

# Biz NS

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# Biz NS

Jan/Feb '13

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# NS proves resilient amid changing markets

Norfolk Southern entered a changed world in 2013.

If you don't believe that, consider that one of the railroad's most exciting new business markets involves transporting crude oil from North Dakota shale fields to refineries on the East Coast. There are no pipelines for it to flow cross-country, and there is enough light sweet crude in the ground that U.S.-produced oil hauled by rail is displacing shipments of imported oil.

"Five years ago, nobody would have believed that," said **Roger Bennett**, NS director industrial development. "What it says is there are a lot of things we might haul in the future that we don't even contemplate today, just because of the way the economic world is changing."

At a time when natural and manmade forces are challenging NS' coal franchise and the economy seems stuck in second gear, rapidly changing markets might be part of what economists are calling the new normal.

The good news is that NS' marketing groups are aggressively pursuing business opportunities in a range of emerging markets, most notably in the energy arena but also in the manufacturing sector. In a trend known as reshoring, companies are relocating foreign production plants or building new facilities in the U.S. as the cost of doing business abroad has reached a tipping point, particularly in China.

■ **Dortan Briddell**, NS conductor on the Harrisburg Division, is part of a train and engine crew that operates unit trains of crude oil. This train is moving crude to a PBF Energy refinery in Delaware City, Del.



■ The European Union has mandated that renewable fuel sources, including wood pellets, make up 20 percent of its energy generation. That presents opportunities for NS.

"The data show that the cost of manufacturing and producing products in China is rising along with the cost of exporting those products to the U.S.," said **Don Seale**, executive vice president and chief marketing officer. "We're seeing a fairly pronounced trend in reshoring of manufacturing capacity from Asia to North America."

Some companies are moving production to Mexico, which has become a growing business market for NS. Other manufacturers, including Chinese brands, are looking to establish U.S. facilities.

"That opens up additional opportunities for our merchandise carload network to grow and offset some of the challenges we see in coal," Seale said. "It also opens up opportunities for our intermodal franchise, because every one of those manufacturing facilities generally has a ripple effect with component parts and other supplies that go to and from a manufacturing plant."

All of this activity means that industrial development in 2013 is "front and center," Seale said. "This reshoring trend is fundamentally a plus for us. We operate in a service territory where industrial development is highly prized, in the Southeast in particular, but in the Midwest, too."

NS has weathered the 2012 downturn in coal by tapping new industrial and intermodal markets and diversifying its traffic mix. That underscores why the railroad must adapt to changing conditions to take advantage of emerging business opportunities, said CEO **Wick Moorman**.

If the coal decline that NS experienced last year had occurred 15 years ago, Moorman said, "We would be slashing and burning right now. As it is, it's depressing our earnings, which is not a good thing, but the company is profitable and strong, and we're going to get through this."

He added, "I feel as good about the company today as I ever have. We've got a lot of good things going on."

"We could see the rise of new chemical-based industries in a part of the country where that hasn't been the case in more than 40 years. NS needs to be there."

– **Rob Martínez**,  
vice president business  
development

## The new energy plays

A surge in U.S. oil and gas production, energized by innovative drilling technology, including horizontal drilling and hydraulic fracturing, is presenting a host of new business opportunities for NS.

Over the past four years, NS' traffic in "frac" sand, pipe, and other materials used by customers drilling for natural gas in the Marcellus Shale deposits in Pennsylvania, West Virginia, and Ohio has grown from a few thousand carloads to tens of thousands of loads annually. That traffic moderated during the past year as an overabundance of supply slowed drilling activity, but it remains robust.

In another promising development, energy companies have begun recovering natural gas liquids, known as wet gas, from the Utica Shale deposits in eastern Ohio and western Pennsylvania. Companies using machines called fractionators separate the wet gas into its various components, such as propane and butane, which can be moved by rail.

"To actually have material coming out of the ground that we can haul from fractionators to end-use markets has tremendous potential for NS," said **Carol Orndorf**, director marketing chemicals. NS' move into Utica business remains a developing story, but "we're very excited about the possibilities," Orndorf said.

The biggest energy story for NS, however, may turn out to be the crude-by-rail market. Much of that business, launched in late 2011, has come through the Bakken Shale deposits in North Dakota, where NS works with interline partner BNSF. In the largest lanes of business, the western railroad moves unit tanker trains to an NS interchange at Cicero, Ill., outside Chicago, where they are handed off to NS crews for delivery to refinery customers in the northeast and mid-Atlantic. NS also is working with interline rail partners in Canada to transport heavy crude oil from Canadian shale fields to U.S. refineries.

## A growing business

In December, NS moved about 3,000 carloads of crude oil, and current market fundamentals and demand suggest that the business will grow well beyond current levels, said **Cliff Garner**, director marketing chemicals who has led marketing efforts.

"For Bakken crude there's no viable pipeline option to the East Coast, and rail offers speed to market, flexibility, and scalability," said Garner. "The crude business is going to grow."

NS is making track improvements to accommodate the traffic, while refinery customers are investing in plant expansions. In one example, PBF Energy, currently NS' largest crude oil customer, is adding two 100-car loop tracks at its Delaware City, Del., refinery. NS' industrial development, transportation,

and engineering have worked closely with PBF to ensure efficient train movements in and out of the revamped facility.

The easy availability of low-cost domestic oil supplies has changed the equation for PBF and other refineries in the Northeast – good news for NS.

"In a lot of cases, refineries in the Philadelphia area were going to close because they had become uneconomical to operate," Bennett said. "Time will tell, but there's a lot of people who are investing in these refineries, and crude by rail is part of what changed the economics to allow them to be competitive."

NS has focused on its competitive advantages, which include having a shorter, faster route from oil fields to refineries, said **Joe Harwell**, market manager. From Chicago to the East Coast refineries, NS operates double-track lines and in some cases triple and quadruple lines, providing tremendous resiliency for customers, Harwell said.

"This is something that's come on really quickly and has a lot of upside potential for us," Harwell said.

NS' chemical marketing group learned from industry sources about two years ago that crude by rail might be a possibility while exploring the movement of diesel by rail.

"All of a sudden it became apparent that this had legs for us, so we modified our thinking," said **Alan Shaw**, group vice president chemicals. "This was a nonexistent market for us, so we had to develop the market knowledge. We leveraged the skill sets of a lot of people at NS, including industrial development and transportation planning, to come up with solutions for our customers."

Within NS marketing, Garner has worked with **Robin Guidotti**, account manager, and market managers Harwell, **Robert Poole**, **Kristie Riddle**, and **Luke Nichols** to develop and grow the crude business.

"We're continuing to shift resources around to make sure we remain on the leading edge of this," Shaw said. "There's not going to be any single market to replace the headwind we're facing with coal, but this is one piece as we attempt to replace that revenue in the short term."



■ TOP: **Rob Martínez**, NS vice president business development, left, talks with **Jorge Morton**, group manager for NS Mexicana, during the railroad's annual marketing kickoff meeting in January in Roanoke.

■ ABOVE RIGHT: An NS unit train moving crude oil arrives at the PBF Energy refinery in Delaware City, Del.

## European market with Southern roots

Another emerging energy play on NS' radar has surfaced in Europe. European Union member states have approved a mandate that at least 20 percent of energy usage be generated by renewable fuel sources, including wood pellets, by 2020.

That's music to the ears of NS' paper, clay, and forest products franchise. As it turns out, NS is well-positioned to capitalize on that development. The railroad's network crisscrosses the region that could become a prime product supplier – the southeastern U.S. – and serves all of the major East Coast ports where the pellets would be exported. The fast-growing Southern yellow pine is an ideal low-cost, sustainable source for utilities using biomass fuel, said **Andrew Lynch**, senior manager marketing paper, clay, and forest products.

"We've tried to help foster the market and, hopefully, we'll be successful," Lynch said. "If the wood pellets business does what we think it will, it's going to be a major component of the paper, clay, and forest products marketing team moving forward."

In addition to location, NS has an advantage because of the environmental benefits of shipping wood pellets by rail. It's a plus in carbon-regulated Europe that locomotives are more fuel efficient and emit less greenhouse gas than trucks.

"In the European schema, if you use rail to transport wood pellets from the plant to the coast, that is deemed favorable by public policy, even if it occurs in the U.S.," said **Rob Martínez**, vice president business development.

U.S. consumers burn wood pellets on a small scale now for home heating and for use as pet and livestock bedding. That market, however, pales beside the commercial scale needed by European utilities. Under current regulatory standards, Lynch said, European demand could grow to 35 million tons per year by 2020 – a lot of train carloads. An interdepartmental NS team including marketing, industrial development, international ports, and transportation operations is pursuing opportunities.

"We're working on literally dozens of projects to make this happen," said **Scott McGregor**, group vice president paper, clay, and forest products.

"I feel as good about the company today as I ever have. We've got a lot of good things going on."

– **Wick Moorman**,  
chairman, president  
and ceo

## Going after manufacturing

The emergence of an abundant domestic supply of oil and gas is dovetailing with global market changes to open the door for other business opportunities.

While cheap natural gas has hurt the utility coal business, it has been a positive in terms of NS' efforts to attract companies interested in building or expanding manufacturing plants on the railroad's network.

Chemical companies that over the past few decades moved operations overseas for cheaper production costs, particularly to the oil-rich Middle East, now have reason to return or stay in the United States.

"Natural gas is the major input driver for many chemical processes, including the production of polyethylene, which goes into multiple products we use every day, so low natural gas prices create opportunities," Martínez said. "If you combine that with the availability of natural gas from the Marcellus Shale and the Utica Shale, we could see the rise of new chemical-based industries in a part of the country where that hasn't been the case in more than 40 years. NS needs to be there."

In addition to low-cost energy, rising costs in Asia for labor, production, and shipping have prompted many multinational firms to build or relocate plants in the United States. This activity already is reflected in NS' business.

For the past three years, Martínez said, nearly half of the projected revenues from development projects reported on NS' network derived from foreign firms.

"That's a very significant number," he said.

Up until recently, foreign investment into the United States flowed mainly from European, Korean, and Japanese companies. Now, with production costs rising in China, Martínez said Chinese companies could become players in the U.S. market.

"China is sitting on massive amounts of foreign reserves held in dollars, and a logical place to recycle those dollars is investment in the U.S.," Martínez said. "That's not dissimilar to the strategy Japanese companies took 20 or 25 years ago when they were looking at the U.S."

NS has been discussing possibilities with interested Chinese partners. "We want to help them identify

opportunities and locations that would be mutually beneficial to NS," Martínez said. Market possibilities include automotive, chemicals, and metals, among others – all with a Chinese brand.

## South of the border is looking up

Mexico is benefitting from reshoring activity, and NS is taking advantage of that. The recent opening of new Crescent Corridor intermodal terminals in McCalla, Ala., and Greencastle, Pa., and the planned opening of a new intermodal terminal in Charlotte, N.C., nicely positions NS for moving long-haul freight between Mexico and U.S. consumer markets, Martínez said.

This year, NS' intermodal group plans to open 18 new lanes of business into three regions of Mexico. This expansion of intermodal traffic reflects the growing diversity of NS' business portfolio in Mexico, said **Jorge Morton**, Mexico-based group manager for NS Mexicana. During his 10 years in that role, the railroad's revenue from Mexican business has increased nearly threefold, expanding from primarily automotive and auto parts markets to intermodal and all of NS' industrial products groups.

Among the traffic mix is Modelo beer, Whirlpool appliances, and ThyssenKrupp steel products. Mazda, Audi, Honda, Nissan, and VW all have announced plans to locate plants in Mexico between now and 2017.

"Mexico is important to us because it's an emerging market, and it represents an opportunity to grow our business and reach new markets," Morton said. Another reason for the interest: Currently, trucking has about 80 percent market share of border surface trade.

"That's what I call a target rich environment for rail," Martínez said.

## Seizing the opportunities

Faced with rapidly changing economic realities, NS must be nimble and move quickly to take advantage of business opportunities, Moorman told marketing groups in January.

"We have a lot of challenges ahead of us," he said. "The world is changing again and we're going to have to change with it." ■ BizNS





# Coal: A continuing NS mainstay

Coal may be down, but don't count it out.

Even as low natural gas prices, a mild winter, and a weak economy converged to hammer Norfolk Southern's coal business in 2012, the railroad was making critical investments to maintain the franchise.

In one significant example, NS invested \$18 million to upgrade its Lamberts Point export coal transload facility, known as Pier 6. The investment ensures that the facility remains the largest and fastest coal transload facility in North America.

"That shows our commitment," said **Danny Smith**, senior vice president energy and properties. "We think that's going to be a mainstay for years to come."

In the past, Pier 6 has loaded mostly export metallurgical coal used in steel making. However, in a key development, the facility in 2012 shipped nearly 3 million tons of thermal coal to foreign utilities – about 15 percent of the year's total coal volume at Lamberts Point. In 2011, the facility didn't move any thermal coal.

Combined with more than 2 million tons moved through Baltimore and nearly 1 million tons through the Gulf Coast port at Convent, La., NS in 2012 shipped 5.9 million tons of export thermal coal – almost 21 percent of NS' export coal business.

"That's a significant change from what we've handled in the past," Smith said. By comparison, in 2011, NS moved 152,000 tons of export thermal coal, less than 1 percent of the railroad's export coal that year.

The steep rise in thermal coal exports reflects changing world markets and could become an important factor in NS' coal business. Globally, coal is growing as a primary source of electricity generation, especially in Asian countries such as China and India, but also in European nations shifting from nuclear power. With government environmental regulations posing a threat to U.S. coal-fired utilities, the foreign thermal market could help offset declines in NS' domestic thermal coal franchise.

"That's one of the markets we're looking at for the future to grow the business," Smith said.

With government environmental regulations posing a threat to U.S. coal-fired utilities, the foreign thermal market could help offset declines in NS' domestic thermal coal franchise.



At the same time, NS has invested in infrastructure to ensure access to thermal coal supplies beyond its traditional Appalachian sources, including Illinois Basin coal, Smith said. Illinois Basin coal, similar to the Powder River Basin coal NS moves with western interline partners, is less expensive to mine and more price-competitive with natural gas than Appalachian coal from Virginia and West Virginia.

Currently, about two-thirds of NS' overall coal business is in thermal coal. Most of the remainder is in domestic and export metallurgical coal. In 2012, domestic met coal was the only segment of NS' coal business that grew, driven largely by a surge in U.S. auto manufacturing and steel production.

About 60 percent of NS' metallurgical coal is for export, with most moved through Lamberts Point for steel-making in Europe and Latin America. NS also ships significant volumes of export met through Baltimore to Asia.

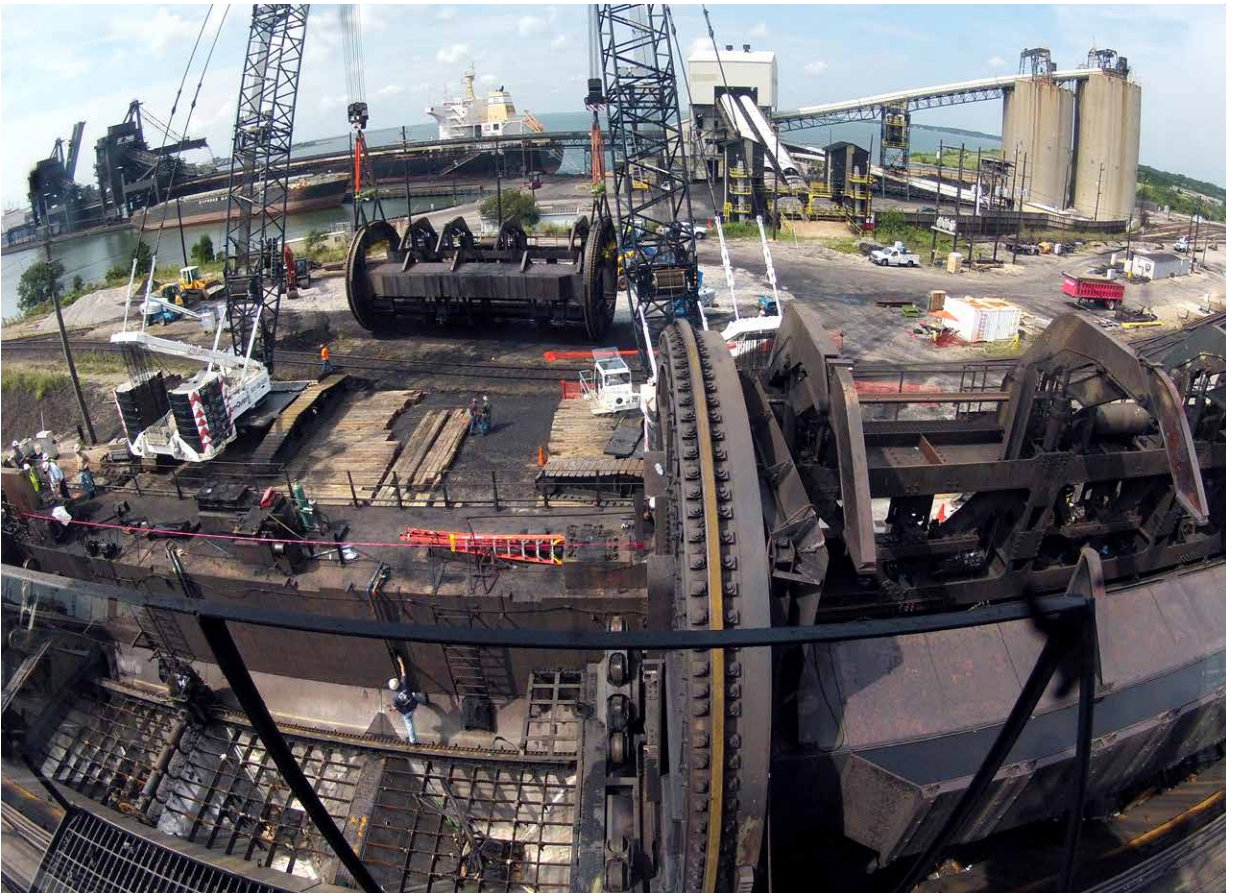
Despite long-term threats posed by overly restrictive environmental rules, NS expects coal to continue to be a major revenue source.

"We're not giving up on coal, because the United States is the Saudi Arabia of coal," Smith said. "I think public policy should be driven more in the direction of clean-coal technology, but certainly using coal as a pillar of American energy production."

■ BizNS

■ TOP LEFT: Loaded coal cars wait to be dumped at NS' coal transload facility at Lamberts Point in Norfolk.

■ BELOW: NS invested \$18 million in 2012 to upgrade its Lamberts Point coal facility. The work included replacing the structural steel that supports the north set of dumpers, pictured here during work, and the hopper bins that funnel the coal onto conveyor belts. The facility's south set of dumpers is getting a similar upgrade in 2013.



# Network hums, as NS operations steps up to meet business needs



■ **ABOVE: Frank Wiseman**, yardmaster, works in Oakwood Yard tower in Melvindale, Mich., last spring. The Lake Division saw significant improvement in its performance metrics in 2012, helping the railroad boost network efficiencies.

■ **RIGHT: Greg Marck**, assistant trainmaster, boards a locomotive at Livernois Yard in Detroit.

As Norfolk Southern marketing groups chase down new business, the railroad's operations departments have been hard at work providing the kind of quality service that keeps customers satisfied.

Operations employees are meeting and exceeding the railroad's performance metrics, moving trains across the network at higher velocity, boosting on-time performance, and improving train connections.

"For the past 12 months, we have run at a service level and a velocity level that are as good as I can remember," said CEO **Wick Moorman**. "We are delivering a high level of customer service, and it will continue to get better, because we have the assets and the people in place to make sure that it does."

Customers across the system have taken notice, Moorman said. During a December visit to a steel customer – Moorman makes regular customer visits – he said a company representative raved about the railroad's performance.

"He told me, 'I've been dealing with NS for 26 years, and in the last 12 months, you've been the best you've ever been,'" Moorman said. "That's great news, because that helps us get more business, that helps us with rates, that helps in all kinds of ways."

The increase in velocity is more than just moving trains at faster speeds from terminal to terminal, said **Fred Ehlers**, vice president network and service management.

"A lot of the velocity we've seen has been because we're processing cars through the yards faster," he said. "That's probably where the biggest improvement has been – we're moving cars through the terminals faster."

Much of the past year's improvement is based on lessons learned from the economic downturn in late 2008 and early 2009, Ehlers said. After traffic volumes fell off, NS reduced its operations workforce, particularly train and engine crews. Months later, when demand quickly and unexpectedly recovered, NS didn't have enough trained and qualified people in place to handle the work, which hampered operations in 2010 and much of 2011.

In 2012, NS regained its edge, with new hires onboard and a workforce energized by a culture initiative emphasizing positive changes in safety and service.



“Everything started to fall into place in late 2011,” Ehlers said. “Since then, we’ve had the right resources in place, and the trains and yards are running on time. On top of that, we have a high degree of employee engagement. When I go out in the field, I’m hearing more and more pride about division train speed and connection performance. We’re just starting to see everything ramp up.”

A variety of other factors have contributed. NS’ use of Movement Planner, a computerized dispatch system that optimizes train movements, has increased efficiencies across the three divisions now using the system – Georgia, Central, and Alabama. Benefits have included better train meets and passes and reduced time spent on sidings. As a result of improved fluidity, train and engine crews have run track speed on a more consistent basis, increasing velocity, Ehlers said. Lake Division will be the next to implement Movement Planner, one of the technologies NS is deploying to take the railroad to the next level.

Mechanical and engineering employees also have played a role in NS’ improved performance, Ehlers said. The Mechanical Department’s “Mission Critical” initiative, launched in late 2009, has reduced the number of locomotive failures over the road. The Engineering Department, with historically high levels of track time, has kept tracks in top order and improved track structure and signal systems to increase velocity.

Increasing the efficiency of operations has reduced costs. That’s good for NS’ operating ratio, a key metric monitored by Wall Street that measures how much of the railroad’s total railway operating revenue goes toward operating expenses – rather than earnings.

In one example, NS reduced rail car rental expenses by about \$23 million because of improved network velocity.

“We moved 45,000 additional multilevel loads in 2012 over 2011 with roughly the same amount of equipment because we were able to spin the cars faster,” Ehlers said. For similar reasons, NS did not need to lease as many locomotives, saving approximately \$12 million. ■ BizNS



## NS planning pays off in 'Frankenstorm'

"Preparation is everything. The time we spent preparing served us in the long run. What we did for Sandy is what we would do anytime we have a weather situation."

– **Ed Carbaugh**,  
director infrastructure  
security

*Hurricane Sandy* pounded the Eastern Seaboard with fierce winds and heavy rain, but Norfolk Southern's emergency preparations ensured that the railroad experienced minimal delays while stepping in to assist communities impacted by the monster storm.

Coming ashore south of Atlantic City, N.J., on Monday night, Oct. 29, the late season hurricane left massive damage along the mid-Atlantic and northeast coast. Anticipating that rail traffic in those areas could face delays of at least 72 hours, NS swiftly implemented emergency plans for its Eastern and Northern regions as Sandy barreled up the coast.

"Our focus was first on making sure that our people would be safe and then on infrastructure and operational vulnerabilities," said **Ed Carbaugh**, NS director infrastructure security. "We were especially concerned about complicated infrastructures around Norfolk, bridges around Philadelphia, and trackage in the Delmarva peninsula and on Conrail Shared Assets."

NS' Operations Division kept a close eye on weather reports and knew what to expect, he said. "Our operations people are very clued in with the weather service, and our engineering people armed with that information were very watchful."

■ LEFT: **Timothy McCorkle**, road foreman of engines, Croxton Yard, Jersey City, N.J., took this photo after Hurricane Sandy passed through. Winds and flood waters pushed the container up against dwarf signals on the Lehigh line adjacent to New Jersey's Oak Island Yard, part of NS' North Jersey Shared Assets Area.

## A coordinated response

As the hurricane churned in the Atlantic, engineering's maintenance-of-way and communications and signals gangs began positioning preloaded ballast trains and generators in case of downed power lines, while contractors were on call to remove any fallen trees. Draw bridges and moveable infrastructure were placed in locked positions, and locomotives, hazardous materials, and cars were moved to higher ground in flood-prone areas. Trains already en route to the Northeast were detoured away from the storm zone.

With Sandy bearing down, NS activated its command center in Atlanta on Sunday, Oct. 28, to oversee train movements and coordinate communication among transportation, engineering, mechanical, NS police, and marketing groups. The storm underscored freight rail's importance to the country's economic vitality, Carbaugh said. To shore up preparations, company officials held daily conference calls with representatives from the Association of American Railroads, other Class 1 railroads operating in the storm region, local railroads, the U.S. Department of Transportation, the U.S. Department of Homeland Security, and state transportation and homeland security departments.

## Minimal damage to NS

Despite the storm's historic nature – Sandy was the second costliest and largest Atlantic hurricane on record – NS' tracks and yard facilities were minimally impacted. The Edgemoor Yard in Wilmington, Del., flooded, but cars had been moved to higher ground, and the Allentown, Pa., and Croxton, N.J., yards operated on generator power until electricity was restored.

Other power outages across the system affected main line signals, but the portable generators NS crews had installed kept them operating.

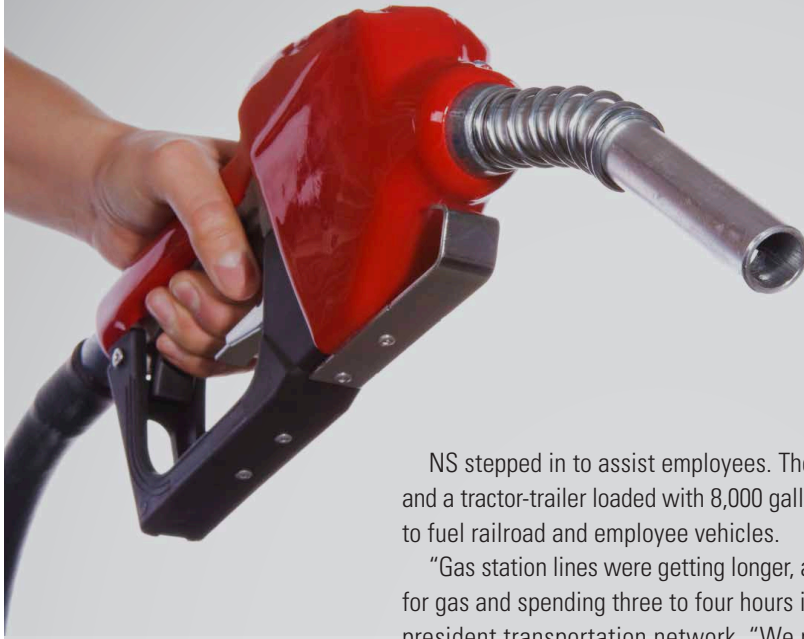
Train service into major yards in Allentown, Harrisburg, and Philadelphia resumed by noon the day after Sandy made landfall, and rail cars headed for the East Coast were released from NS production yards in Chattanooga, Roanoke, Linwood, N.C., Knoxville, Elkhart, Ind., and Bellevue, Ohio. The Lamberts Point coal transload facility in Norfolk resumed dumping coal by 3 p.m. the day after Sandy came ashore.

Carbaugh attributed NS' rapid return to normal service to the railroad's readiness to deal with approaching weather events.

"Preparation is everything," he said. "The time we spent preparing served us in the long run. What we did for Sandy is what we would do anytime we have a weather situation. We're out in the environment all the time and deal with every rain storm, wind, ice, and snow. We've used every kind of device from shovels and brooms to jet engines to mitigate things. All of our employees are attuned to doing that kind of work. As a consequence, Sandy really didn't affect us at all."

## Helping hand to employees

While the railroad's facilities and infrastructure withstood Sandy's battering, NS employees in the storm-ravaged Northeast endured hardships. Widespread power outages and limited gasoline supplies forced gas stations to ration fuel, preventing some employees from filling up their vehicles and getting to work. Employees also dealt with property loss and encountered shortages of food and supplies.



"It was a blessing. We were able to provide fuel to NS police officers and for our mechanical and engineering department vehicles. They didn't have to wait in line at gas stations."

– **Will Washington**,  
terminal superintendent,  
Croxton and Erail yards

NS stepped in to assist employees. The company sent a 4,000-gallon fuel truck and a tractor-trailer loaded with 8,000 gallons of gas to NS facilities in New Jersey to fuel railroad and employee vehicles.

"Gas station lines were getting longer, and our supervisors were driving 50 miles for gas and spending three to four hours in line," said **John Irwin**, assistant vice president transportation network. "We made sure there was enough gas for everybody. That was one less thing they had to contend with."

Employees, many without electricity at home, appreciated the assistance, said **David Stinson**, assistant division superintendent, Harrisburg Division.

"It was great. The truck showed up unannounced a couple days after the storm. It came through at the right time for them."

"It was a blessing," added **Will Washington**, terminal superintendent of the Croxton and Erail yards. "We were able to provide fuel to NS police officers and for our mechanical and engineering department vehicles. They didn't have to wait in line at gas stations."

At Croxton Yard, managers brought in gas grills and cooked chicken and served up side dishes such as potato salad for employees for several days after the storm, Washington said. At the direction of **David Gooden**, division superintendent, the Harrisburg Division provided funds to purchase dry goods, fruits, and other staples for employees.

Washington said Croxton Yard ramped up pretty quickly after the storm, handling its first train at 11:30 a.m. on Wednesday, the 31st, less than 24 hours after storm-force winds had subsided. By Friday morning, the yard had handled about 87,000 feet of traffic, most of it domestic intermodal that moves between Chicago and New Jersey.

"We're very grateful for the help and the resources we were able to get from senior management," Washington said.

This was the first time NS facilities faced extensive power issues in the wake of a storm, Irwin said, adding the company will be prepared for similar problems when the next big storm hits. "It's on our radar," he said.

## Assisting in the recovery

As the East Coast began cleaning up, the Norfolk Southern Foundation stepped in to assist, contributing \$100,000 to the American Red Cross in support of recovery efforts.

“When a disaster hits our territory, we typically respond in some way. We have found the American Red Cross is the first and most well-equipped organization on the ground in times of local disasters,” said **Katie Fletcher**, director Norfolk Southern Foundation. “The organization covers a lot of human service needs for those affected.”

The foundation also donated \$10,000 to the Food Bank of New York City and \$10,000 to the Community Food Bank of New Jersey in December. Both food banks saw record requests over the holiday season and expect demand to remain high in 2013, Fletcher said. In addition, at the request of numerous employees, the foundation offered a match of up to \$50,000 in donations made by active and retired NS employees to the Red Cross.

“It gives people the ability to participate in the recovery,” Fletcher said. The foundation will pay the match in the first quarter of this year.

In another assist to the Red Cross, NS helped transport 120 emergency response vehicles whose home bases were 500 or more miles outside the storm region. The Red Cross deployed more than 300 emergency vehicles to the East Coast and asked rail carriers to provide free transportation to move them back home. NS secured the use of uni-level cars for the move and coordinated the loading from the Doremus Terminal in Newark, N.J.

“Normally, Red Cross volunteers drive the emergency response vehicles home,” said **Paddy O’Neill**, senior director equipment planning. “But with the railroads helping out, the Red Cross didn’t have to pay for their gas, hotel rooms, and meals. We were glad to help out.”

■ BizNS



■ Norfolk Southern joined other Class 1 railroads to assist the American Red Cross in transporting emergency response vehicles from areas damaged by Hurricane Sandy. NS moved 120 of the vehicles at no charge. Photos were taken by Phil Callandrillo of Conrail.

## LET'S GET 'ERGONOMICAL'

# Mechanical employees take the physical out of daily tasks

At locomotive and car shops across Norfolk Southern, Mechanical Department employees are developing innovative gadgets that make everyday tasks safer and easier. Machinists at Shaffers Crossing Locomotive Shop, for instance, designed a tool to reseat engine pistons that reduces the risk of muscle strain. Carmen at Decatur Car Shop developed a welder unit that slides along a hand rail and doesn't have to be lifted.

To **Don Robinson**, their inventiveness is a thing of beauty — and an important part of NS' safety and service culture initiative.

Robinson, a certified professional ergonomist and safety professional, joined NS in 2011 as manager safety and workplace design to help improve operational efficiencies and reduce risks of injuries, among other duties. His efforts are part of NS' ongoing emphasis on ergonomics, an applied science in which workplaces are designed so people and equipment can interact safely and efficiently.

"Ergonomics is designing a job to fit the capabilities and comfort of employees," he said. "Ergonomic improvements increase the efficiency of the job and impact the positive health of our employees. In turn, that makes us more competitive."

### A focus on mechanical shops

Robinson has spent his career as a safety professional. Before hiring on with NS, he worked as an ergonomics and safety consultant with Liberty Mutual Insurance, as a corporate ergonomist for Gold Kist, Inc., and as a corporate ergonomics and safety manager at Georgia Pacific. He began specializing in ergonomics as the field grew in prominence and employers realized that

injuries could be reduced and productivity increased by making improvements in work processes.

Since arriving at NS, Robinson has focused on mechanical shops, where employees have to lift, push, pull, and carry equipment while repairing and maintaining locomotives and railcars. Robinson was pleased to see that many shop employees were actively engaged in making ergonomic improvements, such as designing devices to lift or move heavy equipment that once had to be handled manually.

"They were doing it as part of overall safety efforts to reduce the risk of injuries," Robinson said. "When we find the best example, we endeavor to make that the standard across the system."

To recognize employee efforts and inspire more employees to get involved, Robinson last year launched NS' first "Ergo Cup" competition, emphasizing the importance of innovation, teamwork, and problem-solving.

Across the system, employees at 19 mechanical shops entered ergonomic design projects. The entries came from shop teams, safety and service committees, and individuals. Robinson brought in three certified ergonomists from the Atlanta region to judge the entries and select winners; the judges included a former ergonomist for Delta Airlines and the chief of the Georgia Tech Research Institute's Human Systems Integration Division.

"I think the judges were surprised and very impressed with the quality of the equipment and tooling ergonomic improvements and didn't realize railroads were this advanced in their ergonomic efforts," Robinson said. "This is another indication that our safety culture drives ergonomic innovation on an ongoing basis."





■ ABOVE LEFT: **Aaron Lafon**, left, and **James Snavelly**, machinists at Shaffers Crossing Locomotive Shop at Roanoke, led development of a piston compressor tool, which took first place in an ergonomics competition among NS' mechanical shops.

■ ABOVE: The piston compressor tool makes it easier for machinists to seat piston crowns in the rod assembly of EMD locomotive engines

## Shaffers Crossing team takes the cup

A team comprised of four machinists at Shaffers Crossing Locomotive Shop — **James Snavelly**, **Aaron Lafon**, **Donnie Burnette**, and **Mark Champine** — earned first place with their piston compressor tool. The tool is designed to reseat pistons after power assembly change outs on EMD-manufactured locomotives. The team knew that co-workers often became frustrated trying to reseat the pistons using a “T handle” tool, which could be a challenging process.

Known around the shop for their ingenuity, Snavelly and Lafon took the lead. They worked one day each week for six weeks designing a long-handled tool that features a lever and fulcrum design, giving mechanics leverage to easily seat the piston crown onto the rod assembly in the engine block. “It’s made a tremendous difference,” Snavelly said.

More than 100 machinists at Shaffers Crossing now use the redesigned piston compressor weekly. NS is working with a vendor to manufacture the tool for use across the system.

“With the new device, they can utilize better body positioning and control of the piston,” said **Ryan Stege**, shop manager. “They’re able to stand on a running board and use the tool as a lever. It saves a lot of time.”

Along with the Ergo Cup, the compression tool earned team members the gratitude of co-workers. “When a guy who’s been on the railroad for 37 years comes up and tells you that you made his job better,” Snavelly said, “you know you did something good.”

“When a guy who’s been on the railroad for 37 years comes up and tells you that you made his job better, you know you did something good.”

— **James Snavelly**,  
machinist

## GOING NATIONAL

In a first, NS will send an employee team to represent the railroad at the National Applied Ergonomics Competition, being held in March in Dallas.

A piston compression tool designed by machinists at Shaffers Crossing Locomotive Shop will compete for top honors alongside ergonomic design projects from 30 to 40 large companies, such as Honda, General Electric, Ford Motor Co., and Johnson & Johnson. The compression tool, which makes it safer and easier to reseat pistons in EMD locomotives, won first place in NS' inaugural Ergo Cup competition in November.

"I think NS will compare very well with all of those other large corporations," said Don Robinson, NS manager safety and workplace design.

## ERGO CUP WINNERS

**FIRST PLACE: Shaffers Crossing Locomotive Shop**  
**EMD piston compressor device** – machinists Donnie Burnette, Mark Shampine, James Snaveley, Aaron Lafon

**SECOND PLACE: Decatur Car Shop**  
**welder unit that runs on handrails** – carmen Dewey Sharp and Ross Casner

**THIRD PLACE: Enola Diesel Shop**  
**"iron hand" storage cart for C-frame manipulator**, used to handle heavy objects – shop employees

**FOURTH PLACE: Danville, Ky., & Oneida, Tenn., car shops**  
**road truck knuckle storage device** – carmen Josh Reynolds, Jeremy Wells, Dwight Vonlinger, and Rick Boland

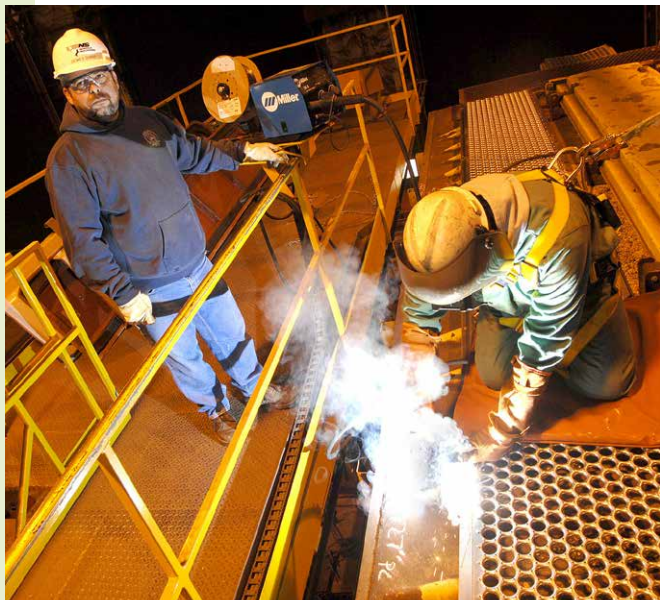
**HONORABLE MENTIONS:**  
— **Roanoke Locomotive Shop**, *engine crosshead extraction tool* – Matt Beckner, apprentice machinist  
— **Chattanooga Diesel Shop**, *GE air compressor lifting device* – Jason Roberts, senior general foreman, Chris Higdon, boilermaker, and Chrisley Toler, co-op  
— **Norfolk 38th Street Car Shop**, *railer transport and storage system* – carmen Mike Bleser, Duane Pianga, Larry Batho, and Bill Hamel

## Decatur team designs moveable welder

An ergonomically designed welder trolley system developed by Decatur Car Shop demonstrates the type of innovative spirit that NS encourages, Robinson said. After the shop installed a new elevated platform on one of its program repair lines, employees could climb on and off the top of cars easily and safely for repairs, but handling welding units atop them posed lifting, trip, and fall hazards.

Mechanical Superintendent **Brian Allen** challenged employees to design a system that would allow workers to move the welder and its cables without having to cross the gap between the platform and a car. Over a two-week period, carmen **Dewey Sharp** and **Ross Casner** designed a trolley to carry the welder along the platform hand railing. With the innovative device, welders can remain on the platform while the welder glides along the railing, reducing handling of the welder unit and any potential tripping hazards posed by cables.

The design project won second in the Ergo Cup competition. "The guys now are able to have the welder where they need it versus on the floor," Allen said. "It saves them from having to get on and off the freight car to adjust the welder. It's right there at their fingertips. This was a grand idea, and it worked."





## Part of the safety culture

Projects entered in the competition were implemented within the past 12 to 18 months, offering productivity and safety improvements.

“Our injury rate continues to be low, and we continue to work to reduce the injury potential,” Robinson noted. “It’s a win-win for ergonomics.”

NS’ leadership, he added, has created a work environment that encourages employees to be proactive when it comes to safety and service. “Because we’re engaging employees more, they’re suggesting potential ergonomic improvements. They’re the experts at doing their jobs.”

Ergonomics always has been part of NS’ safety culture and is steadily growing, said **David Julian**, vice president safety and environmental.

“Ergonomics is complementary to safety and service,” he said. “We’re seeing more employees, especially in mechanical, being more proactive and engaged in coming up with ideas. The Ergo Cup was the first time we’ve seen collective information about all of the ergonomic things that have been created. We’ve gotten a lot of people interested in bringing forth new ideas.”

Next year, Robinson hopes the Ergo Cup competition will include entries from transportation and engineering employees. He is working with transportation employees on ergonomic issues they face in performing their jobs, and he is helping engineering produce a video on back care. Robinson also plans to enhance ongoing ergonomic efforts for office workers.

“People are open to modification of their jobs,” he said. “In the majority of cases, if they know a solution and can make improvements, they will.” ■ BizNS

■ LEFT AND ABOVE: **Dwight Vonlinger**, left, carman in Danville, Ky., and carmen **Jeremy Wells**, left, and **Josh Reynolds** in Oneida, Tenn., show off the road truck knuckle storage device they helped develop.

■ FAR LEFT: Carmen **Dewey Sharp**, left, and **Ross Casner**, employees at the Decatur, Ill., car shop, are shown atop a grain car with the welder trolley system they developed.



# Passenger rail project in Virginia benefits NS and the community

“This is a marvelous example of a public-private partnership, of the state, local, and Federal governments working together with the private sector to solve problems and get things accomplished.”

— Virginia Gov.  
**Bob McDonnell**

You could feel anticipation building as the scheduled 3 p.m. arrival ticked closer. Suddenly, the headlights of an Amtrak train carrying Virginia’s governor, the city of Norfolk’s mayor, CEO **Wick Moorman**, and other dignitaries glimmered in the distance.

Standing on the concrete passenger platform, an exuberant assistant city manager called out, “All right, folks, we’ve got a train!”

As the sleek Amtrak engine rolled by, everyone in the waiting crowd, it seemed, held cameras or smartphones aloft, eager to record an historic moment. On this windy, cold day in December, passenger rail service returned to Norfolk after a 35-year absence.

It could not have happened without Norfolk Southern.

NS owns the 77-mile stretch of double-track line between Norfolk and Petersburg, part of predecessor Norfolk and Western Railway’s main line into Norfolk. NS uses it to move international freight, export coal, and general merchandise. Through an agreement with NS, Virginia invested \$114 million in infrastructure improvements on the line to run faster Amtrak trains and to ensure that passenger rail service would not interfere with NS freight trains.

The agreement is a model of how business and government can partner to generate public and private benefits, said **John Friedmann**, NS vice president strategic planning. The project satisfies a growing public demand for expanded passenger rail and provides NS with added track capacity to grow business and better serve shippers at state port terminals, he said.

“We have a long-standing partnership with the commonwealth and the Virginia Department of Rail and Public Transportation to improve railroad infrastructure in Virginia,” Friedmann said. “This isn’t an isolated project but is part of a sustained, multiyear partnership.”

## Protecting NS' interests

The run on NS' track is one leg of a daily service that will transport passengers to and from Norfolk, Richmond, Washington, and New York. In Petersburg, the NS line connects with CSX track. Infrastructure improvements financed by the state on NS track included realigning the interline connection with CSX and installing upgraded signaling, rail sidings, and universal crossovers at key points.

"We had to be able to do this safely and to protect and maintain our freight franchise not only for what we have now, but also for future growth," said **Marc Hoecker**, director strategic planning who managed the project for the railroad. "That was really the key for us in terms of agreeing to let this service run over our railroad."

The infrastructure upgrades will enable NS to run increased freight volumes with greater reliability and flexibility, Hoecker said.

"Going forward, that should leave us with a lot of capacity to build a bigger book of business serving the port," he said.

The track segment is the eastern end of NS' Heartland Corridor, which opened to double-stack intermodal trains in 2010. NS moves containerized freight over the corridor to and from the state-operated port in Hampton Roads, the railroad's highest volume intermodal port on the East Coast. NS also hauls export coal to its Lamberts Point coal transload facility at Pier 6 over the line.

"This project helps the port be more competitive, and when the port is more competitive, it's better for Norfolk Southern," Friedmann said.

NS had another key reason for partnering with Virginia on this project – its headquarters is in Norfolk.

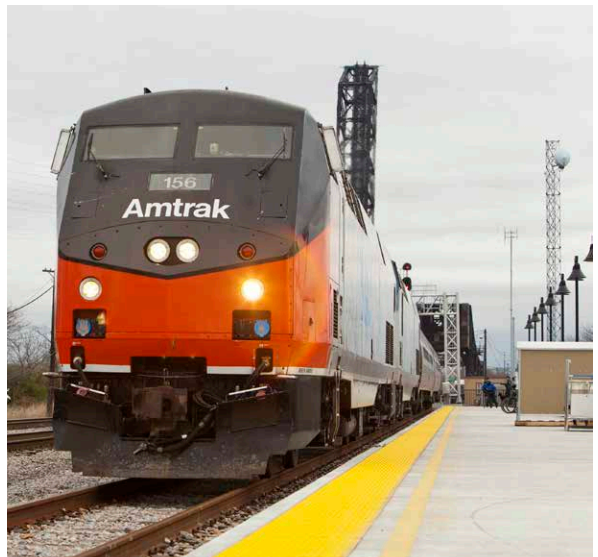
"Norfolk Southern is delighted to be part of this," Moorman told the crowd during the December ceremony. "We think it's good for the commonwealth, we think it is going to be good for our company. We'll have people, like everyone else, riding this train. It's going to be a great thing."

Local and state leaders applauded NS for its support.

■ TOP LEFT: Several hundred people attended a December ceremony for the revival of passenger rail service in Norfolk. Many recorded the arrival of the ceremonial first Amtrak train on cameras and smartphones.

■ BELOW LEFT: Norfolk Southern's Code Bear, portrayed by **Kenny Woyer**, NS manager technical resources, poses for photographs with young rail fans at the December ceremony.

■ BELOW RIGHT: The ceremonial Amtrak train arrives at Norfolk's passenger platform on an NS main line that serves Virginia port terminals and the railroad's Lamberts Point coal transload facility.





"This is a marvelous example of a public-private partnership, of the state, local, and federal governments working together with the private sector to solve problems and get things accomplished," Gov. **Bob McDonnell** said during the ceremony.

Norfolk is home to the world's largest naval base, and the passenger service is expected to benefit the military, the business community, and residents.

"Thank you for standing with us and supporting the dream that passenger rail would return to Norfolk," said **Thelma Drake**, director of Virginia's Rail and Public Transportation. "Now we don't have to fight traffic on interstates 64 and 95; we don't have to pay \$25 to \$35 to park our cars in D.C."

"We had to be able to do this safely and to protect and maintain our Freight Franchise not only for what we have now, but also for future growth. That was really the key for us in terms of agreeing to let this service run over our railroad."

— **Marc Hoecker**,  
director strategic planning



### A collaborative effort

While NS' strategic planning group led the railroad's efforts, departments across the railroad stepped up to help the state launch service less than two years after the agreement was signed. NS' real estate and engineering departments, in particular, played key roles.

Real estate employees negotiated deals with sometimes reluctant property owners to secure land the state needed to build Amtrak train maintenance facilities in Norfolk, to connect NS and CSX lines in Petersburg, and for rail sidings.

"There was a hard and fast deadline set, and we knew that certain strategic parcels had to be purchased in sufficient time for the infrastructure to be built so that the train could run," said **Kristi Blair**, senior real estate manager who helped coordinate efforts. "We dealt with a variety of property owners, from family trusts to individuals to an NS customer. We had to talk to many people on many levels, and we were pleased that our efforts contributed to the project's success."

NS engineering's design and construction, maintenance-of-way, and communications and signals groups put boots on the ground to plan, design, construct, and install essential infrastructure improvements.

"Virginia has been a really good partner to us, providing funding for rail projects that take trucks off their roads, and we wanted to do our best to be a good partner to them," said **Mark Dewberry**, chief engineer design and construction. "All of the engineering groups pulled together on this to make sure it happened and met the deadlines the state needed."

NS' Eastern Region C&S construction gangs had to install power switches, add new cantilevered signals and control points, and upgrade 24 grade crossings to enable Amtrak trains to run up to 79 mph. (NS trains top out at about 60 mph on the line.) All that work had to be timed to accommodate NS trains moving freight daily over the line.

"It's the work we do all the time, but it really took a lot of planning and organization to get it all done in the time frame we were given," said **Tony Grim**, chief engineer C&S. Crews from across Eastern Region C&S construction were responsible for getting the job done, Grim said.



“The performance they put forward was outstanding,” said **Tim McClure**, superintendent construction, who led the effort.

Upgrading the 24 crossings was a major undertaking, McClure said. “We had to increase the speeds incrementally, as we watched each crossing to make sure everything worked as it should before we could let trains go through without protecting the crossings,” he said.

## A Flexible system

NS focused on infrastructure needed to accommodate a single daily round-trip Amtrak train. Work will continue through 2013 on improvements to handle up to three round-trip passenger trains daily. That includes installing bi-directional signals to run trains in either direction on the double tracks and constructing universal crossovers so trains can switch from one track to the other regardless of travel direction. Those upgrades will add flexibility and operational efficiencies, Grim said. ■ BizNS

■ TOP: CEO **Wick Moorman** addresses the crowd at the December ceremony that highlighted NS’ participation in the public-private partnership that brought passenger rail to Norfolk.

■ ABOVE: CEO **Wick Moorman**, right, stands with, from left, Virginia Gov. **Bob McDonnell**, **Thelma Drake**, director of Virginia’s Rail and Public Transportation agency, and **Anthony Burfoot**, city of Norfolk vice mayor.



## READY, SET, ACTION!

# NS' Spring Street property stars in 'Hollywood South'

"It's a unique space. It has older-looking offices and the outside has an alley-way look, so it offers a variety of looks. With a little imagination and paint, it's versatile."

– **John Findley**,  
a freelance scout  
for Hollywood on  
125 Spring Street

When out at the movies, don't be surprised if a familiar location flashes across the screen: Norfolk Southern's former office complex on Atlanta's Spring Street has turned into one hot property for Hollywood producers.

These days, **Robert L. Williams**, NS' senior real estate manager, is used to getting emails and phone calls from location scouts looking for the right spot to film a scene. Thanks to state tax incentives, Atlanta has become known as Hollywood of the South – and the railroad is scoring a growing list of movie and television credits.

It all began, Williams said, when scenes for the 2010 movie "Life As We Know It," starring **Katherine Heigl**, were filmed at 125 Spring Street. Southern Railway constructed the building in 1911 as a warehouse and later converted it into the railroad's main Atlanta office. With fresh paint, some cosmetic interior changes, and movie sets, the movie production company staged the building as a police station. A key scene in the movie shows Heigl running up the front steps, entering the lobby, and rushing up a retro spiral staircase – one of the many neat features that make the property irresistible to TV and movie directors.

After 'Life As We Know It' was shot there, Williams said, it was just word of mouth – one scout told another scout who told another, and Hollywood's interest has continued to grow.



## A star location

Located near downtown in a neighborhood that's prime for redevelopment, the Spring Street buildings are for sale. Their discovery by Hollywood has given the property a new purpose while generating a little extra revenue for the railroad through lease fees the production companies pay to film there.

Over the past two years, two popular television series, AMC's "The Walking Dead" and MTV's "Teen Wolf," have filmed in and around the Spring Street buildings. Scenes for a 2011 CBS pilot about a crime-solving suburban single mom, dubbed "Hail Mary" and starring **Minnie Driver**, were shot inside 125. Atlanta moviemaker **Tyler Perry** staged the 175 Spring Street building – once housing NS' engineering department and print shop – as a homeless shelter for his 2012 movie "Good Deeds." In October, stars from "The Hunger Games" movie, including **Woody Harrelson**, gathered inside 125 for a day of filming for the sequel.

In addition, numerous film production companies, including Disney and USA Network, have rented the large parking lot behind the block-long complex to set up actors' trailers and food canteens while shooting at nearby locations. One of the latest planning to use the lot is the production company filming "Ten," a movie starring **Arnold Schwarzenegger**.

## A boom in Filming

The first Georgia-based movie to involve NS, as far as Williams knows, was "Fried Green Tomatoes," in 1991. It featured scenes shot along the railroad's tracks in Juliette, Ga. The current boom in movie business was triggered by the Georgia legislature's 2008 passage of the Entertainment Industry Investment Act, which created tax incentives to film in the state.



■ TOP LEFT: A production crew films scenes for the MTV television series "Teen Wolf" at NS' Spring Street facilities last year. For this scene, the crew transformed the exterior of the 175 Spring Street building into a nightclub.

■ ABOVE: The photo at top shows the parking lot of the 125 Spring Street building when it served as Atlanta headquarters of Southern Railway. Below, a production crew filming "Teen Wolf," an MTV television series, uses the lot last summer as a staging area.



■ **ABOVE:** Robert Williams, NS senior real estate manager, stands on the spiral staircase known as the “Alfred Hitchcock staircase” inside 125 Spring Street.

■ **TOP RIGHT:** A production crew films scenes for the MTV television series “Teen Wolf” in the alley adjacent to 125 Spring Street.

■ **BOTTOM RIGHT:** Film crews shot scenes from AMC’s “The Walking Dead” series on the fifth floor of the 125 Spring Street building. The scene depicted an attack by flesh-eating zombies at the headquarters of Bradbury’s department store.

Georgia now ranks among the top five states nationwide for movie and television production, according to the Georgia Film, Music & Digital Entertainment Office. In fiscal year 2012, more than 330 feature films, TV movies and series, commercials, and music videos were shot in Georgia, the office says on its website. That generated \$3.1 billion in overall economic impact – a 29 percent increase from the previous year.

Since discovering Spring Street, directors have made use of other NS properties in Atlanta, including the former Pegram locomotive shop.

“People in the state legislature saw the potential and created tax incentives to promote it,” said **Joel Harrell**, NS resident vice president, government relations, for Georgia and Florida. “It’s become big business.”

Williams fields a steady stream of inquiries from location scouts. One of them is **John Findley**,

a freelance scout who brought “Teen Wolf” and “Good Deeds” to Spring Street. Movie and television directors love the look of the older buildings, especially 125, which can accommodate a range of settings, Findley said.

“It’s a unique space,” he said. “It has older-looking offices and the outside has an alley-way look, so it offers a variety of looks. With a little imagination and paint, it’s versatile.”

The 125 building’s lobby has a period look, featuring creamy white and gray marble slab walls, gray tile floors, and an old-fashioned elevator that has an arrow dial above it to show which floor it is on. Ever since a director gushed that the lobby’s staircase, winding up eight floors, resembled something out of the movie “Vertigo,” it’s become known as “the Alfred Hitchcock staircase.”

When originally built, 125 served as the rail freight house for Atlanta, said **George Eichelberger**, retired NS director technical marketing services and archives director of the Southern Railway Historical Association. A half dozen or more rail tracks once occupied the parking lot behind the building; during its heyday, the yard was full of Southern boxcars.

“That was when the railroads were the equivalent of FedEx and UPS,” said Eichelberger. “All the parcel stuff you see today was handled by the railroads then. They would put planks between the boxcars and guys with hand trucks would move freight between the cars and in and out of the building. The Spring Street building is part of that story.”

## On the set

As they prepare for filming, movie and television crews are allowed to make minor alterations to the buildings, provided they aren't damaged and safety is not compromised, Williams said. In fact, some of the set work, such as painting walls and various improvements to floors and stairways, has added value.

**Tim White**, NS electrician and caretaker of the Spring Street properties, assists the production companies with any needs while they're on site.

"If they're in the building, I'm there, even if they stay all night," White said.

Crews from the "The Walking Dead," a series about a post-apocalyptic world overrun by flesh-eating zombies or "walkers," filmed scenes on the fifth floor and the roof of the 125 building. They staged the fifth floor as the headquarters of Bradbury's department stores and filmed an invasion by the walkers. Months after the shooting, "blood" stains from the zombie attack remained on the carpet.

To keep cool during the late summer filming, the crew set up portable chillers on the ground that blew chilled air through flexible pipes that ran up the side of the building into the fifth-floor space. For the roof shoot, White helped the crew set up a sprinkler system to create a rain scene and a makeshift cooling system for the cast.

"They put pans on the roof filled with water, hooked up a water hose with what they called a 'mister,' and set up fans that blew the mist to keep cool between scenes," White said.

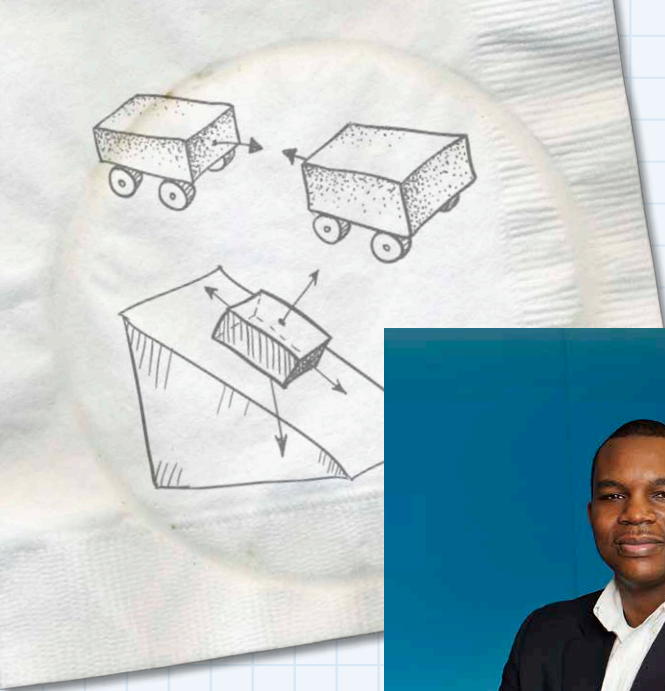
White occasionally mingles with the actors, but he usually stays out of the way unless called on. "I don't bother them," he said. "I know they've got pretty busy schedules."

During filming of "Life As We Know It," White met **Josh Duhamel**, the movie's co-star, who rides on a motorcycle in a scene shot outside the 125 building. Duhamel seemed like a regular guy as he chatted with the crew between takes, White said.

"He was just shooting the bull," he said. "I didn't even know he was one of the stars at the time."

As the calls keep coming from location scouts, it's anybody's guess which big name actor may show up next at Spring Street. Stay tuned – NS clearly is enjoying its relationship with Hollywood. ■ BizNS





## HorsePower drives new InnovatioNS effort

**Eric Peden and Rick Boland** routinely hand out cards on Norfolk Southern's Illinois Division inscribed with a seemingly provocative question: "Have you ever thought it would be more efficient if they did it your way?"

The query is not intended to instigate dissension. It's to encourage employees to share their ideas for improving NS' safety, security, and efficiency. Peden, a police specialist, and Boland, a support technician, both in Decatur, lead the division's HorsePower Chapter, a new InnovatioNS program that promotes creative solutions at the local level.

The Illinois Division, recipient of more SPIRIT awards for innovation than any other operating division, was a natural choice to pilot the program. The HorsePower group comprises 10 employees from across the division in mechanical, transportation, and engineering. They meet remotely via WebEx, host a SharePoint site where ideas can be submitted, and regularly go out in the field to seek employee feedback.

"People with great ideas can come to us," Peden said. "It's an alternate route. They feel like they have more input." A training gang leader in NS' Mechanical Department for 15 years, Peden won a Thoroughbred Award in 2006 and is known for thinking outside the box.

■ **Derek Bond**, manager program management, is leading efforts to promote the railroad's InnovatioNS program.



That's the kind of creativity

**Derek Bond**, manager program management,

wants to foster as he builds on successes of the InnovatioNS effort and strives to offer employees more ways to address challenges facing the railroad.

"Innovation at Norfolk Southern is not just an initiative," Bond said. "It is part of the fabric of who we are. We continually are seeking new ways to get employees involved."

## Taking it local

Launched by the Corporate Innovation Council in 2007 to help achieve the company's long-term goals, InnovatioNS encourages employees to identify ways NS can improve safety, service, and efficiency. Through a website, [innovations.nscorp.com](http://innovations.nscorp.com), employees can submit and share ideas to enhance NS' business. The council continues to leverage the website and now is taking the effort into the field.

"We can't reach our goals if we continue to do the same thing," Bond said. "We have to be more efficient, more effective, more productive. If we are able to do that, we will be able to continue to be a leader in our industry."

Following the Illinois Division's pilot, Atlanta employees in the Goode Building recently launched the company's second HorsePower chapter.

The purpose of the chapters is to actively encourage thinking outside the box, and to bring together agreement and nonagreement employees to brainstorm ideas, giving InnovatioNS a local presence.

"This is a huge step for the company and a first for Class 1 railroads," Bond said. "These groups are focused on bottom-line results that make Norfolk Southern more competitive, and they're a great way to infuse innovation into our culture."

Representing a cross-section of employees, the groups promote diversity and cohesion. "When you're sitting in a HorsePower meeting, everyone is on equal footing," said **Robin Pearson**, assistant director labor relations and a member of the innovation council, which oversees the HorsePower chapters. "There's a dynamic involvement of all those people that allows for a tremendous amount of creativity and brainstorming."

HorsePower chapters represent the next phase of NS' innovations efforts, said **Jamie Helmer**, manager process improvement and an innovation council member. "It really goes hand in hand with transitioning from safety by itself to safety and service together. The local chapters have members who are people you know and can relate to. With almost 30,000 employees, people may not know about the InnovatioNS website or have an opportunity to access it. With the HorsePower chapters, you know who to give an idea to and can relate to them."

The Atlanta chapter formed with about 20 employees. "The goal is to bring people together, take an idea, shape it and implement it, and get things done," said **Dawn Plotner**, manager customer service operations and chair of the group. "People enjoy stepping outside their normal roles. Once someone has an idea, everyone's experience and background plays into that."

The Atlanta group currently is exploring various innovations, including QR coding for conference room scheduling. Members conclude meetings with a brainstorming session.

# INNOVATIONS | GOOD THINKING!



## Already producing results

Within weeks of forming, employee input led the Illinois Division HorsePower chapter to recommend the development of a “Run-A-Round” hose bracket for locomotives. A Run-A-Round hose enables a train to move with a car that has been disabled by an air-brake failure. The chapter worked with the Mechanical Department to develop a bracket that mounts to an existing bolt inside a locomotive’s nose. The bracket design improves workplace safety by freeing up valuable space in the tight quarters of the locomotive.

Illinois HorsePower members also designed a local locomotive reliability form that mechanical shop employees provide to engineers to verify that reported engine problems are repaired. The engineers fill out the card and return it after operating the locomotive on a consist of cars. “When that unit goes out on the road, we know the problem has been fixed,” Peden said. “It’s kind of a satisfaction-guaranteed card.”

Bond acknowledged that not every idea will lead to improved safety and security or productivity, but each has worth.

“The fact that you have taken time to focus on continuous improvement adds value to the company,” he said. “Innovative thinking is a skill. You have to exercise innovation in order to become better.”

As an added benefit, employees may be rewarded for their innovations through NS’ SPIRIT Award program. SPIRIT awards recognize employees who exemplify NS’ core values of safety, performance, integrity, respect, innovation, and teamwork. This year, agreement and nonagreement employees through salary band eight are eligible for SPIRIT awards.

“Employees need to know their efforts are not overlooked,” Bond noted. “Whether through our formal SPIRIT Award program or through personal interaction with supervisors or peers, all employees should feel valued and recognized for their contribution.”

To improve the SPIRIT award program, winners this year will be able to choose from a diverse selection of awards. “Our employees should know when these types of outstanding contributions are being made,” Bond said. “When people appreciate your efforts, it helps to inspire high-level performance.”

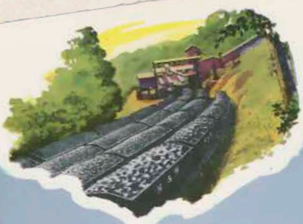
Bond moved into the strategic programs office last May following various assignments in human resources. Most recently, he worked closely with the diversity council as manager diversity.

“This role requires a combination of all the skills that I have developed thus far,” he said, adding that his goal is for every employee to interact with InnovationNS. “We can’t be successful as a company if we’re not constantly seeking creative solutions to business challenges.” ■ BizNS

“We can’t reach our goals if we continue to do the same thing. We have to be more efficient, more effective, more productive. If we are able to do that, we will be able to continue to be a leader in our industry.”

– **Derek Bond**,  
manager program  
management

# COAL...



## The POWER behind the Nation

Bituminous coal is America's power to win this war! Coal is steam, electricity, gas, heat, medicines, chemicals, explosives. Coal keeps production lines rolling. Coal runs the railroads. The railroads move the coal that makes the coke, that makes the steel, that makes the guns and bombs, the planes and tanks, the ships and jeeps — that make our America invincible.

One of the most vital war-time jobs of the Norfolk and Western Railway is moving, from mines along its lines, one-tenth of the bituminous coal produced in the United States. This coal has rolled, when and where it was needed — 83,000,000 tons in the past 12 months; 14 per cent more than the 12 months before. It is rolling now — every hour of every day and night. And over Norfolk and Western rails, will continue to roll — this vital power behind the greatest nation on earth.



In coal, chemists have found by-products with a thousand uses — from healing our sick and wounded to blasting our way to Victory.



# NORFOLK and WESTERN Railway

CARRIER OF FUEL SATISFACTION

From the  
NS archives

This colorful advertisement first appeared in the December 1942 issue of the Norfolk and Western Magazine, after it ran nationally in Time, Newsweek, and FORTUNE. It stressed the railroad's importance as a coal carrier and illustrated the commodity's importance in the war effort and on the home front. Coal was "the power behind the nation," and N&W employees moved one-tenth of the bituminous coal produced in the United States during World War II. Then as now, the railroad moved resources for the nation. ■ BizNS



*On the cover: Mark Canfield, division manager, opens the doors of a shipping container at NS' new Crescent Corridor intermodal terminal in Greencastle, Pa. The photo illustration, by NS photographer Casey Thomason, depicts NS' efforts to capitalize on emerging business opportunities.*

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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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## Double the value of your giving

Contributions through the Norfolk Southern Foundation's matching gifts program often go above and beyond their monetary value. Recently, one individual's contribution helped purchase a historic national treasure.

Through the program, **William Wooldridge**, retired vice president law, and the foundation donated \$35,000 to the Library of Congress. Their generosity provided the Library with funding to purchase a notable Virginia state map, published in 1827, by **Herman Boye**.

"The Library of Congress is a treasure trove for the American people," said **Bruno Maestri**, vice president government relations, pictured at right with Wooldridge. "We had the great opportunity to add another treasure to the collection."

The unique map expands the Library's existing collection and completes the collection of Boye's original Virginia state map from 1827 and revised versions from 1859.

Wooldridge said he chose to support the Library because of his passion for and expertise in historic maps. He is the author of "Mapping Virginia: From the Age of Exploration to the Civil War," a book illustrating more than 300 printed Virginia maps and their historical context.

Employees and retirees can double their charitable donations through the matching gift program. Within specific guidelines, the Foundation will match the tax-deductible portion of donations up to \$35,000 per year for full-time employees and \$25,000 for retirees.

The program accounts for nearly 24 percent of the Foundation's annual giving, said **Katie Fletcher**, director NS Foundation. "This is a huge benefit not only to the employee," she said, "but to all the organizations that directly benefit." ■ BizNS

