

Improving Freight Mobility in a Changing International Environment

Jeff Heller

Norfolk Southern Corp.

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Alliance of the Ports of Canada, the Caribbean,
Latin America and the United States

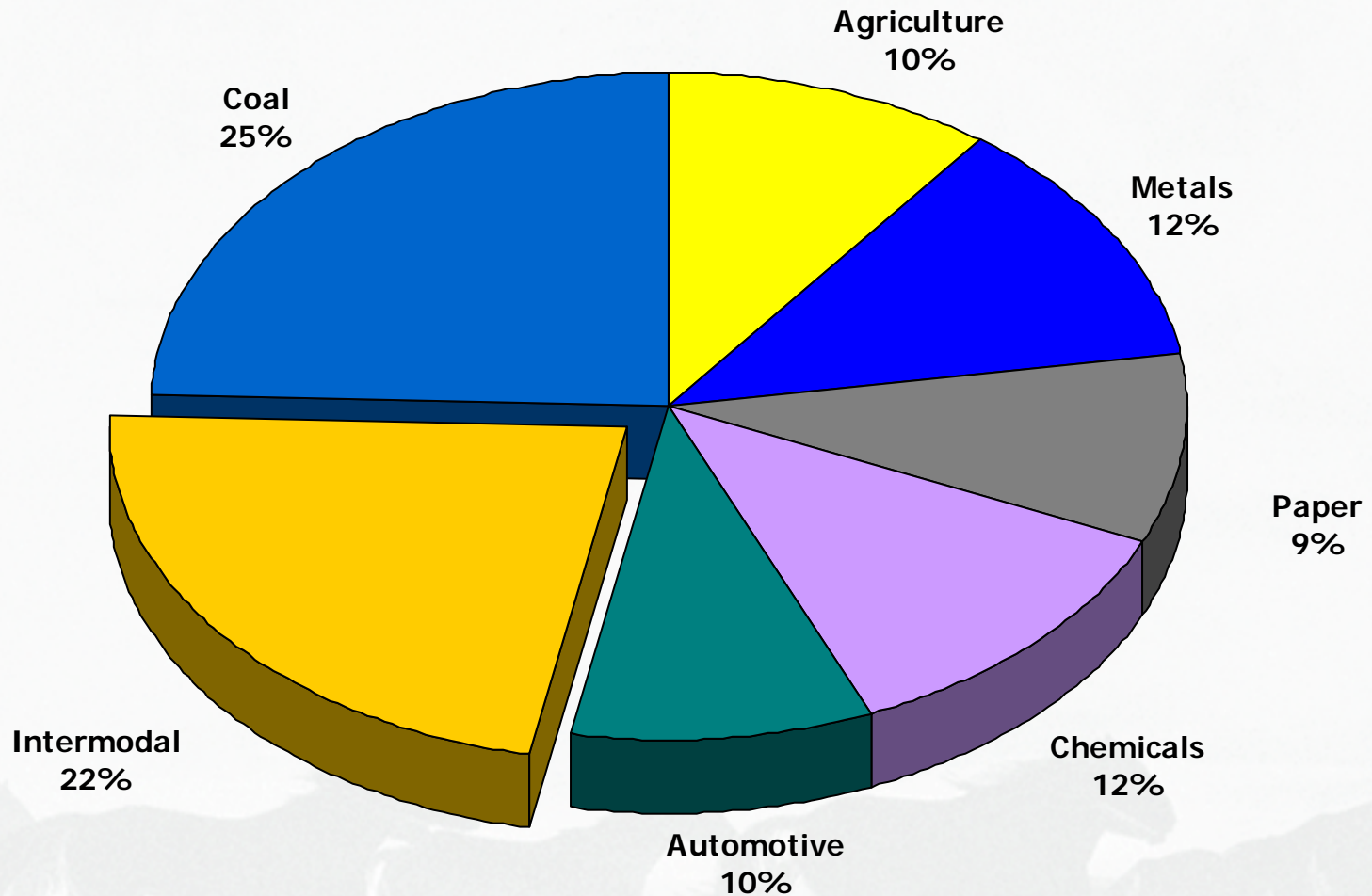


Overview

- The Importance of Intermodal to NS
- Global Freight Movement Trends
- Funding Options and Opportunities

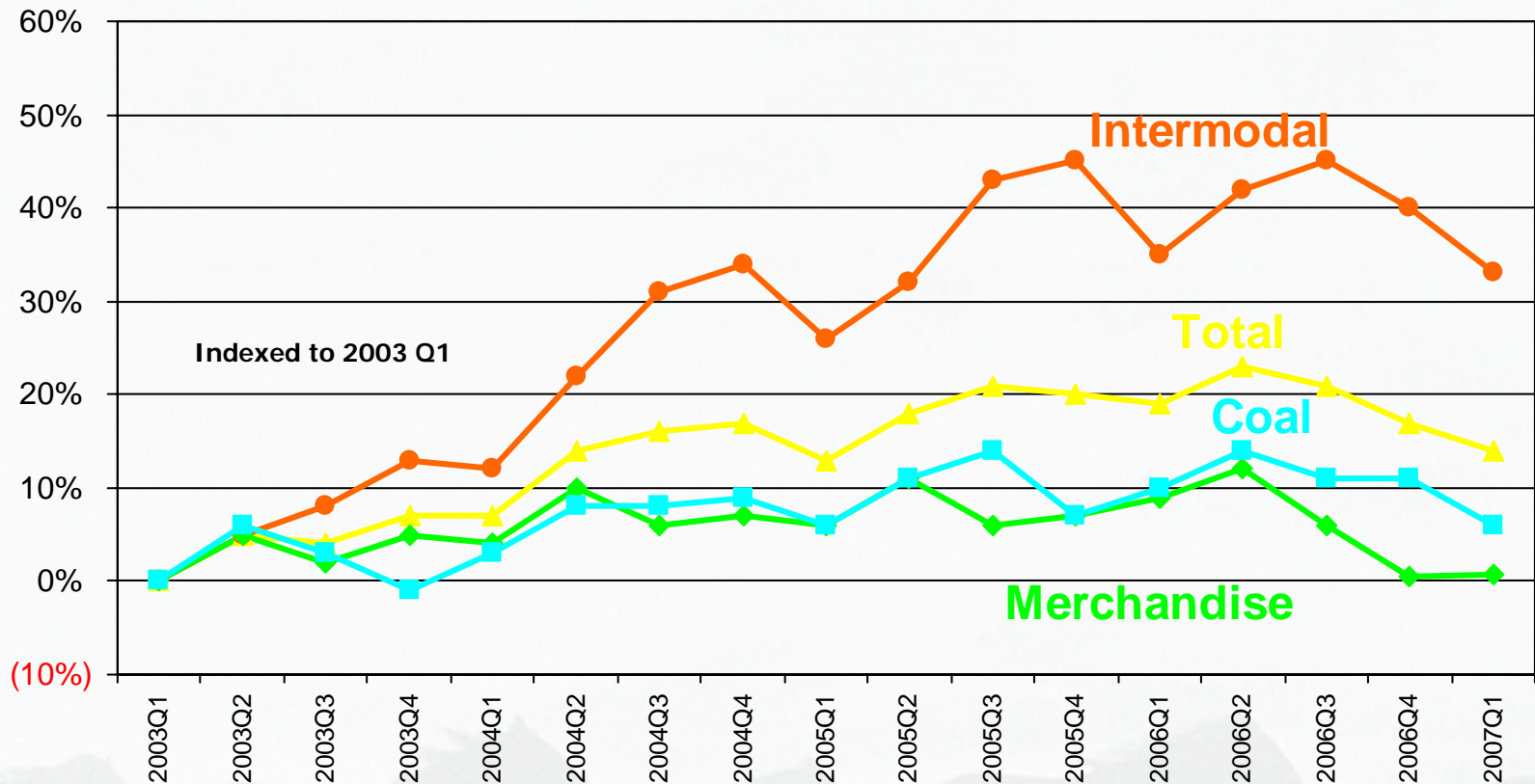
NS Business Mix by Revenue

3Q '06-2Q '07 Revenue: \$9.34 Billion



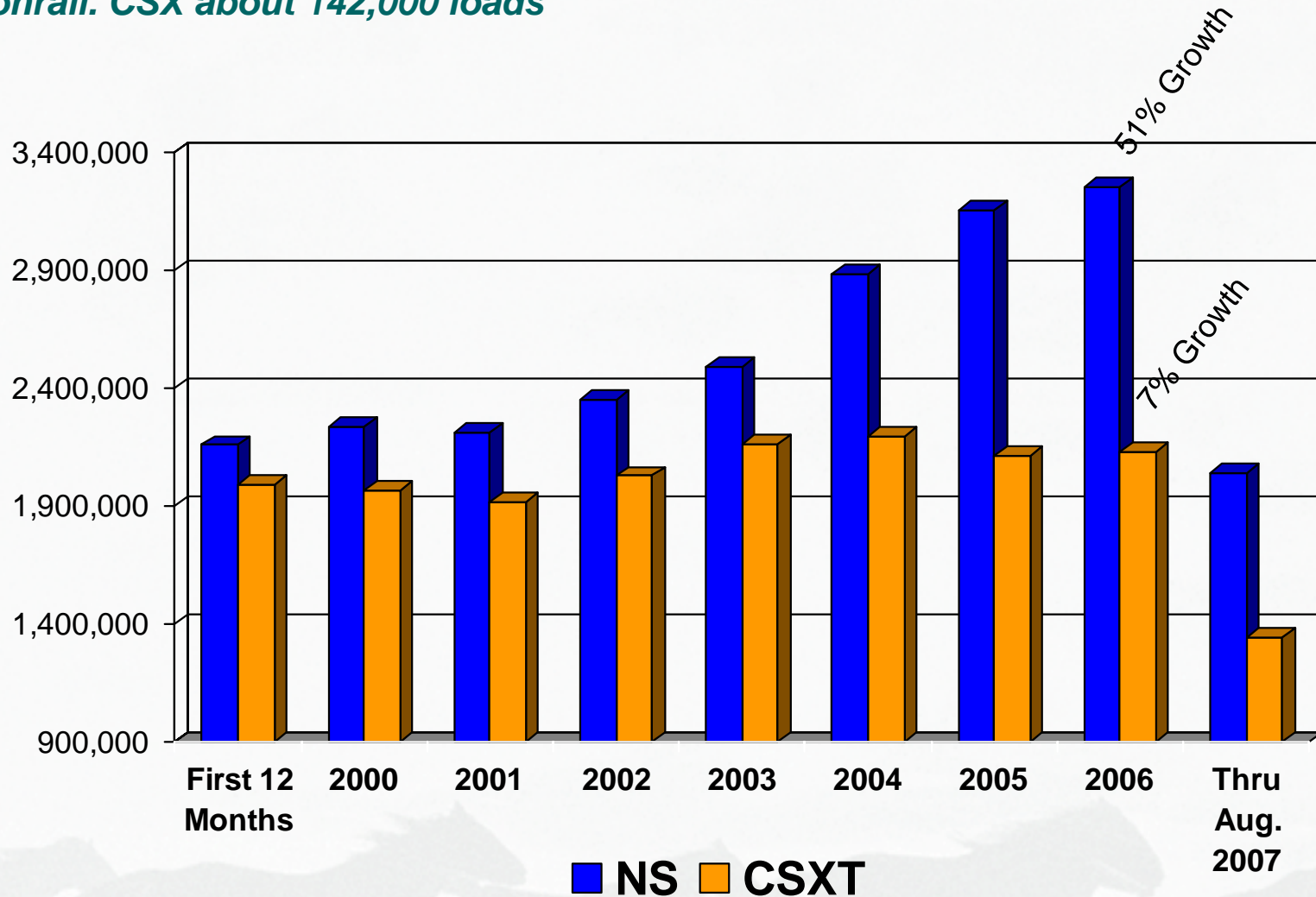
NS Volume Growth

1st Qtr. 2003 – 1st Qtr. 2007



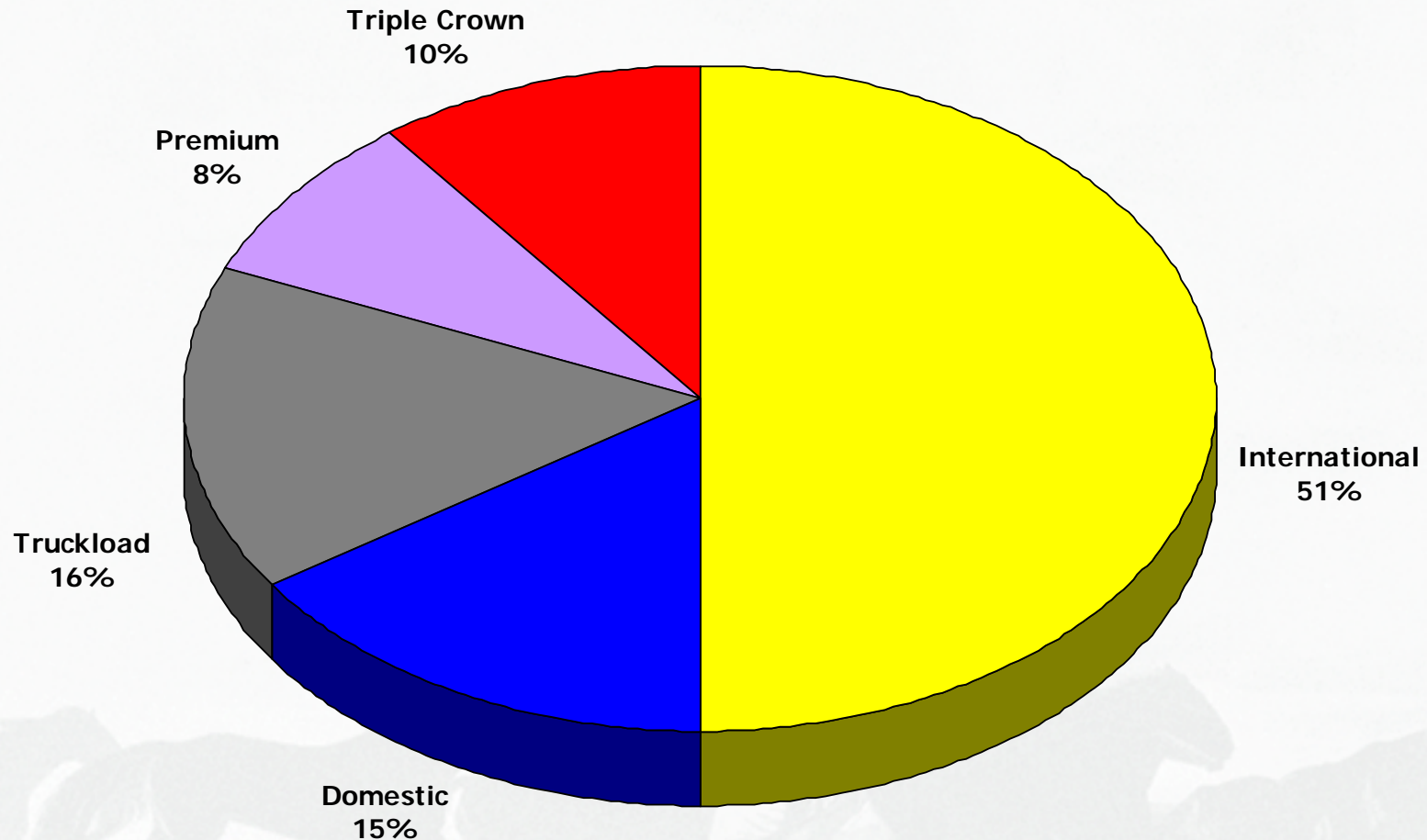
NS v CSX Intermodal Volumes

Through 2006, NS grew about 1.1 million loads since the first 12 months after Conrail. CSX about 142,000 loads

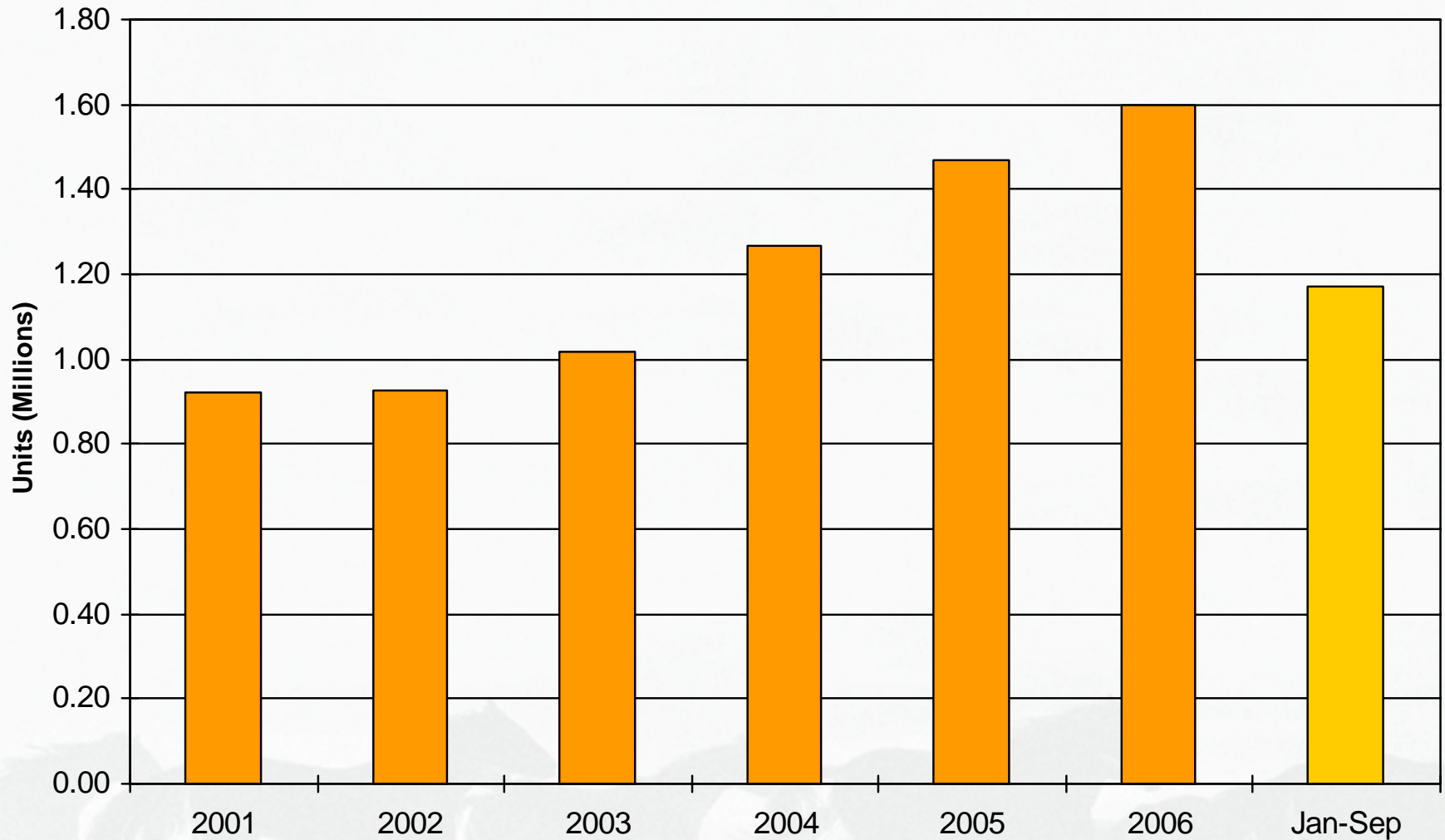


Intermodal Volume by Line of Business

3Q 2006 – 2Q 2007



NS International Volume



Freight Movement Trends



What's Driving Intermodal Demand ?

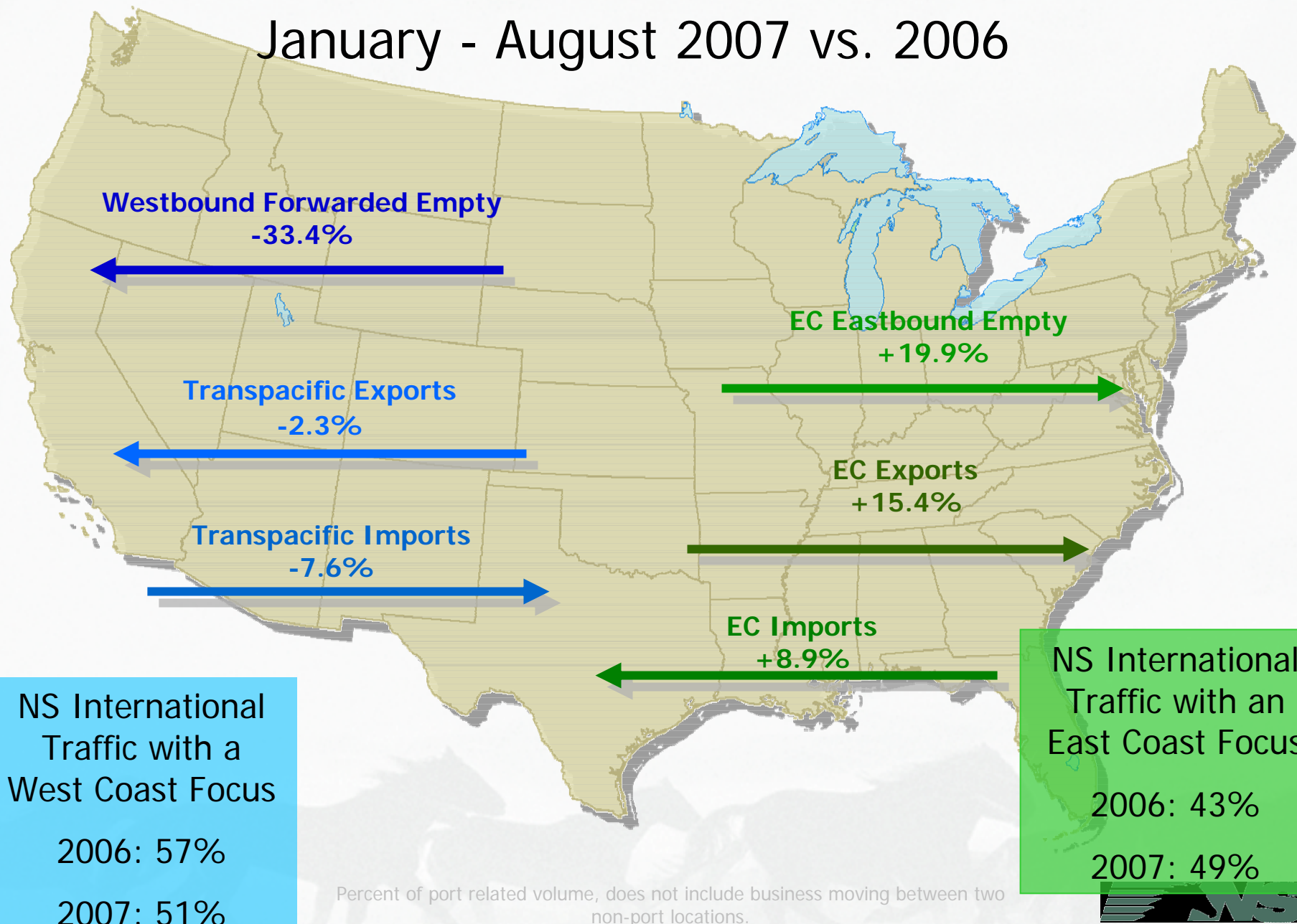
- Strong Growth of US Trade
 - Consumer Demand for Cheap Imports
 - Strong \$ Boosting Exports
- Increasing Highway Congestion
- Changes in Shipping Patterns
 - More Traffic Going From East to West
 - Increased Use of Panama and Suez Canals

Current and Future Routes from Asia to the US

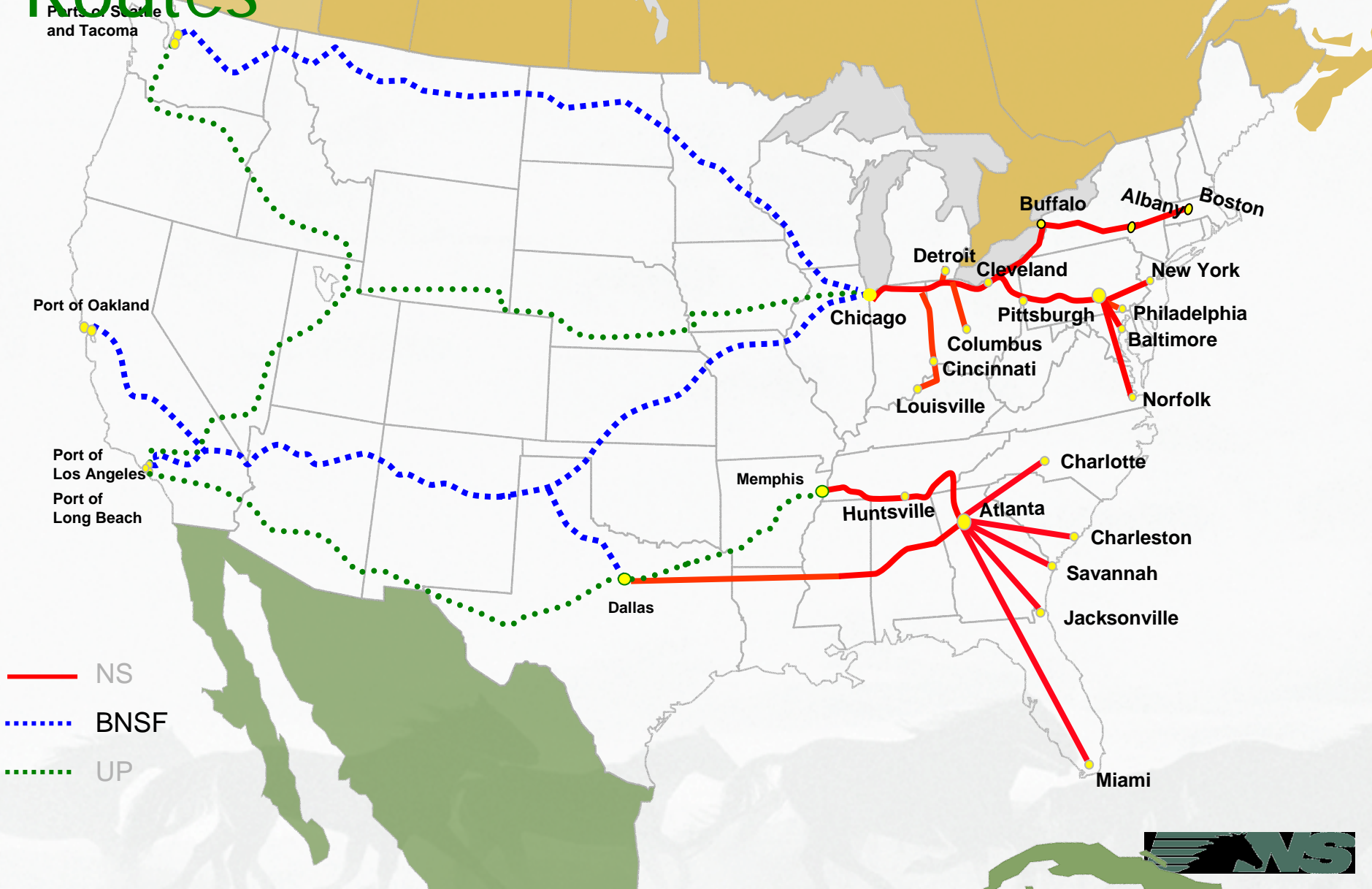


NS International Volume Flows

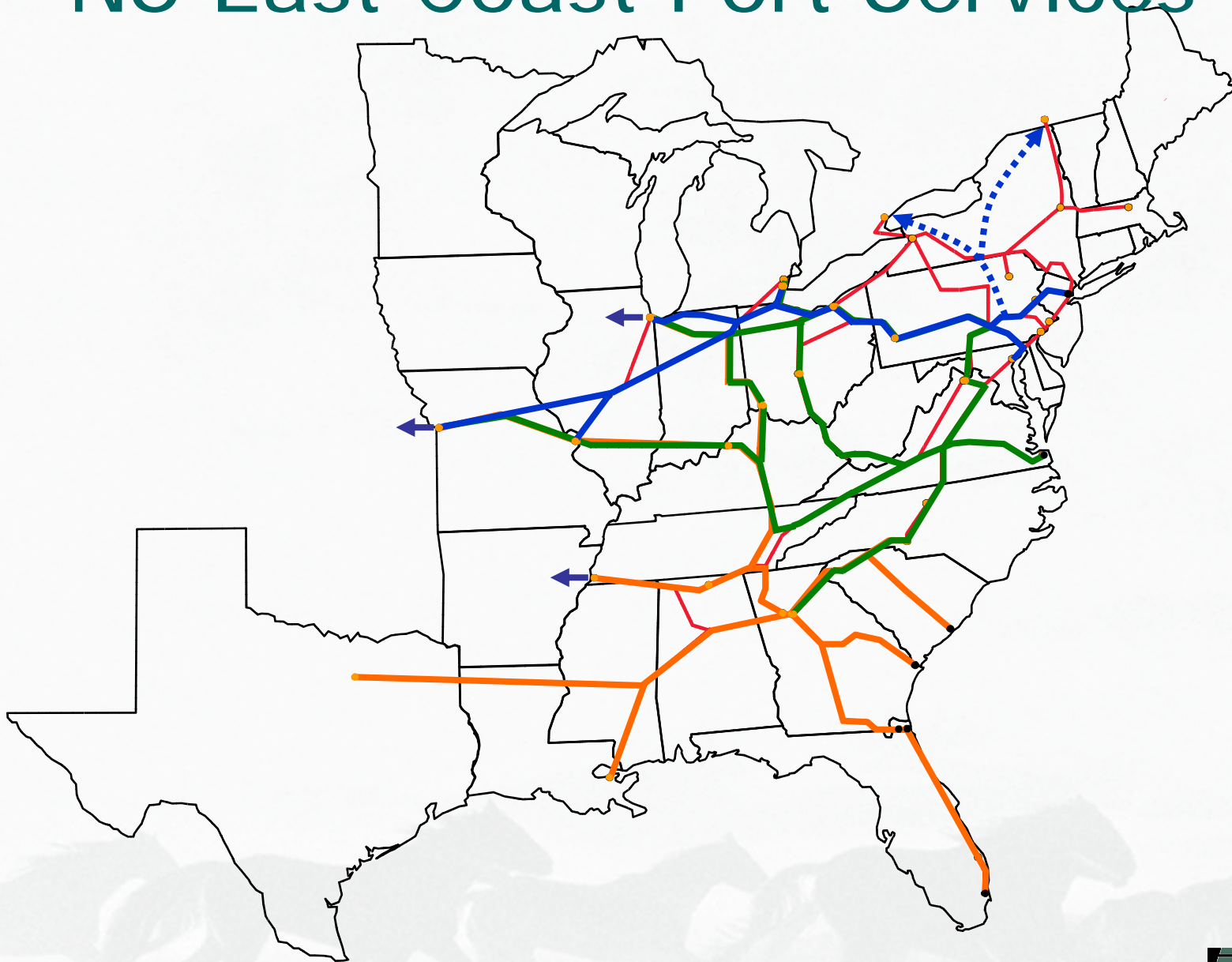
January - August 2007 vs. 2006



Primary Transcon Intermodal Rail Routes



NS East Coast Port Services



East Coast Port Services

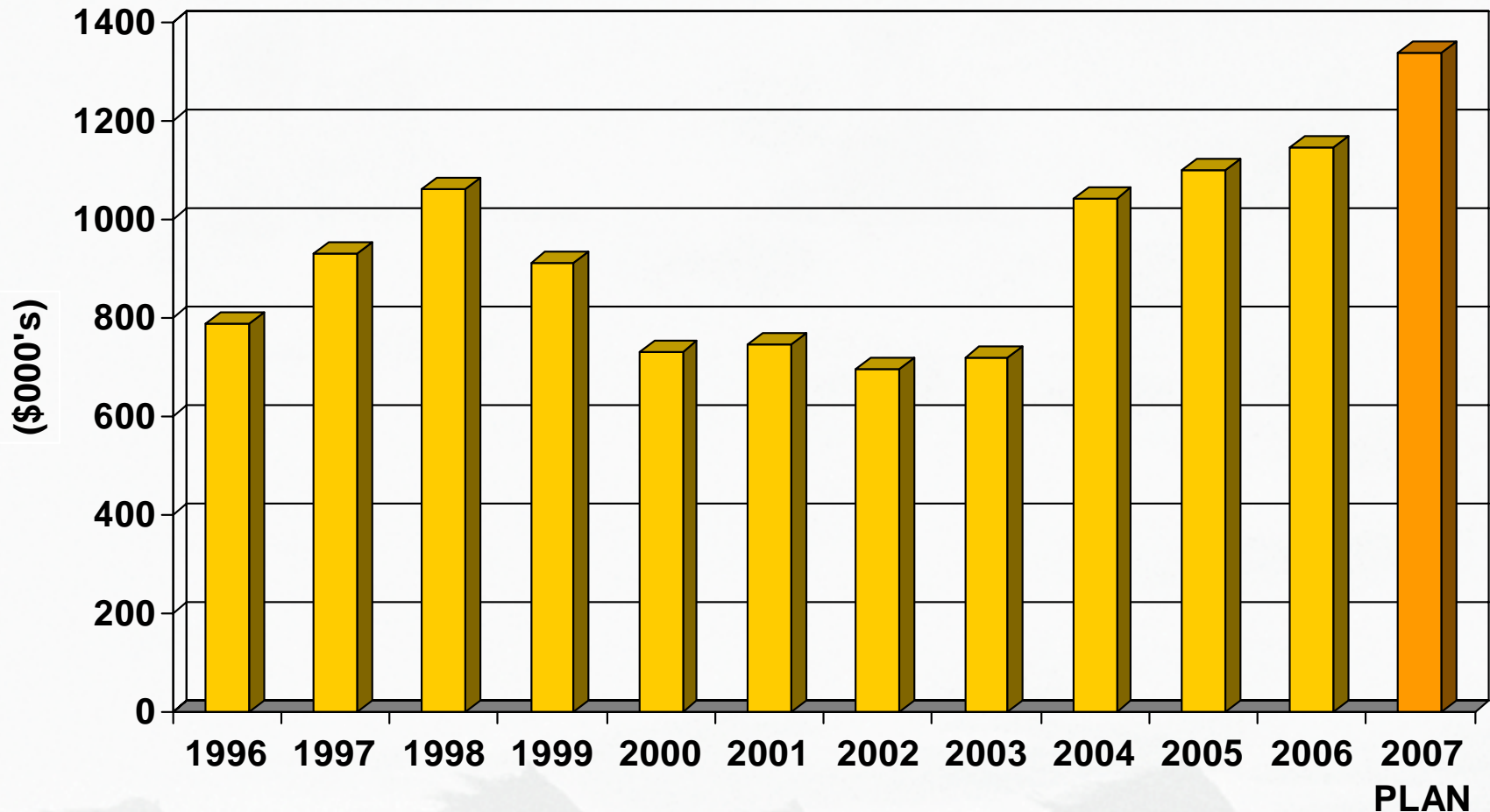
New York / New Jersey	On Dock Access at Maher, APMT, and NYCT Marine Terminals
Philadelphia	Near Dock Access
Baltimore	Near Dock Access / Drayage Subservice
Norfolk	On Dock and Near Dock Access with Drayage Subservice Maersk APM On Dock Q4 2007
Charleston	Near Dock and On Dock
Savannah Garden City	On Dock Service
Jacksonville	Near Dock and On Dock services Dames Point: Dec. 2008
Miami	Near Dock service



Investment and Development



Annual Capital Investment



Over \$850 million is currently or will be invested in Intermodal Capacity



Investment Lags Demand

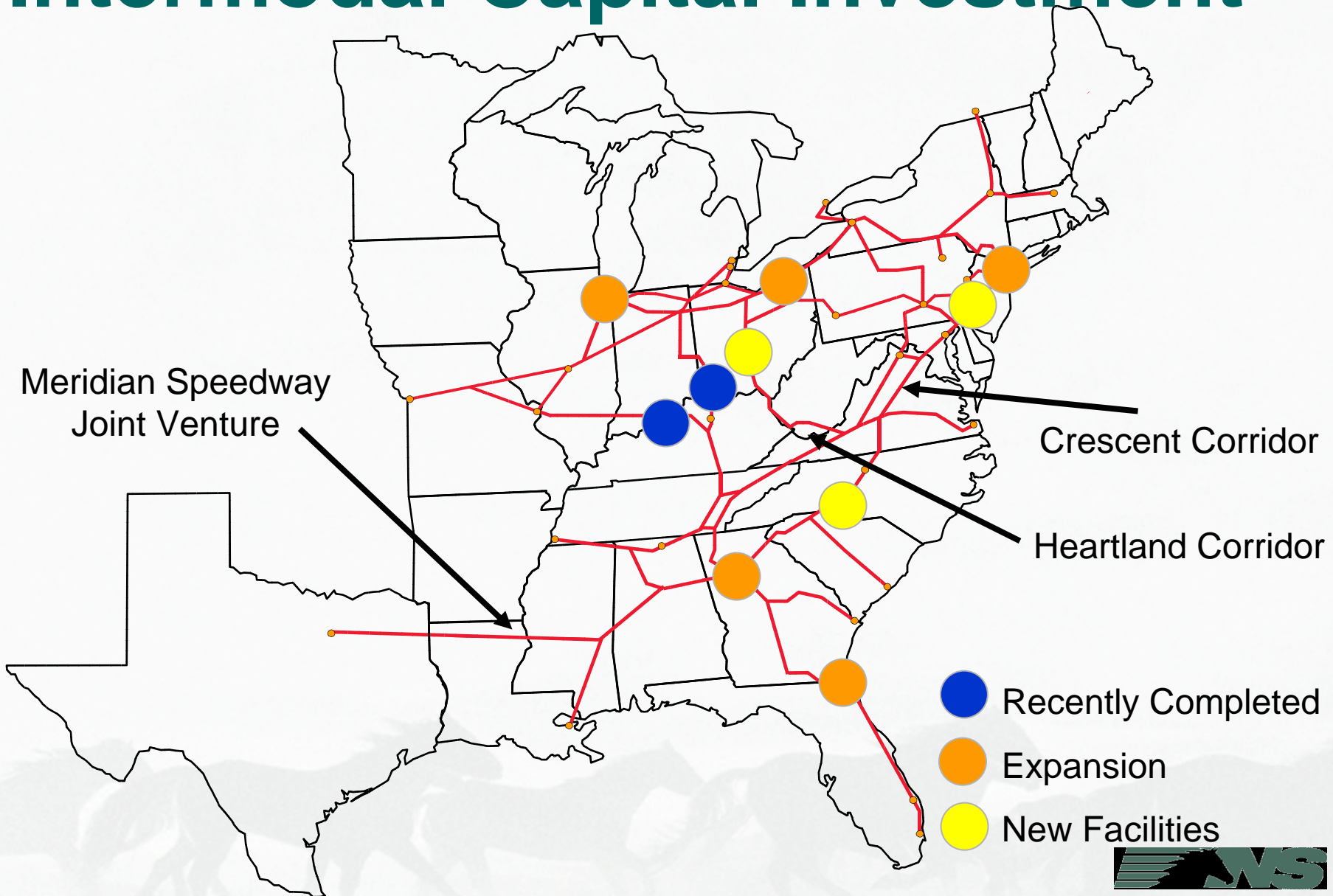
- Locomotive Purchases 1 to 2 years
- Locomotive Engineers 3+ years
- Passing Siding/Double Track 2 to 7 years
- Intermodal Terminal 3 to 12 years
- Major PPP 5 to 15 years

Funding Options

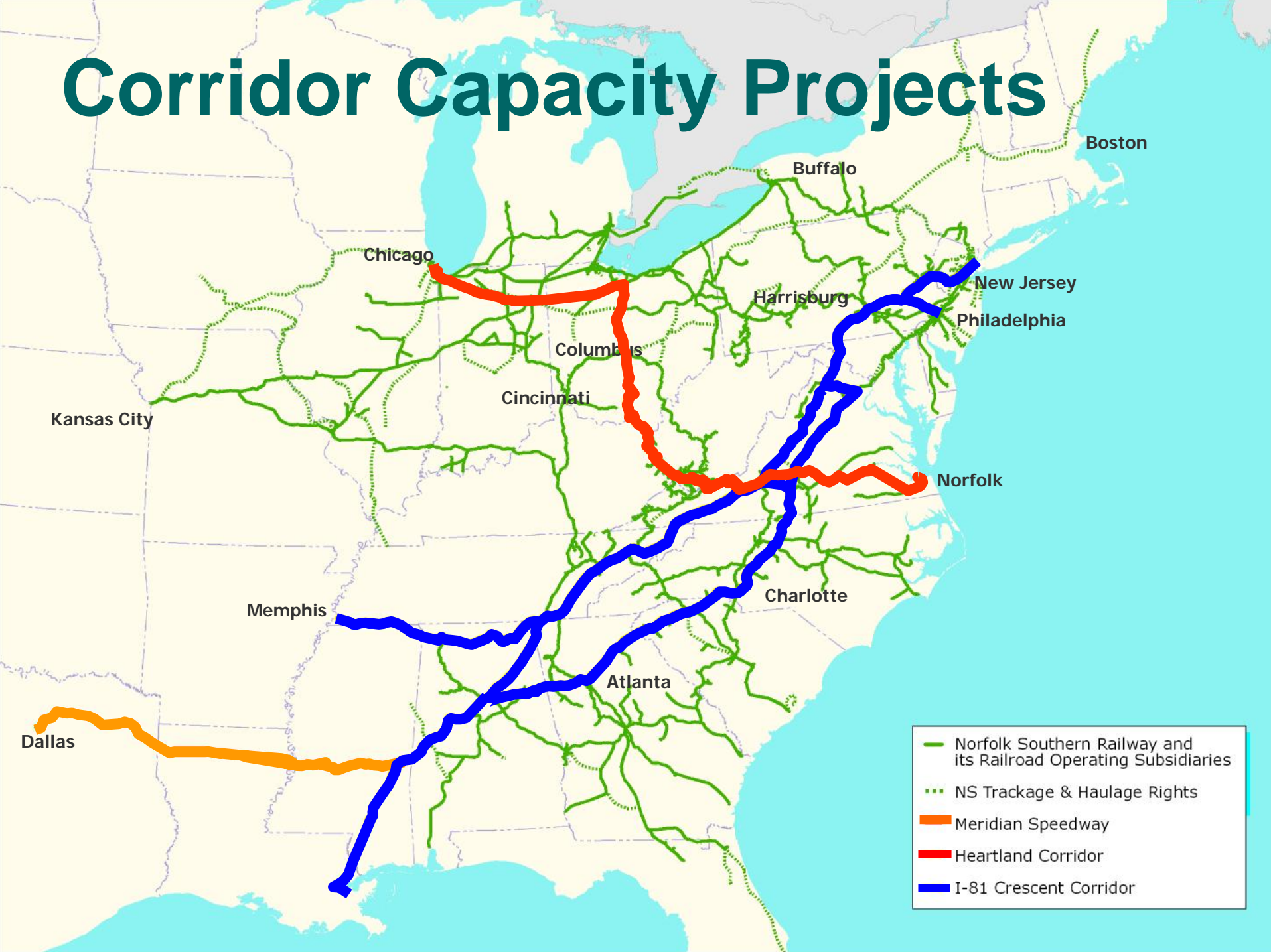
- NS Capital Investment
 - 50% of total NS Capital Investment goes to regular maintenance
 - Over \$850 million is currently or will be invested in Intermodal Capacity over the next 3 years
- Joint Ventures
 - NS investment in another Railroad's property
 - KCS – Meridian Speedway
- Public Private Partnerships
 - Federal
 - State
 - Local (County, City, MPOs)



Intermodal Capital Investment



Corridor Capacity Projects



Benefits of Heartland Corridor and GLP - Rickenbacker

■ Heartland Corridor

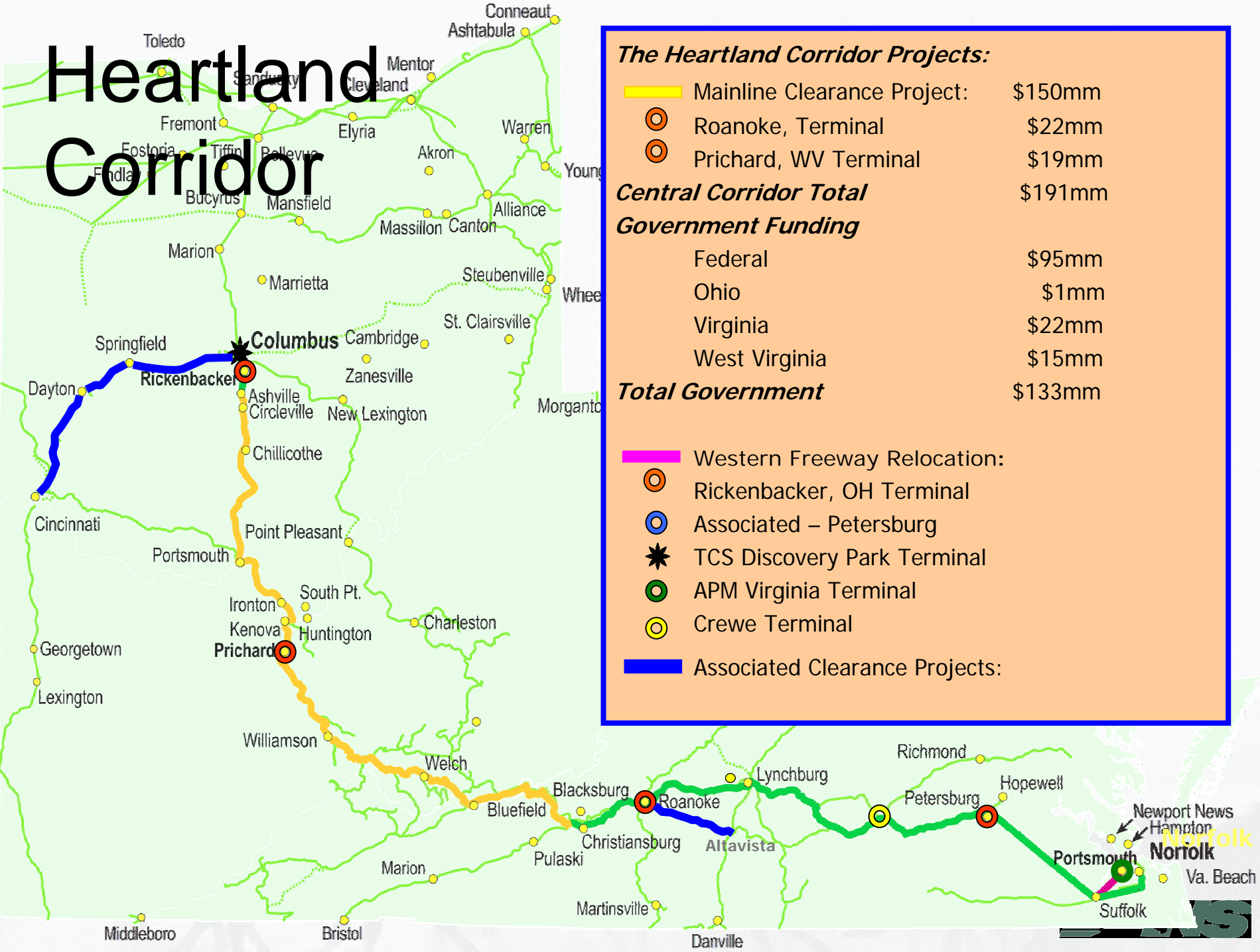
- 220 route mile reduction between Norfolk and Midwest
- Productivity gains
- Freight diverted from congested NS routes
- Improvement in NS' competitive position with Hampton Roads ports

■ GLP – Rickenbacker

- Fully integrated logistics center
- Concentrated mobility between truck, intermodal, railcar and air cargo
- Reduction in drayage expense for customers
- East Coast and Transcon Access

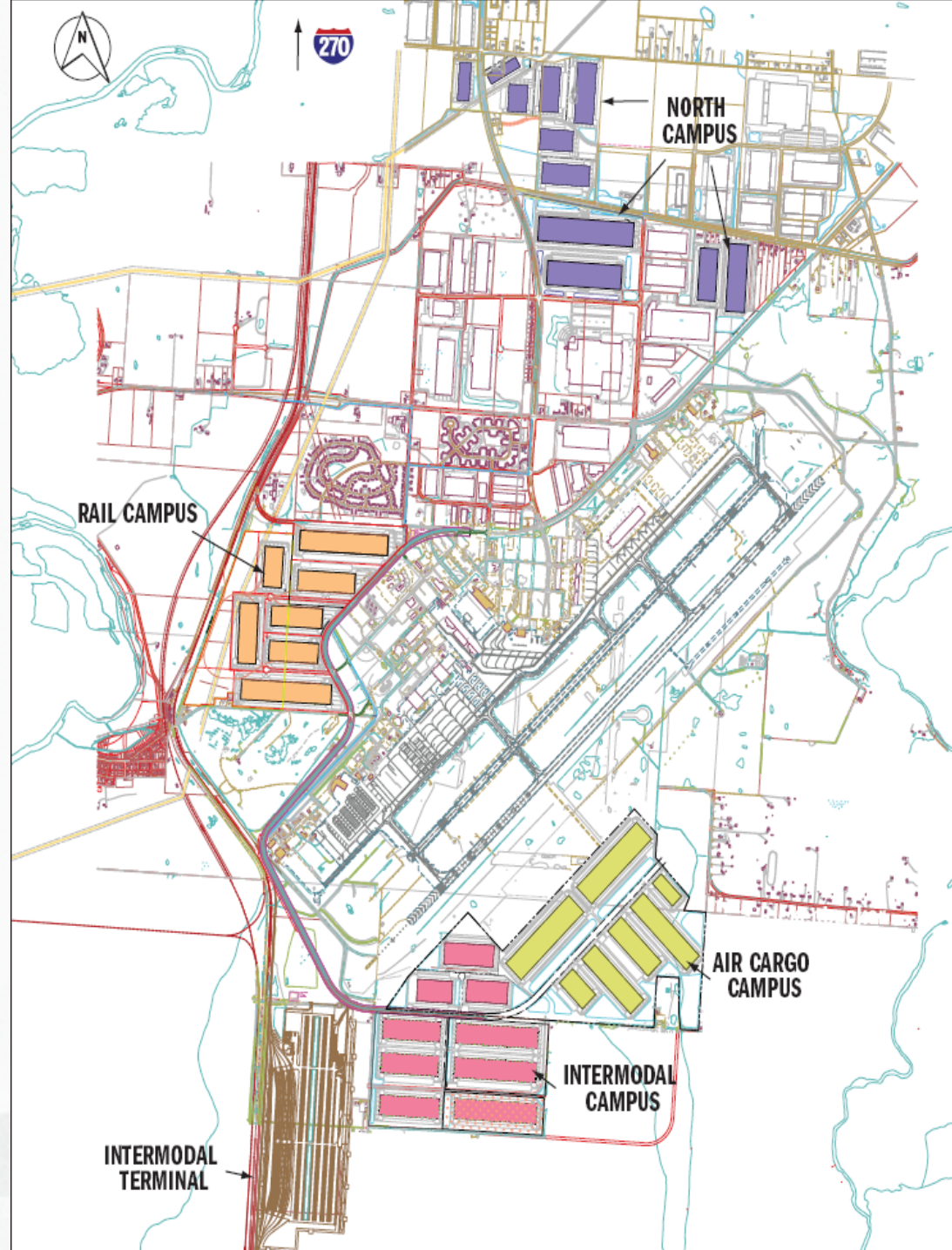


Heartland Corridor



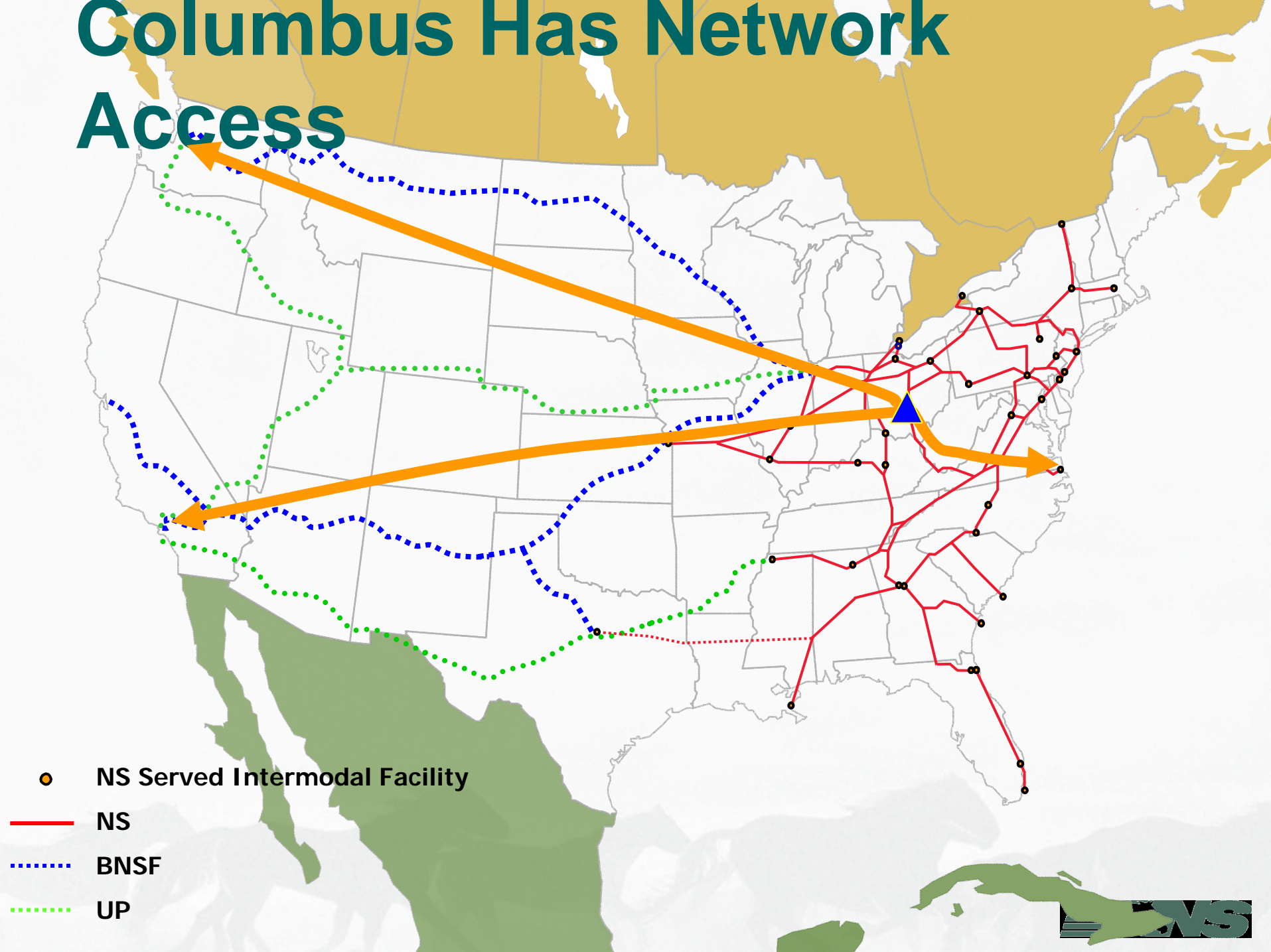
Global Logistics Park – Rickenbacker (Columbus, OH)

- GLP – Rickenbacker is NS' first integrated logistics park
- Located 18 miles from Columbus
- Over 15,000 acres of existing or planned development
- Anchored by NS' new 300 acre intermodal facility and the Rickenbacker airport
- Integrates intermodal, carload and logistics capabilities
- Intermodal shipments begin at the end of this year



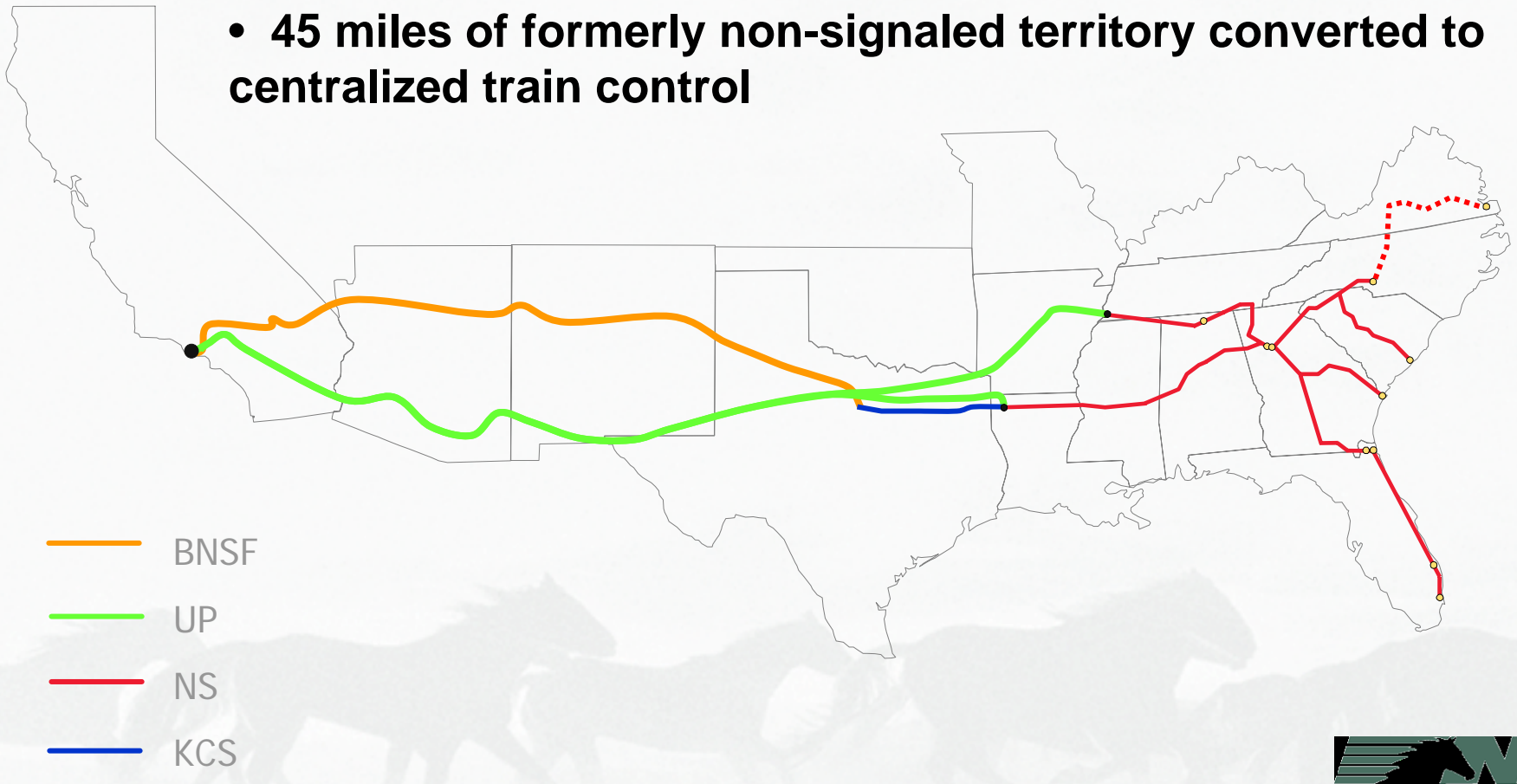


Columbus Has Network Access

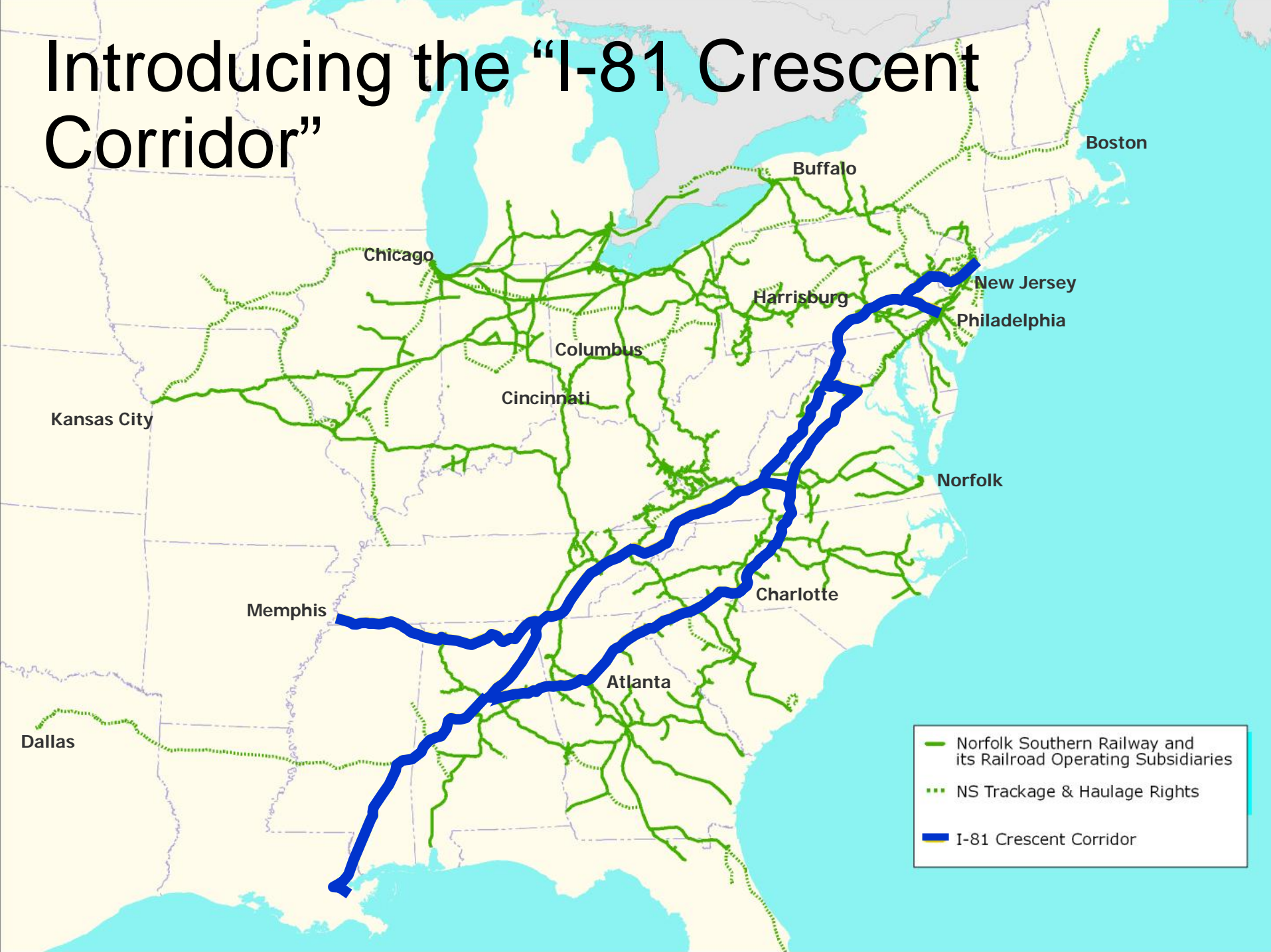


Meridian Speedway

- 40 miles of new track completed
- 75 miles of crossties replaced
- 150 miles of ballast and surface work completed
- 45 miles of formerly non-signaled territory converted to centralized train control



Introducing the “I-81 Crescent Corridor”



The Crescent Corridor Represents A Significant Opportunity for Freight Transportation

- Long haul intermodal services along I-20, I-40, I-75, I-85 and I-81 Corridors are largely undeveloped
- Significant highway congestion along portions of these routes, particularly in Virginia
- NS estimates that there are over 1 million divertible truckloads in this corridor
- Existing intermodal and motor carrier interest in developing services in this corridor



Summary

- Intermodal rail services play a key role in the US transportation network
- Continued Intermodal growth will be supported by road congestion, fuel costs, and environmental concerns, and must be accommodated in long term planning
- Public-Private Partnerships will grow in importance as an ingredient for a successful transportation system

