

# Patriot Corridor



## THE PAN AM CLIPPER

SPECIAL EDITION MAY 2008

# THE PRESIDENT'S MESSAGE

## The Patriot Corridor

I am pleased to announce that Pan Am Railways (PAR) and Norfolk Southern Corporation (NS) have entered into a joint venture for the railroad lines owned by Pan Am Railways west of Ayer, Massachusetts. This joint venture will be known as Pan Am Southern and the rail lines will be operated as the Patriot Corridor.

The Patriot Corridor will be a faster, higher capacity route than the one that exists today. It will be operated by the employees of the Springfield Terminal Railway. This exciting partnership will allow for additional intermodal traffic. This will be accomplished through a proposed intermodal and/or automotive facility to be constructed in the Albany, New York area as well as a new automobile facility in Ayer, Massachusetts and an upgrade to the existing intermodal facility for increased capacity. Pan Am Railways and Norfolk Southern will be applying to the Surface Transportation Board for approval of joint control of Pan Am Southern and the formation of the Patriot Corridor.

In addition to the intermodal and automobile facilities, the joint venture will also invest significant capital to upgrade the Freight Main Line between Ayer, Massachusetts and Mechanicville, New York with new continuous welded rail and crossties as well as two new passing sidings for increased capacity. Signal equipment upgrades will allow for fewer train delays due to malfunctions. The Patriot Corridor project will also upgrade 286,000-lb. axle weights between New York and Ayer. As a result, this project will benefit our customers, who will see reduced transit times as well as more consistent service across the entire system.

The Pan Am team is eager to partner with Norfolk Southern, the premier Class 1 railroad in America. This venture will help both companies operate a safe, customer focused and profitable railroad. Since the Conrail transaction in 1999, our companies have been able to grow the intermodal business. With the Patriot Corridor we will be able to increase merchandise and automobile opportunities. As energy prices continue to increase, more companies will look to the railroads for their transportation needs, which will be met by the Patriot Corridor.

I look forward to meeting with our employees, customers and other stakeholders in the coming days to discuss this very thrilling partnership, and gain your support for its rapid approval.

Sincerely,  
David Armstrong Fink  
President  
Pan Am Railways

## INFORMATION

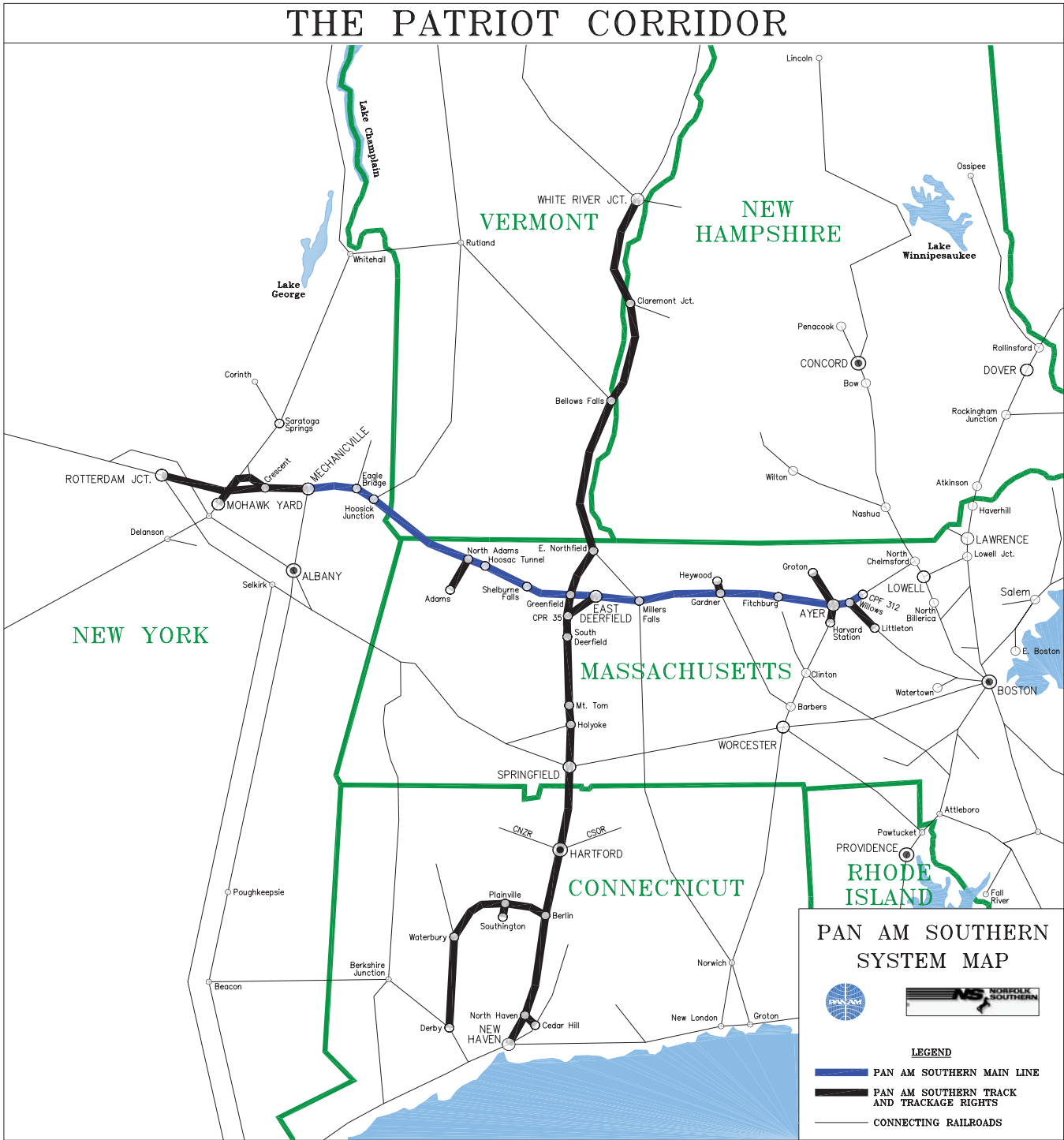
Pan Am Clipper is published four times a year by Pan Am Railways.

Editor: Kathleen Gregory  
1700 Iron Horse Park  
North Billerica, MA 01862  
978.663.1130

## PAN AM ON THE INTERNET

To book charters visit: [www.flypanam.com](http://www.flypanam.com).

The Pan Am Railways website ([www.panamrailways.com](http://www.panamrailways.com)) offers car location information either through the car movement system (STARR) or the AEI database. [CustomerService@panamrailways.com](mailto:CustomerService@panamrailways.com) is another option to access car location information, etc.



## ADDRESS CHANGE?

Let us know your new and your old address. Fax it to 978.663.6907 or send it to the Editor, Pan Am Clipper.

## IDEA SUBMISSION

If you have a story idea, fax it to us on a single sheet of paper at 978.663.6907 or send it via MEMO to the editor.

## CREDITS

Back Cover Photo by Lynn Vicaire

Printed by George H. Dean Company

Designed by Shawn Weatherbee Design

# THE PATRIOT CORRIDOR

## PRESS RELEASE



### **PAN AM RAILWAYS AND NORFOLK SOUTHERN CREATE THE PATRIOT CORRIDOR TO IMPROVE RAIL SERVICE AND EXPAND CAPACITY IN NEW YORK AND NEW ENGLAND**

NORTH BILLERICA, MASS., NORFOLK, VA. – Pan Am Railways (PAR) and Norfolk Southern Railway Company (NS) have agreed to create an improved rail route between Albany, N.Y., and the greater Boston, Mass., area called the “Patriot Corridor.” Investments in the Patriot Corridor are expected to improve track quality and customer service, boost train speed and reliability, and increase capacity on the route. PAR and NS each will have a 50 percent interest in the newly formed railroad company, called “Pan Am Southern.”

PAR has agreed to transfer to the joint venture its 155-mile main line track that runs between Mechanicville (Albany), N.Y., and Ayer, Mass., along with 281 miles of secondary and branch lines, including trackage rights, in Connecticut, Massachusetts, New Hampshire, New York, and Vermont. NS has agreed to transfer cash and other property valued at \$140 million to the joint venture, \$87.5 million of which is expected to be invested within a three-year period in capital improvements on the Patriot Corridor, such as terminal expansions, track and signal upgrades. The companies also anticipate the construction of new intermodal and automotive terminals in the Albany area. PAR’s Springfield Terminal Railway subsidiary has agreed to provide all railroad services for the joint venture.

“We are excited to partner with Norfolk Southern on the Patriot Corridor. Since the Conrail transaction was implemented in 1999, both Pan Am Railways and Norfolk Southern have been working to bring additional high quality rail transportation options to our New England customer base. This joint venture is the culmination of those efforts,” said David Fink, Pan Am Railways’ president. “With energy prices continuing to rise, the Patriot Corridor will give our customers additional capacity and speed to get their products to market.”

“Norfolk Southern has been working with Pan Am Railways to improve rail service and increase transportation options between the Norfolk Southern system and the Boston area,” said Wick Moorman, Norfolk Southern’s chief executive officer. “The Patriot Corridor creates a new level of rail competition in upstate New York and New England by improving train speed, reliability, and capacity, as well as strengthening connections between the region’s short line and regional railroads and Norfolk Southern’s 22-state network.”

---

The parties will seek approval for the transaction with the U.S. Surface Transportation Board. Additional materials describing the transaction will be posted on Norfolk Southern's Web site, [www.nscorp.com](http://www.nscorp.com), and will be furnished to the SEC as part of a Current Report on Form 8-K.

Norfolk Southern is currently improving the Heartland Corridor, a high-capacity rail route linking the Port of Virginia (Norfolk), Columbus, Ohio, and Chicago, and has announced the Crescent Corridor, an initiative to divert freight traffic from highways to rail between New Orleans, Memphis, and the Northeast.

Pan Am Railways is the Northeast's largest regional railroad. It operates over 2,000 route miles in Maine, New Hampshire, Massachusetts, Vermont, Connecticut, New York and Atlantic Canada. Pan Am Railways interchanges traffic with fifteen railroads throughout its network.

Norfolk Southern Corporation (NYSE: NSC) is one of the nation's premier transportation companies. Its Norfolk Southern Railway subsidiary operates approximately 21,000 route miles in 22 states and the District of Columbia, serving every major container port in the eastern United States and providing superior connections to western rail carriers. Norfolk Southern operates the most extensive intermodal network in the East and is North America's largest rail carrier of metals and automotive products.

Any statements contained in this news release which are not related to historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties (noted in Norfolk Southern's filings with the SEC) which could cause actual results to differ.

**Pan Am Railways Contact:**

Cynthia Scarano, 978-663-1028, 978-423-2231 (cell), [cscarano@panamrailways.com](mailto:cscarano@panamrailways.com)

**Norfolk Southern Contacts:**

Media: Rudy Husband, 610-567-3377, [rudy.husband@nscorp.com](mailto:rudy.husband@nscorp.com)

Investors: Leanne Marilley, 757-629-2861, [leanne.marilley@nscorp.com](mailto:leanne.marilley@nscorp.com)

# OLD TOWN LOGISTICS

In the early nineteenth century, driven by an emerging forest products industry in the State of Maine, there was a growing need to haul lumber, shingles, laths and clapboards from Old Town to Bangor for subsequent loading onto ships. Thus, in 1836, Maine's first steam railroad, the Bangor and Piscataquis Canal and Railroad Company, was built. Constructed of standard gauge track of 4 feet, 8½ inches and made of wooden timbers bolted together with thin straps of iron spiked to the top, it extended twelve miles in length and connected the cities of Bangor and Old Town. Later that same year, the state's first steam locomotive, the "Pioneer" (built by Stephenson & Son in England), which weighed 7½ tons and 20 horsepower capacity, had its first run on the line.

Then, in 1855, with new ownership came a new name, the Bangor Old Town and Milford Railroad. Years later, in 1869, it was purchased by the European & North American Railroad which continued to operate the original stretch of track for freight until June 27, 1870 when the line that is used by Pan Am freight trains today was put into service. The forest products industry continued to evolve, so, in 1882, the Penobscot Chemical Fiber Company was founded to build a pulp and paper mill at Old Town; and from the founding of that mill, Old Town has continued to be a major source of pulp and paper production in Maine.

What looked to be the beginning of the end of an industry that had so long been a part of Old Town's identity came about on April 4, 2003 when the Georgia-Pacific Corp., who had acquired the mill from Fort James Corp. in 2000, stopped operating its two tissue machines. This resulted in 300 employees joining the ranks of the unemployed. Speculation ran high when it was announced in March 2006 that production would cease and the mill at Old Town would shut down permanently, along with four chip mills, rendering another 459 people jobless. Not to be overlooked was the major economic blow it would deal to the City of Old Town, since thirty-four percent of the total tax base was heretofore generated by the mill. All of this prompted Maine's Governor John E. Baldacci and his Economic Development Director to work diligently to put a deal together to sell the mill and maintain continuity for the city and those out of work.

October 6, 2006 marked the dawn of a new era with the announcement of the mill's sale to Red Shield Environmental, a group of private investors that would manage the site and operate a biomass boiler. Long-term plans are to use the boiler to make ethanol by burning wood waste. Ethanol is used to replace methyl-tertiary-butyl-ether (MTBE) in gasoline. The ethanol process also creates other salable byproducts such as carbon dioxide.

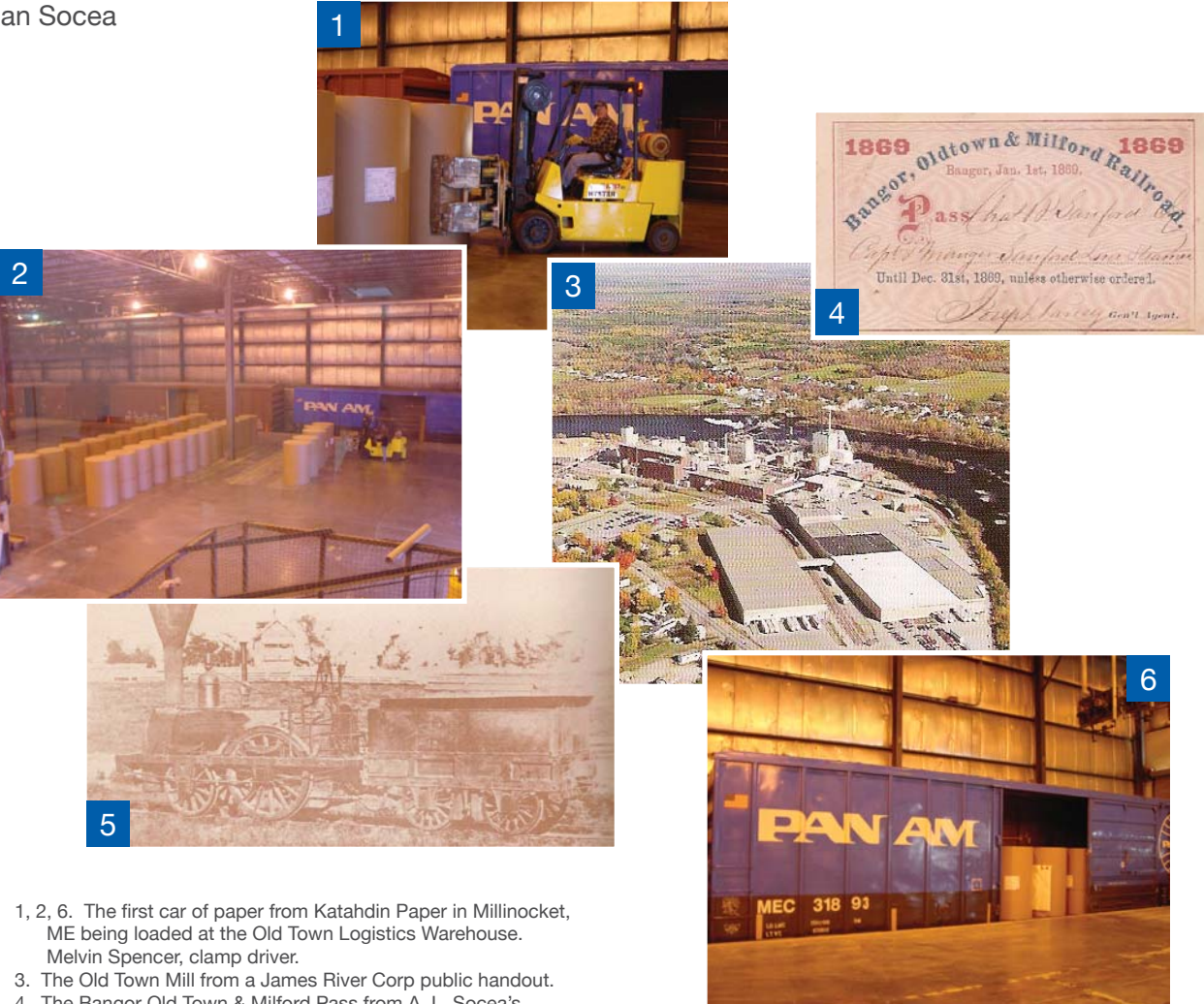
It was subsequently publicized on June 1, 2007 that Red Shield Environmental had negotiated an agreement with the Environmental Protection Agency (EPA) for pulp production as well as ethanol. The projected pulp production goal is 150,000 tons per year of market pulp, and they anticipate that the pulp will become a byproduct of the ethanol production process. Material from the pulping method will be utilized by an experimental ethanol production created by the University Of Maine. The technique is expected to reduce air emissions of methanol as well as total reduced sulfur at the mill in order to comply with Federal and State regulations without costly upgrades.

With the Old Town mill no longer producing 230 tons of tissue and 20,000 to 21,000 cases of tissue products per day, the former tissue warehouse became available for other uses. Old Town Logistics was formed in 2007, and established warehousing for pulp and paper products in the former tissue storage warehouse, thereby meeting the transportation needs of printing paper customers such as the Katahdin Paper Company in Millinocket. To handle this new rail business, a 5-car inside loading track was rebuilt to serve the former tissue warehouse. Old Town Logistics also has additional rail-served

warehouse space in another on-site location to meet Red Shield’s pulp storage needs.

The outlook for the Old Town pulp and paper mill complex is very bright. More jobs continue to be added with each new business that locates there. Pan Am Railways shares a longstanding history with the forest products industry in “The Pine Tree State”, not to mention the City of Old Town; and as we progress further into the twenty-first century, we look forward to strengthening that bond in all aspects of Maine’s economy.

Contributed by:  
Allan Socea



- 1, 2, 6. The first car of paper from Katahdin Paper in Millinocket, ME being loaded at the Old Town Logistics Warehouse. Melvin Spencer, clamp driver.
- 3. The Old Town Mill from a James River Corp public handout.
- 4. The Bangor Old Town & Milford Pass from A. L. Socea’s personal collection.
- 5. The locomotive “Pioneer” from several sources, widely used in books on early Maine history.

Source Material:  
Bangor Daily News Articles 2000 to 2008. Steelways of New England by Alvin Harlow 1946. The Railroad Enthusiast Winter and Spring, 1972 Edition. Over The Rails by Steam by Clinton F. Thurlow 1965. The Maine Central Railroad 1847-1947 by William A. Wheeler 1947. All Aboard For Yesterday, Down East Books 1979. Report of The Railroad Commissioners of Maine 1862-1914. Personal Correspondence Notes between R.F. Dole and Linwood W. Moody. Photos 1, 2, 6 by Dorothea Socea

# THE PERFECT FIT

---

It would probably come as no surprise that not all modes of transportation are conducive to hauling cargo of every type and size. How to ship a product via the most economic and practical method must be evaluated carefully, and certain factors can make that choice even more specialized. Railroads have the versatility to handle not only the typical load of freight, but what is known as the dimensional (bulk or oversized) shipment, that which is often too difficult, or even impossible, to move over the road.

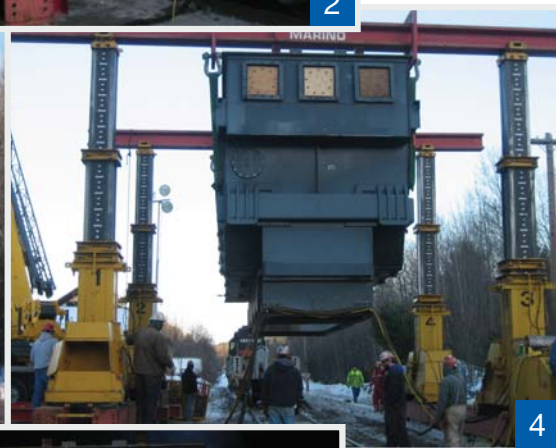
FirstLight Power Resources, the owner and operator of a diverse portfolio of predominantly hydro-generation facilities in Connecticut and Massachusetts, recently wished to move a transformer from Erving, Massachusetts to Palmetto, Florida. To take on such a huge task, they engaged Mammoet USA, “worldwide specialists in heavy lifting and transport”. Since the 570,000 pound weight of the transformer made it nearly impossible and logistically impractical to transport by truck, Mammoet, in turn, contacted Pan Am Railways to facilitate the planning and management for the first leg of the trip south.

At the outset, it was determined that the best option to accommodate the transformer, which had been designed in the 1970’s, would necessitate utilizing a car that had originally been constructed back in 1967. Fortunately the car was still around, and in January it was rebuilt in Pennsylvania specifically for this move. Later on in the process, a further contingency would involve shutting down Pan Am Railways’ main line due to the size, location, and rigging required to move the transformer. Once the plan was actually put into motion, it would take the commitment of several Pan Am Railways departments (Transportation, Engineering, Mechanical, Legal, Marketing and Finance) to ensure a safe and efficient outcome.

A move of this magnitude may not always go according to plan, but having a team in place with the knowledge and ability to adapt to any issues that may arise is vitally important. Not to mention, communication and professionalism. The hallmark of customer service is that the joint effort put forth by the transportation providers and riggers should always appear seamless to the shipper. By successfully interfacing with each other as well as all departments across the railroad, both Mammoet and Pan Am Railways forged a successful collaboration in fulfilling the unique requirements of FirstLight Power Resources.

Pan Am Railways is pleased to have participated in this special move. The transformer was loaded safely with relatively no disruption to regular freight service. It arrived at destination and is currently in the process of being rebuilt. Eventually it will make the return trip to Erving where it will be put back into service, providing power for central Massachusetts and the rest of the region.

Contributed by:  
Douglas Steward



1. FirstLight Transformer.
2. FirstLight Transformer being lowered into car.
3. FirstLight Transformer ready to be hoisted.
4. FirstLight Transformer ready to be lowered into car.
5. FirstLight Transformer secured and ready to transport.

Photos 1-2 provided by: Dave Lee  
Photos 3-5 provided by: Doug Steward

# WELCOME TO AYER UNITED STATES GYPSUM COMPANY

This winter Pan Am Railways gained another new customer, United States Gypsum Company (USG), one of the North America's leading building products manufacturers. The facility, located at 51 Independence Drive in Ayer, MA, will serve as USG's gypsum wallboard distribution center for New England.

After a thorough site selection process in which USG surveyed several locations in eastern Massachusetts, Ayer stood out above the rest. One main consideration was that fifty percent of the proposed tonnage originates at the new Atlantic Wallboard Company plant at Saint John, New Brunswick on the New Brunswick Southern Railway (NBSR). Pan Am has the most direct route from New Brunswick to southern New England. Pan Am has already established strong service in conjunction with the NBSR between Saint John and Ayer. Ayer is also one of our busiest yards and we employ an around the clock switcher to provide prompt and flexible delivery service. Empty car supply was another consideration and Pan Am is able to supply a nearly unlimited amount of empty centerbeam railcars thanks to our membership in TTX, owner of North America's largest fleet of flat cars. Another advantage of Ayer is that it is at a transportation crossroads. The USG facility is adjacent to the Ayer intermodal ramp, operated in conjunction with Norfolk Southern, and near the intersection of I-495 and MA Route 2, offering USG multi-modal transportation options.

The track work at Ayer is scheduled for mid-June with a projected "in operation" date of July 1, 2008. Prior to that time, traffic from Saint John is being unloaded at Larson's Transload, North Billerica, Massachusetts and another USG facility at Westwood, Massachusetts. An on line company like Larson's, that has the ability to transload virtually any type of material from railcar to truck, was another asset that Pan Am was able to bring to the table for USG. When Ayer is fully up and running, all traffic will go to Ayer. The Ayer site will feature a 10-car outdoor unloading track for centerbeam flat cars, three car spots for unloading boxcars and indoor loading bays for trucks. USG chose Kenco Logistics, one of the country's premier third-party logistics operators, to run the terminal.

The volume at Ayer will be substantial from both Saint John and other USG plants across the United States. Pan Am Railways is most pleased to welcome United States Gypsum Company to Ayer. We are confident there will be a significant impact on our carloads and revenue well into the future.

Contributed by:  
Richard Willey and Michael Clements

Photos by: Edwin Motte



First load of wallboard arrives at Larson's Reload Facility in North Billerica, MA



First car loaded at Atlantic Wallboard Saint John, N.B.



Atlantic Wallboard rail loading facility, four car capacity  
Photos provided by: Ed Motte

New Pan Am locomotive paint scheme. – Photo by Lynn Vicaire.



Pan Am Clipper  
1700 Iron Horse Park  
North Billerica, MA 01862

Address Service Requested

PRSR STD  
U.S. POSTAGE  
PAID  
PERMIT 50  
RANDOLPH, MA