

**Brotherhood of Maintenance of Way Employes Division  
of the International Brotherhood of Teamsters**



**NEWS CLIPS**

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## CSX beats Wall Street projections, sets several financial records

Yesterday, the third-largest U.S. Class I reported first-rate financial results for the second quarter — strong enough to best Wall Street expectations and set a few records.

[CSX Corp.](#) reported that earnings from continuing operations jumped 51 percent to \$414 million, or \$1.07 per share, and revenue soared 22 percent to \$2.66 billion compared with second-quarter 2009 figures. Analysts polled by *Thomson Reuters* had expected earnings of 98 cents per share and revenue of \$2.63 billion. In addition, CSX's traffic volume rose 13 percent to 1.6 million units, operating income increased 33 percent to a record \$768 million and operating ratio improved 2.4 points to a quarterly record 71.2.

For the fourth time in six quarters, CSX beat consensus expectations by more than 10 percent, said Robert W. Baird & Co. Inc. analysts in a report issued this morning.

"Momentum in the business remained high through the second quarter, with volume growth accelerating, real pricing growth solid and continued operating execution driving sustained operating margin expansion," they wrote. "CSX's record operating ratio ... reflects the momentum in the underlying business [and] supports our view that a mid- to upper-60s operating ratio is within reach."

Markets overall continue to improve in a recovering marketplace, said CSX Chairman, President and Chief Executive Officer Michael Ward during an earnings webcast and teleconference held this morning.

Coal revenue jumped 26 percent to \$835 million as volume rose 7 percent to 401,000 units; merchandise revenue soared 24 percent to \$1.46 billion as volume increased 14 percent to 659,000 units; and intermodal revenue went up 7 percent to \$304 million as volume jumped 18 percent to 538,000 units.

"The real volume story is strengthening in the coal market," said Executive Vice President of Sales and Marketing Clarence Gooden, adding that coal traffic posted a year-over-year increase for the first time since fourth-quarter 2008.

Increased export demand driven by the Asian market, higher industrial demand associated with strong steel production and moderating domestic inventory levels helped boost coal volumes, he said. In terms of merchandise traffic, a 17 percent jump in ethanol carloads and strong agricultural products volume were the primary drivers, said Gooden.

However, the volume increase had a slight impact on operating expenses, which rose 18 percent to \$1.9 billion compared with second-quarter 2009 expenses. Headcount increased 1 percent year over year to 30,052 and hiring costs rose slightly, which played roles in driving up labor and fringe expenses 10 percent to \$721 million. Materials, supplies and other costs rose 24 percent to \$551 million and fuel costs jumped 64 percent to \$304 million. The cost per gallon for fuel increased 45 percent in the quarter, said EVP and Chief Financial Officer Oscar Munoz.

Through the year's first half, CSX's financial results are consistent with the company's expectation for strong performance in 2010, he said, adding that volume figures to remain on

the rise and operating leverage will continue to drive efficiency.

CSX already has demonstrated that it can be successful in a wide array of economic conditions, said Ward.

"And that's what we will continue to do," he said.

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### **Several unions note progress, impasse in contract negotiations**

Keolis Rail Services recently reached an agreement with the United Transportation Union (UTU) covering conductors and assistant conductors at Virginia Railway Express (VRE). Yesterday, Keolis assumed operation of VRE commuter trains between northern Virginia and Washington, D.C., from Amtrak. Keolis is negotiating a contract covering VRE locomotive engineers with the Brotherhood of Locomotive Engineers and Trainmen.

Meanwhile, the UTU and Amtrak continue to negotiate amendments to a current agreement, which became open for amendment Jan. 1 under Railway Labor Act provisions. The pact covers about 2,300 Amtrak conductors and assistant conductors. In February 2009, the UTU and Amtrak reached an agreement, retroactive to Jan. 1, 2000, after eight years of negotiations.

In addition, Transportation Communications Union (TCU) President Bob Scardelletti recently declared contract talks with freight railroads to be "at an impasse," prompting the union to invoke mediation by the National Mediation Board (NMB) for TCU-represented carmen and clerks. The International Association of Machinists, International Brotherhood of Electrical Workers, American Train Dispatchers Association and Transport Workers Union — which have been negotiating together with TCU in a voluntary coalition — also invoked mediation, he said.

"There has been no progress in the negotiations since they began in January," said Scardelletti in a prepared statement, adding that "major cost shifting concessions in the national health and welfare plan, including increased employee contributions" are not acceptable to the union.

The NMB now will appoint a mediator or mediators to oversee contract negotiations and set a schedule for future talks.

7/13/2010 Government Appointee

Speakman to retire from Railroad Retirement Board

Long-time [Railroad Retirement Board \(RRB\)](#) Labor Member V. M. “Butch” Speakman Jr. recently announced plans to retire.

“I intend to retire once my replacement has been confirmed by the Senate, but no sooner than January 1, 2011,” Speakman said in a letter dated July 7 to Brotherhood of Maintenance of Way Employes Division President Freddie Simpson.

Speakman has served the RRB — which administers the railroad retirement system — since he was first appointed to the board by President George H.W. Bush in 1992. He previously was president of the Brotherhood of Railroad Signalmen (BRS) from 1987 to 1992. Prior to that, he served BRS as vice president, director of research, grand lodge representative and local lodge chairman.

Speakman began his railroading career as a signalman and foreman for the Penn Central Railroad.

## Mineta Institute taps AAR’s Hamberger



**Tuesday, July 13, 2010**

Edward R. Hamberger, president and CEO of the Association of American Railroads, has been named a member of the Mineta Transportation Institute’s Board of Trustees, AAR said Tuesday.

“I am honored to be included in such a distinguished group of transportation policy experts and practitioners,” said Hamberger (pictured at left). “The Mineta Transportation Institute has long been regarded as one of the premier transportation research, education, and training centers in the U.S. I look forward to working with MTI to advance sound policy that improves the efficiency of our nation’s transportation system.”

Established by Congress in 1991, the San Jose, Calif.-based Mineta Transportation Institute (MTI) is a national University Transportation Center and a Department of Transportation National Center of Excellence, specializing in policy studies related to multimodal surface transportation. MTI is named after former Transportation Secretary Norman Y. Mineta, who held the position from 2001 to 2006.

Representing all major surface transportation modes, the MTI Board of Trustees includes members of Congress and other members of the transportation community. The board provides policy direction, assists with needs assessment, and connects the institute and its programs with the international transportation community.

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## **New Rule Strengthens Railroad Bridge Safety Programs, Oversight**

Federal Railroad Administrator (FRA) Joseph Szabo today announced a Final Rule requiring railroad track owners to adopt and follow specific procedures to protect the safety of their bridges, and to strengthen federal oversight of railroad bridge maintenance programs. This rule is a requirement under the Rail Safety Improvement Act of 2008.

“This Final Rule will help ensure the 100,000 railroad bridges in the United States are maintained and inspected to the standards accepted by sound engineering practices,” said Transportation Secretary Ray LaHood. “The structural integrity of bridges that carry railroad tracks is vitally important to the safety of railroad employees and to the public.”

The Final Rule requires track owners to implement bridge management programs that include at least annual inspections of railroad bridges; know the safe capacity load of bridges; and, conduct special inspections if the weather or other conditions warrant such inspections.

In addition, it requires an inventory of all railroad bridges, the audit of the bridge management programs, and inspections by the FRA; it also requires railroads to maintain the design documents of each bridge and to document all repairs, modifications, and inspections of each bridge subject to FRA review. Finally, the Final Rule allows FRA to levy fines of up to \$100,000.

“During the past five decades, not one fatality has been caused by the structural failure of a railroad bridge, and there have been just nine injuries since 1982,” said FRA Administrator Szabo. “Most of the older bridges in the U.S. were designed to carry loads much heavier than the trains of today, but we believe this Final Rule will institutionalize best engineering and inspection practices for all railroad bridges and give the FRA greater enforcement power in order to continue this record of excellence.”

The move to institutionalize engineering and inspection best practices took hold in the industry in 1995, but took a large step in January, 2009, when FRA published an amendment to its bridge policy – since adopted by the industry – to include the *Essential Elements of Railroad Bridge Management Programs*. The *Essential Elements* are included in the Final Rule in accordance with the Rail Safety Improvement Act and provide railroad track owners with a uniform, comprehensive set of components for inclusion in their bridge management programs. With this information, a track owner may develop a single, comprehensive set of instructions, information and data as guidance for his or her employees who are responsible for the management, inspection, maintenance, and safety of railroad bridges.

The Final Rule is available at <http://www.fra.dot.gov/downloads/safety/bridgefinalsafetyrule2010.pdf>

## **Carloads down, intermodal up in latest week**



**Thursday, July 15, 2010**

U.S. intermodal freight rail traffic for the week ended July 10 gained over the comparable week in 2009, up 9.1%, the Association of American Railroads reported Thursday. Intermodal volume for the week still trailed its 2008 level, down 16.8%. More worrisome for some observers was the decline in carload freight traffic for the week, down 3.5% compared with 2009 and down 20.8% from 2008 levels. However, the

2010 figures include the July 4 Independence Day holiday, which “did not affect comparison weeks in 2008 or 2009,” AAR noted.

(AAR earlier this week reported U.S. carload freight for the month of June fell 1.3% from May levels, the second monthly decline, though June carload freight traffic was up 10.6% compared with June 2009. That prompted one web commentator, critical of AAR's presentation of the data though not the data itself, to suggest AAR was “part of a ‘hope bandwagon.’” )

Six of the 19 carload commodity groups increased during the week ended July 10, while all 19 groups trailed the 2008 numbers.

Canadian carload volume for the week was up 18.5% from last year, while intermodal rose 24.3% from the comparable 2009 week. Mexico’s two major railroads saw carload volume decline 1.9%, while intermodal also fell, down 2.8%.

Combined North American rail volume for the first 27 weeks of 2010 on 13 reporting U.S., Canadian, and Mexican railroads saw carload volume up 10.4% from last year, while intermodal gained 13.5%.

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## **Alabama & Gulf Coast MOW workers approve UTU-negotiated agreement**

[Alabama & Gulf Coast Railway](#) maintenance-of-way workers recently approved their first “wage, benefits and working conditions agreement” as [United Transportation Union](#) (UTU) members, according to the union.

The workers had chosen the UTU as their collective bargaining agent in July 2009. The short line’s train and engine workers, who’ve been UTU members since 2007, are covered by a union-negotiated agreement.

The MOW workers’ pact includes pay rate improvements, paid bereavement leave, two additional personal-leave days, increased meal allowances and participation in a profit-sharing plan at [RailAmerica Inc.](#), which owns the Alabama & Gulf Coast.

The short line operates about 400 miles of track, including a mainline from Pensacola, Fla., to Columbus, Miss., and a branch line from Mobile to Kimbrough, Ala. Alabama & Gulf Coast interchanges with BNSF Railway Co., CSX Transportation, Illinois Central-CN, Kansas City Southern and Norfolk Southern Railway.