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# NS newsbreak

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## Third-quarter 2007 results reported

For third-quarter 2007 vs. third-quarter 2006:

- **Railway operating revenues were \$2.35 billion compared with \$2.39 billion.**
- **Net income was \$386 million compared with \$416 million.**
- **Diluted earnings per share were \$0.97 compared with \$1.02.**
- **Railway operating expenses were \$1.67 billion compared with \$1.68 billion.**
- **The railway operating ratio was 71.1 percent vs. 70.1 percent.**

Norfolk Southern reported third-quarter 2007 net income of \$386 million, or \$0.97 per diluted share, compared with \$416 million, or \$1.02 per diluted share, for the same period of 2006. Results included the effects of Illinois tax legislation enacted during the third quarter of 2007 that reduced net income by \$19 million, or \$0.05 per diluted share.

“Norfolk Southern continued to deliver solid results in the third quarter,” said **Wick Moorman**, chief executive officer. “Softness in certain segments of the economy resulted in reduced traffic volumes, which we were substantially able to offset through pricing gains and cost control. We remain confident in the overall strength of our franchise, and we continue to take a long-term perspective as we plan new traffic corridors, improve technology, and support our workforce with the tools necessary to provide superior service.”

**“Norfolk Southern continued to deliver solid results in the third quarter.”**

**Wick Moorman**  
chief executive officer

Third-quarter railway operating revenues were \$2.35 billion, down 2 percent compared with the same period a year earlier. Fewer intermodal and coal shipments as well as continued weakness in the automotive-related and housing industries contributed to a 4 percent reduction in traffic volume during the quarter compared with the third quarter of 2006.

General merchandise revenues were \$1.29 billion, a third-quarter record and an increase of 1 percent compared with the same period last year, despite a 3 percent decline in volume. Coal revenues declined 3 percent to \$578 million in the quarter compared with the same period of 2006. Traffic volume was down 2 percent for the quarter.

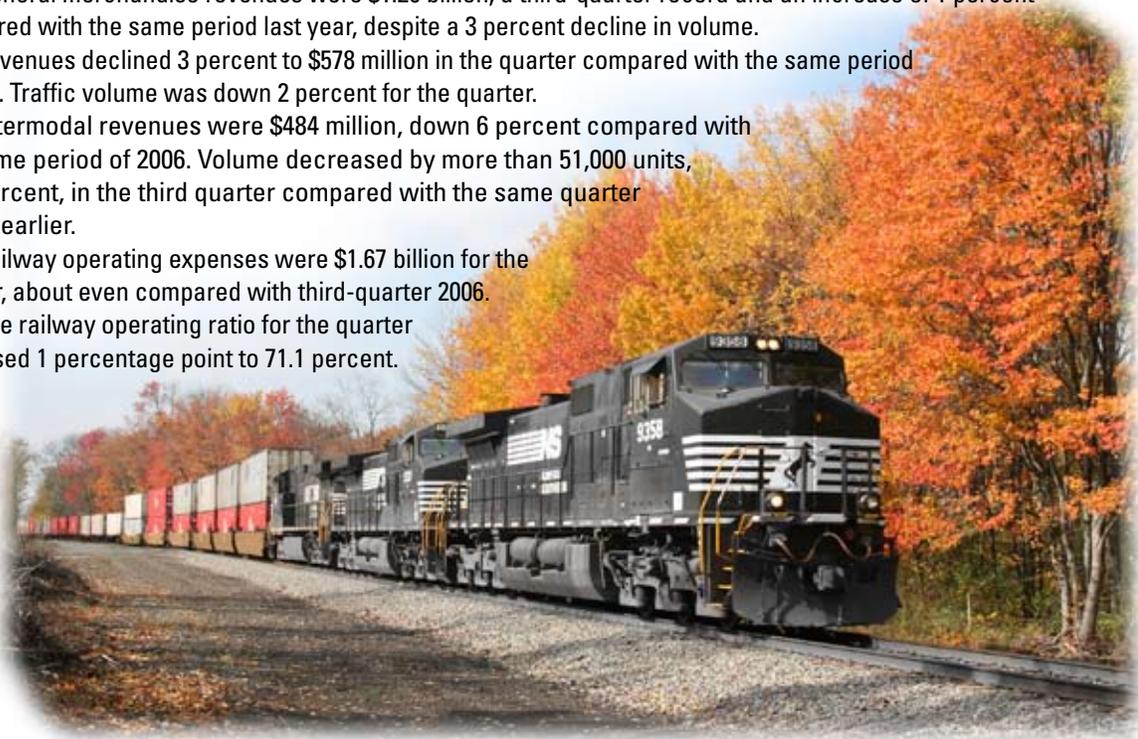
Intermodal revenues were \$484 million, down 6 percent compared with the same period of 2006. Volume decreased by more than 51,000 units, or 6 percent, in the third quarter compared with the same quarter a year earlier.

Railway operating expenses were \$1.67 billion for the quarter, about even compared with third-quarter 2006.

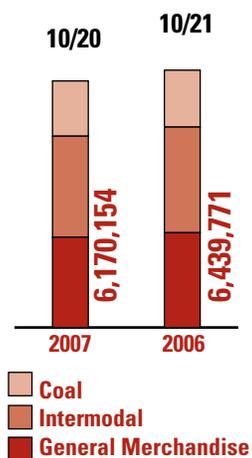
The railway operating ratio for the quarter increased 1 percentage point to 71.1 percent.

*Brilliant orange and yellow foliage lines the track as a Thoroughbred double-stack train on the Lurgan Branch moves through Huntsdale, Pa., en route to New Jersey.*

*Photograph by Jim Haag  
NS 2008 calendar winner*



## Carloadings Year to Date Week Ending



Week #1 began Dec. 31, 2006, for the year 2007 and Jan. 1, 2006, for the year 2006.

## Diversity Council welcomes new members, last of charter members retire

Members of Norfolk Southern's Diversity Council gathered in Virginia Beach, Va., in September to mark their progress on a number of initiatives, welcome new members and bid farewell to retiring members.

This year's meeting was unique in that the last of the council's charter members left the council, marking an era that has built a strong foundation and a significant list of accomplishments.

The council welcomed 12 new members and retired 11, nine of whom were charter members. Each new member will serve a three-year term, and retiring members will become active alumni.

"We all want to make a difference, and council positions are highly regarded. We receive 100 to 200 applications from employees each year seeking to become members of the council," said **Linda Duncan**, manager diversity.

New members are: **Donna Braun**, cost control engineer, Charlotte, N.C.; **Randy Brink**, manager intermodal equipment, Norfolk; **Matthew Brown**, track supervisor, Union, S.C.; **Doug Cole**, manager supply chain, Atlanta; **Lajuana Earwood**, director mainframe systems, Atlanta; **Stella Eskridge-Smith**, national account manager, Charlotte, N.C.; **Jamie Helmer**, designer, Roanoke; **Donne Jones**, training specialist, Norfolk; **Shae Kemp**, crew dispatcher, Atlanta; **Lisa Rosenzweig**, general foreman, Jersey City, N.J.; **Marita Tubbs**, locomotive engineer, Birmingham, Ala.; and **Chris Williams**, director benefits and compensation, Norfolk.

Retiring charter members are: **Rick Davison**, assistant vice president Human Resources, Norfolk; **Mary DeAngelis**, steno-clerk, Pittsburgh; **David Brown**, locomotive engineer, St. Louis; **Bill Eng**, manager service contracts, Roanoke; **Donna Fisher**, director marketing, Roanoke; **Jason Pettway**, director IT, Atlanta; **Peggy Scholzen**, manager strategic planning, Norfolk; **Joe Williams**, trainmaster, Macedonia, Ohio; and **Darnell Wood**, terminal superintendent, Conway, Pa. **Leanne Marilley**, director investor relations, Norfolk, and **Justin Meko**, assistant terminal superintendent, Linwood, N.C., also retired from the council.

The Council was formed in 2002 and is composed of employees who represent a cross section of the company. They work to assist in identifying and improving processes and practices to fully utilize the

talents of NS' diverse work force, develop work plans and implement approved initiatives that will foster diversity within NS, communicate with employees on the status of established goals and objectives, serve as a liaison to community groups and referral sources, and model behaviors that demonstrate a commitment to diversity.

Members serve on one of four action teams: awareness, communications, education and training, and work force development and recruiting.

Among the speakers at the meeting was **Wick Moorman**, chief executive officer, who told the group, "NS will continue to improve in safety and service, and as a great place to work. A key to success will be our extent to which we unleash the unique talents our people have to offer. I congratulate the new and continuing members of the Diversity Council on their commitment to making NS a workplace where everyone is welcomed and valued."

## Special train provides important training opportunities

A special train providing important training opportunities for emergency responders arrived in Hattiesburg, Miss., on Sept. 17, to kick off Norfolk Southern's eighth TRANSCAER® Whistle-Stop Tour. TRANSCAER – Transportation Community Awareness and Emergency Response – is a nationwide program that assists communities in preparing for and responding to a possible hazardous material transportation incident. NS sponsored the tour that provided safety and emergency preparedness training.

After Hattiesburg, the train made stops in Meridian, Miss., Tuscaloosa, and Birmingham, Ala., and Columbus, Ga. More than 800 emergency responders received training from representatives of the chemical manufacturing, transportation and distribution industries and government agencies. Classroom and hands-on training were provided to participants including state and local emergency planning committees, emergency responders and government officials.

The tour included a display of railroad training tank cars, specialized emergency response vehicles and over-the-road tank trucks.

"The Whistle-Stop Tour brings emergency preparedness training to response organizations and educates communities near major rail routes about rail equipment, chemical transportation and

**TRANSCAER** – Continued on page 6

# Railroads serve the nation in peace and war

*Railroads and the military have a long association. Many West Point graduates, schooled in civil engineering, surveyed and planned the first railroad routes and helped improve locomotive technology. As early as the 1830s, the Army experimented with rail cars to carry troops and artillery.*

During the Civil War, both Union and Confederate railroads served in the war effort. Transported in rail cars, troops could cover in one day the distance that would have taken a month to travel on foot. Troops, horses, mules, kitchens, food, artillery, ammunition, equipment and medical supplies could travel as a unit on one train to the next battle. Messengers could speed vital information more quickly to waiting military officials along the rail lines. Specialized equipment, such as armored rail cars carrying riflemen, was used first in the Civil War to fire on troops from a moving train.

Later, as the nation expanded, trains carried troops and supplies to western outposts. When the United States entered World Wars I and II, the nation depended on railroads to move military cargoes to both coasts.

Rails likewise played vital roles in Korea, Vietnam, the Gulf Wars of the 1980s, Operation Noble Eagle, Operation Enduring Freedom, Operations

## 614TH SQUADRON CREW OF JOHN "ED" FONDREN



Iraqi Freedom I and II and various peacekeeping missions around the world.

Today, Norfolk Southern and its employees carry on the tradition of support by moving military cargoes across the country and across the world, and by serving in the reserves and supporting those who serve in reserve units and the National Guard.

*"This is a photo of my great uncle, Ed Fondren, a B-17 pilot. He is definitely a member of the Greatest Generation." (Ed Fondren is second from left in the front row)*

*Lori Ammens Kelley  
property agent  
Atlanta*

My husband, **Clint Summers**, is a Norfolk Southern train dispatcher in Roanoke for the Virginia Division. He also serves with the 80th Div. U.S. Army Reserves as a sergeant first class. He was deployed to Iraq in 2005 during Operation Iraqi Freedom. He served with two other NS employees: **Tim Jones**, locomotive engineer, Virginia Division, and **Cary Jones**, conductor on the Piedmont Division.

Clint left in May for Indiana where he spent three months training for his duty in Iraq. He went overseas in August, and spent the next year training Iraqi troops near Fallujah. Clint received the Bronze Star Medal for meritorious conduct. His tour of duty ended in August 2006, and several of his co-workers showed up at the airport to welcome him home.

NS was very good to our family during Clint's deployment. The support our children and I received from the company and Clint's co-workers in the Roanoke Dispatching Center was very much appreciated during his yearlong absence from home.

Our children, Chris, Kasey and Tyler, and I are



very proud of our soldier. We thank him and all the veterans for their bravery and their dedication to serve our country and for the sacrifices they made so that we might feel safe at home.

**Kathy Summers**  
payroll authorization clerk  
Roanoke

*From left: Tim Jones,  
locomotive engineer, Virginia  
Division; Clint Summers, dis-  
patcher, Virginia Division;  
and Cary Jones, conductor,  
Piedmont Division.*

# Thank you for your service to our nation

*In November, Norfolk Southern honors its veterans and their families by publishing their stories in Newsbreak and on its Web site. These are a few of their stories. To read them all, go to [www.nscorp.com](http://www.nscorp.com).*

This photo was taken from the bridge of the Battleship USS Missouri BB63, flagship of the U.S. Navy's 3rd Fleet, commanded by Adm. William (Bull) Halsey. It depicts the Japanese Empire surrender ceremonies, which officially ended World War II on Sept. 2, 1945 in Tokyo Bay. Witnessing the event from inside the bay were about 280 ships of all types selected from Halsey's 3rd Fleet, including eight battleships, four heavy cruisers, seven light cruisers, 38 destroyers, nine destroyer escorts and two small aircraft carriers.

An undisclosed number of our 17 large aircraft carriers patrolled the waters offshore, since the Navy apparently chose not to risk them, due their size, through the still-mined relatively narrow entrance to Tokyo Bay. Their presence in nearby waters, however, was evidenced by their launching of 450 combat planes that passed in formation at very low altitude over the fleet in an awesome display of power. This was followed by a flyover of more than 250 Army Air Force B-29 bombers in formation. Needless to say, it was a sight that those of us who witnessed it from our anchored ships will never forget and an emphatic exclamation point.

My ship, USS Piedmont AD 17, was the only 3rd Fleet destroyer tender selected to attend the event. Of all the ships anchored in Tokyo Bay on this historic date, the only two visible in this photo from the "Mighty Mo" are the Piedmont (nearest) and the destroyer USS Compton DD705, which is anchored near us. All the other ships were anchored astern or off the port side of the Missouri.

There's an interesting story about the Compton and how it happened to be in Tokyo Bay. It was assigned to the 5th fleet and was dispatched from Okinawa to deliver important documents and mail to the 3rd Fleet. Before entering Tokyo Bay, Halsey's fleet anchored in the harbor of Sagami Wan, which is just south of the bay, to await Gen. MacArthur's word to enter Tokyo Bay. USS Compton arrived in Sagami Wan on Aug. 27. While in the process of passing the mail to the anchored battleship USS Idaho BB 42 and still slowly underway in choppy water, Compton's port side collided with a larger battleship and sustained damages to her bridge and superstructure. It didn't even dent the Idaho. Compton then tied up alongside the Piedmont for repairs that were necessary for the trip back to Okinawa.

On Aug. 28, Halsey's Fleet began oyd entrance to Tokyo Bay, and since the repairs had not been finished, Compton went into the Bay and again nested alongside the Piedmont, where we anchored off the starboard bow of the Missouri. Repairs were completed on Sept.1, but Compton was allowed to stay for the ceremonies. She anchored off Piedmont's starboard bow and departed for Okinawa on Sept. 2 after the ceremonies. That same

day, Piedmont moved into Japan's nearby Navy base at Yokosuka, docking at the only pier in that huge base that didn't house a sunken or badly damaged Japanese ship

Thus, USS Compton DD 705 became the only U.S. Navy Ship in attendance for this historic event that was "uninvited," and she literally had to "crash" the party to be there.

**Jim Julian**

father of **David Julian**, president automotive and supply chain services, Norfolk, and **Alan Julian**, director sales, chemicals, Roanoke



## U.S. military honors CYO with flag flown over Iraq

The cargo bay in the rear of the C-130E slowly opened to extend its ramp after returning from a three-day combat mission in Baghdad, Balad, Fallujah and other areas of Iraq on Jan. 12, 2007. The men and women of the 80th Aerial Port Squadron were assigned to load and offload troops and supplies from these colossal military transport planes in the sweltering 110-degree heat of Kuwait. Emerging from the shadows at the top of the portal, Old Glory – the United States flag – prominently hangs in an iconic display of liberty and freedom. It is these liberties and freedoms for which our servicemen and women are fighting overseas. Even in the scorching desert climate, this red, white and blue symbol of patriotism and pride can send chills down your spine.

This same flag, flown on the plane with our courageous service personnel over the sands of Iraq in January, is now on display in Centralized Yard Operations, along with a letter of its authenticity. **Dave Wagner**, a master sergeant in the 80th Aerial Port Squadron and a representative in the Central Division CYO, requisitioned this flag as a memento to the men and women of Norfolk Southern in honor of the many care packages sent to the troops. Wagner says that contributions and supplies sent to troops are greatly appreciated and are a reminder that their loyal service is not going unnoticed.



On Sept. 6, Dave presented the flag and letter to **Brad Fitzgerald**, director CYO.

Wagner began his railroad career with the Penn Central Railroad in December 1975. He retired from the Air Force Reserve on July 6, 2007 after 24 years of dedicated service. Indeed, we appreciate his contribution to our country. We thank him for his service and for the gift bestowed upon the employees of Norfolk Southern. We are proud of our employees who serve in the armed forces and of those who support our troops. In this season of remembrance of the events of 2001, we are grateful to have such devoted men and women fighting for our liberty and freedom.

**Joseph Wolfe**  
manager quality process CYO  
Atlanta

*Dave Wagner (R) presents to Brad Fitzgerald the flag flown in combat over Iraq, and the accompanying letter of authenticity.*

I am a veteran of the U.S. Air Force with five years of active duty service and four years of service with the Ohio Air National Guard.

Like many others, I was recalled to active duty on Sept. 11, 2001, and I eventually served a total of 15 months. During the initial days of my tour as our country recovered from the attack, I found myself standing in line at a base exchange waiting to purchase some minor necessities. I was on duty as a military police officer, so I was tactically adorned, well supplied with ammunition, and I shouldered an AR-15 style rifle. In front of me was a woman, and clinging tightly to her leg was a shy little girl of about 4. The little girl would peep at me and then hide her face. She did this several times. The mother took notice of her daughter's apprehensions and said to her, "Its OK. He's one of the good guys." The girl continued to stare at me and the items I carried. The mother then leaned down to her and whispered in her ear. After a moment's

hesitation, the little girl looked up at me and in the sweetest, most angelic voice said, "Thank you for keeping us safe."

Retired Army Lt. Col. Dave Grossman asserts that in this world there are sheep, wolves and sheepdogs. It was at that very moment that I realized that I was in fact a sheepdog and I will never forget the innocent voice of that little lamb.

**John P. Fulton**  
special officer, NS Police  
Portsmouth, Ohio



A specially painted locomotive pulls NS' TRANSCAER train.

## TRANSCAER – Continued from 2

the importance of planning for potential hazardous material transportation emergencies,” said **Chuck Wehrmeister**, Norfolk Southern’s vice president safety and environmental.

NS sponsors these types of events, along with frequent training programs, drills and exercises throughout the system, as part of its commitment to TRANSCAER and to comply with the Association of American Railroads’ recommendations to offer training to emergency responders in the communities it serves.

“We have established better lines of communication between the railroad and local state officials,” said **Michael Stiner**, assistant manager hazardous materials. “We met them face to face and they now have a better understanding of what kinds of resources we have available if an incident occurs.”

NS has sponsored these whistle stop tours since 1994 and has won TRANSCAER’s National Achievement Award seven times – five years consecutively. Chuck Wehrmeister, NS vice president safety and environment, received the organization’s 2006 Chairman’s Award for his leadership.

## Harrisburg, Pittsburgh Divisions lead the way for 3Q operating performance

Norfolk Southern’s Harrisburg and Pittsburgh Divisions tied for the best operating performance for third quarter 2007, based on inbound and outbound on-time train performance, freight unit connections between trains, and local delivery and pickup. Top honors were held previously by the Piedmont Division.

“We use a variety of measurements to determine train performance and customer service quality,” said **Terry Evans**, vice president opera-

tions planning and budget. “By drilling down to the division and terminal levels, we can quickly assess how our customers are being served. The employees of the Harrisburg and Pittsburgh divisions are to be commended for their ability and commitment to provide the best level of service on the NS network for the third quarter.”

Operating metrics are displayed at all field locations and updated weekly. Information displayed gives a complete picture of how each division is performing and how divisions compare across the system. Supervisors in transportation, engineering and mechanical discuss the results with local employees and solicit ideas to improve performance.

“I attribute the success on the division in winning this award to the constant and open line of communication among all departments on the division,” said **Mark Hamilton**, division superintendent Pittsburgh Division. “We had a major track project during this time and we were still able to perform at a high level. The engineering, mechanical and transportation departments all work together very well, and we work toward a common goal of making the Pittsburgh Division the best on the system in safety and service.”

“It’s a team effort that makes us successful,” said **Darnell Wood**, terminal superintendent, Conway, Pa. “All departments work together and the results reflect that in such things as achieving the first 100 percent connection day on the system last December. Our people are very focused on our business and business issues that affect our company. All of that adds up to success.”

NS’ operating department consists of 11 divisions and two business units. The Harrisburg Division contains approximately 1,600 route miles and serves rail terminals in eastern and central Pennsylvania, New York, New Jersey and Maryland, as well as seaports in Elizabeth, N.J., Philadelphia and Baltimore. The Pittsburgh Division contains approximately 1,700 route miles and serves rail terminals in western Pennsylvania and eastern Ohio, as well as the Monongahela Valley coal fields. Each division averages approximately 250 train movements daily.

“I am very proud of the progress the divisions on the Northern Region continue to make in the four service performance areas. The employees of both the Pittsburgh and Harrisburg divisions continue to be leaders in these areas. There is no doubt in my mind that the employees and its management fully understand how important it is to achieve a failure-free service for our customers. I am very proud to be a part of the Northern Region team and look forward to an even greater level of performance in the future,” said **Bob Bartle**, general manager Northern Region.

## First train in U.S. with new braking system operates over NS

Norfolk Southern made railroad history on Oct. 11 when it operated the nation's first revenue service train equipped exclusively with electronically controlled pneumatic brakes. The train, consisting of three new locomotives and 115 new hybrid coal gondolas, will be used in regular service between coal mines in southwestern Pennsylvania and the Keystone Generating Station in Shelocta, Pa.

ECP brakes have the potential to reduce train stopping distances by as much as 60 percent over conventional air brake systems. ECP brakes utilize electronic signals to simultaneously apply and release throughout the length of a freight train. This differs from conventional brake systems in which each car brakes individually as air pressure moves in a series from car to car.

The Federal Railroad Administration has authorized NS and BNSF Railway Company to equip and test certain locomotives and freight cars with ECP brakes for their potential to shorten stopping distances and improve railroad and public safety, network capacity and efficiency, asset utilization, fuel savings and equipment maintenance.

Over the next several months, NS will equip 30 locomotives, 210 quick-drop coal hoppers and 230 hybrid gondolas with ECP brakes for use in dedicated coal train service. Working with NS are the locomotive supplier General Electric, the ECP brake system provider New York Air Brake and the rail car provider FreightCar America.

## New look for ERC

Log on to the Employee Resource Center to see the ERC's brand new layout.

When you visit the ERC, click the tabs at the top of the page to find all of the familiar content as well as new features. Navigate quickly to the information you formerly found on the ERC home page using the new ERC Home, About Me, My Pay, My Benefits and CareerCenter tabs.

You also can go directly to new content using the link under "What's New." Check out Featured Links to quickly reach other popular pages.

If you need help finding your way around the new ERC, click the Getting Started link at the top of every page.



## The Norfolk Southern 2008 Wall Calendar



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*is the Thoroughbred of Transportation*

## NS 2008 calendars available for purchase

Norfolk Southern 2008 calendars can be purchased for \$11.95 (including tax, postage and shipping). For international shipments, add \$12 for shipping costs. To order by credit card, call toll-free 1-800-264-4394 between 8:30 a.m. and 5:00 p.m. EST.

Or send a check or money order to:

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c/o Nyberg Fletcher & White  
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*Icicles cascade down a mountainside near Powhatan Point, Ohio, providing the winter backdrop for a Norfolk Southern coal train. Photograph by Willie Brown, NS 2008 calendar winner*

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