

NORFOLK SOUTHERN
CONTRIBUTIONS

2012 ANNUAL REPORT



NS
NORFOLK SOUTHERN®

OUR MISSION

Norfolk Southern Foundation was established in 1983 to direct and implement Norfolk Southern Corporation's charitable giving programs. Through strategic investments in educational, cultural, environmental, and human service organizations within the region served by Norfolk Southern, the Foundation seeks to raise the standards of such programming, thereby enhancing the quality of life for Norfolk Southern employees and enhancing the "livability" of the communities it serves.

The Foundation's intent is to help ensure that:

- Our region's children are provided with first-class educational opportunities that make them productive and valued citizens and employees in the future;
- Our communities can provide basic human services (food, shelter and medical care) to those in need;
- Our communities can offer their citizens access to cultural opportunities that make life more enjoyable; and
- Our communities can provide residential and work environments that are safe, attractive and desirable.

As a major employer in both large and small communities throughout the eastern United States, Norfolk Southern takes seriously its role as a corporate citizen and its responsibility to commit resources, both human and financial, to the improvement of those communities for the benefit of our employees and our neighbors. This commitment is acknowledged in Norfolk Southern's Corporate Creed.

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THE YEAR IN REVIEW

The combination of cash contributions and non-cash donations in 2012 by the Foundation and the Corporation exceeded those in the previous year by 11.5%. Total cash and non-cash contributions for 2012 were \$13,002,937, compared with \$11,657,978 in 2011.

Total cash contributions by the Foundation and the Corporation for grants, Matching Gifts and business-related programs totaled \$11,488,536 in 2012. This total includes matching contributions of \$788,652 to designated charities under the Corporation's Good Government Fund (GGF) Matching Contributions Program.

The Foundation awarded a total of \$6,984,677 in cash in 2012 (up 12.8% from the prior year), including 454 grants (up 13.5% from 2011) and 1,352 Matching Gifts (down 19.2% from 2011). The average Matching Gift increased by 19.2%, from \$1,029 in 2011 to \$1,227 in 2012. The decrease in the number of Matching Gifts in 2012 was quite notable due in large part to a significant increase in Matching Gifts in 2011 as the Foundation took action to eliminate a three-month delay that had developed in its quarterly schedule of payouts under the Matching Gift Program. The 2012 results reflect a return to the typical four quarterly payouts under the Program, effectively canceling out the marked increase noted in 2011.

The dollar value of Foundation requests for 2012 decreased slightly (by 9.4%) from the previous year, from \$15.9 million in 2011 to \$14.4 million in 2012. However, it represents a four-year increase of 206% when compared to the 2008 level of \$4.7 million

Since its establishment in 1983, the Foundation has contributed nearly \$131 million to thousands of charitable organizations throughout Norfolk Southern's territory. In the last five years, it has provided more than \$29.6 million in contributions. Although its mission has changed over the years, the Foundation has maintained its record of significant support in the areas of education, arts and cultural programming, and of the United Way organizations in communities in which the Corporation's employees live and work. Funding adjustments made in 2012 allowed the Foundation to expand funding in two newer focus areas which include certain health and human service organizations (primarily independent free clinics, food banks, and homeless shelters), as well as environmental groups.

In addition to funding provided by the Foundation, the Corporation provides direct funding that includes corporate sponsorships and memberships; contributions to nonprofit organizations, such as volunteer fire departments; and non-cash gifts to eligible organizations. The latter may include donations of land, rolling stock, track and signal materials, and in-kind transportation. In 2012, the Corporation made total contributions, including non-cash donations and GGF - related matching contributions, of \$6,018,260.

The table below compares the total charitable contributions by category as of December 31 for the last five years:

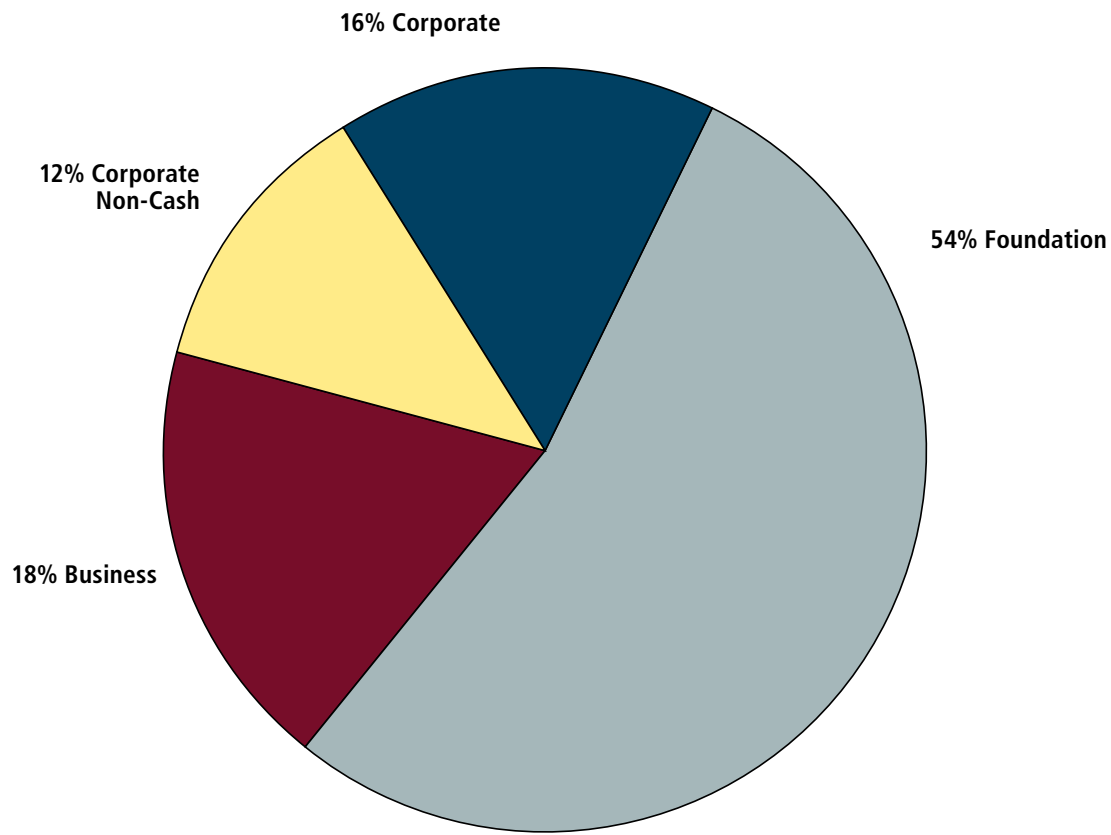
		2012	2011	2010	2009	2008
Foundation	\$	6,984,677	6,191,545	5,584,647	5,719,122	5,106,889
Business*	\$	2,383,207	2,363,292	2,048,608	1,750,141	1,545,396
Corporate**	\$	2,120,652	2,430,252	1,719,925	1,200,671	1,013,049
Cash	\$	11,488,536	10,985,089	9,353,180	8,669,934	7,665,334
Non-cash	\$	1,514,401	672,889	498,691	1,326,842	36,605,807
Total	\$	13,002,937	11,657,978	9,851,871	9,996,776	44,271,141

* Business includes corporate memberships in organizations such as Chambers of Commerce.

** Corporate includes GGF - related matching contributions, in 2008 (\$652,049); 2009 (\$699,171); 2010 (\$748,387); 2011 (\$750,252); and 2012 (\$788,652).

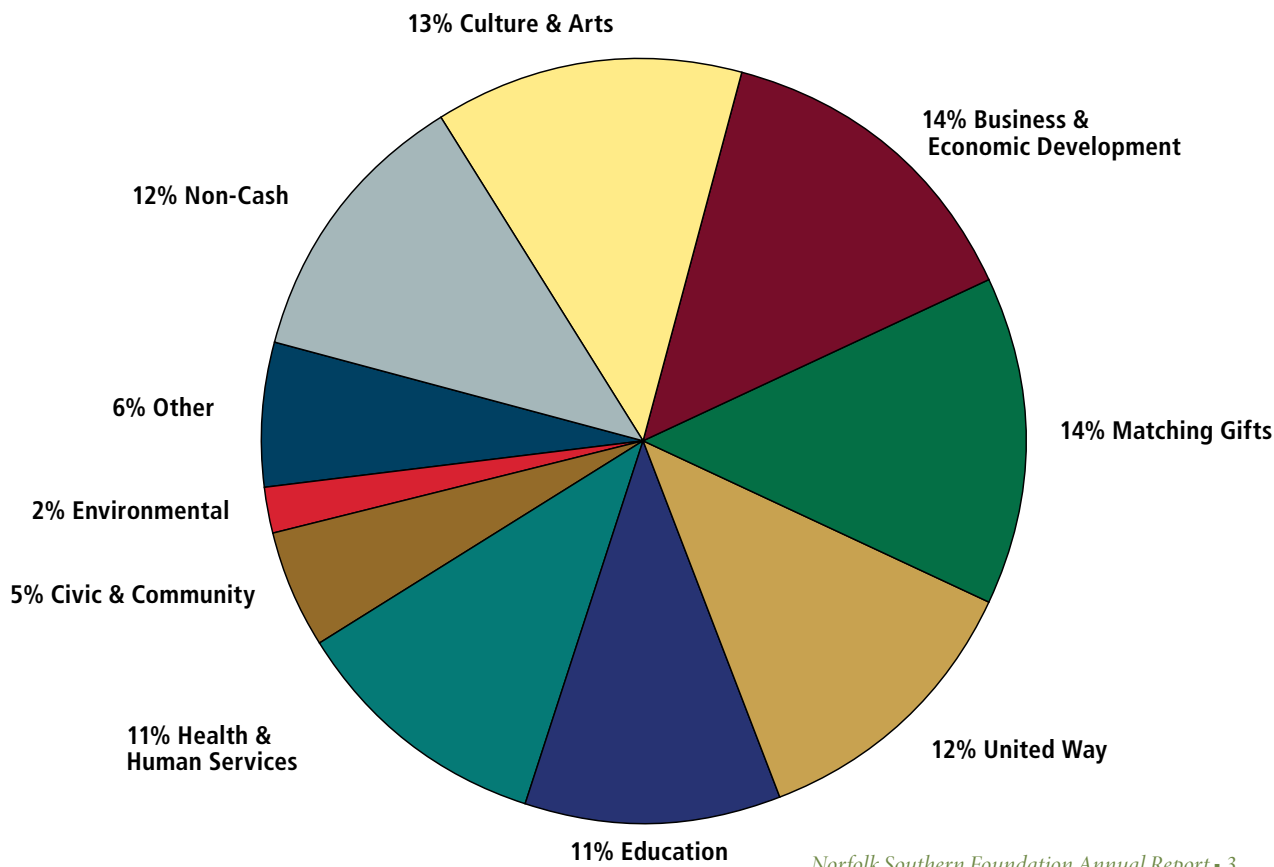
CONTRIBUTIONS BY FUND

(INCLUDES GGF - RELATED MATCHING CONTRIBUTIONS)



CONTRIBUTIONS BY CATEGORY

(EXCLUDES GGF - RELATED MATCHING CONTRIBUTIONS)



FOUNDATION ASSETS

As of December 31, 2012, the Foundation held the following assets:

Cash (checking account)	\$	3,847,780.47
Total	\$	3,847,780.47

In 2012, Norfolk Southern Corporation donated cash to the Foundation in the amount of \$583,000 per month during the twelve-month period, for a total of \$6,996,000. The donation of cash marked a departure from the previous practice of donating Norfolk Southern Corporation stock.

The cash value of Foundation assets on April 30, 2013, was \$4,169,832.70.

CONTRIBUTIONS BY CATEGORY (MAJOR GRANTS ARE ITEMIZED) BY NORFOLK SOUTHERN FOUNDATION AND NORFOLK SOUTHERN CORPORATION (EXCLUDING MATCHING GIFTS AND GGF - RELATED MATCHING CONTRIBUTIONS)

COMMUNITY RELATIONS

United Way

Hampton Roads	\$	248,000
Roanoke	\$	177,270
Atlanta	\$	175,000
Other agencies	\$	899,720
Total United Way	\$	1,499,990

Health and Human Services (excluding United Way)

American Red Cross	\$	282,750
Foodbank of Southeastern Virginia	\$	127,500
Grady Memorial Hospital	\$	115,000
ForKids	\$	57,500
Feeding America Southwest Virginia	\$	45,000
Atlanta Community Food Bank	\$	35,000
Children's Hospital of the King's Daughters	\$	32,500
Others	\$	540,850
Total Health and Human Services (excluding United Way)	\$	1,236,100

Total Community Relations	\$	2,736,090
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EDUCATION (EXCLUDING MATCHING GIFTS)

USC Educational Foundation	\$	80,000
Georgia Tech Foundation	\$	61,000
College of William & Mary College (Business & Law Schools)	\$	55,000
Norfolk State University Foundation	\$	37,500
University of Illinois Foundation	\$	30,000
Old Dominion University	\$	30,000
Other	\$	350,000
Total Operating Grants	\$	643,500
Capital Grants & Endowments		
Eastern Virginia Medical School	\$	100,000
Claflin University	\$	25,000
Roanoke College	\$	25,000
Virginia Wesleyan College	\$	25,000
Other	\$	35,000
Total Capital Grants & Endowments	\$	210,000
State & National Fund Raising		
Virginia Foundation for Independent Colleges	\$	55,000
Independent college funds	\$	65,000
Total State & National Fund Raising	\$	120,000
Scholarships & Fellowships		
National Merit Scholarship Corporation	\$	94,070
ACCESS Scholarship Foundation	\$	60,500
Virginia Institute of Marine Science	\$	25,000
Other	\$	36,000
Total Scholarships & Fellowships	\$	215,070
Other		
Jefferson County Board of Education	\$	50,000
Virginia Early Childhood Foundation	\$	50,000
Smart Beginnings of South Hampton Roads	\$	25,000
Other	\$	84,875
Total Other	\$	209,875
Total Education	\$	1,398,445

CULTURE AND THE ARTS (EXCLUDING MATCHING GIFTS)

Music

Virginia Opera	\$	142,070
Virginia Symphony	\$	72,070
Roanoke Symphony	\$	26,410
Other	\$	38,485
Total Music	\$	279,035

Museums

Chrysler Museum of Art	\$	200,000
Virginia Museum of Transportation	\$	152,000
North Carolina Transportation Museum	\$	50,000
Taubman Museum of Art	\$	39,000
Kennesaw Museum Foundation	\$	35,000
Other	\$	93,000
Total Museums	\$	569,020

Public Radio & TV

WHRO	\$	65,000
Blue Ridge Public TV	\$	6,450
Total Public Radio & TV	\$	71,450

Arts Funds or Councils

Business Consortium for Arts Support	\$	41,600
Other	\$	12,500
Total Arts Funds or Councils	\$	54,100

Theatres

Virginia Stage Company	\$	72,070
Other	\$	11,000
Total Theatres	\$	83,007

Cultural Centers

Western Virginia Foundation for the Arts & Sciences	\$	65,030
Kennedy Center for the Performing Arts	\$	60,000
Woodruff Arts Center	\$	57,300
Other	\$	22,000
Total Cultural Centers	\$	204,330

Libraries

Slover Library Foundation	\$	50,000
Other	\$	10,500
Total Libraries	\$	60,500

Other

Virginia Arts Festival	\$	122,070
Zoo Atlanta	\$	30,000
Colonial Williamsburg Foundation	\$	25,000
Virginia Zoological Society	\$	25,000
Other	\$	80,050
Total Other	\$	307,120

Total Culture and the Arts	\$	1,628,625
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BUSINESS & ECONOMIC DEVELOPMENT

American Coalition for Clean Coal Energy	\$	835,380
State Chambers of Commerce and other state-level business groups (various)	\$	297,337
Business Roundtable	\$	110,760
U.S. Chamber of Commerce	\$	110,000
National Association of Manufacturers	\$	71,590
Other	\$	322,950
Total Business & Economic Development	\$	1,748,017

CIVIC & COMMUNITY

Local police, fire, and emergency services	\$	97,500
The King Center	\$	17,500
Urban League of Hampton Roads	\$	17,000
Other	\$	533,370
Total Civic & Community	\$	665,870

ENVIRONMENTAL

Nature Conservancy of Virginia	\$	50,000
Elizabeth River Project	\$	30,000
American Chestnut Foundation	\$	25,000
Chesapeake Bay Foundation	\$	25,000
The Longleaf Alliance	\$	25,000
Other	\$	61,500
Total Environmental	\$	216,500

OTHER

Virginia Center for Coal Research and Energy (ARIES & general operating support)	\$	525,000
Lead Virginia	\$	25,000
Norfolk Forum	\$	25,000
Operation Lifesaver	\$	15,000
Other	\$	60,000
Total Other	\$	650,000

NON-CASH GIFTS

Rolling Stock & Equipment

Various freight cars to transportation museums and community organizations	\$	101,777
Equipment and material	\$	29,340
Total Rolling Stock	\$	131,117

Real Property

26.1 acres of land to McCalla Youth Athletic Association, Inc.	\$	823,474
7.7 acres of land to Jefferson County Board of Education	\$	246,394
7.6 acres to McAdory Area Fire District - land for MacAdory Fire Department	\$	204,537
Total Real Property	\$	1,274,406

Donated Transportation

Various transportation charges donated (American Red Cross movements)	\$	107,658
Total Donated Transportation	\$	107,658

Miscellaneous Donations

Donation of law books to Norfolk Law Library Foundation	\$	1,220
Total Miscellaneous Donations	\$	1,220

Total Non-Cash Gifts	\$	1,514,401
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MATCHING GIFTS

In 2012, the Foundation matched 1,352 gifts to 525 organizations.

A total of \$1,656,337 was paid under the Matching Gift program, down 3.3% over the previous year. The slight decrease in the total Matching Gifts payout is attributable primarily to the 2012 return to four quarterly payouts under the Program, whereas five quarterly payouts were made in 2011 to correct a three-month delay in quarterly payouts that had developed over time.

The Matching Gifts for 2012 were distributed among the eligible categories as follows:

- Education \$1,005,956 (634 gifts matched to 273 institutions)
- Arts/Culture \$630,527 (670 gifts matched to 230 organizations)
- Environmental \$19,854 (48 gifts matched to 22 organizations)

The top 10 organizations receiving Matching Gifts were:

- College of William and Mary \$ 91,214
- Chrysler Museum of Art \$ 71,733
- Roanoke College \$ 67,500
- Virginia Symphony \$ 66,844
- Virginia Tech Foundation \$ 56,968
- Chesapeake Bay Academy \$ 37,800
- Virginia Episcopal School \$ 37,600
- Civil War Preservation Trust \$ 35,642
- Rappahannock Community College \$ 34,501
- Roanoke Catholic School \$ 30,344

Organizations qualifying for Matching Gifts include certain educational institutions, arts/cultural organizations and environmental organizations that are located in the United States, recognized as tax-exempt, non-profit organizations under Section 501(c)(3) of the Internal Revenue Code, and independent of Norfolk Southern.

GOOD GOVERNMENT FUND - RELATED MATCHING CONTRIBUTIONS

Dating back to 2008, contribution totals include matching contributions provided to charitable organizations as part of the Corporation's GGF Matching Contributions Program. Under this program, employees who contribute to the GGF may designate any tax-exempt charitable organization as the recipient of an equivalent contribution from the Corporation. In 2012, the Corporation contributed \$788,652 through this program, a \$38,400, or 5.1% increase over the previous year's total.

LOCAL DISCRETION GRANT PROGRAM

The local discretion grant program sponsored by the Corporation allows each operating division of Norfolk Southern Railway Company to recommend contributions, and allows those divisions to demonstrate good corporate citizenship. Each division may make recommendations for up to \$15,000 of contributions annually.

A total of \$180,000 was paid out under the program in 2012, which was an increase of 26.8% over 2011.

The divisions distributed their entire recommended allowance of contributions. Community volunteer fire departments, rescue squads, and police departments received \$97,500; arts, cultural, and historic organizations received \$15,000; civic, community relations and human services organizations received \$64,500, and educational institutions received \$3,000.

DIVERSITY

The Foundation tracks grants made to organizations that support the Corporation's mission to enhance diversity in the workplace. For 2012, a total of \$305,580 in grants was awarded to organizations that support higher education for minorities and women, more productive community relations, and services to underserved populations in Norfolk Southern's operating territory.

A total of \$164,000 in grants was paid to colleges, universities, and scholarship organizations to help women and minorities obtain college educations. Among the recipients were ACCESS Scholarship Foundation, Norfolk State University, Clark Atlanta University, North Carolina A&T State University, Hampton University, and the Society of Women Engineers.

CONTRIBUTIONS BY MAJOR GEOGRAPHIC LOCATION

(EXCLUDING MATCHING GIFTS AND GGF - RELATED MATCHING CONTRIBUTIONS)

A breakdown of 2012 contributions by category and by geographic location as follows:

Atlanta (\$708,340)

Civic & Community	20 %
Culture/Arts	16 %
Education	9 %
Environment	2 %
Other Health/Human Services	28 %
United Way	25 %

Roanoke (\$628,147)

Civic & Community	4 %
Culture/Arts	50 %
Education	5 %
Environment	1 %
Other Health/Human Services	12 %
United Way	28 %

Hampton Roads (\$2,272,523)

Civic & Community	14 %
Culture/Arts	36 %
Education	14 %
Environment	2 %
Other Health/Human Services	23 %
United Way	11 %

LONG-TERM PLEDGES

In 2012, payments were completed by the Foundation and the Corporation on 19 long-term pledges, and 14 new long-term pledges were authorized.

NEW PLEDGES

Organization	Annual Payment	Years Pledged
Children's Hospital of the King's Daughters (<i>general operating support</i>)	\$ 25,000	3
Hampton Roads Chamber Foundation/Hampton Roads Economic Development Alliance (<i>capital project</i>)	\$ 50,000	5
Jefferson County Board of Education (<i>capital project</i>)	\$ 50,000	3
McAdory Area Fire District (<i>capital project</i>)	\$ 150,000	3
McCalla Youth Athletic Association (<i>capital project</i>)	\$ 75,000	3
North Carolina Transportation Museum (<i>general operating support</i>)	\$ 50,000	5
Roanoke College (<i>capital project</i>)	\$ 25,000	3
Roanoke Regional Partnership (<i>general operating support</i>)	\$ 5,000	5
Slover Library Foundation (<i>capital project</i>)	\$ 50,000	5
University of Missouri – St. Louis/Barriger Library (<i>general operating support</i>)	\$ 10,000	3
Virginia Business Higher Education Council (<i>general operating support</i>)	\$ 10,000	3
Virginia Wesleyan College (<i>capital project</i>)	\$ 25,000	4
WHRO (<i>capital project</i>)	\$ 20,000	5
Zoo Atlanta (<i>capital project</i>)	\$ 30,000	3

EXISTING PLEDGES

Type*	Organization	Annual Payment	Years Remaining
F	The BeltLine Partnership	\$ 20,000	0
F	Chrysler Museum of Art	\$ 95,000	0
B	City of Charleston, SC	\$ 50,000	0
C	Furman University	\$ 10,000	0
F	Georgia Research Alliance	\$ 6,250	0
F	HACC Foundation	\$ 15,000	0
F	Hampton Arts Foundation	\$ 5,000	0
C	Kennedy Center for the Performing Arts	\$ 50,000	0
F	Kennesaw Museum Foundation	\$ 25,000	0
F	Longleaf Alliance	\$ 25,000	0
B	Metro Atlanta Chamber of Commerce	\$ 10,000	0
F	Old Dominion University	\$ 30,000	0
C	Presbyterian College	\$ 10,000	0
F	Sandler Performing Arts Foundation	\$ 10,000	0
C	Spina Bifida Foundation	\$ 100,000	0
F	STARBASE Victory Foundation	\$ 5,000	0
C	USC Educational Foundation	\$ 80,000	0
F	Virginia Arts Festival	\$ 50,000	0
F	Volunteer Hampton Roads	\$ 5,000	0

Type*	Organization	Annual Payment	Years Remaining
F	Boys & Girls Club of Southeastern Georgia	\$ 5,000	1
C	Chrysler Museum of Art (separate from other grant to Chrysler)	\$ 100,000	1
F	Claflin University	\$ 25,000	1
B	Georgia Chamber of Commerce	\$ 20,000	1
B	John Foster Dulles Elementary School	\$ 5,000	1
B	John Hope College Preparatory High School	\$ 5,000	1
B	Norfolk Forum	\$ 25,000	1
F	University of Virginia Fund	\$ 10,000	1
F	Virginia Institute of Marine Science	\$ 25,000	1
F	YMCA of South Hampton Roads	\$ 10,000	1
F	Children's Hospital of the King's Daughters	\$ 25,000	2
F	Eastern Virginia Medical School	\$ 50,000	2
F	Grady Memorial Hospital	\$ 100,000	2
F	Greater Bluefield Community Center	\$ 10,000	2
C	Jefferson County Board of Education	\$ 50,000	2
C	McAdory Area Fire District	\$ 150,000	2
C	McCalla Youth Athletic Association	\$ 75,000	2
F	Roanoke College	\$ 25,000	2
F	Salvation Army Tidewater Area Command	\$ 25,000	2
F	University of Missouri – St. Louis/Barriger Library	\$ 10,000	2
F	Virginia Business Higher Education Council	\$ 10,000	2
F	Western Virginia Foundation for Arts & Sciences	\$ 20,000	2
F	William and Mary Law School	\$ 30,000	2
F	Zoo Atlanta	\$ 30,000	2
F	Eastern Virginia Medical School (Special Matching Grant)	\$ 50,000	3
B	Hampton Roads Center for Civic Engagement	\$ 10,000	3
C	Virginia Center for Coal and Energy	\$ 500,000	3
F	Virginia Wesleyan College	\$ 25,000	3
B	Hampton Roads Chamber of Commerce Foundation/Hampton Roads Economic Development Alliance	\$ 50,000	4
F	North Carolina Transportation Museum Foundation	\$ 50,000	4
B	Roanoke Regional Partnership	\$ 5,000	4
F	Slover Library Foundation	\$ 50,000	4
F	WHRO	\$ 20,000	4

*F – Foundation, B – Business, C – Corporate

2013 FUNDING STATUS

For the 2013 funding year, the Foundation received 342 proposal requests, seeking approximately \$14.4 million, by the September 30, 2012 deadline. Compared to the number of funding requests for the 2012 funding year, 238, this is a 43.7% increase.

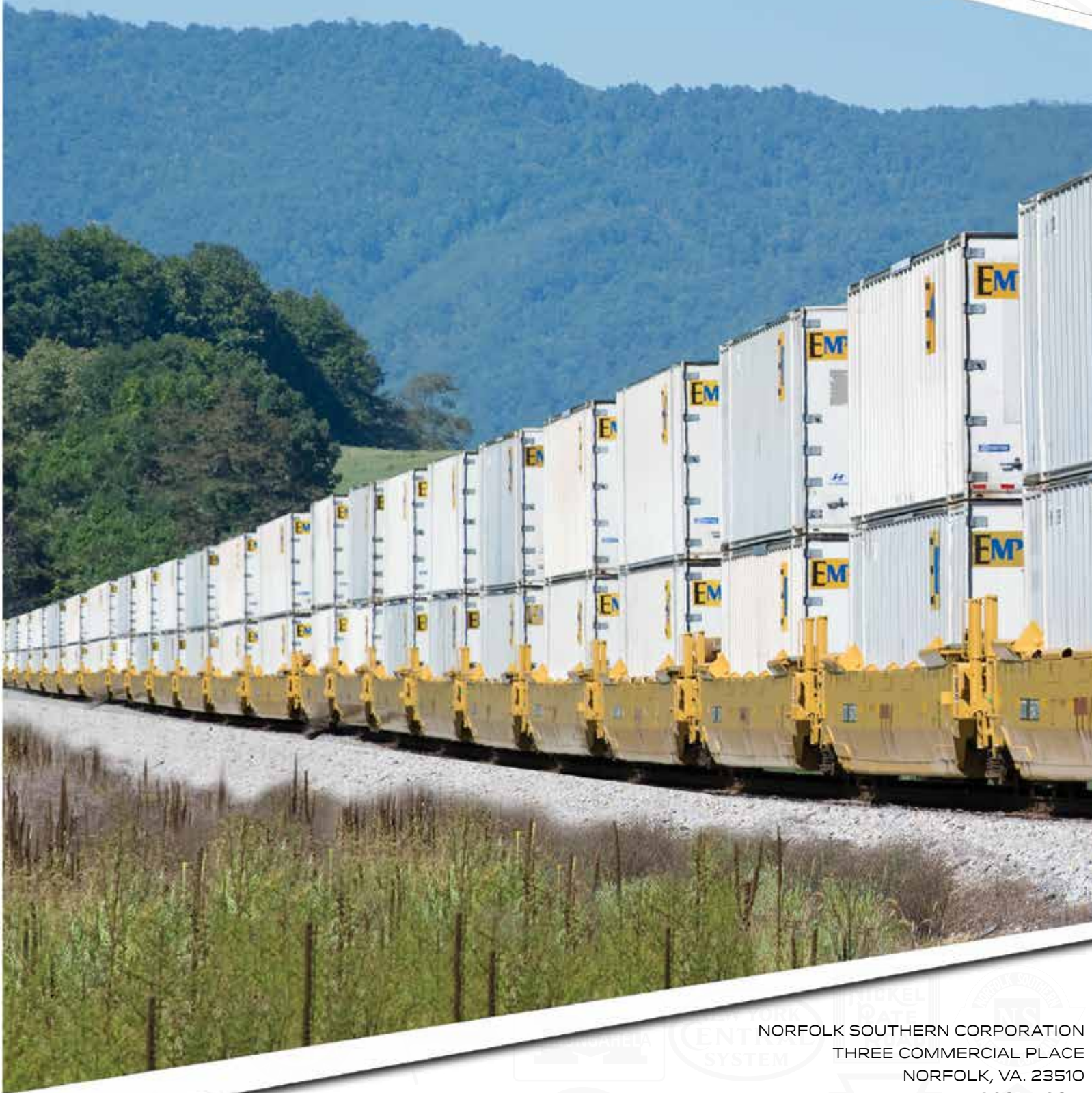
Of these requests, 40 “core” organizations in Norfolk, Roanoke and Atlanta were funded (including independent college funds); and 59 organizations, including 19 first-time recipients, received pledges for funding in 2013. In addition, \$315,000 was set aside for grants to colleges and universities in support of Norfolk Southern’s scholarship programs.

For 2013, the Trustees authorized a budget of \$7.0 million, which was unchanged from the previous year’s budget. The Foundation anticipates funding all \$7.0 million in 2013.

Through April 30, 2013, the Foundation awarded a total of \$2,000,232 in grants and matching gifts. Business payments were \$1,691,329, and corporate contributions were \$526,500. The cash value of Foundation assets on April 30, 2013, was \$4,169,832.70.

OUR VISION

BE THE SAFEST, MOST
CUSTOMER-FOCUSED, AND
SUCCESSFUL TRANSPORTATION
COMPANY IN THE WORLD



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