UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended **DECEMBER 31, 2009**

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from __________ to __________

Commission file number 1-8339

NORFOLK SOUTHERN®

NORFOLK SOUTHERN CORPORATION

(Exact name of registrant as specified in its charter)

Virginia	**52-1188014**
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)
Three Commercial Place **Norfolk, Virginia**	**23510-2191**
(Address of principal executive offices)	Zip Code
Registrant's telephone number, including area code:	**(757) 629-2680**

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Name of each exchange on which registered
Norfolk Southern Corporation Common Stock (Par Value $1.00)	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes (X) No ( )

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ( ) No (X)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No ( )

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T during the preceding 12 months. Yes (X) No ( )

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer (X) Accelerated filer ( ) Non-accelerated filer ( ) Smaller reporting company ( )

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act. Yes ( ) No (X)

The aggregate market value of the voting common equity held by non-affiliates as of June 30, 2009, was $13,820,960,718 (based on the closing price as quoted on the New York Stock Exchange on that date.)

The number of shares outstanding of each of the registrant's classes of common stock, as of January 31, 2010: 369,655,129 (excluding 20,434,078 shares held by the registrant's consolidated subsidiaries)

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's definitive proxy statement to be filed electronically pursuant to Regulation 14A not later than 120 days after the end of the fiscal year, are incorporated herein by reference in Part III.

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NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES (NS)

PART I

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NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES (NS)

Item 1. Business and Item 2. Properties

GENERAL - Norfolk Southern Corporation (Norfolk Southern) is a Norfolk, Virginia based company that controls a major freight railroad, Norfolk Southern Railway Company. Norfolk Southern Railway Company is primarily engaged in the rail transportation of raw materials, intermediate products, and finished goods primarily in the Southeast, East, and Midwest and, via interchange with rail carriers, to and from the rest of the United States. Norfolk Southern also transports overseas freight through several Atlantic and Gulf Coast ports. Norfolk Southern provides comprehensive logistics services and offers the most extensive intermodal network in the eastern half of the United States. The common stock of Norfolk Southern is listed on the New York Stock Exchange (NYSE) under the symbol "NSC."

Norfolk Southern was incorporated on July 23, 1980, under the laws of the Commonwealth of Virginia. On June 1, 1982, Norfolk Southern acquired control of two major operating railroads, Norfolk and Western Railway Company (NW) and Southern Railway Company (Southern) in accordance with an Agreement of Merger and Reorganization dated as of July 31, 1980, and with the approval of the transaction by the Interstate Commerce Commission (now the Surface Transportation Board [STB]). Effective December 31, 1990, Norfolk Southern transferred all the common stock of NW to Southern and Southern's name was changed to Norfolk Southern Railway Company (Norfolk Southern Railway or NSR). Effective September 1, 1998, NW was merged with and into Norfolk Southern Railway. As of December 31, 2009, all the common stock of Norfolk Southern Railway was owned directly by Norfolk Southern.

Through a limited liability company, Norfolk Southern and CSX Corporation (CSX) jointly own Conrail Inc. (Conrail), whose primary subsidiary is Consolidated Rail Corporation (CRC). Norfolk Southern has a 58% economic and 50% voting interest in the jointly owned entity, and CSX has the remainder of the economic and voting interests. CRC owns and operates certain properties (the Shared Assets Areas) for the joint and exclusive benefit of NSR and CSX Transportation Inc. (CSXT) (see Note 5 to the Consolidated Financial Statements).

Norfolk Southern makes available free of charge through its website, www.nscorp.com, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). In addition, the following documents are available on the company's website and in print to any shareholder who requests them:

Corporate Governance Guidelines Charters of the Committees of the Board of Directors The Thoroughbred Code of Ethics Code of Ethical Conduct for Senior Financial Officers Categorical Independence Standards for Directors

Unless otherwise indicated, Norfolk Southern and its subsidiaries are referred to collectively as NS.

RAILROAD OPERATIONS - As of December 31, 2009, NS' railroads operated approximately 21,000 route miles in 22 states and the District of Columbia.

The system's lines reach many individual industries, electric generating facilities, mines (in western Virginia, eastern Kentucky, southern and northern West Virginia, and western Pennsylvania), distribution centers, transload facilities, and other businesses located in smaller communities in its service area.

Corridors with heaviest freight volume:

New York City area to Chicago (via Allentown and Pittsburgh)

Chicago to Macon (via Cincinnati, Chattanooga, and Atlanta)

Appalachian coal fields of Virginia, West Virginia, and Kentucky to Norfolk and Sandusky, Ohio

Cleveland to Kansas City

Birmingham to Meridian

Memphis to Chattanooga

The miles operated, which include major leased lines between Cincinnati, Ohio, and Chattanooga, Tennessee, and trackage rights over property owned by North Carolina Railway Company, were as follows:

Mileage Operated as of December 31, 2009

	Miles of Road	Second and Other Main Track	Passing Track, Crossovers and Turnouts	Way and Yard Switching	Total
Owned	15,676	2,819	1,997	8,353	28,845
Operated under lease, contract or trackage rights	4,948	1,977	414	965	8,304
Total	20,624	4,796	2,411	9,318	37,149

Triple Crown Operations - Triple Crown Services Company (Triple Crown), an NS subsidiary, provides bimodal, truckload transportation service utilizing RoadRailer® trailers, a hybrid technology that facilitates both over-the-road and on-the-rail transportation utilizing enclosed trailers that are pulled over the highways in tractor-trailer configuration and over the rails by locomotives. Triple Crown provides service in the eastern two-thirds of the United States as well as Ontario and Quebec through a network of terminals strategically located in 13 cities.

The following table sets forth certain statistics relating to NS' railroads' operations for the past 5 years:

	Years Ended December 31,				
	2009	2008	2007	2006	2005
Revenue ton miles (billions)	159	195	196	204	203
Freight train miles traveled (millions)	67.5	80.0	81.9	84.2	81.2
Revenue per ton mile	$0.0503	$0.0546	$0.0481	$0.0462	$0.0421
Revenue ton miles per man-hour worked	2,900	3,075	3,066	3,196	3,146
Percentage ratio of railway operating expenses to railway operating revenues	75.4%	71.1%	72.6%	72.8%	75.2%

RAILWAY OPERATING REVENUES - NS' total railway operating revenues were $8.0 billion in 2009. See the financial information by traffic segment in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

COAL TRAFFIC - Coal, coke, and iron ore - most of which is bituminous coal - is NS' railroads' largest commodity group as measured by revenues. The railroads handled a total of 157.5 million tons in 2009, most of which originated on NS' lines in West Virginia, Virginia, Pennsylvania, and Kentucky. Revenues from coal, coke, and iron ore accounted for about 29% of NS' total railway operating revenues in 2009.

Total coal handled through all system ports in 2009 was 29.8 million tons. Of this total, 14.9 million tons (including coastwise traffic) moved through Norfolk, Virginia, 3.8 million tons (including coastwise traffic) moved through the Baltimore Terminal, 7.5 million tons moved to various docks on the Ohio River, and 3.6 million tons moved to various Lake Erie ports. Other than coal for export, virtually all coal handled by NS' railroads was terminated in states east of the Mississippi River.

See the discussion of coal traffic, by type of coal, in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

GENERAL MERCHANDISE TRAFFIC - General merchandise traffic is composed of five major commodity groupings: automotive; chemicals; metals and construction; agriculture, consumer products and government; and paper, clay and forest products. The automotive group includes finished vehicles for BMW, Chrysler, Ford Motor Company, General Motors, Honda, Isuzu, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Subaru, Suzuki, Toyota, and Volkswagen, and auto parts for Ford Motor Company, General Motors, and Chrysler. The chemicals group includes sulfur and related chemicals, petroleum products, chlorine and bleaching compounds, plastics, rubber, industrial chemicals, chemical wastes, and municipal wastes. The metals and construction group includes steel, aluminum products, machinery, scrap metals, cement, aggregates, bricks, and minerals. The agriculture, consumer products, and government group includes soybeans, wheat, corn, fertilizer, animal and poultry feed, food oils, flour, beverages, canned goods, sweeteners, consumer products, ethanol, and items for the military. The paper, clay and forest products group includes lumber and wood products, pulp board and paper products, wood fibers, wood pulp, scrap paper, and clay.

In 2009, 105 million tons of general merchandise freight, or approximately 65% of total general merchandise tonnage handled by NS, originated online. The balance of general merchandise traffic was received from connecting carriers at interterritorial gateways. The principal interchange points for NS-received traffic included Chicago, Memphis, New Orleans, Cincinnati, Kansas City, Detroit, Hagerstown, St. Louis/East St. Louis, and Louisville. General merchandise carloads handled in 2009 were 2.0 million, the revenues from which accounted for 52% of NS' total railway operating revenues in 2009.

See the discussion of general merchandise rail traffic by commodity group in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

INTERMODAL TRAFFIC - The intermodal market consists of shipments moving in trailers, domestic and international containers, and RoadRailer® equipment. These shipments are handled on behalf of intermodal marketing companies, international steamship lines, truckers, and other shippers. Intermodal units handled in 2009 were 2.5 million, the revenues from which accounted for 19% of NS' total railway operating revenues for the year.

See the discussion of intermodal traffic in Part II, Item 7, "Management's Discussion and Analysis of Financial Conditions and Results of Operations."

FREIGHT RATES - In 2009, NS' railroads continued their reliance on private contracts and exempt price quotes as their predominant pricing mechanisms. Thus, a major portion of NS' freight business is not currently economically regulated by the government. In general, market forces have been substituted for government regulation and now are the primary determinant of rail service prices.

In 2009, NS' railroads were found by the STB to be "revenue adequate" based on results for the year 2008. The STB has not made its revenue adequacy determination for the year 2009. A railroad is "revenue adequate" under the applicable law when its return on net investment exceeds the rail industry's composite cost of capital. This determination is made pursuant to a statutory requirement.

PASSENGER OPERATIONS

Regularly scheduled passenger trains are operated by Amtrak on NS' lines between the following locations:

- Alexandria, Virginia, and New Orleans, Louisiana
- Raleigh and Charlotte, North Carolina

- Selma and Charlotte, North Carolina
- Chicago, Illinois, and Porter, Indiana
- Chicago, Illinois, and Battle Creek, Michigan
- Chicago, Illinois, and Pittsburgh, Pennsylvania
- Chicago, Illinois, and Detroit, Michigan
- Pittsburgh and Harrisburg, Pennsylvania

Commuter trains are operated on the NS line between Manassas and Alexandria in accordance with contracts with two transportation commissions of the Commonwealth of Virginia NS leases the Chicago to Manhattan, Illinois, line to the Commuter Rail Division of the Regional Transportation Authority of Northeast Illinois NS operates freight service over lines with significant ongoing Amtrak and commuter passenger operations, and is conducting freight operations over trackage owned by:

- Amtrak
- New Jersey Transit
- Southeastern Pennsylvania Transportation Authority
- Metro-North Commuter Railroad Company
- Maryland Department of Transportation

Passenger operations are conducted either by Amtrak or by the commuter agencies over trackage owned by Conrail in the Shared Assets Areas

NONCARRIER OPERATIONS - NS' noncarrier subsidiaries engage principally in the acquisition, leasing, and management of coal, oil, gas and minerals; the development of commercial real estate; telecommunications; and the leasing or sale of rail property and equipment. In 2009, no such noncarrier subsidiary or industry segment grouping of noncarrier subsidiaries met the requirements for a reportable business segment, under relevant authoritative accounting guidance.

RAILWAY PROPERTY

The NS railroad system extends across 22 states and the District of Columbia. The railroad infrastructure makes the company capital intensive with net property of approximately $23 billion.

Capital Expenditures - Capital expenditures for road, equipment, and other property for the past five years were as follows (including capitalized leases):

	Capital Expenditures				
	2009	**2008**	**2007**	**2006**	**2005**
			($ in millions)		
Road and other property	$ 1,128	$ 1,070	$ 894	$ 756	$ 741
Equipment	171	488	447	422	284
Total	$ 1,299	$ 1,558	$ 1,341	$ 1,178	$ 1,025

Capital spending and maintenance programs are and have been designed to assure the ability to provide safe, efficient, and reliable rail transportation services. For 2010, NS has budgeted $1.44 billion of capital expenditures. On May 1, 2006, NS and Kansas City Southern (KCS) formed a joint venture, Meridian Speedway LLC (MSLLC), pursuant to which NS intends to contribute $300 million in cash, substantially all of which will be used for capital improvements over a period of approximately three years, in exchange for a 30% interest in the joint venture. Through December 31, 2009, NS has contributed $283 million. See the discussion following "Cash used for investing activities," in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Equipment - As of December 31, 2009, NS owned or leased the following units of equipment:

	Owned*	Number of Units Leased**	Total	Capacity of Equipment
Locomotives:				(Horsepower)
Multiple purpose	3,584	132	3,716	12,916,050
Switching	146	--	146	214,650
Auxiliary units	103	--	103	--
Total locomotives	3,833	132	3,965	13,130,700
Freight cars:				(Tons)
Hopper	17,495	805	18,300	1,995,324
Box	13,656	1,450	15,106	1,240,384
Covered hopper	8,421	2,353	10,774	1,186,372
Gondola	31,511	5,647	37,158	4,008,658
Flat	2,618	1,330	3,948	315,545
Caboose	171	--	171	--
Other	4,461	19	4,480	222,661
Total freight cars	78,333	11,604	89,937	8,968,944
Other:				
Work equipment	5,035	243	5,278	
Vehicles	4,068	--	4,068	
Highway trailers and containers	59	10,681	10,740	
RoadRailer®	6,268	27	6,295	
Miscellaneous	1,246	13,108	14,354	
Total other	16,676	24,059	40,735	

* Includes equipment leased to outside parties and equipment subject to equipment trusts, conditional sale agreements, and capitalized leases.

** Includes 3,078 freight cars leased from CRC.

The following table indicates the number and year built for locomotives and freight cars owned at December 31, 2009.

	Year Built								
	2009	2008	2007	2006	2005	2000-2004	1995-1999	1994 & Before	Total
Locomotives:									
No. of units	--	40	90	143	89	667	713	2,091	3,833
% of fleet	--%	1%	2%	4%	2%	17%	19%	55%	100%
Freight cars:									
No. of units	514	2,359	1,200	404	89	586	6,403	66,778	78,333
% of fleet	1%	3%	2%	--%	--%	1%	8%	85%	100%

The following table shows the average age of NS' locomotive and freight car fleets at December 31, 2009, and the number of retirements in 2009:

	Locomotives	Freight Cars
Average age - in service	19.9 years	30.3 years
Retirements	13 units	3,446 units
Average age - retired	31.2 years	40.5 years

Ongoing locomotive and freight car maintenance programs are intended to ensure the highest standards of safety, reliability, customer satisfaction, and equipment marketability. The locomotive bad order ratio includes units out of service for required inspections every 92 days and program work such as overhauls.

	Annual Average Bad Order Ratio				
	2009	2008	2007	2006	2005
Locomotives	6.1%	5.8%	5.7%	5.7%	6.2%
Freight Cars	4.5%	4.5%	4.9%	6.4%	6.3%

Encumbrances - Certain railroad equipment is subject to the prior lien of equipment financing obligations amounting to approximately $150 million as of December 31, 2009, and $236 million as of December 31, 2008.

Track Maintenance - Of the approximately 37,100 total miles of track operated, NS had responsibility for maintaining about 29,600 miles of track, with the remainder being operated under trackage rights from another party responsible for maintenance.

Over 75% of the main line trackage (including first, second, third, and branch main tracks, all excluding rail operated pursuant to trackage rights) has rail ranging from 131 to 155 pounds per yard with the standard installation currently at 136 pounds per yard. Approximately 36% of NS lines, excluding rail operated pursuant to trackage rights, carried 20 million or more gross tons per track mile during 2009.

The following table summarizes several measurements regarding NS' track roadway additions and replacements during the past five years:

	2009	2008	2007	2006	2005
Track miles of rail installed	434	459	401	327	302
Miles of track surfaced	5,568	5,209	5,014	4,871	4,663
New crossties installed (millions)	2.7	2.7	2.7	2.7	2.5

Microwave System - The NS microwave system, consisting of approximately 7,400 radio route miles, 429 core stations, 30 secondary stations, and 5 passive repeater stations, provides communications between most operating locations. The microwave system is used primarily for voice communications, VHF radio control circuits, data and facsimile transmissions, traffic control operations, and AEI data transmissions.

Traffic Control - Of the approximately 16,600 route miles dispatched by NS, about 11,100 miles are signalized, including 8,200 miles of centralized traffic control (CTC) and 2,900 miles of automatic block signals. Of the 8,200 miles of CTC, approximately 3,900 miles are controlled by data radio originating at 271 base station radio sites.

Computers - A computer network consisting of a centralized data center in Atlanta, Georgia, and various distributed computers throughout the company connects the yards, terminals, transportation offices, rolling stock repair points, sales offices, and other key system locations. Operating and traffic data are processed and stored to provide customers with information on their shipments throughout the system. Computer systems provide current information on the location of every train and each car on line, as well as related waybill and other train and car movement data. In addition, the computer systems are utilized to assist management in the performance of a variety of functions and services including payroll, car and revenue accounting, billing, material management activities and controls, and special studies.

ENVIRONMENTAL MATTERS - Compliance with federal, state, and local laws and regulations relating to the protection of the environment is a principal NS goal. To date, such compliance has not affected materially NS' capital additions, earnings, liquidity, or competitive position. See "Legal Proceedings," Part I, Item 3; "Personal Injury, Environmental, and Legal Liabilities" in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Note 17 to the Consolidated Financial Statements.

EMPLOYEES - The following table shows the average number of employees and the average cost per employee for wages and benefits:

	2009	2008	2007	2006	2005
Average number of employees	28,593	30,709	30,806	30,541	30,294
Average wage cost per employee	$63,000	$66,000	$62,000	$62,000	$61,000
Average benefit cost per employee	$32,000	$31,000	$30,000	$32,000	$29,000

More than 80% of NS' railroad employees are covered by collective bargaining agreements with various labor unions. See the discussion of "Labor Agreements" in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

GOVERNMENT REGULATION - In addition to environmental, safety, securities, and other regulations generally applicable to all businesses, NS' railroads are subject to regulation by the STB. The STB has jurisdiction over some rates, routes, fuel surcharges, conditions of service, and the extension or abandonment of rail lines. The STB also has jurisdiction over the consolidation, merger, or acquisition of control of and by rail common carriers. The Federal Railroad Administration regulates certain track and mechanical equipment standards.

The relaxation of economic regulation of railroads, under the Staggers Rail Act of 1980, includes exemptions of intermodal business (trailer-on-flat-car, container-on-flat-car), rail boxcar traffic, lumber, manufactured steel, automobiles, and certain bulk commodities such as sand, gravel, pulpwood, and wood chips for paper manufacturing. Transportation contracts on these shipments and on regulated shipments effectively remove those shipments from regulation as well for the duration of the contract. About 88% of NS' freight revenues come from either exempt traffic or traffic moving under transportation contracts.

Efforts were made in 2009 to re-subject the rail industry to increased federal economic regulation and such efforts are expected to continue in 2010. The Staggers Rail Act of 1980, which substantially balanced such regulation, encouraged and enabled rail carriers to innovate and to compete for business, thereby contributing to the economic health of the nation and to the revitalization of the industry. Accordingly, NS will continue to oppose efforts to reimpose increased economic regulation.

COMPETITION - There is continuing strong competition among rail, water, and highway carriers. Price is usually only one factor of importance as shippers and receivers choose a transport mode and specific hauling company. Inventory carrying costs, service reliability, ease of handling, and the desire to avoid loss and damage during transit are also important considerations, especially for higher-valued finished goods, machinery, and consumer products. Even for raw materials, semifinished goods, and work-in-progress, users are increasingly sensitive to transport arrangements that minimize problems at successive production stages.

NS' primary rail competitor is the CSX system; both operate throughout much of the same territory. Other railroads also operate in parts of the territory. NS also competes with motor carriers, water carriers, and with shippers who have the additional option of handling their own goods in private carriage, of sourcing products from different geographic areas, and of using substitute products.

Certain marketing strategies among railroads and between railroads and motor carriers enable carriers to compete more effectively in specific markets.

SECURITY OF OPERATIONS - NS has taken significant steps to provide enhanced security for the NS rail system. In particular, NS has developed and implemented a comprehensive security plan that is modeled on and was developed in conjunction with the security plan prepared by the Association of American Railroads (AAR) post September 11, 2001. The AAR Security Plan defines four Alert Levels and details the actions and countermeasures that are being applied across the railroad industry as the terrorist threat increases or decreases. The Alert Level actions include countermeasures that will be applied in three general areas: (1) operations (including transportation, engineering, and mechanical); (2) information technology and communications; and (3) railroad police. Although security concerns preclude public disclosure of its contents, the NS Departmental Security Plan outlines the protocol within NS for all concerned to be notified of AAR Alert Level changes. All NS Operations Division employees are advised by their supervisors or train dispatchers, as appropriate, of any change in Alert Level and any additional responsibilities they may incur due to such change.

The NS plan also effectively addresses and complies with Department of Transportation security regulations pertaining to training and security plans with respect to the transportation of hazardous materials. As part of the plan, security awareness training is given to all railroad employees who directly affect hazardous material transportation safety, and this training is integrated into recurring hazardous material training and re-certification programs. Toward that end, NS, working closely with the National Transit Institute at Rutgers University, has developed a four-module uniform national training program. NS also has worked with the Transportation Security Administration (TSA) in developing other industry training programs. More in-depth security training has been given to those select NS employees who have been given specific security responsibilities, and additional, location-specific security plans have been developed for certain metropolitan areas and each of six port facilities served by NS. With respect to the ports, each facility plan has been approved by the applicable Captain of the Port and subject to inspection by the U.S. Coast Guard.

Additionally, NS engages in close and regular coordination with numerous federal and state agencies, including the U.S. Department of Homeland Security (DHS), the TSA, the Federal Bureau of Investigation (FBI), the Federal Railroad Administration (FRA), the U.S. Coast Guard, U.S. Customs and Border Protection, and various state Homeland Security offices. As one notable example, an NS Police Special Agent, under the auspices of the AAR, has been assigned to the National Joint Terrorism Task Force (NJTTF) operating out of FBI

Headquarters in Washington, DC to represent and serve as liaison to the North American rail industry. This arrangement improves logistical flow of vital security and law enforcement information with respect to the rail industry as a whole, while having the post filled by an NS Special Agent has served to foster a strong working relationship between NS and the FBI. NS also has become a member of the Customs-Trade Partnership Against Terrorism (C-TPAT) program sponsored by U.S. Customs. C-TPAT allows NS to work closely with U.S. Customs and its customers to develop measures that will help ensure the integrity of freight shipments moving on NS, particularly those moving to or from a foreign country. Based on participation in C-TPAT, NS has ensured that its plan meets all current applicable security recommendations made by U.S. Customs.

Similarly, NS is guided in its operations by various supplemental security action items issued by DHS and U.S. Department of Transportation (DOT), U.S. Coast Guard Maritime Security requirements, as well as voluntary security action items developed in 2006 in collaboration with TSA, DOT, and the freight railroads. Many of the action items are based on lessons learned from DHS and DOT security assessments of rail corridors in High Threat Urban Areas (HTUA) begun in 2004. Particular attention is aimed at reducing risk in HTUA by: (1) the establishment of secure storage areas for rail cars carrying toxic-by-inhalation (TIH) materials; (2) the expedited movement of trains transporting rail cars carrying TIH materials; (3) the minimization of unattended loaded tank cars carrying TIH materials; and (4) cooperation with federal, state, local and tribal governments to identify, through risk assessments, those locations where security risks are the highest. These action items and NS' compliance initiatives are outlined in the various departmental sections of the NS Departmental Security Plan. NS has taken appropriate actions to be compliant with the 2008 TSA Final Security Rule addressing Rail Security Sensitive Materials (RSSM) to ensure these shipments are properly inspected and that positive chain-of-custody is maintained when required. NS has met the September 2009 deadline to be in compliance with the 2008 Pipeline and Hazardous Materials Safety Administration (PHMSA) rail-routing regulations outlined in Docket HM-232E.

In 2009, through participation in the Transportation Community Awareness and Emergency Response (TRANSCAER) Program, NS provided rail accident response training to approximately 4,500 emergency responders, such as local police and fire personnel, representing over 34,000 man-hours of emergency response training. NS also conducted railroad operations classes for FBI agents and the railroad liaison agents from Joint Terrorism Task Forces. NS' other training efforts throughout 2009 included participation in 10 drills for local, state, and federal agencies. NS also has ongoing programs to sponsor local emergency responders at the Security and Emergency Response Training Course (SERTC) conducted at the AAR Transportation Technology Center in Pueblo, Colorado. Also, the NS annual TRANSCAER Whistle-Stop train makes stops in numerous cities, its special training cars serving as a resource to an audience of nearly 1,000 emergency responders annually.

Improvements in equipment design also are expected to play a role in enhancing rail security. The Pipeline and Hazardous Materials Safety Administration (PHMSA), in coordination with the FRA, is amending the Hazardous Materials Regulations to prescribe enhanced safety measures for rail transportation of TIH materials, including interim design standards for railroad tank cars. The rule mandates commodity-specific improvements in safety features and design standards for newly manufactured DOT specification tank cars and an improved top fittings performance standard. The interim standards established in this rule will enhance the accident survivability of TIH tank cars.

Item 1A. Risk Factors

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NS is subject to significant governmental legislation and regulation over commercial, operating and environmental matters. Railroads are subject to the enactment of laws by Congress that could increase economic regulation of the industry. Railroads presently are subject to commercial regulation by the STB, which has jurisdiction over some routes, rates and fuel surcharges, conditions of service, and the extension or abandonment of rail lines. The STB also has jurisdiction over the consolidation, merger, or acquisition of control of and by rail common carriers. Additional economic regulation of the rail industry by Congress or the STB, whether under new or existing laws, could have a significant negative impact on NS' ability to determine prices for rail services and result in a material adverse effect in the future on NS' financial position, results of operations, or liquidity in a particular year or quarter. This potential material adverse effect could also result in reduced capital spending on NS' rail network or abandonment of lines.

Railroads are subject to safety and security regulation by the DOT and the DHS, which regulate most aspects of NS' operations. Compliance with the Rail Safety Improvement Act of 2008 will result in additional operating costs associated with the statutorily mandated implementation of positive train control by 2015. In addition to increased capital expenditures, implementation may result in reduced operational efficiency and service levels, as well as increased compensation and benefits expenses and increased claims and litigation costs.

NS' operations are subject to extensive federal and state environmental laws and regulations concerning, among other things, emissions to the air; discharges to waterways or ground water supplies; handling, storage, transportation, and disposal of waste and other materials; and the cleanup of hazardous material or petroleum releases. The risk of incurring environmental liability - for acts and omissions, past, present, and future - is inherent in the railroad business. This risk includes property owned by NS, whether currently or in the past, that is or has been subject to a variety of uses, including NS railroad operations and other industrial activity by past owners or past and present tenants of NS. Environmental problems that are latent or undisclosed may exist on these properties, and NS could incur environmental liabilities or costs, the amount and materiality of which cannot be estimated reliably at this time, with respect to one or more of these properties. Moreover, lawsuits and claims involving other unidentified environmental sites and matters are likely to arise from time to time, and the resulting liabilities could have a significant effect on financial position, results of operations, or liquidity in a particular year or quarter.

NS, as a common carrier by rail, must offer to transport hazardous materials, regardless of risk. Transportation of certain hazardous materials could create catastrophic losses in terms of personal injury and property damage costs, and compromise critical parts of our rail network.

NS may be affected by terrorism or war. Any terrorist attack, or other similar event, any government response thereto, and war or risk of war could cause significant business interruption and may adversely affect NS' results of operations, financial position, or liquidity in a particular year or quarter. Because NS plays a critical role in the nation's transportation system, it could become the target of such an attack or have a significant role in the government's preemptive approach or response to an attack or war.

Although NS currently maintains insurance coverage for third-party liability arising out of war and acts of terrorism, it maintains only limited insurance coverage for first-party property damage and damage to property in NS' care, custody, or control caused by certain acts of terrorism. In addition, premiums for some or all of NS' current insurance programs covering these losses could increase dramatically, or insurance coverage for certain losses could be unavailable to NS in the future.

NS may be affected by general economic conditions. Prolonged negative changes in domestic and global economic conditions affecting the producers and consumers of the commodities NS carries may have an adverse effect on its operating results, financial position, or liquidity. Economic conditions resulting in bankruptcies of one or more large customers could have a significant impact on NS' financial position, results of operations, or liquidity in a particular year or quarter.

NS may be affected by the impact of environmental regulation on its utility coal customers and/or the value of certain NS assets. A number of evolving environmental issues could affect the U.S. utility coal market, including potential regional programs aimed at capping and reducing power plant CO_2 emissions and ongoing efforts at addressing climate change. Although certain utilities have begun adding or are planning to add emissions control technologies to their electric generating units, allowing them to utilize their existing coal-fired power plants, future regulatory developments in this area could have a negative effect on NS' utility coal customers and/or the value of coal reserves owned by NS and than an adverse effect on NS' operating results, financial position, and liquidity.

NS faces competition from other transportation providers. NS is subject to competition from motor carriers, railroads, and to a lesser extent, ships, barges, and pipelines, on the basis of transit time, pricing, and the quality and reliability of service. While NS has used primarily internal resources to build or acquire and maintain its rail system, trucks and barges have been able to use public rights-of-way maintained by public entities. Any future improvements or expenditures materially increasing the quality or reducing the cost of alternative modes of transportation in the regions in which NS operates, or legislation granting materially greater latitude for motor carriers with respect to size or weight limitations, could have a material adverse effect on its financial position, results of operations, or liquidity in a particular year or quarter.

The operations of carriers with which NS interchanges may adversely affect its operations. NS' ability to provide rail service to customers in the U.S. and Canada depends in large part upon its ability to maintain cooperative relationships with connecting carriers with respect to, among other matters, freight rates, revenue division, car supply and locomotive availability, data exchange and communications, reciprocal switching, interchange, and trackage rights. Deterioration in the operations of, or service provided by connecting carriers, or in our relationship with those connecting carriers, could result in NS' inability to meet its customers' demands or require NS to use alternate train routes, which could result in significant additional costs and network inefficiencies.

NS relies on technology and technology improvements in its business operations. If NS experiences significant disruption or failure of one or more of its information technology systems, including computer hardware, software, and communications equipment, NS could experience a service interruption, security breach, or other operational difficulties, which could have a material adverse impact on its results of operations, financial condition, and liquidity in a particular year or quarter. Additionally, if NS does not have sufficient capital to acquire new technology or if it is unable to implement new technology, NS may suffer a competitive disadvantage within the rail industry and with companies providing other modes of transportation service, which could have a material adverse effect on its financial position, results of operations, or liquidity in a particular year or quarter.

The vast majority of NS employees belong to labor unions, and labor agreements, strikes, or work stoppages could adversely affect its operations. More than 80% of NS railroad employees are covered by collective bargaining agreements with various labor unions. If unionized workers were to engage in a strike, work stoppage, or other slowdown, NS could experience a significant disruption of its operations. Additionally, future national labor agreements, or renegotiation of labor agreements or provisions of labor agreements, could significantly increase NS' costs for healthcare, wages, and other benefits. Any of these factors could have a material adverse impact on NS' financial position, results of operations, or liquidity in a particular year or quarter.

NS may be subject to various claims and lawsuits that could result in significant expenditures. The nature of NS' business exposes it to the potential for various claims and litigation related to labor and employment, personal injury, commercial disputes, freight loss and other property damage, and other matters. Job-related personal injury and occupational claims are subject to the Federal Employers' Liability Act (FELA), which is applicable only to railroads. FELA's fault-based tort system produces results that are unpredictable and inconsistent as compared with a no-fault worker's compensation system. The variability inherent in this system could result in actual costs being very different from the liability recorded.

Any material changes to current litigation trends or a catastrophic rail accident involving any or all of freight loss or property damage, personal injury, and environmental liability could have a material adverse effect on NS' operating results, financial condition, and liquidity to the extent not covered by insurance. NS has obtained insurance for potential losses for third-party liability and first-party property damages. Specified levels of risk are retained on a self-insurance basis (currently up to $25 million and above $1 billion per occurrence for bodily injury and property damage to third parties and $25 million and above $175 million per occurrence for property owned by NS or in its care, custody, or control). Insurance is available from a limited number of insurers and may not continue to be available or, if available, may not be obtainable on terms acceptable to NS.

Severe weather could result in significant business interruptions and expenditures. Severe weather conditions and other natural phenomena, including hurricanes, floods, fires, and earthquakes, may cause significant business interruptions and result in increased costs, increased liabilities, and decreased revenues, which could have an adverse effect on NS' financial position, results of operations, or liquidity in a particular year or quarter.

Unpredictability of demand for rail services resulting in the unavailability of qualified personnel could adversely affect NS' operational efficiency and ability to meet demand. Workforce demographics, training requirements, and the availability of qualified personnel, particularly engineers and trainmen, could each have a negative impact on NS' ability to meet demand for rail service. Unpredictable increases in demand for rail services may exacerbate such risks, which could have a negative impact on NS' operational efficiency and otherwise have a material adverse effect on its financial position, results of operations, or liquidity in a particular year or quarter.

NS may be affected by supply constraints resulting from disruptions in the fuel markets or the nature of some of its supplier markets. NS consumed about 400 million gallons of diesel fuel in 2009. Fuel availability could be affected by any limitation in the fuel supply or by any imposition of mandatory allocation or rationing regulations. If a severe fuel supply shortage arose from production curtailments, increased demand in existing or emerging foreign markets, disruption of oil imports, disruption of domestic refinery production, damage to refinery or pipeline infrastructure, political unrest, war or other factors, NS' financial position, results of operations, or liquidity in a particular year or quarter could be materially adversely affected. Also, such an event would impact NS as well as its customers and other transportation companies.

Due to the capital intensive nature and industry-specific requirements of the rail industry, there are high barriers of entry for potential new suppliers of core railroad items, such as locomotives and rolling stock equipment. Additionally, NS competes with other industries for available capacity and raw materials used in the production of certain track materials, such as rail and ties. Changes in the competitive landscapes of these limited-supplier markets could result in increased prices or material shortages that could materially affect NS' financial position, results of operations, or liquidity in a particular year or quarter.

The state of capital markets could adversely affect NS' liquidity. NS from time-to-time relies on the capital markets to provide some of its capital requirements, including the issuance of long-term debt instruments and commercial paper, as well as the sale of certain receivables. Significant instability or disruptions of the capital markets, including the credit markets, or deterioration of NS' financial condition due to internal or external factors could restrict or eliminate NS' access to, and/or significantly increase the cost of, various financing sources, including bank credit facilities and issuance of corporate bonds. Instability or disruptions of the capital markets and deterioration of NS' financial condition, alone or in combination, could also result in a reduction in NS' credit rating to below investment grade, which could prohibit or restrict NS from accessing external sources of short- and long-term debt financing and/or significantly increase the associated costs.

Item 1B. Unresolved Staff Comments

None.

Item 3. Legal Proceedings

The Ohio Environmental Protection Agency has notified Norfolk Southern that it intends to seek penalties and require Norfolk Southern to take remedial actions in connection with alleged violations of the Clean Air and Water Acts stemming from the operation of NS' coal dock in Ashtabula, Ohio. The Pennsylvania Department of Environmental Protection has submitted to NS a proposed Consent Assessment of Civil Penalty with respect to several alleged environmental releases from September 2007 to the present. Although NS will contest liability and the imposition of any penalties, because these governmental proceedings with respect to environmental laws and regulations involve potential fines, penalties or other monetary sanctions in excess of $100,000, they are described here consistent with SEC rules and requirements. NS does not believe that the outcome of these proceedings will have a material effect on its financial position, results of operations, or liquidity.

On November 6, 2007, various antitrust class actions filed against NS and other Class I railroads in various Federal district courts regarding fuel surcharges were consolidated in the District of Columbia by the Judicial Panel on Multidistrict Litigation. NS believes the allegations in the complaints are without merit and intends to vigorously defend the cases. NS does not believe that the outcome of these proceedings will have a material effect on its financial position, results of operations, or liquidity. A lawsuit containing similar allegations against NS and four other major railroads that was filed on March 25, 2008, in the U.S. District Court for the District of Minnesota was voluntarily dismissed by the plaintiff subject to a tolling agreement entered into in August 2008.

On April 24, 2008, the United States Department of Justice (DOJ) brought an action against NS for alleged violations of federal environmental laws resulting from the discharge of chlorine and oil that occurred as a result of the January 6, 2005 derailment in Graniteville, SC, including claims for civil penalties as well as injunctive relief. Although NS' June 24, 2008 motion to dismiss for failure to allege sufficient facts was granted, DOJ was given leave to, and did, amend its complaint. The litigation has been stayed by the district court as the parties work to conclude an agreed upon consent decree, which when finalized will include fines in excess of $100,000. NS does not believe that the resolution of these claims will have a material adverse effect on its financial position, results of operations, or liquidity.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of 2009.

Executive Officers of the Registrant.

Norfolk Southern's executive officers generally are elected and designated annually by the Board of Directors at its first meeting held after the annual meeting of stockholders, and they hold office until their successors are elected. Executive officers also may be elected and designated throughout the year as the Board of Directors considers appropriate. There are no family relationships among the officers, nor any arrangement or understanding between any officer and any other person pursuant to which the officer was selected. The following table sets forth certain information, as of February 1, 2010, relating to the executive officers.

Name, Age, Present Position	Business Experience During Past Five Years
Charles W. Moorman, 57, Chairman, President and Chief Executive Officer	Present position since February 1, 2006. Served as President and Chief Executive Officer from November 1, 2005 to February 1, 2006; and as President from October 1, 2004 to November 1, 2005.
Deborah H. Butler, 55, Executive Vice President - Planning and Chief Information Officer	Present position since June 1, 2007. Served as Vice President - Customer Service from July 1, 2004 to June 1, 2007.
James A. Hixon, 56, Executive Vice President - Law and Corporate Relations	Present position since October 1, 2005. Served as Executive Vice President - Finance and Public Affairs from October 1, 2004 to October 1, 2005.
Mark D. Manion, 57, Executive Vice President and Chief Operating Officer	Present position since April 1, 2009. Served as Executive Vice President - Operations from October 1, 2004 to April 1, 2009.
John P. Rathbone, 57, Executive Vice President - Administration	Present position since October 1, 2004.
Donald W. Seale, 57, Executive Vice President and Chief Marketing Officer	Present position since April 1, 2006. Served as Executive Vice President - Sales and Marketing from October 1, 2004 to April 1, 2006.
James A. Squires, 48, Executive Vice President -	Present position since July 1, 2007. Served as Executive Vice President - Finance from April 1, 2007 to

Finance and Chief Financial Officer	July 1, 2007; as Senior Vice President - Financial Planning from April 1, 2006 to April 1, 2007; and as Senior Vice President - Law from October 1, 2004 to April 1, 2006.
Daniel D. Smith, 57, Senior Vice President - Energy and Properties	Present position since December 1, 2003.
Clyde H. Allison, Jr., 46, Vice President and Controller	Present position since April 1, 2009. Served as Assistant Vice President Corporate Accounting from February 1, 2008 to April 1, 2009; as Assistant Vice President Accounting Operations from June 1, 2006 to February 1, 2008; and Assistant Vice President Strategic Sourcing from November 1, 2001 to June 1, 2006.

PART II

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NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES (NS)

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

STOCK PRICE AND DIVIDEND INFORMATION

The Common Stock of Norfolk Southern Corporation, owned by 37,486 stockholders of record as of December 31, 2009, is traded on the New York Stock Exchange under the symbol "NSC." The following table shows the high and low sales prices as reported by Bloomberg L.P. on its internet-based service and dividends per share, by quarter, for 2009 and 2008.

	Quarter			
2009	1st	2nd	3rd	4th
Market Price				
High	$ 49.90	$ 41.23	$ 49.23	$ 54.24
Low	26.95	34.43	35.87	43.26
Dividends per share	$ 0.34	$ 0.34	$ 0.34	$ 0.34
2008	1st	2nd	3rd	4th
Market Price				
High	$ 56.89	$ 67.38	$ 73.64	$ 65.04
Low	44.15	54.94	57.82	43.29
Dividends per share	$ 0.29	$ 0.29	$ 0.32	$ 0.32

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be Purchased Under the Plans or Programs(2)
October 1-31, 2009	--	--	--	10,312,150
November 1-30, 2009	3,511	51.86	--	10,312,150

December 1-31, 2009	2,175	52.29	--	10,312,150
Total	5,686	-	--	-

(1) Represents shares tendered by employees in connection with the exercise of stock options under the Long-term Incentive Plan.

(2) On November 22, 2005, the Board of Directors authorized a share repurchase program, pursuant to which up to 50 million shares of Common Stock could be purchased through December 31, 2015. On March 27, 2007, the Board of Directors amended the program and increased the number of shares that may be repurchased to 75 million, and shortened the repurchase term by five years to December 31, 2010.

Item 6. Selected Financial Data

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NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

FIVE-YEAR FINANCIAL REVIEW

	2009	2008	2007	2006	2005[1]
		($ in millions, except per share amounts)			
RESULTS OF OPERATIONS					
Railway operating revenues	$ 7,969	$ 10,661	$ 9,432	$ 9,407	$ 8,527
Railway operating expenses	6,007	7,577	6,847	6,850	6,410
Income from railway operations	1,962	3,084	2,585	2,557	2,117
Other income - net	127	110	93	149	74
Interest expense on debt	467	444	441	476	494
Income before income taxes	1,622	2,750	2,237	2,230	1,697
Provision for income taxes	588	1,034	773	749	416
Net income	$ 1,034	$ 1,716	$ 1,464	$ 1,481	$ 1,281
PER SHARE DATA					
Net income - basic[2]	$ 2.79	$ 4.58	$ 3.73	$ 3.62	$ 3.17
- diluted	$ 2.76	$ 4.52	$ 3.68	$ 3.57	$ 3.11
Dividends	$ 1.36	$ 1.22	$ 0.96	$ 0.68	$ 0.48
Stockholders' equity at year end	$ 28.06	$ 26.23	$ 25.64	$ 24.19	$ 22.63
FINANCIAL POSITION					
Total assets	$ 27,369	$ 26,297	$ 26,144	$ 26,028	$ 25,859
Total debt	$ 7,153	$ 6,667	$ 6,368	$ 6,600	$ 6,930
Stockholders' equity	$ 10,353	$ 9,607	$ 9,727	$ 9,615	$ 9,276
OTHER					
Capital expenditures	$ 1,299	$ 1,558	$ 1,341	$ 1,178	$ 1,025
Average number of shares outstanding (thousands)	367,077	372,276	389,626	405,988	404,170
Number of stockholders at year end	37,486	35,466	36,955	38,900	48,180

Average number of employees:					
Rail	28,173	30,241	30,336	30,079	29,851
Nonrail	420	468	470	462	443
Total	28,593	30,709	30,806	30,541	30,294

1 2005 provision for income taxes includes a $96 million benefit related to the reduction of NS' deferred income tax liabilities resulting from tax legislation enacted by Ohio. This benefit increased net income by $96 million, or 23 cents per diluted share.

2 Prior year periods reflect the retrospective application of Financial Accounting Standards Board Staff Position, Emerging Issues Task Force No. 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities" (Accounting Standards Codification (ASC) 260-10), which was adopted in 2009.

See accompanying Consolidated Financial Statements and notes thereto.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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Norfolk Southern Corporation and Subsidiaries

Management's Discussion and Analysis of

Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes and the Selected Financial Data.

OVERVIEW

While NS' results in 2009 reflect the decline of the domestic and global economies, they also demonstrate NS' ability to focus on safety, service, asset management, and sustainability--all while controlling costs. Revenues decreased $2.7 billion, or 25%, in 2009, as manufacturers reduced production to meet sagging consumer demand and the decline in oil prices resulted in lower fuel surcharge revenues. Carloadings were down 1.4 million units, or 19%, reflecting declines across all commodity groups. NS partially offset this 25% decline in revenues with a $1.6 billion, or 21%, decrease in operating expenses. Notwithstanding these cost reductions, income from railway operations fell 36%, and the operating ratio, a measure of the amount of operating revenues consumed by operating expenses, rose to 75.4%.

Despite the decline in NS' net income for 2009, cash provided by operating activities was $1.9 billion, which exceeded cash used for capital expenditures and dividends. Net proceeds from borrowings minus debt repayments was $403 million resulting in an increase in cash, cash equivalents, and short-term investments, which at December 31, 2009 totaled $1.1 billion.

Looking forward to 2010, NS expects revenues to increase, reflecting improved average revenue per unit and higher traffic volume due to a gradual, yet steady economic recovery. NS plans to continue to improve service and maintain a market-based approach to pricing.

SUMMARIZED RESULTS OF OPERATIONS

2009 Compared with 2008

Net income in 2009 was $1.0 billion, or $2.76 per diluted share, down $682 million, or 40%, compared with $1.7 billion, or $4.52 per diluted share, in 2008. The decrease in net income was primarily due to lower income from railway operations that was offset in part by lower income taxes (see Note 3). Railway operating revenues decreased $2.7 billion, reflecting lower traffic volumes and lower average revenue per unit primarily a result of decreased fuel surcharges. Railway operating expenses decreased $1.6 billion, principally due to lower volume-related expenses and fuel prices.

Oil prices affect NS' results of operations in a variety of ways and can have an overall favorable or unfavorable impact in any particular period. In addition to the impact of oil prices on general economic conditions and traffic volume, oil prices directly affect NS' revenues through market-based fuel surcharges and contract escalators (see "Railway Operating Revenues") and also affect fuel costs (see "Railway Operating Expenses"). For 2009, excluding the impact of decreased consumption, the decline in fuel surcharge revenue was greater than the decline in fuel expense. Future changes in oil prices may cause volatility in operating results that could be material to a particular year or quarter.

2008 Compared with 2007

Net income in 2008 was $1.7 billion, up $252 million, or 17%, compared with 2007. Diluted earnings per share were $4.52, up 84¢, or 23%. The greater percentage increase in per share earnings was due to fewer shares outstanding as a result of NS' share repurchase program (see Note 14). The increase in net income was primarily due to higher income from railway operations that was offset in part by higher income taxes (see Note 3). Railway operating revenues increased $1.2 billion, as higher average revenue per unit outweighed lower traffic volumes. Railway operating expenses increased $730 million, principally due to higher fuel costs and increased compensation and benefits expenses.

DETAILED RESULTS OF OPERATIONS

Railway Operating Revenues

Railway operating revenues were $8.0 billion in 2009, $10.7 billion in 2008, and $9.4 billion in 2007. The following table presents a three-year comparison of revenues, volume, and average revenue per unit by market group.

	Revenues			Units			Revenue per Unit		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
	($ in millions)			*(in thousands)*			*($ per unit)*		
Coal	$ 2,264	$ 3,111	$ 2,315	1,418.5	1,765.7	1,699.4	$ 1,596	$ 1,762	$ 1,363
General merchandise:									
	1,181	1,282	1,047	563.3	612.4	601.5	2,097	2,093	1,740
Agr./consumer/gov't.									
Chemicals	1,056	1,238	1,166	345.0	393.7	426.7	3,061	3,144	2,732
	745	1,251	1,149	504.2	742.4	783.6	1,478	1,686	1,467

Metals/construction									
Paper/clay/forest	666	898	860	306.4	394.1	428.1	2,172	2,280	2,010
Automotive	527	823	974	289.4	412.2	533.0	1,821	1,997	1,827
General merchandise	4,175	5,492	5,196	2,008.3	2,554.8	2,772.9	2,079	2,150	1,874
Intermodal	1,530	2,058	1,921	2,530.5	3,029.0	3,120.7	605	679	615
Total	$ 7,969	$ 10,661	$ 9,432	5,957.3	7,349.5	7,593.0	$ 1,338	$ 1,451	$ 1,242

Revenues decreased $2.7 billion in 2009, but increased $1.2 billion in 2008. As reflected in the table on the following page, the decrease in 2009 was due to decreased traffic volumes and lower average revenue per unit, as a result of lower fuel surcharges that more than offset rate increases. The improvement in 2008 was the result of increased average revenue per unit, including fuel surcharge revenue, which more than offset decreased traffic volumes. Fuel surcharge revenue amounted to $370 million in 2009, compared with $1.6 billion in 2008, and $792 million in 2007. If fuel prices remain at or near year-end 2009 levels, fuel surcharge revenues will increase in 2010.

Many of NS' negotiated fuel surcharges for coal and general merchandise traffic are based on the monthly average price of West Texas Intermediate Crude Oil (WTI Average Price). These surcharges are reset the first day of each calendar month based on the WTI Average Price for the second preceding calendar month. This two-month lag in applying WTI Average Price decreased fuel surcharge revenue by approximately $50 million in 2009 and increased fuel surcharge revenue by approximately $100 million in 2008.

Revenue Variance Analysis

Increases (Decreases)

	2009 vs. 2008	2008 vs. 2007
	($ in millions)	
Traffic volume (units)	$ (2,020)	$ (302)
Revenue per unit/mix	(672)	1,531
Total	$ (2,692)	$ 1,229

For 2009, the unfavorable volume variance accounted for 75% of the total variance, reflecting traffic volume declines for all commodity groups. Volumes declined by 1.4 million units, or 19%, reflecting the weakened economy. The unfavorable revenue per unit/mix variance was driven by decreased fuel surcharges, offset in part by higher rates.

In 2008, revenues increased $1.2 billion compared to 2007, reflecting large increases in average revenue per unit, a result of higher rates and increased fuel surcharges. Traffic volumes for all commodity groups except coal and agriculture/consumer products/government decreased compared to 2007.

On January 26, 2007, the Surface Transportation Board (STB) issued a decision that the type of fuel surcharge imposed by NS and most other large railroads - a fuel surcharge based on a percentage of line haul revenue - would no longer be permitted for regulated traffic that moves under public (tariff) rates. The STB gave the railroads a 90-day transition period to adjust their fuel surcharge programs. During the second quarter of 2007, NS discontinued assessing fuel surcharges on its published (non-intermodal) public rates. Adjustments to public prices now reflect ongoing market conditions. The traffic moving under these tariffs and public quotes comprises about 10% of NS' total revenue base.

COAL revenues decreased $847 million, or 27%, compared with 2008, reflecting a 20% decrease in traffic volume due to lower coal consumption in the utility and global raw steel sectors and lower average revenue per unit. Coal average revenue per unit was down 9% compared with 2008, reflecting decreased fuel surcharges and declining rate adjustment factors that more than offset rate increases. For 2010, average revenue per unit is expected to increase reflecting the effects of higher rates comprised of pricing increases, increasing contract escalators, higher fuel surcharges, and increased length of haul for export coal traffic.

Coal represented 29% of NS' revenues in 2009 and 80% of shipments handled originated on NS' lines. As shown in the following table, tonnage declined in all coal markets.

Total Coal, Coke, and Iron Ore Tonnage

	2009	2008	2007
		(Tons in thousands)	
Utility	120,278	144,451	142,734
Export	17,885	23,069	15,564
Domestic metallurgical	11,848	18,155	17,873
Industrial	7,509	8,553	9,794
Total	157,520	194,228	185,965

In 2008, coal revenues increased $796 million, or 34%, compared with 2007, reflecting higher rates, including fuel surcharges, and a 4% increase in traffic volume. Coal average revenue per unit was up 29% compared with 2007, reflecting higher rates (which were comprised of pricing increases, contract escalators and the effect of increased longer-haul export coal traffic) and increased fuel surcharges.

NS was recently involved in litigation with Virginia Electric and Power Company/Old Dominion Electric Cooperative (Virginia Power) regarding rate adjustment provisions in a transportation contract between them. NS was also recently involved in litigation with a coal customer to enforce provisions of a transportation contract related to reimbursement of certain infrastructure expenses incurred by NS and minimum tonnage commitments and related deficit charges. NS settled both of these matters during the fourth quarter of 2009. The settlements did not have a material impact on NS' financial condition, results of operations, or liquidity.

Utility coal tonnage decreased 17% compared with 2008, a result of lower demand for electricity induced by the downturn in the U.S. economy, natural gas competition, and utility coal stockpiles that were above target levels across NS' service area.

In 2008, utility coal tonnage increased 1% compared with 2007, as a result of modest stockpile growth in the Northeast.

For 2010, NS expects electricity demand and natural gas prices to increase, which should lead to higher coal-fired generation and demand. However, utility coal tonnage may lag this recovery due to high stockpile levels, at least through the first half of the year.

Export coal tonnage decreased 22% compared to 2008, reflecting the global recession, reduced demand for steel production and high inventory levels. Norfolk volume decreased about 34,000 carloads, or 20%, and Baltimore volume was down about 21,000 carloads, or 38%.

In 2008, export coal tonnage increased 48% compared to 2007, primarily due to increased global demand coupled with weather-related supply constraints in Australia, reduced export volume from China, and the weak U.S. dollar. Norfolk volume increased about 51,000 carloads, or 39%, and Baltimore volume was up about 28,000 carloads, or 102%.

For 2010, export coal tonnage is expected to increase, reflecting improved demand for raw steel production.

Domestic metallurgical coal, coke, and iron ore tonnage decreased 35% compared with 2008, reflecting reduced demand for raw steel caused by the downturn in the U.S. economy which led to blast furnace outages, reduced coke production schedules, and high inventory levels.

In 2008, domestic metallurgical coal, coke, and iron ore tonnage increased 2% compared with 2007, reflecting the start up of a new coke plant.

For 2010, domestic metallurgical coal, coke, and iron ore tonnage is expected to improve as the economy continues to recover, resulting in increased demand for raw steel production.

Other coal tonnage (principally steam coal shipped to industrial plants) decreased 12% compared to 2008, principally due to reduced production at NS-served plants caused by the downturn in the U.S. economy. In 2008, other coal tonnage decreased 13% compared to 2007, primarily due to coal supply constraints.

For 2010, other coal tonnage is expected to be down compared to 2009, reflecting reduced industrial coal consumption.

GENERAL MERCHANDISE revenues in 2009 decreased $1.3 billion, or 24%, compared with 2008, reflecting a 21% decline in traffic volume and a 3% decrease in average revenue per unit, as higher rates were overshadowed by decreased fuel surcharge revenues.

In 2008, general merchandise revenues increased $296 million, or 6%, compared with 2007, as a 15% increase in average revenue per unit, reflecting continued market-based pricing and higher fuel surcharges, more than offset an 8% decline in traffic.

Agriculture, consumer products, and government revenues decreased 8% in 2009, compared with 2008. The revenue decline resulted from an 8% decrease in traffic volumes as plant closures and production curtailments led to fewer shipments of fertilizer and corn.

In 2008, agriculture, consumer products, and government revenues increased 22%, compared with 2007. The revenue improvement resulted from higher average revenue per unit, which reflected increased rates and higher fuel surcharge revenues. Traffic volume increased 2% as more ethanol, military, feed, soybeans, and food oils shipments offset declines in fertilizers, corn, beverages, and consumer products.

For 2010, agriculture revenues are expected to increase as a result of increased volumes and higher average revenue per unit, reflecting expected growth in the agri-fuels market, including corn for ethanol production and finished ethanol as well as increased fertilizer shipments.

Chemicals revenues in 2009 decreased 15%, compared with 2008, due to a 12% decrease in traffic volume and a 3% decline in average revenue per unit, primarily a result of lower fuel surcharges. The decline in traffic volume was a result of continued weakness in housing construction which drove declines in industrial intermediates, plastics and miscellaneous chemicals. Volumes associated with petroleum-based products also declined as a result of reduced demand for asphalt and production curtailments.

In 2008, chemicals revenue increased 6%, compared with 2007, a result of increased rates and higher fuel surcharge revenue. Traffic volume declined 8%, reflecting continued weakness in both industrial intermediates and plastics (linked to housing construction declines) in addition to miscellaneous chemicals and petroleum-based products.

For 2010, chemicals revenues are expected to improve, principally due to higher average revenue per unit and modestly increased traffic volumes.

Metals and construction revenues decreased 40% in 2009, reflecting a 32% decrease in traffic volume and a 12% decline in average revenue per unit, primarily a result of lower fuel surcharges. The decline in traffic volume was principally due to lower coil, scrap metal, iron and steel shipments, in addition to reduced demand for construction materials as a result of continued weakness in the housing, infrastructure, and automotive sectors.

In 2008, metals and construction revenues increased 9% as a 15% increase in average revenue per unit that resulted from increased rates and higher fuel surcharge more than offset the effects of a 5% decrease in traffic volume. The decline in volume was due to reduced demand for construction materials and lower coil, iron, and steel shipments, reflecting the weak housing and automotive sectors.

For 2010, metals and construction revenues are expected to increase as a result of a rise in average revenue per unit, and higher construction-related traffic volumes due to growth driven by increased federal and state infrastructure projects and recovery in residential construction.

Paper, clay, and forest products revenues decreased 26% in 2009, compared with 2008, due to a 22% decrease in traffic volumes and a 5% decline in average revenue per unit, primarily a result of lower fuel surcharges. The volume decline reflected lower pulp board, lumber, kaolin, printing paper, and wood chip shipments due to reduced U. S. paper production and the slowdown in the housing market.

In 2008, paper, clay, and forest products revenues increased 4% compared with 2007 due to a 13% increase in average revenue per unit which more than offset an 8% decrease in traffic volume. The volume decline reflected the continued housing slowdown and increased trucking capacity available to paper customers.

For 2010, paper, clay, and forest products revenues are expected to be modestly higher as slight average revenue per unit increases will be offset in part by slightly lower volumes driven by expectations for a gradual economic recovery during the course of the year as the housing market rebounds from historical lows.

Automotive revenues decreased 36% in 2009, compared to 2008, reflecting lower traffic volumes and decreased average revenue per unit as fuel surcharges were lower. Volumes decreased 30%, primarily as a result of a 32% decrease in North American light vehicle production as manufacturers cut production in line with consumer demand.

In 2008, automotive revenues decreased 16% compared to 2007 as lower traffic volumes offset higher average revenue per unit. Volumes decreased 23%, reflecting reduced North American sales and production. Automotive manufacturers, especially the domestic producers, continued to experience significant sales declines during the year. Three assembly plants closed during the year and six implemented shift reductions. In addition, one manufacturer temporarily closed an assembly plant to retool for a new product in 2010.

For 2010, automotive revenues are expected to increase driven by higher average revenue per unit related to network changes and the renegotiation of several contracts. Automotive volumes are expected to remain relatively flat.

INTERMODAL revenues decreased $528 million, or 26%, compared with 2008, reflecting a 16% reduction in traffic volume and an 11% decrease in average revenue per unit. In 2009, all intermodal segments experienced depressed volumes, reflecting the weak economy and lower consumer demand. International traffic volume declined 30%; Premium business, which includes parcel and less-than-truckload (LTL) carriers, decreased 14%; Triple Crown Services (Triple Crown), a service with rail-to-highway trailers, experienced a 10% drop in volume; and Domestic volume (which includes truckload and intermodal marketing companies' volumes) decreased less than 1%.

In 2008, intermodal revenues increased $137 million, or 7%, compared with 2007, as a 10% increase in average revenue per unit (including fuel surcharges) offset a 3% reduction in traffic volumes. Domestic volume increased 8% compared with 2007, reflecting the relative fuel efficiency of intermodal versus over-the-road transportation and service improvements. International traffic volume declined 9%, primarily driven by the weak economy and less inland rail movement of West Coast port traffic that was partially offset by East Coast port volume growth. The Premium business, which includes parcel and LTL carriers, decreased 6%, as reduced private empty movements and soft parcel business offset LTL conversions. Triple Crown, a service with rail-to-highway trailers, experienced a 3% drop in volume primarily driven by reduced auto parts shipments.

For 2010, intermodal revenues are expected to experience a moderate increase due to higher average revenue per unit and volumes as a result of a slowly strengthening economy.

Railway Operating Expenses

Railway operating expenses in 2009 were $6 billion, down $1.6 billion, or 21%, compared to 2008. Expenses in 2008 were $7.6 billion, up $730 million, or 11%, compared to 2007. The decrease in 2009 was primarily due to lower volume-related expenses and lower fuel prices. The increase in 2008 was primarily due to higher fuel costs and increased compensation and benefits expenses. The railway operating ratio, which measures the percentage of operating revenues consumed by operating expenses, rose to 75.4% in 2009, compared with 71.1% in 2008 and 72.6% in 2007.

The following table shows the changes in railway operating expenses summarized by major classifications.

Operating Expense Variances

Increases (Decreases)

	2009 vs. 2008	2008 vs. 2007
	($ in millions)	
Compensation and benefits	$ (283)	$ 132
Purchased services and rents	(196)	48
Fuel	(913)	469
Depreciation	33	29
Materials and other	(211)	52
Total	$ (1,570)	$ 730

Compensation and benefits, which represents 40% of total operating expenses, decreased $283 million, or 11%, compared with 2008, primarily due to lower volume-related payroll (down $217 million); reduced incentive and stock-based compensation (down $117 million); the absence of the cost of lump-sum payments due under the 2008 Brotherhood of Locomotive Engineers and Trainmen (BLET) agreement ($31 million); and, lower payroll taxes (down $26 million). These decreases were partially offset by increased wage rates (up $53 million); increased pension costs (up $42 million); and higher medical benefits (up $25 million).

In 2008, compensation and benefits increased $132 million, or 5%, compared with 2007, primarily due to higher incentive compensation (up $66 million); increased wage rates (up $54 million); costs associated with lump-sum payments due under the BLET agreement; higher payroll taxes (up $15 million); and, the absence of the 2007 employment tax refund ($9 million). These were partially offset by lower costs associated with trainees (down $19 million); lower medical benefits resulting from higher employee contributions (down $19 million); and, lower stock-based compensation (down $7 million). In 2008, compensation and benefits expense also benefited from a net pension credit of $39 million.

NS employment averaged 28,593 in 2009 compared with 30,709 in 2008 and 30,806 in 2007. The 2009 decrease was a direct result of volume declines during the year. NS monitors forecasted volumes in light of current economic conditions to ensure appropriate employment levels for service needs. For 2010, NS expects agreement wages and premiums for medical benefits, combined, will increase by approximately $148 million compared to 2009.

Purchased services and rents includes the costs of services purchased from outside contractors, including the net costs of operating joint (or leased) facilities with other railroads and the net cost of equipment rentals. This category of expenses decreased $196 million, or 12%, in

2009 compared to 2008, but increased $48 million, or 3%, in 2008 compared to 2007.

Purchased services costs were $1.087 billion in 2009, $1.242 billion in 2008, and $1.172 billion in 2007. The decrease in 2009 reflected lower volume-related expenses such as transportation operating costs (including automotive-related costs and crew transportation expenses), intermodal operations costs, and mechanical and engineering expenses (largely because of reduced maintenance activities). These declines were offset in part by increased professional and legal services. The increase in 2008 reflected higher intermodal operations costs, transportation operating costs, and professional and legal services.

Equipment rents, which includes the cost to NS of using equipment (mostly freight cars) owned by other railroads or private owners less the rent paid to NS for the use of its equipment, amounted to $316 million, $357 million, and $379 million for 2009, 2008, and 2007, respectively. The decrease in 2009 and 2008 was principally due to lower shipment volumes while 2008 also reflected improved fleet utilization.

Fuel expense, which includes the cost of locomotive fuel as well as other fuel used in railway operations, decreased $913 million, or 56%, in 2009 compared with 2008, but increased $469 million, or 40%, in 2008 compared with 2007. The decline in 2009 was principally the result of lower fuel prices which had an impact of $600 million and reduced fuel consumption which had an impact of $313 million. The increase in 2008 reflected higher fuel prices which had an impact of $511 million that was offset in part by a decline in consumption which had an impact of $42 million. Locomotive fuel prices declined 47% in 2009 compared with a 45% increase in 2008, and locomotive fuel consumption was down 19% in 2009 and 3% in 2008.

Depreciation expense increased $33 million, or 4%, in 2009 compared to 2008, and $29 million, or 4%, in 2008 compared to 2007, reflecting substantial capital investments and improvements as NS continues to invest in its infrastructure and equipment.

Materials and other expenses (including the estimates of costs related to personal injury, property damage, and environmental matters) decreased $211 million, or 25%, in 2009 compared with 2008, but increased $52 million, or 7%, in 2008 compared with 2007, as shown in the following table.

	2009	2008	2007
		($ in millions)	
Materials	$ 309	$ 380	$ 359
Casualties and other claims	102	180	171
Other	230	292	270
	$ 641	$ 852	$ 800

The decrease in 2009 reflects lower locomotive, freight car, and roadway materials expenses, lower loss and damage claims, favorable personal injury claims development, reduced employee travel costs, a $21 million favorable adjustment related to settlement of a multi-year state tax dispute, and the absence of the 2008 Avondale Mills settlement (see additional discussion below).

The increase in 2008 was primarily due to costs associated with the Avondale Mills settlement, as well as higher loss and damage claims and increased material costs for equipment and roadway repairs. These increases were partially offset by favorable personal injury claims development.

In April 2008, NS settled the lawsuit brought by Avondale Mills for claims associated with the January 6, 2005 derailment in Graniteville, SC. A portion of the settlement was not reimbursed by insurance and was included in 2008 expenses. The total liability related to the derailment represents NS' best estimate based on current facts and circumstances. The estimate includes amounts related to property damage, personal injury and response costs. NS' commercial insurance policies are expected to cover substantially all expenses related to this derailment above the unreimbursed portion and NS' self-insured retention, including NS' response costs and legal fees. The Consolidated Balance Sheets reflect long-term receivables for estimated recoveries from NS' insurance carriers. NS is engaged in arbitration with two of its insurance carriers that failed to respond to insurance claims submitted by NS. NS believes these expenses are covered by the insurance policies and recoveries of the contested amounts are probable. Accordingly, NS has recorded the full recovery attributable to each carrier ($100 million and $43 million).

The largest component of casualties and other claims expense is personal injury costs. Cases involving occupational injuries comprised about 48% of total employee injury cases resolved and about 19% of total payments made. With its long-established commitment to safety, NS continues to work actively to eliminate all employee injuries and to reduce the associated costs. With respect to occupational injuries, which are not caused by a specific accident or event but allegedly result from a claimed exposure over time, the benefits of any existing safety initiatives may not be realized immediately. These types of claims are being asserted by former or retired employees, some of whom have not been actively employed in the rail industry for decades. The rail industry remains uniquely susceptible to litigation involving job-related accidental injury and occupational claims because of the Federal Employers' Liability Act (FELA), which is applicable only to railroads. FELA's fault-based system, which covers employee claims for job-related injuries, produces results that are unpredictable and inconsistent as compared with a no-fault workers' compensation system.

NS maintains substantial amounts of insurance for potential third-party liability and property damage claims. It also retains reasonable levels of risk through self-insurance (see Note 17). NS expects insurance costs to be slightly higher in 2010.

Other Income - Net

Other income - net was $127 million in 2009, $110 million in 2008, and $93 million in 2007 (see Note 2). The increase in 2009 reflected higher net returns from corporate-owned life insurance (up $32 million) offset in part by fewer gains on the sale of property (down $11 million).

The increase in 2008 reflected the absence of expenses related to synthetic fuel adjustments (see "Income Taxes" below), reduced other interest expense ($27 million) largely due to adjustments to reflect the outcome of certain tax examinations and higher coal royalties (up $12 million). These benefits were offset in part by lower returns and higher borrowing costs on corporate-owned life insurance (down $38 million), lower interest income (down $25 million), fewer gains on sales of property and investments (down $22 million), and lower equity in the earnings of Conrail (down $16 million), which reflects the absence of a tax audit settlement recorded by Conrail in 2007 ($18 million).

NS has membership interests representing ownership in companies that owned and operated facilities that produced synthetic fuel from coal. In addition, NS purchased two facilities that produced synthetic fuel from coal in 2007. The production of synthetic fuel resulted in tax credits as well as expenses related to the investments. The expenses are recorded as a component of "Other income - net" and the tax credits, as well as tax benefits related to the expenses, are reflected in "Provision for income taxes" (see further discussion below).

Income Taxes

Income tax expense in 2009 was $588 million, for an effective rate of 36%, compared with effective rates of 38% in 2008 and 35% in 2007. The decrease in the rate for 2009 was primarily due to improved net returns from corporate-owned life insurance and the favorable resolution of state tax issues. The increase in the rate for 2008 was primarily due to the absence of synthetic fuel-related tax credits that expired at the end of 2007.

The tax credits generated by NS' synthetic fuel-related investments reduced the effective tax rate by 3% in 2007. Net income in 2007 reflected $13 million in net benefits from these credits as shown below:

		2007
		($ in millions)
Effect in "Other income - net:"		
Expenses on synthetic fuel-related investments	$	77
Effect in "Provision for income taxes:"		
Tax credits		60
Tax benefit of expenses on synthetic-fuel related investments		30
Total reduction of income tax expense		90
Effect in "Net income:"		

Net benefit from synthetic-fuel related investments	$ 13

Bonus depreciation was allowed for federal income taxes for 2008 and 2009 but expired at the end of 2009. As a result, current taxes have been lower in recent years than might be expected in future years.

During 2009, the Internal Revenue Service (IRS) concluded its examination of NS' 2006 and 2007 consolidated federal income tax returns without a material effect on income tax expense. NS' consolidated federal income tax return for 2008 is being audited by the IRS.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

Cash provided by operating activities, NS' principal source of liquidity, was $1.9 billion in 2009 compared with $2.7 billion in 2008 and $2.3 billion in 2007. The decline in 2009 reflects the $1.1 billion decrease in income from railway operations offset in part by lower income tax payments. The improvement in 2008 resulted from increased railway operating income and from bonus tax depreciation which reduced current tax payments. NS had working capital of $457 million at December 31, 2009, compared with a working capital deficit of $106 million at December 31, 2008. The improvement was largely due to higher cash, cash equivalents and short-term investment balances at year end, as well as the impact of lower income from railway operations that resulted in decreases in current income taxes and accounts payable, offset in part by decreases in accounts receivable and increases in short-term debt. NS expects that cash on hand combined with cash flow provided by operating activities will be sufficient to meet its ongoing obligations. NS' cash, cash equivalents, and short-term investment balances totaled $1.1 billion and $618 million at December 31, 2009 and 2008, respectively.

Contractual obligations at December 31, 2009, comprised of NS' long-term debt (including capital leases) (see Note 8), operating leases (see Note 9), agreements with CRC and long-term advances from Conrail (see Note 5), unconditional purchase obligations (see Note 17), and unrecognized tax benefits (see Note 3),were as follows:

			Payments Due By Period			
	Total	2010	2011-2012	2013-2014	2015 and Subsequent	Other
			($ in millions)			
Long-term debt and capital lease principal	$ 7,053	$ 374	$ 414	$ 492	$ 5,773	$ --
Operating leases	724	111	177	124	312	--
Agreements with CRC	424	29	58	58	279	--
Unconditional purchase obligations	228	105	44	23	56	--
Long-term advances from Conrail	133	--	--	--	133	--
Unrecognized tax benefits*	94	--	--	--	--	94
Total	$ 8,656	$ 619	$ 693	$ 697	$ 6,553	$ 94

* When the amount and timing of liabilities for unrecognized tax benefits can be reasonably estimated, the amount is shown in the table under the appropriate period. When the year of settlement cannot be reasonably estimated, the amount is shown in the Other column.

Off balance sheet arrangements consist of obligations related to operating leases, which are included in the table of contractual obligations above and disclosed in Note 9.

Cash used in investing activities was $1.5 billion in 2009, compared with $1.2 billion in 2008 and $1 billion in 2007. The increase in 2009 primarily reflected lower proceeds from investment sales and higher investment purchases, offset in part by lower property additions. The increase in 2008 primarily reflected increased property additions.

Property additions account for most of the recurring spending in this category. The following tables show capital spending (including capital leases) and track and equipment statistics for the past five years.

Capital Expenditures

	2009	2008	2007	2006	2005
			($ in millions)		
Road and other property	$ 1,128	$ 1,070	$ 894	$ 756	$ 741
Equipment	171	488	447	422	284
Total	$ 1,299	$ 1,558	$ 1,341	$ 1,178	$ 1,025

Track Structure Statistics (Capital and Maintenance)

	2009	2008	2007	2006	2005
Track miles of rail installed	434	459	401	327	302
Miles of track surfaced	5,568	5,209	5,014	4,871	4,663
New crossties installed (millions)	2.7	2.7	2.7	2.7	2.5

Average Age of Owned Railway Equipment

	2009	2008	2007	2006	2005
			(years)		
Freight cars	30.3	29.9	30.1	30.0	29.4
Locomotives	19.9	18.9	18.1	17.7	17.4
Retired locomotives	31.2	34.4	30.0	35.0	27.4

For 2010, NS has budgeted $1.44 billion for capital expenditures. The anticipated spending includes $706 million for roadway projects, including the normalized replacement of rail, ties and ballast, and the improvement or replacement of bridges. Planned investments in facilities and terminals of $184 million are primarily for intermodal terminals and equipment to add capacity to the intermodal network, including the Crescent Corridor initiative, and bulk transfer facilities and mechanical service shops. Technology investments of $140 million are planned for new or upgraded systems and computers. The majority of the anticipated spending on technology investments is attributable to preliminary implementation of positive train control. Infrastructure investments of $110 million are planned for various public-private partnership investments such as the Heartland Corridor and the Chicago Regional Environmental and Transportation Efficiency (CREATE) project, and network improvements to increase mainline capacity and accommodate traffic growth. NS also expects to spend $81 million on equipment, primarily continued improvements to the locomotive fleet, including the rebuild and upgrade of existing units. All capital expenditures are expected to be made with internally generated funds. NS expects implementation of positive train control to result in additional capital expenditures of at least $700 million in the years 2011 through 2015.

The Heartland Corridor is a package of proposed clearance improvements and other facilities that will create a seamless high-capacity intermodal route across Virginia and West Virginia to Midwest markets. During 2006, NS, the Federal Highway Administration (FHWA), and the states of Ohio, West Virginia and Virginia entered into a Memoranda of Agreement with respect to the tunnel clearance component of the Heartland Corridor that governs the release of up to $95 million in authorized federal funding. In 2006, NS also entered into agreements with two states governing the use of up to $11 million in state funding for the Heartland Corridor rail double-stack clearance project. NS began work on the Heartland Corridor tunnel clearances in October 2007 and the entire project is expected to be completed in 2010. NS expects to spend about $23 million in 2010 in connection with this project.

The CREATE project is a public-private partnership to reduce rail and highway congestion and add freight and passenger capacity in the metropolitan Chicago area. NS and other railroads have agreed to participate in CREATE. A portion of public funding has been approved and the parties have developed a list of projects to be included in Phase I of the project. A total of $100 million in public funding has been secured for Phase I and the railroads have contributed an additional $100 million. The railroads expect to complete Phase I by the end of 2011. As currently planned, the total project is estimated to cost $3.1 billion with city, state, and federal support. If additional public funding is secured, the railroads are expected to contribute a total of $169 million towards the entire project. NS expects to spend approximately $11 million in 2010 related to the CREATE projects.

The Meridian Speedway is a 320-mile rail line between Meridian, Mississippi and Shreveport, Louisiana. On May 1, 2006, NS and Kansas City Southern (KCS) formed a joint venture, Meridian Speedway LLC (MSLLC), pursuant to which NS will contribute $300 million in cash, substantially all of which will be used for capital improvements in exchange for a 30% interest in the joint venture. To date, NS has contributed $283 million. At the formation of MSLLC, KCS contributed the Meridian Speedway. NS is recognizing its pro rata share of the joint venture's earnings or loss as required under the equity method of accounting. NS' total investment in MSLLC is supported by the fair value of the rail line as well as intangible assets obtained through the transaction. The joint venture increases capacity and is designed to improve service over the Meridian Speedway into the Southeast.

During the second quarter of 2009, NS and Pan Am Railways, Inc. (Pan Am) formed a joint venture, Pan Am Southern LLC (PAS), a railroad company in which each has a 50% equity interest. Pan Am contributed to PAS a 155-mile main line track that runs between Mechanicville, New York and Ayer, Massachusetts, along with 281 miles of secondary and branch lines, including trackage rights in New York, Connecticut, Massachusetts, New Hampshire, and Vermont (collectively, the "PAS Lines"), and as of December 31, 2009, NS has contributed cash and other property with a combined value of approximately $69 million and committed to contribute an additional $71 million in cash over the next three years as evidenced by the Pan Am Notes (see Note 8). A significant portion of NS' contributions has and will continue to be used for capital improvements to the PAS Lines and the related construction of new intermodal and automotive terminals in Albany, New York and the Ayer, Massachusetts areas. PAS is jointly controlled by NS and Pan Am, accordingly, NS accounts for its interest in PAS using the equity method of accounting.

The Crescent Corridor consists of a program of improvements to infrastructure and other facilities geared toward creating a seamless, high-capacity intermodal route spanning 11 states from New Jersey to Louisiana and offering truck-competitive service along several major interstate highway corridors, including I-81, I-85, I-20, I-40, I-59, and I-75. Based on the public benefits that stand to be derived in the form of highway congestion relief, NS plans to implement certain elements of the Crescent Corridor program of projects through a series of public-private partnerships. Although there is not yet a single, integrated plan for the Crescent Corridor, preliminary work has begun and is slated to continue in 2010, including continued infrastructure improvements and other design and engineering work along the Virginia portion of the Corridor consistent with NS' matching obligation with respect to funds provided by the Commonwealth of Virginia. If requested public-private partnership agreements are funded in 2010, NS' capital expenditures in 2010 related to Crescent Corridor projects may be as high as $41 million.

The MidAmerica Corridor is a proposed cooperative arrangement between NS and Canadian National Railway (CN) to effectively share track between Chicago, St. Louis, Kentucky, and Mississippi in order to establish more efficient routes for traffic moving between the midwestern and southeastern U.S., including potential coal traffic moving to NS-served southeastern utility plants from CN-served Illinois Basin coal producers. To implement the MidAmerica Corridor, NS, at its option, would expend funds to upgrade the rail line operated by West Tennessee Railway between Fulton, Kentucky, and Corinth, Mississippi, a line over which NS would operate pursuant to recently obtained trackage rights. Full implementation of the MidAmerica Corridor arrangement is subject to regulatory approvals.

Cash used in financing activities was $31 million in 2009, compared with $1.1 billion in 2008, and $1.6 billion in 2007. The change in 2009 reflected the absence of share repurchase activity during the period and higher borrowings net of debt repayments that were offset in part by fewer exercises of employee stock options and increased dividends. Due to current economic and market conditions, the amount of future share repurchases is uncertain and the timing and volume of such repurchases will be guided by management's assessment of market conditions and other pertinent factors. The decrease in cash used in financing activities in 2008 reflected a net increase in debt, compared with a net decline in 2007, which was offset in part by higher dividend payments.

During the second quarter of 2009, NS issued $500 million of unsecured notes at 5.90% due 2019 pursuant to its automatic shelf registration statement described below (see Note 8). The net proceeds from the offering were $496 million after deducting the purchase discount and expenses. NS also issued a total of $75 million in non-interest bearing notes payable with maturity dates beginning in 2010 and ending in 2012 as part of its total investment in Pan Am Southern LLC.

During the first quarter of 2009, NS issued $500 million of unsecured notes at 5.75% due 2016 in a private offering. The net proceeds from the offering were $494 million after deducting the purchase discount and expenses. During the fourth quarter of 2009, NS exchanged the unregistered securities with essentially identical securities registered under the Securities Act of 1933.

NS has authority from its Board of Directors to issue an additional $500 million of debt or equity securities through public or private sale. During the first quarter of 2009, NS filed a Form S-3 automatic shelf registration statement for well-known seasoned issuers under which, as of December 31, 2009, up to $500 million could be issued under this authority.

NS also has in place and available a $1 billion, five-year credit agreement expiring in 2012, which provides for borrowings at prevailing rates and includes covenants. NS had no amounts outstanding under this facility at December 31, 2009, and NS is in compliance with all of its covenants. In October 2009, NS renewed and amended its accounts receivable securitization program with a 364-day term to run until October 2010. NS reduced the total amount that can be borrowed from $500 million to $350 million to more closely match its liquidity requirements and receivables profile. There was $200 million outstanding under this program at December 31, 2009 (see Note 8).

Looking forward, NS' annual debt maturities are relatively modest and stable from year to year (see Note 8). Overall, NS' goal is to maintain a capital structure with appropriate leverage to support NS' business strategy and provide flexibility through business cycles.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates and assumptions may require significant judgment about matters that are inherently uncertain, and future events are likely to occur that may require management to make changes to these estimates and assumptions. Accordingly, management regularly reviews these estimates and assumptions based on historical experience, changes in the business environment, and other factors that management believes to be reasonable under the circumstances. Management regularly discusses the development, selection, and disclosures concerning critical accounting estimates with the Audit Committee of its Board of Directors.

Pensions and Other Postretirement Benefits

Accounting for pensions and other postretirement benefit plans requires management to make several estimates and assumptions (see Note 11). These include the expected rate of return from investment of the plans' assets, projected increases in medical costs, and the expected retirement age of employees as well as their projected earnings and mortality. In addition, the amounts recorded are affected by changes in the interest rate environment because the associated liabilities are discounted to their present value. Management makes these estimates based on the company's historical experience and other information that it deems pertinent under the circumstances (for example, expectations of future stock market performance). Management utilizes an independent consulting actuarial firm's studies to assist it in selecting appropriate assumptions and valuing its related liabilities.

NS' net pension expense, which is included in "Compensation and benefits" in its Consolidated Statements of Income, was $1 million for the year ended December 31, 2009. In recording this amount, NS assumed a long-term investment rate of return of 8.75%, which was supported by the long-term total rate of return on plan assets since inception. A one percentage point change to this rate of return assumption would result in a $16 million change to the pension expense, and, as a result, an equal change in "Compensation and benefits" expense. Changes that are reasonably likely to occur in assumptions concerning retirement age, projected earnings, and mortality would not be expected to have a material effect on NS' net pension expense or net pension liability in the future. The net pension liability is recorded at its net present value using a discount rate that is based on the current interest rate environment in light of the timing of expected benefit payments. NS utilizes an analysis in which the projected annual cash flows from the pension and postretirement benefit plans were matched with a yield curve based on an appropriate universe of high-quality corporate bonds. NS used the results of the yield curve to select the discount rate that matches the payment stream of the benefits in these plans.

NS' net cost for other postretirement benefits, which is also included in "Compensation and benefits," was $91 million for the year ended December 31, 2009. In recording this expense and valuing the net liability for other postretirement benefits, which is included in "Other postretirement benefits," management estimated future increases in health-care costs. These assumptions, along with the effect of a one percentage point change in them, are described in Note 11.

Properties and Depreciation

Most of NS' total assets are long-lived railway properties (see Note 6). As disclosed in Note 1, NS' properties are depreciated using group depreciation. Rail is depreciated primarily on the basis of use measured by gross-ton miles. Other properties are depreciated generally using the straight-line method over the lesser of estimated service or lease lives. NS reviews the carrying amount of properties whenever events or changes in circumstances indicate that such carrying amount may not be recoverable based on future undiscounted cash flows. Assets that are deemed impaired as a result of such review are recorded at the lesser of carrying amount or fair value.

NS' depreciation expense is based on management's assumptions concerning service lives of its properties as well as the expected net salvage that will be received upon their retirement. In developing these assumptions, NS' management utilizes periodic depreciation studies that are performed by an outside firm of consulting engineers. These studies analyze NS' historical patterns of asset use and retirement and take into account any expected change in operation or maintenance practices. NS' recent experience with these studies has been that while they do result in changes in the rates used to depreciate its properties, these changes have not caused a significant effect to its annual depreciation expense. The studies may also indicate that the recorded amount of accumulated depreciation is deficient (or in excess) of the amount indicated by the study. Any such deficiency (or excess) is amortized as a component of depreciation expense over the remaining service lives of the affected class of property. NS' depreciation expense for the year ended December 31, 2009, amounted to $837 million. NS' weighted-average depreciation rates for 2009 are disclosed in Note 6; a one-tenth percentage point increase (or decrease) in these rates would have resulted in a $29 million increase (or decrease) to depreciation expense.

Personal Injury, Environmental, and Legal Liabilities

NS' expense for casualties and other claims, included in "Materials and other," amounted to $102 million for the year ended December 31, 2009. Most of this expense was NS' accrual related to personal injury liabilities. Job-related personal injury and occupational claims are subject to FELA, which is applicable only to railroads. FELA's fault-based tort system produces results that are unpredictable and inconsistent as compared with a no-fault worker's compensation system. The variability inherent in this system could result in actual costs being very different from the liability recorded. In all cases, NS records a liability when the expected loss for the claim is both probable and estimable.

To aid in valuing its personal injury liability and determining the amount to accrue during each period, NS' management utilizes studies prepared by an independent consulting actuarial firm. For employee personal injury cases, the actuarial firm studies NS' historical patterns of reserving for claims and subsequent settlements, taking into account relevant outside influences. An estimate of the ultimate amount of the liability, which includes amounts for incurred but unasserted claims, is based on the results of this analysis. For occupational injury claims, the actuarial firm studies NS' history of claim filings, severity, payments and other relevant facts. Additionally, the estimate of the ultimate loss for occupational injuries includes a provision for those claims that have been incurred but not reported by projecting NS' experience into the future as far as can be reasonably determined. NS has recorded this actuarially determined liability. The liability is dependent upon many individual judgments made as to the specific case reserves as well as the judgments of the consulting actuary and management in the periodic studies. Accordingly, there could be significant changes in the liability, which NS would recognize when such a change became known. Recent actuarial studies have reflected favorable claims development and, accordingly, those changes in estimates have reduced the annual cost related to personal injuries to $51 million in 2009 from $78 million in 2008. While the liability recorded is supported by the most recent study, it is reasonably possible that the ultimate liability could be higher or lower.

NS is subject to various jurisdictions' environmental laws and regulations. It is NS' policy to record a liability where such liability or loss is probable and its amount can be estimated reasonably (see Note 17). Claims, if any, against third parties for recovery of cleanup costs incurred by NS, are reflected as receivables (when collection is probable) in the Consolidated Balance Sheets and are not netted against the associated NS liability. Environmental engineers regularly participate in ongoing evaluations of all known sites and in determining any necessary adjustments to liability estimates. NS also has established an Environmental Policy Council, composed of senior managers, to oversee and interpret its environmental policy.

Operating expenses for environmental matters totaled approximately $20 million in 2009, $18 million in 2008, and $16 million in 2007, and capital expenditures for environmental matters totaled approximately $11 million in 2009 and $7 million in both 2008 and 2007. Capital expenditures for environmental matters in 2010 are expected to be about $9 million.

NS' Consolidated Balance Sheets included liabilities for environmental exposures in the amount of $32 million at December 31, 2009, and $42 million at December 31, 2008 (of which $12 million is classified as a current liability at the end of each period). At December 31, 2009, the liability represents NS' estimate of the probable cleanup and remediation costs based on available information at 144 known locations. As of that date, nine sites accounted for $15 million of the liability, and no individual site was considered to be material. NS anticipates that much of this liability will be paid out over five years; however, some costs will be paid out over a longer period.

At 30 locations, one or more NS subsidiaries, usually in conjunction with a number of other parties, have been identified as potentially responsible parties by the Environmental Protection Agency (EPA) or similar state authorities under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, or comparable state statutes, which often impose joint and several liability for cleanup costs.

With respect to known environmental sites (whether identified by NS or by the EPA or comparable state authorities), estimates of NS' ultimate potential financial exposure for a given site or in the aggregate for all such sites are necessarily imprecise because of the widely varying costs of currently available cleanup techniques, the likely development of new cleanup technologies, the difficulty of determining in advance the nature and full extent of contamination and each potential participant's share of any estimated loss (and that participant's ability to bear it), and evolving statutory and regulatory standards governing liability. NS estimates its environmental remediation liability on a site-by-site basis, using assumptions and judgments that management deems appropriate for each site. As a result, it is not practical to quantitatively describe the effects of changes in these many assumptions and judgments. NS has consistently applied its methodology of estimating its environmental liabilities.

On April 24, 2008, the United States Department of Justice (DOJ) brought an action against NS for alleged violations of federal environmental laws resulting from the discharge of chlorine and oil that occurred as a result of the January 6, 2005 derailment in Graniteville, SC, including claims for civil penalties as well as injunctive relief. Although NS' June 24, 2008 motion to dismiss for failure to allege sufficient facts was granted, DOJ was given leave to, and did, amend its complaint. The litigation has been stayed by the district court as the parties work to conclude an agreed upon consent decree. NS does not believe that the resolution of these claims will have a material adverse effect on its financial position, results of operations, or liquidity.

Based on its assessment of the facts and circumstances now known, management believes that it has recorded the probable costs for dealing with those environmental matters of which NS is aware. Further, management believes that it is unlikely that any known matters, either individually or in the aggregate, will have a material adverse effect on NS' financial position, results of operations, or liquidity.

Norfolk Southern and certain subsidiaries are defendants in numerous lawsuits and other claims relating principally to railroad operations. When management concludes that it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, it is accrued through a charge to expenses. While the ultimate amount of liability incurred in any of these lawsuits and claims is dependent on future developments, in management's opinion the recorded liability, if any, is adequate to cover the future payment of such liability and claims. However, the final outcome of any of these lawsuits and claims cannot be predicted with certainty, and unfavorable or unexpected outcomes could result in additional accruals that could be significant to results of operations in a particular year or quarter. Any adjustments to recorded liabilities will be reflected in expenses in the periods in which such adjustments are known.

Income Taxes

NS' net long-term deferred tax liability totaled $6.7 billion at December 31, 2009 (see Note 3). This liability is estimated based on the expected future tax consequences of items recognized in the financial statements. After application of the federal statutory tax rate to book income, judgment is required with respect to the timing and deductibility of expenses in the corporate income tax returns. For state income and other taxes, judgment is also required with respect to the apportionment among the various jurisdictions. A valuation allowance is recorded if management expects that it is more likely than not that its deferred tax assets will not be realized. NS had a $14 million valuation allowance on $871 million of deferred tax assets as of December 31, 2009, reflecting the expectation that most of these assets will be realized.

In addition, NS has a recorded liability for its estimate of uncertain tax positions taken or expected to be taken in a tax return. Judgment is required in evaluating the application of federal and state tax laws and assessing whether it is more likely than not that a tax position will be sustained on examination and, if so, judgment is also required as to the measurement of the amount of tax benefit that will be realized upon settlement with the taxing authority. Management believes this liability for uncertain tax positions to be adequate. Income tax expense is adjusted in the period in which new information about a tax position becomes available or the final outcome differs from the amounts recorded. For every one half percent change in the 2009 effective tax rate, net income would have changed by $8 million.

OTHER MATTERS

Labor Agreements

More than 80% of NS' railroad employees are covered by collective bargaining agreements with various labor unions. These agreements remain in effect until changed pursuant to the Railway Labor Act (RLA). NS largely bargains nationally in concert with other major railroads. Moratorium provisions in the labor agreements govern when the railroads and the unions may propose changes.

NS reached national agreements that extended through 2009 with all of the major rail unions. The current agreement with the BLET extends through 2014. Because NS has reached separate agreements with the BLET and the American Train Dispatchers Association (ATDA), only the health and welfare provisions from the national agreements apply to NS' locomotive engineers and ATDA-represented dispatchers. NS has also reached agreement with Longshoremen at Ashtabula (Ohio) Docks who are represented by the International Longshoremen's Association (ILA) and do not participate in national bargaining. On or after November 1, 2009, NS and the nation's other major carriers served new proposals to begin the next round of negotiations. The outcome of the negotiations cannot be determined at this point.

Market Risks and Hedging Activities

NS manages its overall exposure to fluctuations in interest rates by issuing both fixed- and floating-rate debt instruments and by entering into interest-rate hedging transactions to achieve an appropriate mix within its debt portfolio.

At December 31, 2009, NS' debt subject to interest rate fluctuations totaled $204 million. A 1% point increase in interest rates would increase NS' total annual interest expense related to all its variable debt by approximately $2 million. Management considers it unlikely that interest rate fluctuations applicable to these instruments will result in a material adverse effect on NS' financial position, results of operations, or liquidity.

Some of NS' capital leases, which carry an average fixed rate of 7%, were effectively converted to variable rate obligations using interest rate swap agreements. On December 31, 2009, the average pay rate under these agreements was 1%, and the average receive rate was 6%. During 2009 and 2008, the effect of the swaps was to reduce interest expense by less than $1 million in both periods. A portion of the lease obligations is payable in Japanese yen. NS eliminated the associated exchange rate risk at the inception of each lease with a yen deposit sufficient to fund the yen-denominated obligation. Most of these deposits are held by foreign banks, primarily Japanese. As a result, NS is exposed to financial market risk relative to Japan. Counterparties to the interest rate swaps and Japanese banks holding yen deposits are major financial institutions believed by management to be creditworthy.

Inflation

In preparing financial statements, U.S. generally accepted accounting principles require the use of historical cost that disregards the effects of inflation on the replacement cost of property. NS, a capital-intensive company, has most of its capital invested in such property. The replacement cost of these assets, as well as the related depreciation expense, would be substantially greater than the amounts reported on the basis of historical cost.

Proposed Legislation and Regulations on Safety and Transportation of Hazardous Materials

Federal regulations were adopted in late 2008 on safety and transportation of hazardous materials. NS is in compliance with those regulations currently effective and expects to be in compliance with those regulations to become effective at a later date.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that may be identified by the use of words like "believe," "expect," "anticipate," and "project." Forward-looking statements reflect management's good-faith evaluation of information currently available.

However, such statements are dependent on and, therefore, can be influenced by, a number of external variables over which management has little or no control, including: domestic and international economic conditions; interest rates; the business environment in industries that produce and consume rail freight; competition and consolidation within the transportation industry; the operations of carriers with which NS interchanges; acts of terrorism or war; fluctuation in prices of key materials, in particular diesel fuel; labor difficulties, including strikes and work stoppages; legislative and regulatory developments; results of litigation; changes in securities and capital markets; disruptions to NS' technology infrastructure, including computer systems; and natural events such as severe weather, hurricanes, and floods. For a discussion of significant risk factors applicable to NS, see Part I, Item 1A "Risk Factors." Forward-looking statements are not, and should not be relied upon as, a guarantee of future performance or results, nor will they necessarily prove to be accurate indications of the times at or by which any such performance or results will be achieved. As a result, actual outcomes and results may differ materially from those expressed in forward-looking statements. NS undertakes no obligation to update or revise forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The information required by this item is included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Market Risks and Hedging Activities."

Item 8. Financial Statements and Supplementary Data

INDEX TO FINANCIAL STATEMENTS

Report of Management

February 17, 2010

To the Stockholders

Norfolk Southern Corporation

Management is responsible for establishing and maintaining adequate internal control over financial reporting. In order to ensure that the Corporation's internal control over financial reporting is effective, management regularly assesses such controls and did so most recently for its financial reporting as of December 31, 2009. This assessment was based on criteria for effective internal control over financial reporting described in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that the Corporation maintained effective internal control over financial reporting as of December 31, 2009.

KPMG LLP, independent registered public accounting firm, has audited the Corporation's financial statements and issued an attestation report on the Corporation's internal control over financial reporting as of December 31, 2009.

/s/ Charles W. Moorman	/s/ James A. Squires	/s/ Clyde H. Allison, Jr.
Charles W. Moorman	James A. Squires	Clyde H. Allison, Jr.
Chairman, President and	Executive Vice President Finance and	Vice President and
Chief Executive Officer	Chief Financial Officer	Controller

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Norfolk Southern Corporation:

We have audited Norfolk Southern Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Norfolk Southern Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Norfolk Southern Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Norfolk Southern Corporation and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2009, and our report dated February 17, 2010, expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

KPMG LLP

Norfolk, Virginia

February 17, 2010

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Norfolk Southern Corporation:

We have audited the accompanying consolidated balance sheets of Norfolk Southern Corporation and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2009. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule as listed in Item 15(A)2. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Norfolk Southern Corporation and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Norfolk Southern Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework,* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 17, 2010 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

KPMG LLP

Norfolk, Virginia

February 17, 2010

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Income

	Years ended December 31,		
	2009	**2008**	**2007**
	($ in millions, except earnings per share)		
Railway operating revenues	$ 7,969	$ 10,661	$ 9,432
Railway operating expenses:			
Compensation and benefits	2,401	2,684	2,552
Purchased services and rents	1,403	1,599	1,551
Fuel	725	1,638	1,169
Depreciation	837	804	775
Materials and other	641	852	800
Total railway operating expenses	6,007	7,577	6,847
Income from railway operations	1,962	3,084	2,585
Other income - net	127	110	93
Interest expense on debt	467	444	441
Income before income taxes	1,622	2,750	2,237
Provision for income taxes	588	1,034	773
Net income	$ 1,034	$ 1,716	$ 1,464
Per share amounts:			
Net income			
Basic	$ 2.79	$ 4.58	$ 3.73
Diluted	$ 2.76	$ 4.52	$ 3.68

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Balance Sheets

	As of December 31,	
	2009	**2008**
	($ in millions)	
Assets		
Current assets:		
Cash and cash equivalents	$ 996	$ 618
Short-term investments	90	--
Accounts receivable - net	766	870
Materials and supplies	164	194
Deferred income taxes	142	149
Other current assets	88	168
Total current assets	2,246	1,999
Investments	2,164	1,779
Properties less accumulated depreciation	22,643	22,247
Other assets	316	272
Total assets	$ 27,369	$ 26,297
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 974	$ 1,140
Short-term debt	100	--
Income and other taxes	109	261
Other current liabilities	232	220
Current maturities of long-term debt	374	484
Total current liabilities	1,789	2,105
Long-term debt	6,679	6,183
Other liabilities	1,801	2,030
Deferred income taxes	6,747	6,372
Total liabilities	17,016	16,690
Stockholders' equity:		
Common stock $1.00 per share par value, 1,350,000,000 shares authorized; outstanding 369,019,990 and 366,233,106 shares, respectively, net of treasury shares	370	368
Additional paid-in capital	1,809	1,680
Accumulated other comprehensive loss	(853)	(942)
Retained income	9,027	8,501

Total stockholders' equity	10,353	9,607
Total liabilities and stockholders' equity	$ 27,369	$ 26,297

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2009	**2008**	**2007**
		($ in millions)	
Cash flows from operating activities			
Net income	$ 1,034	$ 1,716	$ 1,464
Reconciliation of net income to net cash provided by operating activities:			
Depreciation	845	815	786
Deferred income taxes	338	290	125
Gains and losses on properties and investments	(18)	(29)	(51)
Changes in assets and liabilities affecting operations:			
Accounts receivable	63	269	30
Materials and supplies	30	(18)	(25)
Other current assets	72	(8)	(17)
Current liabilities other than debt	(365)	(262)	38
Other - net	(139)	(58)	(17)
Net cash provided by operating activities	1,860	2,715	2,333
Cash flows from investing activities			
Property additions	(1,299)	(1,558)	(1,341)
Property sales and other transactions	84	109	124
Investments, including short-term	(266)	(86)	(635)
Investment sales and other transactions	30	307	827
Net cash used in investing activities	(1,451)	(1,228)	(1,025)
Cash flows from financing activities			
Dividends	(500)	(456)	(377)
Common stock issued - net	66	229	183
Purchase and retirement of common stock	--	(1,128)	(1,196)
Proceeds from borrowings - net	1,090	1,425	250
Debt repayments	(687)	(1,145)	(489)
Net cash used in financing activities	(31)	(1,075)	(1,629)
Net increase (decrease) in cash and cash equivalents	378	412	(321)
Cash and cash equivalents			
At beginning of year	618	206	527
At end of year	$ 996	$ 618	$ 206

Supplemental disclosure of cash flow information

Cash paid during the year for:			
Interest (net of amounts capitalized)	$ 458	$ 421	$ 441
Income taxes (net of refunds)	$ 381	$ 615	$ 603

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity

	Common Stock	Additional Paid-in Capital	Accum. Other Compre-hensive Loss	Retained Income	Total
			($ in millions, except per share amounts)		
Balance December 31, 2006	$ 398	$ 1,303	$ (369)	$ 8,283	$ 9,615
Comprehensive income					
Net income				1,464	1,464
Other comprehensive loss			(30)		(30)
Total comprehensive income					1,434
Adoption of FIN 48, net of tax				10	10
Dividends on Common Stock,					
$0.96 per share				(377)	(377)
Share repurchases	(24)	(81)		(1,091)	(1,196)
Stock-based compensation,					
including tax benefit of $57	6	238		(9)	235
Other		6			6
Balance December 31, 2007	$ 380	$ 1,466	$ (399)	$ 8,280	$ 9,727

Comprehensive

Comprehensive income					
Net income				1,716	1,716
Other comprehensive loss			(543)		(543)
Total comprehensive income					1,173
Dividends on Common Stock, $1.22 per share				(456)	(456)
Share repurchases	(19)	(79)		(1,030)	(1,128)
Stock-based compensation, including tax benefit of $76	6	287		(9)	284
Other	1	6			7
Balance December 31, 2008	$ 368	$ 1,680	$ (942)	$ 8,501	$ 9,607
Comprehensive income					
Net income				1,034	1,034
Other comprehensive income			89		89
Total comprehensive income					1,123
Dividends on Common Stock, $1.36 per share				(500)	(500)
Stock-based compensation, including tax benefit of $15	2	123		(8)	117
Other		6			6
Balance December 31, 2009	$ 370	$ 1,809	$ (853)	$ 9,027	$ 10,353

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries

Notes to Consolidated Financial Statements

The following Notes are an integral part of the Consolidated Financial Statements. Management has evaluated subsequent events through February 17, 2010, which is the date these consolidated financial statements were issued.

1. Summary of Significant Accounting Policies

Description of Business

Norfolk Southern Corporation is a Virginia-based holding company engaged principally in the rail transportation business, operating approximately 21,000 route miles primarily in the East and Midwest. These consolidated financial statements include Norfolk Southern Corporation (Norfolk Southern) and its majority-owned and controlled subsidiaries (collectively, NS). Norfolk Southern's major subsidiary is Norfolk Southern Railway Company (NSR). All significant intercompany balances and transactions have been eliminated in consolidation.

NSR and its railroad subsidiaries transport raw materials, intermediate products and finished goods classified in the following market groups (percent of total railway operating revenues in 2009): coal (29%); intermodal (19%); agriculture/consumer products/government (15%); chemicals (13%); metals/construction (9%); paper/clay/forest products (8%); and, automotive (7%). Although most of NS' customers are domestic, ultimate points of origination or destination for some of the products transported (particularly coal bound for export and some intermodal containers) may be outside the U.S. More than 80% of NS' railroad employees are covered by collective bargaining agreements with various labor unions.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management periodically reviews its estimates, including those related to the recoverability and useful lives of assets, as well as liabilities for litigation, environmental remediation, casualty claims, income taxes and pension and other postretirement benefits. Changes in facts and circumstances may result in revised estimates.

Revenue Recognition

Transportation revenue is recognized proportionally as a shipment moves from origin to destination and related expenses are recognized as incurred. Refunds (which are primarily volume-based incentives) are recorded as a reduction to revenues on the basis of management's best estimate of projected liability, which is based on historical activity, current traffic counts and the expectation of future activity. NS regularly monitors its contract refund liability, and historically, the estimates have not differed significantly from the amounts ultimately refunded. Switching, demurrage and other incidental service revenues are recognized when the services are performed.

Derivatives

NS does not engage in the trading of derivatives. NS uses derivative financial instruments in the management of its mix of fixed- and floating-rate debt. Management has determined that these derivative instruments qualify as fair-value hedges, having values that highly correlate with the underlying hedged exposures, and has designated such instruments as hedging transactions. Income and expense related to the derivative financial instruments are recorded in the same category as generated by the underlying asset or liability. Credit risk related to the derivative financial instruments is considered to be minimal and is managed by requiring high credit standards for counterparties and periodic settlements (see Note 16).

Cash Equivalents

"Cash equivalents" are highly liquid investments purchased three months or less from maturity.

Allowance for Doubtful Accounts

NS' allowance for doubtful accounts was $5 million at December 31, 2009 and 2008. To determine its allowance for doubtful accounts, NS evaluates historical loss experience (which has not been significant), the characteristics of current accounts, and general economic conditions and trends.

Materials and Supplies

"Materials and supplies," consisting mainly of fuel oil and items for maintenance of property and equipment, are stated at the lower of average cost or market. The cost of materials and supplies expected to be used in capital additions or improvements is included in "Properties."

Investments

Debt securities classified as "held-to-maturity" are reported at amortized cost and marketable equity and debt securities classified as "trading" or "available-for-sale" are recorded at fair value. Unrealized after-tax gains and losses for investments designated as "available-for-sale" are recognized in "Accumulated other comprehensive loss."

Investments where NS has the ability to exercise significant influence over but does not control the entity are accounted for using the equity method, whereby the investment is carried at the cost of the acquisition plus NS' equity in undistributed earnings or losses since acquisition.

Properties

"Properties" are stated principally at cost and are depreciated using group depreciation. Rail is depreciated primarily on the basis of use measured by gross ton-miles. Other properties are depreciated generally using the straight-line method over the lesser of estimated service or lease lives. Depletion of natural resources (see Note 2) is based on units of production. Depreciation in the Consolidated Statements of Cash Flows includes depreciation and depletion. NS capitalizes interest on major capital projects during the period of their construction. Expenditures, including those on leased assets that extend an asset's useful life or increase its utility, are capitalized. Expenditures capitalized include those that are directly related to a capital project and may include materials, labor and equipment, in addition to an allocable portion of indirect costs that clearly relate to a particular project. Costs related to repairs and maintenance activities that do not extend an asset's useful life or increase its utility are expensed when such repairs are performed. When properties other than land and nonrail assets are sold or retired in the ordinary course of business, the cost of the assets, net of sale proceeds or salvage, is charged to accumulated depreciation, and no gain or loss is recognized through income. Gains and losses on disposal of land and nonrail assets are included in "Other income - net" (see Note 2) since such income is not a product of NS' railroad operations.

NS reviews the carrying amount of properties whenever events or changes in circumstances indicate that such carrying amount may not be recoverable based on future undiscounted cash flows. Assets that are deemed impaired as a result of such review are recorded at the lower of carrying amount or fair value.

Required Accounting Changes

In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement

No. 162" (Accounting Standards Update (ASU) 2009-01). This statement, effective for interim and annual periods ending after September 15, 2009, established the FASB Accounting Standards Codification (Codification or ASC) as the single source of authoritative Generally Accepted Accounting Principles (GAAP). SFAS 168 is recognized by the FASB to be applied by nongovernmental entities and stated that all guidance contained in the Codification has an equal level of authority. The authoritative accounting guidance recognized that rules and interpretive releases of the Securities and Exchange Commission (SEC) under federal securities laws are also sources of authoritative GAAP for SEC registrants. NS adopted the provisions of the authoritative accounting guidance for the interim reporting period ending September 30, 2009, the adoption of which did not have a material effect on NS' consolidated financial statements.

FASB Staff Position (FSP) No. 132 (R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" (ASC 715-20-65-2), was issued on December 30, 2008. The FSP, effective for fiscal years ending after December 15, 2009, clarifies an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. The FSP prescribes expanded disclosures regarding investment allocation decisions, categories of plan assets, inputs, and valuation techniques used to measure fair value, the effect of Level 3 inputs on changes in plan assets and significant concentrations of risk. NS adopted the FSP at the end of 2009 and it did not have a material effect on NS' consolidated financial statements.

Effective January 1, 2008, NS adopted SFAS No. 157, "Fair Value Measurements" (ASC 820), related to financial instrument assets and liabilities. NS adopted the provisions of this standard relative to nonfinancial assets and nonfinancial liabilities that are not remeasured at fair value on a recurring basis in the first quarter of 2009. This statement, effective for interim or annual reporting periods beginning after November 15, 2007, establishes a framework for measuring fair value in U.S. generally accepted accounting principles and expands disclosures about fair value measurements. Adoption did not have a material effect on NS' consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160 (SFAS 160), "Noncontrolling Interests in Consolidated Financial Statements" (ASC 810-10), which requires that noncontrolling (minority) interests be reported as a component of equity. NS adopted the statement in the first quarter of 2009 with no material effect on NS' consolidated financial statements.

In June 2008, the FASB issued FSP Emerging Issues Task Force (EITF) 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities" (ASC 260-10). This FSP addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method as described in SFAS No. 128, "Earnings per Share" (ASC 260-10). NS adopted the FSP, which affects the calculation of earnings per share, in the first quarter of 2009. The provisions of the FSP were applied retrospectively, but did not have a material effect on NS' consolidated financial statements.

Effective January 1, 2007, NS adopted FASB Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes" (ASC 740-10), which clarifies accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes" (ASC 740-10). FIN 48 prescribes a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return. Under the guidelines of FIN 48, an entity should recognize the financial statement benefit of a tax position if it determines that it is more likely than not that the position will be sustained on examination (see Note 3).

2. Other Income - Net

	2009	2008	2007
		($ in millions)	
Income from natural resources:			
Royalties from coal	$ 67	$ 64	$ 52
Nonoperating depletion and depreciation	(8)	(11)	(11)
Subtotal	59	53	41
Rental income	47	47	46
Equity in earnings of Conrail (Note 5)	32	29	45
Gains and losses from sale of properties and investments	18	29	51

Interest income	13	20	45
Corporate-owned life insurance - net	1	(31)	7
Expenses related to synthetic fuel investments	--	--	(77)
Taxes on nonoperating property	(10)	(10)	(10)
Other interest expense - net	(5)	2	(25)
Other	(28)	(29)	(30)
Total	$ 127	$ 110	$ 93

"Other income - net" includes income and costs not part of rail operations and the income generated by the activities of NS' noncarrier subsidiaries as well as the costs incurred by those subsidiaries in their operations. NS had a 40.5% interest in a limited liability company that owned and operated facilities that produced synthetic fuel from coal. In addition, in 2007 NS purchased two facilities that produced synthetic fuel from coal. The production of synthetic fuel resulted in tax credits as well as expenses related to the investments. The expenses are included in "Expenses related to synthetic fuel investments" above. The tax credits related to the synthetic fuel investments expired at the end of 2007 and are no longer available.

3. Income Taxes

Provision for Income Taxes

	2009	2008	2007
		($ in millions)	
Current:			
Federal	$ 239	$ 657	$ 570
State	11	87	78
Total current taxes	250	744	648
Deferred:			
Federal	289	257	77
State	49	33	48
Total deferred taxes	338	290	125
Provision for income taxes	$ 588	$ 1,034	$ 773

Reconciliation of Statutory Rate to Effective Rate

The "Provision for income taxes" in the Consolidated Statements of Income differs from the amounts computed by applying the statutory federal corporate tax rate as follows:

2009		2008		2007	
Amount	%	Amount	%	Amount	%

				($ in millions)					
Federal income tax at statutory rate	$	568	35	$	963	35	$	783	35
State income taxes, net of Federal tax effect		39	2		77	3		63	3
Illinois tax law change, net of Federal tax effect		--	--		1	--		19	1
Tax credits		(4)	--		(2)	--		(65)	(3)
Other - net		(15)	(1)		(5)	--		(27)	(1)
Provision for income taxes	$	588	36	$	1,034	38	$	773	35

Illinois enacted tax legislation in August 2007, revised in January 2008, which modified the way transportation companies apportion their taxable income to the state. The change resulted in an increase in NS' income tax liability as shown above.

Deferred Tax Assets and Liabilities

Certain items are reported in different periods for financial reporting and income tax purposes. Deferred tax assets and liabilities are recorded in recognition of these differences. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

		December 31,		
		2009		**2008**
		($ in millions)		
Deferred tax assets:				
Compensation and benefits, including postretirement	$	661	$	728
Accruals, including casualty and other claims		164		218
Other		46		45
Total gross deferred tax assets		871		991
Less valuation allowance		(14)		(11)
Net deferred tax asset		857		980
Deferred tax liabilities:				
Property		(7,195)		(6,957)
Other		(267)		(246)
Total gross deferred tax liabilities		(7,462)		(7,203)
Net deferred tax liability		(6,605)		(6,223)
Net current deferred tax asset		142		149
Net long-term deferred tax liability	$	(6,747)	$	(6,372)

Except for amounts for which a valuation allowance has been provided, management believes that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets. The valuation allowance at the end of each year relates to subsidiary state income tax net operating losses that may not be utilized prior to their expiration. The total valuation allowance increased $3 million in 2009, and $1 million in 2008 and 2007, respectively.

Uncertain Tax Positions

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows ($ in millions):

	December 31, 2009	December 31, 2008
Balance at beginning of year	$ 169	$ 167
Additions based on tax positions related to the current year	25	73
Additions for tax positions of prior years	24	4
Reductions for tax positions of prior years	(85)	(63)
Settlements with taxing authorities	(22)	(9)
Lapse of statutes of limitations	(17)	(3)
Balance at end of year	$ 94	$ 169

Included in the balance of unrecognized tax benefits at December 31, 2009, are potential benefits of $48 million that would affect the effective tax rate if recognized. As a result of the implementation of FIN 48 (ASC 740-10) on January 1, 2007 (see Note 1), NS recognized a $10 million increase to stockholders equity, $2 million of which related to investments accounted for under the equity method of accounting. Unrecognized tax benefits are adjusted in the period in which new information about a tax position becomes available or the final outcome differs from the amount recorded.

NS expects that the total amount of unrecognized tax benefits at December 31, 2009, will decrease by approximately $17 million in 2010 due to tax positions for which there was an uncertainty about the timing of deductibility in earlier years but deductibility may become certain by the close of 2010. NS' consolidated federal income tax return for 2008 is being audited by the Internal Revenue Service (IRS). State income tax returns generally are subject to examination for a period of three to four years after filing of the return. In addition, NS is generally obligated to report changes in taxable income arising from federal income tax examinations to the states within a period of up to two years from the date the federal examination is final. NS has various state income tax returns either under examination, administrative appeals, or litigation. It is reasonably possible that the amount of unrecognized tax benefits will decrease in 2010 as a result of the lapse of state statutes of limitations, but the amount is not expected to be significant. NS does not expect that any of the above potential changes in unrecognized tax benefits will have a material effect on NS' financial position, results of operations, or liquidity.

Interest related to unrecognized tax benefits, which is included in "Other income - net," amounted to $6 million of income in 2009, $15 million of income in 2008, and $12 million of expense in 2007. Penalties related to tax matters are included in "Provision for income taxes" and totaled zero in each of 2009, 2008, and 2007. NS has recorded a liability of $12 million at December 31, 2009, and $20 million at December 31, 2008, for the payment of interest on unrecognized tax benefits. NS has no liability recorded at December 31, 2009 and 2008, for the payment of penalties on unrecognized tax benefits.

4. Fair Value

Fair Value Measurements

ASC 820-10, "Fair Value Measurements," established a framework for measuring fair value and a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that NS has the ability to access.

Level 2 — Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. At December 31, 2009 for assets measured at fair value on a recurring basis, there were $90 million of available-for-sale securities as valued under level 2 of the fair value hierarchy. There were no such assets valued under level 1 or level 3 valuation techniques.

Fair Values of Financial Instruments

In accordance with ASC 825, "Financial Instruments," NS has evaluated the fair values of financial instruments and methods used to determine those fair values. The fair values of "Cash and cash equivalents," "Short-term investments," "Accounts receivable," "Accounts payable," and "Short-term debt" approximate carrying values because of the short maturity of these financial instruments. The carrying value of corporate-owned life insurance is recorded at cash surrender value and, accordingly, approximates fair value. The carrying amounts and estimated fair values for the remaining financial instruments, excluding derivatives and investments accounted for under the equity method, consisted of the following at December 31:

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	($ in millions)			
Investments	$ 237	$ 260	$ 163	$ 179
Long-term debt	$ (7,053)	$ (8,048)	$ (6,667)	$ (6,885)

Underlying net assets were used to estimate the fair value of investments. The fair value of notes receivable are based on future discounted cash flows. The fair values of debt were estimated based on quoted market prices or discounted cash flows using current interest rates for debt with similar terms, company rating, and remaining maturity.

Carrying amounts of available-for-sale securities reflect unrealized holding losses of less than $1 million on December 31, 2009, and zero on December 31, 2008. Sales of "available-for-sale" securities were immaterial for the years ended December 31, 2009, 2008, and 2007.

5. Investments

	December 31,	
	2009	**2008**
	($ in millions)	
Short-term investments with average maturities:		
Federal government notes, 9 months	$ 60	$ --
Other short-term investments, 8 months	30	--
Total short-term investments	$ 90	$ --
Long-term investments:		
Investment in Conrail Inc.	$ 924	$ 868
Other equity method investments	829	674
Company-owned life insurance at net cash surrender value	173	74
Corporate bonds, held to maturity, with average maturities of 19 months	56	40
Federal government notes, held to maturity, with average maturities of 26 months	45	--
Other investments	137	123
Total long-term investments	$ 2,164	$ 1,779

"Other equity method investments" above includes $272 million at December 31, 2009, and $267 million at December 31, 2008, related to NS' investment in Meridian Speedway LLC, a joint venture formed with Kansas City Southern. Also included is NS' investment in Pan Am Southern LLC, a joint venture formed with Pan Am Railways, Inc. in 2009, which was $140 million at December 31, 2009.

Investment in Conrail

Through a limited liability company, Norfolk Southern and CSX Corporation (CSX) jointly own Conrail Inc. (Conrail), whose primary subsidiary is Consolidated Rail Corporation (CRC). NS has a 58% economic and 50% voting interest in the jointly owned entity, and CSX has the remainder of the economic and voting interests. NS is applying the equity method of accounting to its investment in Conrail. NS is amortizing the excess of the purchase price over Conrail's net equity using the principles of purchase accounting, based primarily on the estimated useful lives of Conrail's depreciable property and equipment, including the related deferred tax effect of the differences in tax accounting bases for such assets, as all of the purchase price at acquisition was allocable to Conrail's tangible assets and liabilities.

At December 31, 2009, based on the funded status of Conrail's pension plans, NS increased its proportional investment in Conrail by $24 million. This resulted in income of $22 million recorded to "other comprehensive income (loss)" and a combined federal and state deferred tax liability of $2 million. At December 31, 2008, NS' year-end adjustment reduced its proportional investment in Conrail by $60 million. This resulted in a $55 million loss recorded to "other comprehensive income (loss)" and a combined federal and state deferred tax asset of $5 million. At December 31, 2009, the difference between NS' investment in Conrail and its share of Conrail's underlying net equity was $548 million. NS' equity in the earnings of Conrail, net of amortization, included in "Other income - net" was $32 million, $29 million, and $45 million in 2009, 2008 and 2007, respectively.

CRC owns and operates certain properties (the Shared Assets Areas) for the joint and exclusive benefit of NSR and CSX Transportation, Inc. (CSXT). The costs of operating the Shared Assets Areas are borne by NSR and CSXT based on usage. In addition, NSR and CSXT pay CRC a fee for access to the Shared Assets Areas. "Purchased services and rents" and "Fuel" include expenses for amounts due to CRC for operation of the Shared Assets Areas totaling $123 million in 2009, $131 million in 2008 and $126 million in 2007. Future minimum lease payments due to CRC under the Shared Assets Areas agreements are as follows: $29 million in each of 2010 through 2014 and $279 million thereafter. NS provides certain general and administrative support functions to Conrail, the fees for which are billed in accordance with several service-provider arrangements and approximate $7 million annually.

"Accounts payable" includes $104 million at December 31, 2009, and $82 million at December 31, 2008, due to Conrail for the operation of the Shared Assets Areas. In addition, "Other liabilities" includes $133 million at December 31, 2009 and 2008, for long-term advances from Conrail, maturing 2035, that bear interest at an average rate of 4.4%.

Investment in Pan Am Southern LLC

During the second quarter of 2009, NS and Pan Am Railways, Inc. (Pan Am) formed a joint venture, Pan Am Southern LLC (PAS), a railroad company in which each has a 50% equity interest. Pan Am contributed to PAS a 155-mile main line track that runs between Mechanicville, New York and Ayer, Massachusetts, along with 281 miles of secondary and branch lines, including trackage rights in New York, Connecticut, Massachusetts, New Hampshire, and Vermont (collectively, the "PAS Lines"). As of December 31, 2009, NS has contributed cash and other property with a combined value of approximately $69 million and committed to contribute an additional $71 million in cash over the next three years as evidenced by the Pan Am Notes (see Note 8). A significant portion of NS' contributions will be used for capital improvements to the PAS Lines and the related construction of new intermodal and automotive terminals in Albany, New York and the Ayer, Massachusetts areas. PAS is jointly controlled by NS and Pan Am, accordingly NS accounts for its interest in PAS using the equity method of accounting.

6. Properties

	December 31, 2009	December 31, 2008	Depreciation Rate for 2009
	($ in millions)		
Land	$ 2,181	$ 2,119	
Railway property:			
Road	21,049	20,240	2.7%
Equipment	7,737	7,688	3.7%
Other property	469	473	1.7%
	31,436	30,520	
Less accumulated depreciation	(8,793)	(8,273)	
Net properties	$ 22,643	$ 22,247	

Railway property includes $243 million at December 31, 2009, and $483 million at December 31, 2008, of assets recorded pursuant to capital leases with accumulated amortization of $94 million and $189 million at December 31, 2009 and 2008, respectively. Other property includes the costs of obtaining rights to natural resources of $336 million at December 31, 2009 and 2008, with accumulated depletion of $184 million and $179 million respectively.

Capitalized Interest

Total interest cost incurred on debt in 2009, 2008, and 2007 was $484 million, $459 million, and $455 million, respectively, of which $17 million, $15 million and $14 million was capitalized.

7. Current Liabilities

	December 31,	
	2009	2008
	($ in millions)	
Accounts payable:		
Accounts and wages payable	$ 417	$ 577
Casualty and other claims (Note 17)	233	248
Vacation liability	123	125
Due to Conrail (Note 5)	104	82
Equipment rents payable - net	75	84
Other	22	24
Total	$ 974	$ 1,140

	2009	2008
Other current liabilities:		
Interest payable	$ 106	$ 91
Retiree benefit obligations (Note 11)	65	59
Liabilities for forwarded traffic	42	44
Other	19	26
Total	$ 232	$ 220

8. Debt

Debt with weighted average interest rates and maturities is presented below:

	December 31,	
	2009	**2008**
	($ in millions)	
Notes and debentures:		
6.70%, maturing to 2014	$ 1,031	$ 1,431
6.40%, maturing 2016 and 2018	1,650	1,150
7.27%, maturing 2019 to 2025	1,264	764
7.11%, maturing 2027 to 2031	1,290	1,290
7.21%, maturing 2037 and 2043	855	855
7.02%, maturing 2097 and 2105	650	650
Securitization borrowings, 2.22%	200	300
Equipment obligations, 6.43%, maturing to 2014	80	99
Capitalized leases, 4.32%, maturing to 2024	73	139
PAS non-interest bearing, maturing to 2012	71	--
Other debt, 7.50%, maturing to 2019	113	113
Discounts and premiums, net	(124)	(124)
Total debt	7,153	6,667
Less current maturities and short-term debt	(474)	(484)
Long-term debt excluding current maturities and short-term debt	$ 6,679	$ 6,183

Long-term debt maturities subsequent to 2010 are as follows:	
2011	$ 371
2012	43
2013	46
2014	446
2015 and subsequent years	5,773
Total	$ 6,679

During the second quarter of 2009, NS issued $500 million of unsecured notes at 5.90% due 2019 pursuant to its automatic shelf registration statement described below. The net proceeds from the offering were approximately $496 million after deducting the purchase discount and expenses.

During the first quarter of 2009, NS issued $500 million of unsecured notes at 5.75% due 2016 in a private offering. The net proceeds from the offering were approximately $494 million after deducting the purchase discount and expenses. During the fourth quarter of 2009, NS exchanged the unregistered securities with essentially identical securities registered under the Securities Act of 1933.

During the second quarter of 2008, $200 million of commercial paper matured and was refinanced as part of a private offering under which NS issued and sold $600 million of unsecured notes at 5.75% due 2018. NS subsequently exchanged substantially all of these unregistered securities with essentially identical securities registered under the Securities Act of 1933.

In November 2007, NS entered into a $500 million receivables securitization facility under which NSR sells substantially all of its eligible third-party receivables to an NS subsidiary, which in turn may transfer beneficial interests in the receivables to various commercial paper vehicles. Amounts received under the facility are accounted for as borrowings. Under this facility, NS received $100 million and repaid $200 million in 2009. At December 31, 2009 and 2008, the amounts outstanding under the facility were $200 million at an average variable interest rate of 2.22% and $300 million at an average variable interest rate of 3.01%, respectively. NS' intent is to refinance $100 million and $300 million, respectively, of these borrowings by issuing long-term debt, which is supported by its $1 billion credit agreement (see below). Accordingly, these amounts outstanding are included in the line item "Long-term debt" and the remaining $100 million outstanding at December 31, 2009 is included in the line item "Short-term debt" in the Consolidated Balance Sheets. The facility has a 364-day term which was renewed and amended in October 2009 to run until October 2010. NS reduced the total amount that can be borrowed from $500 million to $350 million to more closely match its liquidity requirements and receivables profile. At December 31, 2009, and December 31, 2008, the amounts of receivables included in "Accounts receivable - net" serving as collateral for these borrowings were $571 million and $719 million, respectively.

The railroad equipment obligations and the capitalized leases are secured by liens on the underlying equipment. Certain lease obligations require the maintenance of yen-denominated deposits, which are pledged to the lessor to satisfy yen-denominated lease payments. These deposits are included in "Other assets" in the Consolidated Balance Sheets and totaled $47 million at December 31, 2009, and $85 million at December 31, 2008.

Issuance of Debt or Equity Securities

NS has authority from its board of directors to issue an additional $500 million of debt or equity securities through public or private sale. During the first quarter of 2009, NS filed a Form S-3 automatic shelf registration statement for well-known seasoned issuers under which, as of December 31, 2009, up to $500 million can be issued under this authority.

Credit Agreement, Debt Covenants, and Commercial Paper

NS has in place and available a $1 billion, five-year credit agreement expiring in 2012, which provides for borrowings at prevailing rates and includes covenants. NS had no amounts outstanding under this facility at December 31, 2009 and 2008, and NS is in compliance with all of the covenants.

NS has the ability to issue commercial paper supported by its $1 billion credit agreement. At December 31, 2009 and 2008, NS had no outstanding commercial paper.

9. Lease Commitments

NS is committed under long-term lease agreements, which expire on various dates through 2067, for equipment, lines of road and other property. The following amounts do not include payments to CRC under the Shared Assets Areas agreements (see Note 5). Future minimum lease payments and operating lease expense are as follows:

	Operating Leases	Capital Leases
	($ in millions)	
2010	$ 111	$ 27

2011	96	25
2012	81	17
2013	72	3
2014	52	2
2015 and subsequent years	312	3
Total	$ 724	$ 77
Less imputed interest on capital leases at an average rate of 5.1%		(4)
Present value of minimum lease payments included in debt		$ 73

Operating Lease Expense

	2009	2008	2007
		($ in millions)	
Minimum rents	$ 163	$ 183	$ 191
Contingent rents	65	80	79
Total	$ 228	$ 263	$ 270

Contingent rents are primarily comprised of usage-based rent paid to other railroads for joint facility operations.

10. Other Liabilities

	December 31, 2009	2008
	($ in millions)	
Retiree health and death benefit obligations (Note 11)	$ 829	$ 732
Casualty and other claims (Note 17)	265	320
Net pension obligations (Note 11)	170	329
Long-term advances from Conrail (Note 5)	133	133
Deferred compensation	130	131
Federal and state income taxes	94	144
Other	180	241
Total	$ 1,801	$ 2,030

11. Pensions and Other Postretirement Benefits

Norfolk Southern and certain subsidiaries have both funded and unfunded defined benefit pension plans covering principally salaried employees. Norfolk Southern and certain subsidiaries also provide specified health care and death benefits to eligible retired employees and their dependents. Under the present plans, which may be amended or terminated at NS' option, a defined percentage of health care expenses is covered, reduced by any deductibles, co-payments, Medicare payments, and in some cases, coverage provided under other group insurance policies.

Pension and Other Postretirement Benefit Obligations and Plan Assets

	Pension Benefits		Other Postretirement Benefits	
	2009	2008	2009	2008
	($ in millions)			
Change in benefit obligations				
Benefit obligation at beginning of year	$ 1,670	$ 1,644	$ 920	$ 859
Service cost	26	25	16	16
Interest cost	101	99	57	51
Actuarial losses	8	4	106	44
Plan amendments	--	7	--	--
Benefits paid	(109)	(109)	(55)	(50)
Benefit obligation at end of year	1,696	1,670	1,044	920
Change in plan assets				
Fair value of plan assets at beginning of year	1,333	1,963	138	176
Actual return on plan assets	307	(531)	23	(38)
Employer contribution	11	10	55	50
Benefits paid	(109)	(109)	(55)	(50)
Fair value of plan assets at end of year	1,542	1,333	161	138
Funded status at end of year	$ (154)	$ (337)	$ (883)	$ (782)
Amounts recognized in the Consolidated Balance Sheets consist of:				
Noncurrent assets	$ 27	$ 1	$ --	$ --
Current liabilities	(11)	(9)	(54)	(50)
Noncurrent liabilities	(170)	(329)	(829)	(732)
Net amount recognized	$ (154)	$ (337)	$ (883)	$ (782)
Amounts recognized in accumulated other comprehensive loss (pretax) consist of:				
Net loss	$ 821	$ 991	$ 414	$ 351
Prior service cost (benefit)	10	13	--	(2)

NS' unfunded pension plans, included above, which in all cases have no assets and therefore have an accumulated benefit obligation in excess of plan assets, had projected benefit obligations of $181 million at December 31, 2009, and $168 million at December 31, 2008, and had accumulated benefit obligations of $159 million at December 31, 2009, and $146 million at December 31, 2008.

Pension and Other Postretirement Benefit Cost Components

	2009	2008	2007
		($ in millions)	
Pension benefits			
Service cost	$ 26	$ 25	$ 24
Interest cost	101	99	92
Expected return on plan assets	(154)	(173)	(167)
Amortization of prior service cost	3	3	2
Amortization of net losses	25	7	9
Net cost (benefit)	$ 1	$ (39)	$ (40)
Other postretirement benefits			
Service cost	$ 16	$ 16	$ 21
Interest cost	57	51	46
Expected return on plan assets	(15)	(15)	(11)
Amortization of prior service benefit	(2)	(8)	(8)
Amortization of net losses	35	25	28
Net cost	$ 91	$ 69	$ 76

Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Loss

	2009 Pension Benefits	2009 Other Postretirement Benefits
	($ in millions)	
Net (gain) loss arising during the year	$ (145)	$ 98
Amortization of prior service (cost) benefit	(3)	2
Amortization of net losses	(25)	(35)
Total recognized in other comprehensive income	$ (173)	$ 65
Total recognized in net periodic (benefit) cost and other comprehensive income	$ (172)	$ 156

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic cost over the next year are $47 million and $3 million, respectively. The estimated net loss for the other defined benefit postretirement plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next year is $47 million.

Pension and Other Postretirement Benefit Assumptions

Pension and other postretirement benefit costs are determined based on actuarial valuations that reflect appropriate assumptions as of the measurement date, ordinarily the beginning of each year. The funded status of the plans is determined using appropriate assumptions as of each year end. A summary of the major assumptions follows:

	2009	2008	2007
Funded status:			
Discount rate	5.85%	6.25%	6.25%
Future salary increases	4.5%	4.5%	4.5%
Pension cost:			
Discount rate	6.25%	6.25%	5.75%
Return on assets in plans	8.75%	9%	9%
Future salary increases	4.5%	4.5%	4.5%
Other postretirement benefit cost:			
Discount rate	6.25%	6.25%	5.75%
Return on assets in plan	8.5%	8.5%	9%

To determine the discount rate, NS utilized an analysis in which the projected annual cash flows from the pension and postretirement benefit plans were matched with a yield curve based on an appropriate universe of high-quality corporate bonds. NS used the results of the yield curve to select the discount rate that matches the payment stream of the benefits in these plans.

Health Care Cost Trend Assumptions

For measurement purposes at December 31, 2009, increases in the per capita cost of covered health care benefits were assumed to be 8.8% for 2009 and 8.5% for 2010. It is assumed the rate will decrease gradually to an ultimate rate of 5% for 2019 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported in the financial statements. To illustrate, a one-percentage-point change in the assumed health care cost trend would have the following effects:

	One percentage point	
	Increase	**Decrease**
	($ in millions)	
Increase (decrease) in:		
Total service and interest cost components	$ 10	$ (8)
Postretirement benefit obligation	$ 133	$ (111)

Asset Management

Eleven investment firms manage NS' defined benefit pension plan's assets under investment guidelines approved by the Board of Directors. Investments are restricted to domestic fixed income securities, international fixed income securities, domestic and international equity investments, and unleveraged exchange-traded options and financial futures. Limitations restrict investment concentration and use of certain derivative investments. The target asset allocation for equity is 75% of the pension plan's assets. Fixed income investments must have an average rate of "AA" or better and all fixed income securities must be rates "A" or better except bond index funds. Equity investments must be in liquid securities listed on national exchanges. No investment is permitted in the securities of Norfolk Southern or its subsidiaries (except through commingled pension trust funds). Investment managers' returns are expected to meet or exceed selected market indices by prescribed margins.

NS' pension plan weighted-average asset allocations at December 31, 2009 and 2008, by asset category, were as follows:

	Percentage of plan assets at December 31,	
Asset Category	**2009**	**2008**
Domestic equity securities	65%	58%
International equity securities	12%	11%
Debt securities	23%	31%
Total	100%	100%

The postretirement benefit plan assets consist primarily of trust-owned variable life insurance policies with an asset allocation at December 31, 2009, of 57% in equity securities and 43% in debt securities compared with 53% in equity securities and 47% in debt securities at December 31, 2008. The target asset allocation for equity is between 50% and 75% of the plan's assets.

The plans' assumed future returns are based principally on the asset allocation and on the historic returns for the plans' asset classes determined from both actual plan returns and, over longer time periods, market returns for those asset classes. NS assumed a rate of return on pension plan assets of 8.75% for 2009 and 9% for both 2008 and 2007. For 2010, NS assumes an 8.75% return on pension plan assets. A one percentage point change to the rate of return assumption would result in a $16 million change to the net pension (benefit) cost and, as a result, an equal change in "Compensation and benefits" expense.

Fair Value of Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value.

Interest bearing cash: Short-term bills or notes are valued at an estimated price at which a dealer would pay for the security at year end using observable market based inputs; money market funds are valued at the closing price reported on the active market on which the funds are traded.

United States Government and agencies securities: Valued at an estimated price at which a dealer would pay for a security at year end using observable as well as unobservable market based inputs. Inflation adjusted instruments utilize the appropriate index factor.

Municipal bonds: Valued at an estimated price at which a dealer would pay for a security at year end using observable market based inputs.

Corporate bonds and other fixed income instruments: When available, valued at an estimated price at which a dealer would pay for a similar security at year end using observable market inputs. Otherwise, valued at an estimated price at which a dealer would pay for a similar security at year end using unobservable market inputs.

Common stock: Shares held by the plan at year end are valued at the official closing price as defined by the exchange or at the most recent trade price of a security at the close of the active market.

Commingled funds: Valued at the net asset value (NAV) of shares held by the plan at year end, based on the quoted market prices of the underlying assets of the funds. The investments are valued using NAV as a practical expedient for fair value. The commingled funds hold equity securities.
Common collective trusts: Valued at the NAV of shares held by the plan at year end, based on the quoted market prices of the underlying assets of the trusts. The investments are valued using NAV as a practical expedient for fair value. The common collective trusts hold equity securities, fixed income securities and cash and cash equivalents.

The following table sets forth the pension plan assets at December 31, 2009, by valuation technique level, within the fair value hierarchy (there were no level 3 valued assets).

	Level 1	Level 2	Total
		($ in millions)	
Common stock	$ 839	$ --	$ 839
Common collective trusts	--	385	385
Corporate bonds and other fixed income instruments	--	170	170
U.S. government and agencies securities	--	78	78
Commingled funds	--	42	42
Interest bearing cash	23	--	23
Other bonds and securities	--	5	5
Total investments	$ 862	$ 680	$ 1,542

Following is a description of the valuation methodologies used for postretirement benefit plan assets measured at fair value.

Trust-owned life insurance: valued at NS' share of the net assets of trust-owned life insurance issued by a major insurance company. The underlying investments of that trust consist of a U.S. stock account, and a U.S. bond account, valued based upon the aggregate market values of the underlying investments. The loan asset account is valued at cash surrender value at the time of the loan, plus accrued interest.

At December 31, 2009, the postretirement benefit plan assets consisted of trust-owned life insurance with a fair value of $161 million as valued under level 2 of the fair value hierarchy. There were no level 1 or level 3 related assets.

The methods used to value pension and postretirement benefit plan assets may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while NS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Contributions and Estimated Future Benefit Payments

In 2010, NS expects to contribute approximately $11 million to its unfunded pension plans for payments to pensioners and $54 million to its other postretirement benefit plans for retiree health benefits. NS does not expect to contribute to its funded pension plan in 2010.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	Pension Benefits	Other Postretirement Benefits
	($ in millions)	
2010	$ 113	$ 54
2011	115	58
2012	119	60
2013	121	63
2014	124	65
Years 2015-2019	646	368

The other postretirement benefits payments include an estimated average annual reduction due to the Medicare Part D subsidy of about $7 million.

Other Postretirement Coverage

Under collective bargaining agreements, NS and certain subsidiaries participate in a multi-employer benefit plan, which provides certain postretirement health care and life insurance benefits to eligible union employees. Premiums under this plan are expensed as incurred and amounted to $33 million in both 2009 and 2008, and $27 million in 2007.

Section 401(k) Plans

Norfolk Southern and certain subsidiaries provide Section 401(k) savings plans for employees. Under the plans, NS matches a portion of employee contributions, subject to applicable limitations. NS' matching contributions, recorded as an expense, under these plans were $16 million in 2009, $15 million in 2008, and $14 million in 2007.

12. Stock-Based Compensation

Under the stockholder-approved Long-Term Incentive Plan (LTIP), a committee of nonemployee directors of the Board or the chief executive officer (if delegated such authority by the committee) may grant stock options, stock appreciation rights (SARs), restricted stock units, restricted shares, performance shares, and performance share units (PSUs), up to a maximum of 88,025,000 shares of Norfolk Southern Common Stock (Common Stock). Of these shares, 5,000,000 were approved by the Board for issuance to non-officer participants; as a broad-based issuance, stockholder approval was not required. In May 2005, the stockholders approved an amended LTIP which provided that 8,500,000 shares of stock previously approved for issuance under LTIP could be granted as restricted stock units, restricted shares, or performance shares. Under the Board-approved Thoroughbred Stock Option Plan (TSOP), the committee may grant stock options up to a maximum of 6,000,000 shares of Common Stock; as a broad-based stock option plan, stockholder approval of TSOP was not required. NS uses newly issued shares to satisfy any exercises and awards under LTIP and TSOP.

The LTIP also permits the payment - on a current or a deferred basis and in cash or in stock - of dividend equivalents on shares of Common Stock covered by options, PSUs, or restricted stock units in an amount commensurate with regular quarterly dividends paid on Common Stock. Tax absorption payments also are authorized for any awards under LTIP in amounts estimated to equal the federal and state income taxes applicable to shares of Common Stock issued subject to a share retention agreement.

During the first quarter of 2009, a committee of nonemployee directors of NS' Board granted stock options, restricted stock units and PSUs pursuant to LTIP and granted stock options pursuant to TSOP. Receipt of an award under LTIP was made contingent upon the awardee's execution of a non-compete agreement, and all awards under LTIP were made subject to forfeiture in the event the awardee "engages in competing employment" for a period of time following retirement.

Accounting Method

NS accounts for its grants of PSUs, restricted stock units, restricted shares, dividend equivalents, tax absorption payments, and SARs in accordance with ASC 718 "Share-Based Payment." Accordingly, all awards result in charges to net income while dividend equivalents, which are all related to equity classified awards, are charged to retained income. Related compensation costs were $60 million in 2009, $89 million in 2008, and $96 million in 2007. The total tax effects recognized in income in relation to stock-based compensation were benefits of $18 million in 2009, $30 million in 2008, and $32 million in 2007.

"Common stock issued - net" in the Consolidated Statements of Cash Flows for the years ended December 31, 2009, 2008, and 2007 includes tax benefits generated from tax deductions in excess of compensation costs recognized (excess tax benefits) for share-based awards of $15 million, $76 million, and $57 million, respectively.

Stock Options

Options may be granted for a term not to exceed 10 years and are subject to a vesting period of at least one year. Option exercise prices are at not less than the fair market value of Common Stock on the effective date of the grant. In the first quarter of 2009, 1,209,700 options were granted under the LTIP and 251,200 options were granted under the TSOP. In each case, the grant price was $38.71, which was the higher of (i) the fair market value of Common Stock on the date of grant or (ii) the closing price of Common Stock on the date of the grant. The options granted under the LTIP and TSOP in 2009 may not be exercised prior to the fourth and third anniversaries of the date of grant, respectively. Holders of the options granted under the LTIP who remain actively employed receive cash dividend equivalent payments for four years in an amount equal to the regular quarterly dividends paid on Common Stock.

In the first quarter of 2008, 1,162,600 options were granted under the LTIP and 250,000 options were granted under the TSOP, each with a grant price of $50.74, but may not be exercised prior to the third anniversary of the date of grant. In the first quarter of 2007, 1,203,300 options were granted under the LTIP and 251,000 options were granted under the TSOP, each with a grant price of $49.555, but may not be exercised prior to the third anniversary of the date of grant. For both 2008 and 2007, the grant price was the higher of (i) the fair market value of Common Stock on the date of grant or (ii) the closing price of Common Stock on the date of the grant, and the options have a term of ten years.

The fair value of each option awarded in 2009, 2008, and 2007 was measured on the date of grant using a lattice-based option valuation model. Expected volatilities are based on implied volatilities from traded options on Common Stock and historical volatility of Common Stock. NS uses historical data to estimate option exercises and employee terminations within the valuation model. The average expected option life is derived from the output of the valuation model and represents the period of time that options granted are expected to be outstanding. The average risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. For options granted that include dividend equivalent payments, a dividend yield of zero was used. For the 2009 and 2008 TSOP grants a dividend yield of 2.4% and 2.29%, respectively, was used because no dividend equivalent payments are made on these options. The assumptions for the 2009, 2008, and 2007 LTIP and TSOP grants are shown in the following table:

	2009	**2008**	**2007**
Expected volatility range	28% - 53%	25% - 32%	26% - 33%
Average expected volatility	43%	32%	33%
Average risk-free interest rate	2.87%	3.68%	4.9%
Average expected option term - LTIP	6.5 years	5.9 years	5.6 years
Per-share grant-date fair value - LTIP	$18.18	$19.32	$19.82
Average expected option term - TSOP	9.2 years	8.0 years	6.5 years
Per-share grant-date fair value - TSOP	$15.41	$16.29	$17.88
Options granted (LTIP and TSOP)	1,460,900	1,412,600	1,454,300

A summary of options outstanding as of December 31, 2009, and changes during the twelve months then ended is presented below:

	Option Shares	**Weighted Avg. Exercise Price**
Outstanding at December 31, 2008	14,284,723	$ 30.95
Granted	1,460,900	38.71
Exercised	(2,190,947)	23.66
Forfeited	(356,536)	33.60
Outstanding at December 31, 2009	13,198,140	$ 32.95
Exercisable at December 31, 2009	9,314,040	$ 27.58

The aggregate intrinsic value of options outstanding at December 31, 2009, was $257 million with a weighted-average remaining contractual term of 5.1 years. Of these options outstanding, 9,314,040 were exercisable and had an aggregate intrinsic value of $231 million with a weighted average remaining contractual term of 3.9 years. The following table provides information related to options exercised as of December 31 for the respective years:

2009	**2008**	**2007**
	($ in millions)	

Options exercised		2,190,947		5,697,049		5,110,334
Total intrinsic value	$	48	$	208	$	145
Cash received upon exercise of options	$	51	$	137	$	126
Related excess tax benefits realized	$	18	$	73	$	52

At December 31, 2009, there was $12 million of total unrecognized compensation related to stock options granted under the LTIP and TSOP, which is expected to be recognized over a weighted-average period of approximately 2.2 years.

Restricted Stock Units and Restricted Shares

Restricted stock unit grants were 320,550 in 2009, with a grant-date fair value of $38.72 and a five-year restriction period. In 2008, restricted stock unit grants were 299,950 with a grant-date fair value of $50.47 and a five-year restriction period. In 2007, restricted stock unit grants were 321,450 with a grant-date fair value of $50.01 and a five-year restriction period. Restricted stock units granted in 2009, 2008, and 2007 will be settled through issuance of shares of Common Stock. The restricted stock unit grants include cash dividend equivalent payments during the restriction period commensurate with regular quarterly dividends paid on Common Stock. No restricted shares were issued during 2009, 2008, or 2007.

A summary of the status of restricted stock units and restricted shares as of December 31, 2009, and changes during the twelve months then ended is presented below:

	Units	Shares		Weighted-Average Grant-Date Fair Value
Nonvested at December 31, 2008	1,251,865	803,444	$	43.72
Granted	320,550	--		38.72
Vested	(351,755)	(370,208)		47.85
Forfeited	(1,700)	--		50.01
Nonvested at December 31, 2009	1,218,960	433,236	$	40.94

At December 31, 2009, there was $9 million of total unrecognized compensation related to restricted stock units and restricted shares granted under the LTIP, which is expected to be recognized over a weighted-average period of approximately 3.2 years. The total fair values of the restricted stock units paid in cash and restricted shares vested during the twelve months ended December 31, 2009, 2008, and 2007 were $26 million, $1 million, and $22 million, respectively. The total related excess tax liability realized was $1 million in 2009, and total related excess tax benefits were $1 million and $3 million in 2008 and 2007, respectively.

Performance Share Units

PSUs provide for awards based on achievement of certain predetermined corporate performance goals (total shareholder return, return on average invested capital and operating ratio) at the end of a three-year cycle. PSU grants and average grant-date fair values were 1,209,700 and $38.705 in 2009; 1,162,600 and $50.465 in 2008; and 1,203,300 and $49.555 in 2007. The PSUs granted in 2009 will be paid in the form of shares; however, one-half of any previously granted PSUs earned will be paid in the form of shares of common stock, with the other half to be paid in cash. A summary of the status of PSUs as of December 31, 2009, and changes during the twelve months then ended is presented below:

Weighted-

	Performance Share Units		Average Grant-Date Fair Value
Balance December 31, 2008	3,459,000	$	49.82
Granted	1,209,700		38.71
Earned - paid in Common Stock	(491,762)		49.43
Earned - paid in cash	(492,203)		49.43
Unearned	(144,435)		49.43
Forfeited	(9,300)		49.87
Balance December 31, 2009	3,531,000	$	46.14

As of December 31, 2009, there was $11 million of total unrecognized compensation related to PSUs granted under the LTIP, which is expected to be recognized over a weighted-average period of approximately 1.6 years. The total fair values of PSUs earned and paid in cash during the twelve months ended December 31, 2009, 2008, and 2007 were $19 million, $26 million, and $18 million, respectively. The total related excess tax liability realized was $2 million in 2009, and the total related excess tax benefits in both 2008 and 2007 was $2 million.

Shares Available and Issued

Shares of stock available for future grants and issued in connection with all features of the LTIP and TSOP as of December 31, were as follows:

	2009	2008	2007
Available for future grants:			
LTIP	4,136,591	6,837,414	8,937,651
TSOP	2,145,356	2,042,420	2,290,700
Shares of Common Stock issued:			
LTIP	2,192,764	5,569,683	5,199,060
TSOP	489,945	642,538	540,877

13. Stockholders' Equity

Common Stock

Common stock is reported net of shares held by consolidated subsidiaries (Treasury Shares) of Norfolk Southern. Treasury Shares at December 31, 2009 and 2008, amounted to 20,443,337 and 20,579,088 shares, respectively, with a cost of $19 million in both 2009 and 2008.

Accumulated Other Comprehensive Loss

"Accumulated other comprehensive loss" reported in the Consolidated Statements of Changes in Stockholders' Equity consisted of the following:

	Balance at Beginning	Net Gain	Reclassification	Balance at End

	of Year	(Loss)	Adjustments	of Year
		($ in millions)		
Year-Ended 2009				
Pension and other postretirement liabilities	$ (831)	$ 29	$ 38	$ (764)
Other comprehensive loss of equity investees	(111)	22	--	(89)
Accumulated other comprehensive loss	$ (942)	$ 51	$ 38	$ (853)
Year-Ended 2008				
Pension and other postretirement liabilities	$ (349)	$ (498)	$ 16	$ (831)
Other comprehensive loss of equity investees	(50)	(61)	--	(111)
Accumulated other comprehensive loss	$ (399)	$ (559)	$ 16	$ (942)

Other Comprehensive Income (Loss)

"Other comprehensive income (loss)" reported in the Consolidated Statements of Changes in Stockholders' Equity consisted of the following:

	Pretax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
		($ in millions)	
Year ended December 31, 2009			
Net gain (loss) arising during the year:			
Pensions and other postretirement benefits	$ 47	$ (18)	$ 29
Reclassification adjustments for costs included in net income	61	(23)	38
Subtotal	108	(41)	67
Other comprehensive income (loss) of equity investees	24	(2)	22
Other comprehensive income (loss)	$ 132	$ (43)	$ 89
Year ended December 31, 2008			
Net gain (loss) arising during the year:			
Pensions and other postretirement benefits	$ (812)	$ 314	$ (498)
Reclassification adjustments for costs included in net income	27	(11)	16
Subtotal	(785)	303	(482)
Other comprehensive income (loss) of equity investees	(65)	4	(61)
Other comprehensive income (loss)	$ (850)	$ 307	$ (543)
Year ended December 31, 2007			
Net gain (loss) arising during the year:			
Pensions and other postretirement benefits	$ (88)	$ 34	$ (54)
Reclassification adjustments for costs included in net income	31	(11)	20
Subtotal	(57)	23	(34)
Other comprehensive income of equity investees	5	--	5
Reclassification adjustment for unrealized gains on securities included in net income	(2)	1	(1)
Other comprehensive income (loss)	$ (54)	$ 24	$ (30)

14. Stock Repurchase Program

In March 2007, NS' Board of Directors amended NS' share repurchase program, increasing the authorized amount of share repurchases from 50 million to 75 million shares and shortening the term of the program from 2015 to 2010. The timing and volume of purchases is guided by management's assessment of market conditions and other pertinent facts. Any near-term purchases under the program are expected to be made with internally generated cash or proceeds from borrowings. There were no shares repurchased under this program in 2009. NS repurchased and retired 19.4 million shares and 23.6 million shares of its common stock under this program in 2008 and 2007, respectively, at a cost of $1.1 billion and $1.2 billion, respectively. Since inception of this program in 2006, NS has repurchased and retired 64.7 million shares of Common Stock at a total cost of $3.3 billion.

15. Earnings Per Share

The following tables set forth the calculation of basic and diluted earnings per share:

	2009	2008	2007
	($ in millions except per share, shares in millions)		
Basic earnings per share:			
Income available to common stockholders	$ 1,026	$ 1,707	$ 1,455
Weighted-average shares outstanding	367.1	372.3	389.6
Basic earnings per share	$ 2.79	$ 4.58	$ 3.73

In the first quarter of 2009, NS adopted the provisions of the FASB FSP EITF No. 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities" (ASC 260-10), which requires the treatment of unvested stock options receiving dividend equivalents as participating securities in computing earnings per share under the two-class method. NS has retrospectively applied the provisions of this FSP and accordingly, income available to common stockholders for 2009, reflects an $8 million reduction, and 2008 and 2007 both reflect a $9 million reduction from net income for the effect of dividend equivalent payments made to holders of stock options, which had the effect of reducing the previously reported basic earnings per share for 2008, from $4.60 to $4.58 and for 2007, from $3.74 to $3.73.

	2009	2008	2007
	($ in millions except per share, shares in millions)		
Diluted earnings per share:			
Income available to common stockholders	$ 1,026	$ 1,716	$ 1,464
Weighted-average shares outstanding per above	367.1	372.3	389.6
Dilutive effect of outstanding options, PSUs and restricted shares	5.0	7.7	8.2
Adjusted weighted-average shares outstanding	372.1	380.0	397.8
Diluted earnings per share	$ 2.76	$ 4.52	$ 3.68

As required under the provisions of FSP EITF No. 03-6-1 (ASC 260-10), diluted earnings per share for 2009 was calculated under the more dilutive two-class method (as compared to the treasury stock method) and accordingly, income available to common stockholders for 2009 reflects an $8 million reduction from net income for dividend equivalent payments. The diluted calculations exclude options having exercise prices exceeding the average market price of Common Stock as follows: in 2009, 1.4 million, and none in 2008 and 2007.

16. Derivative Financial Instruments

All derivatives are recognized in the financial statements as either assets or liabilities and are measured at fair value. Changes in fair value are recorded as adjustments to the assets or liabilities being hedged in "Other comprehensive loss," or in current earnings, depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction represented, and the effectiveness of the hedge.

NS has used derivative financial instruments to manage its overall exposure to fluctuations in interest rates. NS does not engage in the trading of derivatives. Management has determined that its derivative financial instruments qualify as fair-value hedges, having values that highly correlate with the underlying hedged exposures, and has designated such instruments as hedging transactions. Credit risk related to the derivative financial instruments is considered to be minimal and is managed by requiring high credit standards for counterparties and periodic settlements.

Interest Rate Hedging

NS manages its overall exposure to fluctuations in interest rates by issuing both fixed- and floating-rate debt instruments, and by entering into interest rate hedging transactions to achieve an appropriate mix within its debt portfolio. NS had $4 million, or less than 1%, and $17 million, or less than 1%, of its fixed-rate debt portfolio hedged as of December 31, 2009, and 2008, respectively, using interest rate swaps that qualify for and are designated as fair-value hedge transactions. NS' interest rate hedging activity resulted in decreases in interest expense of approximately $1 million for 2009, 2008 and 2007. These swaps have been effective in hedging the changes in fair value of the related debt arising from changes in interest rates and there has been no impact on earnings resulting from ineffectiveness associated with these derivative transactions.

Fair Values

Fair values of interest rate swaps at December 31, 2009, and 2008, were determined based upon the present value of expected future cash flows discounted at the appropriate implied spot rate from the spot rate yield curve. Fair value adjustments are noncash transactions and, accordingly, are excluded from the Consolidated Statements of Cash Flows. The gross and net asset position of NS' outstanding derivative financial instruments was less than $1 million at December 31, 2009, and approximately $1 million at December 31, 2008.

17. Commitments and Contingencies

Lawsuits

Norfolk Southern and/or certain subsidiaries are defendants in numerous lawsuits and other claims relating principally to railroad operations. When management concludes that it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, it is accrued through a charge to earnings. While the ultimate amount of liability incurred in any of these lawsuits and claims is dependent on future developments, in management's opinion, the recorded liability is adequate to cover the future payment of such liability and claims. However, the final outcome of any of these lawsuits and claims cannot be predicted with certainty, and unfavorable or unexpected outcomes could result in additional accruals that could be significant to results of operations in a particular year or quarter. Any adjustments to the recorded liability will be reflected in earnings in the periods in which such adjustments are known.

Casualty Claims

Casualty claims include employee personal injury and occupational claims as well as third-party claims, all exclusive of legal costs. To aid in valuing its personal injury liability and determining the amount to accrue with respect to such claim during the year, NS' management utilizes studies prepared by an independent consulting actuarial firm. Job-related accidental injury and occupational claims are subject to the Federal Employers' Liability Act (FELA), which is applicable only to railroads. FELA's fault-based system produces results that are unpredictable and inconsistent as compared with a no-fault workers' compensation system. The variability inherent in this system could result in actual costs being different from the liability recorded. While the ultimate amount of claims incurred is dependent on future developments, in management's opinion, the recorded liability is adequate to cover the future payments of claims and is supported by the most recent actuarial study. In all cases, NS records a liability when the expected loss for the claim is both probable and estimable.

In April 2008, NS settled the lawsuit brought by Avondale Mills for claims associated with the January 6, 2005, derailment in Graniteville, SC. A portion of the settlement was not reimbursed by insurance and was included in first quarter 2008 expenses. The total liability related to the derailment represents NS' best estimate based on current facts and circumstances. The estimate includes amounts related to property damage, personal injury and response costs. NS' commercial insurance policies are expected to cover substantially all expenses related to this derailment above the unreimbursed portion and NS' self-insured retention, including NS' response costs and legal fees. The Consolidated Balance Sheets reflect long-term receivables for estimated recoveries from NS' insurance carriers. NS is engaged in arbitration with two of its insurance carriers that failed to respond to insurance claims submitted by NS. NS believes these expenses are covered by the insurance policies and that recoveries of the contested amounts are probable. Accordingly, NS has recorded the full recovery attributable to each carrier ($100 million and $43 million).

Employee personal injury claims - The largest component of casualties and other claims expense is employee personal injury costs. The independent actuarial firm engaged by NS provides quarterly studies to aid in valuing its employee personal injury liability and estimating its employee personal injury expense. The actuarial firm studies NS' historical patterns of reserving for claims and subsequent settlements, taking into account relevant outside influences. The actuary uses the results of these analyses to estimate the ultimate amount of the liability, which includes amounts for incurred but unasserted claims. NS adjusts its liability quarterly based upon management's assessment and the results of the study. Recent actuarial studies have reflected favorable claims development and, accordingly, those changes in estimates have reduced the annual cost related to personal injuries to $51 million in 2009 from $78 million in 2008. The estimate of loss liabilities is subject to inherent limitation given the difficulty of predicting future events such as jury decisions, court interpretations, or legislative changes and as such the actual loss may vary from the estimated liability recorded.

Occupational claims - Occupational claims (including asbestosis and other respiratory diseases, as well as conditions allegedly related to repetitive motion) are often not caused by a specific accident or event but rather allegedly result from a claimed exposure over time. Many such claims are being asserted by former or retired employees, some of whom have not been employed in the rail industry for decades. The independent actuarial firm provides an estimate of the occupational claims liability based upon NS' history of claim filings, severity, payments, and other pertinent facts. The liability is dependent upon management's judgments made as to the specific case reserves as well as judgments of the consulting independent actuarial firm in the periodic studies. The actuarial firm's estimate of ultimate loss includes a provision for those claims that have been incurred but not reported. This provision is derived by analyzing industry data and projecting NS' experience into the future as far as can be reasonably determined. NS adjusts its liability quarterly based upon management's assessment and the results of the study. However, it is possible that the recorded liability may not be adequate to cover the future payment of claims. Adjustments to the recorded liability are reflected in operating expenses in the periods in which such adjustments become known.

Third-party claims - NS records a liability for third-party claims including those for highway crossing accidents, trespasser and other injuries, automobile liability, property damage, and lading damage. The independent actuarial firm assists with the calculation of potential liability for third-party claims, except lading damage, based upon NS' experience including number and timing of incidents, amount of payments, settlement rates, number of open claims, and legal defenses. The actuarial estimate includes a provision for claims that have been incurred but have not yet been reported. Each quarter NS adjusts its liability based upon management's assessment and the results of the study. Given the inherent uncertainty in regard to the ultimate outcome of third-party claims, it is possible that the actual loss may differ from the estimated liability recorded.

Environmental Matters

NS is subject to various jurisdictions' environmental laws and regulations. It is NS' policy to record a liability where such liability or loss is probable and its amount can be estimated reasonably. Claims, if any, against third parties, for recovery of cleanup costs incurred by NS are reflected as receivables (when collection is probable) in the Consolidated Balance Sheets and are not netted against the associated NS liability.

Environmental engineers regularly participate in ongoing evaluations of all known sites and in determining any necessary adjustments to liability estimates. NS also has an Environmental Policy Council, composed of senior managers, to oversee and interpret its environmental policy.

NS' Consolidated Balance Sheets include liabilities for environmental exposures in the amount of $32 million at December 31, 2009, and $42 million at December 31, 2008 (of which $12 million is classified as a current liability at December 31, 2009 and 2008). At December 31, 2009, the liability represents NS' estimate of the probable cleanup and remediation costs based on available information at 144 known locations compared with 148 locations at December 31, 2008. As of December 31, 2009, 9 sites accounted for $15 million of the liability, and no individual site was considered to be material. NS anticipates that much of this liability will be paid out over five years; however, some costs will be paid out over a longer period.

At 30 locations, one or more Norfolk Southern subsidiaries, usually in conjunction with a number of other parties, have been identified as potentially responsible parties by the Environmental Protection Agency (EPA) or similar state authorities under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, or comparable state statutes, which often impose joint and several liability for cleanup costs.

With respect to known environmental sites (whether identified by NS or by the EPA or comparable state authorities), estimates of NS' ultimate potential financial exposure for a given site or in the aggregate for all such sites are necessarily imprecise because of the widely varying costs of currently available cleanup techniques, the likely development of new cleanup technologies, the difficulty of determining in advance the nature and full extent of contamination and each potential participant's share of any estimated loss (and that participant's ability to bear it), and evolving statutory and regulatory standards governing liability.

The risk of incurring environmental liability - for acts and omissions, past, present, and future - is inherent in the railroad business. Some of the commodities in NS' traffic mix, particularly those classified as hazardous materials, pose special risks that NS and its subsidiaries work diligently to minimize. In addition, several NS subsidiaries own, or have owned, land used as operating property, or which is leased and operated by others, or held for sale. Because environmental problems may exist on these properties that are latent or undisclosed, there can be no assurance that NS will not incur environmental liabilities or costs with respect to one or more of them, the amount and materiality of which cannot be estimated reliably at this time. Moreover, lawsuits and claims involving these and potentially other unidentified environmental sites and matters are likely to arise from time to time. The resulting liabilities could have a significant effect on financial position, results of operations, or liquidity in a particular year or quarter.

On April 24, 2008, the United States Department of Justice (DOJ) brought an action against NS for alleged violations of federal environmental laws resulting from the discharge of chlorine and oil that occurred as a result of the January 6, 2005, derailment in Graniteville, SC, including claims for civil penalties as well as injunctive relief. Although NS' June 24, 2008 motion to dismiss for failure to allege sufficient facts was granted, DOJ was given leave to, and did, amend its complaint. The litigation has been stayed by the district court as the parties work to conclude an agreed upon consent decree. NS does not believe that the resolution of these claims will have a material adverse effect on its financial position, results of operations, or liquidity.

Based on its assessment of the facts and circumstances now known, management believes that it has recorded the probable costs for dealing with those environmental matters of which NS is aware. Further, management believes that it is unlikely that any known matters, either individually or in the aggregate, will have a material adverse effect on NS' financial position, results of operations, or liquidity.

Insurance

Norfolk Southern obtains on behalf of itself and its subsidiaries insurance for potential losses for third-party liability and first-party property damages. NS is currently self-insured up to $25 million and above $1 billion per occurrence for bodily injury and property damage to third parties and up to $25 million and above $175 million per occurrence for property owned by NS or in NS' care, custody or control.

Purchase Commitments

At December 31, 2009, NS had outstanding purchase commitments totaling approximately $228 million for long-term service contracts through 2019 as well as track material, RoadRailer® trailers, and freight cars, in connection with its capital programs through 2011.

Change-In-Control Arrangements

Norfolk Southern has compensation agreements with officers and certain key employees that become operative only upon a change in control of Norfolk Southern, as defined in those agreements. The agreements provide generally for payments based on compensation at the time of a covered individual's involuntary or other specified termination and for certain other benefits.

Guarantees

In a number of instances, Norfolk Southern and its subsidiaries have agreed to indemnify lenders for additional costs they may bear as a result of certain changes in laws or regulations applicable to their loans. Such changes may include impositions or modifications with respect to taxes, duties, reserves, liquidity, capital adequacy, special deposits, and similar requirements relating to extensions of credit by, deposits with, or the assets of liabilities of such lenders. The nature and timing of changes in laws or regulations applicable to NS' financings are inherently unpredictable, and therefore NS' exposure in connection with the foregoing indemnifications cannot be quantified. No liability has been recorded related to these indemnifications. In the case of one type of equipment financing, NSR's Japanese leverage leases, NSR may terminate the leases and ancillary agreements if such a change-in-law indemnity is triggered. Such a termination would require NSR to make early termination payments that would not be expected to have a material effect on NS' financial position, results of operations, or liquidity.

NS has indemnified parties in a number of transactions for U.S. income tax withholding imposed as a result of changes in U.S. tax law. In all cases, NS has the right to unwind the related transaction if the withholding cannot be avoided in the future. Because these indemnities would be triggered and are dependent upon a change in the tax law, the maximum exposure is not quantifiable. Management does not believe that it is likely that it will be required to make any payments under these indemnities.

As of December 31, 2009, certain Norfolk Southern subsidiaries are contingently liable as guarantors with respect to $7 million of indebtedness, due in 2019, of an entity in which they have an ownership interest, the Terminal Railroad Association of St. Louis. Four other railroads are also jointly and severally liable as guarantors for this indebtedness. No liability has been recorded related to this guaranty.

* * * * *

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES
QUARTERLY FINANCIAL DATA
(Unaudited)

	Three Months Ended			
	March 31	**June 30**	**September 30**	**December 31**
	($ in millions, except per share amounts)			
2009				
Railway operating revenues	$ 1,943	$ 1,857	$ 2,063	$ 2,106
Income from railway operations	383	468	562	549
Net income	177	247	303	307
Earnings per share:				
Basic	$ 0.48	$ 0.67	$ 0.82	$ 0.83
Diluted	$ 0.47	$ 0.66	$ 0.81	$ 0.82
2008				
Railway operating revenues	$ 2,500	$ 2,765	$ 2,894	$ 2,502
Income from railway operations	578	799	894	813
Net income	291	453	520	452
Earnings per share:				
Basic	$ 0.77	$ 1.20	$ 1.39	$ 1.23
Diluted	$ 0.76	$ 1.18	$ 1.37	$ 1.21

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Norfolk Southern's Chief Executive Officer and Chief Financial Officer, with the assistance of management, evaluated the effectiveness of NS' disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of December 31, 2009. Based on such evaluation, such officers have concluded that, as of December 31, 2009, NS' disclosure controls and procedures were effective to ensure that information required to be disclosed in NS' reports under the Exchange Act is recorded, processed, summarized, and reported, within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

The management of Norfolk Southern is responsible for establishing and maintaining adequate internal control over financial reporting. Norfolk Southern's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report reliable financial data. Management recognizes that there are inherent limitations in the effectiveness of any internal control over financial reporting, including the possibility of human error and the circumvention or overriding of internal control. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

In order to ensure that Norfolk Southern's internal control over financial reporting is effective, management regularly assesses such controls and did so most recently for its financial reporting as of December 31, 2009. This assessment was based on criteria for effective internal control over financial reporting set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework.* Based on our assessment, management has concluded that Norfolk Southern maintained effective internal control over financial reporting as of December 31, 2009.

The Board of Directors, acting through its Audit Committee, is responsible for the oversight of Norfolk Southern's accounting policies, financial reporting, and internal control. The Audit Committee of the Board of Directors is comprised entirely of outside directors who are independent of management. The independent registered public accounting firm and the internal auditors have full and unlimited access to the Audit Committee, with or without management, to discuss the adequacy of internal control over financial reporting, and any other matters which they believe should be brought to the attention of the Audit Committee.

Norfolk Southern's management has issued a report of its assessment of internal control over financial reporting, and Norfolk Southern's independent registered public accounting firm has issued an attestation report on Norfolk Southern's internal controls over financial reporting as of December 31, 2009. These reports appear in Part II, Item 8 of this report on Form 10-K.

During the fourth quarter of 2009, management has not identified any changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially effect, NS' internal control over financial reporting.

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Item 9B. Other Information

None.

PART III

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NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES (NS)

Item 10. Directors, Executive Officers, and Corporate Governance

In accordance with General Instruction G(3), information called for by Item 10, Part III, is incorporated herein by reference from the information appearing under the caption "Election of Directors," under the caption "Section 16(a) Beneficial Ownership Reporting Compliance," under the caption "Corporate Governance," and under the caption "Committees" in Norfolk Southern's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 13, 2010, which definitive Proxy Statement will be filed electronically with the Securities and Exchange Commission (Commission) pursuant to Regulation 14A. The information regarding executive officers called for by Item 401 of Regulation S-K is included in Part I hereof beginning under "Executive Officers of the Registrant."

Item 11. Executive Compensation

In accordance with General Instruction G(3), information called for by Item 11, Part III, is incorporated herein by reference from the information:

appearing under the subcaption "Compensation" under the caption "Board of Directors" for directors, including the "2009 Non-Employee Director Compensation Table" and the "Narrative to Non-Employee Director Compensation Table;" appearing under the caption "Executive Compensation" for executives, including the "Compensation Discussion and Analysis," the information appearing in the "Summary Compensation Table" and the "2009 Grants of Plan-Based Awards" table, including the narrative to such tables, the "Outstanding Equity Awards at Fiscal Year-End 2009" and "Option Exercises and Stock Vested in 2009" tables, and the tabular and narrative information appearing under the subcaptions "Retirement Benefits," "Deferred Compensation," and "Potential Payments Upon a Change in Control or Other Termination of Employment;" and appearing under the captions "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report,"

in each case included in Norfolk Southern's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 13, 2010, which definitive Proxy Statement will be filed electronically with the Commission pursuant to Regulation 14A.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

In accordance with General Instruction G(3), information on security ownership of certain beneficial owners and management called for by Item 12, Part III, Item 403 of Regulation S-K, is incorporated herein by reference from the information appearing under the caption "Beneficial Ownership of Stock" in Norfolk Southern's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 13, 2010, which definitive Proxy Statement will be filed electronically with the Commission pursuant to Regulation 14A.

Equity Compensation Plan Information (as of December 31, 2009)

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding) securities reflected in column (a)) (c)
Equity compensation plans approved by securities holders [1]	15,450,838 [3]	$ 31.59 [5]	4,136,591 [6]
Equity compensation plans not approved by security holders [2]	1,346,757 [4]	$ 37.63	2,175,356 [7]
Total	16,797,595		6,311,947

1 The Long-Term Incentive Plan, excluding five million shares for broad-based issuance to non-officers.

2 The Long-Term Incentive Plan's five million shares for broad-based issuance to non-officers, the Thoroughbred Stock Option Plan and the Directors' Restricted Stock Plan.

3 Includes options, restricted stock units and performance share units granted under the Long-Term Incentive Plan that may be settled in shares of stock.

4 Includes options granted under the Long-Term Incentive Plan on 421,706 shares for non-officers and options granted under the Thoroughbred Stock Option Plan.

5 Calculated without regard to 3,608,755 outstanding restricted stock units and performance share units at December 31, 2009.

6 Of the shares remaining available for grant under plans approved by stockholders, 4,079,856 are available for grant as restricted shares, performance shares or restricted stock unit shares under the Long-Term Incentive Plan.

7 Of the shares remaining available for grant under plans not approved by stockholders, 30,000 are available for grant as restricted stock under the Directors' Restricted Stock Plan.

Norfolk Southern Corporation Long-Term Incentive Plan ("LTIP")

Established on June 28, 1983, and approved by stockholders at their Annual Meeting held on May 10, 1984, LTIP was adopted to promote the success of Norfolk Southern by providing an opportunity for non-employee directors, officers, and other key employees to acquire a proprietary interest in the Corporation. On January 23, 2001, the Board of Directors further amended LTIP and approved the issuance of an additional 5,000,000 shares of authorized but unissued Common Stock under LTIP to participants who are not officers of Norfolk Southern. The issuance of these shares was broadly-based, and stockholder approval of these shares was not required. Accordingly, this portion of LTIP is included in the number of securities available for future issuance for plans not approved by stockholders. Also on January 23, 2001, the Board amended LTIP, which amendment was approved by shareholders on May 10, 2001, that included the reservation for issuance of an additional 30,000,000 shares of authorized but unissued Norfolk Southern Common Stock.

Pursuant to another amendment approved by stockholders on May 12, 2005, not more than 8,500,000 of the shares remaining available for issuance under LTIP may be awarded as restricted shares, performance shares or restricted stock unit shares. Cash payments of restricted stock units, stock appreciation rights, and performance share units will not be applied against the maximum number of shares issuable under LTIP. Any shares of Common Stock subject to options, performance share units, restricted shares, or restricted stock units which are not issued as Common Stock will again be available for award under LTIP after the expiration or forfeiture of an award.

Non-employee directors, officers, and other key employees residing in the United States or Canada are eligible for selection to receive LTIP awards. Under LTIP, the Compensation Committee (Committee) may grant incentive stock options, nonqualified stock options, stock appreciation rights, restricted shares, restricted stock units, and performance share units. In addition, dividend equivalents may be awarded for options, restricted stock units, and performance share units. The Committee may make awards under LTIP subject to forfeiture under certain circumstances and may establish such other terms and conditions for the awards as provided in LTIP.

For options, the option price per share will not be less than 100% of the fair market value of Norfolk Southern's Common Stock on the effective date the option is granted. All options are subject to a vesting period of at least one year, and the term of the option will not exceed ten years. LTIP specifically prohibits option repricing without stockholder approval, except for capital adjustments.

Performance share units entitle a recipient to receive performance-based compensation at the end of a three-year performance cycle based on Norfolk Southern's performance during that three-year period. For the 2009 performance share unit awards, corporate performance will be measured using three equally weighted standards established by the Committee: (1) three-year average return on average capital invested, (2) three-year average operating ratio, and (3) three-year total return to stockholders as compared with the average total return on all stocks comprising the S&P 500 composite stock price index. Performance share units may be payable in either shares of Norfolk Southern Common Stock or cash.

Restricted stock units are payable in cash or in shares of Norfolk Southern Common Stock at the end of a restriction period of not less than 36 months and not more than 60 months. During the restriction period, the holder of the restricted stock units has no beneficial ownership interest in the Norfolk Southern Common Stock represented by the restricted stock units and has no right to vote the shares represented by the units or to receive dividends (except for dividend equivalent rights that may be awarded with respect to the restricted stock units). The Committee at its discretion may waive the restriction period.

Norfolk Southern Corporation Thoroughbred Stock Option Plan

The Board adopted the Norfolk Southern Corporation Thoroughbred Stock Option Plan ("TSOP") on January 26, 1999, to promote the success of Norfolk Southern by providing an opportunity for nonagreement employees to acquire a proprietary interest in Norfolk Southern and thereby to provide an additional incentive to nonagreement employees to devote their maximum efforts and skills to the advancement, betterment, and prosperity of Norfolk Southern and its stockholders. Under the TSOP there were 6,000,000 shares of authorized but unissued Common Stock reserved for issuance. TSOP has not been and is not required to have been approved by stockholders.

Active full-time nonagreement employees residing in the United States or Canada are eligible for selection to receive TSOP awards. Under TSOP, the Committee may grant nonqualified stock options subject to such terms and conditions as provided in TSOP.

The option price will not be less than 100% of the fair market value of Norfolk Southern's Common Stock on the effective date the options are granted. All options are subject to a vesting period of at least one year, and the term of the option will not exceed ten years. Options awarded in 2009 are subject to a three-year vesting period. TSOP specifically prohibits repricing without stockholder approval, except for capital adjustments.

Norfolk Southern Corporation Directors' Restricted Stock Plan

The Norfolk Southern Corporation Directors' Restricted Stock Plan ("Plan") was adopted on January 1, 1994, and is designed to increase ownership of Norfolk Southern Common Stock by its non-employee directors so as to further align their ownership interest in Norfolk Southern with that of stockholders. The Plan has not been and is not required to have been approved by stockholders. Currently, a maximum of 66,000 shares of Norfolk Southern Common Stock may be granted under the Plan. To make grants to eligible directors, Norfolk Southern purchases, through one or more subsidiary companies, the number of shares required in open-market transactions at prevailing market prices, or makes such grants from Norfolk Southern Common Stock already owned by one or more of Norfolk Southern's subsidiary companies.

Only non-employee directors who are not and never have been employees of Norfolk Southern are eligible to participate in the Plan. Upon becoming a director, each eligible director receives a one-time grant of 3,000 restricted shares of Norfolk Southern Common Stock. No individual member of the Board exercises discretion concerning the eligibility of any director or the number of shares granted.

The restriction period applicable to restricted shares granted under the Plan begins on the date of the grant and ends on the earlier of the recipient's death or six months after the recipient ceases to be a director by reason of disability or retirement. During the restriction period shares may not be sold, pledged, or otherwise encumbered. Directors will forfeit the restricted shares if they cease to serve as a director of Norfolk Southern for reasons other than their disability, retirement, or death.

13. Certain Relationships and Related Transactions, and Director Independence

In accordance with General Instruction G(3), information called for by Part III, Item 13, is incorporated herein by reference from the information appearing under the caption "Transactions with Related Persons" and under the caption "Director Independence" in Norfolk Southern's definitive Proxy Statement for the Annual Meeting of the Stockholders to be held on May 13, 2010, which definitive Proxy Statement will be filed electronically with the Commission pursuant to Regulation 14A.

14. Principal Accountant Fees and Services

In accordance with General Instruction G(3), information called for by Part III, Item 14, is incorporated herein by reference from the information appearing under the caption "Ratification of Appointment of Independent Registered Public Accounting Firm" in Norfolk Southern's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 13, 2010, which definitive proxy statement will be filed electronically with the Commission pursuant to Regulation 14A.

PART IV

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES (NS)

Item 15. Exhibits and Financial Statement Schedules

Page

(A) The following documents are filed as part of this report:

1. Index to Consolidated Financial Statements

2. Financial Statement Schedule:

The following consolidated financial statement schedule should be read in connection with the consolidated financial statements:

Schedules other than the one listed above are omitted either because they are not required or are inapplicable, or because the information is included in the consolidated financial statements or related notes.

3. Exhibits

Exhibit Number	Description
3	Articles of Incorporation and Bylaws -
3(i)	The Restated Articles of Incorporation of Norfolk Southern Corporation are incorporated by reference to Exhibit 3(i) to Norfolk Southern Corporation's 10-K filed on March 5, 2001.

3(ii)		The Bylaws of Norfolk Southern Corporation, as amended effective January 25, 2010, are incorporated by reference to Exhibit 3(ii) to Norfolk Southern Corporation's Form 8-K filed on January 29, 2010.
4		Instruments Defining the Rights of Security Holders, Including Indentures:
	(a)	Indenture, dated as of January 15, 1991, from Norfolk Southern Corporation to First Trust of New York, National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Registration Statement on Form S-3 (No. 33-38595).
	(b)	First Supplemental Indenture, dated May 19, 1997, between Norfolk Southern Corporation and First Trust of New York, National Association, as Trustee, related to the issuance of notes in the principal amount of $4.3 billion, is incorporated herein by reference to Exhibit 1.1(d) to Norfolk Southern Corporation's Form 8-K filed on May 21, 1997.
	(c)	Second Supplemental Indenture, dated April 26, 1999, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of $400 million, is incorporated herein by reference to Exhibit 1.1(c) to Norfolk Southern Corporation's Form 8-K filed on April, 30, 1999.
	(d)	Third Supplemental Indenture, dated May 23, 2000, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of $600 million, is incorporated herein by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on May 25, 2000.
	(e)	Fourth Supplemental Indenture, dated as of February 6, 2001, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of $1 billion, is incorporated herein by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on February 7, 2001.
	(f)	Sixth Supplemental Indenture, dated as of April 30, 2002, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, relating to the issuance of notes in the principal amount of $200 million, is incorporated herein by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on May 1, 2002.
	(g)	Eighth Supplemental Indenture, dated as of September 17, 2004, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, relating to the issuance of 5.257% Notes due 2014 ("Securities") in the aggregate principal amount of $441.5 million in connection with Norfolk Southern Corporation's offer to exchange the Securities and cash for up to $400 million of its outstanding 7.350% Notes due 2007, is incorporated herein by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on

September 23, 2004.

(h) Indenture, dated August 27, 2004, among PRR Newco, Inc., as Issuer, and Norfolk Southern Railway Company, as Guarantor, and The Bank of New York, as Trustee, is incorporated herein by reference to Exhibit 4(l) to Norfolk Southern Corporation's Form 10-Q filed on October 28, 2004.

(i) First Supplemental Indenture, dated August 27, 2004, among PRR Newco, Inc., as Issuer, and Norfolk Southern Railway Company, as Guarantor, and the Bank of New York, as Trustee, related to the issuance of notes in the principal amount of approximately $451.8 million, is incorporated herein by reference to Exhibit 4(m) to Norfolk Southern Corporation's Form 10-Q filed on October 28, 2004.

(j) Ninth Supplemental Indenture, dated as of March 11, 2005, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, relating to the issuance of notes in the principal amount of $300 million, is incorporated herein by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on March 15, 2005.

(k) Tenth Supplemental Indenture, dated as of May 17, 2005, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, relating to the issuance of notes in the principal amount of $366.6 million, is incorporated herein by reference to Exhibit 99.1 to Norfolk Southern Corporation's Form 8-K filed on May 18, 2005.

(l) Eleventh Supplemental Indenture, dated as of May 17, 2005, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, relating to the issuance of notes in the principal amount of $350 million, is incorporated herein by reference to Exhibit 99.2 to Norfolk Southern Corporation's Form 8-K filed on May 18, 2005.

(m) Indenture, dated as of April 4, 2008, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, relating to the issuance of notes in the principal amount of $600 million, is incorporated herein by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on April 9, 2008.

(n) Indenture, dated as of January 15, 2009, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, relating to the issuance of notes in the principal amount of $500 million, is incorporated herein by reference to

Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on January 20, 2009.

(o) Registration Rights Agreement, dated as of January 15, 2009, among Norfolk Southern Corporation and Citigroup Global Markets Inc., J.P. Morgan Securities Inc. and UBS Securities LLC, is incorporated herein by reference to Exhibit 4.2 to Norfolk Southern Corporation's Form 8-K filed on January 20, 2009.

(p) Indenture, dated as of June 1, 2009, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, is incorporated herein by reference to Exhibit 4.1 to Norfolk Southern

Corporation's Form 8-K filed on

June 1, 2009.

(q) First Supplemental Indenture, dated as of June 1, 2009, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of $500 million, is incorporated herein by reference to Exhibit 4.2 to Norfolk Southern Corporation's Form 8-K filed on

June 1, 2009.

In accordance with Item 601(b)(4)(iii) of Regulation S-K, copies of other instruments of Norfolk Southern Corporation and its subsidiaries with respect to the rights of holders of long-term debt are not filed herewith, or incorporated by reference, but will be furnished to the Commission upon request.

10 Material Contracts -

(a) The Transaction Agreement, dated as of June 10, 1997, by and among CSX, CSX Transportation, Inc., Registrant, Norfolk Southern Railway Company, Conrail Inc., Consolidated Rail Corporation, and CRR Holdings LLC, with certain schedules thereto, previously filed, is incorporated herein by reference to Exhibit 10(a) to Norfolk Southern Corporation's Form 10-K filed on February 24, 2003.

(b) Amendment No. 1, dated as of August 22, 1998, to the Transaction Agreement, dated as of June 10, 1997, by and among CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail, Inc., Consolidated Rail Corporation, and CRR Holdings LLC, is incorporated herein by reference from Exhibit 10.1 to Norfolk Southern Corporation's Form 10-Q filed on August 11, 1999.

(c) Amendment No. 2, dated as of June 1, 1999, to the Transaction Agreement, dated June 10, 1997, by and among CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail, Inc., Consolidated Rail Corporation, and CRR Holdings LLC, is incorporated herein by reference from Exhibit 10.2 to Norfolk Southern Corporation's Form 10-Q filed on August 11, 1999.

(d) Amendment No. 3, dated as of June 1, 1999, and executed in April 2004, to the Transaction Agreement, dated June 10, 1997, by and among CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail, Inc., Consolidated Rail Corporation, and CRR Holdings LLC, is incorporated herein by reference from Exhibit 10(dd) to Norfolk Southern Corporation's Form 10-Q filed on July 30, 2004.

(e) Amendment No. 5 to the Transaction Agreement, dated as of August 27, 2004, by and among CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail, Inc., Consolidated Rail Corporation, and CRR Holdings LLC, is incorporated herein by reference to

Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on

September 2, 2004.

(f) Amendment No. 6, dated as of April 1, 2007, to the Transaction Agreement dated June 10, 1997, by and among CSX Corporation, CSX Transportation, Inc., Norfolk Southern Railway Company, Conrail, Inc., Consolidated Rail Corporation, and CRR Holdings LLC, is incorporated herein by reference to Exhibit 10.5 to Norfolk Southern Corporation's Form 10-Q filed on July 27, 2007.

(g) Shared Assets Area Operating Agreement for North Jersey, dated as of

June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibit thereto, is incorporated herein by reference from Exhibit 10.4 to Norfolk Southern Corporation's

Form 10-Q filed on August 11, 1999.

(h) Shared Assets Area Operating Agreement for Detroit, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibit thereto, is incorporated herein by reference from Exhibit 10.6 to Norfolk Southern Corporation's Form 10-Q filed on

August 11, 1999.

(i) Shared Assets Area Operating Agreement for South Jersey/Philadelphia, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibit thereto, is incorporated herein by reference from Exhibit 10.5 to Norfolk Southern Corporation's

Form 10-Q filed on August 11, 1999.

(j) Amendment No. 1, dated as of June 1, 2000, to the Shared Assets Area Operating Agreements for North Jersey, South Jersey/Philadelphia, and Detroit, dated as of

June 1, 1999, by and among Consolidated Rail Corporation, CSX

Transportation, Inc., and Norfolk Southern Railway Company, with exhibits thereto, is incorporated herein by reference to Exhibit 10(h) to Norfolk Southern Corporation's Form 10-K filed on March 5, 2001.

(k) Amendment No. 2, dated as of January 1, 2001, to the Shared Assets Area Operating Agreements for North Jersey, South Jersey/Philadelphia, and Detroit, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibits thereto, is incorporated herein by reference to Exhibit 10(j) to Norfolk Southern Corporation's Form 10-K filed on February 21, 2002.

(l) Amendment No. 3, dated as of June 1, 2001, and executed in May of 2002, to the Shared Assets Area Operating Agreements for North Jersey, South Jersey/Philadelphia, and Detroit, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibits thereto, is incorporated herein by reference to Exhibit 10(k) to Norfolk Southern Corporation's Form 10-K filed on

February 24, 2003.

(m)	Amendment No. 4, dated as of June 1, 2005, and executed in late June 2005, to the Shared Assets Area Operating Agreements for North Jersey, South Jersey/Philadelphia, and Detroit, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibits thereto, is incorporated herein by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K filed on July 1, 2005.
(n)	Monongahela Usage Agreement, dated as of June 1, 1999, by and among CSX Transportation, Inc., Norfolk Southern Railway Company, Pennsylvania Lines LLC, and New York Central Lines LLC, with exhibit thereto, is incorporated herein by reference from Exhibit 10.7 to Norfolk Southern Corporation's Form 10-Q filed on August 11, 1999.
(o)	The Agreement, entered into as of July 27, 1999, between North Carolina Railroad Company and Norfolk Southern Railway Company, is incorporated herein by reference from Exhibit 10(i) to Norfolk Southern Corporation's Form 10-K filed on March 6, 2000.
(p)	First Amendment, dated March 19, 2007, to the Master Agreement dated July 27, 1999, by and between North Carolina Railroad Company and Norfolk Southern Railway Company, is incorporated herein by reference to Exhibit 10.3 to Norfolk Southern Corporation's Form 10-Q filed on July 27, 2007.
(q)**	Second Amendment, dated December 28, 2009, to the Master Agreement dated July 27, 1999, by and between North Carolina Railroad Company and Norfolk Southern Railway Company (Exhibits, annexes and schedules omitted. The Registrant will furnish supplementary copies of such materials to the SEC upon request).
(r)	The Supplementary Agreement, entered into as of January 1, 1987, between the Trustees of the Cincinnati Southern Railway and The Cincinnati, New Orleans and Texas Pacific Railway Company (the latter a wholly owned subsidiary of Norfolk Southern Railway Company) - extending and amending a Lease, dated as of October 11, 1881 - is incorporated by reference to Exhibit 10(k) to Norfolk Southern Corporation's Form 10-K filed on March 5, 2001.
(s)*	The Norfolk Southern Corporation Executive Management Incentive Plan, effective January 25, 2005, is incorporated by reference herein from Exhibit 99 to Norfolk Southern Corporation's Form 8-K filed on May 13, 2005.
(t)*	The Norfolk Southern Corporation Officers' Deferred Compensation Plan, as amended effective September 26, 2000, is incorporated herein

by reference to

Exhibit 10(n) to Norfolk Southern Corporation's Form 10-K filed on

March 5, 2001.

(u)* The Norfolk Southern Corporation Directors' Restricted Stock Plan, effective

January 1, 1994, as restated November 24, 1998, is incorporated herein by reference from Exhibit 10(h) to Norfolk Southern Corporation's Form 10-K filed on

March 24, 1999.

(v)* Form of Severance Agreement, dated as of June 1, 1996, between Norfolk Southern Corporation and certain executive officers (including those defined as "named executive officers" and identified in the Corporation's Proxy Statement for the 1997 through 2001 Annual Meetings of Stockholders) is incorporated herein by reference to Exhibit 10(t) to Norfolk Southern Corporation's Form 10-K filed on

February 21, 2002.

(w)* Supplemental Benefit Plan of Norfolk Southern Corporation and Participating Subsidiary Companies, as amended effective January 1, 2009, is incorporated herein by reference to Exhibit 10.06 to Norfolk Southern Corporation's Form 8-K filed on July 24, 2008.

(x)* Amendment to the Supplemental Benefit Plan of Norfolk Southern Corporation and Participating Subsidiary Companies, effective as of January 1, 2009, is incorporated herein by reference to Exhibit 10(x) to Norfolk Southern Corporation's Form 10-K filed on February 18, 2009.

(y)* The Norfolk Southern Corporation Directors' Charitable Award Program, as amended effective July 2007, is incorporated herein by reference to Exhibit 10.6 to Norfolk Southern Corporation's Form 10-Q filed on July 27, 2007.

(z)* The Norfolk Southern Corporation Outside Directors' Deferred Stock Unit Program, as amended effective January 22, 2008, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(aa)* Form of Agreement, dated as of October 1, 2001, providing enhanced pension benefits to three officers in exchange for their continued employment with Norfolk Southern Corporation for two years, is incorporated herein by reference to

Exhibit 10(w) to Norfolk Southern Corporation's Form 10-Q filed on

November 9, 2001. The agreement was entered into with L. Ike Prillaman, former Vice Chairman and Chief Marketing Officer; Stephen C. Tobias, former Vice Chairman and Chief Operating Officer; and Henry C. Wolf, former Vice Chairman and Chief Financial Officer.

(bb) The Norfolk Southern Corporation Thoroughbred Stock Option Plan, as amended effective January 28, 2003, is incorporated herein by reference to Exhibit 10(z) to Norfolk Southern Corporation's Form 10-K filed on February 24, 2003.

(cc)*,** The Norfolk Southern Corporation Executive Life Insurance Plan, as amended and restated effective November 1, 2009.

(dd) Distribution Agreement, dated as of July 26, 2004, by and among CSX Corporation, CSX Transportation, Inc., CSX Rail Holding Corporation, CSX Northeast Holdings Corporation, Norfolk Southern Corporation, Norfolk Southern Railway Company, CRR Holdings LLC, Green Acquisition Corp., Conrail Inc., Consolidated Rail Corporation, New York Central Lines LLC, Pennsylvania Lines LLC, NYC Newco, Inc., and PRR Newco, Inc., is incorporated herein by reference to Exhibit 2.1 to Norfolk Southern Corporation's Form 8-K filed on September 2, 2004.

(ee) Tax Agreement, dated as of August 27, 2004, by and among Green Acquisition Corp., Conrail Inc., Consolidated Rail Corporation, New York Central Lines LLC, and Pennsylvania Lines LLC, is incorporated herein by reference to Exhibit 10.2 to Norfolk Southern Corporation's Form 8-K filed on September 2, 2004.

(ff) Amended and Restated Credit Agreement dated as of June 26, 2007, with respect to the Registrant's $1 billion unsecured revolving credit facility, is incorporated herein by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K filed on

June 27, 2007.

(gg)* The description of Norfolk Southern Corporation's executive physical reimbursement for non-employee directors and certain executives is incorporated herein by reference to Norfolk Southern Corporation's Form 8-K filed on

July 28, 2005.

(hh)* Form of 2005 Incentive Stock Option and Non-Qualified Stock Option Agreement under the Norfolk Southern Long-Term Incentive Plan, is incorporated herein by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K filed on

January 7, 2005.

(ii)* Form of 2006 Incentive Stock Option and Non-Qualified Stock Option Agreement under the Norfolk Southern Long-Term Incentive Plan, is incorporated herein by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K/A filed on December 7, 2005.

(jj) The Transaction Agreement, dated as of December 1, 2005, by and among Norfolk Southern Corporation, The Alabama Great Southern Railroad Company, Kansas City Southern, and The Kansas City Southern Railway Company, is incorporated herein by reference to Exhibit 10(ll) to Norfolk Southern Corporation's Form 10-K filed on February 23, 2006 (Exhibits, annexes and schedules omitted. The

Registrant will furnish supplementary copies of such materials to the SEC upon request).

(kk) Amendment No. 1, dated as of January 17, 2006, by and among Norfolk Southern Corporation, The Alabama Great Southern Railroad Company, Kansas City Southern, and The Kansas City Southern Railroad, is incorporated herein by reference to Exhibit 10(mm) to Norfolk Southern Corporation's Form 10-K filed on

February 23, 2006.

(ll) Amendment No. 2, dated as of May 1, 2006, to the Transaction Agreement, dated as of December 1, 2005, by and among Norfolk Southern Corporation, The Alabama Great Southern Railroad Company, Kansas City Southern, and The Kansas City Southern Railway Company is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on May 4, 2006.

(mm)* The retirement agreement, dated January 27, 2006, between Norfolk Southern Corporation and David R. Goode, is incorporated herein by reference to

Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on

January 27, 2006.

(nn)* Revised fees for outside directors are incorporated herein by reference to Norfolk Southern Corporation's Form 8-K filed on January 27, 2006.

(oo)* The retirement agreement, dated March 28, 2006, between Norfolk Southern Corporation and L. Ike Prillaman, is incorporated herein by reference to

Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on March 31, 2006.

(pp) Limited Liability Agreement of Meridian Speedway, LLC, dated as of May 1, 2006, by and among The Alabama Great Southern Railroad Company and Kansas City Southern, is incorporated herein by reference to Exhibit 10.2 to Norfolk Southern Corporation's Form 8-K filed on May 4, 2006.

(qq)* Form of Norfolk Southern Corporation Long-Term Incentive Plan, 2007 Award Agreement is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on January 11, 2007.

(rr)*,** Retirement Plan of Norfolk Southern Corporation and Participating Subsidiary Companies effective June 1, 1982, amended effective January 1, 2010.

(ss)* The retirement agreement between Norfolk Southern Corporation and Henry C. Wolf is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on May 11 2007.

(tt) Transfer and Administration Agreement dated as of November 8, 2007, with respect to the Registrant's $500 million receivables securitization facility is incorporated herein by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K filed on November 14, 2007.

(uu) Amendment No. 2, dated as of May 19, 2009, to Transfer and Administration Agreement dated as of November 8, 2007, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 10-Q filed on July 31, 2009.

(vv) Amendment No. 3, dated as of August 21, 2009, to Transfer and Administration Agreement dated as of November 8, 2007, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 10-Q filed on

October 30, 2009.

(ww) Amendment No. 4, dated as of October 22, 2009, to Transfer and Administration Agreement dated as of November 8, 2007, is incorporated herein by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K filed on October 22, 2009.

(xx)** Amendment No. 5, dated as of December 23, 2009, to Transfer and Administration Agreement dated as of November 8, 2007.

(yy)* Form of Norfolk Southern Corporation Long-Term Incentive Plan, 2008 Award Agreement is incorporated herein by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K filed on November 20, 2007.

(zz) Dealer Agreement dated as of January 23, 2008, between the Registrant and J.P. Morgan Securities Inc. is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(aaa) Dealer Agreement dated as of January 23, 2008, between the Registrant and Goldman, Sachs & Co., is incorporated herein by reference to Exhibit 10.2 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(bbb)* 2008 Award Agreement between Norfolk Southern Corporation and Gerald L. Baliles, dated January 24, 2008, is incorporated herein by reference to Exhibit 10.2 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(ccc)* 2008 Award Agreement between Norfolk Southern Corporation and Daniel A. Carp, dated January 24, 2008, is incorporated herein by reference to Exhibit 10.3 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(ddd)* 2008 Award Agreement between Norfolk Southern Corporation and Gene R. Carter, dated January 24, 2008, is incorporated herein by reference to Exhibit 10.4 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(eee)* 2008 Award Agreement between Norfolk Southern Corporation and Alston D. Correll, dated January 24, 2008, is incorporated herein by reference to Exhibit 10.5 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(fff)* 2008 Award Agreement between Norfolk Southern Corporation and Landon Hilliard, dated January 24, 2008, is incorporated herein by reference to Exhibit 10.6 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(ggg)* 2008 Award Agreement between Norfolk Southern Corporation and Burton M. Joyce, dated January 24, 2008, is incorporated herein by reference to Exhibit 10.7 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(hhh)* 2008 Award Agreement between Norfolk Southern Corporation and Steven F. Leer, dated January 24, 2008, is incorporated herein by reference to Exhibit 10.8 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(iii)* 2008 Award Agreement between Norfolk Southern Corporation and Jane M. O'Brien, dated January 24, 2008, is incorporated herein by reference to Exhibit 10.9 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(jjj)* 2008 Award Agreement between Norfolk Southern Corporation and J. Paul Reason, dated January 24, 2008, is incorporated herein by reference to Exhibit 10.10 to Norfolk Southern Corporation's Form 8-K filed on January 25, 2008.

(kkk) Omnibus Amendment, dated As of March 18, 2008, to the Transfer and Administration Agreement dated as of November 8, 2007, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 10-Q filed on

April 23, 2008.

(lll) Transaction Agreement (the "Pan Am Transaction Agreement"), dated

May 15, 2008, by and among Norfolk Southern Railway Company, Pan Am Railways, Inc., Boston and Maine Corporation, and Springfield Terminal Railway Company, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 10-Q filed on July 24, 2008 (Exhibits, annexes and schedules omitted. The Registrant will furnish supplementary copies of such materials to the SEC upon request).

(mmm) Letter Agreement, dated October 21, 2008, by and among Norfolk Southern Railway Company, Pan Am Railways, Inc., Boston and Maine Corporation, and Springfield Terminal Railway Company amending certain terms of the Pan Am Transaction Agreement, is incorporated herein by reference to Exhibit 10(rrr) to Norfolk Southern Corporation's Form 10-K filed on February 18, 2009.

(nnn)* Directors' Deferred Fee Plan of Norfolk Southern Corporation, as amended effective January 1, 2009, is incorporated herein by reference to Exhibit 10.01 to Norfolk Southern Corporation's Form 8-K filed on July 24, 2008.

(ooo)* Norfolk Southern Corporation Executives' Deferred Compensation Plan, as amended effective January 1, 2009, is incorporated herein by reference to

Exhibit 10.02 to Norfolk Southern Corporation's Form 8-K filed on July 24, 2008.

(ppp)* Amendment to Norfolk Southern Corporation Officers' Deferred Compensation Plan, effective January 1, 2008, is incorporated herein by reference to Exhibit 10.03 to Norfolk Southern Corporation's Form 8-K filed on July 24, 2008.

(qqq)* Norfolk Southern Corporation Long-Term Incentive Plan, as amended effective January 1, 2009, is incorporated herein by reference to Exhibit 10.04 to Norfolk Southern Corporation's Form 8-K filed on July 24, 2008.

(rrr)* Norfolk Southern Corporation Restricted Stock Unit Plan, as amended effective January 1, 2009, is incorporated herein by reference to Exhibit 10.05 to Norfolk Southern Corporation's Form 8-K filed on July 24, 2008.

(sss) Amendment No. 1 to Transfer and Administration Agreement dated as of

October 22, 2008, and effective as of October 23, 2008, with respect to the Registrant's $500 million receivable securitization facility, is incorporated herein by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K filed on

October 23, 2006.

(ttt)* Stock Unit Plan of Norfolk Southern Corporation dated as of July 24, 2001, as amended on August 21, 2008, with an effective date of January 1, 2009, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 10-Q filed on October 24, 2008.

(uuu)* Form of Norfolk Southern Corporation Long-Term Incentive Plan, 2009 Award Agreement is incorporated herein by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K/A filed on December 17, 2008.

(vvv)* Form of Amended and Restated Change in Control Agreement between Norfolk Southern Corporation and certain executive officers (including those defined as "named executive officers" and identified in the Corporation's Proxy Statement for the 2008 annual Meetings of Stockholders), is incorporated herein by reference to Exhibit 10(aaaa) to Norfolk Southern Corporation's Form 10-K filed on

February 18, 2009.

(www)* 2009 Award Agreement between Norfolk Southern Corporation and Gerald L. Baliles, dated January 29, 2009, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on January 30, 2009.

(xxx)* 2009 Award Agreement between Norfolk Southern Corporation and Daniel A. Carp, dated January 29, 2009, is incorporated herein by reference to Exhibit 10.2 to Norfolk Southern Corporation's Form 8-K filed on January 30, 2009.

(yyy)* 2009 Award Agreement between Norfolk Southern Corporation and Gene

R. Carter, dated January 29, 2009, is incorporated herein by reference to Exhibit 10.3 to Norfolk Southern Corporation's Form 8-K filed on January 30, 2009.

(zzz)* 2009 Award Agreement between Norfolk Southern Corporation and Alston D. Correll, dated January 29, 2009, is incorporated herein by reference to Exhibit 10.4 to Norfolk Southern Corporation's Form 8-K filed on January 30, 2009.

(aaaa)* 2009 Award Agreement between Norfolk Southern Corporation and Landon Hilliard, dated January 29, 2009, is incorporated herein by reference to Exhibit 10.5 to Norfolk Southern Corporation's Form 8-K filed on January 30, 2009.

(bbbb)* 2009 Award Agreement between Norfolk Southern Corporation and Karen N. Horn, dated January 29, 2009, is incorporated herein by reference to Exhibit 10.6 to Norfolk Southern Corporation's Form 8-K filed on January 30, 2009.

(cccc)* 2009 Award Agreement between Norfolk Southern Corporation and Burton M. Joyce, dated January 29, 2009, is incorporated herein by reference to Exhibit 10.7 to Norfolk Southern Corporation's Form 8-K filed on January 30, 2009.

(dddd)* 2009 Award Agreement between Norfolk Southern Corporation and Steven F. Leer, dated January 29, 2009, is incorporated herein by reference to Exhibit 10.8 to Norfolk Southern Corporation's Form 8-K filed on January 30, 2009.

(eeee)* 2009 Award Agreement between Norfolk Southern Corporation and Michael D. Lockhart, dated January 29, 2009, is incorporated herein by reference to

Exhibit 10.9 to Norfolk Southern Corporation's Form 8-K filed on

January 30, 2009.

(ffff)* 2009 Award Agreement between Norfolk Southern Corporation and J. Paul Reason, dated January 29, 2009, is incorporated herein by reference to Exhibit 10.10 to Norfolk Southern Corporation's Form 8-K filed on January 30, 2009.

(gggg) Limited Liability Company Agreement of Pan Am Southern LLC, dated as of

April 9, 2009, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on April 9, 2009 (exhibits, annexes, and schedules omitted - the Registrant will furnish supplementary copies of such materials to the SEC upon request).

(hhhh)* Form of Norfolk Southern Corporation Long-Term Incentive Plan, 2010 Award Agreement for Outside Directors is incorporated herein by reference to Exhibit 99, Item 10.1 to Norfolk Southern Corporation's Form 8-K/A filed on

January 29, 2010.

(iiii)*	Form of Norfolk Southern Corporation Long-Term Incentive Plan, 2010 Award Agreement is incorporated herein by reference to Exhibit 99, Item 10.2 to Norfolk Southern Corporation's Form 8-K/A filed on January 29, 2010.
12**	Statement re: Computation of Ratio of Earnings to Fixed Charges.
21**	Subsidiaries of the Registrant.
23**	Consent of Independent Registered Public Accounting Firm.
31**	Rule 13a-14(a)/15d-14(a) Certifications.
32**	Section 1350 Certifications.
99**	Annual CEO Certification pursuant to NYSE Rule 303A.12(a).

* *Management contract or compensatory arrangement.*

** *Filed herewith.*

(B) Exhibits.

The Exhibits required by Item 601 of Regulation S-K as listed in Item 15(A)3 are filed herewith or incorporated herein by reference.

(C) Financial Statement Schedules.

Financial statement schedules and separate financial statements specified by this Item are included in Item 15(A)2 or are otherwise not required or are not applicable.

Exhibits 23, 31, 32, and 99 are included in copies assembled for public dissemination. All exhibits are included in the 2009 Form 10-K posted on our website at ************************** ERROR -- Tried to Go Back !!! Can't DO That! ************

Office of Corporate Secretary

Norfolk Southern Corporation

Three Commercial Place

Norfolk, Virginia 23510-9219

POWER OF ATTORNEY

Each person whose signature appears below under "SIGNATURES" hereby authorizes James A. Hixon and James A. Squires or one of them, to execute in the name of each such person, and to file, any amendment to this report and hereby appoints James A. Hixon and James A. Squires or any one of them, as attorneys-in-fact to sign on his or her behalf, individually and in each capacity stated below, and to file, any and all amendments to this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Norfolk Southern Corporation has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 17 th day of February, 2010.

/s/ Charles W. Moorman

By: Charles W. Moorman

(Chairman, President and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 17 th day of February, 2010, by the following persons on behalf of Norfolk Southern Corporation and in the capacities indicated.

Signature	Title
/s/ Charles W. Moorman	Chairman, President and Chief Executive Officer and Director
(Charles W. Moorman)	(Principal Executive Officer)
/s/ James A. Squires	Executive Vice President Finance and Chief Financial Officer
(James A. Squires)	(Principal Financial Officer)
/s/ Clyde H. Allison, Jr.	Vice President and Controller
(Clyde H. Allison, Jr.)	(Principal Accounting Officer)

/s/ Gerald L. Baliles	Director
(Gerald L. Baliles)	
/s/ Thomas D. Bell, Jr.	Director
(Thomas D. Bell, Jr.)	
/s/ Daniel A. Carp	Director
(Daniel A. Carp)	
/s/ Gene R. Carter	Director
(Gene R. Carter)	
/s/ Alston D. Correll	Director
(Alston D. Correll)	
/s/ Landon Hilliard	Director
(Landon Hilliard)	
/s/ Karen N. Horn	Director
(Karen N. Horn)	
/s/ Burton M. Joyce	Director
(Burton M. Joyce)	
/s/ Steven F. Leer	Director
(Steven F. Leer)	
/s/ Michael D. Lockhart	Director

(Michael D. Lockhart)

/s/ J. Paul Reason Director

(J. Paul Reason)

Norfolk Southern Corporation and Subsidiaries

Valuation and Qualifying Accounts

Years Ended December 31, 2007, 2008, and 2009

($ in millions)

	Beginning Balance	Additions charged to: Expenses	Additions charged to: Other Accounts	Deductions	Ending Balance
Year ended December 31, 2007					
Valuation allowance (included net in deferred tax liability) for deferred tax assets	$ 9	$ 1	$ --	$ --	$ 10
Casualty and other claims included in other liabilities	$ 471	$ 113	$ 162 [2,3]	$ 158 [2]	$ 588
Current portion of casualty and other claims included in accounts payable	$ 301	$ 17	$ 122 [1]	$ 181 [3]	$ 259
Year ended December 31, 2008					
Valuation allowance (included net in deferred tax liability) for deferred tax assets	$ 10	$ 1	$ --	$ --	$ 11
Casualty and other claims included in other liabilities	$ 588	$ 84	$ 80 [2,3]	$ 432 [2]	$ 320
Current portion of casualty and other claims included in accounts payable	$ 259	$ 28	$ 127 [1]	$ 166 [3]	$ 248
Year ended December 31, 2009					
Valuation allowance (included net in deferred tax liability) for deferred					

tax assets	$	11	$	3	$	--	$	--	$	14
Casualty and other claims included in other liabilities	$	320	$	58	$	4 [2,3]	$	117 [2]	$	265
Current portion of casualty and other claims included in accounts payable	$	248	$	3	$	115 [1]	$	133 [3]	$	233

[1] Includes revenue refunds and overcharges provided through deductions from operating revenues and transfers from other accounts.

[2] Payments and reclassifications to/from accounts payable.

[3] Payments and reclassifications to/from other liabilities.

SECOND AMENDMENT

THIS SUPPLEMENTAL AGREEMENT is made this 28th day of December, 2009 by and between **NORTH CAROLINA RAILROAD COMPANY** (hereinafter "NCRR"), a North Carolina corporation, and **NORFOLK SOUTHERN RAILWAY COMPANY** (hereinafter "NSR"), a Virginia corporation.

WITNESSETH:

WHEREAS, NCRR and NSR entered into a Master Agreement ("Agreement") dated July 27, 1999 about the terms for the continued use by NSR of the property of NCRR as well as other matters;

WHEREAS, Section 19 of the Agreement provided that Exhibit C of the Agreement was to detail how NCRR and NSR were to handle the management, administration and control of new and existing third party license, lease and other agreements that concerned NCRR-owned property or right of way; and

WHEREAS, NCRR and NSR entered into a First Amendment ("First Amendment") dated March 19, 2007 to substitute a new Exhibit C and C-1 for the one originally contained in the Agreement; and

WHEREAS, NCRR and NSR now wish to substitute a new Exhibit C for the Exhibits C and C-1 created by the First Amendment;

NOW, THEREFORE, the parties hereto agree that the Agreement as heretofore amended is hereby additionally amended as follows but not otherwise:

1. In Section 19(a), line three, of the Agreement, the phrase "Exhibits C and C-1" is deleted, and in lieu thereof, the phrase "Exhibit C" is inserted.

2. Exhibits C and C-1 of the Agreement as modified by the First Amendment is deleted and in lieu thereof, inserted is a new Exhibit C, attached hereto and made a part hereof.

3. This Second Amendment shall be effective on November 1, 2009.

4. Except as amended hereby, the said Agreement as previously amended and as amended by this Second Amendment remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Second

Amendment in duplicate, each part being an original, as of the date hereinabove first recited.

In presence of: **NORTH CAROLINA RAILROAD COMPANY**

_______________________________ By: __/s/ Scott M. Saylor________________

As to NCRR Title: __President_______________________

In presence of: **NORTH SOUTHERN RAILWAY COMPANY**

_______________________________ By:_ /s/ F. Blair Wimbush________________

As to NSR Title: __Vice President__________________

NCRR.NSR.Second Amendment.doc (7/14/09)

Norfolk Southern Corporation

Executive Life Insurance Plan

As amended and restated effective November 1, 2009

I - Establishment of Plan, Purpose and Effective Date

Establishment of Plan. Norfolk Southern Corporation ("Corporation") established the Executive Life Insurance Plan ("Plan" or "Program") effective January 1, 1989, for certain of its nonagreement employees and nonagreement employees of certain of the Corporation's subsidiary or affiliated companies becoming eligible for benefits under the Plan after January 1, 1989 and before January 1, 2003.

Purpose. The purpose of the Plan is to provide certain key employees of the Employer with contributions made on their behalf into a life insurance product which will be owned by the executives. The executives will apply or have applied for the life insurance, will have full ownership rights to the life insurance contract, and will be able to exercise all ownership rights without involvement by the Employer other than those rights specifically agreed to by the parties as described in this Program. This Plan is intended to provide benefits equal to those provided under the Norfolk Southern Corporation Executive Life Insurance Plan as in effect immediately prior to January 1, 2009.

Type of Plan. This Program is intended to provide a welfare benefit through current compensation. For certain individuals, the Program will provide for compensation to be paid after separation from service. For those individuals, that portion of the program will constitute a plan of deferred compensation, and to the extent applicable, this Program is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and all applicable guidance.

Effective Date. This amended and restated Plan shall be effective as of November 1, 2009.

II - Definitions

For the purposes of this Plan, the following terms will have the meanings indicated unless the context clearly indicates otherwise:

Administrator. "Administrator" means the Vice President - Human Resources of the Corporation.

Adverse Benefit Determination. "Adverse Benefit Determination" means a denial, reduction, or a failure to provide or make payment (in whole or in part) for the benefits provided under the Plan.

Beneficiary(ies). "Beneficiary" or "Beneficiaries" means the person, persons or entity as designated by the Participant, entitled to receive benefits payable from the Insurance Policy upon the Participant's death. If the Participant does not designate a Beneficiary prior to the Participant's death, then the Beneficiary or Beneficiaries shall be determined according to terms of the Insurance Policy.

Code. "Code" means the Internal Revenue Code of 1986, as may be amended from time to time. Any reference in this Plan to "applicable guidance", "further guidance" or other similar term shall include any proposed, temporary or final regulations, or any other guidance, promulgated by the U.S. Department of Treasury or the Internal Revenue Service.

Compensation. "Compensation" means the annualized base salary payable by the Employer to the Participant as compensation for services for that calendar year and, for purposes of this Agreement, "Compensation" shall include any amounts deferred by the Participant pursuant to any plan maintained by the Employer pursuant to Sections 401(a) and 401(k) of the Code, or deferred pursuant to any elective non-qualified plan maintained by the Employer.

Disability. "Disability" means a disability that enables a Participant to be eligible for and receive income replacement benefits for a period of not less than three (3) months under the Long Term Disability Plan of Norfolk Southern Corporation and Participating Subsidiary Companies by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

Employer. "Employer" means Norfolk Southern Corporation, a Virginia corporation, and its affiliated or subsidiary companies designated by the Administrator, or any successor to the business thereof.

Insurance Carrier. "Insurance Carrier" means one or more life insurance companies chosen by Employer to provide life insurance coverage through specific life insurance policies.

Life Insurance Product. "Life Insurance Product" means the life insurance product issued by an Insurance Carrier on the life of a Participant, to which the Employer will make annual premium payments on behalf of the Participant. The Life Insurance Product will be owned by the Participant and the Employer will have no interest in the Life Insurance Product other than those rights specifically agreed to in the application for such Life Insurance Product.

Participant. "Participant" means any employee who is eligible, under Section III, below, to participate in this Plan, and who elects to participate by completion of the insurance application as well as any Participation Agreement(s) or required forms necessary to issue or, exchange Life Insurance Products as needed from time to time, and whose insurance application has been accepted by the Insurance Carrier with premium rates acceptable to Employer (at the sole discretion of the Administrator) and whose life insurance coverage from this Program is in force. Participant may also be referred to as the "Insured" when the context is appropriate.

Participation Agreement. "Participation Agreement" means the agreement filed by a Participant and approved by the Administrator pursuant to Section III, below.

Retirement. "Retirement" means the Participant's Separation from Service following the Participant's attainment of age 55 with 10 years of service with the Employer.

Separation from Service. "Separation from Service", or any other similar such phrase means a Participant's "separation from service" with the Employer, for any reason, within the meaning of Section 409A of the Code, and Treas. Reg. §1.409A-1(h) and other applicable guidance.

Specified Employee. "Specified Employee" means an officer of the Employer with annual compensation greater than $130,000 (indexed), a five percent (5%) owner of the Employer, or a one percent (1%) owner of the Employer with annual compensation greater than $150,000 (not indexed), determined in each case in accordance with Code section 409A. If the Employer has more than 50 officers whose annual compensation exceeds $130,000 (indexed), only the 50 officers with the greatest annual compensation shall be considered "Specified Employees." If an individual meets the definition of "Specified Employee" on December 31, the individual shall be a "Specified Employee" during the 12-month period commencing on the following April 1. For purposes of this definition, annual compensation shall be determined on the basis of Internal Revenue Service Form W-2, Wage and Tax Statement, excluding foreign compensation.

Targeted Death Benefit. "Targeted Death Benefit" is an amount of death benefits to be provided under a Life Insurance Product described in the Participation Agreement, on which Employer Contributions under this Program are to be estimated. The Participation Agreement may provide for different Targeted Death Benefits prior to and after Retirement.

III - Participation

Eligibility. A key employee is eligible to participate in this Plan only if the employee was eligible for benefits under the Plan as in effect prior to January 1, 2009. No employees became eligible to participate in the Plan after December 31, 2002.

Participation. An employee's participation in the Plan will be effective when the Life Insurance Product becomes effective and in force. Subject to the next two paragraphs, participation in the Plan will continue until the earliest of the date that the Participant separates from service with the Employer, until such time as Employer Contributions are no longer provided for by the terms of this Program, or as may otherwise be provided in the Program, including the Participant's Participation Agreement.

Requirement of Cooperation. As a condition for Participation in this Program, the Participant shall be required to comply with all normal and reasonable requests deemed necessary to apply for and obtain the Life Insurance Product, including but not limited to: providing such information as the Insurance Carrier may require for completion of the insurance application and related forms and documents; taking such physical examinations and supplying medical history as may be requested by the Insurance Carrier; signing the application for the Insurance Policy as the insured; and performing any other act to comply with the underwriting and policy issuance requirements which may reasonably be requested by the Insurance Carrier or the Employer. If, in the sole determination of the Administrator, the Participant has failed to adequately cooperate in the issuance of the Insurance Product, the Employer's obligations under this Plan shall cease immediately; if the Insurance Carrier is unable to issue a Life Insurance Product in the specified amount at standard rates or at a rate otherwise acceptable to the Employer, the Employer's obligations under this Plan shall cease immediately.

Change in Employment Status. Unless otherwise determined by the Administrator, in the Administrator's sole discretion, participation herein and eligibility to receive future contributions under this Plan will cease upon the termination of a Participant's eligibility to participate in the Corporation's Management Incentive Plan, the Executive Management Incentive Plan, or any successor plans thereto (other than by reason of death, Disability or Retirement).

IV - Targeted Death Benefit

Basic Formula. The contribution, as set forth in Section V, below, will be based on the Targeted Death Benefit. The Targeted Death Benefit will be as follows:

- During Employment - an amount equal to three (3) times Compensation reduced by $50,000 plus the amounts set forth in the Participation Agreement.

- After Retirement - the amount set forth in a Participant's Participation Agreement as the post-retirement benefit amount.

- During a period of Disability - an amount equal to three (3) times Compensation reduced by $50,000 plus the amounts set forth in the Participation Agreement, all as determined as of the date of Disability.

Limitations. The Targeted Death Benefit may be limited by factors other than those provided in the formula above and in such events shall be reduced as provided below:

- Maximum Face Amount - The Targeted Death Benefit may be limited by the maximum face amount permitted by the Insurance Carrier without underwriting, as may be agreed upon by the Employer and the Insurance Carrier from time to time.

- Underwriting Criteria - The Targeted Death Benefit may be reduced by the results of medical or other underwriting imposed by the

Insurance Carrier and is limited to the amount of death benefit which can be provided by the Life Insurance Product, assuming preferred or standard rates.

V - Contributions

Employer Contributions. Employer will make contribution(s) to the Life Insurance Product on behalf of the Participant; the amount of such contribution(s) will be as follows:

- During Employment and Disability - an amount deemed necessary by the Employer, to provide the Targeted Death Benefit assuming level premium payments are made through age 64 (but no less than 10 years), and based on the reasonable financial assumptions determined as of the time of the Employer Contribution set forth in the attached Exhibit A. To the extent the Targeted Death Benefit is a function of Compensation, the Employer Contribution will be recalculated each year as of December 1, and based on the annualized Compensation as of December 1.

- After Retirement - Upon Retirement, the Employer shall continue to make Employer Contributions in an amount deemed necessary by the Employer to provide the Targeted Death Benefit in the minimum number of level annual premiums allowable without causing the Life Insurance Product to violate IRC section 7702, the definition of life insurance, and based on the other reasonable financial assumptions set forth in the attached Exhibit A. Any Employer Contributions to be made after Separation from Service shall be fixed as of the date of separation. To the extent that the amounts so determined would exceed the maximum permissible premium and cause the Policy to violate IRC section 7702, the definition of life insurance, in any subsequent year, such excess amounts will be paid in cash to the Participant at the time of separation.

Additional Employer Contributions. Employer will make an additional annual payment to Participants in an amount equal to the tax due on: (i) the amount of the Employer Contribution provided in the first paragraph of this Article which is in excess of the value of the coverage provided as measured using the Insurance Carrier's alternative term rates in effect as of January 1, 2009; and (ii) the amount of the Additional Employer Contributions under this paragraph. In calculating the portion of such additional payments each year attributable to the taxes due, it shall be assumed that the Participant is subject to a combined marginal tax rate of 32.2%. Anything to the contrary notwithstanding, a Participant who holds a position at the level of Executive Vice President (or any successor position) or above at the time an Employer Contribution is made shall not be entitled to the Additional Employer Contributions described in this paragraph. The Administrator specifically reserves the right to alter or change the manner in which this additional bonus is to be calculated or paid, including but not limited to altering the applicable tax rate to be assumed under this paragraph.

Cessation of Employer Contributionsns. Employer Contributions will cease upon the earliest of the following events:

- Death

- Participant's separation from service with the Employer prior to Retirement;

- Participant partially or completely surrenders, attempts to take a loan from, or withdraws cash value from the Life Insurance Policy, or adjusts the face amount of the Life Insurance Policy other than as provided under the Target Death Benefit prior to Retirement;

- Participant makes a contribution to the Life Insurance Product prior to Retirement, except as may be permitted herein; and

- Participant has a Change in Employment Status as described above.

Nothing contained herein shall limit the Employer's ability to terminate Employer Contributions for any Participant prior to Retirement or Disability, or for all Participants upon the termination or amendment of this Plan in the sole discretion of the Employer.

Timing of Employer Contributions. Except as provided in Withholding; Payroll Taxes below, Employer Contributions to the Life Insurance Product will be made on an annual basis on January 15 of each year. A contribution is treated as being made on the date when it is due under the Plan if the payment is made on the due date specified by the Plan, or on a later date that is in the same calendar year. A payment also is treated as being made on the date when it is due under the Plan if the payment is made not more than 30 days before the due date specified by the Plan.

Delay in Payment for Specified Employees. Notwithstanding anything else to the contrary, contributions to be made by the Employer following a Separation from Service (other than by reason of death or Disability) of a Participant who is determined to meet the definition of Specified Employee at the time of Separation from Service shall be payable as otherwise provided, except that the initial payment shall be made no earlier than six (6) months following the date of the Separation from Service.

Participant Contributions. A Participant may not make additional contributions directly into the Life Insurance Product prior to Retirement. Employer will not have the responsibility to monitor or report such contributions.

Withholding; Payroll Taxes. The amount of the Employer Contributions and Additional Employer Contributions, if any, will be treated as current compensation, and as such, Employer shall withhold any taxes required to be withheld with respect to such amounts under local, state or federal law. Such withholding will be made to the greatest extent possible from other Compensation paid to the Participant, and to the extent other Compensation is insufficient to cover the required withholding, the Participant shall reimburse the Employer the amount necessary to meet its withholding obligation. If the Participant does not reimburse the Employer the amount necessary to meet its withholding obligation, then the Employer shall provide the Employer Contribution over the minimum period sufficient to permit the Employer to recover its withholding obligation from other compensation paid to the Participant, but in no event will the Employer Contribution be made later than two and one-half months after the close of the then current calendar year.

VI - Benefits

Employer Contributions. The sole benefit to be provided by the Employer under this Program is the annual Employer Contributions described in Section V above, as determined by the Administrator based on the Targeted Death Benefit.

Ownership Of Life Insurance Product. Each Participant shall be named as the owner of the Life Insurance Product, and shall have all rights, privileges and duties of an owner as set forth in the Life Insurance Product. Such rights may include, without limitation, the right to name a Beneficiary to receive any death benefits due under the terms of the Life Insurance Policy, the right to request and make withdrawals from the product, including a complete surrender of the Life Insurance Product. All rights as owner of the Life Insurance Product will be exercisable without the consent or involvement of the Employer, except as may be limited in this Plan Document. Notwithstanding the foregoing, the Participant's exercise of the foregoing rights prior to Retirement may result in a termination of Employer Contributions as specified in Section V, above.

Death Benefits. This Program does not promise any particular level of death benefit, but only an annual contribution, as described herein, which may be based on the costs of providing certain levels of death benefit under a particular Life Insurance Product. The Employer does not guarantee any level of death benefits or that payment will be made by the Insurance Carrier. The Participant's rights to death benefits, if any, shall solely be as the owner of the Life Insurance Product described herein.

VII - Administration

Administrator; Duties. The primary duty of the Employer with respect to this Plan will be to calculate and make Employer Contributions into the Life Insurance Product on behalf of the Participants. The Administrator will also coordinate with Insurance carrier(s) to effect changes in the death benefit needed to maintain targeted benefit levels subject to the acceptance of the additional risk by the insurance carrier(s). The Administrator will have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in such administration. The Employer will not have any responsibility regarding the operation of the Life Insurance Product or the exercise of any ownership rights of the Life Insurance Product, which are exercisable solely by the Participant without any involvement from the Employer, except as may be specifically agreed upon.

Binding Effect of Decisions. The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan will be final, conclusive and binding upon all persons having any interest in the Plan.

VIII- Termination, Suspension or Amendment

Termination, Suspension or Amendment of Plan. The Corporation expressly reserves the right, in its sole discretion, to cease or suspend Employer Contributions under the Plan at any time, in whole or in part. The Corporation expressly reserves the right, in its sole discretion, to amend or terminate the Plan at any time by an appropriate written instrument executed by its Vice President - Human Resources. Any amendment may provide different amounts of Employer Contributions from those herein set forth. However, no such termination, suspension or amendment will adversely affect either the amount of Employer Contributions which have been made on behalf of the Participant prior to the date of such amendment or termination of this Plan or Employer Contributions scheduled to be paid on behalf of any Participant whose Retirement or Disability occurred before the date of such amendment or termination of this Plan.

IX - Claims Procedure

Claim. Any person or entity claiming the benefit of annual Employer Contributions described in Section V above, requesting an interpretation or ruling under the Plan, or requesting information under the Plan (hereinafter referred to as "Claimant") shall present the request in writing to the Administrator. Benefit claim determinations will be made in accordance with the terms of the Plan and will be applied consistently with respect to similarly situated claimants.

Denial of Claim. The Administrator shall provide a written explanation of any Adverse Benefit Determination within 90 days, unless special circumstances require an extension of time for processing the claim, in which case the Administrator will provide the Participant recipient with written notice of the extension before expiration of the 90-day period. The notice of the extension will indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render a decision. The extension will not exceed 90 days from the end of the initial period.

If the Administrator issues an Adverse Benefit Determination, claim or request is denied, the written notice shall state:

a) The reason for the Adverse Benefit Determination, with specific reference to the Plan provisions on which the determination is based;

b) A description of any additional material or information required and an explanation of why it is necessary; and

c) An explanation of the Plan's claims review procedure and the applicable time limits, including a statement of the right to bring a civil action following an Adverse Benefit Determination on review.

Review of Claim. Any Claimant who receives an Adverse Benefit Determination or who has not received a response within sixty (60) days may request a review by notice given in writing to the Administrator. Such request must be made within sixty (60) days after receipt by the Claimant of the written notice of Adverse Benefit Determination, or in the event Claimant has not received a response sixty (60) days after receipt by the Administrator of Claimant's claim or request. The claim or request shall be reviewed by the Administrator which may, but shall not be required to, grant the Claimant a hearing. On review, the Claimant may have representation, examine pertinent documents, and submit issues and comments in writing relating to the claim for benefits.

Final Decision. The Administrator's review will take into account all comments, documents, records, and other information submitted, without regard to whether such information was submitted or considered in the initial benefit determination. The Administrator will render a decision within 60 days after receipt of written request for review, unless the Administrator determines that special circumstances require an extension of time for processing the claim, in which case the Administrator will provide the Participant with written notice of the extension before the expiration of the initial 60-day period. The notice will indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render a decision. The extension will not exceed 120 days from receipt of a request for review by the Administrator.

The Administrator will notify the Participant of its benefit determination on review. In the case of an Adverse Benefit Determination, the notice will include the specific reason or reasons for the Adverse Benefit Determination, reference to the specific Plan provisions on which the determination is based, and a statement that the Participant or alternate recipient is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim. The notice will also include a statement that the Plan does not have any additional mandatory appeal procedures and that the Participant has the right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act (ERISA). All decisions on review shall be final and bind all parties concerned.

X - Miscellaneous

Code Section 409A. To the extent applicable, the Plan is intended, and shall be construed, to comply with the requirements of Section 409A of the Code. The Corporation does not warrant that the Plan will comply with Section 409A of the Code with respect to any Participant or with respect to any payment, however. In no event shall the Corporation, its officers, directors, employees, parents, subsidiaries (including any Employer), or affiliates be liable for any additional tax, interest, or penalty incurred by a Participant or Beneficiary as a result of the Plan's failure to satisfy the requirements of Section 409A of the Code, or as a result of the Plan's failure to satisfy any other applicable requirements for the deferral of tax.

Not a Contract of Employment. This Plan will not constitute a contract of employment between Employer and the Participant. Nothing in this Plan will give a Participant the right to be retained in the service of Employer or to interfere with the right of Employer to discipline or discharge a Participant at any time.

Protective Provisions. A Participant will cooperate with Employer by furnishing any and all information requested by Employer in order to facilitate the Employer Contributions as provided for in this Plan, and by taking such physical examinations as Employer may deem necessary and by taking such other action as may be requested by Employer.

Governing Law. The provisions of this Plan shall be construed and interpreted according to federal law and, to the extent not preempted by federal law, according to the laws of the Commonwealth of Virginia.

Validity. If any provision of this Plan will be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

Notice. Any notice or filing required or permitted under the Plan will be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice will be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Administrator will be directed to the Employer's address. Mailed notice to a Participant will be directed to the individual's last known address in Employer's records.

Successors. The provisions of this Plan shall bind and inure to the benefit of Employer and its successors and assigns. The term successors as used herein includes any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Employer, and successors of any such corporation or other business entity.

Exhibit A
Norfolk Southern Corporation

Cash Value Target	Level Premiums solved to provide enough cash value immediately after assumed termination of employment at age 65 to continue the Targeted Death Benefit and endow at age 95. If employment extends past age 65, termination is assumed to occur the following year.
Death Benefit:	Targeted Death Benefit as provided by the

Death Benefit:	Program.
Salary Scaleale	5% during employment to age 65
Premiums	During employment, payable annually through age 64 but no less than 10 years of premium payments; upon Retirement, payable for the minimum number of years permitted without violation of §7702 of the Code.
Cost of Insurance Charges	Actual COI charges up to date of resolve; thereafter, insurance carrier's current COI rates for the product as of the date of resolve.
Interest Crediting Rate:	Actual policy crediting rates up to date of resolve; thereafter, insurance carrier's current general account crediting rate for the product as of the date of resolve.
Premium Duration:	As provided by the Program

Exhibit 10(rr)

RETIREMENT PLAN

OF

NORFOLK SOUTHERN CORPORATION

AND

PARTICIPATING SUBSIDIARY COMPANIES

Effective June 1, 1982

Amended to and Including January 1, 2010

RETIREMENT PLAN

OF

NORFOLK SOUTHERN CORPORATION

AND PARTICIPATING SUBSIDIARY COMPANIES

INDEX

ARTICLE I. INTRODUCTION.

Norfolk Southern Corporation has established this Retirement Plan ("Plan") effective June 1, 1982 ("Effective Date"), as amended effective January 1, 2010, for its employees and employees of each subsidiary and affiliated company which adopts the Plan and is approved for participation in the Plan as provided in Article XVII. This Plan is the successor to and supersedes, as of the Effective Date, the following retirement plans:

Retirement Plan of Norfolk and Western Railway Company
Southern Railway System Retirement Plan
Retirement Plan of Chesapeake Western Railway
Kentucky & Indiana Terminal Railroad Company Retirement Plan
Retirement Plan of Norfolk, Franklin and Danville Railway Company
Pocahontas Land Corporation Plan for Supplemental Pensions
Virginia Holding Corporation Supplemental Pension Plan
Retirement Plan of Lambert's Point Docks, Incorporated

This Plan also is the successor to and supersedes the Norfolk and Western Railway Company Plan for Supplemental Pensions and the Des Moines Union Railway Defined Benefit Pension Plan and Trust, effective December 31, 1988, and February 28, 1989, respectively.

ARTICLE II. DEFINITIONS.

AC&Y Plan	The Akron, Canton & Youngstown Railroad Company Pension and Insurance Plan.
AW&W Plan	Algers, Winslow & Western Railway Company Salaried Employees' Retirement Plan.
Accrued Benefit	As of any date for any Member the retirement benefit payable at Normal Retirement Age.
Additional Retirement Benefit	The additional monthly retirement benefit provided under Article VI as set forth in Schedule A or Schedule B of the Plan.
Agreement Service	Service in a position for which the rates of pay are governed by the provisions of a collective bargaining agreement (other than those excepted under Section 4 of Supplemental Agreement "A" between NW and the Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees, effective January 12, 1979).
Agreement Trainee	An Employee in training for a position that is not a Nonagreement Position.
Average Final Compensation	Average monthly Compensation paid to a Member during any five Compensation Years out of the 120 months of Creditable Service ending with the last month in which the Member was employed in a Nonagreement Position (or, if less than 120, of the actual number of months of Creditable Service), which will produce the highest average monthly Compensation. In the case of a Member who has not served five Compensation Years during his last 120 (or less) months of Creditable Service, such average shall be

	computed by disregarding breaks in service for the purpose of determining Compensation Years. In the case of a Member retired with less than 60 months of Creditable Service, the average monthly Compensation during his total months of Creditable Service shall be used.
Board of Directors	Board of Directors of NSC.
Board of Managers	Pursuant to Article XI, the Board that acts as trustee and is charged with administering the Plan.
Bonus	A payment made pursuant to the Norfolk Southern Corporation Annual Bonus Program, Norfolk Southern Corporation Management Incentive Plan, Norfolk Southern Corporation Executive Management Incentive Plan or NS Stock Unit Plan.
Closing Date	The Closing Date as defined in the Transaction Agreement by and among CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail Inc., Consolidated Rail Corporation and CRR Holding LLC, dated as of June 10, 1997.
Code	The Internal Revenue Code of 1986, as amended.
Compensation	Remuneration in the form of salary (increased by the amount of the Member's salary that is not includible in the gross income of the Member because it is contributed by NSC or a Participating Subsidiary pursuant to the Member's salary reduction agreement and which is not includible in the gross income of the Member under (i) Section 402(e)(3) of the Code, as a Pre-Tax Contribution to the Thrift and Investment Plan of Norfolk Southern Corporation and Participating Subsidiary Companies, (ii) Section 125 of the Code, to provide benefits under the Norfolk Southern Corporation ChoicePlus Benefits Plan, or (iii) Section 132(f)(4) of the Code, to provide benefits under the Pre-Tax Transportation Plan of Norfolk Southern Corporation and Participating Subsidiary Companies), vacation pay paid to a former Employee for service in a Nonagreement Position (including payments for unused vacation made following the Employee's severance from employment, provided that such payment is made within 2½ months after such severance from employment), Bonus for nonagreement service which is paid to an Employee in a Nonagreement Position, or differential wage payments as defined in Section 414(u)(12) of the Code (to the extent required by Section 414(u)(12) and the guidance issued thereunder), each as reported to the Internal Revenue Service for Federal income tax purposes. Severance payments, temporary locality payments, or special award payments (such as payments made under recruitment, safety, quality and retention programs) shall not be included within this definition. Annual compensation in excess of the limit provided in Section 401(a)(17)(B) of the Code shall not be included within this definition, except as otherwise permitted by law. For purposes of determining benefit accruals in a Compensation Year beginning on or after January 1, 2002, compensation for any Compensation Year beginning before January 1, 2002 shall be limited to $200,000.
Compensation Year	Any twelve consecutive month period of monthly Compensation

	ending on the last day of the same month as the last month in which the Member was employed in a Nonagreement Position.
Conrail	Consolidated Rail Corporation.
Conrail Plan	Supplemental Pension Plan of Consolidated Rail Corporation.
Creditable Service	A Member's creditable service, as defined in Article IV, for purposes of the Plan.
CW Plan	Retirement Plan of Chesapeake Western Railway.
Disability Benefit	The monthly disability benefit not to exceed the amount of the Normal Retirement Benefit the Member would receive if the Member separated from service at age 65 (taking into account any additional Creditable Service the Member would have earned if he had continued to work for Norfolk Southern Corporation or a Participating Subsidiary until age 65).
Disability Benefit Compensation	A Member's basic monthly salary (not to exceed the monthly equivalent of the annual compensation limit prescribed by Section 401(a)(17) of the Code).
Disability Service	A period during which the Member is receiving benefits under the LTD Plan on account of the Member's total disability.
DMU Plan	Des Moines Union Railway Defined Benefit Pension Plan and Trust.
Eligible Child or Children	A Member's natural or adopted children (unless such natural or adopted children have been legally adopted by other individuals), who at the date of the Member's death are unmarried and under the age of 21 or who are totally and permanently disabled. An Eligible Child shall cease to be such as of the earlier of the last day of the month in which the child marries or attains the age of 21, or, if later, the last day of the month in which the child ceases to be totally and permanently disabled.
Eligible Parent or Parents	A Member's natural mother or father or, if the Member was legally adopted, the adoptive parents in lieu of the natural parents.
Employee	A person who is employed as an employee by NSC or a Participating Subsidiary on a full-time basis, or who is employed by NSC or a Participating Subsidiary on a regular part-time basis and is designated as an Employee by NSC or a Participating Subsidiary and, in each instance, who receives compensation directly from NSC or a Participating Subsidiary for services rendered as an employee in the United States or Canada. Notwithstanding the previous sentence, the term "Employee" shall not include (w) a person who is covered by a contract or agreement that specifies that such person is not eligible to participate in the Plan; (x) a person who has terminated from employment with NSC or a Participating Subsidiary, unless designated as an Employee by NSC or a Participating Subsidiary; (y) a person who is a "Leased Employee" within the meaning of Section 414(n) of the Code or whose basic compensation for services on behalf of NSC or a Participating Subsidiary is not

	paid directly by NSC or a Participating Subsidiary; or (z) a person who is classified as a special status employee or an independent contractor. An employee that NSC or a Participating Subsidiary mistakenly but in good faith classifies as other than an Employee shall be deemed to be an Employee as of the date on which NSC or a Participating Subsidiary reclassifies him or her as an Employee.
Fund	The assets held from time to time under the Plan.
Highly Compensated Employee	Any Employee who,(i) was at any time during the current year or preceding year a Five Percent Owner; or (ii) during the preceding year (A) received compensation from the Corporation or a Participating Subsidiary in excess of $80,000(as adjusted under Code Section 415(d))and (B) in the case of an Employee of any Participating Subsidiary not treated as a single employer together with the Corporation under Sections 414(b), 414(c), 414(m), 414(n), or 414(o) of the Code. For purposes of this definition, the term "compensation" means compensation within the meaning of Section 415(c)(3). For plan years beginning on or after January 1, 2001, "compensation" shall include elective amounts that are not includible in the gross income of the employee by reason of Section 132(f)(4) of the Code. Highly compensated former employees (as defined in Code Section 414(q)(9)) shall be treated as Highly Compensated Employees for all relevant purposes. For purposes of this definition, Employees who are nonresident aliens and who receive no earned income from the Corporation or a Participating Subsidiary which constitutes income from sources within the United States shall not be treated as Employees. The determination of who is a Highly Compensated Employee, including the determinations of the number and identity of Employees in the top paid group, the number of Employees treated as officers and the compensation that is taken into account, shall be made in accordance with Code Section 414(q) and the regulations thereunder.
Hour of Service	Each hour for which an Employee is paid, or entitled to payment for the performance or nonperformance of duties, or each hour for which back pay, regardless of mitigation of damages, is either awarded or agreed to by the employer. An Hour of Service shall be computed and credited in accordance with DOL Regulation 2530.200b.
K&IT Plan	Kentucky & Indiana Terminal Railroad Company Retirement Plan.
Leased Employee	Any person (other than employee of NSC or a Participating Subsidiary) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with section 414(n)(6) of the Internal Revenue Code) on a substantially full-time basis for a period of at least one year, and such services are performed under primary direction or control of the recipient.
LPD Plan	Retirement Plan of Lambert's Point Docks, Incorporated.
LTD Plan	The Long-Term Disability Plan of Norfolk Southern and Participating Subsidiary Companies or any successor plan

Member	A person entitled to participate in the Plan.
Month of Service	Any calendar month in which an Employee is paid, or entitled to payment, for the performance or nonperformance of duties. A Month of Service shall be treated as the equivalent of 190 Hours of Service in accordance with DOL Regulation 2530.200b-3.
NF&D Plan	Retirement Plan of Norfolk, Franklin and Danville Railway Company.
Nonagreement Position	A position for which the rates of pay are not governed by the provisions of a collective bargaining agreement (but including those employees excepted under Section 4 of Supplemental Agreement "A" between NW and the Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees, effective January 12, 1979), excluding those employees who perform service on positions in job class M11 (relief yardmasters/supervisors).
Normal Retirement Age	Age 65.
Normal Retirement Benefit	The greater of the early retirement benefit under the Plan or the benefit commencing under the Plan at Normal Retirement Date.
Normal Retirement Date	First day of the month next succeeding the month in which the Member attains Normal Retirement Age.
NSC	Norfolk Southern Corporation, a Virginia Corporation.
NW	Norfolk and Western Railway Company, a Virginia Corporation.
NW Plan	Retirement Plan of Norfolk and Western Railway.
NW Supplemental Plan	Norfolk and Western Railway Company Plan for Supplemental Pensions.
Participating Subsidiary	Each subsidiary or affiliated company of NSC which adopts the Plan and is approved for participation in the Plan as provided for in Article XVII.
Plan	Retirement Plan of Norfolk Southern Corporation and Participating Subsidiary Companies.
Plan Year	Calendar Year.
PLC Plan	Pocahontas Land Corporation Plan for Supplemental Pensions.
Projected Normal Retirement Benefit	The Member's projected accrued benefit under the Plan at Normal Retirement Age assuming the Member's Average Final Compensation at Normal Retirement Age equals his Average Final Compensation as measured on the last day in which the Member was an Employee and taking into account any additional Creditable Service the Member would have earned if he had continued to work at Norfolk Southern Corporation or a Participating

	Subsidiary until Normal Retirement Age.
Same Sex Partner	The Member's same sex civil union partner or domestic partner, (i) if the Member resides in a state that provides legal recognition of the partnership through civil union or domestic partnership, then the Member and the Same Sex Partner have registered as domestic partners or entered into a civil union (provided, however, that if the Member resides in a state that provides legal recognition for same sex marriage, the Member must be married to a same sex spouse rather than obtain a civil union or domestic partnership), or (ii) if the Member does not reside in a state that provides legal recognition of the partnership, the Member completes an affidavit provided by the Plan administrator to evidence that the Member and the Same Sex Partner:(a) are in an exclusive, committed relationship and intend to continue that relationship indefinitely; (b) are not married to, nor in a civil union or domestic partnership with, any other person; (c) are not related by blood to a degree of closeness that would prohibit marriage under the laws of the Member's and Same Sex Partner's state of residence; (d) share a mutual obligation of support and responsibility for each other's welfare and form an economically interdependent unit; and (e) share a principal residence and intend to do so indefinitely.
Service Ratio	Effective as of January 1, 2002, a fraction (not exceeding 1) the numerator of which is the Member's Creditable Service and the denominator of which is the Creditable Service the Member would have if he served until Normal Retirement Age.
Southern	Formerly, Southern Railway Company, a Virginia Corporation, name changed to Norfolk Southern Railway Company, effective December 31, 1990.
Southern Plan	Southern Railway System Retirement Plan.
Surviving Same Sex Partner	An individual who was the deceased Member's Same Sex Partner on the date of retirement or date of death before retirement.
Surviving Spouse	A deceased Member's lawful surviving spouse who was married to the Member on the date of retirement or date of death before retirement.
VHC Plan	Virginia Holding Corporation Supplemental Pension Plan.
Year of Service	Any twelve consecutive month period, as measured from the date of employment or anniversaries thereof, in which an Employee has not less than six Months of Service.

Wherever used in the Plan, words in the masculine form shall be deemed to refer to females as well as males, and words referring to the singular or plural shall include the plural or singular, as the case may be.

ARTICLE III. MEMBERSHIP

1. Every person who is a member of the NW Plan, Southern Plan, CW Plan, K&IT Plan, NF&D Plan, PLC Plan or VHC Plan on the Effective Date shall become a Member on such date. Every person who is a member of the LPD Plan shall become a Member on January 1, 1984. Every person who is a member of the NW Supplemental Plan or the DMU Plan shall become a Member on December 31, 1988, and February 28, 1989, respectively. However, a Member who is a member of the NW Supplemental Plan on December 31, 1988, and does not perform service for Compensation in a Nonagreement Position on or after December 31, 1988, shall be governed solely by the provisions of Article XXII of the Plan.

2. Every other Employee shall become a Member on the first day he performs service for Compensation in a Nonagreement Position on or after the Effective Date. Effective February 1, 1999, however, any Employee who begins to perform service as an Agreement Trainee on or after that date and was not previously a Member of the Plan will not be a Member of the Plan unless and until the Employee subsequently performs service in a Nonagreement Position other than that of Agreement Trainee.

3. Unless a Member's rights in the Plan have vested under Article IX, his membership in the Plan shall terminate at the time he shall cease to be an Employee for any reason other than retirement or Disability Service. Except as otherwise provided in Article IX, such a person shall be entitled only to a refund of his contributions, if any, held by the Plan with interest at such rate as shall from time to time be set by the Board of Managers. A person whose membership has been so terminated shall again become a Member if subsequent to such termination he performs service for Compensation in a Nonagreement Position.

ARTICLE IV. CREDITABLE SERVICE

1. Creditable Service shall consist of:

(a) Each Year of Service (or fraction thereof) with NSC or a Participating Subsidiary in a Nonagreement Position commencing on and measured from the later of the first day a Member performs service for Compensation or the Member's 1982 anniversary of his date of employment;

(b) Service creditable as a member under the NW Plan, Southern Plan, AC&Y Plan, CW Plan, K&IT Plan, NF&D Plan, PLC Plan, or VHC Plan measured to the 1982 anniversary of the Member's date of employment (or the Member's employment termination date, if earlier), without regard to whether such 1982 anniversary date was before or after the Effective Date;

(c) Service creditable as a member under the LPD Plan prior to January 1, 1984, as measured from the Member's date of employment;

(d) Service (other than service creditable under the Conrail Plan as a result of the terms or provisions of any change-in-control agreement, employment agreement, severance agreement or other similar agreement) creditable to a member under the Conrail Plan beginning on April 1, 1976;

(e) The following periods of Agreement Service not credited under subparagraph (a) or (b) above:

(i) Agreement Service, prior to the Effective Date, of a Member (on the Effective Date) hired prior to the Effective Date with NW, Norfolk, Franklin and Danville Railway Company, The Virginian Railway Company, The New York, Chicago and St. Louis Railroad Company, Wabash Railroad Company, New Jersey, Indiana & Illinois Railroad Company, The Pittsburgh & West Virginia Railway Company, and The Lake Erie and Fort Wayne Railroad Company;

(ii) Agreement Service, prior to the Effective Date, of a Member who was a member of the Southern Plan on or after July 22, 1980, with a "System Company" as defined in the Southern Plan, but only if such Member has been employed in a Nonagreement Position (not including Disability Service) for five or more years, whether or not consecutive; and

(iii) Agreement Service after the Effective Date of a Member with NSC or a Participating Subsidiary where followed by service in a Nonagreement Position, but only if such Member has been employed in a Nonagreement Position (not including Disability Service) for five or more years, whether or not consecutive; and

(iv) Agreement Service with Conrail on or after April 1, 1976, of a Member, but only if such Member has been employed by NSC in a Nonagreement Position (not including Disability Service) for five or more years, whether or not consecutive, after March 7, 1997; and

(f) Service creditable as a member under the DMU Plan prior to March 1, 1989, as measured from the Member's date of employment.

(g) Each Year of Service (or fraction thereof), as defined under this Plan, with Virginia Railway Association, for Members who are Employees on December 31, 2004 and who retire on or after January 1, 2005.

(h) Each Year of Service (or fraction thereof) in a Nonagreement Position, as defined under this Plan, with Illinois Terminal Railroad Company, for Members who are Employees on December 31, 2004, and who retire on or after January 1, 2005.

(i) Service by a Member in job class M11 for NSC or a Participating Subsidiary where followed by service in a Nonagreement Position, but only if such Member has been employed in a Nonagreement Position (not including Disability Service) for five or more years, whether or not consecutive.

2. Creditable Service shall also include the following periods that are not credited under Section 1 of this Article:

(a) Periods of absence because of illness or injury;

(b) Periods of Disability Service except that a Member shall be credited with one Month of Service hereunder for each two months of any such Disability Service;

(c) Periods of service not in excess of the longer of a total of 60 months or the period of absence permitted for the purpose of establishing entitlement to reemployment rights under the Uniform Services Employment and Reemployment Rights Act of 1994 ("USERRA") in the uniformed services of the United States, as defined in USERRA, or the armed forces of Canada, if the Member was a Member of the Plan (or a predecessor plan) immediately prior to such service and returned to employment within 90 days after release from such armed forces or within the time fixed by law for retention of employment rights, whichever is greater, except that if the Member dies during such period of qualified military service, Creditable Service shall be determined as if the Member returned to employment on the day preceding the day of the Member's death and terminated employment on the actual date of death; and

(d) Periods of leave of absence, under rules of the Board of Managers uniformly applicable to all similarly situated Members, to accept, at the request of NSC or a Participating Subsidiary, employment by a subsidiary company, to attend educational institutions, to accept employment by a government or government agency, or to carry out other activities approved by the Board of Managers.

3. (a) During a period of absence for which Creditable Service is granted under Paragraphs 2(a), (b), and (d) or during a period of service in the armed forces of Canada for which Creditable Service is granted under Paragraph 2(c), the Member shall be deemed to have earned the greater of Compensation at the regular monthly or annual rate in effect immediately preceding such absence or at the regular monthly or normal rate payable to the Member for services rendered to his employer during such leave of absence.

(b) During a period of service in the uniformed service of the United Sates for which Creditable Service is granted under Paragraph 2(c) of Article IV, the Member's monthly Compensation for each month during each such period shall be deemed to be either (a) the monthly Compensation the Member would have earned during the period of military service if he or she had not been on leave for such service; or (b) if this amount is not reasonably certain, the average monthly Compensation for the 12 months preceding the beginning of each such period of military service.

4. If a Member has been employed in a Nonagreement Position for less than five years, then, for purposes of computing the benefit under section 1 of Article VI, Creditable Service shall be the sum of a Member's Creditable Service under Sections 1, 2 and 3 of this Article IV plus the sum of:

(i) Twenty percent (20%) multiplied by the number of years (or fraction thereof) that the Member has been employed in a Nonagreement Position (not including Disability Service) times Agreement Service, prior to the Effective Date, of a Member who was a member of the Southern Plan on or after July 22, 1980, with a "System Company" as defined in the Southern Plan; and

(ii) Twenty percent (20%) multiplied by the number of years (or fraction thereof) that the Member has been employed in a Nonagreement Position (not including Disability Service) multiplied by the sum of Agreement Service and service in job class M11 after the Effective Date of a Member with NSC or a Participating Subsidiary where followed by service in a Nonagreement Position; and

(iii) Twenty percent (20%) multiplied by the number of years (or fraction thereof) that the Member has been employed in a Nonagreement Position (not including Disability Service) after March 7, 1997, times Agreement Service of a Member with Conrail on or after April 1, 1976.

After the Member has been employed in a Nonagreement Position for five or more years, then Creditable Service for purposes of computing the benefit under Section 1 of Article VI shall be equal to the Member's Creditable Service under Sections 1, 2 and 3 of this Article IV, and this Section 4 shall no longer apply.

ARTICLE V. RETIREMENT

1. A Member shall retire not later than the end of the month in which he attains Normal Retirement Age, effective Normal Retirement Date, except where:

(a) The provisions of the Age Discrimination in Employment Act of 1967, as amended, or of any other applicable law, prohibit the mandatory retirement of such Member; or

(b) The Board of Directors, in its sole discretion, requests a Member whose compensation is fixed by the Board of Directors to continue in service following the Member's Normal Retirement Date for such period of time as may be determined by the Board of Directors.

2. A Member may retire at the end of any month, effective the first day of the following month, between attainment of ages 62 and 65.

3. A Member may retire at the end of any month, effective the first day of the following month, between attainment of ages 60 and 62 if he is vested at the time of such retirement.

4. An otherwise eligible Member between attainment of ages 55 and 60 who is vested under Article IX and who is actively employed in a Nonagreement Position or on Disability Service can elect either of the following two benefits:

(a) A Member with not less than 10 Years of Service (including not less than 5 years of Creditable Service) may retire at the end of any month, effective the first day of the following month, with a temporary early retirement benefit, until the Member attains age 60, equal to the lesser of:

(i) the Tier I Railroad Retirement or Social Security benefit that would be paid at earliest eligibility age, or

(ii) $500 per month.

Notwithstanding the above, if the Member is currently receiving any benefit under Railroad Retirement or Social Security the Member may retire under this provision but is not eligible for the temporary early retirement benefit.

(b) A Member with not less than 10 Years of Service (including not less than five years of Creditable Service) may retire at the end of any month effective the first day of the following month and receive the benefit provided by Section 2 of Article VI. A Member (other than a Member who was a member of the Conrail Plan on the Closing Date) may not retire under this Section of Article V until February 29, 2000, effective March 1, 2000.

5. A Member retiring under any Section of this Article V shall make a written application to retire under the Plan in the manner and on the form specified by the Board of Managers. A Member shall be provided with a written notice not more than 90 days before the Member's retirement date, which notice shall contain (a) a general description of the material features of each form of distribution available under the Plan, (b) an explanation of the financial effect of electing each form of distribution available under the Plan, (c) an explanation of the Member's right to defer receipt of the distribution until the Member's Normal Retirement Date and the consequences of failing to do so, and (d) if the distribution is payable as a lump sum distribution, an explanation of the Member's right to make a direct rollover.

ARTICLE VI. RETIREMENT BENEFITS

1. The retirement benefit of a Member who retires under Section 1 or 2 of Article V shall be, subject to the provisions of Article VIII, the sum of:

(a) A monthly benefit equal to his Average Final Compensation multiplied by 1.5% times the number of years of his Creditable Service (or fraction thereof), but not in excess of 60% of such Average Final Compensation, except as provided in Section 4 of this Article VI;

(b) A monthly benefit equal to 1/120th of the Member's accumulated and unrefunded contributions to the NW Supplemental Plan (including interest to the date of retirement), if any;

(c) A monthly Additional Retirement Benefit, if any, applicable to the Member as contained in Schedule A of the Plan, effective January 1, 1996, provided that the Internal Revenue Service subsequently issues a favorable determination letter approving such Additional Retirement Benefit; and

(d) A monthly Additional Retirement Benefit, if any, applicable to the Member as contained in Schedule B of the Plan, beginning January 1, 2005;

Less the sum of:

(e) 70% of the monthly Railroad Retirement annuity or 66 2/3% of the monthly Social Security annuity (described in Section 3 of this Article VI), whichever is applicable, assuming that such annuity commenced at the earliest eligibility age following retirement;

(f) The amount of any regular monthly annuity attributable to contributions by The Virginian Railway Company payable to the Member by the Plan for Pension Payments under Group Annuity Contract GR-130 between The Virginian Railway Company and The Travelers Insurance Company;

(g) The amount of any monthly benefit payable to the Member under Article XXII if the Member's Agreement Service was used to calculate a benefit under this Article VI;

(h) The amount of any monthly benefit payable to the Member under the Merged Employees Pension Plan of Norfolk and Western Railway Company;

(i) The amount of any monthly benefit payable to the Member under the AC&Y Plan**;**

(j) For Members who were participants in the Conrail Plan or the Retirement Plan of Consolidated Rail Corporation, and who first became Members after August 26, 1999, the amount of any monthly benefit payable to the Member under the Conrail Plan (excluding any benefit described in Article 14 of the Conrail Plan as in effect on or after August 1, 1998) under the Retirement Plan of Consolidated Rail Corporation, and under any qualified defined benefit pension plan maintained by any other entity whose service is credited under the Conrail Plan and/or under the Retirement Plan of Consolidated Rail Corporation, with such amounts determined as if the Member had retired under the Conrail Plan and/or the Retirement Plan of Consolidated Rail Corporation on the date of commencement of retirement benefits under this Plan; and

(k) The amount, if any, applicable to the Member as contained in Schedule C of the Plan, beginning January 1, 2005.

The offsets described in paragraphs (e) through (k) of this Section 1 shall begin as of the date the amounts described in such paragraph first become payable, or are assumed to have become payable, to the Member. If the Member's benefit under any other plan is paid in a form that does not provide monthly payments, the offsets described in paragraphs (e) through (k) shall be determined as if the Member's benefit under such other plan had been paid as a single life annuity.

If a Member remains employed after Normal Retirement Age, or defers receipt of the Member's benefit after Normal Retirement Age, the Member's benefit will be the greater of (1) the Member's benefit calculated as of the Normal Retirement Date and actuarially adjusted to reflect the delay in the benefits past the Member's Normal Retirement Date, or (2) the Member's accrued benefit under the Plan as of his actual retirement date.

2. The retirement benefit of a Member who retires under Section 3 or 4(b) of Article V shall be computed as follows:

(a) The retirement benefit of a Member who retires under Section 3 of Article V shall be the benefit calculated under Section 1 of this Article VI; provided, however, that, if his Creditable Service at the time of retirement is less than 10 years, the amounts determined under paragraphs (a), (b) and (c) of said Section 1 shall be reduced by 1/180th for each calendar month which the Member is under age 62 at the time of his retirement, and this benefit will be further reduced by the amounts under paragraphs (e) through (k) of Section 1 when such amounts are payable to the Member; and provided further that a Member whose benefit is computed under this Section 2 of Article VI may elect in writing to defer receipt of his retirement benefit under the Plan to the first day of any month following his 60th birthday up to the first day of the month following attainment of age 62 and if the Member so elects, the 1/180th reduction shall only be made for each month, if any, by which the commencement of pay of the Member's retirement benefit precedes his attaining age 62. Notwithstanding the foregoing, the 1/180th reduction shall not apply if a Member has not less than five years of Creditable Service and not less than ten Years of Service.

(b) The retirement benefit of a member who retires under Section 4(b) of Article V shall be the benefit calculated under Section 1 of this Article VI; provided, however, that the sum of the amounts determined under paragraphs (a), (b) and (c) of said Section 1 shall be reduced by 1/360th for each calendar month which the Member is under age 60 at the time of his retirement, and this benefit will be further reduced by the amounts under paragraphs (e) through (k) of Section 1 when such amounts are payable to the Member.

3. For purposes of calculating the retirement benefit under this Article VI:

(a) The monthly Railroad Retirement annuity shall mean the monthly annuity payable under the Railroad Retirement Act computed on the basis of total railroad service multiplied by a fraction, the numerator of which is the total months of Creditable Service and the denominator of which is such total railroad service. (Such annuity shall exclude the supplemental annuity payable under Title I of Public Law 89-699 or any corresponding or successor legislation);

(b) The monthly Social Security annuity shall mean the Primary Insurance Annuity computed under the Social Security Act on the basis of creditable compensation under the Act applicable to Creditable Service under the Plan; and

(c) The monthly Railroad Retirement annuity or Social Security annuity shall be computed as of the actual retirement date, the commencement date of last Disability Service not followed by a return to active service, or the date of final termination of service prior to age 60, whichever is earliest. In the case of a Member of the Plan on August 1, 1997, who retires after the Member's Normal Retirement Date, the Member's benefit shall be no less than the Member's benefit computed under this Article VI as of August 1, 1997, but using the Normal Retirement Date to determine the monthly Railroad Retirement or Social Security annuity.

4. In computing the retirement benefit of a Member under this Article VI, who was a member of the NW Plan or PLC Plan and who has more than 40 years of Creditable Service as of the Effective Date, such Member shall for purposes of Section 1(a) of this Article VI have his Average Final Compensation multiplied by 1.5% times the number of years of his Creditable Service on the Effective Date, without limitation.

5. (a) The retirement benefit of a Member, who was a member of the NW Supplemental Plan, computed under this Article VI shall not be less than his benefit computed under Article XXII solely on the basis of service and compensation creditable through April 30, 1965, or the date on which the Member is first in a Nonagreement Position, whichever is later; and

(b) The retirement benefit of a Member, who was a member of the NW Supplemental Plan, computed under this Article VI shall not be less than a benefit equal to 1/120th of the Member's accumulated and unrefunded contributions (including interest to date of retirement), if any, to the NW Supplemental Plan, reduced in accordance with Section 2 of this Article VI, if such reduction is applicable.

6. The retirement benefit of a Member who was a member of the Southern Plan on July 21, 1980, shall be the greater of the amount computed under Section 1 of this Article VI or computed as follows:

(a) A monthly benefit equal to 45% of the Member's Average Final Compensation plus 1/4 of 1% of Average Final Compensation for each year that the Member's Creditable Service at the time of retirement exceeds 30 years, but in no event shall such additional benefit exceed 2 1/2% of Average Final Compensation, plus any applicable Additional Retirement Benefit, reduced by:

(i) 63% of the monthly Railroad Retirement annuity or 60% of the monthly Social Security annuity (described in Section 3 of this Article VI), whichever is applicable, assuming that such annuity commenced at the earliest eligibility age following retirement;

(ii) 1/180th for each month by which the Member's retirement precedes the attainment of age 65 if the Member has less than 20 years of Creditable Service; and

(iii) 1/180th for each month by which the Member's Creditable Service is less than 15 years.

(b) A Member whose retirement benefit is computed under paragraph (a) of this Section 6 may elect in writing to defer receipt of his retirement benefit under the Plan to the first day of any month following his 60th birthday up to Normal Retirement Date. If the Member so elects, the reduction to be made pursuant to paragraph 6(a)(ii) shall only be made for each month, if any, by which the commencement of payment of the Member's retirement benefit precedes his attaining age 65.

7. The retirement benefit of a Member who was a member of the DMU Plan on February 28, 1989, shall be the greater of the amount computed under Section 1 of Article VI or computed as follows:

(a) A monthly benefit commencing at Normal Retirement Age equal to 1.5% of Average Final Compensation multiplied by Years of Creditable Service, minus 7.8% of the Primary Insurance Amount (for Social Security purposes) for each year of Creditable Service, with a maximum offset of 78%, plus any applicable Additional Retirement Benefit, reduced by

(i) an amount which is actuarially equivalent to the amount of any benefit the Member is eligible to receive under any qualified pension or profit sharing plan of an owner company of the Des Moines Union Railway Company based on the same period of service, and

(ii) for a Member who terminates after completing 15 Years of Service and after attaining age 60, 1/180th for each full month by which his early retirement precedes his Normal Retirement Age.

8. If an individual became a Member on or before August 26, 1999, and the Member was previously a participant in the Conrail Plan or the Retirement Plan of Consolidated Rail Corporation and accrued a benefit that was transferred to the Plan, the Member's retirement benefit shall be the greater of (i) the amount computed under this Article VI, or (ii) the Member's benefit he accrued under the Conrail Plan (excluding any benefit described in Article 14 of the Conrail Plan as in effect on or after August 1, 1998) or the Retirement Plan of Consolidated Rail Corporation.

9. Except as provided in the following sentence, in Section 6(b) of this Article VI, or in Section 8 or 9 of Article VIII, every retirement benefit shall be payable in monthly installments for life commencing with the calendar month immediately following the month in which the Member retires and ending with the month immediately prior to the month in which the Member or, if a survivorship election is in effect, his survivor dies or ceases to be eligible for survivor benefits. Effective January 1, 2008, if the present value (determined, for this purpose only, using the "applicable interest rate" as defined in Section 417(e)(3)(C) for November of the year preceding the Plan Year and the "applicable mortality table," as defined in Section 417(e)(3)(B) of the Code) of a retirement benefit payable under this Article VI or under Article IX, or a survivorship benefit payable pursuant to Article VIII, does not exceed $5,000, such benefit will be paid as soon as administratively feasible in a lump sum distribution, (i) to a vested Member upon the earlier of retirement or termination of his employment with NSC or a Participating Subsidiary; (ii) to the Surviving Spouse or Surviving Same Sex Partner of such vested Member; (iii) to an "alternate payee," as defined in Section 414(p)(8) of the Code; (iv) if the Member, Surviving Spouse, or alternate payee, as the case may be, so elects in writing, to the trustee of an "eligible retirement plan," as defined in Section 402(c)(8)(B) of the Code or, effective January 1, 2008, to a Roth IRA described in Section 408A of the Code; or, (v) effective January 1, 2010, to the extent permitted under Section 402(c)(11) and related guidance issued by the Secretary of the Treasury, if a Surviving Same Sex Partner or other non-spouse beneficiary (within the meaning of Section 401(a)(9)(E) of the Code) so elects in writing, to the trustee of an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or to a Roth IRA described in Section 408A of the Code that both is established to receive such distribution and will be treated as an "inherited IRA" for the beneficiary. Except as provided in the preceding sentence, no distribution may be made unless the Member and his Spouse, or if the Member has died his Surviving Spouse, consent in writing to such payment. Effective with respect to any mandatory distribution that is payable on or after March 28, 2005, that is greater than $1,000 but that does not exceed $5,000, if the Member does not elect to have such distribution paid directly to an eligible retirement plan specified by the Member in a direct rollover or to receive the distribution directly in a lump sum distribution, then the Plan administrator will pay the distribution in a direct rollover to an individual retirement plan designated by the Plan administrator. If a Member who has received a lump sum distribution of the present value of his retirement benefit is subsequently rehired by the Corporation, he shall again participate in the Plan as of his date of re-employment and his prior period of service shall be restored for purposes of Article IX, except that his prior period of Creditable Service shall not be counted for purposes of determining his Accrued Benefit on his subsequent retirement or other termination of employment.

10. Except as otherwise provided herein, no benefit shall be payable to a Member under the Plan until retirement, or to his Surviving Spouse or Surviving Same Sex Partner until death of the Member, except such benefit as may be payable in accordance with the applicable requirements of a qualified domestic relations order as that term is defined in Section 414(p) of the Code. The Board of Managers shall establish reasonable procedures to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders. No benefit shall be payable to a Member during any period in which he engages in active service as an Employee, except as provided in Article VIII, Section 8.

11. Notwithstanding anything herein to the contrary, a Member's Accrued Benefit under the Plan shall not be less than the Member's accrued benefit under the NW Plan, Southern Plan, CW Plan, K&IT Plan, NF&D Plan, PLC Plan or VHC Plan on the Effective Date, the LPD Plan on December 31, 1983, or the DMU Plan on February 28, 1989, and in no event shall his retirement benefit under this Article VI be less than such Accrued Benefit.

12. (a) A member who retired under the NW Plan and was paid a retirement benefit for the month of December 1985 and who is entitled to a retirement benefit for the month of January 1987, or the Surviving Spouse of a deceased Member who retired prior to January 1, 1986, who is entitled to a retirement benefit for the month of January 1987 pursuant to a survivorship election by such Member, as the case may be, shall receive an increase in such retirement benefit beginning with the retirement benefit payable for the month of January 1987, such increase in retirement benefit to be ¼ of 1% for each month of the Member's retirement from January 1, 1980, to January 1, 1986, plus an additional 3% for a Member who retired prior to January 1, 1980, with a maximum increase of 21%.

(b) A Member who retired under the Southern Plan and was paid a retirement benefit for the month of December 1985 and who is entitled to a retirement benefit for the month of January 1987, or the Surviving Spouse of a deceased Member who retired prior to January 1, 1986, who is entitled to a retirement benefit for the month of January 1987 pursuant to a survivorship election by such Member, as the case may be, shall receive an increase in such retirement benefit beginning with the retirement benefit payable for the month of January 1987, such increase in retirement benefit to be ¼ of 1% for each month of the Member's retirement from January 1, 1979, to January 1, 1986, plus an additional 3% for a Member who retired prior to January 1, 1980, with a maximum increase of 24%.

(c) A Member who retired under the Plan and was paid a retirement benefit for the month of December 1985 and who is entitled to a retirement benefit for the month of January 1987, or the Surviving Spouse of a deceased Member who retired prior to January 1, 1986, who is entitled to a retirement benefit for the month of January 1987 pursuant to a survivorship election by such Member, as the case may be, shall receive an increase in such retirement benefit beginning with the retirement benefit payable for the month of January 1987, such increase in retirement benefit to be ¼ of 1% for each month of the Member's retirement from June 1, 1982, to January 1, 1986, with a maximum increase of 10¾%.

13. Anything in this Article VI to the contrary notwithstanding, the monthly retirement benefit of a Member shall not be less than the greatest of the amounts described in (a) through (e), below, with the amount determined under (b) through (e) reduced by the charge for any optional pre-retirement survivor annuity elected by the Member under section 2(b) of Article VIII:

(a) $8.34, but only if the Member had accrued an Hour of Service on or before December 31, 2007;

(b) The Member's Projected Normal Retirement Benefit times the Member's Service Ratio;

(c) The Member's accrued retirement benefit under this Article VI as measured on April 30, 2005; or

(d) The Member's Average Final Compensation that is not in excess of $4,167, multiplied by 1.25% times the number of years of his Creditable Service (or fraction thereof) that is not in excess of five years. Notwithstanding any provision to the contrary, the retirement benefit described in this Section 13(d) shall be actuarially reduced, based on mortality for employees as shown in Exhibit A and interest at the rate of 7.5% per year compounded annually if the Member's benefit commences before Normal Retirement Date; or

(e) The Member's Projected Normal Retirement Benefit times the Member's Service Ratio, calculated as if the Member's employment had terminated on December 31, 2009. For purposes of this paragraph, the Service Ratio with respect to benefits accrued between January 1, 2002 and December 31, 2009 shall be equal to a fraction (not exceeding 1) the numerator of which is the Member's Months of Service and the denominator of which is the number of Months of Service the Member would have if he served until Normal Retirement Age.

14. The AW&W Plan was merged into the Plan effective as of December 31, 2007. As of that date, the liabilities of the AW&W Plan became liabilities of the Plan and the AW&W Plan ceased to exist. Notwithstanding anything in this Plan to the contrary, benefits shall be paid in accordance with the provisions of Schedule D. In the event of a spinoff or termination of the Plan within five years following the merger of the AW&W Plan into the Plan, assets will be allocated first for the benefit of the AW&W Plan participants to the extent of their benefits on a termination basis just prior to the merger.

15. Any distribution under the Plan to a Member shall commence not later than the "required beginning date" as defined in Section 401(a)(9) of the Code, and shall satisfy the incidental benefit requirement in Section 401(a)(9)(G) of the Code and any regulations promulgated thereunder. Effective February 1, 1999, for a Member who is not a 5% owner and who attains age 70½ on or after February 1, 1999, the term "required beginning date" shall mean April 1 of the calendar year following the later of (a) the calendar year the Member attains age 70½ or (b) the calendar year in which the Member retires. If a Member retires under the Plan after the calendar year in which the member attains age 70½, the Member's benefit computed under this Article VI shall be actuarially increased to take into account the period after age 70½ in which the Member was not receiving any benefits under the Plan.

ARTICLE VII. LIMITATION ON BENEFITS

1. Notwithstanding any provision in the Plan to the contrary, the annual benefit accrued by or payable in any form to any Member shall not exceed such amount as may be authorized under Section 415 of the Code, determined on a calendar year basis, and such rules are hereby incorporated by reference. For purposes of applying the benefit accrual limits, the definition of compensation shall be compensation as defined in Treasury Regulation Section 1.415(c)-2(d)(3), or successor regulation, excluding foreign compensation.

2. Any adjustments to the benefit amounts authorized under Section 415(d) by the Commissioner shall be effective from January 1 of the year for which the adjustment is made and shall apply to all Members regardless of whether the Member retired prior to such adjustment.

3. In accordance with Section 401(a)(29) of the Code and to the extent applicable, the Plan shall comply with the funding-based limits on benefits and benefit accruals described in Section 436 of the Code and guidance issued thereunder.

ARTICLE VIII. SURVIVORSHIP BENEFITS AND OPTIONS

1. (a) In the case of a Member who is married or who has a Same Sex Partner and retires under Article V or Article IX, unless he elects otherwise under Section 3 or Section 4 of this Article VIII, the Member shall receive his retirement benefit computed under Article VI in the form of a joint and survivor annuity payable to him during life and after his death to his Surviving Spouse or Surviving Same Sex Partner during life in an amount equal to 50% of the retirement benefit payable to the Member.

(b) In the case of a Member who is unmarried and who does not have a Same Sex Partner and retires under Article V or Article IX, unless he elects otherwise under Section 4 of this Article VIII, the Member shall receive his retirement benefit computed under Article VI in the form of a joint and survivor annuity payable to him during life and after his death to his Eligible Surviving Child or Children, for as long as the Eligible Surviving Child or Children remain eligible, in an amount equal to 50% of the retirement benefit payable to the Member. Each payment shall be divided equally among the Eligible Surviving Children at the time of each payment. The benefit payable to the Eligible Surviving Children shall commence on the first day of the calendar month in which the death of the retired Member occurs unless the

Member elected a temporary early retirement benefit under Section 4(a) of Article V and dies prior to attaining age 60, in which case the survivor benefit payable under this section will be an amount equal to one-half of the temporary early retirement benefit paid to the Member, not to exceed $250 per month, payable until the Member would have attained age 60, and thereafter, an amount equal to 50% of the retirement benefit payable to the Member.

(c) If an individual became a Member on or before August 26, 1999, and the Member was previously a participant in the Conrail Plan or the Retirement Plan of Consolidated Rail Corporation and accrued a benefit that was transferred to the Plan and the Member is unmarried and does not have a Same Sex Partner, has no Eligible Surviving Child or Children, and retires under Article V or Article IX, unless he elects otherwise under Section 4 of this Article VIII, the Member shall receive the benefit he accrued under the Conrail Plan (excluding any benefit described in Article 14 of the Conrail Plan as in effect on or after August 1, 1998) or the Retirement Plan of Consolidated Rail Corporation in the form of a joint and survivor annuity payable to him during life and after his death to his Eligible Surviving Parent or Parents for life in an amount equal to 50% of the Conrail Plan benefit payable to the Member. This survivor's benefit is not available for the portion of the Member's retirement benefit computed under Article VI in excess of the benefit he accrued under the Conrail Plan. The survivor's benefit shall be payable jointly to the Eligible Surviving Parent or Parents for as long as either or both parents shall live. In lieu of the Eligible Surviving Parent or Parents benefit described in the preceding sentence, a Member may elect to provide a designated Eligible Surviving Parent with the full amount of the survivor's benefit for the parent's life, with the full amount of the survivor's benefit continued thereafter for the life of the other Eligible Surviving Parent. The benefit payable to the Eligible Surviving Parents shall commence on the first day of the calendar month in which the death of the retired Member occurs unless the Member elected a temporary early retirement benefit under Section 4(a) of Article V and dies prior to attaining age 60, in which case the survivor benefit payable under this section will not commence until the first calendar month in which the Member would have attained age 60.

(d) In the case of a Member who is married or has a Same Sex Partner and dies prior to retirement after attaining age 60, his Surviving Spouse or Surviving Same Sex Partner shall be entitled to a survivor annuity equal to 50% of the retirement benefit that would have been payable to such Member assuming he had retired on the last day of the month in which he dies, without the 1/180th reduction in the benefit for each calendar month which the Member is under age 62 at the time of his death as provided under Section 2 of Article VI.

2. (a) A Member who is vested under Article IX and who dies prior to age 60, shall have a benefit payable to his Surviving Spouse or Surviving Same Sex Partner in the form of a preretirement survivor annuity. The benefit payable to such Surviving Spouse or Surviving Same Sex Partner shall be an amount payable monthly for life equal to 50% of the benefit the deceased Member would have been eligible to receive assuming he had separated from service on the earlier of his date of death or his termination of service, survived to age 60, retired and died on the day after attaining age 60. The benefit payable shall not be reduced by 1/180th for any calendar month which the Member is under age 62 at the time of his death, as provided under Section 2 of Article VI; however, this benefit will be reduced by the amounts under paragraphs (e) through (k) of Section 1 of Article VI, when such amounts would have been payable to the Member.

A Surviving Spouse or Surviving Same Sex Partner of a Member who is vested under Article IX and who dies prior to attaining age 60 may elect to commence the preretirement survivor annuity at an earlier date provided the Member could have retired and commenced his benefit on the earlier date. The benefit payable to such Surviving Spouse or Surviving Same Sex Partner shall be an amount payable monthly for life equal to 50% of the benefit the deceased Member would have been eligible to receive had he separated from service on the earlier of his actual separation date or his date of death, retired on the early retirement date and died on the day after early retirement.

The provisions of this Section 2(a) shall be applicable in the case of any Member who has at least one Hour of Service under the Plan on or after August 23, 1984; provided, however, that the provisions regarding Same Sex Partners shall only be effective with respect to a Member who retires on or after January 1, 2009.

(b) A Member who is vested under Article IX may elect in writing, at any time, to have a benefit payable to his Surviving Spouse or Surviving Same Sex Partner if he dies in active service, or during a period of Disability Service, after attaining age 35 and prior to attaining age 60. The benefit payable to such Surviving Spouse or Surviving Same Sex Partner shall be equal to 50% of the benefit the deceased Member would have been eligible to receive assuming he had reached age 60 and retired on the last day of the month in which he dies and without the 1/180th reduction in benefit for each calendar month which the Member is under age 62 at the time of his death as provided under Section 2 of Article VI. The benefit at the Member's death shall be an amount payable monthly to the Surviving Spouse or Surviving Same Sex Partner for life following the Member's death. This option shall not become effective until six months after the election is made or upon furnishing proof of health satisfactory to the Board of Managers. If the Member's spouse dies or is divorced from the Member, or if the Member's Same Sex Partner dies or ceases to be the Member's Same Sex Partner, or if the Member's service is terminated for any reason prior to his death, or when the Member attains age 60, his election shall be automatically terminated. A Member may revoke in writing, at any time, an election made under this Section 2(b). A Member electing this option shall have his retirement benefit reduced by an amount equal to 1/144th of 1% per month for each month that the election is in effect from and including age 35 through age 49 and 1/72nd of 1% per month for each month that the election is in effect from and including age 50 through age 59, computed as of the time that the election terminates or is revoked, in order to reflect the actuarial cost of the protection.

(i) If a Member who has elected a benefit under this Section 2(b) and who retires under Section 4(a) of Article V dies prior to attaining age 60, his Surviving Spouse or Surviving Same Sex Partner shall be entitled to receive a monthly survivor benefit equal to the greater of one-half of the temporary monthly early retirement benefit paid to the Member or the benefit otherwise payable under this Section 2(b), to include the actuarial reduction provided for in this Section 2(b) for the period from the Member's retirement to his death.

(c) Any Member who separated from service prior to August 23, 1984, but subsequent to December 31, 1975, with a vested benefit shall be entitled to the preretirement survivor annuity benefit provided by Section 2(a) of this Article VIII, if:

(i) The Member had at least one Hour of Service on or after January 1, 1976,

(ii) The provisions of Section 2(a) of this Article VIII would not (but for this paragraph) have applied to such Member,

(iii) Such Member was alive and had not attained age 60 on or before August 23, 1984.

(d) If a Member who is married and retires under Section 4(a) of Article V dies prior to attaining age 60, his Surviving Spouse or Surviving Same Sex Partner shall be entitled to a survivor benefit equal to one-half of the temporary early retirement benefit paid to the Member, not to exceed $250 per month payable until the Member would have attained age 60. Thereafter, the Surviving Spouse or Surviving Same Partner is entitled to a survivor annuity equal to 50% of the retirement benefit payable to the Member in accordance with Section 1(a) of this Article VIII, reduced for any benefit payable under Section 4 of this Article VIII.

3. A Member may elect in writing not more than 90 days before retirement to receive his retirement benefit computed under Article VI in the form of a joint and survivor annuity payable as a reduced retirement benefit to him during life and after his death to his Surviving Spouse or Surviving Same Sex Partner during life at the option of the Member, in an amount

(a) equal to, or

(b) 75% of

the reduced retirement benefit payable to the Member. Such election shall become inoperative if the Member's spouse dies before the Member's retirement, or if the Member's marriage is dissolved before the Member's retirement, or if the Member's Same Sex Partner dies or ceases to be the Member's Same Sex Partner before the Member's retirement, or if the Member revokes his election within the 90-day period before the Member's retirement. A Member whose election becomes inoperative for any of such reasons may make a new election. A Member electing an option under this Section 3 shall have his retirement benefit reduced by a percentage computed on the basis of actuarial values to reflect the actuarial cost of this protection in excess of the standard survivor annuity provided in Section 1(a) of this Article VIII. For this purpose, the actuarial values shall be based on mortality as shown in Exhibit C and interest at the rate of 6.0% per year compounded annually.

A Member shall have only one opportunity while the Member is in active service or during Disability Service to elect a joint and survivor annuity that provides a joint and 100% survivor annuity or a joint and 75% survivor annuity pursuant to the preceding paragraph. If such joint and survivor annuity does not commence as of the Member's retirement, either because the Member revokes his election or because the Member does not retire, the Member may not elect a similar joint and survivor annuity option until after the Member's termination of employment.

A Member whose employment has terminated shall have only one opportunity to revoke his election of a particular retirement date. The second time a Member elects a retirement date after his termination of employment, the Member's benefit shall be required to commence as of the retirement date the Member has elected, although the Member may revoke his election of a particular form of payment during the 90-day period preceding the Member's retirement, as provided above.

4. If an individual became a Member on or before August 26, 1999, and the Member was previously a participant in the Conrail Plan or the Retirement Plan of Consolidated Rail Corporation and accrued a benefit that was transferred to the Plan, and has not retired, then the Member may elect with spousal consent (or without spousal consent if there is no spouse) in writing not more than 90 days before the Member's retirement to receive the benefit he accrued under the Conrail Plan (excluding any benefit described in Article 14 of the Conrail Plan as in effect on or after August 1, 1998) or the Retirement Plan of Consolidated Rail Corporation in the form of a joint and survivor annuity payable as a reduced retirement benefit to him during life and after his death to his designated beneficiary or beneficiaries during life, in an amount

(a) equal to,

(b) 75% of,

(c) 50% of, or

(d) 1% of

the reduced Conrail Plan benefit payable to the Member. The portion of the Member's retirement benefit computed under Article VI in excess of the benefit he accrued under the Conrail Plan will be payable in the form of an annuity for life.

Such election shall become inoperative if the Member revokes his election within the 90-day period before the Member's retirement. The benefit payable to the designated beneficiary shall commence on the first day of the calendar month in which the death of the retired Member occurs unless the Member elected a temporary early retirement benefit under Section 4(a) of Article V and dies prior to attaining age 60, in which case the survivor benefit payable under this Section 4 will not commence until the first calendar month in which the Member would have attained age 60. A Member electing an option under this Section 4 shall have his retirement benefit reduced by a percentage computed on the basis of actuarial values to reflect the actuarial cost of this protection. For this purpose, the actuarial values shall be based on mortality as shown in Exhibit C and interest at the rate of 6.0% per year compounded annually.

A Member shall have only one opportunity while the Member is in active service or during Disability Service to elect a joint and survivor annuity that provides a joint and 100% survivor annuity or a joint and 75% survivor annuity pursuant to the preceding paragraph. If such joint and survivor annuity does not commence as of the Member's retirement either because the Member revokes his election or because the Member does not retire, the Member may not elect a similar joint and survivor annuity option until after the Member's termination of employment.

A Member whose employment has terminated shall have only one opportunity to revoke his election of a particular retirement date. The second time a Member elects a retirement date after his termination of employment, the Member's benefit shall be required to commence as of the retirement date the Member has elected, although the Member may revoke his election of a particular form of payment during the 90-day period preceding the Member's retirement, as provided above.

5. A Member may cause any of the options provided in Sections 2, 3, and 4 of this Article VIII to be applicable to him (with spousal consent, where required), and his retirement benefit shall be actuarially reduced to reflect the protections of such options.

6. Elections made by a Member prior to the Effective Date under any plan merged into or now forming a part of this Plan or the plan of a Participating Subsidiary shall be effective for the Plan.

7. The benefit payable to a Surviving Spouse, Surviving Same Sex Partner or Eligible Child of a retired Member shall commence on the first day of the calendar month in which the death of the retired Member occurs. The benefit payable to a Surviving Spouse or Surviving Same Sex Partner under the provisions of Sections 1(d) or 2(b) of this Article VIII shall commence on the first day of the calendar month following the month in which the death of the Member occurs. The benefit payable to a Surviving Spouse or Surviving Same Sex Partner under the provisions of Section 2(a) of this Article VIII shall commence with the first calendar month in which the Member would have attained age 60, unless the Surviving Spouse or Surviving Same Sex Partner elects otherwise under Section 2(a) of this Article VIII.

8. Except as provided in Section 9 of Article VI, if the present value of the retirement benefit payable under this Article VIII is equal to $9,000 or less, the Member may elect with spousal consent (or without spousal consent if there is no spouse) distribution of his benefit upon retirement or termination of the Member's employment with NSC or a Participating Subsidiary in (a) lump sum, (b) an immediate annuity, (c) a combination of partial lump sum and a partial immediate annuity or (d) a combination of partial lump sum or partial immediate annuity and a partial deferred benefit to be paid in the form permitted under this Article VIII. For purposes of this section only, the present value of the benefit shall be calculated based on (a) mortality as shown in Exhibit C and interest at the rate of 6.0% per year compounded annually, or (b) effective January 1, 2008, the "applicable mortality table," as defined in Section 417(e)(3)(B) of the Code, and the "applicable interest rate" as defined in Section 417(e)(3)(C) for November of the year preceding the Plan Year, whichever will provide the greater lump sum to the Member. The lump sum distribution will be paid as soon as administratively feasible to the Member or, if the Member so elects in writing, to the trustee of an "eligible retirement plan", as defined in Section 402(c)(8)(B) of the Code or, effective January 1, 2008, to a Roth IRA described in Section 408A of the Code. If a Member who has received a lump sum distribution of the present value of his retirement benefit is subsequently rehired by the Corporation, he shall again participate in the Plan as of his date of re-employment and his prior period of service shall be restored for purposes of Article IX, except that his prior period of Creditable Service shall not be counted for purposes of determining his Accrued Benefit on his subsequent retirement or other termination of employment.

9. Except as provided in Section 9 of Article VI, if the present value of the benefit that becomes payable on account of a Member's death prior to commencement of benefits is equal to $9,000 or less, the Surviving Spouse or Surviving Same Sex Partner may elect distribution of the benefit be made in a lump sum. For purposes of this section only, the present value of the benefit shall be calculated based on (a) mortality as shown in Exhibit C and interest at the rate of 6.0% per year compounded annually, or (b) the "applicable mortality table," as defined in Section 417(e)(3)(B) of the Code, and the "applicable interest rate" as defined in Section 417(e)(3)(C) for November of the year preceding the Plan Year, whichever will provide the greater lump sum to the Surviving Spouse or Surviving Same Sex Partner. The lump sum distribution will be paid as soon as administratively feasible to the Surviving Spouse or Surviving Same Sex Partner. If the Surviving Spouse so elects in writing, the lump sum distribution will be paid to the trustee of an "eligible retirement plan" as defined in Section 402(c)(8)(B) of the Code or, effective January 1, 2008, to a Roth IRA described in Section 408A of the Code. Effective January 1, 2010, to the extent permitted under Section 402(c)(11) and related guidance issued by the Secretary of the Treasury, if the Surviving Same Sex Partner so elects in writing, the lump sum distribution will be paid to an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code or a Roth IRA described in section 408A of the Code that both is established to receive such distribution and treated as an "inherited IRA" for the Surviving Same Sex Partner.

ARTICLE IX. VESTING AND TERMINATION OF EMPLOYMENT

1. A Member who has completed 5 Years of Service or 60 Months of Service (including, solely for this purpose, the periods described in Section 6 of this Article IX), attained age 62, or is otherwise vested shall have a nonforfeitable right to 100% of his accrued retirement benefit under the Plan.

2. A Member whose service terminates after 10 Years of Creditable Service, and before attainment of age 60, shall be eligible to receive his accrued retirement benefit beginning on the last day of the calendar month following the calendar month in which he attains age 60 calculated pursuant to Section 1 of Article VI. The retirement benefit shall be calculated on the basis of the Member's Average Final Compensation, Creditable Service and the retirement benefit provisions of the Plan in effect on the date of the Member's termination of service. A Member whose service terminates after 10 Years of Creditable Service, may elect to receive his Normal Retirement Benefit, actuarially reduced based on mortality for employees as shown in Exhibit A and interest at the rate of 7.5% per year compounded annually, beginning on the last day of the calendar month following the calendar month in which he attains age 55. The Normal Retirement Benefit shall be calculated on the basis of the Member's Average Final Compensation, Creditable Service and the retirement benefit provisions of the Plan in effect on the date of the Member's termination of service.

3. A Member who has completed 5 Years of Service, or is otherwise vested, and whose service terminates prior to 10 Years of Creditable Service and before attainment of age 60, shall be eligible to receive his accrued retirement benefit beginning on the last day of the calendar month following the calendar month in which he attains age 62; provided, however, that the Member may elect to receive his accrued retirement benefit beginning on the last day of the calendar month following any calendar month between the Member's attainment of age 60 and 62, in which case the Member's retirement benefit shall be reduced in accordance with the provisions of Section 2(a) of Article VI. The retirement benefit shall be calculated on the basis of the Member's Average Final Compensation, Creditable Service and the

retirement benefit provisions of the Plan in effect on the date of the Member's termination of service.

4. A Member with not less than 20 years of Creditable Service who is employed in a Nonagreement Position at age 50, may separate from service on or after attaining age 50, and prior to attaining age 55, and subsequently be eligible to receive his accrued retirement benefit between attainment of ages 55 and 60. A Member (other than a member who was a member of the Conrail Plan on the Closing Date) may not receive a benefit under this Section until March 1, 2000. The retirement benefit shall be calculated as if the Member retired under Section 4(b) of Article V and shall be calculated on the basis of the Member's Average Final Compensation, Creditable Service and the retirement benefit provisions of the Plan in effect on the date of the Member's termination of service.

5. If an individual became a Member on or before August 26, 1999, and the Member was previously a participant in the Conrail Plan or the Retirement Plan of Consolidated Rail Corporation and accrued a benefit that was transferred to the Plan, the Member's retirement benefit shall be determined in accordance with this Section 5.

(a) If the Member had a least 3 years of vesting service (as determined under the Conrail Plan) on his transfer date, but less than 5 Years of Service, the vested percentage of the Member's benefit shall be the greater of the percentage determined under the vesting provisions of the Conrail Plan (taking into account the Member's service both before and after the transfer) and the percentage determined under the vesting provisions in Section 1 of this Article IX. If the Member receives a lump-sum distribution at a time when he is less than fully vested and the Member is subsequently re-employed, the Member's prior period of Creditable Service shall be counted for purposes of determining his Accrued Benefit if the Member repays the full amount distributed to him, plus interest thereon, computed from the date of distribution to the date of repayment at the rate prescribed by Section 411(c)(2)(C) of the Code. Such repayment must be made by the earlier of (i) five years after the Member's re-employment or (ii) the end of a period of five consecutive one-year breaks in service following the date of distribution.

(b) The Member's retirement benefit shall be the greater of (i) the amount computed under Sections 1 through 4 of this Article IX, and (ii) the Member's vested benefit under the Conrail Plan (excluding any benefit described in Article 14 of the Conrail Plan as in effect on or after August 1, 1998) or the Retirement Plan of Consolidated Rail Corporation. The benefit may commence on any date when the Member would have been eligible to receive the benefit under the Conrail Plan or the Retirement Plan of Consolidated Rail Corporation; provided, however, that the benefit computed under clause (i) shall be the actuarial equivalent of the single-life annuity commencing at age 65, based on mortality for employees as shown in Exhibit A and mortality for beneficiaries as shown in Exhibit B, and interest at the rate of 7.5% per year compounded annually.

6. For the purpose of Section 1 of this Article IX, Years of Service and Months of Service shall consist of employment (including Disability Service, "qualified military service," as defined by section 414(u) of the Code, and leave provided under the Family and Medical Leave Act) by NSC, any Participating Subsidiary, any predecessor or constituent company of NSC or a Participating Subsidiary, any corporation which is merged into NSC or a Participating Subsidiary, any railroad corporation substantially all of the assets of which are leased by NSC or a Participating Subsidiary, Consolidated Rail Corporation (after April 1, 1976), or of any corporation 80% or more of the stock of which is owned by NSC or a Participating Subsidiary either directly or through subsidiaries.

7. Each Member and each Surviving Spouse of a Member under the Plan shall have a nonforfeitable right to 100% of his accrued retirement benefit under the Plan as of the date of a Qualified Transfer (as defined in Section 1(j) of Article XXIII) in the same manner that would be required under Section 1 of Article XIII if the Plan were terminated immediately prior to the Qualified Transfer. Each former Member who separated from service during the one-year period ending on the date of a Qualified Transfer shall have a nonforfeitable right to 100% of his accrued retirement benefit under the Plan as of the date of his separation from service in the same manner that would be required under Section 1 of Article XIII if the Plan were terminated immediately prior to his separation from service.

8. A Member receiving an accrued retirement benefit under any Section of this Article IX shall make a written application for benefits under the Plan in the manner and on the form specified by the Board of Managers. Effective January 1, 1998, if a member applies for benefits under this Article IX after the earliest date the Member would have been eligible to receive an unreduced benefit, the Plan shall pay to such Member, as soon as administratively feasible, all monthly benefit payments the Member would have received if his or her benefits had commenced on such date. A Member shall be provided with a written notice not more than 90 days before the Member's retirement date, which notice shall contain (a) a general description of the material features of each form of distribution available under the Plan, (b) an explanation of the financial effect of electing each form of distribution available under the Plan, (c) an explanation of the Member's right to defer receipt of the distribution until the Member's Normal Retirement Date and the consequences of failing to do so, and (d) if the distribution is payable as a lump sum distribution, an explanation of the Member's right to make a direct rollover.

ARTICLE X. FUNDING

1. The benefits under the Plan shall be financed by contributions made to the Fund by NSC or the Participating Subsidiaries and those assets which have been accumulated in the Fund. No contributions shall be required of Members. NSC and the Participating Subsidiaries intend to make contributions in such amounts and at such times as may be required to maintain the Plan in a sound actuarial condition consistent with the minimum funding standards of the Employee Retirement Income Security Act of 1974. Accordingly, a "funding standard account" shall be established and maintained for the Plan in accordance with the provisions of Section 412 of the Code.

2. Any forfeitures shall be used to reduce the contributions of NSC or the Participating Subsidiaries and shall not be applied to increase the benefits any Member would otherwise receive under the Plan.

3. The Fund shall be held in trust and shall be used to pay the benefits provided by the Plan and expenses not paid directly by NSC or the Participating Subsidiaries. No part of the corpus or income of the Fund shall be used for, or diverted to, purposes other than for the exclusive benefit of participants in or beneficiaries of the Plan prior to the satisfaction of all liabilities under the Plan with respect thereto, and no person shall have any interest or right in the Fund except as expressly provided in the Plan. Notwithstanding the foregoing, "Excess

Pension Assets" (as defined in Section 1(e) of Article XXIII) of the Fund may be allocated to the "Medical Benefits Account" (as defined in Section 1(f) of Article XXIII) under the Plan pursuant to the provisions of Section 10 of Article XXIII and Sec. 420 of the Code.

ARTICLE XI. ADMINISTRATION OF PLAN AND TRUST PROVISIONS

1. The general administration of the Plan and the responsibility for carrying out its provisions shall be in a Board of Managers of not less than three persons appointed from time to time by the Chief Executive Officer to serve at the pleasure of the Chief Executive Officer. The Board of Managers shall be the named fiduciary.

2. Any person appointed a member of the Board of Managers shall signify his acceptance by filing written acceptance with the Secretary of NSC. Any member of the Board of Managers may resign by delivering his written resignation to the Secretary of NSC.

3. The members of the Board of Managers shall appoint a Chairman, a Comptroller and a Secretary. The Comptroller, who shall not be a member of the Board of Managers, shall have access to all books, records, securities and accounts of the Fund and shall make such examinations thereof as he deems necessary. The Secretary, who may be but need not be a member of the Board of Managers, shall keep minutes of all meetings of the Board of Managers and all data, records and documents for the administration of the Plan. The Board of Managers may appoint from its members such committees with such powers as it shall determine, may authorize one or more of its members or any agent to execute or deliver any instrument or make any payment in its behalf, and may employ and suitably compensate counsel, agents and persons performing such clerical, accounting and actuarial services as it may require in administering the Plan.

4. The Board of Managers shall hold meetings upon such notice, at such place or places, and at such time or times as it may from time to time determine.

5. Any act authorized or required to be performed by the Board of Managers may be done by a majority of its members. The action of such majority expressed from time to time by a vote at a meeting or in writing without a meeting shall constitute the action of the Board of Managers and shall have the same effect for all purposes as if assented to by all members of the Board of Managers.

6. Subject to the limitations of the Plan, the Board of Managers from time to time shall establish rules for the administration of the Plan and the transaction of its business. The determination of the Board of Managers as to any disputed question shall be conclusive.

7. The Board of Managers from time to time shall adopt service and mortality tables for use in all actuarial calculations required in connection with the Plan, shall establish the rates of contribution, and shall establish the rate of regular interest which shall be used in all actuarial calculations required in connection with the Plan. As an aid to the Board of Managers in adopting tables and in fixing the rates of contribution under the Plan, the actuary designated by the Board of Managers shall make annual actuarial valuations of the assets and liabilities of the Plan, and shall certify to the Board of Managers the tables and rates which he recommends for use by the Board of Managers. The Board of Managers shall be entitled to rely upon all tables, valuations, certificates and reports furnished by such actuary and upon all opinions given by counsel (who may be counsel for NSC) selected by the Board of Managers, and the Board of Managers shall be fully protected in respect of any action taken by it in good faith in reliance upon any such material or opinions.

8. The Board of Managers shall maintain records showing the fiscal transactions of the Plan and shall keep in convenient form such data as may be necessary for actuarial valuations of the Plan. The Board of Managers shall prepare annually a report showing in reasonable detail the assets and liabilities of the Plan and giving a brief account of its operation for the past year. In preparing such report, the Board of Managers shall be entitled to rely on any statement of assets submitted to it by a trustee or custodian of the Fund and shall be under no obligation to check or verify any such statement. Such report shall be submitted to the Board of Directors and a copy thereof shall be filed in the office of the Secretary of the Board of Managers, where it shall be open to inspection of any Member.

9. The Board of Managers has the authority to determine the amount and timing of any benefit paid under the Plan. The Board of Managers delegates to the staff of the Human Resources Department the authority to conduct the day-to-day operations of the Plan, including but not limited to making an initial determination regarding: the eligibility of a person to participate in the Plan; whether a Member, Surviving Spouse, Surviving Same Sex Partner or alternate payee is entitled to benefits under the Plan; and the amount of any benefit payment. If a Member, Surviving Spouse, Surviving Same Sex Partner or alternate payee receives a benefit overpayment, including an overpayment as a result of a benefit commencing earlier or in a larger amount than provided for under the terms of the Plan, then future benefit payments may be offset, in a nondiscriminatory manner, to recoup the overpayment.

10. The Board of Managers shall have the exclusive right in its discretion to interpret the Plan (excluding Article XXV, for which the LTD Plan's Board of Managers has this exclusive right, as provided in Section 3 of that Article) and to decide all matters arising hereunder, including the right to remedy possible ambiguities, inconsistencies, or omissions.

In the event of a claim by a claimant with respect to benefits or denial of benefits hereunder, such claimant shall, not later than ninety (90) days after the occurrence of the events giving rise to such claim, present the reason for his or her claim in writing to the Secretary of the Board of Managers. The Secretary of the Board of Managers shall, within ninety (90) days after receipt of such written claim, send a written notification to the claimant as to the disposition of the claim or, if the claim concerns the right of a person to a Disability Benefit under Article XXV, refer the claim to the Secretary of the Board of Managers of the LTD Plan for resolution pursuant to this section. In the event the claim is wholly or partially denied, such written notification shall (a) state the specific reason or reasons for the denial, (b) make specific reference to pertinent Plan provisions on which the denial is based, (c) provide a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and (d) set forth the procedure by which the claimant may appeal the denial of his or her claim, including a statement of the claimant's right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act of 1974 following a denial on review.

In the event a claimant wishes to appeal the denial of his or her claim, he or she may request a review of such denial by making application in writing to the Board of Managers within sixty (60) days after receipt of such denial. Such claimant (or his or her duly authorized legal representative) may, upon written request to the Secretary of the Board of Managers (or, with respect to a claim for a Disability Benefit, upon written request to the Secretary of the Board of Managers for the LTD Plan), review without charge any documents, records, or other information pertinent to his or her claim, and submit in writing issues and comments in support of his or her position. The Board of Managers' review shall take into account all information submitted by the Employee relating to the claim, without regard to whether the information was submitted or considered in the initial benefit determination. Within sixty (60) days after receipt of a written appeal (unless special circumstances, such as the need to hold a hearing, require an extension of time, but in no event more than one hundred twenty (120) days after such receipt), the Board of Managers shall notify the claimant of the final decision. If an extension of time is required, the Secretary of the Board of Managers shall provide the claimant with a written notice within the initial 60-day period explaining the circumstances that require the extension and the date by which the Board of Managers expects to reach a final decision. The final decision shall be in writing. If the decision is adverse, it shall include the specific reasons for the decision, written in a manner calculated to be understood by the claimant; specific references to the pertinent Plan provisions on which the decision is based; a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all information relevant to the claim; and a statement of the claimant's right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act of 1974.

Notwithstanding any provision in this section to the contrary, a claim for a Disability Benefit under Article XXV shall be made to the Secretary of the Board of Managers of the LTD Plan, and any appeal concerning such Disability Benefit shall be made to, and decided by, the LTD Plan's Board of Managers, in accordance with the time frames and procedures for claims and appeals under the LTD Plan.

All determinations of the Board of Managers with respect to any matter under this Plan shall be conclusive and binding on all persons, except that all determinations of the LTD Plan's Board of Managers shall be conclusive and binding as to the right of any person to a Disability Benefit under Article XXV. Unless and until a claimant has exhausted the administrative review procedure set forth in this section with respect to every issue deemed relevant by the claimant, a claimant may not file in any court:

(a) a claim or action to recover benefits allegedly due under the provisions of the Plan or by reason of any law, nor

(b) a claim or action to enforce rights under the Plan, nor

(c) a claim or action to clarify rights to future benefits under the Plan, nor

(d) any other claim or action that (i) relates to the Plan and (ii) seeks a remedy, ruling, or judgment of any kind against the Plan, the Plan Administrator, a Plan fiduciary, or a party in interest with respect to the Plan.

11. The Board of Managers shall have authority to incur such expenses and liabilities and to have the same discharged out of the Fund as in its judgment may be in the interest of the Plan.

12. NSC shall indemnify and save harmless each member of the Board of Managers, to the extent permitted under the Employee Retirement Income Security Act of 1974, against all expenses and liabilities arising out of membership on the Board of Managers excepting only expenses and liabilities arising out of his own willful misconduct.

13. The Board of Managers shall exercise such authority and responsibility as it deems appropriate in order to comply with the Employee Retirement Income Security Act of 1974 and governmental regulations issued thereunder relating to records of Members' service; accrued benefits and the percentage of such benefits which are nonforfeitable under the Plan; notifications to Members; annual reports to the Internal Revenue Service; annual reports to the Department of Labor; and reports to the Pension Benefit Guaranty Corporation.

14. A trust ("Trust") is hereby created hereunder for the purpose of holding and administering the assets constituting the Fund. The Fund shall be held and administered by the Board of Managers as trustee, in accordance with the terms of the Plan and related Trust. By execution of this Agreement, or by separate written acknowledgment, each member of the Board of Managers hereby accepts the Trust created hereunder, and agrees to perform all duties specified herein.

The Board of Managers, with the approval of the Board of Directors, may enter into one or more trusts or custodial arrangements with responsible trust companies or other financial institutions to serve as trustees or custodians of the Fund.

ARTICLE XII. MANAGEMENT OF FUND

1. The Finance Committee of the Board of Directors, with approval of the Board of Directors, shall establish such policies for the investment of the Fund as it shall from time to time deem advisable. Such policies need not limit investment of the Fund to assets which are customarily denominated legal investments. The Chairman of the Board of Managers, subject to such investment policies and reporting requirements as may from time to time be established by the Finance Committee of the Board of Directors, shall be authorized to make such investments, exchanges or sales, whether of stocks, bonds, notes or other forms of securities, as he may deem in the interest of the Plan.

2. The Board of Managers, with approval of the Board of Directors, may enter into such contracts, trust agreements or other arrangements as it deems desirable with investment managers, banks or financial institutions to invest or manage the investment of the Fund. Any expense incurred for services in connection with the foregoing shall be a proper charge against the Fund.

3. For convenience in effecting transfers of securities, the Board of Managers may authorize one or more of its members to execute powers of assignment or other necessary papers or may hold such securities in the name of a nominee, provided that the books and records of the Fund at all times reflect actual ownership. Shares of stock may be voted by general proxy executed by a member of the Board of Managers or by a general proxy executed by a nominee in accordance with instructions given by the Board of Managers or a member thereof who has been duly authorized to give such instructions by a general resolution of the Board of Managers.

ARTICLE XIII. CERTAIN RIGHTS AND OBLIGATIONS OF NSC AND THE PARTICIPATINGSUBSIDIARIES

1. The Board of Directors may terminate the Plan or reduce, discontinue or suspend contributions thereto at any time for any reason. In the event of termination or partial termination of the Plan or discontinuance or suspension of contributions to the Plan, the rights of all affected Members to benefits accrued to the date of such termination, discontinuance or suspension shall be nonforfeitable.

2. In the event of termination of the Plan, the assets of the Fund shall be used for the exclusive benefit of Members, retired Members, and their survivors receiving benefits under the Plan, except that any such assets not required to satisfy all liabilities of the Plan for benefits because of erroneous actuarial calculations shall be returned to NSC and the Participating Subsidiaries.

3. In the event the Plan is terminated, the Board of Managers shall allocate the assets of the Fund among the Members, retired Members and their survivors entitled to benefits under the Plan in the following order:

(a) First, among Members, retired Members or their survivors entitled to benefits under the Plan having unrefunded contributions together with interest at such rate as the Board of Managers may determine (not in excess of the aggregate increment actually earned thereon).

(b) Second, among Members, retired Members or their survivors entitled to benefits under the Plan who:

(i) were receiving benefits three years prior to termination, but limited to the lesser of the lowest benefit level in that period or the lowest benefit level that would have been paid under the provisions of the Plan as in effect during the five years prior to termination; or

(ii) were eligible to retire and receive benefits three years prior to termination, but limited to the lowest benefit level that would have been paid under the provisions of the Plan as in effect during the five years prior to termination.

(c) Third, among Members, retired Members or their survivors entitled to benefits under the Plan whose benefits are guaranteed under Title IV of the Employee Retirement Income Security Act of 1974.

(d) Fourth, among Members, retired Members or their survivors entitled to benefits under the Plan having other vested benefits under the Plan.

(e) Fifth, among Members having other benefits under the Plan.

If the assets of the Fund applicable to any of the above categories are insufficient to satisfy in full the described benefits for all individuals in such group, the assets shall be allocated pro rata among such individuals on the basis of the present value (as of the termination date) of their respective benefits.

4. The Board of Managers shall determine on the basis of actuarial valuation the share of the assets allocable to each retired or deceased Member and each of Member's survivors entitled to benefits under the Plan and to each active Member in the order specified in Section 3 of this Article XIII. The Board of Managers may, subject to Title IV of the Employee Retirement Income Security Act of 1974, distribute such shares in cash or may apply shares to the purpose of immediate or deferred annuities or other periodic payments, as it shall in its sole discretion determine.

5. The establishment and existence of the Plan shall not be construed as conferring any legal rights upon any Employee to a continuation of employment, nor shall it interfere with the right of NSC or any Participating Subsidiary to discharge any Employee and to treat him without regard to the effect which such treatment might have upon him as a Member of the Plan. No Member, and no Surviving Spouse or Surviving Same Sex Partner of any Member, even after payment of any benefit under the Plan shall have been approved, shall be entitled to have any part of the capital or income or other property of the Fund set aside for his or her benefit. All sums of money distributable as benefits shall be paid only from the Fund.

ARTICLE XIV. NONALIENATION OF BENEFITS

To the extent permitted by applicable law, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt so to do shall be void, except as specifically provided in the Plan; nor shall any such benefit be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of the person entitled to such benefit.

ARTICLE XV. REFUND OF EMPLOYEE CONTRIBUTIONS

Members' unrefunded contributions, with interest at such rate as the Board of Managers may determine (not in excess of the aggregate increment actually earned thereon), shall be refunded, provided that the Member's Agreement Service constituted Creditable Service under Article IV:

1. To the Member upon his request.

2. To the Member upon his resignation or dismissal from service, except that if the Member has met the conditions of Article IX the refund shall be made only upon his request.

3. Upon a Member's death before retirement, to a person designated by a writing filed with the Secretary prior to the death of such

Member, or, in the absence of such designation or in the event of the death or disability of the person designated, in accordance with law.

4. Upon a Member's death after retirement (unless a spouse's pension is payable under Article VIII), any part of the amount which has been contributed by such Member and which has not been disbursed to him and his spouse as a retirement benefit under paragraph (b) of Section 1 of Article VI, to a person designated in writing filed with the Secretary.

5. Upon retirement under the Railroad Retirement Act on account of disability without relinquishment of rights to return to the service of NSC or a Participating Subsidiary, to the Member but the refund shall be made only upon his request.

ARTICLE XVI. AMENDMENTS

NSC reserves the right at any time and from time to time to modify or amend in whole or in part, and retroactively if deemed necessary or appropriate, any or all of the provisions of the Plan in any manner; provided that no such modification or amendment, may be made (unless required in order to preserve the qualified status of the Plan under Section 401(a) or any comparable section of the code, or as may be required by the Employee Retirement Income Security Act of 1974) which would deprive any retired Member or the Surviving Spouse or Surviving Same Sex Partner of a retired or deceased Member, without the consent of such person, of any benefits under the Plan to which he would otherwise be entitled; and in no event shall any modification or amendment make it possible for any part of the assets of the Fund to be used for, or diverted to, purposes other than for the exclusive benefit of participants in and beneficiaries of the Plan prior to the satisfaction of all liabilities under the Plan with respect thereto. The Plan may be amended by any proper officer of the Corporation to effect changes which are, in his or her sole judgment and discretion, ministerial, substantively administrative, or necessary to comply with statutory or other legally mandated requirements, and the implementation of which does not result in a material cost to the Corporation or to the Plan. All other amendments to the Plan shall be made by resolution adopted by the Board of Directors.

ARTICLE XVII. PARTICIPATION BY SUBSIDIARY COMPANIES - JOINT ADMINISTRATION OF OTHER PLANS

Conditional upon prior approval by NSC, any company which is a subsidiary of or affiliated with NSC may adopt and participate in this Plan as a Participating Subsidiary. Each Participating Subsidiary shall make, execute and deliver such instruments as NSC and/or the Board of Managers shall deem necessary or desirable, and shall constitute NSC and/or the Board of Managers as its agents to act for it in all transactions in which NSC and/or the Board of Managers believe such agency will facilitate the administration of this Plan.

Any company which is a subsidiary of or affiliated with NSC and which adopts a plan for the benefit of its employees may, with the approval of the Board of Directors, enter into an agreement with the Board of Managers to administer such plan.

ARTICLE XVIII. MERGER OR CONSOLIDATION

The Plan may not be merged or consolidated with, or its assets may not be transferred to any other plan, unless each participant in the Plan would (if the Plan then terminated) receive a benefit immediately after the merger, consolidation or transfer of assets which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer of assets (if the Plan had then terminated).

ARTICLE XIX. CONSTRUCTION

The Plan and the rights and obligations of all persons having an interest therein shall be construed in accordance with the laws of the Commonwealth of Virginia.

ARTICLE XX. CANADIAN MEMBERS

Anything in the Plan to the contrary notwithstanding, effective January 1, 1987, the Plan shall comply with the requirements of the Pension Benefits Standards Act, 1985, of Canada (hereinafter called the Pension Act) and applicable regulations thereunder, and shall be administered by NSC, but only with respect to Members or Former Members protected thereby. A Former Member is any person who has ceased membership in the Plan or has retired from the Plan. The following sections of this Article XX are included in compliance with requirements of the Pension Act for certain explicit provisions or statements in the Plan and shall apply with respect to Members or Former Members protected by the Pension Act notwithstanding anything to the contrary or inconsistent therewith in the Plan. An employee protected by the Pension Act can choose not to be a Member of this Plan because of his religious beliefs. Whenever used herein, words in the masculine form shall be deemed to refer to females as well as males. The gender of a Member or Former Member or spouse does not determine the amount of any benefit to which the Member, Former Member or spouse may be entitled under the Plan.

1. For Members who become a Member of the Plan on or after April 1, 2000, the retirement benefit of a Member protected by the Pension Act shall be calculated and payable in Canadian dollars, and such benefit shall be reduced by 66-2/3% of any pension payable under the Canada Pension Plan or a provincial pension plan as defined in section 3 of the Canada Pension Plan on the basis of service under the Canada Pension Plan applicable to Creditable Service under the Plan, assuming that such pension commenced at the earliest eligibility age following retirement. This reduction shall be in addition to any applicable offset described in paragraphs (e) through (k) of section 1 of Article VI.

2. Notwithstanding any provisions to the contrary, a Member or Former Member protected by the Pension Act may retire ten years prior to the ages specified in Sections 1 through 3 of Article V; provided, however, that the Creditable Service requirements in Article VI are met; and provided further that the Member's or Former Member's retirement benefit shall be the actuarial present value of the retirement benefit which would have been payable to the Member or Former Member pursuant to Article VI calculated on the basis of actual Creditable Service and Average Final Compensation at the time of retirement.

3. The provisions of Article IX shall apply with respect to Members protected by the Pension Act; provided, however, any Member who has completed 2 Years of Service as defined in Section 6 of Article IX shall have a nonforfeitable right to 100% of his accrued retirement benefit under the Plan. A Member or Former Member who has vested under this Section 2 and has terminated service shall be entitled to all applicable benefits under the Plan.

4. (a) Notwithstanding any provisions of Article VIII to the contrary, a Member or Former Member protected by the Pension Act who has a spouse at the time his retirement benefit commences shall receive such retirement benefit in the form of a joint and survivor annuity payable to him during life and after his death to his spouse during life in an amount equal to 60% of the amount payable to the Member or Former Member. The initial amount of the retirement benefit shall be reduced 3% unless there is no spouse entitled to receive a benefit upon the Member's or Former Member's death. For purposes of this Section 3 of Article XX, the term "spouse" means: (1) if there is no person described in clause (2), a person who is married to the Member or Former Member or who is a party to a void marriage with the Member or Former Member or (2) a person of the opposite sex who is cohabitating with the Member or Former Member in a conjugal relationship at the relevant time, having so cohabitated for at least one year.

(b) Where a Member (or Former Member with an accrued vested benefit remaining in the Plan) dies prior to becoming eligible for an early retirement benefit pursuant to Section 1 of this Article XX, the surviving spouse, if any, is entitled to receive, when the surviving spouse attains the requisite age specified in Section 1 of this Article XX, that portion of the Member's or Former Member's accrued vested benefit, to which the Member would have been entitled on his date of death if the Member had terminated employment on that day and had not died.

(c) A Member or Former Member who is vested under Section 2 of this Article XX may elect in writing to have a retirement benefit immediately payable to his spouse pursuant to the provisions of Section 2(b) of Article VIII; provided, however, such benefit shall be equal to 60% of the benefit the deceased Member or Former Member would have been eligible to receive assuming he had retired on the last day of the month in which he dies.

(d) A Member who dies after becoming eligible for an early retirement benefit pursuant to Section 1 of this Article XX, but prior to the commencement of such benefit, shall be deemed to have retired on the date of his death for purposes of the survivor benefit provided in subsection (a) hereof.

5. Except as otherwise provided in the next paragraph, no benefit under the Plan of any Member or Former Member protected by the Pension Act is capable of being assigned, charged, anticipated or given as security or confers on a Member or Former Member, that person's personal representative or dependent or other person, any right or interest therein that is capable of being assigned, charged, anticipated or given as security. Once vested, no benefit is capable of being surrendered or commuted during the lifetime of the Member or Former Member or that person's spouse or confers on a Member or Former Member, that person's personal representative or dependent or other person, any right or interest therein that is capable of being surrendered or commuted during the lifetime of the Member or Former Member or that person's spouse. The provisions of this paragraph notwithstanding, where the annual pension benefit payable under the Plan is less than 2% of the "Year's Maximum Pensionable Earnings" (as that term is defined in the Pension Act) for the calendar year in which a Member ceases to be a member of the Plan or dies, the Member's accrued vested benefit may be paid to the Member or surviving spouse. No benefit under the Plan of any Member or Former Member protected by the Pension Act shall be subject in any manner to surrender or commutation during the lifetime of such Member or Former Member; provided, however, that pursuant to an agreement between the spouses or a court order, a Member or Former Member may assign all or part of his accrued vested benefit to his spouse, effective as of divorce, annulment or separation, subject to applicable provincial property law. In the event of such an assignment, the spouse shall, in respect of the assigned portion of the pension benefit, be deemed to be a Former Member of the Plan as of the effective date of such assignment, provided, however, that a subsequent spouse of the assigned spouse is not entitled to any benefits under the Plan in respect of the assigned pension benefit.

6. When the employment of a Member protected by the Pension Act is terminated for any reason (including death) prior to the Member's eligibility to retire pursuant to Section 1 of this Article XX, the actuarial present value of the Member's accrued vested benefit shall be computed in accordance with the Act or applicable regulations. The Member, or the surviving spouse (defined in Section 3 of this Article XX), as the case may be, is entitled, within 90 days, to transfer such actuarial present value to another pension plan, if that other plan permits, or to a life income fund or a locked-in registered retirement savings plan or to use such actuarial present value to purchase an immediate or deferred life annuity.

7. To the extent and so long as required by the Pension Act or applicable regulations thereunder, NSC or the Participating Subsidiaries shall make contributions currently in amounts sufficient to pay current service costs of the Plan with respect to Members protected by the Pension Act and liquidate any unfunded liabilities or experience deficiencies with respect to such Members over the period of time set forth in such Pension Act or applicable regulations.

8. Any portion of the Fund which is earmarked with respect to Members protected by the Pension Act shall be invested only as prescribed by the Pension Act or applicable regulations thereunder.

9. Each Member of the Plan and each employee who is eligible to join the Plan and that person's spouse will be given a written explanation of the provisions of the Plan and any applicable amendments thereto within 6 months after the establishment of the Plan or after any amendment thereto. Each Member and the Member's spouse will be given, within 6 months after the end of each Plan year, a written statement showing the pension benefits to which the Member is entitled under the Plan at the end of that year, the funded ratio of the Plan, where applicable, and such other information as is prescribed. Each Member and the Member's spouse may, once in each year of operation of the Plan, either in person or by an agent authorized in writing for that purpose, examine documents filed with the Superintendent at such place as is agreed to by the Plan administrator and the person requesting the documents and order, in writing, a photocopy of any such documents. Where a Member retires from the Plan, ceases to be a Member or dies or where the whole or part of the Plan is terminated, the

Plan administrator shall give to that Member (or, in the case of termination, each Member) and to the Member's spouse (and, in the case of the Member's death, the Member's legal representative) a written statement, in prescribed form, of the Member's pension benefits and other benefits payable under the Plan, within 30 days after the date of the retirement, cessation of membership, death or termination.

ARTICLE XXI. TOP HEAVY PROVISIONS

1. In the event that the Plan is determined to be Top Heavy (as defined in Section 2 of this Article XXI), the following provisions shall apply to the Plan for any Plan Year for which the Plan is deemed to be Top Heavy:

(a) Notwithstanding the provisions of Section 1 of Article IX, a Member who has completed 3 years of service (as defined in Section 6 of Article IX), or who has attained Normal Retirement Age, shall have a nonforfeitable right to 100% of his Accrued Benefit under the Plan;

(b) Notwithstanding the provisions of Section 1 of Article VI, the Accrued Benefit of any Member who is not a key employee, when expressed as an annual retirement benefit payable in the form of a single life annuity at Normal Retirement Age, shall not be less than the product of the average annual compensation of such Member for the period of five years during which such Member had the highest aggregate compensation multiplied by:

(i) 2% for each year of service; or

(ii) 20%,

whichever is less; provided however that in determining average annual compensation and years of service, years of service which begin in a Plan Year after the last Plan Year in which the Plan was Top Heavy, years of service which end in a Plan Year before January 1, 1984, and years of service when the Plan benefits (within the meaning of section 410(b) of the Code) no key employee or former key employee, shall be disregarded.

2. The Plan will be deemed to be Top Heavy if as of the last day of the preceding Plan Year:

(a) The present value of cumulative accrued benefits under the Plan for key employees exceeds 60% of the present value of the cumulative accrued benefits under the Plan for all Members; or

(b) The Plan is part of a Required Aggregation Group (within the meaning of Sec. 416(g) of the Code) and the Required Aggregation Group is one in which the sum of:

(i) the present value of the cumulative accrued benefits for key employees under all defined benefit plans included in the Aggregate Group; and

(ii) the aggregate of the accounts of key employees under all defined contribution plans included in such Aggregate Group, exceeds 60% of a similar sum for all employees, provided however, that the Plan shall not be deemed to be Top Heavy for any Plan Year in which the Plan is part of a Required Aggregation Group or permissive Aggregation Group (within the meaning of Sec. 416(g) of the Code) which is not Top Heavy. The present value of accrued benefits will be computed using the published UP-1984 Table, with interest at 6% compounded annually.

(c) The present value of an employee's cumulative accrued benefit or account shall be increased by the distributions made to the employee under the Plan and any plan in the Aggregate Group during the one-year period prior to the determination date. In the case of a distribution made for reason other than separation from service, death or disability, this provision shall be applied by substituting a five-year period for one-year period.

(d) The accrued benefits and accounts of any individual who has not performed services for the employer during the one-year period ending on the determination date shall not be taken into account.

3. Any employee, or former employee, and the beneficiary of such employee shall be deemed to be a key employee for purposes of this Article XXI if at any time during the Plan Year such Member is:

(a) An officer of NSC or a Participating Subsidiary who receives compensation (within the meaning of Section 414(q)(4) of the Code) from NSC or a Participating Subsidiary of more than one hundred thirty thousand dollars ($130,000) per year (as adjusted under section 416(i)(1) of the Code for Plan Years after December 31, 2002), provided that no more than fifty (50) Members (or, if lesser, the greater of three (3) or 10 percent (10%) of all employees of the Corporation and Participating Subsidiaries) shall be considered as officers for purposes of this subsection 3(a) of Article XXI;

(b) An owner of 5% of the stock of NSC or a Participating Subsidiary; or

(c) An owner of 1% of the stock of NSC or a Participating Subsidiary who receives compensation (within the meaning of Section 414(q)(4) of the Code) from NSC or a Participating Subsidiary of more than one hundred fifty thousand dollars ($150,000) per year.

4. Required Aggregation Group as used in Section 2 of this Article XXI shall mean the Plan along with all other plans of the Corporation or any Participating Subsidiary in which a key employee participates or any other plan which enables the Plan to meet the requirements of Section 401(a) or Section 410 of the Code for the purpose of determining whether the Plan is Top Heavy.

5. For plan years beginning on or after January 1, 2001, the definition of compensation in Paragraphs 1(b), 3(a), and 3(c) of this

Article XXI shall include elective amounts that are not includible in the gross income of the employee by reason of Section 132(f)(4) of the Code.

ARTICLE XXII. NW PLAN FOR SUPPLEMENTAL PENSIONS

Anything in the Plan to the contrary notwithstanding, effective December 31, 1988, a Member who was a member of the NW Supplemental Plan on December 31, 1988, shall receive or be eligible to receive only those retirement benefits to which he would otherwise have been entitled under the terms of the NW Supplemental Plan.

ARTICLE XXIII. RETIREE MEDICAL BENEFITS

1. Definitions. For purposes of this Article XXIII, the following definitions shall apply:

(a) Benefit Maintenance Period. The term Benefit Maintenance Period shall mean the period of 5 taxable years beginning with the taxable year in which a Qualified Transfer occurs.

(b) Eligible Dependent. The term "Eligible Dependent" shall mean a person who, by reason of his relationship to an Eligible Retiree and pursuant to the terms of the Medical Benefits Plan, is or may become entitled to Qualified Benefits under the Medical Benefits Plan, provided that such person is a "dependent" within the meaning of Sec. 152 of the Code.

(c) Eligible Individual. The term "Eligible Individual" shall mean an Eligible Retiree or an Eligible Dependent.

(d) Eligible Retiree. The term "Eligible Retiree" shall mean any Member or Former Member:

(i) who (A) is entitled to retirement benefits under the Plan or (B) has received a lump sum distribution of his benefit under the Plan pursuant to Section 8 of Article VI;

(ii) who is or may become entitled to receive Qualified Benefits under the Medical Benefits Plan; and

(iii) who is not a Key Employee (as defined in Sec. 416(I)(1) of the Code) at any time during the Plan Year and has not been a Key Employee at any time during any previous Plan Year for which contributions were made for such individual's benefit to the Medical Benefits Account.

(e) Establishment Date. The term "Establishment Date" shall mean January 1, 1991, the date as of which the Medical Benefits Account shall be effective.

(f) Excess Pension Assets. The term "Excess Pension Assets" shall mean the excess, if any, of the following (determined as of the most recent valuation date of the Plan preceding the date of the Qualified Transfer):

(i) the lesser of (A) the fair market value of the Plan's assets or (B) the value of the Plan's assets as determined in accordance with Sec. 412(c)(2) of the Code, over

(ii) the greater of:

(A) the lesser of (I) the applicable percentage as determined under Sec. 412(c)(7)(f) of the Code of current liability (including the expected increase in current liability due to benefits accruing during the Plan Year)or (II) the accrued liability (including normal cost) under the Plan (determined under the entry age normal funding method if such accrued liability cannot be directly calculated under the funding method used for the Plan), or

(B) 125% of the Plan's current liability (as defined in Sec. 412(c)(7)(B) of the Code).

(g) Medical Benefits Account or Account. The term "Medical Benefits Account" or "Account" shall mean the separate record keeping account established pursuant to this Article XXIII to account for contributions (and any Excess Pension Assets allocated thereto) to fund benefits payable under this Article XXIII.

(h) Medical Benefits Plan. The term "Medical Benefits Plan" shall mean the Norfolk Southern Corporation Comprehensive Benefits Plan as in effect on the Establishment Date and as amended from time to time thereafter, or any successor plan.

(i) Qualified Benefits. The term "Qualified Benefits" shall mean the benefits that are provided pursuant to Paragraphs A(1), A(2), A(3), and A(4) of Article IV and Appendices H, I, J, and K of the Medical Benefits Plan pursuant to the terms of such provisions as in effect on the Establishment Date and as amended from time to time thereafter.

(j) Qualified Current Retiree Health Liabilities. The term "Qualified Current Retiree Health Liabilities" shall have the meaning provided by Sec. 420(e)(i) of the Code

(k) Qualified Transfer. The term "Qualified Transfer" shall mean an allocation of Excess Pension Assets to the Medical Benefits Account pursuant to Section 9 of this Article XXIII.

(l) Service Provider or Service Providers. The term "Service Provider" or "Service Providers" shall mean one or more persons or organizations that the plan administrator may employ in connection with the administration of the Medical Benefits Plan and the Medical Benefits Account, including, but not limited to, an actuary, consultant, accountant, attorney, specialist, or adviser (including an investment adviser).

2. Establishment of Separate Account. A Medical Benefits Account shall be maintained with respect to contributions from NSC or the Participating Subsidiaries and any Excess Pension Assets that are allocated to fund the benefits payable under this Article XXIII. The assets allocated to the Medical Benefits Account shall be accounted for separately from all other assets of the Plan. The assets allocated to the Medical Benefits Account may be invested together with the other assets of the Plan without identification of which assets of the Plan are allocable to the Medical Benefits Account and which are allocable to the remainder of the Plan. However, where assets are not so identified, the earnings on such assets shall be allocated in a reasonable manner between the Medical Benefits Account and the remainder of the Plan.

3. No Diversion Prior to Satisfaction of All Liabilities. Except as provided in Subsection 9(c)(ii) of this Article XXIII, prior to the satisfaction of all liabilities under this Article XXIII to provide for the payment of Qualified Benefits, no part of the corpus or income of the Medical Benefits Account may be (within the taxable year or thereafter) used for, or diverted to, any purpose other than the providing of such benefits or the payment of any necessary or appropriate expenses attributable to the administration of the Medical Benefits Account.

4. Reversion Upon Satisfaction of All Liabilities. Notwithstanding the provisions of Section 3 of this Article XXIII and except as provided in Subsection 9(c)(ii) of this Article XXIII, any amounts that remain in the Medical Benefits Account upon the satisfaction of all liabilities funded pursuant to this Article XXIII shall be returned to NSC and the Participating Subsidiaries.

5. Forfeitures. If an Eligible Individual's interest in the Medical Benefits Account is forfeited prior to termination of the Plan, an amount equal to the amount of the forfeiture shall be applied as soon as possible to reduce any contributions of NSC and the Participating Subsidiaries to fund the Qualified Benefits.

6. Benefits Payable Out of the Medical Benefits Account.

(a) For each month after the Establishment Date or such other period as determined by the Board of Managers, there shall be paid out of the Medical Benefits Account, in the manner specified in Section 7 of this Article XXIII, the following amounts:

(i) the aggregate amount of Qualified Benefits that are payable, directly or indirectly, during that period by NSC and the Participating Subsidiaries to Eligible Individuals, including the amount of any premiums that may be payable to an insurance company pursuant to any contract that may provide some or all of the Qualified Benefits to Eligible Individuals; and

(ii) any necessary and appropriate administrative expenses attributable to the payment of Qualified Benefits from the Medical Benefits Plan and Medical Benefits Account, including any amount that may be payable to an insurance company or other person or organization pursuant to any contract for the provision of administrative services with respect to the payment of Qualified Benefits from the Medical Benefits Plan and the Medical Benefits Account and the amount of fees and expenses that may be owing to any Service Provider.

(b) The Qualified Benefits and the administrative expenses related thereto that are payable pursuant to Section 6(a) of this Article XXIII shall be payable first out of the Medical Benefits Account to the extent of the amount in the Account, and if any such benefits remain unpaid thereafter, may be payable out of any welfare benefit fund (as defined in Sec. 419(e)(1) of the Code) that NSC and/or the Participating Subsidiaries may have established to provide such benefits or as otherwise provided by the terms of the Medical Benefits Plan.

7. Payment of Benefits. (a) Payments from the Medical Benefits Account shall not exceed the amount in the Medical Benefits Account and may be made as follows:

(i) to an insurance company or other person or organization with respect to any amounts that are payable pursuant to a contract for the provision of Qualified Benefits to Eligible Individuals or pursuant to a contract for the provision of administrative services with respect to the payment of Qualified Benefits from the Medical Benefits Plan and the Medical Benefits Account;

(ii) to any Service Providers with respect to any fees and administrative expenses incurred by the Service Providers in connection with the payment of Qualified Benefits to Eligible Individuals from the Medical Benefits Plan and the Medical Benefits Account;

(iii) to NSC and/or the Participating Subsidiaries with respect to any Qualified Benefits that NSC and/or the Participating Subsidiaries paid, directly or indirectly, to an Eligible Individual;

(iv) to NSC and/or the Participating Subsidiaries with respect to any amounts that NSC and/or the Participating Subsidiaries paid to an insurance company or other person or organization pursuant to a contract for the provision of Qualified Benefits to an Eligible Individual or pursuant to a contract for the provision of administrative services, or with respect to any fees and expenses that NSC and/or the Participating Subsidiaries paid to any Service Providers; or

(v) to an Eligible Individual to whom the Qualified Benefits are payable, or if such Eligible Individual is an Eligible Dependent of an Eligible Retiree, to such Eligible Retiree.

(b) In no event shall payments to NSC and/or the Participating Subsidiaries in respect of an Eligible Individual or in respect of any amounts paid to an insurance company or a Service Provider exceed the amount paid to the Eligible Individual, the insurance company, or the Service Provider, or precede the payment by NSC and/or the Participating Subsidiaries to the Eligible Individual, the insurance company, or the Service Provider, and in no event shall the Plan provide any security to NSC and/or the Participating Subsidiaries in respect of such payments.

8. Employer Contributions to the Medical Benefits Account. NSC and the Participating Subsidiaries shall have the sole discretion to determine the amount of any contributions to the Medical Benefits Account with respect to any Plan Year, subject to Subsection 9(f) of this Article XXIII. However, the amount of any such contribution, as determined by the Plan's actuary, shall be reasonable, and shall be reduced (but not below zero) as required so that the aggregate contributions actually made after the Establishment Date to the Medical Benefits Account and to provide any life insurance benefits provided under the Medical Benefits Plan shall not exceed 25% of the total aggregate contributions (other than contributions to fund past service credits) actually made to the Plan after the Establishment Date (including contributions to the Medical Benefits Account). At the time NSC and/or the Participating Subsidiaries make a contribution to the Plan, they shall designate the portion, if any, that is allocable to the Medical Benefits Account.

9. Qualified Transfers of Excess Pension Benefits. For each taxable year of NSC and the Participating Subsidiaries beginning after December 30, 1990, and before January 1, 2001, Excess Pension Assets under the Plan, if any, may be allocated to the Medical Benefits Account, in accordance with the following requirements:

(a) Excess Pension Assets shall be allocated to the Medical Benefits Account only once during each taxable year.

(b) The amount of Excess Pension Assets allocated to the Medical Benefits Account with respect to a taxable year shall not exceed the amount that is reasonably estimated to be the amount that NSC and the Participating Subsidiaries will pay (directly or through reimbursement) out of the Medical Benefits Account during the taxable year of the Qualified Transfer for Qualified Current Retiree Health Liabilities.

(c) (i) Any Excess Pension Assets allocated to the Medical Benefits Account pursuant to Section 9 of this Article XXIII (and any income allocable thereto) shall be used only to pay Qualified Current Retiree Health Liabilities for the taxable year of the allocation.

(ii) Any Excess Pension Assets in the Medical Benefits Account (and any income allocable thereto) that are not used as provided in Subsection 9(c)(i) of this Article XXIII shall, at the end of the taxable year of the allocation, be reallocated from the Medical Benefits Account to the remainder of the Plan.

(d) Any amount paid out of the Medical Benefits Account for the taxable year of a Qualified Transfer shall be treated as paid first out of any Excess Pension Assets allocated to the Medical Benefits Account for such taxable year and any income allocated thereon.

(e) The accrued retirement benefits of the Members, their Surviving Spouses, and certain former Members under the Plan shall become nonforfeitable pursuant to Section 7 of Article IX.

(f) NSC and the Participating Subsidiaries shall not contribute any amounts to the Medical Benefits Account or to a welfare benefit fund (as defined in Sec. 419(e)(1) of the Code) with respect to Qualified Current Retiree Health Liabilities that, pursuant to Subsection 9(c)(i) of this Article XXIII, must be provided by the Excess Pension Assets that have been allocated to the Medical Benefits Account.

(g) As required by Sec. 420(c)(3) of the Code, Qualified Benefits provided under the Medical Benefits Plan during the Benefit Maintenance Period to each Eligible Retiree who has retired prior to a Qualified Transfer of Excess Pension Assets shall be substantially the same as the highest level of Qualified Benefits available to such Eligible Retiree during the taxable year immediately preceding the taxable year of the Qualified Transfer. If an Eligible Retiree retires prior to a Qualified Transfer of Excess Pension Assets but is not eligible to receive Qualified Benefits during the taxable year immediately preceding the taxable year of the Qualified Transfer, Qualified Benefits provided under the Medical Benefits Plan during the Benefits Maintenance Period shall be substantially the same as the Qualified Benefits provided under the Medical Benefits Plan at the time the Eligible Retiree retires. No allocation of Excess Pension Assets to the Medical Benefits Account will be permitted unless the Medical Benefits Plan contains language implementing this provision.

10. Documentation of Eligible Individual Status. Before making any payments to any individual pursuant to this Article XXIII, the Board of Managers may require such documentation as the Board of Managers, consistent with the other provisions of the Plan, reasonably deems necessary to demonstrate that such individual qualifies as an Eligible Individual.

11. Limitation on Rights to Benefits. This Article XXIII and the establishment of the Medical Benefits Account shall not be construed as giving any Member or former Member the right to any payment of a benefit from the Medical Benefits Plan. The terms of the Medical Benefits Plan alone shall govern a Member's or former Member's entitlement to benefits thereunder. The Plan, this Article XXIII, and the Medical Benefits Account shall not be construed as granting or implying a promise to provide, currently or in the future, any health benefits (including Qualified Benefits) or a stated level of health benefits to any Member or former Member or their dependents, nor shall they be construed as in any way limiting or otherwise affecting the rights of NSC and the Participating Subsidiaries to alter, amend, change, or terminate the Medical Benefits Plan or this Article XXIII.

ARTICLE XXIV. MILITARY SERVICE

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

ARTICLE XXV. DISABILITY BENEFIT

1. A Member who is eligible to receive a benefit under the Long-Term Disability Plan of Norfolk Southern Corporation and Participating Subsidiary Companies or any successor plan shall be eligible to receive a Disability Benefit under this Article until the earlier of (i) the date when the Member ceases to be entitled to benefits under the LTD Plan, or (ii) the date when the Member reaches age 65. Except as otherwise provided in this Article, the monthly Disability Benefit payable hereunder shall be an amount equal to 50% of the Member's monthly Disability Benefit Compensation. The Disability Benefit shall be reduced by the following amounts:

(a) any amount paid or payable to the Member on account of his or her disability under any Workers' Compensation or Occupational or Non-Occupational Disease or Disability Act or Law, the Federal Employers' Liability Act, Railroad Unemployment Insurance Act, Railroad Retirement Act, or the Federal Social Security program;

(b) any retirement benefit which becomes payable under this Plan or any benefit which becomes payable under any pension plan of NSC or a subsidiary of NSC or Consolidated Rail Corporation or of any other entity whose service is credited under any pension plan of Consolidated Rail Corporation, at the earliest eligibility age without reduction for early retirement;

(c) any amount paid or payable under the Railroad Retirement or Federal Social Security Acts to the spouse or dependents of the Member, but only if the total benefit from all sources exceeds 75% of the Member's basic monthly salary; and

(d) any income which the Member receives for personal services or for any business or occupation in which the Member engages during the period for which benefits are payable, unless the Member is engaged in rehabilitative employment under a program of rehabilitation (as determined by the LTD Plan's Board of Managers under Section 2 of this Article).

If the reduction under paragraph (a), (b), or (c) of this Section 1 is determined after the Disability Benefit commences, the reduction shall be applied retroactively to the date the Disability Benefit commenced (or, if later, to the beginning of the period for which the benefit described in paragraph (a), (b), or (c) is paid). If a lump sum payment or periodic payments are made on account of such disability under any such Act, Law, or Plan, the monthly Disability Benefit shall be reduced by the actuarial equivalent of such lump sum settlement or periodic payments, stated as a monthly benefit paid over the same period the Disability Benefit is expected to be paid, as computed by an independent actuary.

2. The Disability Benefit payable under this Article is an ancillary benefit that does not cause any reduction in the Normal Retirement Benefit or early retirement benefit otherwise payable to the Member. No election of a form of payment shall be permitted until the Member ceases to receive a Disability Benefit. If the Member dies while he is receiving a Disability Benefit, the benefit (if any) payable to his Surviving Spouse or Surviving Same Sex Partner shall be determined under the preretirement survivor annuity provisions in Article VIII.

3. The LTD Plan's Board of Managers shall have the exclusive right in its discretion to interpret this Article and to decide all matters arising hereunder, including the right to remedy possible ambiguities, inconsistencies, or omissions. All determinations of the LTD Plan's Board of Managers with respect to any matter under this Article shall be conclusive and binding on all persons.

The LTD Plan's Board of Managers shall make all determinations as to the right of any person to the Disability Benefit under this Article. Any denial by the LTD Plan's Board of Managers of a claim for benefits under this Article by an Employee or Member shall be stated in writing by the LTD Plan's Board of Managers and delivered or mailed to the Employee or Member, and such notice shall set forth the specific reasons for the denial, written in a manner that may be understood by the Employee or Member. In addition, the LTD Plan's Board of Managers shall afford a reasonable opportunity to any Employee or Member whose claim for Disability Benefits has been denied for a review of the decision denying the claim.

ARTICLE XXVI. MISCELLANEOUS

1. This Plan shall not be deemed to be an employment contract between the Corporation or any Participating Subsidiary and any Member or other employee.

2. Any person eligible to receive benefits hereunder shall furnish to the Managers any information or proof requested by the Managers and reasonably required for the proper administration of the Plan. Failure on the part of any person to comply with any such request within a reasonable period of time shall be sufficient grounds for delay in the payment of any benefits that may be due under the Plan until such information or proof is received by the Managers.

3. Each Member and each Beneficiary entitled to receive a benefit under the Plan shall keep the Managers advised of his or her current address. If the Managers are unable to locate a Member or Beneficiary to whom a benefit is payable under the Plan for a period of twelve (12) months, or if the Member or Beneficiary to whom a benefit is payable under the Plan receives a check for payment of the benefit but does not present the check for payment within twelve (12) months, in either case commencing with the day on which such benefit first becomes payable, the total amount payable to such Member or Beneficiary shall be forfeited and shall be used to reduce future contributions by NSC and the Participating Subsidiaries as provided in Article X; provided, that if such Member or Beneficiary to whom a benefit is payable makes a claim in writing for such benefit after the expiration of such twelve (12) month period, the benefit shall be reinstated.

4. The Corporation or any Participating Subsidiary shall have the right, to the extent permitted by law, to deduct from any payment or distribution to a Member or Beneficiary any Federal, state or local taxes of any kind required by law to be withheld.

EXHIBIT A

EMPLOYEE MORTALITY ASSUMPTION
USED IN DEVELOPMENT OF ACTUARIAL EQUIVALENCE FACTORS

Employee Age	Annual Rate of Mortality	Employee Age	Annual Rate of Mortality	Employee Age	Annual Rate of Mortality
20	0.000411	50	0.004259	80	0.079994
21	0.000427	51	0.004721	81	0.088980
22	0.000445	52	0.005210	82	0.098503
23	0.000463	53	0.005727	83	0.108513
24	0.000485	54	0.006272	84	0.119079
25	0.000508	55	0.006844	85	0.130175
26	0.000534	56	0.007444	86	0.141882
27	0.000562	57	0.008076	87	0.154275
28	0.000594	58	0.008747	88	0.167531
29	0.000628	59	0.009471	89	0.181694
30	0.000666	60	0.010265	90	0.196968
31	0.000708	61	0.011150	91	0.209014
32	0.000754	62	0.012152	92	0.221755
33	0.000805	63	0.013305	93	0.235306
34	0.000860	64	0.014641	94	0.249791
35	0.000923	65	0.016203	95	0.265356
36	0.000991	66	0.018034	96	0.282155
37	0.001066	67	0.019960	97	0.300359
38	0.001149	68	0.021877	98	0.320159
39	0.001242	69	0.023874	99	0.341754
40	0.001343	70	0.026165	100	0.365359
41	0.001470	71	0.029253	101	0.391194
42	0.001639	72	0.032731	102	0.419496
43	0.001848	73	0.036536	103	0.452379
44	0.002094	74	0.040725	104	0.492096
45	0.002376	75	0.045963	105	0.540899
46	0.002691	76	0.050642	106	0.601038
47	0.003038	77	0.056811	107	0.674766
48	0.003416	78	0.063794	108	0.764335
49	0.003824	79	0.071557	109	0.871996
				110	1.000000

EXHIBIT B

BENEFICIARY MORTALITY ASSUMPTION
USED IN DEVELOPMENT OF ACTURIAL EQUIVALENCE FACTORS

Employee Age	Annual Rate of Mortality	Employee Age	Annual Rate of Mortality	Employee Age	Annual Rate of Mortality
20	0.000275	50	0.002367	80	0.063124
21	0.000290	51	0.002753	81	0.070445
22	0.000306	52	0.002798	82	0.078282
23	0.000323	53	0.003049	83	0.086449
24	0.000342	54	0.003324	84	0.095459
25	0.000362	55	0.003630	85	0.105185
26	0.000383	56	0.003976	86	0.115744
27	0.000406	57	0.004376	87	0.126922
28	0.000430	58	0.004839	88	0.139471
29	0.000457	59	0.005371	89	0.152845
30	0.000487	60	0.005978	90	0.167597
31	0.000518	61	0.006663	91	0.180685
32	0.000553	62	0.007428	92	0.194505
33	0.000591	63	0.008273	93	0.209559
34	0.000632	64	0.009196	94	0.226003
35	0.000677	65	0.010191	95	0.244005
36	0.000725	66	0.011255	96	0.263751
37	0.000780	67	0.012374	97	0.285445
38	0.000839	68	0.013662	98	0.309309
39	0.000903	69	0.015214	99	0.335583
40	0.000975	70	0.017162	100	0.364532
41	0.001056	71	0.019865	101	0.396444
42	0.001147	72	0.023001	102	0.431633
43	0.001251	73	0.026492	103	0.470647
44	0.001366	74	0.030321	104	0.515260
45	0.001494	75	0.034536	105	0.567251
46	0.001638	76	0.039190	106	0.628394
47	0.001795	77	0.044335	107	0.700464
48	0.001968	78	0.050109	108	0.785238
49	0.002158	79	0.056293	109	0.884492
				110	1.000000

EXHIBIT C

MORTALITY ASSUMPTIONS
USED IN DEVELOPMENT OF OPTION FACTORS

Age	Annual Rate of Mortality	Age	Annual Rate of Mortality	Age	Annual Rate of Mortality	Age	Annual Rate of Mortality
15	0.000143	42	0.000775	69	0.014742	96	0.236930
16	0.000151	43	0.000826	70	0.016160	97	0.251111
17	0.000161	44	0.000885	71	0.017803	98	0.265340
18	0.000167	45	0.000940	72	0.019833	99	0.276338
19	0.000171	46	0.000994	73	0.021968	100	0.286390
20	0.000174	47	0.001054	74	0.024500	101	0.301731
21	0.000179	48	0.001130	75	0.027315	102	0.313092
22	0.000186	49	0.001215	76	0.030348	103	0.324542
23	0.000197	50	0.001323	77	0.034204	104	0.335529
24	0.000208	51	0.001423	78	0.038256	105	0.345501

25	0.000222	52	0.001570	79	0.042806	106	0.353906
26	0.000244	53	0.001764	80	0.047905	107	0.361363
27	0.000253	54	0.001990	81	0.053861	108	0.368721
28	0.000262	55	0.002346	82	0.060545	109	0.375772
29	0.000276	56	0.002818	83	0.067380	110	0.382309
30	0.000301	57	0.003243	84	0.075650	111	0.388123
31	0.000348	58	0.003706	85	0.084660	112	0.393008
32	0.000394	59	0.004206	86	0.094731	113	0.396754
33	0.000438	60	0.004803	87	0.106954	114	0.399154
34	0.000482	61	0.005576	88	0.119811	115	0.400000
35	0.000525	62	0.006405	89	0.133578	116	0.400000
36	0.000566	63	0.007444	90	0.148759	117	0.400000
37	0.000604	64	0.008410	91	0.162589	118	0.400000
38	0.000630	65	0.009508	92	0.178330	119	0.400000
39	0.000657	66	0.010866	93	0.193878	120	1.000000
40	0.000691	67	0.012108	94	0.207982		
41	0.000729	68	0.013316	95	0.223718		

Retirement Plan of Norfolk Southern Corporation
and Participating Subsidiary Companies

Schedule A. Additional Retirement Benefits

The following Members, listed by confidential identification numbers maintained by the Plan Administrator, will receive the indicated monthly Additional Retirement Benefit, in accordance with Article VI of the Plan:

Schedule A

Identification Number	**Additional Retirement Benefit**
1	$26.88
2	381.72
3	276.40
4	4,555.13
5	315.53
6	328.30
7	964.32
8	58.67
9	83.33
10	1,577.71
11	70.30
12	197.63
13	821.87
14	815.08
15	370.82
16	731.48
17	121.25
18	1,304.57
19	7,731.59
20	40.95
21	482.36
22	68.45
23	116.21

24	83.98
25	499.96
26	44.99
27	200.79
28	783.26

Schedule A continued

Identification Number	Additional Retirement Benefit
29	33.59
30	67.84
31	21,388.96
32	1,371.51
33	147.65
34	487.99
35	127.44
36	769.73
37	188.72
38	1,548.04
39	1,194.37
40	158.08
41	3,411.23
42	833.34
43	5,556.86
44	183.18
45	671.52
46	615.62
47	1,104.12
48	327.24
49	41.75
50	942.45
51	935.30
52	387.31
53	3,322.86
54	791.16
55	744.92
56	182.28
57	5.95
58	8.25
59	1,023.05
60	1,087.63
61	5,407.87
62	69.21
63	1,155.57
64	108.99
65	4,558.49
66	146.78
67	504.39
68	94.28

Schedule A continued

Identification Number	Additional Retirement Benefit
69	84.35
70	54.44
71	802.10
72	219.41
73	275.25
74	1,574.82
75	118.26
76	424.57
77	348.56
78	19.96
79	608.65
80	327.15
81	837.55
82	184.38
83	4.09
84	951.01
85	488.58
86	2,518.63
87	3,292.37
88	1,335.68
89	2,240.10
90	36.38
91	69.12
92	494.79
93	174.17
94	446.33
95	146.10
96	40.11
97	526.49
98	833.06
99	6.08
100	423.71
101	307.33
102	152.40
103	700.33
104	204.18
105	223.78
106	404.78
107	93.75

Schedule A continued

Identification Number	Additional Retirement Benefit
108	6.33
109	675.25
110	542.69
111	328.30
112	274.99
113	295.00
114	1,859.62
115	381.74

116	301.07
117	365.04
118	168.74
119	603.48
120	616.62
121	97.56
122	356.81
123	502.83
124	1,411.62
125	907.19
126	571.81
127	17.65
128	131.68
129	45.88
130	40.14
131	96.65
132	2,489.98
133	1,706.36
134	59.66
135	24.14
136	1,033.44
137	184.46
138	414.57
139	25.72
140	33.74
141	132.75
142	55.67
143	210.00
144	124.95
145	482.39
146	682.86
147	184.46

Schedule A continued

Identification Number	Additional Retirement Benefit
148	141.74
149	150.98
150	547.65
151	1,075.72
152	385.38
153	2,317.54
154	345.11
155	516.83
156	555.43
157	18,307.91
158	1,759.62
159	94.26
160	83.45
161	9.27
162	910.85
163	190.44
164	191.98
165	543.21
166	1,486.76
167	917.88
168	382.97
169	41.89
170	49.51
171	1,255.99
172	1,446.97
173	469.50
174	1,309.05
175	2,677.79
176	1,486.51
177	112.85
178	624.48
179	3,369.39
180	562.19
181	971.15
182	1,130.67

Retirement Plan of Norfolk Southern Corporation and Participating Subsidiary Companies

Schedule B. Additional Retirement Benefits

The following Members, listed by confidential identification numbers maintained by the Plan Administrator, will receive the indicated monthly Additional Retirement Benefit, in accordance with Section 1.(d) of Article VI of the Plan, effective as of January 1, 2005:

Identification Number	Additional Retirement Benefit Before Offset Described in Section 1(e) of Article VI Is Applicable	Additional Retirement Benefit After Offset Described in Section 1(e) of Article VI is Applicable
1	$182.08	$2.61
2		95.38

3		175.27
4	1,352.10	726.15
5		101.82
6		84.18
7		216.58
8		81.42
9	217.66	
10	388.16	
11	378.31	
12		152.21

Retirement Plan of Norfolk Southern Corporation
and Participating Subsidiary Companies

Schedule C. Reduction in Retirement Benefits

The retirement benefits otherwise payable to the following Members, listed by confidential identification numbers maintained by the Plan Administrator, will be reduced by the indicated monthly amount, in accordance with Section 1.(k) of Article VI of the Plan, effective as of January 1, 2005:

Identification Number	Reduction in Benefit
1	$34.18
2	25.00
3	25.00
4	25.00
5	25.00
6	25.00
7	25.00
8	25.00
9	25.00
10	25.00
11	25.00

Retirement Plan of Norfolk Southern Corporation and Participating Subsidiary Companies

Schedule D

Retirement Benefits for Retirees, Beneficiaries and Deferred Vested Participants under the AW&W Plan

The Algers, Winslow and Western Railway Company ("AW&W") established the AW&W Plan effective December 31, 1959. Effective March 23, 2007, Norfolk Southern Corporation acquired 100% of the stock in AW&W, and subsequently merged AW&W into Norfolk Southern Railway Company as of April 20, 2007. Due to the merger, Norfolk Southern Railway assumed the AW&W Plan and the obligations thereunder.

NSC and Norfolk Southern Railway merged the AW&W Plan into the Plan effective December 31, 2007.

Individuals who were participants in the AW&W Plan immediately before the AW&W Plan was merged into the Plan will receive the benefits they were entitled to under the AW&W Plan immediately before the merger under the Plan. As such, the provisions of the AW&W Plan are incorporated by reference into the Plan.

The following individuals, listed by confidential identification numbers maintained by the Plan Administrator, will be entitled to benefits under the Plan because of the merger. The individuals listed under identification numbers 1 through 6 are as of December 31, 2007 receiving the monthly benefit payments corresponding to their identification number in the form of payment corresponding to their identification number. The individuals listed under identification numbers 7 and 8 are deferred vested participants who are entitled to receive monthly benefit payments corresponding to their identification number in the form of a life annuity with 120 payments certain beginning on their normal retirement date under the AW&W Plan. These deferred vested participants may also be entitled to elect other forms of payment or other annuity starting dates in accordance with the provisions of the AW&W Plan as it existed immediately before the merger, or their beneficiaries may be entitled to pre-retirement survivor benefits in accordance with the provisions of the AW&W Plan as it existed immediately before the merger.

Identification Number	AW&W Retirement Benefit
1	$ 363.95 life annuity
2	412.08 life annuity payable to surviving spouse
3	713.70 life annuity
4	108.05 life annuity
5	782.39 50% joint & survivor annuity
6	1,936.19 100% joint & survivor annuity
7	927.04 life annuity with 120 payments certain
8	648.38 life annuity with 120 payments certain

Exhibit 10(xx)

Execution version

AMENDMENT NO. 5 TO
TRANSFER AND ADMINISTRATION AGREEMENT

THIS AMENDMENT NO. 5 TO TRANSFER AND ADMINISTRATION AGREEMENT (this "Amendment"), dated as of January 5, 2010, is by and among **THOROUGHBRED FUNDING, INC.**, a Virginia corporation (the "SPV"), **NORFOLK SOUTHERN RAILWAY COMPANY**, a Virginia corporation, as originator (in such capacity, the "Originator"), and as servicer (in such capacity, the "Servicer"), the "Conduit Investors" from time to time party hereto, the "Committed Investors" from time to time party hereto, the "Managing Agents" from time to time party hereto, **JPMORGAN CHASE BANK, N.A**., a national banking association ("JPMorgan Chase"), as the Administrative Agent for the Investors and as a Managing Agent. Capitalized terms used herein and not otherwise defined herein shall have the meaning given to such terms in the Transfer and Administration Agreement (defined below).

WHEREAS, the SPV, the Originator, NSC, the Conduit Investors, the Committed Investors, the Managing Agents and the Administrative Agent are parties to that certain Transfer and Administration Agreement dated as of November 8, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Transfer and Administration Agreement");

WHEREAS, the parties to the Transfer and Administration Agreement hereto have agreed to amend the Transfer and Administration Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendments to the Transfer and Administration Agreement. Effective as of the date first written above and subject to the execution of this Amendment by the parties hereto and the satisfaction of the conditions precedent set forth in Section 3 below, the Transfer and Administration Agreement is hereby amended as follows:

1.1. Section 1.1 of the Transfer and Administration Agreement is hereby amended by deleting the defined term "Debt Rating" thereof.

1.2. Section 1.1 of the Transfer and Administration Agreement is hereby amended by adding the following new defined terms in the appropriate alphabetical order:

"Long Term Debt Rating" means, with respect to any Obligor at any time, the senior unsecured long term debt rating assigned by S&P or Moody's for such Obligor, in each case without giving effect to any third party credit enhancement.

"Short Term Debt Rating" means, with respect to any Obligor at any time, the senior unsecured short term debt rating assigned by S&P or Moody's for such Obligor, in each case without giving effect to any third party credit enhancement.

1.3. The definition of "Ratings Event" set forth is Section 1.1 of the Transfer and Administration Agreement is hereby amended and restated in its entirety as follows:

"Ratings Event" means, with respect to an Obligor, any of the following events shall have occurred: (i) such Obligor does not have a Long Term Debt Rating of at least "Baa3" and does not have a Short Term Debt Rating of at least "P3" by Moody's or (ii) such Obligor does not have a Long Term Debt Rating of at least "BBB-" and does not have a Short Term Debt Rating of at least "A3" by S&P.

Section 2. Certain Agreement of the Parties. Notwithstanding anything to the contrary in the Transfer and Administration Agreement, the parties hereto hereby agree that, solely for the purposes of the Servicer Report covering November 2009, the $129,414,437.12 reduction of the Unpaid Balances of the Receivables owing from Virginia Electric and Power Company resulting from the final order and judgment entered as of November 13, 2009, in *Norfolk Southern Railway Company v. Virginia Electric and Power Company*, No. 03000227-00, Circuit Court of Halifax County, VA, shall not constitute Dilution.

Section 3. Conditions Precedent. This Amendment shall become effective and be deemed effective, as of the date first above written, upon the later to occur of (i) the date hereof and (ii) receipt by the Agent of one copy of this Amendment duly executed by each of the parties hereto.

Section 4. Reference to and Effect on the Transfer and Administration Agreement. From and after the effective date hereof, each reference in the Transfer and Administration Agreement to "this Agreement," "hereunder," "hereof," "herein," "hereby" or words of like import shall mean and be a reference to the Transfer and Administration Agreement as amended hereby, and each reference to the Transfer and Administration Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Transfer and Administration Agreement shall mean and be a reference to the Transfer and Administration Agreement as amended hereby.

Section 5. CHOICE OF LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAWS OF THE STATE OF NEW YORK BUT OTHERWISE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES).

Section 6. Execution of Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Section 7. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

THOROUGHBRED FUNDING, INC.,
as SPV

By: /s/ Marta R. Stewart
Name: Marta R. Stewart
Title: Chairman & President

NORFOLK SOUTHERN RAILWAY COMPANY,
as Originator and as Servicer

By: /s/ Marta R. Stewart
Name: Marta R. Stewart
Title: Vice President & Treasurer

NORFOLK SOUTHERN CORPORATION

By: /s/ Marta R. Stewart
Name: Marta R. Stewart
Title: Vice President & Treasurer

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent, a Managing Agent and a Committed Investor

By: /s/ John M. Kuhns
Name: John M. Kuhns
Title: Executive Director

CHARIOT FUNDING LLC,
as a Conduit Investor

By: JPMorgan Chase Bank, N.A.,
its Attorney-in-Fact

By: /s/ John M. Kuhns
Name: John M. Kuhns
Title: Executive Director

BANK OF AMERICA, NATIONAL ASSOCIATION,
as a Managing Agent and a Committed Investor

By: /s/ Steven Maysonet
Name: Steven Maysonet
Title: Vice President

YC SUSI TRUST,
as a Conduit Investor

By: Bank of America, National Association,
as Administrative Trustee

By: /s/ Steven Maysonet
Name: Steven Maysonet
Title: Vice President

VICTORY RECEIVABLES CORPORATION,
as a Conduit Investor

By: /s/ David V. DeAngelis
Name: David V. DeAngelis
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH,
as a Managing Agent

By: /s/ Van Dusenbury
Name: Van Dusenbury
Title: Senior Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH,
as a Committed Investor

By: /s/ George Stoecklein
Name: George Stoecklein
Title: Authorized Signatory

Exhibit 12, Page 1 of 1

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

Computation of Ratio of Earnings to Fixed Charges

($ in millions)

	Year ended December 31,				
	2009	2008	2007	2006	2005
EARNINGS					
Income from continuing operations before income taxes as reported	$ 1,622	$ 2,750	$ 2,237	$ 2,230	$ 1,697
Add (subtract):					
Total interest expenses (as detailed below)	499	491	520	548	552
Amortization of capitalized interest	7	6	6	5	5
Income of partially owned entities (1)	(36)	(40)	(57)	(48)	(61)
Total earnings	$ 2,092	$ 3,207	$ 2,706	$ 2,735	$ 2,193
FIXED CHARGES					
Interest expense on debt	$ 467	$ 444	$ 441	$ 476	$ 494
Interest expense on unrecognized tax benefit	(6)	(15)	12	--	--
Other interest expense	1	17	15	17	6
Calculated interest portion of rent expense	37	45	52	55	52
Total interest expenses	499	491	520	548	552
Capitalized interest	17	15	14	13	11
Total fixed charges	$ 516	$ 506	$ 534	$ 561	$ 563
RATIO OF EARNINGS TO FIXED CHARGES	4.05	6.34	5.07	4.88	3.90

(1) Includes: (a) the distributed income of equity investees, net of equity earnings included in income from continuing operations before income taxes as reported and the minority income of consolidated entities which have fixed charges; and, for the periods before the Conrail Corporate Reorganization, (b) NS' share of Conrail's income before income taxes, net of equity in earnings of Conrail included in NS' income from continuing operations before taxes as reported.

The computations do not include \$0.3 million of interest expense related to \$7.3 million of debt guaranteed for a less than 50% owned entity.

CONSOLIDATED (MORE THAN 50% OWNED AND CONTROLLED) SUBSIDIARIES

OF NORFOLK SOUTHERN CORPORATION AND STATES OF INCORPORATION

AS OF OCTOBER 30, 2009

	STATE OR COUNTRY OF INCORPORATION
Atlantic Acquisition Corporation	Pennsylvania
Atlantic Investment Company	Delaware
General American Insurance Company	Vermont
General Security Insurance Company, Ltd.	Bermuda
Norfolk Southern Properties, Inc.	Virginia
Norfolk Southern Railway Company	Virginia
NS Fiber Optics, Inc.	Virginia
PA Holding Corporation	Virginia
PDC Timber LLC	Delaware
Pennsylvania Investment Company, Inc.	Delaware
PLC Timber LLC	Delaware
Pocahontas Development Corporation	Kentucky
Pocahontas Land Corporation	Virginia
T-Cubed of North America, LLC	Delaware
Thoroughbred Technology and Telecommunications, LLC	Virginia

Norfolk Southern Railway Company Subsidiaries

Airforce Pipeline, Inc.	North Carolina
Alabama Great Southern LLC	Virginia
Alabama Great Southern Railroad Company, The	Alabama
Camp Lejeune Railroad Company	North Carolina
Central of Georgia LLC	Virginia
Central of Georgia Railroad Company	Georgia
Chesapeake Western Railway	Virginia
Chicago Land Management, LLC	Virginia
Cincinnati, New Orleans and Texas Pacific Railway Company, The	Ohio
Citico Realty Company	Virginia
Georgia Southern and Florida Railway Company	Georgia
High Point, Randleman, Asheboro and Southern Railroad Company	North Carolina
Interstate Railroad Company	Virginia
KPF Holdings LLC	Delaware
KPF Bluegrass LLC	Delaware
KPF Mountaineer LLC	Delaware

Lamberts Point Barge Company, Inc.	Virginia
McCalla Real Estate, LLC	Alabama
Mobile and Birmingham Railroad Company	Alabama
Norfolk and Portsmouth Belt Line Railroad Company	Virginia
Norfolk Southern International, Inc.	**Virginia**
Norfolk Southern - Mexico, LLC	**Virginia**
NorfolkSouthernMexicana, S. de R.L. de C.V.	Mexico
North Carolina Midland Railroad Company, The	North Carolina
NS Spectrum Corporation	Virginia
PLS Investment, LLC	Virginia
Rail Investment Company	Delaware
Reading Company, LLC [Delaware]	Delaware
Reading Company, LLC [Virginia]	Virginia
S-VA Corporation	Virginia
South Western Rail Road Company, The	Georgia
Southern Rail Terminals, Inc.	Georgia
Southern Rail Terminals of North Carolina, Inc.	North Carolina

Southern Region Materials Supply, Inc.	**Georgia**
State University Railroad Company	North Carolina
TCS Leasing, Inc.	Oklahoma
TCV, Inc.	Delaware
Tennessee, Alabama & Georgia Railway Company	Delaware
Tennessee Railway Company	Tennessee
Thoroughbred Direct Intermodal Services, Inc.	**Pennsylvania**
Thoroughbred Funding, Inc.	Virginia
Transworks Company	Indiana
Transworks Inc.	Virginia
Transworks of Indiana, Inc.	Indiana
Triple Crown Services Company	-- *N/A as*
Virginia and Southwestern Railway Company	Virginia
Wheelersburg Terminal LLC	Virginia
Yadkin Railroad Company	North Carolina

Norfolk Southern Properties, Inc. Subsidiaries

Alexandria-Southern Properties, Inc.	Virginia
Arrowood-Southern Company	North Carolina
Charlotte-Southern Hotel Corporation	North Carolina
Lambert's Point Docks, Incorporated	Virginia
Nickel Plate Improvement Company, Inc., The	Indiana
NS-Charlotte Tower Corporation	North Carolina
NS Transportation Brokerage Corporation	Virginia
Sandusky Dock Corporation	Virginia
Southern Region Industrial Realty, Inc.	Georgia

SRIR Timber LLC	Delaware
Virginia Holding Corporation	Virginia
Westlake Land Management, Inc.	Florida

In addition, NS owns direct or indirect equity interest in:

Conrail Inc.

Consolidated Rail Corporation and its consolidated subsidiaries

CRR Holdings LLC

Delaware Otsego Corporation

DOCP Acquisition, LLC

Green Acquisition Corp.

Exhibit 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors

Norfolk Southern Corporation:

We consent to the incorporation by reference in registration statement numbers 33-52031, 333-71321, 333-60722, 333-100936 and 333-109069 on Form S-8 and 333-158240 on Form S-3 of Norfolk Southern Corporation of our reports dated February 17, 2010, with respect to the consolidated balance sheets of Norfolk Southern Corporation as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity, and cash flows, for each of the years in the three-year period ended December 31, 2009, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2009, which reports appear in the December 31, 2009 annual report on Form 10-K of Norfolk Southern Corporation.

/s/ KPMG LLP

Norfolk, Virginia

February 17, 2010

EXHIBIT 31

CERTIFICATIONS OF CEO AND CFO PURSUANT TO

EXCHANGE ACT RULE 13a-14(a) OR RULE 15d-14(a)

I, Charles W. Moorman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Norfolk Southern Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 17, 2010

/s/ Charles W. Moorman

Charles W. Moorman

Chairman, President and Chief Executive Officer

I, James A. Squires, certify that:

1. I have reviewed this Annual Report on Form 10-K of Norfolk Southern Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 17, 2010

/s/ James A. Squires

James A. Squires

EVP Finance and Chief Financial Officer

EXHIBIT 32

CERTIFICATIONS OF CEO AND CFO REQUIRED BY RULE 13a-14(b) OR RULE 15d-14(b) AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE U. S. CODE

I certify, to the best of my knowledge, that the Annual Report on Form 10-K for the year ended December 31, 2009, of Norfolk Southern Corporation fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Norfolk Southern Corporation.

Signed: /s/ Charles W. Moorman

Charles W. Moorman
Chairman, President and Chief Executive Officer
Norfolk Southern Corporation

Dated: February 17, 2010

I certify, to the best of my knowledge, that the Annual Report on Form 10-K for the year ended December 31, 2009, of Norfolk Southern Corporation fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Norfolk Southern Corporation.

Signed: /s/ James A. Squires

James A. Squires
EVP Finance and Chief Financial Officer
Norfolk Southern Corporation

Dated: February 17, 2010

Exhibit 99

Form Last Updated by the NYSE on April 28, 2006

NYSE Regulation

Domestic Company

Section 303A

Annual CEO Certification

As the Chief Executive Officer of Norfolk Southern Corporation (NSC) and as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, I hereby certify that as of the date hereof I am not aware of any violation by the Company of NYSE's corporate governance listing standards, other than has been notified to the Exchange pursuant to Section 303A.12(b) and disclosed on Exhibit H to the Company's Domestic Company Section 303A Annual Written Affirmation.

This certification is:

[X] Without qualification

or

[ ] With qualification

By: /s / Charles W. Moorman

Print Name: Charles W. Moorman
Title: Chairman, President and CEO
Date: Jun 09, 2009

Note: THE NYSE WILL NOT ACCEPT IF RETYPED, MODIFIED OR IF ANY TEXT IS DELETED. If you have any questions regarding applicability to your Company's circumstances, please call the Corporate Governance department prior to submission.