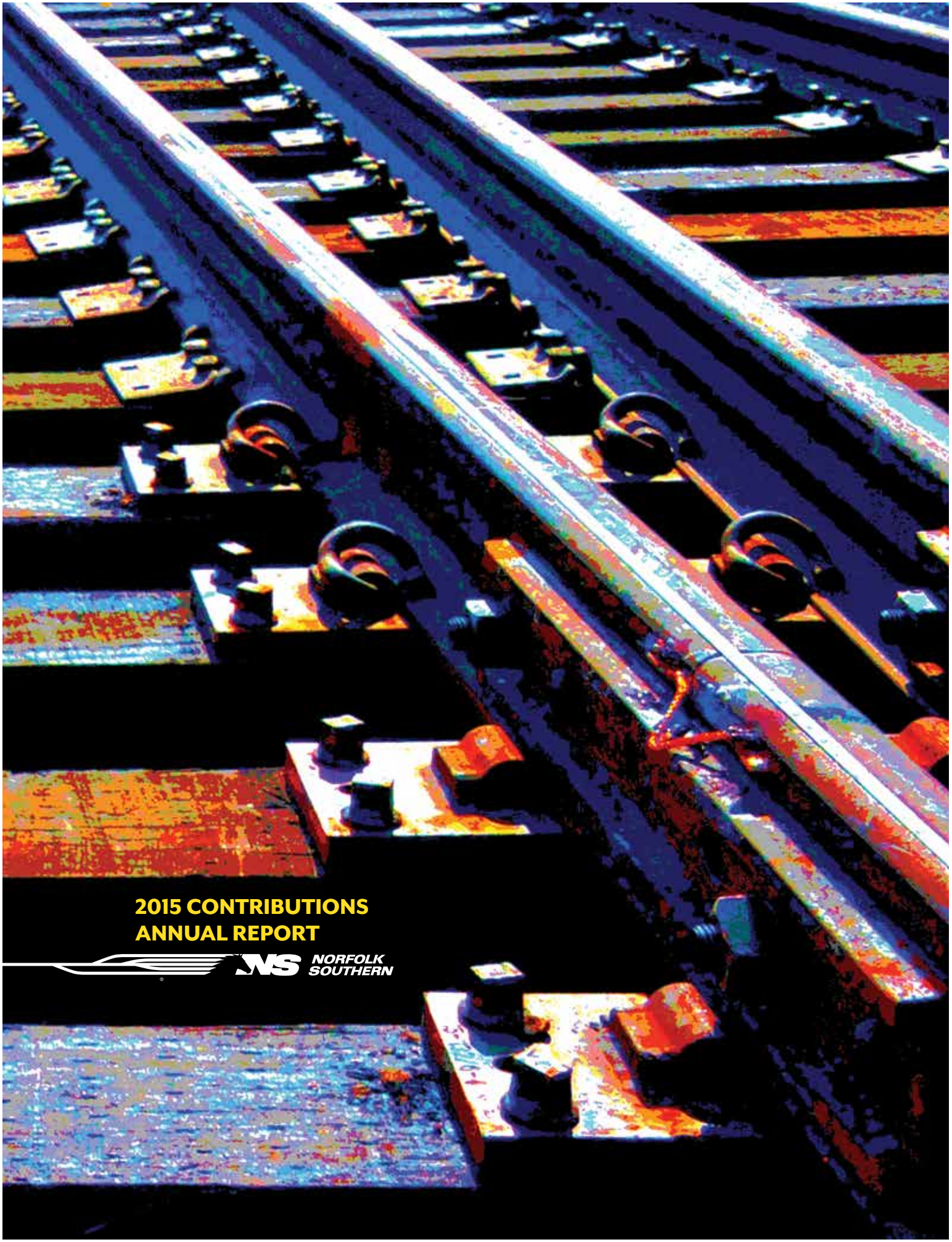

2015 CONTRIBUTIONS ANNUAL REPORT

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.

NORFOLK SOUTHERN'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 2015 by the Foundation and the Corporation remained relatively flat, only down $13,403. Total cash and non-cash contributions for 2015 were $13,785,978, compared with $13,799,381 in 2014.

Total cash contributions by the Foundation and the Corporation for grants, Matching Gifts and business-related programs totaled $13,048,084 in 2015. This total includes matching contributions of $1,004,279 to designated charities under the Corporation's Good Government Fund (GGF) Matching Contributions Program.

The Foundation awarded a total of $7,353,170 in cash in 2015 (an increase of 5.3% from 2014), including 466 grants (an increase of 5.2% from 2014) and 1,218 Matching Gifts (a decrease of 3.6% from 2014). The average Matching Gift increased by 4.8%, from $1,397 in 2014 to $1,464 in 2015.

Since its establishment in 1983, the Foundation has contributed nearly $153 million to thousands of charitable organizations throughout Norfolk Southern's territory. In the last five years, it has provided more than $34.5 million in contributions. Although Norfolk Southern's charitable giving focus has evolved over the years, the Foundation has maintained a record of significant support in the areas of education, arts and cultural programming, as well as the United Way organizations in communities in which the Corporation's employees live and work.

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 donations to eligible organizations. The latter may include donations of real estate, rolling stock, track and signal materials, furniture, and in-kind transportation. In 2015, the Corporation made total contributions, including non-cash donations and GGF-related matching contributions, of $6,432,808.

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

		2015	2014	2013	2012	2011
Foundation	$	7,353,170	6,985,866	6,948,479	6,984,677	6,191,545
Business*	$	3,759,301	3,698,646	2,513,128	2,383,207	2,363,292
Corporate**	$	1,935,613	2,465,489	1,982,102	2,120,652	2,430,252
Cash	**$**	**13,048,084**	**13,150,001**	**11,443,709**	**11,488,536**	**10,985,089**
Non-cash	**$**	**737,894**	**649,380**	**280,691**	**1,514,401**	**672,889**
Total	**$**	**13,785,978**	**13,799,381**	**11,724,400**	**13,002,937**	**11,657,978**

** Business includes corporate memberships and sponsorships with organizations such as Chambers of Commerce.*

*** Corporate includes GGF - related matching contributions, starting in 2008 ($652,049); 2009 ($699,171); 2010 ($748,387); 2011 ($750,252); 2012 ($788,652); 2013 ($894,402); 2014 ($994,489); 2015 ($1,004,279).*

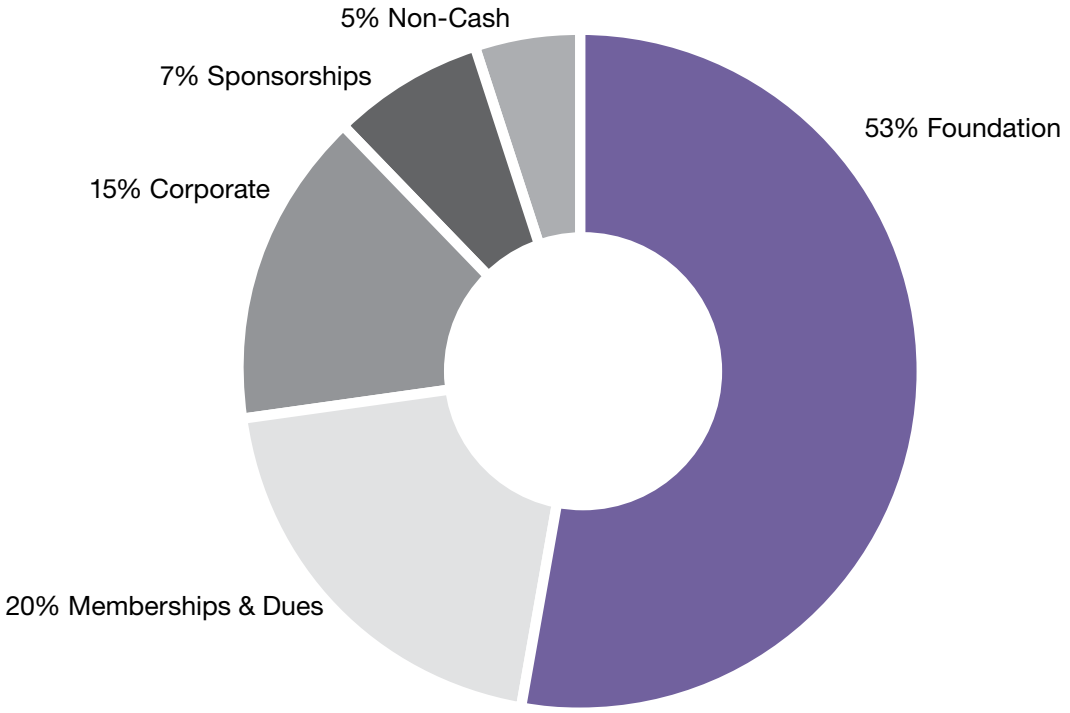
FOUNDATION ASSETS
AS OF DECEMBER 31, 2015, THE FOUNDATION HELD THE FOLLOWING ASSETS:

Cash (checking account)	**$ 3,945,670.19**
Total	**$ 3,945,670.19**

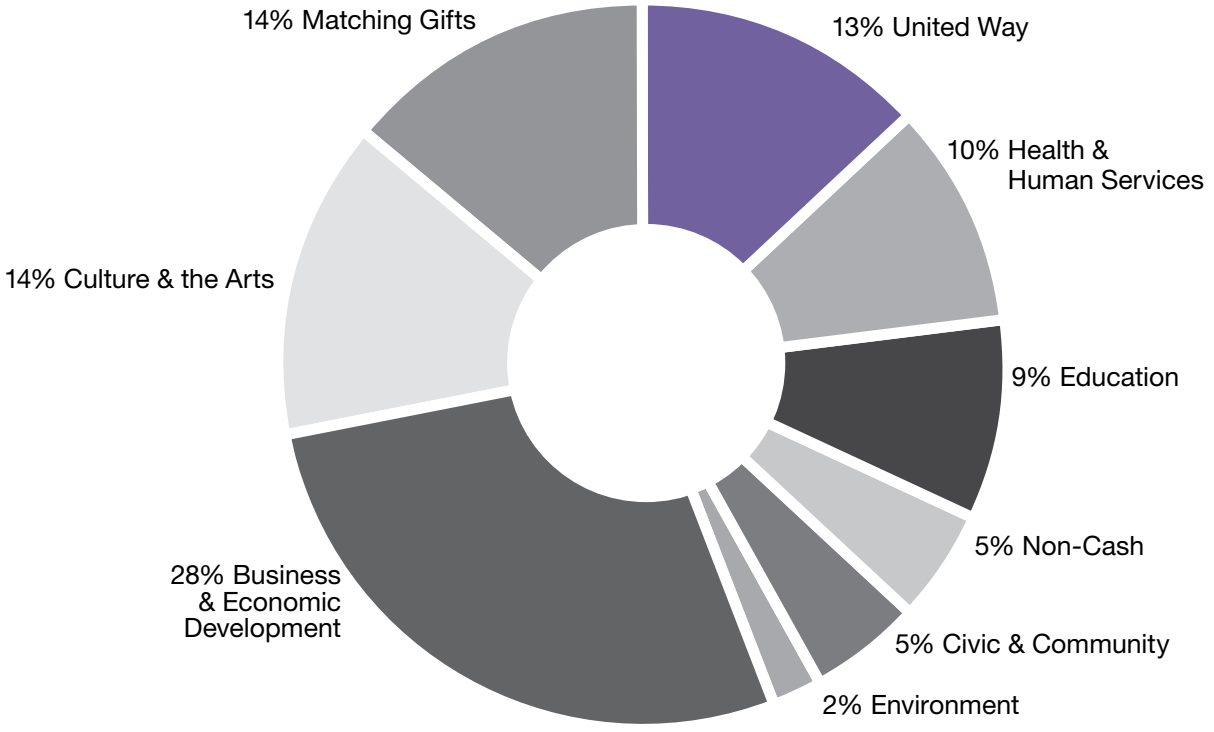
In 2015, Norfolk Southern Corporation donated cash to the Foundation in the amount of $625,000 per month during the twelve-month period, for a total of $7,500,000.

The cash value of Foundation assets on April 30, 2016, was $2,526,936.98.

CONTRIBUTIONS BY FUND
(INCLUDES GGF – RELATED MATCHING CONTRIBUTIONS)



CONTRIBUTIONS BY CATEGORY
(EXCLUDES GGF – RELATED MATCHING CONTRIBUTIONS)



ITEMIZED 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	2014	2015	% Difference
Hampton Roads	$ 240,000	$ 261,700	9.04 %
Roanoke	184,370	234,370	27.12 %
Atlanta	182,000	191,000	4.95 %
Other	1,045,650	1,036,380	-0.89 %
Total United Way	**$ 1,652,020**	**$ 1,723,450**	**4.32 %**

Health & Human Services			
Foodbank of Southeastern Virginia		$ 135,000	
Children's Hospital of the King's Daughters		107,500	
American Red Cross		85,000	
ForKids		85,000	
Feeding America Southwest Virginia		75,000	
Atlanta Community Food Bank		55,000	
Samaritan House Safe Harbor		50,000	
Central Pennsylvania Food Bank		32,400	
Food Bank of Central & Eastern North Carolina		30,000	
Other		643,735	
Total Health & Human Services	**$ 1,107,527**	**$ 1,298,635**	**17.26 %**

Total Community Relations	**$ 2,759,547**	**$ 3,022,085**	**9.51 %**

EDUCATION (EXCLUDING MATCHING GIFTS)

Operating Grants	2014	2015	% Difference
Georgia Tech Foundation		$ 65,000	
Old Dominion University		40,000	
Michigan State University		32,250	
North Carolina State University Engineering Foundation		30,000	
Pennsylvania State University		30,000	
Virginia Tech Foundation		30,000	
Other		327,850	
Total Operating Grants	**$ 505,100**	**$ 555,100**	**9.9 %**
Capital Grants			
College of William & Mary *(Law School)*		$ 50,000	
Eastern Virginia Medical School		49,462	
Virginia Wesleyan College		25,000	
Other		20,000	
Total Capital Grants	**$ 181,000**	**$ 144,462**	**-20.19 %**
State & National Fund Raising			
Independent College Funds		$ 60,000	
Virginia Foundation for Independent Colleges		50,000	
Total State & National Fund Raising	**$ 115,000**	**$ 110,000**	**-4.35 %**
Scholarships & Fellowships			
National Merit Scholarship Corporation		$ 92,170	
ACCESS Scholarship Foundation		65,000	
Other		39,500	
Total Scholarships & Fellowships	**$ 195,560**	**$ 196,670**	**0.57 %**
Other			
Virginia Early Childhood Foundation		$ 50,000	
Board of Education City of Chicago		25,000	
Other		55,375	
Total Other	**$ 240,575**	**$ 130,375**	**-45.81 %**
Total Education	**$ 1,237,235**	**$ 1,136,607**	**-8.13 %**

CULTURE & THE ARTS (EXCLUDING MATCHING GIFTS)

Music	2014	2015	% Difference
Virginia Symphony		$ 94,000	
Virginia Opera		84,000	
Roanoke Symphony		30,000	
Other		31,000	
Total Music	**$ 227,000**	**$ 239,000**	**5.29 %**
Museums			
Virginia Museum of Transportation		$ 150,000	
Chrysler Museum of Art		130,000	
North Carolina Transportation Museum		50,000	
Other		157,300	
Total Museums	**$ 735,980**	**$ 487,300**	**-33.79 %**
Public Radio & TV			
WHRO		$ 55,000	
Georgia PBS		10,000	
Blue Ridge PBS		7,800	
Total Public Radio & TV	**$ 72,280**	**$ 72,800**	**0.72 %**
Arts Funds or Councils			
Business Consortium for Arts Support		$ 50,165	
Other		1,000	
Total Arts Funds or Councils	**$ 56,870**	**$ 51,165**	**-10.03 %**
Theatres			
Virginia Stage Company		$ 84,000	
Mill Mountain Theatre		20,000	
Other		11,500	
Total Theatres	**$ 168,500**	**$ 115,500**	**-31.45 %**

Cultural Centers	2014	2015	%Difference
Kennedy Center for the Performing Arts		$ 60,000	
Woodruff Arts Center		53,886	
Jefferson Center		37,500	
Center in the Square		30,000	
Other		25,000	
Total Cultural Centers	**$ 201,600**	**$ 206,386**	**2.37 %**
Dance			
Richmond Ballet		$ 10,000	
Other		2,000	
Total Dance	**$ 10,000**	**$ 12,000**	**20.00 %**
Libraries			
Slover Library Foundation		$ 50,000	
Other		24,000	
Total Libraries	**$ 64,500**	**$ 74,000**	**14.73 %**
Other			
Virginia Arts Festival		$ 134,000	
Indiana Historical Society		25,000	
Norfolk Botanical Gardens		25,000	
Colonial Williamsburg Foundation		25,000	
Other		35,000	
Total Other	**$ 197,790**	**$ 244,000**	**23.37 %**
Total Culture & the Arts	**$ 1,734,520**	**$ 1,502,151**	**-13.40 %**

BUSINESS & ECONOMIC DEVELOPMENT

Business & Economic Development	2014	2015	% Difference
American Coalition for Clean Coal Energy		$ 2,000,000	
Virginia Center for Coal Research and Energy *(ARIES)*		525,000	
Business Roundtable		235,560	
U.S. Chamber of Commerce		110,000	
Richmond 2015		75,000	
National Association of Manufacturers		71,590	
Georgia Allies		50,000	
Operation Lifesaver		15,000	
Business memberships and dues *(not included elsewhere)*		169,130	
Business sponsorships *(not included elsewhere)*		135,600	
Chambers and other state-level business groups *(various)*		224,152	
Other		51,084	
Total Business & Economic Development	**$ 3,687,954**	**$ 3,662,116**	**-0.70 %**

CIVIC & COMMUNITY

Civic & Community	2014	2015	% Difference
Local police, fire, and emergency services		$ 100,450	
Lead Virginia		35,000	
Urban League of Hampton Roads		25,000	
Urban League of Greater Atlanta		25,000	
The Norfolk Forum		25,000	
Other		401,784	
Total Civic & Community	**$ 710,685**	**$ 612,234**	**-13.85 %**

ENVIRONMENT (EXCLUDING MATCHING GIFTS)

Environment	2014	2015	% Difference
Chesapeake Bay Foundation		$ 65,000	
Elizabeth River Project		40,000	
Nature Conservancy of Virginia		37,500	
Virginia Institute of Marine Science Foundation		31,000	
American Chestnut Foundation		25,000	
Other		127,500	
Total Environment	**$ 261,500**	**$ 326,000**	**24.67 %**

NON-CASH DONATIONS

Rolling Stock & Equipment	2014	2015	% Difference
Various freight cars to transportation museums and community organizations		$ 91,273	
Equipment and materials		595,093	
Total Rolling Stock & Equipment	**$ 276,514**	**$ 686,366**	**148.22 %**

Real Property			
Property Donations		$ 0	
Total Real Property	**$ 65,771**	**$ 0**	

Donated Transportation			
Various transportation moves for non-profits		$ 46,528	
Total Donated Transportation	**$ 307,095**	**$ 46,528**	**-84.85 %**

Other			
Roanoke office furniture donations		$ 5,000	
Total Other Donations		**$ 5,000**	**100 %**

Total Non-Cash Donations	**$ 649,380**	**$ 737,894**	**13.63 %**

MATCHING GIFTS

In 2015, the Foundation matched 1,218 gifts to 476 organizations.

A total of $1,782,612 was paid under the Matching Gift program, a 1.06% increase or $18,541 over the previous year.

THE MATCHING GIFTS FOR 2015 WERE DISTRIBUTED AMONG THE ELIGIBLE CATEGORIES AS FOLLOWS:

• Education	$ 1,142,844	(552 gifts matched to 250 institutions)
• Culture & the Arts	$ 616,329	(623 gifts matched to 202 organizations)
• Environment	$ 23,439	(43 gifts matched to 24 organizations)

THE TOP 10 ORGANIZATIONS RECEIVING MATCHING GIFTS WERE:

• Virginia Tech Foundation	$ 137,372
• Roanoke College	$ 102,524
• College of William & Mary	$ 64,690
• Pennsylvania State University	$ 60,500
• The Chrysler Museum	$ 59,743
• Chesapeake Bay Academy Educational Foundation	$ 55,000
• Virginia Symphony	$ 45,475
• Virginia Historical Society	$ 32,573
• Roanoke Catholic School	$ 31,850
• Civil War Preservation Trust	$ 30,842

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 CONTRIBUTIONS
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 2015, the Corporation contributed $1,004,279 through this program, a 1% increase or $9,790 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 $25,000 of contributions annually.

A total of $275,000 was paid out under the program in 2015, which was an increase of 25% over 2014. Community volunteer fire departments, rescue squads, and police departments received $167,750; civic, community relations and human services organizations received $72,750; arts, cultural, and historic organizations received $31,000; environmental organizations received $1,500; and educational institutions received $2,000.

DIVERSITY

The Foundation tracks grants made to organizations that support the Corporation's mission to enhance diversity in the workplace. For 2015, a total of $250,120 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.

Among the recipients were ACCESS Scholarship Foundation, North Carolina A&T State University, Society of Women Engineers, National Society of Black Engineers, Society of Hispanic Professional Engineers, the Urban Leagues of Hampton Roads and Greater Atlanta and the YWCAs of Greater Atlanta and South Hampton Roads.

CONTRIBUTIONS BY MAJOR GEOGRAPHIC LOCATION
(EXCLUDING MATCHING GIFTS AND GGF – RELATED MATCHING CONTRIBUTIONS)

A breakdown of 2015 contributions by category and geographic location is as follows:

Atlanta	**$ 681,635**
($785,989 in 2014 – decrease of 13.3%)	
Civic & Community	23 %
Culture & the Arts	11 %
Education	12 %
Environment	0 %
Other Health/Human Services	26 %
United Way	28 %

Hampton Roads	**$ 2,132,065**
($1,935,826 in 2014 – increase of 10.1%)	
Civic & Community	9 %
Culture & the Arts	35 %
Education	11 %
Environment	5 %
Other Health/Human Services	28 %
United Way	12 %

Roanoke	**$ 756,412**
($654,572 in 2014 – increase of 15.6%)	
Civic & Community	3 %
Culture & the Arts	44 %
Education	7 %
Environment	0 %
Other Health/Human Services	15 %
United Way	31 %

LONG-TERM PLEDGES

In 2015, payments were completed by the Norfolk Southern Foundation and the Corporation on 12 long-term pledges, and 7 new long-term pledges were authorized.

NEW PLEDGES

Organization	Annual Payment	Years Pledged
Children's Hospital of the King's Daughters *(Child Abuse Program)*	$ 25,000	3
Children's Hospital of the King's Daughters *(Capital Project)*	$ 50,000	5
College of William & Mary *(Law School)*	$ 50,000	5
Kennedy Center for the Performing Arts	$ 50,000	2
Virginia Aquarium	$ 25,000	4
Virginia Arts Festival	$ 50,000	5
Virginia Museum of Fine Arts	$ 25,000	3

EXISTING PLEDGES

Type*	Organization	Annual Payment	Years Remaining
C	The Board of Education of the City of Chicago	$ 25,000	0
C	Chicago Parks Foundation	$ 10,000	0
F	Eastern Virginia Medical School *(Special Matching Grant)*	$ 50,000	0
B	Hampton Roads Center for Civic Engagement	$ 10,000	0
F	Jefferson Center	$ 25,000	0
F	Lowcountry Open Land Trust	$ 10,000	0
B	The Norfolk Forum	$ 25,000	0
F	Operation Our Town	$ 10,000	0
B	Richmond 2015	$ 75,000	0
C	Virginia Center for Coal and Energy	$ 500,000	0
B	Virginia Museum of Fine Arts	$ 25,000	0
F	Virginia Wesleyan College	$ 25,000	0
B	Hampton Roads Chamber of Commerce Foundation/ Hampton Roads Economic Development Alliance	$ 50,000	1
F	Indiana Historical Society	$ 25,000	1
B	Kennedy Center for the Performing Arts	$ 50,000	1
F	Kennesaw Museum Foundation	$ 25,000	1

EXISTING PLEDGES (CONTINUED)

Type*	Organization	Annual Payment	Years Remaining
B	Lead Virginia	$ 25,000	1
F	Mill Mountain Theatre	$ 20,000	1
B	National Safety Council	$ 25,000	1
F	North Carolina Transportation Museum Foundation	$ 50,000	1
B	Roanoke Regional Partnership	$ 5,000	1
F	Slover Library Foundation	$ 50,000	1
F	WHRO	$ 20,000	1
F	Chesapeake Bay Foundation	$ 50,000	2
F	Children's Hospital of the King's Daughters *(Child Abuse Program)*	$ 25,000	2
F	Chrysler Museum of Art	$ 100,000	2
F	Georgia Research Alliance	$ 6,250	2
B	Metro Atlanta Chamber of Commerce	$ 10,000	2
F	Old Dominion University	$ 25,000	2
F	Science Museum of Western Virginia	$ 10,000	2
B	Virginia Museum of Fine Arts	$ 25,000	2
F	The Hurrah Players	$ 10,000	3
F	Union Station Kansas City	$ 10,000	3
F	Virginia Aquarium	$ 25,000	3
F	Children's Hospital of the King's Daughters *(Capital Project)*	$ 50,000	4
F	College of William & Mary *(Law School)*	$ 50,000	4
F	Virginia Arts Festival	$ 50,000	4

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

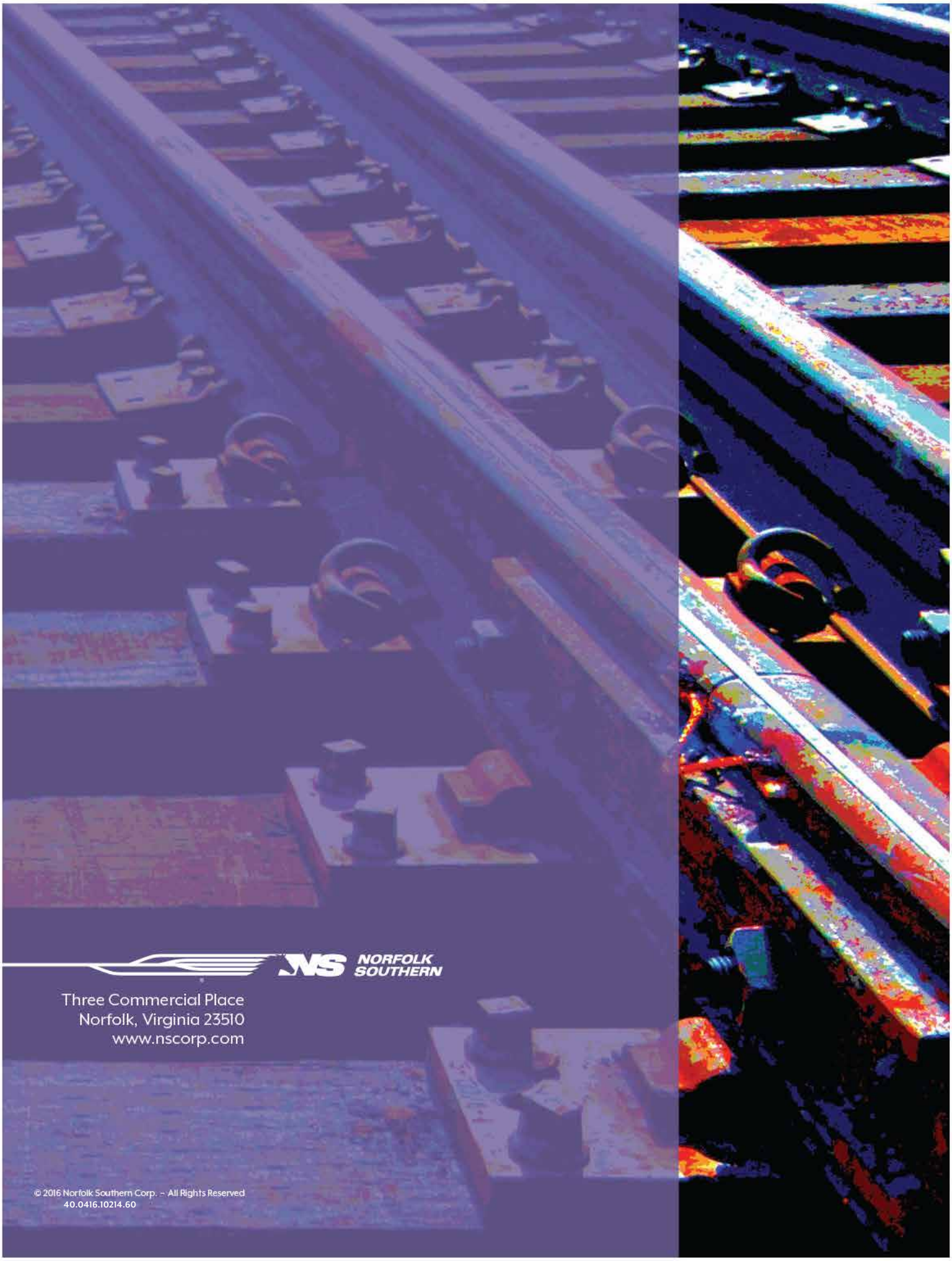
2016 FUNDING STATUS

For the 2016 funding year, the Foundation received 205 proposal requests, seeking approximately $7.13 million, by the September 30, 2015 deadline.

Of these requests, 40 “core” organizations in Norfolk, Roanoke, and Atlanta were funded (including independent college funds); and 72 organizations, including 11 first-time recipients, received pledges for funding. In addition, $375,000 was set aside for grants to colleges and universities in support of Norfolk Southern’s college partnership program.

For 2016, the Trustees authorized a budget of $8.0 million. The Foundation anticipates funding all $8.0 million in 2016.

Through April 30, 2016, The Foundation awarded a total of $2,120,079 in Grants and Matching Gifts. Business payments were $1,211,540 and Corporate Contributions were $30,000. The estimated market value of Foundation assets on April 30, 2016 was $2,526,936.98.



NORFOLK SOUTHERN

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