



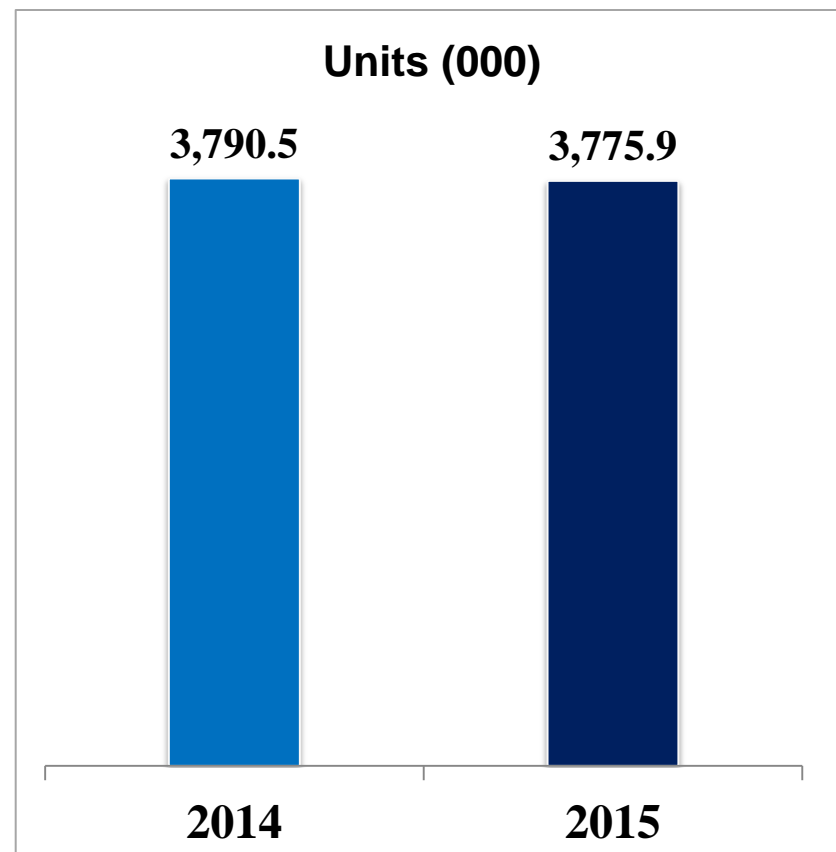
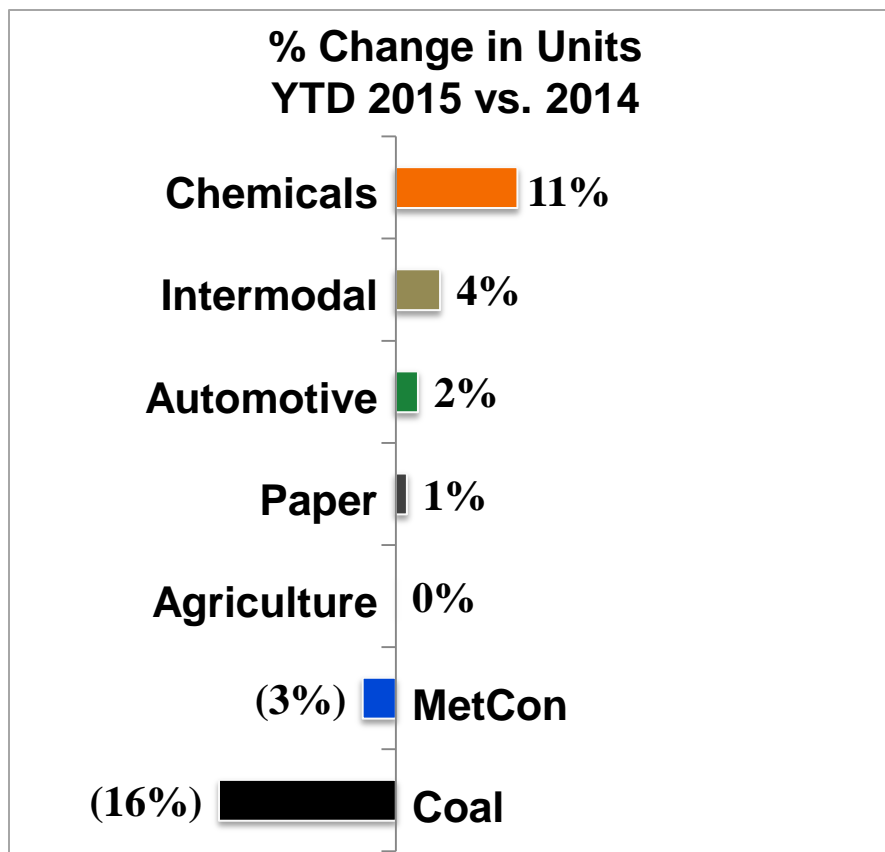
Norfolk Southern Planning for the Future

David Lawson, Vice President Coal
July 13, 2015

Current Railway Volume

Year to date through Week 26 (July 4, 2015)

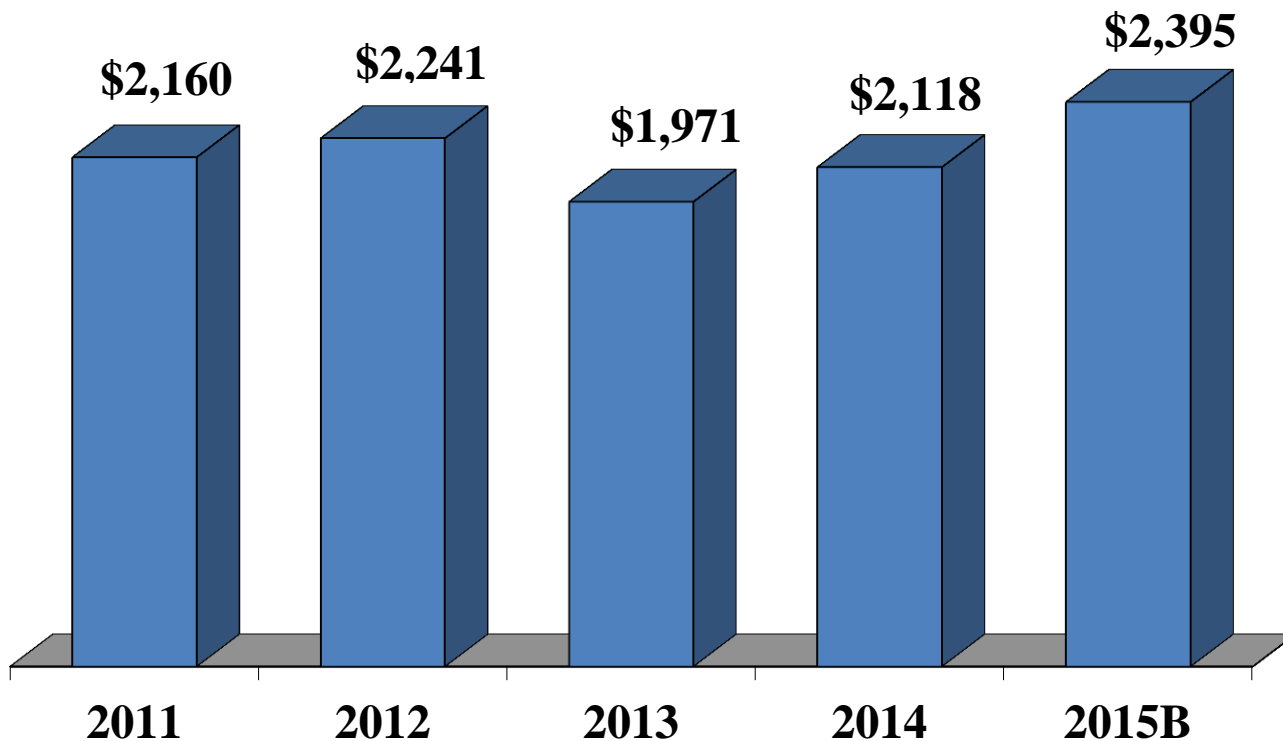
Total Volume: 3,775,854 units, flat



2015 Capital Expenditures

(\$ millions)

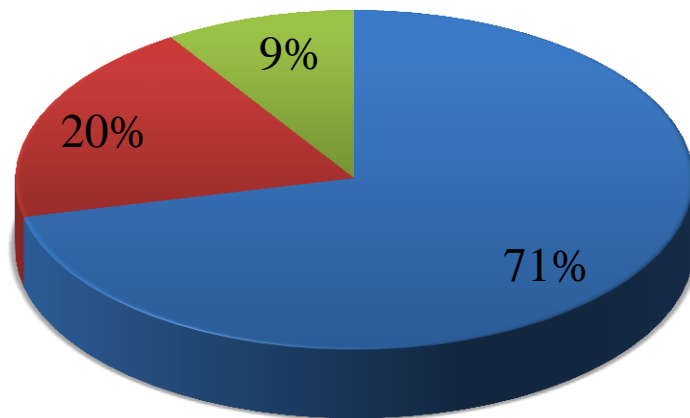
2015 Capital Budget - \$2.4 billion



2015 Capital Improvement Budget

Core vs. Growth vs. PTC

Maintain the network Improve service Invest for growth

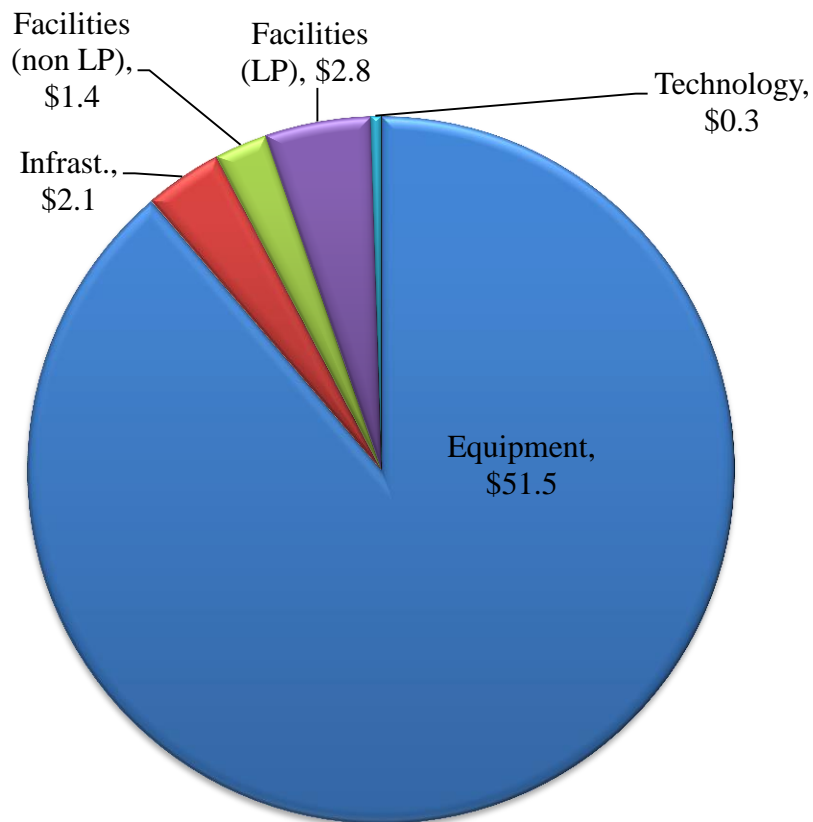


- Replacement/Core
- Growth/Productivity
- Positive Train Control

- Core/replacement investments
 - Rail, Tie, Ballast programs
 - Freight car replacements
 - Locomotive rebuild program
- Growth/productivity investments
 - Intermodal terminals and equipment
 - Used locomotives
 - Infrastructure improvements
- Positive Train Control

Coal Capital Expenditures

2015 Capital Spend = \$58.1 million



Capital (in millions)	2011	2012	2013	2014
Equipment	\$116.4	\$214.8	\$104.7	\$92.1
Infrastructure	5.0	4.8	15.6	3.1
Facilities (non Lamberts Point)	1.2	0.5	0.9	3.6
Facilities (Lamberts Point)	11.0	18.6	14.4	4.4
Technology	2.3	2.6	1.1	0.3
Total	\$135.9	\$241.3	\$136.7	\$103.5

NS Coal Fleet

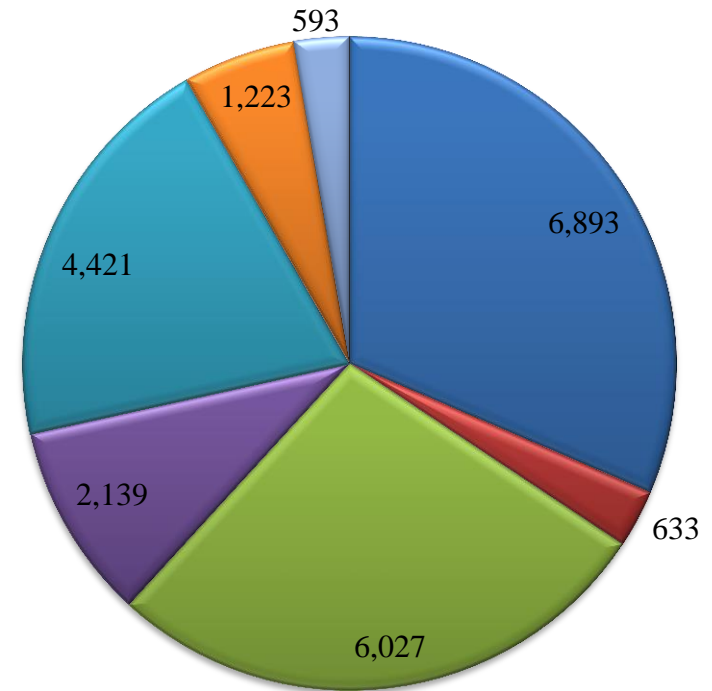
Fleet Replacement

- **12,305 purchased since 2006**
 - 8,555 new cars (Hybrid gons/ hoppers & QD's)
 - 998 in 2014 (Hybrid gons/ Bethgons)
 - 600 in 2015 (Hybrid gons)
 - 3,750 rebodies (Hybrid gons & hoppers)
- **Hybrid gon characteristics**
 - Carbon steel, stainless steel, and aluminum composition
 - 10% greater carrying capacity than older steel gons
 - 4,100 cubic capacity

Re-Tub Program

- **Installing new tubs in steel gon fleet**
- **Re-Tubs completed**
 - 2014: 1,061 re-tubs
 - 2015 YTD: 1,020 re-tubs

Total Fleet – 21,929



- | | |
|-------------------------------|--------------------------|
| ■ Hybrid Gons | ■ Aluminum Gons |
| ■ All Steel Gons | ■ Steel Hopper |
| ■ Hi-Capacity Stainless Steel | ■ Rapid Discharge Hopper |
| ■ Hi-Top Coke Hopper | |

NS Re-Tub Program

Purpose

- NS is installing new tubs in our steel gondola fleet to prevent coal leakage and maintain our fleet size to handle coal demand.
- “Re-tubbing” helps to utilize our existing assets to the maximum capacity.

Re-Tub Candidates

Car Type:

- 50 year cars with 5+ years life remaining
- Steel Gons ('92-'98 Rebodies)
- Original Build Date: 1971-1982
 - (Using January 1971 Original build date and beyond to utilize car for 5 years or greater)



Current Condition of 1990's Steel Gons



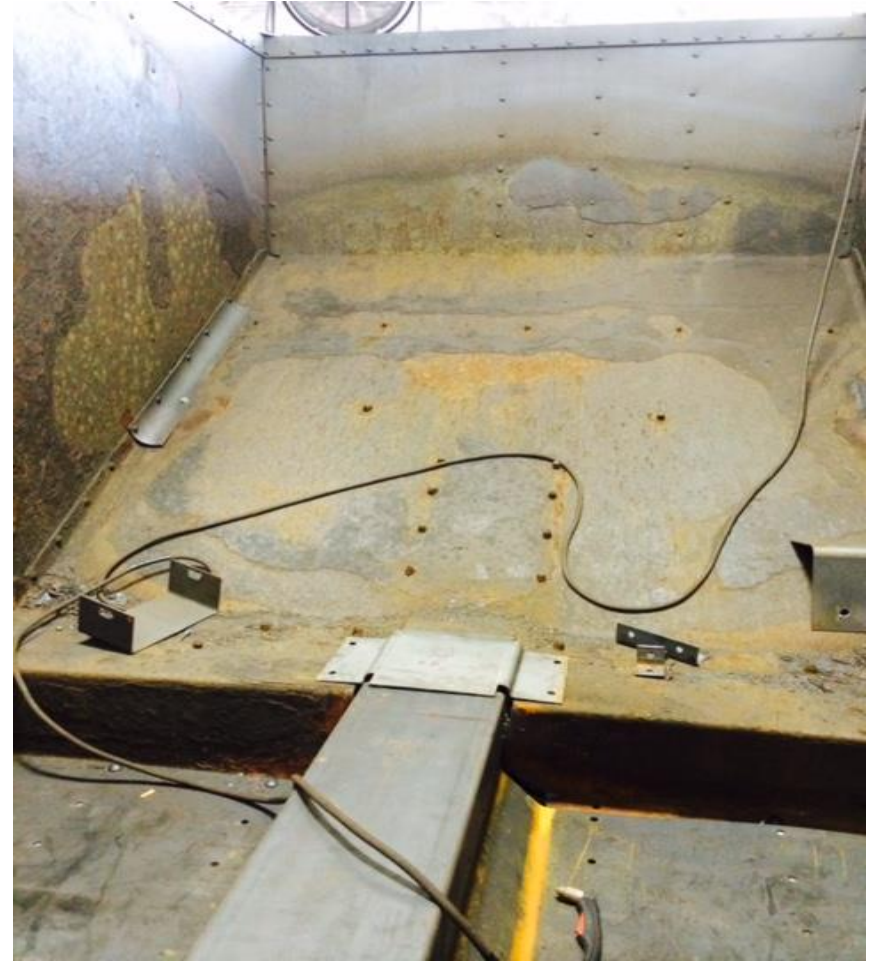
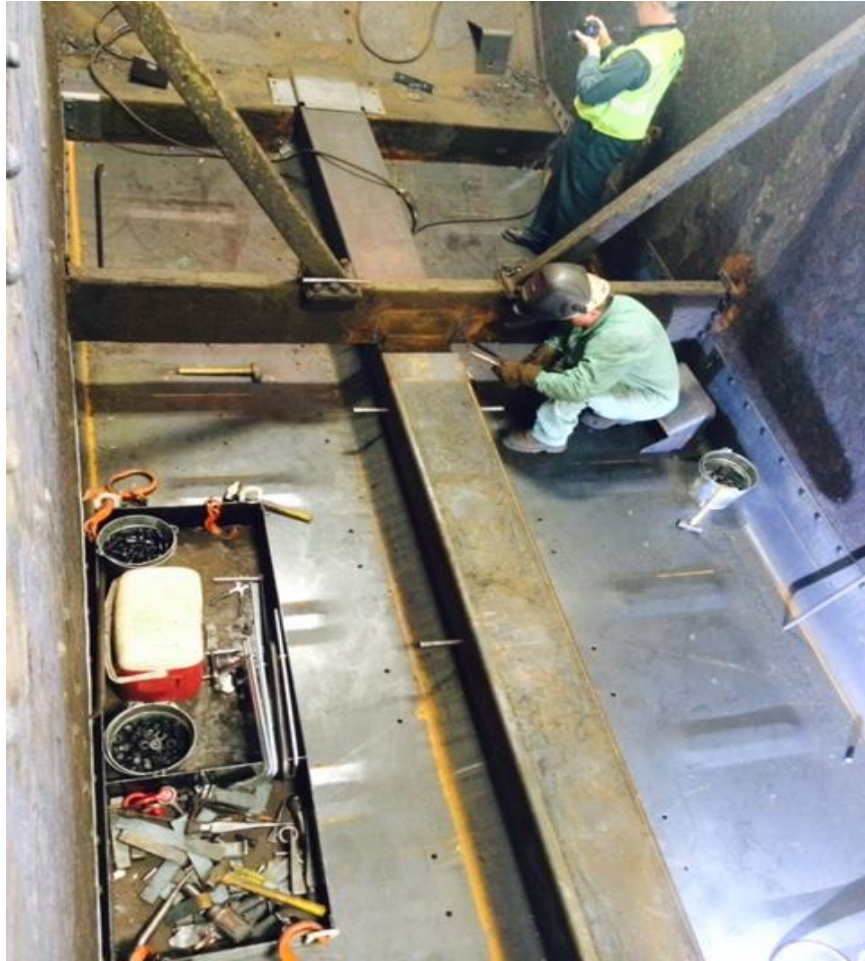
Re-tub Cut-Down



New Steel Tubs/ Installation



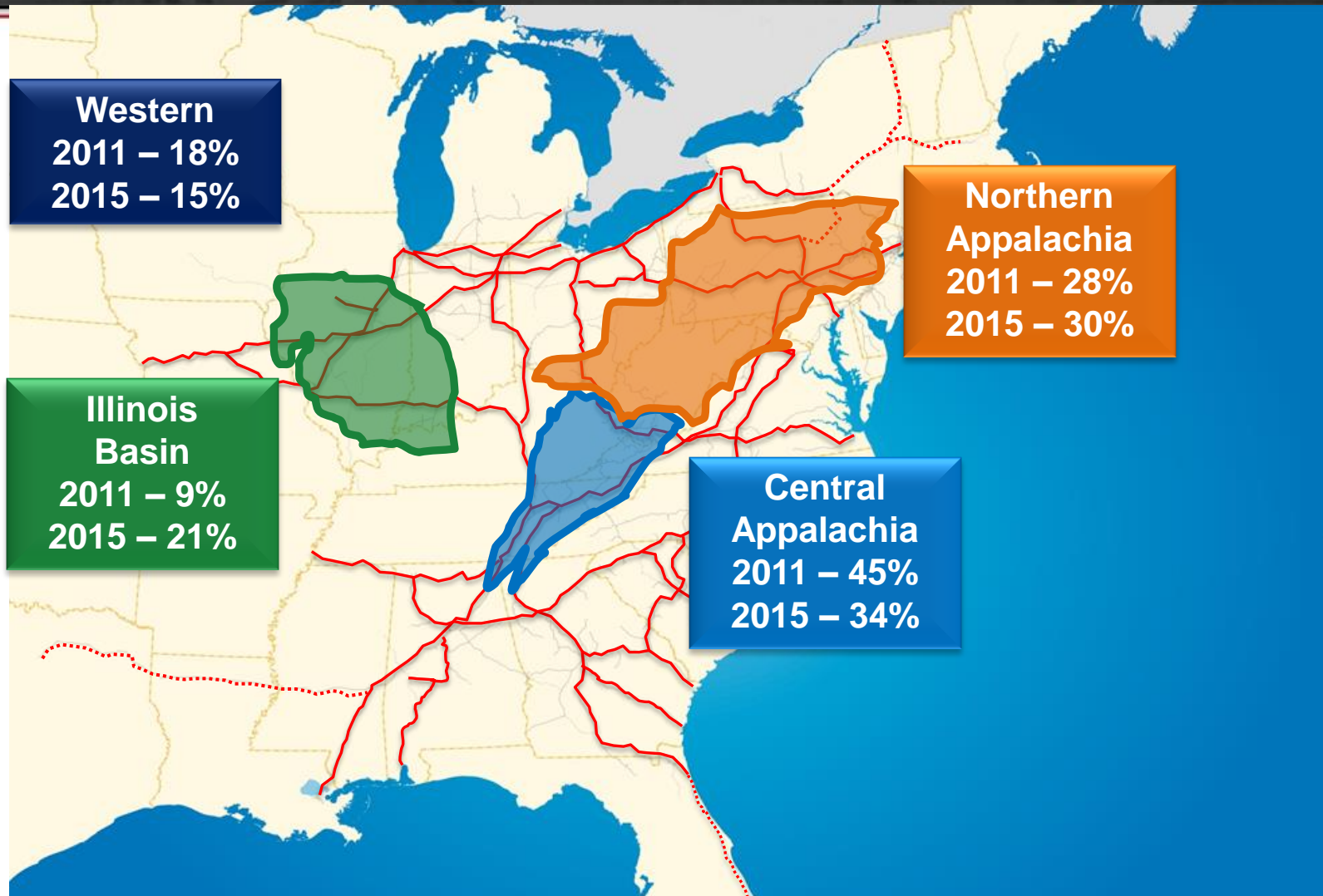
Installing Materials (Tubs/ Sill Caps)



Completed Re-tub



Coal Basin Origins – 2011 vs 2015 1H

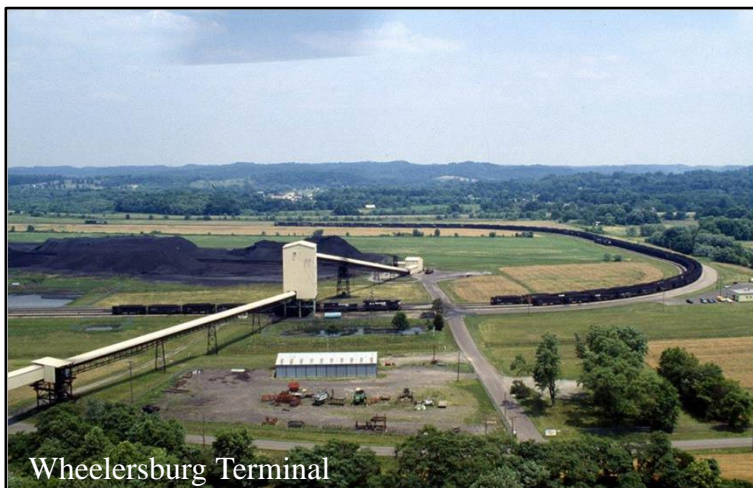


Coal Infrastructure Projects



- NAPP
 - West Brownsville, PA
 - South Fork, PA
- ILB
 - Sorrento, IL
 - White Oak, IL
 - Princeton, IN

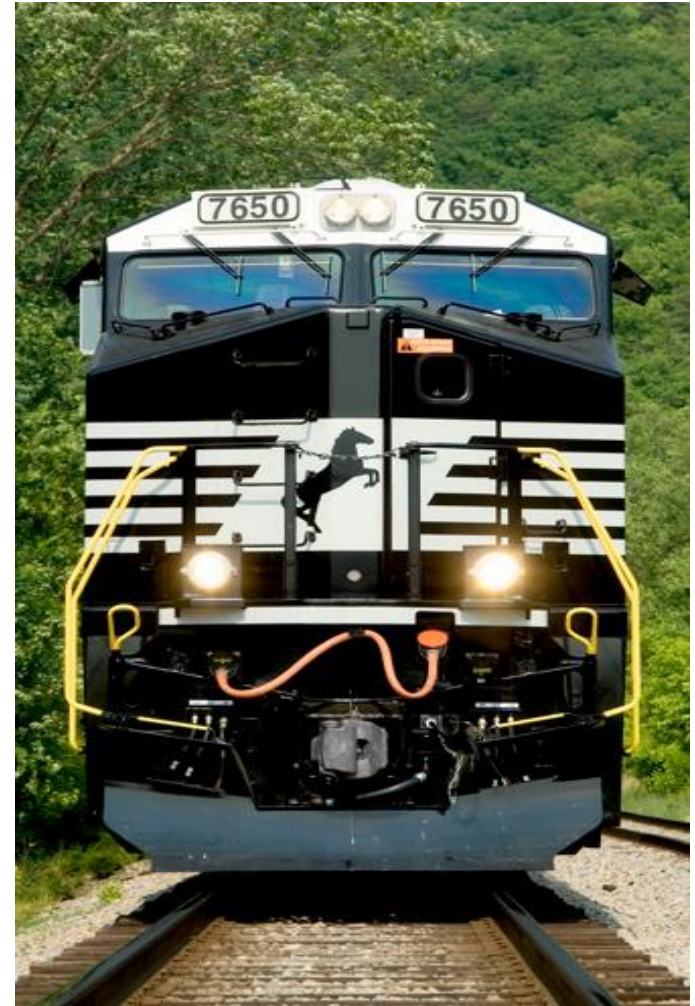
Continued Investment at Our Facilities



	East Coast Port	River & Lake Facilities
Facility	Norfolk, VA	Ashtabula, OH Sandusky, OH Wheelersburg, OH
5 Yr Capital Spend	\$51 M	\$8 M

Planning for the Future

- Adapting to the market needs of our customers
- Smart capital investments
 - Continued investment in our coal fleet, infrastructure, and facilities



Thank You

