TESTIMONY OF

WICK MOORMAN

CHAIRMAN, PRESIDENT & CHIEF EXECUTIVE OFFICER

BEFORE THE

U.S. HOUSE OF REPRESENTATIVES

SPECIAL PANEL OF THE HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

HEARING ON 21ST CENTURY FREIGHT TRANSPORTATION

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Norfolk Southern Corporation

Three Commercial Place

Norfolk VA 23510

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(INTRODUCTORY TEXT IMAGE)

Chairman Duncan, Ranking Member Nadler, panel members: Thank you for the opportunity to discuss the future of America's freight rail system. It is an honor to do so on behalf of Norfolk Southern's 30,000 employees, 32,000 shareholders, 39,000 suppliers, and 8,700 customers – three of whom are FedEx, the South Carolina Ports Authority, and Werner Enterprises.

(FEDEX TRAIN IMAGE)

I will be using a few images today, so please watch the screens.

Norfolk Southern is the fourth largest privately-owned U.S. railroad. We transport 7 million shipments a year. With tracks serving the Eastern United States and its ports, and connections to other modes, we access the world. While my comments highlight Norfolk Southern, America's 7 class 1 railroad and 550 short lines railroads together are a network, and we share the opportunities ahead.

Last week, the Wall Street Journal said railroads "make headlines only when calamity strikes." That may be true, but because of our tremendous safety records, Calamity is very rare, and we generally are in the background, safely and economically moving this nation's raw materials, intermediate products, and finished goods where they need to go. In Norfolk Southern's case, we have been doing that for 186 years, and are planning for at least that many more.

Because of that, in railroading we have to make expensive long-term bets, and hope to make adequate returns on them, even though the crystal ball can be cloudy.

Locomotives last more than 20 years; freight cars longer. New track will carry traffic for decades. Terminals, such as the one we're expanding at Bellevue, Ohio, serve generations of customers. Our bridge over the Ohio just turned 100, and our chief engineer promises that with proper investment it will last 100 more.

(CRESCENT CORRIDOR MAP IMAGE)

The Crescent Corridor is an example of strategic investing. This series of infrastructure improvements will reduce transit times, increase capacity, and provide a better transportation alternative for the enormous amount of freight that currently moved by highway from New Jersey to Louisiana. This slide shows the just opened Rossville Terminal in Tennessee.

(ROSSVILLE TENNESSEE TERMINAL SLIDE)

It is a 10-year project, with a projected 2.5 billion dollar cost shared by Norfolk Southern and partners. The screen shows an example of the projected benefits for just a single state.

(CLEAN GREEN RELIEF FOR CONGESTED ROADS IMAGE)

Messrs Duncan, Hanna, Nadler, and Sires are familiar with the Corridor's importance, as your districts include many of its components. Relatedly, Ms. Brown and Mr. Lipinski have been leaders of the CREATE and High Speed Rail projects that serve Chicago. Without your leadership, these massive projects that will serve millions of people would not be under construction today. They are not small endeavors. Nor are they inexpensive. But they are necessary for now and the future.

Norfolk Southern is ready for traffic from the Panama Canal expansion. We are moving crude oil and serving the domestic natural gas industry. We are hiring military veterans and reservists, and with leaders from labor organizations such as those represented by Mr. Wytkind, training tomorrow's workforce. We are reducing our carbon footprint and improving technology to use less fuel.

(S.C. INLAND PORT IMAGE)

We are contributing to the President's goal of increasing exports. In fact, we are a partner with Mr. Newsome and his team developing the South Carolina Inland Port. It is an excellent opportunity – look at the impact of the inland port served by Norfolk Southern west of here, at Front Royal.

(VA INLAND PORT IMAGE)

For its part, government can do three things.

First, support and adequately resist any attempt to alter freight rail's continuing ability to earn adequate returns and invest in our companies. For every revenue dollar, railroads return 40 cents to infrastructure and equipment.

(CAPITAL EXPENDITURES IMAGE)

From 2010 through the end of 2013, Norfolk Southern alone will have reinvested 7.5 billion dollars in private capital. This sustains jobs. In the last three years alone, Norfolk Southern hired more than 9,000 people. We will hire another 1,200 this year.

This is so important. Industries, jobs, and taxes want to go where the railroad is. In the last decade, Norfolk Southern helped locate 1,021 new and expanded facilities located along our lines, representing 28.7 billion dollars in customer investment and generating 48,000 jobs. That's just one railroad. What an incredible incentive to support railroads everywhere.

The second thing is: Put the economy on sound footing. Reduce the deficit. Create a stable environment for long-term growth. Help everyone – including the railroads as we pay our share of taxes -- see a clear path forward.

My concluding recommendation is: Find sensible ways to allow the private sector and partners to invest in projects that will serve the economy of tomorrow. The longer it takes to steer through regulatory hurdles, the longer we wait for economic growth. Promote regulations that reflect today's conditions and technologies – as an example being the FRA locomotive inspection rule in 2012 – so that they enhance rather than deter safety, productivity, and investment.

Privately-owned railroads are not only a barometer of the economy but an essential element in solving this country's freight transportation problems. We are planning for growth and investing for the future. I hope that, working with you, we all can look far ahead and do everything possible to make it happen.

(TRAIN IMAGE)

Thank you.