois Yd)	4
Detroit, MI (North Yd)	22
Detroit, MI (Sterling Yd)	20
Detroit, MI - River Rouge	12
Camden, NJ	15

As to ARU Interrogatory Nos. 4 and 5: Applicants raised initial objections, which ARU did not contest before ALJ Leventhal.

See responses to ARU Interrogatory Nos. 7, 8, 9, 12(c) and 15. As to Interrogatory No. 14, the breakdown of abolishments by carrier is as follows: Conrail - 59; CSX - 0; NS - 148. Applicants anticipate two NS carmen positions will be transferred. These figures include both TCU and TWU represented carmen, inasmuch as the studies did not distinguish between organizations.

Interrogatory No. 151

Identify all project shops on the present Conrail system which will be closed or consolidated with another shop as a result of the Transaction. If the work will be consolidated, identify the location of the consolidated shop.

151. Subject to the General Objections stated above, Applicants respond as follows:

For NS: See the Application, including Applicants' 1996/1997 Labor Impact Exhibit; Volume 3B (p. 326); and the response to ARU Interrogatory No. 127.

For CSX: See response to TCU Interrogatory No. 4(a).

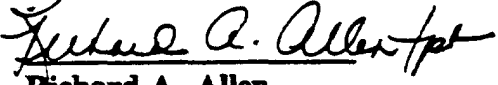
Interrogatory No. 152

CSX states that car inspection activities may be consolidated at Philadelphia, Toledo, East St. Louis, Indianapolis and Danville (Vol. 3A, p.303).

- a. Identify which of these locations will continue car inspection activities after the Transaction, any expansion anticipated at those locations, and which locations will no longer provide car inspection activities after the Transaction.
- b. Specify the effect of the consolidations upon any ARU crafts, identifying by craft and incumbent any positions that will be transferred or abolished.
- c. Identify any Transaction-related public transportation benefit that CSX believes will inure to the public as a result of consolidating the facilities.

James C. Bishop, Jr.
William C. Wooldridge
J. Gary Lane
James L. Howe III
Robert J. Cooney
George A. Aspatore
Roger A. Petersen
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510-9241

(757) 629-2838


Richard A. Allen
John V. Edwards
Patricia E. Bruce
Zuckert, Scoutt & Rasenberger LLP
888 Seventeenth Street, N.W.
Suite 600
Washington, D.C. 20006-3939
(202) 298-8660

John M. Nannes
Scot B. Hutchins
Skadden, Arps, Slate, Meagher
& Flom LLP
1440 New York Ave., N.W.
Washington, D.C. 20005-2111
(202) 371-7400

Counsel for Norfolk Southern
Corporation and Norfolk Southern
Railway Company

Respectfully submitted,

Mark G. Aron
Peter J. Shudtz
CSX Corporation
One James Center
902 East Cary Street
Richmond, VA 23129
(804) 782-1400

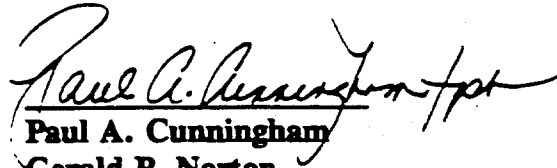
P. Michael Giftos
Paul R. Hitchcock
CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202
(904) 359-3100


Dennis G. Lyons
Drew A. Harker
Jodi B. Danis
Arnold & Porter
555 12th Street, N.W.
Washington, D.C. 20004
(202) 942-5000

Samuel M. Sipe, Jr.
David H. Coburn
Steptoe & Johnson LLP
1330 Connecticut Avenue
Washington, D.C. 20036
(202) 429-3000

Counsel for CSX Corporation
and CSX Transportation, Inc.

Timothy T. O'Toole
Constance L. Abrams
Consolidated Rail Corporation
Two Commerce Square
2001 Market Street
Philadelphia, PA 19103
(215) 209-4000


Paul A. Cunningham

Gerald P. Norton
Harkins Cunningham
1300 Nineteenth Street, N.W.
Suite 600
Washington, D.C. 20036
(202) 973-7600

Counsel for Conrail Inc. and
Consolidated Rail Corporation

Dated: September 4, 1997

EXHIBIT 4

**CSX/NS-44, "Applicants' Responses To Allied Rail
Unions' First Set Of Interrogatories To Applicants
(ARU-7)," pp. 1, 11-12, 78, 80-81, 86-87.**

BEFORE THE
SURFACE TRANSPORTATION BOARD

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

STB FINANCE DOCKET NO. 33388

APPLICANTS' RESPONSES TO
ALLIED RAIL UNIONS'
FIRST SET OF INTERROGATORIES
TO APPLICANTS (ARU-7)

Applicants^{1/} hereby respond to the first set of discovery requests to Applicants served by the Allied Rail Unions ("ARU" or "Requester").

GENERAL RESPONSES

The following general responses are made with respect to all of the requests and interrogatories.

1. Applicants will conduct a reasonable search for documents responsive to the requester's documents requests. Except as objections are noted herein,^{2/} all responsive

^{1/} "Applicants" refers to CSX Corporation and CSX Transportation (collectively "CSX"), Norfolk Southern Corporation and Norfolk Southern Railway Company (collectively "NS"), and Consolidated Rail Corporation and Conrail Inc. (collectively "Conrail").

^{2/} Thus, any responses that state that responsive documents are being produced is subject to the General Objections, so that, for example, any documents subject to attorney-client privilege or the work product doctrine are not being produced.

Conrail agreements, the application of the NS and CSX agreements will, of course, not affect the rates of pay, rules, or working conditions which applied under the Conrail agreements.

Applicants have not analyzed the manner and extent to which each rate of pay, rule or working condition in the Conrail agreements applicable to each craft or class of employees represented by the ARU unions may be affected by applying CSX's agreements.

Furthermore, Applicants object to Interrogatory 8(a) in light of the fact that ARU already possesses the information sought in the interrogatory and it would be no more burdensome for the ARU to obtain the information from their own files than it would be for the Applicants to assemble the information.

8(b). Applicants intend to use the procedures in 49 U.S.C. § 11326 and the New York Dock conditions for the negotiation or arbitration of implementing agreements.

Interrogatory No. 9

Identify all plans of the Applicants to contract out work which is currently being performed by ARU-represented employees of any Applicant railroad.

See objections set forth in CSX/NS-38.

Interrogatory No. 10

State whether the Applicants consider themselves bound by the Operating Plans discussed in Volume 3A and 3B of the Application if the STB approves the Application. If they do not consider themselves to be so bound, explain the extent to which Applicants believe that they will be free to deviate from the proposed Operating Plan, and whether they contend that Section 11321(a) will be applicable to actions taken which are not disclosed in the proposed Operating Plan.

Subject to the General Objections stated above, Applicants respond as follows:

The Operating Plans are best projections which are not binding on the Applicants.

Those Plans represent their best efforts to project, on the information available, how their

allocated share of Conrail and the Shared Assets Areas will be operated post-STB approval of the control and related applications. These Plans, however, cannot anticipate all of the changes that may be necessary to operate Conrail's assets in an efficient manner. In addition, as Applicants actually implement their Operating Plans, new and different ways of operation will become apparent. Applicants will also have to adjust their plans to the expectations and needs of shippers. Applicants will have to take into account changes in shipper demands for their services which may occur between the time of the filing of the application and when STB approval is obtained. Finally, some changes to implement efficiencies from combined operations may not become apparent until after CSX and NS have been operating their allocated share of Conrail assets for some time.

Section 11321(a) will be applicable to actions authorized by the STB's control authorization, which were not stated in the Operating Plans. The ICC and STB have never required that all changes be described in control applications or operating plans. The ICC has recognized that not all transactions authorized by control approvals are foreseeable at the time the Application was filed. Thus, the ICC, and now the STB, have broadly defined "transaction" for purposes of the New York Dock conditions to include coordinations which relate to or flow from control authorizations, even if the particular transaction was not described in the Application.

Interrogatory No. 11

Identify all changes on an annual basis in real wages, numbers of employees by crafts or classes identified in the Labor Impact Exhibit and fuels costs experienced by the Applicants since 1980.

See objections set forth in CSX/NS-38.

Interrogatory No. 126

Identify any locomotive or car repair shops or facilities on the present CSX system that CSX anticipates will be closed either as a result of this Transaction or of increasing its work force at Huntington, and explain the basis for closing the facility.

Subject to the General Objections stated above, CSX responds as follows:

None are contemplated at this time.

Interrogatory No. 127

Identify any locomotive or car repair shops or facilities, other than the Pegram, Ft. Wayne, and Enola shops, on the present NS system that NS anticipates will be closed as a result of this Transaction and explain the basis for closing the facility.

Subject to the General Objections stated above, NS responds as follows:

Applicants have not determined whether any other locomotive or car shops or facilities, other than the ones specified in the Operating Plan, will be closed.

Interrogatory No. 128

In connection with NS' assertion (Vol. 3B p. 322) that it will contract out air brake work:

- a. Explain the basis for contracting out air brake work.
- b. State whether NS believes that it would impede or interfere with the Transaction if the approval of the Transaction were conditioned on the requirement that no contractors may be utilized for boilermaker, electrical, laborer, or sheet metal work unless all NS and Conrail employees who are members of the respective craft are working on the NS system or for PRR. If the answer is yes, explain the basis for that belief.

Subject to the General Objections stated above, NS responds as follows:

- a. The current practice on NS is for the testing and cleaning of air brake valves to be performed at Chattanooga and by contractors. On Conrail, the testing and cleaning is performed at Altoona. NS also purchases rebuilt air brake equipment. The Operating Plan

Interrogatory No. 131

With respect to NS' plans to close a system wheelshop (Vol. 3B p. 63):

- a. Identify which wheelshop NS believes is more likely to be closed.
- b. Explain why NS believes a wheelshop must be closed.
- c. Identify the impact that closing a wheelshop will have upon boilermakers, electricians, laborers, or sheet metal workers, identifying the incumbent of any position that will be abolished or transferred.
- d. Identify any Transaction-related transportation benefits that NS believes will inure to the public as a result of closing a wheelshop.
- e. State whether NS believes that such action is necessary to the Transaction and state the basis for that belief.

Subject to the General Objections stated above, NS responds as follows:

- a. No determination has been made.
- b. The elimination of redundant facilities, excess inventory and the improved utilization of manpower lead to a more efficient transportation system.
- c. This information cannot be provided prior to the determination of which shop is to be closed .
- d. See response to Interrogatory No. 131(b).
- e. See response to Interrogatory No. 131(b) and (d).

Interrogatory No. 132

Once CSX discontinues its practice of sending 333 cars to the Hollidaysburg shop, what do the Applicants anticipate will be the effect upon employees who are boilermakers, laborers, electrical workers, and sheet metal workers at the Hollidaysburg shop?

Subject to the General Objections stated above, NS responds as follows:

It is not now known when CSX will discontinue sending 333 cars to Hollidaysburg. Presently it is anticipated that it will be after three years. Accordingly, NS cannot speculate on the volume of work that will exist if and when CSX discontinues sending these cars to Hollidaysburg. See Volume 8C, p. 801-802.

Interrogatory No. 134

Explain the nature of the duties, if any, that Applicants plan for boilermakers, electricians, laborers, and sheet metal workers in the SAA's, the number of employees in each of those crafts planned to be assigned to each SAA and the planned locations for their assignments, and the collective bargaining agreements that Applicants believe will be applicable to those employees.

Subject to the General Objections stated above, Applicants respond as follows:

The duties of these employees in the SAA will be consistent with the applicable schedule agreement, recognizing that the Application has delineated changes that will be necessary since certain types of work will be outside the capability of SAA forces after the acquisition. The Conrail agreement will continue to apply to the SAA except as detailed in the Application. The exact locations for the assignments within the SAA's remains to be determined. However, currently it is anticipated that the assignments will be as follows:

	<u>State</u>	<u>City (Yard)</u>	<u>JT Needs</u>
Boilermakers	New Jersey	Camden	1
Electricians	Michigan	Dearborn	1
Electricians	Michigan	Detroit	1
Electricians	Michigan	Detroit (Livernois YD)	5
Electricians	Michigan	Detroit (North YD)	1
Electricians	Michigan	Detroit (Sterling YD)	1
Electricians	Michigan	Detroit-River Rouge	3
Electricians	New Jersey	Camden	4
Electricians	New Jersey	Elizabeth	3
Electricians	New Jersey	Elizabethport	5

Respectfully submitted,

James C. Bishop, Jr.
William C. Wooldridge
J. Gary Lane
James L. Howe III
Robert J. Cooney
George A. Aspatore
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510-9241
(757) 629-2838

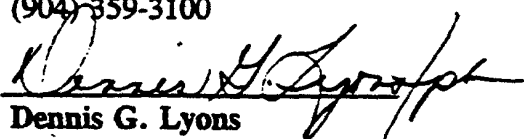

Richard A. Allen
John V. Edwards
Patricia E. Bruce
Zuckert, Scoutt & Rasenberger LLP
888 Seventeenth Street, N.W.
Suite 600
Washington, D.C. 20006-3939
(202) 298-8660

John M. Nannes
Scot B. Hutchins
Skadden, Arps, Slate, Meagher
& Flom LLP
1440 New York Ave., N.W.
Washington, D.C. 20005-2111
(202) 371-7400

Counsel for Norfolk Southern
Corporation and Norfolk Southern
Railway Company

Mark G. Aron
Peter J. Shudtz
CSX Corporation
One James Center
902 East Cary Street
Richmond, VA 23129
(804) 782-1400

P. Michael Giftos
Paul R. Hitchcock
CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202
(904) 359-3100


Dennis G. Lyons
Drew A. Harker
Jodi B. Danis
Arnold & Porter
555 12th Street, N.W.
Washington, D.C. 20004
(202) 942-5000

Samuel M. Sipe, Jr.
David H. Coburn
Steptoe & Johnson LLP
1330 Connecticut Avenue
Washington, D.C. 20036
(202) 429-3000

Ronald M. Johnson
Elizabeth Kandravy
Akin, Gump, Strauss, Hauer,
& Feld LLP
1333 New Hampshire Ave, N.W
Washington, D.C. 20036

Counsel for CSX Corporation
and CSX Transportation, Inc.

Timothy T. O'Toole

Constance L. Abrams

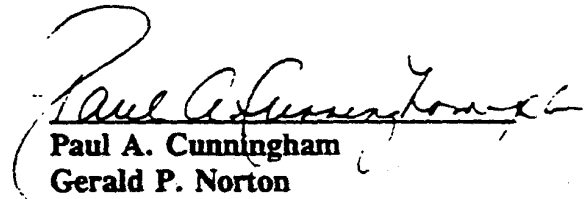
Consolidated Rail Corporation

Two Commerce Square

2001 Market Street

Philadelphia, PA 19103

(215) 209-4000



Paul A. Cunningham

Gerald P. Norton

Harkins Cunningham

1300 Nineteenth Street, N.W.

Suite 600

Washington, D.C. 20036

(202) 973-7600

Counsel for Conrail Inc. and
Consolidated Rail Corporation

Dated: August 20, 1997

EXHIBIT 5

**CSX/NS-84, "Applicants' Responses To Allied Rail
Unions' Third Set Of Interrogatories To Applicants
(ARU-16)," pp. 1, 17, 31-32.**

BEFORE THE
SURFACE TRANSPORTATION BOARD

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

STB FINANCE DOCKET NO. 33388

APPLICANTS' RESPONSES TO
ALLIED RAIL UNIONS'
THIRD SET OF INTERROGATORIES
TO APPLICANTS (ARU-16)

Applicants^{1/} hereby respond to the third set of discovery requests to
Applicants served by the Allied Rail Unions ("ARU" or "Requester").

GENERAL RESPONSES

The following general responses are made with respect to all of the requests
and interrogatories.

1. Applicants will conduct a reasonable search for documents responsive to the
requester's document requests. Except as objections are noted herein,^{2/} all responsive

^{1/} "Applicants" refers collectively to CSX Corporation and CSX Transportation
(collectively "CSX"), Norfolk Southern Corporation and Norfolk Southern Railway Company
(collectively "NS"), and Consolidated Rail Corporation and Conrail Inc. (collectively
"Conrail").

^{2/} Thus, any responses that state that responsive documents are being produced is
subject to the General Objections, so that, for example, any documents subject to attorney-

179. Without waiving any objection, and subject to the General Objections stated above, NS responds as follows:

The Employee Impact Statement does not reflect any disposition of positions resulting from the coordination of wheel shop activities. NS cannot anticipate the impact of such a coordination on employees of any particular wheel shop. The affected positions may be transferred in whole or part to another facility, abolished in whole or part, or retained in whole or part to perform other work.

Interrogatory No. 180

NS has stated that it has not yet determined whether it will close any locomotive or car repair shops or facilities on the present NS or combined NS/Conrail other than those identified in its operating plan.

- a. When does NS expect to make that determination?
- b. In the absence of such a determination, why should the STB be expected to rely on the labor impact statement as an accurate representation of the effect that this Transaction will have on shop craft employees?

180. Without waiving any objection, and subject to the General Objections stated above, NS responds as follows:

- a. After NS acquires its portion of Conrail, business conditions, revenue and traffic growth, efficiency of operations and similar factors will be evaluated to determine future needs for car and locomotive shops. No timetable has been set for this determination.
- b. See response to Interrogatory No. 10.

Interrogatory No. 181

Explain in detail how the public benefits from NS and CSX having a more efficient business operation.

Respectfully submitted,

James C. Bishop, Jr.
William C. Wooldridge
J. Gary Lane
James L. Howe III
Robert J. Cooney
George A. Aspatore
Roger A. Petersen
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510-9241
(757) 629-2838



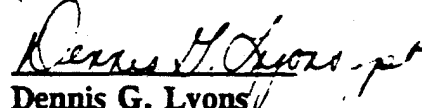
Richard A. Allen
John V. Edwards
Patricia E. Bruce
Zuckert, Scoutt & Rasenberger LLP
888 Seventeenth Street, N.W.
Suite 600
Washington, D.C. 20006-3939
(202) 298-8660

John M. Nannes
Scot B. Hutchins
Skadden, Arps, Slate, Meagher
& Flom LLP
1440 New York Ave., N.W.
Washington, D.C. 20005-2111
(202) 371-7400

**Counsel for Norfolk Southern
Corporation and Norfolk Southern
Railway Company**

Mark G. Aron
Peter J. Shudtz
CSX Corporation
One James Center
902 East Cary Street
Richmond, VA 23129
(804) 782-1400

P. Michael Giftos
Paul R. Hitchcock
CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202
(904) 359-3100

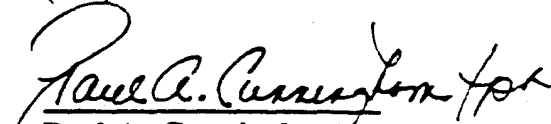


Dennis G. Lyons
Drew A. Harker
Michael Cagliotti
Arnold & Porter
555 12th Street, N.W.
Washington, D.C. 20004
(202) 942-5000

Samuel M. Sipe, Jr.
David H. Coburn
Steptoe & Johnson LLP
1330 Connecticut Avenue
Washington, D.C. 20036
(202) 429-3000

**Counsel for CSX Corporation
and CSX Transportation, Inc.**

Timothy T. O'Toole
Constance L. Abrams
Consolidated Rail Corporation
Two Commerce Square
2001 Market Street
Philadelphia, PA 19103
(215) 209-4000


Paul A. Cunningham

Gerald P. Norton
Harkins Cunningham
1300 Nineteenth Street, N.W.
Suite 600
Washington, D.C. 20036
(202) 973-7600

Counsel for Conrail Inc. and
Consolidated Rail Corporation

Dated: September 29, 1997

EXHIBIT 6

Transcript of the Deposition of Robert Spenski and
Kenneth Peifer, September 2, 1997,
pp. 1-7, 80-81.

1 BEFORE THE
2 SURFACE TRANSPORTATION BOARD
3 Finance Docket No. 33388
4 CSX CORPORATION AND CSX TRANSPORTATION, INC.
5 NORFOLK SOUTHERN CORPORATION AND
6 NORFOLK SOUTHERN RAILWAY COMPANY
7 -- CONTROL AND OPERATING LEASES/AGREEMENTS --
8 CONRAIL INC. AND CONSOLIDATED RAIL CORPORATION
9 RAILROAD CONTROL APPLICATION
10 HIGHLY CONFIDENTIAL
11 Washington, D.C.
12 Tuesday, September 2, 1997
13 Deposition of ROBERT SPENSKI and
14 KENNETH PEIFER, witnesses herein, called for
15 examination by counsel for the Parties in the
16 above-entitled matter, pursuant to agreement, the
17 witness being duly sworn by MARY GRACE
18 CASTLEBERRY, a Notary Public in and for the
19 District of Columbia, taken at the offices of
20 Arnold & Porter, 555 Twelfth Street, N.W.,
21 Washington, D.C., 20004-1202, at 1:10 p.m.,
22 Tuesday, September 2, 1997, and the proceedings
23 being taken down by Stenotype by MARY GRACE
24 CASTLEBERRY, RPR, and transcribed under her
25 direction.

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 APPEARANCES:

2

3 On behalf of Norfolk Southern Corporation
4 and Norfolk Southern Railway Company:

5 RICHARD A. ALLEN, ESQ.

6 Zuckert, Scoutt & Rasenberger, L.L.P.

7 888 Seventeenth Street, N.W.

8 Washington, D.C. 20006-3959

9 (202) 298-8660

10 and

11 JEFFREY S. BERLIN, ESQ.

12 Sidley & Austin

13 1722 Eye Street, N.W.

14 Washington, D.C. 20006

15 (202) 736-8178

16 and

17 ROGER A. PETERSON, ESQ.

18 MARK D. PERREAULT, ESQ.

19 Norfolk Southern Corporation

20 Three Commercial Place

21 Norfolk, Virginia 23510-2191

22 (757) 629-2657

23

24

25

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 APPEARANCES (Continued):

2

3 On behalf of CSX Corporation and CSX
4 Transportation, Inc.:

5 JEFFREY A. BURT, ESQ.

6 JODI DAVIS, ESQ.

7 Arnold & Porter

8 555 Twelfth Street, N.W.

9 Washington, D.C. 20004-1202
10 (202) 942-5035

11 and

12 RONALD M. JOHNSON, ESQ.

13 Akin, Gump, Strauss, Hauer & Feld

14 1333 New Hampshire Avenue, N.W.

15 Suite 400

16 Washington, D.C. 20036

17 (202) 887-4114

18 and

19 JAMES D. TOMOLA, ESQ.

20 NICHOLAS S. YOVANOVIC, ESQ.

21 CSX Transportation, Inc.

22 500 Water Street, J150

23 Jacksonville, Florida 32202

24 (904) 359-1191

25

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 APPEARANCES: (Continued)

2
3 On behalf of The Chemical Manufacturers
4 Association, The Commonwealth of
5 Pennsylvania, Governor Thomas J. Ridge, and
6 The Pennsylvania Department of
7 Transportation:

8 SCOTT NASON STONE, ESQ.

9 Patton Boggs, L.L.P.

10 2550 M Street, N.W.

11 Washington, D.C. 20037

12 (202) 457-6335

13
14 On behalf of the International Association
15 of Machinists and United Railway Supervisors
16 Association:

17 DEBRA L. WILLEN, ESQ.

18 PATRICK PLUMMER, ESQ.

19 Guerrieri, Edmond & Clayman, P.C.

20 1331 F Street, N.W.

21 Washington, D.C. 20004

22 (202) 624-7400

23
24
25
ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 APPEARANCES (Continued):

2

3 On behalf of the International Brotherhood
4 of Locomotive Engineers:

5 RICHARD S. EDELMAN, ESQ.

6 Suite 210

7 1050 Seventeenth Street, N.W.

8 Washington, D.C. 20036

9 (202) 296-8500

10

11 On behalf of the Transportation
12 Communications Union:

13 MITCHELL KRAUS, ESQ.

14 Transportation Communications Union

15 3 Research Place

16 Rockville, Maryland 20854

17 (301) 948-4910

18

19

20

21

22

23

24

25

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 APPEARANCES (Continued):

2

3 On behalf of the United Transportation
4 Union:

5 DANIEL ELLIOTT, ESQ.

6 CHRISTOPHER TULLY, ESQ.

7 United Transportation Union

8 14600 Detroit Avenue

9 Cleveland, Ohio 44107

10 (210) 228-9400

11

12 ALSO PRESENT:

13 JOHN F. MURPHY

14 GAIL PAYNE

15 Federal Railroad Administration

16 U.S. Department of Transportation

17

18 DARWIN B. KUBASIEWICZ

19 Transportation Communications Union

20

21 EDWARD W. RODZWICZ

22

23 ROBERT W. GODWIN

24

25

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

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C O N T E N T S

THE WITNESS	EXAMINATION BY COUNSEL FOR
ROBERT SPENSKI	TRANSPORTATION COMMUNICATIONS
KENNETH PEIFER	UNION
By Mr. Kraus	11
	UNITED TRANSPORTATION UNION
By Mr. Elliott	112
	INTERNATIONAL ASSOCIATION OF
	MACHINISTS AND UNITED RAILWAY
	SUPERVISORS ASSOCIATION
By Ms. Willen	128

1 A. (By Mr. Spenski) Yes.

2 Q. Where is the work of the 59 carmen
3 positions in Conrail -- what is going to happen
4 to it, if you know?

5 A. (By Mr. Spenski) Much of it will be
6 consolidated into other areas, into the shops in
7 Hollidaysburg.

8 Q. Are there other currently existing
9 Conrail shops that are going to be affected by
10 consolidations into Hollidaysburg?

11 A. (By Mr. Spenski) I don't recall.

12 Q. So you don't know whether any work is
13 being transferred from other Conrail facilities
14 to Hollidaysburg?

15 A. (By Mr. Spenski) I don't recall if any.

16 Q. Mr. Peifer and I discussed that there
17 is going to be a transition period when 333,
18 approximately, cars for CSX are going to be
19 repaired at Hollidaysburg and you're aware of
20 that, correct?

21 A. (By Mr. Spenski) Yes.

22 Q. Is it anticipated at the end of that
23 transition period, that is, when the work --
24 these 330 cars are being repaired at Raceland, is
25 there an anticipation that there will be job

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(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 abolishments at Hollidaysburg as a result of that
2 transfer work among carmen? I'm now specifically
3 asking about carmen.

4 A. (By Mr. Spenski) It's hard to tell
5 right now whether we'll be -- we'll have to wait
6 and see what happens but it's our anticipation
7 that through attrition and hopefully insourcing
8 from other companies, we might be able to offset.

9 Q. And similarly, would the same answer
10 hold for the transfer of certain locomotive
11 repairs from the Juniata facility, either 65
12 locomotives in a three-year transitional period?

13 A. (By Mr. Spenski) Yes.

14 Q. Is it anticipated that any carmen will
15 be transferring from Hollidaysburg or Juniata to
16 the CSX facilities where this work is going to be
17 transferred at the end of the transitional
18 period?

19 A. (By Mr. Spenski) I do not know that.

20 Q. Mr. Peifer, I may have asked you. I'm
21 sorry to go back and forth. I'll try to avoid
22 it. Is there any anticipation at the end of the
23 transitional period whether any employees will be
24 transferred from Hollidaysburg to Raceland or
25 from Juniata to Waycross or Huntington?

EXHIBIT 7

**Implementing Agreement Between CSX Transportation,
Inc., Norfolk Southern Railway Company, Consolidated
Rail Corporation, and the Brotherhood Railway Carmen
Division-TCU and Transport Workers Union of America
(dated October 16, 1998),
pp. 1-6, 15.**

IMPLEMENTING AGREEMENT

BETWEEN

CSX TRANSPORTATION, INC.
and its Railroad Subsidiaries

and

NORFOLK SOUTHERN RAILWAY COMPANY
and its Railroad Subsidiaries

and

CONSOLIDATED RAIL CORPORATION

and

their Employees Represented by

/BROTHERHOOD RAILWAY CARMEN DIVISION - TCU

and

TRANSPORT WORKERS UNION OF AMERICA

WHEREAS, Norfolk Southern Corporation ("NS"), Norfolk Southern Railway Company and its railroad subsidiaries ("NSR"); and CSX Corporation ("CSX") and CSX Transportation, Inc. and its railroad subsidiaries ("CSXT"); ~~and Conrail, Inc. ("CRR") and Consolidated Rail Corporation ("CRC")~~ have filed an application with the Surface Transportation Board ("STB") in Finance Docket No. 33388 seeking approval of acquisition of control by NS and CSX of CRR and CRC, and for the division of the use and operation of CRC's assets by NSR and CSXT (the "transaction");

WHEREAS, in its decision served July 23, 1998 in the proceeding captioned Finance docket No. 33388, CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company - Control and Operating Leases/Agreements - Conrail, Inc. and Consolidated Rail Corporation, and related proceedings, the STB has imposed the employee protective conditions set forth in New York Dock Ry. - Control - Brooklyn Eastern District, 360 I.C.C. 60 (1979) ("New York Dock conditions") (copy attached) on all aspects of the Primary Application; Norfolk and Western Railway Company - Trackage Rights - Burlington Northern, Inc., 354 I.C.C. 653 (1980), on related authorization of trackage rights; Oregon Short Line Railroad - Abandonment - Goshen, 360 I.C.C. 91 (1979), on related abandonment authorizations; and Mendocino Coast Railway, Inc., - Lease and Operate - California Western Railway, 360 I.C.C. 653 (1980), on the related authorization of the operations by CSXT or NSR of track leases with other rail carriers to which CRC is a party;

WHEREAS, the parties signatory hereto desire to reach an implementing agreement in satisfaction of Article I, Section 4 of the New York Dock conditions and other aforementioned labor protective conditions or any other protective conditions that have been imposed by the STB in this proceeding to the extent such conditions may be applicable to the transaction and related authorizations;

NOW, THEREFORE, IT IS AGREED:

ARTICLE I

Section 1

Upon seven (7) days' advance written notice by CSXT, NSR and CRC posted on appropriate bulletin boards, with copies to the Organization representatives signatory hereto, after the effective date of the STB's order approving the control transaction, CSXT, NSR and CRC may only effect the following coordinations or rearrangements of forces:

(a) The allocated CRC locomotives and cars which respectively are to be operated by either CSXT or NSR and will be integrated into either CSXT's or NSR's existing fleets of locomotives and freight cars and the maintenance and repair work of the CSXT and NSR coordinated and integrated fleets will be performed, respectively, at any CSXT or NSR facility notwithstanding the prior railroad ownership of the equipment.

(b) (1) At common locations on NSR, including those listed below, shop craft seniority will be integrated in accordance with the terms and provisions outlined in Article II and Side Letters attached to this Agreement:

NSR/CRC Points
Buffalo, New York
Chicago, Illinois
Cincinnati, Ohio
Cleveland/Lorain, Ohio
Columbus, Ohio
Fort Wayne, Indiana
Toledo, Ohio

(2) For common locations on the territories of the former Baltimore and Ohio Railroad and Chesapeake and Ohio Railway, shopcraft seniority will be integrated in accordance with the terms and provisions in Article II and Side Letters attached to this Agreement: Walbridge, Ohio (C&O); Cleveland, Ohio, E. St.

Louis, Illinois, Lima, Ohio and Indianapolis, Indiana (B&O).

(c) The following work may be coordinated or rearranged, in whole or in part, on NSR and allocated CRC properties operated by NSR:

- (1) EMD locomotive overhaul and component rebuild from Roanoke to Juniata Locomotive Works at Altoona
- (2) GE locomotive overhaul and component rebuild from Juniata (Altoona) to Roanoke Shop - Locomotives
- (3) Atlanta (Pegram Shop) locomotive truck overhaul to Altoona
- (4) Rebuilding of air brake equipment from Chattanooga to Altoona
- (5) Wreck repair for heavily damaged locomotives from Roanoke Shop - Locomotives to Altoona
- (6) Painting of locomotives from Chattanooga to Altoona
- (7) All EMD and GE turbocharger work from Juniata (Altoona) to Roanoke Shop - Locomotives
- (8) Machine tool operations and associated fabrication from Altoona to Roanoke
- (9) 92-day inspection of locomotives from Elkhart, Pavonia, and Oak Island to Bellevue
- (10) 92-day inspection of locomotives from Enola to Conway
- (11) Program car repair work from Macedonia, OH, Decatur, IL, and Williamson, WV to Hollidaysburg
- (12) Freight car part reclamation from Hollidaysburg to Roanoke
- (13) Wheel shop consolidation to site selected by NSR
- (14) Office car work from Roanoke to Altoona

(d) The following work may be coordinated or rearranged, in whole or in part, on CSXT and allocated CRC properties operated by CSXT:

- (1) Heavy locomotive work from Selkirk, NY, to Huntington, WV
- (2) Heavy locomotive work from Juniata Locomotive Works at Altoona, PA, to Huntington, WV, and Waycross, GA.
- (3) Freight car work from Hollidaysburg, PA, to Raceland, KY and to

any of CSXT's project shops.

- (e) Because after the transaction CRC will have no locomotive heavy repair or periodic maintenance capability, nor the ability to perform substantial or program work on cars, such service will be provided by CSXT or NSR, in accordance with their respective collective bargaining agreements and/or practices, or as directed by the locomotive or car owner. Only fueling, servicing and light and running repairs on locomotives and cars will be provided by CRC consistent with its collective bargaining agreement or practices, when such work is performed in Shared Assets Areas.

Section 2

Future coordinations of work, services or operations, in whole or in part, not now contemplated and/or specified in Section 1, in which no employee is required to relocate and the work force is not reduced at the involved locations as a result of the coordination may be implemented upon fifteen (15) days' written notice by NSR and/or CRC, to the appropriate Organization representatives.

Future coordinations on CSXT will be governed by Side Letter No. 14.

Section 3

Future coordinations of work, services or operations, in whole or in part, not now contemplated and/or specified in Section 1, which involve the dismissal or displacement of any employee(s) or rearrangement of forces may be implemented by NSR and/or CRC, after providing employee(s) and their Organization representatives thirty (30) days' written notice.

Should the Organization desire a conference concerning the

rearrangement of forces that would occur as a result of the announced coordination, upon written request from the Organization prior to the expiration of the aforementioned 30-day notice period, the period of the notice will be extended up to but not exceeding an additional sixty (60) days. The parties shall promptly meet on the matter. If they do not resolve their differences, NSR and/or CRC may implement the announced coordination described in the notice after the expiration of the 60-day period. Either party may invoke arbitration procedures under Article I, Section 4 of the New York Dock conditions provided such action is taken within five (5) days of the termination of conference. There shall be no employees dismissed or transferred pending the agreement or arbitrator's award, nor shall there be a change in carrier's operations, services, facilities, or equipment.

Future coordinations on CSXT will be governed by Side Letter No. 14.

Section 4

Coordinations on NSR and/or CRC in which work is transferred under this agreement and one or more employees are offered the opportunity to follow that work will be effected in the following manner:

(a) By bulletins giving a minimum of fifteen (15) days' written notice, the positions that no longer will be needed at the location from which the work is being transferred (the "transferring location") will be abolished and concurrently therewith the positions that will be established at the location to which the work is being transferred (the "receiving location") will be advertised for a period of seven (7) days to all employees holding regular Carmen assignments at the transferring location.

the New York Dock conditions shall apply to all transactions covered by this agreement, except as specifically provided herein.

ARTICLE VII

This Agreement shall be effective only after the effective date of the STB order approving the transaction and service by CSXT, NSR and CRC of the initial seven (7) days advance written notice to the Organization representative signatory hereto as specified in Article I, Section 1.

Signed at Norfolk, Virginia, this 16th day of October, 1998.

FOR BROTHERHOOD
RAILWAY CARMEN DIVN-TCU

W. Mella
General Chairman, BRC

Alex L. Williams
General Chairman, BRC

T. R. B. B. B.
General Chairman, BRC

J. E. S. S.
General Chairman, BRC

J. W. Dale
General Chairman, BRC

CSX TRANSPORTATION, INC.
And its Railroad Subsidiaries

K. R. R.
Vice President Labor Relations

FOR NORFOLK SOUTHERN RAILWAY COMPANY
And its Railroad Subsidiaries

R. J. S. S.
Vice President Labor Relations

FOR CONSOLIDATED RAIL CORPORATION

A. A. Aronca
Vice President Labor Relations

FOR TRANSPORT WORKERS UNION
OF AMERICA

J. R. R.
International Vice President, TWU

R. J. R.
Local President, TWU

K. R. Stone
Local President, TWU

J. R. R.
Local President, TWU

EXHIBIT 8

**Implementing Agreement Between CSX Transportation,
Inc., Norfolk Southern Railway Company, Consolidated
Rail Corporation, and the International Brotherhood of
Boilermakers, Iron Ship Builders, Blacksmiths, Forgers
and Helpers (dated March 25, 1998),
pp. 1-7, 18**

IMPLEMENTING AGREEMENT

BETWEEN

CSX TRANSPORTATION, INC.
and its Railroad Subsidiaries

and

NORFOLK SOUTHERN RAILWAY COMPANY
and its Railroad Subsidiaries

and

CONSOLIDATED RAIL CORPORATION

and

their Employees Represented by

INTERNATIONAL BROTHERHOOD OF BOILERMAKERS,
IRON SHIP BUILDERS, BLACKSMITHS, FORGERS AND HELPERS

WHEREAS, Norfolk Southern Corporation ("NS"), Norfolk Southern Railway Company and its railroad subsidiaries ("NSR"); and CSX Corporation ("CSX") and CSX Transportation, Inc. and its railroad subsidiaries ("CSXT"); and Conrail, Inc. ("CRR") and Consolidated Rail Corporation ("CRC") have filed an application with the Surface Transportation Board ("STB") in Finance Docket No. 33388 seeking approval of acquisition of control by NS and CSX of CRR and CRC, and for the division of the use and operation of CRC's assets by NSR and CSXT (the "transaction");

WHEREAS, it is anticipated that the STB will impose the employee protective conditions set forth in New York Dock Ry. - Control - Brooklyn Eastern District, 360 I.C.C. 60 (1979) ("New York Dock conditions") on all aspects of the Primary Application; Norfolk and Western Railway Company - Trackage Rights - Burlington Northern, Inc., 354 I.C.C. 653 (1980), on related authorization of trackage rights; Oregon Short Line Railroad - Abandonment - Goshen, 360 I.C.C. 91 (1979), on related abandonment authorizations; and Mendocino Coast Railway, Inc., - Lease and Operate - California Western Railway, 360 I.C.C. 653 (1980), on the related authorization of the operations by CSXT or NSR of track leases with other rail carriers to which CRC is a party;

WHEREAS, the parties signatory hereto desire to reach an implementing agreement in satisfaction of Article I, Section 4 of the New York Dock conditions and other aforementioned labor protective conditions or any other protective conditions that may be imposed by the STB in this proceeding to the extent such conditions may be applicable to the transaction and related authorizations;

NOW, THEREFORE, IT IS AGREED:

ARTICLE I

Section 1

Upon seven (7) days' advance written notice by CSXT, NSR and CRC posted on appropriate bulletin boards, with copies to the International Representative signatory hereto, after the effective date of the STB's order approving the control transaction, CSXT, NSR and CRC may effect the following coordinations or rearrangements of forces:

- (a) The allocated CRC locomotives and cars which respectively are to be operated by either CSXT or NSR and will be integrated into either CSXT's or NSR's existing fleets of locomotives and freight cars and the maintenance and repair work of the CSXT and NSR coordinated and integrated fleets may be performed, respectively, at any CSXT or NSR facility notwithstanding the prior railroad ownership of the equipment.
- (b) (1) At common locations on NSR, including those listed below, shop craft seniority will be integrated in accordance with the terms and provisions outlined in Article II of this Agreement:

NSR/CRC Points

Buffalo, New York
Chicago, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Elmore/Dickinson, West Virginia

Fort Wayne, Indiana
Lorain, Ohio
Toledo, Ohio

- (2) For common locations on the territories of the former Baltimore and Ohio Railroad and Chesapeake and Ohio Railway, shopcraft seniority will be integrated in accordance with the terms and provisions in Article II of this Agreement.
- (c) The following work may be coordinated or rearranged, in whole or in part, on NSR and allocated CRC properties operated by NSR:
- (1) EMD locomotive overhaul and component rebuild from Roanoke to Juniata Locomotive Works at Altoona
 - (2) GE locomotive overhaul and component rebuild from Juniata (Altoona) to Roanoke Shop - Locomotives
 - (3) Atlanta locomotive truck overhaul to Altoona
 - (4) Rebuilding of air brake equipment from Chattanooga to Altoona
 - (5) Wreck repair for heavily damaged locomotives from Roanoke Shop - Locomotives to Altoona
 - (6) Painting of locomotives from Chattanooga to Altoona
 - (7) All EMD and GE turbocharger work from Juniata (Altoona) to Roanoke Shop - Locomotives
 - (8) Machine tool operations and associated fabrication from Altoona to Roanoke
 - (9) 92-day inspection of locomotives from Elkhart, Pavonia, and Oak Island to Bellevue
 - (10) 92-day inspection of locomotives from Enola to Conway

- (11) Program car repair work from Macedonia, OH, Decatur, IL, and Williamson, WV to Hollidaysburg
 - (12) Freight car part reclamation from Hollidaysburg to Roanoke
 - (13) Wheel shop consolidation to site selected by NSR
 - (14) Office car work from Roanoke to Altoona
 - (15) Car shops closed at Fort Wayne and Enola
 - (16) Roadway equipment shop at Canton will be closed and the work from the allocated lines to be operated by NSR will be transferred to the NSR Roadway Shop at Charlotte, North Carolina
- (d) The following work may be coordinated or rearranged, in whole or in part, on CSXT and allocated CRC properties operated by CSXT:
- (1) Heavy locomotive work from Selkirk, NY, to Huntington, WV
 - (2) Heavy locomotive work from Juniata Locomotive Works at Altoona, PA, to Huntington, WV
 - (3) Freight car work from Hollidaysburg, PA, to Raceland, KY and to any of CSXT's project shops
 - (4) Roadway equipment shop at Canton will be closed and the work from the allocated lines to be operated by CSXT will be transferred to the CSXT Roadway Equipment Shop at Richmond, Virginia
- (e) Because after the transaction CRC will have no locomotive heavy repair or periodic maintenance capability, nor the ability to perform substantial or program work on cars, such service will be provided by CSXT or NSR, in accordance with their respective collective bargaining agreements and/or

practices, or as directed by the locomotive or car owner. Only fueling, servicing and light and running repairs on locomotives and cars will be provided by CRC consistent with its collective bargaining agreement or practices, when such work is performed in Shared Assets Areas.

Section 2

Future coordinations of work, services or operations, in whole or in part, not now contemplated and/or specified in Section 1, in which no employee is required to relocate and the work force is not reduced at the involved locations as a result of the coordination may be implemented upon fifteen (15) days' written notice by NSR, CSXT and/or CRC, to the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers ("IBB") International Representative.

Section 3

Future coordinations of work, services or operations, in whole or in part, not now contemplated and/or specified in Section 1, which involve the dismissal or displacement of any employee(s) or rearrangement of forces may be implemented by NSR, CSXT and/or CRC, after providing employee(s) and their International Representative thirty (30) days' written notice.

Should the IBB desire a conference concerning the

rearrangement of forces that would occur as a result of the announced coordination, upon written request from the IBB prior to the expiration of the aforementioned 30-day notice period, the period of the notice will be extended up to but not exceeding an additional sixty (60) days. The parties shall promptly meet on the matter. If they do not resolve their differences, NSR and/or CSXT and/or CRC may implement the announced coordination described in the notice after the expiration of the 60-day period. Either party may invoke arbitration procedures under Article I, Section 4 of the New York Dock conditions provided such action is taken within five (5) days of the termination of conference. There shall be no employees dismissed or transferred pending the agreement or arbitrator's award.

Section 4

Coordinations in which work is transferred under this agreement and one or more employees are offered the opportunity to follow that work will be effected in the following manner:

(a) By bulletins giving a minimum of fifteen (15) days' written notice, the positions that no longer will be needed at the location from which the work is being transferred (the "transferring location") will be abolished and concurrently therewith the positions that will be established at the location to which the work is being transferred (the "receiving location")

CSXT, NSR and CRC of the initial seven (7) days advance written notice to the International Representative of IBB signatory hereto as specified in Article I, Section 1.

Signed at Lexington, Kentucky, this 25th day of March, 1998.

FOR INTERNATIONAL
BROTHERHOOD OF BOILERMAKERS,
IRON SHIP BUILDERS, BLACK-
SMITHS, FORGERS AND HELPERS

Alan M. Scheer
International Representative

FOR CSX TRANSPORTATION, INC.
And Its Railroad Subsidiaries

KK Pifer
Vice President Labor Relations

FOR NORFOLK SOUTHERN RAILWAY COMPANY
And its Railroad Subsidiaries

R. S. Spenski
Vice President Labor Relations

FOR CONSOLIDATED RAIL CORPORATION

W.M. McClain Sor
D.A. Arouca
Vice President Labor Relations

EXHIBIT 9

**Implementing Agreement Between CSX Transportation,
Inc., Norfolk Southern Railway Company, Consolidated
Rail Corporation, and the International Brotherhood of
Electrical Workers (dated August 3, 1998),
pp. 1-6, 16.**

IMPLEMENTING AGREEMENT

BETWEEN

CSX TRANSPORTATION, INC.
and its Railroad Subsidiaries

and

NORFOLK SOUTHERN RAILWAY COMPANY
and its Railroad Subsidiaries

and

CONSOLIDATED RAIL CORPORATION

and

their Employees Represented by

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

WHEREAS, Norfolk Southern Corporation ("NS"), Norfolk Southern Railway Company and its railroad subsidiaries ("NSR"); and CSX Corporation ("CSX") and CSX Transportation, Inc. and its railroad subsidiaries ("CSXT"); and Conrail, Inc. ("CRR") and Consolidated Rail Corporation ("CRC") have filed an application with the Surface Transportation Board ("STB") in Finance Docket No. 33388 seeking approval of acquisition of control by NS and CSX of CRR and CRC, and for the division of the use and operation of CRC's assets by NSR and CSXT (the "transaction");

WHEREAS, in its decision served July 23, 1998 in the proceeding captioned Finance docket No. 33388, CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company - Control and Operating Leases/Agreements - Conrail, Inc. and Consolidated Rail Corporation, and related proceedings, the STB has imposed the employee protective conditions set forth in New York Dock Ry. - Control - Brooklyn Eastern District, 360 I.C.C. 60 (1979) ("New York Dock conditions") (copy attached) on all aspects of the Primary Application; Norfolk and Western Railway Company - Trackage Rights - Burlington Northern, Inc., 354 I.C.C.

653 (1980), on related authorization of trackage rights; Oregon Short Line Railroad - Abandonment - Goshen, 360 I.C.C. 91 (1979), on related abandonment authorizations; and Mendocino Coast Railway, Inc., - Lease and Operate - California Western Railway, 360 I.C.C. 653 (1980), on the related authorization of the operations by CSXT or NSR of track leases with other rail carriers to which CRC is a party;

WHEREAS, the parties signatory hereto desire to reach an implementing agreement in satisfaction of Article I, Section 4 of the New York Dock conditions and other aforementioned labor protective conditions or any other protective conditions that have been imposed by the STB in this proceeding to the extent such conditions may be applicable to the transaction and related authorizations;

NOW, THEREFORE, IT IS AGREED:

ARTICLE I

Section 1

Upon seven (7) days' advance written notice by CSXT, NSR and CRC posted on appropriate bulletin boards, with copies to the General Chairmen signatory hereto, after the effective date of the STB's order approving the control transaction, CSXT, NSR and CRC may effect the following coordinations or rearrangements of forces:

- (a) The allocated CRC locomotives and cars which respectively are to be operated by either CSXT or NSR and will be integrated into either CSXT's or NSR's existing fleets of locomotives and freight cars and the maintenance and repair work of the CSXT and NSR coordinated and integrated fleets will be performed, respectively, at any CSXT or NSR facility notwithstanding the prior railroad ownership of the

equipment.

- (b) (1) At common locations on NSR, including those listed below, shop craft seniority will be integrated in accordance with the terms and provisions outlined in Article II of this Agreement:

NSR/CRC Points

Buffalo, New York
Chicago, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Elmore/Dickinson, West Virginia
Fort Wayne, Indiana
Lorain, Ohio
Toledo, Ohio

- (2) For common locations on the territories of the former Baltimore and Ohio Railroad and Chesapeake and Ohio Railway, shopcraft seniority will be integrated in accordance with the terms and provisions in Article II of this Agreement.

- (c) The following work may be coordinated or rearranged, in whole or in part, on NSR and allocated CRC properties operated by NSR:

- (1) EMD locomotive overhaul and component rebuild from Roanoke to Juniata Locomotive Works at Altoona
- (2) GE locomotive overhaul and component rebuild from Juniata (Altoona) to Roanoke Shop - Locomotives
- (3) Atlanta (Pegram Shop) locomotive truck overhaul to Altoona
- (4) Rebuilding of air brake equipment from Chattanooga to Altoona
- (5) Wreck repair for heavily damaged locomotives from Roanoke Shop - Locomotives to Altoona
- (6) Painting of locomotives from Chattanooga to Altoona
- (7) All EMD and GE turbocharger work from Juniata (Altoona) to Roanoke Shop - Locomotives
- (8) Machine tool operations and associated fabrication from Altoona to Roanoke
- (9) 92-day inspection of locomotives from Elkhart, Pavonia, and Oak Island to Bellevue

- (10) 92-day inspection of locomotives from Enola to Conway
- (11) Program car repair work from Macedonia, OH, Decatur, IL, and Williamson, WV to Hollidaysburg
- (12) Freight car part reclamation from Hollidaysburg to Roanoke
- (13) Wheel shop consolidation to site selected by NSR
- (14) Office car work from Roanoke to Altoona
- (15) Car shops closed at Fort Wayne and Enola
- (16) The fourteen (14) small radio repair shops on the allocated lines to be operated by NSR will be closed and the work transferred into a single NSR location.
- (17) Roadway equipment shop at Canton will be closed and the work from the allocated lines to be operated by NSR will be transferred to the NSR Roadway Shop at Charlotte, North Carolina.

(d) The following work may be coordinated or rearranged, in whole or in part, on CSXT and allocated CRC properties operated by CSXT:

- (1) Heavy locomotive work from Selkirk, New York, to Huntington, West Virginia.
- (2) Heavy locomotive work from Juniata Locomotive Works at Altoona, Pennsylvania, to Huntington, West Virginia, and Waycross, Georgia.
- (3) Freight car work from Hollidaysburg, Pennsylvania, to Raceland, Kentucky and to any of CSXT's project shops.
- (4) Radio repair work from the allocated lines to be operated by CSXT will be transferred to the CSXT Radio Service Center at Louisville, Kentucky.
- (5) Roadway equipment shop at Canton will be closed and the work from the allocated lines to be operated by CSXT will be transferred to the CSXT Roadway Equipment Shop at Richmond, Virginia.

(e) Because after the transaction CRC will have no locomotive heavy repair or periodic maintenance capability, nor the ability to perform substantial or program work on cars, such service will be provided by CSXT or NSR, in accordance with their respective collective bargaining agreements and/or practices, or as directed by the

locomotive or car owner. Only fueling, servicing and light and running repairs on locomotives and cars will be provided by CRC consistent with its collective bargaining agreement or practices, when such work is performed in Shared Assets Areas.

Section 2

Future coordinations of work, services or operations, in whole or in part, not now contemplated and/or specified in Section 1, in which no employee is required to relocate and the work force is not reduced at the involved locations as a result of the coordination may be implemented upon fifteen (15) days' written notice by NSR and/or CRC, to the International Brotherhood of Electrical Workers ("IBEW") General Chairmen.

Future coordinations on CSXT will be governed by Side Letter No. 14.

Section 3

Future coordinations of work, services or operations, in whole or in part, not now contemplated and/or specified in Section 1, which involve the dismissal or displacement of any employee(s) or rearrangement of forces may be implemented by NSR and/or CRC, after providing employee(s) and their General Chairmen thirty (30) days' written notice.

Should the IBEW desire a conference concerning the rearrangement of forces that would occur as a result of the announced coordination, upon written request from the IBEW prior to the expiration of the aforementioned 30-day notice period, the period of the notice will be extended up to but not exceeding an additional sixty (60) days. The parties shall promptly meet on the matter. If they do not resolve their differences, NSR and/or CRC may implement the announced coordination described in the notice after the expiration of the 60-day period. Either party may invoke arbitration

procedures under Article I, Section 4 of the New York Dock conditions provided such action is taken within five (5) days of the termination of conference. There shall be no employees furloughed, dismissed or transferred pending the agreement or arbitrator's award, nor shall there be a change in carrier's operations, services, facilities, or equipment.

Future coordinations on CSXT will be governed by Side Letter No. 14.

Section 4

• Coordinations on NSR and/or CRC in which work is transferred under this agreement and one or more employees are offered the opportunity to follow that work will be effected in the following manner:

(a) By bulletins giving a minimum of fifteen (15) days' written notice, the positions that no longer will be needed at the location from which the work is being transferred (the "transferring location") will be abolished and concurrently therewith the positions that will be established at the location to which the work is being transferred (the "receiving location") will be advertised under the provisions of the Collective Bargaining Agreement for a period of seven (7) days to all employees holding regular IBEW assignments at the transferring location.

(b) The positions advertised pursuant to paragraph (a) above will be awarded in seniority order and the successful bidders notified of the awards by posting same on the appropriate bulletin boards at the transferring location on the day after the bidding process closes. In addition, each successful bidder shall be notified in writing of the award together with the date and time to report to the officer in charge at the receiving location. The employees so notified shall report upon the date and at the time specified unless other arrangements are made with the proper authority or they are prevented from doing so due to circumstances

ARTICLE VII

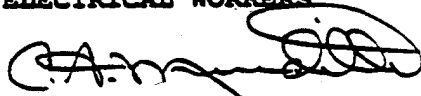
This Agreement shall fulfill the requirements of Article I, Section 4 of the New York Dock conditions or any other conditions which have been imposed in the Order by the STB in Finance Docket No. 33388. The terms of the New York Dock conditions shall apply to all transactions covered by this agreement, except as specifically provided herein.

ARTICLE VIII

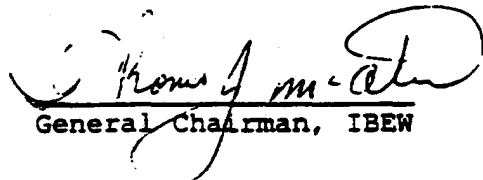
This Agreement shall be effective only after the effective date of the STB order approving the transaction and service by CSXT, NSR and CRC of the initial seven (7) days advance written notice to the General Chairmen of IBEW signatory hereto as specified in Article I, Section 1.

Signed at Norfolk, Virginia, this 3rd day of August, 1998.

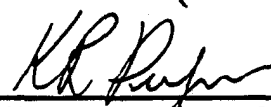
FOR INTERNATIONAL
BROTHERHOOD OF
ELECTRICAL WORKERS


General Chairman, IBEW

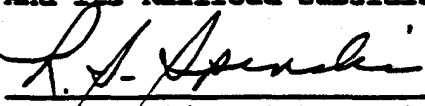

General Chairman, IBEW


General Chairman, IBEW

FOR CSX TRANSPORTATION, INC.
And its Railroad Subsidiaries


Vice President Labor Relations

FOR NORFOLK SOUTHERN RAILWAY COMPANY
And its Railroad Subsidiaries


Vice President Labor Relations

FOR CONSOLIDATED RAIL CORPORATION


Vice President Labor Relations

JFG

EXHIBIT 10

**Implementing Agreement Between CSX Transportation,
Inc., Norfolk Southern Railway Company, Consolidated
Rail Corporation, and the National Conference of
Firemen and Oilers (dated October 16, 1998),
pp. 1-7, 18.**

Copy Of Original
IMPLEMENTING AGREEMENT

BETWEEN

CSX TRANSPORTATION, INC.
and its Railroad Subsidiaries

and

NORFOLK SOUTHERN RAILWAY COMPANY
and its Railroad Subsidiaries

and

CONSOLIDATED RAIL CORPORATION

and

their Employees Represented by the
NATIONAL CONFERENCE OF FIREMEN & OILERS

WHEREAS, Norfolk Southern Corporation ("NS"), Norfolk Southern Railway Company and its railroad subsidiaries ("NSR"); and CSX Corporation ("CSX") and CSX Transportation, Inc. and its railroad subsidiaries ("CSXT"); and Conrail, Inc. ("CRR") and Consolidated Rail Corporation ("CRC") have filed an application with the Surface Transportation Board ("STB") in Finance Docket No. 33388 seeking approval of acquisition of control by NS and CSX of CRR and CRC, and for the division of the use and operation of CRC's assets by NSR and CSXT (the "transaction");

WHEREAS, it is anticipated that the STB will impose the employee protective conditions set forth in New York Dock Ry. -

Control - Brooklyn Eastern District, 360 I.C.C. 60 (1979) ("New York Dock conditions") on all aspects of the Primary Application; Norfolk and Western Railway Company - Trackage Rights - Burlington Northern, Inc., 354 I.C.C. 653 (1980), on related authorization of trackage rights; Oregon Short Line Railroad - Abandonment - Goshen, 360 I.C.C. 91 (1979), on related abandonment authorizations; and Mendocino Coast Railway, Inc., - Lease and Operate - California Western Railway, 360 I.C.C. 653 (1980), on the related authorization of the operations by CSXT or NSR of track leases with other rail carriers to which CRC is a party;

WHEREAS, the parties signatory hereto desire to reach an implementing agreement in satisfaction of Article I, Section 4 of the New York Dock conditions and other aforementioned labor protective conditions or any other protective conditions that may be imposed by the STB in this proceeding to the extent such conditions may be applicable to the transaction and related authorizations;

NOW, THEREFORE, IT IS AGREED:

ARTICLE I

Section 1

Upon seven (7) days' advance written notice by CSXT, NSR and CRC posted on appropriate bulletin boards, with copies to the

General Chairmen signatory hereto, after the effective date of the STB's order approving the control transaction, CSXT, NSR and CRC may effect the following coordinations or rearrangements of forces:

(a) The allocated CRC locomotives and cars which respectively are to be operated by either CSXT or NSR and will be integrated into either CSXT's or NSR's existing fleets of locomotives and freight cars and the maintenance and repair work of the CSXT and NSR coordinated and integrated fleets may be performed, respectively, at any CSXT or NSR facility notwithstanding the prior railroad ownership of the equipment.

(b) (1) At common locations on NSR, including those listed below, shop craft seniority will be integrated in accordance with the terms and provisions outlined in Article II of this Agreement:

NSR/CRC Points

Buffalo, New York
Chicago, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Elmore/Dickinson, West Virginia
Fort Wayne, Indiana
Lorain, Ohio
Toledo, Ohio

(2) For common locations on the territories of the former Baltimore and Ohio Railroad and Chesapeake and Ohio Railway, shopcraft seniority will be integrated in

accordance with the terms and provisions in Article II of this Agreement.

(c) The following work may be coordinated or rearranged, in whole or in part, on NSR and allocated CRC properties operated by NSR:

- (1) EMD locomotive overhaul and component rebuild from Roanoke to Juniata Locomotive Works at Altoona
- (2) GE locomotive overhaul and component rebuild from Juniata (Altoona) to Roanoke Shop - Locomotives
- (3) Atlanta locomotive truck overhaul to Altoona
- (4) Rebuilding of air brake equipment from Chattanooga to Altoona
- (5) Wreck repair for heavily damaged locomotives from Roanoke Shop - Locomotives to Altoona
- (6) Painting of locomotives from Chattanooga to Altoona
- (7) All EMD and GE turbocharger work from Juniata (Altoona) to Roanoke Shop - Locomotives
- (8) Machine tool operations and associated fabrication from Altoona to Roanoke
- (9) 92-day inspection of locomotives from Elkhart, Pavonia, and Oak Island to Bellevue
- (10) 92-day inspection of locomotives from Enola to Conway
- (11) Program car repair work from Macedonia, OH, Decatur, IL, and Williamson, WV to Hollidaysburg
- (12) Freight car part reclamation from Hollidaysburg to Roanoke
- (13) Wheel shop consolidation to site selected by NSR
- (14) Office car work from Roanoke to Altoona

- (15) Car shops closed at Fort Wayne and Enola
 - (16) Roadway equipment shop at Canton will be closed and the work from the allocated lines to be operated by NSR will be transferred to the NSR Roadway Shop at Charlotte, North Carolina.
- (d) The following work may be coordinated or rearranged, in whole or in part, on CSXT and allocated CRC properties operated by CSXT:
- (1) Heavy locomotive work from Selkirk, NY, to Huntington, WV
 - (2) Heavy locomotive work from Juniata Locomotive Works at Altoona, PA, to Huntington, WV
 - (3) Freight car work from Hollidaysburg, PA, to Raceland, KY and to any of CSXT's project shops.
 - (4) Roadway equipment shop at Canton will be closed and the work from the allocated lines to be operated by CSXT will be transferred to the CSXT Roadway Equipment Shop at Richmond, Virginia.
- (e) Because after the transaction CRC will have no locomotive heavy repair or periodic maintenance capability, nor the ability to perform substantial or program work on cars, such service will be provided by CSXT or NSR, in accordance with their respective collective bargaining agreements and/or practices, or as directed by the locomotive or car owner. Only fueling, servicing and light and running repairs on locomotives and cars will be provided by CRC consistent with its collective bargaining agreement or practices, when such work is performed in Shared Assets Areas.

Section 2

Future coordinations of work, services or operations, in whole or in part, not now contemplated and/or specified in Section 1, in which no employee is required to relocate and the work force is not reduced at the involved locations as a result of the coordination may be implemented upon fifteen (15) days' written notice by NSR, CSXT and/or CRC, to the National Conference of Firemen and Oilers ("NCF&O") General Chairmen.

Section 3

Future coordinations of work, services or operations, in whole or in part, not now contemplated and/or specified in Section 1, which involve the dismissal or displacement of any employee(s) or rearrangement of forces may be implemented by NSR, CSXT and/or CRC, after providing employee(s) and their General Chairmen thirty (30) days' written notice.

Should the NCF&O desire a conference concerning the rearrangement of forces that would occur as a result of the announced coordination, upon written request from the NCF&O prior to the expiration of the aforementioned 30-day notice period, the period of the notice will be extended up to but not exceeding an additional sixty (60) days. The parties shall promptly meet on the matter. If they do not resolve their differences, NSR and/or CSXT and/or CRC may implement the announced coordination described in

the notice after the expiration of the 60-day period. Either party may invoke arbitration procedures under Article I, Section 4 of the New York Dock conditions provided such action is taken within five (5) days of the termination of conference. There shall be no employees dismissed or transferred pending the agreement or arbitrator's award.

Section 4

Coordinations in which work is transferred under this agreement and one or more employees are offered the opportunity to follow that work will be effected in the following manner:

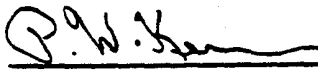
(a) By bulletins giving a minimum of fifteen (15) days' written notice, the positions that no longer will be needed at the location from which the work is being transferred (the "transferring location") will be abolished and concurrently therewith the positions that will be established at the location to which the work is being transferred (the "receiving location") will be advertised for a period of seven (7) days to all employees holding regular NCF&O assignments at the transferring location.

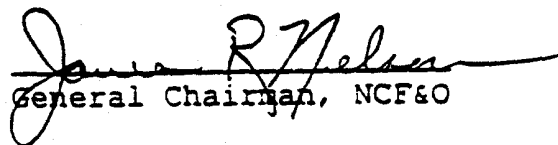
(b) The positions advertised pursuant to paragraph (a) above will be awarded in seniority order and the successful bidders notified of the awards by posting same on the appropriate bulletin boards at the transferring location on the day after the bidding process closes. In addition, each successful bidder shall be

This Agreement shall be effective only after the effective date of the STB order approving the transaction and service by CSXT, NSR and CRC of the initial seven (7) days advance written notice to the General Chairmen of NCF&O signatory hereto as specified in Article I, Section 1.

Signed at Washington, DC, this 3rd day of June, 1998.

FOR NATIONAL
CONFERENCE OF
FIREMEN & OILERS


General Chairman, NCF&O


General Chairman, NCF&O

FOR CSX TRANSPORTATION, INC.
And its Railroad Subsidiaries


Vice President Labor Relations

FOR NORFOLK SOUTHERN RAILWAY COMPANY
And its Railroad Subsidiaries


Vice President Labor Relations

FOR CONSOLIDATED RAIL CORPORATION


Vice President Labor Relations

EXHIBIT 11

Implementing Agreement Between CSX Transportation, Inc., Norfolk Southern Railway Company, Consolidated Rail Corporation, and the Sheet Metal Workers International Association (dated September 17, 1998), pp. 1-4, 10; and Attachment B thereto (dated September 17, 1998), pp. 1-4, 10.

IMPLEMENTING AGREEMENT

BETWEEN

CSX TRANSPORTATION, INC.
and its Railroad Subsidiaries

and

NORFOLK SOUTHERN RAILWAY COMPANY
and its Railroad Subsidiaries

and

CONSOLIDATED RAIL CORPORATION

and

their Employees Represented by

SHEET METAL WORKERS INTERNATIONAL ASSOCIATION

WHEREAS, Norfolk Southern Corporation ("NS"), Norfolk Southern Railway Company and its railroad subsidiaries ("NSR"); and CSX Corporation ("CSX") and CSX Transportation, Inc. and its railroad subsidiaries ("CSXT"); and Conrail, Inc. ("CRR") and Consolidated Rail Corporation ("CRC") have filed an application with the Surface Transportation Board ("STB") in Finance Docket No. 33388 seeking approval of acquisition of control by NS and CSX of CRR and CRC, and for the division of the use and operation of CRC's assets by NSR and CSXT (the "transaction");

WHEREAS, in its decision served July 23, 1998 in the proceeding captioned Finance docket No. 33388, CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company - Control and Operating Leases/Agreements - Conrail, Inc. and Consolidated Rail Corporation, and related proceedings, the STB has imposed the employee

protective conditions set forth in New York Dock Ry. - Control - Brooklyn Eastern District, 360 I.C.C. 60 (1979) ("New York Dock conditions") (copy attached) on all aspects of the Primary Application; Norfolk and Western Railway Company - Trackage Rights - Burlington Northern, Inc., 354 I.C.C. 653 (1980), on related authorization of trackage rights; Oregon Short Line Railroad - Abandonment - Goshen, 360 I.C.C. 91 (1979), on related abandonment authorizations; and Mendocino Coast Railway, Inc., - Lease and Operate - California Western Railway, 360 I.C.C. 653 (1980), on the related authorization of the operations by CSXT or NSR of track leases with other rail carriers to which CRC is a party;

WHEREAS, the parties signatory hereto desire to reach an implementing agreement in satisfaction of Article I, Section 4 of the New York Dock conditions and other aforementioned labor protective conditions or any other protective conditions that have been imposed by the STB in this proceeding to the extent such conditions may be applicable to the transaction and related authorizations;

NOW, THEREFORE, IT IS AGREED:

ARTICLE I

Section 1

Upon seven (7) days' advance written notice by CSXT, NSR and CRC posted on appropriate bulletin boards, with copies to the General Chairmen signatory hereto, after the effective date of the STB's order approving the control transaction, CSXT, NSR and CRC may effect the following coordinations or rearrangements of forces as described herein and in the

separate related agreements (Attachments A and B) between NSR and/or CSXT and the Sheet Metal Workers International Association ("SMWIA"):

- (a) The allocated CRC locomotives and cars which respectively are to be operated by either CSXT or NSR and will be integrated into either CSXT's or NSR's existing fleets of locomotives and freight cars and the maintenance and repair work of the CSXT and NSR coordinated and integrated fleets will be performed, respectively, at any CSXT or NSR facility notwithstanding the prior railroad ownership of the equipment.
- (b) Because after the transaction CRC will have no locomotive heavy repair or periodic maintenance capability, nor the ability to perform substantial or program work on cars, such service will be provided by CSXT or NSR, in accordance with their respective collective bargaining agreements and/or practices, or as directed by the locomotive or car owner. Only fueling, servicing and light and running repairs on locomotives and cars will be provided by CRC consistent with its collective bargaining agreement or practices, when such work is performed in Shared Assets Areas.

Section 2

Future coordinations of work, services or operations, in whole or in part, not now contemplated and/or specified in Section 1, in which no employee is required to relocate and the work force is not reduced at the involved locations as a result of the coordination may be implemented upon fifteen (15) days' written notice by CRC, to the SMWIA General Chairmen.

Section 3

Future coordinations of work, services or operations, in whole or in part, not now contemplated and/or specified in Section 1, which involve the dismissal or displacement of any employee(s) or rearrangement of forces may be implemented by CRC, after providing employee(s) and their General Chairmen thirty (30) days' written notice.

Should the SMWIA desire a conference concerning the rearrangement of forces that would occur as a result of the announced coordination, upon written request from the SMWIA prior to the expiration of the aforementioned 30-day notice period, the period of the notice will be extended up to but not exceeding an additional sixty (60) days. The parties shall promptly meet on the matter. If they do not resolve their differences, CRC may implement the announced coordination described in the notice after the expiration of the 60-day period. Either party may invoke arbitration procedures under Article I, Section 4 of the New York Dock conditions provided such action is taken within five (5) days of the termination of conference. There shall be no employees dismissed or transferred pending the agreement or arbitrator's award.

Section 4

Coordinations in which work is transferred under this agreement and one or more employees are offered the opportunity to follow that work will be effected in the following manner:

(a) By bulletins giving a minimum of fifteen (15) days' written notice, the positions that no longer will be needed at the location from which the work is being transferred (the "transferring location") will be abolished and concurrently therewith the positions that will be established at the location to which the work is being transferred (the "receiving

ARTICLE VII

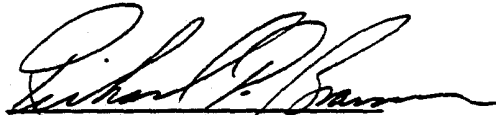
This Agreement shall fulfill the requirements of Article I, Section 4 of the New York Dock conditions or any other conditions which have been imposed in the Order by the STB in Finance Docket No. 33388. The terms of the New York Dock conditions shall apply to all transactions covered by this agreement, except as specifically provided herein.

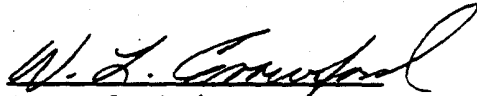
ARTICLE VIII

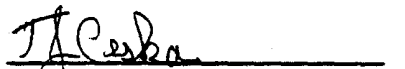
This Agreement shall be effective only after the effective date of the STB order approving the transaction and service by CSXT, NSR and CRC of the initial seven (7) days advance written notice to the General Chairmen of SMWIA signatory hereto as specified in Article I, Section 1.

Signed at Washington, DC this 17th day of September, 1998.

**FOR SHEET METAL WORKERS
INTERNATIONAL ASSOCIATION**

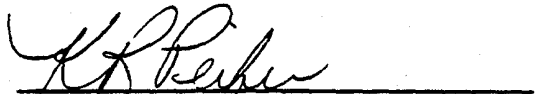

General Chairman, SMWIA


General Chairman, SMWIA

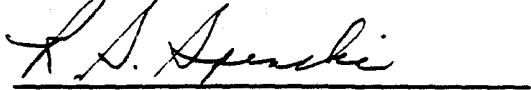

General Chairman, SMWIA


General Chairman, SMWIA

**FOR CSX TRANSPORTATION, INC.
And its Railroad Subsidiaries**


Vice President Labor Relations

**FOR NORFOLK SOUTHERN RAILWAY COMPANY
And its Railroad Subsidiaries**


Vice President Labor Relations

FOR CONSOLIDATED RAIL CORPORATION


Vice President Labor Relations

SMWIA-NSR AGREEMENT

Attachment B

This agreement is written in conjunction with the Implementing Agreement dated September 17, 1998 and incorporates all provisions contained therein. Nothing in this agreement is intended to supersede any provisions contained in the Implementing Agreement.

It is agreed:

ARTICLE I

Section 1

Upon seven (7) days' advance written notice by NSR posted on appropriate bulletin boards, with copies to the General Chairman signatory hereto, after the effective date of the STB's order approving the control transaction, NSR may effect the following coordinations or rearrangements of forces as described herein between NSR and the Sheet Metal Workers International Association ("SMWIA"):

- (a) The allocated CRC locomotives and cars which are to be operated by NSR will be integrated into NSR's existing fleets of locomotives and freight cars. The scheduled and unscheduled maintenance and repair work of the integrated fleet of locomotives will be assigned to and performed at NSR facilities, notwithstanding the prior railroad ownership of the equipment.
- (b) Upon seven (7) days advance written notice, at common locations on NSR, including those listed below, shop craft seniority will be integrated in accordance with the terms and provisions outlined in Article III of this Agreement:

NSR/CRC Points

Buffalo, New York
Chicago, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Elmore/Dickinson, West Virginia
Fort Wayne, Indiana
Lorain, Ohio
Toledo, Ohio

- (c) Upon ninety (90) days advance written notice, the following work and/or involved employees may be coordinated or rearranged on NSR and allocated CRC properties operated by NSR:

- (1) EMD locomotive overhaul and component rebuild from Roanoke to Juniata Locomotive Works at Altoona
- (2) GE locomotive overhaul and component rebuild from Juniata (Altoona) to Roanoke Shop - Locomotives
- (3) Atlanta (Pegram Shop) locomotive truck overhaul to Juniata Locomotive Works, Altoona
- (4) Rebuilding of air brake equipment from Chattanooga to Juniata Locomotive Works, Altoona
- (5) Wreck repair for heavily damaged locomotives from Roanoke Shop - Locomotive to Juniata Locomotive Works, Altoona
- (6) Painting of locomotives from Chattanooga to Juniata Locomotive Works, Altoona
- (7) All EMD and GE turbocharger work from Juniata (Altoona) to Roanoke Shop - Locomotives
- (8) Machine tool operations and associated fabrication from Altoona to Roanoke (to be specified more fully in 90-day notice)
- (9) 92-day inspection of locomotives from Elkhart, Pavonia, and Oak Island to Bellevue
- (10) 92-day inspection of locomotives from Enola to Conway
- (11) Program car repair work from Macedonia, OH, Decatur, IL, and Williamson, WV to Hollidaysburg
- (12) Freight car part reclamation from Hollidaysburg to Roanoke
- (13) Wheel shop consolidation to site selected by NSR

- (14) Office car work from Roanoke to Altoona Shops
- (15) Car shops closed at Fort Wayne and Enola
- (16) Roadway equipment shop at Canton will be closed and the work from the allocated lines to be operated by NSR will be transferred to the NSR Roadway Shop at Charlotte, North Carolina.

Section 2

Future coordinations of work, services or operations not now contemplated and/or specified in Section 1, in which no employee is required to relocate and the work force is not reduced at the involved locations as a result of the coordination may be accomplished upon fifteen (15) days' written notice by NSR, to the SMWIA General Chairman.

Section 3

Future coordinations of work, services or operations, in whole or in part, not now contemplated and/or specified in Section 1, which involve the -dismissal or displacement of any employee(s) or rearrangement of forces may be implemented by NSR, after providing employee(s) and their General Chairmen thirty (30) days' written notice.

Should the SMWIA desire a conference concerning the rearrangement of forces that would occur as a result of the announced coordination, upon written request from the SMWIA prior to the expiration of the aforementioned 30-day notice period, the period of the notice will be extended up to but not exceeding an additional sixty (60) days. The parties shall promptly meet on the matter. If they do not resolve their differences, NSR may implement the announced coordination described in the notice after the expiration of the 60-day period. Either party may invoke arbitration procedures under Article I, Section 4 of the New York Dock

conditions provided such action is taken within five (5) days of the termination of conference. There shall be no employees dismissed or transferred pending the agreement or arbitrator's award.

Section 4

Coordinations in which work is transferred under this agreement and one or more employees are offered the opportunity to follow that work will be effected in the following manner:

(a) By bulletins giving a minimum of fifteen (15) days' written notice, the positions that no longer will be needed at the location from which the work is being transferred (the "transferring location") will be abolished and concurrently therewith the positions that will be established at the location to which the work is being transferred (the "receiving location") will be advertised for a period of seven (7) days to all employees holding regular SMWIA assignments at the transferring location.

(b) The positions advertised pursuant to paragraph (a) above will be awarded in seniority order and the successful bidders notified of the awards by posting same on the appropriate bulletin boards at the transferring location on the day after the bidding process closes. In addition, each successful bidder shall be notified in writing of the award together with the date and time to report to the officer in charge at the receiving location. The employees so notified shall report upon the date and at the time specified unless other arrangements are made with the proper authority or they are prevented from doing so due to circumstances beyond their control.

(c) After fulfilling the requirements of Article I, Section 4(a) and 4(b) above, should there remain unfilled positions in the coordinated operation and surplus employees at the transferring location, those surplus

not affecting the other railroads, then only that railroad needs to be the party to the subsequent implementing agreement.

ARTICLE VII

This agreement shall become effective upon the effective date of the Implementing Agreement.

Signed at Washington, DC, this 17th day of September, 1998.

**FOR SHEET METAL WORKERS
INTERNATIONAL ASSOCIATION**

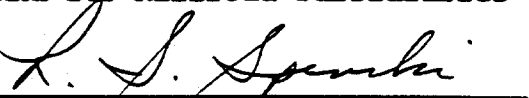

General Chairman, SMWIA


General Chairman, SMWIA


General Chairman, SMWIA


General Chairman, SMWIA

**FOR NORFOLK SOUTHERN RAILWAY COMPANY
And its Railroad Subsidiaries**


Vice President Labor Relations

FOR CONSOLIDATED RAIL CORPORATION

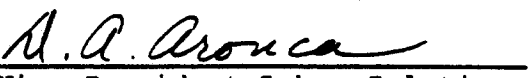

Vice President Labor Relations

EXHIBIT 12

Implementing Agreement Between CSX Transportation, Inc., Norfolk Southern Railway Company, Consolidated Rail Corporation, and the International Association of Machinists and Aerospace Workers (dated October 10, 1998), pp. 1-3, 7; and Attachment B thereto (dated October 10, 1998), pp. 1-3, 12.

FILE COPY

IMPLEMENTING AGREEMENT

BETWEEN

CSX TRANSPORTATION, INC.
and its Railroad Subsidiaries

and

NORFOLK SOUTHERN RAILWAY COMPANY
and its Railroad Subsidiaries

and

CONSOLIDATED RAIL CORPORATION

and

their Employees Represented by

INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS

WHEREAS, Norfolk Southern Corporation ("NS"), Norfolk Southern Railway Company and its railroad subsidiaries ("NSR"); and CSX Corporation ("CSX") and CSX Transportation, Inc. and its railroad subsidiaries ("CSXT"); and Conrail, Inc. ("CRR") and Consolidated Rail Corporation ("CRC") have filed an application with the Surface Transportation Board ("STB") in Finance Docket No. 33388 seeking approval of acquisition of control by NS and CSX of CRR and CRC, and for the division of the use and operation of CRC's assets by NSR and CSXT (the "transaction");

WHEREAS, in its decision served July 23, 1998 in the proceeding captioned Finance Docket No. 33388, CSX Corporation and CSX Transportation, Inc., Norfolk Southern Corporation and Norfolk Southern Railway Company - Control and Operating Leases/Agreements - Conrail, Inc. and Consolidated Rail Corporation, and related proceedings, the STB has imposed the employee protective conditions set forth in New York Dock Ry. - Control - Brooklyn Eastern District, 360 I.C.C. 60 (1979) ("New York Dock conditions") on all aspects of the Primary Application; Norfolk and Western Railway Company -

Trackage Rights - Burlington Northern, Inc., 354 I.C.C. 653 (1980), on related authorization of trackage rights; Oregon Short Line Railroad - Abandonment - Goshen, 360 I.C.C. 91 (1979), on related abandonment authorizations; and Mendocino Coast Railway, Inc., - Lease and Operate - California Western Railway, 360 I.C.C. 653 (1980), on the related authorization of the operations by CSXT or NSR of track leases with other rail carriers to which CRC is a party;

WHEREAS, the parties signatory hereto desire to reach an implementing agreement in satisfaction of Article I, Section 4 of the New York Dock conditions and other aforementioned labor protective conditions or any other protective conditions that have been imposed by the STB in this proceeding to the extent such conditions may be applicable to the transaction and related authorizations;

NOW, THEREFORE, IT IS AGREED:

ARTICLE I

Section 1

Upon seven (7) days' advance written notice by CSXT, NSR and CRC posted on appropriate bulletin boards, with copies to the General Chairmen signatory hereto, after the effective date of the STB's order approving the control transaction, CSXT, NSR and CRC may effect the following coordinations or rearrangements of forces as described herein and in the separate related agreements (Attachments A and B) between NSR and/or CSXT and the International Association of Machinists and Aerospace Workers ("IAMAW"):

- (a) The allocated CRC locomotives and cars which respectively are to be operated by either CSXT or NSR will be integrated into either CSXT's or NSR's existing fleets of locomotives and freight cars and the maintenance and repair work of the CSXT and NSR coordinated and integrated fleets will be performed in accordance with the applicable collective bargaining agreement, notwithstanding the prior railroad ownership of the equipment.
- (b) CRC employees will not perform any work on NS or CSXT locomotives or equipment except fueling, servicing and such light running repairs as may be necessary to insure the safe and dependable operation of same or to get the locomotive back to the appropriate owner's property.

Section 2

Future coordinations of work, services or operations not now contemplated which occur as a result of the acquisition of Conrail by CSXT and NSR and which involve the dismissal or displacement of any employee(s) or rearrangement of forces (transfer) may be accomplished by CRC, pursuant to the provisions of the New York Dock conditions.

ARTICLE II

Section 1

On the effective date of this Agreement, all employees who hold a regular assignment on the CRC territories to be allocated to CSXT will become employees exclusively of CSXT, all employees who hold a regular assignment on the CRC territories to be allocated to NSR will become employees exclusively of NSR, and all employees who hold a regular

ARTICLE V

This Agreement shall fulfill the requirements of Article I, Section 4 of the New York Dock conditions imposed in the Order by the STB in Finance Docket No. 33388.

ARTICLE VI

This Agreement shall be effective only after the effective date of the STB order approving the transaction and service by CSXT, NSR and CRC of the initial seven (7) days advance written notice to the General Chairmen of IAMAW signatory hereto as specified in Article I, Section 1.

Signed at Norfolk, Virginia, this 10th day of October, 1998.

**FOR INTERNATIONAL
ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS**

Robert L. Reynolds
President and Directing
General Chairman, IAMAW

Joe R. Duncan
General Chairman, IAMAW

R. L. Elmore
General Chairman, IAMAW

J. R. Cronk
General Chairman, IAMAW

D. J. McMullen
General Chairman, IAMAW

M. A. Hill
General Chairman, IAMAW

J. A. Cohen
General Chairman, IAMAW

**FOR CSX TRANSPORTATION, INC.
And its Railroad Subsidiaries**

K. R. Dyer
Vice President Labor Relations

**FOR NORFOLK SOUTHERN RAILWAY COMPANY
And its Railroad Subsidiaries**

R. J. Spenski
Vice President Labor Relations

FOR CONSOLIDATED RAIL CORPORATION

Dennis A. Arouca (Wmm)
Vice President Labor Relations

IAMAW-NSR AGREEMENT

Attachment B

This agreement is written in conjunction with the Implementing Agreement dated October 10, 1998 and incorporates all provisions contained therein. Nothing in this agreement is intended to supersede any provisions contained in the Implementing Agreement.

It is agreed:

ARTICLE I

Section 1

Upon proper advance written notice by NSR posted on appropriate bulletin boards, with copies to the General Chairman signatory hereto, after the effective date of the STB's order approving the control transaction, NSR may effect the following coordinations or rearrangements of forces as described herein between NSR and the International Association of Machinists and Aerospace Workers ("IAMAW"):

- (a) Upon seven (7) days advance written notice, the allocated CRC locomotives and cars which are to be operated by NSR will be integrated into NSR's existing fleets of locomotives and freight cars. The scheduled and unscheduled maintenance and repair work of the integrated fleet of locomotives will be assigned to and performed at NSR facilities, notwithstanding the prior railroad ownership of the equipment.

- (b) Upon seven (7) days advance written notice, at common locations on NSR, including those listed below, shop craft seniority will be integrated in accordance with the terms and provisions outlined in Article III of this Agreement:

NSR/CRC Points

Buffalo, New York
Chicago, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Elmore/Dickinson, West Virginia
Fort Wayne, Indiana
Lorain, Ohio
Toledo, Ohio

- (c) Upon ninety (90) days advance written notice, the following work and/or involved employees may be coordinated or rearranged on NSR and allocated CRC properties operated by NSR:

- (1) EMD locomotive overhaul and component rebuild from Roanoke to Juniata Locomotive Works at Altoona
- (2) GE locomotive overhaul and component rebuild from Juniata (Altoona) to Roanoke Shop - Locomotives
- (3) Atlanta (Pegram Shop) locomotive truck overhaul to Juniata Locomotive Works, Altoona
- (4) Rebuilding of air brake equipment from Chattanooga to Juniata Locomotive Works, Altoona
- (5) Wreck repair for heavily damaged locomotives from Roanoke Shop - Locomotive to Juniata Locomotive Works, Altoona
- (6) Painting of locomotives from Chattanooga to Juniata Locomotive Works, Altoona
- (7) All EMD and GE turbocharger work from Juniata (Altoona) to Roanoke Shop - Locomotives
- (8) Machine tool operations and associated fabrication from Altoona to Roanoke (to be specified more fully in 90-day notice)
- (9) 92-day inspection of locomotives from Elkhart, Pavonia, and Oak Island to Bellevue
- (10) 92-day inspection of locomotives from Enola to Conway

- (11) Program car repair work from Macedonia, OH, Decatur, IL, and Williamson, WV to Hollidaysburg
- (12) Freight car part reclamation from Hollidaysburg to Roanoke
- (13) Wheel shop consolidation to site selected by NSR
- (14) Office car work from Roanoke to Altoona Shops
- (15) Car shops closed at Fort Wayne and Enola

Section 2

Future coordinations of work, services or operations not now contemplated and/or specified in Section 1, in which no employee is required to relocate and the work force is not reduced at the involved locations as a result of the coordination may be accomplished upon fifteen (15) days' written notice by NSR, to the IAMAW General Chairman.

Section 3

Future coordinations of work, services or operations not now contemplated and/or specified in Section 1 of this Agreement or in the separate related agreements, which involve the dismissal or displacement of any employee(s) or rearrangement of forces (transfer) may be accomplished by NSR, pursuant to the provisions of the New York Dock conditions.

Section 4

Coordinations in which work is transferred under this Agreement and one or more employees are offered the opportunity to follow that work will be effected in the following manner:

- (a) By bulletins giving a minimum of fifteen (15) days' written

railroad needs to be the party to the subsequent implementing agreement.

ARTICLE VIII

This agreement shall become effective upon the effective date of the Implementing Agreement.

Signed at Norfolk, Virginia, this 10th day of October, 1998.

FOR INTERNATIONAL
ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS

Robert L. Reynolds
President and Directing
General Chairman, IAMAW

Joe R. Duncan
General Chairman, IAMAW

J. R. Crook
General Chairman, IAMAW

R. J. McMiller
General Chairman, IAMAW

FOR NORFOLK SOUTHERN RAILWAY COMPANY
And its Railroad Subsidiaries

R. S. Spenski
Vice President Labor Relations

FOR CONSOLIDATED RAIL CORPORATION

Dennis A. Aronca (ummm)
Vice President Labor Relations

EXHIBIT 13

Implementing Agreement Between Norfolk Southern Corporation, Norfolk Southern Railway Company, Consolidated Rail Corporation, CSX Transportation, and the Transportation Communications International Union (dated November 2, 1998), pp. 1, 14-15, 27.

IMPLEMENTING AGREEMENT

BETWEEN

**NORFOLK SOUTHERN CORPORATION
NORFOLK SOUTHERN RAILWAY COMPANY
CONSOLIDATED RAIL CORPORATION
CSX TRANSPORTATION**

AND THEIR EMPLOYEES REPRESENTED BY

**TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION-T/C DIVISION**

WHEREAS, Norfolk Southern Railway Company and its railroad subsidiaries and Norfolk Southern Corporation (collectively "NS"); and CSX Transportation, Inc. and its railroad subsidiaries ("CSXT"); and Conrail, Inc. ("CRR") and Consolidated Rail Corporation ("CRC") filed an application with the Surface Transportation Board ("STB") in Finance Docket No. 33388 seeking approval of acquisition of control by NS and CSX of CRR and CRC, and for the division of the use and operation of CRC's assets by NSR and CSXT (the "transaction");

WHEREAS, the STB, in its Decision 89, approved the transaction and imposed the employee protective conditions set forth in New York Dock Ry. - Control - Brooklyn Eastern District, 360 I.C.C. 60 (1979) ("New York Dock conditions") on all aspects of the Primary Application; Norfolk and Western Railway Company - Trackage Rights - Burlington Northern, Inc., 354 I.C.C. 653 (1980), on related authorization of trackage rights; Oregon Short Line Railroad - Abandonment - Goshen, 360 I.C.C. 91 (1979), on related abandonment authorizations; and Mendocino Coast Railway, Inc. - Lease and Operate - California Western Railway, 360 I.C.C. 653 (1980), on the related authorization of the operations by CSXT or NSR of track leases with other rail carriers to which CRC is a party;

WHEREAS, the parties signatory hereto desire to reach an implementing agreement in satisfaction of Article I, Section 4 of the New York Dock conditions and other aforementioned labor protective conditions.

Now, therefore, it is agreed:

applicable deductions and 35 months union dues and assessments; or b) an amount computed in accordance with Section 7 of the New York Dock conditions if they have less than five years service, less applicable deductions and 12 months of union dues and assessments. (Union dues and assessments will be at the prevailing rate in effect at the time that the severance allowance is paid.) Employees who are paid severance allowances will also i) be paid for any accrued vacation not taken, and ii) if they are eligible to receive an age annuity from the Railroad Retirement Board, be paid for 50% of their accumulated and unused sick leave at the rate of the position last occupied pursuant to Rule 38(m) of the Conrail-TCU agreement.

CHAPTER II-FUTURE COORDINATIONS

Article I

NS or CSXT may effect transfer(s) of work between CR (including SAA or the portions of Conrail to be operated by NS or CSXT) and NS or CSXT where no employee will be required to relocate and the size of the workforce will not be reduced at either point by providing written notice to the involved TCU General Chairmen not less than fifteen (15) days in advance of such transfer.

Article II

NS or CSXT may effect transfer(s) of positions and/or work between CR (including SAA or the portions of Conrail to be operated by NS or CSXT) and NS or CSXT which will result in a relocation or a reduction in the work force of not more than five (5) employees by providing written notice to the involved TCU General Chairmen not less than thirty (30) days in advance of such transfer(s).

Article III

NS or CSXT may effect transfer(s) of positions and/or work between CR (including SAA or the portions of Conrail to be operated by NS or CSXT) and NS or CSXT which will result in a relocation or a reduction in the work force of more than five (5) employees by providing written notice to the involved General Chairman not less than forty-five (45) days in advance of such transfer(s).

Article IV

Section 1

The notice(s) provided for under this Article III will list the names, seniority dates and rates of pay of the employees immediately affected and will identify the positions and work involved, the applicable NS or CSXT collective bargaining agreement(s), and the manner in which the work force will be rearranged to perform the work.

Section 2

The date on which the work is moved from one Carrier to the other will be the effective date of the transfer.

Article V-Bulletining and Assigning Positions

Section 1

Positions established at a new location as a result of a transfer of work will be bulletined to employees holding positions on the seniority district from which the involved work is being transferred. Application for such positions must be received by the officer issuing the bulletins within ten (10) days of the issuance of the bulletin. The successful applicants for such positions will by making application, indicate their acceptance of the transfer to the new location. Employees may bid on one or more position but, if they bid on more than one position, they must indicate their order of preference (i.e. first preference, second preference, etc.). Positions will be assigned in seniority order in the following order of preference:

- a. To employees holding positions being abolished as a result of the involved transfer of work.
- b. To employees holding positions on the seniority district where positions are being abolished as a result of the involved transfer of work.

Section 2

Positions not filled pursuant to Section 1 above will thereafter be assigned in accordance with the applicable agreement at the locations where the new positions are established.

Section 3

Employees whose positions are abolished and who could have transferred to the new work location but did not do so will, upon being released from their positions, exercise seniority in accordance with applicable rules and agreements. If such employees do not have sufficient seniority to exercise displacement rights, they will revert to furloughed status with a suspension of protective benefits during the furlough, subject to recall to subsequent vacancies. This Section 3 will not operate to permit SAA to furlough an employee in violation of the May 30, 1997 Agreement while that agreement is in effect.

CHAPTER III

Article I-Fitness and Ability

Positions will be assigned under this Implementing Agreement based on each applicant's seniority, fitness and ability. Fitness and ability being sufficient, seniority shall prevail. The term "fitness and ability" shall not be construed as meaning "eminently qualified"; however, it shall mean that the successful applicant must possess the basic skills required of the position and evidence the

CHAPTER XII

On the effective date of the Agreement, or as soon thereafter as practicable, all employees may be paid on a bi-weekly basis unless prohibited by law. In converting to bi-weekly the parties will follow their previous practices. On SAA the parties will follow the NS practices.

CHAPTER XIII

The parties agree that after the initial division of the use and operation of CRC's assets between CSXT and NSR pursuant to this agreement, if either CSXT or NSR serves a subsequent notice related to the transaction but limited to a coordination of its CRC allocated assets and not affecting the other railroads, then only that railroad needs to be the party to that notice.

CHAPTER XIV

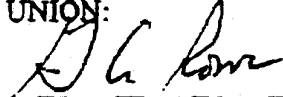
All Conrail pending notices and proposals, if any, served under Section 6 of the Railway Labor Act, as amended, on behalf of individuals who become employees of CSXT or NS under this agreement will no longer apply to such employees. Those employees will be covered by the current notices, if any, pending on the agreement applicable to the territory to which transferred as if they were on such territory when said notices were served.

CHAPTER XV

This agreement shall fulfill the requirements of Article I, Section 4 of the New York Dock conditions, and other conditions imposed in the order of the STB in Finance Docket No. 33388.

Signed this 2nd day of November, 1998.

FOR THE TRANSPORTATION
COMMUNICATIONS INTERNATIONAL
UNION:



General Chairman



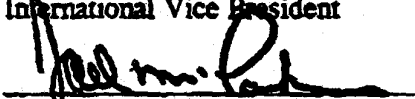
General Chairman



General Chairman

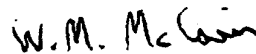


International Vice President



International Vice President

FOR THE CARRIERS:



Asst. Vice President-Labor Relations, CR



Vice President-Labor Relations, CSXT



Asst. Vice President Labor Relations, NS