



Third Quarter 2011 Results



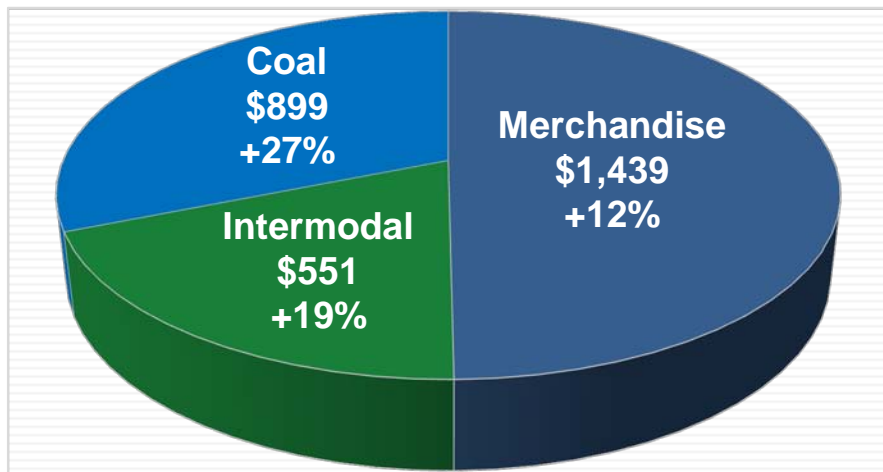
Third Quarter 2011 Results

*Donald W. Seale
Executive Vice President
and Chief Marketing Officer*

Railway Operating Revenue

Third Quarter 2011 vs. 2010

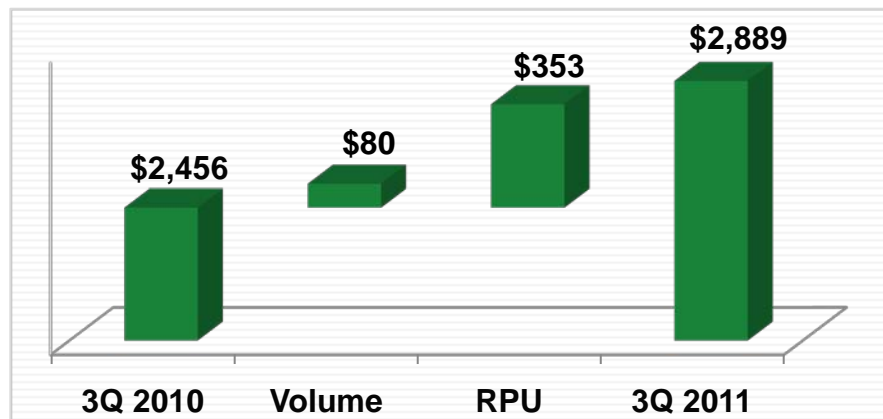
3Q 2011 Revenue \$ in Millions & y-o-y Percent Change



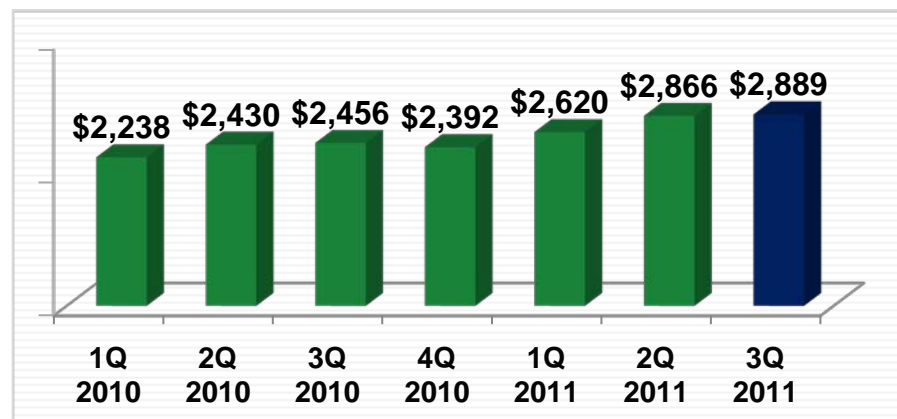
\$2.89 Billion in Railway Operating Revenue

- Increase of \$433 Million, or 18%
- Revenue per unit up 14%
- Volume up 3%

Components of Revenue Growth \$ in Millions



1Q 2010 – 3Q 2011 Revenue \$ in Millions



Revenue Per Unit

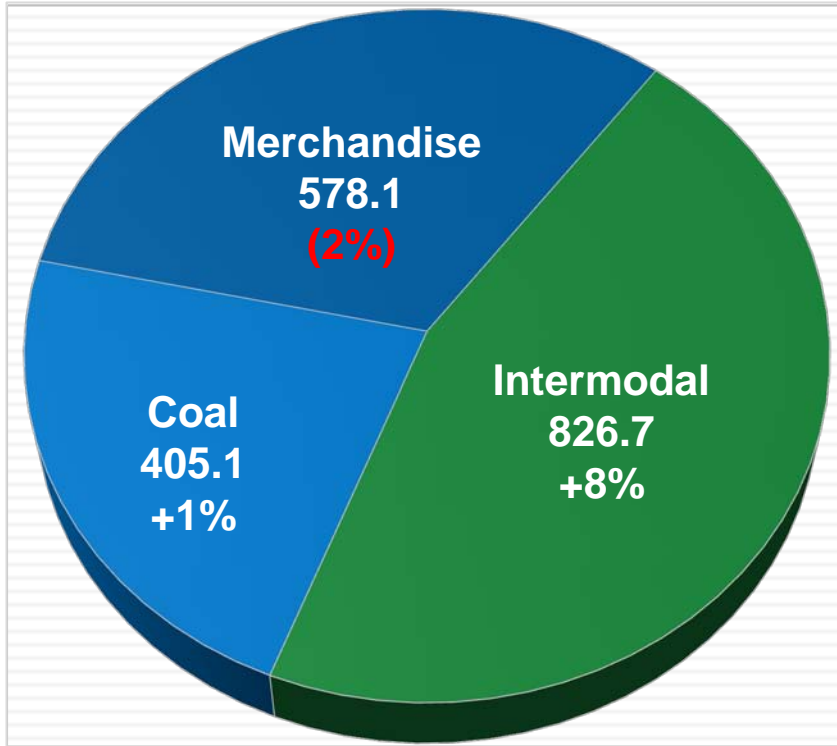
Third Quarter 2011 vs. 2010

Business Group	3Q 2011 RPU	vs. 3Q 2010	
		Abs.	% Chg.
Agriculture	\$2,487	\$341	16%
Chemicals	\$3,696	\$520	16%
Metals & Construction	\$1,905	\$329	21%
Paper	\$2,454	\$274	13%
Automotive	\$2,384	\$182	8%
Merchandise	\$2,488	\$305	14%
Intermodal	\$667	\$58	10%
Coal	\$2,219	\$457	26%
Total	\$1,596	\$195	14%

Railway Volume

Third Quarter 2011 vs. 2010

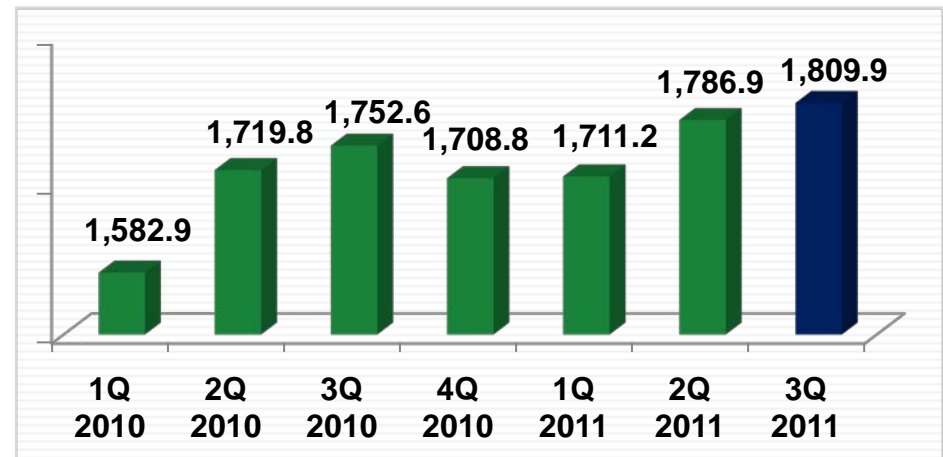
3Q 2011 Volume (000's) & y-o-y Percent Change



Total Volume of 1,809,900 Units

- Increase of 57,300 units, or 3%
- Highest quarterly volume since 3Q08
- New 52 week high in September

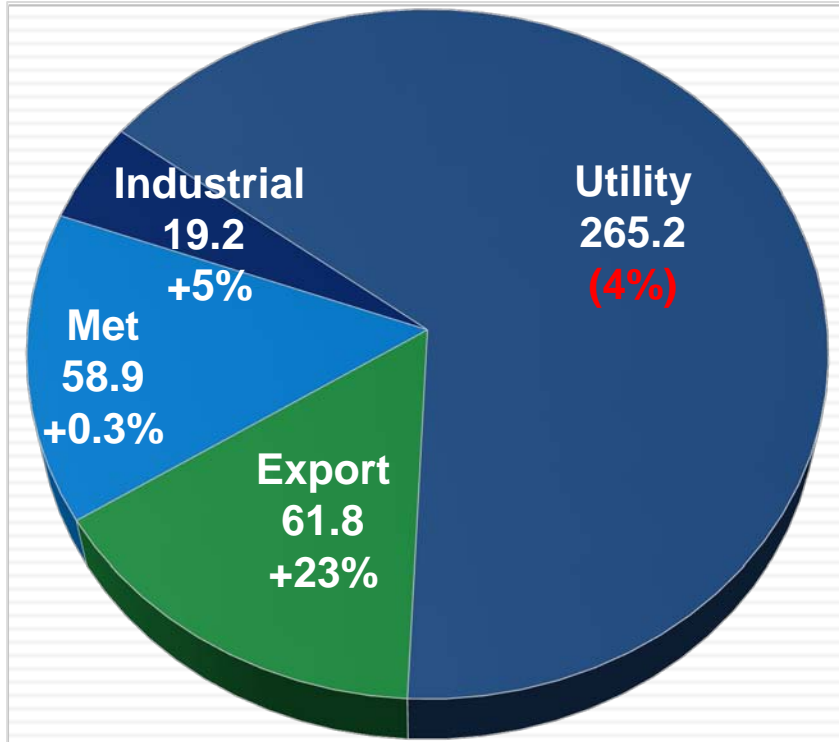
1Q 2010 – 3Q 2011 Volume (000's)



Coal Comparisons

Third Quarter 2011 vs. 2010

3Q 2011 Volume (000's) & y-o-y Percent Change



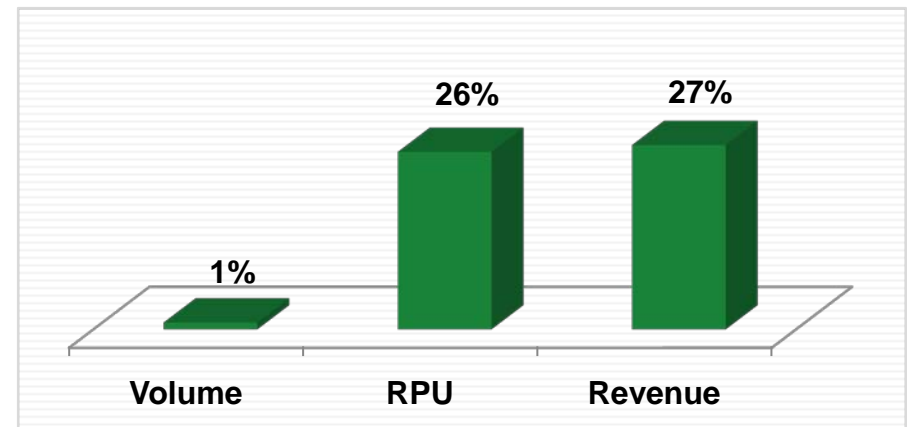
Coal revenue of \$899 million, up \$190 million or 27%

- Record revenue quarter

Coal volume of 405,100 carloads, up 2,400 or 1%

- Strong export growth
- Utility – competition from gas/lower electricity demand

Year-over-Year Change



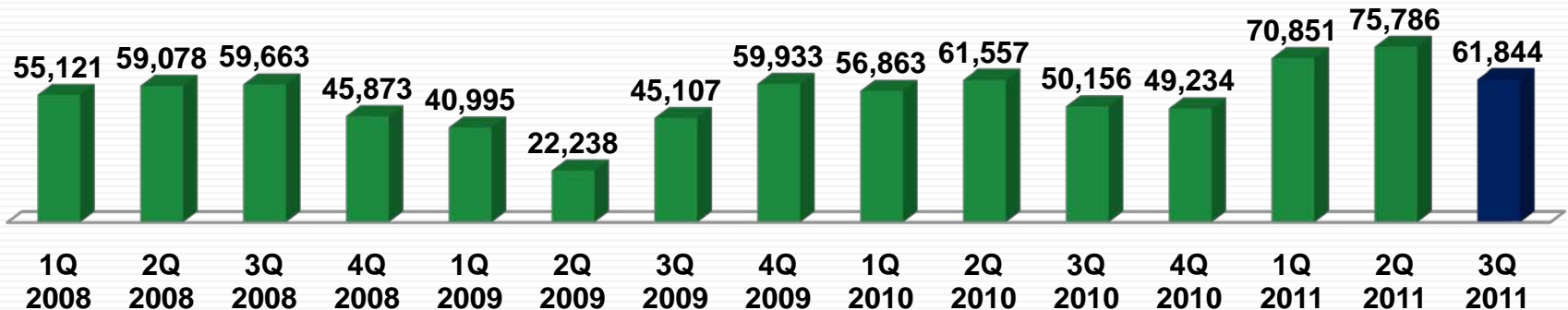
Export Coal Market



Export volume of 61,844 carloads, up 11,688 or 23%

- Lamberts Point up 39%
- Baltimore down (2%)
- Tightened global supply
- Global steel production up 11%

Export Carloads 1Q 2008 - 3Q 2011



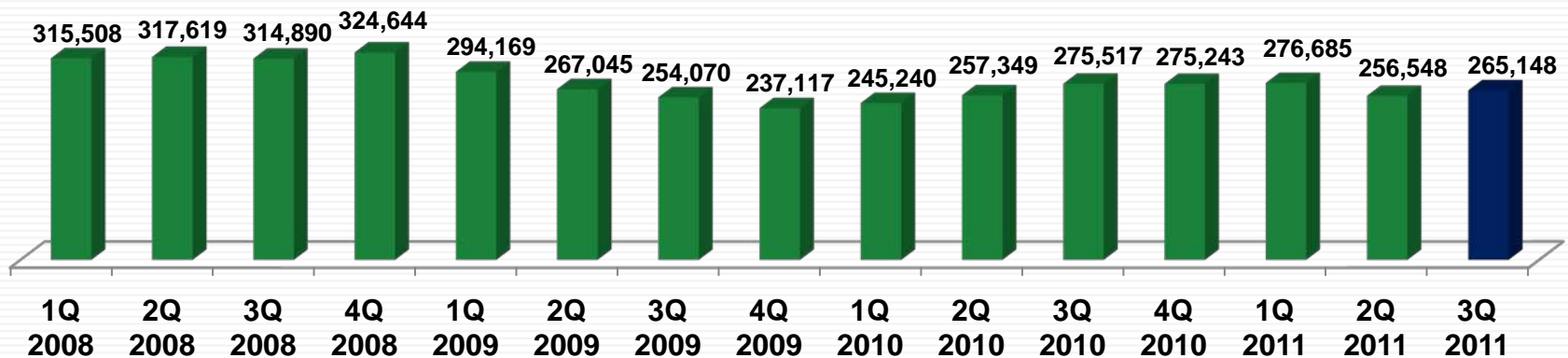
Utility Coal Market



Utility volume of 265,148 carloads, down (10,369) or (4%)

- Utility North down (5%), South down (3%)
- Competition from gas/lower electricity demand
- 50% of Northern utilities, and 36% of Southern utilities are below targeted inventory levels

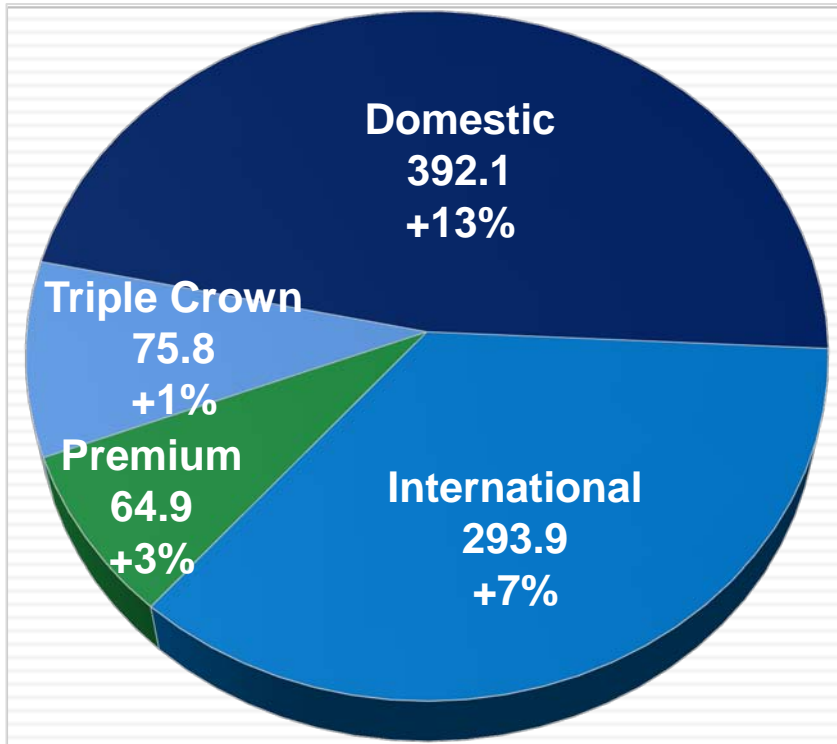
Utility Carloads 1Q 2008 - 3Q 2011



Intermodal Comparisons

Third Quarter 2011 vs. 2010

3Q 2011 Volume (000's) & y-o-y Percent Change

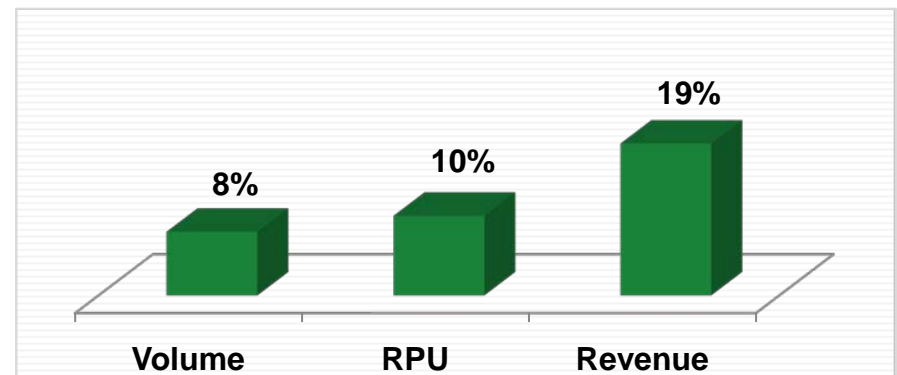


Intermodal revenue of \$551 million, up \$87 million or 19%

Intermodal volume of 826,700 units, up 64,500 or 8%

- Domestic up 13% driven by tightening truck capacity
- International up 7% with improving retail activity

Year-over-Year Change



NS Corridors

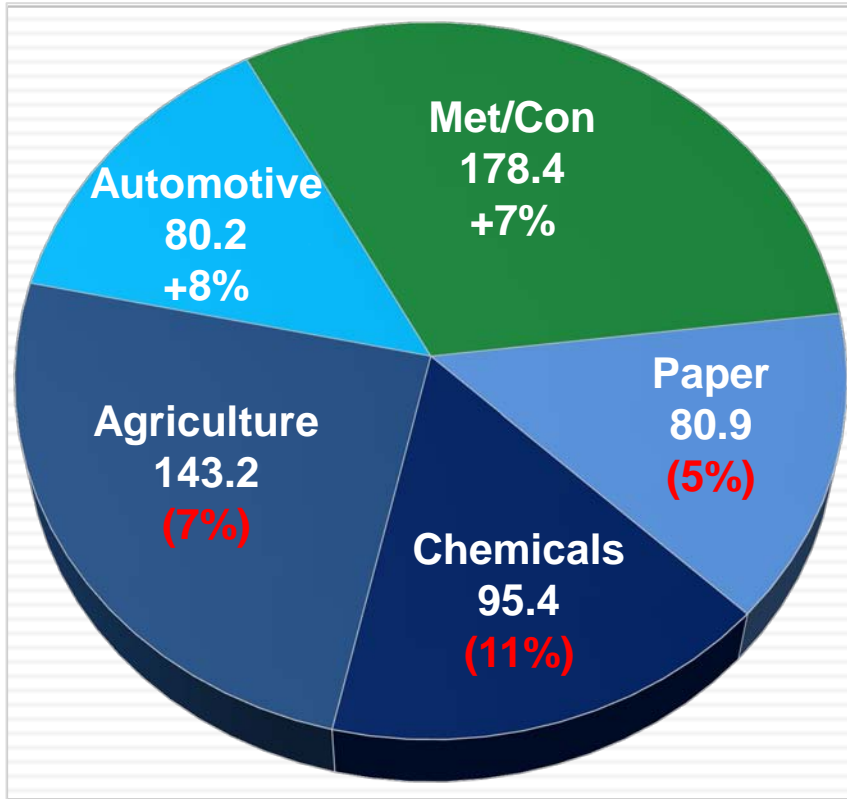


% Volume Change vs 2010		
Corridor	3Q	First Nine Months
Premier Route	9%	10%
Heartland Corridor	97%	139%
Crescent Corridor	30%	32%
Meridian Speedway	11%	12%
PanAm Southern	2%	4%
Mid America	9%	43%

Merchandise Comparisons

Third Quarter 2011 vs. 2010

3Q 2011 Volume (000's) & y-o-y Percent Change



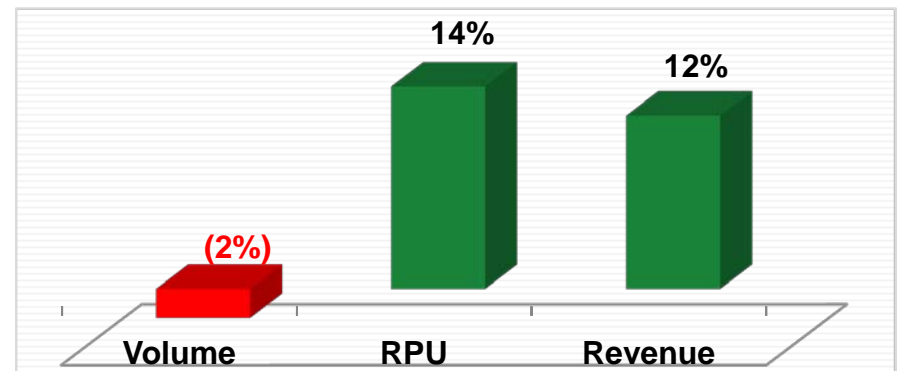
Merchandise revenue of \$1.4 billion, up \$156 million or 12%

- Led by Met/Con, up 29% and Automotive, up 17%

Merchandise volume of 578,100 carloads, down (9,600) or (2%)

- Industrial Products comp effects
- Gains in Met/Con and Auto

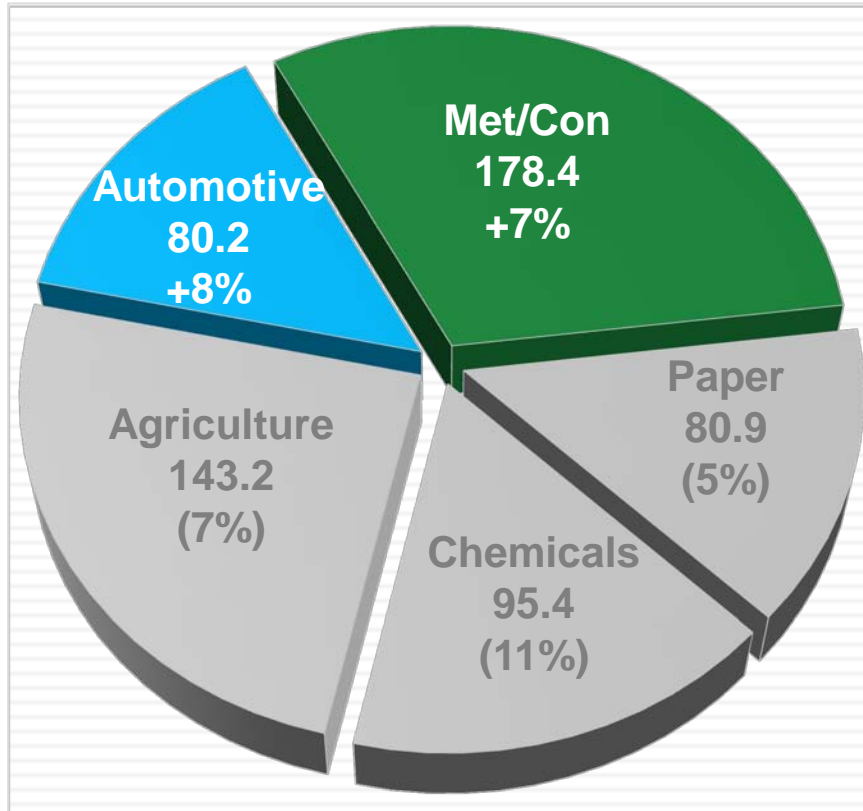
Merchandise Year-over-Year Change



Merchandise Comparisons

Third Quarter 2011 vs. 2010

3Q 2011 Volume (000's) & y-o-y Percent Change



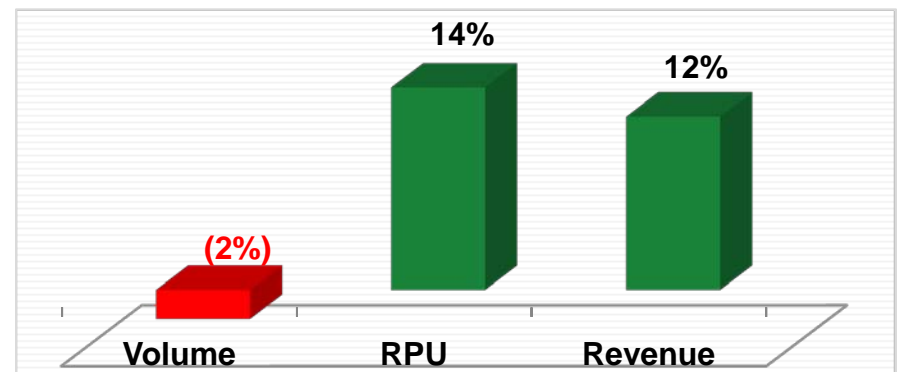
Met/Con volume of 178,400 carloads, up 11,000 carloads or 7%

- Coil steel and frac sand gains

Automotive volume of 80,200 carloads, up 6,200 or 8%

- Driven by increased vehicle production and new business

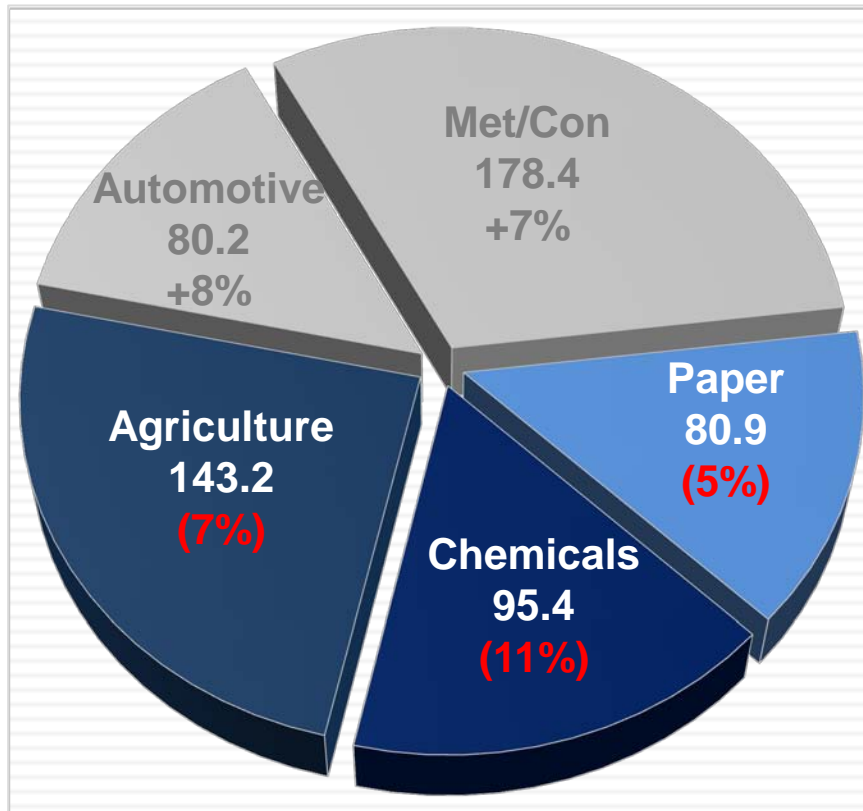
Merchandise Year-over-Year Change



Merchandise Comparisons

Third Quarter 2011 vs. 2010

3Q 2011 Volume (000's) & y-o-y Percent Change



Chemicals volume of 95,400 carloads, down (11,500) or (11%)

- Comp effect, partially offset by new business

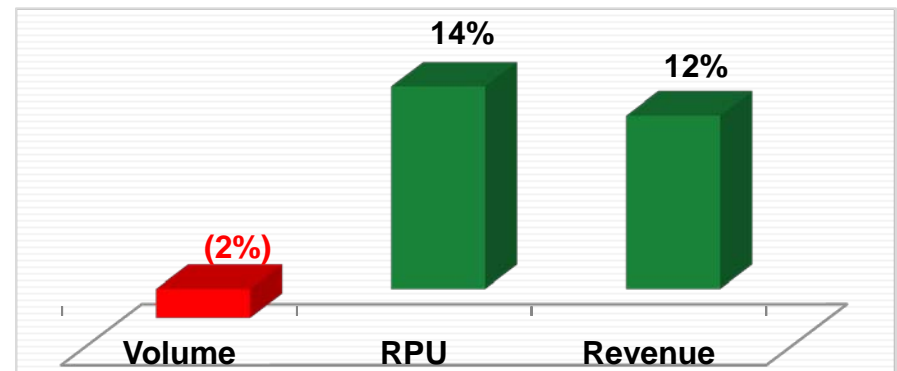
Agriculture volume of 143,200 carloads, down (11,300) or (7%)

- Lower corn volumes & comp effect

Paper volume of 80,900 carloads, down (4,000) or (5%)

- Declines in pulpboard, kaolin and woodchips

Merchandise Year-over-Year Change



Outlook – Business Portfolio

Chemicals	Improving volumes through project growth in crude oil and waste products, and long-term improved feedstock prices
Metals & Construction	Increased domestic steel production and growth in shipments for natural gas drilling
Agriculture	Growth in ethanol, offset by later harvest impact
Export Coal	Continued European, Asian and South American demand for met coal
Domestic Metallurgical Coal	Increased domestic steel production – low domestic met stockpiles
Utility Coal	Sequential growth to replenish below target stockpiles – tempered by lower electrical demand & competition from gas
Automotive	New business, increased North American auto production
Domestic & Premium Intermodal	Increasing demand and highway conversions
International Intermodal	Favorable global trade
Paper	Challenged housing market, modest growth in paper



NORFOLK SOUTHERN
One line, infinite possibilities.

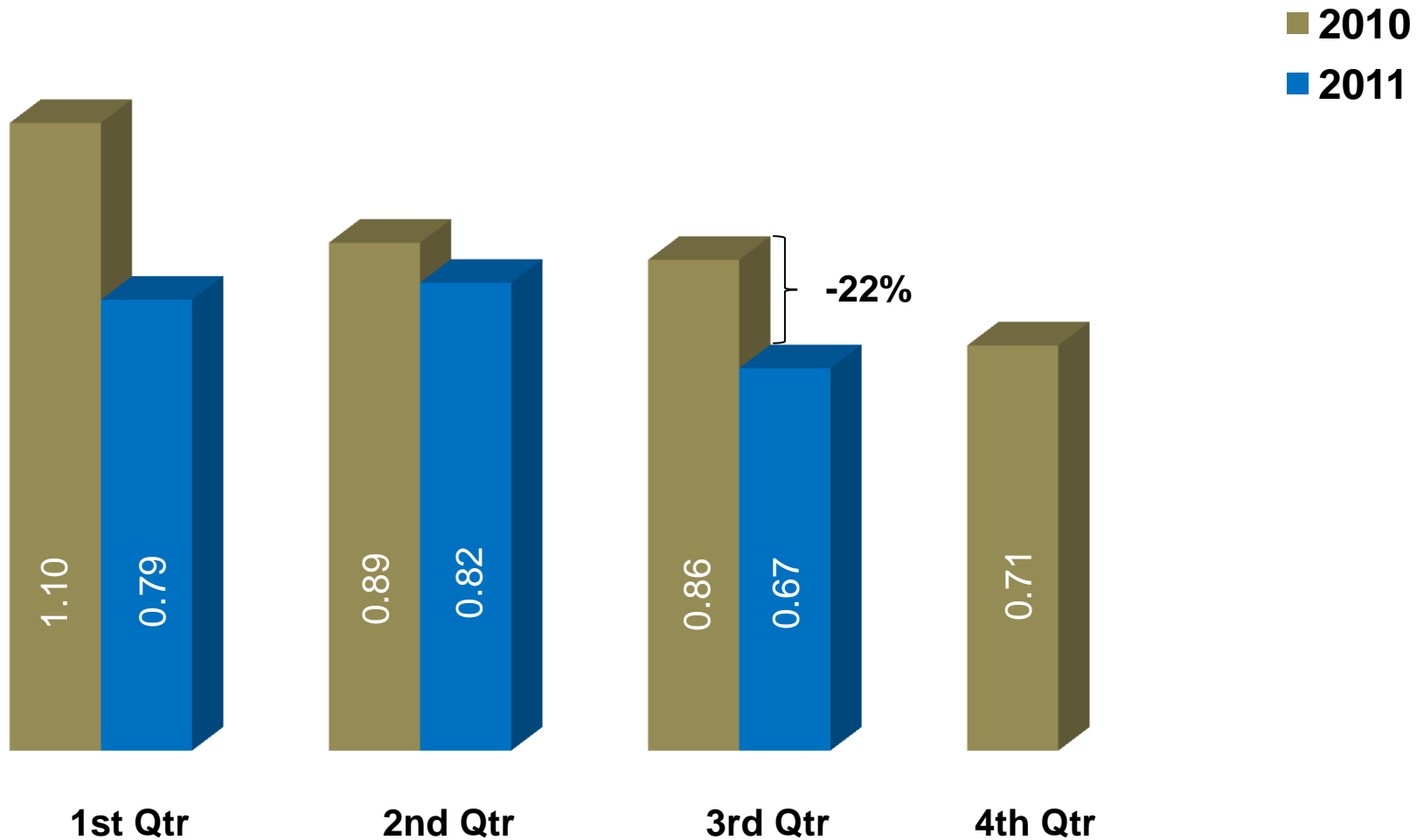
Third Quarter 2011 Results

*Mark Manion
Executive Vice President
and Chief Operating Officer*

Quarterly Safety Performance

By Quarters 2010 - 2011

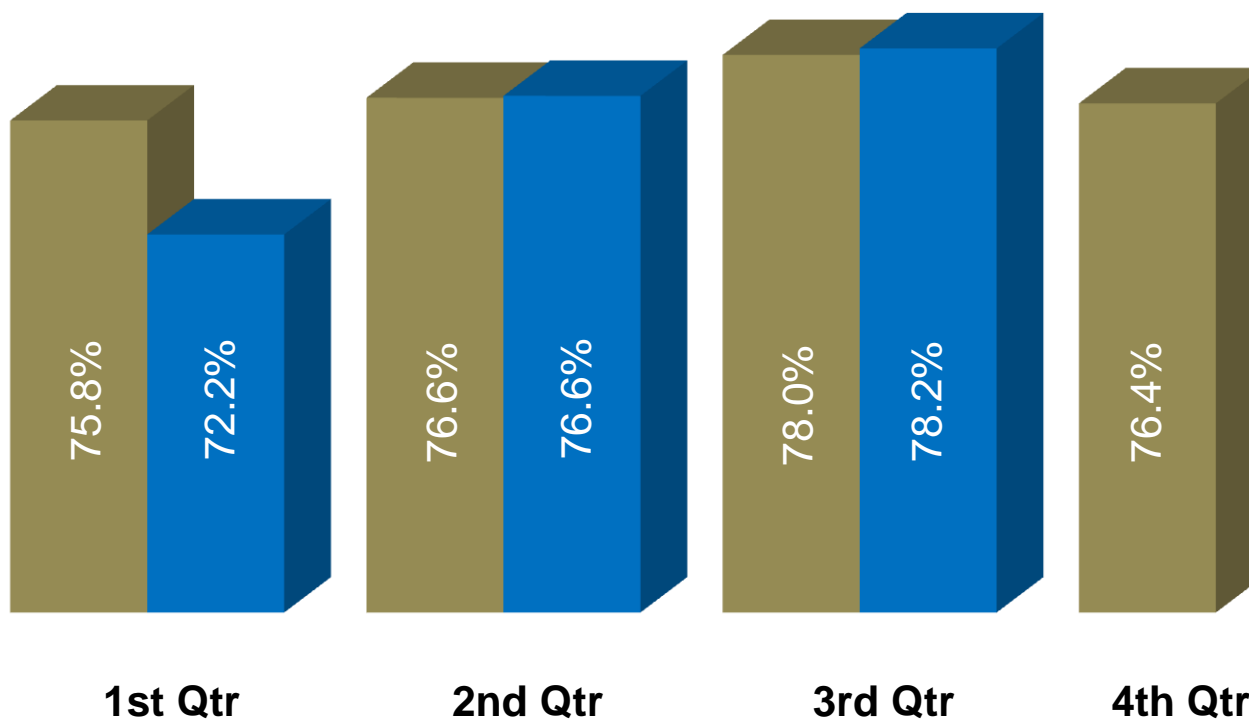
(Injury Ratio per 200,000 Employee-Hours)



Composite Service Performance

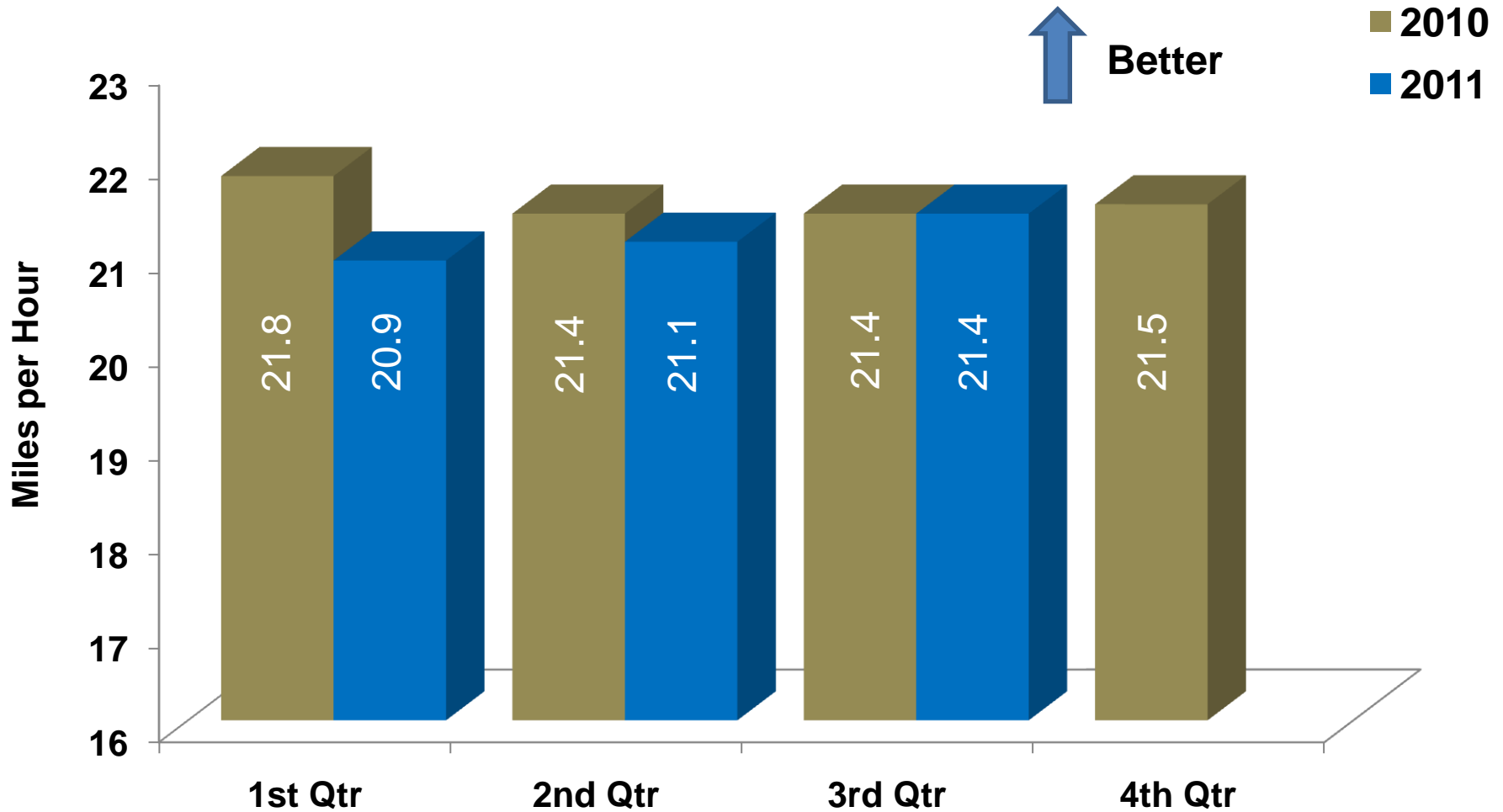
By Quarters 2010 – 2011

■ 2010
■ 2011



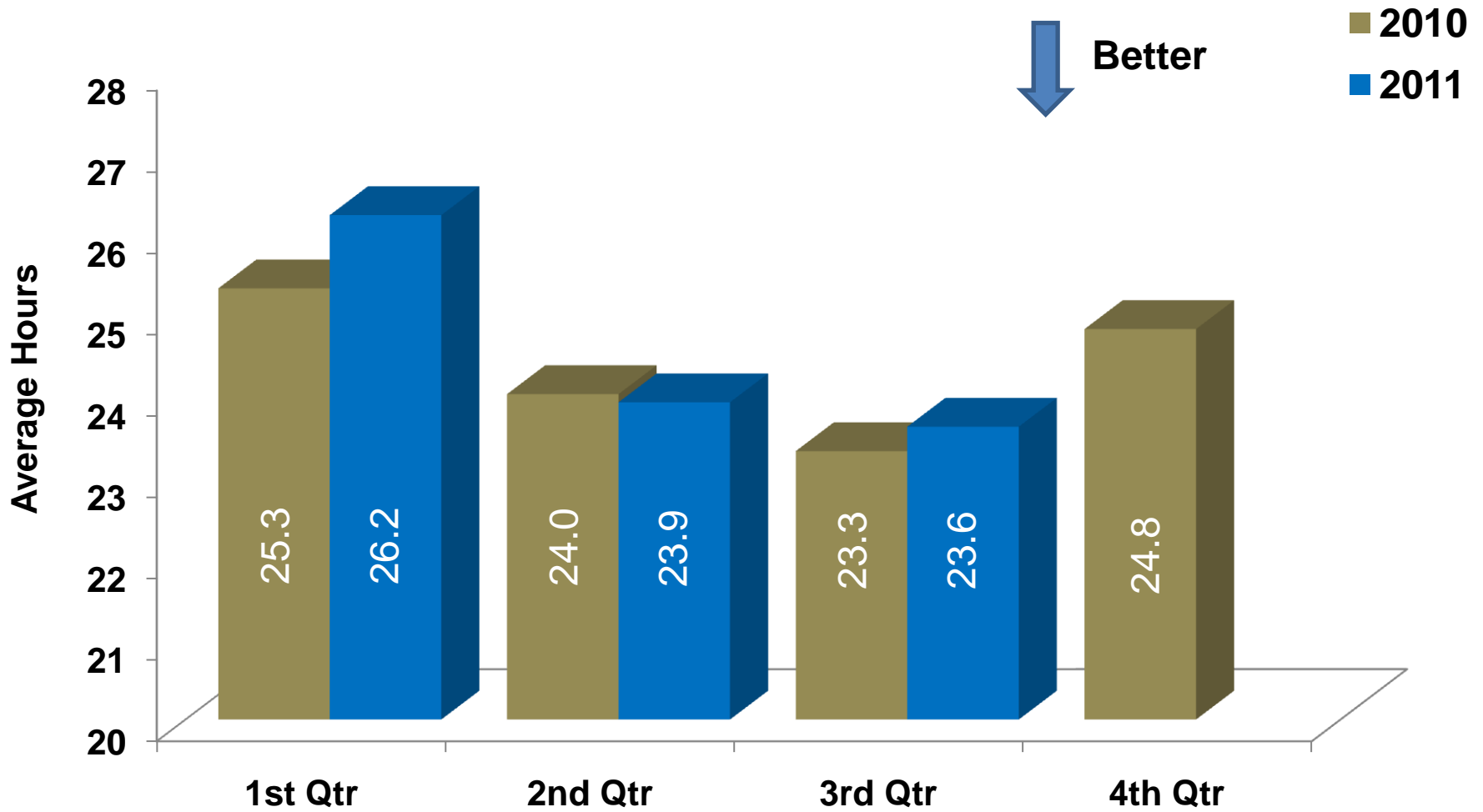
Train Speed

By Quarters 2010 – 2011



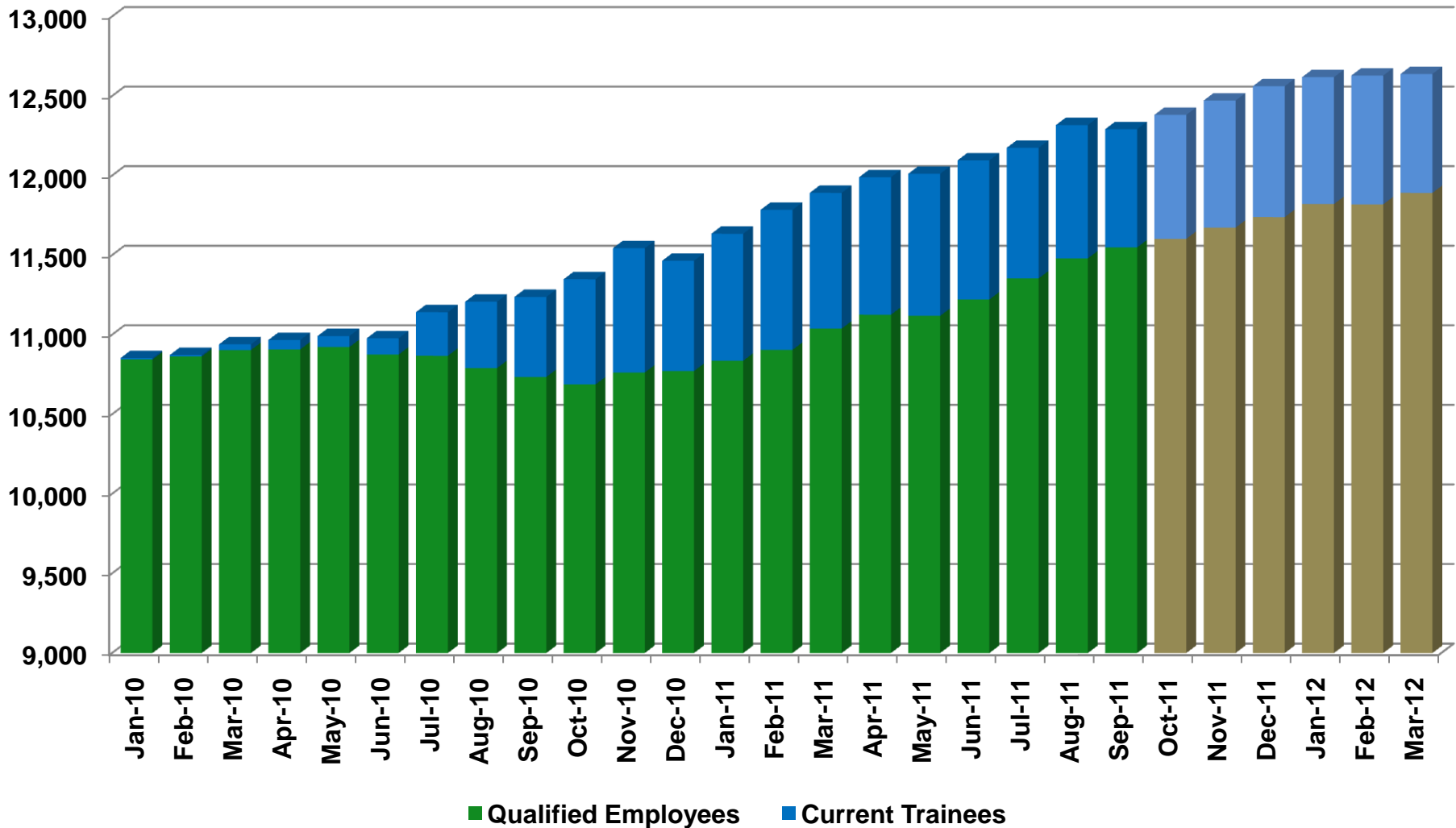
Terminal Dwell

By Quarters 2010 - 2011



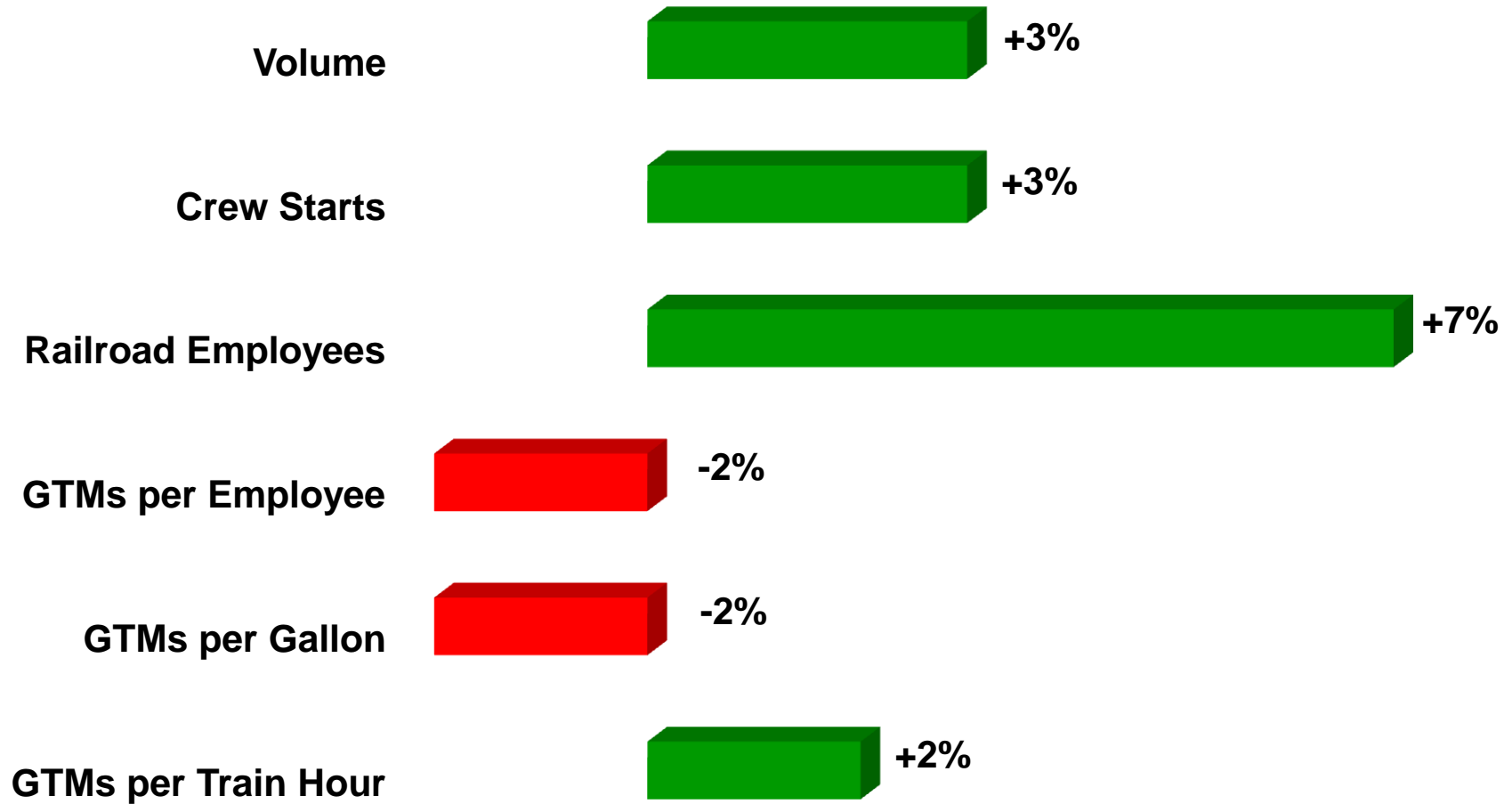
Manpower Planning Model

Total Qualified T&E Employment plus Trainees



Productivity Scorecard

Third Quarter - 2011 vs. 2010





Third Quarter 2011 Results

*James A. Squires
Executive Vice President Finance
and Chief Financial Officer*

Operating Results

Third Quarter 2011 vs. 2010 (\$ Millions)

	Third Qtr 2011	Third Qtr 2010	Favorable	
			\$	%
Railway operating revenues	\$ 2,889	\$ 2,456	\$ 433	18%

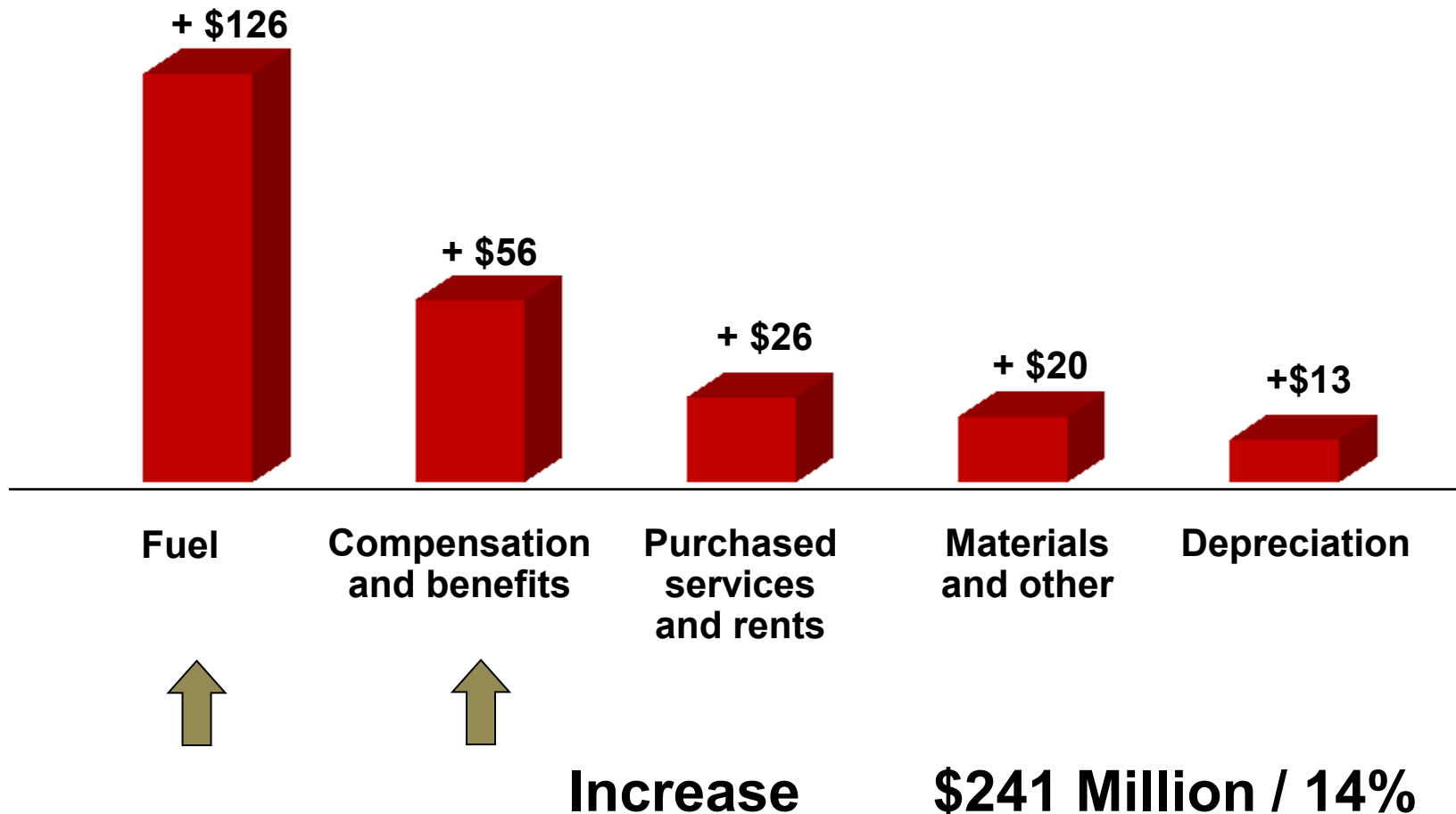
Operating Results

Third Quarter 2011 vs. 2010 (\$ Millions)

	Third Qtr 2011	Third Qtr 2010	Favorable (Unfavorable)	
			\$	%
Railway operating revenues	\$ 2,889	\$ 2,456	\$ 433	18%
Railway operating expenses	1,951	1,710	(241)	(14%)
Income from railway operations	\$ 938	\$ 746	\$ 192	26%
Railway operating ratio	67.5	69.6	2.1	3%

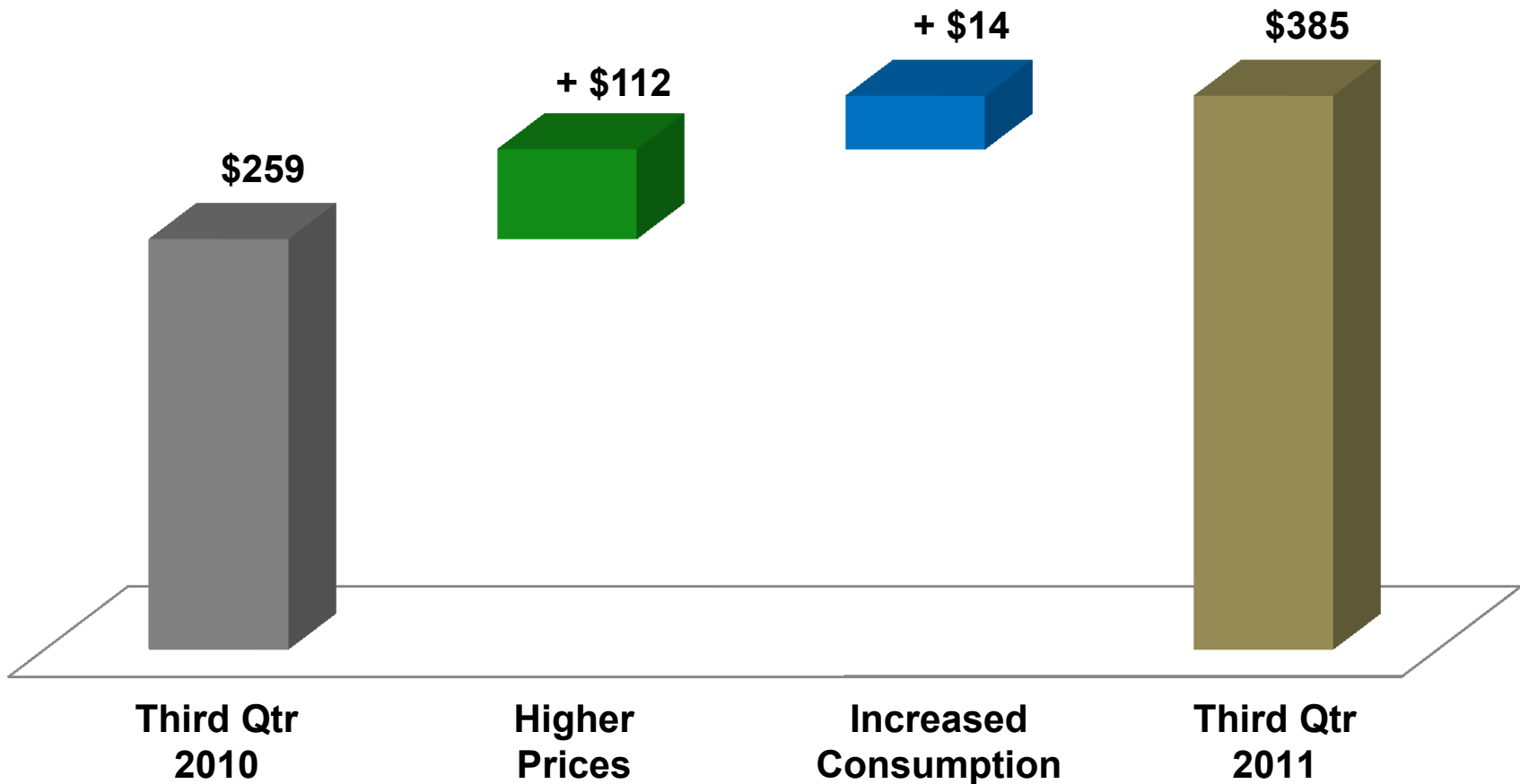
Railway Operating Expense Analysis

Third Quarter 2011 vs. 2010 (\$ Millions)



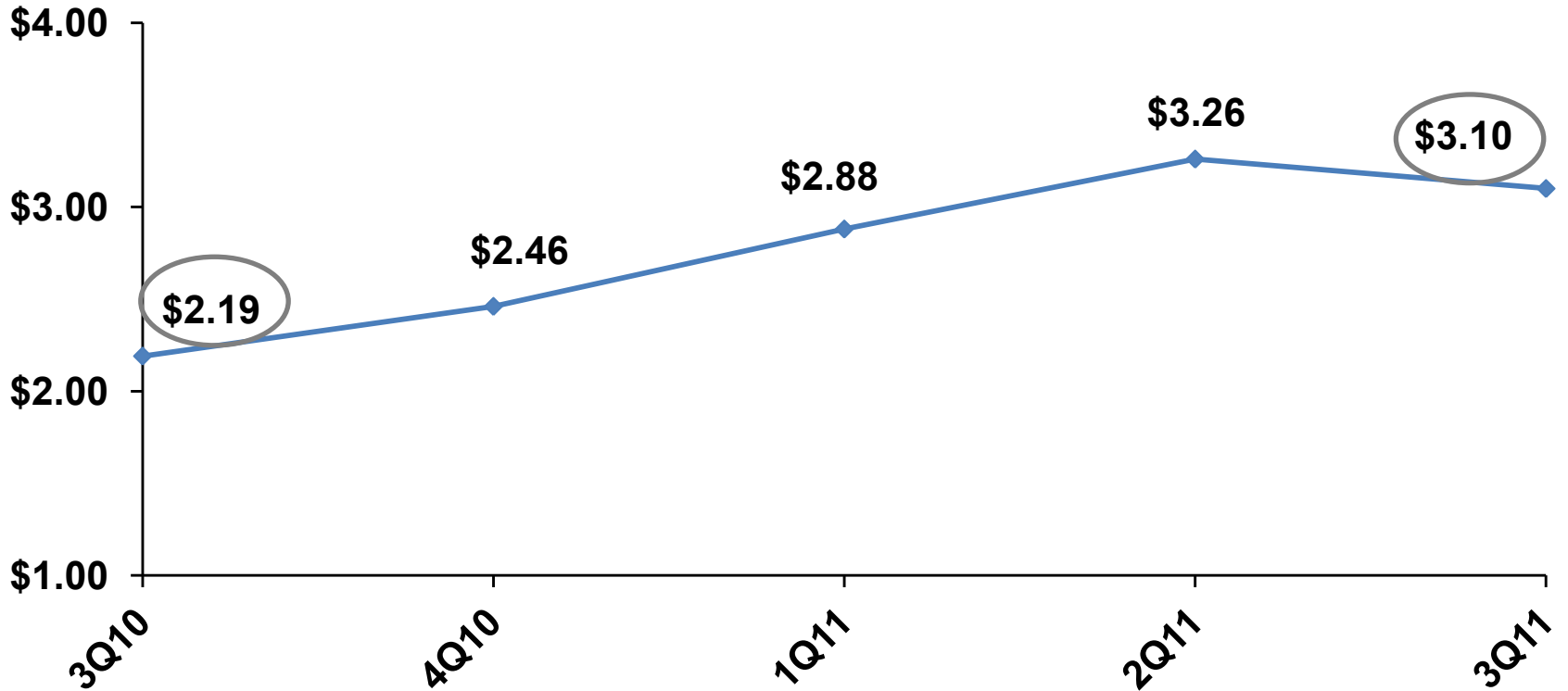
Fuel Expense Analysis

Third Quarter 2011 vs. 2010 (\$ Millions)



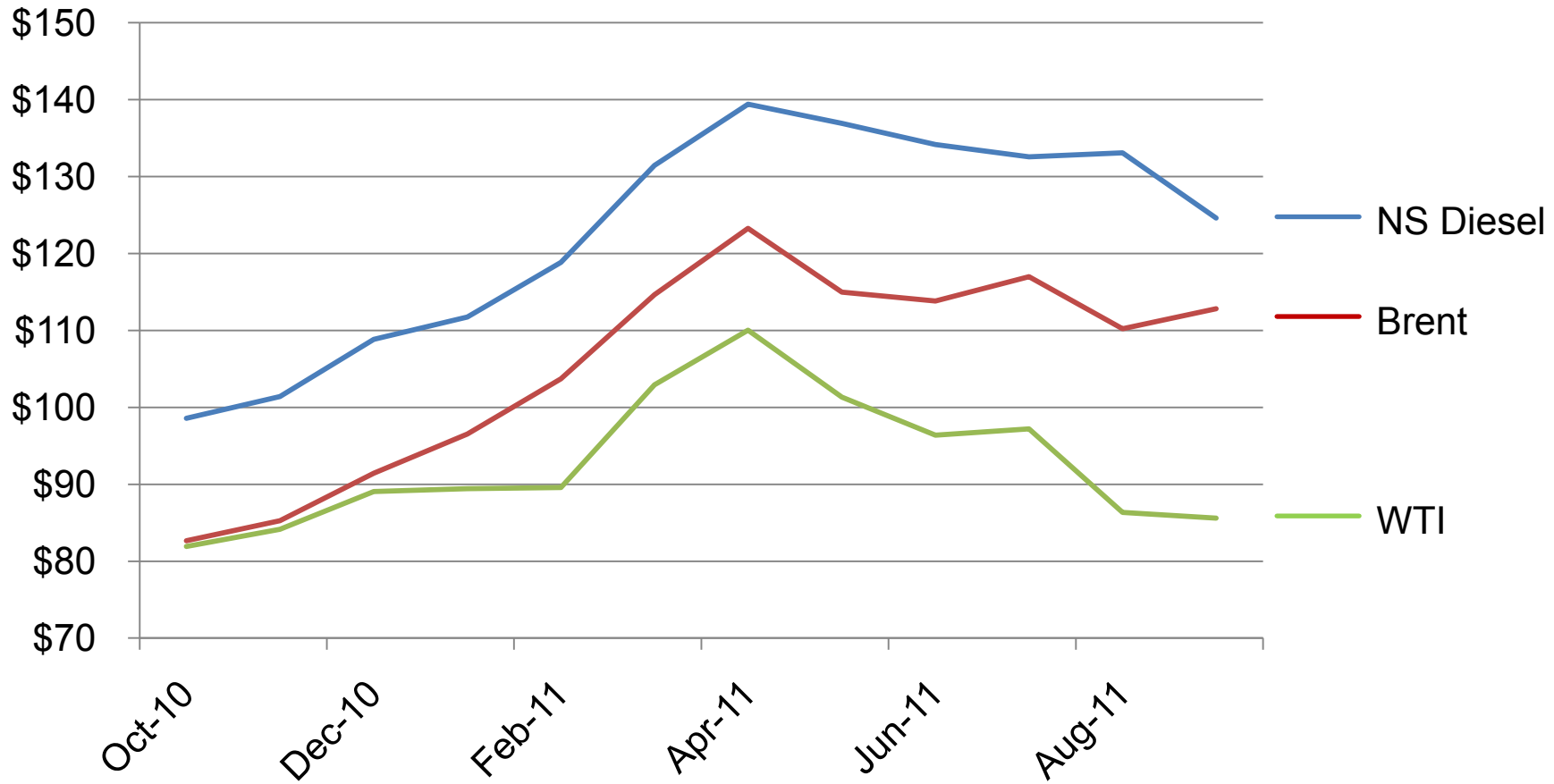
Diesel Fuel Average Price per Gallon

3Q 2010-3Q 2011



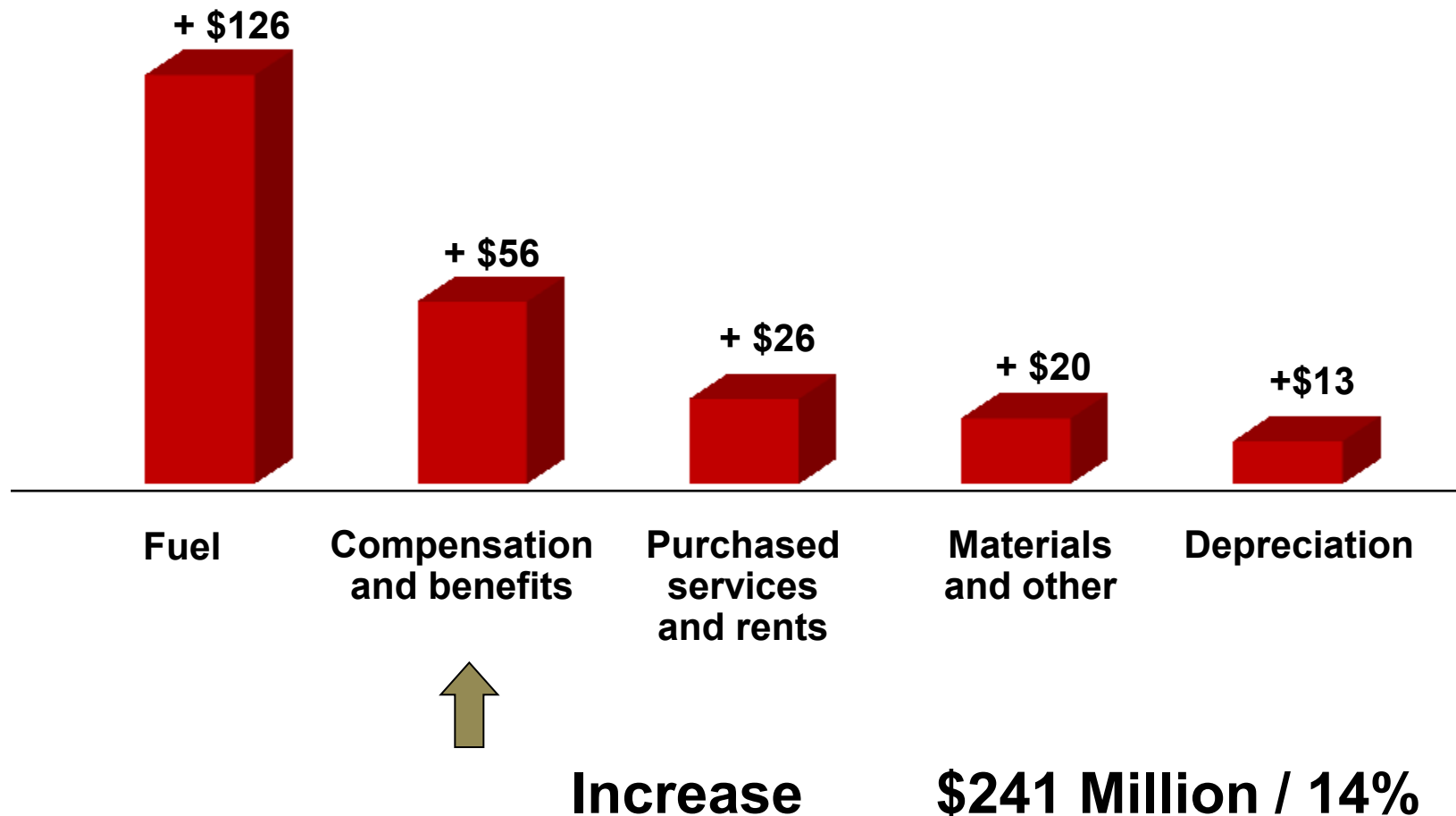
Fuel Price Comparison

Price per Barrel



Railway Operating Expense Analysis

Third Quarter 2011 vs. 2010 (\$ Millions)



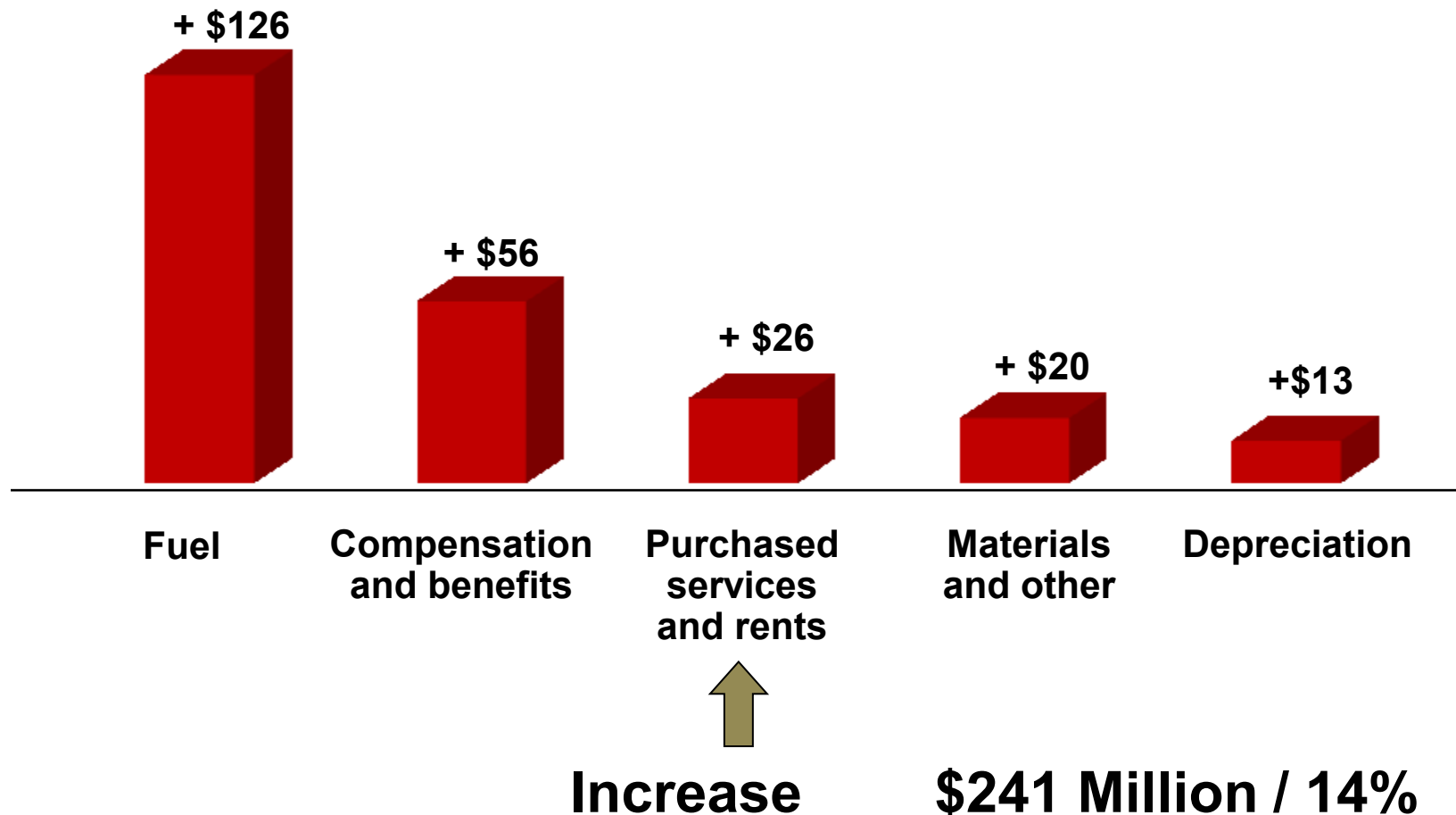
Compensation and Benefits Analysis

Third Quarter 2011 vs. 2010 (\$ Millions)

	<u>Increase</u>
Volume-related wages	\$ 19
Agreement medical benefits	13
Payroll taxes	8
Agreement wage rates	5
Pension costs	4
Other	7
Total increase	<u>\$ 56</u>

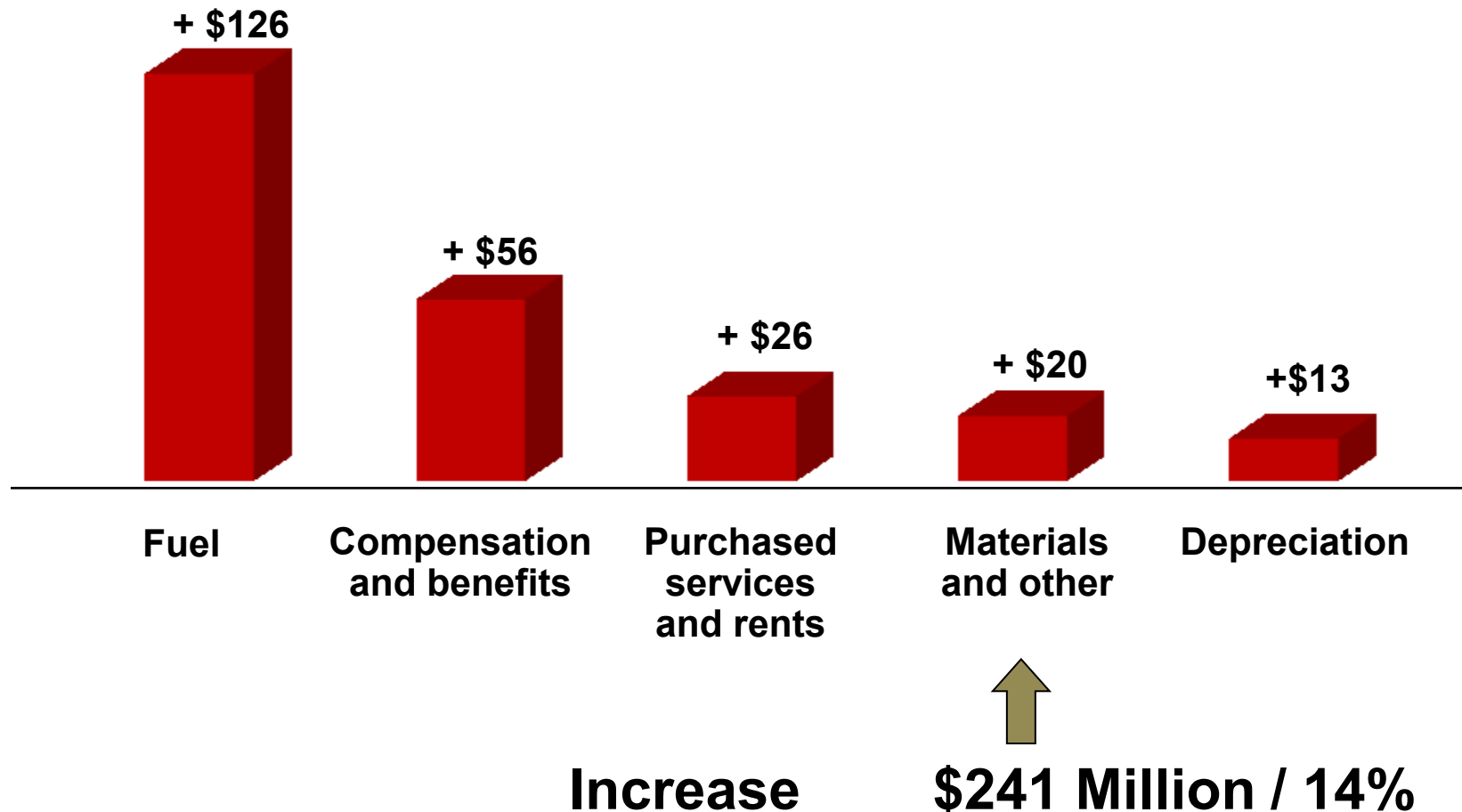
Railway Operating Expense Analysis

Third Quarter 2011 vs. 2010 (\$ Millions)



Railway Operating Expense Analysis

Third Quarter 2011 vs. 2010 (\$ Millions)



Other Income - Net

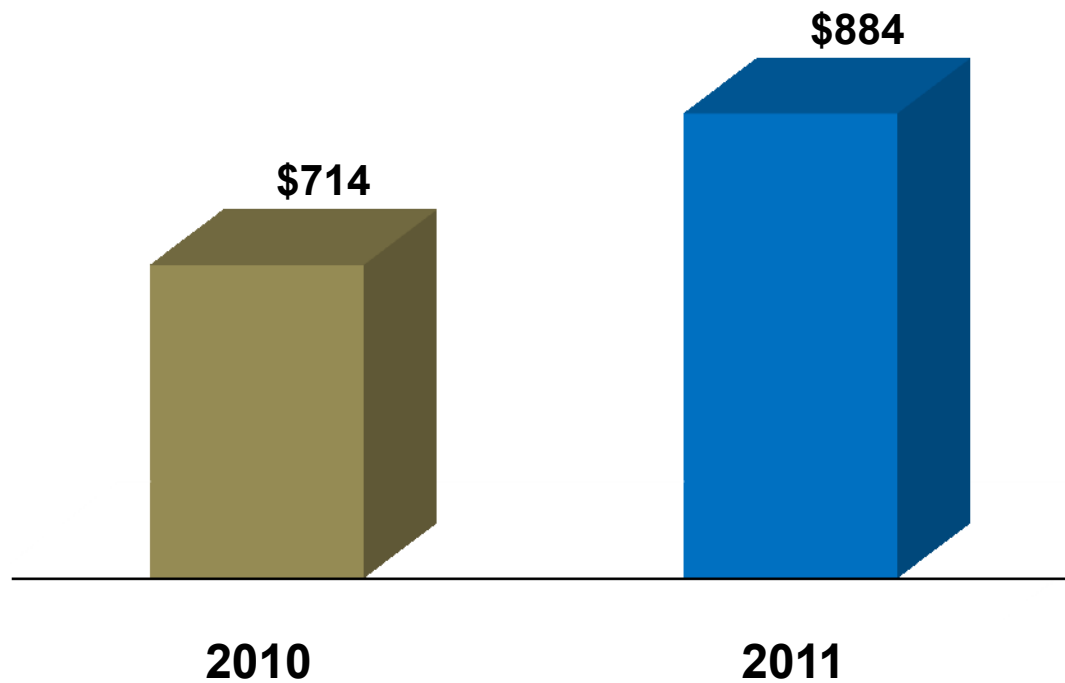
Third Quarter 2011 vs. 2010 (\$ Millions)

	Third Qtr 2011	Third Qtr 2010	(Unfavorable)	
			\$	%
Corporate-owned life insurance	\$ (2)	\$ 6	\$ (8)	--
Coal royalties	23	30	(7)	(23%)
Gains on the sale of property	30	35	(5)	(14%)
All other	9	10	(1)	(10%)
Other income - net	<u>\$ 60</u>	<u>\$ 81</u>	<u>\$ (21)</u>	<u>(26%)</u>
Interest expense on debt	<u>\$ 114</u>	<u>\$ 113</u>	<u>\$ (1)</u>	<u>(1%)</u>

Income Before Income Taxes

Third Quarter (\$ Millions)

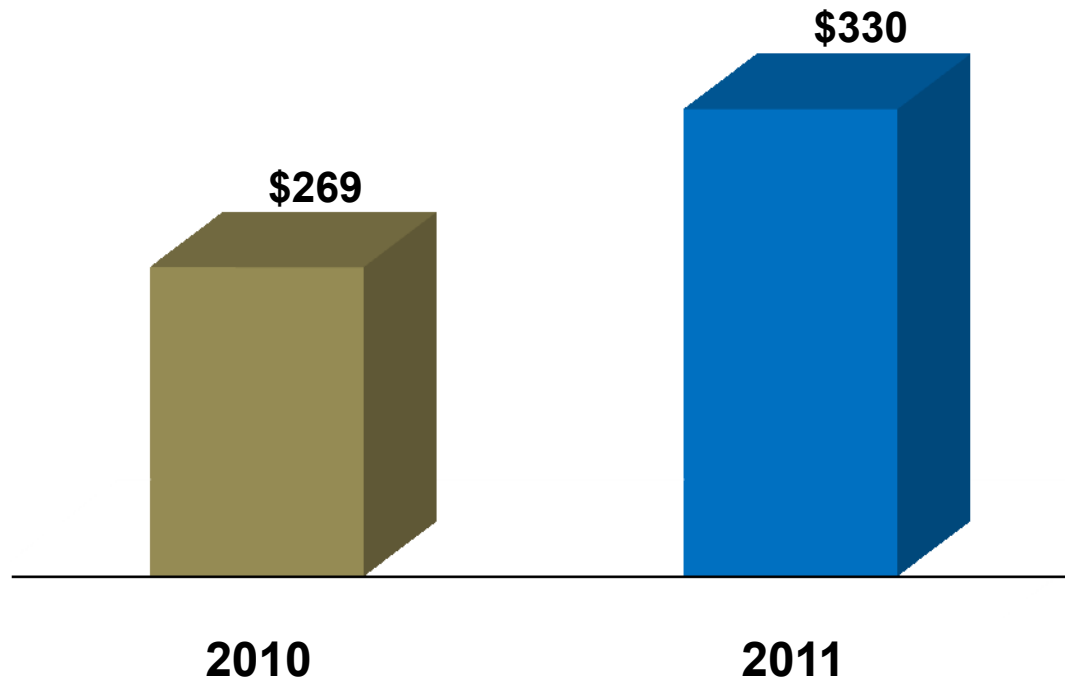
Change vs.
Prior Period: + 24%



Income Taxes

Third Quarter (\$ Millions)

Change vs.
Prior Period: + 23%

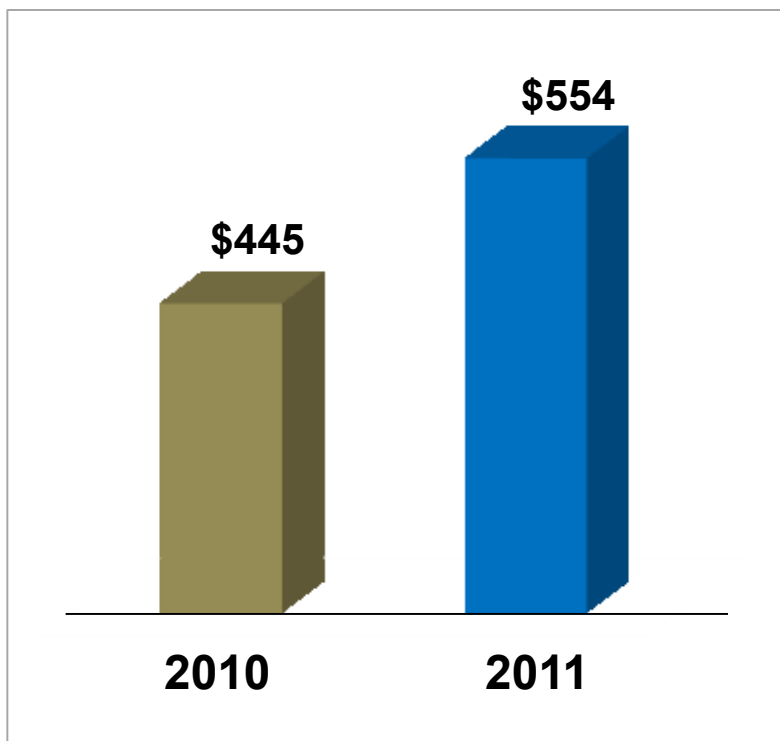


Net Income and Diluted Earnings per Share

Third Quarter (\$ Millions except per share)

Net Income

Change vs. Prior Period: + 24%



Diluted Earnings per Share

Change vs. Prior Period: + 34%



Cash Flows and Related Balances

First Nine Months 2011 vs. 2010 (\$ Millions)

	<u>2011</u>	<u>2010</u>	<u>Source (Use)</u>
Cash from operating activities	\$ 2,764	\$ 2,128	\$ 636
Property additions	<u>(1,433)</u>	<u>(907)</u>	<u>(526)</u>
*Free cash flow	<u>\$ 1,331</u>	<u>\$ 1,221</u>	<u>\$ 110</u>
Share repurchases	\$ 1,611	\$ 437	\$ (1,174)
Dividends	\$ 432	\$ 384	\$ (48)

*Please see reconciliation to GAAP posted on our web site.