

NOVEMBER 2015



Shared Track



DAY THREE

Incident Response Training culminated with three table-top simulations. Each team participated in a derailment, employee incident, and a crossing incident simulation. The teams applied their training to respond, make notifications and investigate the incident. Each station was manned with senior Conrail employees who acted as role players and table administrators.

Joshua Davidson

INCIDENT RESPONSE TRAINING AIMS TO PREVENT FUTURE ACCIDENTS

Conrail Supervisors Learn How to Convert Incidents Into a Safer Conrail for All of Us

By Neil Ferrone, Chief Risk Officer

COMMITMENT to safety first is universal throughout the rail industry, as witnessed by a marked decline in derailments, crossing accidents and injuries throughout the past two decades. Still, incidents occur each month and we have to ask the same questions: How could this have happened, and how can we prevent it?

In 2014, derailments cost Conrail \$1.2 million. Most of these incidents were determined to have been preventable. While researching incident prevention, the management team came to the conclusion that a proper and uniform investigation process is the foundation upon which a good prevention plan is built.



DAY ONE

Gary Wolf gave a detailed presentation on mechanical-, track- and human-caused derailments.

Bruce Paterson

This Supervisor Incident Response Training course was developed to share knowledge, fill generational gaps, and to provide a uniform response and investigation process. For three days, each supervisor was instructed about incident response and investigation for derailments, injuries and crossing incidents.

The operations management team was split into two alternating groups: One group would attend the three-day training course, while the other would run the railroad. Each group was then divided into three teams of varying department, district and experience level. This provided a dynamic learning environment in which information was shared to complete tasks. The bulk of the training occurred at the Conrail Bridge and Building facility in Bellmawr, New Jersey.

Studies have shown that most derailments and other incidents are preventable. Human-related errors account for a large percentage of incidents. Randy Jamieson's presentation on the first night gave much insight as to how human-related incidents can occur. For Assistant Trainmaster Shariff Scruggs, Jamieson's talk was one of the "A-ha moments" of the seminar, as he elaborated: "It's critical to look deeply into a

person's personality and their circumstances to make a complete and accurate evaluation of an incident." Mr. Scruggs anticipates that after the seminar he will "be more proactive in every part of my job, and better able to find facts, rather than relying on assumptions."

It was clear during the Day Three incident scenarios that everyone in the room, from first-year newbies to 30-plus-year veterans had greatly improved not only incident response and investigation skills, but their overall ability as railroaders. Alex Hoey was amazed that, as a three-month South Jersey Track Department management trainee, he came out feeling that, by "learning how to call upon [my colleagues'] expertise and assemble the appropriate resources, I could lead an effective accident investigation."

In other words, attendees learned how to connect the railroad's many moving parts when things go wrong, determine the root cause of a local incident, and share their findings. That definitive, widespread knowledge can then be applied throughout Conrail to prevent similar incidents on every track and in every yard. Even industry guru Gary Wolf was "wowed" by the seminar, saying: "I've never been involved in such a well-designed training program. World-class."

// This seminar is the best thing Conrail has ever done for management. I've seen all of the elements before, but this puts it all together to give a broader view of an incident and how to prevent the next one."

— Scott Cyrus, Senior Trainmaster



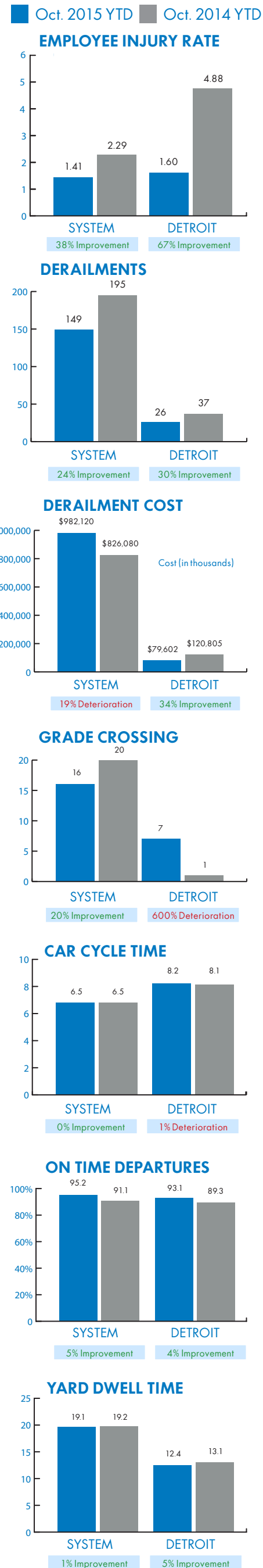
Field instruction at Conrail's Woodbury Yard. Teams rotated through three stations of track familiarization, followed by three stations focusing on the mechanical side of the railroad.

DAY TWO

Bruce Paterson

Detroit Shared Assets Area

DETROIT SAFETY AND PERFORMANCE METRICS



CP Conrail Expedites Amtrak Through Detroit

By Tim Gardner, Director-Operations Support

IN THE Detroit Shared Asset Area, Amtrak's "Wolverine" Chicago-to-Pontiac (MI) passenger trains run on Conrail tracks between Control Point Townline ("CP Townline") and CP Vinewood. A new interlocking called "CP Conrail" will establish a shorter, more direct connection between Conrail's Michigan Line to the Canadian National's Shore Line Sub. The new connection eliminates the need for Amtrak trains to share occupancy with the five freight railroads that use the current segment.

Federal Railroad Administration approval of the project was finally granted in the middle of August of this year. By Aug. 26, equipment covered the landscape and crews were hard at work. Improvements of the Conrail right of way include construction of a new bridge, building/installing three #20 turnouts, connecting more than 20 track panels, and welding over 70 rail sections. Surfacing and aligning the newly configured track to support 50 MPH passenger and freight traffic required over 10,000 cubic yards of subgrade and insertion of 150 new ties. This work was completed with only minor disruption to all regular scheduled passenger and freight operations.

In addition to eliminating freight-passenger conflict, the project will reduce pollution, improve control and signaling over a 4.6 mile stretch, and provide Amtrak passengers with a smoother, safer ride that reduces travel time by as much as 10 minutes through the



Detroit Junction. Construction was complete on October 23 with the signal cutover scheduled for early November.

This seems like an appropriate time to say "thank you" to the many Conrail crews involved in completing the project quickly and safely. Conductors provided flag protection so engineering personnel could undertake track, signal, and bridge work; train crews (literally) went the extra mile to maintain customer service at a high level; Dispatchers orchestrated normal traffic over a single track. It was a great team effort all around, yielding a much-improved result.

Detroit Salt Keeps Winter Roads Safe

SINCE MINERS sank a 1060 foot-deep shaft into the 400 million year-old Michigan Basin mineral formation in 1911 right beneath the City of Detroit, the Detroit Salt Company has been raising salt for use nationwide. Back then, salt was a precious commodity, essential for preserving food and tanning leather. Icy roads were hardly a problem, since there were few automobiles.

Since then, refrigeration has transformed food distribution, and synthetic materials have largely superseded leather. But salt has become even more critical and widely used as an indispensable element for our nation's road safety. Harsh winter weather has afflicted the country's temperate regions over the past several years – and freezes are becoming more common even in some southern climes. So Detroit Salt's road treatment products are more in demand than ever, and are delivered by the carload year-round as road maintenance agencies build up their stocks in anticipation of another long, cold winter.

To keep up with demand, dozens of miners and support staff descend a distance equivalent to the height of the Empire State Building, where they use explosives and heavy equipment to reach

ever-further into two thick layers of salt,



which geologists estimate to reach wider than the entire width of the Michigan Lower peninsula – an essentially unlimited resource. Where road salt is in short supply, explains Detroit Salt President Emanuel "E.Z." Manos, "It's not a matter of there not being enough salt. It reflects the challenges in the delivery system when there is unusual demand."

Ironically, you could say that toughest job in the Detroit Salt mine is on the surface. Below, the year-round 60-degree temperature is relatively warm in the midst of Southeast Michigan's deep-freeze winters, and refreshingly cool compared to the region's blistering summer afternoon climes. "Municipalities and highway agencies across the region depend on having adequate salt supplies during the harshest climate events of the year," says E.Z. "Our Conrail crews on the surface are real heroes when it comes to spotting and pulling enough cars, no matter what the weather. We have the utmost respect for them."

Conrail Family Day – 2015 Woodward Dream Cruise

By Kory Johnson, Manager, Field Operations

ON AUG. 15, Conrail Detroit SAA employees, friends and families celebrated Conrail's first-ever local "Family Day" at the Woodward Avenue Dream Cruise – one of the most famous classic automobile events in the country. The Conrail tent was in a prime spot right on Woodward Avenue in Bloomfield Hills, providing Conrailers and their families a priceless view of the thousands of classic cars and trucks parading along the famed Motor City cruising spot.

With over 350 Conrail participants, kids laughing and playing, employees mingling, phat Detroit metal burbling by all day, and plentiful food and beverage, Conrail's first-ever Detroit Family Day was a complete success. For those of you that couldn't make it this time, we look forward to seeing you next year!



Philadelphia/Mount Laurel

Indiana Harbor Belt

By Jonathan Broder, Vice President—Corporate Development and Chief Legal Officer

THE ARCH Street, Philadelphia, Conrail office manages numerous “legacy” properties outside of our three Shared Asset Areas. A little-known fact is that we are the majority owner of one of the main railroads in Chicago – the Indiana Harbor Belt, better known as the IHB. Wait, you may ask, I thought Conrail was only in New Jersey, Pennsylvania and Michigan, and hadn’t been in Chicago since 1999? In fact, before the “split,” Conrail owned 51 percent of IHB stock, and still does today – the other 49 percent is owned by Canadian Pacific Railway.

Along with the Belt Railway of Chicago, IHB primarily provides what is called “intermediate” switching services, which means moving cars from and to the Eastern Class I railroads – NS, CSX – on one end of IHB, and connecting them to and from the Western Class I railroads – BNSF, UP, CP – on the other end (see map). The IHB also provides important auto terminal facilities in the Chicago area, and has a few key customers – particularly in the steel industry – on its lines, whom it serves as a line-haul railroad.

Most of IHB’s real estate is owned by and leased to it by Conrail, and we also provide vital administrative services, such as pension and savings plan support. Since the IHB staff is limited, Conrail is regularly asked to provide varying degrees of additional support. For example, we are assisting IHB in providing legal, environmental and risk management support for a new initiative they are undertaking to construct energy-efficient compressed natural gas facilities in Conrail-owned Gibson Yard to fuel a new generation of locomotives. The program is benefiting from significant public funding. Conrail also is assisting IHB with its property record management, environmental stewardship and emergency management planning.

On the IHB Board of Directors, Conrail’s seats are filled by designees from CSX and Norfolk Southern, while Conrail’s own John Enright has been the long-serving Corporate Secretary for IHB. Headquartered in Hammond, Indiana, IHB was a former New York Central subsidiary which has evolved today into one of the key strategic rail operations in the country.



Mt. Laurel Dispatch Upgrades Facilities

CONRAIL SHARED Assets Dispatching office in Mt. Laurel is undertaking the first major upgrade to its facilities and operational assets since moving to 1000 Howard Boulevard in 1999, along with many of the Conrail core operating functions. In the recent renewal of our lease with Brandywine Realty Trust, Conrail Real Estate Services has negotiated a substantial Tenant Improvement Allowance (TIA). Typically, TIA funds are applied exclusively to “fixed” improvements of the property, such as drywall, paint, carpeting, windows, HVAC, electrical, and plumbing. As a long-time tenant, the Conrail RE team was able to get a substantial portion (35%) of the TIA allotted toward new workspace furnishings that incorporate the latest personal ergonomic and productivity advances.

With the Customer Service Department upgrade completed in March 2014, Train Dispatch will now undergo a similar process, including a complete renovation of the walls, floors, ceilings, as well as new workstations and chairs.

While the more modern facilities will certainly add up to a more comfortable and efficient

workplace, the most significant change won’t be cosmetic, but in the hardware and software tools that are essential to controlling all train movements throughout Conrail’s Shared Asset Areas. “The current hardware has reached the end of its life,” says Assistant Chief Engineer of Communications and Signals Douglas Tracy, “so we are replacing all of the computers and monitors, and equipping them with an upgraded software platform that is compatible with Positive Train Control.”

The physical renovations are scheduled to get underway this coming winter. During the construction phase, Mt. Laurel Dispatchers will relocate to a fully-functioning temporary on-site workspace,

equipped with the current operating system. Once the new facilities are complete, they will train on the new system. Throughout the course of the facilities and systems upgrades, Conrail customers will notice no change in quality of service.



Connections

MOUNT LAUREL/PHILADELPHIA

Retirements

- Clare Kobierowski, Clerical, retired with 42 years of service

Injury-free years of service

- Jaime Leigh McIntire, Customer Service Representative, 5 years of service
- Kristin Winton, Customer Service Representative, 5 years of service
- Oscar Cruz Jr., Rules & Regulatory Specialist, 15 years of service
- John Enright, Director Business Development & Associate General Counsel, 20 years of service
- Allen Richter, Manager Risk Management, 20 years of service
- Louis Sarandrea, Manager Operating Rules & Regulatory Compliance, 25 years of service
- Charles Vogt, Train Dispatcher, 25 years of service
- Paul Desantis, Manager Engineering Compliance, 40 years of service
- William Garrison Jr., Contract Administrator, 40 years of service

First anniversary

- Anthony DiPace, Customer Service Representative
- Jacob Fenno, Assistant Supervisor Structures
- Timothy S. Gardner, Train Dispatcher
- Markus Koltura, Train Dispatcher
- Kelly Large, Crew Dispatcher
- Meghan MacNeill, Customer Service Representative
- Jennifer Small, Customer Service Representative

New hires

- Michael Lake, Management Trainee Finance
- Jocelyn Hill, Assistant General Counsel & Director of Public Affairs
- Rebekah Robbins, Customer Service Representative
- Steven Piscitelli, Customer Service Representative

DETROIT

Retirements

- Randal Bentley, Clerical, retired with 37 years of service
- Craig Harris, Block Operator, retired with 37 years of service

Injury-free years of service

- Troy D'Angelo, Yardmaster, 5 years of service
- Jesse Hanus, Yardmaster, 5 years of service
- Jason Prim, Yardmaster, 5 years of service
- Scott Savoy, Conductor, 5 years of service
- Michael Siuru, Engineer, 5 years of service
- Todd Moriarty, Engineer, 15 years of service
- Christopher Kwiecinski, Yardmaster, 40 years of service
- Danny Liford, Machine Operator, 40 years of service
- James Mooney, Machine Operator, 40 years of service

First anniversary

- Randy Cronenwett, Car Inspector

- Michael Dodge, Car Inspector
- Matthew Eurich, Conductor
- Thomas Gaffney, Car Inspector
- Jason Gordon, Conductor
- Todd Hurd, Conductor
- Joseph Kaminski, Car Inspector
- Chris Kramarczyk, Conductor
- Chad Krupinski, Conductor
- David Ling, Conductor
- Darrick Satcher, Car Inspector

New hires

- Robert Seymour, Conductor Trainee
- Shaun Morrison, Conductor Trainee
- Jarrett May, Conductor Trainee
- Nickolaus Pickett, Conductor Trainee
- Franklyn Young, Conductor Trainee

SOUTH JERSEY

Retirements

- Gary Golden, Bridge Inspector, retired with 35 years of service

Injury-free years of service

- Andrew McPeak, Track Supervisor I, 5 years of service
- Edward Siravo, Engineer, 5 years of service
- Kirk Wunderlich, Machine Operator, 5 years of service
- William Curdy Jr., Director Motive Power, 10 years of service
- Timothy Grzywna, Assistant Supervisor Mechanical, 10 years of service
- James Brasky, Conductor, 25 years of service
- Matthew Joynes, Yardmaster, 25 years of service
- George McNelia, Yardmaster, 25 years of service

First anniversary

- John Dowd, Machine Operator

New hires

- Matthew Nelke, Signal Maintainer Trainee
- Patrick MacDonald, Signal Maintainer Trainee
- Michael Preto, Signal Maintainer Trainee
- James McGinnis, Signal Maintainer Trainee
- Timothy Stubbs, Signal Maintainer Trainee
- Jason Ibarrondo, Carman

NORTH JERSEY

Retirements

- James Boylan, Stevedore, retired with 36 years of service
- Steven Farley, Conductor, retired with 42 years of service
- Stephen Grogan, Stevedore, retired with 40 years of service

Injury-free years of service

- Finley Derek Brown, C&S Maintainer, 5 years of service
- John Couto, Conductor, 5 years of service
- Thomas Jeffrey Dutcher, Service Delivery Compliance Officer, 5 years of service
- Jeffery Early, Radio Maintainer, 5 years of service
- Eric H. Hopkin, Conductor, 5 years of service
- Donovan Hughes, Engineer, 5 years of service
- Matthew Lanzafama, Electronic Technician - Communications, 5 years of service
- John McLaughlin, Conductor, 5 years of service
- Jason Norman, Conductor, 5 years of service
- Wayne Potochar, Engineer, 5 years of service
- Reed Puryear, Electronic Technician - Communications, 5 years of service
- David Reilly, Project Engineer I, 5 years of service
- Amman Ricketts, Carman, 5 years of service
- Mary Sotanski, Manager Auto Terminal, 5 years of service
- Eric Zebrowski, Conductor, 5 years of service
- Steven Moeck Jr., Carman, 10 years of service
- James Tlamsa, Engineer, 10 years of service
- Mark Alpaugh, General Clerk II, 15 years of service

- George Baldwin Jr., General Clerk II, 15 years of service
- Michael Richardson, Conductor, 15 years of service
- Greg Scalcione, Conductor, 15 years of service
- Ronald Martz, Engineer, 40 years of service
- R. Pomponio, Foreman, 40 years of service
- Robert Rose, Director Freight Car Inspection, 40 years of service

First anniversary

- Jorge Dacunha, Trackman
- Matthew Dantas, Trackman
- Felipe De Souza, C&S Maintainer
- Maurizio DeGrande, Conductor
- Mateusz Garncarz, Conductor
- Rory King, Trackman
- Derrick Thurman, Vehicle Operator
- Ryan Wagner, Supervisor Structures

New hires

- Jason Dantas, Carman
- Anthony Baginski, Machinist Trainee
- Jake Zamorski, Electrician
- Dustin Orrick, Carman
- Mark Alpaugh, Stevedore

Connections



Martial Arts Medicine South Jersey's Pat MacNeill Improves Health and Balance Through Tai Chi

By Steve McGinnis

NEARLY ONE-THIRD of American adults have high blood pressure that puts them at risk for dangerous health conditions, according to the Centers for Disease Control and Prevention. Many resort to prescribed medication to maintain their blood pressure, but not Conrail South Jersey Maintenance Foreman Pat MacNeill. He turned to the ancient Chinese martial art of Tai Chi Qigong to combat his high blood pressure, and he's winning the fight.

MacNeill's Conrail career has spanned more than 39 years and, for the past three, he has attended Tai Chi classes several nights a week at Wing Chun Kung Fu & Tai Chi Center in West Berlin, New Jersey.

"The Tai Chi I practice is Qigong, which has martial arts applications, but is used for the internal arts to create flow of Qi and helps clear blockages," MacNeill said. "It is actually taught in Chinese medical schools."

According to the National Center for Complementary and Alternative Medicine, Qigong is believed to relax the mind, muscles, tendons, joints and inner organs, which helps to improve circulation, relieve stress and pain, and restore health.

"I just got my 93-year-old father to start doing it, and I'll probably do it the rest of my life," he said.

He Takes the Cake

Detroit's Patrick Woolridge Shares His Mother's Favorite Delicacies

By Steve McGinnis

WHEN IT comes to raising morale in Detroit, Conductor Patrick Woolridge takes the cake – by actually baking the cakes. He has been a Conrail conductor for 10 years, but his passion off the rails is baking, and he enjoys sharing that passion with his fellow employees.

"It's not the work that makes the job, it's the people you work with," he said. "I can come to work and feel the worst, but when I get here and see the people, within minutes they have me laughing. You tend to want to make people happy if they make you happy. So, every once in a while I'll bring a cake to work. They enjoy it, and it makes me enjoy the day even more because I was able to make them happy."

Woolridge began baking as a young boy – he was one of eight children – to assist his mother prepare for large family gatherings.

"All of these cakes are to be shared in the same way my mother shared them," he said.

His cakes are so well loved among his colleagues that several were raffled as prizes for Detroit's Woodward Dream Cruise Family Day in August.

Woolridge attributes his talents to the love and devotion his mother put into every cake she baked, and every smile his cakes bring to those around him is his way to keep her memory alive.



A Mission of Faith

North Jersey's Patrick Maturo Brings Devotion to Guatemalan Villagers

By Steve McGinnis

NORTH JERSEY Yardmaster Patrick Maturo has dedicated 36 years of his life to working on the railroad in various roles. However, for the past four years, he has devoted his personal time and finances to the impoverished people of Guatemala. He makes the challenging journey with the Front Lines Mission to villages so remote that the inhabitants still speak a Mayan dialect. There, the missionaries provide medical attention, supplies, food, clothing and the word of God.

Maturo assists the various construction, evangelical, cooking and medical teams throughout the mission's course. He also provides entertainment for local children by performing magic tricks that have made him a fan favorite.

"Some of the local kids who live around the compound we stay in remember me from previous years, and once they see me they run to me chanting 'Magic! Magic!'" he said.

Although the journey is arduous due to the remoteness of the villages and the lack of amenities, Maturo looks back at each of his trips as rewarding and heart-lifting.

"It's an enlightening experience," he said. "After something like that, you truly appreciate everything you have back at home. It really puts life into perspective."



South Jersey Shared Assets Area

RETARDER TOWER

PAVONIA YARD

SOUTH JERSEY SAFETY AND PERFORMANCE METRICS

Customer Focus:

Kinder Morgan

KINDER MORGAN (KM) is the largest energy infrastructure company in North America, distributing petrochemicals and other material via a network of 165 terminals. KM's Philadelphia Terminal comprises 94 tanks ranging in capacity from 119 barrels to 100,000 barrels — one barrel equals 42 U.S. gallons — for a total location storage volume of 1,187,999 barrels — nearly 500 million gallons. The terminal distributes ethanol and industrial liquids to keep the region's refineries, processors and manufacturers supplied with essential fluids. Conrail delivers about 6,500 tanker cars per year — more than 206 million gallons — of various fluids. With additional volume arriving in tanker ships and thousands of trucks, quick turnaround at the terminal is crucial.



Kinder Morgan Philadelphia Terminal Operations Superintendent Jay Costello highlights KM's commitment to safety.

Ethanol is one of the highest volume items of the 15 fluid types generally handled at the terminal. Sixty percent of the ethanol ships from Indiana by an 80-car unit train arriving at least once per week. With limited unloading facilities and a constant press to return empties to the producer, Conrail crews have to work within a very limited envelope of time and space.

When the ethanol train arrives at Conrail's Port Richmond Yard, there's no time to lose. Crews cut 20 cars from the train, pull them to the terminal, switch them onto KM's three tracks and spot them at the assigned ethanol draw spots. Each draw spot is assigned to a particular fluid class, and any unintended mixing can spoil hundreds of thousands of gallons, potentially hampering the terminal's ability to serve its customers. For that reason, train crews work precisely to spot cars at the correct draw station, which requires on-site switching.

Unloading each 20-car cut takes 12 hours. Pulling the empties back to Port Richmond and spotting the next 20 requires three hours. Thus, the four spots and turnarounds require 60 hours total, corresponding with the time limit specified by the shipper. Keeping that aggressive schedule requires three Conrail crews working round the clock. Timing is tight to the minute. In September, three consecutive trains made the 60-hour limit for the first time.

"The 60-hour goal for the ethanol trains is aggressive," said KM Operations Superintendent Jay Costello. "It doesn't take much to overrun it. A pump glitch can take a few hours to sort out. Our crews and the Conrail people work together so well that most hang-ups don't even cause a blip."

Philadelphia Belt Line Improvements

TO SUPPORT the expansion plans of existing customers along Philadelphia's Port Richmond waterfront, Conrail initiated an extensive trackage upgrade on the northern section of the Philadelphia Belt Line Railroad. The recent renewal of the operating lease between Conrail and the Philadelphia Belt Line Railroad Company provided the right moment to address the expected demands of the area's promising future.

"We are making a significant investment to support expanding business opportunities along the Belt," said Conrail Assistant Chief Engineer Eric Levin.

The project will see all track assets between Allegheny Avenue and Frankford Creek substantially improved. The project will include new welded rail, tie renewal, replacement of all existing switches with new steel tie turnouts, out-of-face surfacing and rehabilitation of multiple grade crossings.

The first beneficiary of the program is longtime customer Kinder Morgan. By extending the passing siding between Castor Avenue and Lewis Street to 27 car-lengths, Conrail can more efficiently spot KM's terminal and allow it to more rapidly digest unit ethanol trains. Working in partnership with KM to relocate their driveway

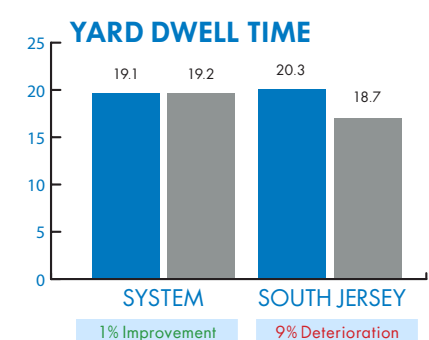
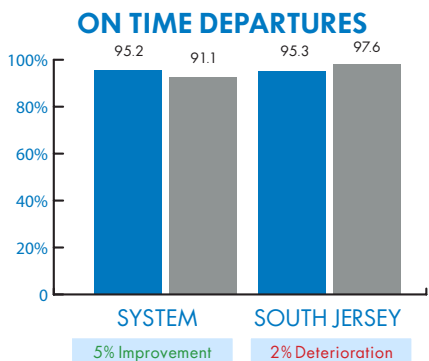
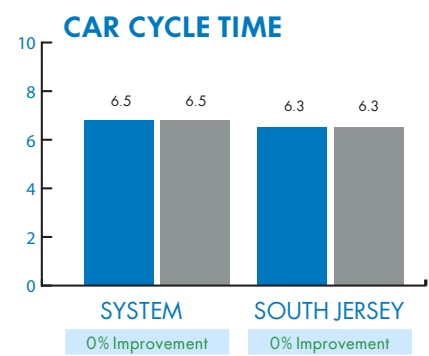
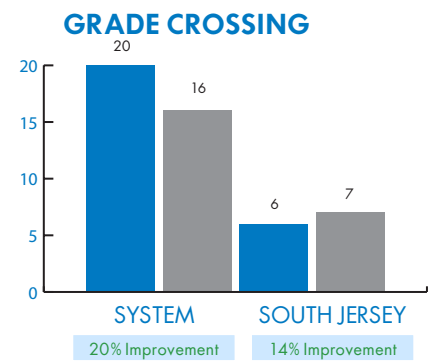
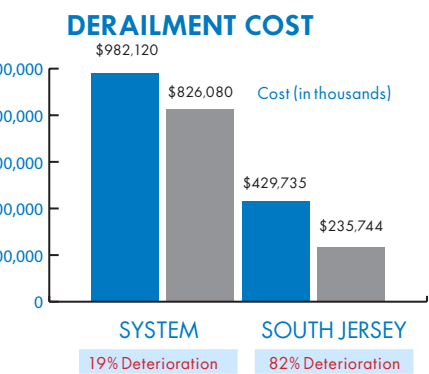
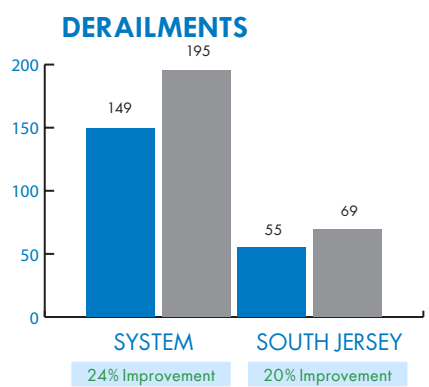
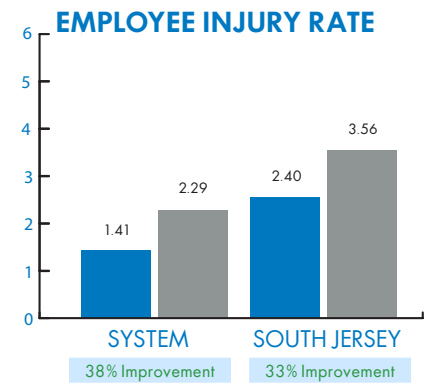


The new Castor Avenue crossing, looking south

and grade crossing has allowed us to alter track geometry leading into their facility to better handle today's equipment. Other area customers, including the Tioga Marine Terminal and Fibria (imported eucalyptus pulp), also will be beneficiaries of the improved physical plant.

With a much-improved rail infrastructure, Conrail is well-positioned to meet the current and anticipated customer demand in this area of the Port of Philadelphia.

Oct. 2015 YTD Oct. 2014 YTD



South Jersey Employee Appreciation Day at Pavonia Yard



Bruce Paterson



Bruce Paterson



Bruce Paterson

North Jersey Shared Assets Area

RECEIVING YARD
TRACKS 1-9



Conrail Serves Global Container Terminal – New York

ONE OF Conrail's strategic customers in the North Jersey Shared Assets Area is Global Container Terminal – New York (formerly known as New York Container Terminal "NYCT"). GCT's focus is providing seamless port management services for the large ocean carriers that call on the Port of New York. GCT-NY, along with its affiliate, GCT – NJ in Bayonne, is owned by – of all entities – the Ontario (Canada) Teachers' Pension Plan.

the predecessor of New York Container Terminal.

NYCEDC tendered bids for the operation and management of the SIRR and NYCT. CSX and NS won the rail bid, and designated Conrail to be the SIRR operator, while NYCT was awarded the terminal operation. Since 2007, Conrail and NYCT have worked closely together to provide a safe and cost-effective rail option for the marine container industry on Staten Island, ending a 16-year absence.

The Staten Island operation was the first major expansion of Conrail's service after the Split, confirming our owners' confidence in Conrail's operation. Freight traffic has grown rapidly, and Conrail works closely with GCT-NY to provide efficient service. Rail operations are centered at the SIRR's Arlington Yard, where GCT-NY and Conrail exchange traffic each day.

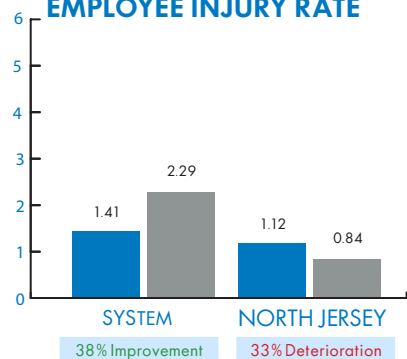
According to John Atkins, President and CEO of GCT, "Our mutual customers are extremely pleased with the service offerings our two companies provide from our Staten Island location. Conrail and GCT partner to offer numerous services and destination options for the carriers that serve the Port, including an express transfer service for apparel shippers and reefer commodities."

The GCT-NY rail operation has brought significant benefits to Staten Island. Not only has it reduced truck traffic on the local streets and the Goethals Bridge, but the \$4.9 million annual payroll directly benefits the local community.

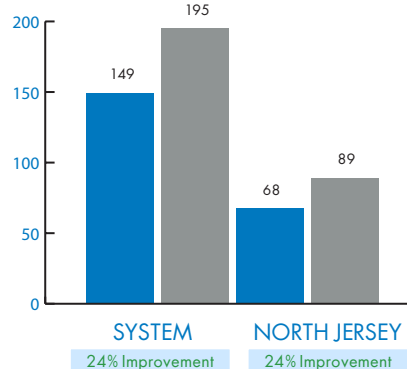
NORTH JERSEY SAFETY AND PERFORMANCE METRICS

■ Oct. 2015 YTD ■ Oct. 2014 YTD

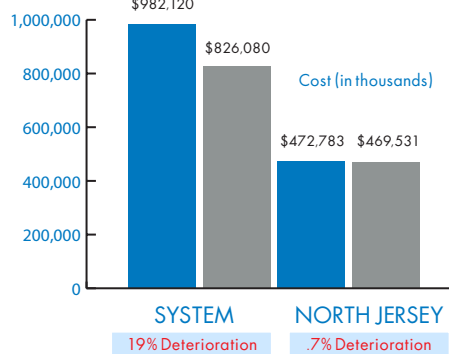
EMPLOYEE INJURY RATE



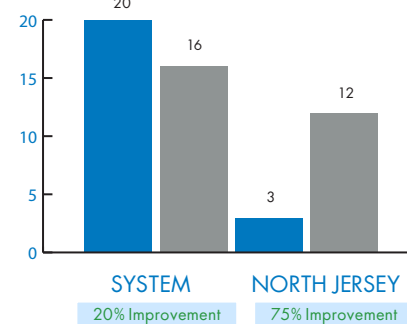
DERAILMENTS



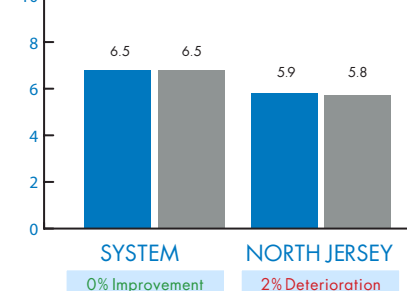
DERAILMENT COST



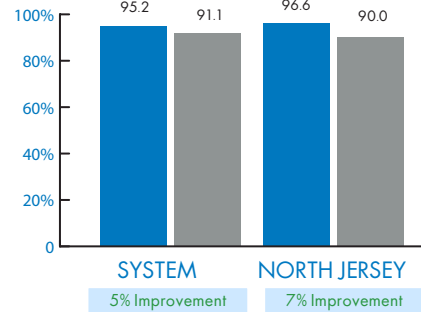
GRADE CROSSING



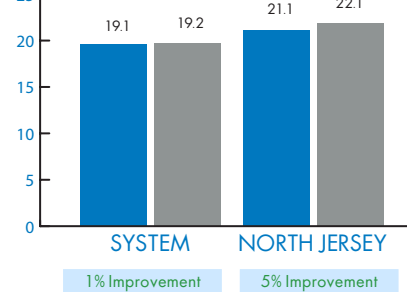
CAR CYCLE TIME



ON TIME DEPARTURES



YARD DWELL TIME



Newark Bay Bridge Operation Consolidation

AS ONE of the busiest harbors in the world, Newark Bay and its tributaries (Kill Van Kull strait, Hackensack, Passaic and Arthur Kill Rivers) serve heavy round-the-clock marine traffic, and are crossed daily by dozens of freight and passenger trains. To ease inbound and outbound congestion, simplify communications with Mt. Laurel Dispatch, coordinate rail and marine traffic, and expand local freight service, Conrail has consolidated the operations of three key drawbridges.

Previously, the "Hack" Lift (Harsimus Branch) and the Upper Bay Bridge ("UB") were actuated by individual control room operators. Upon receiving a communication from an approaching vessel, they would, after train dispatch approval, raise the bridge. Meanwhile, the Arthur Kill Vertical Lift ("AK") had stood raised since the suspension of Staten Island freight service in 1991.

Restoration of freight service to Staten Island necessitated the re-commissioning of the AK, which has the longest railroad vertical lift span in the world, and sees as many as 500 vessels pass under each week. Following a \$9 Million rehabilitation, the re-commissioned AK now stands raised, and is lowered for no more than 30 minutes several times daily for train movements.

Sophisticated communication, technology and training are the elements of a fail-safe, single-point actuation process for the three bridges. In the Upper Bay central operations control room, nine monitors, connected to dozens of video cameras provide real-time "360-degree" views of each bridge, while live communication with Conrail Dispatch offices and the Coast Guard Vessel Traffic Service track all movement on rail and river.

Back-ups and hazards at the AK are avoided by a complex alert protocol established in conjunction with the Coast Guard. Ninety minutes prior to the AK's scheduled closure, the Conrail bridge operator issues a marine broadcast that repeats every 15 minutes and then at ten and five minutes prior to the lowering. A vessel needing more time to reach the bridge before it is lowered can request a delay within 30 minutes of the initial broadcast.

With so many "moving parts," safely orchestrating the Newark Bay bridge network requires technical competence, excellent communication, and good decision-making. "You can have three hours where hardly anything happens," explains Block Operator Frank Estevez, "and in the next half-hour the bridges are going up and down like hotel elevators in response to the needs of rail and marine traffic."

North Jersey Employee Appreciation Day at Oak Island



Continuing Education Assistance

CONRAIL SUPPORTS every employee's ambition to grow in their Conrail career by offering generous financial assistance to pursue their secondary education, or to gain valuable new professional skills. Through the Continuing Education Assistance Program, eligible Conrail employees can claim reimbursement for up to \$6,000 per calendar year for business-related education. Reimbursement is based upon adherence to Continuing Education Assistance policy guidelines, including supervisor's coursework approval, expense eligibility, satisfactory completion of courses, and valid application.

Highlights Include:

- Active full-time employees who have completed at least one year of continuous service are eligible.
- Courses must be offered by an accredited college, university, or public vocational school.
- Prior approval must be obtained from Department Head
- Courses must be business-related, i.e., applicable to the working requirements of Conrail, CSX, or NS. Undergraduate, graduate, certificate, technology, and credit-equivalency courses all have specific eligibility criteria and limitations.
- Reimbursement program is valid for up to two (2) courses per semester or quarter, PLUS required laboratory courses.
- Reimbursable costs include tuition, required textbooks, and laboratory fees.
- Reimbursement will be made after successful completion of the course with a minimum grade of "C," "Pass," or "Satisfactory."

Eligibility, application, and reimbursement criteria are specific and complex. This summary is not intended as a thorough description of the program requirements. To assure that you are meeting all requirements to qualify for reimbursement, review the full policy Conrail SA Order, AD 0.17, which can be requested from the Superintendent's Office, Human Resources, or online at www.conrail.com/employees/.

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Conrail news for you.

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Conrail in the Community

Working With the New Kensington CDC

By Rachael Crandley, Assistant Director of Business Development and Planning

AS PART of a continuing effort to work with the communities through which our railroad runs, Conrail has launched efforts to work hand in hand with local organizations. In particular, we have had great success in our endeavors with the New Kensington Community Development Corporation (NKCDC), whose mission is "to strengthen the physical, social and economic fabric of the community by being a catalyst for sustainable development and community building." NKCDC has over 30 years of experience working with various corporate sponsors and utilizing government funding to help promote their mission. They approached us in 2012 and asked if we could help them with their most recent project.

NKCDC identified their "Lehigh-Somerset Project" area as the land surrounding the Richmond Industrial Track between Kensington and Frankford Avenues in North Philadelphia. For those less familiar with it, the Richmond IT is elevated as it leaves Port Richmond Rail Yard at its eastern end, running west. It is at grade in the NKCDC project area between Kensington Street and Frankford Avenue near the "L" subway line on Septa, and then goes into the cut where it continues until it reaches the Brewerytown neighborhood above the Art Museum area northwest of Center City Philadelphia. There have been constant issues for both the railroad and the local community where the track is at and below grade, as drug traffickers have long used this stretch of Conrail's property as a place to cross the tracks and perpetuate a serious



Proposal rendering of a revitalized greenspace along Lehigh Avenue.

local drug trade and illegal dumpers continuously trespass and dump material on the railroad.

By working with Conrail, NKCDC was able to obtain a land lease to allow them to conduct a major site clean-up and erect a special fence that has prevented the continuance of this illicit activity. The ordinary looking chain-link fence has been especially effective because of its structure – it slouches and is topped by barbed wire, so anyone trying to climb over it risks major injury.

Conrail has also provided significant funding to NKCDC at a very low cost to the company by utilizing state tax credits through the Neighborhood Assistance Program (NAP). In 2012, we made a five-year funding commitment, and with these

funds, NKCDC has been able to start the process of revitalizing the neighborhood and even plans to move their offices to an abandoned building within their study area. In addition, this year Conrail agreed to supplement its participation in this program by increasing its funding to help provide LED lighting which enhances both area aesthetics while at the same time helping secure the neighborhood.

The type of community involvement outlined here has been beneficial to everyone involved. It benefits the neighborhood, but also benefits Conrail by confirming our commitment to being a good corporate citizen, letting local residents and politicians know that we want to be a positive presence in their community.