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, 2013**

( ) 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 CORPORATION
(Exact name of registrant as specified in its charter)

Virginia (State or other jurisdiction of incorporation)	**52-1188014** (IRS Employer Identification No.)
Three Commercial Place **Norfolk, Virginia** (Address of principal executive offices)	**23510-2191** 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 the Form 10-K or any amendment to this Form 10-K. (X)

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 at June 30, 2013, was $22,587,575,039 (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, at January 31, 2014: 309,715,149 (excluding 20,320,777 shares held by the registrant's consolidated subsidiaries).

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant’s definitive proxy statements 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

PART I

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

Item 1. Business and Item 2. Properties

GENERAL – Norfolk Southern Corporation is a Norfolk, Virginia based company that owns a major freight railroad, Norfolk Southern Railway Company. Norfolk Southern Corporation was incorporated on July 23, 1980, under the laws of the Commonwealth of Virginia. Our common stock (Common Stock) is listed on the New York Stock Exchange (NYSE) under the symbol "NSC."

Unless indicated otherwise, Norfolk Southern Corporation and its subsidiaries, including Norfolk Southern Railway Company, are referred to collectively as NS, we, us, and our.

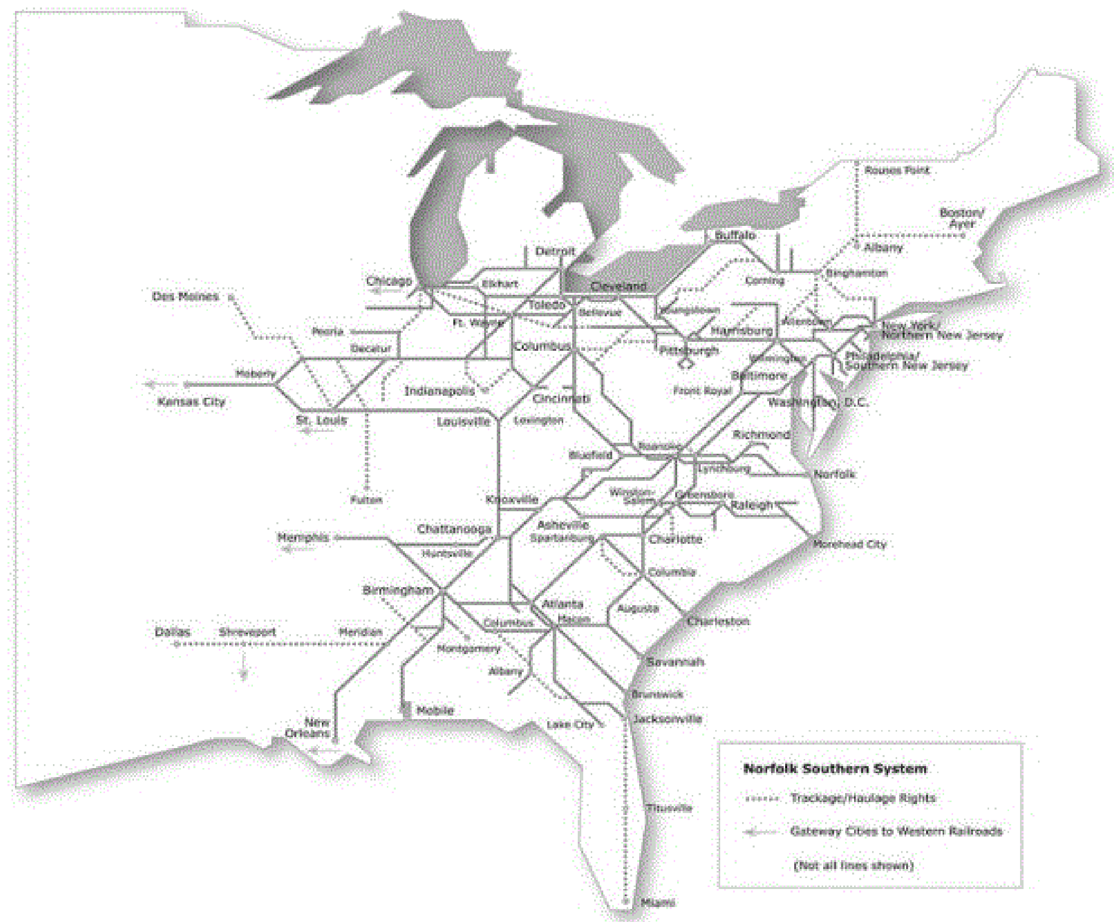
We are primarily engaged in the rail transportation of raw materials, intermediate products, and finished goods primarily in the Southeast, East, and Midwest and, via interchange with rail carriers, to and from the rest of the United States. We also transport overseas freight through several Atlantic and Gulf Coast ports. We provide comprehensive logistics services and offer the most extensive intermodal network in the eastern half of the United States.

We make available free of charge through our website, www.nscorp.com, our 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 U.S. Securities and Exchange Commission (SEC). In addition, the following documents are available on our 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

RAILROAD OPERATIONS – At December 31, 2013, our railroads operated approximately 20,000 miles of road in 22 states and the District of Columbia.

Our system reaches many individual industries, electric generating facilities, mines (in western Virginia, eastern Kentucky, southern and northern West Virginia, western Pennsylvania, and southern Illinois and Indiana), distribution centers, transload facilities, and other businesses located in our 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, Virginia 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 an exclusive operating agreement for trackage rights over property owned by North Carolina Railroad Company, were as follows:

	Mileage Operated at December 31, 2013				
	Miles of Road	**Second and Other Main Track**	**Passing Track, Crossovers and Turnouts**	**Way and Yard Switching**	**Total**
Owned	15,181	2,750	1,989	8,281	28,201
Operated under lease, contract or trackage rights	4,780	1,910	397	831	7,918
Total	19,961	4,660	2,386	9,112	36,119

Triple Crown Operations – Triple Crown Services Company (Triple Crown), one of our subsidiaries, provides bimodal truckload transportation service primarily 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. In addition, Triple Crown utilizes conventional trailers that are also moved on rail flatcars. Triple Crown provides service in the eastern 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 our railroads' operations for the past 5 years:

	Years ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Revenue ton miles (billions)	194	186	192	182	159
Freight train miles traveled (millions)	74.8	76.3	75.7	72.6	67.5
Revenue per ton mile	$0.0581	$0.0595	$0.0582	$0.0523	$0.0503
Revenue ton miles per employee-hour worked	3,376	3,153	3,207	3,218	2,900
Ratio of railway operating expenses to railway operating revenues	71.0%	71.7%	71.2%	71.9%	75.4%

RAILWAY OPERATING REVENUES– Total railway operating revenues were $11.2 billion in 2013. Following is an overview of our three major market groups.

COAL – Coal is our largest commodity group as measured by revenues. Revenues from coal accounted for about 23% of our total railway operating revenues in 2013. We handled 150.1 million tons, or 1.3 million carloads, in 2013, most of which originated on our lines from major eastern coal basins, with the balance from major western coal basins received via the Memphis and Chicago gateways. Our coal franchise supports the electric generation market, serving approximately 100 coal generation plants, as well as the export, metallurgical and industrial markets , primarily through direct rail and river, lake, and coastal facilities, including various terminals on the Ohio River , Lambert's Point in Norfolk, Virginia, the Port of Baltimore, and Lake Erie.

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

GENERAL MERCHANDISE – Our general merchandise market group is composed of five major commodity groupings:

- Chemicals includes sulfur and related chemicals, petroleum products (including crude oil), chlorine and bleaching compounds, plastics, rubber, industrial chemicals, and chemical wastes.
- Agriculture, consumer products, and government includes soybeans, wheat, corn, fertilizer, livestock and poultry feed, food oils, flour, beverages, canned goods, sweeteners, consumer products, ethanol, transportation equipment, and items for the U.S. military.
- Metals and construction includes steel, aluminum products, machinery, scrap metals, cemen t, aggregates, sand, and minerals.
- Automotive includes finished vehicles for BMW, Chrysler, Ford, General Motors, Honda, Hyundai, Mercedes-Benz, Mitsubishi, Subaru, Toyota, and Volkswagen, and auto parts for BMW, Chrysler, Ford, General Motors, Honda, Hyundai, Mazda, Mitsubishi, Nissan, Subaru, Toyota, and Volkswagen.
- Paper, clay and forest products includes lumber and wood products, pulp board and paper products, wood fibers, wood pulp, scrap paper, and clay.

In 2013, 119 million tons of general merchandise freight, or approximately 62% of total general merchandise tonnage we handled, originated on our lines. The balance of general merchandise freight was received from connecting carriers at interterritorial gateways. Our principal interchange points for received freight included Chicago, New Orleans, East St. Louis, Memphis, Detroit, Kansas City, Buffalo, Toledo, and Meridian. General merchandise carloads handled in 2013 were 2.4 million, the revenues from which accounted for 56% of our total railway operating revenues.

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

INTERMODAL – Our intermodal market group 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 2013 were 3.6 million, the revenues from which accounted for 21% of our total railway operating revenues.

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

FREIGHT RATES – Private contracts and exempt price quotes are our predominant pricing mechanisms. Thus, a major portion of our freight business is not economically regulated by the federal government. In general, market forces are the primary determinant of rail service prices.

In 2013, our railroads were found by the U.S. Surface Transportation Board (STB), the regulatory board that has broad jurisdiction over railroad practices, to be "revenue adequate" on an annual basis based on results for the year 2012. The STB has not made its revenue adequacy determination for the year 2013. A railroad is "revenue adequate" on an annual basis 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 – Amtrak operates regularly scheduled passenger trains on our lines between the following locations:

- Alexandria and Lynchburg, Virginia
- Alexandria, Virginia and New Orleans, Louisiana
- Alexandria and Orange, Virginia
- Petersburg and Norfolk, Virginia
- Raleigh and Charlotte, North Carolina
- Selma and Charlotte, North Carolina
- Chicago, Illinois, and Porter, Indiana
- Chicago, Illinois, and Cleveland, Ohio
- Chicago, Illinois, and Pittsburgh, Pennsylvania
- Kalamazoo and Battle Creek, Michigan
- Kalamazoo and Detroit, Michigan
- Pittsburgh and Harrisburg, Pennsylvania

Two transportation commissions of the Commonwealth of Virginia operate commuter trains on our line between Manassas and Alexandria.

We lease the Chicago to Manhattan, Illinois, line to the Commuter Rail Division of the Regional Transportation Authority of Northeast Illinois (METRA).

We operate freight service over lines with significant ongoing Amtrak and commuter passenger operations, and conduct freight operations over trackage owned or leased by:

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

Amtrak and various commuter agencies conduct passenger operations over trackage owned by Conrail in the Shared Assets Areas (Note 5 to the Consolidated Financial Statements).

NONCARRIER OPERATIONS – Our 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 2013, 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

Our railroad system extends across 22 states and the District of Columbia. The railroad infrastructure makes us capital intensive with net property of approximately $27 billion on a historical cost basis.

Property Additions – Property additions for the past five years were as follows (including capitalized leases):

	2013	2012	2011	2010	2009
			($ in millions)		
Road and all other property	$ 1,421	$ 1,465	$ 1,222	$ 1,153	$ 1,128
Equipment	550	776	938	317	171
Total	$ 1,971	$ 2,241	$ 2,160	$ 1,470	$ 1,299

Our capital spending and replacement programs are and have been designed to assure the ability to provide safe, efficient, and reliable rail transportation services. For 2014, we have budgeted $2.2 billion of property additions.

We have invested and will continue to invest in various projects and corridor initiatives to expand our rail network to increase capacity and improve transit times, while returning value to shareholders. Initiatives include the following:

- The Crescent Corridor consists of a program of projects for infrastructure and other facility improvements geared toward creating seamless, high-capacity intermodal routes 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, I-78, and I-75.
- The Heartland Corridor is a seamless, high-capacity intermodal route across Virginia and West Virginia to Midwest markets.
- Meridian Speedway LLC, a joint venture with Kansas City Southern, owns and operates a 320-mile rail line between Meridian, Mississippi and Shreveport, Louisiana designed to increase capacity and improve service.
- Pan Am Southern LLC, a joint venture with Pan Am Railways, Inc., owns and operates 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 designed to increase intermodal and automotive capacity.
- The MidAmerica Corridor is an arrangement between us and Canadian National Railway (CN) to share track between Chicago, St. Louis, Kentucky, and Mississippi in order to establish more efficient routes for shipments moving between the Midwest and Southeast, including potential shipments from CN-served Illinois Basin coal producers to southeastern utility plants we serve.
- 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. We and other railroads have agreed to participate in CREATE.

Equipment – At December 31, 2013, we owned or leased the following units of equipment:

	Owned[1]	Leased[2]	Total	Capacity of Equipment
				(Horsepower)
Locomotives:				
Multiple purpose	3,877	79	3,956	14,479,300
Auxiliary units	131	-	131	-
Switching	105	-	105	157,750
Total locomotives	4,113	79	4,192	14,637,050
				(Tons)
Freight cars:				
Gondola	30,933	3,533	34,466	3,748,088
Hopper	13,072	523	13,595	1,514,656
Box	11,340	1,378	12,718	1,062,685
Covered hopper	10,251	158	10,409	1,149,345
Flat	2,362	1,129	3,491	323,910
Other	4,602	14	4,616	221,441
Total freight cars	72,560	6,735	79,295	8,020,125
Other:				
Highway trailers and containers	9,553	8,623	18,176	
RoadRailer®	6,350	27	6,377	
Work equipment	4,547	243	4,790	
Vehicles	3,785	-	3,785	
Miscellaneous	15,050	7,778	22,828	
Total other	39,285	16,671	55,956	

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

(2) Includes short-term and long-term operating leases. Freight cars include 523 units leased from Consolidated Rail Corporation.

The following table indicates the number and year built for locomotives and freight cars owned at December 31, 2013:

	2013	2012	2011	2010	2009	2004-2008	1999-2003	1998& Before	Total
Locomotives:									
No. of units	50	60	90	42	-	568	605	2,698	4,113
% of fleet	1%	1%	2%	1%	-%	14%	15%	66%	100%
Freight cars:									
No. of units	-	2,025	3,836	150	513	4,031	1,537	60,468	72,560
% of fleet	-%	3%	5%	-%	1%	6%	2%	83%	100%

The following table shows the average age of our owned locomotive and freight car fleets at December 31, 2013, and information regarding 2013 retirements:

	Locomotives	Freight Cars
Average age – in service	22.5 years	30.2 years
Retirements	17 units	6,522 cars
Average age – retired	38.7 years	42.3 years

Our ongoing locomotive and freight car maintenance programs are intended to ensure the highest standards of safety, reliability, customer satisfact ion, and equipment availability. The locomotive bad order ratio includes all units (owned and leased) out of service for required periodic inspections, unscheduled maintenance and program work which includes such activity as overhauls.

	Annual Average Bad Order Ratio				
	2013	2012	2011	2010	2009
Locomotives	7.1%	7.1%	7.3%	6.7%	6.1%
Freight cars	4.9%	5.3%	5.7%	5.8%	4.5%

Encumbrances – Certain railroad equipment is subject to the prior lien of equipment fina ncing obligations totaling $15 million at December 31, 2013.

Track Maintenance – Of the 36,119 total miles of track we operate, we are responsible for maintaining 28,957 miles, with the remainder being operated under trackage rights from other parties responsible for maintenance.

Over 82% 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 44% of our lines, excluding rail operated pursuant to trackage rights, carried 20 million or more gross tons per track mile during 2013.

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

	2013	2012	2011	2010	2009
Track miles of rail installed	549	509	484	422	434
Miles of track surfaced	5,475	5,642	5,441	5,326	5,568
New crossties installed (millions)	2.5	2.6	2.7	2.6	2.7

Microwave System – Our microwave system, consisting of approximately 6,968 radio route miles, 421 core stations, 30 secondary stations, and five passive repeater stations, provides communications be tween most operating locations. We use the microwave system primarily for voice communications, VHF radio control circuits, data and facsimile transmissions, traffic control operations, and AEI data transmissions.

Traffic Control – Of the approximately 16,500 route miles we dispatch, about 11,025 miles are signalized, including 8,200 miles of centralized traffic control (CTC) and 2,825 miles of automatic block signals. Of the 8,200 miles of CTC, approximately 6,836 miles are controlled by data radio originating at 336 base station radio sites.

Computers – A computer network consisting of a centralized production and backup data center near 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, our computer systems assist us in the performance of a variety of functions and services, including payroll, car and revenue accounting, billing, sourcing, inventory 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 one our principal goals. To date, such compliance has not had a material effect on our financial position, results of operations, 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 16 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:

	2013	2012	2011	2010	2009
Average number of employees	30,103	30,943	30,329	28,559	28,593
Average wage cost per employee	$ 72,000	$ 69,000	$ 71,000	$ 69,000	$ 63,000
Average benefit cost per employee	$ 40,000	$ 38,000	$ 39,000	$ 37,000	$ 32,000

More than 80% of our 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 business, our 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 (FRA) regulates certain track and mechanical equipment standards.

The relaxation of economic regulation of railroads, following the Staggers Rail Act of 1980, included exemption from STB regulation of the rates and most service terms for intermodal business (trailer-on-flat-car, container-on-flat-car), rail boxcar shipments, lumber, manufactured steel, automobiles, and certain bulk commodities such as sand, gravel, pulpwood, and wood chips for paper manufacturing. Further, all shipments that we have under contract are effectively removed from regulation for the duration of the contract. About 88% of our revenues comes from either exempt shipments or shipments moving under transportation contracts; the remainder comes from shipments moving under public tariff rates.

Efforts have been made over the past several years to re-subject the rail industry to increased federal economic regulation, and such efforts are expected to continue in 2014. The Staggers Rail Act of 1980 substantially balanced the interests of shippers and rail carriers, and encouraged and enabled rail carriers to innovate, invest in their infrastructure, and compete for business, thereby contributing to the economic health of the nation and to the revitalization of the industry. Accordingly, we will continue to oppose efforts to reimpose increased economic regulation.

Government regulations concerning the safety and security of our railroads are discussed within the "Security of Operations" section contained herein.

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, semi-finished goods, and work-in-progress, users are increasingly sensitive to transport arrangements that minimize problems at successive production stages.

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

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

SECURITY OF OPERATIONS – We continue to take measures to provide enhanced security for our rail system. Our comprehensive security plan 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 a 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, our System Security Plan outlines the protocol within our company for all concerned to be notified of AAR Alert Level changes. All of our 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.

Our plan also effectively addresses and complies with U.S. Department of Transportation (DOT) 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, we, working closely with the National Transit Institute at Rutgers University, developed a four-module uniform national training program. We have also worked with the Transportation Security Administration (TSA) in developing other industry training programs. More in-depth security training has been given to select employees of ours who have been given specific security responsibilities, and additional, location-specific security plans are in place for certain metropolitan areas and each of the six port facilities we serve. With respect to the ports, each facility plan has been approved by the applicable Captain of the Port and remains subject to inspection by the U.S. Coast Guard.

Additionally, we continue to engage 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 o f Investigation (FBI), the FRA, the U.S. Coast Guard, U.S. Customs and Border Protection, and various state Homeland Security offices. As one notable example, one of our Police Special Agents in Charge (SAC), under the auspices of the AAR, continues to serve at the National Joint Terrorism Task Force (NJTTF) operated by the FBI, and located at the National Counter Terrorism Center (NCTC) in Arlington, Virginia 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 one of our SACs also serves to foster a strong working relationship between us and the FBI. We also are a member of the Customs-Trade Partnership Against Terrorism (C-TPAT) program sponsored by U.S. Customs. C-TPAT allows us to work closely with U.S. Customs and our customers to develop measures that will help ensure the integrity of freight shipments moving on our railroads, particularly those moving to or from a foreign country. Based on participation in C-TPAT, we have ensured that our plan meets all current applicable security recommendations made by U.S. Customs.

Similarly, we continue to be guided in our operations by various supplemental security action items issued by DHS and DOT, U.S. Coast Guard Maritime Security requirements, as well as voluntary security action items developed 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). 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 our compliance initiatives are outlined in the various departmental sections of our System Security Plan. We have taken appropriate actions to be compliant with the 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. We are in compliance with the Pipeline and Hazardous Materials Safety Administration (PHMSA) rail-routing regulations outlined in Docket HM-232E. We conduct ongoing route evaluations. In 2011, as part of the FRA's bi-annual review, this methodology and selected routes were found to be compliant with the regulation. The next review by the FRA is expected mid-year 2014.

In 2013, through participation in the Transportation Community Awareness and Emergency Response (TRANSCAER) Program, we provided rail accident response training to approximately 4,900 emergency responders, such as local police and fire personnel. Our other training efforts throughout 2013 included participation in 17 drills for local, state, and federal agencies. We also have ongoing programs to sponsor local emergency responders at the Security and Emergency Response Training Course conducted at the AAR Transportation Technology Center in Pueblo, Colorado.

Improvements in equipment design also are expected to play a role in enhancing rail security. PHMSA, in coordination with the FRA, has amended the Hazardous Materials Regulations to prescribe enhanced safety for rail transportation of TIH materials, has provided 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

We are 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 Surface Transportation Board (STB), which 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. 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 our ability to determine prices for rail services and result in a material adverse effect in the future on our 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 our rail network or abandonment of lines.

Railroads are subject to safety and security regulation by the U.S. Department of Transportation and the U.S. Department of Homeland Security, which regulate most aspects of our 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.

Our operations are subject to extensive federal and state environmental laws and regulations concerning, among other things, emissions to the air; discharges to waterways or groundwater 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 us, whether currently or in the past, that is or has been subject to a variety of uses, including our railroad operations and other industrial activity by past owners or our past and present tenants.

Environmental problems that are latent or undisclosed may exist on these properties, and we 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 our financial position, results of operations, or liquidity in a particular year or quarter.

As a common carrier by rail, we 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 (including environmental) damage, and compromise critical parts of our rail network. A catastrophic rail accident involving hazardous materials could have a material adverse effect on our financial position, results of operations, or liquidity to the extent not covered by insurance. We have obtained insurance for potential losses for third-party liability and first-party property damages; however, 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 us.

We 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 our financial position, results of operations, or liquidity in a particular year or quarter. Because we play a critical role in the nation's transportation system, we 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 we currently maintain insurance coverage for third-party liability arising out of war and acts of terrorism, we maintain only limited insurance coverage for first-party property damage and damage to property in our care, custody, or control caused by certain acts of terrorism. In addition, premiums for some or all of our current insurance programs covering these losses could increase dramatically, or insurance coverage for certain losses could be unavailable to us in the future.

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

We may be affected by climate change legislation or regulation. Concern over climate change has led to significant federal, state, and international legislative and regulatory efforts to limit greenhouse gas (GHG) emissions. Moreover, even without such legislation or regulation, government incentives and adverse publicity relating to GHGs could affect certain of our customers and the markets for certain of the commodities we carry. Restrictions, caps, taxes, or other controls on GHG emissions, including diesel exhaust, could significantly increase our operating costs, decrease the amount of traffic handled, and decrease the value of coal reserves we own, and thus could have an adverse effect on our financial position, results of operations, or liquidity in a particular year or quarter. Such restrictions could affect our customers that (1) use commodities that we carry to produce energy, including coal, (2) use significant amounts of energy in producing or delivering the commodities we carry, or (3) manufacture or produce goods that consume significant amounts of energy.

We face competition from other transportation providers. We are subject to competition from motor carriers, railroads and, to a lesser extent, ships, barges, and pipelines, on the basis of transit time, pricing, and quality and reliability of service. While we have used primarily internal resources to build or acquire and maintain our 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 we operate, or legislation granting materially greater latitude for motor carriers with respect to size or weight limitations, could have a material adverse effect on our financial position, results of operations, or liquidity in a particular year or quarter.

The operations of carriers with which we interchange may adversely affect our operations. Our ability to provide rail service to customers in the U.S. and Canada depends in large part upon our 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 our inability to meet our customers' demands or require us to use alternate train routes, which could result in significant additional costs and network inefficiencies.

We rely on technology and technology improvements in our business operations. If we experience significant disruption or failure of one or more of our information technology systems, including computer hardware, software, and communications equipment, we could experience a service interruption, a security breach, or other operational difficulties. Additionally, if we do not have sufficient capital to acquire new technology or we are unable to implement new technology, we may suffer a competitive disadvantage within the rail industry and with companies providing other modes of transportation service. Any of these factors could have a material adverse effect on our financial position, results of operations, or liquidity in a particular year or quarter.

The vast majority of our employees belong to labor unions, and labor agreements, strikes, or work stoppages could adversely affect our operations. More than 80% of our 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, we could experience a significant disruption of our operations. Additionally, future national labor agreements, or renegotiation of labor agreements or provisions of labor agreements, could significantly increase our costs for healthcare, wages, and other benefits. Any of these factors could have a material adverse impact on our financial position, results of operations, or liquidity in a particular year or quarter.

We may be subject to various claims and lawsuits that could result in significant expenditures. The nature of our business exposes us 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 Employer's 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 property damage, personal injury, and environmental liability could have a material adverse effect on our financial position, results of operations, or liquidity to the extent not covered by insurance. We have 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 $50 million and above $1 billion per occurrence and/or policy year for bodily injury and property damage to third parties and up to $25 million and above $175 million per occurrence and/or policy year for property owned by us or in our 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 us.

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 our 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 our 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 our 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 our operational efficiency and otherwise have a material adverse effect on our financial position, results of operations, or liquidity in a particular year or quarter.

We may be affected by supply constraints resulting from disruptions in the fuel markets or the nature of some of our supplier markets. We consumed 477 million gallons of diesel fuel in 2013. Fuel availability could be affected by any limitation in the fuel supply or by any imposition of mandatory allocation or rationing regulations. A severe fuel supply shortage arising 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, could have a material adverse effect on our financial position, results of operations, or liquidity in a particular year or quarter. Also, such an event could impact us as well as our customers and other transportation companies.

Due to the capital intensive nature and industry-specific requirements of the rail industry, high barriers of entry exist for potential new suppliers of core railroad items, such as locomotives and rolling stock equipment. Additionally, we compete 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 significant shortages of materials that could have a material adverse effect on our financial position, results of operations, or liquidity in a particular year or quarter.

The state of capital markets could adversely affect our liquidity. From time-to-time we rely on the capital markets to provide some of our 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 our financial condition due to internal or external factors could restrict or eliminate our 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 our financial condition, alone or in combination, could also result in a reduction in our credit rating to below investment grade, which could prohibit or restrict us 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

On November 6, 2007, various antitrust class actions filed against us 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. On June 21, 2012, the court certified the case as a class action. The defendant railroads appealed this certification, and on August 9, 2013, the Court of Appeals for the District of Columbia vacated the District Court's decision and remanded the case for further consideration. We believe the allegations in the complaints are without merit and intend to vigorously defend the cases. We do not believe the outcome of these proceedings will have a material effect on our financial position, results of operations, or liquidity. A lawsuit containing similar allegations against us 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, and most recently extended in August 2013 .

We received a Notice of Violation (NOV) issued by the Tennessee Department of Environmental Conservation concerning soil runoff in connection with construction of the Memphis Regional Intermodal Facility in Rossville, Tennessee. Although we will contest liability and the imposition of any penalties, we describe this matter here consistent with SEC rules and requirements concerning governmental proceedings with respect to environmental laws and regulations. We do not believe that the outcome of this proceeding will have a material effect on our financial position, results of operations, or liquidity.

Item 4. Mine Safety Disclosures

Not applicable.

Executive Officers of the Registrant

Our 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 our 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, at February 1, 2014, relating to our officers.

Name, Age, Present Position	Business Experience During Past Five Years
Charles W. Moorman, 61, Chairman and Chief Executive Officer	Present position since February 1, 2006.
James A. Squires, 52, President	Present position since June 1, 2013. Served as Executive Vice – Administration from August 1, 2012 to June 1, 2013 . Served as Executive Vice President – Finance and Chief Financial Officer from July 1, 2007 to August 1, 2012.
Deborah H. Butler, 59, Executive Vice President – Planning and Chief Information Officer	Present position since June 1, 2007.
Cindy C. Earhart, 52, Executive Vice President – Administration	Present position since June 1, 2013. Served as Vice President Human Resources from March 1, 2007 to June 1, 2013.
James A. Hixon, 60, Executive Vice President – Law and Corporate Relations	Present position since October 1, 2005.
Mark D. Manion, 61, 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.
Donald W. Seale, 61, Executive Vice President and Chief Marketing Officer	Present position since April 1, 2006.
Marta R. Stewart, 56, Executive Vice President – Finance and Chief Financial Officer	Present position since November 1, 2013. Served as Vice President and Treasurer from April 1, 2009 to November 1, 2013. Served as Vice President and Controller from December 1, 2003 to April 1, 2009.
Thomas E. Hurlbut, 49, Vice President and Controller	Present position since November 1, 2013. Served as Vice President Audit and Compliance from February 1, 2010 to November 1, 2013. Served as Assistant Vice President Internal Audit from February 1, 2008 to February 1, 2010.

PART II

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

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

STOCK PRICE AND DIVIDEND INFORMATION

Common Stock is owned by 30,990 stockholders of record as of December 31, 2013 and 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 2013 and 2012.

	Quarter			
2013	**1st**	**2nd**	**3rd**	**4th**
Market Price				
High	$ 75.59	$ 79.32	$ 77.84	$ 92.87
Low	61.63	69.55	70.73	75.82
Dividends per share	0.50	0.50	0.52	0.52

2012	**1st**	**2nd**	**3rd**	**4th**
Market Price				
High	$ 78.24	$ 74.41	$ 75.10	$ 67.71
Low	64.45	63.67	63.63	56.34
Dividends per share	0.47	0.47	0.50	0.50

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares (or Units) Purchased (1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be Purchased under the Plans or Programs (2)
October 1-31, 2013	818,038	$ 78.46	808,800	38,278,367
November 1-30, 2013	1,024	87.11	-	38,278,367
December 1-31, 2013	4,960	90.58	-	38,278,367
Total	824,022		808,800	

(1) Of this amount, 15,222 represents shares tendered by employees in connection with the exe rcise of stock options under the stockholder-approved Long-Term Incentive Plan.

(2) Our Board of Directors authorized a share repurchase program, pursuant to which up to 125 million shares of Common Stock could be purchased through December 31, 2014. On August 1, 2012, our Board of Directors authorized the repurchase of up to an additional 50 million shares of Common Stock through December 31, 2017.

Item 6. Selected Financial Data

FIVE-YEAR FINANCIAL REVIEW

	2013	2012	2011	2010	2009
	($ in millions, except per share amounts)				
RESULTS OF OPERATIONS					
Railway operating revenues	$ 11,245	$ 11,040	$ 11,172	$ 9,516	$ 7,969
Railway operating expenses	7,988	7,916	7,959	6,840	6,007
Income from railway operations	3,257	3,124	3,213	2,676	1,962
Other income – net	233	129	160	153	127
Interest expense on debt	525	495	455	462	467
Income before income taxes	2,965	2,758	2,918	2,367	1,622
Provision for income taxes	1,055	1,009	1,002	871	588
Net income	$ 1,910	$ 1,749	$ 1,916	$ 1,496	$ 1,034
PER SHARE DATA					
Net income – basic	$ 6.10	$ 5.42	$ 5.52	$ 4.06	$ 2.79
– diluted	6.04	5.37	5.45	4.00	2.76
Dividends	2.04	1.94	1.66	1.40	1.36
Stockholders' equity at year end	36.55	31.08	30.00	29.85	28.06
FINANCIAL POSITION					
Total assets	$ 32,483	$ 30,342	$ 28,538	$ 28,199	$ 27,369
Total debt	9,448	8,682	7,540	7,025	7,153
Stockholders' equity	11,289	9,760	9,911	10,669	10,353
OTHER					
Property additions	$ 1,971	$ 2,241	$ 2,160	$ 1,470	$ 1,299
Average number of shares outstanding (thousands)	311,916	320,864	345,484	366,522	367,077
Number of stockholders at year end	30,990	32,347	33,381	35,416	37,486
Average number of employees:					
Rail	29,698	30,543	29,933	28,160	28,173
Nonrail	405	400	396	399	420
Total	30,103	30,943	30,329	28,559	28,593

See accompanying consolidated financial statements and notes thereto.

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

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

We are one of the nation's premier transportation companies. Our Norfolk Southern Railway Company subsidiary operates approximately 20,000 miles of road in 22 states and the District of Columbia, serves every major container port in the eastern United States, and provides efficient connections to other rail carriers. We operate the most extensive intermodal network in the East and are a major transporter of coal, automotive, and industrial products.

Our net income increased 9% in 2013, compared with 2012, and earnings per share improved 12%, reflecting improved operating results, a large gain from a nonoperating transaction, and share repurchases. Higher revenues and increased network efficiencies improved our railway operating ratio (a measure of the amount of operating revenues consumed by operating expenses) from 71.7% in 2012 to 71.0% in the current year.

Cash provided by operating activities totaled $3.1 billion, which along with proceeds from borrowings and cash on hand, allowed for property additions, dividends, share repurchases, and debt repayments. During 2013, we repurchased 8.3 million shares of Common Stock at a total cost of $627 million. Since inception of our stock repurchase program in 2006, we have repurchased and retired 136.7 million shares of Common Stock at a total cost of $8.1 billion. At December 31, 2013, cash, cash equivalents, and short-term investments totaled $ 1.6 billion.

In 2014, we expect revenues to increase, reflecting higher volumes. We will continue to focus on safety, cost control, productivity, service levels, operational efficiency, and an ongoing market-based approach to pricing.

SUMMARIZED RESULTS OF OPERATIONS

2013 Compared with 2012

Net income in 2013 was $1.9 billion, or $6.04 per diluted share, up $161 million, or 9%, compared with $1.7 billion, or $5.37 per diluted share, in 2012, a reflection of a 4% increase in income from railway operations, in addition to the favorable impact of the recognition of the gain from the sale of certain assets to the Michigan Department of Transportation (MDOT), which benefited net income by $60 million and earnings per share by $0.19. Railway operating revenues rose 2%, while operating expenses increased 1%, driven largely by higher volume-related expenses.

2012 Compared with 2011

Net income in 2012 was $1.7 billion, or $5.37 per diluted share, down $167 million, or 9%, compared with $1.9 billion, or $5.45 per diluted share, in 2011. The decrease in net income was due to lower income from railway operations, lower nonoperating income items, higher interest expense on debt, and a higher effective income tax rate (Note 3). Railway operating revenues decreased modestly, $132 million, reflecting lower average revenue per unit, including fuel surcharges. Railway operating expenses also decreased modestly, $43 million, largely driven by the absence of the $58 million unfavorable arbitration ruling in 2011 and declines related to network efficiency and productivity gains, offset by higher depreciation and intermodal volume-related expenses.

DETAILED RESULTS OF OPERATIONS

Railway Operating Revenues

Railway operating revenues were $11.2 billion in 2013, $11.0 billion in 2012, and $11.2 billion in 2011. The following table presents a three-year comparison of revenues, volumes, and average revenue per unit by market group.

	Revenues			Units			Revenue per Unit		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
		($ in millions)			*(in thousands)*			*($ per unit)*	
Coal	$ 2,543	$ 2,879	$ 3,458	1,346.7	1,414.1	1,619.6	$ 1,888	$ 2,036	$ 2,135
General merchandise:									
Chemicals	1,667	1,467	1,368	449.2	388.8	373.7	3,711	3,772	3,662
Agr./consumer/gov't.	1,467	1,446	1,439	594.3	595.9	599.4	2,468	2,427	2,400
Metals/construction	1,405	1,335	1,241	666.9	669.7	665.0	2,106	1,993	1,867
Automotive	984	897	780	402.1	374.6	332.2	2,448	2,395	2,348
Paper/clay/forest	795	775	756	309.4	305.8	314.3	2,570	2,536	2,404
General merchandise	6,318	5,920	5,584	2,421.9	2,334.8	2,284.6	2,609	2,536	2,444
Intermodal	2,384	2,241	2,130	3,572.3	3,358.3	3,210.5	667	667	663
Total	$ 11,245	$ 11,040	$ 11,172	7,340.9	7,107.2	7,114.7	$ 1,532	$ 1,553	$ 1,570

Revenues increased $205 million in 2013, but decreased $132 million in 2012. As reflected in the table below, the increase in 2013 resulted from higher volumes, partially offset by lower average revenue per unit as lower market-based export coal rates, the effects of changes in the mix of business, and slightly lower fuel surcharges more than offset rate increases. The decrease in 2012 was due to lower average revenue per unit (as the negative effects of changes in the mix of business offset rate increases and slightly higher fuel surcharges) and slightly lower volume. Fuel surcharge revenue totaled $1,254 million in 2013, $1,278 million in 2012, and $1,255 million in 2011. If fuel prices remain at or near year-end 2013 levels, fuel surcharge revenue will be relatively flat in 2014.

Revenue Variance Analysis
Increase (Decrease)

	2013 vs. 2012	2012 vs. 2011
	($ in millions)	
Volume (units)	$ 363	$ (12)
Revenue per unit	(158)	(120)
Total	$ 205	$ (132)

Many of our negotiated fuel surcharges for coal and industrial products shipments 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 $29 million in 2013, increased fuel surcharge revenue by approximately $39 million in 2012, and decreased fuel surcharge revenue by approximately $44 million in 2011.

Two of our customers, DuPont and Sunbelt Chlor Alkai Partnership ("Sunbelt"), have rate reasonableness complaints pending before the Surface Transportation Board (STB) alleging that our tariff rates for transportation of regulated movements are unreasonable. We dispute these allegations. Since June 1, 2009, in the case of DuPont, and April 1, 2011, in the case of Sunbelt, we have been billing and collecting amounts based on the challenged tariff rates. We presently expect resolution of these cases to occur in 2014 and believe the estimate of reasonably possible loss will not have a material effect on our financial position, results of operations, or liquidity. With regard to rate cases, we record adjustments to revenues in the periods, if and when, such adjustments are probable and estimable.

COAL revenues decreased $336 million, or 12%, compared with 2012, reflecting a 5% decrease in carload volume (tonnage hauled declined 4%) primarily due to fewer shipments of utility and domestic metallurgical coal. Average revenue per unit was down 7%, the result of lower pricing (mainly market-based export coal) and decreased fuel surcharge revenue, partially offset by the positive effect of changes in mix.

In 2012, coal revenues decreased $579 million, or 17%, compared with 2011, reflecting a 13% decrease in carload volume (tonnage was 12% lower) primarily due to fewer shipments of utility coal. Coal average revenue per unit was down 5% compared with 2011, the result of lower pricing (mainly market-based export metallurgical coal) and decreased fuel surcharge revenue, partially offset by the positive effect of changes in mix.

For 2014, coal revenues are expected to decrease, although more modestly, due to fewer carloads and lower average revenue per unit.

Coal represented 23% of our revenues in 2013, and 79% of shipments handled originated on our lines. As shown in the following table, tonnage decreased in our utility and domestic metallurgical markets but increased slightly in our export and industrial markets .

Coal Tonnage by Market

	2013	2012	2011
	(tons in thousands)		
Utility	97,146	101,636	122,004
Export	28,631	28,304	28,461
Domestic metallurgical	16,905	18,793	19,702
Industrial	7,388	7,376	7,713
Total	150,070	156,109	177,880

Utility coal tonnage was down 4% in 2013 as compared to 2012. Utility coal shipments in our southern region decreased due to lower demand as utility stockpiles remained high and natural gas prices remained low. This decrease was partially offset by increased shipments in our northern region as higher coal burn necessitated stockpile replenishments to maintain targeted levels.

In 2012, utility coal tonnage dropped 17%, compared with 2011, reflecting competition from low natural gas prices and reduced electrical demand in NS-served regions. Additional tonnage declines resulted from plant closures and maintenance.

For 2014, we expect utility coal tonnage to decrease driven by continued weak demand as well as the loss of a contract.

Export coal tonnage increased 1% in 2013, compared with 2012. Despite strong global competition, we handled higher export thermal and metallurgical coal shipments as an increase in steel production in developing markets offset weakness in the European market. Volume through Norfolk was up 2.1 million tons, or 11%, whereas Baltimore volume decreased 1.4 million tons, or 17%. Other export volume decreased 0.4 million tons, or 36%.

In 2012, export coal tonnage decreased 1% compared with 2011, a reflection of weaker global demand for metallurgical coal used in steel production in NS-served markets, in addition to the negative impact of the return of Australian supply, offset in part by increased thermal shipments. Volume through Norfolk was down 1.3 million tons, or 6%, whereas volume through Baltimore increased 0.3 million tons, or 4%. Other export coal volume increased 0.8 million tons.

For 2014, export coal tonnage is expected to decrease as a result of strong competition in the Western European metallurgical coal market, in addition to soft demand and an oversupply of thermal coal.

Domestic metallurgical coal tonnage was down 10% in 2013, compared with 2012, due to weaker domestic steel production, sourcing shifts away from coal origins we serve, and the permanent closure of a steel plant in mid-2012 that impacted the year-over-year comparison for the first half of 2013.

In 2012, domestic metallurgical coal tonnage was down 5% compared with 2011, as declines in coke and iron ore shipments (primarily due to the plant closure) offset improved domestic steel production experienced in the first half of 2012.

For 2014, domestic metallurgical coal tonnage is expected to be flat with 2013, as improved steel demand should offset losses due to sourcing shifts.

Industrial coal tonnage increased slightly in 2013, compared with 2012, as increased shipments to existing customers was partially offset by weaker industrial demand in the print paper and cement sectors.

In 2012, industrial coal tonnage decreased 4% compared to 2011, as weak industrial demand was partially offset by new business.

For 2014, industrial coal tonnage is expected to increase slightly due to higher demand in the U.S. industrial sector.

GENERAL MERCHANDISE revenues in 2013 increased $398 million, or 7%, compared with 2012, reflecting 4% growth in carload volume and a 3% improvement in average revenue per unit that reflected favorable changes in the mix of traffic (increases in higher-than-average revenue per unit traffic) as well as higher rates and fuel surcharges.

In 2012, general merchandise revenues increased $336 million, or 6%, compared with 2011, reflecting a 4% rise in average revenue per unit as a result of higher rates and fuel surcharges. Carload volume increased 2%.

Chemicals revenues in 2013 increased 14%, compared with 2012, reflecting 16% growth in volume partially offset by a 2% decline in average revenue per unit that resulted from the negative effect of the changes in mix due to increased crude oil shipments. The volume improvement was primarily the result of more carloads of crude oil from the Bakken and Canadian oil fields. Additionally, there were more carloads of liquefied petroleum gas in the Utica Shale region.

In 2012, chemicals revenues grew 7%, compared with 2011, reflecting 4% growth in volume and a 3% increase in average revenue per unit that resulted from higher rates and fuel surcharges. The volume improvement was largely the result of more carloads of crude oil from the Bakken and Canadian oil fields. Additionally, there were more carloads of liquefied petroleum gas, as well as higher shipments of plastics driven by greater demand for plastic bottles. These increases were offset in part by fewer shipments of rock salt as a mild winter resulted in higher inventory levels throughout 2012.

For 2014, chemicals revenues are anticipated to increase, largely a result of more shipments of crude oil and asphalt.

Agriculture, consumer products, and government revenues increased 1% in 2013, compared with 2012, as a 2% improvement in average revenue per unit (reflecting pricing improvements that were slightly offset by a negative change in mix related to the increase of lower-rated shorter-haul movements of corn) was partially offset by a slight decline in volume. The volume decline was driven by reduced shipments of soybeans and related products caused by tightened supplies of domestic beans and a strong South American crop, in addition to fewer revenue movements of empty equipment. Carload volume declines were partially offset by higher shipments of food oils as we handled new business with existing customers and more biodiesel carloads in advance of the anticipated elimination of the biodiesel tax credit. We also hauled more shipments of fertilizer due to a strong farm economy and increased planting activity.

In 2012, agriculture, consumer products, and government revenues were relatively flat, compared with 2011, as higher average revenue per unit was offset by lower volume. The volume decline was driven by reduced corn shipments (due to plant closures), fewer carloads of fertilizer (led by certain network classification changes), and reduced shipments of wheat to the eastern U.S. (due to customer sourcing changes). These volume declines were offset in part by more shipments of soybean and soybean meal due to a poor South American bean crop, as well as higher shipments of corn-based feed to Texas.

For 2014, agriculture, consumer products, and government revenues are expected to improve as a result of higher average revenue per unit offset in part by a slight decrease in volume. The projected decline in volume is based primarily on fewer shipments of corn, as we anticipate that strong local production will prompt customer sourcing changes, as well as reduced shipments of wheat feed, with a partial offset by anticipated market share growth in perishables, beverages, and consumer products.

Metals and construction revenues increased 5% in 2013, compared with 2012. The revenue improvement resulted from 6% higher average revenue per unit, which reflected the positive change in mix of business as we transported higher-rated shipments of slag and fractionating sand for natural gas drilling, higher rates, and increased fuel surcharges. Although we moved more slag and fractionating carloads, v olume declined modestly as we handled reduced shipments of iron and steel (driven by fewer import slabs and a steel plant closure during the third quarter of 2012) and scrap metal (a result of weakening demand).

In 2012, metals and construction revenues increased 8%, compared with 2011. The improvement resulted from 7% higher average revenue per unit, which reflected higher rates and fuel surcharges. Volume improved 1%, the result of more coil steel shipments driven by increased automotive production. The mild winter weather experienced in early and late 2012 led to more shipments of cement for construction projects. There were also higher shipments of fractionating sand for natural gas drilling. These increases were partially offset by fewer aggregates carloads, primarily driven by weak market conditions in road/highway construction, and as lower coal utility burn led to fewer shipments of scrubber stone.

For 2014, metals and construction revenues are expected to increase reflecting higher shipments of fractionating sand and other materials used for natural gas drilling, as well as additional shipments of steel used by the automotive and energy sectors. Average revenue per unit is also anticipated to improve.

Automotive revenues rose 10% compared to 2012, reflecting 7% growth in volume due to increased vehicle production at plants we serve and new business from existing customers (including both auto parts and finished vehicles). Average revenue per unit improved 2%, reflecting improved pricing and higher fuel surcharges.

In 2012, automotive revenues rose 15%, compared to 2011, reflecting a 13% rise in volume due to increased vehicle production at plants we serve and a 2% improvement in average revenue per unit, including fuel surcharges.

For 2014, automotive revenues are expected to grow as a result of volume gains driven by a continued increase in domestic production at plants we serve, in addition to higher average revenue per unit.

Paper, clay and forest products revenues increased 3% in 2013, compared with 2012, reflecting 1% gains in both volume and average revenue per unit. Volume increases for lumber, pulp, and pulpboard were offset by reduced demand for newsprint and paper.

In 2012, paper, clay, and forest products revenues increased 3%, compared with 2011, reflecting a 5% improvement in average revenue per unit due to increased rates, which more than offset the effects of a 3% volume decline. The lower volume was due to reduced shipments of miscellaneous wood driven by the loss of business and fewer carloads of pulp as a result of declining export market demand.

For 2014, paper, clay, and forest products revenues are anticipated to decline as we expect reduced shipments of miscellaneous wood (due to market share loss), in addition to fewer shipments of pulp and graphic paper as demand declines, partially offset by improvements in the housing market and higher average revenue per unit.

INTERMODAL revenues increased $143 million, or 6%, compared with 2012, reflecting a 6% growth in volume. Average revenue per unit was flat.

Domestic volume (including truckload and intermodal marketing companies, Triple Crown Services, and Premium business) improved 7%, the result of continued highway-to-rail conversions and additional business associated with the opening of new intermodal terminals. International traffic volume grew 6%, due to growth with existing customers as the economy continued to improve.

In 2012, intermodal revenues increased $111 million, or 5%, compared with 2011, reflecting 5% growth in volume largely due to increased domestic units resulting from continued highway-to-rail conversions. Average revenue per unit improved 1% as a result of higher fuel surcharges, partially offset by lower pricing. Domestic volume increased 8%, reflecting continued highway conversions. International volume declined 1%, as the loss of business from a shipping line was partially offset by growth across remaining international customers.

For 2014, intermodal revenues are expected to increase due to higher volume and average revenue per unit as a result of continued highway conversions and growth associated with our new intermodal terminals.

Railway Operating Expenses

Railway operating expenses in 2013 were $8.0 billion, up $72 million, or 1% compared to 2012. Expenses in 2012 were $7.9 billion, down $43 million, or 1%, compared to 2011. In 2013, higher wage rates and volume-related expense increases were offset in part by lower costs resulting from network efficiencies. For 2012, the decrease reflected the absence of 2011's $58 million unfavorable arbitration ruling and lower costs due to gains in network efficiency, offset in part by higher volume-related expenses.

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

Operating Expense Variances
Increase (Decrease)

	2013 vs. 2012	2012 vs. 2011
	($ in millions)	
Compensation and benefits	$ 42	$ (14)
Fuel	36	(12)
Purchased services and rents	25	(6)
Depreciation	-	54
Materials and other	(31)	(65)
Total	$ 72	$ (43)

Compensation and benefits, which represents 38% of total operating expenses, increased $42 million, or 1%, in 2013, reflecting changes in:

- pay rates (up $59 million),
- incentive and stock-based compensation (up $39 million),
- lower activity levels (down $48 million) that reflected improved employee productivity, and
- payroll taxes (down $16 million).

In 2012, compensation and benefits decreased $14 million compared with 2011, primarily due to changes in:

- employee activity levels (down $40 million),
- incentive and stock-based compensation (down $35 million),
- pay rates (up $43 million), and
- pension and postretirement benefit costs (up $16 million).

Our employment averaged 30,103 in 2013, compared with 30,943 in 2012, and 30,329 in 2011. The decrease in 2013 reflected the benefit from operational efficiencies. Looking forward to 2014, we expect employment levels to be consistent with those of 2013. In addition, as a result of net actuarial gains related to pension and other postretirement benefits, we expect expenses associated with these benefits to be approximately $25 million lower per quarter in 2014. We also expect favorable labor hour trends to continue. These declines are expected to be offset in part by higher wage rates.

Fuel expense, which includes the cost of locomotive fuel as well as other fuel used in railway operations, increased $36 million, or 2%, in 2013, but decreased $12 million, or 1%, in 2012. The increase in 2013 was principally the result of higher locomotive fuel consumption (up 4%), offset in part by lower locomotive fuel prices (down 2%).

The decrease in 2012 reflected lower locomotive fuel consumption (down 3%), offset in part by higher locomotive fuel prices (up 3%).

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 increased $25 million, or 2%, in 2013, but decreased $6 million in 2012.

	2013	2012	2011
		($ in millions)	
Purchased services	$ 1,353	$ 1,321	$ 1,272
Equipment rents	276	283	338
Total	$ 1,629	$ 1,604	$ 1,610

The increase in 2013 for purchased services costs reflected higher volume-related activities and software expenses, partially offset by lower professional and consulting fees and travel expenses. The increase in 2012 reflected higher professional and consulting fees, intermodal operations expenses, Conrail-related casualty costs ($15 million), and advertising expenses. These increases were partially offset by lower haulage expenses.

Equipment rents, which includes our cost of using equipment (mostly freight cars) owned by other railroads or private owners less the rent paid to us for the use of our equipment, decreased in 2013 and 2012 as a result of increased velocity and improved equipment utilization.

Depreciation expense was flat in 2013, but increased $54 million, or 6%, in 2012. Both periods reflected our larger roadway and equipment capital base as we continue to invest in our infrastructure and rolling stock. In 2013, that increase was completely offset by the favorable impact of an equipment study that was completed during the first quarter of 2013. We expect depreciation expense in 2014 to be approximately $40 million higher than 2013.

Materials and other expenses decreased $31 million, or 4%, in 2013, and $65 million, or 7%, in 2012, as shown in the following table.

	2013	2012	2011
		($ in millions)	
Materials	$ 422	$ 408	$ 408
Casualties and other claims	90	130	216
Other	316	321	300
Total	$ 828	$ 859	$ 924

In 2013, lower expenses for casualties and other claims more than offset higher costs for materials. Casualties and other claims expenses include the estimates of costs related to personal injury (PI), property damage, and environmental matters. Over the last two years, we have experienced lower PI expenses that have been offset in part by higher environmental expenses, resulting in net benefits of $52 million in 2013 and $27 million in 2012. The lower PI expenses have been driven by improved historical trend rates, resulting in favorable reserve adjustments for prior years' claim amounts. Going forward, if favorable trends continue for PI costs, we could see additional favorable adjustments, however, likely not at the levels experienced in 2013.

The decrease in 2012 reflected the absence of 2011's unfavorable arbitration ruling discussed below and the favorable reserve developments discussed above. These favorable items were partially offset by higher costs associated with property taxes.

The Consolidated Balance Sheets reflect long-term receivables for estimated recoveries from our insurance carriers for claims associated with the January 6, 2005, derailment in Graniteville, S.C. In the first quarter of 2011, we received an unfavorable ruling for an arbitration claim with an insurance carrier and were denied recovery of the contested portion of the claim. As a result, we recorded a $43 million charge for the receivables associated with the contested portion of the claim and a $15 million charge for other receivables affected by the ruling for which recovery was no longer probable.

PI cases involving occupational injuries comprised about 28% of total employee injury cases resolved and about 17% of total employee injury payments made. With our long-established commitment to safety, we continue to work actively to eliminate all employee injuries and 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. The majority of 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.

We maintain substantial amounts of insurance for potential third-party liability and property damage claims. We also retain reasonable levels of risk through self-insurance (Note 16).

Other Income – Net

Other income – net was $233 million in 2013, $129 million in 2012, and $160 million in 2011 (Note 2). The increase in 2013 reflected a $97 million land sale gain in Michigan and higher net returns from corporate-owned life insurance (COLI), which was partially offset by lower coal royalties.

The decline in 2012 reflected fewer gains on the sale of property, decreased coal royalties, and higher interest expense (net) on uncertain tax positions offset in part by higher net returns from COLI, increased equity in the earnings of Conrail, and higher rental income.

Income Taxes

Income tax expense in 2013 was $1.1 billion, an effective rate of 36%, compared with 37% in 2012 and 34% in 2011. The decrease in the rate for 2013 was primarily due to tax credits that became available in 2013 as a result of the American Taxpayer Relief Act of 2012 (2012 Act), enacted January 2, 2013, and favorable reductions in deferred tax expense for state law changes. The increase in the rate for 2012 primarily reflects the absence of 2011's favorable resolution of the Internal Revenue Service (IRS) examination of our 2008 return and review of certain claims for refund ($40 million) and the absence of a favorable reduction in deferred tax expense for state law changes ($28 million).

The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act, enacted in 2010, allowed 100 percent bonus depreciation for 2011 and fifty-percent bonus depreciation in 2012. Additionally, the 2012 Act as mentioned in the paragraph above, extended fifty-percent bonus depreciation for an additional year. While bonus depreciation does not affect our total provision for income taxes or the effective rate, the absence of bonus depreciation is expected to increase current income tax expense and the related cash outflows for the payment of income taxes in 2014 by approximately $200 million. The 2012 Act also reinstated certain business tax credits retroactively for 2012 and for 2013, but these provisions expired at the end of 2013.

IRS examinations have been completed for all years prior to 2011. We expect the IRS will begin auditing our 2011 and 2012 consolidated income tax returns in early 2014.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

Cash provided by operating activities, our principal source of liquidity, was $3.1 billion in both 2013 and 2012 and $3.2 billion in 2011. The decrease in 2012 reflected increased tax payments driven by reduced bonus depreciation, in addition to lower operating results. We had working capital of $770 million at December 31, 2013, compared with $161 million at December 31, 2012, primarily reflecting higher cash and short-term investment balances as a result of new debt issued and lower share repurchase activity in 2013, partially offset by an increase in our current maturities of long-term debt. Cash, cash equivalents, and short-term investment balances totaled $1.6 billion and $668 million at December 31, 2013 and 2012, respectively, and were invested in accordance with our corporate investment policy as approved by the Board of Directors. The portfolio contains securities that are subject to market risk. There are no limits or restrictions on our access to these assets. We expect cash on hand combined with cash provided by operating activities will be sufficient to meet our ongoing obligations.

Contractual obligations at December 31, 2013, were comprised of interest on fixed-rate long-term debt and capital leases, long-term debt and capital leases (Note 8), operating leases (Note 9), agreements with CRC (Note 5), unconditional purchase obligations (Note 16), long-term advances from Conrail (Note 5), and unrecognized tax benefits (Note 3):

	Total	2014	2015 - 2016	2017 - 2018	2019 and Subsequent	Other
			($ in millions)			
Interest on fixed-rate long-term debt and capital lease principal	$ 13,331	$ 533	$ 1,016	$ 892	$ 10,890	$ -
Long-term debt and capital lease principal	9,843	445	501	1,150	7,747	-
Operating leases	738	80	136	104	418	-
Agreements with CRC	360	35	70	70	185	-
Unconditional purchase obligations	353	310	27	16	-	-
Long-term advances from Conrail	133	-	-	-	133	-
Unrecognized tax benefits*	65	-	-	-	-	65
Total	$ 24,823	$ 1,403	$ 1,750	$ 2,232	$ 19,373	$ 65

* 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 $1.9 billion in 2013, compared with $2.0 billion in 2012, and $1.8 billion in 2011. The decrease in 2013 primarily reflects fewer property additions and property sales that were partially offset by increased investment purchases, net of sales . The 2012 increase resulted from a decrease in investment sales, net of purchases, and increased property additions that were offset in part by proceeds from property sales.

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.

Property Additions

	2013	2012	2011	2010	2009
			($ in millions)		
Road and other property	$ 1,421	$ 1,465	$ 1,222	$ 1,153	$ 1,128
Equipment	550	776	938	317	171
Total	$ 1,971	$ 2,241	$ 2,160	$ 1,470	$ 1,299

Track Structure Statistics (Capital and Maintenance)

	2013	2012	2011	2010	2009
Track miles of rail installed	549	509	484	422	434
Miles of track surfaced	5,475	5,642	5,441	5,326	5,568
New crossties installed (millions)	2.5	2.6	2.7	2.6	2.7

Average Age of Owned Railway Equipment

	2013	2012	2011	2010	2009
			(years)		
Freight cars	30.2	30.2	30.3	31.0	30.3
Locomotives	22.5	21.6	21.0	20.5	19.9
Retired locomotives	38.7	41.2	31.7	28.4	31.2

For 2014, we have budgeted $2.2 billion for property additions. The anticipated spending includes $910 million for the normalized replacement of rail, ties and ballast and the improvement or replacement of bridges. Planned equipment spending of $550 million includes new and rebuilt locomotives, coal cars, intermodal containers and chassis, covered and open coil cars, and multilevel automobile racks. Investments in facilities and terminals are anticipated to be $210 million, and include intermodal terminals and equipment to add capacity to the intermodal network (including Crescent Corridor), continued progress on our multi-year project to expand the Bellevue Yard in northern Ohio, and mechanical service shops. We have budgeted $220 million for the continued implementation of positive train control (PTC) and expect remaining additional PTC-related property additions to total at least $670 million. We also expect to spend $50 million on infrastructure improvements to increase mainline capacity, accommodate business growth and provide our share of funding for various public/private partnership investments such as Crescent Corridor and the Chicago CREATE project. Technology investments of $70 million are planned for new or upgraded systems and computers.

The Crescent Corridor consists of a program of projects for infrastructure and other facility improvements 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, I-78, and I-75. Based on the public benefits that stand to be derived in the form of highway congestion relief, we plan to implement certain elements of the Crescent Corridor through a series of public-private partnerships. Currently, the Crescent Corridor has received or expects to receive a total of $309 million in public capital funding commitments from the Commonwealths of Pennsylv ania and Virginia, the State of Tennessee, the federal TIGER Stimulus Program and other federal funding sources related to projects in Alabama, Pennsylvania, Tennessee, and North Carolina. With respect to the private funding component, we currently anticipate spending up to $315 million ($260 million of which has been spent to date) for the substantial completion of work on these projects, which is expected in 201 5. This includes planned investments for the Crescent Corridor that approximate $42 million in 2014 and $13 million in 2015. If and when demand warrants, additional improvements and expansions beyond these amounts may be made to the Crescent Corridor.

Cash used in financing activities was $394 million in 2013, compared with $694 million in 2012, and $2.0 billion in 2011. The change in 2013 includes lower share repurchases and reduced proceeds from borrowings, net of debt repayments. T he change in 2012 reflected lower share repurchases, increased proceeds from borrowings, reduced debt repayments and maturities, offset in part by higher dividends .

Share repurchases totaled $627 million in 2013, $1.3 billion in 2012, and $2.1 billion in 2011 for the purchase and retirement of 8.3 million, 18.8 million, and 30.2 million shares, respectively. On August 1, 2012, our Board of Directors authorized the repurchase of up to an additional 50 million shares of Common Stock through December 31, 2017, and 38.3 million shares remain under this authority as of December 31, 2013. The timing and volume of future share repurchases will be guided by our assessment of market conditions and other pertinent factors. Any near-term purchases under the program are expected to be made with internally generated cash, cash on han d, or proceeds from borrowings.

During the fourth quarter of 2013, we issued $400 million of 3.85% senior notes due 2024. During the third quarter of 2013, we issued $500 million of 4.80% senior notes due 2043. Our debt-to-total capitalization ratio was 45.6% at December 31, 2013, compared with 47.1% at December 31, 2012.

As of December 31, 2013, we had authority from our Board of Directors to issue an additional $800 million of debt or equity securities through public or private sale. We have on file with the SEC a Form S-3 automatic shelf registration statement for well-known seasoned issuers under which securities may be issued pursuant to this authority.

We also have in place and available a $750 million, five-year credit agreement expiring in 2016, which provides for borrowings at prevailing rates and includes covenants. We had no amounts outstanding under this facility at December 31, 2013, and are in compliance with all of its covenants. In October 2013, we renewed our $350 million accounts receivable securitization program with a 364-day term to run until October 2014. There was $200 million outstanding under this program at December 31, 2013, and $300 million outstanding at December 31, 2012 (Note 8).

Upcoming annual debt maturities are relatively modest (Note 8). Overall, our goal is to maintain a capital structure with appropriate leverage to support our 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 (GAAP) requires us 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 us to make changes to these estimates and assumptions. Accordingly, we regularly review these estimates and assumptions based on historical experience, changes in the business environment, and other factors we believe to be reasonable under the circumstances. We regularly discuss the development, selection, and disclosures concerning critical accounting estimates with the Audit Committee of the Board of Directors.

Pensions and Other Postretirement Benefits

Accounting for pensions and other postretirement benefit plans requires us to make several estimates and assumptions (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. We make these estimates based on our historical experience and other information that we deem pertinent under the circumstances (for example, expectations of future stock market performance). We utilize an independent actuarial consulting firm's studies to assist us in selecting appropriate assumptions and valuing related liabilities.

Net pension expense, which is included in "Compensation and benefits" in the Consolidated Statements of Income, was $69 million for 2013. In recording this amount, we assumed a long-term investment rate of return of 8.25%, which was supported by the long-term total rate of return on plan assets since inception, as well as our expectation of future returns. A one-percentage point change to this rate of return assumption would result in a $18 million change in pension 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 our net pension expense or net pension liability in the future. The net pension liability is recorded at 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. We utilize analyses in which the projected annual cash flows from the pension and postretirement benefit plans are matched with yield curves based on an appropriate universe of high-quality corporate bonds. We use the results of the yield curve analyses to select the discount rates that match the payment streams of the benefits in these plans.

Net cost for other postretirement benefits, which is also included in "Compensation and benefits," was $ 108 million for 2013. In recording this expense and valuing the net liability for other postretirement benefits, we estimated future increases in healthcare 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 our total assets are long-lived railway properties (Note 6). As disclosed in Note 1, properties are depreciated using group depreciation. The primary depreciation method for our asset base is group life. Units of production is the principal method of depreciation for rail in high density corridors and for depletion of natural resources. Remaining properties are depreciated generally using the straight-line method over the lesser of estimated service or lease lives.

Depreciation expense is based on assumptions concerning expected service lives of properties as well as the expected net salvage that will be received upon their retirement. In developing these assumptions, we utilize periodic depreciation studies that are performed by an independent outside firm of consulting engineers and approved by the STB. Depreciation studies are conducted about every three years for equipment and every six years for track assets and other roadway property. The frequency of these studies correlates with guidelines established by the STB.

Key factors which are considered in developing average service life and salvage estimates include:

- statistical analyses of historical retirement data and surviving asset records;
- review of historical salvage received and current market rates;
- review of our operations including expected changes in technology, customer demand, maintenance practices and asset management strategies;
- review of accounting policies and assumptions; and
- industry review and analysis.

The units of production depreciation rate for rail in high density corridors is derived based on consideration of annual gross ton miles as compared to the total or ultimate capacity of rail in these corridors. Our experience has shown that traffic density is a leading factor in determination of the expected service life of rail in high density corridors. In developing the respective depreciation rate, consideration is also given to several rail characteristics including age, weight, condition (new or second hand) and type (curve or straight). As a result, a composite depreciation rate is developed which is applied to the depreciable base.

We adjust our rates based on the results of these studies and implement the changes prospectively . These 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, a s determined by the study. Depreciation expense for 2013 totaled $916 million. Our composite depreciation rates for 2013 are disclosed in Note 6; a one-tenth percentage point increase (or decrease) in these rates would have resulted in a $35 million increase (or decrease) to depreciation expense. For 2013, roadway depreciation rates ranged from 0.83% to 33.3% and equipment depreciation rates ranged from 1.40% to 33.33%.

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 in earnings. Actual historical cost values are retired when available, such as with equipment assets. The use of estimates in recording the retirement of certain roadway assets is necessary based on the impracticality of tracking individual asset costs. When retiring rail, ties, and ballast, we use statistical curves that indicate the relative distribution of the age of the assets retired. The historical cost of other roadway assets is estimated using a combination of inflation indices specific to the rail industry and those published by the U.S. Bureau of Labor Statistics. The indices are applied to the replacement value based on the age of the retired assets. These indices are used because they closely correlate with the costs of roadway assets. Gains and losses on disposal of land and nonrail assets are included in "Other income – net" (Note 2) since such income is not a product of our railroad operations.

A retirement is considered abnormal if it does not occur in the normal course of business, if it relates to disposition of a large segment of an asset class and if the retirement varies significantly from the retirement profile identified through our depreciation studies, which inherently consider the impact of normal retirements on expected service lives and depreciation rates. Gains or losses from abnormal retirements would be recognized in earnings; however, there were no such gains or losses in 2013, 2012, or 2011.

We review 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 flow. Assets that are deemed impaired as a result of such review would be recorded at the lesser of carrying amount or fair value; however, there were no such impairments in 2013, 2012, or 2011.

Personal Injury, Environmental, and Legal Liabilities

Casualties and other claims expense, included in "Materials and other," totaled $90 million in 2013, $130 million in 2012, and $216 million in 2011. Historically, most of this expense relates to our accrual for personal injury liabilities; however, over the last few years our personal injury expense has decreased due to improved historical trend rates for prior years' claims. Environmental expenses, which are also included in this category, have increased over the last few years as a result of unfavorable developments and more aggressive remediation strategies .

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, we record a liability when the expected loss for the claim is both probable and estimable.

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

We are subject to various jurisdictions' environmental laws and regulations. We record a liability where such liability or loss is probable and its amount can be estimated reasonably (Note 16). Claims, if any, against third parties for recovery of cleanup costs we've incurred, are reflected as receivables (when collection is probable) in the Consolidated Balance Sheets and are not netted against the associated liability. Environmental engineers regularly participate in ongoing evaluations of all known sites and in determining any necessary adjustments to liability estimates. We have an Environmental Policy Council, composed of senior managers, to oversee and interpret our environmental policy.

Operating expenses for environmental matters totaled $57 million in 2013, $40 million in 2012, and $32 million in 2011, and property additions for environmental matters totaled $8 million in 2013, $6 million in 2012, and $7 million in 2011. Property additions for environmental matters in 2014 are expected to be about $11 million.

Our Consolidated Balance Sheets include liabilities for environmental exposures of $58 million at December 31, 2013, and $42 million at December 31, 2012 (of which $15 million is classified as a current liability at December 31, 2013 and $12 million at December 31, 2012). At December 31, 2013, the liability represents our estimate of the probable cleanup and remediation costs based on available information at 142 known locations and projects. As of that date, ten sites accounted for $30 million of the liability, and no individual site was considered to be material. We anticipate that much of this liability will be paid out over five years; however, some costs will be paid out over a longer period.

At 12 locations, one or more of our subsidiaries in conjunction with a number of other parties have been identified as potentially responsible parties under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, or comparable state statutes that impose joint and several liability for cleanup costs. We calculate our estimated liability for these sites based on facts and legal defenses applicable to each site and not solely on the basis of the potential for joint liability.

With respect to known environmental sites (whether identified by us or by the EPA or comparable state authorities), estimates of our 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, unpredictable contaminant recovery and reduction rates associated with available cleanup technologies, 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. We estimate our environmental remediation liability on a site-by-site basis, using assumptions and judgments we deem appropriate for each site. As a result, it is not practical to quantitatively describe the effects of changes in these many assumptions and judgments. We have consistently applied our methodology of estimating our environmental liabilities.

Based on the assessment of facts and circumstances now known, we believe we have recorded the probable and reasonably estimable costs for dealing with those environmental matters of which we are aware. Further, we believe that it is unlikely that any known matters, either individually or in the aggregate, will have a material adverse effect on our financial position, results of operations, or liquidity.

We and/or certain subsidiaries are defendants in numerous lawsuits and other claims relating principally to railroad operations. When we conclude 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 our 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.

Income Taxes

Our net long-term deferred tax liability totaled $8.5 billion at December 31, 2013 (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 our 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 we expect that it is more likely than not that deferred tax assets will not be realized. We had a $32 million valuation allowance on $630 million of deferred tax assets as of December 31, 2013, reflecting the expectation that almost all of these assets will be realized.

In addition, we have a recorded liability for our 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. We believe 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 2013 effective tax rate, net income would have changed by $15 million.

OTHER MATTERS

Labor Agreements

More than 80% of our 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. We largely bargain nationally in concert with other major railroads, represented by the National Carriers Conference Committee (NCCC). Moratorium provisions in the labor agreements govern when the railroads and unions may propose changes to the agreements.

We and the NCCC have concluded the round of bargaining that began in November 2009 and reached agreements that extend through December 31, 2014 with all applicable labor unions. With regard to the Wheelersburg (Ohio) Terminal workers who are represented by the Brotherhood of Maintenance of Way Employes Division (BMWED), negotiations are ongoing and mediation under the auspices of the National Mediation Board is expected to begin in the first quarter of 2014.

Market Risks

We manage overall exposure to fluctuations in interest rates by issuing both fixed- and floating-rate debt instruments. At December 31, 2013, debt subject to interest rate fluctuations totaled $200 million. A one-percentage point increase in interest rates would increase total annual interest expense related to all variable debt by approximately $2 million. We consider it unlikely that interest rate fluctuations applicable to these instruments will result in a material adverse effect on our financial position, results of operations, or liquidity.

Inflation

In preparing financial statements, GAAP requires the use of historical cost that disregards the effects of inflation on the replacement cost of property. As a capital-intensive company, we have most of our 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.

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," "estimate," "plan," "consider," "project," and similar references to the future. Forward-looking statements reflect our 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 we have little or no control, including: transportation of hazardous materials as a common carrier by rail; acts of terrorism or war; general economic conditions including, but not limited to, fluctuation and competition within the industries of our customers ; competition and consolidation within the transportation industry; the operations of carriers with which we interchange; disruptions to our technology infrastructure, including computer systems; labor difficulties, including strikes and work stoppages; commercial, operating, environmental, and climate change legislative and regulatory developments; results of litigation; natural events such as severe weather, hurricanes, and floods; unpredictable demand for rail services; fluctuation in supplies and prices of key materials, in particular diesel fuel; and changes in securities and capital markets. For additional discussion of significant risk factors applicable to our business, see Part II, 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. We undertake 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 14, 2014

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, 2013. This assessment was based on criteria for effective internal control over financial reporting described in *Internal Control-Integrated Framework (1992)* 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, 2013.

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, 2013.

/s/Charles W. Moorman	/s/Marta R. Stewart	/s/Thomas E. Hurlbut
Charles W. Moorman	Marta R. Stewart	Thomas E. Hurlbut
Chairman 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, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* 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, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* 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, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2013, and our report dated February 14, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/KPMG LLP
KPMG LLP
Norfolk, Virginia
February 14, 2014

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, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2013. 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, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, 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, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 14, 2014 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/KPMG LLP
KPMG LLP
Norfolk, Virginia
February 14, 2014

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Income

	Years ended December 31, 2013	2012	2011
	($ in millions, except per share amounts)		
Railway operating revenues	$ 11,245	$ 11,040	$ 11,172
Railway operating expenses:			
Compensation and benefits	3,002	2,960	2,974
Purchased services and rents	1,629	1,604	1,610
Fuel	1,613	1,577	1,589
Depreciation	916	916	862
Materials and other	828	859	924
Total railway operating expenses	7,988	7,916	7,959
Income from railway operations	3,257	3,124	3,213
Other income – net	233	129	160
Interest expense on debt	525	495	455
Income before income taxes	2,965	2,758	2,918
Provision for income taxes	1,055	1,009	1,002
Net income	$ 1,910	$ 1,749	$ 1,916
Per share amounts:			
Net income			
Basic	$ 6.10	$ 5.42	$ 5.52
Diluted	6.04	5.37	5.45

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income

	Years ended December 31,		
	2013	**2012**	**2011**
	($ in millions)		
Net income	$ 1,910	$ 1,749	$ 1,916
Other comprehensive income (loss), before tax:			
Pension and other postretirement benefits	1,122	(114)	(325)
Other comprehensive income (loss) of equity investees	42	(13)	(21)
Other comprehensive income (loss), before tax	1,164	(127)	(346)
Income tax benefit (expense) related to items of other comprehensive income (loss)	(436)	44	125
Other comprehensive income (loss), net of tax	728	(83)	(221)
Total comprehensive income	$ 2,638	$ 1,666	$ 1,695

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Balance Sheets

	At December 31, 2013	At December 31, 2012
	($ in millions)	
Assets		
Current assets:		
Cash and cash equivalents	$ 1,443	$ 653
Short-term investments	118	15
Accounts receivable - net	1,024	1,109
Materials and supplies	223	216
Deferred income taxes	180	167
Other current assets	87	82
Total current assets	3,075	2,242
Investments	2,439	2,300
Properties less accumulated depreciation of $10,387 and $9,922, respectively	26,645	25,736
Other assets	324	64
Total assets	$ 32,483	$ 30,342
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,265	$ 1,362
Short-term debt	100	200
Income and other taxes	225	206
Other current liabilities	270	263
Current maturities of long-term debt	445	50
Total current liabilities	2,305	2,081
Long-term debt	8,903	8,432
Other liabilities	1,444	2,237
Deferred income taxes	8,542	7,832
Total liabilities	21,194	20,582
Stockholders' equity:		
Common Stock $1.00 per share par value, 1,350,000,000 shares authorized; outstanding 308,878,402 and 314,034,174 shares, respectively, net of treasury shares	310	315
Additional paid-in capital	2,021	1,911
Accumulated other comprehensive loss	(381)	(1,109)
Retained income	9,339	8,643
Total stockholders' equity	11,289	9,760
Total liabilities and stockholders' equity	$ 32,483	$ 30,342

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Cash Flows

	Years ended December 31,		
	2013	**2012**	**2011**
		($ in millions)	
Cash flows from operating activities:			
Net income	$ 1,910	$ 1,749	$ 1,916
Reconciliation of net income to net cash provided by operating activities:			
Depreciation	922	922	869
Deferred income taxes	262	366	527
Gains and losses on properties and investments	(104)	(6)	(32)
Changes in assets and liabilities affecting operations:			
Accounts receivable	85	(64)	(215)
Materials and supplies	(7)	(7)	(40)
Other current assets	(5)	(6)	14
Current liabilities other than debt	5	82	68
Other – net	10	29	120
Net cash provided by operating activities	3,078	3,065	3,227
Cash flows from investing activities:			
Property additions	(1,971)	(2,241)	(2,160)
Property sales and other transactions	144	192	84
Investments, including short-term	(130)	(23)	(135)
Investment sales and other transactions	63	78	439
Net cash used in investing activities	(1,894)	(1,994)	(1,772)
Cash flows from financing activities:			
Dividends	(637)	(624)	(576)
Common Stock issued – net	131	89	120
Purchase and retirement of Common Stock	(627)	(1,288)	(2,051)
Proceeds from borrowings – net	989	1,491	1,101
Debt repayments	(250)	(362)	(600)
Net cash used in financing activities	(394)	(694)	(2,006)
Net increase (decrease) in cash and cash equivalents	790	377	(551)
Cash and cash equivalents:			
At beginning of year	653	276	827
At end of year	$ 1,443	$ 653	$ 276
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest (net of amounts capitalized)	$ 492	$ 473	$ 435
Income taxes (net of refunds)	735	618	289

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 Comprehensive Loss	Retained Income	Total
	($ in millions, except per share amounts)				
Balance at December 31, 2010	$ 358	$ 1,892	$ (805)	$ 9,224	$ 10,669
Comprehensive income:					
Net income				1,916	1,916
Other comprehensive loss			(221)		(221)
Total comprehensive income					1,695
Dividends on Common Stock, $1.66 per share				(576)	(576)
Share repurchases	(30)	(159)		(1,862)	(2,051)
Stock-based compensation, including tax benefit of $45	4	179		(9)	174
Balance at December 31, 2011	332	1,912	(1,026)	8,693	9,911
Comprehensive income:					
Net income				1,749	1,749
Other comprehensive loss			(83)		(83)
Total comprehensive income					1,666
Dividends on Common Stock, $1.94 per share				(624)	(624)
Share repurchases	(19)	(104)		(1,165)	(1,288)
Stock-based compensation, including tax benefit of $42	2	103		(10)	95
Balance at December 31, 2012	315	1,911	(1,109)	8,643	9,760
Comprehensive income:					
Net income				1,910	1,910
Other comprehensive income			728		728
Total comprehensive income					2,638
Dividends on Common Stock, $2.04 per share				(637)	(637)
Share repurchases	(8)	(49)		(570)	(627)
Stock-based compensation, including tax benefit of $38	3	159		(7)	155
Balance at December 31, 2013	$ 310	$ 2,021	$ (381)	$ 9,339	$ 11,289

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.

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 20,000 miles of road 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, we, us, and our). 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 commodity groups (percent of total railway operating revenues in 2013): coal (23%); intermodal (21%); chemicals (15%); agriculture/consumer products/government (13%); metals/construction (12%); automotive (9%); and, paper/clay/forest products (7%). Although most of our 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 our 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 (GAAP) requires us 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. We periodically review our 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 shipment counts and the expectation of future activity. We regularly monitor our 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.

Cash Equivalents

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

Allowance for Doubtful Accounts

Our allowance for doubtful accounts was $3 million at both December 31, 2013 and 2012. To determine our allowance for doubtful accounts, we evaluate 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 property additions or improvements is included in "Properties."

Investments

Debt securities classified as "held-to-maturity" are reported at amortized cost.

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

Properties

"Properties" are stated principally at cost and are depreciated using the group method whereby assets with similar characteristics, use, and expected lives are grouped together in asset classes and depreciated using a composite depreciation rate. This methodology treats each asset class as a pool of resources, not as singular items. We use more than 60 depreciable asset classes. The primary depreciation method for our asset base is group life. Units of production is the principal method of depreciation for rail in high density corridors and for depletion of natural resources (Note 2). Remaining properties are depreciated generally using the straight-line method over the lesser of estimated service or lease lives. Depreciation in the Consolidated Statements of Cash Flows includes both depreciation and depletion.

Depreciation expense is based on our assumptions concerning expected service lives of our properties as well as the expected net salvage that will be received upon their retirement. In developing these assumptions, we utilize periodic depreciation studies that are performed by an independent outside firm of consulting engineers and approved by the Surface Transportation Board (STB). Our depreciation studies are conducted about every three years for equipment and every six years for track assets and other roadway property. The frequency of these studies is consistent with guidelines established by the STB. Key factors which are considered in developing average service life and salvage estimates include:

- statistical analysis of historical retirement data and surviving asset records;
- review of historical salvage received and current market rates;
- review of our operations including expected changes in technology, customer demand, maintenance practices and asset management strategies;
- review of accounting policies and assumptions; and
- industry review and analysis.

The units of production depreciation rate for rail in high density corridors is derived based on consideration of annual gross ton miles as compared to the total or ultimate capacity of rail in these corridors. Our experience has shown that traffic density is a leading factor in determination of the expected service life of rail in high density corridors. In developing the respective depreciation rate, consideration is also given to several rail characteristics including age, weight, condition (new or second hand) and type (curve or straight). As a result, a composite depreciation rate is developed which is applied to the depreciable base.

We adjust our rates based on the results of these studies and implement the changes prospectively. 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, as determined by the study. For 2013, roadway depreciation rates ranged from 0.83% to 33.3% and equipment depreciation rates ranged from 1.40% to 33.33%.

We capitalize interest on major 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. Due to the capital intensive nature of the railroad industry, a significant portion of annual capital spending relates to the replacement of self-constructed assets. Because removal activities occur in conjunction with replacement, removal costs are estimated based on an average percentage of time employees replacing assets spend on removal functions. 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 in earnings. Actual historical cost values are retired when available, such as with equipment assets. The use of estimates in recording the retirement of certain roadway assets is necessary based on the impracticality of tracking individual asset costs. When retiring rail, ties and ballast, we use statistical curves that indicate the relative distribution of the age of the assets retired. The historical cost of other roadway assets is estimated using a combination of inflation indices specific to the rail industry and those published by the U.S. Bureau of Labor Statistics. The indices are applied to the replacement value based on the age of the retired assets. These indices are used because they closely correlate with the costs of roadway assets. Gains and losses on disposal of land and nonrail assets are included in "Other income – net" (Note 2) since such income is not a product of our railroad operations.

A retirement is considered abnormal if it does not occur in the normal course of business, if it relates to disposition of a large segment of an asset class and if the retirement varies significantly from the retirement profile identified through our depreciation studies, which inherently consider the impact of normal retirements on expected servi ce lives and depreciation rates. Gains or losses from abnormal retirements are recognized in earnings.

We review 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 the first quarter of 2013, we prospectively adopted Accounting Standards Update (ASU) No. 2013-02, *"Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income."* This update requires the disclosure of the effects of reclassifications out of Accumulated Other Comprehensive Loss on the respective line items in our Consolidated Statements of Income if the amount being reclassified is required under GAAP to be reclassified in its entirety to net income. We don't have any such items. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, we are required to cross-reference other required GAAP disclosures to provide additional detail about those amounts. We include these disclosures in our "Stockholders' Equity" (Note 13) footnote. This update does not change the requirement to present the components of net income and other comprehensive income in either a single continuous statement or two separate consecutive statements, nor does it change the items currently reported in other comprehensive income.

2. Other Income – Net

	2013	2012	2011
		($ in millions)	
Income from natural resources:			
Royalties from coal	$ 50	$ 72	$ 86
Nonoperating depletion and depreciation	(6)	(6)	(7)
Subtotal	44	66	79
Gains and losses from sale of properties	101	5	32
Rental income	61	54	51
Equity in earnings of Conrail Inc. (Note 5)	42	34	31
Corporate-owned life insurance – net	25	13	8
Interest income	8	8	9
Taxes on nonoperating property	(10)	(10)	(9)
Charitable contributions	(11)	(9)	(9)
Other interest expense – net	(12)	(9)	(3)
Other	(15)	(23)	(29)
Total	$ 233	$ 129	$ 160

"Other income – net" includes income and costs not part of rail operations and the income generated by the activities of our noncarrier subsidiaries as well as the costs incurred by those subsidiaries in their operations.

3. Income Taxes

Provisions for Income Taxes

	2013	2012	2011
		($ in millions)	
Current:			
Federal	$ 695	$ 569	$ 432
State	98	74	43
Total current taxes	793	643	475
Deferred:			
Federal	270	339	506
State	(8)	27	21
Total deferred taxes	262	366	527
Provision for income taxes	$ 1,055	$ 1,009	$ 1,002

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:

	2013 Amount	%	2012 Amount	%	2011 Amount	%
	($ in millions)					
Federal income tax at statutory rate	$ 1,038	35	$ 965	35	$ 1,021	35
State income taxes, net of federal tax effect	69	2	69	3	69	2
Internal Revenue Service (IRS) audit, settlement	-	-	(6)	-	(40)	(1)
State tax law changes, net of federal tax effect	(11)	-	(3)	-	(28)	(1)
Other, net	(41)	(1)	(16)	(1)	(20)	(1)
Provision for income taxes	$ 1,055	36	$ 1,009	37	$ 1,002	34

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, 2013	December 31, 2012
	($ in millions)	
Deferred tax assets:		
Compensation and benefits, including postretirement	$ 462	$ 834
Accruals, including casualty and other claims	114	139
Other	54	41
Total gross deferred tax assets	630	1,014
Less valuation allowance	(32)	(19)
Net deferred tax asset	598	995
Deferred tax liabilities:		
Property	(8,494)	(8,188)
Other	(466)	(472)
Total gross deferred tax liabilities	(8,960)	(8,660)
Net deferred tax liability	(8,362)	(7,665)
Net current deferred tax asset	180	167
Net long-term deferred tax liability	$ (8,542)	$ (7,832)

Except for amounts for which a valuation allowance has been provided, we believe 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 primarily relates to subsidiary state income tax net operating losses that may not be utilized prior to their expiration. The valuation allowance for 2013 also includes state investment tax credits that may not be utilized prior to their expiration. The total valuation allowance increased by $13 million in 2013 and remained unchanged in 2012.

Uncertain Tax Positions

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 31, 2013	December 31, 2012
	($ in millions)	
Balance at beginning of year	$ 63	$ 105
Additions based on tax positions related to the current year	3	6
Additions for tax positions of prior years	4	-
Reductions for tax positions of prior years	(1)	(20)
Settlements with taxing authorities	(2)	(23)
Lapse of statutes of limitations	(2)	(5)
Balance at end of year	$ 65	$ 63

Included in the balance of unrecognized tax benefits at December 31, 2013, are potential benefits of $25 million that would affect the effective tax rate if recognized. 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.

IRS examinations have been completed for all years prior to 2011. We expect the IRS to begin auditing our 2011 and 2012 consolidated income tax returns in early 2014. State income tax returns generally are subject to examination for a period of three to four years after filing of the return. In addition, we are 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. We have various state income tax returns either under examination, administrative appeals, or litigation. We expect that the total amount of unrecognized tax benefits at December 31, 2013, will decrease by approximately $8 million in 2014 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 2014. We do not expect that the aforementioned potential change in unrecognized tax benefits will have a material effect on our financial position, results of operations, or liquidity.

Interest related to unrecognized tax benefits, which is included in "Other income – net," totaled $1 million of expense in 2013, $1 million of income in 2012, and $10 million of income in 2011. There were no penalties related to tax matters in 2013, 2012, and 2011. We have recorded a liability of $4 million at December 31, 2013, and $3 million at December 31, 2012, for the payment of interest on unrecognized tax benefits. We have no liability recorded at December 31, 2013 and 2012, 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 we have 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. Other than those assets and liabilities described below that approximate fair value, there were no assets or liabilities measured at fair value on a recurring basis at December 31, 2013 or 2012.

Fair Values of Financial Instruments

We have 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 investments accounted for under the equity method, consisted of the following at December 31:

	2013		**2012**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	($ in millions)			
Long-term investments	$ 148	$ 177	$ 139	$ 174
Long-term debt, including current maturities	(9,348)	(10,673)	(8,482)	(10,734)

Underlying net assets were used to estimate the fair value of investments with the exception of notes receivable, which are based on future discounted cash flows. The fair values of long-term 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.

The following tables set forth the fair value of long-term investment and long-term debt balances disclosed above by valuation technique level, within the fair value hierarchy (there were no level 3 valued assets or liabilities).

	December 31, 2013		
	Level 1	Level 2	Total
	($ in millions)		
Long-term investments	$ 47	$ 130	$ 177
Long-term debt, including current maturities	(10,449)	(224)	(10,673)

	December 31, 2012		
	Level 1	Level 2	Total
	($ in millions)		
Long-term investments	$ 41	$ 133	$ 174
Long-term debt, including current maturities	(10,450)	(284)	(10,734)

Sales of available-for-sale securities were zero for years ended December 31, 2013 and 2012, and $81 million for the year ended December 31, 2011.

5. Investments

	December 31,	
	2013	2012
	($ in millions)	
Short-term investments:		
Commercial paper, 2 months	$ 98	$ -
Federal government bonds, held-to-maturity, with average maturities of 3 and 5 months, respectively	20	15
Total short-term investments	$ 118	$ 15
Long-term investments:		
Equity method investments:		
Conrail Inc.	$ 1,075	$ 996
TTX Company	404	383
Meridian Speedway LLC	278	281
Pan Am Southern LLC	155	155
Other	90	82
Total equity method investments	2,002	1,897
Company-owned life insurance at net cash surrender value	289	264
Other investments	148	139
Total long-term investments	$ 2,439	$ 2,300

Investment in Conrail

Through a limited liability company, we and CSX Corporation (CSX) jointly own Conrail Inc. (Conrail), whose primary subsidiary is Consolidated Rail Corporation (CRC). We have a 58% economic and 50% voting interest in the jointly owned entity, and CSX has the remainder of the economic and voting interests. We are 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 book and 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, 2013, based on the funded status of Conrail's pension plans, we increased our proportional investment in Conrail by $37 million. This resulted in income of $34 million recorded to "Other comprehensive loss" and a combined federal and state deferred tax liability of $3 million.

At December 31, 2012, based on the funded status of Conrail's pension plans, we decreased our proportional investment in Conrail by $7 million. This resulted in a loss of $6 million recorded to "Other comprehensive loss" and a combined federal and state deferred tax asset of $1 million.

At December 31, 2013, the difference between our investment in Conrail and our share of Conrail's underlying net equity was $535 million. Our equity in the earnings of Conrail, net of amortization, included in "Other income – net" was $42 million, $34 million, and $31 million in 2013, 2012, and 2011, 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 $146 million in 2013, $147 million in 2012, and $131 million in 2011. Future minimum lease payments due to CRC under the Shared Assets Areas agreements are as follows: $35 million in each of 2014 through 2018 and $185 million thereafter. We provide certain general and administrative support functions to Conrail, the fees for which are billed in accordance with several service-provider arrangements and approximate $8 million annually.

"Accounts payable" includes $187 million at December 31, 2013, and $178 million at December 31, 2012, due to Conrail for the operation of the Shared Assets Areas. In addition, "Other liabilities" includes $133 million at both December 31, 2013 and 2012, for long-term advances from Conrail, maturing 2035, that bear interest at an average rate of 4.4%.

6. Properties

At December 31, 2013	Cost	Accumulated Depreciation	Net Book Value	Depreciation Rate [(1)]
		($ in millions)		
Land	$ 2,253	$ -	$ 2,253	-
Roadway:				
Rail and other track material	5,934	(1,782)	4,152	2.46%
Ties	4,464	(1,100)	3,364	3.24%
Ballast	2,244	(468)	1,776	2.65%
Construction in process	405	-	405	-
Other roadway	11,704	(2,814)	8,890	2.55%
Total roadway	24,751	(6,164)	18,587	
Equipment:				
Locomotives	4,814	(1,918)	2,896	3.42%
Freight cars	3,225	(1,429)	1,796	2.78%
Computers and software	513	(292)	221	11.07%
Construction in process	139	-	139	-
Other equipment	862	(316)	546	6.15%
Total equipment	9,553	(3,955)	5,598	
Other property	475	(268)	207	1.15%
Total properties	$ 37,032	$ (10,387)	$ 26,645	

At December 31, 2012	Cost	Accumulated Depreciation	Net Book Value	Depreciation Rate [(1)]
		($ in millions)		
Land	$ 2,240	$ -	$ 2,240	-
Roadway:				
Rail and other track material	5,699	(1,707)	3,992	2.48%
Ties	4,255	(1,027)	3,228	3.28%
Ballast	2,128	(437)	1,691	2.61%
Construction in process	378	-	378	-
Other roadway	11,223	(2,636)	8,587	2.57%
Total roadway	23,683	(5,807)	17,876	
Equipment:				
Locomotives	4,576	(1,798)	2,778	3.54%
Freight cars	3,214	(1,502)	1,712	2.95%
Computers and software	480	(270)	210	13.29%
Construction in process	177	-	177	-
Other equipment	817	(282)	535	5.99%
Total equipment	9,264	(3,852)	5,412	
Other property	471	(263)	208	1.31%
Total properties	$ 35,658	$ (9,922)	$ 25,736	

[(1)] Composite annual depreciation rate for the underlying assets , excluding the effects of the amortization of any deficiency (or excess) that resulted from our depreciation studies .

Roadway and equipment property includes $ 8 million at December 31, 2013, and $9 million at December 31, 2012, of assets recorded pursuant to capital leases with accumulated amortization of $ 3 million at both December 31, 2013 and 2012. Other property includes the costs of obtaining rights to natural resources of $336 million at both December 31, 2013 and 2012, with accumulated depletion of $195 million and $192 million, respectively.

Capitalized Interest

Total interest cost incurred on debt was $543 million in 2013, $515 million in 2012, and $474 million in 2011, of which $18 million, $20 million, and $19 million, respectively, was capitalized.

7. Current Liabilities

	December 31, 2013	December 31, 2012
	($ in millions)	
Accounts payable:		
Accounts and wages payable	$ 685	$ 777
Due to Conrail (Note 5)	187	178
Casualty and other claims (Note 16)	166	183
Vacation liability	130	129
Other	97	95
Total	$ 1,265	$ 1,362
Other current liabilities:		
Interest payable	$ 121	$ 112
Postretirement and pension benefit obligations (Note 11)	64	70
Other	85	81
Total	$ 270	$ 263

8. Debt

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

	December 31, 2013	December 31, 2012
	($ in millions)	
Notes and debentures:		
6.16% maturing to 2018	$ 2,082	$ 2,082
6.16% maturing 2019 to 2021	1,397	1,397
3.22% maturing 2022 to 2024	1,600	1,200
6.93% maturing 2025 to 2037	1,402	1,403
4.81% maturing 2041 to 2043	1,833	1,333
6.39% maturing 2097 to 2111	1,328	1,328
Securitization borrowings, 1.23%	200	300
Other debt, 7.94% maturing 2024	101	151
Discounts and premiums, net	(495)	(512)
Total debt	9,448	8,682
Less current maturities and short-term debt	(545)	(250)
Long-term debt excluding current maturities and short-term debt	$ 8,903	$ 8,432

Long-term debt maturities subsequent to 2014 are as follows:	
2015	$ 1
2016	500
2017	550
2018	600
2019 and subsequent years	7,252
Total	$ 8,903

During the third quarter of 2012, we issued $600 million of senior notes at 2.90% due 2023 and paid $115 million of premium in exchange for $521 million of our previously issued notes ($156 million at 7.25% due 2031,

$140 million at 5.64% due 2029, $115 million at 5.59% due 2025, $72 million at 7.80% due 2027, and $38 million at 7.05% due 2037). The premium is reflected as a reduction of debt in the Consolidated Balance Sheet s, is included within "Debt repayments" in the 2012 Statement of Cash Flows, and is being amortized as additional interest expense over the term of the new debt. No gain or loss was recognized as a result of the debt exchange.

We have in place a $350 million receivables securitization facility under which NSR sells substantially all of its eligible third-party receivables to a 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, we received $100 million and repaid $200 million in 2013.

At December 31, 2013 and 2012, respectively, the amounts outstanding under the receivables securitization facility were $ 200 million at an average variable interest rate of 1.23% and $300 million at an average variable interest rate of 1.28%. Our intent is to refinance $100 million of these borrowings on a long-term basis, which is supported by our $750 million 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, 2013 and $200 million outstanding at December 31, 2012, are 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 2013 to run until October 2014. At December 31, 2013 and 2012, the receivables included in "Accounts receivable – net" serving as collateral for these borrowings totaled $747 million and $751 million, respectively.

Issuance of Debt or Equity Securities

We have authority from our Board of Directors to issue an additional $ 800 million of debt or equity securities through public or private sale.

Credit Agreement, Debt Covenants, and Commercial Paper

We have in place and available a $750 million, five-year credit agreement expiring in 2016, which provides for borrowings at prevailing rates and includes covenants. We had no amounts outstanding under this facility at December 31, 2013 and 2012, and we are in compliance with all of its covenants.

We have the ability to issue commercial paper supported by the $750 million credit agreement. At December 31, 2013 and 2012, we had no outstanding commercial paper.

9. Lease Commitments

We are 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 Sha red Assets Areas agreements (Note 5). Future minimum lease payments and operating lease expense are as follows:

Future Minimum Lease Payments

	Operating Leases	Capital Leases
	($ in millions)	
2014	$ 80	$ 2
2015	74	1
2016	62	-
2017	54	-
2018	50	-
2019 and subsequent years	418	2
Total	$ 738	5
Less imputed interest on capital leases at an average rate of 5.50%		(1)
Present value of minimum lease payments included in debt		$ 4

Operating Lease Expense

	2013	2012	2011
		($ in millions)	
Minimum rents	$ 121	$ 129	$ 150
Contingent rents	82	73	77
Total	$ 203	$ 202	$ 227

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

10. Other Liabilities

	December 31, 2013	2012
	($ in millions)	
Net postretirement benefit obligations (Note 11)	$ 566	$ 1,049
Net pension benefit obligations (Note 11)	218	482
Casualty and other claims (Note 16)	214	258
Long-term advances from Conrail (Note 5)	133	133
Deferred compensation	120	118
Other	193	197
Total	$ 1,444	$ 2,237

11. Pensions and Other Postretirement Benefits

We have both funded and unfunded defined benefit pension plans covering principally salaried employees . We also provide specified health care and death benefits to eligible retired employees and their dependents; these plans can be amended or terminated at our option. Under our health care plans, 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	
	2013	2012	2013	2012
	($ in millions)			
Change in benefit obligations:				
Benefit obligation at beginning of year	$ 2,285	$ 2,027	$ 1,311	$ 1,206
Service cost	41	34	16	15
Interest cost	81	89	50	54
Actuarial (gains) losses	(196)	253	(471)	82
Benefits paid	(120)	(118)	(51)	(46)
Benefit obligation at end of year	2,091	2,285	855	1,311
Change in plan assets:				
Fair value of plan assets at beginning of year	1,791	1,670	205	186
Actual return on plan assets	432	227	34	19
Employer contribution	12	12	51	46
Benefits paid	(120)	(118)	(51)	(46)
Fair value of plan assets at end of year	2,115	1,791	239	205
Funded status at end of year	$ 24	$ (494)	$ (616)	$ (1,106)
Amounts recognized in the Consolidated Balance Sheets:				
Noncurrent assets	$ 256	$ 1	$ -	$ -
Current liabilities	(14)	(13)	(50)	(57)
Noncurrent liabilities	(218)	(482)	(566)	(1,049)
Net amount recognized	$ 24	$ (494)	$ (616)	$ (1,106)
Amounts recognized in other comprehensive income (before tax):				
Net (gain) loss	$ 585	$ 1,160	$ (88)	$ 459
Prior service cost	4	4	-	-

Our accumulated benefit obligation for our defined benefit pension plans is $1.9 billion and $2.1 billion at December 31, 2013 and 2012, respectively. Our 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 $ 231 million at December 31, 2013, and $239 million at December 31, 2012, and had accumulated benefit obligations of $206 million at December 31, 2013, and $215 million at December 31, 2012.

Pension and Other Postretirement Benefit Cost Components

	2013	2012	2011
	($ in millions)		
Pension benefits:			
Service cost	$ 41	$ 34	$ 28
Interest cost	81	89	92
Expected return on plan assets	(142)	(138)	(140)
Amortization of net losses	89	75	67
Amortization of prior service cost	-	-	3
Net cost	$ 69	$ 60	$ 50
Other postretirement benefits:			
Service cost	$ 16	$ 15	$ 14
Interest cost	50	54	58
Expected return on plan assets	(16)	(15)	(15)
Amortization of net losses	58	53	44
Net cost	$ 108	$ 107	$ 101

Other Changes in Plan Assets and Benefit Obligations Recogn ized in Other Comprehensive Income

	2013	
	Pension Benefits	Other Postretirement Benefits
	($ in millions)	
Net gain arising during the year	$ 486	$ 489
Amortization of net losses	89	58
Total recognized in other comprehensive income	$ 575	$ 547
Total recognized in net periodic cost and other comprehensive income	$ 506	$ 439

Net actuarial gains arising during the year to our pension benefits were due primarily to a higher than expected return on plan assets and an increase in our discount rate. Net actuarial gains arising during the year related to our other postretirement benefits were due to changes in our estimate of the allocation of medical claims costs between our Medicare eligible and non-Medicare eligible populations, lower estimates of prescription drug costs and an increase in our discount rate.

The estimated net losses for the pension benefit plans that will be amortized from accumulated other comprehensive loss into net periodic cost over the next year are $54 million. There is no expected amortization for the other postretirement benefit plans over the next year .

Pension and Other Postretirement Benefits Assumptions

Costs for pension and other postretirement benefits 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:

	2013	2012	2011
Pension funded status:			
Discount rate	4.60%	3.65%	4.50%
Future salary increases	4.50%	4.50%	4.50%
Other postretirement benefits funded status:			
Discount rate	4.65%	3.80%	4.55%
Pension cost:			
Discount rate	3.65%	4.50%	5.25%
Return on assets in plans	8.25%	8.25%	8.75%
Future salary increases	4.50%	4.50%	4.50%
Other postretirement benefits cost:			
Discount rate	3.80%	4.55%	5.40%
Return on assets in plans	8.00%	8.00%	8.50%
Health care trend rate	7.33%	7.70%	8.10%

To determine the discount rates, we utilize analyses in which the projected annual cash flows from the pension and other postretirement benefit plans were matched with yield curves based on an appropriate universe of high-quality corporate bonds. We use the results of the yield curve analyses to select the discount rates that match the payment streams of the benefits in these plans.

Health Care Cost Trend Assumptions

For measurement purposes at December 31, 2013, increases in the per capita cost of covered health care benefits were assumed to be 6.94% for 2014. It is assumed the rate will decrease gradually to an ultimate rate of 5.0% for 2019 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported in the consolidated 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	$ 11	$ (9)
Postretirement benefit obligation	100	(84)

Asset Management

Nine investment firms manage our defined benefit pension plans' assets under investment guidelines approved by our Benefits Investment Committee that is comprised of members of our management. Investments are restricted to domestic and international equity securities, domestic and international fixed income securities, 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 plans' assets. The fixed income portfolio is invested in the Barclays Government/Credit Bond Index Fund, except that the Canadian earmarked portion of the portfolio is maintained in U.S. Treasury Bonds. Equity investments must be in liquid securities listed on national exchanges. No investment is permitted in our securities (except through commingled pension trust funds). Investment managers' returns are expected to meet or exceed selected market indices by prescribed margins.

Our pension plans' weighted-average asset allocations, by asset category, were as follows:

	Percentage of plan assets at December 31,	
	2013	**2012**
Domestic equity securities	54%	52%
International equity securities	22%	22%
Debt securities	20%	24%
Cash and cash equivalents	4%	2%
Total	100%	100%

The other postretirement benefit plan assets consist primarily of trust-owned variable life insurance policies with an asset allocation at December 31, 2013, of 65% in equity securities and 35% in debt securities compared with 58% in equity securities and 42% in debt securities at December 31, 2012. 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 allocations and historic returns for the plans' asset classes determined from both actual plan returns and, over longer time periods, market returns for those asset classes. The expected long-term rate of return on plan assets is applied to a calculated value of plan assets that recognizes changes in fair value over a three-year period. We assumed a rate of return on pension plan assets of 8.25% for both 2013 and 2012 and 8.75% for 2011. A one-percentage point change to the rate of return assumption would result in an $18 million change to the net pension cost and, as a result, an equal change in "Compensation and benefits" expense. For 2014, we assume an 8.25% return on pension plan assets.

Fair Value of Plan Assets

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

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.

Common collective trusts: 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 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.

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.

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

Commingled funds: 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 funds. The investments are valued using NAV as a practical expedient for fair value. The commingled funds hold equity securities.

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.

Preferred stock: Shares held by the plan at year end are valued at the most recent trade price of a security at the close of the active market or at an estimated price at which a dealer would pay for a similar security at year end using primarily observable as well as unobservable market-based inputs.

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

	December 31, 2013		
	Level 1	Level 2	Total
	($ in millions)		
Common stock	$ 1,245	$ -	$ 1,245
Common collective trusts:			
Debt securities	-	423	423
International equity securities	-	265	265
Commingled funds	-	95	95
Interest bearing cash	83	-	83
U.S. government and agencies securities	-	4	4
Total investments	$ 1,328	$ 787	$ 2,115

	December 31, 2012		
	Level 1	Level 2	Total
	($ in millions)		
Common stock	$ 1,028	$ -	$ 1,028
Common collective trusts:			
Debt securities	-	433	433
International equity securities	-	211	211
Commingled funds	-	84	84
Interest bearing cash	31	-	31
U.S. government and agencies securities	-	3	3
Preferred stock	-	1	1
Total investments	$ 1,059	$ 732	$ 1,791

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

Trust-owned life insurance: Valued at our 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.

The other postretirement benefit plan assets consisted of trust-owned life insurance with fair values of $239 million and $205 million at December 31, 2013 and 2012, respectively, and are 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 other 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 we believe our 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 2014, we expect to contribute approximately $ 14 million to our unfunded pension plans for payments to pensioners and approximately $ 50 million to our other postretirement benefit plans for retiree health and death benefits. We do not expect to contribute to our funded pension plan in 2014.

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

	Pension Benefits	Other Postretirement Benefits
	($ in millions)	
2014	$ 127	$ 50
2015	130	51
2016	133	52
2017	135	53
2018	137	54
Years 2019 – 2023	693	272

The other postretirement benefits payments include an estimated average annual reduction due to the Medicare Part D subsidy of approximately $6 million.

Other Postretirement Coverage

Under collective bargaining agreements, Norfolk Southern 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 totaled $41 million in 2013, $47 million in 2012, and $48 million in 2011.

Section 401(k) Plans

Norfolk Southern and certain subsidiaries provide Section 401(k) savings plans for employees. Under the plans, we match a portion of employee contributions, subject to applicable limitations. Our matching contributions, recorded as an expense, under these plans were $ 19 million in 2013, $18 million in 2012, and $17 million in 2011.

12. Stock-Based Compensation

Under the stockholder-approved Long-Term Incentive Plan (LTIP), the Compensation Committee (Committee), made up of nonemployee members of the Board of Directors or the Chief Executive Officer (if delegated such authority by the Committee), may grant stock options, stock appreciation rights (SARs), restricted stock units (RSUs), restricted shares, performance share units (PSUs), and performance shares, up to a maximum of 96,125,000 shares of our 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.

The number of shares remaining for issuance under LTIP is reduced (i) by 1 for each award granted as a stock option or stock-settled SAR, or (ii) by 1.61 for an award made in the form other than a stock option or stock-settled SAR. 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. We use newly issued shares to satisfy any exercises and awards under LTIP and TSOP. Shares available for future grants are shown in the table below.

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 stock options, RSUs, or PSUs in an amount commensurate with regular quarterly dividends paid on Common Stock. With respect to stock options, if employment of the participant is terminated for any reason, including retirement, disability, or death, we have no further obligation to make any dividend equivalent payments. Regarding RSUs, if employment of the participant is terminated for any reason other than retirement, disability, or death, we have no further obligation to make any dividend equivalent payments. Should an employee terminate employment, they are not required to forfeit dividend equivalent payments already received. Outstanding PSUs do not currently receive dividend equivalent payments.

During the first quarter of 2013, the Committee granted stock options, RSUs 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

We account for our grants of stock options, RSUs, PSUs, and dividend equivalent payments in accordance with ASC 718 *"Compensation-Stock Compensation."* Accordingly, all awards result in charges to net income while dividend equivalent payments, which are all related to equity classified awards, are charged to retained income. Related compensation costs were $ 54 million in 2013, $45 million in 2012, and $61 million in 2011. The total tax effects recognized in income in relation to stock-based compensation were benefits of $ 18 million in 2013, $14 million in 2012, and $20 million in 2011.

"Common stock issued – net" in the Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012, and 2011 includes tax benefits generated from tax deductions in excess of compensation costs recognized (excess tax benefits) for share-based awards of $ 38 million, $42 million, and $45 million, respectively.

Stock Options

Option exercise prices may not be less than the average of the high and low prices at which Common Stock is traded on the grant date and, effective for LTIP options granted after May 13, 2010, will be at least the higher of (i) the average of the high and low prices at which Common Stock is traded on the grant date, or (ii) the closing price of Common Stock on the grant date. All options are subject to a vesting period of at least one year, and the term of the option will not exceed ten years.

In the first quarter of 2013, 748,200 options were granted under LTIP and 268,500 options were granted under TSOP. In each case, the grant price was $69.83. In the first quarter of 2012, 567,300 options were granted under LTIP and 210,300 options were granted under TSOP, each with a grant price of $75.14. In the first quarter of 2011, 627,700 options were granted under LTIP and 257,000 options were granted under TSOP, each with a grant price of $62.75. For all years, options granted under LTIP and TSOP may not be exercised prior to the fourth and third anniversaries of the date of grant, respectively, or if the optionee retires or dies before that anniversary date, may not be exercised before the later of one year after the grant date or the date of the optionee's retirement or death.

Holders of the options granted under 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. Dividend equivalent payments are not made on TSOP options.

The fair value of each option awarded in 2013, 2012, and 2011 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, and historical volatility of, Common Stock. Historical data is used 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 all options granted are expected to be outstanding, including branches of the model that result in options expiring unexercised. 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 2013, 2012, and 2011, a dividend yield of 2.86%, 2.30%, and 2.55%, respectively, was used for LTIP options for periods where no dividend equivalent payments are made, as well as for TSOP options, which do not receive dividend equivalents. The assumptions for the LTIP and TSOP grants for the last three years are shown in the following table:

	2013	2012	2011
Expected volatility range	24% – 30%	27% – 29%	28% – 32%
Average expected volatility	26%	27%	28%
Average risk-free interest rate	1.88%	1.96%	3.42%
Average expected option term LTIP	9.0 years	8.9 years	8.5 years
Per-share grant-date fair value LTIP	$20.40	$23.84	$22.26
Average expected option term TSOP	8.9 years	8.8 years	8.5 years
Per-share grant-date fair value TSOP	$15.84	$19.55	$18.10
Options granted (LTIP and TSOP)	1,016,700	777,600	884,700

A summary of the status of changes in stock options is presented below:

	Stock Options	Weighted Avg. Exercise Price
Outstanding at December 31, 2012	8,718,566	$ 47.61
Granted	1,016,700	69.83
Exercised	(2,570,088)	37.08
Forfeited	(13,000)	67.42
Outstanding at December 31, 2013	7,152,178	54.52

The aggregate intrinsic value of options outstanding at December 31, 2013, was $274 million with a weighted average remaining contractual term of 5.5 years. Of these options outstanding, 4,105,878 were exercisable and had an aggregate intrinsic value of $ 188 million with a weighted average exercise price of $46.97 and a weighted average remaining contractual term of 3.7 years.

The following table provides information related to options exercised for the last three years:

	2013	2012	2011
		($ in millions)	
Options exercised	2,570,088	1,809,770	2,845,677
Total intrinsic value	$ 106	$ 80	$ 127
Cash received upon exercise	93	47	75
Related excess tax benefits realized	31	28	42

At December 31, 2013, total unrecognized compensation related to options granted under LTIP and TSOP was $10 million, and is expected to be recognized over a weighted-average period of approximately 2.3 years.

Restricted Stock Units

RSU grants and grant-date fair values were 162,000 and $69.83 in 2013; 140,000 and $75.14 in 2012; and 177,400 and $62.75 in 2011. RSUs granted in all three years have a five-year restriction period and will be settled through issuance of shares of Common Stock. The RSU grants include cash dividend equivalent payments during the restriction period commensurate with regular quarterly dividends paid on Common Stock. During 2013, 298,400 of the RSUs granted in 2008 vested, with 178,991 shares of Common Stock issued net of withholding taxes. A summary of the status of and changes in RSUs is presented below:

	RSUs	Weighted-Average Grant-Date Fair Value
Nonvested at December 31, 2012	1,102,450	$ 51.75
Granted	162,000	69.83
Vested	(298,400)	50.47
Forfeited	(2,050)	61.33
Nonvested at December 31, 2013	964,000	55.17

At December 31, 2013, total unrecognized compensation related to RSUs granted under LTIP was $8 million, and is expected to be recognized over a weighted-average period of approximately 3.2 years. The total related excess tax amounts realized in 2013, 2012, and 2011 were benefits of $2 million, $3 million, and $1 million, 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 grant-date fair values were 550,800 and $69.83 in 2013; 468,850 and $75.14 in 2012; and 580,900 and $62.75 in 2011. PSUs granted in 2013, 2012, and 2011 will be paid in the form of shares of Common Stock. During 2013, 577,585 of the PSUs granted in 2010 were earned, with 348,189 shares of Common Stock issued net of withholding taxes. A summary of the status of and changes in PSUs is presented below:

	PSUs	Weighted-Average Grant-Date Fair Value
Balance at December 31, 2012	1,870,200	$ 59.27
Granted	550,800	69.83
Earned	(577,585)	47.76
Unearned	(244,015)	47.76
Forfeited	(3,600)	69.09
Balance at December 31, 2013	1,595,800	68.81

At December 31, 2013, total unrecognized compensation related to PSUs granted under LTIP was $7 million, and is expected to be recognized over a weighted-average period of approximately 1.7 years. The total fair value of PSUs earned and paid in cash during 2011 totaled $27 million. The total related excess tax amounts realized in 2013, 2012, and 2011 were benefits of $5 million, $11 million, and $2 million, respectively.

Shares Available and Issued

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

	2013	2012	2011
Available for future grants:			
LTIP	5,945,033	7,638,688	8,803,298
TSOP	1,172,256	1,434,356	1,640,456
Issued:			
LTIP	2,765,986	2,337,179	3,077,739
TSOP	331,282	153,423	193,060

13. Stockholders' Equity

Common Stock

Common Stock is reported net of shares held by our consolidated subsidiaries (Treasury Shares). Treasury Shares at December 31, 2013 and 2012, amounted to 20,320,777, with a cost of $19 million for both 2013 and 2012.

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 of Year	Net Gain (Loss)	Reclassification Adjustments	Balance at End of Year
		($ in millions)		
Year ended December 31, 2013				
Pensions and other postretirement liabilities	$ (999)	$ 600	$ 89 [1]	$ (310)
Other comprehensive gain (loss) of equity investees	(110)	39	-	(71)
Accumulated other comprehensive loss	$ (1,109)	$ 639	$ 89	$ (381)
Year ended December 31, 2012				
Pensions and other postretirement liabilities	$ (928)	$ (149)	$ 78 [1]	$ (999)
Other comprehensive loss of equity investees	(98)	(12)	-	(110)
Accumulated other comprehensive loss	$ (1,026)	$ (161)	$ 78	$ (1,109)

[1] These items are included in the computation of net periodic pension and postretirement benefit costs. See Note 11, "Pensions and Other Postretirement Benefits," for additional information.

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, 2013			
Net gain (loss) arising during the year:			
Pensions and other postretirement benefits	$ 975	$ (375)	$ 600
Reclassification adjustments for costs included in net income	147	(58)	89
Subtotal	1,122	(433)	689
Other comprehensive income of equity investees	42	(3)	39
Other comprehensive income	$ 1,164	$ (436)	$ 728
Year ended December 31, 2012			
Net gain (loss) arising during the year:			
Pensions and other postretirement benefits	$ (242)	$ 93	$ (149)
Reclassification adjustments for costs included in net income	128	(50)	78
Subtotal	(114)	43	(71)
Other comprehensive loss of equity investees	(13)	1	(12)
Other comprehensive loss	$ (127)	$ 44	$ (83)
Year ended December 31, 2011			
Net gain (loss) arising during the year:			
Pensions and other postretirement benefits	$ (439)	$ 169	$ (270)
Reclassification adjustments for costs included in net income	114	(46)	68
Subtotal	(325)	123	(202)
Other comprehensive loss of equity investees	(21)	2	(19)
Other comprehensive loss	$ (346)	$ 125	$ (221)

14. Stock Repurchase Program

We repurchased and retired 8.3 million, 18.8 million, and 30.2 million shares under our share repurchase program in 2013, 2012, and 2011, respectively, at a cost of $627 million, $1.3 billion, and $2.1 billion. On August 1, 2012, our Board of Directors authorized the repurchase of up to an additional 50 million shares of Common Stock through December 31, 2017. The timing and volume of purchases is guided by our assessment of market conditions and other pertinent factors. Any near-term share repurchases are expected to be made with internally generated cash, cash on hand, or proceeds from borrowings. Since the beginning of 2006, we have repurchased and retired 136.7 million shares of Common Stock at a total cost of $8.1 billion.

15. Earnings Per Share

The following table sets forth the calculation of basic and diluted earnings per share:

	Basic			Diluted		
	2013	2012	2011	2013	2012	2011
	($ in millions except per share amounts, shares in millions)					
Net income	$ 1,910	$ 1,749	$ 1,916	$ 1,910	$ 1,749	$ 1,916
Dividend equivalent payments	(7)	(9)	(9)	(4)	(4)	(2)
Income available to common stockholders	1,903	1,740	1,907	1,906	1,745	1,914
Weighted-average shares outstanding	311.9	320.9	345.5	311.9	320.9	345.5
Dilutive effect of outstanding options and share-settled awards				3.6	4.3	5.8
Adjusted weighted-average shares outstanding				315.5	325.2	351.3
Earnings per share	$ 6.10	$ 5.42	$ 5.52	$ 6.04	$ 5.37	$ 5.45

In each year, dividend equivalent payments were made to holders of stock options and RSUs. For purposes of computing basic earnings per share, dividend equivalent payments made to holders of stock options and RSUs were deducted from net income to determine income available to common stockholders. For purposes of computing diluted earnings per share, we evaluate on a grant-by-grant basis those stock options and RSUs receiving dividend equivalent payments under the two-class and treasury stock methods to determine which method is the more dilutive for each grant. For those grants for which the two-class method was more dilutive, net income was reduced by dividend equivalent payments to determine income available to common stockholders. The diluted calculations exclude options having exercise prices exceeding the average market price of Common Stock as follows: none in 2013, 2 million in 2012, and none in 2011.

16. Commitments and Contingencies

Lawsuits

We and/or certain subsidiaries are defendants in numerous lawsuits and other claims relating principally to railroad operations. When we conclude 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 our 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 become known.

Two of our customers, DuPont and Sunbelt Chlor Alkai Partnership ("Sunbelt"), have rate reasonableness complaints pending before the STB alleging that our tariff rates for transportation of regulated movements are unreasonable. We dispute these allegations. Since June 1, 2009, in the case of DuPont, and since April 1, 2011, in the case of Sunbelt, we have been billing and collecting amounts based on the challenged tariff rates. We presently expect resolution of these cases to occur in 2014 and believe the estimate of reasonably possible loss will not have a material effect on our financial position, results of operations, or liquidity. With regard to rate cases, we record adjustments to revenues in the periods, if and when, such adjustments are probable and estimable.

On November 6, 2007, various antitrust class actions filed against us 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. The defendant railroads appealed this certification, and on August 9, 2013, the Court of Appeals for the District of Columbia vacated the District Court's decision and remanded the case for further consideration. We believe the allegations in the complaints are without merit and intend to vigorously defend the cases. We do not believe that the outcome of these proceedings will have a material effect on our financial position, results of operations, or liquidity. A lawsuit filed on March 25, 2008, in the U.S. District Court for the District of Minnesota containing similar allegations against us and four other major railroads was voluntarily dismissed by the plaintiff subject to a tolling agreement entered into in August 2008.

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 our personal injury liability and determining the amount to accrue with respect to such claims during the year, we utilize 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 our 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, we record a liability when the expected loss for the claim is both probable and estimable.

The Consolidated Balance Sheets reflect long-term receivables for estimated recoveries from our insurance carriers for claims associated with the January 6, 2005, derailment in Graniteville, S.C. In the first quarter of 2011, we received an unfavorable ruling for an arbitration claim with an insurance carrier, and were denied recovery of the contested portion of the claim. As a result, we recorded a $43 million charge for the receivables associated with the contested portion of the claim and a $15 million charge for other receivables affected by the ruling for which recovery is no longer probable.

Employee personal injury claims – The largest component of casualties and other claims expense is employee personal injury costs. The independent actuarial firm engaged by us provides quarterly studies to aid in valuing our employee personal injury liability and estimating personal injury expense. The actuarial firm studies our historical patterns of reserving for claims and subsequent settlements, taking into account relevant outside influences. The actuarial firm uses the results of these analyses to estimate the ultimate amount of liability, which includes amounts for incurred but unasserted claims. We adjust the liability quarterly based upon our assessment and the results of the study. Our 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 our history of claim filings, severity, payments, and other pertinent facts. The liability is dependent upon judgments we make as to the specific case reserves as well as judgments of the actuarial firm in the quarterly 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 our experience into the future as far as can be reasonably determined. We adjust the liability quarterly based upon our 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 – We record a liability for third-party claims including those for highway crossing accidents, trespasser and other injuries, automobile liability, property damage, and lading damage. The actuarial firm assists us with the calculation of potential liability for third-party claims, except lading damage, based upon our experience including the 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 not reported. We adjust the liability quarterly based upon our 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

We are subject to various jurisdictions' environmental laws and regulations. We 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 we have incurred are reflected as receivables (when collection is probable) in the Consolidated Balance Sheets and are not netted against the associated liability. Environmental engineers regularly participate in ongoing evaluations of all known sites and in determining any necessary adjustments to liability estimates. We have an Environmental Policy Council, composed of senior managers, to oversee and interpret our environmental policy.

Our Consolidated Balance Sheets include liabilities for environmental exposures of $ 58 million at December 31, 2013, and $42 million at December 31, 2012 (of which $15 million is classified as a current liability at December 31, 2013 and $12 million at December 31, 2012). At December 31, 2013, the liability represents our estimate of the probable cleanup and remediation costs based on available information at 142 known locations and projects compared with 146 locations and projects at December 31, 2012. At December 31, 2013, ten sites accounted for $30 million of the liability, and no individual site was considered to be material. We anticipate that much of this liability will be paid out over five years; however, some costs will be paid out over a longer period.

At 12 locations, one or more of our subsidiaries in conjunction with a number of other parties have been identified as potentially responsible parties under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 or comparable state statutes that impose joint and several liability for cleanup costs. We calculate our estimated liability for these sites based on facts and legal defenses applicable to each site and not solely on the basis of the potential for joint liability.

With respect to known environmental sites (whether identified by us or by the EPA or comparable state authorities), estimates of our 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, unpredictable contaminant recovery and reduction rates associated with available cleanup technologies, 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 our traffic mix, particularly those classified as hazardous materials, pose special risks that we work diligently to minimize. In addition, several of our 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 that are latent or undisclosed may exist on these properties, there can be no assurance that we 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.

Based on our assessment of the facts and circumstances now known, we believe we have recorded the probable and reasonably estimable costs for dealing with those environmental matters of which we are aware. Further, we believe that it is unlikely that any known matters, either individually or in the aggregate, will have a material adverse effect on our financial position, results of operations, or liquidity.

Insurance

We obtain on behalf of ourself and our subsidiaries insurance for potential losses for third-party liability and first-party property damages. We are currently self-insured up to $50 million and above $1.0 billion per occurrence and/or policy year for bodily injury and property damage to third parties and up to $25 million and above $175 million per occurrence and/or policy year for property owned by us or in our care, custody, or control.

Purchase Commitments

At December 31, 2013, we had outstanding purchase commitments totaling approximately $ 353 million for long-term service contracts through 2019 as well as locomotives, track material, and freight cars, in connection with our capital programs through 2018.

Change-In-Control Arrangements

We have compensation agreements with certain officers and 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, we 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 or liabilities of such lenders. The nature and timing of changes in laws or regulations applicable to our financings are inherently unpredictable, and therefore our exposure in connection with the foregoing indemnifications cannot be quantified. No liability has been recorded related to these indemnifications.

We have agreed to indemnify 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, we have 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. We do not believe it is likely that we will be required to make any payments under these indemnities.

At December 31, 2013, 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)			
2013				
Railway operating revenues	$ 2,738	$ 2,802	$ 2,824	$ 2,881
Income from railway operations	691	836	849	881
Net income	450	465	482	513
Earnings per share:				
Basic	1.43	1.47	1.55	1.66
Diluted	1.41	1.46	1.53	1.64
2012				
Railway operating revenues	$ 2,789	$ 2,874	$ 2,693	$ 2,684
Income from railway operations	745	934	731	714
Net income	410	524	402	413
Earnings per share:				
Basic	1.24	1.62	1.26	1.31
Diluted	1.23	1.60	1.24	1.30

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

Our Chief Executive Officer and Chief Financial Officer, with the assistance of management, eva luated the effectiveness of our 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 (Exchange Act)) at December 31, 2013. Based on such evaluation, our officers have concluded that, at December 31, 2013, our disclosure controls and procedures were effective to ensure that information required to be disclosed in our 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

We are responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting includes those policies and procedures that pertain to our ability to record, process, summarize, and report reliable financial data. We recognize 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 our internal control over financial reporting is effective, we regularly assess such controls and did so most recently for our financial reporting at December 31, 2013. 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 (1992)*. Based on our assessment, we have concluded that we maintained effective internal control over financial reporting at December 31, 2013.

Our Board of Directors, acting through its Audit Committee, is responsible for the oversight of our accounting policies, financial reporting, and internal control. The Audit Committee of our Board of Directors is comprised entirely of outside directors who are independent of management. The independent registered public accounting firm and our 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.

We have issued a report of our assessment of internal control over financial reporting, and our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting at December 31, 2013. These reports appear in Part II, Item 8 of this report on Form 10-K.

During the fourth quarter of 2013, we have not identified any changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially effect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

Item 10. Directors, Executive Officers, and Corporate Governance

In accordance with General Instruction G(3), information called for by Part III, Item 10, 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 our definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 8, 2014, which definitive Proxy Statement will be filed electronically with the SEC 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 Part III, Item 11, is incorporated herein by reference from the information:

- appearing under the subcaption "Compensation" under the caption "Board of Directors" for directors, including the "2013 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 "2013 Grants of Plan-Based Awards" table, including the narrative to such tables, the "Outstanding Equity Awards at Fiscal Year-End 2013" and "Option Exercises and Stock Vested in 2013" 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," "Compensation Policy Risk Assessment," and "Compensation Committee Report,"

in each case included in our definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 8, 2014, which definitive Proxy Statement will be filed electronically with the SEC 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 403 of Regulation S-K, Part III, Item 12, is incorporated herein by reference from the information appearing under the caption "Beneficial Ownership of Stock" in our definitive Proxy Statement for the Annual Meeting of Stockholders to be held on Ma y 8, 2014, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

Equity Compensation Plan Information (at December 31, 2013)

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans [1]
	(a)	(b)	(c)
Equity compensation plans approved by securities holders[2]	8,899,753 [4]	$ 53.32 [5]	5,945,033
Equity compensation plans not approved by securities holders[3]	1,163,586	60.69	1,184,256 [6]
Total	10,063,339		7,129,289

[1] Excludes securities reflected in column (a)

[2] LTIP, excluding five million shares for broad-based issuance to non-officers.

[3] LTIP's five million shares for broad-based issuance to non-officers, TSOP and the Director's Restricted Stock Plan.

[4] Includes options, RSUs and PSUs granted under LTIP that may be settled in shares of stock.

[5] Calculated without regard to 2,911,661, outstanding RSUs and PSUs at December 31, 2013.

[6] Of the shares remaining available for grant under plans not approved by stockholders, 12,000 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 our stockholders at their Annual Meeting held on May 10, 1984, LTIP was adopted to promote the success of our company 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, our Board of Directors further amended LTIP and approved the issuance of an additional 5,000,000 shares of authorized but unissued Common Stock to participants who are not officers of our company. 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, our Board of Directors 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 Common Stock.

In May 2010, our shareholders approved an amended LTIP that adopted a fungible share reserve ratio so that, for awards granted after May 13, 2010, the number of shares remaining for issuance under the amended LTIP will be reduced (i) by 1 for each award granted as an option or stock-settled stock appreciation right, or (ii) by 1.61 for an award made in the form other than an option or stock-settled stock appreciation right. Any shares of Common Stock subject to options, PSUs, restricted shares, or RSUs 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), or the Corporation's chief executive officer to the Committee delegates award-making authority pursuant to LTIP, may grant incentive stock options, nonqualified stock options, stock appreciation rights, RSUs, restricted shares, PSUs, and performance shares. In addition, dividend equivalent payments may be awarded for options, RSUs, and PSUs. Awards under LTIP may be made subject to forfeiture under certain circumstances and may establish such other terms and conditions for the awards as provided in LTIP.

For options granted after May 13, 2010, the option price will be at least the higher of (i) the average of the high and low prices at which Common Stock is traded on the date of grant, or (ii) the closing price of Common Stock on the date of the grant. 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 that adjustments may be made in the event of changes in our capital structure or Common Stock .

PSUs entitle a recipient to receive performance-based compensation at the end of a three-year cycle based on our performance during that period. For the 2013 PSU 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) total return to stockholders measured at the end of the three-year period. For the 2013 PSU awards, PSUs will be settled in shares of Common Stock.

RSUs are payable in cash or in shares of 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 RSUs has no beneficial ownership interest in the Common Stock represented by the RSUs and has no right to vote the shares represented by the units or to receive dividends (except for dividend equivalent payment rights that may be awarded with respect to the RSUs). The Committee at its discretion may waive the restriction period, but settlement of any RSUs will occur on the same settlement date as would have applied absent a waiver of restrictions, if no performance goals were imposed.

Norfolk Southern Corporation Thoroughbred Stock Option Plan (TSOP)

Our Board of Directors adopted TSOP on January 26, 1999, to promote the success of our company by providing an opportunity for nonagreement employees to acquire a proprietary interest in our company and thereby to provide an additional incentive to nonagreement employees to devote their maximum efforts and skills to the advancement, betterment, and prosperity of our company and our stockholders. Under 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 our 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, or the Corporation's chief executive officer to the extent the Committee delegates award-making authority pursuant to TSOP, may grant nonqualified stock options subject to such terms and conditions as provided in TSOP.

The option price may not be less than the average of the high and low prices at which Common Stock is traded on the date of the grant. All options are subject to a vesting period of at least one year, and the term of the opt ion will not exceed ten years. TSOP specifically prohibits repricing without stockholder approval, except for capital adjustments.

Norfolk Southern Corporation Directors' Restricted Stock Plan (Plan)

The Plan was adopted on January 1, 1994, and is designed to increase ownership of Common Stock by our non-employee Directors so as to further align their ownership interest in our company with that of our stockholders. The Plan has not been and is not required to have been approved by our stockholders. Currently, a maximum of 66,000 shares of Common Stock may be granted under the Plan. To make grants eligible to Directors, we purchase, through one or more subsidiary companies, the number of shares required in open-market transactions at pr evailing market prices, or make such grants from Common Stock already owned by one or more of our subsidiary companies.

Only non-employee Directors who are not and never have been employees of our company 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 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 the day 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 shar es if they cease to serve as a Director of our company for reasons other than their disability, retirement, or death.

Item 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 our definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 8, 2014, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

Item 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 our definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 8, 2014, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

PART IV

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

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:

Index to Consolidated Financial Statement Schedule

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) An amendment to the Articles of Incorporation of Norfolk Southern Corporation is incorporated by reference to Exhibit 3(i) to Norfolk Southern Corporation's Form 8-K filed on May 18, 2010.

3(iii) The Bylaws of Norfolk Southern Corporation, as amended January 21, 2014, are incorporated by reference to Exhibit 3(ii) to Norfolk Southern Corporat ion's Form 8-K filed on January 21, 2014.

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 No rfolk 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, is incorporated herein by reference to Exhibit 1.1(c) to Norfolk Southern Corporation's Form 8-K filed on April 30, 1999.

(d) 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.

(e) Eighth Supplemental Indenture, dated as of September 17, 2004, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related 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.

(f) 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.

(g) 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.

(h) Ninth Supplemental Indenture, dated as of March 11, 2005, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related 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.

(i) Tenth Supplemental Indenture, dated as of May 17, 2005, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related 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.

(j) Eleventh Supplemental Indenture, dated as of May 17, 2005, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related 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.

(k) Twelfth Supplemental Indenture, dated as of August 26, 2010, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of $250 million, is incorporated herein by reference to Exhibit 4.2 to Norfolk Southern Corporation's Form 8-K filed on August 26, 2010.

(l) Indenture, dated as of April 4, 2008, 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 April 9, 2008.

(m) Indenture, dated as of January 15, 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 4.1 to Norfolk Southern Corporation's Form 8-K filed on January 20, 2009.

(n) 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.

(o) 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.

(p) Second Supplemental Indenture, dated as of May 23, 2011, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of $400 million, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on May 23, 2011.

(q) Indenture, dated as of September 14, 2011, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of $595,504,000, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on September 15, 2011.

(r) Third Supplemental Indenture, dated as of September 14, 2011, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of $4,492,000, is incorporated by reference to Exhibit 4.2 to Norfolk Southern Corporation's Form 8-K filed on September 15, 2011.

(s) Fourth Supplemental Indenture, dated as of November 17, 2011, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of two series of notes, one in the principal amount of $500 million and one in the principal amount of $100 million, is incorporated herein by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on November 17, 2011.

(t) Indenture, dated as of March 15, 2012, between the Registrant 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 March 15, 2012.

(u) First Supplemental Indenture, dated as of March 15, 2012, between the Registrant and U.S. Bank Trust National Association, as Trustee, is incorporated herein by reference to Exhibit 4.2 to Norfolk Southern Corporation's Form 8-K filed on March 15, 2012.

(v) Indenture, dated as of August 20, 2012, between the Registrant and U.S. Bank Trust National Association, as Trustee, is incorporated herein by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on August 21, 2012.

(w) Second Supplemental Indenture, dated as of September 7, 2012, between the Registrant 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 September 7, 2012.

(x) Third Supplemental Indenture, dated as of August 13, 2013, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of $500,000,000, is incorporated herein by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on August 13, 2013.

(y) Fourth Supplemental Indenture, dated as of November 21, 2013, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of $400,000,000, is incorporated herein by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on November 21, 2013.

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 and 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 inco rporated 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, is incorporated herein by reference to Exhibit 10(q) to Norfolk Southern Corporation's Form 10-K filed on February 17, 2010 (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)*,** Norfolk Southern Corporation Executive Management Incentive Plan, as approved by shareholders May 13, 2010 and as amended September 27, 2011, April 26, 2012, and November 26, 2013.

(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, adopted January 1, 1994, and amended and restated effective as of August 1, 2012, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 10-Q filed on October 25, 2012.

(v)* 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.

(w)* 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.

(x)* 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.

(y) The Norfolk Southern Corporation Thoroughbred Stock Option Plan, as a mended effective July 22, 2013, is incorporated herein by reference to Exhibit 10 .2 to Norfolk Southern Corporation's Form 10-Q filed on July 24, 2013.

(z)* The Norfolk Southern Corporation Executive Life Insurance Plan, as amended and restated effective November 1, 2009, is incorporated herein by reference to Exhibit 10(cc) to Norfolk Southern Corporation's Form 10-K filed on February 17, 2010.

(aa) 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.

(bb) 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.

(cc)* 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.

(dd)*,** The Norfolk Southern Corporation Long-Term Incentive Plan, as amended effective May 13, 2010, and as amended July 23, 2013, and November 26, 2013.

(ee) 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(II) 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).

(ff) 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.

(gg) 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.

(hh) 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.

(ii)* Retirement Plan of Norfolk Southern Corporation and Participating Subsidiary Companies effective June 1, 1982, amended effective January 1, 2010, is incorporated herein by reference to Exhibit 10(rr) to Norfolk Southern Corporation's Form 10-K filed on February 17, 2010.

(jj) 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 November 14, 2007.

(kk) 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.

(ll) 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.

(mm) 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.

(nn) Amendment No. 5, dated as of December 23, 2009, to Transfer and Administration Agreement dated as of November 8, 2007, is incorporated herein by reference to Exhibit 10(xx) to Norfolk Southern Corporation's Form 10-K filed on February 17, 2010.

(oo) Amendment No. 6, dated as of August 30, 2010, 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 29, 2010.

(pp) Amendment No. 7, dated as of October 21, 2010, 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, 2010.

(qq) Amendment No. 8, dated as of October 20, 2011, 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 20, 2011.

(rr) Amendment No. 9, dated as of October 18, 2012, 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, 2012.

(ss) Amendment No. 10, dated as of October 17, 2013, 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 8-K filed on October 18, 2013.

(tt) 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.

(uu) 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.

(vv) 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.

(ww) Transaction Agreement (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).

(xx) 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.

(yy)* 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.

(zz)* Norfolk Southern Corporation Executives' Deferred Compensat ion Plan, as amended effective June 26, 2013, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 10-Q filed on July 24, 2013.

(aaa)* 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.

(bbb)* 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.

(ccc) Amendment No. 1 to Transfer and Administration Agreement dated as of October 22, 2008, and ef fective as of October 23, 2008, is incorporated herein by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K filed on October 23, 2006.

(ddd)* 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.

(eee)* 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.

(fff) 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).

(ggg) Credit Agreement dated as of December 14, 2011, is incorporated herein by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K filed on December 15, 2011.

(hhh)* Consulting Services Agreement between Norfolk Southern Corporation and John P. Rathbone, entered into on September 20, 2013, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K/A filed on September 24, 2013.

(iii)*,** Form of Norfolk Southern Corporation Long-Term Incentive Plan, Award Agreement for Outside Directors approved by the Compensation Committee on November 25, 2013.

(jjj)*,** Form of Norfolk Southern Corporation Long-Term Incentive Plan, Award Agreement for incentive stock options approved by the Compensation Committee on November 25, 2013.

(kkk)*,** Form of Norfolk Southern Corporation Long-Term Incentive Plan, Award Agreement for performance share units approved by the Compensation Committee on November 25, 2013.

(lll)*,** Form of Norfolk Southern Corporation Long-Term Incentive Plan, Award Agreement for non-qualified stock options approved by the Compensation Committee on November 25, 2013.

(mmm)*,** Form of Norfolk Southern Corporation Long-Term Incentive Plan, Award Agreement for restricted stock units approved by the Compensation Committee on November 25, 2013.

(nnn)*,** Form of Norfolk Southern Corporation Long-Term Incentive Plan, Non-Compete Agreement Associated with Award Agreement, approved by the Compensation Committee on November 25, 2013.

(ooo) Performance Criteria for bonuses payable in 2015 for the 2014 incentive year. On January 20, 2014, the Compensation Committee of the Norfolk Southern Corporation Board of Directors adopted the following performance criteria for determining bonuses payab le in 2015 for the 2014 incentive year under the Norfolk Southern Corporation Executive Management Incentive Plan: 50% based on operating income; 35% based on operating ratio; and 15% based on a composite of three transportation service measures, consisting of adherence to operating plan, connection performance, and train performance.

(ppp) Omnibus Amendment, dated as of January 17, 2011, to Pan Am Transaction Agreement dated as of May 15, 2008, and 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 10-Q filed on April 27, 2012.

(qqq)* Form of Amendment to Amended and Restated Change in Control Agreements between Norfolk Southern Corporation and the Corporation's Chairman, President and Chief Executive Officer, and each of the Corporation's Executive Vice Presidents, to eliminate the excise tax gross-up provision in the Agreements, is incorporated herein by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on January 23, 2013.

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-A** Rule 13a-14(a)/15d-014(a) CEO Certifications.

31-B** Rule 13a-14(a)/15d-014(a) CFO Certifications.

32** Section 1350 Certifications.

99** Annual CEO Certification pursuant to NYSE Rule 303A.12(a).

101** The following financial information from Norfolk Southern Corporation's Annual Report on Form 10-K for the year ended December 31, 2013, formatted in Extensible Business Reporting Language (XBRL) includes: (i) the Consolidated Statements of Income of each of the years ended December 31, 2013, 2012, and 2011; (ii) the Consolidated Statements of Comprehensive Income for each of the years ended December 31, 2012, 2011, and 2010; (iii) the Consolidated Balance Sheets at December 31, 2013 and 2012; (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012, and 2011; (v) the Consolidated Statements of Changes in Stockholders' Equity for each of the three years ended December 31, 2013, 2012, and 2011; and (vi) the Notes to Consolidated Financial Statements.

** 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 2013 Form 10-K posted on our website at www.nscorp.com under "Investors" and "SEC Filings" or you may request copies by writing to:

Office of Corporate Secretary
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-9219

POWER OF ATTORNEY

Each person whose signature appears on the next page under SIGNATURES hereby authorizes James A. Hixon and Marta R. Stewart, or any one of them, to execute in the name of each such person, and to file, any amendments to this report , and hereby appoints James A. Hixon and Marta R. Stewart, 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 1 4th day of February, 2014.

/s/Charles W. Moorman
By: Charles W. Moorman
(Chairman and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 1 4th day of February, 2014, by the following persons on behalf of Norfolk Southern Corporation and in the capacities indicated.

Signature	Title
/s/Charles W. Moorman (Charles W. Moorman)	Chairman and Chief Executive Officer and Director (Principal Executive Officer)
/s/Marta R. Stewart (Marta R. Stewart)	Executive Vice President Finance and Chief Financial Officer (Principal Financial Officer)
/s/Thomas E. Hurlbut (Thomas E. Hurlbut)	Vice President and Controller (Principal Accounting Officer)
/s/Thomas D. Bell, Jr. (Thomas D. Bell, Jr.)	Director
/s/Erskine B. Bowles (Erskine B. Bowles)	Director
/s/Robert A. Bradway (Robert A. Bradway)	Director
/s/Wesley G. Bush (Wesley G. Bush)	Director
/s/Daniel A. Carp (Daniel A. Carp)	Director
/s/Karen N. Horn (Karen N. Horn)	Director
/s/Burton M. Joyce (Burton M. Joyce)	Director
/s/Steven F. Leer (Steven F. Leer)	Director
/s/Michael D. Lockhart (Michael D. Lockhart)	Director
/s/Amy E. Miles (Amy E. Miles)	Director
/s/Martin H. Nesbitt (Martin H. Nesbitt)	Director
/s/James A. Squires (James A. Squires)	Director
/s/John R. Thompson (John R. Thompson)	Director

Norfolk Southern Corporation and Subsidiaries
Valuation and Qualifying Accounts
Years ended December 31, 2011, 2012, and 2013
($ in millions)

	Beginning Balance	Additions charged to: Expenses	Additions charged to: Other Accounts	Deductions	Ending Balance
Year ended December 31, 2011					
Valuation allowance (included net in deferred tax liability) for deferred tax assets	$ 21	$ -	$ -	$ 2	$ 19
Casualty and other claims included in other liabilities	261	102 (1)	1	89 (3)	275
Current portion of casualty and other claims included in accounts payable	254	16	133 (2)	202 (4)	201
Year ended December 31, 2012					
Valuation allowance (included net in deferred tax liability) for deferred tax assets	$ 19	$ -	$ -	$ -	$ 19
Casualty and other claims included in other liabilities	275	76 (1)	-	93 (3)	258
Current portion of casualty and other claims included in accounts payable	201	18	157 (2)	193 (4)	183
Year ended December 31, 2013					
Valuation allowance (included net in deferred tax liability) for deferred tax assets	$ 19	$ 13	$ -	$ -	$ 32
Casualty and other claims included in other liabilities	258	33 (1)	-	77 (3)	214
Current portion of casualty and other claims included in accounts payable	183	15	101 (2)	133 (4)	166

(1) Includes adjustments for changes in estimates for prior years' claims.

(2) Includes revenue refunds and overcharges provided through deductions from operating revenues and transfers from other accounts.

(3) Payments and reclassifications to/from accounts payable.

(4) Payments and reclassifications to/from other liabilities.

Exhibit 10s

NORFOLK SOUTHERN CORPORATION
EXECUTIVE MANAGEMENT INCENTIVE PLAN

AS APPROVED BY SHAREHOLDERS MAY 13, 2010
AND AS AMENDED SEPTEMBER 27, 2011, APRIL 26, 2012 AND NOVEMBER 26, 2013

The terms of this amended Plan, as set forth below, were approved by the separate vote of the holders of a majority of the shares of Common Stock present or represented and entitled to vote at a meeting of the stockholders of the Corporation at which a quorum was present for the proposal on May 13, 2010. The Board of Directors of the Corporation subsequently amended Sections IV, V and VIII of the Plan on September 27, 2011 effective as of such date; further amended Section V of the Plan on April 26, 2012 effective as of January 1, 2012; and further amended Section V of the Plan on November 26, 2013, effective as of such date. These amendments are reflected herein.

Section I. PURPOSE OF THE PLAN

It is the purpose of the Norfolk Southern Corporation Executive Management Incentive Plan ("Plan") to enhance increased profitability for Norfolk Southern Corporation ("Corporation") by rewarding certain officers elected by the Board of Directors of Norfolk Southern Corporation and its affiliates with a bonus for collectively striving to attain and surpass financial objectives. The Corporation intends that the Plan comply with the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended ("Code") and intends that compensation paid under the Plan qualify as performance-based compensation under Code Section 162(m).

Section II. ADMINISTRATION OF THE PLAN

The Compensation Committee, the Performance-Based Compensation Committee or any other committee of the Board of Directors of Norfolk Southern Corporation which is authorized to determine bonus awards under the Plan ("Committee") shall administer and interpret this Plan and, from time to time, adopt such rules and regulations and make such recommendations to the Board of Directors concerning Plan changes as are deemed necessary to insure effective implementation of this Plan. The Performance-Based Compensation Committee shall be comprised solely of two or more Outside Directors (as defined in Treasury Regulation § 1.162-27(e)(3)).

No executive may simultaneously participate in more than one Norfolk Southern Corporation Incentive Group. An executive must reside in the United States or Canada in order to participate in the Plan.

Section III. ESTABLISHMENT OF PERFORMANCE STANDARDS

Within the first 90 days of an incentive year, the Committee shall establish:

A. The Incentive Groups for the incentive year, which Groups shall consist of Board-elected officers at the level of Vice President and above,

B. The bonus level for each Incentive Group for the incentive year, and

C. The performance standard or standards for the Corporation for the incentive year. The performance standards shall be based on one or more, or any combination, of the following business criteria, selected by the Committee, which may be applied on a corporate, department or division level: earnings measures (including net income, earnings per share, income from continuing operations, income before income taxes, income from railway operations); return measures (including net income divided by total assets, return on shareholder equity, return on average invested capital); cash flow measures (including operating cash flow, free cash flow); productivity measures (including total operating expense per thousand gross ton miles or revenue ton miles, total operating revenue per employee, total operating expense per employee, gross ton miles or revenue ton miles per employee, carloads per employee, revenue ton miles per mile of road operated, total operating expense per carload, revenue ton miles per carload, gross ton miles or revenue ton miles per train hour, percent of loaded-to-total car miles); fair market value of shares of the Corporation's Common Stock; revenue measures; expense measures; operating ratio measures; customer satisfaction measures; working capital measures; cost control measures; economic value added measures; and safety measures. If the Committee establishes performance standards using more than one of the aforesaid business criteria, the Committee shall assign a weighting percentage to each business criterion or combination thereof; the sum of the weighting percentages shall equal 100%.

The Committee may establish performance standards solely with respect to the Corporation's performance without regard to the performance of other Corporations or indices, or by comparison of the Corporation's performance to the performance of a published or special index deemed applicable by the Committee including but not limited to, the Standard & Poor's 500 Stock Index or an index based on a group of comparative companies.

Section IV. TYPE OF INCENTIVE BONUS

On or before a date which shall not be later than the date that is six months prior to the last day of the incentive year to which the performance standards established pursuant to Section

III apply for any incentive bonus that is performance-based compensation, as defined in Code Section 409A, and which shall not be later than the last day of the year prior to the incentive year to which the performance standards established pursuant to Section III apply for any incentive bonus that is not performance-based compensation, as defined in Code Section 409A, each participant must elect to receive any incentive bonus which may be awarded to him or her for the incentive year either 100% cash or deferred in whole or in part. If the participant elects to
receive 100% cash, the entire amount of the bonus for the incentive year shall be distributed to the participant, or to his or her estate in the event of the participant's death, on or before March 1 of the year following the incentive year. If deferred in whole or in part, the amount deferred shall be allocated to the Norfolk Southern Corporation Executives' Deferred Compensation Plan (and such deferrals will be governed by the provisions of that plan) on or before March 1 of the year following the incentive year and the remainder, if any, shall be distributed in cash to the participant, or to his or her estate in the event of the participant's death, on or before March 2 of the year following the incentive year.

Failure on the part of the participant to elect a deferral by the date specified, either in whole or in part for the incentive year, shall be deemed to constitute an election by such participant to receive the entire incentive bonus for the incentive year as a cash bonus.

Section V. BONUS AWARDS

At the end of the incentive year, the Committee shall certify in writing to what extent the performance standards established pursuant to Section III have been achieved during the incentive year and shall determine the Corporate Performance Factor based on such achievement. In determining the Corporate Performance Factor, special charges and restructuring charges, and unusual or infrequent accounting adjustments which are significant, and restatements or reclassifications, all as determined in accordance with Generally Accepted Accounting Principles, which would have the effect of reducing the Corporate Performance Factor shall be excluded, and which would have the effect of increasing the Corporate Performance Factor shall be included, unless the Committee shall determine otherwise.

Each participant shall be eligible to receive a bonus award equal to the product of the Corporate Performance Factor times the participant's bonus level times the participant's total salary paid during the incentive year. The bonus award payable to a participant for an incentive year shall not exceed the lesser of: (1) three tenths of one percent (0.3%) of the Corporation's income from railway operations for the incentive year; or (2) $10,000,000. The Committee may review the performance of any of the Corporation's Covered Employees, as defined in Code Section 162(m), and may, at its discretion, reduce the bonus award that is paid to any such Covered Employee. The Corporation's chief executive officer may review the performance of any participant who is not a Covered Employee and may, at his discretion, reduce or increase the bonus award that is paid to any such participant, provided that any increase shall not exceed 25 percent of the amount calculated under the first sentence of this paragraph.

If the employment of a participant who is employed by Norfolk Southern Corporation or its affiliates during the incentive year terminates prior to the end of such year by reason of (1) death, or (2) normal retirement, early retirement or total disability under applicable Norfolk Southern Corporation plans and policies, then the phrase "total salary paid during the incentive year" means base salary paid to the participant during that portion of such year of employment prior to his or her termination and through the end of the calendar month or payroll period in which employment terminates but excludes any cash paid with respect to such participant's unused vacation. No incentive bonus for any incentive year shall be awarded or paid to any participant whose employment with Norfolk Southern Corporation and all its affiliates terminates before the end of such incentive year for a reason other than one of those specifically stated in the preceding sentence.

If a participant becomes eligible for the Plan during the year or becomes eligible for a different Incentive Group, then the amount of the award shall be adjusted proportionally to reflect such changes.

Section VI. REIMBURSEMENT OF EXCESS BONUS TO CORPORATION

The Board of Directors may require reimbursement of all or any portion of an excess bonus paid under the Plan if (a) financial results are restated due to the material noncompliance of the Corporation with any financial reporting requirement under the securities laws, and (b) an excess bonus was distributed within the three-year period prior to the date the applicable restatement was disclosed. For this purpose, “excess bonus” means the positive difference, if any, between (i) the bonus paid to the participant and (ii) the bonus that would have been paid to the participant had the bonus been calculated on the correct Corporate Performance Factor using the restated financial results. The Corporation will not be required to award an additional bonus to a participant if a restated Corporate Performance Factor would result in a higher bonus payment.

Any bonus to a participant under this Plan is subject to reduction, forfeiture, or recoupment to the extent provided under Section 304 of the Sarbanes-Oxley Act of 2002 or as may be provided under any other applicable law.

Section VII. NO GUARANTEE OF CONTINUANCE OF EMPLOYMENT

Nothing contained in this Plan or in any designation of a participant hereunder shall constitute or be deemed to constitute any evidence of an agreement or obligation on the part of Norfolk Southern Corporation or its affiliates to continue to employ any such participant for any period whatsoever.

Section VIII. AMENDMENT TO AND TERMINATION OF PLAN

This Plan may be amended by written action of the chief executive 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. All other amendments to this Plan shall be made by resolution duly adopted by the Board of Directors. This Plan may be amended in any manner or terminated at any time, except that no such amendment or termination shall deprive a participant of any rights hereunder theretofore legally accrued, and no such termination shall be effective for the year in which the Board of Directors adopts a resolution terminating this Plan.

Section IX. FUNDING SOURCE

All amounts that are payable under this Plan shall be paid for from the general assets of the Corporation. There is no trust or other fund from which amounts under this Plan shall be paid.

Section X. GOVERNING LAW

This Plan shall be construed, administered and enforced according to the laws of the Commonwealth of Virginia, to the extent not superseded by the Code or other federal law.

Section XI. NON-ASSIGNABILITY OF BENEFITS

A participant's right to receive a payment hereunder is not subject in any manner to anticipation, allocation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to accomplish any of these acts shall be void.

Exhibit 10dd

NORFOLK SOUTHERN CORPORATION
LONG-TERM INCENTIVE PLAN

AS APPROVED BY SHAREHOLDERS MAY 13, 2010
AND AS AMENDED JULY 23, 2013 AND NOVEMBER 26, 2013

The terms of this amended Plan, as set forth below, were approved by the separate vote of the holders of a majority of the shares of Common Stock present or represented and entitled to vote at a meeting of the stockholders of the Corporation at which a quorum was present for the proposal on May 13, 2010. The Board of Directors of the Corporation subsequently amended the Plan by adding Section 20(c) on July 23, 2013, effective as of such date; and further amended the Plan by adding a definition of "Award Date" on November 26, 2013, effective as of such date, and revising the Plan to incorporate such definition. These amendments are reflected herein

Section 1. PURPOSE

The purpose of the Long-Term Incentive Plan ("Plan"), as amended, is to promote the success of Norfolk Southern Corporation (the "Corporation") and to provide an opportunity for officers and other key employees of the Corporation and its Subsidiary Companies (as hereinafter defined) to acquire or increase a proprietary interest in the Corporation and thereby to provide an additional incentive to officers and other key employees to devote their maximum efforts and skills to the advancement, betterment, and prosperity of the Corporation and its stockholders. The Plan provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, performance share units, performance shares, shares of the Corporation's common stock (restricted pursuant to the provisions of Section 9 of the Plan) and restricted stock units, in accordance with the terms and conditions set forth below. The Corporation intends that the Plan comply with the requirements of Internal Revenue Code Section 162(m) and applicable treasury regulations thereunder and intends that compensation paid under the Plan qualify as performance-based compensation under Code Section 162(m). Notwithstanding the preceding sentence, the Corporation reserves the right to pay compensation under the Plan that does not qualify as performance-based compensation under Code Section 162(m), as circumstances may warrant. The Plan, as amended, is intended, and shall be construed, to comply with the requirements of Code Section 409A.

Section 2. DEFINITIONS

The terms used herein shall have the following meanings unless otherwise specified or unless a different meaning is clearly required by the context:

Award Any one or more of the following: Incentive Stock Option; Non-qualified Stock Option; Stock Appreciation Right; Restricted Shares; Restricted Stock Units; Performance Share Units; and Performance Shares.

Award Date The later of the date on which the Committee or the chief executive officer (to the extent as may be delegated by the Committee) grants an Award or, if granted during a blackout period, the first day of the subsequent trading window during which officers of the Corporation and Subsidiary Companies are permitted to trade in Norfolk Southern Corporation Common Stock under the Corporation's insider trading policy.

Beneficiary	The person or persons designated in writing by the Participant as his Beneficiary in respect of Awards or, in the absence of such a designation or if the designated person or persons predecease the Participant, the person or persons who shall acquire the Participant's rights in respect of Awards by bequest or inheritance in accordance with the applicable laws of descent and distribution. In order to be effective, a Participant's designation of a Beneficiary must be on file with the Corporation before the Participant's death. Any such designation may be revoked and a new designation substituted for the revoked designation by the Participant at any time before his death without the consent of the previously designated Beneficiary.
Board of Directors	The Board of Directors of the Corporation.
Cash-Settled Stock Appreciation Rights	Stock Appreciation Rights settled in cash.
Code	The Internal Revenue Code of 1986, as amended from time to time.
Committee	The Compensation Committee, the Performance-Based Compensation Committee or any other committee of the Board of Directors which is authorized to grant Awards under this Plan.
Common Stock	The Common Stock of the Corporation
Disability	A disability that has enabled the Participant to receive a disability benefit under the Long-Term Disability Plan of the Corporation or a long-term disability plan of a Subsidiary Company (whichever is applicable), as amended from time to time, for a period of at least three months. For a Participant who is a non-employee director, "Disability" means any medically determinable physical or mental impairment that is expected to result in death or to last for a continuous period of not less than 12 months and which prevents a Participant from continuing to serve as a non-employee director .
Dividend Equivalent	An amount equal to the regular quarterly dividend paid in accordance with the Corporation's normal dividend payment practice as may be determined by the Committee, in its sole discretion, and granted pursuant to Section 13 of the Plan.
Executive Officers	Officers designated by the Board of Directors as "Executive Officers" for purposes of Section 16 of the Securities Exchange Act of 1934.
Exercise Gain Shares	With respect to a Stock Appreciation Right, all of the shares of Common Stock received upon exercise of the Stock Appreciation Right. With respect to an Option, the portion of the shares of Common Stock received upon exercise of the Option equal to the excess of the Fair Market Value, as of the exercise date, over the Option price, multiplied

by the number of shares purchased under the Option on the exercise date, divided by such Fair Market Value, and rounded down to the nearest whole number of shares.

Fair Market The value of Common Stock on a particular date as measured by the mean of the high and Value low prices at which it is traded on such date as reported in the Composite Transactions for such date by Bloomberg L.P., or its successor, on its internet-based service, or, if Common Stock was not traded on such date, on the next preceding day on which Common Stock was traded.

Incentive Stock Option An Option that complies with the terms and conditions set forth in Section 422(b) of the Code and is designated by the Committee as an Incentive Stock Option.

Non-Qualified Stock Option An Option granted under the Plan other than an Incentive Stock Option.

Option Any option to purchase Common Stock granted pursuant to the provisions of Section 6 or Section 7 of the Plan.

Optionee A Participant who is the holder of an Option.

Participant Any officer or key employee of the Corporation or a Subsidiary Company selected by the Committee to participate in the Plan and any non-employee director of the Corporation.

Performance-Based Compensation Committee A committee of the Board of Directors composed solely of two or more outside directors, as defined under Code Section 162(m) and applicable regulations thereunder.

Performance The period of time, designated by the Committee but not less than one year, over which Cycle Performance Shares may be earned.

Performance Criteria One or more, or any combination, of the following business criteria, selected by the Committee, which may be applied on a corporate, department or division level: earnings measures (including net income, earnings per share, income from continuing operations, income before income taxes, income from railway operations); return measures (including net income divided by total assets, return on shareholder equity, return on average invested capital); cash flow measures (including operating cash flow and free cash flow); productivity measures (including total operating expense per thousand gross ton miles or revenue ton miles, total operating revenue per employee, total operating expense per employee, gross ton miles or revenue ton miles per employee, carloads per employee, revenue ton miles per mile of road operated, total operating expense per carload, revenue ton miles per carload, gross ton miles or revenue ton miles per train hour, percent of loaded-to-total car miles); fair market value of shares of the Corporation's Common Stock; revenue measures; expense measures; operating ratio measures; customer satisfaction measures; working capital measures; cost control measures; total shareholder return measures; and safety measures.

Performance The percentage weighting accorded to each Performance Criterion (or each combination Criteria thereof) selected by the Committee. The total of the Performance Criteria Weighting Weighting Percentages for any type of Award shall equal one hundred percent (100%).
Percentage

Performance The specific target set by the Committee for each selected Performance Criterion (or each Goal combination thereof). A Performance Goal may be set solely with respect to the
Corporation's performance, or as compared to the performance of a published or special index deemed applicable by the Committee, including but not limited to the Standard & Poor's 500 Stock Index or an index based on a group of comparative companies.

Performance Shares Shares of Common Stock granted pursuant to Section 11 of the Plan, which may be made subject to the restrictions and other terms and conditions prescribed in Section 11 of the Plan.

Performance Share Units Contingent rights to receive Performance Shares pursuant to Section 11 of the Plan.

Restricted Shares of Common Stock granted pursuant to Section 9 of the Plan and subject to the Shares restrictions and other terms and conditions set forth therein.

Restricted Stock Unit Contingent rights, granted pursuant to Section 10 of the Plan, to receive Restricted Stock Unit Shares or cash payment for the Fair Market Value of shares of Common Stock, subject to the restrictions and other conditions set forth herein. Each Restricted Stock Unit shall equal the Fair Market Value of one share of Common Stock.

Restricted Stock Unit Shares Shares of Common Stock issued as payment for Restricted Stock Units pursuant to Section 10 of the Plan, which may be made subject to the restrictions and other terms and conditions prescribed in Section 10 of the Plan.

Restriction Period A period of time not less than thirty-six (36) nor more than sixty (60) months, to be determined within those limits by the Committee in its sole discretion, commencing on the Award Date, during which the restrictions imposed by paragraphs (b) and (c) of Section 9 or paragraphs (b) and (c) of Section 10 of the Plan shall apply. At the time that the Restricted Shares or Restricted Stock Units are granted, the Committee shall impose a Restriction Period and determine the length of the Restriction Period. Such Restriction Period, if any, shall be incorporated in the Award Agreement setting forth the grant. Under Sections 9 and 10 of this Plan, the Committee may, in its discretion, specify when the Award is granted that the Restriction Period shall expire upon the earlier achievement of Performance Goals.

Retention Agreement An agreement entered into pursuant to Section 12 of the Plan.

Retirement Retirement from the Corporation and all Subsidiary Companies pursuant to the provisions of the Retirement Plan of the Corporation or a retirement plan of a Subsidiary Company (whichever is applicable), as amended from time to time.

For a Participant who is a non-employee director, “Retirement” means termination of service as a director of the Corporation, if (a) the director at the time of termination was ineligible to continue serving as a director under the Corporation's Retirement Policy for Directors or (b) the director had served as a director of the Corporation for at least two consecutive years.

Stock The right, granted pursuant to the provisions of Section 8 of the Plan, to receive Exercise Appreciation Gain Shares or a cash payment equal to the excess, if any, of the Fair Market Value of Right Common Stock on the exercise date over the Fair Market Value of the Common Stock on
the Award Date, as specified in Section 8 of the Plan.

Stock-Settled Stock Appreciation Rights Stock Appreciation Rights paid out in Exercise Gain Shares.

Subsidiary A corporation of which at least fifty percent (50%) of the total combined voting power of Company all classes of stock entitled to vote is owned, directly or indirectly, by the Corporation.

Section 3. ADMINISTRATION

The Plan shall be administered by the Committee, which, subject to the limitations set forth herein, shall have the full and complete authority and sole discretion, except as may be delegated to the Corporation’s chief executive officer as provided herein, to construe and interpret the Plan; to select the officers, key employees and non-employee directors who shall be granted Awards under the Plan; to determine the type, size, terms, and conditions of the Award or Awards to be granted to each such Participant; to authorize the grant of such Awards pursuant to the Plan; in connection with the merger or consolidation of the Corporation (and subject to any applicable requirements of Code Section 409A), to give a Participant an election to surrender an Award in exchange for the grant of a new Award; to adopt, amend and rescind rules and regulations relating to the Plan; and to make all other determinations and take all other actions it may deem necessary or advisable for the implementation and administration of the Plan.

The Committee in its sole discretion may delegate authority to the Corporation’s chief executive officer to select the officers and key employees who shall be granted Awards under the Plan (provided, however, that only the Committee shall grant Awards to the chief executive officer and Executive Officers); to determine the type, size, terms, and conditions of the Award or Awards to be granted to each such Participant; and to authorize the grant of such Awards pursuant to the Plan.

The Committee, or the chief executive officer to the extent as may be delegated by the Committee (hereinafter, the term “Committee” shall include reference to the chief executive officer to the extent of any such delegation), may authorize the grant of more than one type of Award, and Awards subject to differing terms and conditions, to any eligible Participant. The Committee’s decision to authorize the grant of an Award to a Participant at any time shall not require the Committee to authorize the grant of an Award to that Participant at any other time or to any other Participant at any time; nor shall its determination with respect to the size, type, or terms and conditions of the Award to be granted to a Participant at any time require it to authorize the grant of an Award of the same type or size or with the same terms and conditions to that Participant at any other time or to any other Participant at any time. The

Committee shall not be precluded from authorizing the grant of an Award to any eligible Participant solely because the Participant previously may have been granted an Award of any kind under the Plan.

All determinations of the Committee shall be by a majority of its members and shall be final, conclusive and binding. Each member of the Committee, while serving as such, shall be considered to be acting in his capacity as a director of the Corporation, and no member of the Committee shall be liable for any action taken or decision made in good faith with respect to the implementation or administration of the Plan.

Section 4. ELIGIBILITY

To be eligible for selection by the Committee to participate in the Plan, an individual must be a full-time salaried officer or key employee of the Corporation, or of a Subsidiary Company, and must reside in the United States or Canada, on the date on which the Committee authorizes the grant to such individual of an Award. A non-employee director shall be eligible to participate in the Plan if he or she is a director of the Corporation and is not a full-time salaried employee of the Corporation or a Subsidiary Company on the date on which the Committee authorizes the grant of an Award to non-employee directors.

Section 5. SHARES AVAILABLE

Since the Plan's establishment in 1983, up to a maximum of 88,025,000 shares of Common Stock have been authorized for issuance under the Plan. Subject to approval of the Plan, as hereby amended, by the separate vote of the holders of a majority of the shares of Common Stock present or represented and entitled to vote at a meeting of the stockholders of the Corporation, at which a quorum for the proposal is present, an additional 8,100,000 shares of Common Stock are approved for issuance pursuant to the Plan as of May 13, 2010. Awards that are made in a form other than Options or Stock-Settled Stock Appreciation Rights and that are granted under the Plan after May 13, 2010, shall be counted against the share limit set forth in the previous sentence as 1.61 shares for every one share issued in connection with such Award. Such shares shall be provided from shares of Common Stock authorized but not issued. Stock-Settled Stock Appreciation Rights shall be counted in full against the number of shares available for award under the Plan, regardless of the number of Exercise Gain Shares issued upon settlement of the Stock Appreciation Right.

If any shares of Common Stock subject to an Award are forfeited, cancelled, exchanged or surrendered or if an Award otherwise terminates or expires without a distribution of shares to the Participant (including by reason of such Award being settled in cash), the shares with respect to such Award shall, to the extent of any such forfeiture, cancellation, exchange, surrender, termination or expiration, again be available for Awards under the Plan; provided, however, in the case of a stock-based Award that is not an Option or Stock Appreciation Right and that was made after May 13, 2010, 1.61 shares for each share underlying such Award shall again be available for Awards under the Plan. Notwithstanding the foregoing, the following shares of Common Stock may not again be made available for award under the Plan: (i) shares of Common Stock not issued or delivered as a result of the net settlement of an outstanding Stock Appreciation Right or Option; (ii) shares of Common Stock used to pay the exercise price or withholding taxes related to an outstanding award, or (iii) shares of Common Stock repurchased on the open market with proceeds of an Option exercise.

Notwithstanding any other provision to the contrary, no Participant may be awarded a grant in any one year, which, when added to any other grant of Options, Stock Appreciation Rights, Restricted Shares, Restricted Stock Units and Performance Share Units in the same year, shall exceed 1,000,000 shares of Common Stock. If an Option is canceled, the canceled Option continues to count against the maximum number of shares for which Options may be granted to a Participant in any year.

Section 6. INCENTIVE STOCK OPTIONS

(a) General – The Committee may authorize the grant of Incentive Stock Options subject to the terms and conditions set forth in this Section 6. The grant of an Incentive Stock Option shall be evidenced by a written Award Agreement between the Corporation and the Optionee, setting forth the number of shares of Common Stock subject to the Incentive Stock Option evidenced thereby and the terms, conditions, and restrictions applicable thereto. The issuance of shares of Common Stock pursuant to an Incentive Stock Option also shall be subject to the provisions of any Retention Agreement that may be required by the Committee under Section 12 of the Plan.

Except for adjustments pursuant to Section 15 of the Plan, the Option Price for any outstanding Option granted under the Plan may not be decreased after the date the Option is granted, nor may an outstanding Option be modified or replaced if the effect would be to reduce the Option Price, nor may an outstanding Option be cancelled in exchange for cash or another Award, unless such repricing, modification or replacement is approved by the vote of a majority of the shares of Common Stock present or represented and entitled to vote at a meeting of the stockholders of the Corporation at which a quorum is present.

(b) Option Price - The Committee shall determine the Option price for each share of Common Stock purchased under an Option, but, subject to the provisions of Section 15 of the Plan, in no event shall the Option price be less than the greater of (i) one hundred percent (100%) of the Fair Market Value of the Common Stock on the Award Date, or (ii) the price at which the Corporation's Common Stock was last sold in the principal United States market for such Common Stock on the Award Date.

(c) Duration of Options - The Committee shall fix the term or duration of Options, provided that such term shall not exceed ten (10) years from the Award Date, and that such term shall be subject to earlier termination pursuant to the provisions of paragraph (g) of this Section 6.

(d) Non-Transferability of Options - Options may be exercised during the lifetime of the Optionee only by him, and following his death only by his Beneficiary. If a Beneficiary dies after the Optionee, but before the Option is exercised and before such rights expire, such rights shall become assets of such Beneficiary's estate. Except as provided in this paragraph, Options may not be assigned or alienated, whether voluntarily or involuntarily.

(e) Exercise of Options - The Committee shall determine the time or times at which Options may be exercised; provided that such time or times shall not occur before the latest of:

(i) the first anniversary of the Award Date; and

(ii) the effectiveness of any registration statement required to be filed under the Securities Act of 1933 for the registration of the Common Stock to be issued upon exercise of the Option.

(f) Payment of Option Price - The purchase price of Common Stock upon exercise of an Option shall be paid in full to the Corporation at the time of the exercise of the Option in cash or, at the discretion of the Committee and subject to any limitations or requirements that the Committee may adopt, by the surrender to the Corporation of shares of previously acquired Common Stock, which have been held by the Optionee for at least six (6) months and which shall be valued at Fair Market Value on the date that the Option is exercised, or, at the discretion of the Committee, by a combination of cash and such Common Stock.

(g) Termination of Options - No Option shall be exercisable after it expires. Each Option shall expire upon the earliest of:

(i) the expiration of the term for which the Option was granted;

(ii)(A) Except as otherwise provided by the Committee in the Award Agreement, in the case of an Optionee whose employment with the Corporation or a Subsidiary Company is terminated due to Retirement, Disability or death, the expiration of the term for which the Option was granted, or

(B) in the case of an Optionee whose employment with the Corporation or a Subsidiary Company is terminated for any reason other than Retirement, Disability, or death, at the close of business on the last day of active service by the Optionee with the Corporation or a Subsidiary Company, or

(C) in the case of an Optionee who is granted a leave of absence, if the Optionee's employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence, at the close of business on the last day of employment with the Corporation or a Subsidiary Company, or

(iii) in connection with a merger or consolidation of the Corporation, with the Optionee's consent, the grant of a new Award to replace the Option.

(h) Limitation on Exercisability - The aggregate Fair Market Value (determined as of the Award Date) of the Common Stock with respect to which Incentive Stock Options (granted on or after January 1, 1987) are exercisable for the first time by the Optionee during any calendar year shall not exceed $100,000, as adjusted under Code Section 422(d)(1) and corresponding Treasury Regulations.

Section 7. NON-QUALIFIED STOCK OPTIONS

The Committee may authorize the grant of Non-Qualified Stock Options subject to the terms and conditions specified in this Section 7. The grant of a Non-Qualified Stock Option shall be evidenced by a written Award Agreement between the Corporation and the Optionee, setting forth the number of shares of Common Stock subject to the Non-Qualified Stock Option evidenced thereby and the terms, conditions, and restrictions applicable thereto. Non-Qualified Stock Options granted pursuant to the provisions of this Section 7 shall be subject to the terms, conditions, and restrictions set forth in paragraphs (a) through (g) of Section 6 of the Plan. The limitations set forth in paragraph (h) of Section 6 of the Plan shall not apply to Non-Qualified Stock Options. The issuance of shares of Common Stock pursuant to a Non-Qualified Stock Option also shall be subject to the provisions of any Retention Agreement that may be required by the Committee under Section 12 of the Plan.

Section 8. STOCK APPRECIATION RIGHTS

(a) General - The Committee may grant a Stock Appreciation Right to a Participant in connection with an Option, or portion thereof, or on a stand alone basis, as determined by the Committee, subject to the terms and conditions set forth in this Section 8. If granted in connection with an Option, the Stock Appreciation Right may be granted at the time of grant of the related Option and shall be subject to the same terms and conditions as the related Option, except as this Section 8 may otherwise provide. If granted in connection with an Option, the Stock Appreciation Right shall be evidenced by provisions in the Award Agreement evidencing or identifying the related Option, specifying the number of shares of Common Stock subject thereto and setting forth the terms and conditions applicable to the Stock Appreciation Right. If granted on a stand alone basis, the Stock Appreciation Right shall be evidenced by provisions of a written Award Agreement between the Corporation and the Participant. The Committee may grant Cash-Settled Stock Appreciation Rights or Stock-Settled Stock Appreciation Rights as shall be set forth in an Award Agreement.

Except for adjustments pursuant to Section 15 of the Plan, the terms of an outstanding Stock Appreciation Right may not be amended to reduce the exercise price of the Stock Appreciation Right, nor may an outstanding Stock Appreciation Right be modified or replaced if the effect would be to reduce the exercise price, nor may an outstanding Stock Appreciation Right be cancelled in exchange for cash or another Award, unless such repricing, modification or replacement is approved by the vote of a majority of the shares of Common Stock present or represented and entitled to vote at a meeting of the stockholders of the Corporation at which a quorum is present.

(b) Exercise Price and Duration - The Committee shall determine the exercise price for any Stock Appreciation Right granted on a stand alone basis but, subject to the provisions of Section 15 of the Plan, in no event shall the exercise price be less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the Award Date. The Committee shall fix the term or duration of Stock Appreciation Rights, provided that such term shall not exceed ten (10) years from the Award Date, and that such term shall be subject to earlier termination pursuant to the provisions of paragraph (e) of this Section 8.

(c) Exercise – If granted in connection with an Option, a Stock Appreciation Right shall be exercisable only at such time or times, to such extent, and by such persons, as the Option to which it relates shall be exercisable. If granted on a stand alone basis, a Stock Appreciation Right shall be exercisable only at such time or times, to such extent, and by such persons, as shall be set forth in the Award Agreement.

Stock Appreciation Rights shall be subject to the following restrictions:

(i) the Stock Appreciation Right may not be exercised before the expiration of one (1) year from the Award Date; provided, however, that this subparagraph (i) shall not apply if the death or Disability of the Optionee occurs within one (1) year after the Award Date; and,

(ii) a Stock Appreciation Right granted in connection with an Incentive Stock Option may not be exercised on any date on which the Fair Market Value of a share of Common Stock is less than or equal to the Option price per share under the related Incentive Stock Option.

A Stock Appreciation Right shall be exercised by providing the Corporation with a written notice in such form and containing such information (including the number of shares of Common

Stock with respect to which the Stock Appreciation Right is being exercised) as the Committee may specify. If the Stock Appreciation Right was granted in connection with an Option, the Participant must surrender the related Option, or the portion thereof pertaining to the shares with respect to which the Stock Appreciation Right is exercised, and the date on which the Corporation receives such notice shall be the date on which the related Option, or portion thereof, shall be deemed surrendered and the Stock Appreciation Right shall be deemed exercised.

(d) Payment - Upon the proper exercise of a Stock-Settled Stock Appreciation Right granted on a stand alone basis, a Participant shall be entitled to receive Exercise Gain Shares equal to the number of shares of Common Stock that have an aggregate Fair Market Value on the exercise date equal to the amount by which the Fair Market Value of a share of Common Stock on the exercise date exceeds the Fair Market Value of a share of Common Stock on the Award Date, multiplied by the number of Stock-Settled Stock Appreciation Rights surrendered in connection with the exercise of the Stock Appreciation Right.

Upon the proper exercise of a Stock-Settled Stock Appreciation Right granted in connection with an Option, an Optionee shall be entitled to receive Exercise Gain Shares equal to the number of shares of Common Stock that have an aggregate Fair Market Value on the exercise date equal to the amount by which the Fair Market Value of a share of Common Stock on the exercise date exceeds the Option price per share of the related Option, multiplied by the number of shares covered by the related Option, or portion thereof, surrendered in connection with the exercise of the Stock Appreciation Right. The Exercise Gain Shares shall be subject to the provisions of any Retention Agreement that may be required by the Committee under Section 12 of the Plan.

Upon the proper exercise of a Cash-Settled Stock Appreciation Right granted on a stand alone basis, a Participant shall be entitled to receive cash equal to the value of the number of shares of Common Stock that have an aggregate Fair Market Value on the exercise date equal to the amount by which the Fair Market Value of a share of Common Stock on the exercise date exceeds the Fair Market Value on the Award Date, multiplied by the number of Cash-Settled Stock Appreciation Rights surrendered for settlement.

Upon the proper exercise of a Cash-Settled Stock Appreciation Right granted in connection with an Option, an Optionee shall be entitled to receive cash equal to the value of the number of shares of Common Stock that have an aggregate Fair Market Value on the exercise date equal to the amount by which the Fair Market Value of a share of Common Stock on the exercise date exceeds the Option price per share of the related Option, multiplied by the number of shares covered by the related Option, or portion thereof, surrendered in connection with the exercise of the Stock Appreciation Right.

(e) Termination of Right - A Stock Appreciation Right granted in connection with an Option shall expire, unless previously exercised or canceled, upon the expiration of an Option to which it relates, or upon such time as may be set forth in an Award Agreement. A Stock Appreciation Right granted on a stand alone basis shall be subject to the termination provisions set forth in paragraph (g) of Section 6 for Options and shall expire, unless previously exercised or cancelled, at such time as may be set forth in an Award Agreement.

(f) Effect of Exercise - A Stock Appreciation Right shall be canceled when, and to the extent that, it or a related Option is exercised, and an Option shall be canceled when, and to the extent that, the Option is surrendered to the Corporation upon the exercise of a related Stock Appreciation Right.

Section 9. RESTRICTED SHARES

(a) General - The Committee, in its sole discretion, may from time to time authorize the grant of Restricted Shares to a Participant pursuant to an Award Agreement. A certificate or certificates representing the number of Restricted Shares granted shall be registered in the name of the Participant or held in uncertificated form through a direct registration system or the number of Restricted Shares shall be delivered by electronic delivery to a brokerage account established for the Participant's benefit at a financial/brokerage firm selected by the Corporation. Until the expiration of the Restriction Period or the lapse of restrictions in the manner provided in paragraph (g) of this Section 9, any certificate or certificates shall be held by the Corporation for the account of the Participant, and any Restricted Shares held through direct registration or in a brokerage account shall be blocked from sale or transfer. Until the expiration of the Restriction Period or the lapse of restrictions in the manner provided in paragraph (g) of this Section 9, the Participant shall have beneficial ownership of the Restricted Shares, including the right to receive dividends on, and the right to vote, the Restricted Shares. Any dividends declared during the Restriction Period shall be paid in cash on the date declared by the Board of Directors.

(b) Performance Goal Requirement – The Committee may determine, in its sole discretion, that a Participant's entitlement to Restricted Shares shall be subject to achievement of a specified Performance Goal or Goals during the Restriction Period. If so, the Committee shall select the Performance Criterion or each combination thereof, the Performance Goal for each Performance Criterion or each combination thereof, and the Performance Criteria Weighting Percentage for each Performance Criterion or each combination thereof within ninety (90) days of the commencement of the Restriction Period. The Committee may also determine that the Restriction Period shall expire upon achievement of established Performance Goals prior to the established end of the Restriction Period. In determining whether Performance Goals have been achieved, special charges, restructuring charges and unusual or infrequent accounting adjustments which are significant, and restatements or reclassifications, all as determined in accordance with Generally Accepted Accounting Principles, which would have the effect of reducing the percentage of Performance Goals achieved shall be excluded, and which would have the effect of increasing the percentage of Performance Goals achieved shall be included, unless the Committee, in its discretion, determines otherwise. At such time as the Committee certifies that the Performance Goals have been achieved, the Committee shall authorize delivery of Restricted Shares (or such percentage of the Restricted Shares as equal the Percentage of Performance Goals that have been achieved) for which the Restriction Period has expired. If the Restricted Shares are subject to the achievement of Performance Goals, such Restricted Shares shall be forfeited to the extent Performance Goals are not achieved before the established end of the Restriction Period.

For Restricted Shares subject to the achievement of Performance Goals, the Committee may review the individual performance of any of the Corporation's Executive Officers and may, at its discretion, reduce the number of Restricted Shares deliverable to any such Executive Officer by between 0% and 100%, based on the individual's performance. For Restricted Shares not subject to the achievement of Performance Goals, the Committee may review the individual performance of any of the Corporation's Executive Officers and may, at its discretion, adjust the number of Restricted Shares deliverable to any such Executive Officer by between 0% and 125%, based on the individual's performance. The Corporation's chief executive officer may review the individual performance of any Participant other than an Executive Officer and may, at his discretion, adjust the number of Restricted Shares deliverable to any such Participant by between 0% and 125%, based on the individual's performance.

(c) Restrictions – Until the expiration of the Restriction Period or the lapse of restrictions in the manner provided in paragraph (g) of this Section 9, Restricted Shares shall be subject to the following restrictions and any additional restrictions that the Committee, in its sole discretion, may from time to time deem desirable in furtherance of the objectives of the Plan:

(i) the Participant shall not be entitled to receive the certificate or certificates representing the Restricted Shares, or exercise any ownership over any Restricted Shares held through direct registration or in a brokerage account;

(ii) the Restricted Shares may not be sold, transferred, assigned, pledged, conveyed, hypothecated, or otherwise disposed of; and

(iii) the Restricted Shares may be forfeited as provided in paragraphs (b) or (e) of this Section 9, subject to the provisions of paragraph (f) and (g) of this Section 9.

(d) Distribution of Restricted Shares – If a Participant to whom Restricted Shares have been granted remains in the continuous employment of the Corporation or a Subsidiary Company during the entire Restriction Period, or, in the case of a Participant who is a non-employee director, who remains a non-employee director during the entire Restriction Period, upon the expiration of the Restriction Period all restrictions applicable to the Restricted Shares shall lapse. When the restrictions applicable to the Restricted Shares lapse, either:

(i) the certificate or certificates representing the shares of Common Stock that were earned pursuant to paragraph (b) of this Section 9 shall be delivered to the Participant or,

(ii) if the shares were delivered by electronic delivery to a brokerage account established for the Participant's benefit or by direct registration and held in uncertificated form, the restrictions on the sale or transfer of any shares that were earned pursuant to paragraph (b) of this Section 9 shall lapse.

(e) Termination of Employment - If the employment of a Participant is terminated for any reason other than the Retirement, Disability, or death of the Participant in service before the expiration of the Restriction Period, the Restricted Shares shall be forfeited immediately and all rights of the Participant with respect to such shares shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. If the Participant is granted a leave of absence before the expiration of the Restriction Period, the Participant shall not forfeit any rights with respect to any Restricted Shares subject to the Restriction Period, unless the Participant's employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence for any reason other than Retirement, Disability, or death, at which time the shares shall be forfeited immediately and all rights of the Participant with respect to such shares shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company.

(f) Retirement, Disability or Death - If the Participant's employment is terminated by reason of the Retirement, Disability, or death of the Participant in service before the expiration of the Restriction Period and no Performance Goals have been imposed, the restrictions on the Restricted Shares shall lapse upon the expiration of the Restriction Period and delivery of the Restricted Shares shall be made to the Participant, or the Participant's Beneficiary in the event of the Participant's death, as described in paragraph (d) of this Section 9. If the Participant's employment is terminated by reason of the Retirement, Disability, or death of the Participant in service before the expiration of the Restriction Period and Performance Goals have been imposed, the restrictions on the Restricted Shares shall lapse upon the expiration of the Restriction Period and to the extent that the Committee certifies that Performance Goals have been achieved and delivery of the Restricted Shares shall be made to the Participant, or the Participant's Beneficiary in the event of the Participant's death, in accordance with paragraphs (b) and (d) of this Section 9.

(g) Waiver of Restrictions - The Committee, in its sole discretion, may waive any or all restrictions with respect to Restricted Shares.

Section 10. RESTRICTED STOCK UNITS

(a) General - The Committee, in its sole discretion, may from time to time authorize the grant of Restricted Stock Units ("Units") to a Participant pursuant to an Award Agreement. Such Units shall be recorded in individual memorandum accounts maintained by the Committee or its agent. The grant of Restricted Stock Units shall entitle the Participant to payment in Restricted Stock Unit Shares or cash, as provided for in the Award Agreement. The Participant shall have no beneficial ownership interest in the Common Stock represented by the Units prior to expiration of the Restriction Period and achievement of any Performance Goals. The Participant shall have no right to vote the Common Stock represented by the Units or to receive dividends (except for any Dividend Equivalents which may be awarded by the Committee in connection with such Units) on the Common Stock represented by the Units. The grant of Units shall be evidenced by an Award Agreement between the Corporation or Subsidiary Company and the Participant, identifying the number of Units awarded, and setting forth the terms and conditions applicable to the Units.

(b) Performance Goal Requirement – The Committee may determine, in its sole discretion, that a Participant's entitlement to payment in cash or Restricted Stock Unit Shares for Restricted Stock Units shall be subject to achievement of a specified Performance Goal or Goals over the duration of the Restriction Period. If so, the Award shall specify when it is granted that the Participant's entitlement to payment is subject to the achievement of the Performance Goal or Goals, and the Committee shall select the Performance Criterion or each combination thereof, the Performance Goals for each Performance Criterion or each combination thereof, and the Performance Criteria Weighting Percentage for each Performance Criterion or each combination thereof within ninety (90) days after the commencement of the Restriction Period.

The Committee may specify, when the Award is granted, that the Restriction Period shall expire upon achievement of the established Performance Goals prior to the established end of the Restriction Period. In determining whether Performance Goals have been achieved, special charges, restructuring charges and unusual or infrequent accounting adjustments which are significant, and restatements or reclassifications, all as determined in accordance with Generally Accepted Accounting Principles, which would have the effect of reducing the percentage of Performance Goals achieved shall be excluded, and which would have the effect of increasing the percentage of Performance Goals achieved shall be included, unless the Committee, in its discretion, determines otherwise . The Committee shall certify in writing the extent to which the Performance Goals have been achieved, and shall authorize settlement of Units in cash or Restricted Stock Unit Shares. The Units shall be settled within two and one half months after the end of the year in which the Performance Goals are achieved. Such settlement shall be based on the Fair Market Value on the date all applicable restrictions lapse (or such percentage of the value of the Restricted Stock Units as equal the percentage of Performance Goals that have been achieved) for which the Restriction Period has expired. If the settlement of Restricted Stock Units is subject to the achievement of Performance Goals, such Restricted Stock Units shall be forfeited to the extent Performance Goals are not achieved before the established end of the Restriction Period.

For Restricted Stock Units subject to the achievement of Performance Goals, the Committee may review the individual performance of any of the Corporation's Executive Officers and may, at its discretion, reduce the cash settlement or number of Restricted Stock Unit Shares delivered for the Restricted Stock Units granted to any such Executive Officer by between 0% and 100%, based on the individual's performance. For Restricted Stock Units not subject to the achievement of Performance Goals, the Committee may review the individual performance of any of the Corporation's Executive Officers and may, at its discretion, adjust the cash settlement or number of Restricted Stock Unit Shares delivered for the Restricted Stock Units granted to any such Executive Officer by between 0% and 125%, based on the individual's performance. The Corporation's chief executive officer may review the individual performance of any Participant other than an Executive Officer and may, at his discretion, adjust the cash settlement or number of Restricted Stock Unit Shares delivered for the Restricted Stock Units granted to any such Participant by between 0% and 125%, based on the individual's performance.

(c) Restrictions - Until the expiration of the Restriction Period and the lapse of any Retention Agreement provided in Section 12, Units shall be subject to the following restrictions and any additional restrictions that the Committee, in its sole discretion, may from time to time deem desirable in furtherance of the objectives of the Plan:

(i) the grant of Units to a Participant shall not entitle a Participant to receive cash payment or Restricted Stock Unit Shares;

(ii) the Units may not be sold, transferred, assigned, pledged, conveyed, hypothecated, or otherwise disposed of; and,

(iii) all or a portion of the Units may be forfeited immediately as provided in paragraph (b) or (e) of this Section 10, subject to the provisions of paragraphs (f) and (g) of this Section 10.

(d) Distribution of Restricted Stock Units - If a Participant to whom Units have been granted remains in the continuous employment of the Corporation or a Subsidiary Company during the entire Restriction Period or, in the case of a Participant who is a non-employee director, who remains a non-employee director during the entire Restriction Period, upon the expiration of the Restriction Period and the further expiration of any Retention Agreement applicable to such Units, all restrictions applicable to the Units shall lapse, and the Units shall be settled in cash or in Restricted Stock Unit Shares, based on Fair Market Value on the later of the date all applicable restrictions lapse or any Retention Agreement lapses. Settlement in cash in a single sum or issuance of Restricted Stock Unit Shares shall be made within thirty (30) days following the later of the expiration of the Restriction Period or any Retention Agreement applicable to such Units. The Participant may not, directly or indirectly, designate the taxable year of the settlement.

(e) Termination of Employment - If the employment of a Participant is terminated for any reason other than the Retirement, Disability, or death of the Participant in service before the expiration of the Restriction Period, the Units shall be forfeited immediately and all rights of the Participant with respect to such Units shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. If the Participant is granted a leave of absence before the expiration of the Restriction Period, the Participant shall not forfeit all rights with respect to any Units subject to the Restriction Period, unless the Participant's employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence for any reason other than Retirement, Disability, or death, at which time all rights of the Participant with respect to such Units shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company.

(f) Retirement, Disability or Death - If the Participant's employment is terminated by reason of the Retirement, Disability, or death of the Participant in service before the expiration of the Restriction Period and no Performance Goals have been imposed, the restrictions on the Restricted Stock Units shall lapse upon the expiration of the Restriction Period and settlement of Restricted Stock Units shall be made at the end of the Restriction Period to the Participant, or his Beneficiary in the event of the Participant's death, as described in paragraph (d) of this Section 10. Settlement of the Restricted Stock Units shall be made within thirty (30) days following the expiration of the Restriction Period. The Participant or Beneficiary may not, directly or indirectly, designate the taxable year of the settlement.

If the Participant's employment is terminated by reason of the Retirement, Disability, or death of the Participant in service before the expiration of the Restriction Period and Performance Goals have been imposed, the restrictions on the Restricted Stock Units shall lapse if the Committee certifies that Performance Goals have been achieved, and settlement of the Restricted Stock Units shall be made to the Participant, or the Participant's Beneficiary in the event of the Participant's death, in accordance with paragraphs (b) and (d) of this Section 10.

(g) Waiver of Restrictions - The Committee, in its sole discretion, may waive any or all restrictions with respect to Units. If no Performance Goals have been imposed, settlement of the Units shall be made on the same settlement date that would have applied absent the waiver of restrictions. If Performance Goals have been imposed, settlement of the Units shall be made within two and one half months after the end of the year in which all restrictions are either waived or satisfied.

Section 11. PERFORMANCE SHARES

(a) General - The Committee, in its sole discretion, may from time to time authorize the grant of Performance Share Units to a Participant pursuant to an Award Agreement. Performance Share Units shall entitle the Participant to Performance Shares (or cash in lieu thereof) upon the achievement of Performance Goals. The Committee shall select the Performance Criteria, set the Performance Goals and assign Performance Criteria Weighting Percentages to each Performance Criterion or each combination thereof within ninety (90) days of the commencement of the Performance Cycle. Performance Share Units may not be sold, transferred, assigned, pledged, conveyed, or hypothecated.

After the end of the Performance Cycle, the Committee shall certify in writing to what extent the Performance Goals have been achieved. In determining whether Performance Goals have been achieved, special charges, restructuring charges and unusual or infrequent accounting adjustments which are significant, and restatements or reclassifications, all as determined in accordance with Generally Accepted Accounting Principles, which would have the effect of reducing the percentage of Performance Goals achieved shall be excluded, and which would have the effect of increasing the percentage of Performance Goals achieved shall be included, unless the Committee, in its discretion, determines otherwise. The Committee shall thereafter authorize the payment to the Participant, or the Participant's Beneficiary in the event of the Participant's death after the end of the Performance Cycle, of (i) cash in lieu of Performance Shares (or such percentage of the value of the Performance Shares as equal the percentage of Performance Goals that have been achieved), or (ii) either (1) the issuance of Performance Shares registered in the name of the Participant or (2) the electronic delivery of Performance Shares to a brokerage account established for the Participant's benefit at a financial/brokerage firm selected by the

Corporation (in either case equal to such percentage of the value of the Performance Shares as equal the percentage of Performance Goals that have been achieved), subject to the provisions of any Retention Agreement that may be required by the Committee under Section 12 of the Plan, or (iii) both. Settlement in cash or issuance of Performance Shares shall be made within two and one half months after the end of the year in which the Performance Goals are achieved.

(b) Individual Performance Reviews - In addition, the Committee may review the individual performance of any of the Corporation's Executive Officers and may, at its discretion, reduce the cash settlement or number of Performance Shares deliverable to any such Executive Officer by between 0% and 100%, based on the individual's performance. The Corporation's chief executive officer may review the individual performance of any Participant other than an Executive Officer and may, at his discretion, adjust the cash settlement or number of Performance Shares deliverable to any such Participant by between 0% and 125%, based on the individual's performance.

(c) Distribution or Forfeiture of Performance Shares - If the Participant's employment with the Corporation or a Subsidiary Company is terminated before the end of a Performance Cycle for any reason other than Retirement, Disability, or death, the Participant shall forfeit all rights with respect to any Performance Shares that were being earned during the Performance Cycle. If the Participant is granted a leave of absence before the end of a Performance Cycle, the Participant shall not forfeit all rights with respect to any Performance Shares that were being earned during the Performance Cycle, unless the Participant's employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence, at which time the Participant shall forfeit all rights with respect to any Performance Shares that were being earned during the Performance Cycle. If the Participant's employment is terminated before the end of a Performance Cycle by reason of Retirement, Disability, or death, the Participant's rights with respect to any Performance Shares being earned during the Performance Cycle shall, subject to the other provisions of this Section 11, continue as if the Participant's employment had continued through the end of the Performance Cycle.

Section 12. RETENTION AGREEMENTS

(a) General - The Committee, in its sole discretion, may require as a condition of a grant, exercise, settlement or payment with respect to any Award under the Plan that the Participant and the Corporation enter into a Retention Agreement, which shall provide, (1) with respect to an Award of Restricted Stock Units, that the settlement of the Restricted Stock Units in Restricted Stock Unit Shares or cash shall not occur until the event specified in the Retention Agreement that is part of the Award, or (2) with respect to any portion of any Exercise Gain Shares, Restricted Shares, Restricted Stock Unit Shares, or Performance Shares, that (i) the certificate or certificates representing any such Awards, when issued, shall be held by the Secretary of the Corporation for the benefit of the Participant until such time as the retention period specified by the Retention Agreement has expired or has been waived by the Committee, whichever occurs first, or (ii) that any such Award, when delivered by electronic delivery to a brokerage account established for the Participant's benefit at a financial/brokerage firm selected by the Corporation or by direct registration and held in uncertificated form, shall not be permitted to be transferred or sold until such time as the retention period specified by the Retention Agreement has expired or has been waived by the Committee, whichever occurs first.

Any dividends payable on shares subject to a Retention Agreement shall be paid to the Participant in cash on the date declared by the Board of Directors. Each Retention Agreement may include some or all of the terms, conditions and restrictions set forth in paragraphs (b) through (e) of this Section 12.

(b) Retention Period - Shares that are subject to the Retention Agreement may not be sold, transferred, assigned, pledged, conveyed, hypothecated or otherwise disposed of within such period of time of not less than twenty-four (24) months following the exercise date (in the case of Exercise Gain Shares) or the date of issuance (in the case of Restricted Shares, Restricted Stock Unit Shares, or Performance Shares), as shall be prescribed by the Committee.

(c) Termination of Employment - If a Participant's employment with the Corporation or a Subsidiary Company is terminated for any reason other than Retirement, Disability, or death, shares subject to the Retention Agreement shall continue to be held, following the Participant's termination of employment, until the expiration of the retention period specified by the Retention Agreement. If the Participant's employment is terminated by reason of Retirement or Disability, shares then held subject to the Retention Agreement shall continue to be held until the expiration of the applicable retention period following termination of employment, but any such retention period shall cease upon the earlier of the Participant's attainment of age 65 or the expiration of two (2) years after the Participant's Retirement or Disability, if either of those events occurs before the expiration of the applicable retention period. If the Participant dies while shares are subject to a retention period under the Retention Agreement, such retention period shall expire immediately at the time of death.

(d) Leave of Absence - If a Participant is granted a leave of absence, shares subject to the Retention Agreement shall continue to be held during the leave of absence, until the expiration of the retention period specified by the Retention Agreement.

(e) Change in Control - Upon a Change in Control, the retention periods specified by all Retention Agreements shall immediately expire; provided, however, that any such waiver shall not accelerate the settlement of any Restricted Stock Units in a manner that would violate the requirements of Code Section 409A.

A Change in Control shall occur if:

(i) any person, other than the Corporation or a Subsidiary Company or any employee benefit plan sponsored by the Corporation or a Subsidiary Company, shall become the beneficial owner of, or obtain voting control over, 20% or more of the Corporation's outstanding Common Stock;

(ii) (A) any consolidation or merger of the Corporation occurs in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of Common Stock would be converted into cash, securities, or other property, other than a merger of the Corporation in which holders of Common Stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger as immediately before, or (B) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Corporation occurs; or

(iii) there shall have been a change in the composition of the Board of Directors such that within any period of two (2) consecutive years or less individuals who at the beginning of such period constituted such Board, together with any new directors whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of at least two-thirds of the directors then in office who were directors at the beginning of such period, shall for any reason no longer constitute a majority of the directors of the Corporation.

If the expiration of a Retention Agreement pursuant to this paragraph (f) causes a Participant to be subject to an excise tax under Section 4999 of the Code, or any successor provision thereto (the "Excise Tax"), the Corporation shall make a cash payment, either directly to the Participant or on the Participant's behalf, in an amount that the Committee estimates to be equal (after taking into account any Federal and state taxes, including interest and penalties, that the Committee estimates to be applicable to the additional cash payment) to the additional Excise Tax imposed on the Participant as a result of the expiration of the Retention Agreement. In determining the amount to be paid pursuant to this subparagraph, the Committee may adopt such methods and assumptions as it considers appropriate, and it shall not be required to examine the individual tax liability of each Participant to whom this subparagraph applies.

(g) Waiver of Requirements - The Committee, in its sole discretion, may waive any or all retention periods or other restrictions in the Share Retention Agreement, provided that the waiver of restrictions does not accelerate the payment of any Restricted Stock Units in a manner that would violate the requirements of Code Section 409A.

(f) Distribution of Shares and Restricted Stock Units - The Corporation shall cause the shares subject to a Retention Agreement to be distributed to the Participant, or the Participant's Beneficiary in the event of the Participant's death, upon expiration of the retention period or other termination or waiver of the restrictions under this Section 12. The Corporation shall cause the Restricted Stock Units subject to a Retention Agreement to be distributed to the Participant upon the expiration of the retention period or to the Participant's Beneficiary in the event of the Participant's death.

Section 13. DIVIDEND EQUIVALENT PAYMENTS

The Committee may authorize the immediate payment, in cash or in Common Stock, of Dividend Equivalents on some or all of the shares of Common Stock covered by Options or Stock Appreciation Rights, as specified in the Award Agreement required under Section 6(a), Section 7 or Section 8(a) of the Plan. Dividend Equivalents payable on options may be paid in cash or Common Stock, at the discretion of the Committee.

The Committee may authorize the immediate or deferred payment of Dividend Equivalents on some or all of the shares of Common Stock covered by Restricted Stock Units that are not subject to Performance Goals, as specified in the Award Agreement required under Section 10 of the Plan. Dividend Equivalents payable on Restricted Stock Units may be paid in cash or converted to additional Restricted Stock Units, at the discretion of the Committee and as specified in the Award Agreement.

The Committee may authorize the deferred payment of Dividend Equivalents on some or all of the shares of Common Stock covered by Restricted Stock Units that are subject to Performance Goals, or by Performance Share Units, as specified in the Award Agreement described in Sections 10 or 11 of the Plan. Deferred Dividend Equivalents shall be paid only to the extent Performance Goals are achieved with respect to such Performance Share Units or Restricted Stock Units, and shall be distributed at the same time as the underlying Performance Shares, Restricted Stock Unit Shares, or cash equivalents thereto. Deferred Dividend Equivalents payable on Performance Share Units or on Restricted Stock Units that are subject to a Performance Goal may be paid in cash, or converted to additional Performance Shares or

Restricted Stock Unit Shares (as applicable), at the discretion of the Committee and as specified in the Award Agreement.

Notwithstanding the above, Dividend Equivalents shall not be made or accumulated during a Participant's leave of absence. If Dividend Equivalents provided under this section are to be paid immediately, the Dividend Equivalents shall be paid in cash on the date declared by the Board of Directors for the payment of dividends on Common Stock. If Dividend Equivalents provided under this section are to be deferred, the deferred Dividend Equivalents shall be paid or forfeited when the underlying Award is paid or forfeited.

Section 14. NON-COMPETE COVENANT

The Committee, in its sole discretion, may require as a condition of a grant of any Award under the Plan that the Participant execute a non-compete, non-solicitation and confidentiality agreement, which agreement shall require that such individual (i) not Engage in Competing Employment (as defined in this Section 14 of the Plan) nor solicit any employee of the Corporation or a Subsidiary Company to Engage in Competing Employment for a specified term following termination of employment (including Retirement), (ii) not solicit customers of the Corporation or a Subsidiary Company for a specified term following termination of employment (including Retirement), and (iii) maintain the Corporation's and each Subsidiary Company's confidential information in strict confidence, in accordance with the provisions of the agreement. The Committee, in its sole discretion, may further require as a condition of a grant, exercise, settlement or payment with respect to any Award under the Plan that the Award shall be subject to immediate forfeiture, and all rights of the Participant to such Award shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company, if the Participant Engages in Competing Employment for a specified period of time following termination of employment. The terms of such a non-compete covenant shall be as set forth in the agreement or grant providing the terms of an Award and are incorporated herein by reference. A non-compete covenant shall not apply to the settlement or payment of any Option (although it may apply to the grant or exercise of an Option). Settlement or payment of any other Award that is subject to a non-compete covenant shall occur upon the expiration of the Restriction Period, Performance Cycle, Retention Agreement, or other date upon which the Award would be settled and paid if the Participant had not terminated employment.

For purposes of the provision, "Engages in Competing Employment" shall mean to work for or provide services for any Competitor, on the Participant's own behalf or in the service of or on behalf of others, including, but not limited to, as a consultant, independent contractor, owner, officer, partner, joint venturer, or employee, at any time during the specified period commencing on the date of his or her termination of employment (including Retirement). "Competitor" shall mean any entity in the same line of business as the Corporation in North American markets in which the Corporation competes, including, but not limited to, any North American Class I rail carrier, any other rail carrier competing with the Corporation (including without limitation a holding or other company that controls or operates or is otherwise affiliated with any rail carrier competing with the Corporation), and any other provider of transportation services competing with Corporation, including motor and water carriers.

Section 15. CAPITAL ADJUSTMENTS

In the event of a recapitalization, stock split, stock dividend, exchange, combination, or reclassification of shares, merger, consolidation, reorganization, or other change in or affecting the capital structure or capital stock of the Corporation, the Board of Directors, upon the recommendation of the Committee, may make appropriate adjustments in the number of shares of Common Stock authorized for the Plan and in the annual limitation imposed by Section 5 of this Plan; and the Committee may make appropriate adjustments in the number of shares subject to outstanding Options, Stock Appreciation Rights, Restricted Shares, Restricted Stock Units, or Performance Share Unit grants, and in the Option price of any then outstanding Options, as it deems equitable, in its absolute discretion, to prevent dilution or enlargement of the rights of Participants.

Section 16. REGULATORY APPROVALS

The exercise of each Option and Stock Appreciation Right, and the grant or distribution of Restricted Shares, Restricted Stock Units and Performance Shares, shall be subject to the condition that if at any time the Corporation shall determine in its discretion that the satisfaction of withholding tax or other tax liabilities, or the listing, registration, or qualification of any shares of Common Stock upon any securities exchange or under any Federal or state law, or the consent or approval of any regulatory body, is necessary or desirable as a condition of, or in connection with, such exercise, grant, or distribution, then in any such event such exercise, grant, or distribution shall not be effective unless such liabilities have been satisfied or such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not acceptable to the Corporation.

Section 17. TERM OF THE PLAN

Awards may be granted from time to time under the terms and conditions of the Plan, but no Incentive Stock Option may be granted after the expiration of ten (10) years from the date of adoption of the Plan, as amended on May 13, 2010, by the Board of Directors; provided, that any future amendment to the Plan that is approved by the stockholders of the Corporation in the manner provided under Section 18 of this Plan shall be regarded as creating a new Plan, and an Incentive Stock Option may be granted under such new Plan until the expiration of ten (10) years from the earlier of the approval by the Board of Directors, or the approval by the stockholders of the Corporation, of such new Plan. Incentive Stock Options theretofore granted may extend beyond the expiration of that ten-year period, and the terms and conditions of the Plan shall continue to apply thereto and to shares of Common Stock acquired upon the subsequent exercise of an Incentive Stock Option or related Stock Appreciation Right.

Section 18. AMENDMENT OR TERMINATION OF THE PLAN

The Corporation may at any time and from time to time alter or amend, in whole or in part, any or all of the provisions of the Plan, or may at any time suspend or terminate the Plan, through resolution of its Board of Directors, provided that no change in any Awards theretofore granted to any Participant may be made which would impair or diminish the rights of the Participant without the Participant’s consent, and provided further, that no alteration or amendment may be made without the approval of the holders of a majority of the Common Stock then outstanding and entitled to vote if (a) such stockholder approval is necessary to comply with the requirements of any rules promulgated under Section 16 of the Securities Exchange Act of 1934 or such other Federal or state laws or regulations as may be applicable, (b) the amendment materially increases the benefits accruing to Participants under the Plan, (c) materially increases the number of securities that may be issued under the Plan, or (d) materially modifies the requirements for participation in the Plan.

Section 19. FORFEITURE AND RECOUPMENT EVENTS

The Committee may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award.

Any Award to a Participant under this Plan is subject to reduction, forfeiture, or recoupment to the extent provided under Section 304 of the Sarbanes-Oxley Act of 2002 or as may be provided under any other applicable law.

Section 20.MISCELLANEOUS

(a) Fractional Shares - The Corporation shall not be required to issue or deliver any fractional share of Common Stock upon the exercise of an Option or Stock Appreciation Right, the award of Performance Shares, the payment of a dividend equivalent in Common Stock pursuant to Section 13 of the Plan or the withholding of shares of Common Stock for payment of taxes required to be withheld, but may pay, in lieu thereof, an amount in cash equal to the Fair Market Value of such fractional share.

(b) Withholding - The Corporation and its Subsidiary Companies shall have the right, to the extent permitted by law, to deduct from any payment of any kind otherwise due to a Participant any Federal, state or local taxes of any kind required by law to be withheld with respect to Awards under the Plan, and to the extent any such withholding requirements are not satisfied, each Participant shall pay to the Corporation any Federal, state or local taxes of any kind required by law to be withheld with respect to Awards under the Plan. The Corporation shall have the right to withhold shares of Common Stock, including fractional shares, from payment as necessary to satisfy any withholding obligations, but may only withhold the minimum number of shares necessary to do so. If fractional shares are withheld, any remaining fractional shares shall be paid in cash to the Participant as provided under paragraph (a) of this Section 20. The Participant or Beneficiary shall remain responsible at all times for paying any Federal, state or local taxes of any kind with respect to Awards under the Plan. In no event shall the Corporation or the Committee be liable for any interest or penalty that a Participant or Beneficiary incurs by failing to make timely payments of tax.

(c) Acceleration of Payments to Avoid Conflicts of Interest - To the extent permitted by Code Section 409A and not prohibited by Section 6(a) of the Plan, the Committee may, in its sole discretion and with the consent of a Participant or Beneficiary, accelerate the time or schedule of a payment under the Plan, or make a substitute cash payment upon cancellation of a Participant's Award, in either case to the extent reasonably necessary for a Participant or Beneficiary to avoid the violation of an applicable Federal, state, local or foreign ethics law or conflicts of interest law (including where such payment is reasonably necessary to permit the Participant or Beneficiary to participate in activities in the normal course of his or her position in which the Participant or Beneficiary would otherwise not be able to participate under an applicable rule). The Corporation's chief executive officer may exercise the authority granted to the Committee in this paragraph with respect to any Participant or Beneficiary who is neither a current or former director of the Corporation nor a current Executive Officer of the Corporation.

(d) Stockholder Rights - No person shall have any rights of a stockholder by virtue of an Option, Stock Appreciation Right, or Performance Share Unit except with respect to shares of Common Stock actually issued to him, and the issuance of shares of Common Stock shall confer no retroactive right to dividends. A Participant's right to receive Dividend Equivalents shall not, by itself, confer upon the Participant the rights or privileges of a stockholder.

(e) No Contract of Employment - This Plan shall not be deemed to be an employment contract between the Corporation or any Subsidiary Company and any Participant or other employee. Nothing contained herein, or in any agreement, certificate or other document evidencing, providing for, or setting forth the terms and conditions applicable to any Awards shall be deemed to confer upon any Participant or other employee a right to continue in the employment of the Corporation or any Subsidiary Company, or to interfere with the right of the Corporation or any Subsidiary Company to terminate the employment of such Participant or employee at any time.

(f) Unfunded Plan - Except as may otherwise be provided in the Plan, the Plan shall be unfunded. Neither the Corporation nor any Subsidiary Company shall be required to segregate any assets that may be represented by Options, Stock Appreciation Rights, Performance Share Units, or Restricted Stock Units, and neither the Corporation nor any Subsidiary Company shall be deemed to be a trustee of any amounts to be paid under an Option, Stock Appreciation Right, Performance Share Unit, or Restricted Stock Unit. Any liability of the Corporation to pay any Participant or Beneficiary with respect to an Option, Stock Appreciation Right, Performance Share Unit, or Restricted Stock Unit shall be based solely upon any contractual obligations created pursuant to the provisions of the Plan; no such obligation shall be deemed to be secured by any pledge or encumbrance on any property of the Corporation or a Subsidiary Company.

(g) Applicable Law - The Plan, its validity, interpretation, and administration, and the rights and obligations of all persons having an interest therein, shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, except to the extent that such laws may be preempted by Federal law.

(h) Gender and Number - Wherever used in the Plan, words in the masculine form shall be deemed to refer to females as well as to males, and words in the singular or plural shall be deemed to refer also to the plural or singular, respectively, as the context may require.

(i)Code Section 409A - The Plan is intended, and shall be construed, to comply with the requirements of Code Section 409A. The Corporation does not warrant that the Plan will comply with Code Section 409A with respect to any Participant or with respect to any payment, however. In no event shall the Corporation or the Committee 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 Code Section 409A, or as a result of the Plan's failure to satisfy any other applicable requirements for the deferral of tax.

Exhibit 10iii

Norfolk Southern Corporation Long-Term Incentive Plan
Award Agreement for Outside Directors

This AGREEMENT dated as of <Date> (Award Date), between NORFOLK SOUTHERN CORPORATION (Corporation), a Virginia corporation, and «Full_Name» (Participant), a director of the Corporation who is not an officer of the Corporation or any of its subsidiaries.

1. Award Contingent Upon Execution of this Agreement. This Award made to the Participant on the Award Date is contingent upon the Participant's execution and return to the Corporate Secretary of this Agreement.

2. Terms of Plan Govern. Each Award made hereunder is made pursuant to the Norfolk Southern Corporation Long-Term Incentive Plan (Plan), all the terms and conditions of which are deemed to be incorporated in this Agreement and which forms a part of this Agreement. The Participant agrees to be bound by all the terms and provisions of the Plan and by all determinations of the Committee thereunder. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan.

3. Award of Restricted Stock Units. The Corporation hereby grants to the Participant on Award Date «RSUs» Restricted Stock Units. Each whole Restricted Stock Unit is a contingent right to receive a Restricted Stock Unit Share, granted pursuant to Section 10 of the Plan, subject to the restrictions and other terms and conditions set forth in the Plan and this Agreement.

(a) Memorandum Account. The Participant's Award of Restricted Stock Units shall be recorded in a memorandum account.

(b) Restriction and Retention Period. The Restricted Stock Units are subject to a three-year Restriction Period which terminates on <Date>. In addition, the Restricted Stock Units are subject to a Retention Period. The Retention Period shall expire upon the Participant's Separation from Service (within the meaning of section 409A of the Internal Revenue Code of 1986, as amended, and the regulations thereunder) (a "Separation From Service") or death. However, in the event a Participant has a Separation from Service prior to the expiration of the Restriction Period, the Award will be forfeited if the Participant's Separation From Service is not due to Retirement or Disability. Restricted Stock Units shall not be settled in Restricted Stock Unit Shares pursuant to Section 5 hereof until the expiration of the Restriction Period and the Retention Period.

(c) Restrictions. Until the expiration of the Restriction Period and the Retention Period, Restricted Stock Units granted under this Award shall be subject to the following restrictions:

i. the Participant shall not be entitled to (A) receive the Restricted Stock Unit Shares to which the Participant may have a contingent right to receive in the future, (B) vote the Common Stock represented by the Restricted Stock Units or (C) receive dividends thereon; and

ii. the Restricted Stock Units may not be sold, transferred, assigned, pledged, conveyed, hypothecated, used to exercise options or otherwise disposed of.

4. Crediting of Dividend Equivalents. On each dividend payment date for the Corporation, the Corporation shall credit the memorandum account of each Participant who holds Restricted Stock Units as of the declared record date with additional Restricted Stock Units and fractions thereof equivalent to the dividend paid on the Corporation's Common Stock based on the Fair Market Value of the Common Stock on the dividend payment date. Each credited dividend equivalent shall be equal to the amount of the regular quarterly dividend paid in accordance with the Corporation's normal dividend payment practice as may be determined by the Committee, in its sole discretion. The Participant's memorandum account will be credited with additional Restricted Stock Units, including fractions thereof, pursuant to this section until all Restricted Stock Units that were credited to the Participant are distributed.

5. Distribution of Restricted Stock Units. The Restricted Stock Units credited hereunder shall be distributed in accordance with an irrevocable election previously made by the Participant.

Each Participant who has not previously received a grant of Restricted Stock Units under the Plan shall elect a form of distribution with respect to any Restricted Stock Units credited to the Participant hereunder and with respect to any Restricted Stock Units that may be credited to the Participant in the future. The Participant may elect to receive such Stock Units in a single distribution or in 10 annual installments upon the Participant's Separation From Service. **The Participant's election is irrevocable.**

If the Participant has elected to receive the Restricted Stock Units in a single distribution, upon the expiration of the Retention Period: (a) whole shares of Common Stock equal to the number of Restricted Stock Units for which the Restriction Period has expired shall be delivered to the Participant; and (b) thereafter, as any subsequent Restriction Period expires, whole shares of Common Stock equal to the number of Restricted Stock Units for which the Restriction Period has expired plus the number of additional Restricted Stock Units credited under Section 4 shall be delivered to the Participant. Any remaining fraction of a single Restricted Stock Unit that remains in the Participant's memorandum account upon the final distribution of any whole shares of Common Stock from the account shall be distributed in cash concurrent with the final stock distribution.

If the Participant has elected to receive the Restricted Stock Units in 10 annual installments upon the Participant's Separation From Service, following the expiration of the Retention Period, the first distribution will be made in January following the year of the Participant's Separation From Service, and subsequent installments will be distributed on the anniversary of the first installment. Whole shares of Common Stock shall be delivered to the Participant upon distribution of each annual installment. The first such installment will be equal to the number of whole Restricted Stock Unit Shares that equal one tenth of the total number of the Restricted Stock Units in the memorandum account for which the Restriction Period has expired at the time of the distribution; the second installment, one ninth of the remaining total number for which the Restriction Period has expired at the time of the distribution; the third installment, one eighth of the remaining total number for which the Restriction Period has expired at the time of the distribution; and so forth, until all remaining Restricted Stock Units are distributed as whole Restricted Stock Unit Shares upon distribution of the tenth installment. Any remaining fraction of a single Restricted Stock Unit that was credited to the Participant's memorandum account upon the distribution of the tenth installment shall be distributed in cash concurrent with the distribution of the tenth installment.

If the Participant dies at any time, then any Restricted Stock Units credited to the Participant's memorandum account will be distributed as whole Restricted Stock Unit Shares to the Participant's beneficiary within thirty (30) days following the Participant's death. Thereafter, as any subsequent Restriction Period expires, whole shares of Common Stock equal to the number of Restricted Stock Units for which the Restriction Period has expired plus the number of additional Restricted Stock Units credited under Section 4 shall be delivered to the Participant's beneficiary within thirty (30) days following the expiration of any such Restriction Period. Any remaining fraction of a single Restricted Stock Unit that remains in the memorandum account upon the final distribution of any whole shares of Common Stock from the account will be distributed to the Participant's beneficiary in cash concurrent with the final stock distribution. The beneficiary may not, directly or indirectly, designate the taxable year of the settlement.

IN WITNESS WHEREOF, this Agreement has been executed on behalf of the Corporation by its officer thereunto duly authorized, and by the Participant, in acceptance of the above-mentioned Award, subject to the terms of the Plan and of this Agreement, all as of the day and year first above written.

By: ____

«Full_Name»

By: ____

NORFOLK SOUTHERN CORPORATION

Exhibit 10jjj

Norfolk Southern Corporation Long-Term Incentive Plan
Award Agreement

Incentive Stock Option

This AGREEMENT dated as of <Date> (Award Date), between NORFOLK SOUTHERN CORPORATION (Corporation), a Virginia corporation, and <Employee Name> (Participant), Employee ID No. <Emp_Id>.

1. Award Contingent Upon Execution of this Agreement and of Non-Compete . This Award is contingent upon the Participant's execution of this Agreement and the associated non-compete agreement. This Award shall be void, and the Participant shall not be entitled to any rights hereunder, unless the Participant executes the non-compete agreement on or before <Date>.

2. Terms of Plan Govern. Each Award made hereunder is made pursuant to the Norfolk Southern Corporation Long -Term Incentive Plan (Plan), all the terms and conditions of which are deemed to be incorporated in this Agreement and which forms a part of this Agreement. The Participant agrees to be bound by all the terms and provisions of the Plan and by all determinations of the Committee thereunder. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan.

3. Award of Incentive Stock Option. The Corporation hereby grants to the Participant on Award Date an Incentive Stock Option (ISO) to purchase <#_of_ISOs> shares of the Corporation's Common Stock at a price of $<Share Price> per share.

(a) Duration of Option. This Option (to the extent not earlier exercised) will expire at 11:59 p.m. on <Date>, being ten (10) years from the Award Date, except that the term of the Option is subject to earlier termination if the Participant's employment with the Corporation or a Subsidiary Company is terminated for any reason other than Retirement, Disability, or death, in which case the Option shall expire at the close of business on the last day of active service by the Participant with the Corporation or a Subsidiary Company. If the Participant is granted a leave of absence and his or her employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence, the Option grant shall expire at the close of business on the last day of employment with the Corporation or a Subsidiary Company. If the Participant Engages in Competing Employment within a period of three years following Retirement or Disability, the term of this Option shall terminate immediately, and all rights of the Participant to such Options shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. A Participant "Engages in Competing Employment" if the Participant works for or provides services for any Competitor, on the Participant's own behalf or on behalf of others, including, but not limited to, as a consultant, independent contractor, owner, officer, partner, joint venturer, or employee. For this purpose, a "Competitor" is any entity in the same line of business as the Corporation in North American markets in which the Corporation competes, including, but not limited to, any North American Class I rail carrier, any other rail carrier competing with the Corporation (including without limitation a holding or other company that controls or operates or is otherwise affiliated with any rail carrier competing with the Corporation), and any other provider of transportation services competing with Corporation, including motor and water carriers.

(b) Exercise of Option. This Option may be exercised in whole or in part at any time or times prior to its expiration; provided that the first exercise of this Option shall not occur before the fourth anniversary of the date on which the Option was granted. Notwithstanding the foregoing, if the Participant's employment with the Corporation or a Subsidiary Company is terminated by reason of the Participant's Retirement or death before the fourth anniversary of the date on which the Option was granted, the Participant (or, in the case of death, the Participant's Beneficiary) may first exercise this Option on the later of the first anniversary of the date on which this Option was granted or the effective date of the Participant's Retirement or death. Notice of the exercise of all or any part of this Option shall be given in the manner prescribed by the Secretary of the Corporation. Such notice shall be irrevocable, shall specify the number of shares to be purchased and the purchase price to be paid therefore, and must be accompanied by the payment of the purchase price as provided in paragraph 3(c) herein. Upon the exercise of such Option, the Common Stock purchased will be distributed.

(c) Payment of Option Price. The purchase price of Common Stock upon exercise of this Option shall be paid in full to the Corporation at the time of the exercise of the Option in cash or by the surrender to the Corporation of shares of previously acquired Common Stock which shall have been held by the Participant for at least six (6) months and which shall be valued at Fair Market Value on the date the Option is exercised, or by a combination of cash and such Common Stock.

(d) Non-transferability. This Option may be exercised during the lifetime of the Participant only by the Participant, and following death only by the Participant's Beneficiary. If a Beneficiary dies after the Participant dies but before the Option is exercised and before such rights expire, such rights shall become assets of the Beneficiary's estate. Except as provided in this paragraph, Options may not be assigned or alienated, whether voluntarily or involuntarily.

4. Dividend Equivalent Payments. Except as otherwise provided herein, for a period of four (4) years from the date of this Agreement, the Corporation shall make to the Participant who holds an option under this Agreement on the declared record date a cash payment on the outstanding shares of Common Stock covered by this Option, payable on the tenth (10th) day of March, June, September and December, in an amount equal to dividends declared by the Board of Directors of the Corporation and paid on Common Stock. If the employment of the Participant is terminated for any reason, including Retirement, Disability or death, prior to the declared record date for any dividend, the Corporation shall have no further obligation to make any payments commensurate with dividends on shares of Common Stock covered by this Option.

Each dividend equivalent shall be equal to the amount of the regular quarterly dividend paid in accordance with the Corporation's normal dividend payment practice as may be determined by the Committee, in its sole discretion. Dividend equivalent payments shall not be made during a Participant's leave of absence.

5. Savings Clause for Rules of Professional Responsibility. Nothing contained in this Agreement will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Virginia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

6. Recoupment. The Participant acknowledges that the Corporation shall recover from any Participant who is a current or former executive officer all or any portion of any exercised Options to the extent required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111-203, or as may otherwise be required by law.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has executed this Agreement by his or her electronic acceptance hereof, in acceptance of the above -mentioned Award, subject to the terms of the Plan and of this Agreement, all as of the day and year first above written.

By:

NORFOLK SOUTHERN CORPORATION

Exhibit 10kkk

Norfolk Southern Corporation Long-Term Incentive Plan
Award Agreement

Performance Share Units

This AGREEMENT dated as of <Date> (Award Date), between NORFOLK SOUTHERN CORPORATION (Corporation), a Virginia corporation, and <Employee Name> (Participant), Employee ID No. <Emp_Id>.

1. Award Contingent Upon Execution of this Agreement and of Non-Compete . This Award is contingent upon the Participant's execution of this Agreement and the associated non-compete agreement. This Award shall be void, and the Participant shall not be entitled to any rights hereunder, unless the Participant executes the non-compete agreement on or before <Date>.

2. Terms of Plan Govern. Each Award made hereunder is made pursuant to the Norfolk Southern Corporation Long -Term Incentive Plan (Plan), all the terms and conditions of which are deemed to be incorporated in this Agreement and which forms a part of this Agreement. The Participant agrees to be bound by all the terms and provisions of the Plan and by all determinations of the Committee thereunder. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan.

3. Award of Performance Share Units. The Corporation hereby confirms an Award to the Participant on Award Date of <PSUs> Performance Share Units (PSUs). The award of PSUs shall entitle the Participant to receive shares of Common Stock of the Corporation upon the Corporation's achievement over a Performance Cycle of performance goals established by the Committee at the time of grant for the following equally weighted Performance Criteria:

(a) the three-year total return to the Corporation's stockholders as compared with the total return on the publicly traded stocks of North American Class I railroads (which, as of the Award Date, are Canadian National Railway Company, Canadian Pacific Railway Limited, CSX Corporation, Kansas City Southern and Union Pacific Corporation), with the total return measured at the end of the period using the closing price per share of stock on the principal national stock exchange on which shares are listed as determined during the 20 days on which stock is traded ending on and including December 31, <Year Preceding Year of Award Date> and December 31, <3 Years After > (or, if a stock is not traded on the stock's national exchange on December 31, <3 Years After >, on the most recent trading day immediately preceding such date), and with a specified minimum earnout if the three-year total return to the Corporation's stockholders is greater than the median total return on all stocks comprising the S&P 500 Composite Stock Price Index; and

(b) the average of the Corporation's annual after-tax returns on average invested capital for the three-year Performance Cycle.

Any PSUs earned at the end of the three-year Performance Cycle shall be distributed in whole shares of Common Stock of the Corporation, subject to tax withholding as provided in Section 5 of this Agreement. The value of PSUs earned, if any, shall be determined by the Fair Market Value of the Corporation's Common Stock on the first day on which such stock is traded after a full trading day has elapsed following the release of the Corporation's annual financial information for the last year of the Performance Cycle.

If the Participant's employment is terminated for any reason other than the Participant's Retirement, Disability, or death before the expiration of the Performance Cycle, all PSUs awarded hereunder shall be forfeited immediately and all the Participant's rights to such shares shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. If the Participant is granted a leave of absence before the end of the Performance Cycle, the Participant shall not forfeit rights with respect to any Performance Shares that were being earned during the Performance Cycle, unless the Participant's employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence and before the end of the Performance Cycle, at which time the Participant shall forfeit all rights with respect to any Performance Shares that were being earned during the Performance Cycle.

If a Participant's employment is terminated before the end of the Performance Cycle by reason of Retirement, Disability or death, the Participant's rights with respect to any Performance Shares being earned during the Performance Cycle shall continue as if the Participant's employment had continued through the end of the Performance Cycle. Notwithstanding the foregoing, if the Participant Engages in Competing Employment following Retirement or Disability before the end of the Performance Cycle, then Participant shall immediately forfeit all rights with respect to any Performance Shares that were being earned during the Performance Cycle without further obligation on the part of the Corporation or any Subsidiary Company. A Participant "Engages in Competing Employment" if the Participant works for or provides services for any Competitor, on the Participant's own behalf or on behalf of others, including, but not limited to, as a consultant, independent contractor, owner, officer, partner, joint venturer, or employee. For this purpose, a "Competitor" is any entity in the same line of business as the Corporation in North American markets in which the Corporation competes, including, but not limited to, any North American Class I rail carrier, any other rail carrier competing with the Corporation (including without limitation a holding or other company that controls or operates or is otherwise affiliated with any rail carrier competing with the Corporation), and any other provider of transportation services competing with Corporation, including motor and water carriers.

No dividend equivalent payments shall be made with respect to the award of Performance Share Units hereunder.

4. Savings Clause for Rules of Professional Responsibility. Nothing contained in this Agreement will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Virginia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

5. Tax Withholding. The minimum necessary tax withholding obligation with respect to an award of PSUs will be satisfied with shares of Common Stock of the Corporation upon distribution of such award.

6. Recoupment. The Participant acknowledges that the Corporation shall recover from any Participant who is a current or former executive officer all or any portion of any PSUs awarded to the extent required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111-203, or as may otherwise be required by law. In addition, any Participant who at any time is a Board-elected officer at the level of Vice President or above agrees that he will, upon the demand of the Board of Directors, reimburse all or any portion of PSUs awarded if (a) financial results are restated due to the material noncompliance of the Corporation with any financial reporting requirement under the securities laws, (b) a lower PSU distribution would have been made to the officer based upon the restated financial results, and (c) the PSUs were distributed within the three-year period prior to the date the applicable restatement was disclosed. The Participant acknowledges and agrees that the Board of Directors or the Corporation may, without waiving any other legal remedy allowed by law, deduct the full amount of such repayment obligation from any amounts the Corporation then owes, or will in the future owe, to the Participant. Nothing in this Agreement shall waive the Committee's, Board of Directors' or Corporation's rights to take any such other action as the Committee, Board of Directors or the Corporation may deem appropriate in view of all the facts surrounding the particular financial restatement.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has executed this Agreement by his or her electronic acceptance hereof, in acceptance of the above -mentioned Award, subject to the terms of the Plan and of this Agreement, all as of the day and year first above written.

By:

NORFOLK SOUTHERN CORPORATION

Exhibit 10lll

Norfolk Southern Corporation Long-Term Incentive Plan
Award Agreement

Non-Qualified Stock Option

This AGREEMENT dated as of <Date> (Award Date), between NORFOLK SOUTHERN CORPORATION (Corporation), a Virginia corporation, and <Employee Name> (Participant), Employee ID No. <Emp_Id>.

1. Award Contingent Upon Execution of this Agreement and of Non-Compete . This Award is contingent upon the Participant's execution of this Agreement and the associated non-compete agreement. This Award shall be void, and the Participant shall not be entitled to any rights hereunder, unless the Participant executes the non-compete agreement on or before <Date>.

2. Terms of Plan Govern. Each Award made hereunder is made pursuant to the Norfolk Southern Corporation Long -Term Incentive Plan (Plan), all the terms and conditions of which are deemed to be incorporated in this Agreement and which forms a part of this Agreement. The Participant agrees to be bound by all the terms and provisions of the Plan and by all determinations of the Committee thereunder. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan.

3. Award of Non-Qualified Stock Option. The Corporation hereby grants to the Participant on Award Date a Non-Qualified Stock Option (NQSO) to purchase <#_of_NQSOs> shares of the Corporation's Common Stock at a price of $<Share Price> per share.

(a) Duration of Option. This Option (to the extent not earlier exercised) will expire at 11:59 p.m. on <Date>, being ten (10) years from the Award Date, except that the term of the Option is subject to earlier termination if the Participant's employment with the Corporation or a Subsidiary Company is terminated for any reason other than Retirement, Disability, or death, in which case the Option shall expire at the close of business on the last day of active service by the Participant with the Corporation or a Subsidiary Company. If the Participant is granted a leave of absence and his or her employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence, the Option grant shall expire at the close of business on the last day of employment with the Corporation or a Subsidiary Company. If the Participant Engages in Competing Employment within a period of three years following Retirement or Disability, the term of this Option shall terminate immediately, and all rights of the Participant to such Options shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. A Participant "Engages in Competing Employment" if the Participant works for or provides services for any Competitor, on the Participant's own behalf or on behalf of others, including, but not limited to, as a consultant, independent contractor, owner, officer, partner, joint venturer, or employee. For this purpose, a "Competitor" is any entity in the same line of business as the Corporation in North American markets in which the Corporation competes, including, but not limited to, any North American Class I rail carrier, any other rail carrier competing with the Corporation (including without limitation a holding or other company that controls or operates or is otherwise affiliated with any rail carrier competing with the Corporation), and any other provider of transportation services competing with Corporation, including motor and water carriers.

(b) Exercise of Option. This Option may be exercised in whole or in part at any time or times prior to its expiration; provided that the first exercise of this Option shall not occur before the fourth anniversary of the date on which the Option was granted. Notwithstanding the foregoing, if the Participant's employment with the Corporation or a Subsidiary Company is terminated by reason of the Participant's Retirement or death before the fourth anniversary of the date on which the Option was granted, the Participant (or, in the case of death, the Participant's Beneficiary) may first exercise this Option on the later of the first anniversary of the date on which this Option was granted or the effective date of the Participant's Retirement or death. Notice of the exercise of all or any part of this Option shall be given in the manner prescribed by the Secretary of the Corporation. Such notice shall be irrevocable, shall specify the number of shares to be purchased and the purchase price to be paid therefore, and must be accompanied by the payment of the purchase price as provided in paragraph 3(c) herein. Upon the exercise of such Option, the Common Stock purchased will be distributed.

(c) Payment of Option Price. The purchase price of Common Stock upon exercise of this Option shall be paid in full to the Corporation at the time of the exercise of the Option in cash or by the surrender to the Corporation of shares of previously acquired Common Stock which shall have been held by the Participant for at least six (6) months and which shall be valued at Fair Market Value on the date the Option is exercised, or by a combination of cash and such Common Stock.

(d) Non-transferability. This Option may be exercised during the lifetime of the Participant only by the Participant, and following death only by the Participant's Beneficiary. If a Beneficiary dies after the Participant dies but before the Option is exercised and before such rights expire, such rights shall become assets of the Beneficiary's estate. Except as provided in this paragraph, Options may not be assigned or alienated, whether voluntarily or involuntarily.

4. Dividend Equivalent Payments. Except as otherwise provided herein, for a period of four (4) years from the date of this Agreement, the Corporation shall make to the Participant who holds an option under this Agreement on the declared record date a cash payment on the outstanding shares of Common Stock covered by this Option, payable on the tenth (10th) day of March, June, September and December, in an amount equal to dividends declared by the Board of Directors of the Corporation and paid on Common Stock. If the employment of the Participant is terminated for any reason, including Retirement, Disability or death, the Corporation shall have no further obligation to make any payments commensurate with dividends on shares of Common Stock covered by this Option.

Each dividend equivalent shall be equal to the amount of the regular quarterly dividend paid in accordance with the Corporation's normal dividend payment practice as may be determined by the Committee, in its sole discretion. Dividend equivalent payments shall not be made during a Participant's leave of absence.

5. Savings Clause for Rules of Professional Responsibility. Nothing contained in this Agreement will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Virginia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

6. Recoupment. The Participant acknowledges that the Corporation shall recover from any Participant who is a current or former executive officer all or any portion of any exercised Options to the extent required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111-203, or as may otherwise be required by law.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has executed this Agreement by his or her electronic acceptance hereof, in acceptance of the above -mentioned Award, subject to the terms of the Plan and of this Agreement, all as of the day and year first above written.

By:

NORFOLK SOUTHERN CORPORATION

Exhibit 10mmm

Norfolk Southern Corporation Long-Term Incentive Plan
Award Agreement

Restricted Stock Units

This AGREEMENT dated as of <Date> (Award Date), between NORFOLK SOUTHERN CORPORATION (Corporation), a Virginia corporation, and <Employee Name> (Participant), Employee ID No. <Emp_Id>.

1. Award Contingent Upon Execution of this Agreement and of Non-Compete . This Award is contingent upon the Participant's execution of this Agreement and the associated non-compete agreement. This Award shall be void, and the Participant shall not be entitled to any rights hereunder, unless the Participant executes the non-compete agreement on or before <Date>.

2. Terms of Plan Govern. Each Award made hereunder is made pursuant to the Norfolk Southern Corporation Long -Term Incentive Plan (Plan), all the terms and conditions of which are deemed to be incorporated in this Agreement and which forms a part of this Agreement. The Participant agrees to be bound by all the terms and provisions of the Plan and by all determinations of the Committee thereunder. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan.

3. Award of Restricted Stock Units. The Corporation hereby grants to the Participant on Award Date <#_of_RSUs> Restricted Stock Units. Each Restricted Stock Unit is a contingent right to receive a Restricted Stock Unit Share, subject to the restrictions and other terms and conditions set forth in the Plan and this Agreement. Each Restricted Stock Unit shall equal the Fair Market Value of one share of the Common Stock of the Corporation on the date all applicable restrictions lapse.

The Participant's Award of Restricted Stock Units shall be recorded in a memorandum account. The Participant shall have no beneficial ownership interest in the Common Stock of the Corporation represented by the Restricted Stock Units awarded. The Participant shall have no right to vote the Common Stock represented by the Restricted Stock Units awarded or to receive dividends, except for Dividend Equivalent payments as set forth below.

(a) Restriction Period. The Restricted Stock Units are subject to a five-year Restriction Period which terminates on <Date>.

(b) Restrictions. Until the expiration of the Restriction Period or the lapse of restrictions in the manner provided in paragraph 3(c) of this Agreement, Restricted Stock Units shall be subject to the following restrictions:

i. the Participant shall not be entitled to receive the Restricted Stock Unit Shares to which the Participant may have a contingent right to receive in the future;

ii. the Restricted Stock Units may not be sold, transferred, assigned, pledged, conveyed, hypothecated, used to exercise options or otherwise disposed of; and

iii. the Restricted Stock Units may be forfeited immediately as provided in this Agreement and in the Plan.

(c) Distribution of Restricted Stock Units.

i. If the Participant remains in the continuous employment of the Corporation or a Subsidiary Company during the entire Restriction Period, upon the expiration of the Restriction Period all restrictions applicable to the Restricted Stock Units shall lapse and whole shares of Common Stock of the Corporation equal to the Fair Market Value on the date all applicable restrictions of the awarded Restricted Stock Units have lapsed shall be distributed to the Participant, subject to tax withholding as provided in Section 6 of this Agreement.

ii. If the Participant's employment is terminated for any reason other than the Retirement, Disability, or death of the Participant in service before the expiration of the Restriction Period, the Restricted Stock Units shall be forfeited immediately and all rights of the Participant with respect to such Restricted Stock Units shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company.

iii. If the Participant is granted a leave of absence before the expiration of the Restriction Period, the Participant shall not forfeit any rights with respect to any Restricted Stock Units subject to the Restriction Period, except for Dividend Equivalent Payments as provided in Section 4 of this Agreement, unless the Participant's employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence and before the expiration of the Restriction Period, at which time all rights of the Participant with respect to such Restricted Stock Units shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company.

iv. If the Participant's employment is terminated by reason of the Retirement, Disability or death of the Participant in service before the expiration of the Restriction Period, the restrictions on the Restricted Stock Units shall lapse upon the expiration of the Restriction Period. At such time, whole shares of Common Stock equal to the Fair Market Value of the Restricted Stock Units on the date all applicable restrictions of the Restricted Stock Units have lapsed shall be distributed to the Participant or the Participant's Beneficiary in the event of the Participant's death, subject to tax withholding as provided in Section 6 of this Agreement. Notwithstanding the foregoing, if the Participant's employment is terminated by reason of the Retirement or Disability of the Participant in service before the expiration of the Restriction Period and the Participant Engages in Competing Employment prior to expiration of the Restriction Period, then the Restricted Stock Units shall be forfeited immediately and all rights of the Participant to such Units shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. A Participant "Engages in Competing Employment" if the Participant works for or provides services for any Competitor, on the Participant's own behalf or on behalf of others, including, but not limited to, as a consultant, independent contractor, owner, officer, partner, joint venturer, or employee. For this purpose, a "Competitor" is any entity in the same line of business as the Corporation in North American markets in which the Corporation competes, including, but not limited to, any North American Class I rail carrier, any other rail carrier competing with the Corporation (including without limitation a holding or other company that controls or operates or is otherwise affiliated with any rail carrier competing with the Corporation), and any other provider of transportation services competing with Corporation, including motor and water carriers.

v. The Committee, in its sole discretion, may waive any or all restrictions with respect to Restricted Stock Units. Notwithstanding any waiver, any delivery of Restricted Stock Units to the Participant may not be made earlier than delivery would have been made absent such waiver of restrictions.

4. Dividend Equivalent Payments. Except as otherwise provided herein, the Corporation shall make to a Participant who holds Restricted Stock Units on the declared record date a cash payment on the number of shares of Common Stock represented by the Restricted Stock Units held by Participant on such date, payable

on the tenth (10th) day of March, June, September, and December, equal to dividends declared by the Board of Directors of the Corporation and paid on Common Stock.

Each dividend equivalent shall be equal to the amount of the regular quarterly dividend paid in accordance with the Corporation's normal dividend payment practice as may be determined by the Committee, in its sole discretion. Dividend equivalent payments shall not be made during a Participant's leave of absence.

5. Savings Clause for Rules of Professional Responsibility . Nothing contained in this Agreement will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Virginia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

6. Tax Withholding. The minimum necessary tax withholding obligation with respect to an award of Restricted Stock Units will be satisfied with shares of Common Stock of the Corporation upon distribution of such award.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has executed this Agreement by his or her electronic acceptance hereof, in acceptance of the above -mentioned Award, subject to the terms of the Plan and of this Agreement, all as of the day and year first above written.

By:

NORFOLK SOUTHERN CORPORATION

Non-Compete Agreement
Associated With
Award Agreement Under The
Norfolk Southern Corporation Long-Term Incentive Plan

THIS AGREEMENT (the “Agreement”) is executed by and between Employee and Norfolk Southern Corporation (“NS” or “Company”). The term “Employee” means the employee who has received this document in conjunction with an award agreement under the Norfolk Southern Corporation Long-Term Incentive Plan (“LTIP” or “Plan”). The term NS or Company includes NS’ affiliated companies including, but not limited to, Norfolk Southern Railway Company and its rail subsidiaries.

WHEREAS, Employee is a participant in the LTIP and is eligible to receive an award under such Plan, subject to certain terms and conditions of that Plan; and

WHEREAS, execution of this Agreement is a condition to Employee’s receipt of an award under the LTIP; and

WHEREAS, Employee is willing to enter into this Agreement and deliver same to NS to satisfy that condition in order to receive an award under the LTIP.

NOW THEREFORE the parties hereto do hereby covenant and agree as follows:

1. NS agrees that, upon Employee executing this Agreement, Employee will be provided an award under the LTIP this year on the terms and conditions set forth in an Award Agreement and will continue to receive confidential NS business and operational information as required by the duties of his or her position.

2. Employee agrees that the LTIP award is consideration for entering into this Agreement and that in consideration of the award Employee will abide by the covenants and obligations contained in this Agreement.

3. From the last date of his or her employment with the Company and for a period of two (2) years thereafter, and irrespective of the reason for such separation, whether voluntary or involuntary, Employee will not, on his or her own behalf or in the service of or on behalf of others, including, but not limited to, as a consultant, independent contractor, owner, partner, joint venturer or employee:

(a) work for or provide services to any “competitor” of the Company “in a capacity involving substantially the same or similar work he or she performed for the Company” in the five (5) years preceding the last date of his or her employment with the Company.

(b) solicit, recruit, entice or persuade any employee of the Company to leave the employment of the Company in order to work for or provide services for any “competitor” of the Company, “in a capacity involving substantially the same or similar work the employee performed for the Company” in the previous five (5) years.

(c) solicit, contact, attempt to divert, or appropriate any “customer or account” of the Company for the purpose of “providing the same or similar services as provided by the Company”.

The term “competitor” is defined as any Class I rail carrier headquartered in the United States (including, without limitation, a holding or other company that controls or operates, or is controlled by or under common control with, any Class I rail carrier headquartered in the United States). The phrase “in a capacity involving substantially the same or similar work he or she performed for the Company”, in sub-paragraph (a) above, means being involved in the same work or closely related work to that which Employee performed for the Company and, if Employee occupied a position at the vice president level or above for the Company, includes, without limitation, any work at the vice president level or above for a competitor. The phrase “in a capacity involving substantially the same or similar work the employee performed for the Company”, in sub-paragraph (b) above, means being involved in the same work or closely related work to that which the employee performed for the Company and, if the employee occupied a position at the vice president level or above for the Company, includes, without limitation, any work at the vice president level or above for a competitor. The phrase “providing the same or similar services as provided by the Company”, in sub-paragraph (c) above, means being in the same or closely related line of business as the Company for or on behalf of a competitor of the Company. A “customer or account” is defined as any individual or entity with whom Employee worked on behalf of the Company within two (2) years of his or her last date of employment with the Company; provided, however, that any individual or entity that ceased its business relationship with Company during this two (2) year period, and did not thereafter resume such relationship, for reasons not related to the Employee, will not be considered a “customer” or “account.”

Nothing contained in this paragraph 3 will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Virginia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

4. Employee covenants and agrees that any confidential or proprietary information acquired by him or her during his or her employment with the Company (including information of or concerning a customer of the Company) is the exclusive property of the Company, and Employee acknowledges that he or she has no ownership interest or right of any kind to said property. Except as otherwise required by law, Employee agrees that during his or her employment with the Company and after the termination of that employment, and irrespective of the reason for such separation, whether voluntary or involuntary, he or she will not, either directly or indirectly, use, access, disclose, or divulge to any unauthorized party, for his or her own benefit or to the detriment of the Company, any confidential or proprietary information of the Company which he or she may have acquired or been provided during his or her employment with the Company, whether or not developed or compiled by the Employee, and whether or not Employee was authorized to have access to such information. Nothing herein shall affect Employee’s obligations as set forth in the Patent Agreement between Employee and the Company.

For the purposes of the above, the term “confidential or proprietary information” includes, without limitation, the identity of or other facts relating to the Company, its customers and accounts, its marketing strategies, financial data, trade secrets, other intellectual property or any other information acquired by the Employee as a result of his or her employment with the Company such that if such information were disclosed, such disclosure could act to the prejudice of the Company. The term “confidential or proprietary information” does not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right of the Company. The term “unauthorized party” means any firm, entity (including governmental entities), or person (whether outsiders or employees of the Company), who is not specifically authorized by the Company to receive such confidential or proprietary information.

Employee agrees that if he or she believes that he or she is required by law or otherwise to reveal any confidential or proprietary information of the Company, he or she or his or her attorney, except as otherwise prohibited by law, will promptly contact NS’s Law Department prior to disclosing such information in order that the Company can take appropriate steps to safeguard the disclosure of such confidential and proprietary information.

Nothing in this paragraph or Agreement should be construed, either expressly or by implication, as limiting the maximum protections which may be available to the Company under appropriate state and federal common law or statute concerning the obligations and duties of the Employee to protect the Company’s property and/or confidential and proprietary information, including, but not limited to, under the federal Uniform Trade Secrets Act or the Virginia Uniform Trade Secrets Acts. Employee also acknowledges his or her duty to refrain from any action which would harm or have the potential to harm the Company, or the Company’s customers, including, but not limited to, breaching the fiduciary duties Employee owes the Company, both during the Employee’s employment and after the termination of that employment.

5. Employee acknowledges and agrees that the breach of this Agreement, or any portion thereof, may result in irreparable harm to the Company, the monetary value of which could be difficult to establish. Employee therefore agrees and consents that the Company shall be entitled to injunctive relief or such other equitable relief as is necessary to prevent a breach by Employee of any of the covenants or provisions contained in this Agreement. Nothing contained in this paragraph shall be construed as prohibiting the Company from pursuing any legal remedies available to the Company for such breach of this Agreement, including the recovery of damages from the Employee.

6. The parties agree that this Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia without regard to Virginia's choice of law rules. Employee consents to the personal jurisdiction of the federal and/or state courts serving the Commonwealth of Virginia and waives any defenses of forum non conveniens. The parties agree that any and all initial judicial actions instituted under this Agreement or relating to its enforceability shall only be brought in the United States District Court for the Eastern District of Virginia, Norfolk Division or the appropriate state court in the City of Norfolk, Virginia regardless of the place of residence or work location of the Employee at the time of such action.

7. Each provision and sub-provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or sub-provision of this Agreement shall be adjudged to be invalid under applicable law, the remainder of the Agreement is severable and shall continue in full force and effect. Should a court of competent jurisdiction declare any of the provisions of paragraphs 3 or 4, or other paragraphs, invalid or unenforceable, the parties acknowledge and agree that the court may revise or reconstruct such invalid or unenforceable provisions to better effectuate the parties' intent to reasonably restrict the activity of the Employee to the greatest extent afforded by law and needed to protect the business interests of the Company.

8. Employee understands and agrees that nothing in this Agreement creates a contract of employment for any specific duration. The obligations contained in this Agreement shall survive the termination of the Employee's employment with the Company, however caused, and irrespective of the existence of any claim or cause of action by the Employee against the Company.

9. This Agreement is effective as of the date of the Employee's electronic acceptance of both this Agreement and the corresponding Award Agreement(s) under LTIP. The terms of paragraph 3 of this Agreement shall remain in effect for a period of two (2) years, provided that if Employee's employment with the Company ends within that two (2) year period, his or her obligations under paragraph 3 of this Agreement (and all associated remedial provisions of this Agreement) will continue in effect for not less than the duration provided by those provisions of the Agreement. The terms of paragraph 4 of this Agreement (and all associated remedial provisions of this Agreement) shall continue until cancelled by a subsequent written agreement between the parties .

Exhibit 12

Norfolk Southern Corporation and Subsidiaries
Computation of Ratio of Earnings to Fixed Charges

	Year ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
	($ in millions)				
EARNINGS					
Income from continuing operations before income taxes as reported	$ 2,965	$ 2,758	$ 2,918	$ 2,367	$ 1,622
Add (subtract):					
Total interest expenses (as detailed below)	576	546	504	517	499
Amortization of capitalized interest	12	10	9	8	7
Income of partially owned entities[1]	(51)	(45)	(39)	(43)	(36)
Total earnings	$ 3,502	$ 3,269	$ 3,392	$ 2,849	$ 2,092
FIXED CHARGES					
Interest expense on debt	$ 525	$ 495	$ 455	$ 462	$ 467
Interest expense on unrecognized tax benefit	1	(1)	(9)	1	(6)
Other interest expense	11	10	12	16	1
Calculated interest portion of rent expense[2]	39	42	46	38	37
Total interest expenses	576	546	504	517	499
Capitalized interest	18	20	19	15	17
Total fixed charges	$ 594	$ 566	$ 523	$ 532	$ 516
RATIO OF EARNINGS TO FIXED CHARGES	5.90	5.78	6.49	5.36	4.05

(1) Represents undistributed income of equity investees included in income from continuing operations before income taxes as reported.

(2) Interest component of leases includes one-third of rental expense which approximates the interest component of operating leases.

CONSOLIDATED (MORE THAN 50% OWNED AND CONTROLLED) SUBSIDIARIES OF NORFOLK SOUTHERN CORPORATION AND STATES OF INCORPORATION AS OF JANUARY 31, 2014

	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
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
BRF Investment, LLC	Virginia
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
Lamberts Point Barge Company, Inc.	Virginia
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

	STATE OR COUNTRY OF INCORPORATION
Norfolk Southern Railway Company Subsidiaries (continued)	
Rail Investment Company	Delaware
Reading Company, LLC [Delaware]	Delaware
Reading Company, LLC [Virginia]	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
S-VA Corporation	Virginia
TCS Leasing, Inc.	Oklahoma
TCV, Inc.	Delaware
Tennessee, Alabama & Georgia Railway Company	Delaware
Tennessee Railway Company	Tennessee
Thoroughbred Direct Intermodal Services, Inc.	Pennsylvania
Thoroughbred Emissions Research, LLC	Virginia
Thoroughbred Funding, Inc.	Virginia
Transworks Company	Indiana
Transworks Inc.	Virginia
Transworks of Indiana, Inc.	Indiana
Triple Crown Services Company	--
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, 333-109069 and 333-168414 on Form S-8 and 333-179569 on Form S-3 of Norfolk Southern Corporation of our reports dated February 14, 2014, with respect to the consolidated balance sheets of Norfolk Southern Corporation as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2013, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2013, which reports appear in the December 31, 2013 annual report on Form 10-K of Norfolk Southern Corporation.

/s/KPMG LLP
KPMG LLP
Norfolk, Virginia
February 14, 2014

CERTIFICATIONS

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 14, 2014

/s/ Charles W. Moorman

Charles W. Moorman

Chairman and Chief Executive Officer

Exhibit 31-B

CERTIFICATIONS

I, Marta R. Stewart, 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 14, 2014

/s/ Marta R. Stewart

Marta R. Stewart
Executive Vice President 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 period ended December 31, 2013, 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 and Chief Executive Officer
Norfolk Southern Corporation

Dated: February 14, 2014

I certify, to the best of my knowledge, that the Annual Report on Form 10-K for the period ended December 31, 2013, 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/ Marta R. Stewart
Marta R. Stewart
Executive Vice President Finance and Chief Financial Officer
Norfolk Southern Corporation

Dated: February 14, 2014

Exhibit 99
Form Last Updated by the NYSE on January 4, 2010

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 Chief Executive Officer
Date:	May 30, 2013

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 Compliance department prior to submission.