



Baird 2010 Industrial Conference

November 9, 2010

James A. Squires
Executive Vice President Finance and CFO
Norfolk Southern Corporation



Agenda

- ❑ **Recent Financial Results**
- ❑ **Current Business Environment**
- ❑ **Corridor Strategy Update**
- ❑ **Shareholder Returns**

Nine-Month Financial Highlights

2010 vs. 2009

Favorable
% Chg.

Income From Railway Operations	\$2,034 Mill.	44%
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Net Income	\$1,094 Mill.	50%
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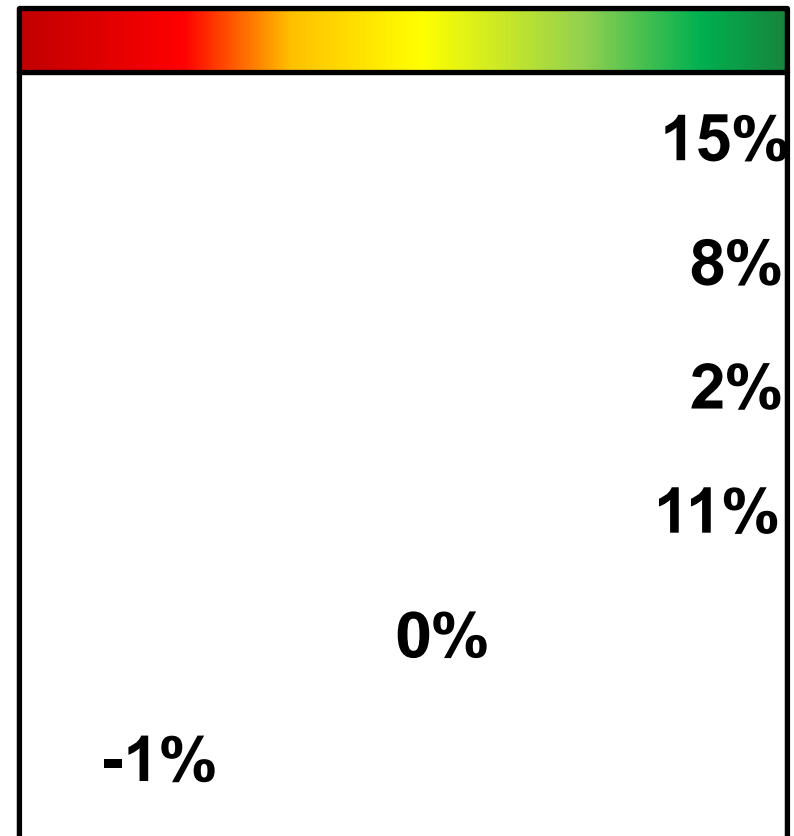
Diluted Earnings Per Share	\$2.91	50%
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Operating Ratio	71.4%	6%
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Productivity Scorecard

Third Quarter 2010 vs. 3Q 2009

- Carload Volume
- Crew Starts
- Total Employment
- GTMs per Employee
- GTMs per Gallon
- GTMs per Train Hour



Railway Volume

January-September 2010 vs. 2009

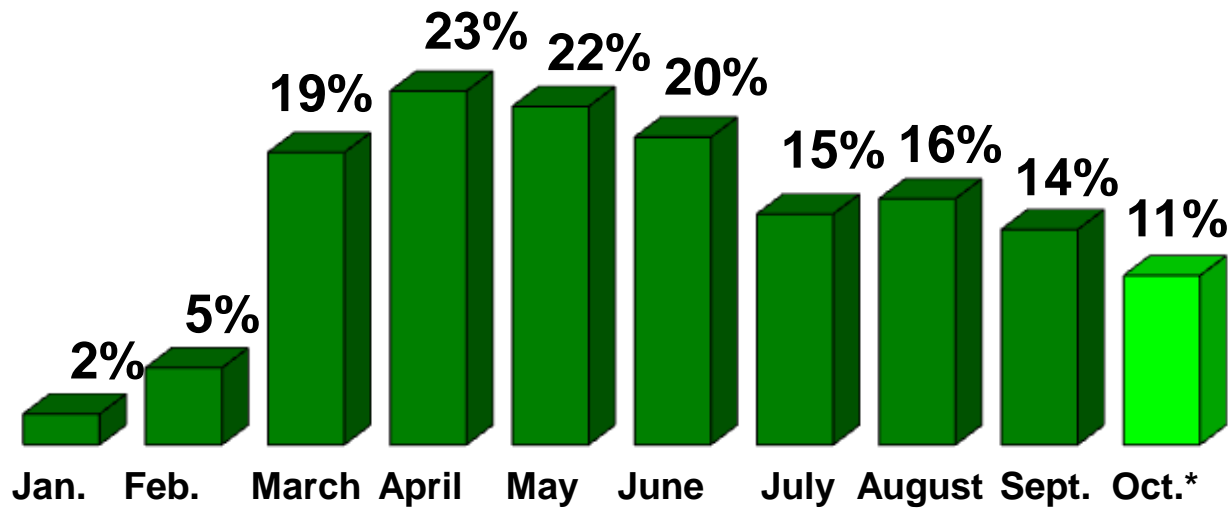
	Year-to-Date	vs.	2009
	Units	Abs.	% Chg.
Agriculture	465,708	58,711	14%
MetCon	481,091	103,528	27%
Chemicals	309,484	52,795	21%
Paper	248,561	20,659	9%
Automotive	216,932	19,651	10%
Merchandise	1,721,776	255,344	17%
Intermodal	2,172,134	312,429	17%
Coal	1,161,438	97,451	9%
Total	5,055,348	665,224	15%

❑ Improving economy & comparisons to weak 2009

❑ Strong project growth

❑ Metals/Construction, Paper, Chemicals & Intermodal produce 52-week high loadings

2010 Year-Over-Year Volumes



* Source: Association of American Railroads

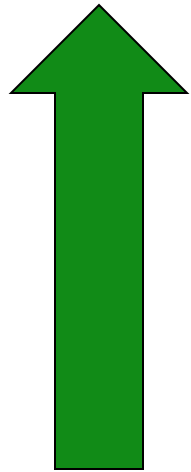
Railway Volume

Fourth Quarter through Week 43 2010 vs. 2009

	4QTD 2010	vs. 2009	
	Units	Abs.	% Chg.
Agriculture	52,162	5,196	11%
Chemicals	31,185	4,097	15%
MetCon	49,313	6,913	16%
Paper	24,066	(390)	(2%)
Automotive	26,013	(2,424)	(9%)
Merchandise	182,739	13,392	8%
Intermodal	239,983	27,023	13%
Coal	128,186	11,954	10%
Total	550,908	52,369	11%

Source: AAR carloadings, which are reported weekly and may not equal NS' reported volumes.

Outlook – Business Portfolio



Chemicals

- Manufacturing recovery & project growth

Agriculture

- Build out of ethanol network and export grain growth

Domestic Intermodal

- Truckload conversions

International Intermodal & Export Coal

- Improving imports/exports

Domestic Met Coal & Steel

- Recovery in global steel production

Utility Coal

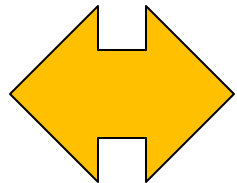
- Falling stockpiles and increased electricity generation

Automotive

- New business, improved auto production and sales

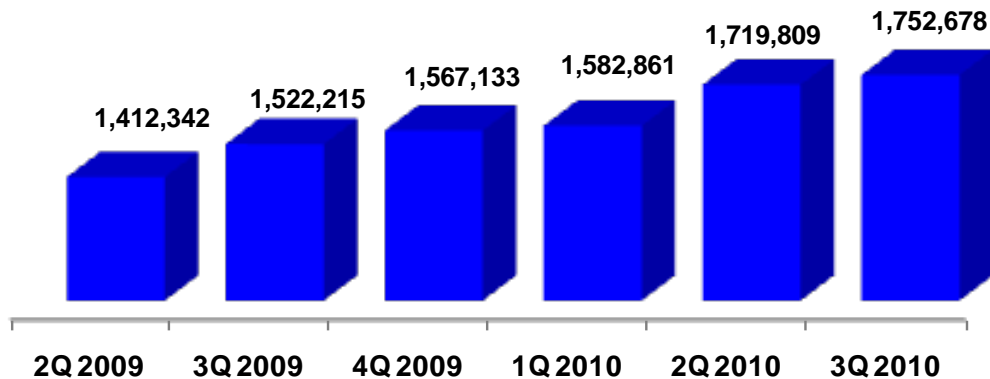
Forest Products

- Uncertainty in housing, but improving paper markets



Outlook Summary

2Q 2009 – 3Q 2010 Units



- Continued growth in core markets
- Strong project growth and new business
- Continued revenue per unit improvement

Franchise Strengths

- **Safety Performance**
- **Service Consistency and Reliability**
- **Operating Efficiency**
- **Innovative Technology**
- **Corridor Strategy**
- **Cash Flow**

Franchise Strengths

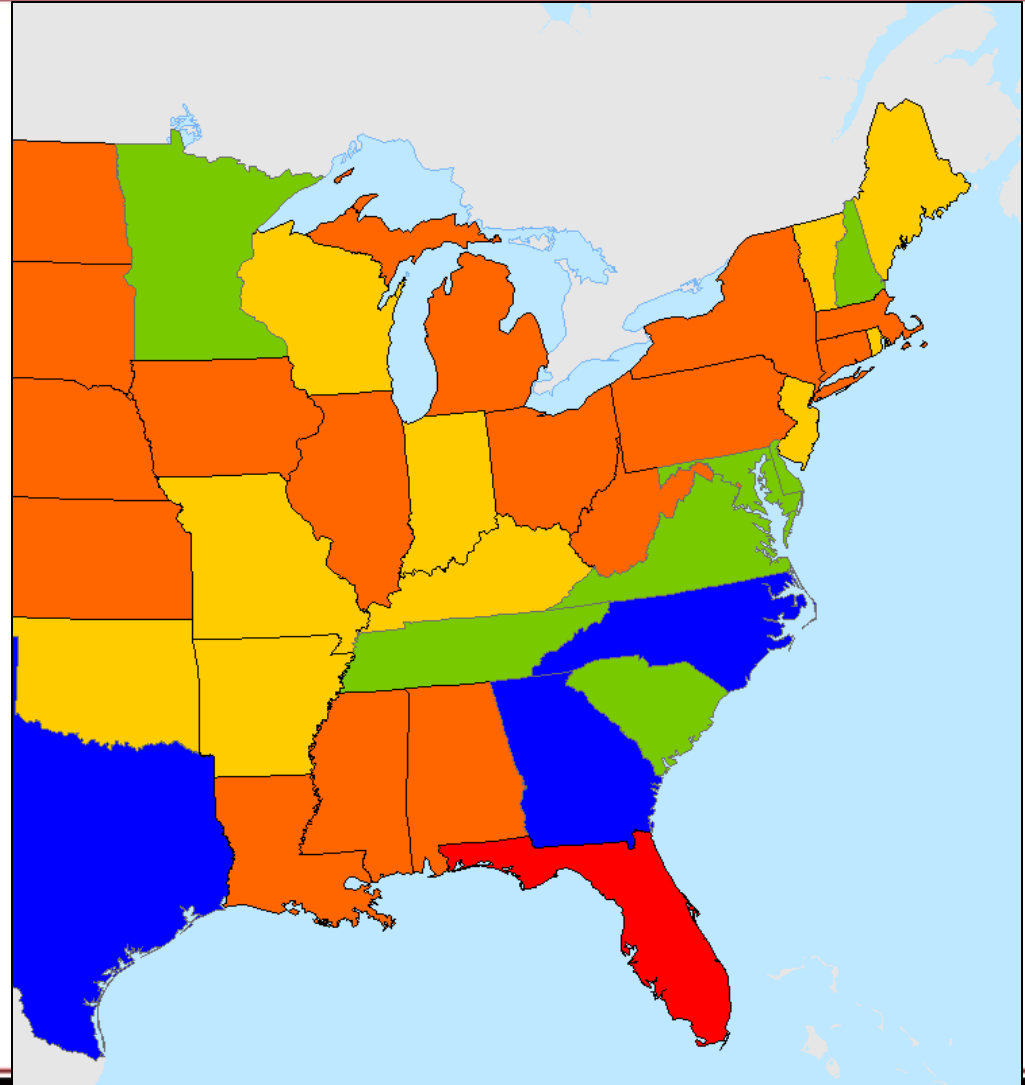
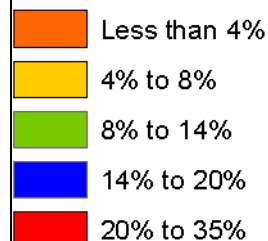
- **Corridor Strategy**
- Cash Flow

U.S. Demographics

Within our service territory:

- ❑ 74% of the 2009 US population
- ❑ Over half of the states with high projected population growth
- ❑ One study suggests that at least 30 million truck shipments over 550 miles touch our service territory

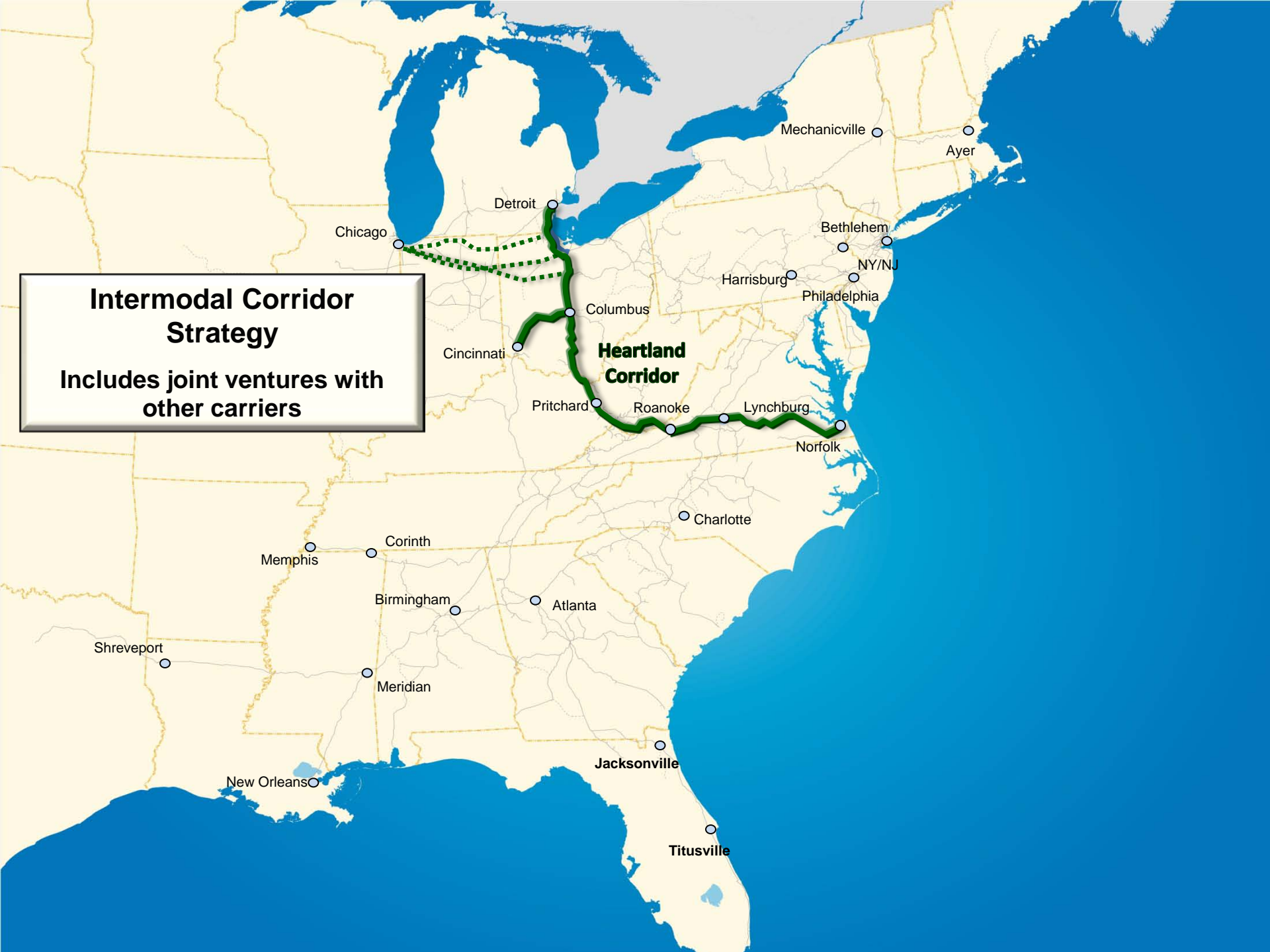
State Pop. Growth 2008-2020



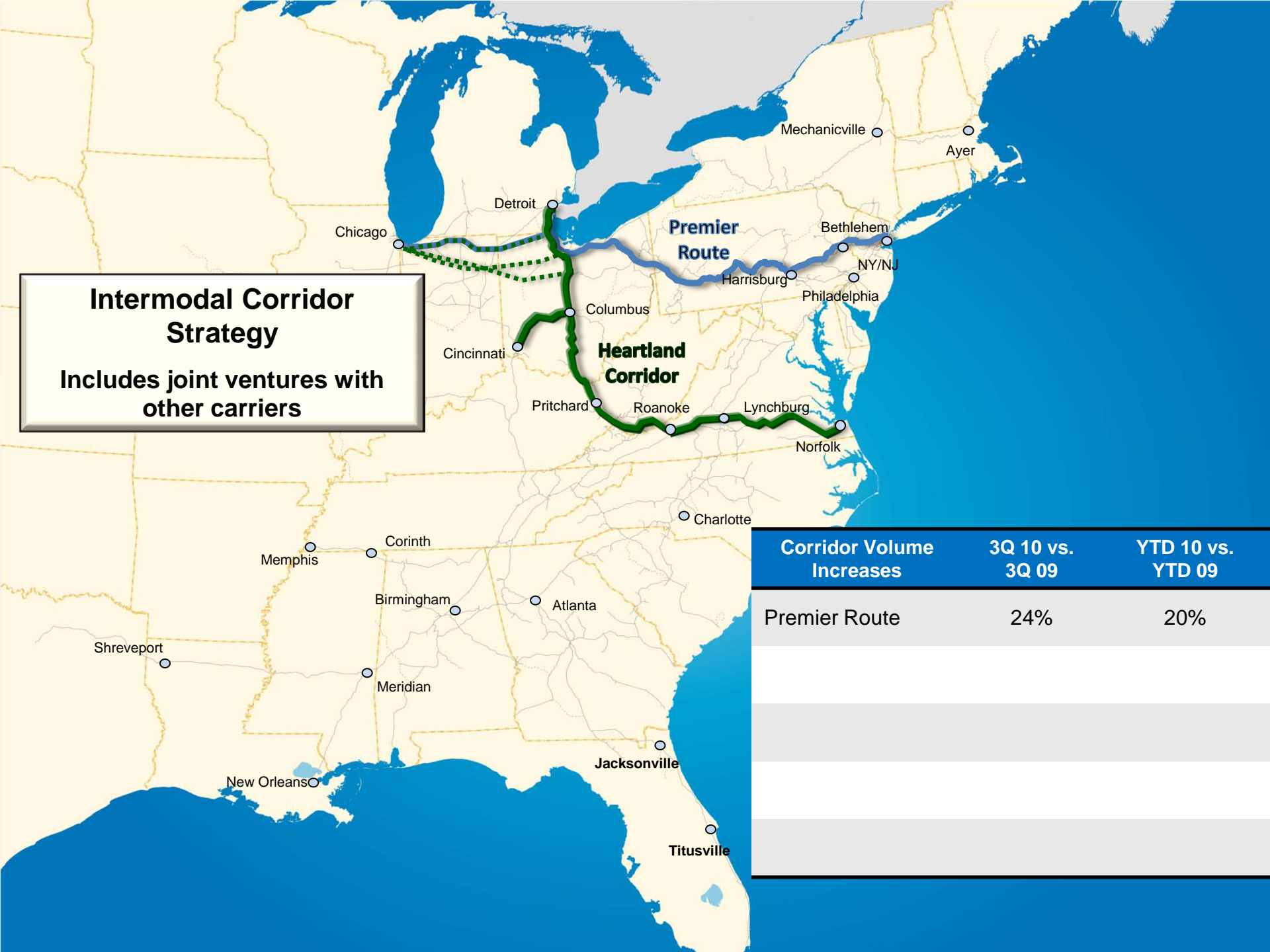


Intermodal Corridor Strategy
Includes joint ventures with other carriers

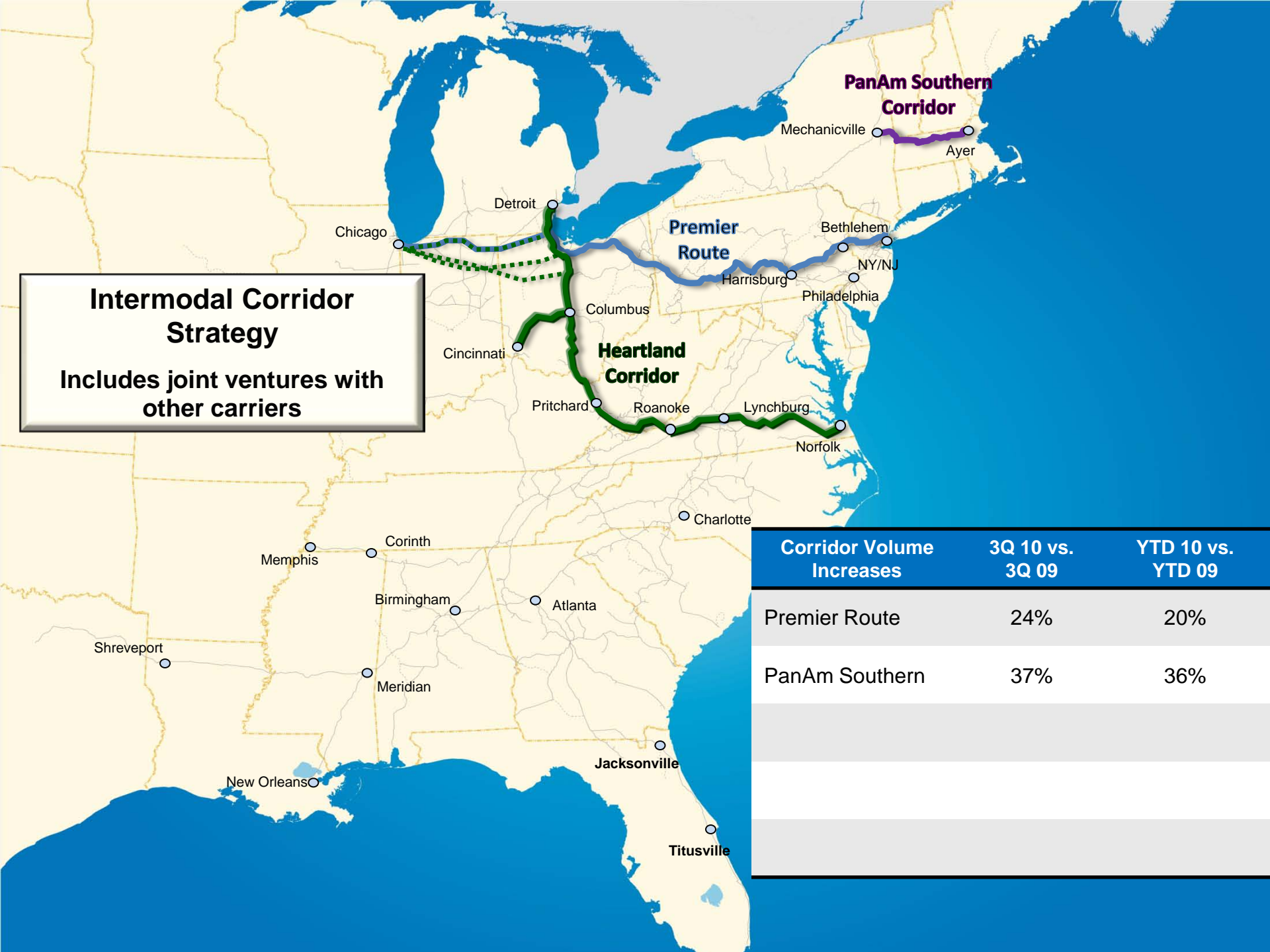
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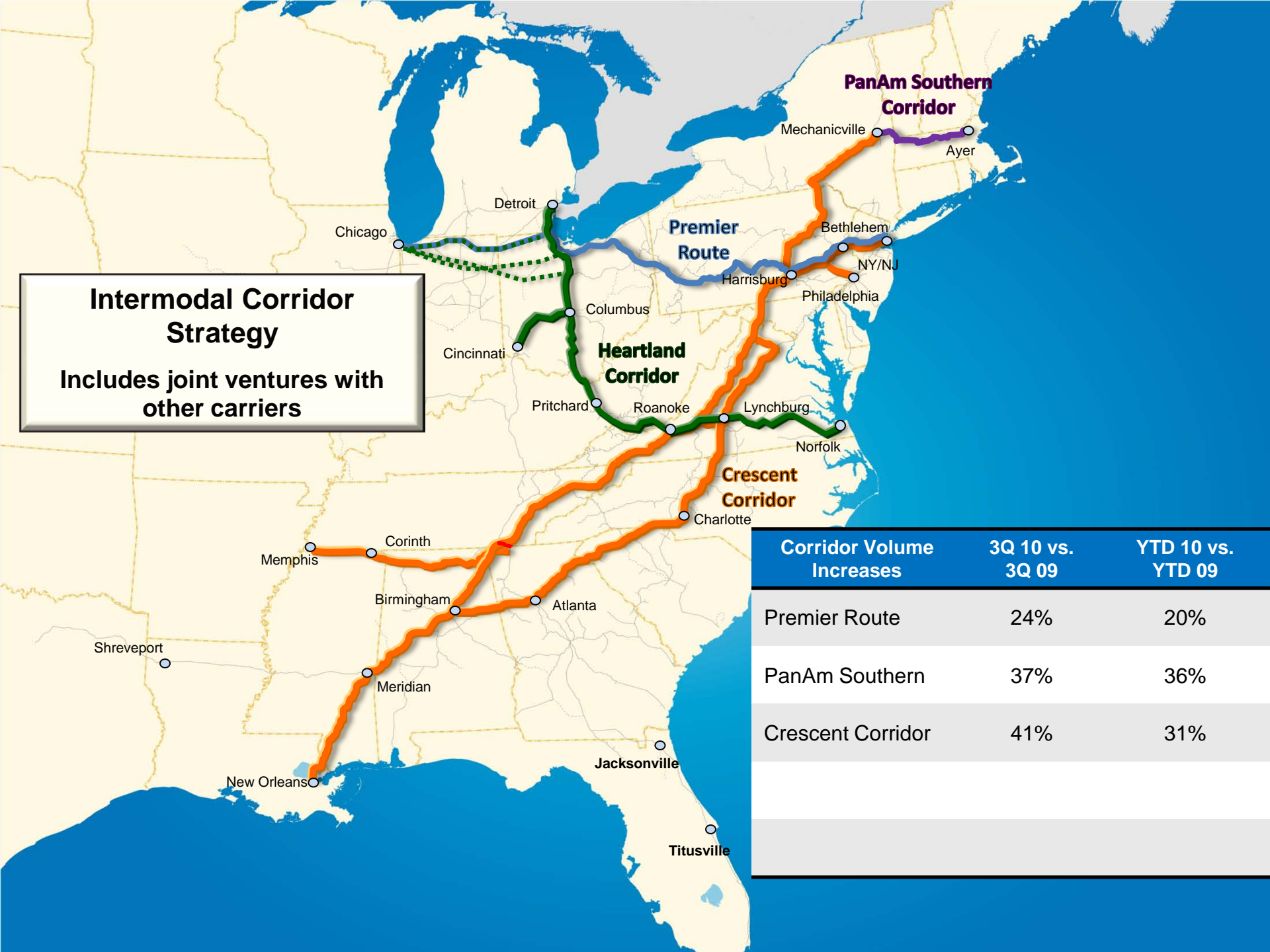
Corridor Volume Increases	3Q 10 vs. 3Q 09	YTD 10 vs. YTD 09
Premier Route	24%	20%



Intermodal Corridor Strategy
Includes joint ventures with other carriers

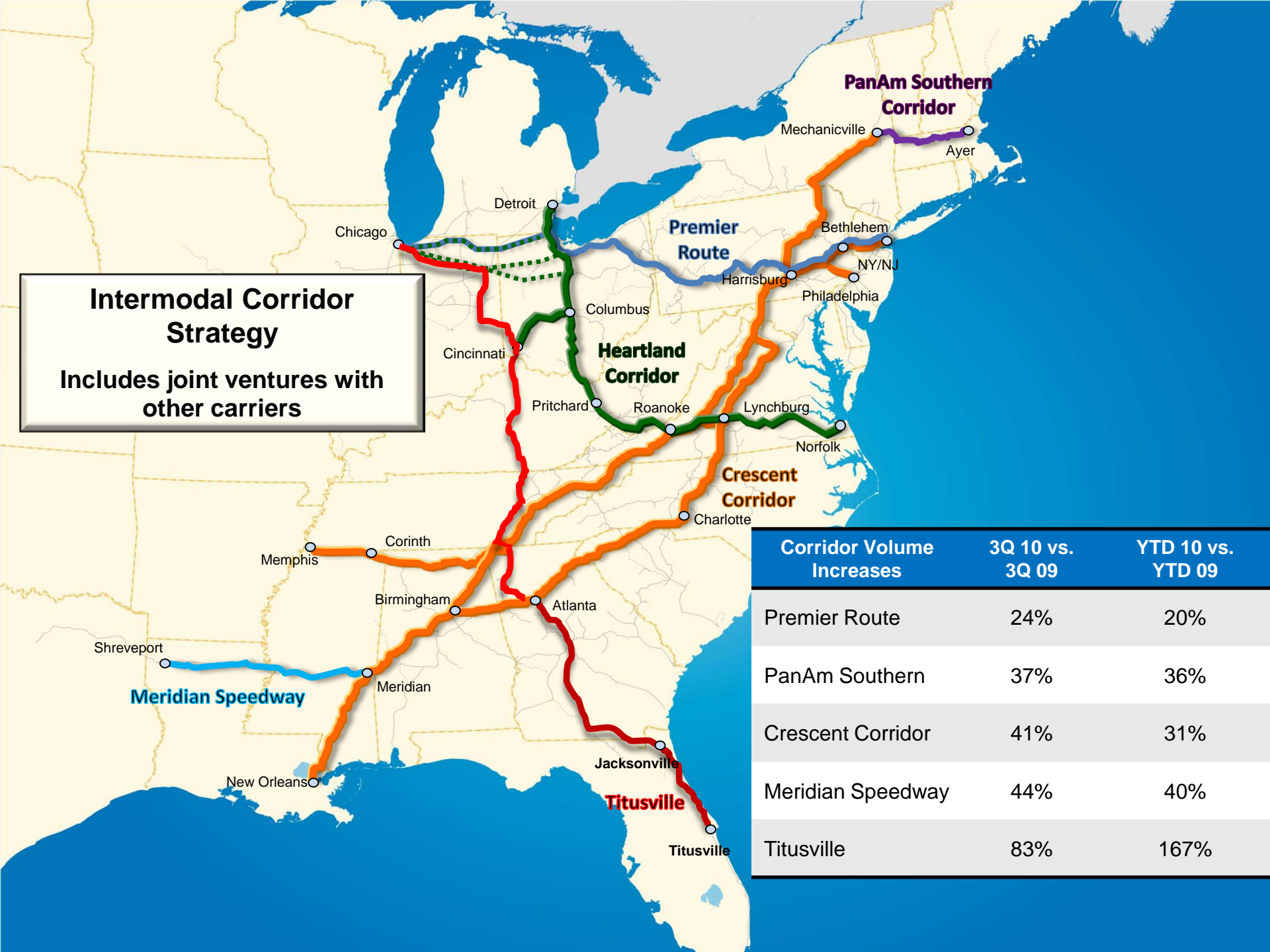
Corridor Volume Increases	3Q 10 vs. 3Q 09	YTD 10 vs. YTD 09
Premier Route	24%	20%
PanAm Southern	37%	36%

Intermodal Corridor Strategy
Includes joint ventures with other carriers



Corridor	Volume Increases	3Q 10 vs. 3Q 09	YTD 10 vs. YTD 09
Premier Route		24%	20%
PanAm Southern		37%	36%
Crescent Corridor		41%	31%

Intermodal Corridor Strategy
Includes joint ventures with other carriers



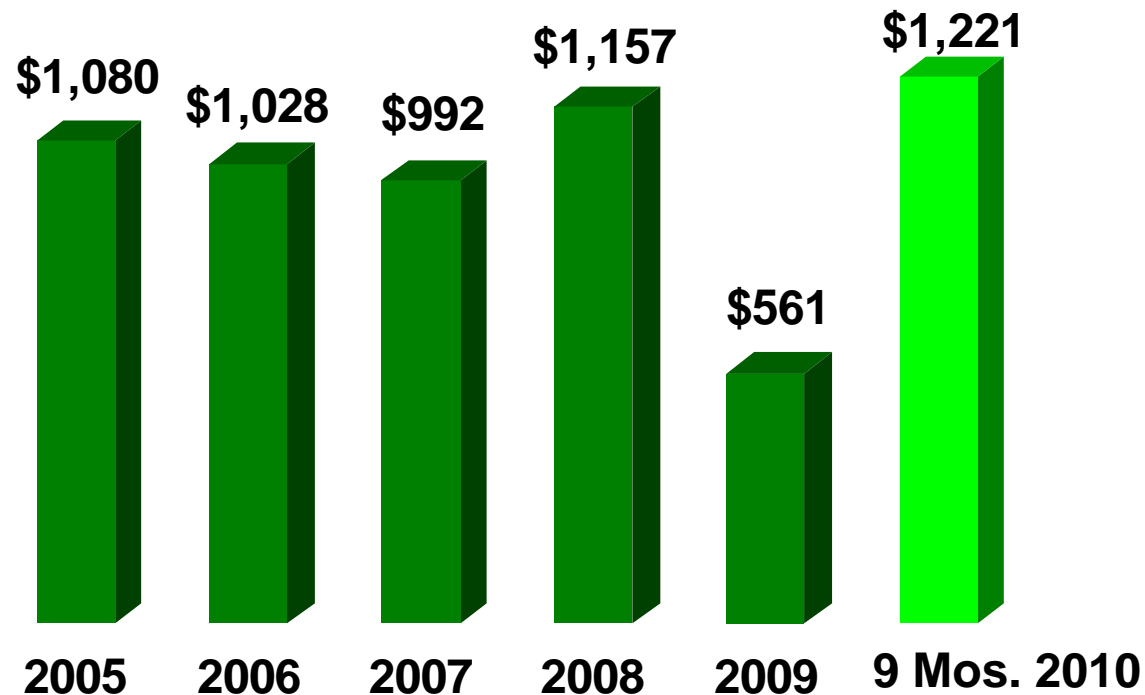
Corridor	Volume Increases	3Q 10 vs. 3Q 09	YTD 10 vs. YTD 09
Premier Route		24%	20%
PanAm Southern		37%	36%
Crescent Corridor		41%	31%
Meridian Speedway		44%	40%
Titusville		83%	167%

Franchise Strengths

- Corridor Strategy
- **Cash Flow**

Free Cash Flow Generation*

(\$ Millions)

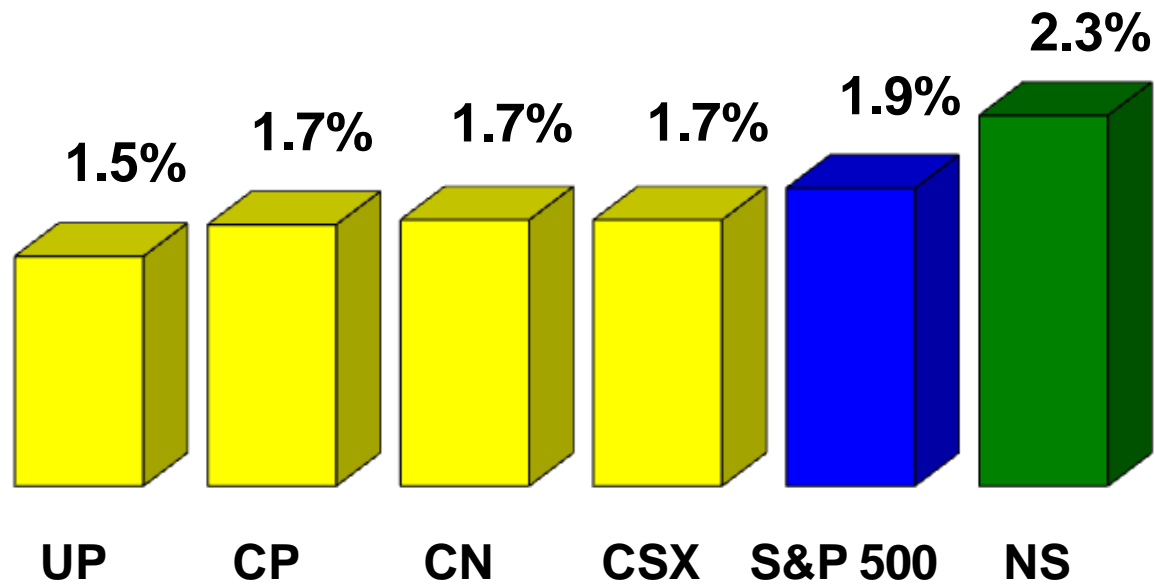


* Free Cash Flow as used here is defined as cash provided by operating activities minus property additions. Please see reconciliation to GAAP posted on our web site.

Annual Dividend Per Share



Dividend Yields*



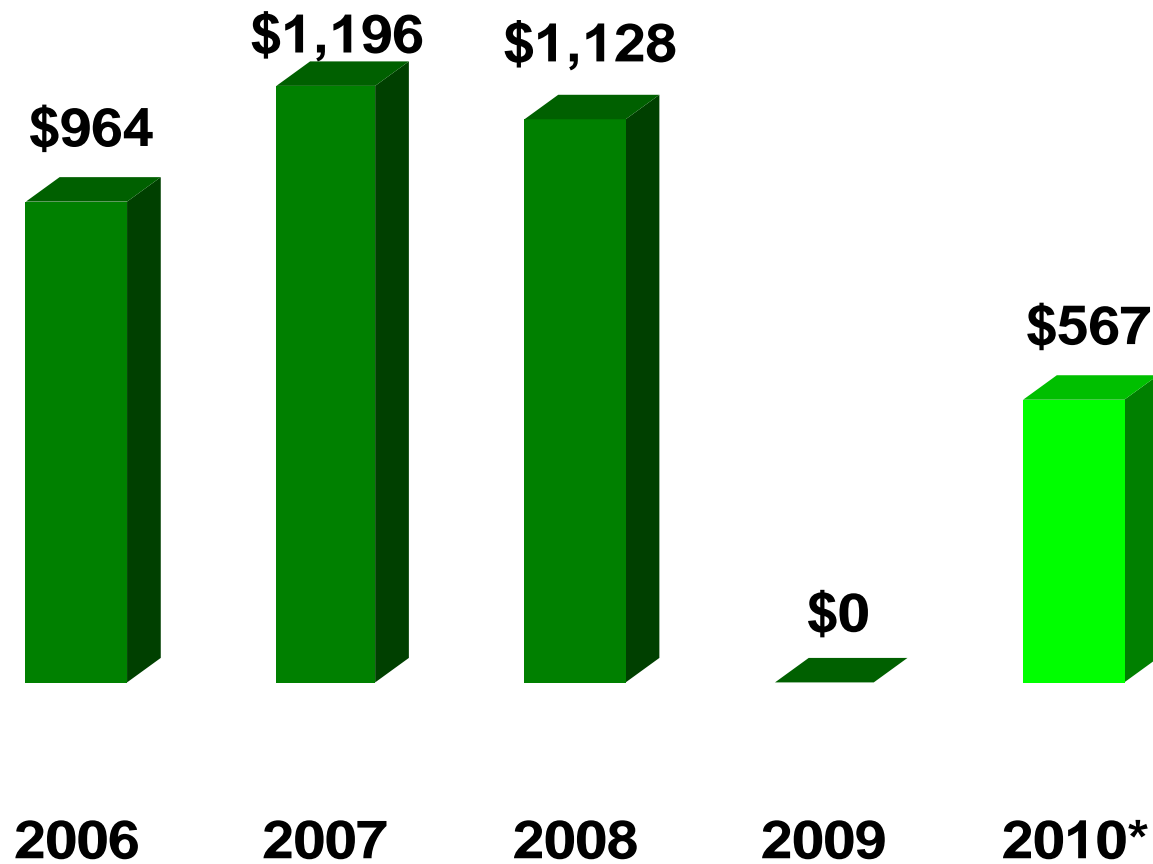
* Source: Thomson Reuters as of Nov. 5, 2010

Share Repurchase Program

- **Program increased in July 2010**
- **Authorization to repurchase an additional 50 million shares through 2014**
- **Timing and volume of repurchases based on cash flow and management's assessment of market conditions**

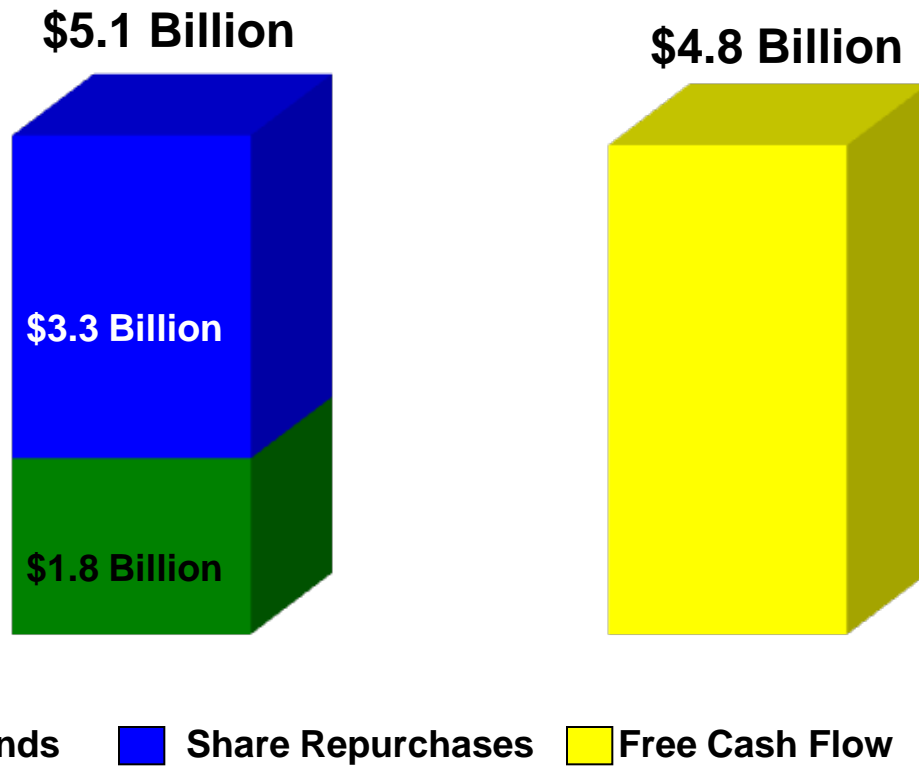
Share Repurchases*

(\$ Millions)



* As of Nov. 5, 2010

Total Shareholder Distributions Relative to Free Cash Flow* 2005-2009

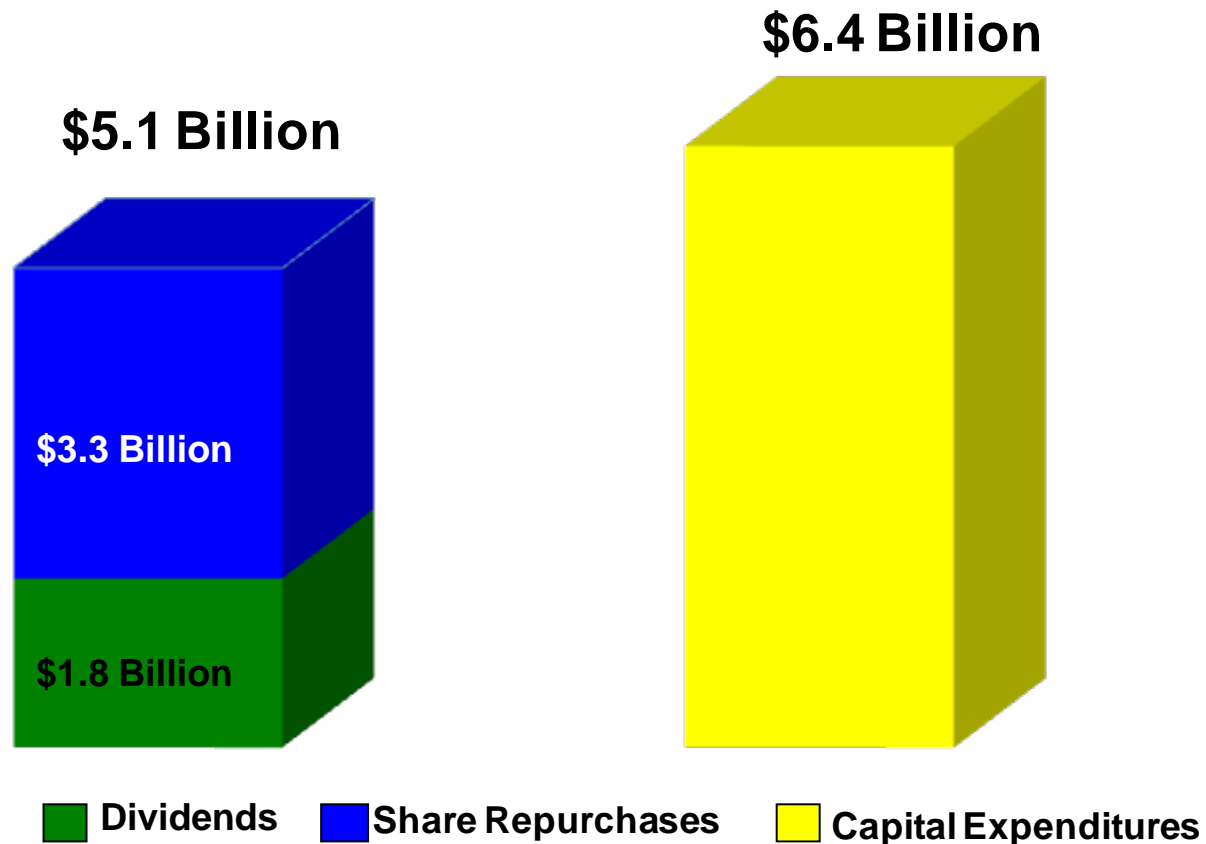


•All of NS' Free Cash Flow Returned to Shareholders

*Please see reconciliation to GAAP posted on our website

Balanced Cash Flow Utilization*

2005-2009

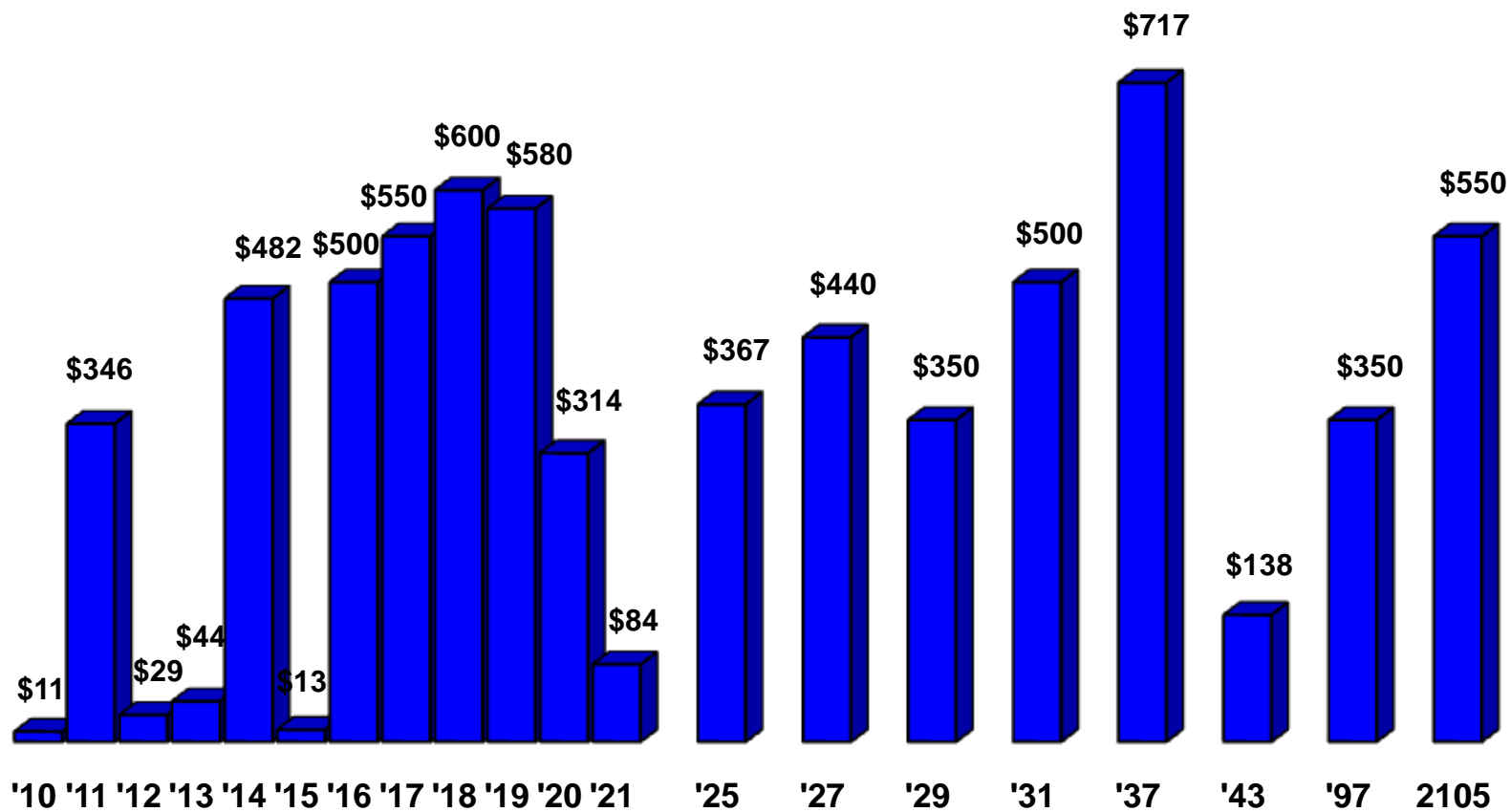


*Please see reconciliation to GAAP posted on our website

Debt Maturities

June 30, 2010

(\$ millions)



One line, infinite possibilities



For something that weighs almost 400,000 pounds, it has an amazingly small footprint.

At Norfolk Southern, our commitment to more efficient locomotives and rail infrastructure improvement projects is helping alleviate highway congestion and reduce fuel consumption and emissions. For example, the Crescent Corridor program of projects will remove 1,875,000 tons of carbon emissions per year. To learn more about our ongoing sustainability efforts, visit www.nscorp.com/footprints.