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The Track Ahead



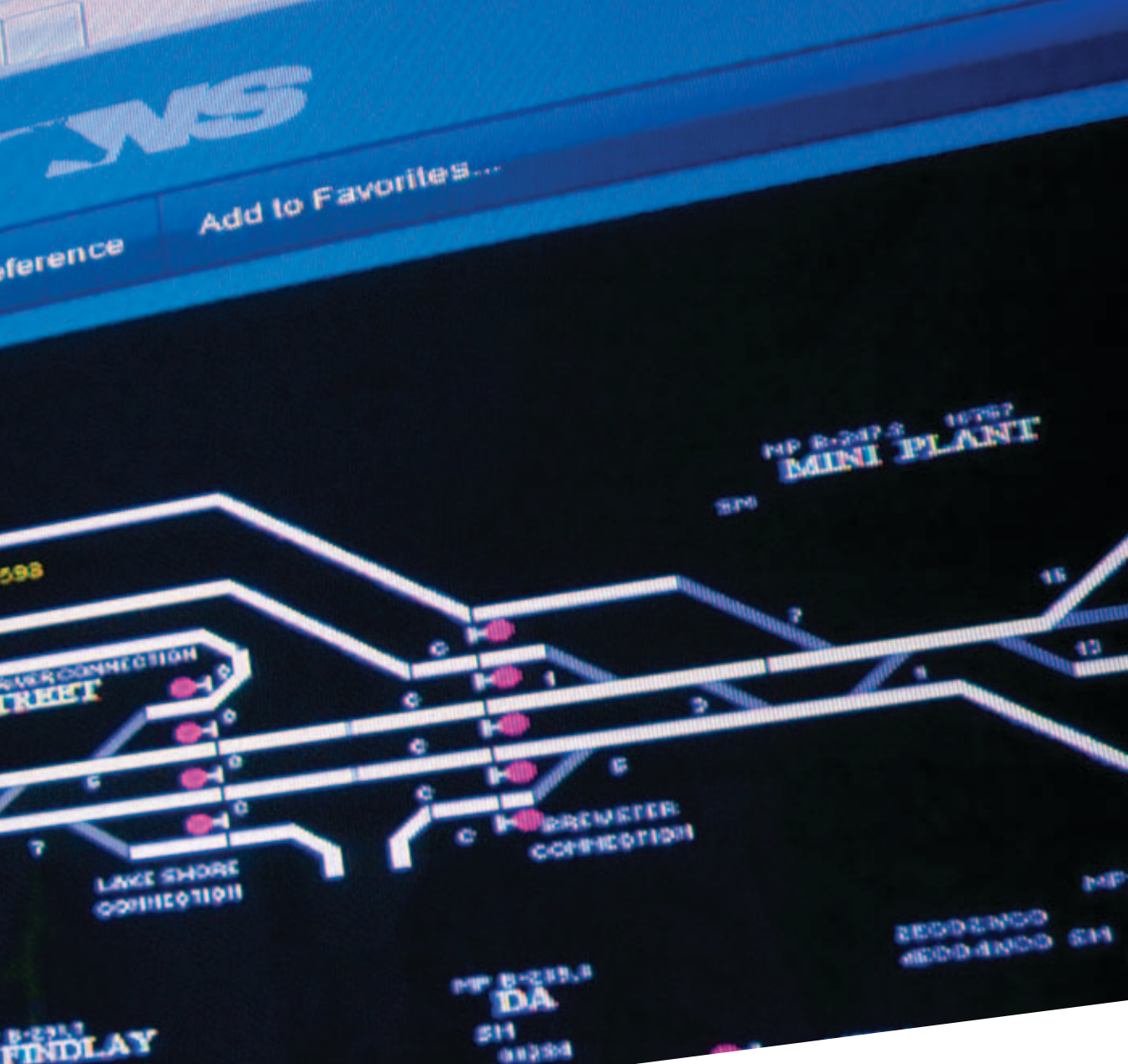
Biz NS

Mar/Apr '12

- 1 ON TRACK TO THE FUTURE
- 6 FOCUSED ON THE BIG PICTURE
- 9 THINKING BIG WITH BELLEVUE
- 12 FUTURE TRACK STATUS REPORT
- 13 RIT: A MILESTONE
- 15 CULTURE CHANGE AT NS
- 18 OUTLOOK 2012
- 21 LEARNING TO RUN WITH SYNERGY
- 22 NS' VIRTUAL COMMUNITY
- 25 POWER TRAIN A HIT
- 28 NS' TITANIC CONNECTION
- BACK COVER USE THE CODE RETIREES CAN HELP



On track to the future



Once a month, company vice presidents gather in an 18th-floor conference room at Norfolk headquarters, some joining in from Atlanta and Roanoke via wall-mounted telepresence screens. Their mission: To help Norfolk Southern identify and develop projects that will ensure the company's long-term success. This steering committee was the driving force behind Track 2012, a five-year strategic plan launched in 2007, and now is leading the charge on a successor plan dubbed Future Track.

With an alphabet soup of initiatives – such as LEADER, RIT, RCL, TLMS/LARS, and UTCS – Future Track is transforming how the railroad operates and giving employees new tools to perform their jobs. “The processes we’re using in Future Track are going to make the railroad safer, more efficient, more productive, and more profitable,” said **Deb Butler**, executive vice president and chief information officer, who chairs the Future Track Steering Committee. “At some level, one or more of these processes is going to touch every single employee on the railroad.”

“As much as anything, Future Track is about identifying the resources it takes to move the freight as efficiently as we can, and making the service we provide as cost effective as possible. We want our employees to be thinking about productivity and efficiency on a daily basis.”

– **Mike Wheeler**,
vice president transportation

Lowering costs, improving efficiencies

Future Track is all about putting plans into action. NS has developed five-year plans in the past but often shelved them after presenting them to the intended audience, Butler said.

By focusing on key drivers of NS’ performance, including safety and service, Track 2012 helped change that. CEO **Wick Moorman** made sure the plan didn’t sit on a shelf, Butler said.

Based on lessons learned from the economic downturn, the committee has made Future Track flexible, with plans to update it annually based on market conditions. Rather than set fixed, five-year goals that can be upset by unexpected circumstances – as Track 2012 was by the recession – Future Track offers a road map to meet the year’s corporate goals in safety, service, operating ratio, revenue, and earnings per share.

Ultimately, the aim of Future Track is to help the railroad lower operating costs while becoming more efficient and productive.

“At any given time, we have 175,000 rail cars and 3,800 locomotives operating on our system,” said steering committee member **Mike Wheeler**, vice president transportation. “As much as anything, Future Track is about identifying the resources it takes to move the freight as efficiently as we can, and making the service we provide as cost effective as possible. We want our employees to be thinking about productivity and efficiency on a daily basis.”

A matter of priority

Putting technology into the hands of front-line workers is a primary theme of Future Track projects. Dispatchers, locomotive engineers, and conductors, in particular, now have technology at their fingertips to make their jobs easier and help them make better decisions.

The Future Track process is helping NS set priorities for capital investments in equipment, infrastructure, and technology. Even during the economic downturn, NS has continued spending money on some of those key projects.

“Particularly on the technology side, that has become the threshold: If it doesn’t pass the test of advancing one or more Future Track goals, chances are it’s not going to have priority,” Butler said.

NS began rolling out Remote Intelligent Terminal, or RIT, during the recession, allowing NS to work out bugs early on while business was down. RIT now is boosting the productivity of conductors and office employees in operations service.

NS also developed its pioneering Locomotive Engineer Assist Display Event Recorder, or LEADER, from a pilot to a production model during the recession. LEADER-equipped locomotives now are running on the Northern Region main line between Chicago and Northern New Jersey, and plans are under way to expand LEADER to other key routes.



The GPS-based LEADER, which prompts engineers on train handling to achieve maximum fuel efficiency, has “huge potential” to reduce NS’ fuel costs, at around \$1 billion annually one of the railroad’s largest operating expenses, Butler said. LEADER-equipped engines on the Northern Region main line have achieved average fuel savings of 6 percent. Based on NS’ fuel use in 2010, a 6 percent reduction systemwide would save about 27 million gallons and \$60 million to more than \$100 million in costs, depending on diesel prices. In addition, burning less fuel will help NS meet its corporate sustainability goal to lower the railroad’s carbon footprint.

“The sooner we get LEADER rolled out, the sooner we will realize a fairly large amount of annual savings,” Butler said.

NS has benefitted in similar ways by investing in the Unified Train Control System, or UTCS, and Movement Planner. While a single NS dispatcher is responsible for train movements over a 100- to 200-mile territory, the computer-based UTCS/ Movement Planner is designed to plot train routes across the entire network to minimize delays and improve on-time performance. The system looks ahead eight hours to calculate runs based on thousands of pieces of data, from train length and tonnage to track geography.



■ TOP: An engineer reviews a GPS-based LEADER board mounted in the locomotive cab.

■ ABOVE: The green lines show where LEADER-equipped trains are operating or being deployed on NS’ system, while the yellow lines show where routes will be expanded this year.



■ ABOVE: **Fred Ehlers**, vice president network and service management, is helping lead a study on customer service and costs.

“These types of projects didn’t exist 10 years ago, and now, because of improvements in technology and data quality, we’re giving our people tools to help them be even better.”

– **Fred Ehlers**,
vice president network and
service management

“We have really good dispatchers, but there’s only so much a human can comprehend when you’re talking about all these inputs from across the network, and then having to look out into the future,” said steering committee member **Fred Ehlers**, vice president network and service management. “These types of projects didn’t exist 10 years ago, and now, because of improvements in technology and data quality, we’re giving our people tools to help them be even better.”

Customer service a key focus

A challenge this year is to better understand the drivers behind customer service. Among other things, the committee will examine the relationship between service and costs such as fuel, locomotive maintenance, train crews, and rail car rentals.

“If we can offer a level of service that our customers find valuable and that is also valuable to us in terms of volume, revenue, and productivity, it’s a win-win,” said Ehlers, one of the service study leaders.

The committee is sifting data in ways it never has before, such as examining how NS’ operating costs are affected by how efficiently trains move across the system, known as network velocity. The study also is examining the resources NS needs to recover quickly from network disruptions, such as derailments and snow storms.

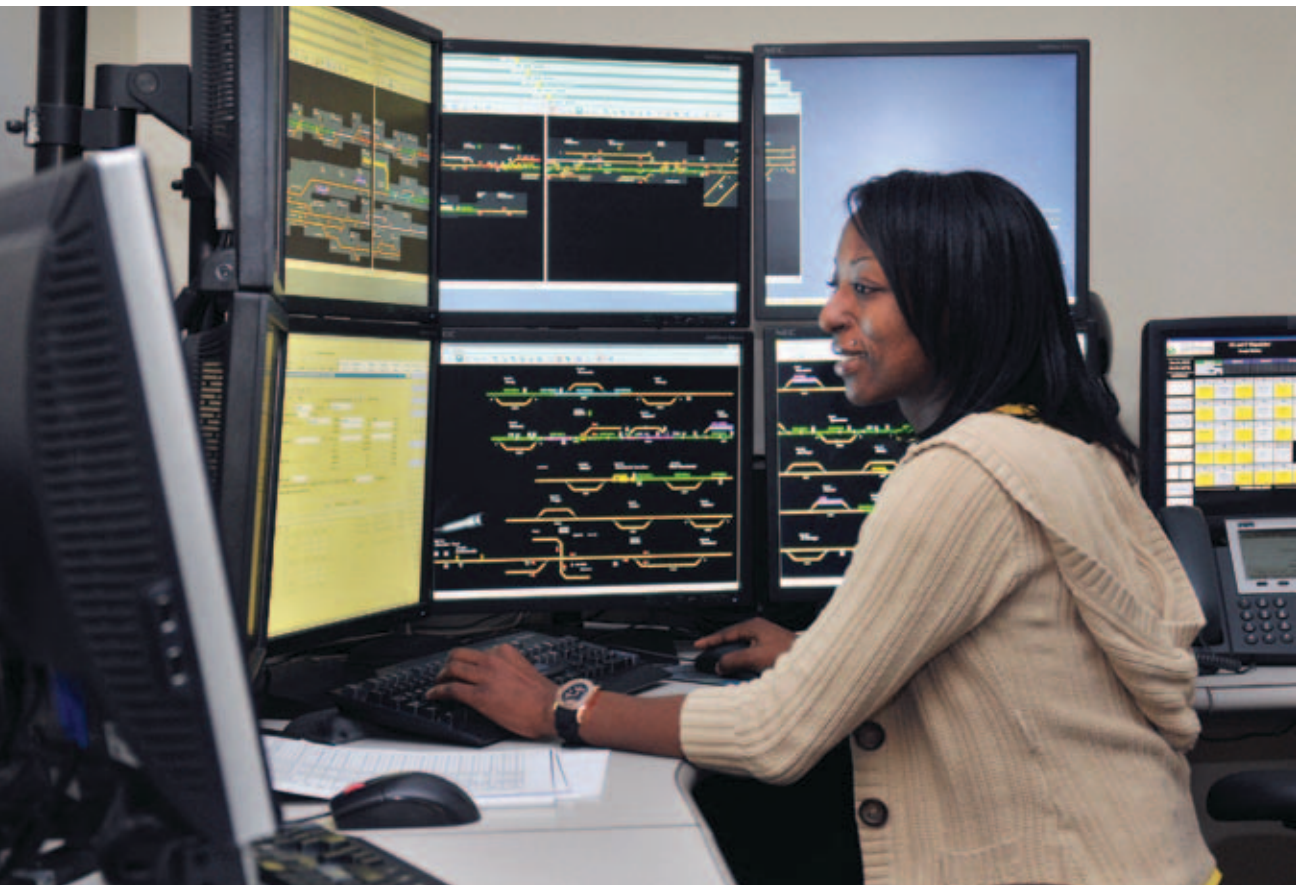
“We’re not talking about service at any cost,” Butler said. “I could stage 50 extra locomotives at all our major terminals, and we would never have another train held for power, but locomotives are expensive and that wouldn’t make economic sense. At the same time, we want reliability and we want resiliency in terms of being able to sustain our levels of service.”

Adding complexity, markets served by NS have different expectations of service, said steering committee member **Mike McClellan**, vice president intermodal and automotive marketing.

“We can have a lot of discussion about how fast we need to run and how consistent we need to be to get the business,” McClellan said. “Some customers, like UPS, need speed; if we change their schedules negatively, we’re going to lose freight because of it.”

McClellan said NS has to consider its service levels relative to the competition, which includes not only other rail carriers but trucks and barges.

“Our discussions are about what is the right balance between train efficiency and service requests and the overall fluidity of the railroad,” McClellan said.



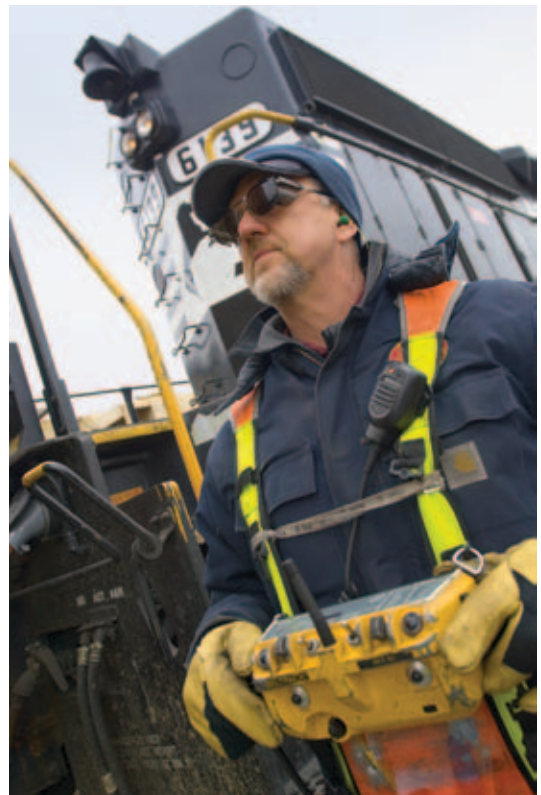
Culture changes

As NS this year begins to introduce changes in its safety and operating culture, including a renewed emphasis on service, Future Track will play a key role in helping NS achieve its goals, Butler said.

“With the focus on service, we’ve got to have our employees on board, and that’s where cultural initiatives come in, but people have to have the technology and the other resources to improve service,” Butler said. “That’s where Future Track comes in. So we absolutely will be supporting the cultural transformation of the company.” ■ BizNS

■ TOP: **Cherise Caldwell**, a dispatcher on the Georgia Division, uses the UTCS dispatch system in Atlanta to monitor train traffic.

■ RIGHT: Conductor **Phil Cloud** uses a Remote Control Locomotive device to operate an SD40-2 locomotive at Bellevue Terminal.





Focused on the big picture

The steering committee overseeing Future Track plays a key role in shaping Norfolk Southern's strategic business initiatives.

Led by **Deb Butler**, executive vice president planning and chief information officer, the 15-member panel is composed of company vice presidents who span all departments and bring diverse views and experience to the table. These NS heavy hitters are tough minded about their charge to help the railroad plan for long-term success, Butler said.

"I expect them to put their ideas out there and challenge each other," Butler said. "I don't want a bunch of happy talk."

The committee helps NS identify and prioritize initiatives to improve performance in five broad areas: safety, service, asset utilization, fuel efficiency, revenue growth, and workforce productivity.

"Usually, the company vice presidents wouldn't get together like this," said **Mike McClellan**, vice president intermodal and automotive marketing. "It gives us a chance to talk about the nature of our service, our cost structure, the needs of our business, and about solutions – whether they are operational, technological, or organizational."

■ **BELOW: Deb Butler**, executive vice president planning and chief information officer, chairs the Future Track Steering Committee.



"I expect them to put their ideas out there and challenge each other. I don't want a bunch of happy talk."

– **Deb Butler**, executive vice president planning and chief information officer

The committee focuses on two fundamental issues: Is NS as productive and efficient as it should be, and are service levels appropriate to meet business goals set for traffic volume, revenue, and growth. Front-line supervisors and employees make daily decisions to enhance efficiency, productivity, and service, McClellan said, but Future Track members focus on systemwide issues.

"This group is not some sort of clearinghouse or approval process for every efficiency idea, because there are 100 or 1,000 efficiency decisions being made every day within our departments," McClellan said. "We try to tackle the ones that cross departments and are more strategic."

Mike Wheeler, vice president transportation, said Future Track keeps department heads focused on common goals and ensures that strategic projects get the "right support, the right priority, and the right resources."

Committee members have "a firm belief that Norfolk Southern can improve service and become more efficient and effective," said member **Cindy Earhart**, vice president human resources.

The committee has ensured that NS is focusing on the important things, Butler said.

"That's where I think Future Track really has been successful, and where I think it has a lot of value going forward," she said. "This is a way to make a five-year plan more than just an exercise on paper." ■ BizNS

FUTURE TRACK

STEERING COMMITTEE MEMBERS

DEB BUTLER, executive vice president planning and chief information officer

TIM DRAKE, vice president engineering

CINDY EARHART, vice president human resources

FRED EHLERS, vice president network and service management

TERRY EVANS, vice president process engineering

JOHN FRIEDMANN, vice president strategic planning

DON GRAAB, vice president mechanical

DAVID LAWSON, vice president marketing

MIKE MCCLELLAN, vice president intermodal and automotive marketing

DANNY SMITH, senior vice president energy and properties

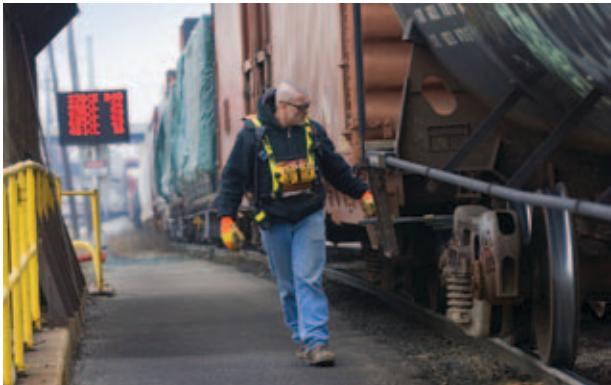
MARTA STEWART, vice president and treasurer

GERHARD THELEN, vice president operations planning and support

SCOTT WEAVER, vice president labor relations

TOM WERNER, vice president information technology

MIKE WHEELER, vice president transportation



■ TOP: A unit coke train departs Bellevue yard, at left, while a remote-controlled locomotive set shoves cars for classification over the hump.

■ ABOVE: Conductor James Honaker, wearing a Remote Control Locomotive device, pulls an uncoupling lever to separate cars for classification at the Bellevue hump yard.

■ RIGHT: At the Bellevue yard, welder helper Jim Landoll grinds a frog, an X-shaped device that is part of the track switch layout.





NS is thinking big with Bellevue project

When Norfolk & Western Railroad built Bellevue Yard in 1967, company leaders set aside enough property to double the size of the Northern Ohio hump yard if business demanded it.

More than 40 years later, that time has arrived.

Expanding Bellevue Yard has been identified by NS' Future Track Steering Committee as a priority, and the project will kick into high gear this year. By spring, NS plans to begin grading work to support 38 additional classification tracks, nearly double the existing 42 classification tracks, and prepare for construction of a second hump to double the yard's capability to sort and switch rail cars.

Why is this occurring now?

Bellevue is located at a "sweet spot" of increasing train traffic in the Northern Region, said **John LeStrange**, NS director terminal operations. A big driver of the volume is a drilling boom to extract natural gas from the Marcellus Shale deposit. Steel-making and the automotive industry also are key factors.

"Strategically, it's right where all the traffic wants to go," LeStrange said.

By that, he means computer models NS uses to forecast future traffic flow show that Bellevue provides the most efficient route to switch cars for timely delivery to customers.

"It's all about growing the business, improving asset utilization, being more efficient, and improving customer service," said **John Friedmann**, vice president strategic planning and a member of the Future Track committee.

A major investment

The roughly \$160 million project is a massive undertaking. On an area that is 5.5 miles long, the expansion includes building about 38.5 miles of additional track and installing approximately 145 miles of underground cable for the communications and signals system, all done while the yard continues a busy operation.

"The biggest challenge is going to be constructing all this in a live yard and trying to minimize disruptions to the operation," said **Mark Dewberry**, NS chief engineer design and construction.



■ ABOVE: **Jonathan Elswick** is terminal superintendent at Bellevue.

The Bellevue expansion is the largest involving a hump yard in decades and includes building about 38.5 miles of track and installing approximately 145 miles of underground cable for communications and signals.

At completion, now targeted for early 2015, Bellevue will be NS' largest hump yard and one of the largest in North America. It also will be the only one of NS' 12 production yards with dual humping capability, gaining the ability to switch and classify arriving cars from two tracks simultaneously.

It is the biggest construction project on an NS production yard in decades, Dewberry said. "I was a project engineer when the Linwood hump yard was built in 1978, when it was on Southern Railway, and other than a small process yard at Enola, Pa., I don't know of one being built since then," he said.

Construction of the second hump involves building a compacted soil fill as a ramp with track, switches, retarders, and signal equipment. In operation, rail cars will be pushed up and over the hump and roll downhill to a designated track. Bellevue hopes to double the 600 to 650 cars it now humps on average per shift.

"We're in the business of trying to take time out of traffic, and the more we can speed the customers' shipments, the better it is for us and the customer," LeStrange said. "From a transportation standpoint,

the sooner we can complete this project the better. Norfolk Southern and our customers would realize immediate efficiencies if it were open today."

NS' communications & signals department will install more than 140 power switches, upgrade 11 control points, and add equipment such as car retarders, wheel detectors, and distance-to-coupling circuits, said **Tony Grim**, NS assistant chief engineer signals and electrical design. "Every piece of this should help out with the efficiency, fluidity, and movements in and around the yard," he said.

The computer-based C&S system will track cars by commodity and route them to proper classification tracks after weighing and measuring them. Included in the system is a weather station to detect wind speed and weather conditions to help determine proper car speed to get them to the appropriate track.

While it won't be the largest hump yard in North America – that is Union Pacific's Bailey Yard in North Platte, Neb. – Bellevue will be the largest yard where all tracks are humped from one process control system, said **Paul Johnson**, NS control systems engineer.



Careful analysis involved

NS used powerful modeling tools to inform its decision to expand Bellevue, including Delphi, used by the marketing department to forecast business. NS' market research and economics group manages Delphi, feeding into it information supplied by customers to project growth in car volumes.

With Delphi's help, planners in NS' network and service management department saw that much of the railroad's growth would be occurring around Bellevue. The planners fed those projections into NS' Operating Plan Developer, a modeling tool developed by NS' operations research and network and service management and used to determine such things as locomotive, human resource, and infrastructure needs.

"It became clear that we didn't have enough switching capacity in the North to accommodate the growth, and that Bellevue is in the perfect location to handle it," said **Fred Ehlers**, vice president network and service management.

NS' finance department ran cost-benefit studies to ensure the expansion made economic sense, said **Marta Stewart**, NS vice president and treasurer.

"We try to allocate our capital dollars very rigorously to the highest return projects," Stewart said. "We get at least twice as many capital projects than end up getting approved, so we have to closely scrutinize them to winnow them down to the best ones."

The analysis involved looking at costs associated with running trains through NS yards in Elkhart, Ind., currently NS' largest hump yard, Conway, Pa., and Bellevue, which form a triangle across the Northern Region. Bellevue offered NS ways to reduce operating costs and enhance customer service, Stewart said.

■ **LEFT: The interchange at Bellevue yard, known as the mini plant, was improved in a project completed last fall, enabling NS to more than double the speed of trains moving through it.**

A key NS performer

NS already is experiencing improved traffic flow after reconfiguring and adding more capacity to the yard's interlocking system, a "phase 1" project completed last fall. Known as the "mini plant," the interlocking is an interchange where trains enter and leave the yard. The engineering improvements enabled NS to more than double train speed through it, to 25 mph from 10 mph, boosting efficiency and service.

Bellevue, midway between Toledo and Cleveland, is located at the confluence of several major NS east-west and north-south lines. Many trains are routed between the Lake and Dearborn divisions at the interchange. Also, many intermodal trains operating on NS' Heartland Corridor between Virginia's ports and Chicago pass through Bellevue.

"We have trains starting out of here that could go anywhere on our system, really," said **Jonathan Elswick**, terminal superintendent. "In terms of train performance metrics, we're a big driver of NS' numbers."

Benefits extend beyond NS. The Bellevue region has lost manufacturing and other employers over the past decade, and the city of around 8,000 is abuzz over the prospect of jobs and economic growth from NS' investment. Currently, the terminal employs around 650 people.

"The railroad is a major employer and pretty much the heart and soul of Bellevue, so this project will have a huge impact," Elswick said.

Bob Siesel, a Bellevue yardmaster, said he's proud to be a part of the expansion. He was born and raised in Bellevue and has been with the railroad since 1978, starting when N&W operated the yard.

"Over the years when NS has had an increase in business or overflow traffic, they've always felt confident to bring it to Bellevue to get it moved, and I think this reflects on their confidence in the workers here," Siesel said.

"The workforce here is second to none," said

Rick Vickrey, assistant terminal superintendent.

"I think our company's leaders have identified this as a place that's safe to spend money on to get more productivity out of the system." ■ BizNS

FUTURE TRACK STATUS REPORT

Here's a thumbnail look at some of the key Future Track initiatives.

UNIFIED TRAIN CONTROL SYSTEM/MOVEMENT PLANNER

UTCS, a next-generation dispatching system, is on seven of NS' 11 divisions. It is scheduled to be installed this year on the Dearborn, Lake, and Illinois divisions, and on the Pocahontas in 2013. Movement Planner is expected to be running at full capacity on the Georgia, Alabama, and Central divisions by end of this year.

PROCESS CONTROL IMPLEMENTATION

This initiative is automating the rail car classification process at NS hump yards, including car speed, spacing, and switch positions. Five of eight yards are completed, with testing planned at Sheffield, Linwood, and Knoxville.

GEOGRAPHIC INFORMATION SYSTEM

Aerial mapping of NS' rail network is complete, and integration with various NS systems is in development. The GPS-based mapping will enable NS to pinpoint the location of every piece of infrastructure on the network, including sidings, switches, and signals.

LOCOMOTIVE ENGINEER ASSIST DISPLAY EVENT RECORDER

LEADER prompts engineers on optimal train handling to achieve maximum fuel efficiency and on-time performance. To date, around 900 road locomotives have been equipped with the GPS-based computer display. LEADER-equipped locomotives are running on the Northern Region's main line between Chicago and New Jersey and are expected to begin running on the CNO & TP line between Chicago and Atlanta later this year.

TOP-OF-RAIL FRICTION MODIFICATION

These solar-powered systems dispense a lubricant to the top of both rails to lower wheel-to-rail friction, reducing wear and tear on wheels and rail and conserving energy. They are operating on 16 strategic lines located on or between 10 divisions.

REMOTE INTELLIGENT TERMINAL

This wireless technology enables conductors to use a handheld device to send and receive work assignments in near real-time. More than 500 of the RIT devices have been deployed.

REMOTE CONTROL LOCOMOTIVES

This remote technology enables a ground operator to control a locomotive via radio signals to an onboard computer. To date, RCL is installed on 188 locomotives in yards around the system, and 1,082 employees are certified RCL operators.

WAYSIDE DETECTION SYSTEMS

These remote systems monitor passing trains for wheel defects, and NS now has a 24-hour help desk monitoring preventive wheel alerts. This year, NS will implement alerts for dragging equipment devices.

RIT: Milestone For FUTURE TRACK

By the end of 2012, Norfolk Southern expects to complete its rollout of Remote Intelligent Terminal, improving work conditions for local conductors and marking a major success for Future Track.

Train crews who handle rail car deliveries to industry and transfer freight cars to interline rail partners at interchanges use the wireless, GPS-based device to receive and transmit work orders to spot, place, and pull cars.

NS began developing RIT in 2009, assembling a group of about 30 conductors to help perfect the new technology and then to train co-workers systemwide on how to use the rugged hand-held device. One of those selected was **Brad Baker**, a conductor working the former Alabama Great Southern line between Birmingham, Ala., and Meridian, Miss.

During RIT's development, Baker and the other conductors worked in Atlanta with Microsoft programmers, who wrote the operating software.

"They wanted input from conductors to make it user friendly," Baker said. "We stayed in Atlanta for several weeks doing testing and trial and error, adding stuff and taking stuff away."

During initial field testing in Mobile, Ala., the conductors used RIT alongside train crews who continued to handle work orders by paper and fax machines. That testing helped identify bugs that needed fixing before going live.

"In my opinion, RIT is a great capability and something big for Norfolk Southern, and I'm glad to have my name associated with it," Baker said. "It makes life easier for conductors and it helps our customers out, which is a good thing because the customers are the ones that keep us going and keep the cash flowing."

Customers can order and release freight cars electronically through NS' Pacesetter, which is automatically transmitted to the RIT devices, putting information at a conductor's fingertips.

Conductors report their work activity on RIT by clicking on car icons and "dragging" them to the track where they were delivered. To transmit a completed job order to the Operations and Service Support Center in Atlanta, they simply click a "work complete" box.

"It's more or less a point-and-click operation, and it's so much easier than filling out paperwork," Baker said. "I used to hate having to go back to the yard office at the end of the day to fill out the paperwork, especially in the summer, when you're soaking wet and trying to keep your papers clean so you could get them in the fax machine."



■ TOP: Conductor trainer **Brad Baker**, right, works with **Dan Kelly**, engineer, and **Brandon Mayer**, conductor, in Sharonville, Ohio, on use of the Remote Intelligent Terminal device.

■ ABOVE: **Brad Baker** shows the RIT screen to **Dan Kelly**.

"RIT is a great capability and something big for Norfolk Southern, and I'm glad to have my name associated with it."

– **Brad Baker**, conductor



■ Conductor **A.J. Rogers Jr.**, in right photo, uses a Remote Intelligent Terminal at Bellevue Terminal as he prepares to leave on his local L-20 job, which works six industries in Huron, Ohio. At top, Rogers reviews the cars he and engineer **Wade Adkins** will deliver to one of the industries. Above, Rogers lifts the RIT from its charging cradle in Bellevue's crew room.

RIT also streamlines work for employees in the OSS center. With rail car information arriving electronically from train crews and customers, they no longer have to manually type information off paper reports into the computer system. That has improved accuracy and timeliness.

"We're getting huge productivity gains," said **Brad Fitzgerald**, director OSS.

Another major benefit is improved asset utilization. "We have the data to show that RIT is helping us turn our rail cars quicker and get them back out on trains for reuse, so we need fewer cars to do the same amount of work," Fitzgerald said.

Most conductors are able to use RIT without assistance after about three days of training. During a training session in Knoxville last year, Baker worked with a conductor near retirement who was "scared to death" of RIT. After a night using it, however, the conductor had warmed to it.

"He was like, 'This isn't that hard,'" Baker said. "A little coaching goes a long way on this." ■ BizNS

For safety and operations, a culture change at NS

Editor's note: This is the first in a series of articles about Norfolk Southern's safety and service initiative, launched in January to bring positive change to the railroad's safety and operating culture. In this story, BizNS examines why NS is undertaking this effort. Future stories will highlight how the initiative is being carried out.



A cultural shift is under way at Norfolk Southern.

The rail industry's Harriman Gold Medal Award, which defined safety success at NS for more than two decades, is going away. Local operations committees who promote safety across NS are expanding their focus to include service. Operations supervisors are receiving training in conflict resolution and problem-solving and focusing more on recognizing good performance.

That's just for starters. All across the railroad, teams of employees are brainstorming ways to improve operations as part of a multi-year initiative to transform NS' safety and operating culture.

The goal is to create a workplace where safety, customer service, and productivity are in alignment.

"In some ways, I can't think of a more important initiative that we have right now," CEO **Wick Moorman** said. "If we can go out and get our operating division employees more aligned with the things we want to accomplish as a company, we will do great things. Those folks, at the end of the day, are the ones who know how to do it."

Creating a positive atmosphere

Leading the initiative is **Mark Manion**, executive vice president and chief operating officer. Manion says it will build on improvements made in company culture since NS adopted the SPIRIT values in 2007 that emphasize safety, performance, integrity, respect, innovation, and teamwork.

"The SPIRIT values have moved things in the right direction, but we've been concerned that in some cases, we haven't moved as positively as we'd like to," Manion said.

How effective NS is in driving positive change with this new initiative will depend in large part on senior managers, their lieutenants, and frontline supervisors. At a gathering in mid-February with about 80 members of his senior operating group, Manion said the key is building better working relationships with the company's approximately 25,000 agreement employees.

"Over time, we want to build a group of supervisors who will create a positive atmosphere through the way they lead, interact, and communicate with their people," he told the group. "This is about effective supervision that is eye-to-eye, talking to your people about the important things, and getting to know them."

safety
customer service
productivity

"If I'm an assistant trainmaster," he said, "it means I'm helping my people be as good as they can be. I'm listening to what their issues are, and I'm fixing them. I'm conducting myself in a way that doesn't turn people off when I'm critical of something that's going on. It takes skill. It takes work. In addition to training and education, it takes putting boots on the ground and being out there, just walking around spending time with your people without any particular agenda."



■ ABOVE: **David Julian**, vice president safety and environmental, notes that safety remains Norfolk Southern's No. 1 priority.

■ FAR RIGHT: **Mike Wheeler**, vice president transportation, at right, and **Mark Manion**, executive vice president and chief operating officer, next to Wheeler, greet employees during the company's first Blue Ribbon Special run, held last fall to recognize employees for their safety and service.

Employee email planted a seed

It's not just about supervisors, however. Agreement employees in transportation, mechanical, and engineering are contributing ideas and already are leading discussions on their newly named safety and service committees about ways to improve their service performance.

In fact, if individual employees think they can't make a difference, consider this: An "Ask Wick" question emailed in November 2010 by **Robert Garland**, an agreement yardmaster who works in Asheville, N.C., helped spark the changes now under way, Manion said. Moorman several years ago started fielding employee questions on "Wick's Page," a virtual forum meant to enhance communication with employees.

In his email, Garland raised questions about NS' safety process, and said the company should consider adopting a behavior-based safety program. Such programs emphasize positive reinforcement to build good safety behavior, focus on the underlying reasons why people act in unsafe ways, and attempt to change at-risk behavior without confrontation or threats of punishment.

After discussing Garland's email and their own interests in a behavior-based approach, Moorman and Manion agreed he was on to something. As a result, NS in 2011 hired Aubrey Daniels International Inc., a consulting firm specializing in behavior-based programs that improve business performance. Asked to review the railroad's safety processes, ADI visited eight operating locations to observe and talk with employees and distributed a written survey to employees systemwide.

NS leaders were surprised at the number of employees who held negative views of the company's approach to safety. Some called it too heavy-handed in trying to enforce safe behavior, while others perceived that supervisors focused too much on trying to catch employees violating a safety or operating rule.

"It was breathtaking that so many people told us that we could do better," Moorman said. "These weren't people ranting; this was thoughtful, coming from people all over the railroad who cared enough to tell us what they think."

Garland, who hired on as a conductor in 2003, said he's excited that NS is moving forward with the initiative.

"It feels good that the company is looking at how we get around this negative perception of the safety process, because it really is something that protects you and is to everybody's benefit," Garland said. "It demonstrates that the leadership is paying attention and wants to make things better."

Good time For a change

Doing away with the current Harriman program reflects NS' commitment to change. NS has won the safety award for 22 consecutive years and is poised to make it 23 at the final awards ceremony in May for safety performance in 2011. The award has become identified with NS, giving the company bragging rights as the safest Class 1 railroad in North America.

The ADI survey, however, revealed that employees did not view the competition as contributing to a good work environment.

"ADI did not get a single positive comment from anyone about the Harriman Award," Manion said. "It served us well in the past, and no doubt was helpful in reducing the number of injuries that occurred around the system, but it has gotten to the point where we think it's no longer helpful."

The other Class 1 railroads that competed for the Harriman agreed with NS. The railroads now are discussing ideas to replace the competition with a recognition ceremony of some kind that emphasizes teamwork and best safety practices, Manion said. It will not be based on which railroad has the least number of injuries.

Given the railroad's accomplishments in 2011, some may wonder why NS leaders see the need for change. The company shined financially, with record operating revenue and earnings per share, and the workforce had its best ever safety performance.

"That confirms only that we are doing things that are effective in keeping the environment safe; it doesn't confirm that we're doing it in the best way, where employees have the working environment they desire," said **David Julian**, vice president safety and environmental. "We've got an opportunity now for about 25,000 agreement employees to become more engaged in safety in a positive way."

Expanding the focus of safety committees to include service does not mean NS will compromise its commitment to safety, Julian said.

"Safety remains No. 1," he said. "You have to have a safe working environment to operate efficiently and productively. Safety and service go hand in hand."

Coming off the successes of 2011 is a good time to make changes for the better, Manion said.

"We've got a lot of momentum behind the operation," he said. "I don't recall a time when we had the pipeline loaded up with so many meaningful technological and process improvements in transportation, mechanical, and engineering."

"I see more and more enthusiasm from the guy at the throttle, from the person in the shop, from the person out on the tracks about where the company is going," he added. "When you see all the things going on, you can't help but feel good about this company and where we're heading." ■ BizNS



"If we can go out and get our operating division employees more aligned with the things we want to accomplish as a company, we will do great things. Those folks, at the end of the day, are the ones who know how to do it."

— CEO Wick Moorman



OUTLOOK 2012

Stepping up Norfolk Southern's game

For NS employees, 2012 will be a year of change as the company moves to improve customer service and refocus on safety.

Key strategic issues facing NS include growing traffic volumes and reducing operating costs, CEO **Wick Moorman** told managers at this year's general management meeting.

"We have a lot of opportunity ahead of us, and our company is very well-positioned, but there are challenges and a lot of work to be done," Moorman said at the Roanoke gathering. "If we're going to make this company even better, we've all got to raise the level of our game."

A safety record

Held every February, the meeting of top level managers focuses on the past year's performance and business outlook for the year ahead.

In 2011, the "single greatest accomplishment," Moorman said, may have been the workforce's safety performance – a best ever 0.75 injury ratio based on reportable injuries per 200,000 employee hours. It met the corporate goal of 0.75 and was a 16 percent improvement over the 2010 record-setting ratio of 0.89.



■ TOP: A Dash 9 40CW locomotive leads a unit grain train of covered hoppers as it moves through Oakvale, W.Va.

■ ABOVE: A coal ship is loaded with export metallurgical coal at Pier 6 at Lamberts Point in Norfolk.

"It is a remarkable tribute to everyone who works in this company, but particularly to our operating department," Moorman said.

Also in 2011, NS led the rail industry in volume gains with 5 percent overall growth, matched the trucking industry's percentage gains in tonnage, and had a "truly terrific" financial performance, outperforming Wall Street's expectations.

NS' service levels, dogged by bad winter storms and flooding, faced challenges in 2011, and Moorman said the railroad must do a better job this year to meet customer needs.

"We're a service company, and we've got to get that right," Moorman said.

NS' operating divisions started 2012 in stellar fashion, exceeding most of the company's service metric goals for train-related performance. The improvements are attributed in part to NS' move during 2010 and 2011 to hire additional train and engine crews as the improving economy generated more business volume. The company also is beginning to see benefits from its rollout of new technology to improve workforce productivity, such as Remote Intelligent Terminal and the Unified Train Control System. In 2012, NS plans to hire additional employees in engineering and mechanical to focus on service improvement.

A lot riding on coal

A concern in 2012 is NS' coal business, currently the railroad's single largest source of revenue, at about 31 percent in 2011. Domestic utility coal, comprising about 70 percent of NS' coal business, is under pressure from a mild winter, low-priced natural gas, and federal environmental regulations that are driving up operating costs of coal-fired utility plants.

"It is going to be a challenging year," said **Danny Smith**, senior vice president energy and properties.

The brightest prospects for coal are the export, domestic metallurgical, and industrial markets. Improving U.S. steel demand is expected to generate higher volumes of domestic met coal this year, while demand for the high quality export met coal NS delivers continues in Europe, Asia, and South America. Rising world demand for utility coal is creating new opportunities for exporting thermal coal, while NS' rail connections to new coal sources in the Illinois Basin are opening doors for both domestic and export utility coal.

Despite headwinds this year, especially from mild weather, Smith said he remains bullish on NS' domestic utility coal network. NS currently serves more than 100 U.S. power plants. About 70 percent already are equipped with scrubbers to meet federal air emissions standards and should continue to buy NS-supplied coal well into the future.

"In the longer term," Smith said, "we've got a lot of projects coming on line, and I think we can turn it around."

Star performers

In 2011, intermodal and automotive were NS' star performers in volume growth. Overall, NS intermodal volume grew by 10 percent, while domestic intermodal led the industry with a 15 percent increase. Automotive volumes rose 14 percent, sparked by new business and rising auto sales.

This year will be historic for intermodal, said **Mike McClellan**, vice president intermodal and automotive marketing. After nearly 15 years in development, construction of all of NS' primary intermodal corridors will be substantially completed, including the Crescent, Heartland, Meridian Speedway, and Pan Am Southern. New intermodal terminals will open this year on the Crescent and Pan Am Southern, adding capacity, improving network efficiencies, and boosting NS' competitive edge over long-haul trucking.



■ ABOVE: An NS double-stack intermodal train, right, traveling on the Heartland Corridor passes an NS train hauling automobiles near Bluefield, W.Va.



"It is a big year for us and will be the most transformative in terms of the network that we've seen since Conrail," McClellan said, referring to NS' partial acquisition of Conrail assets in 1999.

Shippers generating volume growth for NS intermodal, such as Wal-Mart, Kellogg Co., Kraft, and other big-box retailers, increasingly are moving cargo from the highway to rail, which is greener and cost efficient, he said.

Friday Freight a key

NS' "Friday Freight" initiative, aimed at securing additional business beyond the budget, continued to shine in 2011, adding \$771 million of new business,

said **Don Seale**, executive vice president and chief marketing officer. About 30 percent was freight NS converted from the highway or won from other transportation providers. The other 70 percent was new business that Seale said is a good indicator of the growing role rail transportation is playing across NS' service network.

Friday Freight will be a key to the railroad's financial performance in 2012, Seale added. To support the effort, NS' industrial products group set a goal for field sales people to generate \$1 million of new business a month, part of an initiative dubbed "One a Month" that the marketing division launched this year.

Domestic ethanol should be a strong contributor to NS' agriculture business, said **David Lawson**, vice president industrial products. NS transports about 16 percent of U.S.-produced ethanol supplies and expects to benefit from new terminal development and competitive network advantages.

"Through a lot of good work from our industrial development group, we expect to have four new ethanol terminals opened in 2012," Lawson said.

In NS' chemical market, crude oil and waste products are expected to spur growth, while Marcellus Shale gas-drilling activity will remain a strong growth market for metals and construction, Lawson said. A slow-recovering housing market continues to challenge the company's paper, clay, and forest products group. ■ BizNS



Learning to run with Synergy

In January, Norfolk Southern rolled into the brave new world of Synergy, undergoing what CEO **Wick Moorman** has described as the business equivalent of a heart and lung transplant.

While not painless, the good news is that NS survived the operation. The company's information systems are stable, and improvement is occurring daily.

The Synergy project involved replacing more than 40 computer-based legacy applications within human resources, material management, finance, and accounting with a new enterprise resource planning software known as SAP.

"We find ourselves going through some bumps, but overall we've conducted business without any major disruptions, which was our No. 1 goal," said **Ben Chapman**, NS assistant vice president SAP integration, speaking to NS managers at the general management meeting in February. "As things settle down over the next few months, we'll look back on where we were in January and February and the things that seemed awkward and strange to us then will be second nature."

For the most part, the "bumps" in Synergy's launch have involved user understanding and training issues rather than system problems, said **Lynnanne Catron**, director SAP integration. Those issues will decline as people become more familiar with performing work processes using SAP, Catron added.

"SAP is different from anything we have ever done before," she said. "We knew the old system, and we were comfortable with it. Now we must take the time required to learn the new technology and processes that are not comfortable. We will not be able to run with SAP until we first learn to crawl."

System improvements that SAP has enabled reflect its promise. For example, SAP allows diesel fuel suppliers to send NS buyers in mechanical and transportation an advance electronic shipping notice before delivery, stating amount of fuel purchased and other details. Before, NS buyers received only a handwritten paper ticket at delivery, and then had to manually type details into NS' information system, a time-consuming process with room for error.

"They still get the paper ticket, but now all they have to do is verify the information with the electronic form," Catron said.

In another improvement, SAP has replaced the former material requisition process with interactive "shopping carts," a modern process akin to shopping online. In addition, SAP offers enhanced "punch out" catalogues of preferred NS vendors showing pictures of many standard inventory items that have a pre-negotiated price. In another instance, purchase card transactions are loaded daily in SAP as opposed to monthly under the former system, providing managers with more timely oversight of purchasing activity.

To take full advantage of SAP's capabilities, NS has formed the Synergy Center, staffed by a mix of business and technology employees at NS. The center will work with departments to expand SAP applications.

"There is real power in SAP," Catron said. "We have laid a foundation upon which we can now grow." ■ BizNS





NS builds a thriving 'virtual' community

■ **TOP:** Norfolk Southern's New Media Team last year debuted a mobile app, giving iPhone and Droid users online access to NS news, information, and images.

■ **ABOVE:** Via online tweets and posts on NS' Facebook page, **Stacey Parker**, manager community outreach, kept the public in the loop during a photo shoot of locomotives in Roanoke to commemorate the railroad's 30th anniversary later this year.

In an email sent to Norfolk Southern's Facebook page, the son of a retired Norfolk Southern employee shared a personal story with **Stacey Parker**, NS manager community outreach. His father recently had died, he wrote, and as the funeral procession left for the cemetery, an NS train on a nearby track blew its whistle and began moving, like a symbolic escort.

"I know that it was purely a coincidence, but everyone was moved by it," he wrote. "Now I will hear a whistle and think that his escort is calling."

Parker, who manages the Facebook site, credits that email and others like it to NS' use of social media to engage the public in ways never before possible.

"If we didn't create on Facebook a sense that we're listening, he never would have reached out," she said.

Two years after entering the world of social media, NS has built a significant online presence. Nearly 20,000 people are fans of the company's Facebook page, and nearly 3,300 follow NS on Twitter. Some of the railroad's 75 videos posted on YouTube have generated more than 170,000 views.

"Norfolk Southern is a rail industry leader in social media," said **Rick Harris**, director corporate communications. "We've been among the most creative and imaginative in engaging with audiences."

From Facebook posts chronicling travels aboard NS trains to YouTube videos highlighting performances by NS' Lawmen band, the railroad's Internet communications go well beyond news releases and announcements.

"We want people to know who we are," said Parker, whose position was created in 2010 in part to manage NS' social media. "We're not just some FORTUNE 500 company. We live in your communities, eat at the restaurants, and pay taxes."

NS' online communities help form personal connections and rally public support. For example, NS uses Facebook and other social networking sites to post information about proposed legislation affecting the industry. In response to one recent posting, more than 2,000 NS employees and Facebook fans visited NS' Legislative Action Center's website, where they could send letters to members of Congress opposing a bill to allow heavier, longer trucks on the nation's highways. Their action helped lead to changes supported by the rail industry.

"It demonstrates how social media can be used to mobilize people around an issue we care about and reach an audience that's willing to demonstrate support for our industry," Harris noted.

Brave new world

Harris chairs NS' New Media Team, formed in 2008 to guide the company through the then uncharted world of social media. The diverse team, representing more than a dozen departments, in 2009 developed the NS Social Computing Guidelines to help employees avoid online communications minefields that could harm co-workers or the railroad. The guidelines apply to all forms of social media, from Facebook and YouTube to blogs and chat rooms.

"It's difficult to guard against risk when there are no rules out there," said **Joseph H. Carpenter**, general attorney and e-discovery counsel.

Carpenter, a New Media Team member, was among the most cautious when NS became involved in social media. "The legal landscape was still very much developing, and we as a company had not thought through all the ramifications," he said. "Now, the risks are better defined, and best practices have been established across corporate America."

Since then, NS has expanded online offerings. Last year, New Media Team members launched VisioNS, an in-house version of YouTube that delivers company videos to employees' computers, including quarterly updates from CEO **Wick Moorman**, and assisted with development of the company's first mobile app. The app gives iPhone and Droid users access to NS' latest news, stock information, and images. The railroad's advertising firm, RP3 Agency, created the app, which was inspired by Parker and **Larry Cox**, assistant manager mail service and NS form administrator.

As NS has become more educated and entrenched in social media, the New Media Team recently decided it was time to update the company's social computing guidelines. In the most significant change, employees no longer are prohibited from identifying their relationship to NS in social media postings. Allowing employees to reference their NS connection online recognizes that they are the company's best ambassadors, Parker said.

Harris said the revisions reflect NS' increased acceptance of social media as a communications tool.

"We still have guidelines," he said, "to help employees understand that while there are freedoms associated with social media, there are responsibilities as well. If you exercise common sense and are responsible about using social media, you shouldn't run into any problems."

Employees who identify their NS connection should make clear that they are not speaking for the railroad, Harris said.

Creating a dialogue

When NS launched its social media operations, it was the only railroad that allowed fans to start online conversations – both positive and negative. Parker says allowing that open dialogue has created goodwill among NS' followers and contributed to the company's popularity on Facebook.

"A lot of times if people say something negative, at least 10 people will defend us because we've already established a relationship with them," Parker said.





Giving up control, however, does carry risks.

"In a traditional media setting, you control the message," Harris said. "In a social media setting, you give up some of that control because everybody is free to comment. It enables you to get a sense of what the public is saying about you and enables you to respond to that."

As social media expands, NS will continue to tread carefully, only entering forums that interest fans and benefit the company. Carpenter continues to advise prudence.

"The biggest problem now is the casual nature of social media," he said. "A lot of times, people do not understand the permanence of any posted content, and you cannot control your audience. Don't post about pending deals, or make critical comments regarding your boss. Those are not appropriate forums to vent personal frustrations about work."

One NS Facebook follower learned the hard way. Confident that his identity would not be discovered, a 15-year-old recently boasted on the railroad's Facebook page that he had thrown a switch at a Virginia port terminal, an action that could derail a train. Parker saw the post and notified NS police, who tracked the teenager down using information that Parker provided from his Facebook profile. The teen was charged with a felony. Their efforts netted Parker and NS special agents **James Aspatore, Alvin Dayday, and Rodney Spencer** a 2011 Spirit Award.

Though rare, incidents like that drive home the point that everyone should be careful when posting online.

"Think about how your co-worker or supervisor would view it," Parker said. "If you're going to say you're part of NS, you should be respectful of that." ■ BizNS

NOW TWEETABLE: 'I WORK AT NS'

Below are excerpts from the revised social computing guidelines that enable employees to associate themselves online with NS. To visit the full guidelines, visit <http://ethics.nscorp.com> and click the Policies tab.

The company recognizes the pride employees have in their affiliation with Norfolk Southern and gives employees license to share publicly their association with NS via social media. Examples of acceptable public references in addition to work affiliation include participation in NS-sponsored or industry meetings, and activities sponsored by company programs such as Thoroughbred Volunteers or WellNS.

To protect yourself and NS, you should never:

- Disclose nonpublic information about the company, including legal matters, litigation, or NS' financial performance
- Engage in any activities that could result in a copyright infringement claim
- Use social media to evaluate the performance of co-workers, business partners, or vendors.
- Identify by name, criticize, or complain about customers, partners, or suppliers.
- Discuss or reference NS policies, procedures, or programs that are not publicly available on the internet.

BELOW IS A Q&A EXCERPT FROM NS' CODE OF ETHICS ON BLOGS:

Q: I would like to post some information to an online bulletin board with postings on the railroad industry. I really think I have a lot to add to the discussion. Is this allowed?

A: To an extent, yes, but be careful. Employees should not use online bulletin boards, blogs, or chat forums to discuss Norfolk Southern business. If you mention the company, limit your comment to basic facts that you know are publicly available on our websites or in nonconfidential printed publications that already have been distributed to general audiences outside the company, and be sure to include a disclaimer, such as: "I am not an official spokesperson for NS, but my personal opinion is..." As an employee, you may have information that has not been publicly released. Unless you are an official company spokesperson, you never should disclose nonpublic information.



■ LEFT: **Kevin Westover**, storehouse clerk at Juniata Locomotive Shop, prepares to shoot while playing in a basketball tourney Juniata employees organized last year as part of Power Train. In photo below, **Adam Pierannunzio**, storehouse clerk, shoots over **Brandon Boone**, material foreman, as **Bill King**, lead machinist gang leader, watches.



POWER TRAIN: Staying fit and building community

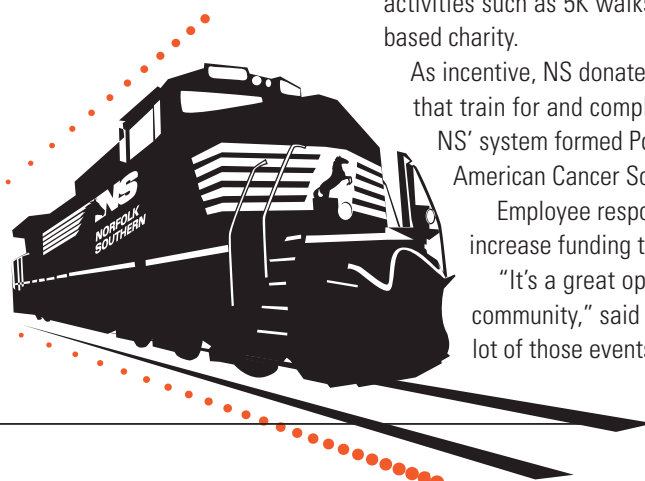
Wearing blue jerseys emblazoned with the NS logo, more than 100 bicyclists energetically pedaled through Chesapeake, Va., and northeastern North Carolina last spring. These Norfolk Southern employees, families, and friends were doing more than promoting personal health and fitness: With the railroad's backing, they were raising money for the American Diabetes Association as part of the nonprofit's Tour de Cure cycling event.

Group activities that combine physical fitness and charitable giving are the basis of Power Train, a program NS unveiled in 2011. The WellINS promotion challenges employees to form teams of at least 10 co-workers for participating in physical activities such as 5K walks, cycling rides, and dance-offs benefitting a disease-based charity.

As incentive, NS donates \$1,000 to the qualifying nonprofits on behalf of teams that train for and complete an event. Last year, 20 employee groups across NS' system formed Power Train teams to support organizations such as the American Cancer Society, Autism Speaks, and the March of Dimes.

Employee response has been enthusiastic, prompting NS this year to increase funding to support 50 Power Train teams and qualifying charities.

"It's a great opportunity for Norfolk Southern to get out into the community," said **Mary Pitman**, NS health promotions manager. "For a lot of those events, we make a huge difference in their fund-raising goal."



■ **Colin Barton**, assistant vice president corporate accounting, has been top fund raiser among Norfolk cyclists participating in the Tour de Cure ride. Last year, NS cyclists in Norfolk, Atlanta, and New York raised approximately \$120,000, ranking 11th among the top 100 fund-raising teams in the U.S.

Right thing to do

Supporting the communities that NS serves is the right thing to do, said **Kevin Stacy**, division office manager, transportation operations, in Fort Wayne, Ind. Stacy helped organize a Power Train team last year that raised \$1,675 for juvenile diabetes. About 30 NS employees and their families took part.

"Any type of things that support kids in the community we try to do," Stacy said. "It shows that Norfolk Southern is active in the Fort Wayne community."

For the past three years, Fort Wayne employees have participated in a "Walk a Mile in Her Shoes" event, raising money for the Fort Wayne Women's Bureau to combat domestic violence.

Along with supporting charities, Power Train activities enhance NS' wellness initiatives. In Tennessee, 16 employees and five of their spouses prepared for a 5K run for cystic fibrosis research in Cleveland, Tenn., in March.

"One of the employees read about it and suggested we do it as part of our WellINS program," said **Joan Murphey**, machinist at Chattanooga locomotive shop. "Several of the guys in the shop are marathon runners, and they planned to run together."

The 5k is the group's first Power Train activity, but they plan to participate in other charitable events as part of a yearly wellness challenge. "We try to keep people exercising and living healthier lifestyles," Murphey said.

Fitness For a cause

Power Train evolved from NS employees' involvement in the Tour de Cure in Virginia. Participation has increased significantly since **Karin Stamy**, general attorney law, rounded up three co-workers in Norfolk to ride in 2006. Since then, CEO **Wick Moorman**, **Mark Manion**, executive vice president and chief operating officer, **John Rathbone**, executive vice president administration, and **James Hixon**, executive vice president law and corporate relations, have biked on the NS team.



Last year, about 80 NS employees in Norfolk, joined by more than 20 family members and friends, formed the company's largest Power Train team in the program's inaugural year. In 2012, the Power Train team hopes to attract 125 riders and raise \$80,000 during the Tour de Cure ride in April.

NS also has sponsored Tour de Cure teams in Atlanta, Harrisburg, and upstate New York. The cycling event dovetails nicely with Power Train's goals, Stacy said.

"The beauty of Power Train is that it's a way for the company to support a charity and the wellness of individuals," she said.

A personal connection

Long before NS launched Power Train, **Lisa Holloman**, assistant to NS' executive vice president planning and chief information officer, was enlisting colleagues to join her in Walk MS, benefitting the National Multiple Sclerosis Society. Holloman began participating more than a decade ago after being diagnosed with multiple sclerosis.

"I wanted to give something of myself to help find a cure," she said. A disease of the central nervous system, MS most often strikes people between the ages of 20 and 50. "It affects people differently, but it's a definite change in your lifestyle," she said.

With Power Train's backing, 14 co-workers joined Holloman and family members for the Virginia Beach, Va., walk last year. After that walk, Holloman, who serves on the local Walk MS committee, formed another Power Train team for the first Walk MS along the Elizabeth River, starting near NS' downtown Norfolk headquarters.

power train

TEAM

NS and community pulling together

By design, Power Train teams must participate in a formally organized event. "I wanted people to learn more about an organization and prepare through training," Pitman said.

Going the extra mile, employees at Juniata Locomotive Shop in Altoona, Pa., created their own event last year. They set up and played in a basketball tournament to benefit Autism Speaks, a national charity that funds research into the causes, treatments, and prevention of autism, a developmental disorder.

Lead machinist gang leader **William King**, coach of his daughter's elementary school basketball team, came up with the idea after the son of his daughter's teacher was diagnosed with autism. King recruited co-workers to form teams.

"The Power Train program was a catalyst," he said. "It was a perfect opportunity to help the teacher's family and to raise money for a good cause. With everybody chipping in, it fell into place."

Co-worker **Tommy Williams**, storehouse clerk, helped recruit enough NS employees to fill two teams, while teachers and coaches at the elementary school formed two additional teams. The school provided its gymnasium, community volunteers served as referees, and area businesses contributed goods and services for door prizes and raffles.

The tournament attracted nearly 200 spectators and raised more than \$2,100 for Autism Speaks. Buoyed by the success, King and his NS teammates are planning a bigger 2012 "Shoot for the Cause" tournament.

King gives special credit to NS for implementing the innovative Power Train program.

"It makes me proud to work for the company," he said. "My wife and I always wanted to help in a charity, and Power Train opened doors." ■ BizNS

"It makes me proud to work for the company. My wife and I always wanted to help in a charity, and Power Train opened doors."

— **William King**,
machinist, Juniata
Locomotive Shop

■ NS cyclists, including CEO **Wick Moorman**, who work in Norfolk ride on a Power Train team in the 2011 Tour de Cure event.





‘COURAGE, TRUTH, AND MANHOOD:’ The NS Titanic Connection

With coverage in the news, many NS employees know that April 15 marks the 100th anniversary of the tragedy of RMS Titanic. The luxury liner sank on her maiden voyage from England to New York, resulting in 1,517 deaths and a legacy as the deadliest peacetime maritime disaster.

Here’s something you may not know: There’s a Norfolk Southern connection to the story.

John Borland Thayer, 49, of Philadelphia, a second vice president of the Pennsylvania Railroad and a board member of the Norfolk & Western Railway, predecessors of today’s Norfolk Southern, was returning home from Europe on the Titanic with his wife, Marian, and their son, John B. “Jack” Thayer III.

They were getting ready for bed in first class when the ship collided with an iceberg. In the confusion that followed, Thayer refused to get in a lifeboat and instead helped women and children do so. After all the lifeboats were gone, he was last seen looking “pale and determined by the midship rail aft of Lifeboat 7,” as one witness reported.

Marian and Jack survived and were picked up by RMS Carpathia, which responded to the Titanic’s SOS. At first, Thayer’s N&W and PRR colleagues thought that maybe he, too, somehow had made it through, but as the Associated Press and Marconi wires started verifying survivor names, that thin hope turned to resignation and sorrow.

In a telegram to PRR President James McCrea, N&W President Lucius E. Johnson of Roanoke said: “We are overwhelmed with grief... at the news that Mr. Thayer was not on the Carpathia. You and I have lost a good friend and a great assistant in our work.”

McCrea, in Philadelphia, responded: “We have been hoping against hope, but are all overwhelmed at the great loss. No one knows better than you how we shall feel this, both officially and personally.”

N&W’s annual report for the 1912 fiscal year noted, “The story of that disaster is illumined by the heroism of those who with Mr. Thayer stood aside and sacrificed themselves for the safety of the weaker. Great as is his loss to this board, it is overshadowed by his loss to his family, to his friends and to the community where his distinguished personality was the synonym for courage, truth and manhood.”

“Trains” magazine, in its April 2012 issue, noted that Thayer had been PRR’s chief traffic executive “during a time of large traffic growth and major expansion of its tracks and facilities.” Thayer worked to make passenger trains faster and more luxurious, and handled traffic negotiations and complaints with customers, author Dan Machalaba wrote.

■ ABOVE: **John Borland Thayer**, an officer of the Pennsylvania Railroad and board member of Norfolk & Western Railway, perished on the Titanic.

Photography Collection, Miriam and Ira D. Wallach Division of Art, Prints and Photographs, The New York Public Library, Astor, Lenox and Tilden Foundations

■ RIGHT: A telegram in NS archives informs N&W officials that John Borland Thayer was not among survivors rescued by RMS Carpathia.

TITANIC

Today, Norfolk Southern's archives house a modest file about Thayer. It includes a four-page statement dictated by 17-year old son Jack and released by PRR as "Information for the Press" on April 20, 1912. In it, Jack describes getting separated from his parents.

"As soon as I could get through the crowd, I tried to find them on B deck but without success," he said.

Almost to the last minute, Jack and many other passengers thought the Titanic would remain afloat, but eventually "... I jumped out, feet first. I was clear of the ship, went down, and as I came up I was pushed away from the ship by some force. I came up facing the ship, and one of the funnels seemed to be lifted off and fell towards me about 15 yards away with a mass of sparks and steam coming out of it. I saw the ship in a sort of red glare, and it seemed to me that she broke in two just in front of the third funnel.

"At this time I was sucked down, and as I came up I was pushed out again and twisted around by a large wave, coming up in the midst of a great deal of small wreckage. As I pushed it from around my head my hand touched the cork fender of an overturned lifeboat. I looked up and saw some men on the top and asked them to give me a hand. One of them, who was a stoker, helped me up.

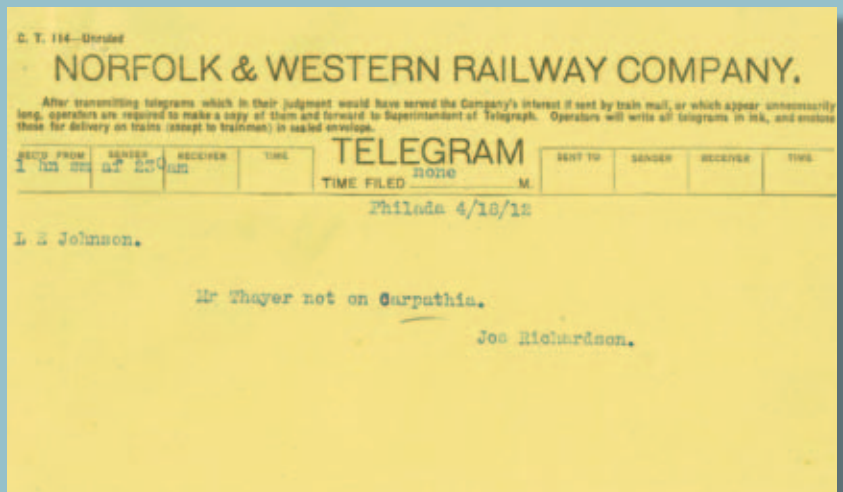
"In a short time, the bottom was covered with about 25 or 30 men. When I got on this I was facing the ship. The stern seemed to rise in the air and stopped at about an angle of 60 degrees. It seemed to hold there for a time and then with a hissing sound it shot right down out of sight with people jumping from the stern."

That was the Titanic's end. The body of Jack's dad, railroader John Thayer, never was recovered.

According to journalist Andrew Wilson in his 2012 book, "Shadow of the Titanic," Marian Thayer had trouble coping with her loss. She turned to a spiritualist and later in life believed that she was in touch with "Johnny." She would die in 1944 on the 32nd anniversary of the disaster.

Jack Thayer was portrayed in Wilson's book as something of a boy hero. He went to college, married the granddaughter of PRR's seventh president, fought in France during WWI, and enjoyed a successful career in banking and at the University of Pennsylvania, according to Wilson. He rarely spoke of the Titanic, except in a personal memoir he created for his family. He committed suicide in 1945.

N&W's annual report for the 1912 fiscal year noted, "The story of that disaster is illumined by the heroism of those who with Mr. Thayer stood aside and sacrificed themselves for the safety of the weaker."



Biz NS



ON THE COVER:

This illustration represents the new train technology Future Track is bringing to NS and its employees.

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Jon Glass
EDITOR

Beth Cooper
CONTRIBUTING WRITER

Patty McDonald
DESIGNER

Casey Thomason
Steve Smedley
Tim O'Brien
PHOTOGRAPHERS

CONTACT US:
Three Commercial Place
Norfolk, Va. 23510

e-mail: bizns@nscorp.com

NS Main Number:
855-NOR-FOLK

website: www.nscorp.com

10.0312.3679.36K



Three Commercial Place
Norfolk, Va., 23510

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'Use the Code,' win a bear

Brush up on the Thoroughbred Code of Ethics during Corporate Compliance & Ethics Week May 7-11, and you could win a Thoroughbred Code Bear.

Norfolk Southern is participating for the fourth year in the national event, which underscores the importance of ethics and compliance in today's corporate environment. NS' theme is "Use the Code," focusing on ways the Thoroughbred Code of Ethics can help employees

perform their jobs and promote the company's SPIRIT values.

NS' ethics and compliance program will sponsor an online "Where's the Code Bear?" contest featuring its popular Code Bear, who will be pictured visiting various work sites on NS' ethics web site. Employees who identify the Code Bear's location will be eligible to win one of the cuddly bears.

Other online activities and employee communications will be featured during the week on the railroad's ethics and compliance website at <http://ethics.nscorp.com>.

Retirees: NS can use your help

The views of Norfolk Southern retirees on issues affecting the railroad industry are important and appreciated – and when you speak up, it is effective. Earlier this year, for instance, quite a few NS retirees contacted their members of Congress to help make the industry's case against bigger, heavier trucks.

If you are a retiree who would like us to contact you when your voice is needed on Capitol Hill, please send an email to elizabeth.nelson@nscorp.com with the words "Retiree Voice" in the subject line.

You will be added to NS' email contact list to receive messages explaining key rail issues and ways to contact your Congressional delegation. NS will not bombard you with emails, share your address, or solicit you for monetary contributions.

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