

**BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HEARING ON THE IMPACT OF RAILROAD INJURY, ACCIDENT, AND
DISCIPLINE POLICIES ON THE
SAFETY OF AMERICA'S RAILROADS**

OCTOBER 25, 2007

**WRITTEN STATEMENT OF
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ON BEHALF OF
CSX TRANSPORTATION INC.**

INTRODUCTION

Mr. Chairman and Members of this Committee: Thank you for the opportunity to address this important matter.

I am David Brown, Vice President and Chief Transportation Officer of CSX Transportation. My responsibilities include ensuring safe operations on CSXT's 23-state system. I have more than 26 years of experience in the railroad industry and have been with CSXT since May 2006. I have considerable experience in railroad operations and safety reporting protocols.

CSXT's operating team is divided into 10 operating divisions, with each division reporting to a division manager. Those managers report up through two regional vice presidents, who report to me. I report to Tony Ingram, our Executive Vice President and Chief Operating Officer, who is also responsible for mechanical and engineering

functions. CSXT operates an average of 1,300 trains per day, with four major lines of business: intermodal; merchandise; coal, coke and iron ore, and automotive.

This statement covers CSXT's safety programs, the training, technology and capital investments to make the railroad even safer, and our parallel commitment to the fair and ethical treatment of all employees. This commitment certainly must extend to employees who are injured or who violate safety and operating rules.

CSX's managers and employees are expected to perform their work and interact with each other consistent with Core Values, which include "Safety is a Way of Life." One injury or one train accident is one too many, and the company's ultimate goal is zero injuries and zero train accidents. CSXT's safety programs are achieving success: during the first nine months of 2007, 149 fewer employees have been injured compared to the same period last year.

Since 2004, FRA-reportable injury rates have improved 46 percent. FRA reportable train accident rates have improved 44 percent in that same period, and human factor-caused train accident rates have improved 56 percent.

Another of the company's Core Values is "Right Results, Right Way." That means managers and employees work to improve financial, operating, and safety results properly, by hard work and approved methods. CSX does not tolerate nor condone

achieving safety results or any other performance results through unethical or otherwise improper means.

SAFETY PROGRAMS

CSXT's safety improvements do not mean CSXT is satisfied. To reach the goal of an accident-free workplace requires continuous improvement, and our company wants to send employees home in the same condition in which they report to work.

A variety of key programs support this continuous safety improvement initiative. They are described in more detail in the documents provided this Committee and are summarized here:

Communications: Safety awareness is essential to prevent accidents and injuries. Every day and every job begins with a comprehensive safety briefing. This form of communication is amplified in other face-to-face meetings as well as through division newsletters and our intranet site.

Safety Committee Process: CSXT uses an overlapping safety process with safety committees at local, division, region, and executive levels. These committees include members from both labor and management. The goal is to quickly identify local safety issues and correct them as rapidly as possible. If, for whatever reason, a safety issue cannot be resolved at the local level, it progresses up the chain, ultimately to the Chief Operating Officer in the rare instances when that is necessary.

Training: Training on operating and safety rules begins for new employees at the Railroad Education and Development Institute in Atlanta, which is called the REDI Center. That training continues throughout an employee's career and includes dozens of courses tailored to specific job responsibilities and delivered through advanced computer-based multimedia and classroom instruction. Training is also focused on needs identified by employee behavior.

Rules Compliance: Operating and safety rules build on knowledge and experiences, as well as federal regulations. Compliance with rules is a key component of accident and injury prevention.

Train Accident Prevention System (TAPS): The Train Accident Prevention System, or TAPS, is a structured, scientific approach to identify and analyze root causes of train accidents. In addition, TAPS provides cross-functional training in train accident investigation and prevention for all managers and includes both classroom and field exercises.

Personal Injury Analysis: Like train accidents, personal injuries are reviewed to determine root causes, identify leading indicators and develop corrective actions.

Leadership: Formal leadership training is provided regularly to supervisors and labor safety coordinators. The instruction includes how to approach and coach an individual who requires extra assistance in working safely. In this training, discussions

are held on how managers are accountable for safety performance as well as supervisory qualities that include integrity and trust.

Labor Safety Leadership: CSXT actively leverages the experience of union-represented operating employees to promote safety and prevent accidents. Each of the 10 operating divisions employs two Labor Safety Coordinators – one from the Brotherhood of Locomotive Engineers and Trainmen and another from the United Transportation Union. Their duties include training, coaching, resolving issues, and the development and implementation of safety programs and initiatives. These Safety Coordinators work full-time to make the company safer.

Operation RedBlock: Operation RedBlock is an important part of CSXT’s safety program to prevent accidents and injuries caused by drug and alcohol use. It is a union-initiated, management-supported program to raise drug and alcohol awareness and to provide specific steps to confront such abuse. CSXT’s RedBlock program is viewed as the most innovative peer prevention program in the industry. The RedBlock program continues to grow with 241 union-managed teams staffed by more than 3,000 trained volunteers.

Inspection, Monitoring, and Advanced Engineering Technology: CSXT has inspection programs to identify infrastructure problems before they become equipment failures or accidents. CSXT’s rail inspection process utilizes sophisticated technology on special inspection vehicles to identify track geometry exceptions and internal defects

within the rail itself. Rail cars and locomotives are inspected regularly, consistent with federal and company standards. New technology also is being deployed across CSXT's system to increase the ability to detect potential train operational problems. This technology is predictive, much like the "check engine" light on an automobile.

Capital Investments and Infrastructure Improvements: CSXT enhances safety through significant investments in both maintenance and expansion of infrastructure. This year alone, CSX is spending approximately \$1.7 billion in capital improvement and expansion of the rail network to meet future transportation needs. This amount is in addition to the normal maintenance expenditures of \$1.45 billion.

INDIVIDUAL DEVELOPMENT AND PERSONAL ACCOUNTABILITY POLICY (IDPAP)

CSXT has a specific initiative for handling rules infractions called the Individual Development and Personal Accountability Policy (IDPAP). This policy builds on the belief that the vast majority of employees want to do the right thing and the fact that those employees do their jobs in a professional manner, day in and day out.

This initiative is designed to provide everyone an opportunity to improve and grow through a measured, open, and just process. The policy states clearly that managers must provide fair and consistent treatment to all employees, using alternatives to formal discipline wherever appropriate. The policy views infractions as minor, serious, or major and prescribes certain actions to address them. For all but the major offenses, the policy

provides for a progressive disciplinary approach and includes a non-punitive opportunity to correct isolated instances of unsafe behavior.

Minor offenses are defined as rules violations that do not result in derailments, or damage to equipment, or personal injury. Managers are encouraged to use informal, corrective instruction based upon individual circumstances. Repeated violations of the rules may require more focused intervention with each succeeding offense. For the third minor offense committed in a three-year period, an employee has the option to participate in an Incident Review Committee process. The Incident Review Committee is comprised of fellow craft employees selected by the local chairman. This Committee determines the root cause of the problem and prescribes corrective follow-up. The only record maintained is a note that the individual was referred to the Incident Review Committee. It takes 6 minor offenses over a three-year period to subject an employee to possible dismissal. An employee who works 6 months without a minor offense will have the last one removed from consideration.

Serious offenses include all train accidents resulting in a derailment, or damage to equipment, or personal injury. Examples of such violations are mounting or dismounting moving equipment or crossing over or riding the lead end of a rail car being shoved. For the first serious offense, an employee can choose to participate in a Time Out conducted by the division manager or designee to determine a root cause and corrective action. The only information in an employee's personnel file is a note that he or she was referred to Time Out. It requires 3 serious offenses over a three-year period to subject an employee to possible dismissal.

Major offenses are those that warrant removal from service pending a formal hearing and possible dismissal. These can include passing stop signals without authority, occupying track without authority, speeding or other blatant disregard for safety. If an incident is covered by FRA-certification regulations, then the appropriate federal provisions apply. A joint labor-management oversight committee reviews major discipline cases to ensure that this policy is administered consistently and fairly.

INJURY AND ACCIDENT REPORTING

CSXT is fully committed to the complete and accurate reporting of all workplace injuries and accidents. The company's policies and procedures speak to the proper reporting of on-duty injuries in a timely manner.

In the fourth quarter of 2006, CSXT again provided instruction on the proper handling of on-duty injuries as part of operating rules and compliance training for managers. In addition, the company provides Leadership training, discussed earlier, on an ongoing basis. Leadership training develops better manager communication skills and teaches managers to use these skills daily to lead, coach, and safely run operations, all on a foundation of integrity and ethical behavior.

This year, CSXT has continued to enhance the breadth and quality of the leadership program and management training on proper handling of on-duty injuries. The Vice President-Safety is delivering on-duty injury reporting training to all division

managers, who will be expected to communicate that training to those managers who report directly to them. This training includes CSXT's policy not to discuss FRA reportability criteria with an injured employee or with treating hospital personnel.

The company also maintains and disseminates a policy prohibiting intimidation or harassment calculated to prevent or discourage a person from receiving proper medical treatment or from reporting an accident or injury. If an employee, manager, or outside party perceives that any of these policies has been violated, he or she can report that violation in any number of ways, including CSX's Ethics Hotline, which can be accessed by calling toll free 1-800-737-1663. This Hotline has produced calls that relate to complaints of injury reporting intimidation or harassment as well as the failure to properly report an injury. CSX Internal Audit investigates these complaints. Where a complaint is substantiated, the company takes appropriate disciplinary action. Those actions have included dismissals, demotions, reductions in compensation, reprimand letters, and additional coaching and counseling.

In addition to CSXT's own internal methods of addressing improper injury reporting or allegations of intimidation and harassment, the FRA has recently conducted three related investigations. CSXT has cooperated fully with all these inquiries that concluded separately in August 2006, November 2006, and October 2007.

August 2006 Investigation

In August 2006, FRA found no instances of alleged intimidation or harassment on the company's Southern Region. FRA reviewed records pertaining to injuries reported

by employees and the frequency of operational testing administered to those employees prior to and following the injury reports. As the Committee knows, operational testing is a critical tool used to assess employee understanding of safety and operating rules. The basis for the FRA review was an allegation that CSXT supervisors were using frequent operational tests to punish employees for reporting injuries. The FRA concluded that the allegation could not be substantiated.

November 2006 Accident and Injury Reporting Audit

In November 2006, FRA conducted its periodic comprehensive audit of accident and injury reporting on CSXT. This comprehensive audit included a review of train accident and grade-crossing incident reporting, as well as injury reporting.

The report includes a number of recommendations for improved procedures. CSXT has taken actions to address all of FRA's recommendations for improvements to the procedure for reporting incidents. For example, earlier this year, CSXT adopted enhanced guidelines with timeframes for conducting injury reporting intimidation and harassment investigations and determining corrective action where appropriate.

The report found a number of cases in which CSXT had not properly reported an injury. CSXT has agreed with the audit in some of these cases. With respect to the cases on which CSXT did not agree, the company has explained its position to the FRA, which, in turn, agreed with CSXT on some of the cases and disagreed on others. CSXT is working with the agency to resolve conflicting views on the outstanding cases through the normal resolution procedures.

October 2007 Investigation

The company is currently reviewing FRA's draft Harassment and Intimidation Investigation report provided on October 18. CSXT has implemented recommended corrective measures. In addition, CSXT has taken important additional steps to improve the environment for safety including the management training described previously. CSXT has also implemented an employee wellness program that helps reinforce the company's concern for individual health and safety.

Those steps will continue to improve CSXT's culture and performance so that mistakes become even more isolated. CSXT owes that to the tens of thousands of employees and managers who do effective and ethical work in the area of safety every day, in every condition. CSXT will continue to improve so that those employee achievements are not marred by mistakes that do not reflect CSXT's culture. CSXT will continue to take every non-compliance act seriously because one instance of intimidation or harassment is too many.

CONCLUSION

The company hopes this information is helpful to this Committee. Under no circumstances will CSXT tolerate improper behavior by managers or employees. This includes violations of injury reporting standards and intimidation or harassment of employees who are injured. Such behavior is counter to the CSX Core Values and is in violation of company policy.

CSXT appreciates the insights of this Committee and those of FRA in this important matter. The company regrets every one of those cases in which it was clear that intimidation or harassment occurred with respect to injury reporting and pledges better performance. CSX's Core Value states it best: People Make the Difference, and the company's employees are a treasured resource.

CSXT would also invite the Committee to examine the overwhelming data related to significant and sustained improvements in safety, service to customers, and financial performance over the past few years. These results are evidence of the company's commitment to safe, reliable, and efficient rail transportation. CSXT is similarly committed to the fair and equitable treatment of its employees. Throughout this period of continuous improvement, the company has worked to improve relationships with employees while fostering a safer workplace. That work will continue.

Thank you.