

in brief...

PUBLISHED MONTHLY FOR EMPLOYEES OF CONSOLIDATED RAIL CORPORATION

CONRAIL

September 1987

CONRAIL 'RAILSAFE' GAME PROMOTES SAFETY

"Railsafe" is a board game created by Conrail to teach children ages 8 to 11 the dangers involved in entering railroad property.

The game is being distributed by Conrail police, safety and other personnel, and has already been played in more than 550 schools across the railroad's 15-state system and elsewhere in the country. It was designed for use with showings of the film "Trespass," a Conrail-sponsored award-winning film warning young people of the dangers of playing on or near railroad property.

Other railroads are also requesting copies of "Railsafe" for use with schools and community groups across their respective systems.

"Trespass," first distributed in 1983, was viewed in 1986 by more than 250,000 people, mostly school-age children; in the first seven months of 1987, "Trespass" was shown to nearly 235,500 people.

"Every year we have to confront the injuries and deaths that occur when children use railroad property as a playground or a shortcut," said Joseph F. O'Neill, Conrail's Director of Police. "We believe that going straight to the children with the message that trespassing on railroad property can be extremely dangerous will help save them from accidents. The 'Railsafe' game helps us to reinforce this message."

Students at Conley Elementary School in Houston, TX, who played the "Railsafe" game, agreed.

"The game about railroad safety is very important," said one fourth grader at the school. "If you land on a railroad, you go back three spaces. In real life, you can't go back three spaces. You may lose your life."

The "Railsafe" game was developed by communications professionals in Conrail's Public Affairs Department. It consists of a vinyl game board, two card decks of questions, plastic game pieces and an instruction sheet. "Railsafe" was tested in 1985 with students at the Hunter Elementary School in Philadelphia, and

had its formal debut in March 1987 at the St. Anne's School in Warren, Mich.

If you have children in school and you would like their schools to have a copy of "Railsafe," copies may be obtained at cost for \$9.75 by writing to:

Coresco, Inc.
P. O. Box 669046
Charlotte, North Carolina 28266

DONALD A. BRINKWORTH ELECTED VICE PRESIDENT AND GENERAL COUNSEL

Conrail's Board of Directors has elected Donald A. Brinkworth as Vice President and General Counsel of the company's Law Department.

In his new position, Brinkworth, who had been General Counsel-Litigation since March, 1983, reports to Bruce B. Wilson, Senior Vice President-Law.

Brinkworth began his railroad career as a clerk on the Pennsylvania Railroad in 1946, and joined its Law Department in 1951. Since then, he held positions of increasing responsibility with the Pennsylvania Railroad and the Penn Central, a Conrail predecessor. With Conrail, he has been Commerce Counsel, and Associate General Counsel. Also, from 1981 to 1983 he served as Assistant Vice President-Contracts and Finance, in Conrail's Passenger Services Department.

CRANE NAMED PA. 'BUSINESS LEADER OF THE YEAR'

L. Stanley Crane, Chairman and Chief Executive Officer, was honored by the Pennsylvania Chamber of Business and Industry as "Business Leader of the Year" on September 21 in Hershey, PA at the organization's Third Annual Pennsylvania Chamber Dinner.

In citing Crane, the Chamber stated, in part: "As a business leader, we

ESOP SHARE DISTRIBUTION SET FOR EARLY OCTOBER

Distribution of shares of Conrail common stock to participants in the Employee Stock Ownership Plan (ESOP) is planned to begin on October 1.

Each participant who has elected to receive his or her shares directly will receive a stock certificate representing the number of full shares he or she owns. Each participant entitled to a fractional share—any amount less than one full share—will receive a check for the amount of that fractional share based on the average of the closing prices of Conrail common stock on the New York Stock Exchange for the 10 business days immediately preceeding October 1.

Individuals who have elected to roll their shares over into the Merrill Lynch Blueprint Group Individual Retirement Account (IRA) will receive statements showing that accounts have been opened for them and that their shares, and cash, if any, have been transferred into those accounts.

Throughout the last six months, Conrail and others have distributed information describing participant eligibility requirements, and the process by which stock would be distributed. For answers to questions regarding the distribution of shares, contact:

MORGAN SHAREHOLDER SERVICES
TRUST COMPANY

30 West Broadway
New York, New York 10007-2192
or call at (800)445-5802.

recognize Mr. Crane for his role in turning Conrail into a profitable private sector corporation through the largest initial public stock offering in U.S. history—an accomplishment that preserved a major employer and contributed to the economy of Pennsylvania."

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CONRAIL OFFICIALS SEEK HIGHER QUALITY PRODUCTS, SERVICES FROM SUPPLIERS AT RPI CONFERENCE

Stuart M. Reed, President and Chief Operating Officer, and other Conrail officials, spoke to railroad industry suppliers at the first Railway Progress Institute (RPI) Regional Conference, held in Philadelphia on September 2, about Conrail's need for a consistent supply of high quality goods and services.

Reed told the suppliers: "Given the severity of competition in the marketplace today, every dollar we spend must be a quality dollar. There is little margin for error."

Other speakers were Jeremy T. Whatmough, Vice President-Materials and Purchasing, who urged suppliers to participate in computerized electronic data interchange (EDI) to reduce administrative costs; Donald A. Swanson, Vice President-Transportation, who emphasized the importance of materials and supplies in maintaining excellence in rail operations; Benjamin J. Gordon, Chief Engineering Officer, who described the advantages of new maintenance technology obtained from European suppliers; and Ralph von dem Hagen, Assistant Vice President-Car Management, who outlined Conrail's efforts to improve efficiency in the use of freight equipment.

In his remarks, Reed told suppliers, "Like you, Conrail is a supplier. To keep the business we have with the customers we now serve, and to win new business from those customers and others, our transportation product must be the best available—on the basis of price, service, flexibility and reliability. It must be quality transportation. That is what our customers expect today.

"We are making the same demands on our vendors as our customers make of us: quality products and services at competitive prices...with on time delivery, because that is what helps us to compete," Reed stated.

Conrail does business with 4,200 different suppliers and each year buys 59,000 different items and places more than 13,000 contracts. "Inside Conrail, we are encouraging the people responsible for material and supply decisions to be creative, to watch for quality and canvass for new ideas," Reed explained.

"We want our people to be aggressive, to gather information, to learn what suppliers have to offer. That understanding is necessary for the right match of equipment and supplies to the specific requirements of running our railroad," Reed said.

Reed also asked suppliers for their support in combating proposed legisla-

tive actions that would alter the Staggers Rail Act of 1980. 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.

"To the extent that any of you have an opportunity to express your views on the undesirability of reregulation of railroads, we ask for your support," Reed said. "If we work together to preserve the railroad industry, all of us will benefit."

CONGRESS FACES RAIL SAFETY ISSUES

As Congress returned to work in Washington, a number of rail safety issues came under scrutiny as part of a bill currently entitled the Rail Safety Act of 1987. The following provisions are in the bill approved by the Senate Commerce Committee:

- increasing from \$2,500 to \$10,000 the maximum penalty that can be assessed against railroads for each FRA safety-rule violation;
- authority for the FRA to impose fines upon or dismiss rail employees for willful safety violations;
- a requirement that the Department of Transportation establish minimum qualifications for locomotive engineers;
- authority for railroads to access motor vehicle records to ascertain the highway driving records of employees in safety-sensitive jobs;
- awards of up to \$10,000 in punitive damages against railroads found guilty of harassing employees who report safety violations;
- a six-month deadline on harassment-claim decisions by grievance boards.

Testimony by the Association of American Railroads (AAR) opposed employee fines and also questioned the need for licensing locomotive engineers. Punitive awards for alleged employee harassment were also questioned by the AAR since the Federal Railroad Safety Act of 1970 already addresses this issue.

The Senate Commerce Committee also reported a bill requiring random drug and alcohol testing of rail workers in safety-sensitive jobs.

No legislative action on proposed safety legislation has been taken by any House committees, but bills have been introduced.

In Brief will keep readers informed on these important issues.

CUSTOMERS ENDORSE CONRAIL SERVICE IN NEW ADVERTISING CAMPAIGN

Individual shippers, for whom Conrail has created innovative transportation packages, are endorsing Conrail's service as part of a new corporate advertising campaign.

Sunkist and General Electric (GE) are the first of a number of Conrail shippers to sanction statements of their satisfaction with our company in Conrail ads.

The new ads make it clear that Conrail service extends beyond its operating territory; and that Conrail and its connections offer time-sensitive service, at competitive rates, with careful handling of fragile and/or high value products.

The advertisement featuring Sunkist is headlined: "Conrail Helped Sunkist Develop A Fresh Approach." The ad explains, "Sunkist's goal was a more efficient system of rushing fresh Western citrus to Eastern supermarkets. . . . And today, eight years later, Conrail is still making those timely connections. Picking up shipments of Sunkist fruit from Western railroads in Chicago, and speeding them on to markets throughout the Northeast. Consistently on time and fresh."

Another ad, for GE, is headlined: "Conrail Does Some Light Work for GE." The ad further states that Conrail delivers "thousands of light bulbs a day. . . on time and intact. From GE's Cleveland and Columbus plants to distribution centers in Denver, Seattle, Oakland and Los Angeles. You might not expect Conrail to have that soft a touch. Or that long a reach. But you would be surprised at how well we can handle a customer's fragile or delicate goods."

The new advertising campaign, currently planned to run through 1988, is built around the theme: "Conrail. We've Made the Right Connections." This was the theme of the ad which launched the campaign in May of 1987.

The goal of the campaign is to help create perceptions of Conrail's service that "catch up" with the reality of Conrail performance, and to help generate new business.

The ads are scheduled to run at various times through December in the following publications: *The Wall Street Journal*; *Business Week*; *Fortune*; *Forbes*; *Industry Week*; *Transportation & Distribution*; *Traffic Management*; *Distribution* magazine; and the railroad trade journals, *Modern Railroads*, *Progressive Railroad* and *Railway Age*.

STAGGERS ACT UPDATE: AAR 'HITS' NITL PROPOSAL

As the debate over proposed changes to the Staggers Rail Act of 1980 continues, a proposal from the National Industrial Transportation League (NITL) is now the primary subject of controversy. According to the Association of American Railroads (AAR) the proposal "stops just short of nationalization of rail private property."

The NITL's universal trackage-rights plan provides access to terminal areas on demand by a second railroad, without any showing of market dominance on the part of the owning railroad, and "at a level of compensation that is obscure," according to an AAR newsletter.

This proposal, in addition to the previously submitted Consumers United for Rail Equity (CURE) proposal, which involves amendments to Staggers to obtain lower rail rates for coal and utility customers and argues that deregulation is unfair to "captive" shippers, will be considered by Congress this fall.

The railroads, with Conrail at the forefront, believe that any legislation aimed at reregulating the industry would further reduce the industry's already low profitability, and ultimately be destructive to the industry.

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

SCOTT E. NADLER NEW DIRECTOR IN I&MD UNIT

Scott E. Nadler has been named as Director-Industrial & Market Development at Conrail. The appointment was announced by Charles N. Marshall, Senior Vice President-Marketing and Sales.

Conrail's Industrial & Market Development (I&MD) Department works to help businesses locate new facilities or expand existing ones on Conrail's 15-state system.

Nadler, in his Philadelphia-based position, guides the department's activities throughout the eastern portion of Conrail's system, from Washington and Baltimore in the south, to Boston and Montreal in the north, and to Buffalo, N.Y., in the west. Nadler oversees regional market managers both at the railroad's Philadelphia headquarters, and at field offices located in Albany, Boston, Buffalo, and New York City. He reports to John F. Betak, Assistant Vice President-Industrial and Market Development.

Nadler was previously Regional Market Manager for I&MD in Albany.

'BUSINESS LEADER OF THE YEAR' *continued from page 1*

The chamber also cited Crane for his efforts in gaining the support of Congress for an independent Conrail through enactment of the Northeast Rail Service Act of 1981, for working to promote cooperation between railroads, and for efforts to preserve the Staggers Rail Act of 1980.

In accepting the award, Crane said that the achievement of an independent Conrail depended heavily on the enthusiastic support of the business community. "We came together and made a beginning when the chamber, as one of the earliest and staunchest supporters of an independent Conrail, and many individual Pennsylvania businesses, told Congress they wanted an independent Conrail. By working together, we achieved success.

"This plaque has my name on it," Crane continued, "but many of you here—along with Conrail's dedicated employees—are just as responsible for this award."

Crane, in speaking to Pennsylvania's commitment to economic development, noted incentives for out-of-state businesses relocating here. He said: "We applaud that effort. But the expansion of existing businesses is another strong growth area we see for jobs and investment, and we think economic incentive packages to help 'homegrown' companies expand can also have a great payback potential for the state."

Each year the State Chamber recognizes a "Business Leader of the Year" whose excellence in business and service to the Commonwealth is significant. In 1986, the Chamber honored Robert Dee, Chairman and Chief Executive Officer, SmithKline Beckman Corporation, and in 1985, Edward Donley, Chairman and Chief Executive Officer, Air Products and Chemicals Inc.

MARY E. GAINER NAMED DIRECTOR OF BOXCAR MARKETING GROUP

Conrail has appointed Mary E. Gainer as Director-Boxcar Marketing in the Boxcar/Intermodal Business Group. Charles N. Marshall, Senior Vice President-Marketing and Sales, announced the appointment.

In her new position, Gainer is responsible for Conrail's pricing and marketing strategy for most products and commodities moving in boxcars. She succeeds Marianne S. Gregory, who was recently named Assistant Vice President-Customer Service in Conrail's Sales Department.

Gainer was previously Manager-Steel Industry Raw Materials Marketing—before assuming her present assignment.

CONRAIL SPENDS \$1.9 MILLION TO INCREASE BOXCAR CAPACITY

Conrail has completed a \$1.9 million program to increase the capacity of 100 60-foot boxcars to transport parts for the assembly of new motor vehicles. The modification work was completed at Conrail's Hollidaysburg, Pa., Car Shop, in early September.

The work involved raising the roofs of the cars by 21 inches. The modifications increased the capacity of the cars by 15 percent, providing increased efficiency in the transportation of automotive parts to assembly plants.

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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. The railroad safety rules tell you how such incidents can be avoided in the future. (In the case cited below, the railroad rules applied off the job could have saved a life.)

An employee was driving home from work during a thunderstorm. The puddling rain water in a curve caused his car to hydroplane and he lost control. The car struck a guard rail. The employee was not wearing a seat belt and was thrown from the car. He was run over by his own car, causing fatal injuries.

APPLICABLE SAFETY RULE

"Employees must use seat belts where provided."

On or off the job, your safety is important to us. Protect yourself and your family.

USE SAFETY BELTS AT ALL TIMES!

in brief...

CONRAIL/NS HAUL COAL UNDER 10-YEAR CONTRACT

Conrail and Norfolk Southern are hauling low-sulfur steam coal to Orange and Rockland Utilities' Lovett generating station at Tomkins Cove, N.Y., near West Point, from Kentucky, Virginia and West Virginia sources on Norfolk Southern under a 10-year transportation contract.

The Lovett Station recently installed equipment allowing it to use coal as an energy source, in addition to oil or natural

gas. Low-sulfur coal is being used to ensure that the plant conforms with environmental requirements.

Under the contract, effective in May this year, NS transports trainloads of low-sulfur steam coal from mines in its territory to Hagerstown, Md. There, unit trains are turned over to Conrail for movement over its lines to Tomkins Cove.

"This contract with Orange and Rockland Utilities demonstrates that the railroads, using the rate-making and contract-making freedoms of the Staggers Rail Act of 1980, can enter into agreements with electric utilities that are beneficial to all parties," said Charles N. Marshall, Senior Vice President-Marketing and Sales.

CONRAIL INVESTING \$5.8 MILLION TO UPGRADE BUFFALO LINE

Conrail is investing \$5.8 million to upgrade sections of its Buffalo Line, which links Buffalo, N.Y. with Harrisburg, Pa.

Work on the project, begun in late April and scheduled for completion in November, includes the installation of more than 34,000 crossties, the surfacing (smoothing and raising) of 133 miles of the supporting railbed, and the rehabilitation of about 55 public grade crossings, between Olean, N.Y., and Dalmatia, Pa.

The Buffalo Line extends from Harrisburg, Pa. to Buffalo, N.Y. It has feeder lines from the Pennsylvania coal fields of Clearfield, Cherry Tree, Falls Creek, Brookville and Summerville, and from other parts of western New York state.

In addition to coal, trains using the line carry auto parts, chemicals, foodstuffs, grain and grain products, paper products, pulpwood and miscellaneous freight.

CONRAIL SPENDS \$1.9 M

continued from page 3

"Conrail, one of the largest transporters of automotive parts and finished motor vehicles in the United States, offers a high quality transportation product to the automotive industry," said Stuart M. Reed, President and Chief Operating Officer. "This \$1.9 million investment by Conrail demonstrates our continuing firm commitment to the automotive industry to meet its needs for efficient, cost-effective rail service."

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.**

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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.

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