JP Morgan
Aviation, Transportation & Defense Conference

Wick Moorman
Chairman, President
and Chief Executive Officer

March 6, 2013
Agenda

- Recap of 2012 Results
- Delivering Service
- Investing in the Franchise
- Current Markets and Outlook
Revenue
$11 Billion, down 1%

RPU
$1,553, down 1%

Volume
7,107,200 units, flat
Railway Volume
2012 vs. 2011

Coal down 13%
17% decline in Utility
5% decline in Domestic Met
2% decline in Export

Intermodal up 5%
11% gain in Domestic more than offset 1% decline in International

Merchandise up 2%
Strength in Automotive, Chemicals and MetCon more than offset declines in Paper and Agriculture
## Railway Volume
### Year over Year Change

<table>
<thead>
<tr>
<th>Category</th>
<th>1Q12</th>
<th>2Q12</th>
<th>3Q12</th>
<th>4Q12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>(12%)</td>
<td>(12%)</td>
<td>(14%)</td>
<td>(13%)</td>
</tr>
<tr>
<td>Intermodal</td>
<td>+ 5%</td>
<td>+ 5%</td>
<td>+ 5%</td>
<td>+ 4%</td>
</tr>
<tr>
<td>Merchandise</td>
<td>+ 5%</td>
<td>+ 4%</td>
<td>(1%)</td>
<td>+ 1%</td>
</tr>
</tbody>
</table>
## Consolidated Income Statement
### 2012 vs. 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railway operating revenues</td>
<td>$11,040</td>
<td>$11,172</td>
<td>$(132) (1%)</td>
</tr>
<tr>
<td>Railway operating expenses</td>
<td>7,916</td>
<td>7,959</td>
<td>43 (1%)</td>
</tr>
<tr>
<td>Income from railway operations</td>
<td>3,124</td>
<td>3,213</td>
<td>$(89) (3%)</td>
</tr>
<tr>
<td>Other income – net</td>
<td>129</td>
<td>160</td>
<td>(31) (19%)</td>
</tr>
<tr>
<td>Interest expense on debt</td>
<td>495</td>
<td>455</td>
<td>(40) (9%)</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>2,758</td>
<td>2,918</td>
<td>(160) (5%)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>1,009</td>
<td>1,002</td>
<td>(7) (1%)</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,749</td>
<td>$1,916</td>
<td>$(167) (9%)</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$5.37</td>
<td>$5.45</td>
<td>$(0.08) (1%)</td>
</tr>
</tbody>
</table>
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Recap of 2012 Results

Delivering Service

Investing in the Franchise

Current Markets and Outlook
Improving Overall Service
Composite Service Performance By Quarter 2011-2012

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Qtr</td>
<td>72.2%</td>
<td>82.8%</td>
</tr>
<tr>
<td>2nd Qtr</td>
<td>76.6%</td>
<td>82.9%</td>
</tr>
<tr>
<td>3rd Qtr</td>
<td>78.2%</td>
<td>83.3%</td>
</tr>
<tr>
<td>4th Qtr</td>
<td>76.3%</td>
<td>83.4%</td>
</tr>
</tbody>
</table>
Train Speed
2011 - 2012

Source: As reported publicly to the AAR
Operating Efficiencies
Year-over-year Percentage Improvement, by Quarter

- Train & Engine Service Overtime
- Re-Crews
- Equipment Rents (Velocity Driven)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Train &amp; Engine Service Overtime</th>
<th>Re-Crews</th>
<th>Equipment Rents (Velocity Driven)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter</td>
<td>16%</td>
<td>16%</td>
<td>8%</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>16%</td>
<td>28%</td>
<td>9%</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>20%</td>
<td>32%</td>
<td>14%</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>25%</td>
<td>42%</td>
<td>14%</td>
</tr>
</tbody>
</table>
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Recap of 2012 Results

Delivering Service

Investing in the Franchise

Current Markets and Outlook
Capital Expenditures
($ Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Positive Train Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$1,299</td>
</tr>
<tr>
<td>2010</td>
<td>$1,470</td>
</tr>
<tr>
<td>2011</td>
<td>$2,160</td>
</tr>
<tr>
<td>2012</td>
<td>$2,241</td>
</tr>
<tr>
<td>2013B</td>
<td>$2,008</td>
</tr>
</tbody>
</table>
2013 Capital Improvement Budget
($ Millions)

Total Spending = $2.0 Billion
Down $233M, or 10%, vs. 2012

- Roadway: $831
- Infrastructure: $229
- Facilities & Terminals: $184
- Locomotives: $181
- Freight Cars: $181
- Technology: $239
- PTC: $203
- Other Projects: $57

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Agenda

Recap of 2012 Results

Delivering Service

Investing in the Franchise

Current Markets and Outlook
Current Railway Volume
First Quarter through Week 9 (March 2, 2013)

- 1,225,200 units, up 4%

<table>
<thead>
<tr>
<th>Category</th>
<th>Units (000)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,181.2</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>1,225.2</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Change in Units 1QTD13 vs. 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>11%</td>
</tr>
<tr>
<td>Intermodal</td>
<td>10%</td>
</tr>
<tr>
<td>Paper</td>
<td>2%</td>
</tr>
<tr>
<td>Automotive</td>
<td>1%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>(1%)</td>
</tr>
<tr>
<td>MetCon</td>
<td>(5%)</td>
</tr>
<tr>
<td>Coal</td>
<td>(5%)</td>
</tr>
</tbody>
</table>
## Business Outlook

### Coal
- Utility coal impacted by reduced demand for electricity, competition from natural gas and higher stockpiles.
- Softer domestic metallurgical market to support steel production.
- Weak demand in European market for both met and steam coal, marginal improvement in Asia.

### Intermodal
- Continued opportunities for highway conversion.
- New Intermodal service lanes ahead as new corridor terminals open.
- Growth with international shipping partners.
- Expansion in premium market segment.

### Merchandise
- Project growth in crude oil, increased plastics due to low-cost feedstock.
- Gains in steel, but weaker aggregate market.
- Continued automotive growth despite tougher comps.
- Reduced U.S. corn and soybean crop.
- Improved housing & related construction materials market.
Dynamics of Coal Market
2012

- Western
  26.3 M Tons
  18%

- Illinois Basin
  20.4 M Tons
  14%

- Northern Appalachia
  41.1 M Tons
  27%

- Central Appalachia
  57.6 M Tons
  39%

- Southern Appalachia
  3.3 M Tons
  2%

---- Norfolk Southern Railway and its Railroad Operating Subsidiaries
--- NS Trackage and Haulage Rights

Excludes coke, iron ore & outbound Wheelersburg
Business Outlook

Utility coal impacted by reduced demand for electricity, competition from natural gas and higher stockpiles

Softer domestic metallurgical market to support steel production

Weak demand in European market for both met and steam coal, marginal improvement in Asia

Coal

Continued opportunities for highway conversion

New Intermodal service lanes ahead as new corridor terminals open

Growth with international shipping partners

Expansion in premium market segment

Intermodal

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Gains in steel, but weaker aggregate market

Continued automotive growth despite tougher comps

Reduced U.S. corn and soybean crop

Improved housing & related construction materials market

Merchandise
Intermodal Drivers
Over 30 New Crescent Corridor Lanes Launched in 2013

2012 Intermodal Scorecard
Year-over-year Percent Improvement

- Platform Utilization: 3%
- Percentage of Containers on Stack Cars: 6%
- Units per Train: 3%
- Train Speed: 6%

Volume over the Crescent Corridor was up 21% in 2012 versus 2011

Terminal Investments

Volume over the Crescent Corridor was up 21% in 2012 versus 2011

To/From West

To/From Mexico

New Orleans

Birmingham

Atlanta

Charlotte

Memphis

Greencastle

Harrisburg

Bethlehem

To/From Mexico
Business Outlook

**Coal**
- Utility coal impacted by reduced demand for electricity, competition from natural gas and higher stockpiles
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Merchandise Fundamentals are Positive

Positive signs ahead, though housing still not back to pre-recession levels

Source: Global Insight, Ward’s
Railway Volumes and Operating Income
2007 - 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal (22%)</th>
<th>GM (37%)</th>
<th>Intermodal (41%)</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>7,593</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>7,350</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>5,957</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>6,764</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>7,115</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>7,107</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Operating Income:
- 2007: $2 B
- 2008: $3 B
- 2009: $3 B
- 2010: $4 B
- 2011: $4 B
- 2012: $4 B

Legend:
- Blue: Coal
- Red: GM
- Green: Intermodal
- Line: Operating Income
Thank You