

Next Meeting:

January 2, 2004

See program notice below. January 10, 2004

- West Carrollton Civic Center
- Meeting time 7:00 PM

Program Notice....

Please save your lucky shots for FEBRUARY. We have an opportunity for a guest presenter for January, so the "Luckiest Shot" theme night will be moved to next month.

Our guest presenter is Dan Munson, a rail-roader coming to visit us from Kansas city.

For this meeting, please bring any slides-by-members material ready to show in up to 80-carousel tray or 2 film box quantities. This will allow us to fill out the evening after the feature presentation. Bring extra material if you wish, for backup.

At the December meeting, Steve Hood relinquished his post as Vice-President of MVR, and the yoke passed to Rick Acton. Please don't hesitate to talk to Rick or me about any ideas you have concerning MVR in the coming year. This is also an excellent time to acknowledge Aubrey Flock for his continuing service to MVR as treasurer and thank him for his work on the newsletter. If you have any questions about the newsletter, please communicate them to Aubrey, most especially in the form of contributions.

Steve Fuchs

CSX News...

CSX Shakeup ...

On November 10, CSX announced that it will streamline its management structure at a number of its companies, reducing the non-union work force by up 1,000 people. The streamlining will reduce management layers from 11 to no more than eight and increase the number of direct reports for

many managers. These non-voluntary job cuts will happen over the next six months through a structured process, one layer at a time, beginning at the top of each organization. CSX stressed that it will provide career services and benefits for out-placed employees.

The estimated cost of the program is expected to be \$60 million to \$80 million, most of which will be recognized over the next two quarters. The full effect of the savings will be realized mid next year, according to CSX.

"Despite tremendous successes in growing our revenue over the past three years, I am not satisfied with our efforts to control costs and improve productivity," said Michael J. Ward, chairman, president and CEO. "The initiative announced today will result in broad changes in the way we do business."

Only days prior to revealing the job cuts, CSX announced the retirement of Michael Giftos, Chief Commercial Officer. Unlike recent management changes at CSX, the announcement of Giftos' departure stems from a personal issue, not performance. Thus, they do not view this as a significant disruption. His replacement, Clarence Gooden, Sr. VP of Merchandise Service group has been tapped to replace Giftos. Gooden has 33 years with CSX and previously ran CSX's coal and intermodal divisions.

Lackluster Third Quarter ...

One of the major catalysts for the staff reductions has been CSX' financial performance. CSX reported a loss of \$0.48 per share for the third quarter of 2003. The reasons given for the poor performance include sluggish traffic volumes, high fuel prices, two charges for a change in accounting and for

asbestos and other occupational injuries and the settlement agreements to resolve a longstanding dispute with Maersk related to the sale of the international container business in 1999.

Wall Street analysts noted that although CEO Michael Ward laid out the plan to turn the operations at CSX around, they believe that long term improvement at CSX comes down to a cultural shift toward greater accountability and a more network-oriented (vs. localized) through process. This culture shift, say the analysts, will be difficult to execute in a short time period.

"CSX is clearly not firing on all cylinders" said investor analyst Scott Flowers". He believes CSX to still be recovering both financially and operationally from the problems of the Conrail acquisition in 1999. CSX's operating ratio increased to 88.3% for the third quarter. The railroad's operational fluidity has moderated during 2003, with terminal dwell time and overall system velocity at lower levels than in 2001. These metrics have negatively impacted margins through the year to date and a slower than expected improvement or continued deficiencies could result in further downward earnings revisions.

Mike Giftos, the soon-to-retire Chief Commercial Officer, is guardedly optimistic as to the state of the economy and the potential for revenue growth at CSX. Some strengthening in merchandise traffic has been evident and the fundamentals for coal growth are favorable, given high natural gas prices and utility coal stockpiles that are at or below target levels. However, eastern coal volumes may be handicapped for longer term growth due to environmental considerations and the higher sulfur output Appalachian coal.

RC Impacts Erwin Plans ...

The City of Erwin, Tennessee is moving ahead with plans to build an overpass through its downtown area and the use of remote control locomotives by CSX played a role in that decision. Erwin historian and railroad author Jim Goforth, who worked for 38 years in the engineering department for CSX predecessor Clinchfield Railroad, prefaced the CSX remote control presentation to the Erwin town council with a short history of the technological advances of the railroad industry, adding that "Remote control is not new on the Clinchfield. We had one 30 years ago."

Remote control has been a touchy issue for CSX since the Unicoi County Commission sided earlier this year with the Brotherhood of Locomotive Engineers (BLE) in saying the remote control technology was riskier than having engineers control the locomotive. Statistics show that remote control has helped decrease accidents by 60 percent.

NS News...

Management Changes

During December, Norfolk Southern announced a series of senior-level executive and organizational changes following the completion of its voluntary separation program for non-agreement employees. Two of the changes directly involve NS' rail operations. Tony Ingram, formerly vice president Transportation Operations, was named senior vice president Transportation Network and Mechanical, with responsibility for transportation services, mechanical facilities and equipment utilization. Mark D. Manion, formerly vice president Transportation Services and Mechanical, will become senior vice president Transportation Operations, with responsibility for transportation field operations and customer service.

Charles Moorman, formerly senior vice president Corporate Services and president of Thoroughbred Technology and Telecommunications Inc. (T-Cubed), will become senior vice president Corporate Planning and Services, with responsibility for strategic planning, public relations, passenger rail relationships, the Eastern Carolina Business Unit and T-Cubed. Don Seale, formerly senior vice president Merchandise Marketing, was named senior vice president Marketing Services, with expanded responsibility for merchandise commodity groups, coal, automotive and MODALGISTICS.

Red Key Connection Update

NS' new connection track at Red Key, IN was placed into service during late 2003. The track allowed locals and grain trains to move directly from Muncie, IN to the large elevator located on former Conrail trackage west of Red Key. Previously, a time-consuming run-around maneuver was required when the existing interchange track was used. By December, crews had already removed the diamond where the NS and CR (former PRR) lines crossed, and were beginning to remove the old CR trackage east of the crossing.

In addition to speeding up grain train movements, the new connection has allowed NS to begin switching the elevator using the L83 local out of Muncie 's East Yard. Previously, a local based out of the former Conrail yard in Marion, IN performed this work. How this change will impact the future of the former PRR trackage west of Red Key towards Marion is not yet certain.

Operations .

NS has added five new trains to its automotive network: #29M (Doraville, GA-Bellevue, OH) via Columbus, OH; #29N (Memphis, TN/UP-Georgetown, KY); #29Q (Philadelphia-Fairlane, OH); #29T Kansas City-Bloomington, IL) and #29V (Chicago-Wayne, MI). These trains operate whenever traffic levels justify running a dedicated multi-level train versus handling in a block on other trains. For example, #29M runs when there are too many empty multi-levels to ride on #132 (Doraville-Cleveland).

Container traffic between the Port of Norfolk and the Virginia Inland Port near Front Royal, VA, is normally handled by trains #227 (Norfolk-Detroit) and #228 (Harrisburg, PA-Norfolk). To protect service on these trains' off days, NS operates train #24G on early Monday morning to shuttle traffic from connections at Lynchburg, VA to the VIP. Its power then handles outbound traffic back to Lynchburg as #22G later that same day.

In recent months, NS has increasingly been operating an extra #227 (designated as I27) out of Norfolk on Sunday nights destined to Harrisburg or Detroit. Thus, #24G is abolished whenever this happens and the I27 will set out both containers and a locomotive at the VIP. The power is then used on #22G on Monday evening.

The Herzog automatic rock train is back on the Alabama Division. The train is capable of unloading at speeds up to 20 mph, and it only requires one operator sitting in the locomotive with a laptop computer to do the control work. During November and December, it was loading at Barin, GA and operating west via Columbus and Birmingham to support surfacing projects on the NO&NE District south of Meridian, MS. This train usually runs as #923 and #924, and typically makes two round trips weekly.

NS has also been handling a new unit rock train from the Barin quarry to a customer on the Kansas City Southern west of Meridian, MS. The train is com-

posed of NS two-bay, aggregate hopper cars and it runs about once per week. The loads typically operate as #921, but other numbers have been used. The train of November 25 ran as #921 to Birmingham and then as a W39 into Meridian. The empty train returned on December 4 as a W40 to Birmingham and then as #923 back to Barin.

Motive Power

Building upon the success of its GP38-2 rebuild program at the Juniata Locomotive Shop, NS is reportedly planning to upgrade an additional 30 GP38/GP38AC units into GP38-2s during 2004. As of December, NS had rebuilt a total of 77 out of a plan for 80 units since beginning this work in 2000. These units are in the 5501-5577 series.

In addition, six former Southern GP50's will have their turbochargers removed and become normally aspirated 645E powered GP38-3s. These units will also receive the chop-nose treatment that the GP38-2 rebuilds feature. GP50 7070 was already being rebuilt at Juniata in late 2003, and the 7030 was recently selected as another candidate for this program. NS is also looking to de-turbo an SD40-2 and reclassify it as an SD38-2 for yard service.

NS is in the process of upgrading its original SD70 fleet (series 2501-2556) with cab signals and LSL equipment. Once completed, these units will be able to operate as lead units in cab signal territory on the Northern Region (former Conrail) and also Amtrak's Northeast Corridor. The SD70s from Conrail's 1998 order (2557-2580) are already equipped with these features.

Dues Are Due.....

This is a reminder, that MVR dues can be mailed to me at,

MVR Dues
4103 Elliot Ave
Dayton OH 45410-3420

I am working with my scheduler at work to get me the 2nd Saturday off each month to attend the MVR meetings. In the mean time please mail them to me at the above address. I hope to see everyone next month and hope ya'll had great holiday. Ace....

The Miami Valley Railfans is a loosely knit group of railfans that meet to discuss, exchange views and show slides and movies about railroads, We meet between the months of November and July, usually the second Saturday, at The West Carrollton Civic Center. Anyone interested is surely welcome!

Dues are \$10 per Calendar Year
MVR Web Site www.qsl.net/n8qnp/mvrpage.htm

President: Steve Fuchs
4390 Baker Rd.
Dayton OH 45424
937-235-9517

Vice President: Rick Acton
1237 Steinbeck Way, APT E
Fairborn OH 45324

Editor/Treasurer: Aubrey "Ace" Flock
4103 Elliot Ave.
Dayton OH 45410-3420
SDCabin@sbcglobal.net

Miami Valley Railfans
4103 Elliot Ave
Dayton, OH 45410