

in brief...

PUBLISHED MONTHLY FOR EMPLOYEES OF CONSOLIDATED RAIL CORPORATION

CONRAIL

July, 1987

SENATE HEARINGS FOCUS ON STAGGERS RAIL ACT

The debate over possible reregulation of railroads through proposed amendments to the Staggers Rail Act of 1980 continued in June in Washington, DC., with three Senate hearings—June 6, 17 and 24—before the Transportation Subcommittee of the Commerce, Science and Transportation Committee.

Rail industry leaders, a leading railroad financial analyst, shippers, a government transportation official and other interested parties voiced substantial concerns at the hearings. They indicated that proposed amendments to dilute the positive impact of the Staggers Act will accelerate declining industry financial trends and create major problems for the carriers in the future.

(The Staggers Act brought regulatory reform and greater financial stability to railroads through the creation of an environment in which freight rates are allowed to respond to free market forces—within specific limits. Rail industry leaders and others contend that continuation of Staggers Act benefits to shippers and railroads is necessary if the future economic health of railroads is to be maintained.)

(As previously reported in *In Brief*, special interests supporting CURE—Consumers United for Rail Equity—have proposed amendments to Staggers to obtain lower rail rates for coal and utility
continued on page 5

CONRAIL'S 2ND QUARTER PROFIT MEETS EXPECTATIONS

Conrail (NYSE: CRR) reported net income of \$72 million (\$1.04 per share) for the second quarter of 1987 on revenue of \$819 million.

In 1986, Conrail's second quarter net income was \$145 million (\$2.21 per share) on revenue of \$811 million. Stated on a **pro forma** basis (see boxed explanation), second quarter 1986 net income would have been \$75 million.

For the first six months of 1987, Conrail's net income was \$158 million (\$2.30 per share) on revenue of \$1,607 million, vs. net income of \$205 million (\$3.10 per share) on revenue of \$1,586 million for the same period in 1986.

L. Stanley Crane, Conrail's Chairman and Chief Executive Officer, stated: "The second-quarter net income decline was anticipated, because federal legislation which enabled Conrail to be transferred to private sector ownership (in a March 26, 1987 public stock offering) substantially changed Conrail's status with respect to income taxes (federal and state) and other state taxes. As a result, Conrail's net operating loss and investment credit carryforwards, which had sheltered the company from federal income taxes in recent years and which would otherwise have been available to shelter future income, were cancelled concurrently with the public offering, while the company's previous exemption from state taxes was cancelled for tax periods beginning in 1987. On a **pro forma** basis,

Conrail's net income for the second quarter of 1986 is generally comparable to our results for the second quarter of 1987.

"While Conrail continued to exhibit traffic growth in the second quarter of 1987," Crane continued, "there was also intense competitive pressure on prices. This affected our net income. At the same time, Conrail continued its vigilant cost control efforts, which aided the company's bottom line."

Stated on a pro forma basis (to reflect the additional expenses and other changes related to the privatization, as if all of them were in effect since the beginning of 1986), the 1987-to-1986 comparison would have been: second-quarter 1987 net income of \$72 million (\$1.04 per share), vs. second-quarter 1986 net income of \$75 million (\$1.09 per share); and six-month 1987 net income of \$121 million (\$1.75 per share) vs. six-month 1986 net income of \$98 million (\$1.42 per share).

Conrail's traffic in the second quarter of 1987, as measured by tariff-based ton miles (the product of the weight of freight carried for hire and the distance in tariff miles between origin and destination) increased 5.7 percent vs. the second quarter of 1986.

FIRST CONRAIL SHAREHOLDERS' MEETING TO BE HELD ON JULY 29

The first annual Conrail Shareholders' Meeting will be held in Philadelphia on July 29th. Proxy statements were mailed to Conrail shareholders and participants in the ESOP in mid-June. The proxy statement notified shareholders of the meeting date and contains information regarding business scheduled for the meeting.

Among items scheduled for consideration at the meeting are the election of 11 of the 13 members of Conrail's Board

of Directors, four of whom are new nominees to the board; adoption of a 1987 long-term incentive plan; ratification of the appointment of Coopers & Lybrand as Conrail's independent certified public accountants for 1987; and amendments to Conrail's by-laws, authorized by Pennsylvania law, concerning directors' liability and indemnification of directors, officers and employees. Most Conrail employees are holders of Conrail stock.

Employees wishing to attend the meeting will be required to use either a vacation or a personal day (if such time is available to the employee under the appropriate agreement).

Approval to schedule time off must be obtained from the employee's supervisor. This will ensure that appropriate operational coverage necessary to handle Conrail business is maintained.

EIGHT CONRAIL PROFESSIONALS NAMED TO 'PRESIDENT'S CLUB' FOR ACHIEVEMENTS

Eight Conrail industrial development, marketing, sales, and transportation professionals were named to the railroad's 1987 President's Club in recognition of their significant achievements during 1986.

Conrail's President's Club recognizes the creative contributions of individual employees in arranging transportation packages which fulfill Conrail customers' needs and lead to increases in Conrail's traffic and revenue.

"Each of this year's inductees made special contributions in 1986 that resulted in traffic increases," said Conrail President and Chief Operating Officer Stuart M. Reed. "These professionals brought freight traffic to Conrail by understanding the needs of our customers, and then working with other departments at Conrail to create transportation packages to meet those needs. In today's deregulated environment, this kind of approach is crucial for any transportation provider's success."

Following are brief background sketches of the 1987 President's Club inductees (in alphabetical order) and their achievements:

James R. Bauer, Business Development Executive-Open Top Hopper Business Group, Philadelphia, matched the customer's need to handle anthracite silt being exported to the Far East with Conrail's idle Port Richmond coal transloading site in Philadelphia. He also obtained long-term transportation commitments for those shipments from several customers. By the end of 1986, Conrail had moved 230,000 tons of anthracite coal silt to the pier for transloading to vessels bound for South Korea.

James M. LeGates Jr., Area Manager-Economic Development, Indianapolis, worked with General Motors (GM) personnel, a GM consultant, and several Conrail departments to help GM locate a new truck and bus parts distribution center on Conrail lines at Indianapolis. LeGates also assisted a major salt shipper by developing a truck-competitive rail transportation package. LeGates' effort, including coordination of site selection and facility preparation, helped to divert salt traffic worth \$600,000 in annual revenues back to Conrail from trucks.

Ronald E. Lichtenstein, Area Manager-Economic Development, New England, was elected to the President's Club for his work to enhance the growth of a network of privately operated bulk commodity rail-truck transfer facilities in his territory, with an emphasis on profit-

able, but highly competitive plastics shipments. In addition, Lichtenstein helped resolve problems for a customer that wanted to expand its facility in Connecticut, but was facing complex utility, environmental, and real estate issues. His efforts enabled the customer to expand its operation successfully, while generating \$560,000 in additional revenue for Conrail. Helping another customer with similar expansion problems, Lichtenstein enabled the shipper to more than triple the size of its New England operation.

William H. Mercer, Direct Marketing Representative, Philadelphia, identified nearly \$1 million in potential new business in West Coast accounts. Working as a telemarketing sales representative, Mercer researched some 300 customer accounts which had been defined as having limited sales potential. By pursuing opportunities to market Conrail's service to these customers, by year-end 1986, 72 percent of the potential traffic he identified began to move on Conrail.

Charles D. Niland, Sales Account Executive-United States Postal Service (USPS) developed two new large-volume freight movements for the USPS. By tailoring a service package that combined truck-competitive transit times with rail cost savings, Niland acquired new business worth \$1 million annually to Conrail. In a similar case involving USPS traffic from Philadelphia to Memphis, Niland designed highway competitive service with twice daily rail service and connecting highway service provided by Pennsylvania Truck Lines, a Conrail affiliate. That service quality secured Conrail the business, worth \$1.2 million annually. Niland is the only member of Conrail's President Club who has won the honor two years in a row.

Elmer A. Priebe, General Superintendent-Transportation, Philadelphia, earned election to the President's Club by contributing to the high level of customer satisfaction with Conrail's premium quality intermodal service (for truck trailers or marine cargo containers carried on railroad flatcars). His dedication to ensuring on-time delivery of intermodal shipments, and his ability to adjust schedules and develop transportation packages to secure new business, have played a key role in the rapid growth and success of Conrail's intermodal service.

Harold E. Simmons, Sales Account Executive, Pittsburgh, encouraged Wheeling-Pittsburgh Steel to sign a five-year contract with Conrail for the transportation of iron ore. With his success at understanding the customer's needs, and his familiarity with the competitive situa-

tion involving the bidding process for this rail transportation contract, Simmons was able to devise a joint rail service package with another Eastern railroad which met the customer's requirement for service and pricing, while permitting Conrail to penetrate this significant market over the long-term.

Raymond J. Stoos, Sales Account Executive, Minneapolis, earned his award by demonstrating to General Mills Inc. of Minneapolis the value of using rail transportation for its grain needs. In his close dealings with Conrail's grain customers, Stoos discovered that shipments of western hard red wheat were delivered to Buffalo, N.Y., for production of flour. At the same time, Stoos knew that New York State is the largest producer of white wheat, and there are several areas of the Midwest which use white wheat, which was historically purchased from Midwestern locations. Because the railcars used to bring western wheat to Buffalo have to be returned empty to the western railroad which owns them, Stoos was able to design a service package with highly competitive "backhaul" rates for the westbound shipments, developing a totally new market for New York State white wheat. His efforts enabled Conrail to obtain a three-year contract with General Mills for the transportation of white wheat to Midwest destinations.

THE ACCIDENT FILE

Following safety rules and developing safe work habits protects you from injury. It can also save your life. The Accident File appears as a regular feature of *In Brief* to help keep you aware that SAFETY IS EVERYONE'S JOB.

The Accident File is an actual incident that has occurred on a major railroad. The railroad safety rules tell you how such incidents can be avoided in the future.

A trackman was riding on the front of a hydra spiker. (A hydra spiker is a machine used to drive spikes into crossties.) He lost his balance and fell in front of the machine and was pinned under its turntable. He was killed.

APPLICABLE SAFETY RULE

An authorized person may ride on equipment if there is room within the end and side limits for maintaining handholds, firm footing and clearance from moving parts, controls and the operator.

WORK SAFELY

PRESIDENT REED SPEAKS TO LABOR LEADERS

"Meeting the Market's Needs," was the theme of the 1987 presentations to rail labor leaders by Conrail President Stuart M. Reed and Vice President-Labor Relations Robert E. Swert at seven cities on the Conrail system in June.

The annual presentations, started by Reed in 1980 to improve communication between management and labor leaders, gives Conrail management an opportunity to provide labor leaders with information on the railroad's performance, the current state of Conrail business and competitive challenges the company faces.

The focus of the presentations this year was on the challenge of the 1987 transportation marketplace and how Conrail is adapting to strengthen its competitive position. Reed stressed management's "ongoing efforts to work together with labor to help our customers."

Reed's presentations began on June 8 in Washington, DC. where he spoke

before labor union presidents. Between June 22 and June 30, he visited labor leaders at Philadelphia, Pa.; Altoona, Pa.; Pittsburgh, Pa.; Indianapolis, Ind.; Toledo, Ohio; and Selkirk, N.Y.

This year's program included a one hour video presentation excerpted from Conrail's annual Management Conference on March 11, 1987. (Each labor participant in this year's meetings received a copy of the video program, so that it can be distributed for viewing by employees throughout Conrail's system.)

The video program highlights new ways of serving some of Conrail's most important customers, and reviews Conrail's actions—through new marketing initiatives, operating strategy and technology—to improve service and to increase revenues. "Through these efforts, we can build job security for Conrail employees and ensure our future viability in the marketplace," Reed said.

UPDATE ON CONRAIL MAINTENANCE OF WAY PROJECTS TO UPGRADE OPERATIONS

Throughout the summer, Conrail is continuing its program to upgrade service on its 15-state, 13,000 route-mile system by investing capital resources into maintenance of way projects across its rail network. Here are a few of the projects that are currently under way:

Chicago Line

Conrail is investing more than \$20 million to upgrade portions of the Chicago Line—a principal east-west main line route—between Chicago and Cleveland, via Toledo, Ohio.

The project, begun in mid-April and scheduled for completion in early autumn, includes the installation of nearly 83,000 crossties, the surfacing (smoothing and raising) of more than 265 miles of the supporting railbed, and the rehabilitation of about 220 public grade crossings.

Conrail is also investing more than \$3.7 million in a separate project to upgrade portions of the Chicago Line between Lyons, N.Y., and Corfu, N.Y., near Buffalo.

The project, begun in late April and scheduled for completion in early autumn, includes the installation of nearly 51,000 crossties, the surfacing (smoothing and raising) of 90 miles of the supporting railbed, and the rehabilitation of 45 public grade crossings.

The 800-mile long Chicago Line, which connects Albany, N.Y., with Chicago via Buffalo, Cleveland, Toledo and Elkhart, Ind., is one of Conrail's busiest rail corridors. Some 20 (10 in each direction) of Conrail's high-speed, high-priority TrailVan "piggyback" trains, carrying truck trailers and marine cargo containers on railroad flatcars, use the route daily. This includes double-stack container trains handling steamship cargoes—a significant segment of traffic growth for Conrail in the last three years.

Other trains on the line carry commodities such as new motor vehicles, automotive parts, food products, steel, grain, and a variety of manufactured goods.

Lancaster/York County, PA Area Lines

A \$10.4 million project is in progress to upgrade portions of the New Holland Industrial Track, Columbia Secondary Track and York Secondary Track in Lancaster and York Counties, Pa.

The project, begun in late April and scheduled for completion in late August, includes the installation of 36.4 miles of continuous welded rail and nearly 29,500 crossties, and the surfacing (smoothing and raising) of the supporting railbed. Also included in the project is the

rehabilitation of approximately 52 public grade crossings.

The New Holland Industrial Track and the Columbia Secondary Track serve New Holland and Columbia, Pa., respectively, from Lancaster. The York Secondary serves York, Pa., from York Haven, where it connects with Conrail's Enola Branch south of Harrisburg. Commodities carried by Conrail trains on these lines include corn syrup and sweeteners, grain and grain products, machinery, paper, and plastics.

St. Louis Line and Danville Secondary

Conrail is investing almost \$9.8 million to upgrade portions of its St. Louis Line between Indianapolis and St. Louis, and a section of the Danville Secondary between Terre Haute and Danville, IL.

CONRAIL'S INDUSTRIAL DEVELOPMENT PROGRAM LOCATES 227 FACILITIES

Conrail's Industrial & Market Development Department helped customers to locate 227 new or expanded industrial facilities along Conrail's rail lines in 1986, a 15 percent increase over 1985.

These industrial facilities represent on an annual basis nearly 110,000 carloads of new freight traffic and revenues of more than \$100 million to Conrail. To the communities where they were located, the facilities represent an investment of more than \$2.2 billion and nearly 7,000 new jobs.

"Decisions by customers to locate facilities along the Conrail system are a vote of confidence in Conrail and its capability to deliver excellent service at the right price," said Conrail Senior Vice President-Marketing and Sales Charles N. Marshall. "Conrail's Industrial & Market Development Department works diligently with hundreds of companies to arrive at sound decisions on how best to meet their distribution needs."

Industries with the highest level of industrial development activity on Conrail in 1986 included chemical companies and metal producers, as well as manufacturers and users of plastics, food, agricultural products and building materials.

The states and the number of industries located in those states on Conrail in 1986 are: Ohio, 44; New York, 43; Pennsylvania, 29; Indiana, 28; New Jersey, 24; Michigan, 19; Massachusetts, 13; Connecticut, 9; Maryland, 8; Illinois, 6, and Delaware, 2. Conrail also helped locate 2 industries in the District of Columbia.

The projects, begun in April and scheduled for completion in August, include the installation of almost 68,000 crossties, the surfacing (smoothing and raising) of 388 miles of supporting railbed, and the rehabilitation of more than 150 public grade crossings.

The 237-mile St. Louis Line connects St. Louis with Indianapolis. It is Conrail's prime route for traffic to the St. Louis area and for eastbound traffic received from other railroads at St. Louis. The Danville Secondary connects with the St. Louis Line at Terre Haute and serves customers in Terre Haute, Paris, Danville, and Peoria, Ill.

Traffic handled by Conrail trains on the St. Louis Line includes: appliances, auto parts, new automobiles, canned foods, chemicals and petrochemicals, fresh fruit and vegetables, furniture, grain and grain products, iron and steel products, and other manufactured goods.

Traffic handled on the Danville Secondary includes: steel and grain products for shippers in Paris and Danville, and grain and chemical traffic for customers in Peoria, including traffic interchanged at Peoria with the Santa Fe Railway Co. and with the Peoria and Pekin Union Railroad.

MARIANNE GREGORY NAMED AVP-CUSTOMER SERVICE IN SALES DEPT.

Conrail has named Marianne S. Gregory as Assistant Vice President-Customer Service in its Sales Department. In her new position, Gregory is responsible for developing an enhanced system to respond better to customer needs, and integrating present field and staff support groups into a stronger customer service network.

Gregory was previously Director-Boxcar Marketing, where she played an instrumental role in strengthening traffic growth in that business segment by working to redesign Conrail's approach to boxcar marketing. She has held a number of key Line-of-Business (LOB) manager positions, responsible for marketing of transportation service for forest products, food products, and export coal. Gregory joined Conrail in 1977 as a planning analyst within the Consumer Products marketing group.

A native of Cinnaminson, N.J., Gregory holds a Master's Degree in Economics and a Bachelor of Business Administration degree from Ohio University, Athens, Ohio.

CONRAIL OPENS NEW LUMBER TRANSFER DISTRIBUTION CENTERS AT CINCINNATI, OH AND BALTIMORE, MD

Conrail has introduced its lumber transfer and distribution (LTD) system to the Cincinnati, Ohio, area and expanded its LTD service in the Baltimore, Md. area.

LTD allows lumber mills in the western United States and Canada to enter eastern markets without investing in storage/distribution facilities, while lowering the delivered cost of lumber. Conrail participates by setting transportation rates for LTD service, which include unloading from rail cars, 30 days uncovered outdoor storage of lumber, and reloading into trucks for local deliveries to distributors and retail outlets.

Conrail has entered the Cincinnati market through the Conrail-Redbank LTD Center serving southwestern Ohio, southeastern Indiana and northern Kentucky. Conrail has expanded its presence in Baltimore with the addition of the Conrail-Bayview LTD Center, serving the Maryland, Delaware, and northern Virginia markets.

The Conrail-Redbank LTD Center offers 500,000 square feet of enclosed storage space, with capacity to handle nine rail cars, plus eight acres of paved uncovered outside space. It is one of the largest lumber distribution centers in the country.

The Conrail-Bayview LTD Center, offers more than 45,000 square feet of

GERHARD THELEN NAMED AVP-QUALITY CONTROL

Conrail has appointed Gerhard A. Thelen as Assistant Vice President-Quality Control reporting to Jeremy T. Whatmough, Vice President-Materials & Purchasing.

In his new position, Thelen is responsible for ensuring that the materials and equipment supplied to Conrail by outside sources is of the required quality. Conrail makes approximately \$550 million of such purchases annually. Within Conrail, Thelen is responsible for ensuring that repairs to rail cars and locomotives, and track maintenance programs, meet the highest industry quality standards.

Thelen joined Conrail in 1977 as Manager-Quality Control Materials, and has served as Director-Mechanical Engineering since 1979.

He holds a Master of Engineering degree from The Pennsylvania State University, and a degree in Engineering from the Fachhochschule, Munich, West Germany.

Thelen succeeds Charles T. Popma, who retired.

enclosed storage space and seven acres of outside storage with room to expand.

The new LTD centers, which opened earlier this spring, handle kiln-dried lumber, green lumber, plywood, shelving, waferboard and specialty items. The Cincinnati center receives lumber primarily from Southwestern, Western and Canadian suppliers. The Baltimore center receives lumber from suppliers throughout North America and Canada.

The concept of lumber transfer and distribution centers began on Conrail in January, 1983. In addition to the two newest centers at Cincinnati and Baltimore, the program today includes centers at Elizabeth, N.J.; Guilderland Center, N.Y.; Leetsdale, Pa.; Pottstown, Pa.; Poughkeepsie, N.Y.; and Stoughton, Mass.

NY, CONRAIL AGREE ON SOUTHERN TIER ROUTE

Conrail signed an agreement June 22 with New York State that preserves rail freight service along the 514-mile Southern Tier route of New York State and assures continuation of the present level of through freight service for New York State shippers and industry until June 1993.

The Southern Tier rail line became part of Conrail at conveyance, April 1, 1976. In 1982, Conrail and the New York State DOT made a five-year agreement under which Conrail provided a specific level of rail freight service over the Southern Tier lines. That agreement was extended for up to three months shortly before the June 1, 1987 expiration date.

ROBERT H. REID NEW ASSISTANT CONTROLLER

Conrail has named Robert H. Reid as Assistant Controller-Expenditures, at Philadelphia. In his new position Reid is responsible for all billing and payments to outside vendors. He replaces William C. Diamond, who retired.

Reid, who began his railroad career in 1974 with the Penn Central, a Conrail predecessor, was most recently Director-Disbursement Accounting. He has held several positions in the Accounting Department, including Manager-Accounting Operations Control. Reid holds a Bachelor of Science degree in Economics and a Master of Business Accounting degree from the University of Pennsylvania, Philadelphia.

SENATE HEARINGS ON STAGGERS ACT *continued from page 1*

customers. CURE is comprised of mainly electric utilities and some coal shippers. They argue that deregulation is unfair to "captive" shippers—shippers which have no alternative to rail transportation—and maintain that railroads are earning unreasonable profits at the expense of these shippers.)

In testimony on June 24, John Riley, head of the Federal Railroad Administration, said that with deregulation, railroads have made "changes which have benefited all shippers, competitive or captive, by lowering the carriers' unit costs and improving their service. It's this process that has enabled the railroads to regain economic stability while at the same time reducing rates."

Representing the Committee Against Revising Staggers (CARS), Scott Paper Company's Transportation Director, Frank R. Breslin, called Staggers an "extremely successful piece of legislation," and urged that "no legislation revising the Staggers Act be enacted at this time."

Proposed amendments, he said, "would cripple the ability of the railroads to set reasonable rates that reflect market forces, and thereby undo the substantial benefits that the Staggers Act has yielded over the past decade."

At the June 17 hearing, John Snow, president and chief executive officer of CSX Transportation Corporation, testified that, "Although the Staggers Act does not guarantee rail carriers an economic return on investment, it does provide a framework within which they can operate more like independent business enterprises. Clearly, if the rail transportation industry is to be successful in its struggle to overcome the burdensome residues of the past, to meet the challenges of the present, and work for the future, the freedoms granted under the Staggers Act must not be diminished."

At the June 9 hearing, James M. Voytko, First Vice President of Paine Webber, Inc. and a leading railroad financial analyst, testified that "railroading is not a financially rewarding business at present," and added that reregulation would result in "a continued withdrawal of assets, jobs and service from the industry."

William H. Dempsey, Association of American Railroads (AAR) president told the Senate subcommittee, "if efforts to return the railroad industry to the pre-Staggers era of regulation are successful, the industry's demise is assured."

According to the AAR's Dempsey, while railroad earnings "are significantly improved over what was being posted prior to passage of the Staggers Act, they

remain substandard compared to American industry in general, and inadequate in terms of cash needs.

"Whether investment in improved plant and equipment will be possible, or whether another round of disinvestment and deferred maintenance is in the offing, will be determined by both economic and legislative events," said Dempsey.

The June 9, 17 and 24 Senate hearings echoed the theme of recent hearings held May 21, 28 and June 3 before the House Subcommittee on Transportation, Tourism and Hazardous Materials.

EDITORIALS SUPPORT DEREGULATION

A number of major newspapers have published columns and editorials recently in support of Staggers. A sample of that comment follows:

"We are very, very fearful that they really will start to tamper with the heart of Staggers, and if they do that—I don't mean to be theatrical—but really the industry can go bankrupt." (Quote from an interview with L. Stanley Crane, Conrail Chairman and CEO) . . . The CURE shippers, mainly electric utilities, coal companies and grain companies, complain about two things, differential pricing and 'captive' shipping. They assert that it is not fair if they have to pay more than, say, piggyback shippers. The Conrail reply is that if raising the rates for piggyback drives that business away, bulk shippers could end up with even higher rates, because rail overhead costs would be spread among fewer shippers. As to 'captive' shipping, it's doubtful that any plant today is really 'captive' to the railroad that serves it."

The Wall Street Journal
June 30, 1987

"The Staggers Act didn't exactly turn the industry around, but it seemed to set it on the right course. . . . Now, a group of shippers, themselves heavily regulated or dependent on government support, would like to turn back the clock. Led by the coal and utility industries, these shippers want Congress to restore regulation by passing a bill called the Consumer Rail Equity Act. It would essentially put a cap on rail rates, reinstitute intrastate regulation and make it harder for railroads to shed uneconomic track. This would be a step back."

Chicago Tribune
June 13, 1987

Employees have an opportunity to support Conrail and stop efforts to "turn back the clock" on Staggers by writing or visiting your Congressional representatives and voicing your opposition to any moves to re-regulate the railroad industry. Your voice made a difference in preserving an independent Conrail; your voice can make a difference in preserving Staggers too.

In Brief will keep readers up to date in future editions on Congressional activities regarding efforts to change the Staggers Act.

"The partial deregulation under the Staggers Act has served the country well. It helped the railroads rebuild their collapsing systems, permitted greater rate flexibility for most rail traffic, and generally resulted in lower rates. Clearly, stepping too far in reversing most of these new market freedoms would be a mistake."

Charleston (WV) Daily Mail
June 11, 1987

STAGGERS: 'IF IT AIN'T BROKE, DON'T FIX IT!'

Below is text from an advertisement which runs in the July issue of *Railway Age Magazine* (which focuses most of its issue on the benefits of the Staggers Rail Act of 1980). The full page ad, placed by Conrail, defends the Staggers Rail Act. The headline (above) and the quote are by Conrail Chairman & CEO, L. Stanley Crane.

"The Staggers Rail Act of 1980 is legislation for all seasons. Through its regulatory reform provisions it has given railroads the tools to compete better in the free marketplace. Even more importantly, in the public interest, our customers and their customers—the consuming public—are the chief beneficiaries through the lower prices and the vastly improved service more efficient railroad systems can provide. Changing this formula for success through re-regulation will bring economic chaos to railroads, to their customers, and to the consuming public. Those who champion re-regulation of the railroad industry will share the bitter fruits of its consequences for the public."

CONRAIL

CONRAIL'S 1987 SAVINGS BOND DRIVE LAUNCHED JULY 20

On July 20, Conrail began its 1987 system-wide campaign to increase employee participation in its payroll deduction program for purchasing U.S. Savings Bonds. Bonds are one of many investments you can make for yourself and your family. Below are a few of the reasons why U.S. Savings Bonds may be a worthwhile investment for you:

- **Competitive Market-Based Interest Rates**

Series EE Savings Bonds earn variable market based interest, as long as they are held for at least five years, with a current guaranteed minimum of 6.0%.

- **Tax Advantages**

There is no state or local income tax on interest earned, and you can defer federal income tax on the interest until you cash in your Bonds. You can further defer the federal tax by exchanging Series EE Savings Bonds for Series HH Bonds. If you save for a child's education, you may get additional tax savings by purchasing Bonds in the child's name.

- **Easy To Buy**

Payroll deduction is a great way to establish the saving habit. Plus you can buy additional Bonds at your neighborhood bank or savings and loan for special occasions.

- **Complete Security**

Bonds are issued and backed by the U.S. Government, so they are one of the safest investments you can make.

- **Affordable**

Savings Bonds are available in eight denominations, from \$50 to \$10,000. The price you pay is half the Bond's face value. Buying and redeeming them are free of charge, and by using payroll deduction you can deduct any amount per pay that you want.

- **Strengthen America's Economy**

U.S. Savings Bonds strengthen our national economy — they increase savings and reduce the cost of financing the public debt.

Make—THE GREAT AMERICAN INVESTMENT—for yourself, enroll or increase your current investment during Conrail's 1987 U.S. Savings Bond Drive. Paycheck distributors are providing each employee with additional information on these and other benefits of U.S. Savings Bonds. They also are providing a sign-up card that will enable you to enroll in the payroll deduction plan or increase the size of your current investment.

To help spread the word about the benefits of U.S. Savings Bonds, Conrail is distributing a system-wide newsletter in late July. Also, Conrail's locomotive #6300 works year round in regular freight service across the system bearing the message, "Buy and Hold U.S. Savings Bonds."

CONRAIL SAFETY POLICY

- **Safety is of first importance.**
- **All injuries can be prevented.**
- **Management is committed to provide a safe work environment.**
- **Employees and management are responsible for maintaining a safe work environment and for preventing personal injuries.**
- **Compliance with safety policy and procedures is a condition of employment.**

In Brief is published by the Public Affairs Department of Consolidated Rail Corporation, Room 1040, Six Penn Center, Philadelphia, Pennsylvania, 19103.

Letters to the editor are welcome and should be sent to the above address.

Change of addresses: Obtain Conrail Form G-2101 (Change of name and/or address) from your paycheck distributor or office manager. Send the completed form to Director-Payroll Operations, Room 207, 15 N. 32nd Street, Philadelphia, Pennsylvania, 19104.

Kathleen A. Byrne, editor
Marsha Biderman, production coordinator

Presorted
FIRST CLASS MAIL
U.S. Postage Paid
Philadelphia, PA
Permit No. 227

753903 AC

KELLEY

102 WITCHWOOD RD

SO YARMOUTH

MA 02664