

NORFOLK SOUTHERN CONTRIBUTIONS 2009 ANNUAL REPORT

ENGINE  
OF THE  
FUTURE



## OUR MISSION

NORFOLK SOUTHERN FOUNDATION was established in 1984 to direct and implement most of Norfolk Southern Corporation's charitable giving programs. Through strategic investment in educational, cultural, environmental and economic development opportunities within the region served by Norfolk Southern, the Foundation seeks to raise the standards of such programming, thereby:

- Enhancing the quality of life for Norfolk Southern employees;
- Enhancing the "livability" of the communities it serves, and
- Promoting further business development within those communities.

The Foundation's intent is to help ensure that:

- Our region's youth are provided with first-class educational opportunities that make them productive and valued employees in the future.
- Our communities can offer their citizens access to cultural opportunities that make life more enjoyable.
- Our communities can provide residential and work environments that are safe, attractive and desirable.

As a major employer in both large and small communities throughout the eastern United States, Norfolk Southern takes seriously its role as a corporate citizen and its responsibility to commit resources, both human and financial, to the improvement of those communities for the benefit of our employees and our neighbors. This commitment is acknowledged in Norfolk Southern's Corporate Creed.

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## THE YEAR IN REVIEW

ALTHOUGH CASH CONTRIBUTIONS IN 2009 by the Norfolk Southern Foundation and Norfolk Southern Corporation exceeded those in the previous year, modest non-cash contributions compared to 2008 resulted in total contributions of approximately 23 percent of the previous year. In 2008, donation of the \$35.7 million conservation easement on 12,488 acres of land at Norfolk Southern's Brosnan Forest property in South Carolina increased that year's contributions total by an extraordinary amount. Cash and non-cash contributions for 2009 were \$9,996,776, compared with \$41,371,141 in 2008.

Cash contributions for grants, Matching Gifts and business-related programs totaled \$8,669,934 in 2009. This total includes Good Government Fund - related matching contributions of \$699,171 to designated charities.

The Foundation awarded a total of \$5,719,122 in cash grants, up 11.8 percent from the prior year, including 358 grants and 1,582 Matching Gifts. There were 60 more grants awarded in 2009 than in 2008. Matching Gifts were level with the previous year, and the average Matching Gift declined slightly, from \$988 in 2008 to \$929 in 2009.

The dollar value of Foundation requests for 2009 increased by nearly 68 percent from the previous year, from \$4.7 million in 2008 to \$7.9 million in 2009.

Since its establishment in 1983, Norfolk Southern Foundation has contributed nearly \$111 million to thousands of charitable organizations throughout Norfolk Southern's territory. In the last five years, it has provided more than \$25 million in contributions. Although its funding mission has changed over the years, Norfolk Southern Foundation has maintained its record of significant support in the areas of education, arts and cultural programming, and the United Way organizations in communities in which Norfolk Southern's employees live and work.

In addition to the Foundation, Norfolk Southern Corporation provides funding that includes corporate sponsorships and memberships; contributions to nonprofit organizations, such as volunteer fire departments, that do not hold 501(c)(3) charitable status; and non-cash gifts to eligible 501(c)(3) organizations. The latter may include donations of land, rolling stock, track and signal materials, and office furnishings. In 2009, Corporate contributions, including non-cash donations and Good Government Fund - related matching contributions, were \$4,277,654.

The table below compares the total charitable contributions by category as of December 31 for the last five years:

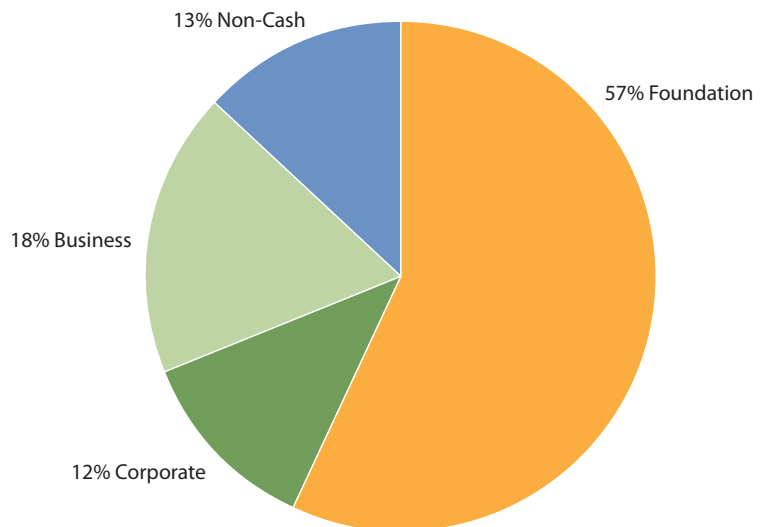
		2009	2008	2007	2006	2005
Foundation	\$	5,719,122	5,106,889	4,914,682	5,197,513	4,301,026
Business*	\$	1,750,141	1,545,396	1,895,794	1,716,808	1,373,260
Corporate**	\$	1,200,671	1,013,049	711,000	735,100	743,950
<b>Cash</b>	<b>\$</b>	<b>8,669,934</b>	<b>7,665,334</b>	<b>7,521,476</b>	<b>7,649,421</b>	<b>6,418,236</b>
<b>Non-cash</b>	<b>\$</b>	<b>1,326,842</b>	<b>36,605,807</b>	<b>6,341,767</b>	<b>182,685</b>	<b>248,085</b>
<b>Total</b>	<b>\$</b>	<b>9,996,776</b>	<b>44,271,141</b>	<b>13,863,243</b>	<b>7,832,106</b>	<b>6,666,321</b>

\*Business includes corporate memberships in organizations such as chambers of commerce.

\*\*Corporate includes Good Government Fund - related matching contributions, starting in 2008 (\$652,049); 2009 (\$699,171).

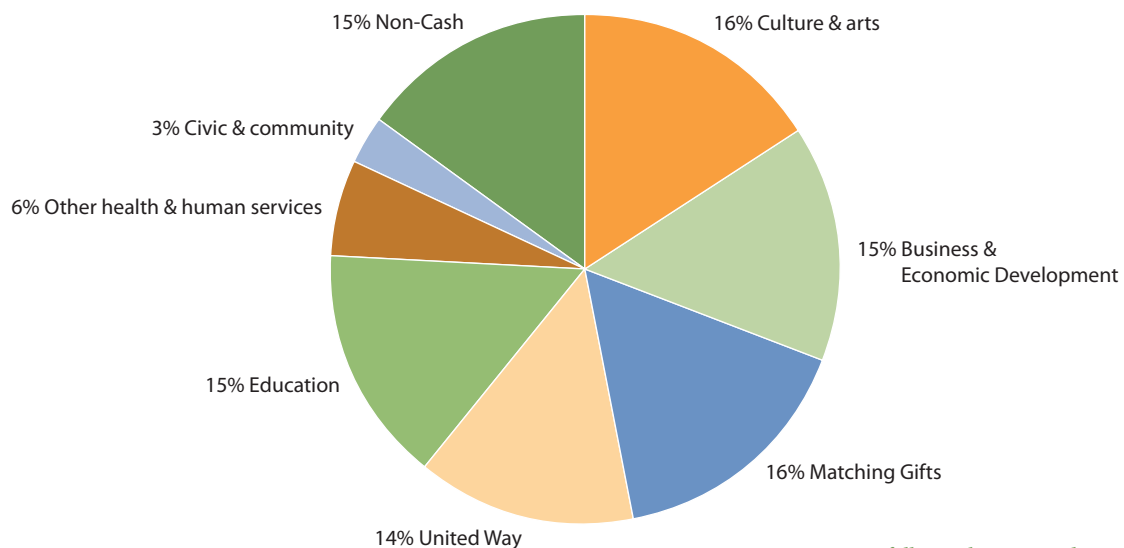
## CONTRIBUTIONS BY FUND

(INCLUDES GOOD GOVERNMENT FUND - RELATED MATCHING CONTRIBUTIONS)



## CONTRIBUTIONS BY CATEGORY

(EXCLUDES GOOD GOVERNMENT FUND - RELATED MATCHING CONTRIBUTIONS)



## FOUNDATION ASSETS

AS OF DECEMBER 31, 2009, the Foundation held the following assets:

<b>Cash (checking account)</b>	\$ 529,399.37
<b>Short-term investments</b>	
BBH Money Market Fund	\$ 2,639,874.33
<b>Total cash and short-term investments</b>	<b>\$ 3,169,273.70</b>
Norfolk Southern Stock	\$ 0
<b>Total securities</b>	<b>\$ 0</b>
<hr/>	
<b>Total</b>	<b>\$ 3,169,273.70</b>

IN 2009, NORFOLK SOUTHERN CORPORATION subsidiary Rail Investment Company donated to the Norfolk Southern Foundation 135,751 shares of Norfolk Southern stock (at average per-share prices of \$35.81, \$31.00, \$36.63, \$36.54, \$40.72, \$36.48, \$43.76, \$44.75, \$46.15, \$50.83, and \$52.50). The total value of these contributions was \$5,481,312. At the beginning of the year, the Foundation held 10,107 shares of Norfolk Southern common stock.

During the course of the year, the Foundation sold 136,145 shares of Norfolk Southern stock, at an average per-share price of \$46.05 (total proceeds \$6,269,608). The Foundation's sales of Norfolk Southern common stock were made during the Corporation's open window period in which executives are permitted to trade in Norfolk Southern stock and pursuant to trading plans intended to comply with the provisions of Rule 10b5-1 under the Securities Exchange Act.

The estimated market value of Foundation assets at April 30, 2010, was \$3,733,290.

## CONTRIBUTIONS BY CATEGORY (MAJOR GRANTS ARE ITEMIZED) BY NORFOLK SOUTHERN FOUNDATION AND NORFOLK SOUTHERN CORPORATION (EXCLUDING GOOD GOVERNMENT FUND - RELATED MATCHING CONTRIBUTIONS)

### COMMUNITY RELATIONS

<b>United Way</b>	
Hampton Roads	\$ 198,000
Roanoke	\$ 156,000
Atlanta	\$ 126,000
Other agencies	\$ 761,700
<b>Total United Way</b>	<b>\$ 1,241,700</b>
<b>Health and Human Services (excluding United Way)</b>	
Spina Bifida Foundation	\$ 100,000
American Red Cross	\$ 54,750
Children's Hospital of The King's Daughters	\$ 35,000
Hope House Foundation	\$ 34,000
ForKids	\$ 25,000
Four Seasons YMCA	\$ 25,000
Goodwill Industries of the Valley	\$ 25,000
Hands on Atlanta	\$ 25,000
<b>Total Health and Human Services (excluding United Way)</b>	<b>\$ 509,350</b>
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<b>Total Community Relations</b>	<b>\$ 1,751,050</b>

## EDUCATION (EXCLUDING ALL MATCHING GIFTS)

University of Southern Mississippi Foundation	\$	100,000
USC Educational Foundation	\$	100,000
Bluefield State R&D Corporation	\$	70,000
Hampton University	\$	55,000
Old Dominion University	\$	42,000
University of Illinois Foundation	\$	40,500
Norfolk State University Foundation	\$	35,000
Georgia Tech Foundation	\$	31,000
<b>Total Operating Grants</b>	<b>\$</b>	<b>828,000</b>
<b>Capital Grants &amp; Endowments</b>		
Emory & Henry College	\$	50,000
AREMA Educational Foundation	\$	10,000
<b>Total Capital Grants &amp; Endowments</b>	<b>\$</b>	<b>60,000</b>
<b>State &amp; National Fund Raising</b>		
Virginia Foundation for Independent Colleges	\$	50,000
Independent college funds	\$	26,800
<b>Total State &amp; National Fund Raising</b>	<b>\$</b>	<b>76,800</b>
<b>Scholarships &amp; Fellowships</b>		
National Merit Scholarship Corporation	\$	86,787
The Citadel Foundation	\$	50,000
ACCESS Scholarship Foundation	\$	50,000
<b>Total Scholarships &amp; Fellowships</b>	<b>\$</b>	<b>225,287</b>
<b>Other</b>		
Park Place School	\$	45,000
GSSM Foundation	\$	30,000
<b>Total Other</b>	<b>\$</b>	<b>119,500</b>
<b>Total Education</b>	<b>\$</b>	<b>1,309,587</b>

## CULTURE AND THE ARTS (EXCLUDING MATCHING GIFTS)

<b>Music</b>		
Virginia Symphony	\$	91,000
Virginia Opera	\$	66,000
Roanoke Symphony	\$	24,200
<b>Total Music</b>	<b>\$</b>	<b>197,700</b>
<b>Museums</b>		
Chrysler Museum of Art	\$	200,000
Taubman Art Museum	\$	82,000
Railroad Museum of Pennsylvania	\$	55,778
<b>Total Museums</b>	<b>\$</b>	<b>502,028</b>

<b>Public Radio &amp; TV</b>		
WHRO	\$	36,000
Blue Ridge Public TV	\$	6,450
<b>Total Public Radio &amp; TV</b>	<b>\$</b>	<b>42,450</b>
<b>Arts Funds or Councils</b>		
Business Consortium for Arts Support	\$	40,000
<b>Total Arts Funds or Councils</b>	<b>\$</b>	<b>53,000</b>
<b>Theatres</b>		
Virginia Stage Company	\$	60,500
Virginia Musical Theatre	\$	15,000
<b>Total Theatres</b>	<b>\$</b>	<b>76,000</b>
<b>Cultural Centers</b>		
Kennedy Center for the Performing Arts	\$	50,000
Western Virginia Foundation for the Arts & Sciences	\$	27,500
Woodruff Arts Center	\$	25,000
<b>Total Cultural Centers</b>	<b>\$</b>	<b>122,000</b>
<b>Other</b>		
Virginia Arts Festival	\$	125,500
Virginia Zoological Society	\$	50,000
Mill Mountain Zoo	\$	37,500
Colonial Williamsburg Foundation	\$	25,000
<b>Total Other</b>	<b>\$</b>	<b>497,250</b>
<b>Total Culture and the Arts</b>	<b>\$</b>	<b>1,490,428</b>

## **BUSINESS & ECONOMIC DEVELOPMENT**

American Coalition for Clean Coal Energy	\$	696,150
State Chambers of Commerce and other state-level business groups (various)	\$	121,795
Business Roundtable	\$	110,760
U.S. Chamber of Commerce	\$	110,000
National Association of Manufacturers	\$	53,909
<b>Total Business &amp; Economic Development</b>	<b>\$</b>	<b>1,335,800</b>

## **CIVIC & COMMUNITY**

Local police, fire and emergency services	\$	53,900
Community Foundation for Greater Atlanta	\$	50,000
Urban League of Hampton Roads	\$	17,000
<b>Total Civic &amp; Community</b>	<b>\$</b>	<b>259,170</b>

## ENVIRONMENTAL

Lowcountry Open Land Trust	\$	50,000
Nature Conservancy of Virginia	\$	50,000
Elizabeth River Project	\$	40,000
<b>Total Environmental</b>	<b>\$</b>	<b>228,000</b>

## OTHER

Virginia Center for Coal and Energy Research	\$	25,000
Operation Lifesaver	\$	25,000
Lead Virginia	\$	25,000
Catalyst	\$	10,000
<b>Total Other</b>	<b>\$</b>	<b>126,727</b>

## NON-CASH GIFTS

### Rolling Stock

Various freight cars to transportation museums and community organizations	\$	10,000
<b>Total Rolling Stock</b>	<b>\$</b>	<b>10,000</b>

### Real Property

4.78 acres of land to Georgia Ports Authority in Savannah, GA	\$	835,000
74.05 acres of land to Riverfront Development Corp. in Christiana Hundred, DE	\$	450,000
0.11 acres of land to Meadowview First, Inc., in Meadowview, VA	\$	4,600
<b>Total Real Property</b>	<b>\$</b>	<b>1,289,600</b>

### Miscellaneous

Bridge span tie deck to TTCl	\$	15,000
<b>Total Miscellaneous</b>	<b>\$</b>	<b>20,415</b>

### Donated Transportation

Wabash 6 parlor car to Monticello Railway Museum	\$	2,518
<b>Total Donated Transportation</b>	<b>\$</b>	<b>6,827</b>

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<b>Total Non-Cash Gifts</b>	<b>\$</b>	<b>1,326,842</b>
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## MATCHING GIFTS

IN 2009, NORFOLK SOUTHERN FOUNDATION MATCHED 1,582 gifts to 534 organizations.

A total of \$1,470,007 was paid under the program, down 6.1 percent over the previous year.

- Education \$ 863,558 (747 gifts matched to 301 institutions)
- Arts/Culture \$ 573,404 (777 gifts matched to 211 organizations)
- Environmental \$ 31,045 (58 gifts matched to 22 organizations)

The top 10 organizations receiving Matching Gifts were:

- Roanoke College \$ 82,198
- College of William and Mary \$ 75,743
- Chrysler Museum of Art \$ 71,173
- Virginia Tech Foundation \$ 69,153
- Virginia Symphony \$ 65,767
- Civil War Preservation Trust \$ 40,746
- University of Virginia \$ 37,500
- Historical Society of Western VA \$ 35,002
- University of Redlands \$ 31,000
- Virginia Arts Festival \$ 27,261

Organizations qualifying for Matching Gifts include certain educational institutions, arts/cultural organizations and environmental organizations that are located in the United States, are recognized as tax-exempt, non-profit organizations under Section 501(c)(3) of the Internal Revenue Code, and are independent of the donor.

## GOOD GOVERNMENT FUND - RELATED MATCHING CONTRIBUTIONS

Starting with 2008, contributions totals include matching contributions provided to charitable organizations as part of Norfolk Southern Corporation's Good Government Fund's matching contributions program. Under this program, employees who contribute to the Good Government Fund are eligible to designate any 501(c)(3) charitable organization as the recipient of an equivalent contribution from the Corporation. In 2009, Norfolk Southern contributed \$699,171 through this program, up 7.2 percent over the previous year.

## LOCAL DISCRETION GRANT PROGRAM

THE LOCAL DISCRETION GRAN PROGRAM sponsored by the corporation allows operating division to recommend contributions, and allows local NS facilities to demonstrate good corporate citizenship. Each division may make recommendations for up to \$12,000 of contributions annually.

A total of \$128,000 was paid out under the program in 2009; this was 39.7 percent higher than in 2008. Nine of the 12 divisions recommend \$12,000 each of contributions, which the Foundation accepted and paid. Community volunteer fire departments, rescue squads, and police departments received \$53,900; arts, cultural, and historic organizations received \$16,000; and civic and community relations organizations received \$53,600.

## DIVERSITY

THE FOUNDATION TRACKS GRANTS made to organizations that support Norfolk Southern Corporation's mission to enhance diversity in the workplace. For 2009, a total of \$393,450 in grants was awarded to organizations that support higher education for minorities and women, more productive community relations, and services to underserved populations in Norfolk Southern's operating territory. This was a 7.7 percent increase over the previous year.

A total of \$168,500 in grants was paid to colleges, universities, and scholarship organizations to help women and minorities obtain college educations. Among the recipients were ACCESS Scholarship Foundation, Norfolk State University, Clark Atlanta University, North Carolina A&T State University, Hampton University, the Society of Women Engineers, and the National Society of Black Engineers. The Colonial Williamsburg Foundation received \$25,000 as part of a multi-year pledge in support of African-American history programming.

Norfolk Southern Foundation contributed \$10,000 under a 5-year \$50,000 pledge to the National Center for Civil & Human Rights for the acquisition of Dr. Martin Luther King's personal papers. Catalyst, which addresses women's workplace issues, received \$10,000.

## CONTRIBUTIONS BY MAJOR GEOGRAPHIC LOCATION

(EXCLUDING MATCHING GIFTS AND GOOD GOVERNMENT FUND - RELATED MATCHING CONTRIBUTIONS)

A BREAKDOWN BY CATEGORY of 2009 contributions follows:

### Hampton Roads (\$1,550,880)

United Way	13 %
Other health/human services	11 %
Culture/arts	51 %
Education	15 %
Civic & community	7 %
Environment	3 %

### Roanoke (\$478,837)

United Way	33 %
Other health/human services	11 %
Culture/arts	51 %
Education	1 %
Civic & community	4 %
Environment	0 %

### Atlanta (\$402,290)

United Way	31 %
Other health/human services	10 %
Culture/arts	8 %
Education	13 %
Civic & community	38 %
Environment	0 %

## LONG-TERM PLEDGES

IN 2009, PAYMENTS WERE COMPLETED by the Norfolk Southern Foundation [and Norfolk Southern Corporation] on 13 long-term pledges, and 18 new long-term pledges were authorized. New pledges included: \$25,000 over five years to Boys & Girls Club of Southeastern Georgia (capital project); \$60,000 over three years to Chesapeake Bay Foundation (education/outreach); \$75,000 over three years to Children's Hospital of the King's Daughters (Child Abuse Pediatrics Fellowship program); \$500,000 over five years to Chrysler Museum of Art (Directors' Charitable Award Program); \$50,000 over two years to Colonial Williamsburg Foundation (African-American History Interpretation program); \$100,000 over two years to Community Foundation for Greater Atlanta/APAL (capital project); \$100,000 over five years to Georgia Chamber of Commerce (Georgia Initiative); \$25,000 over four years to Georgia Research Alliance (scientific research incubator); \$50,000 over two years to Hampton Roads Community Foundation (Art of Glass exhibition); \$100,000 over three years to Hope House Foundation (capital project); \$100,000 over two years for Kennedy Center for the Performing Arts; \$100,000 over four years for Kennesaw Museum Foundation (capital project); \$50,000 over two years to Norfolk Botanical Garden Society (capital project); \$30,000 over three years to Operation Our Town (Altoona neighborhood blight reduction); \$100,000 over two years to Penn State Altoona (develop Railway Engineering Technology degree program); \$50,000 over five years to University of Virginia Fund (SW Virginia Clean Energy R&D Initiative); \$30,000 over two years to Virginia Living Museum (debt reduction/operating support); and \$50,000 over five years to YMCA of South Hampton Roads (capital project).

Type*	Organization	Annual Payment	Years Remaining
F	Altoona Area Public Library	\$ 25,000	0
B	Altoona Blair County Development Corporation	\$ 12,500	0
F	AREMA Educational Foundation	\$ 10,000	0
F	The Citadel Foundation	\$ 50,000	0
F	Emory & Henry College	\$ 50,000	0
C	Lowcountry Open Land Trust	\$ 50,000	0
F	Mill Mountain Zoo	\$ 37,500	0
F	The Nature Conservancy of Virginia	\$ 50,000	0
F	Taubman Museum of Art	\$ 60,000	0
F	University of Southern Mississippi	\$ 100,000	0
F	Virginia Aquarium	\$ 25,000	0
F	Virginia College Fund	\$ 5,000	0
F	Virginia Symphony	\$ 25,000	0
C	Clemson University Foundation	\$ 23,000	1
F	Colonial Williamsburg Foundation	\$ 25,000	1
F	The Community Foundation for Greater Atlanta	\$ 50,000	1
B	Franklin County Area Development Corp.	\$ 500	1
C	GSSM Foundation	\$ 30,000	1
F	Hampton Roads Community Foundation	\$ 25,000	1
C	Kennedy Center for the Performing Arts	\$ 50,000	1
C	MUSC Foundation	\$ 23,000	1

F	Norfolk Botanical Garden Society	\$	25,000	1
C	Pendleton Place Children's Shelter	\$	4,000	1
F	Penn State Altoona	\$	50,000	1
F	Southern WV Community & Technical College	\$	5,000	1
F	University of Missouri/Barriger Library	\$	5,000	1
C	University of South Carolina Educational Fdn.	\$	20,000	1
F	Virginia Living Museum	\$	15,000	1
F	Chesapeake Bay Foundation	\$	20,000	2
F	Children's Hospital of the King's Daughters	\$	25,000	2
F	Hope House Foundation	\$	33,000	2
F	National Center for Civil & Human Rights (formerly ATCLF Collections/Community Foundation of Atlanta)	\$	10,000	2
B	Hampton Roads Economic Development Alliance	\$	30,000	2
F	Mariners' Museum of Newport News	\$	10,000	2
F	Norfolk State University	\$	25,000	2
F	Operation Our Town	\$	10,000	2
B	Roanoke Regional Partnership (formerly Roanoke Valley Economic Development Partnership)	\$	5,000	2
B	Virginia's Gateway Region Economic Development Organization	\$	10,000	2
F	Virginia Zoological Society	\$	50,000	2
F	The BeltLine Partnership	\$	20,000	3
F	Chrysler Museum of Art	\$	95,000	3
C	Furman University	\$	10,000	3
F	Georgia Research Alliance	\$	6,250	3
F	Hampton Arts Foundation	\$	5,000	3
F	Kennesaw Museum Foundation	\$	25,000	3
B	Metro Atlanta Chamber of Commerce	\$	10,000	3
F	Old Dominion University	\$	30,000	3
C	Presbyterian College	\$	10,000	3
F	Sandler Performing Arts Foundation	\$	10,000	3
C	Spina Bifida Foundation	\$	100,000	3
F	STARBASE Victory Foundation	\$	5,000	3
C	USC Educational Foundation	\$	80,000	3
F	Virginia Arts Festival	\$	50,000	3
F	Volunteer Hampton Roads	\$	5,000	3
F	Boys & Girls Club of Southeastern Georgia	\$	5,000	4
C	Chrysler Museum of Art (separate from other grant to Chrysler)	\$	100,000	4
B	City of Charleston, SC	\$	50,000	4
B	Georgia Chamber of Commerce	\$	20,000	4
F	University of Virginia Fund	\$	10,000	4
F	YMCA of South Hampton Roads	\$	10,000	4

\* F – Foundation, B – Business, C – Corporate

## 2010 FUNDING STATUS

FOR THE 2010 FUNDING YEAR, THE FOUNDATION received 179 proposal requests, seeking approximately \$5.2 million by the September 30, 2009, deadline.

Of these requests, 10 “core” organizations in Norfolk, Roanoke and Atlanta were funded and 36 organizations, including 17 first-time recipients, received pledges for discretionary funding in 2010. In addition, \$312,000 was set aside for grants to colleges and universities.

For 2010, the Trustees authorized a budget of \$6.0 million, flat with the 2009 authorization. Erring on the conservative side, the Foundation anticipates funding closer to \$5.7 million for the year.

Through April 30, 2010, the Foundation awarded a total of \$1,939,780 in grants and Matching Gifts. Norfolk Southern Corporation made business payments of \$780,664 and Corporate payments of \$3,000. The estimated market value of Foundation assets at April 30, 2010, was \$3,733,290.10.

## OUR VISION

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Be the safest, most customer-focused, and successful transportation company in the world



Norfolk Southern Foundation  
P.O. Box 3040  
Norfolk, VA 23514-3040  
[www.nscorp.com](http://www.nscorp.com)