



First Quarter 2010 Results

Norfolk Southern Corporation





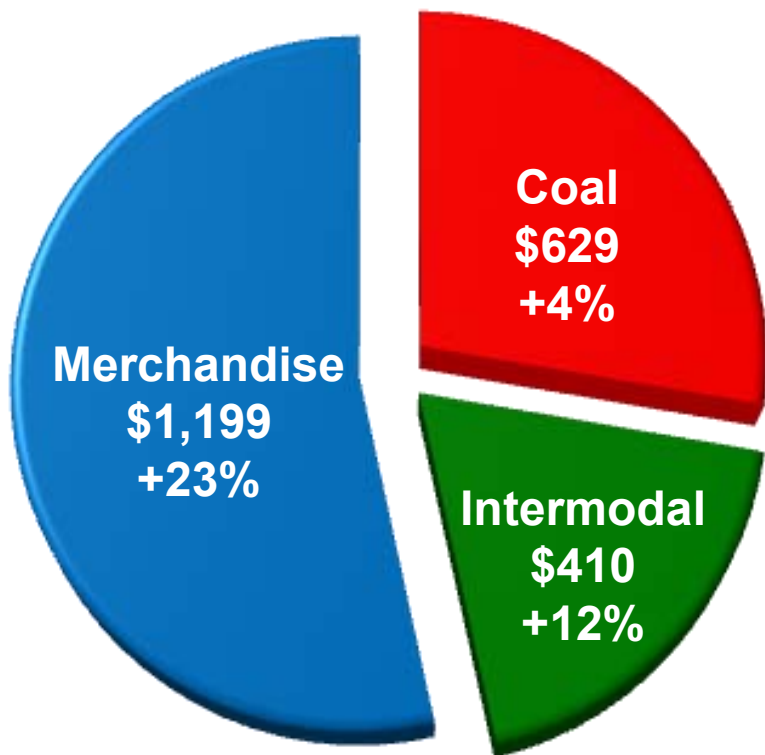
First Quarter 2010 Results

Donald W. Seale
Executive Vice President
and Chief Marketing Officer



Railway Operating Revenue

First Quarter 2010 vs. 2009



Total - \$2.2 Billion
Up \$295 million, 15% vs. 1Q 2009

Volume \$170

Fuel Revenue \$ 65

Price/Mix \$ 60

Total Change \$295

Revenue Per Unit

First Quarter 2010 vs. 2009

	1Q 2010	vs. 1Q 2009	
	Rev/Unit	Abs.	% Chg.
Agriculture	\$2,054	(\$75)	(4%)
MetCon	\$1,680	\$166	11%
Chemicals	\$3,249	\$308	10%
Paper	\$2,150	(\$72)	(3%)
Automotive	\$2,266	\$449	25%
Merchandise	\$2,213	\$130	6%
Intermodal	\$605	\$1	0%
Coal	\$1,726	\$145	9%
Total	\$1,414	\$79	6%

- Record Automotive RPU - legacy contract renegotiation & extended haul
- Agriculture - increase in shorter haul business
- Paper and Intermodal RPU - motor carrier competition and increased shorter haul traffic
- Price up 3% in quarter and 5% over last four quarters

Railway Volume

First Quarter 2010 vs. 2009

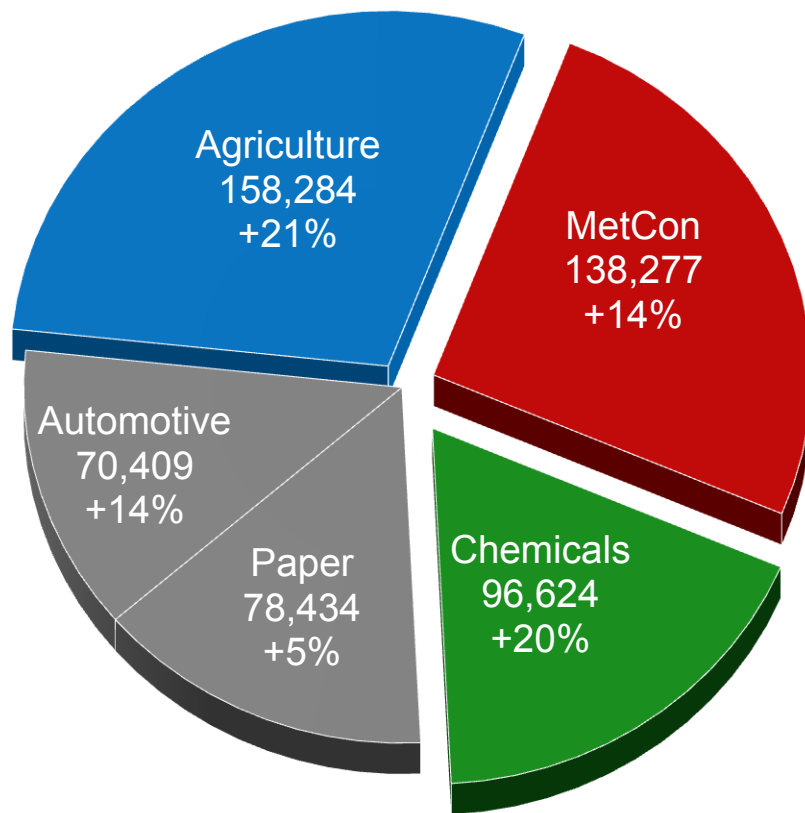
	Jan. 2010	vs. Jan. 2009	Feb. 2010	vs. Feb. 2009	Mar. 2010	vs. Mar. 2009
Agriculture	50,992	18%	51,291	21%	56,001	25%
MetCon	40,961	3%	42,362	8%	54,954	31%
Chemicals	30,940	15%	31,032	16%	34,652	30%
Paper	26,025	(1%)	23,899	2%	28,510	15%
Automotive	20,199	38%	23,046	4%	27,164	8%
Merchandise	169,117	12%	171,630	12%	201,281	23%
Intermodal	215,828	2%	210,202	9%	250,523	24%
Coal	115,717	(9%)	108,167	(11%)	140,396	6%
Total	500,662	2%	489,999	5%	592,200	19%

- Second highest volume quarter ever for Agriculture
- Severe weather deferred some utility coal volume
- Total volume up 19% in March

Total First Quarter 2010 Volume – 1,582,861 Units, Up 127,294, or 9%

Merchandise Volume

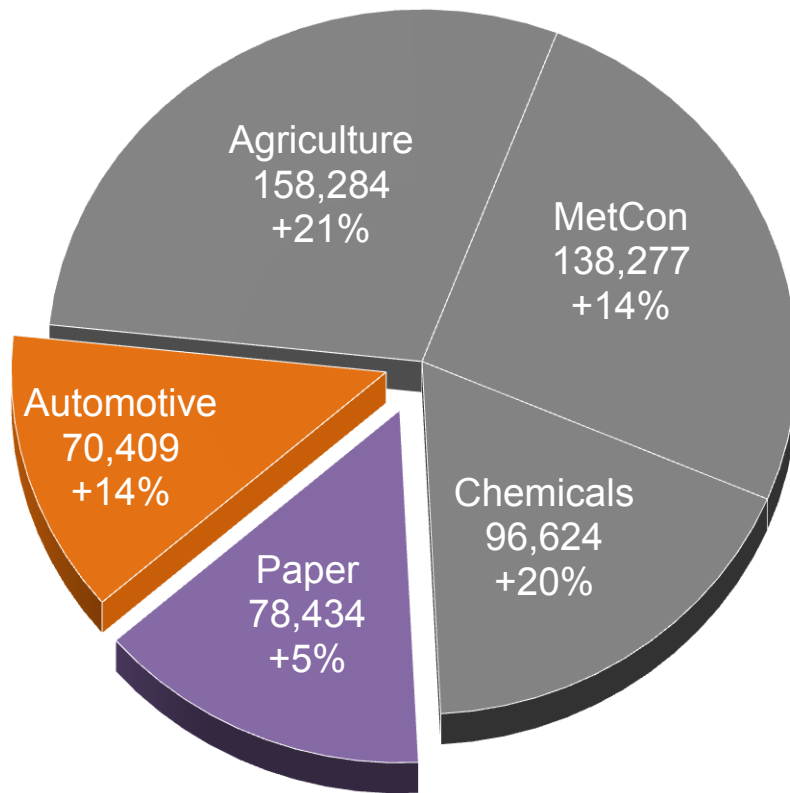
First Quarter 2010 vs. 2009



- Total Merchandise volume up 16%
- Agriculture growth driven by export grain, ethanol and fertilizer
- Metals volume driven by increased steel demand & new business
- Chemicals markets growth from increased production of basic chemicals & project growth

Merchandise Volume

First Quarter 2010 vs. 2009

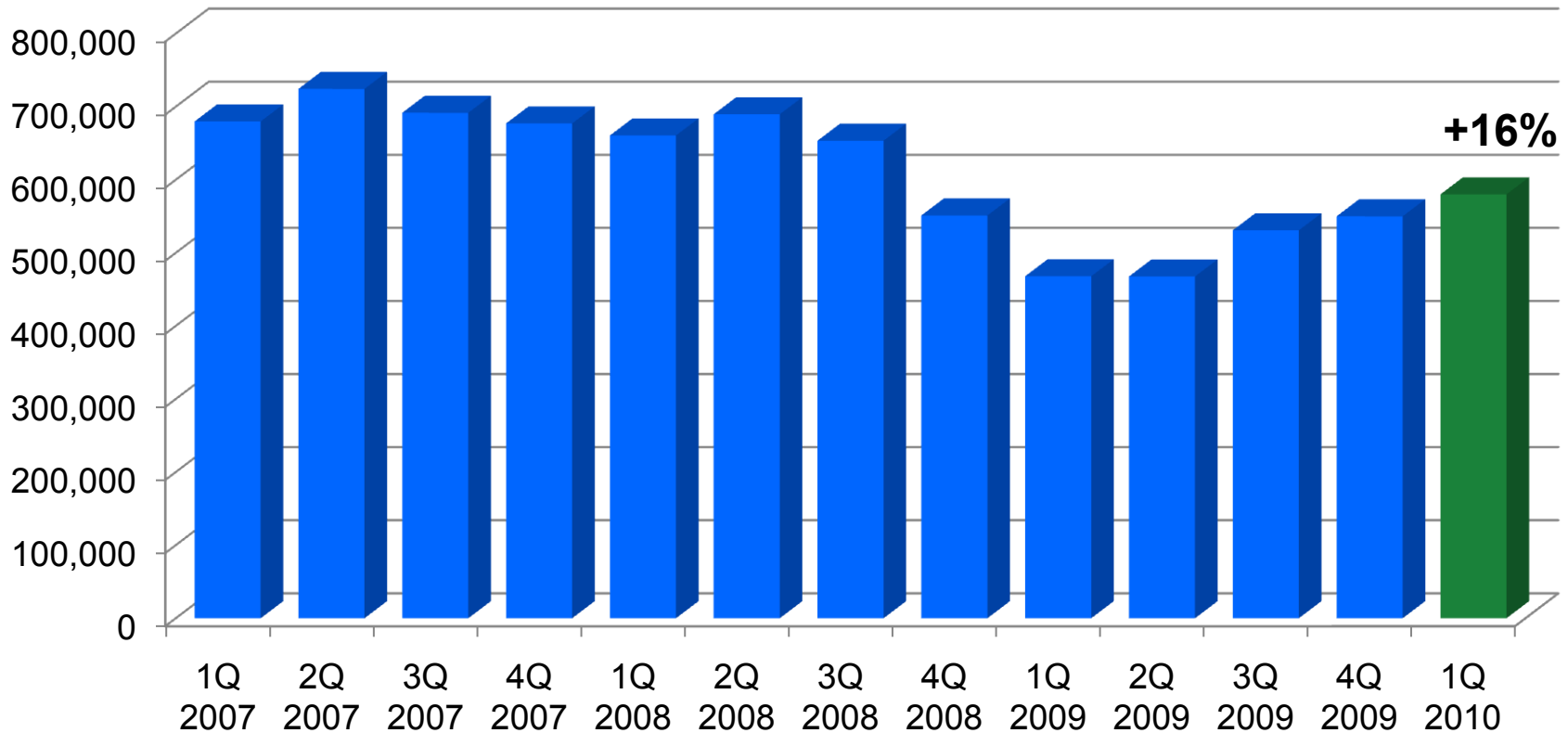


- Paper & Forest volume increase from inbound wood chips & export wood pulp
- Automotive volume led by increased vehicle production & New Northeast business

Merchandise Volume

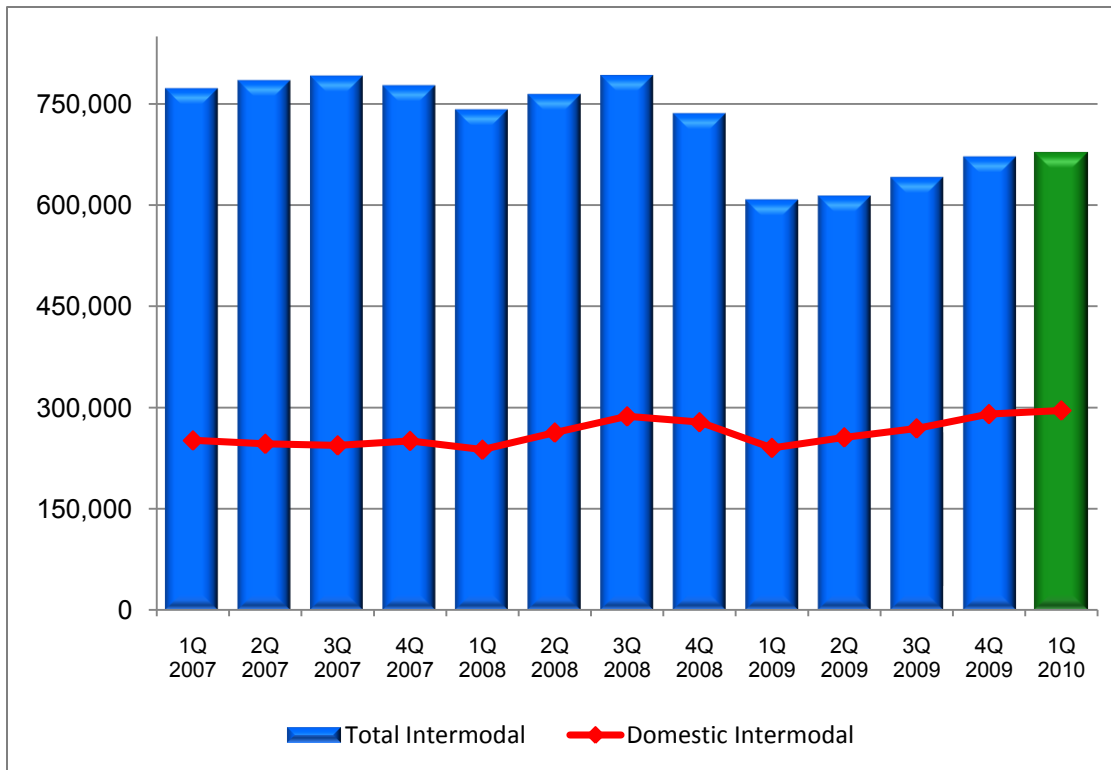
First Quarter 2007 – First Quarter 2010

Merchandise Carloads



Intermodal Volume

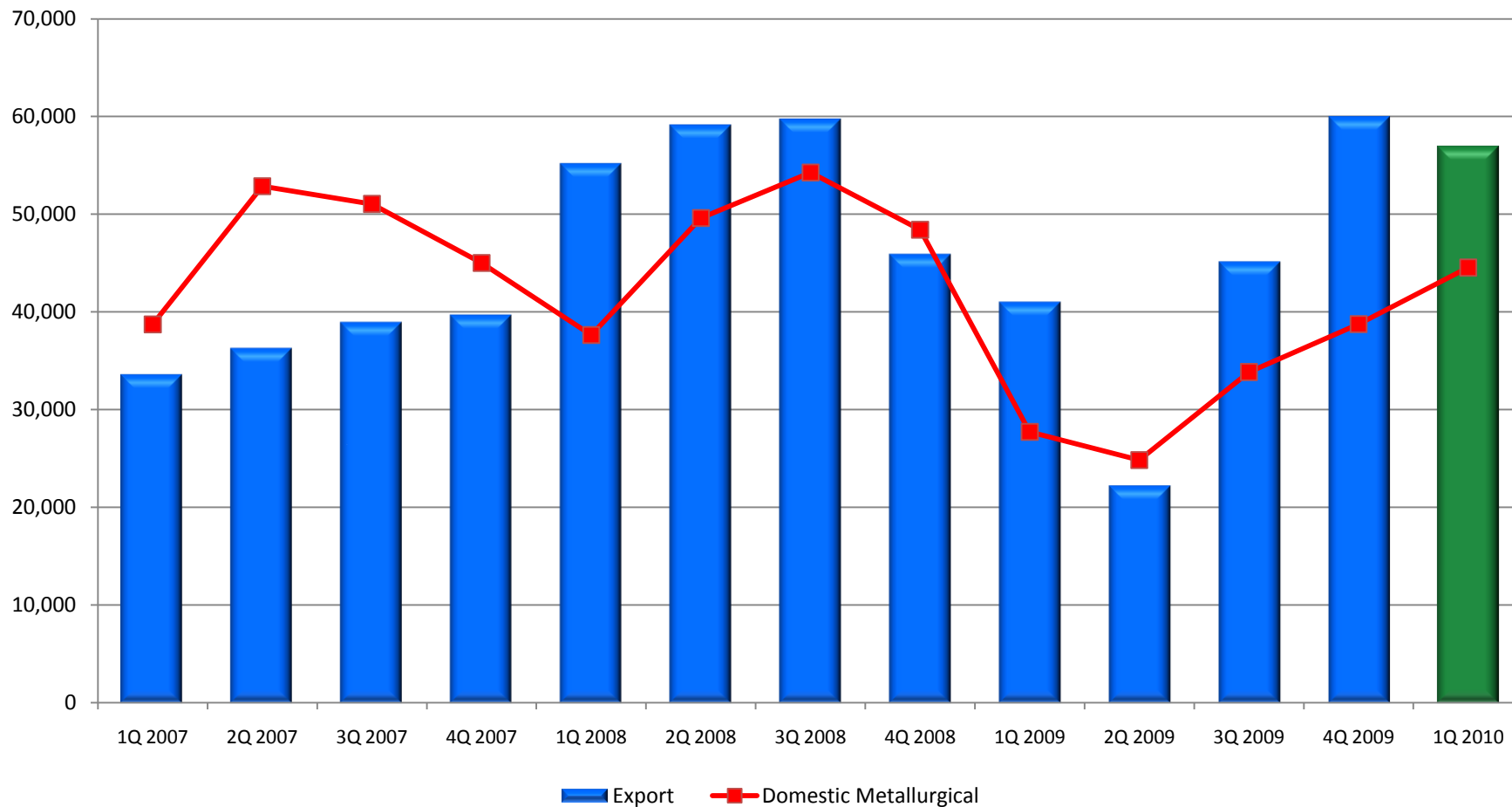
First Quarter 2007 – First Quarter 2010



- Total Intermodal volume up 11%
- Domestic volume up 23% led by truckload conversions
- International volume up 3%, driven by improving global demand
- Tightening truckload capacity

Metallurgical Coal Volume

First Quarter 2007 – First Quarter 2010

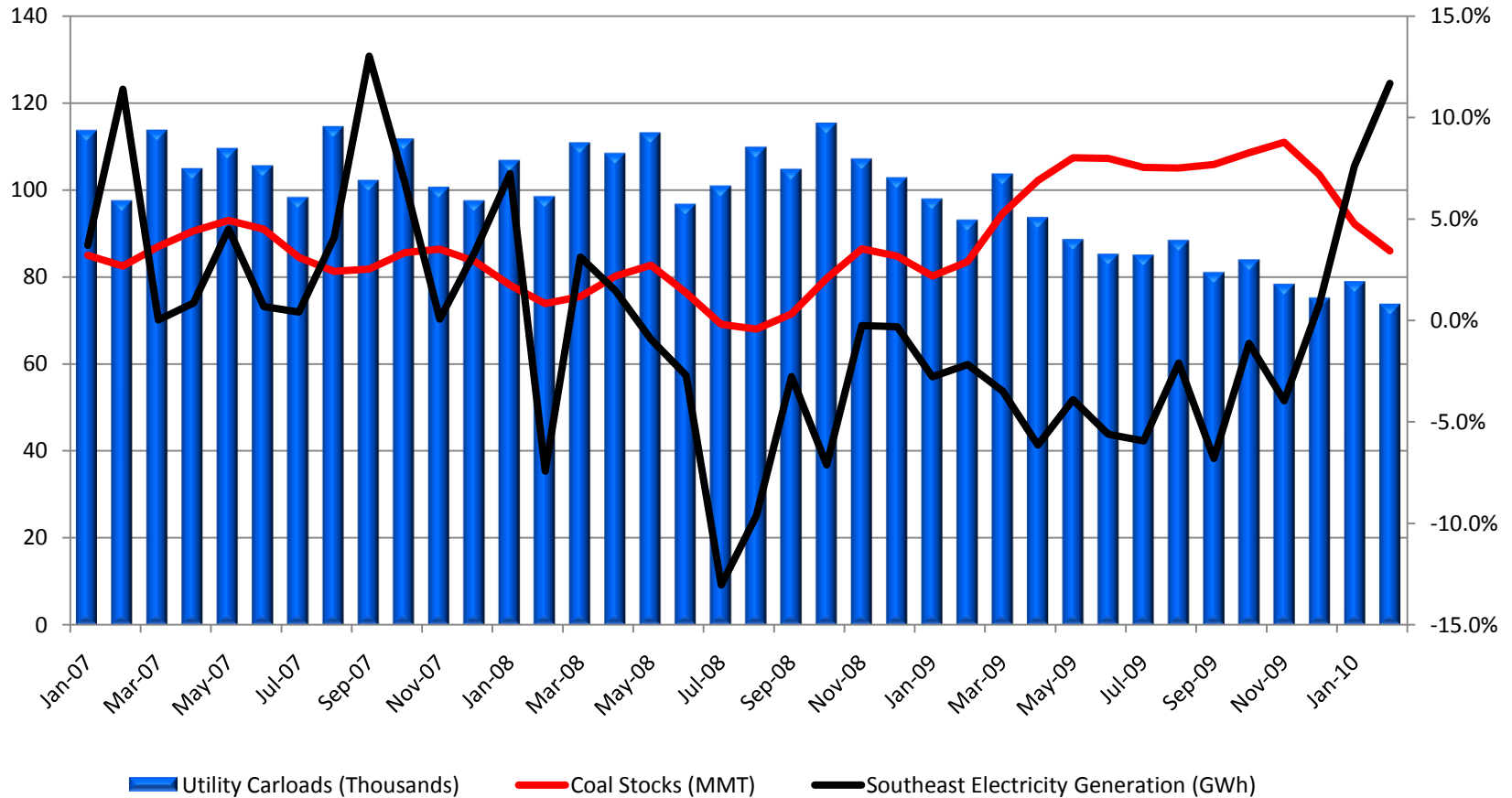


Utility Coal Volume & Coal Stockpiles

2007 - 2010

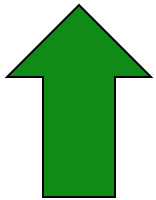
Utility Carloads (000) & Coal Stocks (MMT)

% Change in GWh vs. Previous Year



Sources: EVA, EEI

Outlook – Business Portfolio



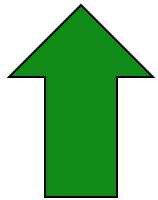
Chemicals
Agriculture
Domestic Intermodal
International Intermodal
Export Coal
Domestic Met Coal
Steel
Utility Coal

- **Manufacturing recovery & project growth**
- **Build out of ethanol network**
- **Truckload conversions**
- **Improving imports/exports**

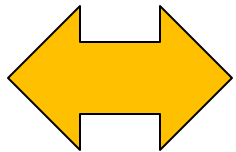
- **Recovery in global steel production**

- **Falling stockpiles and increased electricity generation**

Outlook – Business Portfolio



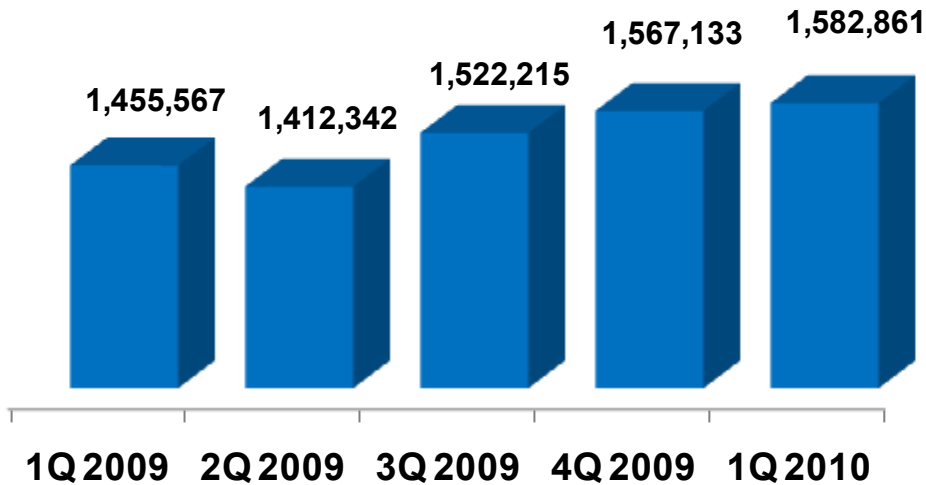
- Manufacturing recovery & project growth
- Build out of ethanol network
- Truckload conversions
- Improving imports/exports
- Recovery in global steel production
- Falling stockpiles and increased electricity generation



- Impact of Ford vehicle network redesign
- Uncertainty in housing , but improving paper markets

Outlook Summary

1Q 2009 – 1Q 2010 Units



- Gradual growth in core markets
- Strong project growth and new business
- Continued pricing improvement



First Quarter 2010 Results

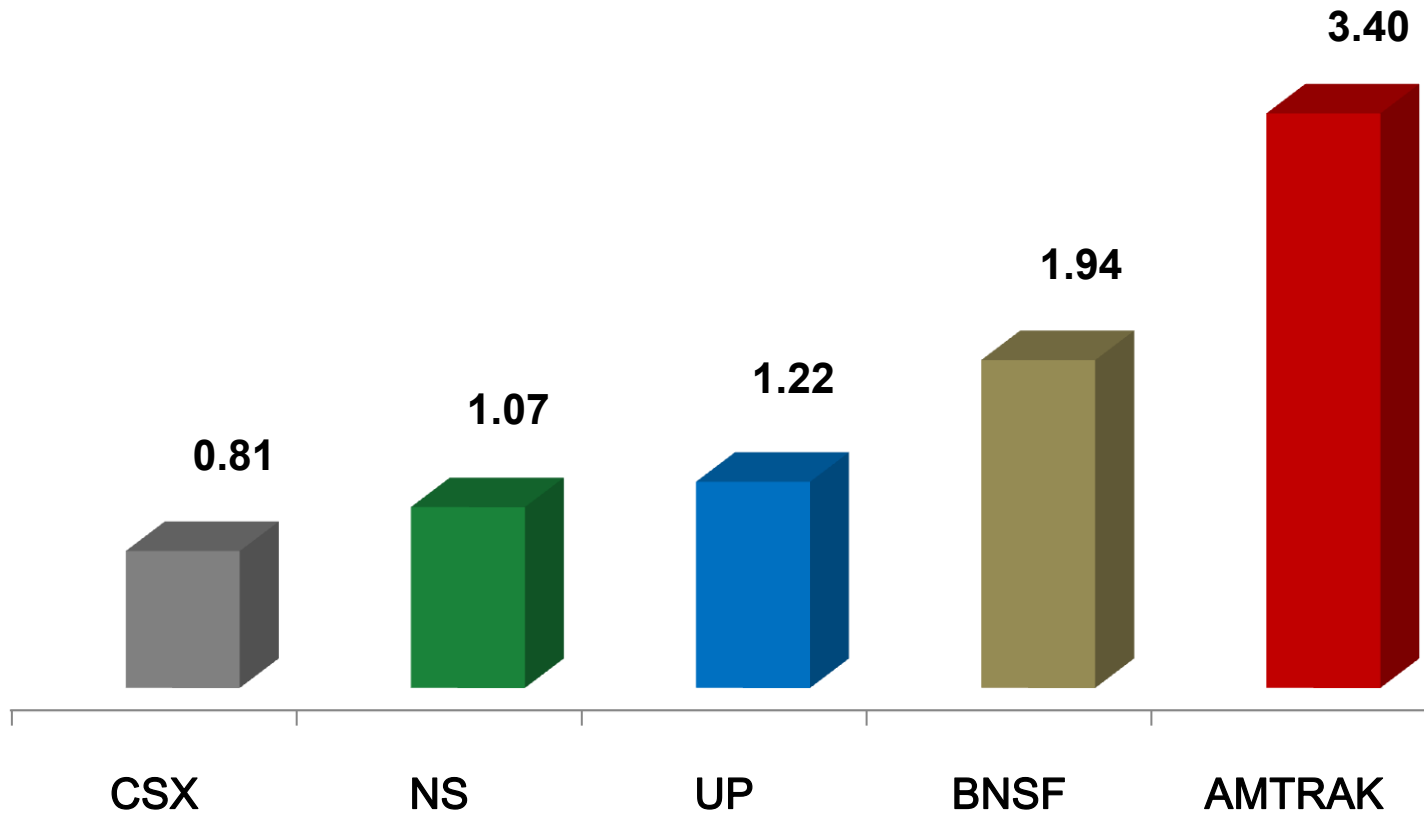
Mark Manion
Executive Vice President
and Chief Operating Officer



Rail Industry Safety

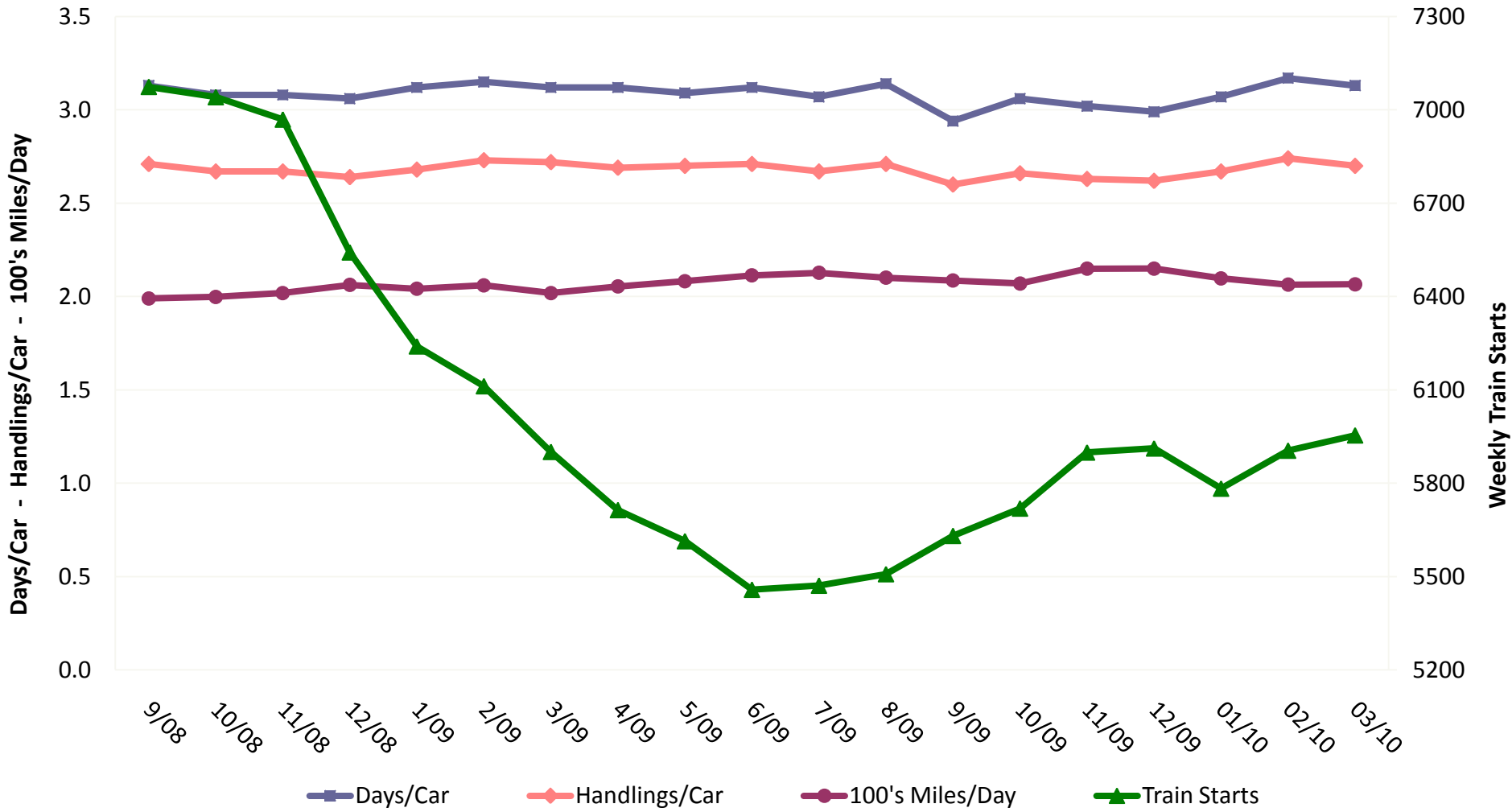
2010 1ST Quarter

(Injury Ratio per 200,000 Employee-Hours)



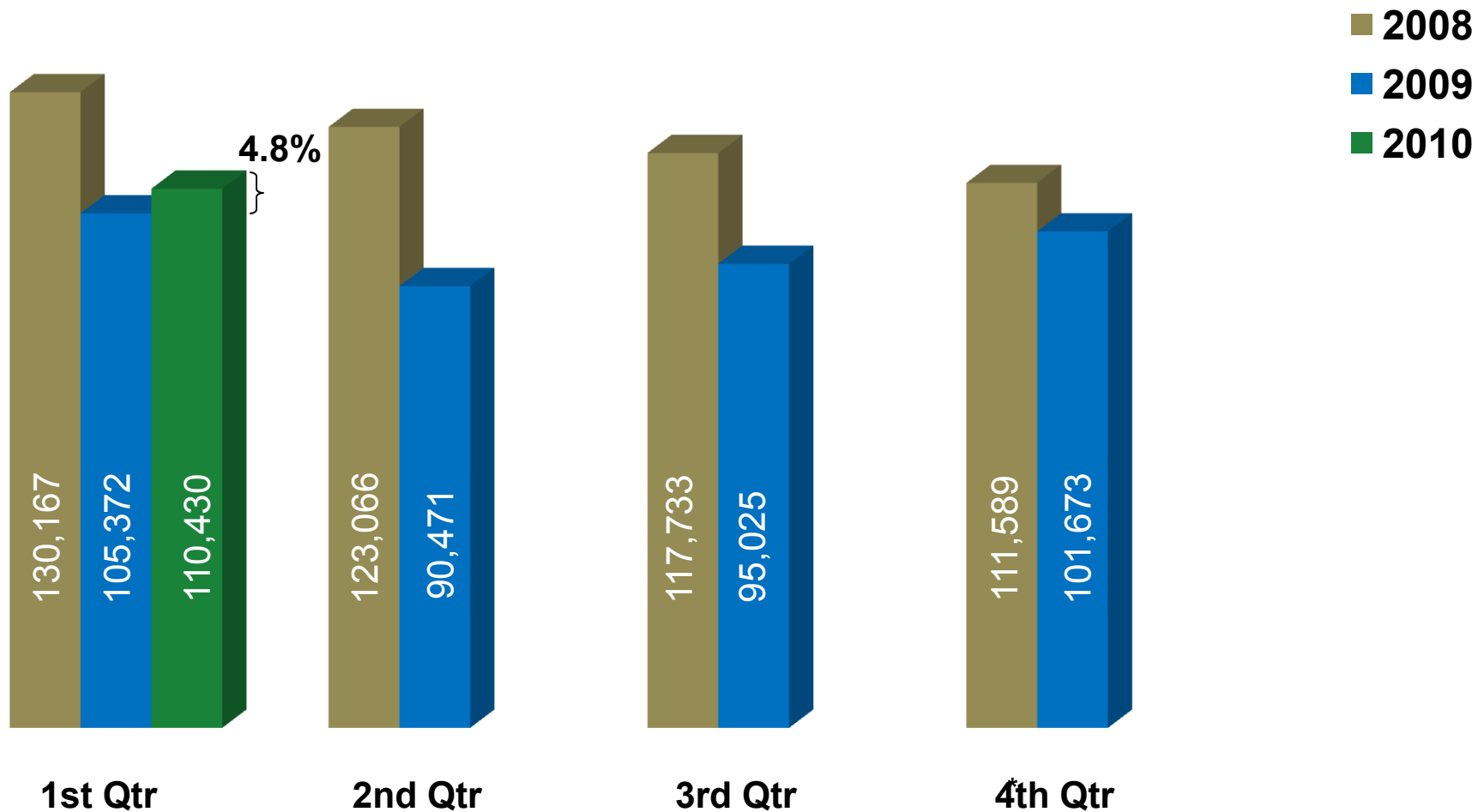
Operating Plan Trends

September 2008 – March 2010



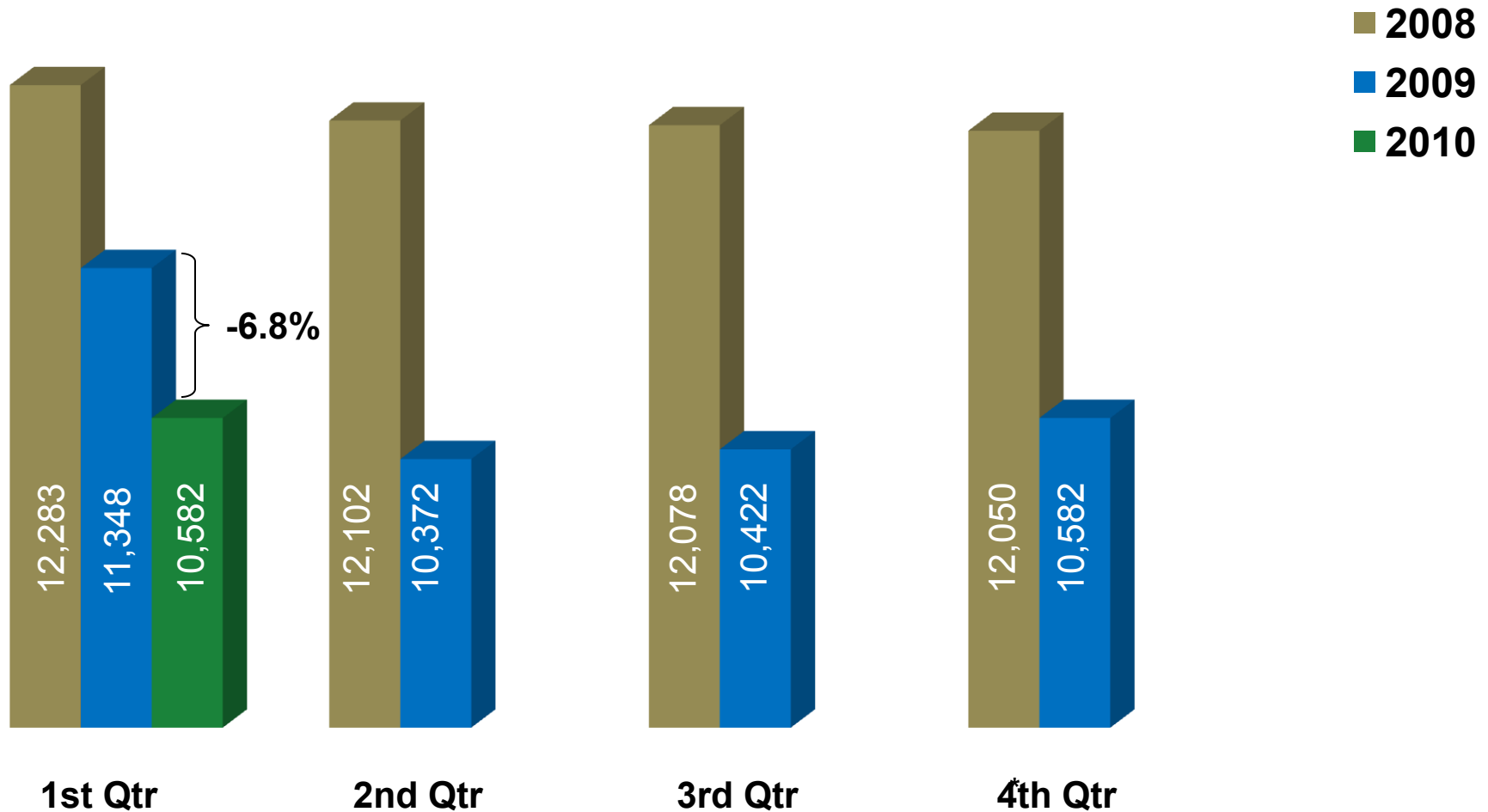
Locomotive Fuel Consumption

By Quarters 2008 - 2010



Train & Engine Employees

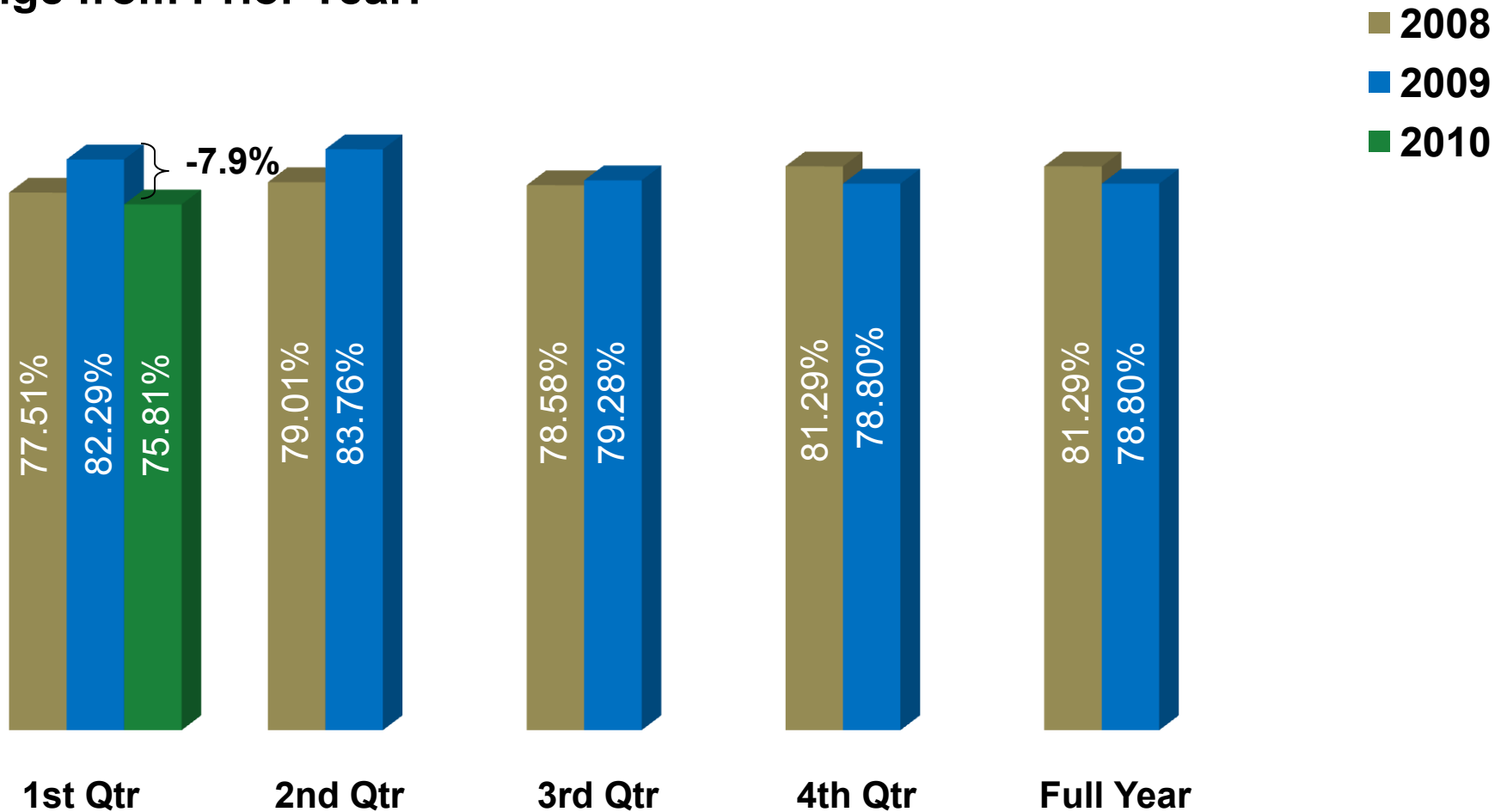
By Quarters 2008 - 2010



Composite Service Performance

By Quarters 2008 - 2010

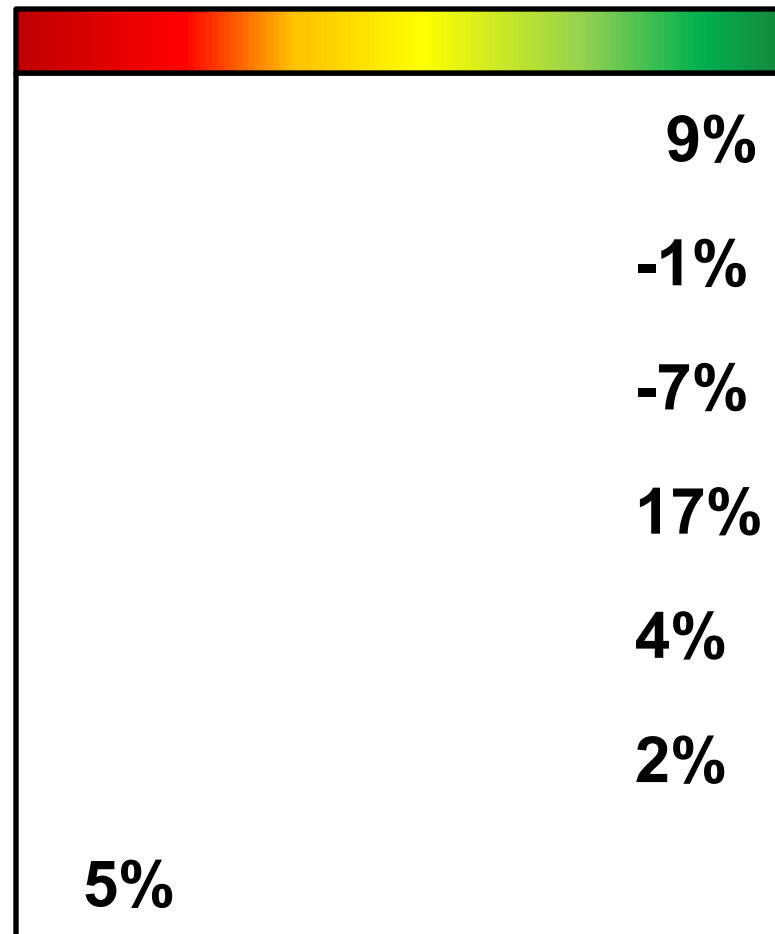
Change from Prior Year:



Productivity Scorecard

1Q 2010 vs. 1Q 2009

- **Carload Volume**
- **Crew Starts**
- **Railroad Employees**
- **GTMs per Employee**
- **GTMs per Gallon**
- **GTMs per Train Hour**
- **Car Hire Days per Carload**





First Quarter 2010 Results

Jake Allison
Vice President and Controller



Operating Results

First Quarter 2010 vs. 2009 (\$ Millions)

	First Qtr 2010	First Qtr 2009	Favorable (Unfavorable)	
			\$	%
Railway Operating Revenues	\$ 2,238	\$ 1,943	\$ 295	15%

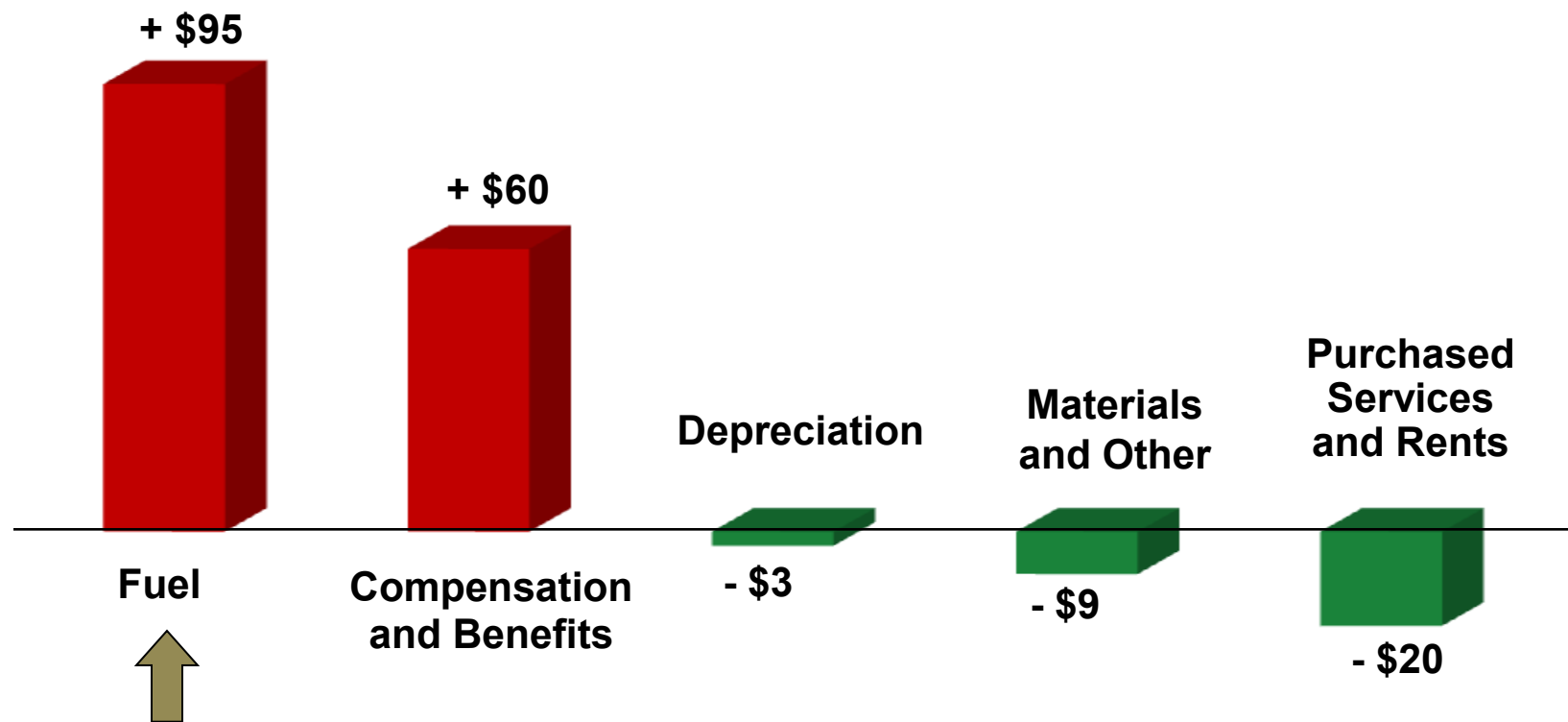
Operating Results

First Quarter 2010 vs. 2009 (\$ Millions)

	First Qtr 2010	First Qtr 2009	Favorable (Unfavorable)	
			\$	%
Railway Operating Revenues	\$ 2,238	\$ 1,943	\$ 295	15%
Railway Operating Expenses	1,683	1,560	(123)	(8%)
Income from Railway Operations	\$ 555	\$ 383	\$ 172	45%
Railway Operating Ratio	75.2	80.3	5.1	6%

Railway Operating Expense Analysis

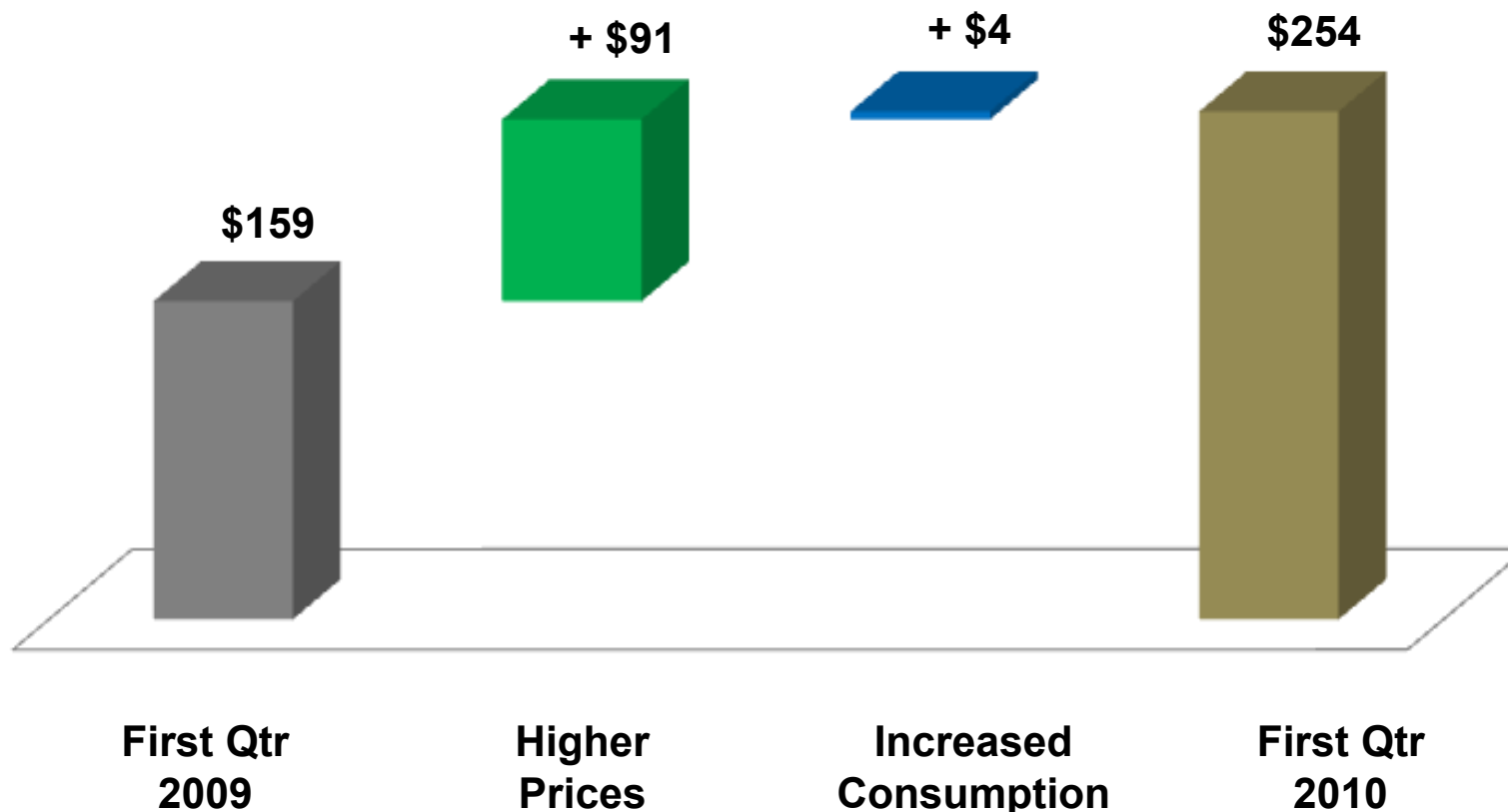
First Quarter 2010 vs. 2009 (\$ Millions)



Net Increase \$123 Million / 8%

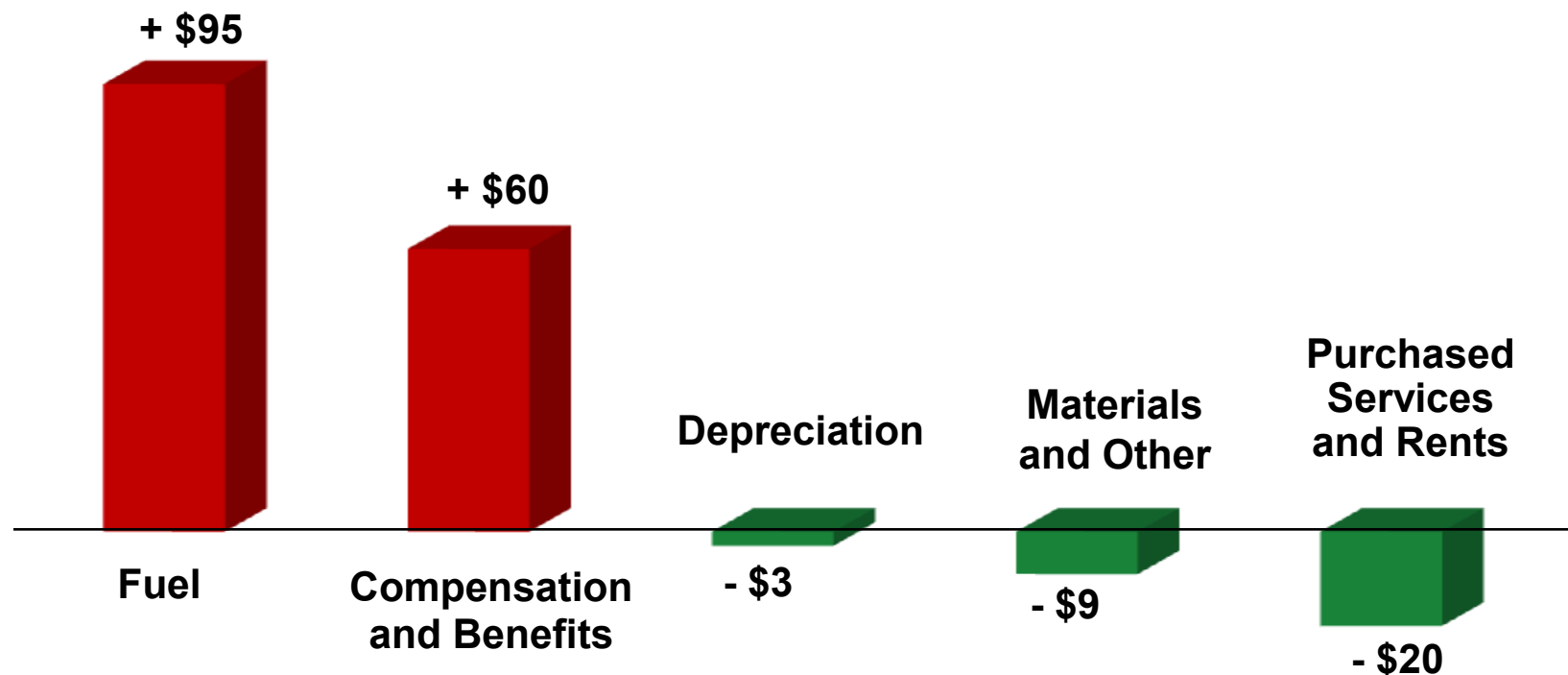
Fuel Expense Analysis

First Quarter 2010 vs. 2009 (\$ Millions)



Railway Operating Expense Analysis

First Quarter 2010 vs. 2009 (\$ Millions)



Net Increase \$123 Million / 8%

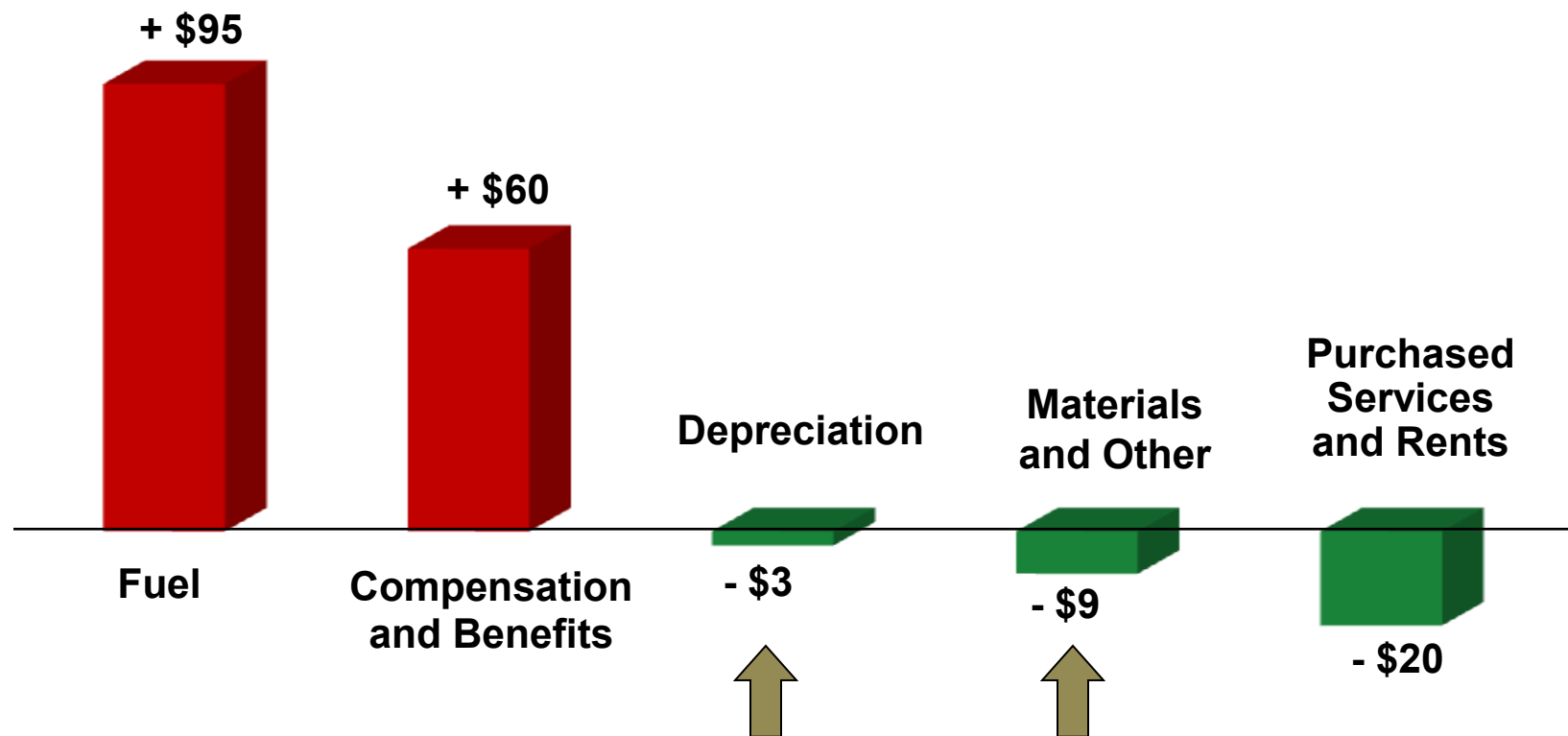
Compensation and Benefits Analysis

First Quarter 2010 vs. 2009 (\$ Millions)

	Increase (Decrease)
Stock-Based and Incentive Compensation	\$ 34
Wage Rates	18
Medical Benefits (Active and Retiree)	10
Pension Costs	8
Other	(10)
Net Increase	\$ 60

Railway Operating Expense Analysis

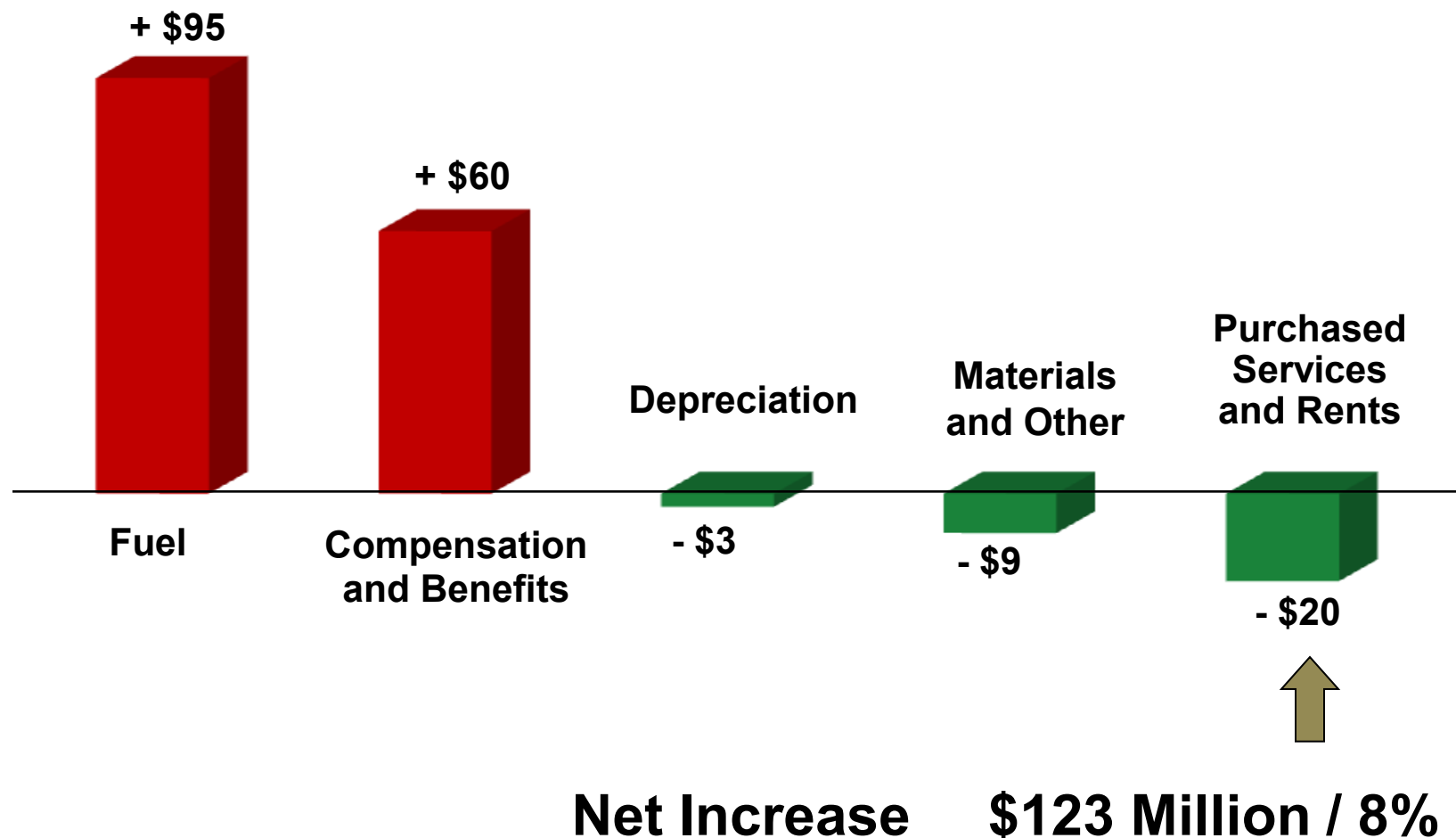
First Quarter 2010 vs. 2009 (\$ Millions)



Net Increase \$123 Million / 8%

Railway Operating Expense Analysis

First Quarter 2010 vs. 2009 (\$ Millions)



Other Income - Net

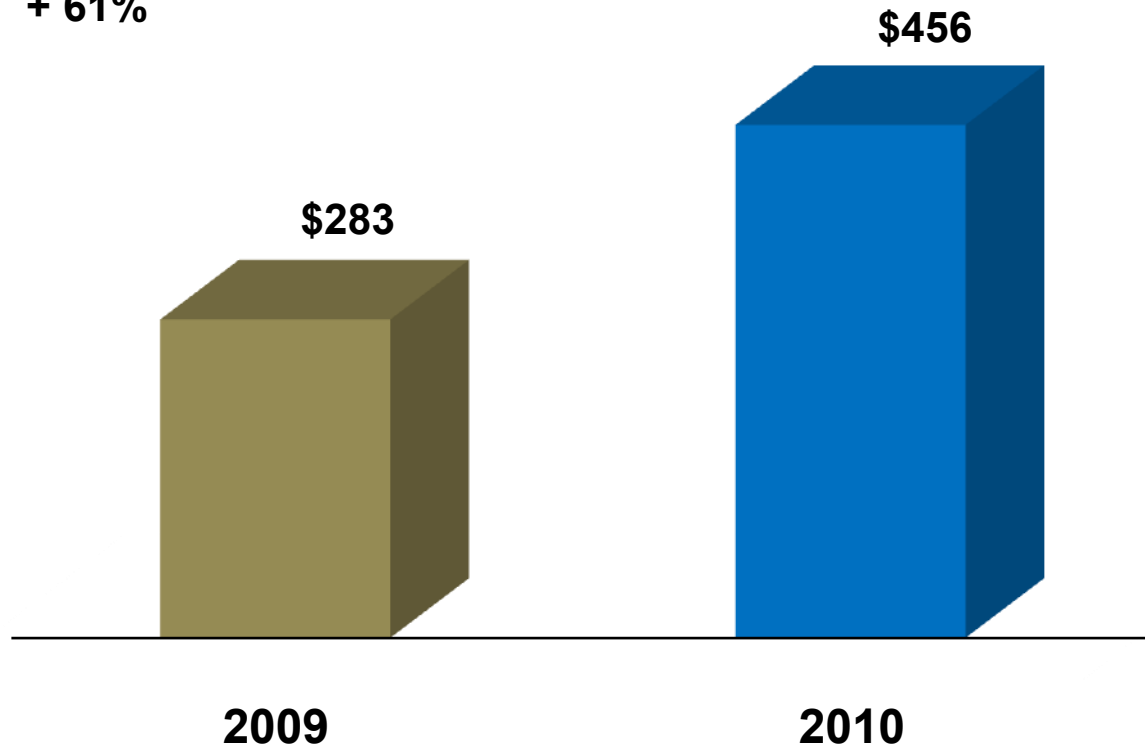
First Quarter 2010 vs. 2009 (\$ Millions)

	First Qtr 2010	First Qtr 2009	Favorable (Unfavorable)	
			\$	%
Corporate-Owned Life Insurance	\$ (1)	\$ (7)	\$ 6	86%
All Other	21	24	(3)	(13%)
Other Income - Net	\$ 20	\$ 17	\$ 3	18%
Interest Expense on Debt	\$ 119	\$ 117	\$ (2)	(2%)

Income Before Income Taxes

First Quarter (\$ Millions)

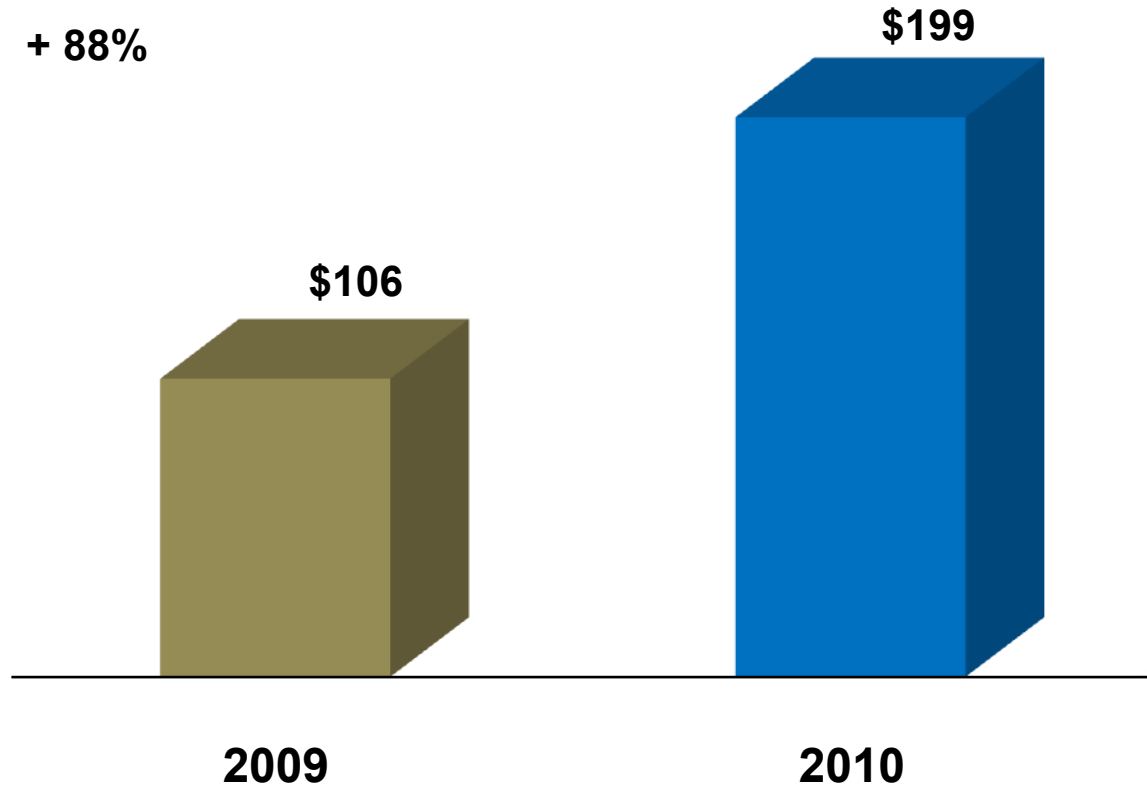
Change vs.
Prior Period: + 61%



Income Taxes

First Quarter (\$ Millions)

Change vs.
Prior Period: + 88%

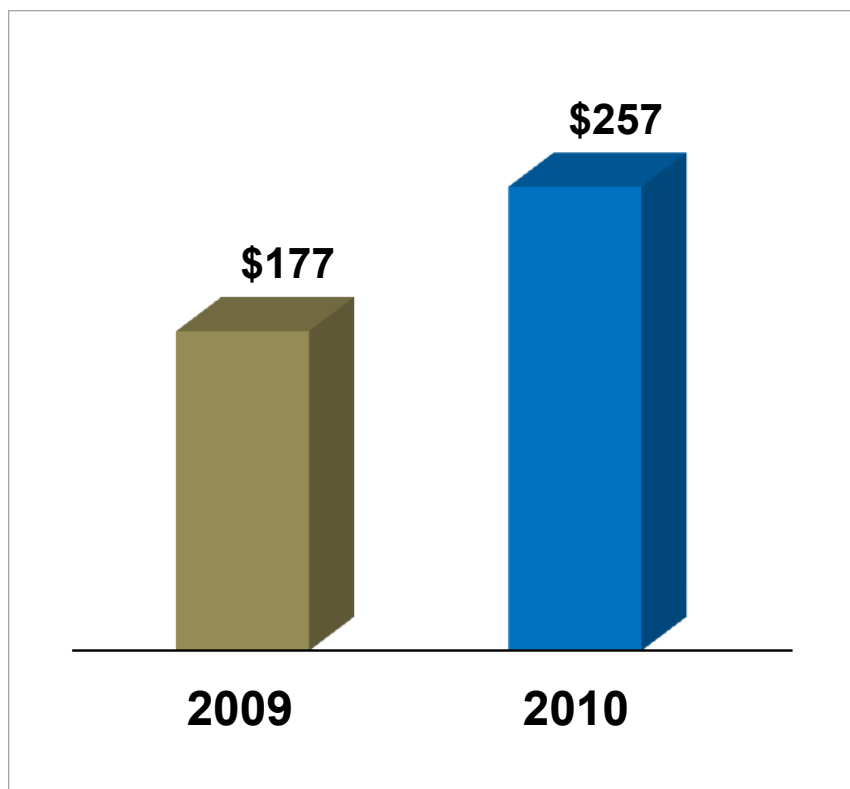


Net Income and Diluted Earnings per Share

First Quarter (\$ Millions except per share)

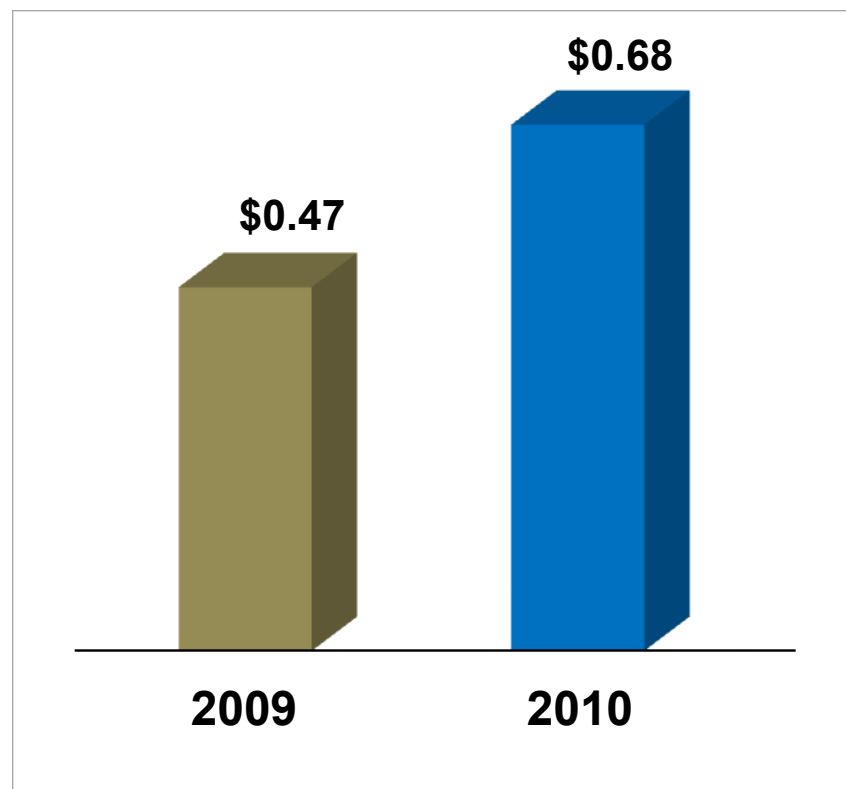
Net Income

Change vs. Prior Period: + 45%



Diluted Earnings per Share

Change vs. Prior Period: + 45%



Cash Flows

First Quarter 2010 vs. 2009 (\$ Millions)

	<u>2010</u>	<u>2009</u>
Cash Provided by Operating Activities	\$ 758	\$ 354
Capital Expenditures	(256)	(243)
*Free Cash Flow	<u>\$ 502</u>	<u>\$ 111</u>
Dividends	\$ 126	\$ 125
Cash and Cash Equivalents	\$ 1,161	\$ 884