

# NORFOLK SOUTHERN CORPORATION

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## **CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

### **Committee's Role and Purpose**

The Compensation Committee is a standing committee, the chair and members of which are appointed annually by the Board of Directors. Directors appointed to serve on the Committee must be independent, as defined by the Board of Directors, and serve until they are removed or replaced by the Board of Directors. The Committee establishes procedures and acts by majority vote when at least a quorum is present. The Committee will report its actions and deliberations to the Board of Directors as soon as practical.

The Committee shall have the sole authority to retain and terminate any compensation consultant the Committee uses to evaluate executive compensation matters and to approve the fees and retention terms for any such consultant. The Chairman of the Committee must approve such consultant's performance of any additional work for Norfolk Southern Corporation, and the Committee shall review fees and/or invoices for such additional work annually.

As authorized by resolution of the Board of Directors, the Committee shall:

- consider and make recommendations to the Board of Directors concerning the Corporation's executive compensation program, including recommended compensation for directors and annual salaries for those officers whose salaries are to be fixed by the Board of Directors;
- review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation and consider and recommend to the independent members of the Board of Directors the compensation of the Chief Executive Officer based on an evaluation of the Chief Executive Officer's performance relative to those corporate goals and objectives;
- consider and make recommendations to the Board of Directors concerning the adoption and administration of any management incentive bonus plan, deferred compensation plan, long-term incentive plan or other similar plan of the Corporation, including personnel eligible to participate and the method of calculating bonuses, deferred compensation amounts or awards under any such plan;
- oversee the design of employee retirement plans of the Corporation;

- make any other compensation decisions for which it is desirable to achieve the protections afforded by Section 162(m) of the Internal Revenue Code or by other laws or regulations that may be or become relevant in this area and in which only “disinterested” directors may participate;
- oversee the Corporation’s disclosures under the Compensation Discussion and Analysis (“CD&A”) on executive compensation as required by the Securities and Exchange Commission to be included in the Corporation’s annual proxy statement or annual report on Form 10-K and produce a Compensation Committee Report indicating that it has reviewed and discussed the CD&A with management and whether the CD&A should be included in the Corporation’s annual proxy statement or annual report on Form 10-K; and
- evaluate its performance as a committee at least annually, considering such issues as the effectiveness of the Committee, its size and composition, the quality of information and presentations given by management, the suitability of its duties and such other issues as the Committee deems appropriate.

### **Principal Committee Duties, Responsibilities and Powers**

Among the Committee’s principal powers and authorities are the following:

- 1. Review the overall compensation strategy of the Corporation.** To the extent it deems appropriate, the Committee shall:
  - review the compensation strategy, plans and programs of the Corporation in comparison to the compensation practices of other holding companies of Class I railroads and other American corporations of comparable size, utilizing the services of Corporation personnel or outside consultants as needed, and recommend necessary or desirable changes to the Board of Directors;
  - review the long-term compensation strategy, plans and programs of the Corporation, considering the ability of such plans and programs to reflect the Corporation’s efficient use of assets, its profitability and the total returns to its stockholders, and recommend necessary or desirable changes to the Board of Directors; and
  - consider the compensation program in light of relevant provisions of the Internal Revenue Code and any other laws or regulations relevant to the selection of a compensation package.
- 2. Review the individual compensation of directors and Board-elected officers.** To the extent it deems appropriate, the Committee shall:

- evaluate the compensation of the directors and make recommendations to the Board of Directors on the appropriate level and form of compensation;
  - recommend to the Board of Directors the compensation of the Chief Executive Officer, considering the performance of the Chief Executive Officer relative to corporate goals and objectives set by the Committee, the performance of the Corporation and relative shareholder returns, the base salaries of chief executive officers of other holding companies of Class I railroads and other American corporations of comparable size and such other factors as the Committee may deem appropriate; and
  - recommend to the Board of Directors the annual salaries of the Board-elected officers, considering the recommendations of the Chief Executive Officer and such other factors as the Committee may deem appropriate.
- 3. Oversee such management incentive compensation plans, deferred compensation plans, long-term incentive plans and other similar executive compensation plans as the Board of Directors may adopt and grant, recommend or approve awards as may be permitted under such plans.** To the extent it deems appropriate, the Committee shall:
- review the Corporation’s management incentive plans, deferred compensation plans, long-term incentive plans and other similar executive compensation plans and recommend to the Board of Directors any necessary or desirable changes;
  - establish performance standards for performance-based awards granted under long-term and/or performance-based management incentive plans or other similar executive compensation plans; and
  - grant or recommend to the Board of Directors awards under the executive compensation plans, as may be permitted by such plans, taking into consideration the total compensation and mix of compensation for comparable officers in other holding companies of Class I railroads and other American corporations of comparable size.
- 4. Oversee the design of employee retirement plans of the Corporation.** The Committee shall:
- review as it deems appropriate the retirement plans and recommend to the Board of Directors amendments to such plans.
- 5. Make any other compensation decisions for which it is desirable to achieve the protections afforded by Section 162(m) of the Internal Revenue Code, Rule 16b-3 of the Securities Exchange Act of 1934 or by other laws or regulations that may be or become relevant in this area and in which only “disinterested” directors may participate.**

- 6. Review and discuss with management and, in the discretion of the Committee, any outside advisor(s) retained by the Committee, the Corporation's disclosures under the CD&A, and based on such review and discussion, submit a Compensation Committee Report recommending to the Board whether the CD&A should be included in the Corporation's annual proxy statement or annual report on Form 10-K.**
- 7. Appropriately record deliberations and decisions of the Committee and regularly report to the Board of Directors the Committee's activities and conclusions with respect to the principal matters it has considered.**

Dated: March 25, 2008