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WASHINGTON OFFICE:

□ 2448 RAYBURN BUILDING
WASHINGTON, DC 20515
(202) 225-3306
FAX: (202) 226-0347

MAIN OFFICE:

□ 403 MAIN STREET
SUITE 240
BUFFALO, NY 14203-2199
(716) 845-5257
FAX: (716) 847-0323

SATELLITE OFFICE:

□ 1490 JEFFERSON AVENUE
BUFFALO, NY 14208
(716) 886-4076



Congress of the United States

House of Representatives

Washington, D.C. 20515-3230

August 17, 2001

The Honorable Linda J. Morgan
Chairman
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

*Re: Finance Docket No. 33388; CSX Corp. and CSX Transp., Inc.
Norfolk Southern Corp. and Norfolk Southern Ry. Co. – Control and
Operating Leases/Agreements – Conrail Inc. and Consol. Rail Corp.*

Dear Chairman Morgan:

The Railroad Subcommittee of the House of Representatives Committee on Transportation and Infrastructure has worked diligently to compile comprehensive information requested during our hearing on July 16, 2001, regarding Norfolk Southern's proposed closure of the Hollidaysburg, PA car shops.

At the hearing, several Members of the Committee requested that Mr. David Goode, Chairman, President and CEO of Norfolk Southern, provide some additional information in writing. Those requests were transmitted to Mr. Goode on July 26, 2001 (copy of request letter attached). I am forwarding a copy of Mr. Goode's responses to the Board for its consideration.

Thank you for your attention to this matter, and if you need any additional information, please do not hesitate to contact me.

Sincerely,

Jack Quinn, M.C.
Chairman
Subcommittee on Railroads

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Public Record

JACK QUINN

30TH DISTRICT, NEW YORK

COMMITTEES:

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CHAIRMAN, NORTHEAST MIDWEST COALITION
CHAIRMAN, STEEL CAUCUS EXECUTIVE COMMITTEE



Congress of the United States

House of Representatives
Washington, D.C. 20515-3230

July 26, 2001

PLEASE RESPOND TO:

WASHINGTON OFFICE:

☐ 2448 RAYBURN BUILDING
WASHINGTON, DC 20515
(202) 225-3306
FAX: (202) 226-0347

MAIN OFFICE:

☐ 403 MAIN STREET
SUITE 240
BUFFALO, NY 14203-2199
(716) 845-5257
FAX: (716) 847-0323

SATELLITE OFFICE:

☐ 1490 JEFFERSON AVENUE
BUFFALO, NY 14208
(716) 886-4076

Mr. David R. Goode
Chairman, President and CEO
Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510

Dear Mr. Goode:

I appreciate your testifying before the Subcommittee on Railroads on July 16, 2001.

As you will recall, several Members requested that you provide additional information. In particular, they requested the following:

- A copy of any costing study performed by NS or at NS's request, including the underlying data, that shows that the Hollidaysburg Car Shops are not profitable; and
- Any operating comparisons of the shops at Hollidaysburg, Pennsylvania, Macedonia, Ohio, Decatur, Illinois, and Williamson, West Virginia.

In addition, the Members asked that you respond to a few questions. First, NS has stated that it must close the shop because of changed economic conditions. The general downturn in the economy, however, seems to have occurred after NS first announced its intentions to close the shops. Please explain what economic factors NS relies on to support its economic conditions justification for the proposed closing of the Hollidaysburg Car Shops.

Second, you stated that NS has invested more than \$3 million in the Hollidaysburg shops, but footnote 7 of Decision 186 states that "NS acknowledges that it has not made the anticipated \$4 million expenditure for 'material handling improvements' at the Hollidaysburg Car Shops." Which is correct?

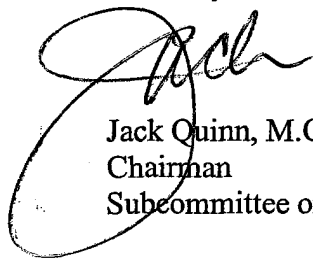
Third, Mr. Lutton and Mr. Maslanka claim that NS had ten signed deals for car repair work on 4000-5000 cars and another eight deals pending at the time that NS announced the proposed closing of the Hollidaysburg Car Shops. They further assert that NS directed these cars away from Hollidaysburg or even redirected cars already at the Hollidaysburg Car Shops. Please explain whether these statements are true and whether NS has redirected work away from Hollidaysburg.

Fourth, NS has posted openings for 156 positions, but there are more than 380 employees at the Hollidaysburg Car Shops. When will NS post openings for the at least 236 other positions required for "each and every Hollidaysburg agreement employee [to] have the opportunity for continued NS employment?"

Finally, NS stated in its June 25, 2001 filing with the STB that transferring employees will be "automatically certified for *New York Dock* income protection for up to six years." Does this mean that NS will guarantee that if it later lays off a Hollidaysburg employee who accepted a transfer, for reasons unrelated to the Conrail proceeding, the employee will still get New York Dock benefits?

I look forward to your responses to these questions. To include your responses in the printed hearing record, please transmit them to the Subcommittee by August 14, 2001.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Quinn", is written over a large, loopy circular flourish.

Jack Quinn, M.C.
Chairman
Subcommittee on Railroads



Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191
Telephone (757) 629-2610
Facsimile (757) 629-2306

David R. Goode
Chairman, President and
Chief Executive Officer

August 13, 2001

The Honorable Jack Quinn
Chairman, Subcommittee on Railroads
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, D.C. 20515-3230

Jack
Dear Congressman Quinn:

Thank you for the opportunity to provide you the additional information requested in your letter of July 26, 2001 concerning the closure of the Hollidaysburg Car Shops.

I value the opportunity to provide additional data and hope that the attached Response fully addresses the inquiries in your letter.

Sincerely,

A handwritten signature in black ink, appearing to be 'D. Goode', written over a horizontal line.

Attachment

Response of Norfolk Southern to Inquiries Concerning the Closure of the Hollidaysburg Car Shops

This responds to inquiries contained in Congressman Jack Quinn's July 26, 2001 letter concerning the closure of the Hollidaysburg Car Shops ("Hollidaysburg"). References to documents submitted to the U.S. Surface Transportation Board ("STB") are to documents submitted in Finance Docket No. 33388 by either Norfolk Southern ("NS"), on the one hand, or jointly by certain Unions and the Commonwealth of Pennsylvania (collectively to be referred to as the "Joint Petitioners"), on the other hand. Where relevant or helpful, copies of the referenced documents are attached. A reference to the "Operating Plan" is a reference to a part of the Conrail Control application submitted to the STB in June 1997.

Requested Studies

Members of the Subcommittee requested a copy of any costing study performed by NS or at NS' request that shows that Hollidaysburg is not profitable. In documents submitted to the STB, the Joint Petitioners claimed that Hollidaysburg was profitable. In response, NS performed a special, modified profit/loss study solely for the purpose of responding to that allegation (modified to assign a value to the work performed on the NS fleet and to reflect this value as a credit just as revenues from insourcing work performed for others is reflected as a credit). This study was submitted to the STB on April 17, 2001 (attached as Exhibit A). The Joint Petitioners raised certain questions with regard to this profit/loss study, so NS clarified the study in a submission to the STB on July 27, 2001 (attached as Exhibit B).

NS does not typically have the ability to perform this type of study on its car repair facilities. NS has prepared no other such studies. NS is not able to perform this type of study for any of the other car repair shops because its accounting system does not separately allocate costs to other car repair facilities. Only Hollidaysburg, in part because of its size and Hollidaysburg's role as NS' primary insourcing car repair facility, is a separate cost center within the NS accounting system.

Operating Comparisons

Members of the Subcommittee also request any operating comparisons of the shops at Hollidaysburg, Macedonia (OH), Decatur (IL), and Williamson (WV). There are no existing operating comparison studies. I do note, however, that both separately and considered together the shops at Macedonia, Ohio, Decatur, Illinois and Williamson, West Virginia are substantially smaller than Hollidaysburg.

Basis of the Closure Decision

Congressman Quinn's letter inquires as to the economic factors that justify the proposed closing of the Hollidaysburg Car Shops. A wide range of business, operational and economic factors influenced the decision to close Hollidaysburg. For example, many

of the assumptions that formed an underpinning for the NS Operating Plan in the Conrail Proceeding have not been borne out. Rather than expand the NS fleet as anticipated in the Operating Plan, we have contracted it, in part in the face of lower-than-expected traffic levels. There has been a significant reduction in export coal volumes, and a dramatic increase in the price of diesel fuel. The experience NS has gained in operating the expanded system and the marketing and economic realities faced since June 1, 1999 have forced NS to take a very detailed look at all aspects of the operations and economics. Further, although NS has aggressively sought and been successful in bringing in insourcing work, not enough has developed – or is likely to develop – to justify maintaining Hollidaysburg, particularly in light of excess capacity NS now has at other, smaller, car repair facilities on the system. In general, however, NS has had to right-size the entire physical plant (not only the car repair facilities) to accommodate the business, operational and economic conditions in which it now finds itself. The closure of Hollidaysburg is only one of the many initiatives NS has taken to do so.

Investment in Hollidaysburg

Congressman Quinn's letter asks how the \$3 million investment discussed at the July 16 hearing relates to the \$4 million investment in material handling improvements discussed in the NS Operating Plan. There is no direct relationship. As stated in filings with the STB, NS has not made the particular investment discussed in the NS Operating Plan. That investment, which was scheduled for 2002, would not have made a material difference in the ability of NS to procure new insourcing work or the decision to close the facility. NS, on the one hand, and Conrail on the other hand, have spent substantial other amounts at and around the Hollidaysburg Shop for machinery, material handling and environmental remediation that total substantially in excess of the \$3 million cited by Mr. Goode.

Claims as to Redirection of Work

Congressman Quinn's letter notes that Mr. Lutton and Mr. Maslanka claim that NS had ten signed deals for car repair work on 4000-5000 cars and another eight deals pending at the time that NS announced the proposed closing of Hollidaysburg, but that we redirected these cars away from Hollidaysburg. Mr. Lutton and Mr. Maslanka apparently relied on the testimony of Mr. Joseph Letcher that was submitted to the STB on July 16, the same day as the Railroad Subcommittee's hearing in Altoona. Mr. Letcher's testimony contains nearly identical claims, but those claims are simply wrong. Much of the work detailed by Mr. Letcher actually was performed at Hollidaysburg. NS demonstrated that in the July 27 submission to the STB, and particularly in the joint verified statement of Mr. Veron, NS' Director Insourcing, and Mr. Ricciardi, the General Manager for Hollidaysburg (the "Veron/Ricciardi JVS," attached as Exhibit C).

Congressman Quinn's letter also asked whether NS has redirected work away from Hollidaysburg. As noted in NS' July 27 submission to the STB (Veron/Ricciardi JVS at 10), NS agreed to permit a valued customer (GATX) to move twenty-four (24) cars (of 73 in the project) from our production schedule to that of a Pennsylvania

competitor. This was done in order to accelerate the conversion project beyond the project schedule. Nonetheless, NS created a majority of the material for these conversions. In addition, in line with the pending closure of the facility, CSX and NS agreed that CSX will no longer need to send car repair traffic to Hollidaysburg under an agreement whereby CSX was to send cars to Hollidaysburg for repair during the three years following the Conrail transaction.

Job Postings

Congressman Quinn's letter asks "when will NS post openings" so that "each and every Hollidaysburg employee [will] have the opportunity for continued NS employment." As stated in NS' submissions to the STB, every agreement employee desiring to transfer will be provided an opportunity for continued employment with NS. It is NS' intention, through the Implementing Agreement(s) (which will detail the process of notifying employees of job abolishments and opportunities to bid on transferred jobs), to advertise all positions through a bulletin posted at least 15 days prior to Hollidaysburg job abolishments.

New York Dock Benefits

The final question in Congressman Quinn's letter concerns certification for *New York Dock* benefits. In its June 25, 2001 STB filing NS stated:

"Previously negotiated agreements provide for relocation benefits in excess of those called for in *New York Dock*. Those agreements also provide for transferring employees represented by three of the labor organizations (IBB, NCFO and IBEW) to be automatically certified for *New York Dock* income protection for up to six years. If negotiated settlements are reached, NS would be willing to certify employees represented by the other shopcraft unions who transfer as a result of the Hollidaysburg transaction." (NS 84 at 15)

The NS position in labor negotiations has been that, if negotiated agreements are reached, NS would certify employees represented by the other shopcraft unions who transfer as a result of the Hollidaysburg transaction. That is, employees who transfer would be entitled to *New York Dock* protection, and would get that protection (for up to six years) if they are subsequently laid off (or have their earnings reduced). By being "certified", the employees are relieved of the burden of demonstrating causation and are entitled to dismissal or displacement allowances if furloughed or if they suffer a diminution of earnings during the protective period. Of course, those employees would still be required to exercise seniority (or, in the case of furlough, accept certain comparable employment) as required by *New York Dock*. Almost all of the Hollidaysburg employees have more than six years service (only a handful do not) and thus almost all transferring employees would be eligible for protection for the maximum six year period provided by *New York Dock*.

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	(7,613,497)
Insourcing Contribution	<u>2,653,769</u>
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)	(6,785,339)
Subtotal	<u>(24,132,714)</u>
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	(1,334,753)
Subtotal	<u>(1,522,808)</u>
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

SUPPLEMENTAL VERIFIED STATEMENT OF

ROBERT H. BELVIN

My name is Robert H. Belvin. I am Manager – Budget Planning and Operations of Norfolk Southern Corporation. I am submitting this supplemental verified statement in support of Norfolk Southern's reply to the "Reply of Various Unions and the Commonwealth of Pennsylvania to Norfolk Southern Corporation's Response to Decision No. 186" filed on July 16, 2001.

I previously submitted a verified statement dated April 17, 2001 in support of Norfolk Southern's response (NS-79) to the initial petition of the unions and Pennsylvania concerning the Hollidaysburg car repair shops (the "Shops"). In that statement I showed that the unions' witness, Thomas Lutton, was incorrect in stating that the Shops have been operating at a profit. In fact, if the Shops were considered as a stand-alone facility, my very conservative estimate was that "the shops have operated at a substantial loss since Day One. For the year 2000, the only year for which I have complete numbers, they operated at a loss of at least \$6,824,211." I attached a summary of my calculations as Exhibit 1 to my statement.

I am submitting this supplemental statement to respond to statements in the petitioners' July 16, 2001 reply that dispute or question the calculations in my previous statement. Specifically, the reply states Reply at 27-28):

Indeed the calculation supplied by NS contains numerous classifications that are unexplained and earnings that are discounted. 9/

9/ For example, NS has deducted \$7,613,497 from its earnings on insourcing for labor and other costs, but NS has also cited \$4,144,472 as labor costs attributable to insourcing, NS appears to have counted labor costs for insourcing twice. And NS has identified a cost of \$2,474,963 for labor for "freight car repairs," but then it also identified a labor cost of \$1,890,163 for capital programs, \$3,431, 020 for shop labor expenses, and another \$3,321,660 for "all other labor". Since NS already accounted for insourcing labor costs and shop

labor expenses, it is not clear what the separate labor costs are for freight car repairs, capital programs and all other labor; nor is it clear what is included in all other labor at \$3,321,660.

Although I believe my previous statement did explain the various classifications, I will explain them further in this statement and will show that there was no double counting of labor or any other costs.¹

My previous Exhibit 1 was intended to explain my calculation of the Shops' losses in 2000 in a reasonably understandable format by identifying the various categories of the Shops' revenues, credits and expenses. It does not double count any expense.

Exhibit 1 begins by looking at the total contribution to the Shops from Insourcing. This contribution, \$2,653,769, consists of total revenues from Insourcing Sales - \$10,267,266 minus the \$7,613,497 variable costs to produce that insourcing work, Insourcing Costs of Goods Sold. The \$7,613,497 includes the labor component of the insourcing work - \$4,144,472.

Exhibit 1 then lists all of the categories of labor expenses. One of those is "Insourcing projects (including fringe allocation)." The amount for this category (\$4,144,472) is the *same* amount included as the labor component in the Insourcing Costs of Goods Sold, but as I explain below, I "reverse out" or credit this same amount to avoid double counting of this expense.

The listing of labor expenses also includes "Billable (including fringe allocation)" (\$3,595) and "Capital programs (including fringe allocation)" (\$1,890,163). Each of these expenses, as well as the insourcing labor, insourcing materials and insourcing other expenses, produces a directly associated benefit. Therefore, I added these expenses back in as a credit under the category "Billable, Insourcing and Capital Program Work in Process Credits" to ensure

¹ I note that petitioners' reply to NS-79, filed on May 9, 2001, raised none of these issues. If it had, I would have submitted this statement with NS-84, NS' response to Decision No. 186.

that the benefit was reflected, and to ensure that no expense was double counted. The total labor credit listed, \$6,038,230, is the sum of \$4,144,472 (“Insourcing Projects (including fringe allocation)”) and \$3,595 (“Billable (including fringe allocation)”) and \$1,890,163 (“Capital programs (including fringe allocation)”).

Petitioners also state in footnote 9 that it is not clear what are the various labor costs identified in my Exhibit 1 other than insourcing labor costs. These are all distinct categories of labor costs incurred by the Shops in the year 2000 that cannot be attributed directly to the insourcing work. “Freight car repairs” (\$2,474,963) are labor costs incurred in repairing NS cars. “Capital programs (including fringe allocation)” (\$1,890,163) are expenditures for work on freight cars that are capitalized as a result of extending the useful lives of the cars. “Shop expense” (\$3,431,020) are the costs of employees in the shops not assigned to specific car repair positions, for example, material handling personnel and personnel involved in cleaning the Shops. “All other labor” includes a variety of other labor costs that cannot be assigned to specific car repair work, such as vacation costs, costs of attending meetings, general supervision costs and costs of repairing the shops themselves.

VERIFICATION

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

Executed on July 25 2001

Robert H. Belvin

Robert H. Belvin

**Joint Verified Statement of
David L. Veron and Michael A. Ricciardi**

We are David L. Veron, Director Insourcing of Norfolk Southern Corporation ("NS") and Michael A. Ricciardi, Hollidaysburg Car Shops General Superintendent since April 1994, first with Conrail and then with NS.

As discussed in the verified statement submitted with NS-79, I, Dave Veron, am in charge of all 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. My educational and employment background has been set forth in my earlier verified statement.

I, Michael Ricciardi, graduated from the Penn State Management Program in 1989 and Darden School of Business Administration in 1994 (Manufacturing Management). I began my railroad career in 1976 as a Carman with Conrail, and I have held various management positions for the past 23 years including Division Superintendent (two different divisions).

We are submitting this Joint Verified Statement in response to several matters discussed by Joseph Letcher in his Declaration, submitted with the Reply of Various Unions and the Commonwealth of Pennsylvania to Norfolk Southern Corporation's Response to Decision No. 186. Although we do not address every matter discussed by Mr. Letcher, we do address many of the most glaring errors that pervade that declaration. When appropriate, we will indicate in this Joint Verified Statement where a particular statement is made by one, but not both, of us.

Mr. Letcher's Declaration suggests that NS management has turned work away from the Shops and that numerous potential insourcing projects were pending that would

have kept the Shops operational at current employment levels beyond 2002. With respect to work that Mr. Letcher claims was scheduled in the Shops that NS subsequently "turned away" (Mr. Letcher's Table 1), we submit documentary evidence (much of which Mr. Letcher helped prepare) that demonstrates that many of Mr. Letcher's claims are completely wrong. We cannot submit the same kind of documentary evidence with respect to work only discussed or proposed, but which did not result in a contract or business deal (the proposals Mr. Lutton originally claimed were commitments and further those set forth in Mr. Letcher's Table 2), because these unconcluded proposals rarely result in formal documentation when the proposal is dropped. With regard to these proposals, we (the two individuals most directly responsible for insourcing at the Shops) do submit, however, what documentary evidence is available and relate in detail what the proposals were and when they were under consideration (one dates back to 1999). The fact is that, contrary to Mr. Letcher's assertions, these proposals did not comprise a mass of work that NS would have secured.

Programs That Were Completed At The Shops

Mr. Letcher presents in his "Table 1 – Scheduled Insourcing Work for 4th Quarter of Year 2000 into Year 2001" a list of eight programs concerning which he asserts:

Outlined below is a schedule of insourcing projects which were scheduled in the shops beginning the 4th quarter of 2000, any number of which could have begun in year 2000 had there been sufficient manpower in the shops. The programs outlined in Table 1 above were all scheduled in for the shops with preparations being made to order materials. Many of these programs could have been performed, at a substantial profit in the shops during year 2000, but were held back due to insufficient staffing in the shops, then ultimately turned away by Norfolk Southern.

Declaration ¶ 8. That is false. In fact, *six of these eight programs were not turned away, but were scheduled, performed and completed* in the last quarter of 2000 and first two quarters of 2001. These six programs and the documentation evidencing their completion are discussed below.

The second item on Mr. Letcher's Table 1 of work available to NS, "CSX Box Car – Heavy Repair Program – 333 cars," was completed in the 4th quarter of 2000. We attach as Exhibit 1 various production summaries prepared by the Shops. On the second page of the December 1, 2000 Hollidaysburg Car Shop Daily Production Summary, under the "Insourcing" Subheading, is a listing for "CSXT Box Cars." The document demonstrates that 350 cars were completed by December 1 for the CSX Box Car – Heavy Repair Program.

The fourth item on Mr. Letcher's Table 1 refers to "CCX (4300) Wood Chip Gondola Program – 150 cars." This appears in the "GPSX – Wood Sided – Blue" row of the Insourcing Table of the Daily Production Sheets in Exhibit 1. The cars covered by this project have been sited at Hollidaysburg since well before Split Date. GATX rejected the original proposal for repair of these cars, and instead asked us to store the cars for them until GATX found a need for the cars that would justify the repair cost. That need arose and in February work began, based upon a revised repair proposal. GATX asked us not to perform the work on the final 10 cars because it could not find a customer for those particular cars.

The fifth item on Mr. Letcher's Table 1 refers to a "Rail Trust Covered Hopper Car Program" for 25 cars. The program covered only 20 – not 25 – cars. The October 2,

2000 Hollidaysburg Car Shop Daily Production Summary (contained in Exhibit 1) demonstrates that by the end of September 2000 all of these cars were completed.

The sixth item on Mr. Letcher's Table 1 is "Greenbrier Quad Hopper Modification Program – 100 cars." This program consisted of converting 100 Greenbrier quad hopper (4 pocket) cars to 3 pocket hopper cars. As is evident from the March 1, 2001 Hollidaysburg Car Shop Daily Production Summary set forth in Exhibit 1, the program was completed in February, 2001 (the relevant entry is listed under "Greenbrier OT Hopper – FEC").

The seventh item on Mr. Letcher's Table 1 is "Greenbrier Quad Hopper Heavy Repair Program – 75 cars." There was no such program. If Mr. Letcher intended to refer to the Greenbrier Light Hopper Car Program, the fact is that 73 cars were repaired in that program, as reflected in the November 1, 2000 Hollidaysburg Car Shop Daily Production Summary, found in Exhibit 1.

The eighth item listed is "GCCX Hood Program – 160 Hoods." As is evident from the April 2, 2001 Hollidaysburg Car Shop Daily Production Summary, the bulk of the 166 hoods produced under this program (158) were produced by the beginning of April 2001, and, as reflected in the June 1, 2001 Hollidaysburg Car Shop Daily Production Summary, the job was completed in May (the relevant entry is listed under "GATX Covers Built").

Of the eight programs listed by Mr. Letcher in Table 1, only two have not been completed; in neither case was the program held back because of insufficient staffing, as Mr. Letcher incorrectly asserts. One of these, the "Open Top Hopper Fastener Replacement Program," is a long-term (at least 4 years), ongoing program to replace

fasteners on cars owned by Conrail (operated by NS) and constructed by Johnstown America. NS is performing the replacement work for Johnstown America. To date, work has been completed on 2,140 of the 2,400 cars involved. The remaining 260 cars (of the 2,400 total to have been done), have been used to fill in the gaps of scheduled, larger programs that we have performed for other insourcing customers. The eighth program listed – the “CSX Aggregate Rebody Program” – was not performed not because of insufficient staffing but because of the announced closure of the Shops.

Mr. Letcher also claims that each of the programs listed in his Table 1 “would generate a substantial profit for the shops.” Declaration ¶ 9. All insourcing programs were billed in a way as to contribute to the bottom line financially, but because the Shops run at such a low capacity, the contribution of these programs did not provide nearly enough of a contribution to offset the enormous cost of the excess shop capacity.

Agreement for New Hires

Mr. Letcher claims that TWU Local 2017 had negotiated a reduced rate agreement for new hires. Declaration ¶ 9. In his verified statement, Tony Licate addresses the specifics of this agreement, and demonstrates that Mr. Letcher simply is wrong when he states that “Norfolk Southern management, not the organization, backed out of the agreement.” But Mr. Letcher also states that this agreement “would have resulted in even substantially higher profits on these insourcing programs.” He further claims that we asked for additional employees and that we were turned down. On both of these points, I, Mike Ricciardi, attest that Mr. Letcher is wrong.

We did not seek new employees, despite Mr. Letcher’s claim to the contrary. Instead, an inquiry was made to senior management in October, 2000 as to whether

existing employees furloughed at Roanoke were to be transferred to Hollidaysburg. We did have a sufficient number of employees at the Shops at that time, and were merely making the inquiry to determine whether we would have to absorb more. The Roanoke employees were not to be transferred. With regard to the proposed agreement for reduced pay for new hires, because we were not seeking new employees, the new hire agreement would not have made any difference in the profitability of the Shops.

Additional Work Available to NS

Petitioners have listed several million dollars of programs that, according to the March 28, 2001 Declaration of Thomas Lutton, represented “commitments” from customers that Norfolk Southern simply turned away and that allegedly “would have kept the shops fully operational well into 2002.” In Norfolk Southern’s initial response to the Joint Petition (NS-79), I, David Veron, submitted a verified statement that refuted those claims and showed that the listed programs either did not exist or were merely proposals. In discussing these programs in his verified statement, Mr. Letcher appears to repudiate Mr. Lutton’s claim that they represented “commitments” – saying instead that the parties were merely “in negotiations” or “in discussions” about them – but also takes issue with my discussion of these matters in my previous verified statement. Many of Mr. Letcher’s assertions about these matters, however, are incorrect, as I discuss below.

Bombardier Proposal

Mr. Lutton claimed that Norfolk Southern had a commitment to convert 250 gondola cars for Bombardier at \$4.5 million. Lutton Declaration ¶ 12. I explained in my initial verified statement that we did have some initial discussions with Bombardier to

build and apply a drop-in trough to 225 gondolas, but that the price was not acceptable to Bombardier. Veron V.S. at 6. Now, Mr. Letcher claims that the proposal consisted of other work on the cars and construction of a hood – apparently not the drop-in trough identified by Mr. Lutton – amounting to a total of \$3,875,000, consisting of \$2,075,000 (\$8,300 per car for modification of 250 cars) plus \$1,800,000 (\$7,200 per hood for 250 hoods), with additional work being discussed. Letcher Declaration ¶ 10(b).

Mr. Letcher's claims are incorrect. We attach as Exhibit 2 the preliminary estimate sent on December 1, 2000 to Bombardier covering this proposal. Indeed, Mr. Letcher helped prepare this estimate. As can be seen, the preliminary price quoted was \$8,306.00 for each of the drop in coil steel troughs to be constructed for the 225 gondola cars that were located at the facility. If the proposal had been accepted, it would have amounted to \$1,868,850.00. The project, however, was not accepted by Bombardier.

Johnstown America

Mr. Lutton also claimed that Norfolk Southern had a "commitment" for "a 200 car covered hopper car order for Johnstown America (\$5 million)...." Lutton Declaration ¶ 12. Mr. Letcher appears now to acknowledge that there was no such commitment, and does not dispute my statement that Johnstown America advised us in February that it would have the work done elsewhere. Mr. Letcher now attributes Johnstown's decision to the announcement that NS intends to close the Hollidaysburg facility, and claims that Johnstown America subsequently contracted with Millennium to do the work.

A very preliminary quote was developed for this project in January, 2001. Often companies ask for preliminary quotes to determine the feasibility of a proposal, which in

this case would have been the conversion of a three-pocket hopper car to a two-pocket hopper car. We do know that Millennium did a prototype for Johnstown America, just as we did, but we do not know that Millennium actually received a contract to do the work covered by the quote. NS serves the Millennium yard, and we have not seen these cars in that yard.

Greenbrier

Mr. Lutton also claims that NS had a "commitment" to fabricate "1000 container car covers for Greenbrier (\$1 million)." Lutton Declaration ¶ 12. In his declaration, Mr. Letcher asserts that "we were in negotiation with Greenbrier for an order to build covers for CRLE cars." Letcher Declaration ¶ 10(d). Both Mr. Lutton and Mr. Letcher are incorrect: we had no such order or proposal. In fact, an intermodal flat car does not have a cover, and neither does a double-stack car of the type in the 1,000 car fleet owned by COE Rail, Inc. (a company with the CRLE reporting marks, and which is owned by Greenbrier).

As a result of our insourcing efforts, we are often in contact with Greenbrier. With particular regard to the CRLE fleet, we quoted a price to perform modifications, preventive maintenance, and some truck maintenance on this fleet on an ongoing basis whenever the cars could be captured from the system. Although a few cars were captured and repaired, the cars worked under this program are sent through the shops on Greenbrier's request, according to their preventive maintenance schedule.

First Union

Mr. Lutton claimed that Norfolk Southern had a commitment to do "warranty work on 400 gondola cars for First Union (\$800,000)." Lutton Declaration ¶ 12. Mr. Letcher states that he "do[es] not recall all the particulars of this particular insourcing proposal," but that he is "quite certain that we were in discussions with First Union to perform warranty work on cars as stated in Mr. Lutton's declaration." Letcher Declaration ¶ 10(e). That is simply incorrect. The only warranty work we have done for First Union has been done on covered hoppers, and not only did we not have a commitment to do warranty work on gondolas, we have received no requests for such work.

Department of Defense

Mr. Letcher states that he was "confident that we were going to get" the job to perform work on the Department of Defense ("DOD") fleet. Letcher Declaration ¶ 10(f). As I, Dave Veron, explained in my initial verified statement, I seriously doubt that the work would have been worth even close to \$8 million per year. DOD initially wanted to have the work done over a period of years, cycling its fleet at various times through other NS car repair facilities that would be closer to the office of the DOD inspector assigned to review the work as it progressed. We convinced DOD to have the work done at Hollidaysburg nonetheless, and were hopeful that we were going to obtain the program. Unfortunately, DOD did not contact us again until just before the announced closing.

Finger Lakes

Finger Lakes approached NS back in April, 2000 concerning the acquisition and refurbishment of an assortment of cars. The discussions ended a long time ago on this proposal, primarily because we did not have all of the cars the Finger Lakes sought.

GATX

Mr. Letcher also discusses an insourcing order for GATX for SP Flat cars, and states that "Norfolk Southern ... farmed the work out" after fabricating the material for the cars and beginning the work. Letcher Declaration ¶ 10, at p. 8. This description of events, however, is incomplete and misleading. The SP Flat car project is reflected on the Hollidaysburg Car Shop Daily Production Summary sheets found in Exhibit 1 beginning with the September 1, 2000 summary sheet. At the same time that Norfolk Southern was working on the 73 SP Flat cars, we were also converting a much larger number of cement cars (over 300) for GATX (listed as well on the summary sheets as "Covered Hop - Cement Car" or, in sheets beginning with that of March 1, 2001, as "Covered Hop - Cement Car - CNW").

We were well on our way with both jobs, when the customer wanted an acceleration of the SP Flat car work in order to get the cars to market faster than GATX had originally anticipated. Despite the fact that this work was committed to NS, we agreed to the GATX request to let GATX take the last few SP Flat cars to let Millennium finish the conversions. GATX is a valued NS customer and NS has completed work on 49 of the 73 cars originally scheduled. The remaining SP Flat car work to be released to GATX for their transfer to Millennium consisted of only 24 cars, and the work would be performed with a majority of the material for the conversion created by NS

Letcher Table 2

Mr. Letcher presents in his "Table 2 – Insourcing Projects Being Actively Negotiated" nine other projects¹ "being considered" and "actively pursued" by the Hollidaysburg insourcing team. Mr. Letcher claims that "much, if not all of the work outlined in Table 2 would have been secured." The facts, however, do not support that assertion. Generally, the inquiries, some dating back to 1999, reflect the normal operations of a facility that performs work for others – preliminary inquiries are made for several purposes including determining whether the customer wants to proceed with the work, the development of budgets and priorities, and competitive bidding. In the case of the inquiries listed on Table 2, generally the work was not subsequently pursued by the customer with Norfolk Southern.

The first item on Table 2 is the "Greenbrier CRLE Container Well Car PM [Preventive Maintenance] Program" discussed above on page 7. This was a program that was already in place; it was not potential new work, as Mr. Letcher claims.

The second item on Table 2 is listed as "GATX-FURX High Side Gondola Mod Program," consisting of the modification of 200 cars. We attach as Exhibit 3 the June 28, 2000 proposal for this project. We have received no response to this proposal, and we were not in active negotiation on this item when NS announced in February of this year its intentions to close the Shops.

The third item on Table 2 is listed as "GATX-Flat Car Container Repair Project," consisting of modification to 200 to 300 containers. A preliminary proposal was

developed and sent to GATX in August, 2000. We have received no response to this initial estimate, and we were not in active negotiation on this item in February of this year.

There is no fourth item on the list.

The fifth item on Table 2 is listed as "Andersons – Covered Hopper Mod Program (Cut Down)," which consisted of modifying several covered hopper cars. A preliminary proposal was developed in September of 2000. We have not heard anything on this proposal since it was made.

The sixth item on Table 2 is listed as "Andersons – Box Car Conversion 70T-To 100T," which refers to a November 17, 1999 proposal to covert 91 70 ton box cars to 100 ton box cars, as reflected in Exhibit 4. This proposal was requested at a time when the market looked strong for this type of car. Since late 1999, the market has dropped for the cars, and Anderson did not pursue the proposal. This proposal has not been in active negotiation for well over a year.

The seventh item on Table 2 is listed as "Andersons – Twin Aggregate Re-Body Program," and purports to cover 200 cars. As can be seen in the October 2, 2000 proposal set forth in Exhibit 5, we developed a proposal that would cover either 50 or 100 triple hopper aggregate cars. We have not received a response from this proposal, and the program was not in active negotiation in February.

The eighth item on Table 2 is listed as "1st Union Rail – Rapid Discharge Car Modification Program." The preliminary estimate for this proposal, set forth in Exhibit 6,

¹ Although the Table purports to list "10 Additional Insourcing Projects involving 2832 Cars and 3000 Containers", only nine proposals are listed.

was sent out on November 30, 2000. We received no response to this preliminary estimate.

The ninth item on Table 2 is listed as "Gilford Rail – Sell & Refurbish Open Top Hoppers (Tubs). Initial inquiries were made in early September, 2000 on this matter, but Guilford's interest did not rise to the level to require a formal proposal.

The tenth item on Table 2 is listed as "Altoona P/S – Sell & Refurbish Open Top Hoppers (Tubs)." This July 2000 proposal was not pursued by Altoona Pipe and Steel.

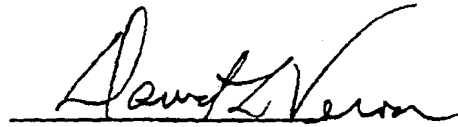
Conclusion

Mr. Letcher's declaration contains several assertions that demonstrate that he does not know all of the facts concerning NS' insourcing efforts and the status of the individual proposals discussed. Many of the programs he claims were turned away by NS were not – they were completed by NS. Many of the proposals he claims were in active negotiation and would have kept the Shops busy long into the future in fact were not in active negotiation and failed to materialize in the normal course of business, as many potential proposals routinely do.

VERIFICATION

I, David L. Veron, verify under penalty of perjury that I am Director Insourcing of Norfolk Southern Corporation, that I have read the foregoing Joint Verified Statement of David L. Veron and Michael A. Ricciardi and know its contents, and that the portions of it attributable to me are true and correct to the best of my knowledge and belief.

Exccuted on July 26, 2001

A handwritten signature in dark ink, appearing to read "David L. Veron", written over a horizontal line.

David L. Veron

VERIFICATION

I, Michael A. Ricciardi, verify under penalty of perjury that I am the General Superintendent of the Hollidaysburg Car Shops, that I have read the foregoing Joint Verified Statement of David L. Veron and Michael A. Ricciardi and know its contents, and that the portions of it attributable to me are true and correct to the best of my knowledge and belief.

Executed on July 27, 2001

A handwritten signature in cursive script, reading "Michael A. Ricciardi". The signature is written in dark ink and is positioned above the printed name.

Michael A. Ricciardi

2000 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

9/1/00

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHD	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	117	0					87	87
50 FT MEDIUM BOX CARS - AUTO	S20297	14	2	0						1
60 FT MEDIUM BOX CARS - AUTO	S20297	14	90	0				25	78	80
86 FT MEDIUM BOX CARS - AUTO	S20297	14	15	0					12	12
86 FT EQUIPPED BOX (AAR REBL)	991738	5153	21	0					6	6
86 FT EQUIPPED BOX (CAPTL)	991739	5153	1	0					1	1
GONDOLAS										
LIGHT GONDOLAS	S20233	235	30	0					63	63
GONDOLA - TURN BACK LEASE	S50134	915	0	0					1	1
GONDOLA - TBL - G00039	S50716	915	1	2					2	2
GONDOLA - TBL - NS TO TR	S20362	235	14	10		10		75	375	358
GONDOLA - 70 TO 100 TON +TROUGH	1112	5153	115	23	3	15	3	83	250	152
GONDOLA - 190500 SERIES + "			42	1		4			150	27
COIL STEEL										
OPEN COIL STEEL - AK STEEL MOD1	990813	5153	1	1				1	19	19
OPEN COIL STEEL - AK STEEL MOD2	990560	5153	24	7	2	11	2	40	184	129
MEDIUM COIL STEEL	S20298	15	21	0						
LIGHT COIL STEEL	S20320	235	54	0					8	8
COIL STEEL CARS - CAPITAL	991733	5253							6	6
NS COIL STEEL CARS - HOOD PROJ	S20366	235	17	14	9	23	9	100	200	156
COVERED HOPPERS										
ALUMINUM COVERED HOPPERS			41	1					50	
LIGHT COVERED HOPPERS	S20225	235	19	4					231	231
SMALL/MED. COV. HOP. - HEAVY	S20299	27	32	0						
OPEN TOP HOPPERS										
LIGHT HOPPER	S20311	235	2	0					25	25
NS 153000 SERIES HOPPERS - LTB	S20350	235	3	0				0	100	100
FLAT										
LIGHT FLAT	S20312	235	0	0	1	1	1		1	2
MW										
MW RADIO CONTROL BALLAST	S20294	407	1	1					63	108
MEDIUM BALLAST CARS	S20304	16	37	0					4	4
MW SIDE DUMP	S20308	407	0	0						
MW SCALE TEST	S20309	407	0	1					4	4
MW GONDOLAS - MEDIUM	S20327	407	31	0						
MW WHEEL FLATS - LIGHT	S20341	235		0					8	8
NON REVENUE GONDOLAS	S20327	407	28	0						
RAIL TRAIN 'N'	S20344	235	35	0					35	35

Form: HCSDP1(NS9025)

Exhibit 1

7-1-00 Page 4

LIGHTS										
ROSE LIGHTS	S20326	235		0					65	65
W/D										
MISC. W/D CARS	S20197	235		0					24	24
INSOURCING										
GONDOLA REBODY- FIRST UNION	S50196	915	0	0					159	159
GCCX - 83000 SERIES - MHFX MOD.	S50549	915	0	0					20	20
GCCX - 83000 SERIES	S50566	915	1	0				1	48	115
GPSX - WOOD SIDED - BLUE X	S50608	915	153	5					2	2
100 TON O T HOPPER - TOP CHORD X	S50042	915	34	0				32	4	4
SIDE DUMP - CR FIRST UNION	S50214	915	0	0					1	1
GONDOLA 52 FT 100 TON - NSHR	S50133	915	3	0	3	3	3		16	20
RAIL TRUST COVERED HOPPER	S50664	915	1	1				0	20	19
GATX - KCS 60 FT BOX CARS	S50132	915	1	1				1	2	2
CSXT BOX CARS X	S50674	915	137	29	2	12	2	46	300	208
VW COVERED HOPPERS	S50750	915	0	0					13	13
READING & NORTHERN HOP - RDG	S50696	915	3	1		2		38	200	189
READING & NORTHERN HOP - CSXT	S50885	915	1	1				31	92	45
COVERED HOP RAIL TRUST - C13A	S50852	915	10	11				10		
COVERED HOP - CEMENT CAR	S50760	915	1	0		1		1	1	1
SP FLAT CARS	S50851	915	73	5						
FEC - OPEN TOP HOPPER FEC 15650	S50993	915	0						1	1
GCCX 601000 - OPEN TOP HOPPER	S50462	915	1						1	1
COV HOP WTS - WARRANTY WORK	S51135	915	2	2					2	
LIGHTS										
MISC. CSX CARS - LIGHT REPAIR	S50675	915		0				20	77	77
FLOOD CARS										
FLOOD CARS - EPSILON HOPPERS	S50744	915		0					81	81
FLOOD CARS - NS RESPONSIBILITY	S20348	235		0					65	65
FLOOD CARS - SUN OIL	S50749	915		0					40	40
TOTALS										
			1215	121	20	82	20	504	3197	2777
NEW HOODS										
NEW HOODS	S50807				0	8	0	99	200	170
NEW TROUGHS	983				3	17	3	88	400	194

2000 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

10/2/00

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHD	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	113	0					87	87
50 FT MEDIUM BOX CARS - AUTO	S20297	14	2	0						1
60 FT MEDIUM BOX CARS - AUTO	S20297	14	91	5	2	2	2	25	78	94
86 FT MEDIUM BOX CARS - AUTO	S20297	14	15	0					12	12
86 FT EQUIPPED BOX (AAR REBL)	991738	5153	21	0					6	6
86 FT EQUIPPED BOX (CAPTL)	991739	5153	1	0					1	1
GONDOLAS										
LIGHT GONDOLAS	S20233	235	30	0					63	63
GONDOLA - TURN BACK LEASE	S50134	915	0	0					1	1
GONDOLA - TBL - G00039	S50716	915	1	2					2	2
GONDOLA - TBL - NS TO TR	S20362	235	2	4				75	375	365
GONDOLA - 70 TO 100 TON +TROUGH	1112	5153	55	29	3	3	3	83	250	212
GONDOLA - 190500 SERIES + "			48	9					150	35
COIL STEEL										
OPEN COIL STEEL - AK STEEL MOD1	990813	5153	0	0				1	19	20
OPEN COIL STEEL - AK STEEL MOD2	990560	5153	20	10	2	2	2	40	184	149
MEDIUM COIL STEEL	S20298	15	21	0						
LIGHT COIL STEEL	S20320	235	54	0					8	8
COIL STEEL CARS - CAPITAL	991733	5253							6	6
NS COIL STEEL CARS - HOOD PROJ	S20366	235	16	13				100	200	183
COVERED HOPPERS										
ALUMINUM COVERED HOPPERS			41	1					50	
LIGHT COVERED HOPPERS	S20225	235	19	4					231	231
SMALL/MED. COV. HOP. - HEAVY	S20299	27	32	0						
OPEN TOP HOPPERS										
LIGHT HOPPER	S20311	235	2	0					25	25
NS 153000 SERIES HOPPERS - LTB	S20350	235	3	0				0	100	100
FLAT										
LIGHT FLAT	S20312	235	0	0					1	2
MW										
MW RADIO CONTROL BALLAST	S20294	407	1	1					63	108
MEDIUM BALLAST CARS	S20304	16	37	0					4	4
MW SIDE DUMP	S20308	407	0	0						
MW SCALE TEST	S20309	407	0	1					4	4
MW GONDOLAS - MEDIUM	S20327	407	31	0						
MW WHEEL FLATS - LIGHT	S20341	235		0					8	8
NON REVENUE GONDOLAS	S20327	407	28	0						
RAIL TRAIN 'N'	S20344	235	35	0					35	35

12/2/00 Page 2

LIGHTS										
ROSE LIGHTS	S20326	235		0					65	65
W/D										
MISC. W/D CARS	S20197	235		0					24	26
INSOURCING										
GONDOLA REBODY- FIRST UNION	S50196	915	0	0					159	159
GCCX - 83000 SERIES - MHFX MOD.	S50549	915	0	0					20	20
GCCX - 83000 SERIES	S50566	915	1	0				1	48	115
GPSX - WOOD SIDED - BLUE ✓	S50608	915	153	10					2	2
100 TON O T HOPPER - TOP CHORD ✓	S50042	915	34	0				32	4	4
SIDE DUMP - CR FIRST UNION	S50214	915	0	0					1	1
GONDOLA 52 FT 100 TON - NSHR	S50133	915	0	0					16	20
RAIL TRUST COVERED HOPPER ✕	S50664	915	1	0				0	20	20
GATX - KCS 60 FT BOX CARS	S50132	915	1	1				1	2	2
CSXT BOX CARS ✕	S50674	915	94	23	3	3	3	46	333	270
VW COVERED HOPPERS	S50750	915	0	0					13	13
READING & NORTHERN HOP - RDG	S50696	915	0	0				38	200	192
READING & NORTHERN HOP - CSXT	S50885	915	24	0				31	92	46
COVERED HOP RAIL TRUST - C13A	S50852	915	17	15				10		
COVERED HOP - CEMENT CAR	S50760	915	1	0				1	1	1
SP FLAT CARS	S50851	915	72	5						1
FEC - OPEN TOP HOPPER FEC 15650 ✕	S50993	915	0						1	1
GCCX 601000 - OPEN TOP HOPPER	S50462	915	1						1	1
COV HOP WTS - WARRANTY WORK	S51135	915	2	0					2	2
LIGHTS										
MISC. CSX CARS - LIGHT REPAIR	S50675	915		0				20	77	77
FLOOD CARS										
FLOOD CARS - EPSILON HOPPERS	S50744	915		0					81	81
FLOOD CARS - NS RESPONSIBILITY	S20348	235		0					65	65
FLOOD CARS - SUN OIL	S50749	915		0					40	40
TOTALS										
			1120	133	10	10	10	504	3230	2986
NEW HOODS										
NEW HOODS	S50807				0	0	0	99	200	200
NEW TROUGHS	983				4	4	4	88	400	267

2000 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

11/1/00

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	111	0					87	87
50 FT MEDIUM BOX CARS - AUTO	S20297	14	3	0						1
60 FT MEDIUM BOX CARS - AUTO	S20297	14	108	13	2	4	2	28	78	104
86 FT MEDIUM BOX CARS - AUTO	S20297	14	16	0					12	12
86 FT EQUIPPED BOX (AAR REBL)	991738	5153	21	0					6	6
86 FT EQUIPPED BOX (CAPTL)	991739	5153	1	0					1	1
GONDOLAS										
LIGHT GONDOLAS	S20233	235	30	0					63	64
GONDOLA - TURN BACK LEASE	S50134	915	0	0					1	1
GONDOLA - TBL - G00039	S50716	915	1	2					2	2
GONDOLA - TBL - NS TO TR	S20362	235	1	5				10	375	372
GONDOLA - 70 TO 100 TON +TROUGH	1112	5153	0	0				41	250	250
GONDOLA - 190500 SERIES + "			44	17	1	4	1	47	150	64
COIL STEEL										
OPEN COIL STEEL - AK STEEL MOD1	990813	5153	0	0				1	19	20
OPEN COIL STEEL - AK STEEL MOD2	990560	5153	11	3		3		20	184	172
MEDIUM COIL STEEL	S20298	15	21	0						
LIGHT COIL STEEL	S20320	235	54	0	1	1	1		8	9
COIL STEEL CARS - CAPITAL	991733	5253							6	6
NS COIL STEEL CARS - HOOD PROJ	S20366	235	0	10				17	200	199
COVERED HOPPERS										
ALUMINUM COVERED HOPPERS			41	1					50	
LIGHT COVERED HOPPERS	S20225	235	19	8					231	235
SMALL/MED. COV. HOP. - HEAVY	S20299	27	32	0						
OPEN TOP HOPPERS										
LIGHT HOPPER	S20311	235	2	0					25	25
NS 153000 SERIES HOPPERS - LTB	S20350	235	3	0				0	100	100
FLAT										
LIGHT FLAT	S20312	235	0	0					1	2
MW										
MW RADIO CONTROL BALLAST	S20294	407	1	1					63	108
MEDIUM BALLAST CARS	S20304	16	38	0					4	4
MW SIDE DUMP	S20308	407	0	0				1	1	
MW SCALE TEST	S20309	407	0	1					4	4
MW GONDOLAS - MEDIUM	S20327	407	31	0						
MW WHEEL FLATS - LIGHT	S20341	235		0					8	8
NON REVENUE GONDOLAS	S20327	407	31	0						
RAIL TRAIN 'N'	S20344	235	35	0					35	35

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHD	YTD PROD
LIGHTS										
ROSE LIGHTS	S20326	235		0					65	65
W/D										
MISC. W/D CARS	S20197	235		0					24	26
INSOURCING										
GONDOLA REBODY- FIRST UNION	S50196	915	0	0					159	159
GCCX - 83000 SERIES - MHFX MOD.	S50549	915	0	0					20	20
GCCX - 83000 SERIES	S50566	915	1	0				0	48	115
GPSX - WOOD SIDED - BLUE ✓	S50608	915	153	10				4	2	2
100 TON O T HOPPER - TOP CHORD X	S50042	915	34	0				74	4	4
SIDE DUMP - CR FIRST UNION	S50214	915	0	0					1	1
GONDOLA 52 FT 100 TON - NSHR	S50133	915	0	0				0	16	20
RAIL TRUST COVERED HOPPER X	S50664	915	1	0					20	20
GATX - KCS 60 FT BOX CARS	S50132	915	0	0				1	2	3
CSXT BOX CARS X	S50674	915	19	13	3	11	3	66	350	337
VWV COVERED HOPPERS	S50750	915	0	0					13	13
READING & NORTHERN HOP - RDG	S50696	915	4	0				0	200	192
READING & NORTHERN HOP - CSXT	S50885	915	42	0				0	92	46
COVERED HOP RAIL TRUST - C13A	S50852	915	17	15				15		
COVERED HOP - CEMENT CAR	S50760	915	1	0				1	1	1
SP FLAT CARS	S50851	915	66	9						6
FEC - OPEN TOP HOPPER FEC 15650	S50993	915	0						1	1
GCCX 601000 - OPEN TOP HOPPER	S50462	915	1						1	1
COV HOP WTS - WARRANTY WORK	S51135	915	2	0					2	2
GREENBRIER LIGHT HOPPER CARS X	S51192	915	90	0					73	73
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	110	33	2	9	2		135	13
GREENBRIER OT HOPPER - FEC X	S51113	915	90	1					100	
LIGHTS										
MISC. CSX CARS - LIGHT REPAIR	S50675	915		0				20	77	77
FLOOD CARS										
FLOOD CARS - EPSILON HOPPERS	S50744	915		0					81	81
FLOOD CARS - NS RESPONSIBILITY	S20348	235		0					65	65
FLOOD CARS - SUN OIL	S50749	915		0					40	40
TOTALS			1286	142	9	32	9	346	3556	3274
NEW HOODS	S50807				0	0	0		200	200
NEW TROUGHS	983				4	12	4	88	400	352

2000 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

12/1/00

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	111	0					87	87
50 FT MEDIUM BOX CARS - AUTO	S20297	14	2	7						1
60 FT MEDIUM BOX CARS - AUTO	S20297	14	93	7					82	82
86 FT MEDIUM BOX CARS - AUTO	S20297	14	16	0					12	12
86 FT EQUIPPED BOX (AAR REBL)	991738	5153	21	0					6	6
86 FT EQUIPPED BOX (CAPTL)	991739	5153	1	0					1	1
50 FT ALCOA BOX CARS	S20297	14	8							9
60 FT ALCOA BOX CARS	S20297	14	2			1		23		28
GONDOLAS										
LIGHT GONDOLAS	S20233	235	30	0					63	64
GONDOLA - TURN BACK LEASE	S50134	915	0	0					1	1
GONDOLA - TBL - G00039	S50716	915	1	2					2	2
GONDOLA - TBL - NS TO TR	S20362	235	2	6				135	600	373
GONDOLA - 70 TO 100 TON +TROUGH	1112	5153	0	0					250	250
GONDOLA - 190500 SERIES + "			31	18	5	23	5	67	150	134
COIL STEEL										
OPEN COIL STEEL - AK STEEL MOD1	990813	5153	0	0					20	20
OPEN COIL STEEL - AK STEEL MOD2	990560	5153	0	0				12	184	181
MEDIUM COIL STEEL	S20298	15	21	0						
LIGHT COIL STEEL	S20320	235	54	0					8	9
COIL STEEL CARS - CAPITAL	991733	5253							6	6
NS COIL STEEL CARS - HOOD PROJ	S20366	235	1	11				1	200	200
COVERED HOPPERS										
ALUMINUM COVERED HOPPERS			41	1					50	
LIGHT COVERED HOPPERS	S20225	235	19	7				19	231	236
SMALL/MED. COV. HOP. - HEAVY	S20299	27	32	0						
OPEN TOP HOPPERS										
LIGHT HOPPER	S20311	235	2	0					25	25
NS 153000 SERIES HOPPERS - LTB	S20350	235	3	0				0	100	100
FLAT										
LIGHT FLAT	S20312	235	0	0					1	2
MW										
MW RADIO CONTROL BALLAST	S20294	407	1	1					63	108
MEDIUM BALLAST CARS	S20304	16	38	0					4	4
MW SIDE DUMP	S20308	407	0	0				1	1	
MW SCALE TEST	S20309	407	0	1					4	4
MW GONDOLAS - MEDIUM	S20327	407	31	0						
MW WHEEL FLATS - LIGHT	S20341	235		0					8	8

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
NON REVENUE GONDOLAS	S20327	407	31	0						
RAIL TRAIN 'N'	S20344	235	35	0					35	35
LIGHTS										
ROSE LIGHTS	S20326	235		0					65	65
W/D										
MISC. W/D CARS	S20197	235		0					24	27
INSOURCING										
GONDOLA REBODY- FIRST UNION	S50196	915	0	0					159	159
GCCX - 83000 SERIES - MHFX MOD.	S50549	915	0	0					20	20
GCCX - 83000 SERIES	S50566	915	1	0				0	48	115
GPSX - WOOD SIDED - BLUE X	S50608	915	153	10				0	2	2
100 TON O T HOPPER - TOP CHORD X	S50042	915	34	0				0	4	4
SIDE DUMP - CR FIRST UNION	S50214	915	0	0					1	1
GONDOLA 52 FT 100 TON - NSHR	S50133	915	0	0				0	16	20
RAIL TRUST COVERED HOPPER X	S50664	915	1	0					20	20
GATX - KCS 60 FT BOX CARS	S50132	915	0	0				0	2	3
CSXT BOX CARS X	S50674	915	0	0				16	350	350
VW COVERED HOPPERS	S50750	915	0	0					13	13
READING & NORTHERN HOP - RDG	S50696	915	7	0				0	200	192
READING & NORTHERN HOP - CSXT	S50885	915	42	0				24	92	46
COVERED HOP RAIL TRUST - C13A	S50852	915	2	0				15		15
COVERED HOP - CEMENT CAR	S50760	915	1	0				1	1	1
SP FLAT CARS	S50851	915	61	15		10		14	30	16
FEC - OPEN TOP HOPPER FEC 15650	S50993	915	0						1	1
GCCX 601000 - OPEN TOP HOPPER	S50462	915	1						1	1
COV HOP WTS - WARRANTY WORK	S51135	915	2	0					2	2
GREENBRIER LIGHT HOPPER CARS X	S51192	915	90	0					73	73
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	84	37	3	11	3	76	135	70
GREENBRIER OT HOPPER - FEC X	S51113	915	101	18				12	100	
LIGHTS										
MISC. CSX CARS - LIGHT REPAIR	S50675	915		0				6	77	77
FLOOD CARS										
FLOOD CARS - EPSILON HOPPERS	S50744	915		0					81	81
FLOOD CARS - NS RESPONSIBILITY	S20348	235		0					65	65
FLOOD CARS - SUN OIL	S50749	915		0					40	40
TOTALS			1207	141	8	45	8	422	3816	3467
NEW HOODS	S50807				0	0	0	0	200	200
NEW TROUGHS	983				0	0	52	46	400	400

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

1/4/01

Page 1 of 1

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283		48	0		0	0	0	0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0			1	1		20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	94						40	
86 FT MEDIUM BOX CARS - AUTO	S20433	14	21						40	
50 FT ALCOA BOX CARS	S20434	21	7						25	
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX	S20435	41	30						131	
GONDOLAS										
LIGHT GONDOLAS	S20233	235	30			6	6			6
GONDOLA - TBL - NS TO TR 585000	S20437	45	79		11	17	17		490	17
COIL STEEL										
LIGHT COIL STEEL	S20320		54							
COVERED COIL STEEL - LTB	S20436	43							24	
COVERED HOPPERS										
COVERED HOPPERS - LTB		44	43						100	
OPEN TOP HOPPERS										
MW										
MW SCALE TEST	S20309	48							5	
W/D										
MISC. W/D CARS	S20197									
INSOURCING										
GCCX - 83000 SERIES	S50566	915	1						1	
GPSX - WOOD SIDED - BLUE X	S50682	915	153						150	
100 TON O T HOPPER - TOP CHORD X	S50042	915	34						260	
CSXT BOX CARS		915							125	
READING & NORTHERN HOP - RDG	S50696	915	7						7	
READING & NORTHERN HOP - CSXT	S50885	915	40						40	
COVERED HOP - CEMENT CAR	S50760	915							1	
SP FLAT CARS	S50851	915	49	9					73	
GREENBRIER PM FLATS - CRLE 5100	S51311	915	1						30	
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	15		2	2	2		15	2
GREENBRIER OT HOPPER - FEC X	S51113	915	98		3	7	7		100	7
GATX - O.T. HOPPER HOOD										
TOTALS			804	9	16	33	33	0	1702	33

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

2/1/01

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHD	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	48	1				0	0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	94	5	1	2	1	6	40	3
86 FT MEDIUM BOX CARS - AUTO	S20433	14	27						40	
50 FT ALCOA BOX CARS	S20434	21	9						25	2
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX	S20435	41	65					36	131	
GONDOLAS										
LIGHT GONDOLAS	S20233	235	15							6
GONDOLA - TBL - CR TO TR 585000	S20437	45	61	0	10	32	10	130	490	161
COIL STEEL										
LIGHT COIL STEEL	S20320		54							
COVERED COIL STEEL - LTB (NOKL)	S20436	43	17	2				24	24	3
COVERED HOPPERS										
COVERED HOPPERS - LTB		44	48						100	
OPEN TOP HOPPERS										
MW										
MW SCALE TEST	S20309	48							5	
W/D										
MISC. W/D CARS	S20197	235								1
INSOURCING										
GCCX - 83000 SERIES	S50566	915	1						1	
GPSX - WOOD SIDED - BLUE X	S50682	915	156	11					150	
100 TON O T HOPPER - TOP CHORD X	S50042	915	34						260	
CSXT BOX CARS		915							125	
READING & NORTHERN HOP - RDG	S50696	915	8						7	
READING & NORTHERN HOP - CSXT	S50885	915	40	21				10	40	
COVERED HOP - CEMENT CAR	S50760	915						1	1	
SP FLAT CARS	S50851	915	49	6		3		8	73	3
GREENBRIER PM FLATS - CRLE 5100	S51311	915	5	4		1			30	2
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	0	0				15	15	15
GREENBRIER OT HOPPER - FEC X	S51113	915	25	5	5	25	5	100	100	95
GATX O.T.COVER - CAR REPAIRS X	S51363	915	68	10				40	160	2
RAIL CAR LTD. COV HOPPER PIPES	S51320	915	15	0	1	4	1	10	15	4
60 FT LTB HELMS TINPLATE 223 series	S51372	915							24	
TOTALS			839	65	17	67	17	380	1901	298

2101 Page 6

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
GATX COVERS BUILT	S51289	915				2	2		160	2

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

3/1/01

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	52	1				0	0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	47	4		3	22	28	40	24
86 FT MEDIUM BOX CARS - AUTO	S20433	14	27						40	
50 FT ALCOA BOX CARS	S20434	21	8						25	2
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX - 470 series	S20435	41	69	12	8	23	69	68	131	69
GONDOLAS										
LIGHT GONDOLAS	S20233	235	15		1	1	1	7		7
GONDOLA - TBL - CR TO TR 585000	S20437	45	0	0			54	140	490	205
GONDOLA - TBL - NS TO TR 195000	S20437	45	50						300	
COIL STEEL										
LIGHT COIL STEEL	S20320		54					0		
COVERED COIL STEEL - LTB (NOKL)	S20436	43	3	0		3	18	21	24	21
COVERED HOPPERS										
COVERED HOPPERS - LTB		44	50					0	100	
OPEN TOP HOPPERS										
MW										
MW SCALE TEST	S20309	48							5	
W/D										
MISC. W/D CARS	S20197	235								1
INSOURCING										
GCCX - 83000 SERIES	S50566	915	0						1	
GPSX - WOOD SIDED - BLUE X	S50682	915	137	25	2	8	25	52	150	25
100 TON O T HOPPER - TOP CHORD X	S50042	915	34					0	260	
CSXT BOX CARS		915						0	125	
READING & NORTHERN HOP - RDG	S50696	915	8	4	2	4	4		7	4
READING & NORTHERN HOP - CSXT	S50885	915	2	9		3	39	48	40	39
COVERED HOP - CEMENT CAR-CNW	S50760	915	183					0	1	
SP FLAT CARS	S50851	915	45	6			1	5	73	4
GREENBRIER PM FLATS - CRLE 5100	S51311	915	0	0			4	20	30	6
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	0	0				0	15	15
GREENBRIER OT HOPPER - FEC X	S51113	915	1	0			10	10	100	100
GATX O.T.COVER - CAR REPAIRS X	S51363	915	95	43	6	21	98	48	160	100
RAIL CAR LTD. COV HOPPER PIPES	S51320	915	0	0			12	12	15	15
60 FT LTB HELMS TINPLATE 223 series	S51372	915	13	3		2	11	24	24	11

2-1-01 Page 4

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHD	YTD PROD
TOTALS			893	107	19	68	368	483	2201	649
GATX COVERS BUILT	S51289	915			6	21	98		160	100

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

4/2/01

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	52	1				0	0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	41	4				22	100	38
86 FT MEDIUM BOX CARS - AUTO	S20433	14	27					0	40	
50 FT ALCOA BOX CARS	S20434	21	8					0	25	2
60 FT ALCOA BOX CARS	S20434	21	0					0	25	
60 FT - LTB - PAPER BOX - 470 series	S20435	41	7	2				70	131	124
GONDOLAS										
LIGHT GONDOLAS	S20233	235	16					6	20	9
GONDOLA - TBL - CR TO TR 585000	S20437	45	1	1				140	490	210
GONDOLA - TBL - NS TO TR 195000	S20437	45	103	10	5	5	5	225	300	57
COIL STEEL										
LIGHT COIL STEEL	S20320	235	54					0		
COVERED COIL STEEL - LTB (NOKL)	S20436	43	4	0				3	24	24
COVERED HOPPERS										
COVERED HOPPERS - LTB	S51438	44	48	9				0	100	10
OPEN TOP HOPPERS										
MW										
MW SCALE TEST	S20309	407		2				1	5	1
W/D										
MISC. W/D CARS	S20197	235								19
INSOURCING										
GCCX - 83000 SERIES	S50566	915	0						1	
GPSX - WOOD SIDED - BLUE ✓	S50682	915	87	22	3	3	3	62	156	87
100 TON O T HOPPER - TOP CHORD✗	S50042	915	34					0	260	
CSXT BOX CARS		915							125	
READING & NORTHERN HOP - RDG	S50696	915	0	0				7	7	8
READING & NORTHERN HOP - CSXT	S50885	915	0	0				8	40	40
COVERED HOP - CEMENT CAR-CNW	S50760	915	264	16				3	300	
SP FLAT CARS	S50851	915	44	5				6	49	6
GREENBRIER PM FLATS - CRLE 5100	S51311	915	0	0				12	32	6
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	0	0				0	15	15
GREENBRIER OT HOPPER - FEC X	S51113	915	1	0				0	100	100
GATX O.T.COVER - CAR REPAIRS ✗	S51363	915	1	1				66	160	158
GATX O.T. CONSOL W/O COVER	S51363	915	0	0				19	19	19
RAIL CAR LTD. COV HOPPER PIPES	S51320	915	0	0					15	15
60 FT LTB HELMS TINPLATE 223 series	S51372	915	9	9				13	24	13

1 2 - 1 1 way

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHD	YTD PROD
RESIDE 2 GCCX CARS 579 & 596	S51287	915	0	0					2	2
TOTALS			801	82	8	8	8	663	2585	964
GATX COVERS BUILT	S51289	915			0	0	64		160	158

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

5/1/01

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	52	1					0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	50	5	1	1	1		100	50
86 FT MEDIUM BOX CARS - AUTO	S20433	14	27						40	
50 FT ALCOA BOX CARS	S20434	21	8						25	2
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX - 470 series	S20435	41	3	3					131	127
GONDOLAS										
LIGHT GONDOLAS	S20233	235	16.		1	1	1		20	10
GONDOLA - TBL - CR TO TR 585000	S20437	45	1	1					490	210
GONDOLA - TBL - NS TO TR 195000	S20437	45	116	46	7	7	7		300	158
COIL STEEL										
LIGHT COIL STEEL	S20320	235	33							
COVERED COIL STEEL - LTB (NOKL)	S20436	43	0	0					24	24
COVERED HOPPERS										
COVERED HOPPERS - LTB (GE C.H.)	S51438	44	34	5					100	18
OPEN TOP HOPPERS										
MW										
MW SCALE TEST	S20309	407		0					5	3
W/D										
MISC. W/D CARS	S20197	235		1						20
INSOURCING										
CSX LIGHT REPAIRS	S50675	915	38	8					100	22
GCCX - 83000 SERIES	S50566	915	0						1	
GPSX - WOOD SIDED - BLUE ✕	S50682	915	33	5	2	2	2		156	143
100 TON O T HOPPER - TOP CHORD ✕	S50042	915	35						260	
CSXT BOX CARS		915							125	
READING & NORTHERN HOP - RDG	S50696	915	0	0					7	8
READING & NORTHERN HOP - CSXT	S50885	915	0	0					40	40
COVERED HOP - CEMENT CAR-CNW	S51348	915	271	45	2	2	2		300	9
SP FLAT CARS	S50851	915	40	3					49	12
GREENBRIER PM FLATS - CRLE 5100	S51311	915	0	0					32	6
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	0	0					15	15
GREENBRIER OT HOPPER - FEC ✕	S51113	915	1	0					100	100
GATX O.T.COVER - CAR REPAIRS ✕	S51363	915	1	0					160	159
GATX O.T. CONSOL W/O COVER	S51363	915	0	0					19	19
RAIL CAR LTD. COV HOPPER PIPES	S51320	915	0	0					15	15

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKL Y PROD	MONTH PROD	MONTH SCHED	YR SCHD	YTD PROD
60 FT LTB HELMS TINPLATE 223 series	S51372	915	6	6					24	18
RESIDE 2 GCCX CARS 579 & 596	S51287	915	0	0					2	2
TOTALS			765	129	13	13	13	0	2685	1191
GATX COVERS BUILT	S51289	915			0	0	1		160	159

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

6/1/01

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	18						0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	51						100	52
86 FT MEDIUM BOX CARS - AUTO	S20433	14	17						40	
50 FT ALCOA BOX CARS	S20434	21	8						25	2
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX - 470 series	S20435	41	0					4	131	131
60 FT - LTB - BOMBARDIER - XXX series	S20459	23	44					50	100	
GONDOLAS										
LIGHT GONDOLAS	S20233	235	16					7	20	13
GONDOLA - TBL - CR TO TR 585000	S20437	45	0						490	211
GONDOLA - TBL - NS TO TR 195000	S20437	45	75	39	4	15	4	300	672	255
COIL STEEL										
LIGHT COIL STEEL	S20320	235	33							
COVERED COIL STEEL - LTB (NOKL)	S20436	43	0						24	24
COVERED HOPPERS										
COVERED HOPPERS - LTB (GE C.H.)	S51438	44	32	2		1		34	52	21
OPEN TOP HOPPERS										
WOOD CHIP CARS - RULE 88 REBUILD			9					2	9	
MW										
MW SCALE TEST	S20309	407	0						5	3
W/D										
MISC. W/D CARS	S20197	235	0							21
INSOURCING										
CSX LIGHT REPAIRS	S50675	915	34	2				27	109	22
GCCX - 83000 SERIES	S50566	915	0						1	
GPSX - WOOD SIDED - BLUE ✕	S50682	915	10					5	156	146
100 TON O T HOPPER - TOP CHORD ✕	S50042	915	35						260	
CSXT BOX CARS		915							125	
READING & NORTHERN HOP - RDG	S50696	915	0	0					7	8
READING & NORTHERN HOP - CSXT	S50885	915	0	0					40	40
COVERED HOP - CEMENT CAR-CNW	S51348	915	256	39	4	13	4	79	300	62
SP FLAT CARS	S50851	915	37	5		1		12	49	17
GREENBRIER PM FLATS - CRLE 5100	S51311	915	0	0					32	6
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	0	0					15	15
GREENBRIER OT HOPPER - FEC ✕	S51113	915	1	0					100	100
GATX O.T.COVER - CAR REPAIRS ✕	S51363	915	1	0				1	160	160

0 1 2 3 4 5 6 7 8 9 10 11 12

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
GATX O.T. CONSOL W/O COVER	S51363	915	0	0					19	19
RAIL CAR LTD. COV HOPPER PIPES	S51320	915	0	0					15	15
60 FT LTB HELMS TINPLATE 223 series	S51372	915	0	1				6	24	23
RESIDE 2 GCCX CARS 579 & 596	S51287	915	0	0					2	2
TOTALS			677	88	8	30	8	527	3127	1369
GATX COVERS BUILT	S51289	915							166	166

2001 HOLLIDAYSBURG CAR SHOP DAILY PRODUCTION SUMMARY

7/2/01

PROJECT DESCRIPTION	SHOP ORDER	FUNC CODE	ON HAND	IN SHOP	DAILY PROD	WEEKLY PROD	MONTH PROD	MONTH SCHED	YR SCHED	YTD PROD
BOX CARS										
MISC LIGHT BOX CARS	S20283	235	18						0	0
50 FT MEDIUM BOX CARS - AUTO	S20433	14	0						20	1
60 FT MEDIUM BOX CARS - AUTO	S20433	14	51						100	52
86 FT MEDIUM BOX CARS - AUTO	S20433	14	17							
50 FT ALCOA BOX CARS	S20434	21	8						25	2
60 FT ALCOA BOX CARS	S20434	21	0						25	
60 FT - LTB - PAPER BOX - 470 series	S20435	41	0						131	131
60 FT - LTB - BOMBARDIER - XXX series	S20459	23	44					44	100	
86 FT - LTB - HELM		22						17	76	
GONDOLAS										
LIGHT GONDOLAS	S20233	235	16						20	17
GONDOLA - TBL - CR TO TR 585000	S20437	45	0					161	372	211
GONDOLA - TBL - NS TO TR 195000	S20437	45	75	0				49	300	293
COIL STEEL										
LIGHT COIL STEEL	S20320	235	33							
COVERED COIL STEEL - LTB (NOKL)	S20436	43	0						24	24
COVERED HOPPERS										
COVERED HOPPERS - LTB (GE C.H.)	S51438	44	32	25	1	1	1	10	52	27
OPEN TOP HOPPERS										
WOOD CHIP CARS - RULE 88 REBUILD			9							
MW										
MW SCALE TEST	S20309	407	0						5	3
W/D										
MISC. W/D CARS	S20197	235	0							21
INSOURCING										
CSX LIGHT REPAIRS	S50675	915	34	2				20	109	22
GCCX - 83000 SERIES	S50566	915	0							
GPSX - WOOD SIDED - BLUE	S50682	915	40						156	146
100 TON O T HOPPER - TOP CHORD	S50042	915	35							
CSXT BOX CARS		915								
READING & NORTHERN HOP - RDG	S50696	915	0	0					7	8
READING & NORTHERN HOP - CSXT	S50885	915	0	0					40	40
COVERED HOP - CEMENT CAR-CNW	S51348	915	256	44	4	4	4	84	299	144
SP FLAT CARS	S50851	915	37	6				10	49	19
GREENBRIER PM FLATS - CRLE 5100	S51311	915	0	0					48	6
RAPID DISCHARGE (Rail Trusts)-135 CARS	S51049	915	0	0					15	15
GREENBRIER OT HOPPER - FEC	S51113	915	1	0					100	100



Exhibit 2

December 1, 2000

Preliminary Estimate

Doug Johnson
Manager, Field Services
Bombardier Capital Rail Inc.
4849 West 167th Street, Suite 103
Oak Forest, IL 60452

Dear Mr. Johnson,

On behalf of Norfolk Southern, we would like to thank you for giving us the opportunity to furnish a preliminary estimate on the fabrication, building and application of drop in coil steel troughs for your two hundred and twenty-five (225) gondola cars that are presently located at our facility.

The following preliminary price is based on a coil/slab design that is presently being built at our repair facility. This trough meets the requirements of the AAR Open Top Loading Rules Manual. Our customers, allowing better utilization of their equipment have preferred this versatility in hauling steel coils and/or slab steel.

This trough is made up of two (2) pipes running the length of the car and is supported by a wide flange beam (split in half). The ends are made from tube steel, doubled up and reinforced at the top with a wide flange beam. The troughs are positioned in the center of the car and stabilized at nine (9) locations by using tube steel running from the support pipes to the sides of the car.

The preliminary price for each steel coil/slab trough and application to car is \$ 8,306.00.

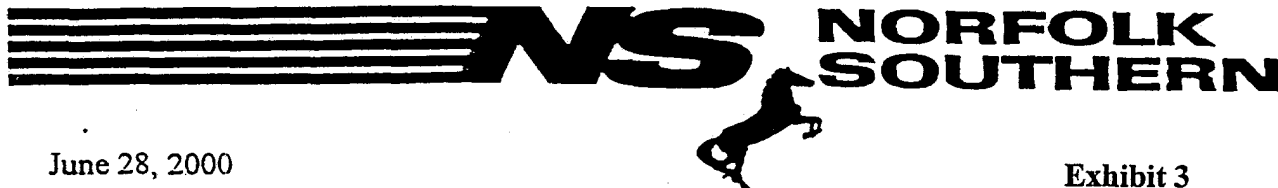
Production of troughs will commence with your acceptance of our offer, shop space availability and material delivery.

If you should accept our offer, a contractual letterform and three page "Agreement" with considerations of mutual promises and conditions will be forwarded for signatures.

If you should need any further information, please do not hesitate to call.

Sincerely,


M. A. Ricciardi
Shop Manager
Hollidaysburg Car Shop
Hollidaysburg, PA 16648



June 28, 2000

Exhibit 3

Paul Dyson, Vice President
General American Transportation Corporation
Four Embarcadero Center - Suite 2200
San Francisco, CA 94111

Dear Mr. Dyson,

The following is our proposal to repair, modify and increase the gross rail load to 286,000 on the 100-ton high side Rotary gondolas that are stenciled FURX and are of the 45000 series. This estimate is based on a recent sampling of ten (10) cars in Kalamazoo, MI on May 16, 2000.

The following work content will meet or exceed the requirements of Rule 88 for Modified and Increased Gross Rail Load and will be completed for a base price of \$ 19,282.00.

1. Complete Stress Analysis and Documentation.
2. Car Body:
 - a. Shorten length to 44' 2 1/2" (Over Strikers) and lower the inside height to 6' 4" to achieve an estimated Cubic Feet of 2454. (Presently 4000)
 - b. Apply New 6" x 6" Top Chords.
 - c. Splice Center Sill, Side Sill, Floor Sheets and Side Sheets according to verbal specifications (Per D. L. Beecher).
 - d. Remove Diagonal/Crossridge Bracing.
 - e. Apply 3/8" floor overlay & secure by skip welding 6" on 12" off.
 - f. Apply 2 ea. drain pipes.
3. Underframe:
 - a. Raise car and inspect according to Rule 88.B.2.b.
 - b. Application of sixteen (16) floor supports to the A & B ends.
 - c. Repair or Renew all worn out or defective center plates.
4. Air Brake:
 - a. Perform Repair Track Air Test/Single Car Test.
 - b. Repair or replace all defective components.
 - c. Application of Empty Load Device and Piping.
 - d. Application of Brake Cylinder Pressure Tap.
 - e. Reconditioning of two (2) WABCO Cylinders.
5. Safety Appliance: Repair or Replace as required.
6. Draft System:
 - a. Inspect according to Rule 88 and repair or replace all defective components.
 - b. Eliminate the A-End from Rotating by a Blocking Device or Component replacement.

Paul Dyson
June 28, 2000
Page 2

7. Trucks:
 - a. Inspect according to Rule 88.B.2.b.8.a.
 - b. M-214 Bolsters & Truck Sides as required.
 - c. Application of WABCO II Brake System.
 - d. Repair or Replace all defective components.
 - e. 25% Wheel Replacement.
8. Blast, Paint & Stencil:
 - a. Commercial (SP6) Blast Car.
 - b. Paint car 4 mils DFT.
 - c. Stencil (Paint) car to meet minimal requirements of AAR Rule 88.B.1.d.

As per information supplied by WABCO representatives, the existing Bolsters should accept the WABCO II Slack Adjuster. Any required modifications will be billed separate from the base price.

The base price includes the sixteen (16) floor supports for the A & B ends. All other required car body betterment's resulting from the Stress Analysis will be billed separate from the base price.

All Rule 95/Wreck Damage will be billed separate from the base price.

For this additional work, the labor rate will be negotiated.

The base price does not include transportation.

This price is valid for thirty (30) days.

Production of cars will commence with your acceptance of our offer, material delivery and shop space availability.

Sincerely,

M. A. Ricciardi

MAF

M. A. Ricciardi
Shop Manager
Hollidaysburg Car Shop
Hollidaysburg, PA 16648

Accepted for Customer By: _____

Date: _____



Exhibit 4

Date: November 17, 1999

To: Bob Ward
The Anderson
480 W. Dussel Dr.
Maumee, OH 43537

Phone 419-891-6687
Fax 419-891-2749

Mr. Ward:

The following is a revised proposal to convert 91 each 70 ton box cars to 100 ton box car and to do only the base price listed below. The cost would be \$21,698 per car for a base price. As discussed three options are also being provided which are not included in the above work content and price.

The first option would be to blast, paint and stencil the exterior only of the car. This cost would be an additional \$1,701 per car.

The second option would be to replace the existing wood floor with new laminated wood. This would cost an additional \$6,127 per car.

The third option would be to use the existing wood floor with a 3/16 steel floor overlay. This cost would be an additional \$3,001 per car.

The base price includes:

1. Upgrade of underframe from 70 ton to 100 ton complete with stress analysis and documentation.
2. Conversion of trucks from 70 ton to 100 ton.
3. Remove Hydro-Cushion units (20-14), apply and replace with new Keystone single action unit and all required modifications.
4. Reweigh car and stencil new weight and load limit.

No interior work is in price and will be billed at additional cost per Bob Ward.

This price does not include transportation.

Page 2

This price does not include any Rule 95 damage.

This price is valid for thirty (30) days.

This voids any previous offer.

Sincerely,



M. A. Ricciardi

Shop Manager

Hollidaysburg Car Shop

Hollidaysburg, PA 16648

Proposal #2

Accepted By: _____

Date: _____



Exhibit 5

Date: October 2, 2000

To: Mr. Rich Vath
AllTranstek, LLC.
120 E. Ogden Ave., Suite 128
Hinsdale, Illinois 60521

From: M. A. Ricciardi
Shop Manager
Hollidaysburg Car Shop
Hollidaysburg, PA 16648

Dear Mr. Vath,

On behalf of Norfolk Southern, we would like to thank you for giving us the opportunity to quote on fifty (50) and one hundred (100) triple hopper aggregate cars.

If you should elect to use the Trinity Industries Inc. supplied car body kit; our base price for fifty (50) triples would be \$36,469 per unit. The base price for one hundred (100) triples would be \$33,488 per unit.

As of this date Johnstown America Corporation has not provided us with a kit price. Therefore, we cannot quote a price using a Johnstown America kit.

The base prices listed above include the following:

1. Triple hopper Car Body Kit with 45-degree slope sheets designed and built for 286,000 Gross Rail Load and approximately 2500 cubic foot capacity.
2. Shorten total length of the center sill approximately 7'3" and apply the required splice plates according to AAR Rule 57.
3. Blast, Paint & Stencil
 - a. Commercial SP7 Blast exterior of car.
 - b. Paint exterior of car to achieve 4 mils DFT.
 - c. Apply Decals according to AAR Rule 80 minimal requirements.
4. Rule 88.B.2.b inspection.
5. Single car air test.

Car owner is responsible for the Stress Analysis, Engineering and all related costs. This cost is not included in the above quoted price.

The above mentioned Car Body Kits from Trinity Industries Inc. include standard Wine door operating mechanisms.

Underframe betterment and modifications that may be required as a result of the Stress Analysis for 286,000 Gross Rail Load will be billed separate from the base price.

All Rule 95/Wreck Damage will be billed separately.

The base price does not include transportation.

This price is valid for thirty (30) days.

Production of cars will commence with your acceptance of our offer, material delivery and shop space availability.

This proposal replaces all previous offers concerning triple hopper aggregate cars.

Please indicate your acceptance of our offer by signature in the area provided below and return signed copy with your purchase order.

Sincerely,

M. A. Ricciardi
Shop Manager
Hollidaysburg Car Shop
Hollidaysburg, PA 16648

Accepted For Customer by: _____

Date: _____



November 30, 2000

Rod Sagehorn
A.V.P. Mechanical
First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018-4214

Preliminary Estimate

The following is the preliminary price to modify forty (40) Ortner built rapid discharge open top hoppers from 4 pocket to 3 pocket and applying 60 degree slope sheets to the A & B ends (Existing 45 degree slopes would remain intact). Reporting marks unknown at this time.

This preliminary price is based on the like kind program presently being worked in our facility and following directly behind this program that is in process as of December 1, 2000. A final price to do the work stated below will be given, once the cars are inspected and verification is made that all forty (40) candidates are of the same builders lot, etc as the program that is presently running at the Hollidaysburg Car Shop.

The preliminary price will be \$ 23,900 per unit.

This price includes the following:

1. Remove approximately 9' - 7 1/2" from the total length of the car.
2. Butt welding the center sill, side sill, top chord and applying splice plates.
3. Repair by patching (Overlay) intermediate slope sheets, hopper chutes, and longitudinal hoods, as required.
4. Apply new door (Formed Overlay) sheets and secure by Huck.
5. Perform all necessary mechanical repairs to the air brake system, draft system and trucks. (Including Wheels).
6. Apply new 60-degree slope sheets to the interior A & B ends.
7. Complete Stress Analysis and submit documentation.
8. Increase gross rail load to 286,000.
9. Single Car Air Test
10. Reprogram AEI Tags

11. Commercial (SP 7) blast exterior of car. Paint exterior of car to achieve 4 mils DFT, Stencil (Paint) car according to AAR Rule 80.

This price does not include transportation.

All Rule 95/Wreck damage will be billed separate from the base price.

Cc: William Karol