

Capital Spending

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How Clear Is Our Crystal Ball?

- Economy?
- Regulation?
- Public Funding?
- Carbon Caps?
- PTC?



Agenda

- Historical perspective
- Strategic drivers
- Looking forward



Capital Expenditures

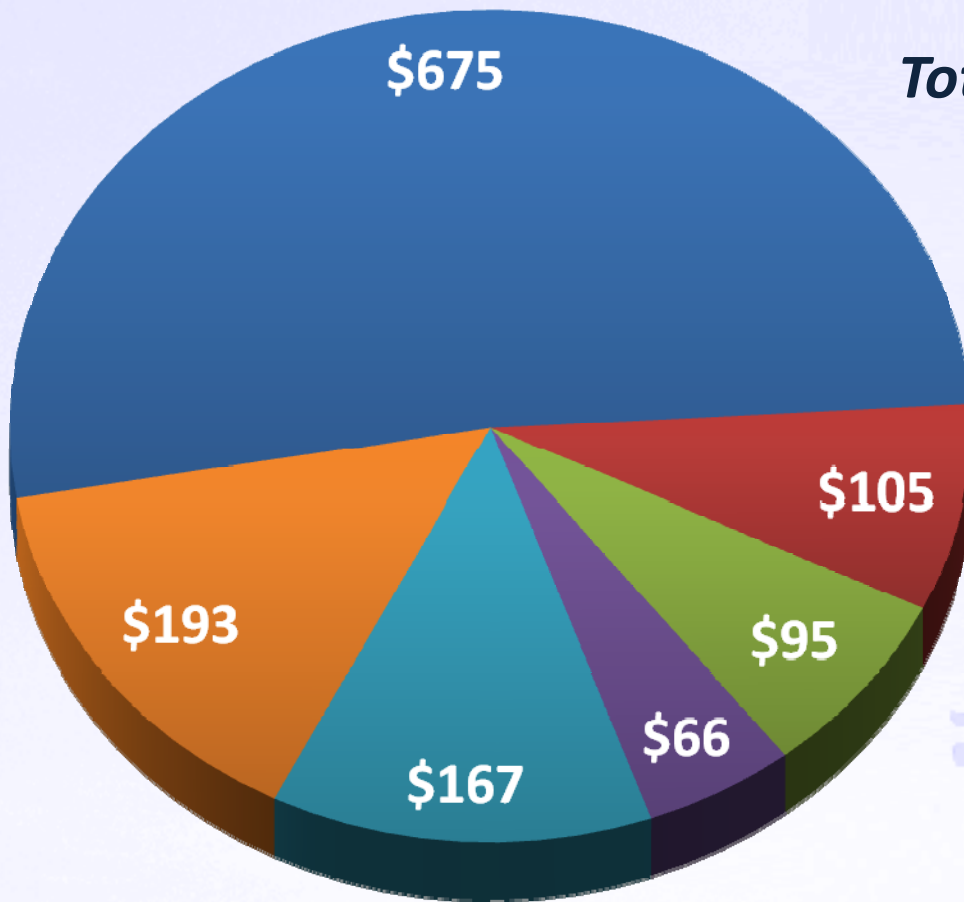
(millions)



Revised 2009 Capital Budget

(millions)

Total Spending = \$1.301 billion



■ Roadway

■ Equipment

■ Facilities/Terminals

■ Technology

■ Infrastructure

■ Other



TRACK 2012

Key Drivers

Safety

Asset Utilization

Revenue Growth

Fuel Efficiency

Service Improvement

Workforce Productivity



UTCS

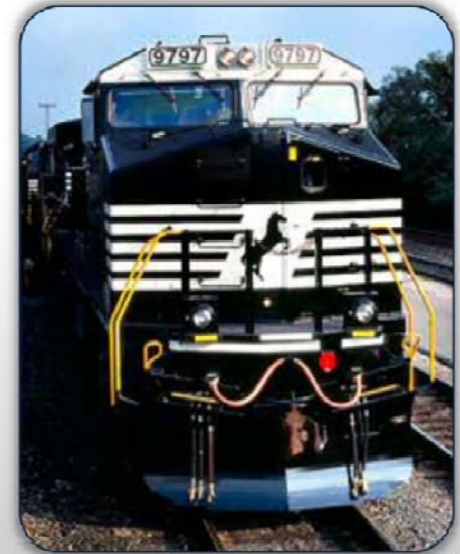
Unified Train Control System

- Improved locomotive utilization
- Improved schedule adherence
- Increased capacity
- Disaster recovery capability



TLMS/LARS

**Thoroughbred Locomotive
Management System
Locomotive Assignment
Routing System**



**Optimize
Fleet Size**

**Forecast
Surpluses &
Deficits**

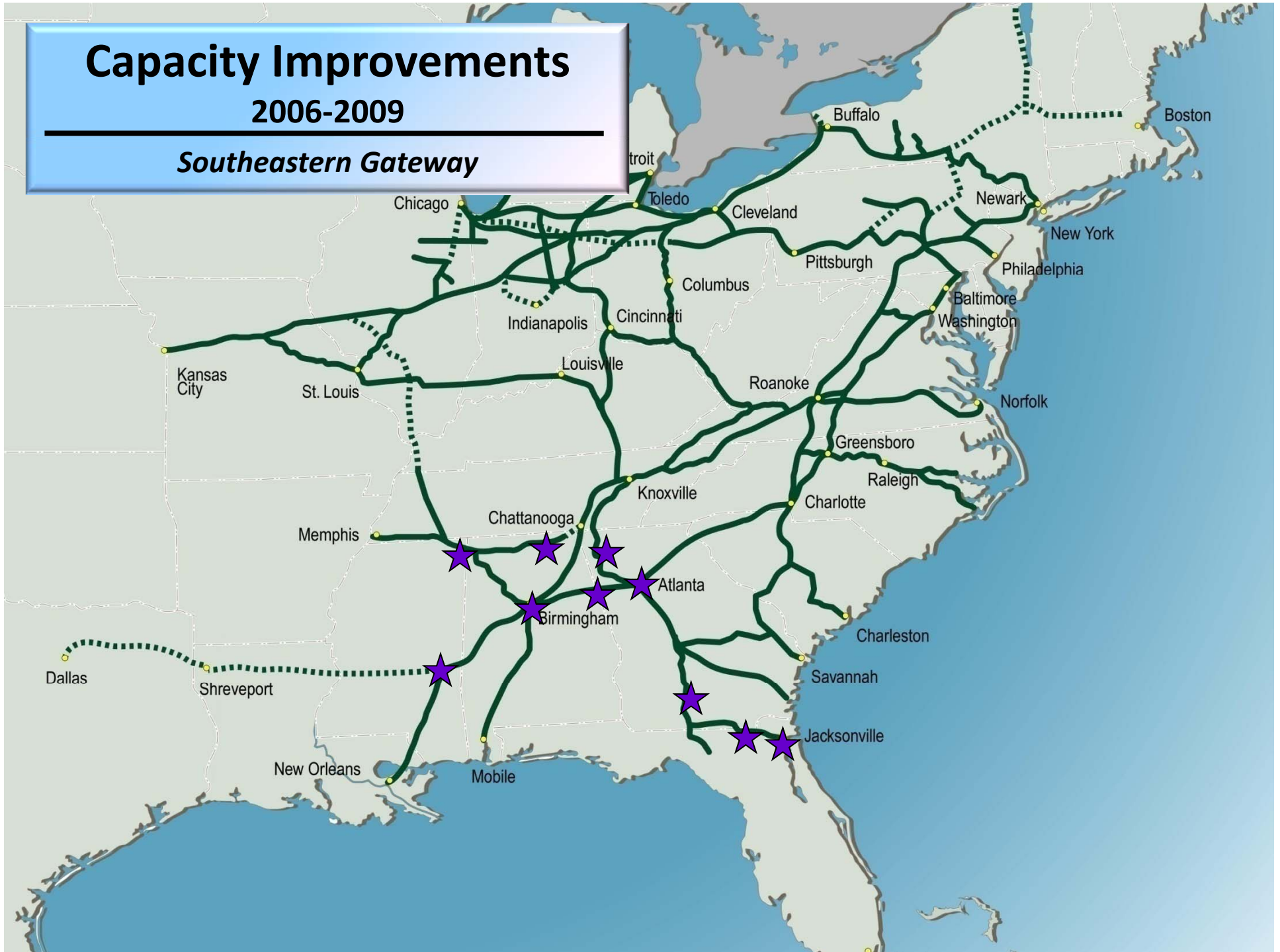
**Provide
Decision
Support**



Capacity Improvements

2006-2009

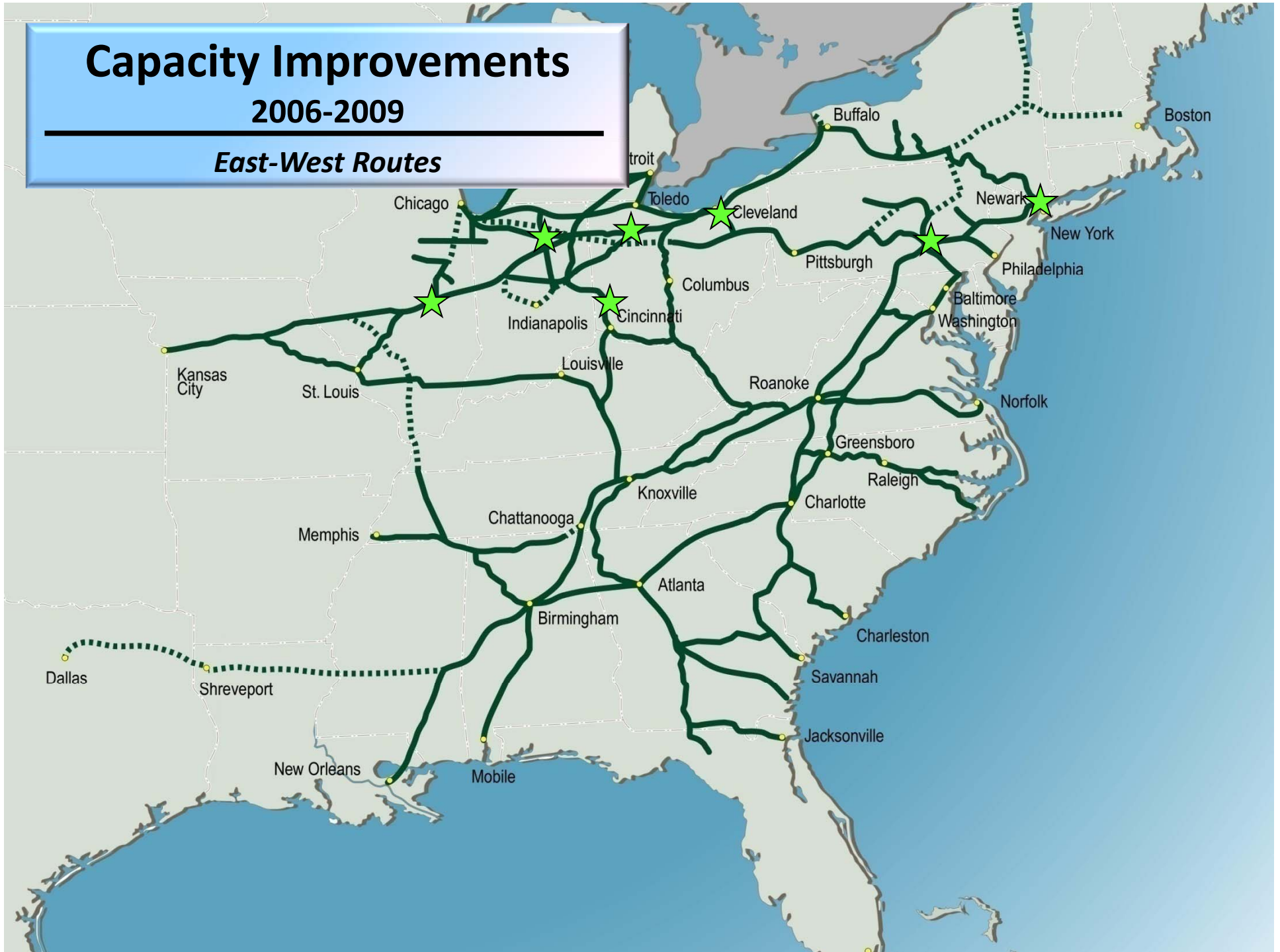
Southeastern Gateway



Capacity Improvements

2006-2009

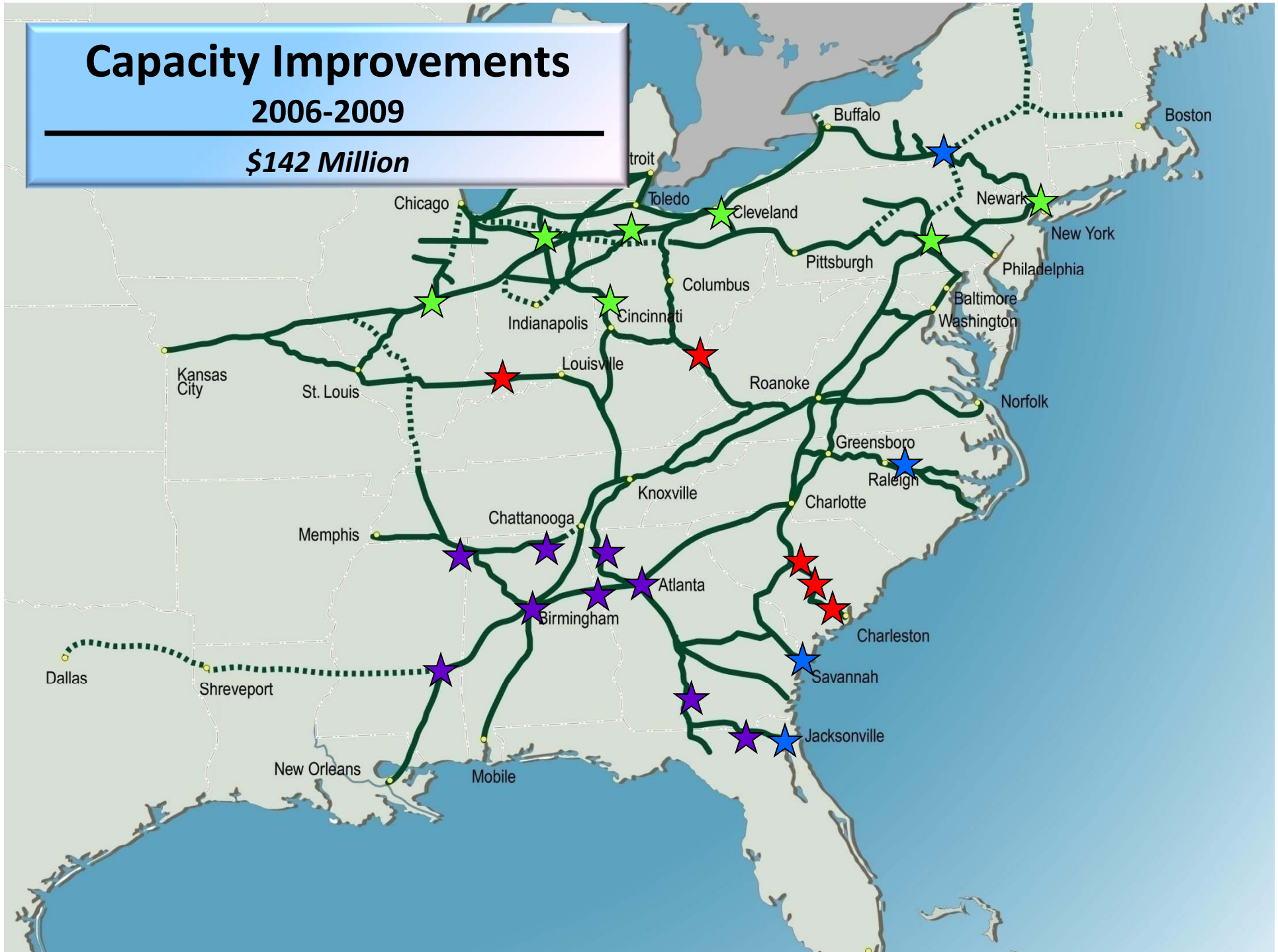
East-West Routes



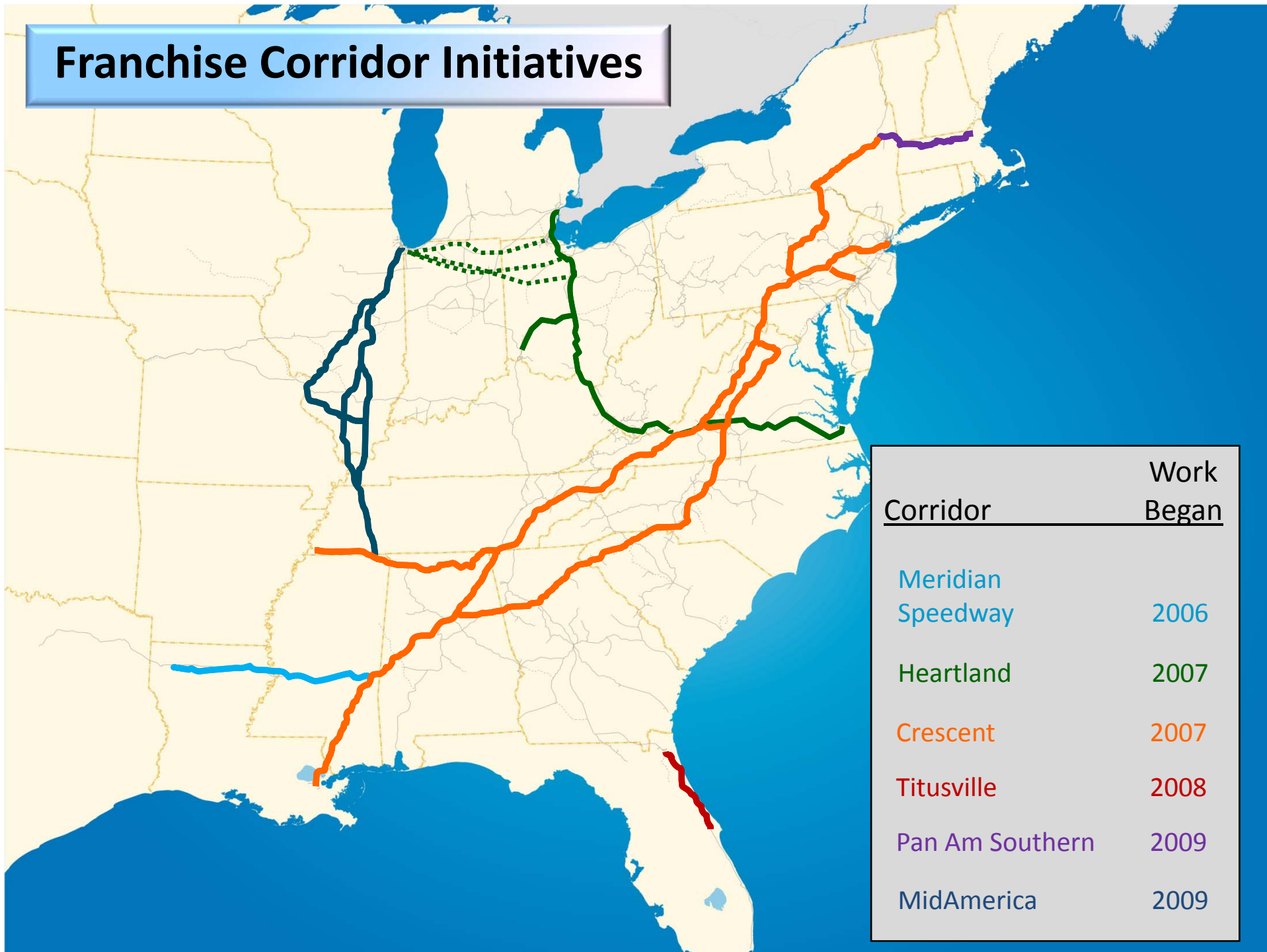
Capacity Improvements

2006-2009

\$142 Million



Franchise Corridor Initiatives



High Speed Rail

\$8 - \$13B
in funding
for
capacity,
stations
and
equipment
but spread
thinly



Overall freight impact = Neutral



Regulatory Drags on Capital Spending

Total Capital Dollars

- PTC mandate
- Climate legislation
- Unbalanced regulation



= Net Cap Ex for Everything Else

NS Capital Investment Priorities 2010 and Beyond

- Protect high quality infrastructure
- Positive Train Control
- Rolling stock bubble
- Corridor development
- Increased focus on technology
- Build in flexibility



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CORRIDOR

LESS HIGHWAY
CONGESTION

CLEANER AIR

FUEL SAVINGS

A STRONG
ECONOMY

VISIONARY
PARTNERS



THE FUTURE

1,900,000

*fewer tons of greenhouse gas emissions released annually into
America's air*

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clear roads, clean air.

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and its partners
are thinking ahead.

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