**Unilateral change in leave qualifications leads to walkout**

Over 8,000 members of the Brotherhood of Locomotive Engineers went on strike on January 27, bringing the largest railroad in North America to a halt. BLES strike against the Union Pacific Railroad began at midnight on January 27 and paralyzed the railroad’s 38,654 miles of track in 23 states. The strike was triggered by UP’s imposition of new qualification standards for personal leave days for engineers.

BLE International President Edward Dubroski said the job action was “something we were forced to do. Union Pacific chose to unilaterally impose new working conditions on locomotive engineers, in defiance of federal law.”

**The Union Pacific dispute and safety**

The BLE’s January 27 strike of the Union Pacific Railroad (UP) comes in the wake of a series of increasingly aggressive steps by the railroad, which threaten to compromise the safety of its workers. UP management has drastically reduced the ability of BLE members to take much needed rest days from work. These rest days are essential, as they greatly reduce the risk of on-the-job fatigue-related accidents and injuries.

Many locomotive engineers are on call 24 hours a day, seven days a week, and often are required to work shifts for over 12 consecutive hours, although train operation beyond 12 hours is forbidden by federal law. Thus, guaranteed rest days provide a key countermeasure to fatigue.

Since January 1, however, UP management has drastically reduced the number of engineers on those boards. This has lowered the ability of BLE members to take much-needed rest days from work.

**Labor coalition launches 2001 campaign for Railroad Retirement Reform**

In issuing the Restraining Order, U.S. District Court Judge Lyle Strom preliminarily ruled that issue was a “minor” dispute, which is subject to binding arbitration under the provisions of the Railway Labor Act.

Commenting on the court ruling, BLE President Dubroski said, “While we do agree with the court, and are confident that our legal position ultimately will prevail, we will respect the court’s order. Right now, my strongest feeling is one of great pride and respect for the men and women we represent on the Union Pacific, and they way they defended their contractual rights.”

**What’s Inside**

- Page 2: BLE State Update and legislative news briefs.
- Page 3: BLE battles paycheck protection bill in North Dakota state legislature.
- Page 4: Summary of financial aid available to children of BLE members.
- Page 5: Carriers report mixed results in fourth quarter of 2000 income statements.
- Page 8: BLE Calendar, Advisory Board activity reports.
FRA issues statement on railroad bridges

The Federal Railroad Administration has issued a final statement of policy that ensures the structural integrity of bridges that carry railroad track. This statement of policy contains guidelines for the proper maintenance of railroad bridge structures. It is meant to be advisory in nature. The owner of a bridge that carries railroad tracks is responsible for compliance. The guidelines provide that a bridge’s safe capacity should be determined, loads should be considered to exceed the bridge’s capacity, bridge records should be kept, and bridges should be inspected periodically including underwater inspections where appropriate. A special bridge inspection should be performed after certain occurrences such as a flood, earthquake, derailment or unusual impact.

NTSB report says rail deaths declined in 1999

The National Transportation Safety Board reported that railroad fatalities declined in 1999 while total U.S. transportation-related fatalities remained level compared to 1998. Rail fatalities declined from 831 to 805 on the strength of a large drop in pedestrian fatalities associated with intercity rail operations. However, fatalities occurring on light rail, heavy rail and commuter rail rose from 192 to 218. Deaths among passengers on trains rose from four to 14.

Legislative Update

The US Department of Transportation has awarded a $34 million contract for positive train control testing.

DOT signs $34 million contract for positive train control testing

The US Department of Transportation has awarded a $34 million contract to a team lead by Las Vegas-based Martin Corporation to develop and deploy a Positive Train Control (PTC) system on a 120-mile section of the Chicago to St. Louis high-speed rail corridor. The system will enable Union Pacific’s Omaha control center to monitor real-time location of trains. When dispatchers authorize train movements over specific routes, computers will assure that operations are safe and will

issue movement instruction to trains over the digital radio network. A computer on each locomotive will display the permitted movements to the engineer and stop a train if operations contrary to the dispatcher’s plan are attempted.

The contract award is being made through the North American Joint Positive Train Control Program, a partnership between FRA, Illinois DOT and AAR.

AFL-CIO aided working families on election day

Thanks in part to the AFL-CIO’s participation this year in the AFL-CIO Labor 2000 Program, organized labor was successful in registering more members, educating members on the candidates’ positions and mobilizing a bigger get-out-the-vote effort than ever before. Nationwide, labor votes turned around key races and won seats for candidates who backed working families. In addition, union members were able to ensure voters to defeat all anti-union state ballot issues, including a number of paycheck deduction measures. The success was due, in part, to the excellent work by AFL-CIO State Legislative Boards and Division Legislative Representatives and the support of the AFL’s International Officers.

FRA publishes final rule on power brakes

On January 17, FRA published its final rule on a new Power Brake regulation, three days prior to the end of the Clinton Administration. The final rule is to take effect on April 1, 2001. Therefore, FRA’s Power Brake rule is one of the last-minute Clinton Administration regulatory actions that is expected to be reviewed by the new Bush Administration. The next step will be to say what action, if any, the Bush Administration takes following its review of the final rule.

California moves ahead with bullet train plans

Brother Tim Smith, SLBC-GA, reports that the dream of a bullet train advance when California’s High Speed Rail Authority awarded contracts for engineering and environmental studies. These studies will examine how a statewide high-speed rail network between the Bay Area and Los Angeles can be built. The studies are part of a $25 million, three-year undertaking that will propose a route and station locations for the 700-mile system, as well as recommending how the system will be constructed and operated.

FRA freezes reporting threshold for accidents

The FRA stated that there will be no change in the reporting threshold for 2001. The monetary threshold for reporting railroad accidents/incidents involving railroad property is currently $6,600, and will remain the same level for the coming year.

Safety advisory issued for intermediate signals

FRA has issued a safety advisory addressing recommended replacement of certain components in Harmon Industries’ “Electro Code 4” and “Electro Code 4 Plus” intermediate signal units. The post-accident investigation of a March 25, 1999, collision of a NS freight train with a Conrail freight train in Butler, Ind., revealed that an intermediate signal in the vicinity of the accident would not respond in dark. While it has been determined that the signal malfunction did not contribute to the accident, the malfunction was further investigated by the FRA, the NSDI and Harmon Industries, manufacturer of the signal control equipment.

The investigation revealed that certain modules in Electro Code 4 and Electro Code 4 Plus intermediate signal units can contribute to intermittent dark signal occurrences. The problem relates to 211S, 211SRP and 212A modules.

Remote control data

For the next five years, railroads will indicate whether a remote control device was involved with any accident or incident reported to the FRA. FRA has directed registrants to merely existing instructions for accident/incident reporting forms to use the “Special Study Block” (SSB) on the forms to capture (with coded letters) data pertaining to accidents/incipents which involve remote control devices.
BLE battles state paycheck protection bill

BLE members are joining forces with other unions to stop a paycheck protection bill introduced in the North Dakota House of Representatives in mid-January. House Bill 1337 is an attempt to silence working families. The highly controversial paycheck protection bill, known as “paycheck deception” to unions, would require labor organizations to obtain written approval from each individual member before using dues money for political purposes. The measure would handcuff labor unions and cost them millions of dollars per year in paper work and red tape. These restrictions on labor unions would give unfair political advantages to corporations.

BLE North Dakota State Legislative Board Chairman Mike Museha said union members may have a tough time stopping the legislation because Republican leaders in both the North Dakota House and Senate are sponsoring HB 1337. Other Democratic Gulf members have already flooded the state Capitol’s Memorial Hall in Bismarck on January 24 to protest the legislation. The protesters called HB 1337 nothing more than an attack on the rights of working families and a blatant violation of their First Amendment rights to have ongoing communication with their unions.

North Dakota House Majority Leader Wes Belter (R-Leonard) and Senate Majority Leader Gary Nelson (R-Casselton) are sponsoring HB 1337. The primary sponsor of the bill is Rep. Blair Thorenson (R-Fargo). Other legislators sponsoring the bill are Rep. George Keiser (R-Bismarck), Sen. Jerry Klein (R-Fessenden), and Sen. Bob Stenehjem (R-Bismarck).

Chairman Museha asks BLE members in North Dakota to immediately contact the following members and ask for a “do not pass recommendation” on HB 1337. BLE members should call them at: (800) 635-3447, or in Bismarck, at: 328-3373.

• Al Carlson (R-Fargo, Dist. 41)
• David Drobida (R-Armengard, Dist. 39)
• Gil Herbel (R-Grafton, Dist. 16)
• Gary Nickel (R-Woods, Dist. 15)
• Dennis Renner (R-Mandan, Dist. 31)
• Ray Wikenheiser (R-Linton, Dist. 29)
• Mike Brandenburg (R-Ridgeley, Dist. 26)
• Earl Remberfeld (R-Williston, Dist. 1)
• Ed Lloyd (R-Grand Forks, Dist. 19)
• Byron Clark (R-Fargo, Dist. 44)
• Mike Grosz (R-Grand Forks, Dist. 42)
• Scott Kelsh (D-Fargo, Dist. 11)
• Arlo Schmidt (D-Maddock, Dist. 12)
• Joe Kroeber (D-Jamestown, Dist. 48)
• Lonny Wintich (D-Grand Forks, Dist. 18)

For more details on this attempt to silence working families in North Dakota, please call (701) 250-9472 or (701) 223-0778.

In addition to battling HB 1337, members of the BLE North Dakota State Legislative Board are busy with two other pieces of legislation. The first, Senate Bill 2539, would provide mandatory counseling and up to three days of leave for railroad crews following on the job critical incidents. The second, Senate Bill 2590, would require that railroad crew transportation providers carry a minimum of 84 million of underinsured/uninsured motorist coverage.

Still time to register for New Jersey Compliance Class

There is still time to register for BLE Compliance Classes in Newark, N.J., on March 22-24. All secretary-treasurers who plan to attend this training session must register with Dr. Elaine Reese of the BLE International Division at (216) 241-2630, extension 243, or via the internet at: <reese@ble.org>.

The March 22-24 class will take place at the Ramada Inn-Newark. The number for hotel reservations is: (877) 824-4000.

During the two-and-a-half day session, members will learn proper record keeping techniques, computer applications, methods for filing various Department of Labor reports, Railroad Retirement forms, as well as Federal tax returns. NTs are asked to bring their own calculators to the classes.

Additional copies of IRS forms can be downloaded from the IRS website, www.irs.gov. To find the forms, go to “forms and publications.” A free copy of Adobe Acrobat is available for printing and viewing the forms.

On a related note, Dr. Reese reports that the Department of Labor has introduced a new LM Report to begin preparing for online filing. The information required is the same but the format in which it is required is different.

One major change is that the new forms are machine readable; therefore, every green line must be filled out, even if there is no entry.

Write zero (“0”) in the right column of the lines which you do not have an entry. If any items (green lines) are left blank, then you may receive the report back as not filled, so make sure to fill out every (green) line.

BLE, rail score win in Herzog suit

The U.S. District Court for the District of Columbia has upheld the decision of the former U.S. Secretary of Labor Alexis Herman to enforce section 13 (c) of the Federal Transit Act. Herzog Transit Services had sought to bid on the operation of Bay Transit Authority’s commuter rail services in the San Francisco area without being regulated by 13 (c).

The BLE, along with the Firemen and Oilers, IAM, IBEW, TCU, and UTU, intervened in support of the Labor Department, and were granted intervenor status in mid-December.

The provisions of 13 (e) authorize the Secretary of Labor to condition certification of bids in order to protect collective bargaining and workers’ rights. The court ruling held that this was a “fair and equitable” provision.

“This is the second major victory for rail labor against anti-union commuter service providers in less than a year’s time,” said BLE President Edward Dubroski. “My thanks go out to the officers and members of the BLE who helped us secure this win.”

BLE cites serious safety concerns in recent disputes with Union Pacific

Dispute and Safety

Continued from Page 1

no longer qualify for personal leave days.

“Unfortunately, the Railway Labor Act gives railroads wide latitude to abuse workers, but this latitude is not without limits,” Dubroski said. “Union Pacific stepped way, way over the line when it effectively stole these personal leave days by changing the qualification requirements. The proper way to avoid this is for the union to enforce the law upon us to bargain for it. In fact, we have been in negotiations since November 1, 1999, and the subject was never raised. We cannot back down in the face of a potential safety threat to our members.”

The BLE will continue to focus on attempts by UP to improve its bottom line at the expense of safety.
Financial aid available for 2001-02

• Joint Craft Scholarship
  deadline April 1

A Joint Craft Scholarship is now available through the Brotherhood of Locomotive Engineers to college-bound children of all railroad operating crafts. “To my knowledge this is the only scholarship program that covers all craft lines and is available on any railroad,” BLE Burlington Northern-Santa Fe General Chairman John D. Mullen said.

The scholarships are available to children of employees working on any railroad represented by any railroad union currently covered under the Federal Employers’ Liability Act. It provides financial aid to children of active, retired, or deceased railroad employees who would be unable to attend college without financial assistance. Established in 1965 by Brother Mullen and other dedicated BLE members, the Joint Craft Scholarship Program has since offered dozens of awards.

Intended to provide financial assistance to children who otherwise wouldn’t be able to attend college, the scholarship offers several awards ranging from $500 to $1,000. “There are no stipulations if you are already attending college or are just starting out,” Mullen said. “The Committee focuses more on the applicant’s financial need rather than his or her academic performance.”

Completed applications must be received by April 1. Applications will be reviewed and award winners determined by the Joint Craft Scholar-ship Foundation’s Board of Directors at their annual meeting held in May of each year. For an application packet, please write or call:

Brotherhood of Locomotive Engineers
General Committee of Adjustment
BNSF/Santa Fe Committee
611 N. Broadway
Joshua, TX 76058
Phone: (817) 426-9003

SWCM scholarships

The Southwestern Convention Meeting awards approximately two dozen scholarships annually, according to SWCM Scholarship Committee Treasurer Leo Srubas.

Applications must be the child of an active, retired or deceased BLE member whose division belongs to the Southwestern Convention Meeting. Applicants must be accepted for admission to an accredited college, university or institution of higher learning. Completed applications must be received by the SWCM treasurer no later than the opening date of each annual SWCM convention.

For further details or an application, write:

Leo Srubas
SWCM Scholarship Chairman
5005 Georgia Drive, Edison, N.J. 08820
(732) 396-5717, or e-mail jjob80@ix.netcom.com.

SMA scholarships

The Southeastern Meeting Association Scholarship Committee annually awards the Geiger-Brendle Scholarships to children of active, retired or deceased BLE members whose divisions participate in SMA.

Check with your division secretary-treasurer to ensure your division participates. The SMA includes divisions located in states east of the Mississippi River and south of the Ohio River and the Mason-Dixon Line.

The SMA scholarship application deadline varies from year to year. Winners are usually selected at the SMA’s annual business meeting held during the convention, which will be June 24-28, 2001. For an application, write:

Ronald L. Perkins
SMA Sec./Treas.
505 Chauncey Avenue
Portsmouth, VA 23707

EUMA scholarships

The Eastern Union Members’ Association provides several $1,000 scholarships each year based on academic excellence and financial need.

To be eligible, the applicant must be the child of a BLE member (living or deceased) of a division currently participating in the EUMA. Applicants must provide a copy of their SAT scores, their college admission papers, and a copy of their last marking period or grades for the last semester completed. Incomplete applications won’t be accepted.

The deadline varies from year to year. To obtain a scholarship application, contact your local EUMA division officer or write:

Gary Brink
12 Kellogg Ave.
Port Jervis, NY 12771

• Applications due April 1 for GIA, GIA-IWC

The Grand International Auxiliary to the BLE offers $1,000 scholarships annually to help the children of BLE members realize their goals in life. Last year the GIA awarded five such scholarships to college-bound students. However, there are two very strict guidelines that must be met in order to be eligible.

First, the applicant must be a son or daughter of both a GIA and BLE member (living or deceased), with each being a member for at least two years.

Second, the applicant must be enrolled or accepted for enrollment in an accredited university, college, or school of higher learning.

In order to continue to be eligible for the GIA-IWC scholarship beyond the first quarter and/or semester, the recipient must maintain satisfactory academic status. If the applicant is a graduate student or returning to school as a sophomore, junior or senior, he or she must have a 3.0 grade point average or better to be considered. Finally, the applicant must have been accepted to an accredited school.

Deadline for the GIA as well as the GIA-IWC joint scholarships is usually April 1 of each year.

Applications are available through your local GIA auxiliary or BLE division. Members-at-large may obtain applications by writing:

Betty Clary
GIA Grand Secretary
P.O. Box 361
Manchester, GA 31816

• BLE Divisions offer assistance

• BLE Division 209 (Jamaica, Long Island, N.Y.) offers two $500 scholarships to its members whose children are already enrolled in college. Participation is limited to members of Division 209 only.

• Two $500 scholarships are available to children of members in BLE Division 57 (Boston, Mass.). These scholarships will be awarded to high school seniors who are going on to higher education, and will be awarded based on their scores on a labor history exam, administered by the Massachusetts AFL-CIO, said Div. 57 Secretary-Treasurer WH. Nutter. By taking the exam, students also become eligible for eight more scholarships through the Massachusetts AFL-CIO. This scholarship competition is open to all children of BLE members living in Massachusetts. For details, contact Brother Nutter at: S3 Main St., Northfield, MA 01345-915, or e-mail whnutter@yahoo.com.

• BLE Division 11 (New York, N.Y.) awards a scholarship annually to a child of any active member of its division in the amount of $500. The deadline for application is the Division’s August meeting.

• BLE Division 11 Secretary-Treasurer J.J. Raia, at 20 East Drive, Edison, N.J. 08820, (732) 396-9076, or e-mail jjob80@ix.netcom.com.

Assistance available from BRCF

The Brotherhood’s Relief and Compensation Fund sponsors the Luther G. Smith Scholarship Program. Applications are available only to the children, stepchildren and adopted children, age 27 and younger, of active or retired BLE members who are in “Good and Regular Standing,” as defined by the BRCF Constitution.

Financial aid is provided to winners of the Luther G. Smith Scholarships for so long as they maintain continuous post-secondary education at an accredited school. The award level can be from $500 to $1,000 (4.0 grade point average), or $700 to $1,500 (3.5 grade point average), or $1,000 to $2,000 (3.0 grade point average).

Applications for the scholarship award must be reviewed and award winners determined in March 2001. If you have any questions, please contact Norann Kaufman of the BRCF at (609) 253-7060. For more details, you can visit the BRCF website at www.brcf.org, or write:

Brotherhood’s Relief & Compensation Fund
2150 Lingettsville Road
Harrisburg, PA 17110

BLE NEWS
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Burlington Northern-Santa Fe

Burlington Northern Santa Fe reported fourth quarter 2000 earnings which were 6 percent lower than fourth quarter 1999 earnings.

Revenues of $2.34 billion for the 2000 fourth quarter were $51 million lower than the prior-year period. Operating earnings of $1.8 billion were $8 million higher than the 1999 fourth quarter. Fuel expense was $75 million higher than 1999, despite a 3 percent decrease in consumption. The average cost of diesel fuel per gallon, excluding hedge effects, increased 34 cents to $1.06. Overall expenses, excluding fuel, were down by $67 million, or 4 percent primarily a result of lower environmental and incentive compensation expenses.

Operating income was $544 million for the fourth quarter 2000 compared with $603 million a year ago. The operating ratio increased to 76.5 percent for the fourth quarter 2000 compared with 74.5 percent in 1999. •

CSX Transportation

CSX Transportation reported earnings of $54 million, or 26 cents a share in the quarter. The results were an improvement from the year-earlier quarter, when it earned $44 million, or 20 cents a share, excluding one-time items in that period.

The company did not follow the path of eastern competitor Norfolk Southern Corp. and Union Pacific Corp., which announced staff cuts in response to declining freight levels. Nor did CSX give any specific earnings forecasts for the current quarter or year.

The company’s revenue fell 22% in the quarter to $2.6 billion from $2.8 billion. But almost all of that is due to the loss of revenue from Sea-Land, which was included in the year-earlier results. Rail revenue stayed essentially flat at $1.8 billion in both the most recent quarter and year-earlier result.

Fuel costs at CSX Transportation rose 49% to $168 million. But the contain-

ment of other operating expenses at the railroad meant that its ratio of operat-

ing expenses to revenue actually improved slightly to 88.7% from 89.1%, when $55 million in severance costs are excluded from the year-earlier results. Rail-

roads historically shoot for an operating ratio in the 50% range.

The company’s results in the fourth quarter of 1999 were hurt by service problems at the railroad due to the integration of half of Conrail into its system earlier in the year, along with damage to track from Hurricane Floyd in Septem-

ber 1999. •

Kansas City Southern Industries

Kansas City Southern Industries, Inc. reported fourth quar-

ter 2000 income from continuing operations of $36.8 million, a stark improvement when compared to a loss of $7.2 million in the fourth quarter of 1999.

This $10.8 million improvement resulted primarily from an increase in U.S. operating income of $8.6 million, a $6.1 mil-

lion increase in equity earnings related to Grupo Transportacion Ferroviaria Mexicana, S.A. de C.V., and a decrease in interest expenses of $2.5 million, somewhat offset by a decline in income tax benefits.

KCS’s consolidated fourth-quarter 2000 revenue decline of $16.9 million (11.1%) was more than offset by a $23.7 million reduction in operating expenses, result-

ing in improved operating income. Fourth quarter 1999 included $12.5 million of non-recurring unusual costs and expenses.

For the year ended Dec. 31, 2000, income from continuing operations, before extraordinary items, increased $15.2 million (14%) to $25.4 million, or 43 cents per diluted share, from $10.2 million, or 17 cents per diluted share, for the year ended Dec. 31, 1999. •

Union Pacific Corp.

Union Pacific Corp. reported fourth-quarter net income of $229 million, down from $242 million a year earlier. The 2000 figure included an after-tax charge of $72 million for costs related to work force reduction.

Operating income in the quarter, excluding the Overnite Trans-
portation trucking subsidiary, declined to $438 million, excluding the work-force-reduction charge, from $499 million a year earlier. Overnite’s fourth-quarter special income surged to $16 million, after a $12 million oper-

ating loss a year earlier. Freight revenue, up 6% to $274 million from $259 million. Union Pacific Railroad’s commodity revenue increased 2% in the quarter to $2.6 billion. Intermodal revenue rose 9%, while automotive and energy shipments increased by 7%.

For the year, UP reported net income of $842 million, up from $810 million a year earlier. Income from continuing operations jumped 17% in the year to $814 million from $703 million.

“In 2000, our unparalleled rail franchise and our well-balanced commodity mix allowed us to successfully meet the needs of our customers and produce solid financial results,” said UP Chairman and CEO Dick Davidson. •

Canadian National Railway

Canadian National Railway’s fourth-quarter income rose 11% to $237 million Canadian dollars (US$153 million) from C$213 million (US$140 mil-

lion) on a large number of shares, in the compara-

ble 1999 period.

Revenue and carload volume in the final quarter of 2000 were relatively flat at US$820 million and 949,000, respectively, as the North American economy slowed noticeably. The railroad managed to reduce expenses in the period by 3% to US$630 million, offsetting a significant increase in fuel prices.

Operating income in the fourth quarter rose 8% to US$200 million, and the ratio of operating expenses to revenue, a key measurement of railroad operat-

ing efficiency, improved by 2.4 points to 69.3%, the lowest of any major railroad in North America.

For the full year, operating income increased 12% to US$1.1 billion, and the operating ratio improved 2.4 points to 69.4%.

Canadian Pacific Railway

Canadian Pacific Railway’s fourth-quarter earnings jumped to US$170 mil-


Overall, the railway’s parent company Canadian Pacific Ltd. earned a record 1.5 billion Canadian dollars (US$1.2 billion) for the full-year 2000, more than double the US$889 it earned in 1999.

CP had its fifth consecutive year of record operating income, aided by cost reductions and increased revenue. Freight revenue was up 4%, with all com-

modity groups showing gains, while operating expenses increased just 3% de-

spite an increase in volume and sharply higher fuel prices. The ratio of operat-

ing expenses to revenue, a key indicator of railroad operating efficiency, im-

proved 1.3 points to 76.9% from 78.2% a year earlier.

Railroad operating income slipped in the fourth quarter to US$155 million, down US$14 million, or 5%, largely as a result of a Canadian government-im-

posed cap on grain revenue and lower coal rates.

Revenue in the quarter declined by US$11 million, or 2%, and operating ex-

penses declined by US$7 million, or 2%. The operating ratio in the quarter was 74.9% compared with 73.8% in the 1999 fourth quarter. •

Norfolk Southern Corp.

Norfolk Southern Corp. reported that its fourth-

quarter net income plummeted 84%, citing the impact of a slowing economy, higher fuel prices and a one-time charge against the company’s bottom line.

The railroad announced sweeping cost-cutting moves on January 23, and said net income fell to $5 million in the fourth quarter, down from $31 million a year earlier. The latest results include a charge of $39 million from voluntary early retirement and separation programs. Excluding the charge, fourth-quar-

ter earnings were $44 million.

The company said fourth-quarter revenue, which rose to $1.32 billion from $1.49 billion, was not as strong as expected. While general-merchandise re-

venue increased 2% in the quarter from a year earlier, coal revenue fell 6% due to weak volume.

NS also said that it plans to cut 1,000 to 2,000 employees, retire 12,000 freight cars, close as many as 10 facilities, shed 3,000 to 4,000 miles of rail routes and redesign its train network (see page 7 for related article). •

Wisconsin Central Ltd.

Wisconsin Central Transportation Corporation (WCTC) reported net income of US$10.6 million for the fourth quarter ended Dec. 31, 2000. Excluding special items, income for fourth quar-

ter 2000 would have been US$3.4 million compared to US$15.8 mil-

lion for the year-ago quarter.

Excluding special items, the Company’s North American operating income for fourth quarter 2000 was $23.4 million compared to $25.5 million in the year-ago quarter.

Versus the year-ago period, fourth-quarter 2000 carloads were down 8 per-

cent, reflecting a softer industrial-economic environment. However, North Ameri-

can operating revenues of $90.9 million were down less than 1 percent from year-

group revenues of $91.4 million, reflecting a more favorable commodity mix and improved pricing.

Fourth quarter 2000 North American operating expenses before special items were $86.6 million, a one percent increase compared to $85.9 million for last year. Increases in fuel expense and depreciation more than offset decreases in many cost categories. Before special items, the operating ratio (operating ex-

penses as a percentage of operating revenues), a measure of efficiency in the railroad industry, was 73.3 percent versus 72.1 percent for the 1999 quarter. •
Tips for filing your Federal income tax

Answers to commonly asked questions regarding your Railroad Retirement benefits

The following questions and answers describe the statements issued by the Railroad Retirement Board each January for Federal income tax purposes. Railroad retirement beneficiaries needing information about these statements should contact the nearest office of the Railroad Retirement Board. For further Federal income tax information, railroad retirement beneficiaries should contact the nearest office of the Internal Revenue Service.

1. How are the annuities paid under the Railroad Retirement Act treated under the Federal income tax laws?

In most cases, a part of railroad retirement annuity payments are treated as a social security benefit for income tax purposes, while other parts of the annuity are treated like private and public service pensions for tax purposes. Consequently, most annuitants are sent two tax statements by the Railroad Retirement Board each January, even though they receive only a single annuity payment each month.

2. Which railroad retirement benefits are treated as social security benefits for Federal income tax purposes?

The part of a railroad retirement annuity equivalent to a social security benefit is based on comparable earnings is treated for Federal income tax purposes the same way as a social security benefit. The amount of these benefits that may be subject to Federal income taxes depends on the beneficiary’s income. If adjusted gross income plus non-taxable interest income and half of the social security equivalent benefit payments exceed:

- $25,000 for an individual, $32,000 for a married couple filing jointly, and zero for a married individual who files separately but lived with his or her spouse any part of the year, up to 50 percent of these railroad retirement benefit payments may be considered taxable income;
- $34,000 for an individual, $44,000 for a married couple filing jointly, and zero for a married individual who files separately but lived with his or her spouse any part of the year, up to 85 percent of these benefits may be taxable.

3. Which railroad retirement benefits are treated like private and public service pensions for Federal income tax purposes?

Railroad retirement annuity payments exceeding social security equivalent payments, plus any vested dual benefits and supplemental annuities, are all treated like private and public service pensions for Federal income tax purposes. In some cases, primarily those in which early retirement benefits are payable to retired employees and spouses between ages 60 and 62, and some occupations, and dependents, all the annuity may be treated like a private or public pension. This is because these benefits are generally fully taxable under the Federal income tax.

For annuities beginning after July 1, 1986, railroad retirement payments exceeding social security equivalent levels are generally taxable under the Internal Revenue Code General Rule or Simplified General Rule. For income tax purposes under these rules, contributory payments are subject to income tax immediately upon retirement, but are prorated to yield a tax-free amount based on the annuitant’s previously-taxed pension contributions.

For railroad retirement annuitants, employee contributions (referred to by the IRS as an employee’s investment in the contract) are considered to be the amount of railroad retirement payroll taxes paid by the employee over and above comparable social security payroll tax rates. Employee contributions are not a payment or income received during the tax year.

However, vested dual benefit payments and railroad retirement supplemental annuities are considered non-contributory and fully taxable. In addition, spouse payments exceeding social security equivalent payments do not include a tax-free amount; these benefits are also fully taxable.

Additional information about the tax treatment of railroad retirement benefits over and above social security equivalent benefits can be found in IRS Publication 575, Pension and Annuity Income, and Publication 939, General Rule for Pensions and Annuities. If the employee died during the tax year, survivors should also refer to these publications because a death benefit exclusion may apply.

4. What information is shown on the railroad retirement tax statements sent to annuitants in January?

One statement, the blue and white Form RRB-1099-R, the black Form RRB-1042S, or both (Form RRB-1042S for nonresident aliens), shows the amount of any social security equivalent or special mini-sum guaranteed payments made during the tax year, the amount of any such benefits that an annuitant may have repaid to the Board during the tax year, and the net amount of these payments after subtracting the repaid amount. The amount of any offset for workers’ compensation or other form of Federal income tax withheld from these payments are also shown.

The other statement, the green and white Form RRB-1099-R (for U.S. citizens and nonresident aliens), shows the total amount of contributory railroad retirement benefits over and above social security equivalent benefits, plus any nonecontributory vested dual benefits and/or supplemental annuities paid to the annuitant during the tax year, as well as the amount of an employee’s investment in the contract (cost).

Also shown is the amount of Federal income tax withheld from these payments. In addition, the statement reflects the amount of tax benefits that an annuitant may have repaid to the Board during the tax year. However, this amount has not been subtracted from the gross amounts shown because its treatment depends on the years to which the repayment applies and its taxability in those years. To determine the year or years to which the repayment applies, annuitants should contact the Board.

The total Part B Medicare premiums deducted from the railroad retirement annuity may also be shown on either Form RRB-1099-R (Form RRB-1042S for nonresident aliens) or Form RRB-1099-R.

Copy B and/or Copy 2 of Form RRB-1099-R needs to be submitted with a tax return. Annuitants should retain copy C of all statements for their records, especially if they may be required to verify their income in connection with other Government programs.

5. Does Form RRB-1099-R show the taxable amount of any contributory railroad retirement benefits or the total amount of these benefits paid during the tax year?

Since 1993, only the total amounts of contributory railroad retirement benefits paid over and above social security equivalent benefits are shown. Tax-free amounts are no longer subtracted. Annuitants may continue to use the tax-free amounts previously calculated by the Railroad Retirement Board under the General Rule method if they wish to do so. However, use of this Board-computed tax-free amount precludes using alternate tax treatments, such as the Simplified General Rule, that may be more advantageous in some cases.

Annuitants wishing to consider alternate tax treatments should refer to the IRS-1040-E-R package issued each year and/or IRS Publication 575, Pension and Annuity Income. Annuitants preferring to compute the tax-free amount themselves under the General Rule method, or to verify the Board’s figures, should refer to IRS Publication 939, General Rule for Pensions and Annuities.

6. What other information is included with the railroad retirement benefit statements?

The railroad retirement annuity statements are detailed explanations of all the items on the statements and the toll-free telephone number of the Internal Revenue Service.

7. What if a person receives social security as well as railroad retirement benefits?

Railroad retirement annuitants who also received social security benefits during the tax year receive a Form SSA-1099 (or Form SSA-1042S if they are nonresident aliens) or Form SSA-1099-R (or Form SSA-1042S) to the net social security income amount shown on Form SSA-1099 (or Form SSA-1042S) to the correct total amount of these benefits. They should then enter this total on the Social Security Benefits Worksheet in the instructions for Form 1040 or 1040A to determine if their social security and railroad retirement social security equivalent benefits are to be considered taxable income.

Additional information on the taxability of these benefits can be found in IRS Publication 915, Social Security and Equivalent Railroad Retirement Benefits.

8. Are the residual lump sums, lump-sum death payments or separations of employment lump-sum amounts paid by the Railroad Retirement Board subject to Federal income tax?

No. These amounts are not subject to Federal income tax.

9. Are Federal income taxes withheld from railroad retirement annuities?

Yes, and the amounts withheld are shown on the statements issued by the Board each year. However, an annuitant may request that Federal income taxes not be withheld, unless the annuitant is a nonresident alien or a U.S. citizen living outside the United States. Annuitants can voluntarily choose to have Federal income tax withheld from their social security equivalent payments. To do so, they must complete IRS Form W-4V, Voluntary Withholding Certificate, and send it to the Board. They can choose withholding from their social security equivalent payments at the following rates: 7 percent, 15 percent, 25 percent, or 31 percent.

Annuitants who wish to have Federal income taxes withheld from the portions of their annuity over and above social security equivalent benefits must complete a tax withholding election on Form RRB-1099-R, Withholding Certificate For Railroad Retirement Payments, and send it to the Board. Annuitants who wish to have Federal income taxes withheld from the portions of their annuity over and above social security equivalent benefits must complete a tax withholding election on Form RRB-1099-R, Withholding Certificate For Railroad Retirement Payments, and send it to the Board. An
Norfolk Southern to cut 2,000 jobs
NORFOLK, Va. — Norfolk Southern Corp. will eliminate 1,000 to 2,000 jobs over the next year and dispose of 12,000 surplus freight cars to help cut costs.

The railroad expects to save more than $950 million in federal, state and local taxes.

The job reduction will be in addition to the layoffs and early retirements that affected 3,500 jobs last year and reduced the number of employ- ees to 33,000, spokesman Frank Brown said. It was un- clear whether the jobs will be eliminated through cuts, early retirements or a combination of methods, he said.

The company also plans to redesign its service network with a focus on higher-profit routes and efforts to cut costs.

Income Tax

10. How is tax withholding applied to the railroad retirement ben- efits of nonresident aliens? 

Under the Internal Revenue Code, nonresident aliens are subject to a 30- percent tax on income from sources within the United States not connected to a U.S. trade or business. The 30-percent rate applies to all annuity pay- ments exceeding social security equiva- lent payments and to 5 percent of the annuity portion treated as a social se- curity benefit. The Code also requires the Board to withhold the tax. The tax can be at a rate lower than 30 percent or can be eliminated entirely if a tax treaty e x ist s be tween the United States and the country of residence provides such an exemption, and the nonresident alien completes and sends Form RRB-1001, Nonresident Alien Questionnaire, to the Board. Form RRB-1001 secures citizenship, residency and tax treaty claim information for nonresident benef- iciaries (nonresident aliens or U.S. citizens residing outside the United States).

12. Are sickness benefits paid by the Railroad Retirement Board sub- ject to Federal income tax?

Sickness benefits paid by the Board, except for sickness benefits paid for the job-injuries, are subject to Federal income tax under the same limitations and conditions that apply to the taxa- tion of sick pay received by workers in other industries. Each January the Board sends Form W-2 to affected ben- eficiaries. Employees who worked for two or more employers, may be eligible for a tax credit if excess retirement pay- ments were withheld. Employees who worked for two or more railroads during the year, or who had tier 1 taxes withheld from their Railroad Retirement Board sickness benefits in addition to their railroad earnings, may be eligible for a tax credit of any excess tier 1 or tier 2 rail- road retirement taxes withheld. The amount of tier 1 taxes withheld from sickness benefits paid by the Board is shown on Form W-2 issued to affected employees. Employees who paid tier 1 taxes withheld from their supplemen- tal sickness benefits may also be eligible for a tax credit of any excess tier 1 tax. Such credits may be claimed on an employee’s Federal income tax return.

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such meetings to take place, because the Congressmen are on a recess for 30 days scheduled before March 1. The goal is to have a bipartisan bill essentially identical to last year’s introduction by the end of March. It is expected that the appropriate House and Senate Committee Chairmen and Ranking Members, with the acknowledged support of President Bush. Thanks to the unprecedented outpouring of letters and phone calls last year by rail workers and retirees, the groundwork has definitely been laid. There is not a return of membership to Congress that is not familiar with our issue. For that reason, the Coalition believes now is not the time to begin bombarding Congress with calls and letters. That time will come, probably when a bipartisan leadership bill is introduced.

Many of you that know retiring Representative Bud Shuster (R-PA) already submitted a bill — H.R. 180 — that mirrors the bill that passed the House last year. Because of the retirement of Mr. Shuster, and management of Congress that is not familiar with our issue, for that reason, the Coalition believes now is not the time to begin bombarding Congress with calls and letters. That time will come, probably when a bipartisan leadership bill is introduced.

The Retirement Railroad Account maintains a sufficient fund-to-benefit ratio that when such legislation is enacted, they will provide retiree health insurance at age 60 instead of the current age 65. The Railroad Retirement Act of 1935 authorized the establishment of a retirement system for railroad workers and the Railroad Retirement Account to fund it. The Railroad Retirement Board administers the account. The Railroad Retirement Account maintains a sufficient fund-to-benefit ratio that when such legislation is enacted, they will provide retiree health insurance at age 60 instead of the current age 65. The Railroad Retirement Act of 1935 authorized the establishment of a retirement system for railroad workers and the Railroad Retirement Account to fund it. The Railroad Retirement Board administers the account.

Unions participating in REIP are: Amalgamated Transit Union; American Federation of State, County & Municipal Employees; Brotherhood of Locomotive Engineers; Brotherhood of Railroad Signalmen; Brotherhood of Sheet Metal, Air, Rail & Transportation Workers; Brotherhood of Locomotive Engineers and Trainmen; International Brotherhood of Teamsters; International Brotherhood of Electrical Workers; International Longshoremen’s Association; International Association of Machinists; International Brotherhood of Teamsters; International Brotherhood of Electrical Workers; International Longshoremen’s Association; National Conference of Firemen and Others — SEU; Seafarers International Union; Service Employees International Union; Transportation Communications International Union; and UFCW.

So unions are opposing the campaign.