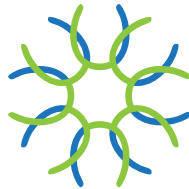


SUSTAINABILITY: A CLOSER LOOK



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Progress Report on Sustainability



When we issued Norfolk Southern's first sustainability report last year, I wrote that in future reports, we would document continuous progress and improvement in our sustainability efforts. As the title of this report notes, we now take a closer look at our long-term commitment to responsible economic, environmental, and social business practices.

We have made good progress. I'd like to mention a few highlights of what you'll find in the pages that follow.

Key Accomplishments

For the first time in this report, we document the calculation of Norfolk Southern's carbon footprint, which is a measurement of the greenhouse gas emissions generated by our business operations. This is an important indicator that establishes a baseline for future improvement. Disclosure also demonstrates to our customers, communities, employees, and investors the seriousness of our intent to be good environmental stewards. It signals our commitment to expand the measurement and reporting of our sustainability performance, based on the widely recognized guidelines of the Global Reporting Initiative.

Also since issuing our first report last year, we have continued efforts on several fronts to increase our fuel efficiency and reduce greenhouse emissions. Improved information systems are helping us enhance our systemwide operating plan for running trains even more reliably and consistently. Combined with leading-edge locomotive and idle reduction technologies, and other initiatives, these efforts have led to improvements in fuel economy of almost 3 percent over the last year, and 10 percent over the last decade.

Over the past year, we completed the first phase of our systemwide lighting improvement project covering 600 buildings and yard facilities at 300 locations. The upgrade is reducing energy consumption and our carbon footprint at those locations. We also increased research and development of alternative energy sources, installing a second wind turbine to power a wastewater treatment plant, and we are incorporating green building techniques in some new construction.



Underscoring our environmental stewardship was our donation of a conservation easement protecting more than 12,000 acres of forested land near Charleston, S.C. The property harbors endangered red-cockaded woodpeckers among one of the nation's largest stands of longleaf pines. We're delighted the land will be preserved for future generations.

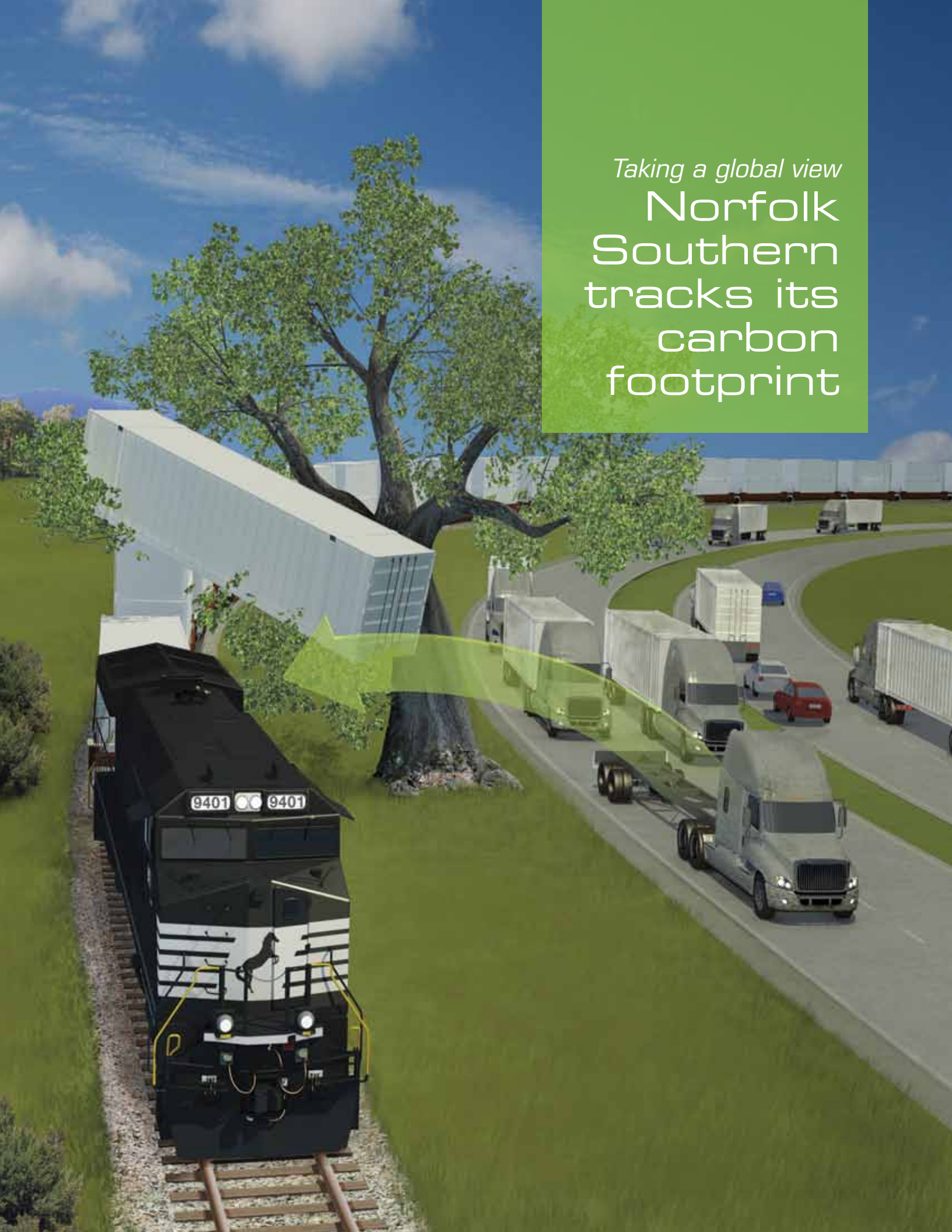
Safety is Norfolk Southern's first priority. Our employees have led the industry in safety for two decades, this year earning the company's 20th consecutive E.H. Harriman Gold Medal in recognition of their tremendous achievement. The company this past year launched an employee wellness program that complements our safety focus. Raising awareness of health and wellness helps provide an attractive work environment for our people and for those who are looking for the best place to launch their careers.

Our people make this company successful – from safety to sustainability. This report describes some of the many ways they have embraced responsible business practices that will help ensure the ongoing strength of our company, the livability of their communities, and the quality of their lives.

The progress we have made is a beginning. As this report outlines, we and our partners in business and in the public sector are working on some far-reaching, long-term initiatives that will translate into big public benefits, including green jobs, further reductions in fuel consumption and emissions, and less highway congestion – thanks to the environmental and economic advantages of transportation by rail.

Wick Moorman
Chairman, President and Chief Executive Officer
Norfolk Southern Corporation

Taking a global view
Norfolk
Southern
tracks its
carbon
footprint



These days, climate change and global warming are headline news and dinner table conversation. We talk about the release of greenhouse gases and debate the environmental impact of carbon dioxide and nitrous oxide emitted from the cars we drive and from the factories and offices where we work.

And we ask ourselves: what can we do to make a difference?

It's a question Norfolk Southern takes seriously. Across our 22-state rail network, Norfolk Southern is committed to environmentally responsible business practices. The company strives to be the industry leader in efforts to reduce greenhouse gas emissions – from boosting the fuel efficiency of our locomotive fleet to reducing electricity consumption at our work locations.

As part of that effort, this year for the first time Norfolk Southern has calculated its carbon footprint. The analysis offers a comprehensive view of greenhouse gases released into the atmosphere as a result of our business operations.

Sizing up our 'print'

The bottom line: In 2008, Norfolk Southern's operations resulted in approximately 5.5 million metric tons of carbon dioxide equivalents.

To put this number into perspective, consider: In 2007, according to the U.S. Energy Information Administration, total emissions of carbon dioxide equivalents in the United States amounted to 7.2 billion metric tons, or around 19.9 million metric tons *per day*.

At this point, Norfolk Southern does not have an internal yardstick to gauge its 2008 emissions performance. This first-time calculation gives the railroad a baseline of data, providing a benchmark to measure year-over-year carbon emissions. Our aim is to continually decrease our carbon footprint, whether measured against ton-miles of freight moved annually or against revenue ton-miles. In 2008, Norfolk Southern locomotives hauled 195.3 billion revenue ton-miles of freight and emitted around 28.3 grams, or approximately one ounce, of CO₂ equivalent emissions per revenue ton-mile. That's about what a slice of bread weighs.

Through a range of initiatives – from idle reduction and train-handling technologies to improved maintenance procedures – the railroad already is boosting the fuel economy of our locomotives. In 2008, for example, Norfolk Southern moved a ton of freight an average of 405 miles on a gallon of diesel. That's nearly a 3 percent improvement over the railroad's 2007 average of 394 ton-miles, and a 10 percent improvement over our performance a decade ago.

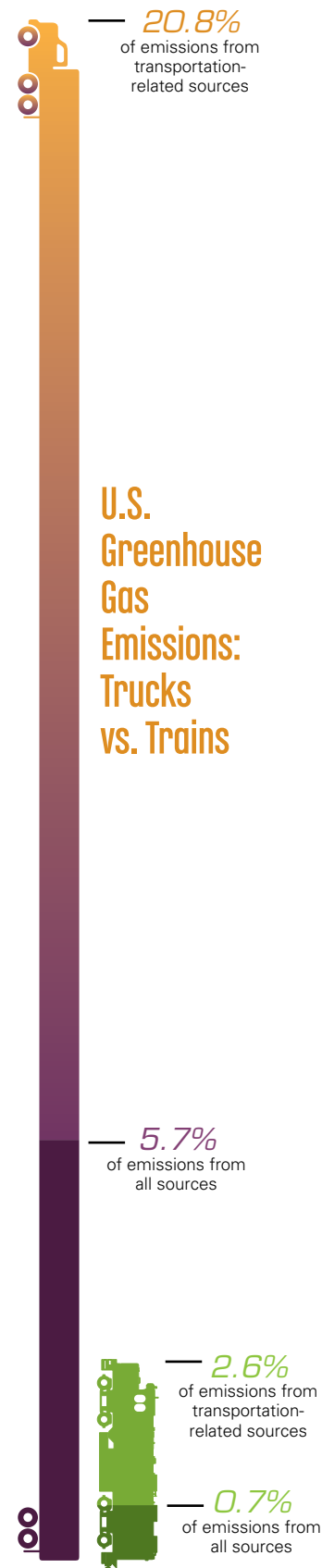
Rail is greener For the globe

Moving freight by rail instead of over the road on tractor-trailers is much more fuel-efficient and environmentally friendly. A single train, for example, can haul as much freight as 280 trucks, relieving traffic congestion on overcrowded highways as well as reducing emissions.

Freight railroads such as Norfolk Southern account for just 2.6 percent of U.S. greenhouse gas emissions from transportation-related sources and for only 0.7 percent of emissions from all sources, according to U.S. Environmental Protection Agency data.

Railroads haul significantly more intercity freight than trucks as measured by ton-miles – 43 percent compared with 30 percent for trucks: however, the trucking industry accounts for a much higher percentage of greenhouse gas emissions than railroads. According to the EPA, trucking accounts for 20.8 percent of U.S. emissions from transportation-related sources and 5.7 percent of emissions from all sources.

For comparison, passenger cars and light-duty trucks account for 63.5 percent of transportation-related greenhouse gas emissions in the U.S. and 20 percent of emissions from all sources.

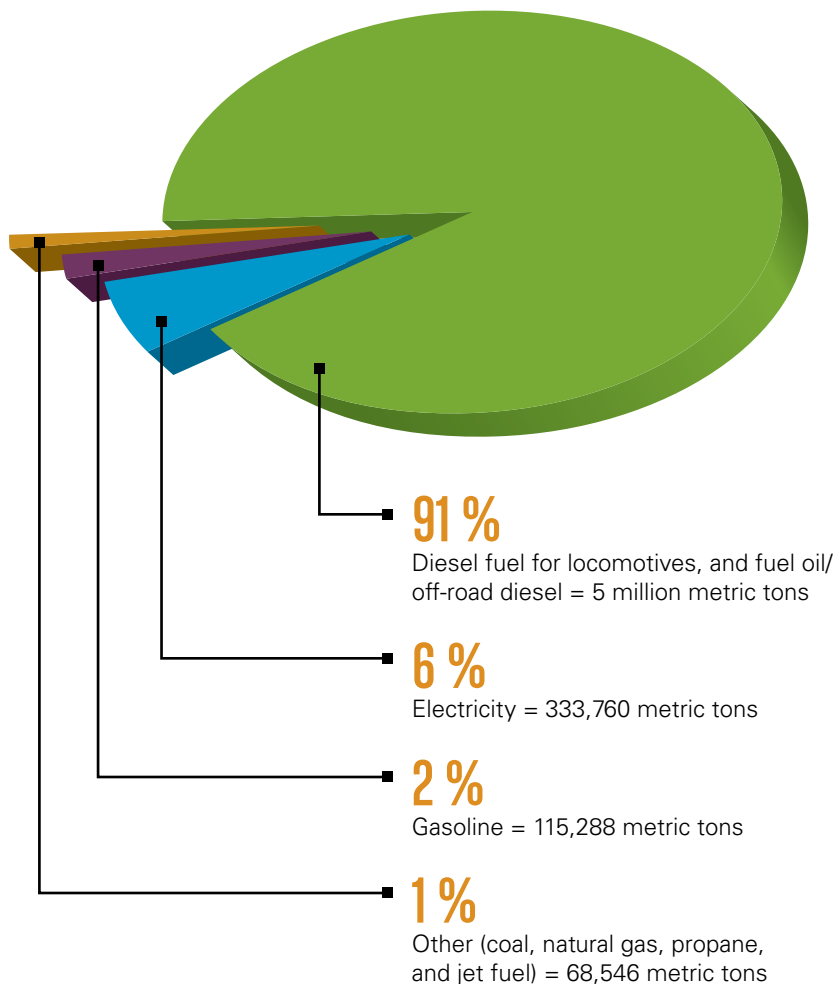


Taking the measure

By far, Norfolk Southern's single largest source of emissions in 2008 came from diesel-burning locomotives, the railroad's workhorses. They generated 4.9 million metric tons of carbon dioxide in 2008, around 90 percent of the company's total carbon dioxide emissions.

Locomotives also emitted approximately 387 metric tons of methane and 125.8 metric tons of nitrous oxide, accounting for almost all of the railroad's emissions of those two greenhouse gases.

Norfolk Southern's total emission of carbon dioxide equivalents in 2008 = 5.5 million metric tons



In addition to its trains, Norfolk Southern also calculated emissions from use of:

- gasoline and fuel for company vehicles and aircraft
- fuel oil for non-locomotive purposes
- coal for boilers
- propane and natural gas for miscellaneous uses
- electricity for railroad facilities and owned or leased offices

The railroad calculated its carbon footprint in accordance with the Greenhouse Gas Protocol Initiative's Corporate Accounting and Reporting Standard – the most widely accepted international accounting tool for government and business leaders to quantify and manage greenhouse gas emissions.

The GHG Protocol is used by many of our leading customers and other major businesses and organizations, including Ford, Chrysler, GM, Volkswagen, Kodak, IBM, and the Regional Greenhouse Gas Initiative, a cooperative effort by 10 states in the Northeast and mid-Atlantic to limit emissions of greenhouse gases.

In accordance with the GHG Protocol, the railroad is reporting "Scope 1" and "Scope 2" emissions. The railroad's Scope 1 emissions are those generated directly by our business operations, including consumption of diesel fuel, gasoline, and other fuels. The railroad calculated those emissions by multiplying the amount of the fuels we consumed by the appropriate emissions factor as published by the EPA or the GHG Protocol.

Because of insufficient data, the railroad did not calculate so-called fugitive emissions, including hydrofluorocarbons and sulfur hexafluoride. Any potential release of those gases is marginal and not considered material to our operations.

The railroad's Scope 2 emissions are those generated by the power companies that supply Norfolk Southern's electricity across its system. To estimate those emissions, the railroad multiplied its electricity consumption by the appropriate state-level emissions factors as published by the EPA.

Wanting to do our part

Norfolk Southern decided to compile its carbon footprint for numerous reasons.

The shippers who use our rail network, our shareholders, and our employees are concerned about how emissions could affect business and the environment. They want to know how much carbon dioxide or carbon dioxide equivalents Norfolk Southern is generating.

The footprint provides a standard measurement of how much carbon dioxide the railroad is emitting into the atmosphere.

The U.S. government is moving to adopt some form of rules and costs concerning greenhouse gases. Calculating our carbon footprint will help us prepare for a carbon-regulated world.

As a good corporate citizen, Norfolk Southern wants to do the right thing for the right reasons. The company's willingness to share its carbon footprint with the world is one clear way to demonstrate that commitment.

In For the long haul

Wise use of resources is a key component of Norfolk Southern's business strategy. Taking a long-term view, Norfolk Southern, for example, actively supports research into clean-coal technologies and ways to reclaim mountainside coal mines for other beneficial uses.

The railroad has invested in the latest technologies to improve locomotive fuel efficiency and emissions, including in-house research on the use of batteries and other alternative energy sources to power its engine fleet.

An increasing number of Norfolk Southern's railroad track signals and other field facilities now operate on solar and wind turbine systems. The company also is expanding efforts to reduce, reuse, and recycle everything from office paper to rail crossties. We discuss many of these initiatives in other sections of this report.

Ultimately, the railroad's success and, more broadly, the long-term sustainability of corporations and industries worldwide depend upon a careful balancing of economic, social, and environmental goals and objectives.

We at Norfolk Southern are committed to doing our part.



U.S. railroad transportation-related greenhouse gas emissions *

2005	2006	2007
56.7	58.9	58.0
Total		
49.8	51.8	50.8
Carbon dioxide CO ₂		
0.1	0.1	0.1
Methane CH ₄		
0.4	0.4	0.4
Nitrous Oxide N ₂ O		
6.4	6.5	6.6
Hydrofluorocarbons HFCs		

Emissions are in million metric tons

* Includes emissions from diesel- and electric-powered locomotives operated by freight and passenger railroads. 2008 data not available.

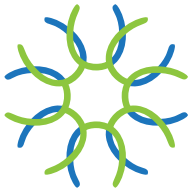
Source: U.S. Environmental Protection Agency

Rail Beats Competitors on Fuel Efficiency

Greenhouse gas emissions are directly related to fuel consumption. Because railroads are, on average, three or more times more fuel efficient than trucks on a ton-mile basis, railroads have a smaller carbon footprint. Every ton-mile of freight that moves by rail instead of truck reduces greenhouse gas emissions by two-thirds or more. According to Environmental Protection Agency data, freight railroads account for just 2.6 percent of U.S. greenhouse gas emissions from transportation sources and well under 1 percent of greenhouse gas emissions from all sources.

By taking steps to attract more freight to railroads, policymakers can expand the greenhouse gas emissions benefits of rail transportation. Transportation-related greenhouse gas reductions would accrue more quickly if tax incentives for projects that expand rail capacity were instituted and if more public-private partnerships for freight railroad infrastructure projects were implemented.

Based on data from the American Association of State Highway and Transportation Officials, for each 1 percent of long-haul freight currently moving by truck that moved by rail instead, fuel savings in the U.S. would be approximately 111 million gallons per year, and annual greenhouse gas emissions would fall by 1.2 million tons.



Moving freight by rail and clean-coal technology are key to helping U.S. reduce carbon emissions

Congress is debating legislation designed to regulate emissions of carbon dioxide, a byproduct of burning fossil fuels.

Proposals before lawmakers would place a cap on overall carbon-dioxide emissions in the United States and create a marketplace whereby companies could buy and sell carbon "credits" based on their annual emissions.

Norfolk Southern is committed to reducing its own carbon footprint and wants legislators to understand that railroads can help the nation curb carbon dioxide and other greenhouse gas emissions.

Our company is working closely with its coal and electric utility customers to ensure that legislation does not place undue financial or regulatory hardship on those industries. Equally important is ensuring that efforts to tax or cap carbon do not unreasonably affect the supply or drive up the price of energy for American consumers. Finally, we favor a national approach to carbon regulation, to avoid a patchwork of confusing, unworkable state rules for industries that conduct business across state lines, including railroads.

Norfolk Southern believes that any legislative solution must include provisions that promote the use of fuel-efficient railroads to transport freight and that spur the development of carbon capture and storage technology for coal-fired utilities.

Rail is more environmentally friendly

Locomotives are at least three times more fuel efficient than trucks – a single train can remove nearly 300 trucks from our highways. That reduces not only carbon emissions but also traffic congestion, which studies have shown wastes about 2.9 billion gallons of fuel and \$78 billion in travel time annually. In the long run, greater use of rail can lower the expense of maintaining existing roads and bridges and reduce pressure to build costly new ones.



Since carbon dioxide and other greenhouse gas emissions are directly related to fuel consumption, shifting more freight to rail could reduce such emissions by at least two-thirds.

If 10 percent of long-distance freight now moving by truck were shifted to rail, greenhouse gas emissions would drop by more than 12 million tons annually – that's the same as taking 2 million vehicles off the highway or planting 280 million trees.

Carbon legislation should consider such things as tax incentives for projects that expand freight rail capacity and that encourage public-private partnerships to finance rail infrastructure improvements.

Clean coal is a win, win, win

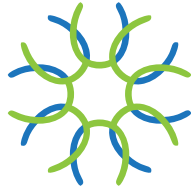
Another key aspect of the solution lies in the development of commercially viable clean-coal technologies. Currently, domestic coal supplies roughly 50 percent of America's electricity needs. It is expected that coal must continue to provide a large percentage of future energy supply if electricity demand continues.

Developing advanced carbon capture and storage capabilities for coal-fired utilities would be a win-win-win situation for America: We could have affordable electricity from coal, promote U.S. energy independence, and protect the environment.

Any legislation should provide adequate funding or industry incentives to develop these clean-coal technologies, while setting realistic carbon-reduction targets based on commercial availability of such initiatives.

The effort to address greenhouse gases is a complex endeavor that ultimately requires a global response.

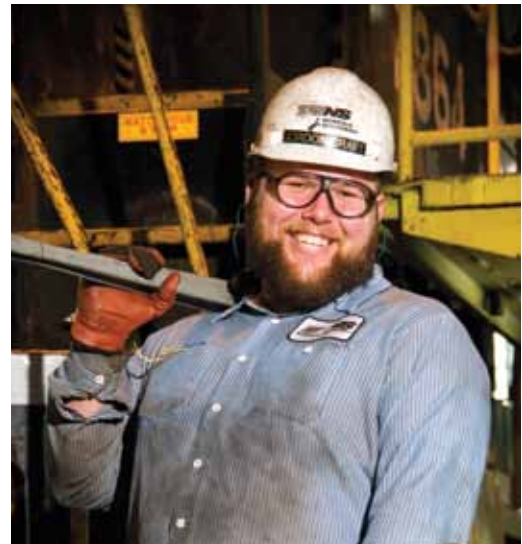
Norfolk Southern aims to be part of the solution.



Our Performance Indicators

Overview:

Norfolk Southern strives to be the transportation industry leader in economic performance and environmental sustainability practices while fostering a workplace where all employees are valued and respected for their unique contributions to corporate goals.



These values are incorporated in the company's creed:

- We are responsible to our stockholders, customers, employees, and the communities we serve.
- For all our constituencies, we will make safety our highest priority.
- For our customers, we will provide quality service, always trying to reduce our costs in order to offer competitive prices.
- For our stockholders, we will strive to earn a return on their equity investment that will increase the value of their ownership. By generating a reasonable return on invested capital, we will provide the security of a financially strong company to our customers, employees, stockholders, and communities.
- For our employees, our greatest asset, we will provide fair and dignified treatment with equal opportunity at every level. We will seek a talented, diverse work force and management with the highest standards of honesty and fairness.
- For the communities we serve, we will be good corporate citizens, seeking to enhance their quality of life through service, jobs, investment, and the energies and good will of our employees.



Our Economic Performance Indicators

Overview: After five years of growth in traffic and financial performance, including a record-setting 2008, Norfolk Southern experienced significant declines in traffic beginning in the fourth quarter of 2008 and continuing into 2009 in the midst of a national recession. With ongoing trends in the transportation marketplace — higher fuel costs, increased highway congestion, and continued shortages of long-distance truck drivers — and with the environmental and operational competitive advantages the rail industry has over other forms of surface transportation, Norfolk Southern is prepared to handle the growth expected when the economy improves.

In 2008, the company set records in railway operating revenues, income from railway operations, net income, and diluted earnings per share. We achieved customer recognition as a leading service provider, and we are committed to growth in volume and revenues and to delivering exceptional economic performance by providing superior service.

2007	2008
\$9.4 billion	\$10.7 billion
Railway operating revenues	
\$6.8 billion	\$7.6 billion
Railway operating expenses	
\$2.6 billion	\$3.1 billion
Income from railway operations	
72.6%	71.1%
Railway operating ratio	
\$1.5 billion	\$1.7 billion
Net income	
\$3.68	\$4.52
Earnings per share-diluted	
\$2.6 billion	\$2.7 billion
Total compensation and benefits	
\$50.44	\$47.05
Year-end stock price	
\$0.96	\$1.22
Dividends per share	
13.71	10.41
Price/earnings ratio at year end	
36,955	35,466
Number of stockholders at year end	
379.3 million	366.2 million
Shares outstanding at year end	

General Merchandise Comprises Five Major Commodity Groups

General merchandise traffic is composed of five major commodity groupings: automotive; agriculture, consumer products and government; chemicals; metals and construction; and paper, clay, and forest products. A total of 2.6 million general merchandise carloads accounted for 52 percent of Norfolk Southern's total railway operating revenues in 2008.



Automotive: Norfolk Southern long has been North America's largest carrier of automotive products, although the automotive industry's global recession and restructuring have affected rail traffic. Thirteen of the last 22 assembly plants built in the United States were located on Norfolk Southern rail lines, including one now being constructed. The company now accesses 26 assembly plants, plus two plants on connecting short line railroads.

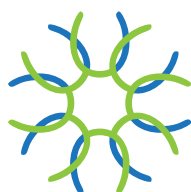
Agriculture, Consumer Products, and Government: The country's increasing demand for ethanol and other renewable fuels is driving business for Norfolk Southern – in the transport of ethanol as well as the corn and soybeans needed for its production, and the fertilizer to grow these crops. U.S. production of ethanol is soaring, and producers rely on Norfolk Southern to transport it. Norfolk Southern moves more than a billion gallons of ethanol a year from plants west of the Mississippi to eastern destinations. Another core part of Norfolk Southern's agriculture business is the shipment of corn from the Midwest to the animal feeding, processing, and export markets in the East and Southeast.

Chemicals: Chemicals are essential ingredients in millions of consumer products, and they have many industrial uses. When it comes to shipping them, rail is the safest mode of transportation. Norfolk Southern annually presents its Thoroughbred Chemical Safety Award to chemical customers that handle more than 1,000 carloads of hazardous chemicals without incident. In 2008, 40 customers were recipients of the award. Quality service is important as well, as rising energy and feedstock costs place pressure on American manufacturers to compete in the global marketplace. Norfolk Southern helps customers remain competitive by providing excellent service.

Metals and Construction: The metals and construction group includes steel, aluminum products, machinery, scrap metals, cement, aggregates, bricks, and minerals. Norfolk Southern leads the industry in the transportation of steel and other metals. The railroad serves 19 integrated mills, 17 minimills, more than 38 major steel processors, and more than 75 steel distribution facilities. Norfolk Southern is working with German steel manufacturer ThyssenKrupp to support a new processed steel plant being built near Mobile, Ala. The plant is expected to be Norfolk Southern's largest-ever industrial development project and one of the largest new plant investments in the United States.

Paper, Clay, and Forest Products:

In addition to serving paper mills, paper distribution centers, and sawmills, as well as transporting lumber, scrap paper, and clay, Norfolk Southern's paper, clay, and forest products business includes the transportation of construction and demolition debris and moving municipal solid waste to certified disposal sites. Norfolk Southern serves 80 paper mills and more than 250 paper distribution centers, saw mills, and other construction-related facilities.



Coal Business Serves World's Energy Demand

Coal, including coke and iron ore, is Norfolk Southern's largest commodity group as measured by revenue. The company handled 194 million tons in 2008, accounting for 29 percent of total railway operating revenue. Norfolk Southern trains moved 144 million tons of utility coal in 2008, serving the nation's demand for electric energy. Total coal handled through all system ports in 2008 was 41.8 million tons.

Coal is an abundant fossil fuel. Norfolk Southern's utility customers are engaged in clean-coal initiatives to keep energy reliable and affordable. Norfolk Southern is a partner with groups supporting cleaner utilization of this important resource.

Intermodal Traffic is America's 'Green' Transportation Solution

One intermodal double-stack train can take as many as 280 trucks off the congested highway system. Couple that with the fuel efficiency of moving a ton of freight an industry average of 457 miles on a single gallon of diesel fuel, and you have a winning combination for customers and communities. Norfolk Southern handled 3 million intermodal units in 2008, which accounted for 19 percent of total railway operating revenue for the year.

Intermodal transportation helps cut down on emissions. The federal Environmental Protection Agency estimates that a typical truck emits nearly three times as much nitrogen oxide and particulate matter as a locomotive on a ton-mile basis. If just 10 percent of the freight that currently moves by truck was diverted to rail, fuel savings would approach 1 billion gallons per year.

Rapid growth and consumer demand are straining transportation networks across the country. Rail transportation helps relieve congestion on the nation's highways, and the EPA has noted that transportation by rail is the more environmentally friendly mode of transportation for freight.

Norfolk Southern operates the most extensive intermodal network in the East, including 58 terminals in 35 markets and on-dock and near-dock rail services at all major East Coast ports.

In 2008, the company opened a state-of-the-art, 275-acre terminal just south of downtown Columbus, Ohio, to serve the expanding distribution market in the eastern U.S. Located in the Rickenbacker Logistics Park, the terminal has direct access to more than 35 million square feet of warehouse and distribution space and a free trade zone. The Rickenbacker terminal anchors intermodal traffic between Columbus and the marine terminals at Norfolk, Va., and serves international and truckload customers transporting freight to the western U.S., including West Coast ports via rail interchange with other carriers at Chicago.

In early 2009, the newest intermodal facility opened at Titusville, Fla., with NS rail access via the Florida East Coast Railroad, providing easy access to the Orlando and Tampa markets. Additional intermodal market expansion is anticipated as Norfolk Southern works to improve service and expand capacity.





Corridor Development Projects Support Future Intermodal Growth, Benefit Communities

A transportation infrastructure crisis faces the country. There are not enough highways to handle the traffic growth that's coming.

The Department of Transportation estimates that America will need to move 88 percent more freight by rail by 2035. If railroads can't adequately expand, a third of all key freight rail corridors will be at, or over, capacity within that time. That means more traffic on our roads, more wasted fuel, more lost time, more frustrated motorists.

The best solution is increased use of freight rail transportation. Sixty-three percent of Americans think more freight should move by rail. It's a safe, clean, fuel-efficient alternative to building new highways. It's cost-effective, and it will be ready to go long before highway projects even get off the drawing boards.

That's where Norfolk Southern can help. Norfolk Southern is partnering with federal, state, and local government to accelerate needed investment in rail infrastructure.

Public-private partnerships effectively share the costs of funding railroad capacity projects that have both public and private benefits, but which neither party would be able to support on its own. Railroads pay for the benefits they receive, while state and local governments are asked to contribute to support the public benefits.

Railroads are investing record amounts of their own funds improving their networks, more than \$440 billion since 1980, but private investment alone will not be sufficient to expand the nation's freight rail infrastructure over the next three decades to make sure adequate rail capacity exists.

Sharing the costs of investments through public-private partnerships will help the country by lowering fuel consumption, decreasing transportation-related greenhouse gas emissions, reducing highway congestion and stress on highways and bridges, and maintaining capacity for passenger rail. Through public-private partnerships, Norfolk Southern has taken the lead in initiating rail corridor improvement projects that will help provide these benefits.

Crescent Corridor is the company's largest, most ambitious project. It's a 2,500-mile rail network that supports the supply chain from New Jersey to Memphis – and beyond to New Orleans. NS is making improvements to the corridor that will enable it to handle more rail freight traffic faster and more reliably. The upgrades include straightening curves; adding passing lanes, double tracks, and signals; and building terminals. In 2009, NS announced plans to build intermodal terminals in Tennessee, Alabama, and Pennsylvania to support freight movements on the Crescent Corridor.

These improvements will generate big public benefits, because they will help both trucks and trains – in partnership – do what they do best. For trucks, that means moving freight short distances; for rail, it means moving freight long distances.

Increasing Norfolk Southern's share of freight along the Crescent Corridor could absorb more than a million truck hauls each year from interstate highways and save the country 100 million gallons of fuel annually. Through public-private partnerships with state and local governments, Norfolk Southern will be able to upgrade the Crescent Corridor much faster. Learn more by watching our short video, "Past, Present, and Crescent," on our Web site at www.nscorp.com.

Heartland Corridor has been the shining example of the workability of public-private partnerships for rail improvement projects. With work proceeding at a steady pace since October 2007 and continuing on schedule for planned completion in 2010, the Heartland Corridor will open up a new gateway for double-stacked container traffic from the East Coast to the Midwest. It will eliminate 200 route miles and reduce transit time from the Hampton Roads ports to the Ohio Valley by 24 hours.

The project raises clearances for 28 tunnels and 24 overhead obstructions to allow double-stack container traffic. This is a \$150 million public-private partnership involving contributions totaling \$95 million from the federal government, Virginia, West Virginia, and Ohio. The Rickenbacker intermodal terminal, which opened in Columbus, Ohio, in 2008, is the Midwest anchor for the corridor. Communities along the corridor will have greater access to world markets, and the project will divert freight from highways, reducing congestion and fuel emissions. It also will free rail capacity on other parts of the NS network.

MidAmerica Corridor: In addition to public-private partnerships, Norfolk Southern works with other rail carriers to create additional rail infrastructure capacity and improve service. Aiming to create shorter and faster routes for merchandise moving between the Midwest and Southeast, Norfolk Southern and Canadian National Railway Company in March 2009 announced an innovative track sharing agreement dubbed the MidAmerica Corridor. The two railroads plan to share track and freight haulage to expedite customer shipments, improve asset utilization, and generate efficiencies for merchandise moving between Chicago and St. Louis and to stops in Kentucky and Mississippi. The railroads plan to create a new coal gateway at Corinth, Miss., to better link southeastern utility plants served by Norfolk Southern to Illinois Basin coal producers served by Canadian National. A key component involves upgrading the West Tennessee Railroad between Fulton, Ky., and Corinth to handle heavier shipments and additional rail traffic.

Pan Am Southern Corridor:

In an initiative announced in May 2008, NS and Pan Am Railway will create an improved rail route between Albany, N.Y., and the greater Boston area. Investments in the corridor are expected to improve track quality and customer service, increase train speed, reliability, and capacity for serving the Boston market. The two companies will operate on the corridor as “Pan Am Southern,” a new railroad in which each company holds a 50 percent stake. Project plans call for construction of a new intermodal and automotive terminal in the Albany area and an automotive terminal in eastern Massachusetts.

Meridian Speedway: In 2008, Norfolk Southern continued improvements on this corridor development initiative that offers the most direct route between California and points in the Southeast. A joint venture with the Kansas City Southern Railroad, the project improves service between Meridian, Miss., and Shreveport, La. NS is investing \$260 million to move the gateway interchange from Memphis, Tenn., to Shreveport, eliminating 150 route miles on transcontinental shipments and taking a full day out of the transit schedule.

Empire Link: In yet another corridor development announced in 2008, Norfolk Southern joined with 10 New York-based short line railroads to convert short-haul truck movements to rail. This program—known as the Empire Link—allows participating short line railroads to market the excess rail freight capacity on Norfolk Southern’s Southern Tier and branch lines between Binghamton and Silver Springs, N.Y. As fuel prices escalate, the Empire Link is an attractive option for shippers currently trucking freight in New York, Pennsylvania, and New Jersey. The project provides our New York short line partners with tools and resources to design and offer rail transportation services that are truck-competitive in lanes shorter than 500 miles. The initiative represents a creative new way to partner with smaller railroads to provide services to customers while minimizing congestion and emissions.





Investing in New and Expanding Businesses

Norfolk Southern assists state and local government and economic development officials in helping customers identify ideal locations for new and expanded facilities.

In 2008, Norfolk Southern participated in the location of 80 new industries and the expansion of 35 existing industries along its rail lines. The customer investments in new and expanded facilities totaled more than \$2.2 billion and are expected to create 3,623 jobs in the railroad's territory and more than 136,000 carloads of new rail traffic annually.

During the past 10 years, Norfolk Southern's Industrial Development Department has participated in the location or expansion of 1,115 facilities, representing an investment of \$23.6 billion and creating nearly 55,000 customer jobs in the territory served by the railroad. Norfolk Southern works with state and local economic development authorities on projects involving site location and development of infrastructure to connect customers to its rail system and provides free and confidential plant location services, including industrial park planning, site layout, track design, and logistics assistance.

Laws, Regulations Govern Rail Operations

Like all rail freight transportation companies operating in the United States, Norfolk Southern is subject to significant governmental regulation and legislation over commercial, environmental, and operating matters.

Railroads are subject to commercial regulation by the Surface Transportation Board, which has jurisdiction over some routes, fuel surcharges, conditions of service, the extension or abandonment of rail lines, and rail mergers and acquisitions.

Railroads also are subject to safety and security regulation by the Department of Transportation and the Department of Homeland Security, which regulate most aspects of Norfolk Southern's operations.

Norfolk Southern's operations are subject to extensive environmental laws and regulations concerning, among other things, emissions to the air; discharges to waterways or groundwater; handling, storage, transportation, and disposal of waste and other materials; and the cleanup of hazardous material or petroleum releases. Norfolk Southern's management practices ensure compliance with these various regulations. We manage in a responsible manner the risks of operating, and we comply with all applicable regulations.

Transporting Hazardous Materials Safely, Securely

Safety is especially critical when it involves transporting hazardous materials. Annually for the last 13 years, Norfolk Southern has recognized the safety performance of our customers who ship more than 1,000 carloads of hazardous chemicals without incident by presenting them the Thoroughbred Chemical Safety Award. We share the public's concerns about the transportation of chlorine and similar commodities designated toxic inhalation hazards, so-called TIH commodities. Because we are required under federal law as a common carrier, Norfolk Southern transports some 23,000 carloads of TIH commodities each year. Many issues surround the transportation of TIH commodities, including safety, routing, notification, custody and security of shipments, and a justifiable balance of financial risk and reward to railroads.

Recognizing that the transportation of TIHs mandated by our common carrier obligation is inherently risky, Norfolk Southern will continue to work to transport TIHs safely and securely while pursuing policies that reduce and properly allocate those risks.

Norfolk Southern has gone to great lengths to ensure the safe and secure transportation of TIH commodities. These include:

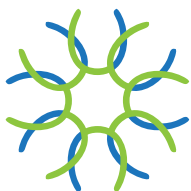
- Supporting new design requirements to make tank cars stronger and safer;
- Implementing a comprehensive security plan;
- Coordinating with the Department of Homeland Security, Transportation Security Administration, Department of Transportation, Coast Guard, Customs and Border Protection, FBI, and various state Homeland Security offices;
- Participating in the voluntary Customs-Trade Partnership Against Terrorism program to help ensure integrity of freight shipments;
- Erecting physical barriers and new access control measures, issuing photo ID cards to employees, providing security-specific employee training, and increasing NS police patrol frequency;
- Providing data about TIH shipments to certain government agencies, and upon request to local emergency response agencies, in order to aid in their emergency response preparedness; and
- Working through the Transportation Community Awareness and Emergency Response Program (TRANSCAER) to provide emergency response training, including TIH response, to organizations along the rail network.





Railroads Manage Business Risks

Various risks and challenges are inherent to operation of rail freight transportation companies, including Norfolk Southern. A description of some of these risks follows. The company's most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q provide more complete information about these and other risk factors, including risks posed by government regulation and legislation as well as risks associated with the transportation of hazardous materials. We have practices and policies to manage and mitigate the effects of all these potential risks.



Terrorism or war: Because Norfolk Southern plays a critical role in the nation's transportation system, it could become the target of an attack or have a significant role in the government's pre-emptive approach or response to an attack or war.

General economic conditions: Prolonged negative changes in domestic and global economic conditions affecting the producers and consumers of the commodities Norfolk Southern carries may have an adverse effect on its operating results, financial position, and liquidity.

Competition From other transportation providers:

Norfolk Southern is subject to competition from motor carriers, railroads, and to a lesser extent, ships, barges, and pipelines, on the basis of transit time, pricing, and the quality and reliability of service. While Norfolk Southern typically and primarily has used internal resources to build or acquire and maintain its rail system, trucks and barges have been able to use public rights of way maintained by public entities. Any future improvements or expenditures materially increasing the quality or reducing the cost of other modes of transportation, or legislation granting motor carriers greater latitude on size or weight limitations, could have a material adverse effect on the company's financial position.

Operations of interchange carriers:

Norfolk Southern's ability to provide rail service to customers in the United States, Canada, and Mexico depends in large part on its ability to maintain cooperative relationships with connecting carriers regarding freight rates, revenue divisions, car and locomotive availability, data exchange and communications, reciprocal switching, interchange, trackage rights, and other matters. Deterioration in the operations or service of those connecting carriers could result in Norfolk Southern's inability to meet its customers' demands or require Norfolk Southern to use alternate train routes, which could result in significant additional costs and network inefficiencies.

Reliance on technology:

Norfolk Southern relies to a large extent on technology that enhances safety and reliability of many aspects of its rail operations, including dispatching and train control. Significant disruption of the company's information technology systems, including computer hardware, software, and communications equipment, could result in a service interruption, security breach, or other operational difficulties.

Labor issues: The vast majority of the employees of Norfolk Southern and other railroads belong to labor unions. Labor agreements, strikes, or work stoppages could adversely affect our operations. Additionally, future national labor agreements, or renegotiation of labor agreements or provisions of labor agreements, could significantly increase Norfolk Southern's costs for health care, wages, and other benefits.

Claims and lawsuits: The nature of Norfolk Southern's business exposes it to the potential for various claims and litigation related to labor and employment, personal injury, commercial disputes, freight loss and other property damage, and other matters. Job-related personal injury and occupational claims are subject to the Federal Employers' Liability Act, which is applicable only to railroads. The variability inherent in FELA's fault-based tort system could result in actual costs being very different from the liability recorded.

Severe weather: Severe weather conditions and other natural phenomena, including hurricanes and floods, may cause significant business interruptions and result in increased costs, increased liabilities, and decreased revenues.

Work Force issues: Work force demographics, training requirements, and the availability of qualified personnel, particularly engineers and trainmen, could have a negative impact on Norfolk Southern's ability to meet demand for rail service. Unpredictable increases in demand for rail services may

exacerbate such risks.

Fuel and other supply markets:

Norfolk Southern consumes about 500 million gallons of diesel fuel each year, and the company is working on many fronts to reduce this consumption. 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, disruption of oil imports, disruption of domestic refinery production, damage to refinery or pipeline infrastructure, political unrest, war, or otherwise could adversely affect Norfolk Southern, its customers, and other transportation companies. Due to the capital intensive nature and industry-specific requirements of railroads, high barriers of entry exist for potential new suppliers of core railroad items, such as locomotives and rolling stock equipment. Additionally, Norfolk Southern competes with other industries for available capacity and raw materials used in the production of certain track materials, such as rail and ties. Changes in the competitive landscapes of these limited-supplier markets could result in increased prices or material shortages.





John Tomlin:
Showing
how good
business
is good
for the
environment

After his first visit to a branch track near Ithaca, N.Y., John R. Tomlin sent an e-mail to fellow employees in Norfolk Southern's design construction group in Atlanta.

You know it's going to be a long day, he wrote, when you arrive at the work site and see a sign that says, "Protected Wetland." Then you walk a little farther and a sign says, "State Wildlife Preservation Area." And then, a few feet away there's another sign: "State Parks Managed Scenic River."

His task: To stop the Cayuga Inlet Creek from flooding a section of rail line, a situation that was disrupting service to three Norfolk Southern customers.

His challenge: The creek housed not one but two species of state-protected trout – rainbows and browns – and regulators with the New York Department of Environmental Conservation did not want the property disturbed.

His solution: In the end, John helped find a way to satisfy the railroad's business needs while also enhancing the creek's trout habitat.



Coming up with a plan

Since 2006, flooding along a section of branch track near Ithaca had gotten progressively worse during the annual spring thaw and rainy season. The flooding disrupted railroad deliveries to a salt mine, a recycling center, and Cornell University.

John discovered the source of the problem: the concrete footing of an old overpass replaced years earlier had created an eddy in the creek that caused sediment to build up, clogging drainage pipes installed under the tracks and changing the creek's flow dynamics.

Fixing the situation involved temporarily diverting the creek so that the sediment could be dredged out and removed. That work, performed by a Norfolk Southern contractor during three weeks in July 2008, was done between the trouts' breeding seasons. It included installing angled rock structures to channel the creek's flow, creating additional habitat for the trout, and to flush out sediment.

Material dredged from the creek was hauled by rail to another section of track that needed fill dirt, John says, allowing the railroad to reuse the material.

John Tomlin, left, receives a plaque from U.S. Sen. Tom Carper, D-Del, as NS' nominee for the John H. Chafee Environmental Excellence Award.

A balancing act

The outcome serves as a prime example of how sound business practices can be good for the environment – and vice versa. Finding the right balance between the two is what being a sustainable corporation is about.

“We worked closely with the environmental regulators up there to get a solution everyone could agree on,” says John, engineer geotechnical services. “When they saw how fast we worked, the quality of the work, and the cleanliness of the project, they were very satisfied with the results.”

To recognize his performance, Norfolk Southern nominated John for the railroad industry’s top environmental award, the John H. Chafee Environmental Excellence Award. The award is named after the late U.S. Sen. John H. Chafee of Rhode Island, who championed environmental causes and understood and promoted the green advantages of rail transportation.



Before

A man of the earth

In his job, John performs two major functions. In one, he monitors the quality of about 3 million tons of rock ballast delivered annually to the railroad’s maintenance-of-way group for use on tracks. He reviews every report from the quarries and regularly inspects those facilities.

As a trained civil engineer, his other primary role is coming up with solutions to address rail lines damaged or threatened by such things as sinkholes, landslides, and drainage problems.

“My job is exciting because I never know what challenge is coming next,” he says. “If there’s an oddball thing that has to do with geology or the environment, my phone rings.”

One of those calls involved the branch line that runs beside Cayuga Inlet Creek.

Committed to service

Making the project a success required a lot of hands-on interaction with the contractor. Norfolk Southern had to make sure the contractor’s workers were aware of the issues and what was needed to comply with environmental restrictions.

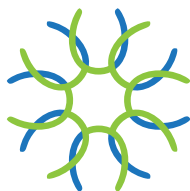
“It was all about the five ‘P’s,’ ” John says. “Proper planning prevents poor performance.”

John has the same sort of commitment to service in his off time. For the past two years, he and his wife, Mary Elizabeth, led a team of youth and adult volunteers who performed free home repair for 26 families in their hometown of Newnan, Ga.

The group, part of a grassroots church effort, made minor roof and porch repairs, built wheelchair ramps, and cleaned up yards.



After



Our Environmental Performance Indicators

We are committed to monitoring the success of our environmental performance by measuring and tracking appropriate metrics. Having reported 2007 metrics in our first corporate sustainability report last year, we now show comparative data for 2008. Our goal is to show continuous improvements in collection and reporting of data as well as in our record of environmental stewardship. Future reports will reflect expanding use of the reporting principles as we move toward more comprehensive coverage of economic, environmental, and social performance.

Overview: Norfolk

Southern is committed to being an industry leader in environmental responsibility. Strong sustainability practices are good for our business, the economy, and the environment, and they benefit our people, the communities and customers we serve, and our stakeholders.

Focus on Eco-Friendly Purchasing Practices

Norfolk Southern is a major provider of transportation services in North America and operates approximately 21,000 route miles. Maintaining this infrastructure requires us to procure significant amounts of crossties, rail, and stone ballast.

	2007	2008
Material purchases		
Crossties replaced	2.8 million	3.0 million
Switch ties and bridge ties replaced	98,989	109,767
Rail replaced	401 miles	459 miles
Tons of ballast placed	2.9 million	2.7 million

Throughout our system, we use recycled materials, such as paper and packaging. Approximately 11 percent of the paper, packaging, and office supplies we purchase includes recycled or recovered materials. Before we dispose of oil filters, we crush them to remove the oil for recycling and to reduce landfilling. We also recycle used oil from our major locomotive shops. At our Chattanooga shop, we reclaimed 60,011 gallons of engine oil in 2008 for reuse in locomotives. Locomotive lubricating oil not reclaimed in Chattanooga is sold to recycling companies that filter and refine it for reuse.

Maximizing Efficiencies of Rail Transportation

Energy is necessary to move the goods that move the economy. Norfolk Southern consumes diesel fuel to operate our trains and electricity to power our buildings and systems. The accompanying tables show our fuel and electricity consumption totals for 2007 and 2008 and our fuel use per million dollars of revenue, and revenue ton-miles per gallon of diesel for the last four years. We strive to minimize our energy use and maximize the efficiencies that are innate to rail transportation by continuously focusing on reducing locomotive idling time, improving locomotive power utilization, and deploying train handling tools that plan for and deliver reductions in consumption of diesel fuel across our system.



Transporting freight by rail is more fuel-efficient, and therefore less carbon-intensive, than transporting freight by truck. In 2008, Norfolk Southern moved an average of 405 revenue ton-miles (one ton of freight moved one mile) of freight on a gallon of diesel fuel. By contrast, average truck fuel economy is 110 ton-miles per gallon.

As our business grows, so does our energy consumption. Our innovative train-handling systems, such as LEADER – which uses an onboard computer to calculate optimum train speed – will help Norfolk Southern maximize our energy and fuel efficiency while providing services critical to a healthy economy.

Norfolk Southern's fleet of motor vehicles, such as cars and trucks used by railroaders in supervising and maintaining our 21,000-mile rail system, includes close to 100 hybrid vehicles. The company is evaluating the performance of the hybrids and reviewing the entire fleet of on-road vehicles to ensure that each vehicle is suitable for its predominant use. Among the factors we are evaluating are size, weight, horsepower, fuel type, and efficiency. The company annually purchases about 14 million gallons of highway motor vehicle fuel, the majority of which is diesel.

2007

2008*

500.4 million 483.8 million
gallons of diesel fuel

11.3 million 13.1 million
gallons of gasoline

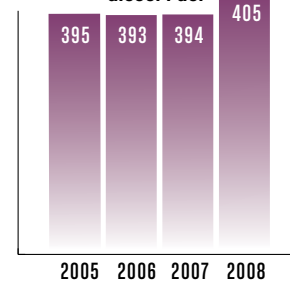
1.5 million 2.2 million
gallons of propane and heating oil

480.7 million 512.0 million
kilowatt-hours of electricity

372.6 million 404.0 million
cubic feet of natural gas

*Includes leased space and NS facilities opening in 2008

Revenue ton-miles per gallon
diesel Fuel



2007

2008

53,053 gal 45,380 gal
diesel fuel per million dollars of revenue

1,198 gal 1,227 gal
gasoline per million dollars of revenue

164 gal 206 gal
propane and heating oil per million dollars of revenue

50,965 kWh 48,029 kWh
electricity per million dollars of revenue

38,000 cu.ft. 37,897 cu.ft.
Natural gas per million dollars of revenue

No Data 641 gal
Fuel oil and nonlocomotive diesel
per million dollars of revenue

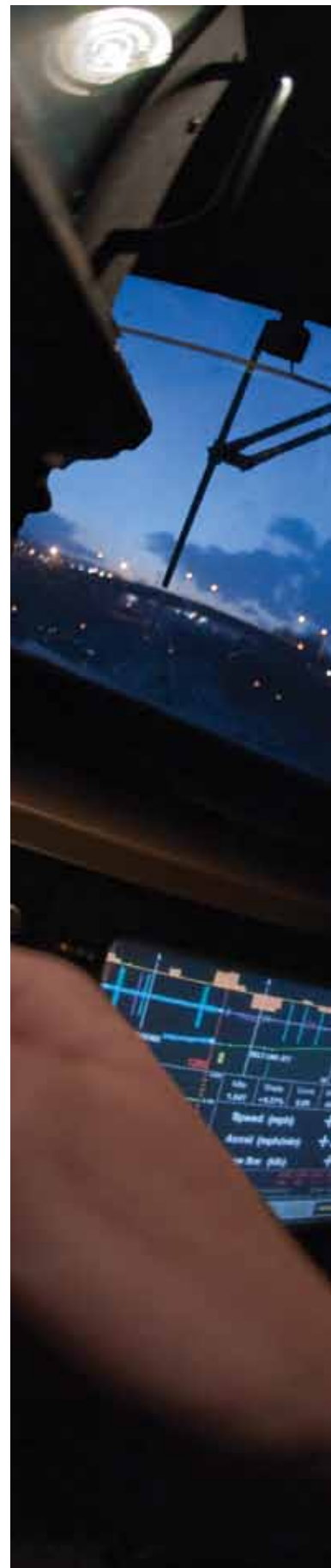
Technology Benefits the Environment and Operating Performance

In 2008, Norfolk Southern continued development of technology that produces environmental benefits as well as improvements in operating efficiencies.

Norfolk Southern is equipping some of its switcher locomotives with generator-set engines – a technology that saves fuel, reduces emissions, and operates more efficiently. Unlike conventional locomotives that have a single engine, locomotives with “gen-sets” are powered by up to three 700-horsepower diesel engines. With multiple engines, the control system can modulate the number of engines in use at any given time, depending on the horsepower requirements. The second and third engines come on line only as demand requires. That allows us to burn less fuel, resulting in lower emissions and greater fuel efficiency. Gen-set equipped locomotives are expected to reduce emissions of nitrous oxides by up to 80 percent and particulate matter by up to 90 percent, and reduce fuel consumption by up to 40 percent.


The gen-set engine is just one example of how Norfolk Southern is enhancing operating performance through the use of leading-edge technology. Here are some others:

- A technology known as LEADER uses an onboard computer to calculate the optimum speed at which a train should travel. LEADER stands for Locomotive Engineer Assist Display Event Recorder. The system functions using mathematical formulas to calculate optimal train-handling methods in real time, based on line segment grade and curvature. The information is displayed directly to train crews, helping them conserve fuel and reduce emissions.
- Norfolk Southern has adopted widespread use of locomotive idling reduction technologies and procedures to cut down on run times for locomotives, reducing fuel consumption and emissions. The technologies include automatic engine start-stop systems, and auxiliary power units that keep engine coolant warm, permitting main engine shutdown even in freezing temperatures. Approximately half of our locomotives assigned to rail yards and local train operations are equipped with idle reduction technologies, and more locomotives are being equipped continuously.
- The Unified Train Control System is a train dispatching system that automates basic train movement instructions and provides tools for planning efficient operations.
- Closely integrated with the Unified Train Control System is another state-of-the-art system, Optimized Train Control, which provides a safer environment for train operations. The system captures data from onboard and trackside monitors, integrates it with Norfolk Southern's central computer systems, then analyzes it to alert the train crew and dispatcher when unsafe conditions arise. The system enforces safe operating practices by automatically braking a train to a safe stop if corrective actions are not taken in response to the alerts. Norfolk Southern is testing the Optimized Train Control system on one operating division, with a future goal of systemwide implementation. The company plans to comply with a congressionally mandated industrywide implementation of positive train control systems by 2015.
- Electronically controlled braking systems and wireless communications are among other technologies being evaluated for their effectiveness in improving efficiency, reliability, and safety, and in reducing emissions.



Lighting the Way to Energy Savings

Norfolk Southern is committed to reducing energy consumption in its office buildings. The latest technological advances in lighting systems have been deployed to save energy costs, reduce the company's carbon footprint, and benefit local communities – all while improving overall lighting.



In 2007, Norfolk Southern embarked on a systemwide initiative to replace and upgrade lighting in all offices, shops, and yard facilities. In 2009, the company completed the first phase of the project, including major employee centers and smaller sites near major centers – about 75 to 80 percent of the total program. The first phase targeted areas where the company generates the highest electricity usage and thus the highest energy costs. The phase has generated an internal rate of return of 56 percent and a projected savings of \$4.3 million annually in energy costs. Phase two will include the remaining medium-to-small sites and facilities.

The project covers 600 buildings plus yard facilities at 300 Norfolk Southern locations. In addition to producing savings in utility bills, lowering maintenance costs, and improving lighting, the project serves to reduce greenhouse gas emissions as less energy is required to light the company's facilities.

Localities further benefit as planners work to avoid over-lighting outdoor company facilities, lessening the impact on adjacent communities.

Converting existing lighting to newer, more energy efficient technologies will result in substantial savings in Norfolk Southern's annual electric bill, about 40 percent of which goes for lighting its facilities systemwide. The newer systems combine use of more efficient fluorescent technologies with pulse-start metal halide lighting. The metal halide produces a more people-friendly white light, and the pulse-start technology gives instant startup and reduced energy consumption. The end results are more light with less power, and more effective light distribution. As additional technologies become available, such as light-emitting diodes, Norfolk Southern is testing them for application to the railroad.

Here is a 2008 summary of some estimated benefits of phase one of the lighting upgrade project:

- Savings in energy consumption of 57.6 million kilowatt-hours
- Reduction in carbon dioxide emissions of 87.6 million pounds
- Reduction in nitrogen oxide emissions of 121,000 pounds
- Reduction sulfur dioxide emissions of 313,000 pounds
- Total reduction of emissions equivalent to removing 4,982 cars from the road

Norfolk Southern also is installing occupancy sensor controls throughout its facilities. Occupancy sensors automatically control lighting by turning lights off when spaces are unoccupied. The sensors give building operators additional opportunities to improve energy savings without compromising lighting for building occupants.

Conserving Water Use

Though not a major industrial consumer of water, Norfolk Southern has started tracking water use systemwide. In our major office locations, measures are under way to complete installation of water-saving faucets and toilets, reducing water consumption at these facilities. For example, in our general office building in Atlanta, we installed waterless urinals. And, at many of our major yard installations, where water is used for heating, cooling, equipment washing and maintenance, and sanitary purposes, we have installed new meters, updated piping, and located and repaired leaks, reducing our water consumption.

Norfolk Southern is thinking greener

In ways large and small, Norfolk Southern employees are re-examining traditional ways of doing business with a view toward sustainability.

That mindset is extending to the railroad's yards and facilities, where wind turbines are now in use at yards in Bellevue, Ohio, and North Kansas City, Mo., and solar is being tapped to help power a wastewater treatment plant in Irondale, Ala., and power field instruments, such as a stormwater discharge flow meter at the Wheelersburg, Ohio, terminal.

This year, at the Sheffield Yard in Muscle Shoals, Ala., Norfolk Southern will erect its first building that incorporates green building techniques.

It's nothing fancy – a building to house wastewater facilities that treat storm water and process wastewater generated by rail operations. However, this structure, featuring use of recycled materials for cinderblocks, roof, and doors, is nothing like the pre-fabricated steel buildings the railroad has used for such structures.

"We're getting a building that is environmentally friendly, will require less maintenance and repair, and should last longer," said Brad Brenneman, engineer environmental design. "It's a great approach."

"This type of construction is a departure from the conventional buildings we build for our wastewater treatment plants," said Bob Raber, manager environmental operations. "Evaluating the materials used will help us incorporate green materials in future project designs."

For their work on the project, Brenneman and Raber earned Norfolk Southern SPIRIT awards for performance, which the railroad began issuing in 2008 to recognize outstanding employee achievements. SPIRIT is an acronym for the railroad's core values, standing for Safety, Performance, Integrity, Respect, Innovation, and Teamwork.

Some of the green aspects of the building are simple, such as sky lights in the roof and glass blocks in the walls to provide lighting and minimize electricity use.

The cinderblock walls, made of recycled brick material from Illinois, consist of pigmented masonry blocks, which will eliminate the need to paint them.

The building will feature a pitched, A-frame roof, a design that will help reduce the "heat island" effect, resulting in less energy to cool the interior.

The facility will serve as a demonstration project as part of a broader push to incorporate such things as green building designs, recycling programs, and similar initiatives into Norfolk Southern's business model. Employees have embraced the railroad's commitment to sustainability, and are searching for ways to do business in greener ways.

"These initiatives support our commitment to reduce our impact on the environment," Raber said. "It is rewarding to be a part of an organization that's not just talking about sustainability, but is actively promoting and using sustainable materials and methods in its daily activities."

NS Leads Industry in Locomotive Compliance

Locomotive power is the most fuel-efficient means to transport goods over land in North America, and this fuel efficiency minimizes the effect railroad transportation has on greenhouse gases. Norfolk Southern has invested heavily in locomotive engine upgrades and other initiatives to improve environmental performance. By the end of 2008, more than 80 percent of our locomotives met or exceeded federal emissions standards, the highest percentage of any Class 1 freight railroad. We anticipate deploying additional reduction technologies, further minimizing greenhouse gas emissions even as our business grows, along with the number of rail cars transported.



Tracking Recyclable Materials

In 2009, Norfolk Southern implemented a process for tracking the total amount of general office and yard waste generated by our operations. We anticipate reporting the results in next year's sustainability report.

We currently track the amounts of crossties, scrap steel, and batteries recycled on an annual basis.

2007	2008
1.1 million	1.37 million
Crossties utilized for energy recovery	
868,000	626,000
Crossties sold for landscaping	
201,000	314,000
Crossties used in internal cascading efforts	
179,000	167,440
Tons of metal recycled	
225,000	214,000
Tons of scrap steel recycled	
923,500	779,724
Pounds of batteries recycled	
Recycling resulted in the following quantities not being deposited in landfills:	
465,164	566,920
Pounds of lead	
61,766	47,398
Pounds of cadmium	
83,510	72,607
Pounds of nickel	

Protecting Water Sources and Related Ecosystems and Habitats

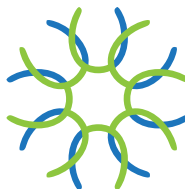
Norfolk Southern's system operates through many areas in the eastern United States, including along large and small waterways. Several of our facilities are located on the shores of major waterways, including the Ohio River, Lake Erie, and the Elizabeth River. Many of our rail lines parallel smaller waterways as they provide natural courses through hilly and mountainous terrain.

Systemwide, we have 149 water discharge permits in place that govern the quality of our water discharges and protect the environment. Typical water discharges from our facilities include treated wash water, water from repair and maintenance operations, sanitary water, and storm water. We continue to upgrade and install state-of-the art wastewater treatment systems to ensure that we meet or exceed wastewater discharge standards applicable to our operations.

From time to time, however, a train accident occurs that results in the discharge of substances, either diesel fuel or a commodity being carried by the train, to a waterway. In such cases, we respond immediately to the scene to minimize and remediate any releases, working closely with regulatory agencies to restore the affected environment.

Reporting All Spills

Our policy is to report all spills on our property, no matter how small and no matter the source. The number of reported incidents applicable to Norfolk Southern does not distinguish between those that may have an impact on the environment and those that do not. All releases are remediated promptly, and we work closely with regulators to ensure that the environment is restored where damage has occurred.



Taking Steps to Avoid Significant Environmental Impacts

Norfolk Southern is a railroad company that transports a variety of commodities safely and efficiently across North America through the use of locomotive power. By far, the most significant environmental impact of transportation by rail relates to fuel consumption. Simply put, diesel fuel is necessary for current rail technology and is one of our biggest expenses in providing the transportation services that keep our economy moving. The good news is that transportation by rail is far more efficient in terms of fuel consumption than the alternative, trucking. And that is good for the environment.



Still, Norfolk Southern employs many programs and technologies that make us even more efficient consumers of diesel fuel, saving money and improving the environment. For example, in addition to using the latest locomotive technology described elsewhere in this section, Norfolk Southern is a member of the federal Environmental Protection Agency's "SmartWay Transport" partnership. As part of the partnership, Norfolk Southern and other freight transporters have committed to develop and implement plans to improve fuel efficiency and reduce emissions in coming years.



Norfolk Southern also joined the SEE Change initiative of Business Roundtable, an effort among major American companies to promote sustainable growth. Norfolk Southern is one of 37 member companies of SEE Change (SEE stands for Society, Environment, and Economy), begun in 2005 to demonstrate how commitments to society and the environment can be compatible with business and economic growth.

For every truckload that is transferred to rail, the supply chain becomes even greener through reduced emissions and more efficient use of fuel. Norfolk Southern's carbon footprint analyzer, or "Green Machine," illustrates how shippers can reduce emissions as rail becomes a larger component of supply chains. The Green Machine appears on the company's sustainability Web site at www.nscorp.com/footprints. The calculator shows how many automobiles would have to be taken off highways, and how many trees would need to be planted, in order to achieve air quality improvements equivalent to those offered by greater use of rail.

As Norfolk Southern continues its efforts to expand and serve more markets, we anticipate additional loads will be converted to rail, easing traffic congestion on our highways and reducing greenhouse gases. The continued development of public-private partnerships, as described elsewhere in this sustainability report, will achieve these benefits while enhancing our national economy.



Educating on the Web, and in Communities

In 2008, Norfolk Southern linked its sustainability efforts to a bit of star power – rock star, that is. The railroad became the exclusive transportation sponsor of the Mother Nature Network, an environmental news and information Web site co-founded by Chuck Leavell, keyboardist for the Rolling Stones, environmentalist, and tree farmer in Macon, Ga. The Web site features video content from Norfolk Southern that highlights our sustainability efforts and explains the green power of shipping freight by rail. Norfolk Southern viewed the opportunity as a unique way of communicating our sustainability message to employees, investors, shareholders, and communities.

Norfolk Southern engages in outreach efforts in the communities we serve. These efforts include presentations on sustainability by our employee speakers bureau, and training programs for local emergency management agencies and other responders, such as local police and fire departments.

Many of these training opportunities are provided as a result of Norfolk Southern's support of the TRANSCAER program, a national effort that focuses on assisting communities to prepare for and respond to hazardous materials transportation incidents. TRANSCAER, which stands for Transportation Community Awareness and Emergency Response, is a program of the American Chemistry Council. Norfolk Southern programs on behalf of TRANSCAER range from classroom sessions to full-scale outdoor drills to special whistle-stop trains. Norfolk Southern is a multiple winner of TRANSCAER's National Achievement Award. Norfolk Southern also sponsors annual training for first responders across the country at the Security & Emergency Response Training Center at Pueblo, Colo.



Responding When Accidents Occur

While rare, accidents do occur that result in significant releases of hazardous materials to the environment.

While some incidents can be serious, the fact remains that rail is the safest form of freight transportation available in North America. To ensure this, we have comprehensive security plans in place, and all of our employees receive regular training in safety and security. We also coordinate closely with the municipalities we serve, providing hazardous materials response training in many locations each year. In 2008, we conducted 152 programs, including drills and training classes in 16 states, attended by more than 4,300 local, state, and federal responders from 48 cities and counties in those states and adjoining states. The programs totaled more than 25,000 man-hours of instruction.



We work closely with the government to ensure compliance with safety and security regulations governing rail operations and the transportation of hazardous materials. As one notable example, a Norfolk Southern police special agent is assigned to the National Joint Terrorism Task Force operating out of FBI headquarters in Washington, D.C., to 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, and has fostered a strong working relationship between the FBI and Norfolk Southern.



Governmental Audits Conducted

Norfolk Southern works diligently to ensure that our facilities and operations comply with environmental laws and regulations. We routinely audit our own operations to ensure compliance and to prevent the potential for unacceptable conditions to arise. Also, we are inspected on an ongoing basis by regulatory agencies and, on occasion, fined. However, of 15 governmental inspections conducted in 2008, only one resulted in the issuance of a fine or penalty.

A \$5,000 fine was levied at a rail facility at Elizabeth, N.J., because stored salt was not covered and because of a small release of petroleum from a lift crane. Corrections initiated immediately brought the facility into compliance.

Minimizing Hazardous Waste Generation

In 2008, Norfolk Southern had only one facility that was considered a large-quantity generator of hazardous waste (2,200 pounds generated in any given month). This waste consisted of waste paint and solvents generated by painting locomotives and business cars. There were eight small-quantity (220 to 2,200 pounds) generators of hazardous waste sites on our system. This waste consisted of bridge waste and other small quantities of waste. Wastes generated by all Norfolk Southern facilities are managed and disposed in compliance with all applicable laws and regulations.

Using Renewable Energy Sources

Norfolk Southern constantly searches for new ways to deploy renewable energy sources. For example, in 2008, we installed a 50-kilowatt wind turbine at our yard in North Kansas City, Mo., that generates the electricity to run the yard's wastewater treatment plant. The wind turbine, Norfolk Southern's second, consists of three 24-foot rotor blades mounted on an 80-foot tower and is estimated to generate more than 100,000 kilowatt hours annually. Solar energy is used in many locations along our rail system to power rail lubrication devices necessary to reduce friction and enhance fuel efficiency. Solar energy is used also to generate the electricity that runs our wastewater treatment plant in Birmingham, Ala. Our Research and Tests Department evaluates all new technologies and equipment for their capability to be powered by solar energy.



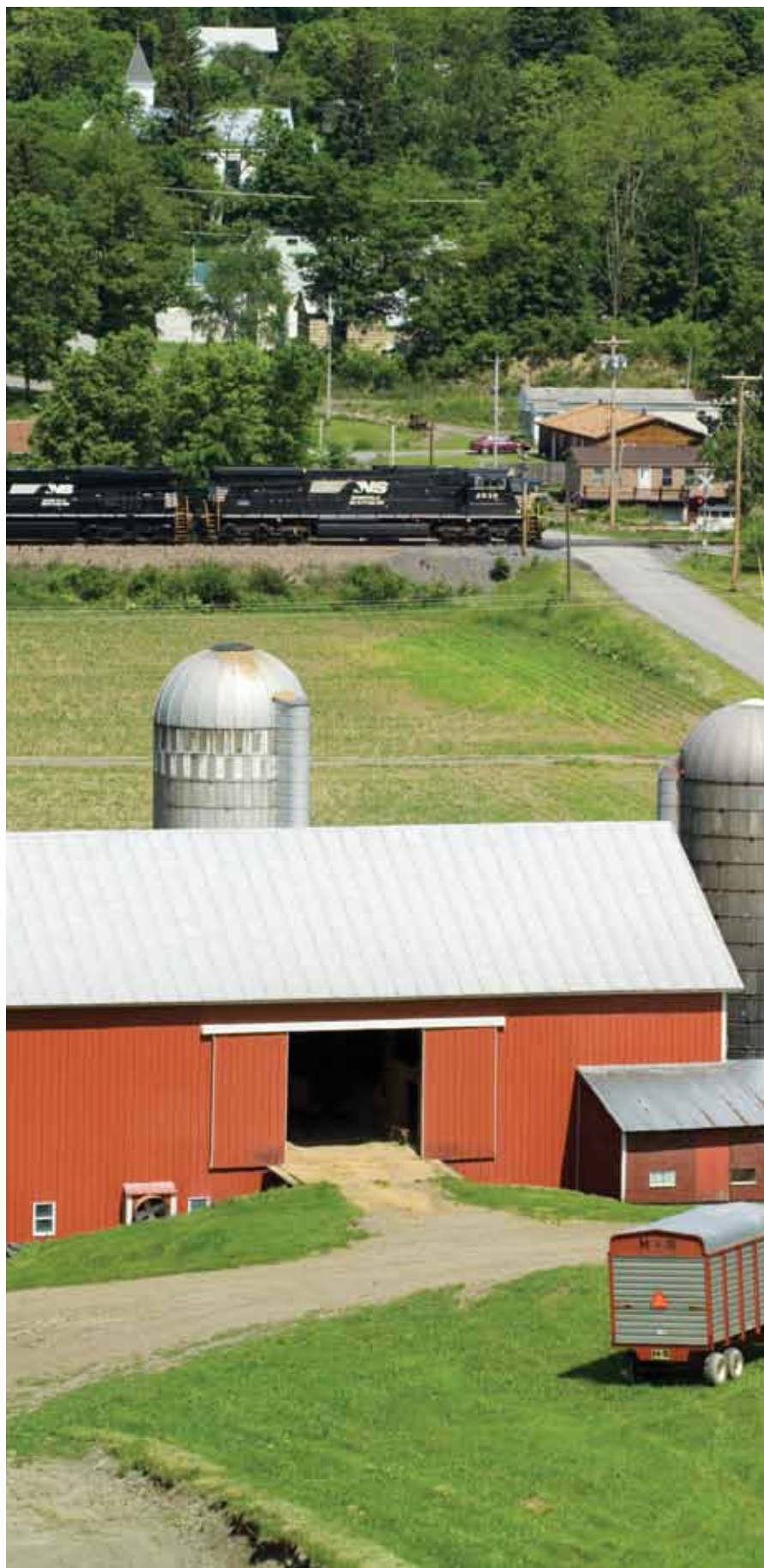
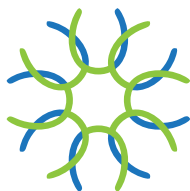
Investing Millions For Environmental Initiatives

Norfolk Southern has an environmental management system that guides employee behaviors. The policies and procedures of this system are available to employees on the company's intranet. As part of that system, every year, Norfolk Southern spends significant funds on environmental capital and remediation projects. In 2008, the company invested \$5.9 million on projects such as wastewater treatment plant upgrades, above-ground storage tank dike liners, tank car spill pans, and other equipment and projects. In addition, \$10.9 million was spent in 2008 on remediation projects, including the cleanup of spills and historic conditions, underground storage tank removal, and building demolition.

Quiet Zones Reduce Community Noise

Locomotive horns are a key part of crossing safety and are necessary to alert motorists to oncoming trains at highway-rail grade crossings. Federal regulations permit municipalities to create "quiet zones," provided certain conditions are met. Norfolk Southern cooperates with municipalities in this regard, and in 2008, 28 quiet zones were in effect on our system.

In addition, Norfolk Southern complies with idling requirements imposed by federal regulators on our operations. Idling reduction initiatives primarily designed for fuel efficiency have the added benefit of reducing locomotive engine noise from idling.



Supporting Use of Public Transit

Rail is a superior form of transportation when it comes to mitigating traffic congestion and reducing emissions from motor vehicles. As noted elsewhere in this sustainability report, Norfolk Southern is pursuing public-private partnerships and other rail capacity projects to take advantage of the efficiencies and environmental advantages of rail freight transportation.

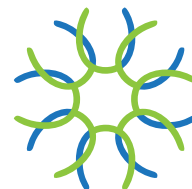
The company also is helping its employees take advantage of public transit opportunities where available. Norfolk Southern employees can purchase passes for mass transit systems on a pretax basis for their commute to work.

Using mass transit helps preserve natural resources and ease traffic congestion. In addition, purchasing transit passes with pretax dollars means individual savings of between 20 percent and 40 percent, depending on an individual's income tax bracket. The Web-based system offers passes for qualified work-related commuting on mass transit systems such as Atlanta's MARTA, Hampton Roads' HRT, Philadelphia's SEPTA, AMTRAK, and others.

Norfolk Southern recognizes the interest in promoting passenger rail services and has business agreements with several passenger entities, including Amtrak. In 2009, Norfolk Southern and the commonwealth of Virginia announced a partnership agreement that will result in daily passenger service between Washington, D.C., and Lynchburg, Va., operated by the Virginia Railway Express. Norfolk Southern also has held discussions with Virginia transportation officials regarding the potential for a higher-speed passenger rail link between Richmond and Southside Virginia. The company also has worked with Norfolk municipal leaders in selling rights of way for a light-rail system now being constructed in Norfolk.

Four guiding principles govern Norfolk Southern's consideration of proposals to operate passenger service on our freight lines. They are:

- Transparency of passenger train operations to our freight operations, meaning that sufficient infrastructure is provided for passenger trains and freight trains to operate without delay to either, and to allow for the growth of both;
- Fair value for use of our assets;
- Full liability protection; and
- No subsidy by Norfolk Southern of passenger operations.





Engaging in Sustainable Real Estate Practices

Norfolk Southern protects its natural assets by practicing environmentally safe methods to limit erosion and control vegetation. As a large private landowner, Norfolk Southern also continually looks for ways to redevelop former railroad property, whether operating property or former tenant land. In recent years, at the

request of states or local municipalities, Norfolk Southern has partnered to turn hundreds of miles of former railroad rights of way into hiking, biking, and walking trails. For example, in Henry County, Va., abandoned Norfolk Southern right of way was conveyed in 2009 to enhance Smith River trails.



"An amazing gift..."
Norfolk
Southern
protects
rare forest
from
development

Brosnan Forest, home to rare longleaf pines and endangered red-cockaded woodpeckers, is a recognized ecological gem.

In recent years, many people feared that the 14,405-acre property, located in South Carolina's rapidly developing coastal plain near Charleston, eventually would be sold and transformed into a suburban sprawl of shopping centers and housing subdivisions.

In 2008, Norfolk Southern put an end to such talk.

Recognizing the inherent value of the property's natural resources, Norfolk Southern – the owner of the land through predecessor railroads dating to the 1830s – donated a conservation easement to the Lowcountry Open Land Trust. The action permanently protects 12,488 acres of the Forest from development within the upper Edisto River Basin and Four Holes Swamp watershed, one of the largest intact coastal ecosystems on the East Coast.



A ripple effect

Within months, prompted by Norfolk Southern's lead, the owners of 10 surrounding properties totaling 2,500 additional acres in the valuable watershed began working on conservation agreements with the Lowcountry Open Land Trust. Additionally, Brosnan Forest has hosted tours and educational events for surrounding families that have an interest in conserving their property for future generations.

Norfolk Southern's donation garnered the attention of the U.S. Fish and Wildlife Service, the South Carolina Department of Natural Resources, the National Audubon Society, and conservationists throughout the mid-Atlantic. The easement is thought to be the largest ever by a corporation in South Carolina and one of the largest in the Southeast.

Earlier this year, the U.S. Fish and Wildlife Service presented Norfolk Southern's Josh Raglin, general manager facilities at the Forest, a Southeast Regional Director's Conservation Award. At the award ceremony in Atlanta, Norfolk Southern was recognized as a Leader in Recovery for its work to restore habitat for the red-cockaded woodpeckers.

Norman Brunswig, executive director of Audubon South Carolina, sums up the community sentiment over Norfolk Southern's donation.

"There will be relatively few things to happen in this state as significant as this to the protection of wild lands and wildlife," he said. "To do it as an outright gift is just amazing."



Tending to the land

For Norfolk Southern, the donation reflects a longstanding commitment to do our part to help sustain environmental resources.

Long before the donation, Norfolk Southern employees tended to the longleaf pines, hardwood bottomlands, and wildlife living there, with a year-round regimen of controlled burns, selective harvesting of damaged and inferior trees, and other practices to enhance wildlife habitat. Under the easement, Norfolk Southern will continue to own and manage the land.

Management efforts are focused on the 6,000 acres of longleaf pine habitat. The longleaf ecosystem, once one of the most extensive

in North America, is now the most threatened forested habitat because of human development, underscoring the significance of the conservation easement.

The pine woods harbor around 80 family groups of red-cockaded woodpeckers, the world's largest population of

the birds on private property under single ownership. Since the late 1990s, Norfolk Southern has participated in a Safe Harbor program through the South Carolina Department of Natural Resources to provide a protected nesting area for the woodpeckers. Norfolk Southern collaborates with academic and U.S. Fish and Wildlife researchers, enabling them to gather valuable data on the birds' biology and management.

Brosnan Forest also shelters more than 200 different plant species, including carnivorous pitcher plants, which feed on insects. Wildlife includes numerous species of salamander and song birds, such as colorful painted buntings, Bachman's and Henslow's sparrows, prairie warblers, and brown-headed nuthatches.

Preserving a legacy

The property was once part of a larger tract of 100,000 acres purchased around 1830 by South Carolina Canal and Railroad Company, the earliest of Norfolk Southern's predecessors. Back then, the railroad used the woodlands as a source of fuel to fire the boilers of its steam-powered locomotives.

Much of the property's mature timber had been harvested by the time Southern Railway took over the land in 1899. In the mid-1920s, Southern took the first modern steps to manage the property by partnering with the U.S. Department of Agriculture and replanting the remaining acreage in longleaf and loblolly pines.

In a move then considered revolutionary, Southern promoted the idea that it paid property owners to reforest their land in pine trees. The railroad turned its woods into a laboratory of sorts, naming it the Lincoln Green Demonstration Forest, and invited in landowners and let universities in the South use it as a training ground for forestry students.

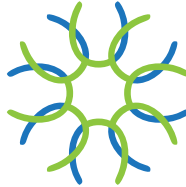
The land carries the name of Bill Brosnan, who served as Southern's president in the 1960s. Brosnan, an avid sportsman, promoted wildlife management values and shaped part of the woodlands into a hunting and fishing compound to entertain customers and clients.

A resource to share

These days, the company facilities on the property provide a place for Norfolk Southern management employees to gather to brainstorm ideas, strengthen working relationships, and reinforce the company's core values of safety, performance, integrity, respect, innovation, and teamwork. Under the easement, Norfolk Southern withheld around 1,900 acres dedicated to these corporate meetings, agricultural and recreational purposes, and wildlife management and research.

Employees who attend conferences there know it simply as the Forest. Now, future generations can rest assured that it will always remain a forest retreat.





Our Social Performance Indicators

Overview: As a major U.S. corporation with more than 30,000 employees — nearly 85 percent of whom are members of labor organizations and covered under collective bargaining agreements — and with operations in 22 states and the nation's capital, Norfolk Southern recognizes its responsibility to foster a safe work environment that treats everyone with respect and cultivates diversity as a strength of the organization while enhancing the quality of life in the communities it serves.

Norfolk Southern Employee Injury Data

2007	2008
2	1
Work-related fatalities	
1.16	0.94
Injuries per 200,000 man-hours	
370	298
People injured	
15	1
People with restricted activity	
69	55
People requiring medical attention	
286	242
People who lost time due to injury	

Safety Is Top Priority

Norfolk Southern is committed to a vision to “be the safest, most customer-focused, and successful transportation company in the world.”

The company takes special pride in its employee safety record. For 20 consecutive years, the people of Norfolk Southern have earned the rail industry's top award for employee safety, the prestigious E.H. Harriman Award gold medal. Norfolk Southern's strong safety culture has set the standard for railway workplace safety.

The Harriman Awards were founded by the late Mrs. Mary W. Harriman in memory of her husband, Edward H. Harriman, a legend in American railroading. Today, the awards are administered under the auspices of the E.H. Harriman Memorial Awards Institute, with support from the Mary W. Harriman Foundation.

Employee safety has contributed to other safety records by American railroads, which in 2008 reported the lowest train accident rate in history and the lowest employee injury rate in history.

Norfolk Southern is committed to public safety efforts to eliminate injuries and deaths resulting from collisions between motor vehicles and trains at highway-rail grade crossings, as well as from trespassing on railroad property. Since the early 1970s, the company has supported Operation Lifesaver Inc., an international nonprofit education and awareness program dedicated to ending tragic collisions, fatalities, and injuries at highway-rail grade crossings and on railroad rights of way.

In 2007, Norfolk Southern launched “Train Your Brain,” a safety awareness campaign encouraging people to be smart around highway-rail grade crossings. The program was launched in Memphis, Tenn., and continued in the Raleigh, N.C., market in 2008, targeting college students and the general population. For 2009, Indiana is the target market. The campaign features a costumed “Brainy” character who makes public appearances, and a novel Web site at www.brainysworld.com.





Training Strengthens Operations

Training is essential to Norfolk Southern's operations. For every new hire in the agreement (union) work force, that training begins at the company's training center near Atlanta. New employees spend between 40 and 320 hours there. Trainees in the company's management and operations supervisor programs also attend classes at the facility.

Employee training and development does not begin and end with new hires. Thoroughbred School, Norfolk Southern's innovative approach to work-force development, opened in February 2007 and continued in 2008. Management employees from across the company gather in Norfolk for four-day sessions that help them gain a broader understanding of Norfolk Southern – from financials to operations to the global economy's impact on the business. Norfolk Southern also supports employee education and development through online training, classroom instruction, and a tuition reimbursement program.



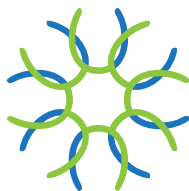
Supporting Equal Opportunity and Affirmative Action

Norfolk Southern complies with all applicable laws, regulations, and executive orders concerning equal opportunity and nondiscrimination, and the company offers employment, training, remuneration, advancement, and all other privileges of employment on the basis of qualification and performance, regardless of race, religion, color, national origin, gender, age, status as a covered veteran, sexual orientation, the presence of a disability, or any other legally protected status.

The explicit intention is to assure equal treatment and opportunity for all employees and employment applicants beyond simple compliance with the letter of civil rights legislation, and to make every effort through affirmative action to comply fully with the spirit of equal employment opportunity.

Consistent with the corporation's commitment to equal treatment and opportunity for all employees and employment applicants, the company's Equal Employment Opportunity staff meets with department supervisors to make certain the corporation's EEO policy is being followed. Company representatives explain the EEO policy thoroughly in employee orientation and management training programs. The EEO staff also develops training programs and conducts special meetings to explain the content of the policy and individual responsibility for effective implementation, making clear the corporation's commitment on EEO matters.

The EEO staff is responsible for auditing implementation of the corporation's affirmative action program. The auditing process includes: (a) monitoring records on applicants, hires, promotions, terminations, and transfers at all levels to ensure nondiscrimination; (b) evaluating each facility periodically concerning the degree to which projected goals have been met; (c) reviewing the results of each evaluation, as necessary, with appropriate levels of management; (d) advising senior management periodically of program effectiveness and appropriate remedial action.



Norfolk Southern Embraces Diversity

Diversity is the collective mixture of similarities and differences that impact our work force, workplace, and marketplace. Managing diversity is a continuous process to recognize, cultivate, and use all the best talents of our employees. Diversity produces better business outcomes by using everyone's talents and perspectives to improve service and the bottom line.

Through diversity, we create an environment in which everyone is treated fairly and with respect, in which all people are recognized and rewarded based on their unique abilities and contributions, and in which everyone has equal opportunity for growth and advancement.

The Diversity Council at Norfolk Southern is a corporate-sponsored group of selected employees who represent a demographic cross-section of the organization. The Diversity Council assists the company's efforts to create a more inclusive and productive workplace. It works to foster a climate of fairness, mutual respect, and professionalism for all employees.

Norfolk Southern also has a women's network, WiNS, that is open to all employees. WiNS gives Norfolk Southern a competitive advantage by empowering employee leadership, development, and networking. In 2009, another organization, YoungNS, was launched to facilitate networking and professional development among the company's newer employees.

Norfolk Southern has identified several diversity goals to support the company's business objectives:

- Maintain an inclusive work environment that promotes respect among employees throughout all levels of the organization, thus enhancing the safety, creativity, productivity, and job satisfaction of every employee.
- Capitalize on diversity as a business practice that improves the bottom line.
- Develop everyone's best abilities and fully recognize everyone's talents.
- Make Norfolk Southern the employer and service provider of choice.
- Attract and retain a qualified and diverse work force, and cultivate respectful and effective leaders.
- Participate in community and customer outreach.
- Promote the development of diversity by educating employees on the benefits of a diverse work force.

Norfolk Southern Work Force Demographics

All Employees (as of June 2009)	28,092	26,087	2,005	23,643	3,951	296
Senior Management (board-appointed officers)	31	28	3	26	3	2
Board of Directors	11	10	1	9	2	0
Governance and Nominating Committee	5	4	1	5	0	0
Audit Committee	5	5	0	3	2	0
Compensation Committee	5	5	0	3	2	0
Executive Committee	5	5	0	4	1	0
Finance Committee	5	4	1	5	0	0
	TOTAL	MALE	FEMALE	CAUCASIAN	BLACK	HISPANIC

Offering an Attractive Employee Benefits Package

Norfolk Southern offers a comprehensive benefits package to care for our employees and their families today and to help them plan for their future.

For our unionized work force, called agreement employees because they are covered by collective bargaining agreements, Norfolk Southern participates in the Railroad Employees National Health and Welfare Plan, which is a collectively bargained welfare benefit plan providing medical, mental health and substance abuse, prescription drug, dental, vision, life, and accidental death and dismemberment benefits for virtually all unionized employees of the biggest rail carriers, called “Class 1” railroads. The company contributes monthly per employee for these benefits, and employees contribute monthly as well. More than half of the railroad’s unionized employees are covered by one of several short-term disability supplemental sickness benefit plans, to which the railroad contributes monthly per employee. Unionized employees also are eligible to participate in a 401(k) pretax savings plan with a company match.

For management employees who are not members of a union, called nonagreement employees, Norfolk Southern provides medical, mental health and substance abuse, prescription drug, dental, vision, and life insurance benefits. The company contributes weekly per employee for these benefits after a salary-based contribution by the employee. Nonagreement employees can elect other benefits, such as accidental death and dismemberment insurance, health and dependent care reimbursement accounts, and long-term care insurance, with employees paying the full cost for such benefits. Nonagreement employees are eligible for salary continuance benefits for one to six months based on length of service. Long-term disability benefits, plus other qualifying benefits,

designed to pay a portion of an employee’s salary if total disability occurs, add up to 50 percent of basic monthly salary. Nonagreement employees also are eligible to participate in a 401(k) savings plan in which the company matches up to 3.5 percent of employee contributions. The defined benefit retirement plan for nonagreement employees is fully funded by the company.

For all employees, Norfolk Southern offers a matching gifts program designed to encourage employee support of eligible nonprofit educational, cultural, and environmental organizations where employees can receive matching gifts support for eligible contributions of up to \$35,000 per calendar year. Norfolk Southern contributes on average approximately \$50 per employee. The company also offers an employee education assistance program designed to help further an employee’s education that is available to all full-time employees with six months of service and provides a maximum individual benefit of \$5,250 per calendar year. There are 11 paid holidays, and all eligible employees earn vacation ranging from one week to five weeks based on length of service.

Employees and employers in the railroad industry pay Railroad Retirement Taxes instead of FICA taxes under Social Security. While payroll taxes for Railroad Retirement are slightly higher, the benefits at retirement are significantly greater. In addition to a retirement benefit that is equivalent to Social Security, railroad employees receive an additional benefit based on railroad earnings.



Participation in the Political Process

The political process significantly impacts Norfolk Southern through government policies, legislation, and regulatory decisions. As a result, Norfolk Southern's board of directors believes that it is in the best interests of Norfolk Southern and its stockholders for the company to participate in the political process by engaging in a government relations program.

The government relations program seeks to educate and inform public officials about issues important to Norfolk Southern's business and supports public officials and candidates whose views match those of Norfolk Southern. By doing so, Norfolk Southern furthers public policy goals that are consistent with the sustainability of our business and values.

Norfolk Southern is committed to compliance with all applicable laws relating to our involvement in the public policy and political process. All financial contributions adhere to federal, state, and local laws regarding contribution limits on amount and source, criteria, and reporting requirements. Contribution information is a matter of public record and is available to interested parties through sources such as the Federal Election Commission and state campaign finance reports.

The Norfolk Southern board of directors has authorized the company to make contributions to state and local candidates for public office, political committees and political parties, and for other political purposes, subject to any legal limitations and applicable reporting requirements, up to \$500,000 per calendar year. We make political contributions when we determine them to be in the best interests of the company. These contributions are made pursuant to a procedure whereby:

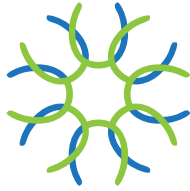


- at least two authorized individuals initiate a contribution recommendation;
- the recommendation is reviewed and approved by an attorney in the law department;
- the recommendation is reviewed and approved by the vice president law; and
- a check is drawn against a separate account maintained and funded solely for the purpose of making such contributions and signed by two authorized individuals.

Norfolk Southern also has established a separate segregated fund under federal law, the Norfolk Southern Corporation Good Government Fund.

The GGF is a nonpartisan political fund that provides financial support to candidates and office holders, regardless of party affiliation, whose views match the interests of Norfolk Southern. The GGF is funded entirely through voluntary contributions, primarily from NS employees, and is governed by a steering committee consisting of NS employees. GGF contributions are made pursuant to a procedure whereby:

- at least two authorized individuals initiate a contribution recommendation;
- the recommendation is reviewed and approved by an attorney in the law department; and
- a check is drawn against the GGF's account and signed by two authorized individuals.



Both Norfolk Southern and the GGF use the services of an outside vendor to provide administrative support and backup review of applicable legal requirements and restrictions, and to assist in meeting all reporting requirements.

Norfolk Southern also fosters sustainable development by participating in rail industry trade associations, chambers of commerce and other trade organizations. These organizations promote collaboration among the members and provide a forum to allow the members to focus on issue advocacy, and promote best practices in safety, operations and business. Among many other benefits, membership typically provides Norfolk Southern employees with the opportunity to participate in educational and public relations activities, industry conferences, and networking opportunities.

The trade organizations in which we participate may engage in lobbying activities. We work with the other members to ensure that lobbying conducted through trade organizations reflects our values and concerns. If a trade organization wants to adopt a position with which we disagree, we will raise our concerns and we may dissociate ourselves from the position.

We recognize that political candidates, office holders, and trade organizations may support positions that align with some of Norfolk Southern's interests but which conflict with other interests. In these instances, we base our involvement on those areas of mutual agreement that we believe will have the greatest benefit to our company.

Compliance with Antitrust Laws

Antitrust laws were enacted to promote free and fair competition. These laws regulate what Norfolk Southern and its employees can do when acting alone or with our competitors. Antitrust laws prohibit conduct that goes beyond fair competition and that is designed to harm a competitor, drive a competitor out of business, or prevent new competition.

It is the policy of Norfolk Southern to comply fully with all applicable federal and state antitrust laws. No officer or employee is permitted or authorized to take any action inconsistent with the antitrust laws or to permit or order others to take such an action. Application of antitrust laws to particular facts rarely is simple, particularly in the railroad industry where connecting railroads must work together to move customers' freight. Whenever any officer or employee believes that proposed activity raises antitrust questions, they are instructed to contact the Law Department, where designated attorneys can assist to ensure that we comply with the law and company policy. In 2008, there were no findings of antitrust violations by Norfolk Southern.



Norfolk Southern, Employees Earn Accolades for Contributions, Service

Norfolk Southern strives to be a good corporate citizen in the communities it serves while offering superior service to its customers. In addition to corporate contributions for which Norfolk Southern has received recognition, the railroad's employees contribute to the life and vitality of their communities in numerous ways. They serve on boards and volunteer their time and resources to various local organizations, including those that support the arts, aid the less fortunate, and encourage environmental responsibility. Here are awards and recognition Norfolk Southern and its employees received recently.

- E.H. Harriman Gold Medal Award for 2008 for the best employee safety record of the largest railroads in North America. The company's work force earned the award for an unprecedented 20th consecutive year.
- The U.S. Fish and Wildlife Service presented Josh Raglin, general manager facilities of Norfolk Southern's Brosnan Forest in South Carolina, with a Southeast Regional Director's Conservation Award. The award recognizes those who partner with the federal agency on conservation projects.
- Corporate Responsibility Officer in 2008 and in 2009 named Norfolk Southern to its list of 100 Best Corporate Citizens. Companies are drawn from the Russell 1000 index based on business performance, measured in terms of environment, employee relations, climate change, financial, human rights, philanthropy, and lobbying.
- The Elizabeth River Project in Norfolk recognized Norfolk Southern as one of its "River Stars Industry Heroes," singling out the railroad's Lamberts Point coal transload facility. The heroes program recognizes businesses that operate responsibly on the river, a tributary of the Chesapeake Bay.
- BusinessWeek magazine in 2008 recognized Norfolk Southern among its top 50 list of best U.S. companies to launch a career. At No. 20, Norfolk Southern was the highest rated railroad. The magazine cited the company's average pay for entry-level management, its practice of promoting from within, and its focus on diversity.
- Buster Davis, a Norfolk Southern locomotive engineer from Norfolk, received the Governor's 2008 Transportation Safety Award for Rail Safety in Virginia for 53 years of injury-free service.
- G.I. Jobs magazine, for the third consecutive year in 2008, ranked Norfolk Southern among the top 50 military-friendly companies. The annual list acknowledges companies that have made the greatest effort and had the greatest success in hiring military veterans, and that have the best policies for Reserve and Guard members called to active duty. During 2008, Norfolk Southern hired more than 400 veterans, representing about 20 percent of all new hires.
- American Honda Motor Co. Inc. awarded Norfolk Southern its 2008 Performance Excellence Award for Rail Origin Carrier of the Year. The award recognized Norfolk Southern's transit performance, inventory control/empty railcar supply, and audit operations at Honda's Lincoln, Ala., auto assembly plant rail-loading facility. The railroad improved service by reducing transit time by 30 hours between Lincoln and an auto distribution ramp 970 miles away in Ridgefield Heights, N.J.
- Toyota's Logistics Services, for the sixth time, awarded Norfolk Southern its President's Award for overall logistics excellence among rail carriers in 2008. The award is based on overall performance in customer service, on-time performance, and quality. It is Toyota's highest award given to a logistics provider.
- Toyota's Logistics Services also awarded Norfolk Southern an Individual Excellence Award for best on-time delivery among rail carriers, as well as its top Award for Quality, which recognizes damage-free handling of Toyota's vehicles.
- UPS Autogistics, in conjunction with Ford Motor Co., presented Norfolk Southern the 2008 Carrier of the Year Award for overall logistics excellence among all North American rail carriers for the transport of Ford vehicles. The award recognizes superior performance in on-time delivery, quality and damage-free handling, and total customer service.
- UPS recognized Norfolk Southern for premium service during the parcel carrier's 2008 peak season, from Thanksgiving to the day after Christmas. The railroad provided failure-free service, delivering all of UPS' packages on time with no damages or losses.

Norfolk Southern Receives 2008 TRANSCAER National Achievement Award

Norfolk Southern goes the extra mile to ensure that hazardous materials are transported safely across its 22-state system. For its efforts in 2008, the railroad received TRANSCAER'S National Achievement Award for dedication to safe handling of hazardous materials.

TRANSCAER – Transportation Community Awareness and Emergency Response – is a voluntary, nationwide outreach effort that helps communities prepare for and respond to possible incidents involving the transportation of hazardous materials. Volunteers represent chemical producers, distributors, carriers, first emergency responders, and government agencies.

The award recognizes extraordinary achievement in support of TRANSCAER's initiative, which extends beyond the geographic boundaries of any one region.

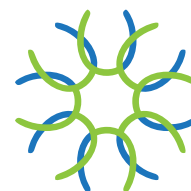
Norfolk Southern earned recognition for organizing and assisting with multiple events held in 16 states that trained more than 4,300 emergency responders from 48 cities and counties. A total of 152 training classes and drills were held, totaling more than 25,000 employee-hours of instruction. The company also distributed its Railroad Emergency Response Guide at all training sessions.

For the sixth consecutive year, the railroad sponsored TRANSCAER Whistle Stop tours that stopped in five cities and provided training to more than 900 emergency responders. The special train brings hands-on hazardous material handling classes and demonstrations to local emergency personnel.

In addition, Norfolk Southern regularly moves training rail cars for DuPont, PCS, BP, GATX, and other customers free of charge so that the cars can be used for drills and training.

Through its Norfolk Southern Foundation, the railroad in 2008 contributed \$41,415 in grants to police, fire, and ambulance and emergency medical services located in 33 communities across 13 states to support hazardous material training.

TRANSCAER is sponsored by the American Chemistry Council, Association of American Railroads, Chemical Educational Foundation, CHEMTREC (registered trademark), The Chlorine Institute Inc., and National Tank Truck Carriers Inc. For more information on TRANSCAER, visit www.transcaer.com.





'Ugly Mug' Contest Draws Attention to Employee Sustainability Initiatives

With determination to banish white foam cups from the company headquarters building to help the environment and save money, employee winners of an ugly mug contest set a low water mark for unattractiveness in hand-held hot-cold beverage containment units.

Blair Wimbrush, vice president real estate and corporate sustainability officer, judged the contest, declaring, "This is the single most unattractive group of ceramic drinking vessels under one roof in America today."

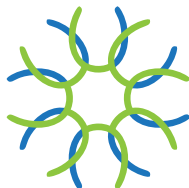
The contest heralded the "Ceramic Is In, Styrofoam Is Out" movement and served as a focal point for other employee-driven sustainability initiatives.



conserve IT

One of the more active employee groups came from IT. Branding themselves under the name ConserveIT, they implemented initiatives large and small, including the following:

- To save paper and costs, many vendors complied with requests to start billing monthly instead of more frequently. Some vendors began e-mailing invoices and timesheets.
- All printers were set to print duplex by default, producing an estimated savings of 16,000 sheets per month for Atlanta IT alone.
- Color printers were set to print black and white by default.
- Aluminum, batteries, and ink cartridges were recycled in Roanoke. Rechargeable batteries were recycled in Atlanta.
- Suggestion boxes were placed online and in building locations.
- Printing of the fax confirmation page was disabled except in cases of error.
- Projectors were added to main conference rooms to encourage reduced paper consumption at meetings and to improve collaboration and efficiency of updating.
- Conference room computers were replaced with lower-wattage models.
- Corporate sustainability presentations open to all employees were sponsored in Roanoke and Atlanta.
- Automated data center lighting was adjusted to be on only when needed.
- The average temperature at two data centers was increased by several degrees, reducing cooling costs.
- Several climate control units were shut down to save energy costs, with manual override as demanded.
- An additional bicycle rack was installed in Roanoke.
- Recycling proceeds and employee volunteers helped with school and community projects.



Promoting Good Health through WellNS

Around noon on most work days, Sylvia Long and Donna Buchanan don T-shirts and sweats and meet in a small conference room in their Roanoke, Va., office building.

While many co-workers leave for lunch, they pop an exercise video into a portable TV and spend the next 45 minutes or so stepping, bending, and stretching.



The office mates were among the first employees to be featured as “Success Stories” on a company Web site to support WellNS – a voluntary wellness initiative Norfolk Southern launched in 2008.

WellNS helps employees choose healthy lifestyles and maintain good health, which Norfolk Southern recognizes is good for employees and good for business.

Among other things, employees and their spouses can enroll in fitness centers, join WeightWatchers, design a home workout with a virtual trainer, and find healthy recipes. The Web site offers tips on such health topics as losing weight, getting fit, managing stress, and quitting smoking.

Across Norfolk Southern’s system, employees are marking up successes.

In Roanoke, Long and Buchanan lost a faithful workout partner, Bonnie Edwards, to retirement earlier this year. But the two women, who motivate each other, have maintained the exercise routine, now walking the equivalent of three miles during lunch – up from a mile when they began. Over seven months, Buchanan, a systems analyst, says the workouts helped her lose 48 pounds as well as control her blood pressure. Long, assistant manager purchasing-diesel, finds the sessions energizing and a great way to relieve stress.

In the railroad’s Northern Region, job supervisors participated in a “Fluff to Buff” weight loss contest to set an example for employees. Over six months, Darnell Wood Sr., terminal superintendent in Conway, Pa., shed 28 pounds and finished second place.

Now, he promotes the value of regular exercise and eating well.

“You may have to change some habits and, believe me, I have,” he says. “If it’s going to extend your life, go ahead and do it. You’re doing yourself, your family, and Norfolk Southern a disservice if you don’t.”



Volunteer Efforts Strengthen Ties with Communities

On a drizzly Saturday morning, Norfolk Southern employee volunteers scour the banks of the Elizabeth River in Norfolk as part of “Clean the Bay Day.” They clean the shoreline along a local baseball park, removing more than 1,000 pounds of trash and debris.

Another Saturday finds Norfolk Southern volunteers making home repairs and landscaping a lawn as part of a community “Paint Your Heart Out” initiative. Other employees partnered with Trees Atlanta to plant 37 hardwood trees in the largest cemetery in the Southeast. In Roanoke, Norfolk Southern people help make “Clean the Valley Day” a big success.

These were some of the projects sponsored in 2008 by the company’s “Thoroughbred Volunteers” program that provides community service opportunities for Norfolk Southern employees. Since its inception, 339 employee volunteers have contributed 3,340 hours onsite at 32 projects in Norfolk, Atlanta, and Roanoke, Va. The program’s efforts have earned the company a Clean Business Award presented by the Norfolk Environmental Commission.

The mission of the Thoroughbred Volunteers program is to strengthen ties between Norfolk Southern and the communities where its employees live and work by fostering employee community service volunteer activities.

Many Norfolk Southern employees also support various other civic efforts, this from the arts and humanities to education and recreation, and programs devoted to wellness and disease awareness, prevention, and cure, donating hours of their time and other resources to their communities. Among them, teams of employees participated in Tour de Cure, a series of fund-raising cycling events to benefit the American Diabetes Association.

Employee Speakers Inform Local Audiences

It began with a simple idea to have employees tell the Norfolk Southern story. Today, the 80 employees who make up the Thoroughbred Speakers Network are connecting with communities, addressing nearly 100 audiences in the company’s service area and beyond.

The Thoroughbred Speakers Network, Norfolk Southern’s employee speakers bureau, was formed to enhance communication with everyday people who are active in their communities. Supervisors nominated outstanding employees who volunteered to represent Norfolk Southern in the program.

The speakers bureau works to rekindle community connections that existed when railroad companies had a station agent in virtually every town. It was easy for a community to identify with the railroad.

The speakers explain how Norfolk Southern’s environmentally friendly, safe, and reliable rail freight transportation system contributes to local and national economies. Many audience members are unaware that Norfolk Southern helps provide everyday essentials, such as cars, merchandise, or coal to fuel electricity.

In addition to being informed about Norfolk Southern’s impact on the community, groups have learned about the company’s commitment to sustainability.



Norfolk Southern Foundation Improves Quality of Life

Through strategic investments in environmental, educational, and cultural resources in areas the railroad serves, the Norfolk Southern Foundation helps ensure:

Our communities can provide residential and work environments that are safe, attractive and desirable;

Our region's children are provided with First-class educational opportunities that make life more enjoyable; and

Our communities can offer their citizens access to cultural opportunities that make life more enjoyable.

As a major employer in communities large and small across the eastern United States, Norfolk Southern recognizes its responsibility as a corporate citizen. We are committed to providing both human and financial resources to help improve these communities for the benefit of our employees and our neighbors.

Since its creation in 1984, the Norfolk Southern Foundation has contributed more than \$105 million to thousands of charitable organizations in Norfolk Southern's territory, including nearly \$23 million in the last five years.

In 2002, the foundation began tracking grants awarded to organizations that support Norfolk Southern's corporate mission to enhance workplace diversity. In 2008, \$365,200 in grants went to organizations that support higher education for minorities and women, more productive community relations, and services to underserved populations in the railroad's 22-state operating territory.

Overall in 2008, the foundation awarded cash grants worth more than \$5.1 million to charitable community organizations supporting cultural, educational, and environmental initiatives – up 3.9 percent from 2007. For example, a foundation contribution helped support an effort by the Re-New the New Committee to clean 10 miles along the New River in Giles County, Virginia. On a late August Saturday, volunteers removed more than 400 tires and approximately 600 tons of trash from the river. Other donations helped fund United Way agencies in Hampton Roads, Roanoke, and

Atlanta, and also went to such groups as the American Red Cross, the Virginia Symphony, the Virginia Opera, the Chrysler Museum of Art, the Kennedy Center for Performing Arts, the Martin Luther King, Jr. Center, and the Woodrow Wilson International Center for Scholars.

In 2009, the foundation expects to allocate grants estimated at \$5.5 million to support similar community resources, including 24 organizations that will be first-time recipients. The projected 2009 grants include \$1.24 million for United Way agencies; \$332,250 for other health and human services; \$1.13 million for education, including \$315,500 designated to colleges and universities in support of Norfolk Southern's recruiting program; \$1.18 million for arts and culture; \$347,000 for civic, community, and environment; and \$1.2 million for matching gifts.

Foundation and Corporate 2008 Awards

\$1,014,250

United Way: 69 organizations

\$357,850

Other Community Relations: 38 organizations

\$1,223,020

Education: 76 organizations

\$1,755,535

Arts and Culture: 58 organizations

\$390,425

Civic and Community, including Environmental:
42 organizations

\$104,500

Miscellaneous Other

\$1,565,499

Matching Gifts: 513 organizations





Helping Communities Recover From Natural Disasters

While hurricanes, floods, snow, ice, fog, or extreme temperatures present operational challenges for Norfolk Southern, sometimes the effect on local communities served by the railroad is devastating. Over the years, Norfolk Southern has been a dependable partner in helping communities recover from natural disasters.

2005-2006

After Hurricane Katrina washed out five miles of Norfolk Southern's 5.8-mile bridge across Lake Pontchartrain in August 2005, railroad crews did the near-impossible. They pulled the track from the lake bed, rebuilt the bridge, and reinstated freight rail service in just 16 days, enabling much-needed supplies and materials to move in and out of New Orleans. In 2005 and 2006, Norfolk Southern provided financial support for community recovery efforts. Along its lines in Louisiana, Alabama, and Mississippi, Norfolk Southern contributed directly to local and state emergency responders and other community organizations, and matched employee donations to designated national relief organizations.

2004

Following the devastating December tsunami in Southeast Asia, Norfolk Southern provided special funds matching dollar per dollar employee contributions to designated relief organizations.

2001

To aid families displaced by flooding, Norfolk Southern donated flat land in southern West Virginia.

1999

Norfolk Southern supported relief efforts after Hurricane Floyd visited the East Coast.

1993

Norfolk Southern donated transportation to assist victims of the "Great Flood of '93."

1992

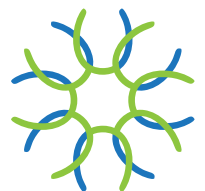
Norfolk Southern carried relief supplies originating in 13 states to victims of Hurricane Andrew.

1989

Norfolk Southern moved supplies for victims of Hurricane Hugo.

1986

Norfolk Southern helped farmers in the drought-stricken Southeast with free movement of hay to 150 destinations in seven states.





Our Business Profile

Overview:

Norfolk Southern Corporation is a leading North American transportation provider. Its Norfolk Southern Railway subsidiary operates approximately 21,000 route miles 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. Norfolk Southern operates the most extensive intermodal network in the East and is a major transporter of coal and industrial products.



Moving the Goods That Move the Economy

Our railway transports raw materials, intermediate products, and finished goods in the Southeast, East, and Midwest and, via interchange with rail carriers, to and from the rest of the United States, and Canada and Mexico. Norfolk Southern also transports overseas freight through ports we serve on the Atlantic and Gulf coasts, and West Coast ports served by connections with other carriers. The company provides comprehensive logistics services. The common stock of Norfolk Southern is listed on the New York Stock Exchange under the symbol "NSC."

Norfolk Southern was incorporated in Virginia on July 23, 1980. On June 1, 1982, Norfolk Southern acquired control of two major operating railroads, Norfolk and Western Railway Company and Southern Railway Company. Through a limited liability company, Norfolk Southern and CSX Corporation jointly own Conrail Inc., whose primary subsidiary is Consolidated Rail Corporation. Norfolk Southern has a 58 percent economic and a 50 percent voting interest in the jointly owned entity.

Norfolk Southern's major subsidiary is Norfolk Southern Railway Company. It and its railroad subsidiaries transport raw materials, intermediate products, and finished goods classified in the following market groups, along with the percentage of total railway operating revenues they contributed in 2008: coal (29 percent); intermodal (19 percent); agriculture, consumer products, and government (12 percent); chemicals (12 percent); metals and construction (12 percent); automotive (8 percent); and paper, clay, and forest products (8 percent).

Although most of Norfolk Southern's 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 United States.

This is Norfolk Southern's second sustainability report and covers the reporting period Jan. 1 – Dec. 31, 2008, except as otherwise noted. Its content is informed by the Sustainability Reporting Guidelines of the Global Reporting Initiative. Future reports will move toward more comprehensive reporting built on both the principles and content of the Global Reporting Initiative.

Our Safety and Environmental Protection Department and Environmental Policy Council, comprised of high-level corporate officers, ensure that appropriate policies, procedures, and resources are in place to address environmental health and safety considerations across the system. The council, a corporate sustainability team, and a group of core executive sponsors, including the chief executive officer, verified the accuracy and reliability of this report.

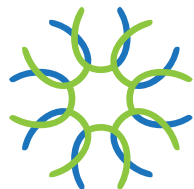
Norfolk Southern makes available free of charge through its Web site at www.nscorp.com its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission.

In addition, the following documents are available on the company's Web site and in print by request:

- 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

2007	2008
30,806	30,709
Average number of employees	
\$9.4 billion	\$10.7 billion
Railway operating revenues	
\$2.6 billion	\$3.1 billion
Income from railway operations	
\$1.5 billion	\$1.7 billion
Net income	
\$26.1 billion	\$26.3 billion
Total assets	
\$6.4 billion	\$6.7 billion
Total debt	
\$9.7 billion	\$9.6 billion
Stockholders' equity	
39.6%	41.0%
Debt-to-total-capitalization ratio	
\$25.64	\$26.23
Stockholders' equity per share	





Our Governance Structure and Management Systems

Overview:

Norfolk Southern has corporate policies and procedures guiding its economic, environmental, and social performance. Quality in everything we do is vital to our long-term success. The purpose of our quality policy is to achieve our corporate vision to be the safest, most customer-focused, and successful transportation company in the world.



Code of Ethics, Core Values Govern Employee Conduct

First and foremost is Norfolk Southern's Thoroughbred Code of Ethics, which is based on our Core Values – called SPIRIT, for Safety, Performance, Integrity, Respect, Innovation, and Teamwork.

Safety: We put safety first by taking care of the people around us and following the rules.

Performance: We are performance-driven and committed to providing quality customer service. We act on facts and are accountable for results.

Integrity: We do the right thing. We are open, fair, honest, and straightforward.

Respect: We believe in the importance of all of our stakeholders. We value the ideas and beliefs of our co-workers.

Innovation: We constantly seek new ideas and creative solutions to business challenges.

Teamwork: We believe that working together always produces the best results.

These Core Values identify the behaviors that are key to fulfilling our corporate vision. Not intended to be limiting, they provide a framework for Norfolk Southern's expectations for employee conduct. They support our corporate vision and the company's commitment to sustainability.

The Thoroughbred Code of Ethics builds upon the Core Values by providing us with a mutual understanding of how we are expected to conduct ourselves. Norfolk Southern's directors, officers and employees must conduct themselves in accordance with the Core Values and the Code of Ethics. By doing so, we maintain our good name and our strong relationships with our customers, stockholders, fellow employees, and the communities we serve.

Policies and Procedures Support Code of Ethics and Core Values

Corporate policies and procedures assist in the implementation of Norfolk Southern's Core Values and The Thoroughbred Code of Ethics. These include policies and procedures such as: Reporting Concerns and Complaints Regarding Accounting, Internal Accounting Controls and Auditing Matters; and the Code of Ethical Conduct for Senior Financial Officers.

We also have corporate policies and procedures in place pertaining to environmental performance. Norfolk Southern is committed to protecting the quality of the environment for our employees, our customers, and our communities.

Specifically, it is Norfolk Southern's policy to ensure that every employee is trained in and fully understands the environmental requirements of the job and is responsible and accountable for conducting work activities in a manner that meets or exceeds applicable environmental compliance standards. Our policies protect the environmental quality of Norfolk Southern's real estate through sound management of land, water, and other property resources. We comply fully with applicable laws and regulations related to protecting the environment and transporting environmentally sensitive materials. We cooperate fully with all governmental authorities charged with protecting the environment or with regulating transportation of hazardous materials. It is our policy to ensure that appropriate public agencies and the affected public are informed about any incident relating to Norfolk Southern operations that has the potential to cause environmental harm. Further, we strive to minimize waste through activities such as recycling, reduced consumption of energy, greater use of environmentally preferred materials, and use of nonpolluting technologies, procedures, and work practices.

Norfolk Southern's corporate procedures require that corporate activities must be handled in accordance with these policy objectives, and in compliance with all applicable federal, state, and local laws and regulations. Overriding procedural objectives to implement these policies include:

- protecting the environment;
- protecting people and communities;
- budgeting for environmental quality; and
- anticipating legislative impacts on current operations.

To ensure continuing improvement, reduction of pollution, and achievement of these policy objectives, appropriate processes for measuring performance, reporting environmental information, and evaluating environmental effects have been implemented. Each employee is to regard this effort to attain environmental quality as both a personal and a corporate responsibility, and employees at all levels throughout the corporation have specific responsibilities for implementing the environmental policy. Norfolk Southern's corporate policies and procedures are made available to employees on the company's ethics and compliance intranet site.



Safety: Norfolk Southern's first priority

We are committed to the principle that safety is good business and that all employees should be provided a safe working environment. Our employee safety record demonstrates that commitment. For 20 consecutive years, Norfolk Southern has earned the E. H. Harriman Award gold medal for the best employee safety record among the largest North American railroads. We expect all of our people to promote safety, as it is both a personal and a corporate responsibility.

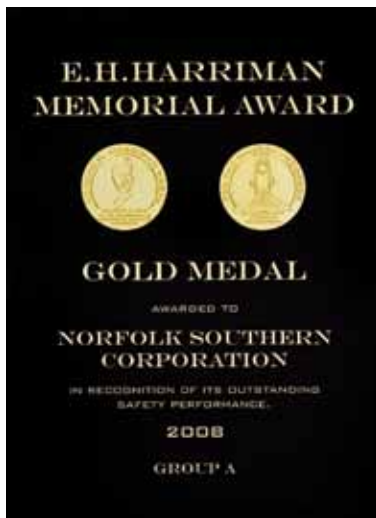
This responsibility cannot be transferred. Therefore, each employee is held personally accountable. The company's safety policy centers on the following six tenets:

- All injuries can be prevented.
- All exposures can be safeguarded.
- Prevention of injuries and accidents is the responsibility of each employee.
- Training is essential for good safety performance.
- Safety is a condition of employment.
- Safety is good business.

We believe that the overall safety and health of our employees is in the best interests of each employee and the corporation.

Safety and health, and all that these terms encompass, have long been of primary importance to Norfolk Southern. In support of this policy, Norfolk Southern promotes a proactive safety process and will continue to: minimize safety and health risk factors to our employees and the communities in which we operate by employing safe and appropriate technologies, programs, and operating procedures; educate our employees about safety and health risk factors in their workplaces; evaluate procedures and work practices to minimize potential employee exposures and improve safety in the workplace; inform the affected public about incidents relating to corporation operations that pose general safety or health hazards; comply with applicable laws, regulations, and rules related to safety and health in all of our business activities; and cooperate with all regulatory authorities charged with protecting the safety and health of the public and our employees.

We have an Operations Division Safety Steering Committee that is responsible for interpretation of the safety policy. In addition, all department vice presidents are responsible for the implementation and administration of the policy in their respective departments, and each employee is accountable for complying with it.



Business Partnerships Strengthen Sustainability Efforts

Norfolk Southern is the first railroad member of SEE Change (Society, Environment, Economy), launched in 2005 by Business Roundtable, an association of 160 chief executive officers representing companies totaling \$4.5 trillion in revenues and nearly 10 million employees, to promote better business and a better world. Norfolk Southern and 36 other leading U.S. companies reported on their ongoing sustainability efforts in Business Roundtable's "SEE"ing Change: 2009 Progress Report. Member company CEOs, including Norfolk Southern's, reaffirmed their commitment to sustainability in April 2009. See www.seechange.businessroundtable.org for the 2009 Progress Report.

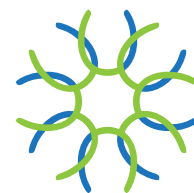
Norfolk Southern has been certified by and is a member of Responsible Care®, a global voluntary initiative of the International Council of Chemical Associations, through which companies work together to continuously improve their health, safety and environmental performance, and to communicate with stakeholders about their products and processes. The Responsible Care ethic helps the chemical industry operate safely, profitably, and with due care for future generations.

Norfolk Southern won the 2008 TRANSCAER® (Transportation Community Awareness and Emergency Response) National Achievement Award. TRANSCAER is a voluntary, nationwide outreach effort that helps communities prepare for and respond to possible hazardous material transportation incidents. Volunteers consist of representatives from chemical producers, distributors, carriers, first responders, and government agencies. Receiving the National Achievement Award signifies widespread recognition of Norfolk Southern's dedication to this critical program and its leadership in training local emergency responders through a combination of hands-on activities, tabletop exercises, and whistle-stop tours.

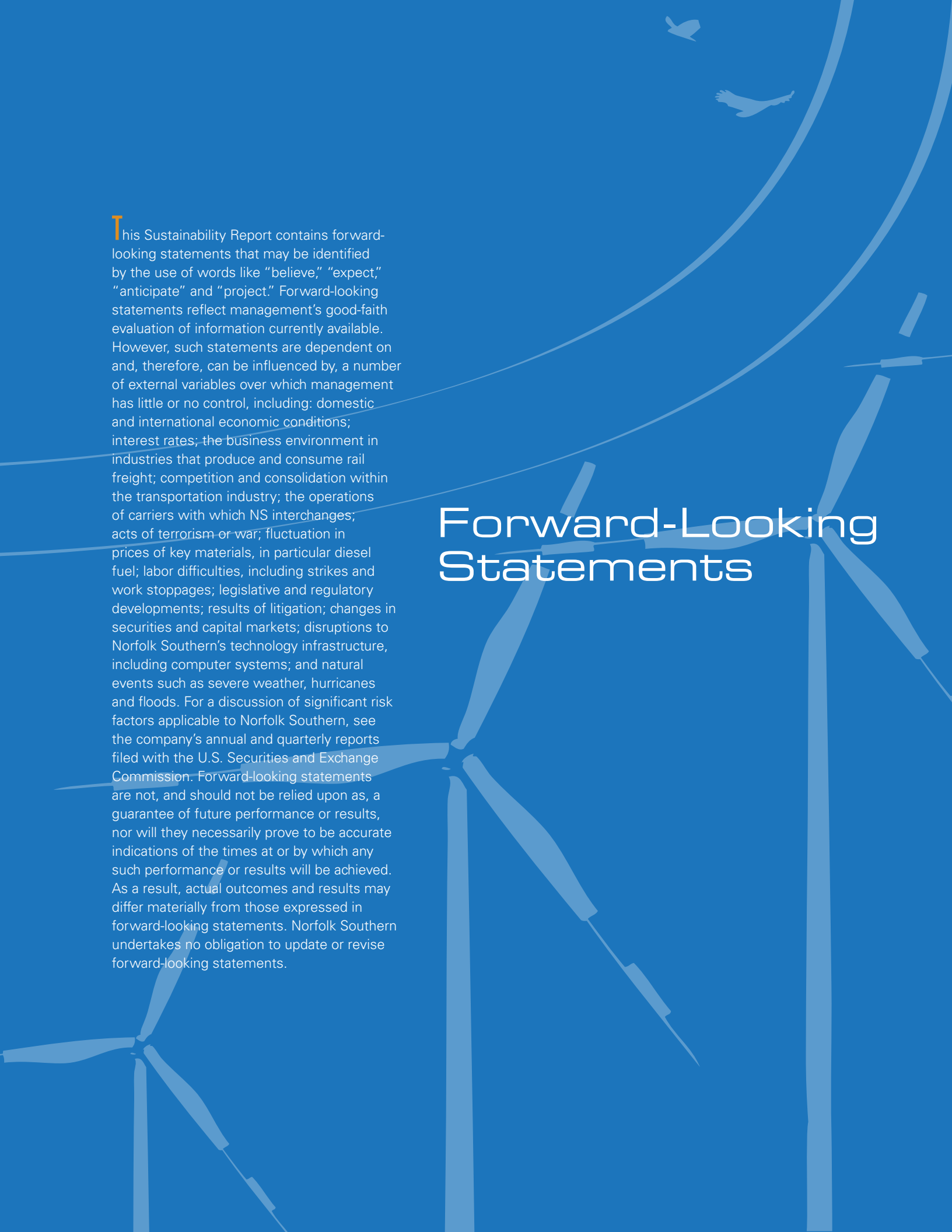


Certifications, Internal Management Systems Safeguard Environment

Many of Norfolk Southern's facilities are ISO 9001 certified. In addition, the corporation has in place an environmental management system that guides employee behaviors. The policies and procedures that form the building blocks of this are codified in several key places, including the corporation's "Our World Our Choice" reference manual. The manual and other aspects of our management system include policies that define the rules and requirements of the organization, as well as procedures that define implementation. These cover a wide range of issues, including contract control, audit, training, emergency preparedness, regulations, agency approvals, monitoring and measurement, corrective actions, document control, and others.







This Sustainability Report contains forward-looking statements that may be identified by the use of words like “believe,” “expect,” “anticipate” and “project.” Forward-looking statements reflect management’s good-faith evaluation of information currently available. However, such statements are dependent on and, therefore, can be influenced by, a number of external variables over which management has little or no control, including: domestic and international economic conditions; interest rates; the business environment in industries that produce and consume rail freight; competition and consolidation within the transportation industry; the operations of carriers with which NS interchanges; acts of terrorism or war; fluctuation in prices of key materials, in particular diesel fuel; labor difficulties, including strikes and work stoppages; legislative and regulatory developments; results of litigation; changes in securities and capital markets; disruptions to Norfolk Southern’s technology infrastructure, including computer systems; and natural events such as severe weather, hurricanes and floods. For a discussion of significant risk factors applicable to Norfolk Southern, see the company’s annual and quarterly reports filed with the U.S. Securities and Exchange Commission. 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. Norfolk Southern undertakes no obligation to update or revise forward-looking statements.

Forward-Looking Statements



THREE COMMERCIAL PLACE
NORFOLK, VA 23510
WWW.NSCORP.COM

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