

Biz NS

Volume 4, Issue 6 | November-December 2012

NS NORFOLK SOUTHERN
One line, infinite possibilities.



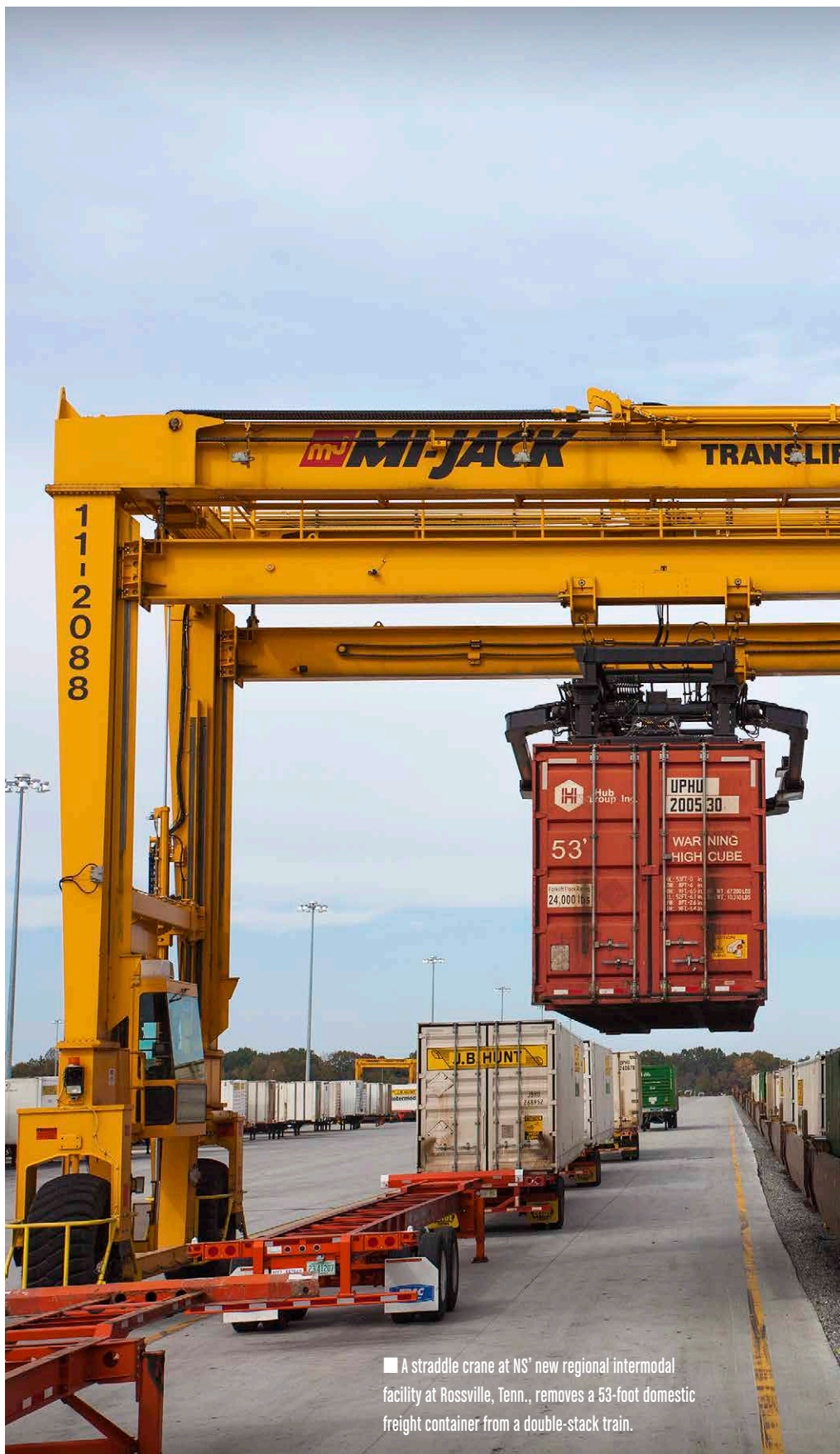
NS' game changer

Biz NS

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TO REMEMBER



■ A straddle crane at NS' new regional intermodal facility at Rossville, Tenn., removes a 53-foot domestic freight container from a double-stack train.



NS INTERMODAL:

Firing on all cylinders

In the U.S. freight transportation industry, all signs point to continued growth in rail intermodal business – congested highways, a truck driver shortage, rising fuel costs, and shippers looking for greener ways to move their goods.

Norfolk Southern is ready to seize the opportunities. After some 15 years of planning, development, and investments totaling hundreds of millions of dollars, NS will enter 2013 with all four of its major intermodal corridor initiatives substantially completed. The corridors bolster NS' business prospects across the network:

- **The Heartland Corridor** offers a shorter, more efficient route for double-stack international freight between Virginia's ports and Midwest markets.
- **The Pan Am Southern Corridor** expands NS' reach into New England markets.
- **The Meridian Speedway** arms NS with the shortest rail route between California and the Southeast.
- **The Crescent Corridor** positions NS to compete head-to-head with long-haul trucks, opening up a huge market potential for highway-to-rail conversions.

By volume, long-haul trucks currently are the dominant carrier of freight moving in NS' territory east of the Mississippi. NS is banking that its corridor strategy will be a game changer, greatly improving the railroad's growth prospects amid uncertain economic times.



"All of the boxes are checked for the advantages of intermodal, and 2013 will be a pivotal year," said **Don Seale**, executive vice president and chief marketing officer. "The additional intermodal capacity we're bringing on, and where it's located, will open up a lot of different opportunities for us to accelerate growth. It will be the foundation for future growth for years to come."

Mike McClellan, vice president intermodal and automotive marketing, says completing the corridors is the most transformative event for NS' rail network since the 1999 Conrail transaction. NS' decision to continue investing in the projects even as the economy turned south four years ago is testament to the company's perseverance and long-range vision, he said.

"It took a strategic commitment, and we kept plugging ahead even when times were not so good," McClellan said. "I'm excited because I was around at the beginning of all of these projects, and now they're coming to fruition. I wish we were in a healthier economy, but all of the corridors are producing meaningful freight for NS, and we're still in the first innings of this."

An added benefit is that the quicker transit times and added capacity for intermodal trains will generate opportunities to improve customer service for all of the railroad's freight markets.

"These corridors represent main arteries," Seale said, "and the improvements we've done to them benefit all the business moving through the network."

A growth engine for NS

Over the past decade, the volume of NS conventional intermodal freight has grown by more than 50 percent, to 2.9 million containers and trailers in 2011 from 1.9 million in 2001. Last year, intermodal accounted for about 40 percent of NS' freight by volume and generated 19 percent of total railway operating revenues, second only to coal.

"The additional intermodal capacity we're bringing on, and where it's located, will open up a lot of different opportunities for us to accelerate growth. It will be the foundation for future growth for years to come."

— **Don Seale**,
executive vice president and
chief marketing officer



■ An NS double-stack train crosses Natural Bridge in Virginia while traveling on the Crescent Corridor.

Since the recession, business from intermodal highway conversions has been the railroad's fastest growing market by volume. In the first eight months of 2012, the intermodal group captured \$64 million in new business from the highway as part of NS' Friday Freight initiative, which is growth above and beyond forecasts made at the beginning of the year, Seale said.

Barring unexpected drops in traffic in the fourth quarter, McClellan said he expects each of the four intermodal corridors to generate record volumes of freight in 2012. In mid-October, the intermodal group forecast it would transport 3.06 million units of conventional intermodal freight, which includes domestic, international, and premium business. That would top the previous record of 2.92 million units in prerecession 2006.

Given the challenges facing NS' coal business – from weather, low natural gas prices, and government environmental regulations – the railroad's senior management views continued growth in intermodal traffic as essential. Coal is expected to remain NS' top revenue generator for some time to come, but the railroad is looking to diversify, and intermodal is on the leading edge.

Seale describes NS' opportunity in intermodal this way: In 2011, the national truckload market generated more than \$600 billion in revenue, compared with

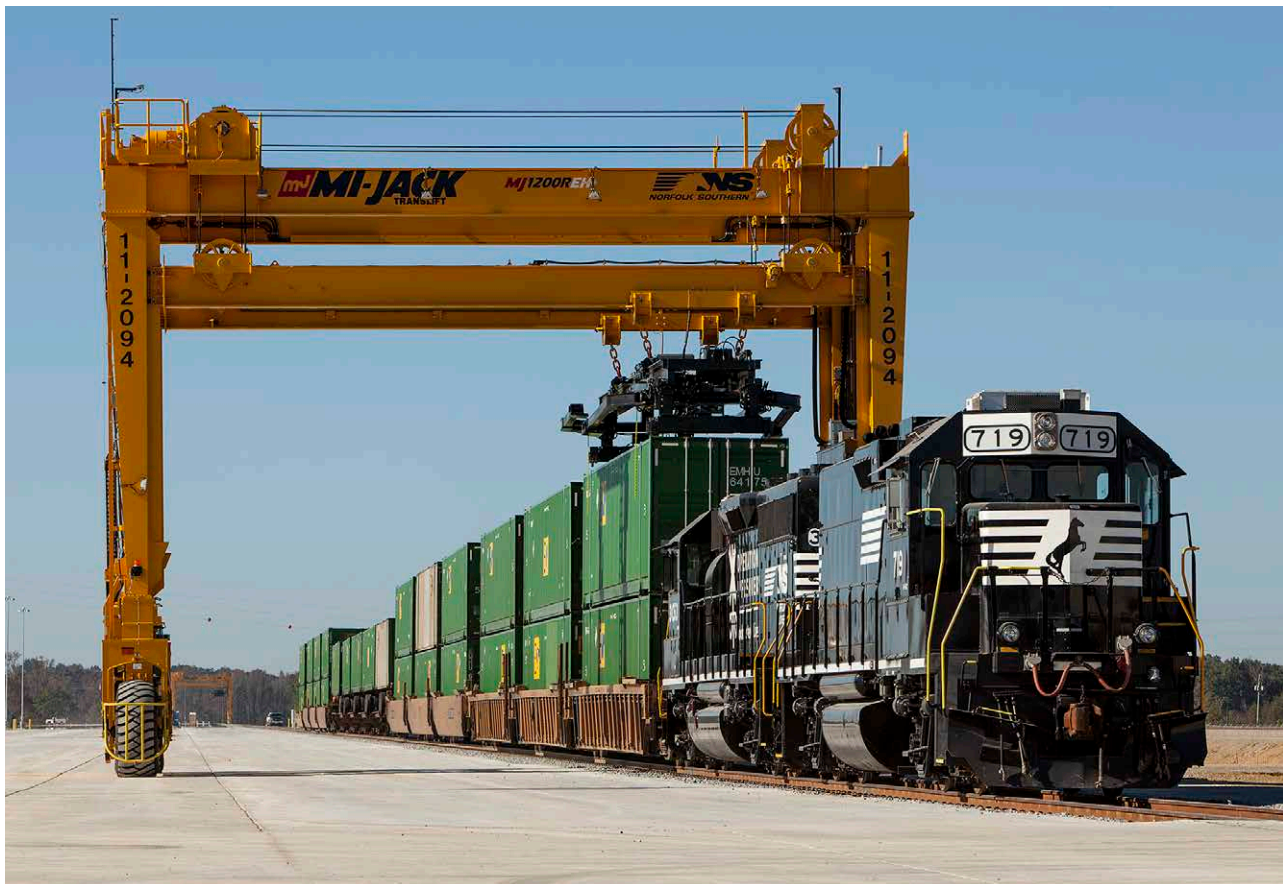
about \$70 billion by all Class 1 railroads combined. About 80 percent of intercity freight on trucks is moving east of the Mississippi in the heart of NS' network. That's a huge target for NS, he said.

"The order of magnitude in terms of opportunity is such that we can gain just a small segment of that motor carrier revenue and still grow at a significant pace," Seale said. "It is a big market."

From 'panicked' to prepared

Shippers began shifting more long-haul freight to intermodal in the early 2000s after discovering that rail was less expensive and more efficient than truck. In addition, as large consumer-based shippers, such as Procter & Gamble, Home Depot, and Wal-Mart, began launching corporate sustainability and environmental mitigation programs, they began turning to rail for its environmental benefits, including reduced greenhouse gas emissions.

As demand for intermodal service jumped, NS scrambled to keep pace. "We were in a panic over this in 2006 and 2007, because all the fundamentals were saying intermodal was going to rapidly grow and we didn't have the capacity in place to handle it," said **Bob Huffman**, NS vice president intermodal operations.



“The customers we’re going after have been moving freight for a long time over the highway without us, so it’s a challenge. We have to put the service out there and show them we can really do it.”

– **Jim Bolander**,
group vice president
domestic intermodal

Then the Great Recession hit. While the economic downturn dinged NS’ bottom line, the slowdown gave the railroad some breathing room to make infrastructure improvements to meet demand when the economy recovered.

“We’ve made these big investments in our corridors and added a huge amount of capacity to be able to handle the influx of business,” Huffman said. “The last few years have been evidence that, even in a very downturned economy, we’ve been successful in converting truck traffic and growing intermodal. As the economy continues to recover, the conversion will accelerate.”

Growth drivers for NS intermodal in 2012 have been shippers such as Wal-Mart, Kellogg Co., Kraft, and Procter & Gamble who produce or sell goods that retail consumers regularly buy even in a sluggish economy.

“A lot of these companies for green reasons, for cost reasons, for other reasons, are converting more of their shipments to intermodal,” McClellan said.

Because of rising demand in the Memphis market, NS began running trains through the Crescent Corridor’s new regional intermodal terminal at Rossville, Tenn., in July, even before water and electricity were connected.

In picking the sites at Rossville and the corridor’s new regional intermodal facilities at McCalla, Ala., and Greencastle, Pa., NS evaluated their potential for economic development, said **Newell Baker**, assistant vice president industrial development. They are near existing commercial hubs but have available industrial sites nearby to attract more industry and future intermodal customers.

■ LEFT: NS shows off one of the new hybrid battery-powered straddle cranes at NS' Birmingham Regional Intermodal Facility at McCalla, Ala., during a public opening ceremony in October.

In the past, the industrial development group has worked mainly with customers that need direct rail service to a new facility or plant expansion. Going forward, Baker said the group will become more active in promoting NS' intermodal services on the corridors.

"We will be working closely with our economic development allies to attract industries that need intermodal transportation services, and we will provide any support we can to land these new customers," Baker said. "It's a little different for us to be working with intermodal prospects, but we're excited about it. NS has invested a lot of money in the corridors, and we want to help generate the level of business needed to more than justify our investment."

New service lanes 'connect the dots'

With all of the major corridors up and running, **Jim Bolander**, group vice president domestic intermodal, said he believes it might be possible for NS to double domestic intermodal volumes within the next five years.

In October, NS launched its first new lane of service on the Crescent Corridor, between Memphis and Bethlehem, Pa., made possible by Rossville's additional capacity. Through 2013, as operations ramp up at McCalla and Greencastle, NS expects to launch more than 30 additional new service lanes, including 18 serving three regional markets in Mexico.

"Even starting up one or two new lanes of service is a big deal for a railroad," Bolander said. "To open 30-plus new lanes in a few months is significant. Our intention is to spend 2013 developing those markets and extending where opportunities lead us. The most exciting thing is that our new lanes are designed to be highway competitive, which is where the market growth really lies."

The McCalla terminal will allow NS to create the first ever rail intermodal service between Birmingham and the Northeast, Bolander said. Home Depot, one

of NS' biggest intermodal shippers, plans to expand operations at a distribution center in McCalla that he described as being "approximately a par five" from NS' new terminal.

"They're an example of the kind of opportunities out there," he said. The location of the new Crescent terminals, he added, will put shippers closer to markets and reduce the drayage costs associated with trucking goods to and from a customer's door. "In the Eastern markets we operate in, dray costs can be 40 to 50 percent of the door-to-door move, so minimizing those costs makes us more attractive to customers," Bolander said.

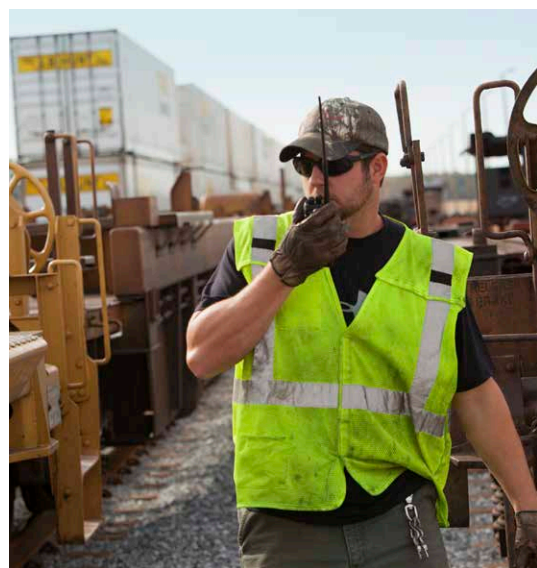
Not any 'givens'

Many new business possibilities arise from linking NS' intermodal corridors, particularly when teaming up with interline rail partners on transcontinental freight moves. For example, the completion earlier this year of the Heartland Connector, which cleared a double-stack route between Columbus and Cincinnati, Ohio, makes it possible to move freight between the Midwest and Mexico via the Heartland Corridor, the old CNO&TP, the Crescent Corridor, and the Meridian Speedway.

NS also will link the Meridian Speedway and Crescent Corridor to move freight between Dallas and the Northeast, Bolander said.

The planned introduction of so many new service lanes makes for heady times on the seventh floor of NS' headquarters building in Norfolk, the intermodal group's base of operations. At the same time, the pressure is on to produce.

"It's very exciting, but it's also a little bit scary," said Bolander. "The customers we're going after have been moving freight for a long time over the highway without us, so it's not like we throw a switch and we're there. It's a challenge. We have to put the service out there and show them we can really do it. There are no givens." ■ BizNS



"We don't want to lose time on the first mile or the last mile of the journey. These terminals are designed to bring Full trains in quickly and depart Full trains quickly."

— **Cary Booth**,
assistant vice president
intermodal service
development

EFFICIENT, SPEEDY, AND GREEN: Crescent terminals are all about service

Norfolk Southern's Crescent Corridor is the centerpiece of the railroad's strategy to convert domestic freight from highway to rail. With the corridor's first-phase improvements near completion, NS has the capacity to go head-to-head with long-haul trucking.

By year's end, three new regional terminals should be operating on the corridor — at Rossville, Tenn., McCalla, Ala., and Greencastle, Pa. By the end of 2013, a fourth terminal is expected to come on line in Charlotte, N.C., at the city's international airport. Major expansions at two intermodal facilities in Harrisburg, Pa., also should be ready by late 2013 or early 2014. In addition, the railroad has added passing tracks, straightened curves, and improved signaling to speed the flow of freight over the 11-state corridor.

"We have added a huge amount of capacity that gives us the ability to convert hundreds of thousands of over-the-road trucks to intermodal," said **Bob Huffman**, vice president intermodal operations. "We are focused on efficiency, transit times, and ease of doing business."

The new terminals feature high-tech touches such as automated gate systems outfitted with digital cameras and scanners to speed the flow of truckers in and out of the facilities. To complement NS' marketing of intermodal as the most environmentally responsible way to move freight, the company used green design methods to construct the terminals' administrative buildings. Further, the McCalla terminal will be NS' first intermodal facility to test a new type of battery-powered hybrid crane, intended to save fuel costs and reduce the railroad's environmental impacts.



The First and last mile

At their most basic, the new terminals are huge parking lots with railroad tracks running through them. Rossville's first phase, for example, has 1,000 trailer spaces for drayage truckers, the drivers who deliver freight to and from a customer's door. The key is that the new facilities are built specifically to handle the unique demands of intermodal service, said **Cary Booth**, assistant vice president intermodal service development.

"We don't want to lose time on the first mile or the last mile of the journey," Booth said. "They are designed to bring full trains in quickly and depart full trains quickly."

NS ensured that drayage truckers have easy access to highways to and from the terminals. "We and our business partners want to increase the efficiency of door-to-door delivery, so by making the whole thing more competitive end to end, NS is more competitive," Booth said. "Our logic is that we're trying to be quicker not just over the railroad but also for the truckers. It means that they save money, are more efficient, and offer better service."

The automated gate systems result in less truck idling, improved driver productivity, and reduced fuel costs and emissions, Huffman said. All of the terminals are designed for drivers to complete their business in less than half an hour; intermodal facilities equipped with AGS currently are averaging 22 minutes on NS' system, which is very good, Huffman said.

The Rossville and McCalla terminals will eliminate service issues that hampered NS intermodal freight moving through Birmingham's Irondale Yard and Memphis' Forrest Yard. At Irondale, the intermodal facility was shoehorned into the middle of a hump yard. At Forrest Yard, NS train schedulers had to juggle the movement of intermodal trains moving domestic and international freight with a steady flow of general merchandise trains. Rossville is now handling all of the domestic intermodal freight moving into the Memphis market.

In addition to added capacity, the new Crescent terminals enable NS to reduce transit times across the network. A major improvement is the length of track available to "knock down" inbound trains – intermodal lingo for unloading shipping containers from rail cars.

The Rossville terminal, for example, has more than 12,000 feet of track for working inbound trains, compared with 3,000 feet at Forrest Yard. As a result, an 8,000-foot train at Rossville can be knocked down on two 4,050-foot pad tracks simultaneously, taking less than half the time than it did at Forrest Yard, where it was unloaded in 2,000-foot sections, one at a time.

Since Rossville began handling trains in July, NS has substantially improved customer delivery times, said **Gary Ricard**, division manager, who oversees operations at Rossville and McCalla.

"It'd take 24 hours to knock down an 8,000-foot train at Memphis, working through the night for next-day delivery," he said. "At Rossville, we can have containers grounded and ready for customer pick-up by 10 a.m. of the same day."

At the same time, NS has expanded capacity for international freight at Forrest Yard and has saved a lot of money by being able to close a satellite lot once needed to stage empty domestic equipment for daily customer pick-up, Ricard said.

To accommodate future growth, Rossville has enough space to double in size, including adding another 12,000 feet of grounding track and another 1,000 trailer spaces.

"We were at a point in Memphis where we couldn't handle any additional traffic to grow the business," Ricard said. "We were struggling and having trouble just getting the trains we had in and out of the facility."

■ **Matt Frank**, engineer, in left photo, and **John Crow**, conductor, work at NS' new intermodal terminal at Rossville, Tenn., switching cuts of rail cars for an outbound train.

The green touch

NS went the extra mile to build the new Crescent terminal buildings to LEED (Leadership in Energy and Environmental Design) Certification standards.

"They don't use as much energy or water," said **Mark Dewberry**, chief engineer design and construction, an NS group that helped permit, design, and build the terminals. "The buildings look very different from the normal railroad office we'd build, such as the way the windows are arranged to make better use of sunlight."

The buildings feature "low-impact" construction materials, including "cool roofs" made of light-colored metal that reflects heat, low-flow plumbing fixtures, and high-efficiency heating and cooling units. They also have extended roof overhangs that act as sun shades to reduce air-conditioning use.

As NS pursues greener technology across its operations, the experiment with hybrid cranes at McCalla puts the railroad at the forefront of the industry in use of this type of crane technology, Huffman said. The terminal will have three of the hybrid straddle cranes, which move around on rubber tires above trains, lifting containers on and off rail cars. The cranes, powered by a bank of batteries, are designed for continuous operation, with a small diesel engine charging the batteries during use.

McCalla will be a testing ground to determine how well they perform and whether NS purchases more of them for other locations.

"It is our hope that this new design will not only be much kinder to the environment, but also give us the added benefit of lower fuel costs and hopefully lower maintenance costs," Huffman said. ■ BizNS



■ ABOVE AND RIGHT: To reduce environmental impacts and operating costs, NS constructed new Crescent Corridor administrative buildings to LEED (Leadership in Energy and Environmental Design) Certification standards. With its rows of glass windows and roof overhang, the office building at the Birmingham Regional Intermodal Facility at McCalla, Ala., has a distinctive "green" look.





The Rossville loop

One thing immediately stands out about Norfolk Southern's new intermodal terminal at Rossville, Tenn. It's the only NS intermodal facility that has a loop track.

Call it a little bit of NS engineering ingenuity.

Typically, the lead tracks into an intermodal facility run parallel to the main track, as is the case with NS' new Greencastle and McCalla terminals. That design enables an intermodal train to enter the terminal, deliver and pick-up containers for customers without blocking the main track, and then depart the other end.

At Rossville, located about two miles south of the main line, the site configuration did not work for the parallel approach, said **Gary Ricard**, division manager. Instead, NS built the terminal's lead tracks perpendicular to the main line, along with a triangular wye track to permit easy access for trains arriving from the east or west. To ensure an easy exit, NS constructed a 6,200-foot loop track. When a train enters the facility, the locomotive engineer can take it around the loop, drop the rear portion of the train on an unloading pad track without blocking the main, shove the head end of the train back onto another unloading pad, and be pointed in the right direction to depart the terminal.

"The loop lets us move long cuts of cars from one track to another," said **Mark Dewberry**, NS chief engineer design and construction. "A train can make a progressive move through the facility around the loop, and have enough tail room to switch multiple cuts of cars between tracks that are almost a mile long each. It saved us from having to buy another mile of property farther from the main, because we are utilizing a loop that connects all of the facility's tracks on one end." ■ BizNS

■ ABOVE: NS' new Memphis Regional Intermodal Facility at Rossville, Tenn., is the railroad's only intermodal terminal with a loop track, seen in this aerial photograph taken in October by **Mark Dewberry**, NS chief engineer design and construction. The lead track to the facility is in the top middle of the photo.



	HEARTLAND CORRIDOR	PAN AM SOUTHERN CORRIDOR	CRESCENT CORRIDOR	MERIDIAN SPEEDWAY
Rail Miles	789 miles	436 miles	2,500 miles	320 miles
Projected Cost (\$M)	\$ 282.4	\$ 177.7	\$ 717.7*	\$ 300
Projected NS Cost (\$M)	\$ 147.4	\$ 177.7	\$ 422.7*	\$ 300
Public Funding (\$M)	\$ 135		\$ 295*	
Sources of Public Funding	Federal Government, Va., W.Va., Ohio		Federal Government, Pa., Va., N.C.	
Construction Start	2007	2009	2007	2006
Project Completion	2011	2011	2012 (Phase 1)	2012
Infrastructure Benefits	Terminals, Clearances	Capacity, Speed, Terminals	Capacity, Speed, Terminals	Capacity, Speed

*PHASE 1

NS' intermodal smorgasbord

Each of Norfolk Southern's four primary intermodal corridors adds something new or different to the railroad's portfolio of services, says **Mike McClellan**, vice president intermodal and automotive marketing. Here's the upshot:

MERIDIAN SPEEDWAY: This 2005 joint venture between NS and Kansas City Southern created the shortest, fastest rail route for freight moving between the West Coast and the Southeast, putting NS on a competitive footing with coast-to-coast long-haul trucking. The 320-mile route, linking Meridian, Miss., and Shreveport, La., also has enabled NS to tap new business in the Dallas and broader Texas market.

"We used to be sixth morning between California and Atlanta, and now, with the Meridian Speedway, we're fourth morning," McClellan said. "That's been transformative for us in what it's done for our overall railroad capacity, creating brand new markets and the ability to take transit times out of our transcontinental service. We're faster now than single-driver trucks and competitive in some cases with team-driver trucks. That's just been a big win."

PAN AM SOUTHERN CORRIDOR: Also known as the Patriot Corridor, this corridor came to life as a joint venture in late 2008 between NS and Pan Am Railways. It gives NS an expanded reach into New England markets, including access to Pan Am's main line between Albany, N.Y., and Boston and secondary and branch lines in Connecticut, Massachusetts, New Hampshire, New York, and Vermont.

"The decision there was, did we want to be in the New England market or not?" McClellan said. "Our argument was, 'We've got to be there,' because so many of our customers are buying networks, and if we didn't do that, chances are we might not get the Ohio Valley or New York business. It was paramount that we had an entire network to sell."

HEARTLAND CORRIDOR: The Heartland has significance beyond its importance to NS' business: It was the rail industry's first multistate public-private partnership and was hailed as one of the most significant feats of railroad engineering in the modern

era, requiring clearances to be raised for 24 tunnels through the Appalachian Mountains. Completed in fall 2010, the corridor significantly improves NS' service at the Norfolk, Va., port, the railroad's highest-volume intermodal port on the East Coast. The corridor cut an average of 250 miles and more than a day of transit time off double-stack container trains moving between the coastal port and Midwest markets.

"It has allowed us to double-stack well over 100,000 units a year and has taken a lot of gross ton miles off the railroad," McClellan said. "At the same time, it took freight off lines that are constrained and put it on lines that have a lot of capacity. We've gained a lot of efficiencies in our service to Norfolk."

CRESCENT CORRIDOR: At 2,500 miles and \$2.5 billion of planned investment, this corridor makes up the backbone of NS' network of main-line arteries, stretching across 11 states between Louisiana and northern New Jersey. It also is NS' largest public-private partnership, encompassing the construction of four new regional intermodal terminals that will improve rail capacity, transit times, and service. More than any other corridor, the Crescent is aimed at converting long-haul truck freight to rail. Three of the new terminals will be cranking up by end of this year – at Rossville, Tenn., McCalla, Ala., and Greencastle, Pa. NS will get down to serious business in 2013, scheduling opening of 34 new lanes of truck-competitive service. That includes 18 service lanes to grow business in consumer and manufactured goods in three regional markets in Mexico.

"The real opportunity for growth is creating truck-competitive services, and the Crescent Corridor is going to allow us to create a whole bunch of products in brand new lanes," McClellan said. "With Crescent, we're going to be providing service that, quite frankly, no other railroad offers. This is huge for us." ■ **BizNS**

NS' international intermodal: positioned and prepared to grow

"The brick and mortar portion is done, and we consider ourselves well-positioned to handle the business whether it's coming into East Coast ports or routed over from West Coast ports. We just need the economy to kick in for us."

— **Jeff Heller**,
NS group vice president
international intermodal

■ TOP LEFT: **Larry Smith**, carman, gang leader, left, and **R.T. Schottel**, student carman, check the brake shoes on an intermodal rail car at NS' intermodal facility at Rossville, Tenn. Rossville is handling domestic intermodal traffic coming into Memphis, increasing capacity for international freight at Forrest Yard in Memphis.

■ TOP RIGHT: **Chris Wilbanks**, student carman, checks the oil level of an outbound locomotive at NS' intermodal facility at Rossville, Tenn.

NS' international intermodal group has faced challenges since the global economy nose-dived in late 2008. Even as U.S. economic conditions have improved, the sluggish world economy, particularly in the European Union, has put a damper on NS' international markets. While that business has grown in volume and revenue the past three years, it's occurred at a much slower rate than NS' domestic intermodal market.

As the global outlook improves, NS' international business will reap the benefits provided by the railroad's corridor investment strategy, said **Jeff Heller**, NS group vice president international intermodal.

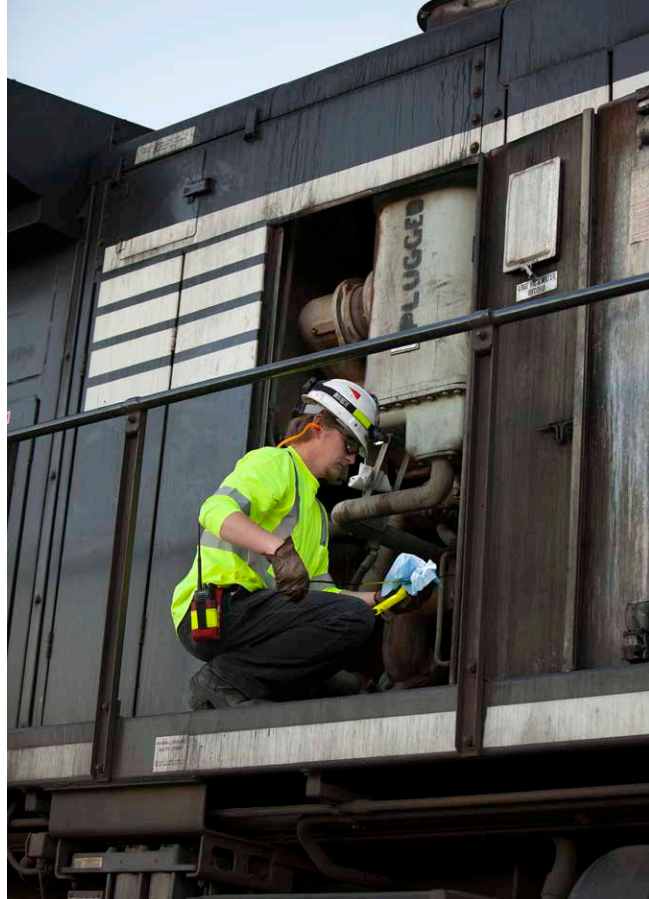
"The brick and mortar portion is done, and we consider ourselves well-positioned to handle the business whether it's coming into East Coast ports or routed over from West Coast ports," Heller said. "It's critical that NS' network is flexible enough to handle import container flows from either coast regardless of how they're moving. Our corridor development projects, along with larger projects such as CREATE in Chicago, have established a network able to do just that."

The Heartland Corridor, opened to double-stack container trains in fall 2010 after three years of construction to raise tunnel clearances on the route, is the flagship corridor for NS' international group. The corridor cut an average of 250 miles and more than a day of transit time for double-stack freight moving between Virginia ports and Midwest markets.

In early 2012, NS opened an extension of the corridor, the Heartland Connector, creating a shorter, double-stack route from Columbus, Ohio, to Cincinnati and Detroit and opening Ohio Valley markets to other major East Coast ports. NS already has launched a new service lane between Columbus and the port of New York as a result, Heller said.

"When customers are looking for the best highest capacity route from an East Coast port into the hinterlands, Heartland will float to the top," Heller said. "Internally, from an efficiency perspective, Heartland has been tremendous for us and has done exactly what it was meant to do. With a faster transit time, we're saving on equipment costs between Norfolk and Chicago, and by cutting out 25 percent of the miles, we're saving on fuel and reducing locomotive emissions."

In addition to the Heartland Corridor, the international group will gain new business opportunities from capacity improvements on NS' Crescent Corridor.



In particular, the new 316-acre regional intermodal facility at McCalla, Ala., near Birmingham, expands NS' presence in a region expected to grow in importance over time. NS has been moving international freight from East Coast ports Charleston, S.C., and Savannah, Ga., and from Los Angeles in the west through a cramped intermodal facility in the middle of Irondale Yard in Birmingham. NS is moving that operation to McCalla, gaining terminal capacity to grow existing business and add new service lanes to and from the ports of Norfolk, Jacksonville, Fla., and Miami.

"We see the Birmingham region as one of the next big growth markets in the Southeast," Heller said. "From a consumer point of view, the demographics are improving — people are moving there, incomes are growing, and manufacturing companies are locating there. We see it as a real opportunity going forward."

Similarly, the new Rossville terminal will ease congestion at NS' Forrest Yard in Memphis, which had been handling domestic and international intermodal freight. NS is moving all of the domestic intermodal traffic to Rossville, providing "a significant amount of capacity" to move more international freight through Memphis, Heller said.

Another market NS' international team is targeting spans upstate New York and Boston via the port of New York and New Jersey. The Pan Am Southern corridor, with a new intermodal terminal in Mechanicville, N.Y., opens the door for the group to make a play into the Albany region. Service then can continue east from Mechanicville along the corridor to NS' expanded intermodal facility in Ayer, Mass.

Because a significant amount of international container traffic moving between Asia and NS-served markets is shipped into West Coast ports, NS' gateways in Chicago and Shreveport, La., will continue playing an important role, particularly for time-sensitive cargo, Heller said. Speed and capacity improvements NS has made to the Meridian Speedway and capital investments in CREATE projects will help ensure the railroad has the preferred route for shippers. The Meridian Speedway already is an important gateway for transcontinental freight, Heller added, and it will only grow in importance. ■ BizNS

Corridor improvements rev up NS' auto group

Outside of intermodal, NS' automotive group is one of the biggest beneficiaries of the railroad's corridor investments, with key business moving over Pan Am Southern Corridor, the Meridian Speedway, and the Crescent Corridor.

NS has opened two automotive terminals on the Pan Am Southern Corridor, in Mechanicville, N.Y., and Ayer, Mass., giving NS a firm foothold in the New England automotive market. The Mechanicville facility shares location with an NS intermodal facility, and another intermodal facility is near Ayer.

"The auto group needs to make sure that we have broad geographic coverage for our facilities and that there are no gaps in a state or region where we don't distribute vehicles in the East," said **Richard Kiley**, group vice president automotive. "The Pan Am Southern corridor extends our reach into New England. Historically, as close as we got was Buffalo or the shared Conrail assets in New Jersey. Now, we reach into the Albany and Boston markets and can compete with rail and truck for this business. It has made us more attractive to the customers we do business with because it makes us a broader geographic supplier."

The Meridian Speedway has opened up the auto group's access to the West Coast, offering automotive manufacturers in the South the shortest, fastest route to California

markets. The route has been attractive to certain European car manufacturers who operate plants in southeastern U.S. and move vehicles on NS trains, Kiley said. These vehicles are shipped on multilevel rail cars that depart Atlanta on NS intermodal trains and move over the Meridian Speedway enroute to Los Angeles.

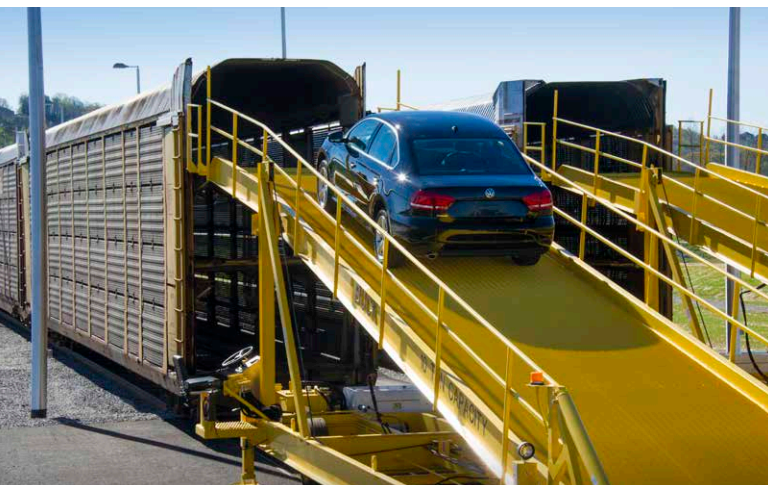
"Having the Meridian Speedway has allowed us to improve our service and provide customers with a more competitive alternative," Kiley said.

The improved Crescent Corridor creates possibilities to attract new automotive customers and to improve service to

existing customers, Kiley said. Volkswagen's new Passat plant in Chattanooga, Tenn., where NS moves about 80 percent of the vehicles shipped by rail, is one important customer that should benefit from Crescent. The corridor also fits in with NS' strategy to move more of its automotive business on intermodal trains.

"As intermodal service improves on the corridor and we have the opportunity to jointly ride those trains," Kiley said, "our service improves, too, and our trains become properly sized." ■ BizNS

■ BELOW: A Volkswagen Passat is loaded onto a multilevel rail car for movement by an NS train from the automaker's new manufacturing plant in Chattanooga, Tenn.





■ **Woody Claar**, a pipefitter and sheet metal worker at Juniata Locomotive Shop, stands next to the 26L brake system that he redesigned inside a compact modular box.

CHAIRMAN'S SPIRIT WINNER

What NS innovation is all about

Years ago, **Woody Claar's** father-in-law worked at a large telephone company when it began hiring women into line repair jobs formerly held only by men. As part of that change, he told Claar, the company began replacing heavy wooden work ladders with lightweight fiberglass models. The result?

"He said it was the best thing that ever happened because it made the work easier on everybody," Claar recalled. "I've always remembered that story. Just because it's been done a certain way for 50 years doesn't mean it's the best way. Sometimes you just have to ask questions, take a little initiative, and change the world, I guess."

While the world might have to wait, Norfolk Southern is reaping benefits from Claar's initiative and out-of-the-box thinking.

A new design For an old system

Claar is a pipefitter and sheet metal worker who hired on at NS' Juniata Locomotive Shop in Altoona, Pa., six years ago. Last year, he took the lead in redesigning the 26L air-brake system for rehabilitated 1970s- and 1980s-era SD40-2 locomotives — one of NS' locomotive

rebuild projects. The 26L brake is a vintage pneumatic system Claar described as a sprawling "spaghetti mess" of copper piping as installed on the old SD40-2 units.

His challenge: figure out a way to modify the brake system to fit the SD40-2's new replacement cabs. Unlike the original cabs, the air-conditioning fits under the cab flooring instead of on the roof, making less space available for the brake system.

Claar's innovative modular redesign of the 26L system reduced the amount of piping by about half. The brake rack now is housed in an easily accessible metal box 20 inches wide, 74 inches long, and 20 inches high. Where shop workers before had to crawl under a subflooring and lie in awkward positions to install and maintain the brake system, they can access the redesigned rack from outside the cab by popping off a door on the brake box.

The redesign has saved money on material and labor; made building, installing, and maintaining the system safer for mechanical shop employees; and contributed to the railroad's corporate sustainability efforts, because old parts are refurbished and reused.

"The air brake rack is pretty much assembled prior to putting it on the locomotive frame," said **Don Faulkner**, general superintendent Juniata. "Before, a pipefitter worked next to the locomotive for days, bending each individual pipe and then installing it. Now, it's all done on a bench, and we just set it on a locomotive, make the few pipe connections, weld it in, and it's ready to go."

A triple play for NS

For his work, Claar earned the Chairman's SPIRIT Award for 2011. The award is presented to a SPIRIT winner whose contribution is expected to have a significant impact on the company's long-term success. Claar's efforts boosted NS' bottom line, increased efficiency, and improved workplace safety.

"Woody was the go-to guy on this project, and he helped revolutionize the way a 26L air brake is built at Juniata," said **Terry Evans**, vice president transportation, who oversaw the SPIRIT Awards program. "What's really noteworthy is that his achievement demonstrates you don't have to be a 30-year veteran to come up with a tremendous idea."

During a luncheon at Norfolk headquarters, CEO **Wick Moorman** and members of his senior leadership team recognized Claar and other SPIRIT winners selected as Chairman's Award finalists.

"I greatly appreciated it, but, you know, I don't take all the credit myself," said Claar, a self-employed carpenter before joining NS. "A lot of guys helped me, and I consider it a team effort."

The shop employees he worked with most closely were **Dave Robertson**, a pipefitter, and **Glenn Warzel**, a boilermaker. Warzel helped fabricate the metal boxes that the brake system fits into. Robertson reclaims parts off the old 26L system for reuse, including cast iron pipe brackets and valves that can be cleaned and rebuilt.

■ CEO **Wick Moorman** presents **Woody Claar** with the 2011 Chairman's Spirit Award during a luncheon at NS' McKinnon Building in Norfolk.



Fostering innovation

Juniata's locomotive rebuild program has given employees an opportunity to be innovative, Faulkner said. In addition to the SD40-2 cab replacements, the shop is rebuilding enhanced SD60E and SD40E units and GP40-2 "mother-slug" combos, which pair GP40-2 mother units with locomotive slugs equipped with traction motors for pulling power but no engines.

"We don't have a team of 50 engineers doing the designs for all these projects," Faulkner said. "We give our employees 30,000-foot instructions on what we'd like to see and they figure out how to do it. That's amazing to me."

Claar's 26L brake redesign is a prime example. **Josh Sams**, general foreman, said he approached Claar with only a bare outline of what was needed.

"Woody said, 'Yeah, I can make this work.' About a week and a half later he had the first prototype done," said Sams. "We did a little tweaking on it to get it the way we wanted, and the rest is pretty much history."

Sams said Claar's work demonstrates that all employees, regardless of years on the job, have an opportunity to improve work conditions for co-workers and strengthen the company's competitive advantages.

"This has made a big impact on guys at the shop," Sams said. "Since Woody got recognized for all this, a lot of the younger guys have been stepping up with ideas. Granted, a person with a year or two of experience isn't going to have the knowledge of somebody who's been on the railroad for 20 years, but their ideas and suggestions should not be tossed to the side."

Like the story his father-in-law told him, Claar said he always looks for ways to work smarter rather than harder.

"I was a carpenter for 25 years before I came to the railroad, and you wanted to use your head more than your back for a lot of things," Claar said. "I ask questions all the time about the way things are done. I've always thought that simpler is better. We can complicate the obvious, and I don't like to do that." ■ BizNS



Chairman's Award Finalists display plenty of NS SPIRIT

Norfolk Southern employees earned 335 SPIRIT Awards in 2011, the most since the recognition program began in 2008. The numbers reflect employee commitment to performance and innovation and underscore the company's culture change initiative to better acknowledge employee achievement and create a more positive work experience.

Rising to the top of the 2011 SPIRIT winners were five finalists who vied for the Chairman's SPIRIT Award, including **Woody Claar**, the Juniata Locomotive Shop craftsman who won it. Earning the award requires a high-profile contribution deemed to have a significant impact on NS' success, including such things as business growth, operating efficiencies, and safety.

"The SPIRIT Awards are a way for us to recognize superlative performance and outstanding contributions, and these finalists can take a lot of pride in being among such a select group of SPIRIT winners," said **Terry Evans**, vice president transportation, who oversaw the awards.

Here's a snapshot of the four runner-up finalists:

A map for the 21st century

In late 2008, Norfolk Southern set out to do something no other railroad had ever done – use aerial mapping technology to create a 3D digital database pinpointing every piece of rail infrastructure on its network.

The project involved an innovative technology known as fly-mapping. A helicopter outfitted with remote laser technology, high-resolution digital cameras, video, and Global Positioning System device mapped all 17,000 miles of rail corridor that NS owns. At the time, it was the largest known nonmilitary fly-mapping project ever undertaken. The mapping required three years to finish, wrapping up in 2011.

"Just because it's been done a certain way for 50 years doesn't mean it's the best way. Sometimes you just have to ask questions, take a little initiative, and change the world, I guess."

– **Woody Claar**, pipefitter

■ TOP: Pictured are SPIRIT Awards presented to finalists for the 2011 Chairman's SPIRIT Award.

Jeffrey “Brent” Mason, system engineer mapping and utilities, was assigned the task of coordinating the project. For his performance, **Dave Becker**, assistant engineer project planning and engineering services, nominated Mason for a SPIRIT Award.

“It was really unprecedented as a mapping effort,” Becker said. “It was through Brent’s leadership that we chose fly-mapping, and he helped manage that technology in a way that produced a product on time and on budget. It was a huge coordination effort on his part.”

The map data are being used to create NS’ first company-wide Geographic Information System network. Many of the technologies NS has adopted to increase operating efficiencies will draw on the database, including LEADER-equipped locomotives. Departments as diverse as marketing, train dispatch, police and security, and yard management will benefit from the system.

“We’ll be able to use this information for decades to come,” Becker said.

Growing the business in a big way

In the span of four years, Norfolk Southern has experienced exponential growth transporting materials used in drilling for natural gas in the Marcellus Shale deposits. That market didn’t exist in 2007, grew to 3,000 carloads in 2008, and surpassed 43,000 carloads in 2011.

Getting those results required a team effort across multiple departments, said **Rob Robinson**, assistant vice president short lines and commercial development, and one of the senior managers who nominated a team of seven employees for a SPIRIT Award for developing the business.

“Anytime you can get a team of people together to capitalize on an untapped frontier and to capture the revenues they did for NS is special,” Robinson said. “If you look at the SPIRIT values, they pretty much hit every one of them out of the park with this, especially teamwork and performance.”

Employees recognized were: **Jim Conway**, commercial development manager, Pittsburgh; **Megan Duperow**, product manager, Roanoke; **Frank Elder**, manager short line marketing, Roanoke; **Andrew Lynch**, senior manager marketing, Norfolk; **Robert Cieri**, trainmaster, Binghamton, N.Y.; **Mark Carney**, manager fleet planning, Atlanta; and **Tom McMahon**, assistant manager fleet quality, Atlanta.

The 2011 SPIRIT Award they received recognized their efforts in 2010 to secure more than 24,000 carloads of Marcellus Shale business, mainly sand used in the drilling process and pipe. They worked with gas companies, well service providers, and short line railroads in New York, Pennsylvania, and Ohio.

“The team recognized the opportunity and translated that into an operating and network plan that worked, and they did that pretty quickly,” Robinson said. “I would call this explosive growth, and it’s exactly the kind of project we want to be promoting.”

Alert engineer diverts potential catastrophe

While operating a local train in Chicago in May 2011, engineer **Elendra Shirley** was startled to see a huge steel plug door lying across the No. 1 main line, not far from one of the nation’s busiest rail junctions. A plug door, weighing about a ton and measuring around 12 feet tall and 8 feet wide, is used to seal boxcars. Apparently the door’s lock device had broken, and the door, coming slightly ajar, was knocked off as a train pulling the car passed over a steel bridge.

Recognizing the danger, Shirley radioed a dispatcher to stop all train traffic until the door could be removed.

“That door easily could have gone unnoticed, but Elendra was focused on her surroundings and paying attention to things that didn’t just pertain to her job and situation,” said **Mike Grace**, terminal superintendent, Chicago, one of several supervisors who nominated Shirley for a SPIRIT Award.



■ CEO **Wick Moorman** chats with **Elendra Shirley**, an NS engineer in Chicago, during the Chairman's SPIRIT Award luncheon in Norfolk.

The next train scheduled to use the No. 1 line was an Amtrak passenger train out of Chicago. "We felt she went above and beyond the call of duty to watch out for the safety of others," Grace said. "A train hitting that door could have ended up as a catastrophe."

Shirley made the discovery two days after a superintendent's notice was issued reminding train crews to watch out for the safety of workers, customers, and communities.

Vigilant Flagman keeps his gang safe

As a local tie and surfacing gang out of Cordele, Ga., worked on a rail siding adjacent to the main line, **Alex Aultman**, flagging foreman, heard a train crew begin talking over the radio. The T&S gang had authority to foul the main line and Aultman, who was providing flag protection, quickly recognized that the radio chatter signaled potential danger on the way.

He radioed the train crew and learned that their train was traveling toward the T&S gang. Aultman told the crew they were within the gang's protected limits and needed to stop. The crew halted the train about a mile from where the track gang was fouling the main line.

"His main objective was to ensure the safety of the gang, and he was vigilant and very aware of the operation around him," said **Adam Wock**, assistant division engineer of the Georgia Division, and part of the supervisory team that nominated Aultman for a SPIRIT Award. "His awareness allowed him to act quickly and protect people from harm. There was a lot of potential for something bad to happen." ■ BizNS

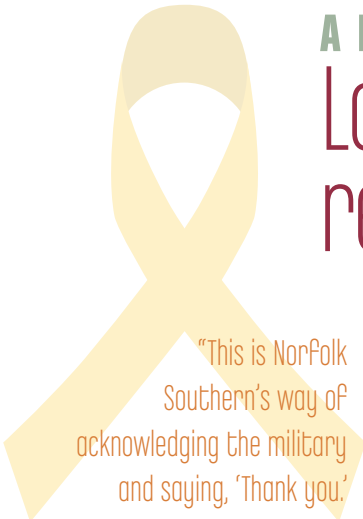
"The SPIRIT Awards are a way for us to recognize superlative performance and outstanding contributions, and these finalists can take a lot of pride in being among such a select group of SPIRIT winners."

– **Terry Evans**,
vice president
transportation



A PATRIOTIC SPECIAL

Locomotive paint scheme recognizes military veterans



"This is Norfolk Southern's way of acknowledging the military and saying, 'Thank you.' It's a moving billboard."

— **Audra Byrn**,
creative services
specialist

As an Army veteran and the brother of a soldier killed in Iraq, **David Mitchell**, who works at Norfolk Southern's Juniata Locomotive Shop, knows firsthand the sacrifices members of the armed forces make to protect the United States.

Moreatha Flagg does, too. She spent 20 years in the U.S. Navy, retiring as a commander, before joining NS' Human Resources Department in 2004. While in human resources, she helped implement programs to enhance veteran recruitment, paving the way for NS to be named among the nation's top military friendly companies.

Mitchell, senior general foreman insourcing mechanical, and Flagg, account manager chemical marketing, are among the approximately 4,900 military veterans who have embarked on second careers with NS. To honor them and all who have served in the armed forces, the railroad this fall commissioned the painting of a "veterans locomotive." The rebuilt SD60E unit, No. 6920, entered service in November after ceremonies at Juniata in Altoona, Pa., and at Lamberts Point in Norfolk.



A patriotic locomotive

Over the years, people from inside and outside the railroad had suggested painting a locomotive to honor veterans. Those requests intensified when NS began painting heritage locomotives earlier this year for its 30th anniversary. NS CEO **Wick Moorman** agreed that a special locomotive would be an appropriate way to honor veterans' contributions. Mitchell and Flaggs were among 18 military veterans who volunteered to help select the locomotive's design.

"I'm a patriot through and through," Mitchell said. "What we came up with is a good representation for veterans serving at Norfolk Southern."

Known as the patriotic wave, the design is one of four schemes created by **Audra Byrn**, NS creative services specialist, corporate communications. The locomotive's front portion is painted blue, with accents of red and white, while the center features a yellow ribbon that has become a universal symbol recognizing military service members. Red, white, and blue streamers flowing down the side of the locomotive give the impression of a flag waving in the breeze.

Byrn researched how other railroads had used patriotic schemes over the years and came up with sketches that included an adaptation of predecessor Norfolk and Western's 1776 locomotive. Byrn, whose husband and father both served in the U.S. Army, is pleased with the selection of the patriotic wave. "This is Norfolk Southern's way of acknowledging the military and saying, 'Thank you,' " she said. "It's a moving billboard."

The veterans locomotive will be a working unit, transporting freight across the system.

"It's not going to be one where we only bring it out for special occasions," said **Frank Brown**, assistant vice president corporate communications. "A lot of people will have the opportunity to see it, and we hope it will cause them to take a second to reflect and have gratitude for the service that veterans in NS and elsewhere have given to all of us.

"We typically don't have a lot of special locomotives," Brown added. "The fact that we're doing this in recognition of veterans really speaks volumes. It tells you that this is a very important issue and statement for us."

■ ABOVE LEFT: Carman **Dennis Barroner** of Juniata Locomotive Shop handles the final painting touches of the "streamers" on NS' new veterans locomotive.

■ ABOVE CENTER: Carman **Tom Odellick** of Juniata Locomotive Shop is meticulous as he works on lettering painted on the side of the veterans locomotive.

■ ABOVE RIGHT: Carman **Barry Dawson** of Juniata Locomotive Shop brushes yellow paint onto railing on the front of the veterans locomotive.

HONORING OUR VETERANS

"We hold military service in high regard when we hire Former military service members. We value not only their service to our country but service for our company."

– **Moreatha Flaggs**,
account manager
chemical marketing

In addition to being the NS veterans' choice, the patriotic wave won praise from **Allen Rider**, NS manager locomotive, mechanical. "It was my favorite aesthetic," he said. "I've seen a lot of patriotic schemes, and we wanted to avoid doing one similar to something other railroads might have done in the past."

The first order of business, though, was finding a locomotive body style suitable for incorporating the color scheme. The SD60E, one of Juniata's main locomotive rebuild programs, fit the bill.

"This particular model lent itself to what we wanted to do," said Rider, who also oversaw production of the heritage units. "A lot of locomotives had grill work or irregularities in the body that were difficult to paint over. If you did, you would not be able to see the graphics because of the way the grill work is. It would be like painting a screen door."

Painting the locomotive involved 26 employees at Juniata's paint shop, including two veterans, carmen **Dave Sunderland** and **Terry Matley**. The work took about 112 hours to complete, using 66 gallons of primer and paint.

"Morale was high because it was a custom paint job and everybody knew it was for the troops and to support veterans," said **Lex Parrish**, general foreman, who supervised the painting. "All the guys here are professionals, and you could definitely tell they put an extra effort into making this a special locomotive."





A recruitment tool For NS

NS plans to use the locomotive to recruit service members transitioning out of the military into civilian life.

"It pays tribute to Norfolk Southern's commitment to hiring veterans and that we get a great product from the military," Flaggs said. "Veterans are a valuable resource for the company, and we're proud to have served."

When she worked as NS' manager of agreement recruiting, Flaggs set up recruitment programs that targeted the military and made sure railroad representatives attended military transition seminars. Her efforts helped increase the number of veterans working at NS and led to GI Jobs Magazine to consistently place NS on its list of top military-friendly companies.

"We hold military service in high regard when we hire former military service members," she said. "We're going to hire a person with a good work ethic and service commitment. We value not only their service to our country but service for our company."

Tom Winter, director planning and staffing human resources, said veterans comprise 11 to 13 percent of NS' work force and are a good fit for the railroad.

"They tend to be familiar with heavy equipment environments, logistics on a relatively large scale, and leadership training," he said. "They also bring great safety awareness and display loyalty and dedicated teamwork. Those are building block skills you typically see in those who have spent time in the military."

Four veterans work on Winter's staff recruiting other service members to NS. He believes the veterans locomotive will assist in those efforts.

"We intend to use pictures and video of it in ads and at transition programs at bases and military hiring conferences," he said. "When you get to looking at employers from a veteran's standpoint, this locomotive demonstrates that here's a company that recognizes the service provided by our service men and women."

Barbara Paul, human resources representative, spent 20 years in the Navy, retiring as a commander before joining the railroad eight years ago.

"This was the only place I interviewed," she said, adding that she had learned about NS and admired the company while stationed in Hampton Roads. Paul also served on the committee to select the veterans locomotive design and was pleased to share her opinion. She looks forward to seeing how other veterans respond to the locomotive. "The fun now is to see how many come on board." ■ BizNS

"When you get to looking at employers from a veteran's standpoint, this locomotive demonstrates that here's a company that recognizes the service provided by our service men and women."

— **Tom Winter**,
director planning
and staffing

■ LEFT: NS 6920, the new veterans locomotive, leads train 370 across the Susquehanna River out of Harrisburg, Pa., en route to Roanoke, Va. The locomotive is a working engine, traveling across NS' system and a symbol of NS' support of military veterans.



Railroad investments paying dividends for long-time shareholder

"I think Norfolk Southern serves a good territory. Some years are better than others, but I think NS will be here for a while."

— **Thelbert Roby**, owner of railroad stock since 1940s

■ **Bill Roby**, manager business process improvement, left, stands with his dad, **Thelbert Roby**, at NS' Crewe, Va., yard.

Most dads take their young sons to sporting events. Then there is **Bill Roby's** dad.

"Instead of taking me to baseball games, he took me to railroad stockholder meetings," said Roby, NS manager business process improvement, in Atlanta.

Roby's dad, **Ethelbert S. Roby Jr.** — Thelbert, for short — never worked for a railroad, although his dad, Ethelbert Sr., fired steam locomotives for NS predecessor Norfolk & Western for a few years in the early 1900s.

That's not the story. At 96, Bill Roby's dad is one of the most loyal, longest-holding individual investors in NS stock.

The elder Roby began buying shares of NS predecessor railroads in the 1940s, and he has held stock in lines that are part of NS' 30th anniversary heritage locomotive program. He owned stock in Southern, Norfolk and Western, Erie Lackawanna, Virginian, Nickel Plate, Pennsylvania, New York Central, Penn Central, and Pittsburgh and West Virginia.

These days, he appreciates the quarterly dividend checks from NS.

"The dividends have been very good, and that income helps out a great deal," Thelbert Roby said. Now on a fixed income, the dividend checks help with extra needs around the house, he said. Over the past five years, NS has more than doubled the dividend, raising it from 22 cents per share during the first two quarters of 2007 to 50 cents in this year's third-quarter payout.

Railroad roots

Bill Roby has served 38 years at NS. He worked as a track laborer for eight months before becoming a member of the same 1975 Southern Railway management trainee class as CEO **Wick Moorman**. Roby, like Moorman, has an engineering degree and was a track supervisor for several years, working in Tennessee, Georgia, and Virginia.

Roby is known across the system for his work during 16 years in the safety department to improve efficiency and safety of operations. Among other things, Roby helped develop fall protection for bridge workers, locomotive cab improvements, and an ergonomically designed rail switch known as a bow handle switch.

Since 1996, Roby has worked on special projects in NS' industrial engineering group. He assists customers on service-delivery issues, troubleshoots internal business processes to improve operating efficiencies, and analyzes infrastructure improvements to achieve optimum freight capacity.

"What I enjoy most is helping our customers, such as working out the logistics of rail service to a large plant," Roby said. "I go out and listen to the train engineers and conductors and the guys on the loading docks – they have the best ideas – and help come up with a solution."

Roby's dad lives with his wife of 69 years, Alice, in Kenbridge, Va., about 20 miles south of NS' rail yard in Crewe, Va. The family traces its railroad connections to Roby's grandfather, who worked with N&W from 1900 to 1905. He started in the bridge department and later became a fireman on coal-fired steam locomotives on the Pocahontas Division. A well-told family story is that he fired engines a few times for engineer **Joseph "Steve" Broady**, who later joined the Southern and gained notoriety as the engineer on the "Wreck of the Old 97" – a mail train that derailed off a trestle near Danville, Va., in 1903, killing 11 people.

Roby Sr. left N&W to go into business for himself. Among other things, he farmed tobacco, sold horses and mules, and operated a fuel supply business. After he died in 1943, Thelbert took over the businesses. One of them shipped coal on the Virginian Railway, which ran through the Roby's farm in Kenbridge. N&W acquired the Virginian in 1959.

"It was a good railroad," the elder Roby said. "I grew up on it, and I miss it."

Becoming a railroad stockholder

Not long after his father died, Thelbert sold some of the businesses and began investing proceeds in the stock market. His business dealings with the Virginian gave him an appreciation of the value of railroads.

"I thought the history of railroad stocks was relatively good, so I bought some," he said. "Not all of them were always good, but there's not any stock that you can tell might be good or not when you buy it."

He lost out, for example, on stock with the Erie Lackawanna and the Penn Central when they went bankrupt. Roby said he and his dad took a passenger train to Philadelphia to attend the first Penn Central stockholder meeting after the railroad declared bankruptcy in 1970 – then the largest corporate bankruptcy in U.S. history.

"There was a huge gathering of people out in the lobby of the hotel where the meeting was held," Roby said. "There were some upset people. Some were in total shock."

Thelbert recalls attending a Virginian stockholder meeting and feeling embarrassed because he got singled out by the railroad president as the only stockholder attending.

After Bill Roby joined NS, he sometimes took vacation days to drive his dad to stockholder meetings. That included Southern's annual meetings in Richmond, where attendees sat in metal folding chairs in a plain upstairs room at the 14th Street freight station. In 1980, while a Southern track supervisor, Roby helped clean up around the building before the stockholder meeting.

A more recent highlight for the elder Roby was going to an NS stockholder meeting in Norfolk and meeting Moorman, by then the board chairman, president, and CEO.

"We shook hands and said hello, and he spoke to us very politely," the elder Roby said. "We appreciated it. We think he's a mighty good fellow, a good president."

NS' prospects for the future look good, he said, although the future of coal is a concern.

"I think Norfolk Southern serves a good territory," he said. "How long the coal business is going to be good, I can't say. Some years are better than others, but I think NS will be here for a while." ■ BizNS



For this locomotive, YoungNS says, 'Can do'

■ ABOVE: It took the YoungNS volunteers six hours to build a model of NS 999.

■ RIGHT: Top photo, **Mica D'Achille**, assistant manager international marketing and pricing, carefully puts a can in place. In middle photo, **Alanna Winsper**, staffing coordinator human resources, left, **Tim Graves**, right, assistant manager intermodal performance, and **Bo St. Dennis**, spouse of YoungNS member **Kearston St. Dennis**, coordinator abandonments, help construct the model. In bottom photo, YoungNS members with the finished product.

Norfolk Southern trains move tons of canned goods for customers, but here's a twist: During November, an NS locomotive built entirely of cans of tuna, green peas, and other tasty fruits and vegetables was on display in a public arts arcade in Norfolk.

Give credit to YoungNS for something completely different. With creativity and community spirit, members of the Norfolk YoungNS chapter gathered more than 8,300 cans of food to construct a locomotive based on NS 999, the railroad's prototype battery-powered switcher unit.

The best part: The cans are being donated to the Foodbank of Southeastern Virginia, a nonprofit that distributes food to emergency food pantries, homeless shelters, soup kitchens, and others across a region long served by NS.

YoungNS members took on the project to celebrate NS' 30th anniversary and to showcase the railroad's efforts to be an environmentally and socially responsible company, said **Jacqueline Peets**, claim agent occupational and president of the YoungNS chapter.

"We were able to shed a positive light on our company throughout the local community while also benefiting the greater good," Peets said.

The group selected cans of peas and spinach to highlight the "green" aspects of NS 999, said **Kenny Woyer**, manager technical resources and a YoungNS founding member. The group rented a U-Haul to transport the cans from several grocery stores to the downtown arcade, and 14 members built the locomotive, working from 6 until midnight one evening after work.



"It was a great team-building experience and a way for us as young professionals to give back to the community," Woyer said.

The locomotive competed against a half dozen other projects as part of Construction, a national competition to build structures out of canned food to support local food banks across the country. As part of the competition, YoungNS was assigned a local architectural firm that helped draw up a design plan. NS' team won two awards – for best use of labels and for most cans used.

NS' Corporate Communications Department donated money from its advertising budget to purchase the canned goods. "This is a great example of NS' SPIRIT culture at work in the community," said **Frank Brown**, assistant vice president corporate communications. "It's a project that reflects well on NS and our employees, and we were happy to support it. Plus, I've always wanted to see a locomotive built out of tuna cans and other edible things, and I'm a better man for it."

Norfolk employees formed YoungNS in 2008, and chapters have been organized in Atlanta and Roanoke. A focus is to provide younger employees with a way to network and develop leadership skills in a relaxed environment. Membership is open to employees of all ages.

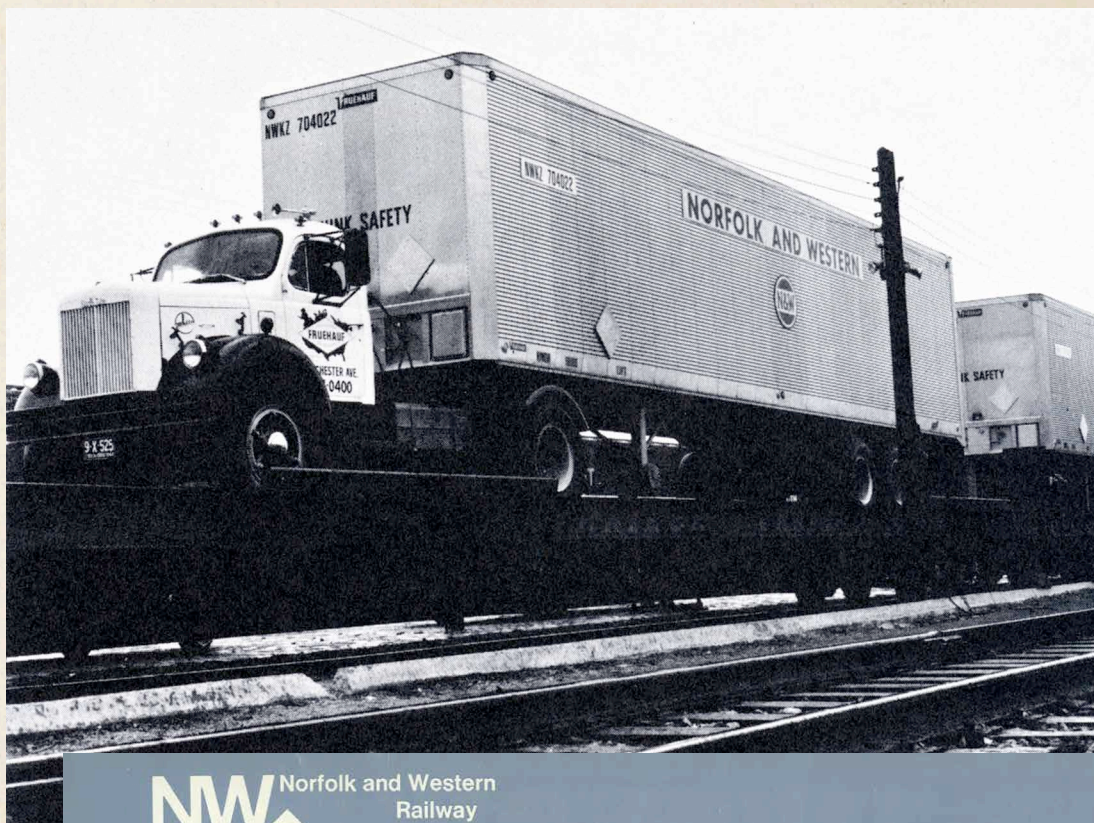
"Each generation has something to teach the other," said Peets, who joined NS six years ago as a management trainee. "When I came to Norfolk, I didn't have any family here, so work became my family. YoungNS has given me the ability to build those relationships while enhancing myself professionally." ■ BizNS

heritage at work

NS in 2012 painted 20 locomotives in predecessor railroad schemes to celebrate its 30th anniversary, and NS photographer **Casey Thomason** recorded plenty of memorable images of the heritage units. Pictured clockwise starting below left are the New York Central and the Savannah & Atlanta units leading a train of empties through New Eagle, Pa., toward the Monongahela coal fields; the Central of Georgia locomotive exiting Natural Tunnel near Duffield, Va.; and the Central of New Jersey engine rolling through Horseshoe Curve near Altoona, Pa., with coal bound for the port of Baltimore.



From the NS archives



NW Norfolk and Western
and Railway

CANNONBALL



Fast, Proven Service Between St. Louis and New York

One of Norfolk Southern's predecessor railroads, the Norfolk and Western Railway, was an early innovator of moving freight in trailers on flat cars, popularly known as piggybacks. Early advertising trumpeted the efficiency, safety, and economy of this shipping method. It was an early, specialized form of intermodal service. For NW, it was "the modern shipper's modern transportation technique." Piggyback trains delivered freight so quickly and reliably that NW promoted the service between St. Louis and New York as "The Cannonball." These items from the Norfolk Southern historical collection remind employees that the innovations of predecessor railroads helped pave the way for NS' successes today. ■ BizNS



On the cover: A straddle crane moves a shipping container at NS' new regional intermodal facility at Rossville, Tenn. NS is adding capacity to its Crescent Corridor network to compete with long-haul truck carriers, including construction of regional intermodal terminals at Rossville, McCalla, Ala., Greencastle, Pa., and Charlotte, N.C.

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BizNS offers an in-depth look at NS' challenges and opportunities. It is produced by the Corporate Communications Department.

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2012 – a year to remember

Norfolk Southern's 30th anniversary year will be one to remember. Among other things, the company painted 20 locomotives in predecessor railroad heritage schemes, published a book written largely by employees about the company's SPIRIT values, and generated other memorabilia to recognize the merger of Southern and Norfolk and Western railways that formed the modern day NS.

Railroad photographer **Casey Thomason** captured one of the year's most iconic moments during the July Fourth holiday at the North Carolina Transportation Museum in Spencer. His historic photograph of the 20 heritage units arranged in a semicircle around an NS locomotive on the museum's roundhouse – the former site of Southern Railway's Spencer Yard – has been in high demand from employees and rail fans alike.

To save a piece of history, employees and others can purchase a 36- by 17-inch poster of Thomason's photograph and other anniversary mementos from NS' company store. Other items include the employee book "Eat Steel & Spit Rivets," a heritage lapel pin set featuring company logos of the 20 heritage locomotives, a heritage patch set, and anniversary t-shirts. ■ BizNS

The items can be ordered from the store at 1-800-264-4394 or online at www.nscorporatestore.com. Check for quantity discounts by calling 757-425-2000.

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