

# Thoroughbred Retirement Investment Plan



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# Thoroughbred Retirement Investment Plan



## ABOUT THE THOROUGHbred RETIREMENT INVESTMENT PLAN

The Thoroughbred Retirement Investment Plan of Norfolk Southern Corporation and Participating Subsidiary Companies (“TRIP” or the “Plan”) is a 401(k) retirement savings plan. It is designed to help eligible employees financially prepare for retirement. Although participation in TRIP is not mandatory, saving through TRIP is an important part of your total retirement benefit.

As a participant in TRIP, you can save for your future with regular and convenient payroll deductions, and add to your savings by accumulating matching contributions from Norfolk Southern. Here are the Plan highlights, which are fully described later in this plan summary:

- **Eligibility.** Generally, you are eligible to participate in TRIP if you are an Agreement Employee of Norfolk Southern Corporation or one of its participating subsidiaries or affiliates (NS) and it has been 12 months since you first began working for NS. Eligibility exceptions can be found in the “Who is Eligible” section of this document. Contributions from your paycheck will be deducted beginning as soon as administratively possible following your enrollment.
- **Flexibility in Participation.** You may start or stop payroll deductions or change your contribution amount at any time.
- **Contribute up to 75% of Eligible Pay.** You can elect to make Pre-Tax or Roth contributions to TRIP from 1% up to 75% of your eligible pay, up to the annual limit established by the IRS.
- **Tax Benefits.** You may make Pre-Tax or Roth Contributions or a combination of both. If you contribute on a Pre-Tax basis, you will defer paying federal income taxes on contributions and earnings until your account is distributed. If you contribute on a Roth after-tax basis, you will pay federal income taxes now on your contributions but you may avoid ever paying federal income taxes on the earnings.
- **After-Tax Contributions.** In addition to any Pre-Tax or Roth Contributions, you may also make After-Tax Contributions to TRIP from 1% up to 5% of your compensation. If you contribute on an After-Tax basis, you will pay taxes now on your contributions but you will defer paying taxes on earnings until your account is distributed.
- **Matching Contributions.** NS matches your Pre-Tax and Roth Contributions on the first 6% of eligible pay you contribute each pay period, up to certain limits. After-Tax Contributions are not matched by NS. More information can be found in the “Matching Contributions” section of this document.

**Investment Options and the Power of Compounding.** TRIP offers you a wide range of investment funds as well as investment advice services. Using these options, and time, may allow your funds to grow significantly through the power of compounding.

- **100% Your Money.** You are always 100% vested in the funds that are in your TRIP Accounts.

## **WHO IS ELIGIBLE**

Generally, you are eligible to participate in TRIP if you are an Agreement Employee of NS residing in the United States. If you are an eligible employee as described below, you are eligible to participate in TRIP as of the first day of the month following 12 months of Norfolk Southern employment.

An Agreement Employee, for purposes of TRIP, is an employee of Norfolk Southern Corporation or a Participating Subsidiary in a position for which the rate of pay is governed by the provisions of a collective bargaining agreement. In addition, an employee who performs service on positions in job class M11 (generally, relief yardmasters/supervisors) is deemed to be an Agreement Employee solely for purposes of TRIP. However, the following categories of employees are not eligible to participate in TRIP:

- An employee who is in training for a position for which the rate of pay is governed by the provisions of a collectively bargained agreement.
- An Agreement Employee who, for the one-year period ending on the thirty-first day of August prior to the beginning of a plan year, earned 50% or more of his or her compensation as a locomotive engineer and as a result is eligible to make contributions to a plan sponsored by the Brotherhood of Locomotive Engineers (BLE) in that plan year.

If you were hired on or after November 1, 1997, your prior service with Consolidated Rail Corporation or its subsidiaries is considered service as an employee of NS for the purpose of the 12-month service requirement.

If you are furloughed or take an authorized leave of absence, you may maintain your account in TRIP. However, you may not make contributions to TRIP, and are not eligible for Matching Contributions during that time. After your return from a Military Leave, you may be eligible for make-up contributions (refer to the "Make-Up Contributions Following Military Service" section below).

If you terminate employment with NS after you have become a participant in TRIP, you may resume immediate participation in TRIP if you are rehired as an Agreement Employee.

## **ENROLLMENT IN THE PLAN**

You will receive an enrollment kit from The Vanguard Group (Vanguard) shortly before your eligibility date. You may enroll any time after you become eligible by calling Vanguard at 800 - 523-1188, allowing some time for processing the enrollment.

Vanguard is TRIP's record keeper and handles the day-to-day administration of TRIP. The section below provides further information on how to contact Vanguard.

## HOW TO CONTACT VANGUARD TO ACCESS YOUR ACCOUNT

There are two ways to contact Vanguard to access your account – either by the telephone or the internet – to:

- Start/stop payroll deductions or change your contribution amount;
- Transfer (exchange) your existing balance from one fund to another;
- Change your investment elections for future contributions;
- Request your account and fund balances;
- Change between Pre-Tax, ROTH, and After-Tax contributions;
- Request forms for withdrawals permitted by TRIP.

Whenever you perform TRIP transactions, you will receive a confirmation from Vanguard which will indicate generally when your requested transactions will take effect.

### **Telephone Access – 800-523-1188**

You may speak with a Vanguard associate Monday through Friday, from 8:30 a.m. to 9:00 p.m. Eastern time (except on holidays observed by the New York Stock Exchange) to perform the transactions listed above or to get answers to specific questions about your account. Simply call 800-523-1188 and enter your Social Security number, and then press “0” to speak with a Vanguard associate. You may also dial 800-828-4487 to speak with a Spanish-speaking associate, or dial TTY 800-749-7273 if you are hearing impaired.

When you become eligible to participate in TRIP, Vanguard will mail you detailed instructions on how to use their automated telephone voice response system to access your account information. You will be assigned a personal identification number (PIN) which, along with your Social Security number, will give you 24-hour telephone access. The automated telephone system number is also 800-523-1188.

### **Internet Access – [www.vanguard.com](http://www.vanguard.com)**

Vanguard account access allows you to execute TRIP account transactions online. You may access the Vanguard website at [www.vanguard.com](http://www.vanguard.com). Click on “Personal Investors” and then “Register for website access”, and follow the step-by-step instructions. You will need to provide your first and last name, your Social Security number, your birth date, your home zip code, and the Plan number, which is 090086. If you invest in any Vanguard funds outside of TRIP, such as if you have an individual retirement account (IRA) through Vanguard, provide that account number when you sign up to view all accounts and to execute TRIP account transactions online. You can find a link to [www.vanguard.com](http://www.vanguard.com) on the Norfolk Southern Employee Resource Center (ERC).

Please keep in mind that although Vanguard account access has been built to maintain the privacy and security of your account using state-of-the-art security features, privacy is not ensured. If you access account information via the Internet, you do so at your own risk. The possibility always exists that personal information accessed through the Internet may be viewed by others, even though security precautions are built into the service.

## **YOUR PLAN ACCOUNT**

Once you enroll in TRIP, Vanguard will create an account in your name for all the contributions to TRIP that are made on your behalf. Plan contributions will be credited to your account and maintained separately within the account according to the type of contribution. Each day, your account will be credited with earnings and losses based upon the investment of the contributions within your account.

## **PLAN CONTRIBUTIONS**

The following types of contributions can be made to TRIP:

- Pre-Tax Contributions;
- Roth Contributions;
- After-Tax Contributions,
- Matching Contributions;
- Pre-Tax Rollover Contributions; and
- Roth Rollover Contributions.

## **PRE-TAX AND ROTH CONTRIBUTIONS**

You may make Pre-Tax and/or Roth Contributions to TRIP of any amount between 1% and 75% of your eligible pay per pay period, up to the maximum annual dollar amount permitted by the Internal Revenue Code. The annual limit for 2010 is \$16,500; if you will be age 50 anytime in 2010, it is \$22,000. Because these limits are subject to cost-of-living adjustments in subsequent years, refer to the ERC 401(k) Information Center for current limits.

Your Pre-Tax Contribution and Roth Contribution elections must be in one-tenth percent increments. You may choose to make only Pre-Tax Contributions, only Roth Contributions, or divide your contributions between Pre-Tax and Roth Contributions.

Pre-Tax and Roth Contributions are deducted directly from your pay and are transferred to your TRIP account each pay period. Pre-Tax Contributions are deducted from your pay on a pre-tax basis, while Roth Contributions are deducted from your pay on an after-tax basis. You cannot have a Pre-Tax Contribution that has been made to TRIP changed into a Roth Contribution, or vice versa.

## **TAX ADVANTAGES OF PRE-TAX CONTRIBUTIONS**

Your Pre-Tax Contributions to TRIP are deducted directly from your pay on a before-tax basis and transferred to your Pre-Tax Account. When you save with Pre-Tax Contributions, you pay no federal income tax on the money at the time you contribute it to TRIP. Pre-Tax Contributions are not included as part of your taxable income on your IRS Form W-2, although they are subject to Railroad Retirement or Social Security taxes, any applicable city earnings tax and, in some states, state income tax.

Your Pre-Tax Contributions and the earnings on those contributions are **tax-deferred**. That is, any taxes payable on your Pre-Tax Contributions are due when the money is distributed to you.

## **TAX ADVANTAGES OF ROTH CONTRIBUTIONS**

Roth Contributions to TRIP are deducted directly from your pay on an after-tax basis. When you save with Roth Contributions, you pay federal income tax on the money at the time you contribute it to TRIP. Distributions of your Roth contributions are always federal tax-free. The earnings on the Roth Contributions will be free from federal income tax and, in some states, state income tax when distributed if:

- The distribution occurs after you reach age 59½, become disabled, or die; AND
- A 5-year holding period has passed, beginning with the year in which you first made a Roth 401(k) contribution to TRIP.

## **WHICH MAKES SENSE FOR ME – PRE-TAX OR ROTH CONTRIBUTIONS?**

Every person's situation is different, and whether you should make Pre-Tax or Roth Contributions depends on many factors, including your current tax bracket and the tax bracket you expect to be in during retirement. Although you know your current tax bracket, there is no way to perfectly predict your tax bracket in retirement, since it will depend on a number of factors including your income in retirement, your marital status, the number of your dependents, and even government tax policy.

You can pursue tax diversification by making both Pre-Tax Contributions and Roth Contributions, but it may make more sense for you to contribute to one or the other in certain situations. Remember, Roth Contributions are funded with after-tax dollars, while Pre-Tax Contributions are deducted from your pay before taxes are assessed. Therefore, if you believe you will be in a higher tax bracket during retirement or that tax rates in the future will be higher than they are today, Roth Contributions may be a better choice for you. On the other hand, Pre-Tax Contributions provide an immediate tax break. So, if you need to reduce your taxes currently, expect to be in a lower tax bracket at retirement, or believe that tax rates will be lower in the future than they are today, Pre-Tax contributions may be more suitable for you.

You should consult with your personal tax or financial advisor to determine whether it is better for you to make Pre-Tax or Roth Contributions, or some combination thereof.

You may also visit the 401(k) Information Center on the ERC for additional information regarding Roth Contributions, including a Roth Assessment Tool.

## **MAKE-UP CONTRIBUTIONS FOLLOWING MILITARY SERVICE**

Under the Uniformed Services Employment and Reemployment Rights Act of 1994, veterans who return to work after a period of qualified military service have the right to make additional Pre-Tax Contributions and Roth Contributions to TRIP.

These contributions (“make-up contributions”) represent the amount you would have contributed if you had not been on military leave. NS will provide Matching Contributions equal to the match that would have been provided for your make-up contributions representing Pre-Tax Contributions and Roth Contributions only as if they had been contributed during your military leave. You will not receive past earnings on make-up contributions or their Matching Contributions.

If you are returning from qualified military service, and elect to contribute make-up contributions, your make-up contributions must be made during the period beginning on the date of reemployment and ending on that date which is the earlier of three times the period of military service or five years from the date of reemployment. Contact Vanguard for more information about make-up contributions following military leave.

## **AFTER-TAX CONTRIBUTIONS**

You also may choose to make additional contributions to TRIP of between 1% and 5% of your pay on an after-tax basis. Your After-Tax Contributions are also deducted directly from your pay. Although After-Tax Contributions are not tax deductible, any earnings on these contributions will accumulate tax-deferred until your account is distributed to you. Your After-Tax Contribution elections must be in one-tenth percent (0.1%) increments.

## **MATCHING CONTRIBUTIONS**

Each pay period during which you make a Pre-Tax Contribution and/or Roth Contribution, Norfolk Southern will make a Matching Contribution to TRIP. **All Matching Contributions are made on a pre-tax basis.**

The amount of the Matching Contribution will be 30% of the first 6% of pay that you contribute as Pre-Tax and/or Roth Contributions for each pay period up to the following maximum amount:

	Maximum Matching Contribution
If you are paid monthly	\$45.00
If you are paid semi-monthly	\$22.50
If you are paid bi-weekly	\$20.77
If you are paid weekly	\$10.39

The Matching Contribution is never more than the smaller of 1.8% of pay or \$540 during any calendar year.

### **Matching Contributions Example**

Effective January 1<sup>st</sup>, a TRIP participant who is paid bi-weekly has elected to save 8% of his/her biweekly pay through Pre-Tax Contributions. If the participant is paid \$2,180 in biweekly pay, he would have Pre-Tax Contributions of \$174.40, Matching Contributions of \$20.77, for total contributions of \$195.17 for the biweekly period. If the participant earned the same amount each biweekly pay period for an entire year, then at the end of one year, this participant would have \$4,534.40 in Pre-Tax Contributions and \$540.00 in Matching Contributions, for a total of \$5,074.40 in contributions credited to the participant’s plan accounts. This example does not include investment gains or losses.

	<b>Per Bi-Weekly Pay Period</b>	<b>Annualized amounts for 26 pay periods</b>
Compensation	\$2,180	\$56,680
Pre-Tax Contribution Rate	8%	8%
Pre-Tax Contributions	\$174.40	\$4,534.40
Matching Contribution	\$20.77	\$540.00
<b><i>Total Pre-Tax and Matching Contributions</i></b>	<b>\$ 195.17</b>	<b>\$ 5,074.40</b>

No Matching Contribution will be made on your Pre-Tax Contributions and Roth Contributions that are greater than 6% of your eligible pay per pay period. In addition, no Matching Contribution will be made for Rollover Contributions.

## **ROLLOVER CONTRIBUTIONS**

### **Pre-Tax Rollover Contributions**

If you are eligible to participate in TRIP, you may “roll over” a Pre-Tax distribution to this Plan either (1) from an employer retirement plan that is tax-qualified under section 401(a) of the Internal Revenue Code, or (2) from a traditional individual retirement account (IRA). If you make a rollover contribution to TRIP, you defer payment of taxes on amounts rolled over including any fund earnings credited as a result of your Pre-Tax Rollover Contribution.

You can roll over a distribution if:

- The distribution was not a required minimum distribution;
- The distribution was not part of a series of substantially equal periodic payments paid over ten or more years, your lifetime, or the lifetimes of you and your beneficiary; and
- The rollover does not include Roth contributions or after-tax contributions.

### **How To Make A Pre-Tax Rollover Contribution**

Amounts may be rolled over to TRIP from an unrelated tax-qualified retirement plan or traditional IRA in one of two ways:

- The distribution may be rolled over directly from the unrelated tax-qualified retirement plan, or
- You may receive a distribution from an unrelated tax-qualified retirement plan or traditional IRA and then roll it over to TRIP as long as the rollover to TRIP is completed within 60 days after the date you receive the distribution.

## **Roth Rollover Contributions**

If you are eligible to participate in TRIP, you may “roll over” distributions from a designated Roth account in an employer retirement plan that is tax-qualified under section 401(a) of the Internal Revenue Code.

Rollovers to the Roth Rollover Contributions Account from a traditional or Roth IRA are not allowed.

## **How To Make A Roth Rollover Contribution**

Amounts may be rolled over to TRIP from a Roth account in an unrelated employer’s tax-qualified retirement plan one of two ways:

- The distribution may be rolled over directly from the designated Roth account or:
- You may receive a distribution from the designated Roth account and roll it over to TRIP as long as the rollover is completed within 60 days after the date you receive the distribution. However, in this circumstance only the earnings can be rolled over into TRIP.

Contact Vanguard if you have any questions about whether a Pre-Tax or Roth distribution may be rolled over to TRIP.

## **Transfers Between Norfolk Southern Agreement And Nonagreement 401(k) Plans**

If you transfer to nonagreement service and are eligible to participate in the Thrift and Investment Plan (TIP), Norfolk Southern’s 401(k) Plan for nonagreement employees, your account balance will be transferred from TRIP to TIP as of the calendar quarter following your transfer.

You may not transfer or roll over any account balance from TIP to TRIP if you transfer from nonagreement to agreement service.

## **TWIST CONTRIBUTIONS**

In 1999, NS made a contribution to TRIP equal to amounts eligible Agreement Employees were entitled to receive under the Special Work Incentive Program established by NS effective July 3, 1999. This Contribution is known as the “Thoroughbred Work Incentive Stock Transfer (TWIST) Contribution.” NS chose to contribute the TWIST Contribution in the form of shares of Norfolk Southern Corporation common stock.

## **CHANGING YOUR CONTRIBUTIONS**

Under TRIP, you may:

- Change the percentage of your eligible pay contributed to TRIP at any time.

- Stop payroll deductions for your contributions at any time. However, no Matching Contributions will be made or credited to your account if you are not making Pre-Tax Contributions or Roth Contributions.
- Start or restart payroll deductions to contribute to TRIP at any time.

You may make changes by contacting Vanguard. All changes will require some time for processing and will take effect as soon as possible after they are requested. You will receive a confirmation from Vanguard which will indicate generally when the change will take effect.

## **OTHER CONTRIBUTION LIMITS**

In addition to other restrictions, the Internal Revenue Code sets overall limits on the amount of contributions that can be credited to a participant's account in any year. These limits are subject to annual cost-of-living adjustments.

### **Deferral Limits**

Your overall Pre-Tax Contributions plus Roth Contributions to this Plan and elective deferrals to any other 401(k) plan may not exceed \$16,500 in 2010 or \$22,000 if you will be age 50 anytime in 2010. Refer to the ERC 401(k) Information Center for limits applicable to subsequent years.

Amounts that you contribute in excess of this limit (adjusted for earnings or losses) must be returned to you by April 15 of the year following the year in which the deferral was made for you to avoid adverse tax consequences.

TRIP is designed so that you will not exceed these annual dollar limits if you only make such deferrals under TRIP. Norfolk Southern will monitor for such excess deferrals that arise if you participate in TIP or TRIP, and will distribute any excess amount accordingly.

However, you could exceed these annual dollar limits if you make contributions both to TRIP and to an employee benefit plan maintained by an unrelated employer during the year. In that case, you must notify the Plan Administrator by March 31 of any excess deferral that you want to have removed from the Plan so that the Plan can distribute such excess amount (as adjusted for earnings or losses) by the April 15 deadline. Your failure to timely notify the Plan Administrator of an excess deferral may result in adverse tax consequences for you.

### **Non-Discrimination Limits**

If you are deemed to be a "highly compensated employee" under the Code, Pre-Tax, Roth, After-Tax, and Matching Contributions made on your behalf may be limited. In addition, as a result of these rules, Pre-Tax or Roth Contributions made on behalf of certain "highly compensated employees" (as adjusted for earnings and losses) may be returned and the taxable portion of the distribution will be subject to income tax, and certain Matching Contributions may be forfeited to the Plan. You will be notified if you are a "highly compensated employee" subject to restrictions; otherwise, your contributions are not restricted under this set of rules.

## YOUR ACCOUNT STATEMENT

Vanguard will send quarterly statements of your TRIP Accounts, which will show your share of the contributions and fund earnings or losses, as well as other related information. Account statements will include information on any of the following accounts in which you have funds:

**You should carefully review each account statement that you receive.** Please contact Vanguard if you believe that any information on the account statement is incorrect, or if you have any questions regarding your account statement.

## YOU CONTROL THE INVESTMENT OF YOUR ACCOUNTS

The Plan is a “Section 404(c) plan.” Section 404(c) of the Employee Retirement Income Security Act of 1974 (ERISA) provides that, if certain requirements are met, fiduciaries of TRIP are not liable for any poor investment performance or losses that result from the participant’s or beneficiary’s investment instructions concerning his or her own account. **Since TRIP provides you the opportunity to exercise total control over your TRIP Accounts, you are solely responsible for your investment decisions under the Plan.** You may delegate your investment decisions under the Plan to Vanguard Advisers, Inc., as described below.

You have the responsibility to determine that the amount of your investment in any option under the Plan does not exceed a percentage of your overall retirement savings that is appropriate for your situation. Please refer to “Risk and Return of Investment Options” below.

No employee of Norfolk Southern is authorized to make any recommendations with respect to the selection of your investments under the Plan. You should consult the Plan Prospectus and the individual fund prospectuses before making any investment decisions. You may also choose to consult a personal financial advisor.

## INVESTMENT OF CONTRIBUTIONS AND CHANGING INVESTMENT CHOICES

TRIP has a variety of funds in which your contributions may be invested. These funds are handled by professional investment managers or, with respect to the NS Stock Fund, by the Trustee. Each has a different degree of risk, loss potential and profit potential associated with it.

The Board of Managers will, on a periodic basis, review the performance of the investment options under the Plan and may recommend the addition of a new, or elimination of an existing, investment option under the Plan. Participants will be notified if the Board of Managers adds or eliminates any funds.

You must choose how you want TRIP to allocate new contributions among the investment options, i.e., in which funds do you want to invest and what percentage of your contribution to any particular fund(s). Pre-Tax Contributions, Roth Contributions, Pre-Tax and Roth Rollover Contributions, Matching Contributions and After-Tax Contributions will all be invested in the same manner when contributed. **If you do not make any election, your account will automatically be invested in the Vanguard Wellington Fund.**

**You may change the way your contributions are allocated among funds with respect to future contributions at any time.** In most cases, a change will be effective as of the date your next contribution is deposited in the Plan, if you make your election no later than 4:00 p.m. Eastern Time on the business day before the date of the contribution.

**You may also change the way in which your current account balances are invested at any time by exchanging money among funds or changing your current asset mix.** In limited situations, trading restrictions may apply, as described under “Trading Restrictions”. You may change the way your accounts are currently invested without changing the way your future contributions will be invested. In most cases, a change in your current investments will be effective at the end of the business day, so long as your election change is made no later than 4:00 pm Eastern Time on that date. A redemption fee may be charged for exchanges of certain investments held for short periods of time, and you can refer to the appropriate prospectus or contact Vanguard for additional information.

You can access your account, change or redirect future contributions, shift existing balances, and learn about the investment options by contacting Vanguard online or by telephone

You may divide your contributions among any or all of the available funds, giving considerable thought to your own retirement needs and the investment risks involved. You should read the Plan Prospectus and the prospectus for each fund carefully, as they will give you the historical rates of return and relative degrees of risk for the funds, as well as other important information.

The following investment options are open to new contributions and exchanges for all of your accounts under TRIP. The funds are divided into two categories – Core Funds and Target Retirement Funds.

### **Core Funds**

Core funds include stock, bond, stable value, and balanced mutual funds. TRIP’s Core investment options are listed below generally by overall risk level (low to high), which takes into account the different types of risk applicable to each fund’s asset class and investment style. Because the NS Stock Fund represents the stock of only one company rather than a group of companies, it is listed as the highest-risk option in the Core Fund group.

<b>Fund Name – Core Funds</b>	<b>Fund Type</b>
Vanguard Retirement Savings Trust	Stable value fund
Western Asset Core Bond Portfolio	Intermediate-term bond fund
Vanguard Wellington™ Fund	Balanced fund (stocks and bonds)
Vanguard Windsor™ II Fund	Growth and income stock fund
Vanguard 500 Index Fund	Growth and income stock fund
Vanguard Growth Index Fund	Growth stock fund
Vanguard Strategic Equity Fund	Mid-cap blend equity fund
Royce Premier Fund	Small-cap blend equity fund
Vanguard International Growth Fund	International stock fund
NS Stock Fund	Company stock fund investing primarily in Norfolk Southern Corporation common stock

## Personal Online Advisor and Managed Account Program

Do you need help choosing investments? Vanguard can help!

We've arranged for Vanguard Advisers, Inc. (VAI), a federally registered investment advisor and subsidiary of Vanguard, to provide TRIP participants with investment advice with respect to Core Funds in their TRIP accounts. VAI, in turn, uses a computer program developed by Financial Engines, which is an independent, registered investment advisor. Financial Engines' advisory tools analyze complex fund data to provide either personalized investment recommendations through the Personal Online Advisor or portfolio management through the Managed Account Program. Financial Engines does not sell investments or receive commissions for funds it recommends.

Although neither VAI nor Financial Engines can guarantee your future results, Financial Engines' investment strategies are based on a proven methodology that creates a target allocation for you based on your current age and assumed age at retirement. You can provide Financial Engines with additional information to more closely tailor your target allocation under the Plan to your individual circumstances. Such additional information might include:

- the age at which you plan to retire;
- your desire to take on more or less risk than the target allocation suggested by the program;
- Railroad Retirement and/or Social Security annuities for you and your spouse and pensions from previous employers;
- the savings and investments you hold outside of TRIP (although VAI's Managed Account Program, described below, won't provide investment advice or management for savings and investments that you hold outside of TRIP, it will consider them in providing you with advice as to the investment of your TRIP assets); and
- the percentage of your investment in the NS Stock Fund (although VAI's target allocation will not permit the maximum percentage of the NS Stock Fund to exceed 20% of your TRIP account balance).

The investment advice is provided in either of two formats – through the **Personal Online Advisor** or the **Managed Account Program**. **You will get similar investment advice regardless of which of these formats you choose.** So what's the difference?

- If you use the free **Personal Online Advisor**, VAI will offer investment advice to you about how to invest your assets in TRIP and you may implement any recommended changes suggested by VAI. You are under no obligation to accept any suggestions provided by the Personal Online Advisor. Since you have the sole investment authority over your TRIP account, neither VAI, Vanguard nor Financial Engines will be able to make investment decisions regarding your TRIP account. You can access the Personal Online Advisor through the Vanguard website at [www.vanguard.com](http://www.vanguard.com).
- If you choose to enroll in the **Managed Account Program**, VAI will constantly monitor your TRIP accounts and will have discretionary authority over your TRIP accounts. This

means that you are granting VAI the ability to buy and sell investments on your behalf in your TRIP accounts without obtaining your approval for each individual transaction. *If you enroll in the Managed Account Program, you will be unable to control or manage the investments in your TRIP accounts or access the Personal Online Advisor, unless you contact Vanguard and end your participation in the Managed Account Program.*

The fee for participating in the Managed Account Program is as follows:

- 40 basis points (0.40%) per year for the first \$100,000 in TRIP assets;
- 30 basis points (0.30%) per year for the next \$150,000;
- 20 basis points (0.20%) per year for the next \$250,000; and
- 10 basis points (0.10%) per year for TRIP assets over \$500,000.

There is a minimum \$5 monthly fee if you enroll in the Managed Account Program under TRIP. Any fee will be deducted proportionately from the balance invested in the mutual funds held in your TRIP account.

You may enroll in the Managed Account Program at any time by signing the Managed Account Program Enrollment Form and returning it to Vanguard. To get the Enrollment Form, or terminate your participation in the Managed Account Program, contact Vanguard at 800-523-1188. If you terminate your participation in the Managed Account Program, your TRIP accounts will remain invested in the investment options last selected by Financial Engines until you take further action to reallocate your accounts.

## **Target Retirement Funds**

Vanguard's Target Retirement Funds are designed for the retirement investor who is looking for a simple solution to investing. If you choose to invest in a Target Retirement Fund, you should invest in the Target Retirement Fund with the date that most closely matches your expected retirement year (or, if later, the year when you expect to need the funds from TRIP). For example, if you think you'll retire in or around 2035, choose the 2035 Fund.

Each Target Retirement Fund invests in up to seven Vanguard funds – providing you with a blend of U.S. stocks, international stocks, and U.S. bonds, including Treasury inflation-protected securities and short-term reserves – in a single all-in-one investment. Each Target Retirement Fund will automatically shift its asset allocation from stocks to more conservative investments as the Fund approaches the year listed in the Fund's name. The Vanguard Target Retirement Income Fund is unlike the other Target Retirement Funds because its purpose is to maintain a balanced mix of conservative investments intended to produce income while preserving the original investment.

Although a Target Retirement Fund can relieve you of the need to constantly reset your asset allocation of your TRIP portfolio, you need to examine the particular Target Retirement Fund's asset allocation and be sure that it fits your tolerance for risk. If a particular Target Retirement Fund's objective is too conservative or too aggressive for you, you should consider investing in a different Target Retirement Fund or creating your own investment mix from the Core Funds.

Because Target Retirement Funds promise diversification in a single fund, some financial advisors suggest that they should be the sole investment in a retirement plan portfolio. Mixing Target Retirement Funds with other funds may misalign an investor's Target Retirement Fund portfolio with his or her investment goals. For example, if a TRIP participant with an investment

in the Vanguard Target Retirement 2015 Fund also owns stock funds, he may be overweighted in stock holdings for an investor who is less than a decade from retirement. So, if you invest in other funds in addition to a Target Retirement Fund, you should consider if you have properly allocated all of your investments for your investment situation. The following Target Retirement Funds are available under the Plan:

<b>Target Retirement Funds</b>	
Vanguard Target Retirement Income Fund	
Vanguard Target Retirement 2005 Fund	Vanguard Target Retirement 2030 Fund
Vanguard Target Retirement 2010 Fund	Vanguard Target Retirement 2035 Fund
Vanguard Target Retirement 2015 Fund	Vanguard Target Retirement 2040 Fund
Vanguard Target Retirement 2020 Fund	Vanguard Target Retirement 2045 Fund
Vanguard Target Retirement 2025 Fund	Vanguard Target Retirement 2050 Fund

## **RISK AND RETURN OF INVESTMENT OPTIONS**

All investments carry an associated level of risk that the investor must bear, but different investments have different levels of risk. Risk includes the possibility that an investment may not perform as well as expected, as well as the possibility that the return for an investment may be negative.

Historically, investments in common stocks have usually provided higher returns than investments in bonds over the long term. However, prices of common stocks have tended to vary more than bond prices. Similarly, investments in bonds have usually provided higher returns than investments in short- and medium-term fixed income securities, but bond prices have tended to experience greater variability than those of short- and medium-term fixed-income securities.

TRIP's investment options offer materially different risk and return characteristics. You can find information on the risk and return of TRIP's investment options in the Plan Prospectus and in the individual fund prospectuses.

### **Risk of Investment in the NS Stock Fund**

Because the NS Stock Fund invests only in Norfolk Southern Common Stock (and in such amounts of cash and/or cash equivalents as may be needed for liquidity purposes), it is generally a riskier investment than the Plan's other investment alternatives. Individual stocks like Norfolk Southern Common Stock also tend to experience more volatility—that is, larger and more frequent ups and downs in value—than mutual funds like the Plan's other investment alternatives. Participants should be aware of these risks before investing in the NS Stock Fund. Participants who choose to invest in the NS Stock Fund may want to limit their holdings in the NS Stock Fund because the risk of investing a large percentage of their retirement savings in a single stock fund may outweigh the potential benefits of the investment.

## **The Importance of Diversifying Your Retirement Savings**

To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or another particular security, to perform poorly. If you invest more than 20% of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk.

In deciding how to invest your retirement savings, you should take into account all of your assets, including any retirement savings outside of the Plan. No single approach is right for everyone because, among other factors, individuals have different financial goals, different time horizons for meeting their goals, and different tolerances for risk. Therefore, you should carefully consider the rights described in this notice and how these rights affect the amount of money that you invest in company stock through the Plan.

It is also important to periodically review your investment portfolio, your investment objectives, and the investment options under the Plan to help ensure that your retirement savings will meet your retirement goals.

## **TRADING RESTRICTIONS**

If you exchange any amount out of a fund that is offered under the Plan other than the Vanguard Retirement Savings Trust, you will have to wait 60 calendar days before transferring back into the same fund if you conduct the transaction over the phone or on-line at [www.vanguard.com](http://www.vanguard.com). In the case of multiple exchanges, exchanges out of the funds will remain unlimited but exchanges back into the funds will not be permitted for 60 calendar days after the last exchange out. Reallocation and rebalancing transactions are subject to the frequent trading policy. The frequent trading policy does not, however, apply to an investment that you make through purchases of shares by payroll deduction, employer contribution, rollover contribution, or dividend or capital gains distributions. The frequent trading policy also does not apply to sales of shares through distributions or rollovers.

In certain circumstances, such as if you engage in excessive and frequent trading, the Plan Administrator may impose trading limitations under the Plan which may affect your ability to shift existing balances between or among funds. A violation of one or more of these limitations may result in additional restrictions on your account(s).

Certain other trading restrictions, such as the restriction on insider trading with regard to the NS Stock Fund, are described in the Plan Prospectus.

## **INVESTMENT OF INCOME AND DIVIDENDS**

The income received and distributed in cash to TRIP, in the form of dividends or otherwise, from investment options held in your accounts will be retained in the respective account and reinvested in the investment option from which such income was distributed unless you elect to receive the dividends on Norfolk Southern Stock distributed to you in cash, as described under "Dividends Paid on NS Stock."

## **PURCHASE PRICE OF YOUR INVESTMENTS**

The NS Stock Fund is a "unitized" stock fund. Your investment in the NS Stock Fund (if any) is not described by a number of shares owned, but is instead described as "units". This is because the NS Stock Fund holds not only shares but also cash and cash equivalents (as described in the Plan prospectus) for liquidity purposes. A unit value is assigned to each participation unit in the Fund, and the unit value is determined by dividing the total value of the Fund (as described in the Plan Prospectus) by the number of participation units credited to all accounts in the Plan. The unit value of the NS Stock Fund will closely track the investment performance of publicly traded shares of Norfolk Southern stock, but not mirror it exactly due to the cash component of the Fund.

The Trustee will purchase and sell shares of Norfolk Southern Corporation common stock as may be required by the NS Stock Fund either in the open market or by allocating the shares within the master trust to another 401(k) plan of NS which participates in the master trust. The value of the shares allocated to other plans within the master trust will be their closing price on the New York Stock Exchange on the day the allocation is effective.

Norfolk Southern may contribute any Matching Contributions which are made to the NS Stock Fund in cash or in shares of Norfolk Southern Corporation common stock, in which case the value of such shares for the purpose of determining the Matching Contribution will be the closing price of Norfolk Southern Corporation common stock on the business day preceding the day the contribution is made.

The Trustee will directly purchase units of participation in the Vanguard Retirement Savings Trust (except that participation units may be allocated from your account to another participant's account in connection with the liquidation of all or a part of your investment in the Vanguard Retirement Savings Trust) in a number then equivalent in value to all participants' contributions to the Vanguard Retirement Savings Trust, with the rate of return to be that provided by the Vanguard Retirement Savings Trust.

The Trustee will directly purchase shares in the Plan's other investment funds (except that shares may be allocated from your account to another participant's account in connection with the liquidation of all or part of your investments) at a price per share equal to the then current net asset value per share of each respective fund. The "net asset value per share" means the value of the net assets of each fund (securities and other assets minus liabilities) divided by the number of outstanding shares of that fund.

## TRANSACTION FEES AND EXPENSES

All commissions and fees incurred by the Trustee in the purchase of Norfolk Southern Corporation common stock for the NS Stock Fund and all administrative fees are paid by the NS Stock Fund and are charged against the value of investments in the Fund. These fees will be borne by you if you invest in the NS Stock Fund. The annual administrative fees of the NS Stock Fund are 0.16% of the total value of the Fund. This fee may change in the future.

The administrative costs of the investment funds (other than the NS Stock Fund) that are made available under the Plan are charged against the value of investments in those funds. These costs are described in the prospectuses for these investment funds and will be borne by you if you choose to invest in these funds.

All other administrative costs arising under TRIP are borne by the Plan and its participants, except any expenses which Norfolk Southern, in its discretion, chooses to pay.

### FOR MORE INFORMATION ON YOUR INVESTMENT OPTIONS

Please consult the TRIP Prospectus and the individual prospectuses for the funds for additional information before you make any investment decisions. You may obtain another copy of the Plan Prospectus or copies of the fund prospectuses by calling Vanguard at 800-523-1188 (Spanish: 800-828-4487; hearing impaired: 800-749-7273). You can also view and print individual fund prospectuses on-line at [www.vanguard.com](http://www.vanguard.com), and employees may view or print a copy of the TRIP Prospectus from the ERC. In addition, you may request the following information regarding TRIP's investment alternatives by contacting Vanguard:

- A description of the annual operating expenses of each investment alternative which reduce the rate of return, and the aggregate amount of such expenses expressed as a percentage of average net assets;
- Copies of any prospectuses, financial statements and reports, and any other materials relating to the investment alternatives available under the Plan;
- A list of assets comprising the portfolio of each investment alternative and its value;
- Information concerning the values of shares or units in each investment alternative, as well as the past and current investment performance of such alternative determined net of expenses, on a reasonable and consistent basis; and
- Information concerning the value of shares or units of investment alternatives held in your account.

## DISTRIBUTION OF YOUR TRIP ACCOUNT

The normal form of payment under TRIP is a single lump-sum cash distribution which in most cases can be rolled over to a traditional IRA or another employer's retirement plan. If you prefer, you may elect to retain the portion of your accounts that are invested in the NS Stock Fund in whole shares of NS stock. If you do not affirmatively elect a distribution of stock, your distribution will be made in cash. You may request a permitted distribution by contacting Vanguard.

## DISTRIBUTION UPON RETIREMENT, TERMINATION, DISABILITY OR DEATH

The full value of your account will be distributed following your Retirement, Termination of Employment, Disability, or Death, as described below. You may be eligible to rollover the distribution to another eligible retirement plan, as described in the "Income Tax Implications" section. In addition, you should refer to the "Income Tax Implications" section for information about the tax treatment of your distribution.

### **Benefits at Retirement**

The full value of your account is payable as soon as administratively feasible if you retire and are eligible for a retirement annuity under the Railroad Retirement Act or Social Security Act, or if you retire under the Retirement Plan of Norfolk Southern Corporation and Participating Subsidiary Companies.

#### **Dollar Thresholds**

**More than \$5,000.** If the total value of your account is more than \$5,000 and you are under age 62, you may defer distribution until you reach age 62. However, your account will be assessed a quarterly maintenance fee if the account balance is not distributed within 60 days after your retirement. At present, the fee is \$6.25, which will be assessed on the first day of each calendar quarter in which the fee is applicable. Any money left in your account will continue to be credited with earnings on a tax-deferred basis based upon your investment selections. You must take a full distribution of your account when you reach age 62, either as a cash distribution or rollover distribution. In either case, you may elect to retain the portion of your pre-tax accounts (not Roth accounts) that is invested in the NS Stock Fund in whole shares of NS stock.

If the total value of your account falls below \$5,000 after 60 days after your retirement, then your account balance will automatically be rolled-over to a new individual retirement account as described in the "More than \$1,000 but less than \$5,000" category below.

**More than \$1,000 but less than \$5,000.** If your account balance is more than \$1,000 but less than \$5,000, it cannot be left in the Plan. You may request that a lump-sum cash distribution be made to you or you may request a rollover of the account balance be made to an eligible retirement plan. If you do not affirmatively elect a cash distribution or rollover within 60 days of your retirement, your TRIP account balance will automatically be rolled-over to a new IRA. Any Roth Contributions and earnings on such amounts will be rolled-over to a Roth IRA, as required by federal law. Your account balance in the Plan will be invested in a Vanguard IRA and/or Roth IRA, as applicable, and invested in

the Vanguard Prime Money Market Fund (ticker symbol VMMXX). This fund was chosen because federal regulations require that the investment selected for the automatic rollover to an IRA be designed to preserve principal and provide a reasonable rate of return and liquidity.

Any fees related to the establishment and maintenance of your Vanguard IRA will be borne by your Vanguard IRA. After your Vanguard IRA is established, you can transfer the assets to a different Vanguard fund, transfer the assets to an IRA at another financial institution or roll them over to another employer's eligible retirement plan (if the other employer's plan permits rollovers).

**\$1,000 or less.** If your account balance is \$1,000 or less, you will receive a lump-sum cash distribution of your account balances *unless* you request a direct rollover of your account to an eligible retirement plan or IRA within 60 days of your retirement.

### **Distribution at Termination of Employment**

Under TRIP, you are always 100% vested in the full value of your account. Your account belongs to you even if you resign or lose your job. The full value of your account is payable as soon as administratively feasible after you terminate employment (which includes termination of all seniority rights or relinquishment of all seniority rights under any applicable collective bargaining agreement).

If you terminate before age 62, your benefit will be distributed as described above under the section captioned "Dollar Thresholds" except that you should substitute the phrase "termination of employment" for "retirement."

### **Distribution upon Disability**

The full value of your account is payable as soon as administratively feasible if you terminate your employment because you become disabled such that you are eligible for and receive a disability annuity under the Railroad Retirement Act or the Social Security

If you become disabled before age 62, your benefit will be distributed as described above under the section captioned "Dollar Thresholds" except that you should substitute the phrase "disability date" for "retirement."

### **Distribution upon Death**

If you die prior to distribution of your account, the full value of your account will be distributed to your beneficiary(ies) (or to your estate in the absence of a beneficiary).

Your beneficiary(ies) may not defer distribution to a later date. However, if your beneficiary is your surviving spouse, your spouse may be eligible to rollover the distribution to an eligible retirement plan by following the rollover procedures described in the "Income Tax Implications" section.

In addition, if your beneficiary is an individual other than your surviving spouse, the non-spouse beneficiary may defer taxation of the benefit by making a direct trustee-to-trustee transfer of the benefit into an individual retirement account (IRA) that is established solely for purposes of

receiving the benefit, provided that the inherited IRA requires the non-spouse beneficiary to start taking minimum required distributions by the end of the calendar year after the year of your death. This rule only applies to an individual non-spouse beneficiary, who you designate as a beneficiary under the Plan, or to a trust maintained for the benefit of one or more designated beneficiaries; it does not apply to beneficiaries who are estates or charities.

## **BENEFICIARY DESIGNATION**

You may designate one or more beneficiaries to receive your TRIP benefit in the event of your death. The choice of a beneficiary(ies) is yours. However, the law requires TRIP to treat your spouse at the time of your death as your sole beneficiary unless (i) you have made an election to the contrary, which has been approved in writing by your spouse and witnessed by a notary public, or (ii) a prior Qualified Domestic Relations Order (QDRO) requires part of your benefits to be distributed to a former spouse (refer to the “Qualified Domestic Relations Order” section below).

You may designate your choice of beneficiary online at [www.vanguard.com](http://www.vanguard.com). If your choice requires your spouse’s consent, Vanguard will mail you the signature-ready form. If you do not have internet access, you may call Vanguard at 800-523-1188.

There are several situations to consider:

1. If you are not married, you may name any beneficiary you choose.
2. If you are married and want to name your spouse as sole beneficiary, you simply make that designation, on the form and return it. Your spouse does not have to sign anything.
3. If you are married and want to name someone other than your spouse as sole or partial beneficiary, you must do so on the beneficiary designation form. In addition, you must have your spouse sign the authorization on the form consenting to this beneficiary designation and your spouse’s signature must be witnessed by a notary public.
4. If you marry in the future, please consider that the Plan must, by law, consider your spouse at the time of your death your beneficiary unless you have followed the procedure in paragraph 3 above. If you have designated a different beneficiary without your spouse’s written and witnessed consent, TRIP must ignore that designation in favor of your spouse.
5. If you designated your spouse as your beneficiary, and you subsequently become divorced or separated, you should consider whether to submit a new beneficiary designation if you want to exclude your former spouse from receiving any plan benefits following your death.

A beneficiary may disclaim the right to receive a distribution from the plan following your death, if the disclaimer is a qualified disclaimer under the Internal Revenue Code and Vanguard receives the disclaimer before it distributes your account to the beneficiary. Beneficiary designations that are not made in accordance with the plan’s beneficiary designation procedures will be disregarded.

## **ASSIGNING BENEFITS**

By law, you may not transfer your interest in TRIP. This means you may not sell it, use it as collateral or otherwise give it away. Your creditors may not attach or garnish your interest in TRIP. However, a court order, as described below, could require that all or a portion of your Plan benefits be paid to a spouse, former spouse, child, or other dependent.

## **QUALIFIED DOMESTIC RELATIONS ORDER (QDRO)**

The Plan Administrator could be required to use some or all of your account to pay court-ordered alimony, child support or other transfer of assets directly to a spouse, former spouse, child, or other dependent. The court order or administrative order must follow a certain form and contain certain information. If it does not, the Plan Administrator may not, by law, honor it. If it does, TRIP must comply with it. The Plan Administrator and legal counsel, if necessary, will determine whether the court order or administrative order must be followed. If desired, a proposed order may be submitted to NS' manager of retirement plans in advance for review. A copy of the procedures governing qualified domestic relations order determinations and a model QDRO are available online at [www.nscorp.com](http://www.nscorp.com).

If the Plan Administrator determines that the order must be followed, a separate account will be established for your former spouse, child or other dependent (the "Alternate Payee"). The Alternate Payee may request an immediate distribution of his or her account, unless the order specifically prohibits an immediate distribution. Otherwise, the Alternate Payee's benefit will be distributed as described under the section captioned "Distribution at Retirement" except that the Alternate Payee should substitute the phrase "QDRO effective date" for "retirement". If the account value is greater than \$5,000, the Alternate Payee must take a complete distribution of the separate account no later than the later of the Participant's severance from service or attainment of age 62.

## **WITHDRAWALS WHILE EMPLOYED**

The law requires that we limit the situations in which you may take a withdrawal while you are employed. You are treated as employed unless you have terminated employment, including termination of all seniority rights or relinquishment of all seniority rights under any applicable collective bargaining agreement.

While you are employed, you may request permitted withdrawals as described below by contacting Vanguard.

### **Withdrawal From Your After-Tax Contributions Account**

You may withdraw all or a portion of your account attributable to your After-Tax Contributions. Unless you elect otherwise, your withdrawal will be made pro-rata from your After-Tax Contributions Account's investment options. You may request a withdrawal only once in any calendar quarter. The minimum that may be withdrawn is \$500.

Your withdrawal of After-Tax Contributions may have income tax implications. Please refer to the "Income Tax Implications" section for details.

### **Withdrawal From Your TWIST Account**

You may withdraw all or a portion of the balance in your TWIST Account, either in cash or in whole shares of Norfolk Southern Corporation common stock (but only if your TWIST Account is invested in the NS Stock Fund).

Your withdrawal of TWIST Contributions may have income tax implications. Please refer to the "Income Tax Implications" section for details.

### **Withdrawal From Your Rollover Contributions Accounts**

You may withdraw all or a portion of your Pre-Tax Rollover or Roth Rollover Contributions Accounts at any time during the year. You may withdraw shares of Norfolk Southern Corporation common stock (if your Rollover Contributions are invested in the NS Stock Fund) or take a cash distribution from your Rollover Accounts.

Your withdrawal of Rollover Contributions may have income tax implications. Please refer to the "Income Tax Implications" section for details.

### **Withdrawals For Hardship**

If you are in active service and in the event of hardship, the Plan Administrator may approve a request for withdrawal of a portion of your Roth Contributions, and/or Pre-Tax Contributions (but not the earnings credited to such contributions). Your Roth Contributions (if any) will be distributed before your Pre-Tax Contributions. A request for hardship withdrawal will be reviewed by the Plan Administrator to assure that it meets the criteria established under federal law and the Plan.

Before taking a hardship withdrawal, you must exhaust every other possibility under TRIP or under any other plan of Norfolk Southern for obtaining the funds needed, including withdrawing from your After-Tax Contributions Account, your TWIST Account, your Pre-Tax Rollover or your Roth Rollover Contributions Accounts. Further, the amount requested for the hardship withdrawal may not be more than the amount which is needed to meet the hardship and any penalties or taxes associated with the withdrawal.

Acceptable hardship reasons are limited to those listed below. Vanguard will inform you of the exact documentation required to establish your hardship. The following chart lists examples of documentation that may be required to establish your hardship.

<b>Reason for Hardship Withdrawal</b>	<b>Examples of Required Documentation</b>
Payments of medical expenses not covered by a health care plan for you, your spouse, your dependent children, or your other tax dependents.	Explanation of claims processed or benefits paid from health care plan administrator and unpaid medical bills which are within 60 days of the date of service
Payments of tuition, related educational fees, and room and board expenses for the next 12 months of post-secondary education for you, your spouse, your children or your tax dependents.	Detailed statement from educational institution.
The purchase of your principal residence (not including mortgage payments).	Real estate purchase contract and Good Faith Estimate of closing costs.
Obtain funds necessary to prevent eviction from your principal residence or foreclosure on the mortgage of that residence.	Eviction notice from rental agent or foreclosure notice from your mortgage holder.
Payment for burial or funeral expenses for your parent, spouse, children, or dependents (excluding pre-payment of a burial plan).	Death Certificate accompanied by a bill from a mortician or funeral home.
Expenses in excess of \$100 for repair of damage to your principal residence that occur as a result of fire, storm, shipwreck or other casualty, or from theft, that would qualify as deductible casualty expenses (determined without regard to the 10% "floor" for deductibility). You cannot obtain a hardship distribution as a result of a casualty loss if you have been or will be compensated by insurance or otherwise for the loss.	Estimate of the repair costs or an actual invoice and a statement from the employee with a description of the loss, including identification of the cause of damage and an affirmation that (1) the loss was not reimbursed by insurance or otherwise, and (2) the repairs are necessary to restore the property to its condition immediately before the casualty. Supporting documentation must be dated no more than six months before Vanguard receives your hardship request.

If your hardship withdrawal is approved, your contributions to any 401(k) or other deferred compensation plan sponsored by Norfolk Southern must be suspended for six months beginning with the date of withdrawal.

Hardship withdrawals are not eligible rollover distributions and cannot be rolled over to an eligible retirement plan.

## **DIVIDENDS PAID ON NORFOLK SOUTHERN STOCK**

You may elect to have dividends payable with respect to Norfolk Southern Corporation common stock held in the NS Stock Fund paid to the plan and either:

- distributed to you in cash via direct deposit as soon as possible, or
- reinvested in the NS Stock Fund.

Dividends will be reinvested in the NS Stock Fund unless you contact Vanguard and elect to have them distributed to you in cash via direct deposit. However, if you take a hardship withdrawal, your dividends will be distributed to you in cash via direct deposit, unless you contact Vanguard after you receive the hardship withdrawal and elect to have the dividends reinvested in the NS Stock Fund.

If you are supposed to receive dividends by direct deposit but Vanguard is unable to direct deposit the distribution into your bank, then you will receive a single check representing the dividends that Vanguard was unable to deposit and Vanguard will switch your dividend election so that future dividends will be reinvested in the NS Stock Fund.

Electing to have dividends paid to the Plan or distributed in cash may have income tax implications. Please refer to the "Income Tax Implications" section for details.

You can obtain a form to make or change your dividend election by contacting Vanguard online or by calling 800-523-1188.

## **INCOME TAX IMPLICATIONS**

Tax laws governing distributions from 401(k) plans are complex and change frequently. You should consult your personal tax advisor before you make any decisions that might affect your tax situation. However, following are general comments on the tax treatment of payments to you from TRIP.

When you receive a distribution from TRIP of Pre-Tax Contributions, Matching Contributions, Pre-Tax Rollover Contributions, or TWIST Contributions, and the earnings on such contributions, you will be taxed on the distribution as ordinary income in the year you receive it. The earnings on your After-Tax Contributions are similarly taxed as ordinary income in the year you receive such earnings.

The earnings on distributions of your Roth Contributions and Roth Rollover Contributions will be free from federal income tax, and in some states, state income tax when distributed provided that the requirements described in the section "Tax Advantages of Roth Contributions" are satisfied. If these requirements are not satisfied, such earnings will be subject to ordinary income tax and may be subject to a 10% early distribution penalty (as described below).

If you receive a distribution of Norfolk Southern Corporation common stock in whole shares from the NS Stock Fund that is either attributable to After-Tax Contributions or is part of a lump-sum distribution, you can defer taxes on the "net unrealized appreciation" (that is, the increase in value of the NS stock while it was held in the NS Stock Fund in TRIP) until the stock is actually

sold. Upon sale of the stock, the net unrealized appreciation is taxed at the long-term capital gain rate, which may be more favorable than the ordinary income tax rate. This is in contrast to the regular tax rules, which, absent making an eligible rollover of the distribution, would subject a distribution to income tax in the year of distribution. For this purpose, a "lump-sum" distribution is defined as a distribution or payment, within one year, of the entire balance of your TRIP account, which is payable either (1) on account of the employee's death or (2) after the employee reaches age 59½. A distribution of your Roth account will be free from federal and, in some states, state income tax if you meet the requirements described in the section Tax Advantages of Roth Contributions, above. If you do not meet those requirements, you can defer the taxes on net unrealized appreciation by electing a lump-sum distribution.

Although there may be tax advantages of holding a portion of your TRIP investment in the NS Stock Fund and receiving a distribution in whole shares of NS stock, there is a risk in investing in the NS Stock Fund, as described under the section "Risk and Return of Investment Options." You should speak with your financial or tax adviser about the risk of investing in the NS Stock Fund as compared with the potential tax benefits of net unrealized appreciation.

If you receive a distribution from TRIP, you will be subject to a 10% early distribution penalty unless one of the following conditions is met:

- The distribution is made if you leave Norfolk Southern after age 55, die, or become disabled.
- The distribution is made while you are employed, but after age 59½.
- The distribution is made under a qualified domestic relations order.
- The distribution is up to the amount of your tax-deductible medical expenses..
- The distribution is rolled over to an IRA or eligible retirement plan (see section below on Rollover Distributions).
- The distribution is paid directly to the United States government to satisfy a federal tax levy.
- The distribution is in the form of cash dividends from the NS Stock Fund (see next page).

### **Rollover Distributions**

If you roll over your distribution from TRIP to an IRA or eligible retirement plan (or, in the case of Roth Contributions to a Roth IRA or to a designated Roth account in another employer's plan), your distribution will be tax-deferred and will not be subject to the 10% early distribution penalty which may otherwise have applied (see section above). If you roll over a taxable distribution directly from TRIP to a Roth IRA, you will have to include in gross income the taxable portion of the conversion amount but your distribution will not be subject to the 10% early distribution penalty that would otherwise have applied.

You may roll over any distribution from TRIP that qualifies as an eligible rollover distribution. In general, any distribution from TRIP is an eligible rollover distribution except:

- Hardship withdrawals
- Dividends paid to you in cash from the NS Stock Fund; and
- Corrective distributions of contributions that exceed tax law limitations.

You may choose to have an eligible rollover distribution rolled over directly to an IRA or eligible retirement plan that accepts rollovers. After-Tax Contributions can be rolled over to an IRA or eligible retirement plan, provided the plan agrees to separately account for the after-tax contributions and earnings on those contributions. Alternatively, your eligible rollover distribution may be paid to you and you can then roll it over to an IRA or eligible retirement plan within 60 days of the date you receive the distribution.

Your Roth Contributions and Roth Rollover Contributions and the earnings on such contributions may only be rolled over to either a Roth IRA or to a designated Roth account in another employer plan (a tax-qualified plan or section 403(b) plan).

If you choose to rollover such amounts to another employer's plan, you may only make a direct rollover (*i.e.*, trustee-to-trustee transfer) of such amounts. Alternatively, if you receive a distribution of such amounts, within 60 days of the date you receive the distribution you can (1) roll over the entire distribution to a Roth IRA, or (2) roll over the earnings on such contributions to another employer's plan.

If an eligible rollover distribution is paid to you, TRIP is required by law to withhold 20% of your taxable distribution as federal income tax withholding. If you are paid the distribution and subsequently roll it over, the withheld amount must be replaced from another source if you wish to avoid income tax and possible early distribution penalties on that amount.

### **Income Tax Treatment of Dividends Paid On Norfolk Southern Stock**

If you elect to have the dividends on Norfolk Southern Stock distributed to you in cash, you will be taxed on the distribution as ordinary income in the year you receive the dividend distributions. The distribution will not be subject to the 10% early distribution penalty (see above). There will not be federal income tax withholding on the dividend distribution. If the dividends are reinvested in the NS Stock Fund, the dividends and any earnings on those dividends are tax-deferred.

## **FUNDING**

All contributions to TRIP are held in a trust fund administered by the Trustee and are invested according to TRIP and the Trust Agreement and your investment choice. The money in the trust fund, including investment income, must be used exclusively for the benefit of Plan participants and their beneficiaries. Earnings from your share of investments in the trust fund are added to your account balance.

## **TYPE OF ADMINISTRATION**

The Plan is administered by a Board of Managers appointed by the Chief Executive Officer of Norfolk Southern Corporation. The Board of Managers supervises the operation of the Plan and

has the discretionary authority to interpret the meaning of the provisions of the Plan and eligibility for participation and benefits. The Board of Managers receives no remuneration with respect to its services for TRIP.

The Board of Managers is not responsible for the selection of the investments in your Accounts. The responsibility for the investment of your Accounts rests with you, in accordance with the Plan's provisions for the direction of investments within a selected group of investment funds.

## **YOUR COOPERATION IS REQUIRED**

We need your cooperation to properly administer the Plan. It is essential that you keep your beneficiary designation up to date with Vanguard, that you respond timely to Vanguard's requests, and that you inform NS of your current address at all times. Funds in your TRIP accounts will be forfeited if:

Vanguard is unable to locate you or your beneficiary within 180 days after a benefit becomes payable, or

You or your beneficiary does not present a check from the Plan for payment within 180 days of the date of the check, or

You or your beneficiary does not notify Vanguard of a distribution election within 60 days after Vanguard has notified you of the distribution options.

Any forfeited funds will be used to reduce NS contributions.

If you or your beneficiary send a written claim to Vanguard for a benefit after the amount was forfeited, the benefit will be reinstated but without any adjustment for earnings or losses that occurred during the forfeiture period.

## **PLAN TERMINATION INSURANCE**

Because benefits are determined by the balance in your individual account, your benefits provided by TRIP are **not** covered by the Pension Benefit Guaranty Corporation under Title IV of the Employment Retirement Income Security Act of 1974 (ERISA).

## **NO GUARANTEE OF EMPLOYMENT**

The Plan neither gives any employee the right to be retained in the employ of the Company nor does it interfere with the right of the Company to discharge an employee.

## **SUMMARY OF PLAN**

This is a summary of TRIP which has been established through a formal retirement plan document and trust agreement. This summary is intended to provide you with an easy-to-read explanation of some of the more important provisions of TRIP. However, if there is any conflict

between this summary and the provisions of TRIP, or if any plan provision is not covered or is only partially covered in this summary, then the terms of the actual Plan document will govern.

## **AMENDMENT OR TERMINATION**

The Company currently intends to continue this Plan indefinitely. However, since future conditions cannot be foreseen, the Company, through its Chief Executive Officer or Board of Directors, reserves the right to change or terminate this Plan at any time. A Participating Subsidiary may terminate its participation in TRIP at any time by action of its board of directors.

Even if TRIP is changed or terminated, no part of the trust fund may be used for any purpose other than the benefit of TRIP participants and their beneficiaries. If TRIP is terminated, you will be entitled to the full value of your account.

## **ERISA RIGHTS, CLAIMS AND APPEALS PROCEDURES, LIMITATIONS PERIOD AND VENUE FOR LAWSUITS**

Any claims for benefits must be filed in writing with the Board of Managers, who will make all determinations as to the rights of any person to benefits under the Plan. You will be provided with a written notice of any such determination. Benefit claim determinations are made in accordance with the Plan documents and Plan provisions are applied consistently with respect to similarly situated claimants. You may not file any claim in any court with respect to the Plan until you have exhausted the Plan's administrative review procedures.

### **Notice of Any Denial**

If your claim for a benefit is denied in whole or in part, you will receive a written explanation of the adverse benefit determination. You have a right to have the Board of Managers review and reconsider your claim.

You will receive the written explanation of the adverse benefit determination within 90 days, unless special circumstances require an extension of time for processing the claim. If an extension of time for processing is required, you will be provided with written notice of the extension before expiration of the 90-day period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render a decision. The extension will not exceed 90 days from the end of the initial period.

The notice of denial of your claim will include (i) the reason for the adverse determination and reference to Plan provisions on which the determination is based; (ii) a description of any additional material necessary to perfect the claim and an explanation of why such material or information is necessary; (iii) a statement that you are entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to your claim for benefits; and (iv) a description of the Plan's review procedures and the applicable time limits, including a statement of your right to bring a civil action following an adverse benefit determination on review.

### **Right To A Formal Review Of An Adverse Benefit Determination**

Within 60 days of your receipt of notice of any adverse benefit determination, you may request in writing a formal review of such determination by the Board of Managers.

You or your representative may submit written comments, documents, records, and any other information relating to your claim for benefits to the Board of Managers. The Board of Managers' review will take into account all comments, documents, records, and other information you submit relating to your claim for benefits, without regard to whether such information was submitted or considered in the initial benefit determination. The Board of Managers will render a decision within a reasonable period of time, but not later than 60 days after receipt of written request for review, unless the Board of Managers determines that special circumstances require an extension of time for processing the claim. If an extension of time for processing is required, you will be provided with written notice of the extension before the expiration of the initial 60 day period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Board of Managers expects to render a decision. The extension will not exceed 120 days from receipt of a request for review.

The Board of Managers will notify you of its benefit determination on review. In the case of an adverse benefit determination, the notice will include the specific reason or reasons for the adverse determination, reference to the specific Plan provisions on which the benefit determination is based, and a statement that you are entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to your claim for benefits. The notice will also include a statement that the Plan does not have any additional mandatory appeal procedures and that you have the right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act, as amended.

### **Statute of Limitations for Filing Claims**

Except for a claim for fiduciary breach brought under section 413 of ERISA, 29 U.S.C. §1113, a claimant must file in a court with jurisdiction over such claim or action no later than two years after the event that gave rise to the claim.

### **Venue for Class Action Lawsuit**

To the fullest extent permitted by law, any class action lawsuit relating to the Plan must be filed in (i) the jurisdiction in which the Plan is principally administered, which is currently the Commonwealth of Virginia; or (ii) the jurisdiction in which the largest number of putative class members resides (or if that jurisdiction cannot be determined, the jurisdiction in which the largest number of class members is reasonably believed to reside).

If any class action lawsuit is filed in a jurisdiction other than one of those described above or if any non-class action filed in such a jurisdiction is subsequently amended or altered to include class action allegations, then all parties to such action that are related to the Plan shall take all necessary steps to have the action removed to, transferred to, or re-filed in a jurisdiction as described above.

**Plan Sponsor**

Norfolk Southern Corporation  
Three Commercial Place  
Norfolk, VA 23510

**Plan Administrator**

Board of Managers  
Thoroughbred Retirement Investment Plan  
Norfolk Southern Corporation  
Three Commercial Place  
Norfolk, VA 23510

**Plan Trustee**

Vanguard Fiduciary Trust Company  
P. O. Box 1101  
Valley Forge, PA 19482-1101  
(Reference Plan Number 090086)

**Record Keeper**

The Vanguard Group  
P. O. Box 2900  
Valley Forge, PA 19482-2900  
800-523-1188  
(Reference Plan Number 090086)

**Plan Year**

The Plan's fiscal year begins on January 1 and ends on December 31.

**Agent For Service Of Legal Process**

Board of Managers  
Thoroughbred Retirement Investment Plan  
c/o John P. Rathbone, Chairman  
Three Commercial Place  
Norfolk, VA 23510

**Name of Plan**

Thoroughbred Retirement Investment Plan of Norfolk Southern Corporation and Participating  
Subsidiary Companies.

**Plan Number**

003

## **Type of Plan**

Defined contribution plan with a cash or deferred arrangement under section 401(k) of the Internal Revenue Code. A portion of the Plan is an employee stock ownership plan under the Internal Revenue Code and ERISA. The Plan is intended to constitute a plan described in section 404(c) of ERISA.

## **Employer Identification Number**

The Employer Identification Number for Norfolk Southern Corporation is 52-1188014.

## **Your Rights Under Law**

As a participant in TRIP, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

### *I. Receive Information About Your Plan and Benefits*

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the plan, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

Receive a summary of the plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

### *II. Prudent Actions by Plan Fiduciaries*

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plans. The people who operate your plans, called "fiduciaries", have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

### *III. Enforce Your Rights*

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive

the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

#### *IV. Assistance with Your Questions*

If you have any questions about your plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 866-444-EBSA (3272).