NORFOLK SOUTHERN CORP
Form DEF 14A
March 21, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. __)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Norfolk Southern Corporation

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Title of each class of securities to which transaction applies:

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¨ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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(4) Date Filed:

Notice and Proxy Statement

Annual Meeting of Stockholders

NORFOLK SOUTHERN CORPORATION

Three Commercial Place, Norfolk, Virginia 23510

Notice of Annual Meeting

of Stockholders to be Held

on Thursday, May 10, 2012

We will hold our Annual Meeting of Stockholders at the Conference Center, Williamsburg Lodge, South England Street, Williamsburg, Virginia, on Thursday, May 10, 2012, at 10:00 A.M., Eastern Daylight Time, for the following purposes:

1. Election of ten directors for one year terms ending in 2013.

2. Ratification of the appointment of KPMG LLP, independent registered public accounting firm, as our independent auditors for 2012.

3. Approval, by non-binding vote, of executive compensation.

4. Transaction of such other business as properly may come before the meeting.

Only stockholders of record as of the close of business on March 2, 2012 will be entitled to notice of and to vote at the meeting.

By order of the Board of Directors,
HOWARD D. McFADDEN
Corporate Secretary

Dated: March 21, 2012

If you do not expect to attend the meeting, we urge you to provide your proxy by marking, dating and signing the enclosed proxy card and returning it in the accompanying envelope, or by submitting your proxy over the telephone or the Internet as more particularly described on the enclosed proxy card. You may revoke your proxy at any time before your shares are voted by following the procedures described in the accompanying proxy statement.

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Norfolk Southern Corporation

Three Commercial Place

Norfolk, Virginia 23510

March 21, 2012

PROXY STATEMENT

This proxy statement and the accompanying proxy card relate to the Board of Directors solicitation of your proxy for use at our Annual Meeting of Stockholders to be held on May 10, 2012. We began mailing to you and other stockholders this proxy statement and the accompanying proxy card on approximately March 21, 2012, in order to furnish information relating to the business to be transacted at the 2012 Annual Meeting. We also included a copy of our 2011 Annual Report and its Form 10-K (referred to together herein as the annual report) in the mailing for informational purposes; the annual report is not a part of the proxy solicitation materials.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 10, 2012

Pursuant to rules promulgated by the Securities and Exchange Commission (SEC), we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. **In accordance with SEC rules, you may access our notice and proxy statement and annual report at www.voteproxy.com, which does not have cookies that identify visitors to the site. The notice and proxy statement are also available at that web site.** In addition, this proxy statement and our annual report are available on our web site at *www.nscorp.com.*

INFORMATION ABOUT VOTING

Only stockholders of record as of the close of business on March 2, 2012, are entitled to notice of and to vote at the 2012 Annual Meeting. As of the March 2, 2012, record date, 347,161,677 shares of our common stock were issued and outstanding. Of those shares, 326,840,900 shares were owned by stockholders entitled to one vote per share. The remaining 20,320,777 shares were held by our wholly owned subsidiaries, which are not entitled to vote those shares under Virginia law.

As a convenience, you may vote by telephone or the Internet in the manner described on the enclosed proxy card. Or, you may vote by mail by marking, dating and signing the enclosed proxy card and returning it to American Stock Transfer and Trust Company Shareholder Services. Alternatively, you may vote in person at the 2012 Annual Meeting.

To obtain directions to attend the meeting and vote in person, you may contact: Howard D. McFadden, Corporate Secretary, Norfolk Southern Corporation, Three Commercial Place, 13th Floor, Norfolk, Virginia 23510-9219 (telephone 757-823-5567).

If you are the beneficial owner of any shares held in street name by a broker, bank or other nominee, you may vote your shares by submitting your voting instructions to that entity. Please refer to the voting instruction card that your broker, bank or other nominee record holder included with these materials. Your shares may be voted on certain matters if they are held in street name by a broker, even if you do not provide the record holder with voting instructions; brokers have the authority under New York Stock Exchange rules to vote shares for which their customers do not provide voting instructions on certain routine matters. The ratification of the selection of KPMG LLP as our independent registered public accounting firm (Item 2) is considered a routine matter for which brokers may vote shares they hold in street name, even in the absence of voting instructions from the beneficial owner. The election of directors (Item 1) and advisory vote on executive compensation (Item 3) are not considered routine matters, and the broker cannot vote the shares on these proposals if it has not received voting instructions from the beneficial owner of the shares with respect to the proposals (broker non-vote).

If shares are credited to your account in the Norfolk Southern Corporation Thoroughbred Retirement Investment Plan or the Thrift and Investment Plan, your proxy submitted in the form of a proxy card or over the telephone or Internet serves as voting instructions for the trustee of the plans, Vanguard Fiduciary Trust Company. If your proxy is not received by 5 P.M. Eastern Time on May 7, 2012, the trustee of these plans will vote your shares for each item on the proxy card in the same proportion as the shares that are voted for that item by the other participants in the respective plan.

Any stockholder of record may revoke a previously submitted proxy at any time before the shares are voted by: (a) giving written notice of revocation to our Corporate Secretary; (b) submitting subsequent voting instructions over the telephone or the Internet; (c) delivering a validly completed proxy card bearing a later date; or (d) attending the 2012 Annual Meeting and voting in person.

The presence, either in person or by proxy, of the holders of a majority of the outstanding shares of our common stock entitled to vote at the 2012 Annual Meeting is necessary to constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum.

We will pay the cost of preparing proxy materials and soliciting proxies, including the reimbursement, upon request, of trustees, brokerage firms, banks and other nominee record holders for the reasonable expenses they incur to forward proxy materials to beneficial owners. Our officers and other regular employees may solicit proxies by telephone, facsimile, electronic mail or personal interview; they receive no additional compensation for doing so. We have retained Innisfree M&A Incorporated to assist in the solicitation of proxies at an anticipated approximate cost of $10,000 plus reasonable out-of-pocket expenses.

We currently plan to deliver multiple annual reports and proxy statements to multiple record stockholders sharing an address, but intermediaries may choose to deliver a single copy of one or both of these documents. Upon request, we will promptly deliver a separate copy of the annual report or proxy statement to a stockholder at a shared address to which a single copy of the document was delivered. If you would like a separate copy of this proxy statement or the 2011 Annual Report now or in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you may contact: Howard D. McFadden, Corporate Secretary, Norfolk Southern Corporation, Three Commercial Place, 13th Floor, Norfolk, Virginia 23510-9219 (telephone 757-823-5567).

CONFIDENTIALITY

We have policies in place to safeguard the confidentiality of proxies and ballots. American Stock Transfer and Trust Company, Brooklyn, N.Y., which we have retained to tabulate all proxies and ballots cast at the 2012 Annual Meeting, is bound contractually to maintain the confidentiality of the voting process. In addition, each Inspector of Election will have taken the oath required by Virginia law to execute duties faithfully and impartially.

None of our employees or members of our Board of Directors have access to completed proxies or ballots and, therefore, do not know how individual stockholders vote on any matter. However, when a stockholder writes a question or comment on a proxy or ballot, or when there is a need to determine the validity of a proxy or ballot, our management and/or their representatives may be involved in providing the answer to the question or in determining such validity.

PROPOSALS REQUIRING YOUR VOTE

ITEM 1: ELECTION OF DIRECTORS

At the 2012 Annual Meeting, the terms of ten directors will expire: those of Gerald L. Baliles, Erskine B. Bowles, Robert A. Bradway, Wesley G. Bush, Daniel A. Carp, Karen N. Horn, Steven F. Leer, Michael D. Lockhart, Charles W. Moorman and J. Paul Reason. Gene R. Carter and Landon Hilliard retired from the Board of Directors effective the date of the last Annual Meeting in accordance with the director retirement policy in the Corporation s Governance Guidelines, and at that time the number of directors on the Board was reduced from thirteen to eleven. On July 25, 2011, the Board of Directors amended our Bylaws to increase the number of directors from eleven to twelve and elected Robert A. Bradway to fill the resulting vacancy at the recommendation of the Governance and Nominating Committee. On February 27, 2012, the Board of Directors amended our Bylaws to increase the number of directors from twelve to thirteen and elected Wesley G. Bush to fill the resulting vacancy at the recommendation of the Governance and Nominating Committee. Under Virginia law, the term of a director elected by the Board to fill a vacancy expires at the next stockholders meeting at which directors are elected.

At the 2010 Annual Meeting, the Corporation s stockholders approved an amendment to the Articles of Incorporation to declassify the Board of Directors. As a result, each of the directors elected at this meeting will serve one-year terms continuing until the 2013 Annual Meeting of Stockholders. Continuing directors will serve the remainder of their three-year terms. At the 2013 Annual Meeting of Stockholders, all directors will be elected at that meeting and will serve one-year terms.

Unless you instruct otherwise when you give us your proxy, it will be voted in favor of the election of Gov. Baliles, Mr. Bowles, Mr. Bradway, Mr. Bush, Mr. Carp, Dr. Horn, Mr. Leer, Mr. Lockhart, Mr. Moorman and Adm. Reason as directors for one-year terms that begin at the 2012 Annual Meeting of Stockholders and continue until the 2013 Annual Meeting of Stockholders or until the election and qualification of their respective successors or their earlier removal or resignation.

If any nominee becomes unable to serve, your proxy will be voted for a substitute nominee to be designated by the Board of Directors, or the Board of Directors will reduce the number of directors. Two nominees for election at this meeting, Robert A. Bradway and Wesley G. Bush, previously have not been elected by the stockholders of Norfolk Southern. Messrs. Bradway and Bush were each recommended by a third party director search firm retained by the Governance and Nominating Committee. Norfolk Southern paid a fee in 2011 and 2012 to the firm on behalf of the Governance and Nominating Committee to identify, evaluate and recommend potential candidates for election to the Board of Directors.

So that you have information concerning the independence of the process by which our Board of Directors selected the nominees and directors whose terms will continue after the 2012 Annual Meeting, we confirm, as required by the SEC, that (1) there are no family relationships among any of the nominees or directors or among any of the nominees or directors and any officer and (2) there is no arrangement or understanding between any nominee or director and any other person pursuant to which the nominee or director was selected.

The Board of Directors recommends that the stockholders vote **FOR** each of the nominees for election as directors.

Vote Required to Elect a Director: Pursuant to our Bylaws, in uncontested elections of directors, such as this election, directors are elected at a meeting, so long as a quorum for the meeting exists, by a majority of votes cast by the shares entitled to be voted in the election. Abstentions or shares that are not voted are not counted as cast for this purpose. Any nominee for director who is not elected pursuant to this Bylaw provision must promptly tender his or her resignation to the Board of Directors for consideration by our Governance and Nominating Committee.

Additional information on the Areas of Expertise for directors and nominees can be found on page 15 of this proxy statement under Qualifications of Directors and Nominees.

Nominees for terms expiring in 2013

Gerald L. Baliles Charlottesville, Virginia	**Independent** Director since 1990 **Areas of Expertise** CEO/Senior Officer Governance/Board Governmental Relations Human Resources/ Compensation Strategic Planning Transportation	Governor Baliles, 71, has been Director of the Miller Center of Public Affairs at the University of Virginia since April 2006. Gov. Baliles was a Partner in the law firm of Hunton & Williams, a business law firm with offices in several major U.S. cities and international offices, from 1990 until his retirement in March 2006. He is a former Governor and Attorney General of the Commonwealth of Virginia. Gov. Baliles also serves as a director of Altria Group, Inc.
Erskine B. Bowles Charlotte, North Carolina	**Independent** Director since 2011 **Areas of Expertise** CEO/Senior Officer Finance/Accounting Governance/Board Governmental Relations Human Resources/ Compensation Strategic Planning	Mr. Bowles, 66, has been a Senior Advisor to BDT Capital Partners, LLC, since January 2012 and a Senior Advisor to Carousel Capital since 2001. He was Co-Chairman of the National Commission on Fiscal Responsibility and Reform. He is currently a director of Morgan Stanley, Cousins Properties, Inc., Facebook and Belk, Inc. Mr. Bowles was President of the University of North Carolina system from 2006 to 2010, and previously served as White House Chief of Staff under President Clinton. Mr. Bowles was formerly a director of General Motors, North Carolina Mutual Life Insurance Company, Merck & Co., Inc., and VF Corporation.

Robert A. Bradway Thousand Oaks, California	**Independent** Director since 2011 **Areas of Expertise** CEO/Senior Officer Governance/Board Governmental Relations Finance/Accounting Information Technology Strategic Planning	Mr. Bradway, 49, has been President and Chief Operating Officer of Amgen, Inc., a biotechnology company, since 2010, and became a director in 2011. Prior thereto he served as Amgen s Executive Vice President and Chief Financial Officer from 2007 to 2010 and Vice President, Operations Strategy from 2006 to 2007.

Wesley G. Bush McLean, VA	**Independent** Director since 2012 **Areas of Expertise** CEO/Senior Officer Governance/Board Governmental Relations Finance/Accounting Strategic Planning Transportation	Mr. Bush, 50, has been Chief Executive Officer and President of Northrop Grumman Corporation, a global aerospace and defense technology company, since 2010, having served prior thereto as Northrop Grumman s President and Chief Operating Officer from 2007 to 2009, and President and Chief Financial Officer from 2006 to 2007. Mr. Bush is a director of Northrop Grumman and was elected as Chairman of the Board of Directors in 2011.
Daniel A. Carp Naples, Florida	**Independent** Director since 2006 **Areas of Expertise** CEO/Senior Officer Governance/Board Human Resources/ Compensation Information Technology Strategic Planning Transportation	Mr. Carp, 63, served as Chairman of the Board and Chief Executive Officer of Eastman Kodak Company from 2000 to 2005, having previously served as President and Chief Operating Officer and as a director of Eastman Kodak. He retired from Kodak at the end of 2005. He is non-executive Chairman of the Board of Delta Air Lines, Inc. and is also a director of Texas Instruments Incorporated. Mr. Carp has previously served as a director of Fifth & Pacific Cos.
Karen N. Horn Lyme, Connecticut	**Independent** Director since 2008 **Areas of Expertise** CEO/Senior Officer Finance/Accounting Governance/Board Human Resources/	Dr. Horn, 68, has been a partner with Brock Capital Group since 2003. Dr. Horn served as president of Private Client Services and managing director of Marsh, Inc., a subsidiary of MMC, from 1999 until her retirement in 2003. Prior to joining Marsh, she was senior managing director and head of international private banking, Bankers Trust Company; Chair and Chief Executive Officer of Bank One, Cleveland, N.A.; President of the Federal Reserve Bank of Cleveland; Treasurer of Bell Telephone Company of Pennsylvania; and Vice President of First National Bank of Boston. Dr. Horn serves as director of T. Rowe Price Mutual Funds, Simon Property Group, Inc., and Eli Lilly and Company and as Vice Chairman of the U.S. Russia Foundation. She is a member of the Executive Committee of the National Bureau of Economic Research and the Council on Foreign Relations.

Compensation

Strategic Planning

Steven F. Leer St. Louis, Missouri	**Independent** Director since 1999 **Areas of Expertise** CEO/Senior Officer Environmental/Safety Governance/Board Human Resources/ Compensation Marketing Strategic Planning Transportation	Mr. Leer, 59, has been Chief Executive Officer and a director of Arch Coal, Inc., a company engaged in coal mining and related businesses, since 1992, and became Chairman of the Board in December 2006. He is also a director of USG Corporation.
Michael D. Lockhart Rembert, South Carolina	**Independent** Director since 2008 **Areas of Expertise** CEO/Senior Officer Finance/Accounting Governance/Board Marketing Strategic Planning Transportation	Mr. Lockhart, 62, served as Chairman of the Board, President and Chief Executive Officer of Armstrong World Industries, Inc., and its predecessor, Armstrong Holdings, Inc. from 2000 until his retirement in February 2010. Mr. Lockhart previously served as Chairman and Chief Executive Officer of General Signal, a diversified manufacturer, from September 1995 until it was acquired in 1998. He joined General Signal as President and Chief Operating Officer in 1994. From 1981 until 1994, Mr. Lockhart worked for General Electric Company in various executive capacities in GE Capital, GE Transportation, and GE Aircraft Engines. Mr. Lockhart has previously served as a director of Armstrong World Industries, Inc.
Charles W. Moorman, IV Virginia Beach, Virginia	Director since 2005 **Areas of Expertise** CEO/Senior Officer	Mr. Moorman, 60, has been Chairman of Norfolk Southern since February 2006, Chief Executive Officer since November 2005 and President since October 2004. Prior thereto he served as Senior Vice President Corporate Planning and Services from December 2003 to October 2004, Senior Vice President Corporate Services from February 2003 to December 2003 and President Thoroughbred Technology and Telecommunications, Inc. from 1999 to November 2004.

Environmental/Safety

Governance/Board

Governmental Relations

Information Technology

Strategic Planning

Transportation

J. Paul Reason Washington, DC	**Independent** Director since 2002 **Areas of Expertise** CEO/Senior Officer Governance/Board Governmental Relations Human Resources/ Compensation Information Technology Strategic Planning	Admiral Reason, 70, served as Vice Chairman and previously as President and COO of Metro Machine Corp., an employee-owned ship repair company that operates shipyards in Norfolk, Virginia and Philadelphia and Erie, Pennsylvania, from 2000 to 2006. Adm. Reason was Vice President for Ship Systems at SYNTEK Technologies, Inc., from the end of his naval service in 1999 until 2000. From 1996 until 1999 he served as Commander in Chief of the US Atlantic Fleet. Adm. Reason serves as a director of Amgen, Inc. He is also Chair of the ORAU Foundation, a member of the Oak Ridge Associated Universities Board, a member of the National War Powers Commission and a member of the Naval Studies Board of the National Academies. Adm. Reason has previously served as a director of Wal-Mart Stores, Inc. and Todd Shipyards, Inc.

Continuing Directors those whose terms expire in 2013

Thomas D. Bell, Jr. Atlanta, Georgia	**Independent** Director since 2010 **Areas of Expertise** CEO/Senior Officer Governance/Board Governmental Relations Human Resources/ Compensation Marketing Strategic Planning	Mr. Bell, 62, is the Chairman of Mesa Capital Partners, LLC, a real estate investment company and non-executive Chairman of SecurAmerica LLC, a provider of contract security services. Mr. Bell previously served as Chairman and Chief Executive Officer of Cousins Properties, Inc. He is a director of Regal Entertainment Group and AGL Resources and has also previously served as a director of Cousins Properties, Inc., Credit Suisse First Boston, Credit Suisse Group and Lincoln Financial Group.
Alston D. Correll Atlanta, Georgia	**Independent** Director since 2000 **Areas of Expertise** CEO/Senior Officer Environmental/Safety Finance/Accounting Governance/Board Human Resources/ Compensation Marketing Strategic Planning Transportation	Mr. Correll, 70, has been Chairman of Atlanta Equity Investors, LLC since September 2007. He retired as Chairman and Chief Executive Officer of Georgia-Pacific Corporation, a manufacturer and distributor of tissue, pulp, paper, packaging, building products and related chemicals, in January 2006, a position he had held since 1993. He is also a director of SunTrust Banks, Inc. Mr. Correll has previously served as a director of Georgia-Pacific Corporation.
Burton M. Joyce Gulfport, Florida	**Independent** Director since 2003 **Areas of Expertise** CEO/Senior Officer	Mr. Joyce, 70, served as Chairman of the Board of Directors of IPSCO Inc., a leading steel producer, from 2000 to 2007. Mr. Joyce previously served as Vice Chairman, President and Chief Executive Officer of Terra Industries, Inc. Mr. Joyce has previously served as a director of IPSCO Inc., Hercules Inc., Chemtura, Terra Nitrogen and Terra Industries.

Finance/Accounting

Governance/Board

Human Resources/

Compensation

Strategic Planning

ITEM 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

At a meeting held on January 23, 2012, the Audit Committee of the Board of Directors appointed the firm of KPMG LLP (KPMG), independent registered public accounting firm, to perform for 2012 the integrated audit of our consolidated financial statements and internal control over financial reporting.

For the years ended December 31, 2011, and December 31, 2010, KPMG billed us for the following services:

	2011	2010
Audit Fees[1]	$ 2,525,308	$ 2,145,000
Audit-Related Fees[2]	$ 101,564	$ 91,170
Tax Fees[3]	$ 51,500	$ 0
All Other Fees	$ 0	$ 0

[1]Audit Fees include fees for professional services performed by KPMG for the audit of our annual financial statements and internal control over financial reporting (integrated audit), the review of financial statements included in our 10-Q filings, and services that are normally provided in connection with statutory and regulatory filings or engagements.

[2]Audit-Related Fees principally include fees for audit-related tax services, employee benefit plan audits and audits of subsidiaries and affiliates.

[3]Tax Fees consist of tax compliance and preparation for approximately $10,000 and tax advice, planning, and consulting for approximately $41,500.

The Audit Committee requires that management obtain the prior approval of the Audit Committee for all audit and permissible non-audit services to be provided. KPMG rendered only audit and audit-related services to us in 2010. In 2011, the Audit Committee adopted a general practice that in certain circumstances it may be appropriate due to KPMG s knowledge, experience, and expertise with respect to Norfolk Southern s financial statements, to request that KPMG perform specified tax related activities. The Audit Committee considers and approves at each January meeting anticipated services to be provided during the year, as well as the projected fees for those services. The Audit Committee considers and pre-approves additional services and projected fees as needed at each meeting. The Audit Committee has delegated authority to its Chair to pre-approve services between meetings, provided that the Chair reports any such pre-approval to the Audit Committee at its next meeting. The Audit Committee will not approve non-audit engagements that would violate SEC rules or impair the independence of KPMG. All services rendered to us by KPMG in 2011 and 2010 were pre-approved in accordance with these procedures.

Representatives of KPMG are expected to be present at the 2012 Annual Meeting, with the opportunity to make a statement if they so desire, and available to respond to appropriate questions.

The Audit Committee recommends, and the Board of Directors concurs, that stockholders vote **FOR** the proposal to ratify the selection of KPMG as our independent registered public accounting firm for the year ending December 31, 2012, even though such stockholder approval is not legally required.

Vote Required to Ratify Appointment: Under Virginia law and under our Restated Articles of Incorporation, actions such as the ratification of the appointment of auditors are approved, so long as a quorum for the meeting exists, if the number of votes cast favoring the action exceeds the number of votes cast opposing the action. Abstentions or shares that are not voted are not cast for this purpose. You should note that brokers have the authority to vote their customers shares on the ratification of the appointment of KPMG as our independent registered public accounting firm even if they do not receive instructions as to how to vote on the matter.

ITEM 3: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

We are requesting that our stockholders approve, by advisory vote, the compensation of our Named Executive Officers, as such compensation is reflected in our Compensation Discussion and Analysis beginning on page 27 and our Executive Compensation Tables beginning on page 38. This Say-on-Pay vote is required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act). While the Say-on-Pay vote is advisory, and therefore not binding on the Board, the Compensation Committee will consider the results of any significant vote against the compensation of the Named Executive Officers and determine whether any actions are necessary or advisable to address the concerns expressed by stockholders. In accordance with the recommendation of the Corporation s stockholders at the last Annual Meeting, the Board of Directors has determined to seek a stockholder advisory vote on executive compensation annually.

Our executive compensation program has been designed by our Compensation Committee and Performance-Based Compensation Committee with advice from their compensation consultant. As of May 12, 2011, the Board of Directors eliminated the Performance-Based Compensation Committee, so executive compensation decisions after that time have been made by the Compensation Committee. The executive compensation program is designed to align executives compensation with our overall business strategies, attract and retain highly qualified executives, and provide incentives that drive stockholder value. The Compensation Committee and Performance-Based Compensation Committee approved a mix of salary and cash and equity incentive compensation that they believe best serves the interests of the Corporation and its stockholders in achieving those objectives.

The compensation of our Named Executive Officers in 2011 consisted primarily of the following components, all as described more fully in the Compensation Discussion and Analysis beginning on page 27:

- *Base Salary.*
- *Annual Bonus*: The annual bonus paid under the Executive Management Incentive Plan is based on performance against financial, operational and service metrics.
- *Long-Term Incentive Awards*: The Company s long-term equity incentive awards under the Long-Term Incentive Plan target longer-term achievement of Corporate objectives and are designed to create an ownership culture among the executives of the Corporation. Grants under the Long-Term Incentive Plan include stock options, time-based restricted stock units and performance shares that are earned out based on achievement of Corporate objectives over a three-year performance cycle, all as more fully described in the Compensation Discussion and Analysis.
- *Retirement Plans and Programs*: The Retirement Plan and Supplemental Benefit Plan of the Corporation, both as more fully described in the Compensation Discussion and Analysis, provide retirement benefits to the Corporation s Named Executive Officers and provide the Corporation with the ability to retain key executives over a longer period.

The Board of Directors and its Compensation Committee believe the program for compensation of the Named Executive Officers is appropriately designed to support the Corporation s goals and has an appropriate mix of cash and equity and an appropriate balance between short-term and long-term compensation. Accordingly, the Board of Directors recommends that stockholders approve the program by approving the following advisory resolution:

RESOLVED, that the stockholders of Norfolk Southern Corporation approve, on an advisory basis, the compensation of the individuals identified in the Summary Compensation Table, as disclosed in the Proxy Statement for the 2012 Annual Meeting of Stockholders pursuant to the

compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2011 Summary Compensation Table and the other related tables and disclosures.

The Board of Directors unanimously recommends a vote **FOR** the resolution approving the compensation of the Corporation s Named Executive Officers.

Vote Required

Under Virginia law and under our Restated Articles of Incorporation, actions such as the resolution on executive compensation are approved, so long as a quorum for the meeting exists, if the number of votes cast favoring the action exceeds the number of votes cast opposing the action. Abstentions or shares that are not voted are not cast for this purpose. You should note that brokers do not have the authority to vote their customers shares on this matter if they do not receive instructions as to how to vote on this item.

ITEM 4: OTHER MATTERS

The Board of Directors does not know of any other matters to be presented at the 2012 Annual Meeting, other than as noted elsewhere in this proxy statement. If any other proposal is properly brought before the 2012 Annual Meeting for a vote, the holders of proxies solicited hereby intend to exercise their discretionary authority and vote on any such proposal as they deem appropriate.

SUPPLEMENTAL INFORMATION

Applicable SEC rules require that we furnish you the following information relating to the oversight and management of Norfolk Southern and to certain matters concerning our Board of Directors and officers who are designated by our Board of Directors as executive officers for purposes of the Securities Exchange Act of 1934 (Executive Officers).

BENEFICIAL OWNERSHIP OF STOCK

To our knowledge, no person beneficially owns more than 5% of our common stock.

The following table shows, as of February 29, 2012, the beneficial ownership of our common stock for:

(1) each director and each nominee;

(2) our principal executive officer, our principal financial officer, each of the other three most highly compensated Executive Officers, based on total compensation for 2011, and all other officers serving at the executive vice president level (collectively, the Named

Executive Officers); and

(3) all directors and Executive Officers as a group.

Unless otherwise indicated by footnote to the data in the table, all such shares are held with sole voting and investment power, and no director or Executive Officer beneficially owns any Norfolk Southern equity securities other than our common stock. No one director or Executive Officer owns as much as 1% of the total outstanding shares of our common stock. All directors and Executive Officers as a group own approximately .71% of the total outstanding shares of our common stock.

Name	**Shares of Common Stock**	**Name**	**Shares of Common Stock**
Gerald L. Baliles	62,666[1]	Michael D. Lockhart	15,287[1]
Thomas D. Bell, Jr.	10,664[1]	Charles W. Moorman, IV	773,934[2]
Erskine B. Bowles	3,055[1]	J. Paul Reason	44,792[1]
Robert A. Bradway	3,000[1]	James A. Squires	142,894[3]
Wesley G. Bush	3,000[1]	Deborah H. Butler	78,664[4]
Daniel A. Carp	25,589[1]	James A. Hixon	300,701[5]
Alston D. Correll	54,049[1]	Mark D. Manion	206,921[6]
Karen N. Horn	15,008[1]	John P. Rathbone	267,913[7]
Burton M. Joyce	36,530[1]	Donald W. Seale	315,149[8]
Steven F. Leer	56,783[1]		
20 directors and Executive Officers as a group (including the persons named above)			2,454,449[9]

[1]Includes a one-time grant of 3,000 restricted shares to each non-employee director when that director was first elected to the Board (or on January 1, 1994, if serving at that time). These grants were made pursuant to the Directors Restricted Stock Plan; the director may vote these shares, but has no investment power over them until they are distributed (see information under the Board of Directors caption on page 14). The amounts reported include 2,055 restricted stock units awarded pursuant to the Long-Term Incentive Plan to directors who were serving on the Board on January 26, 2012, and who have served on the Board for at least two years, qualifying them to receive the shares immediately upon leaving the Board. The amounts do not include 2,055 restricted stock units awarded to Messrs. Bowles and Bradway, who have not served as directors for two years. The amounts reported also include restricted stock units previously held as follows: Governor Baliles, 57,611; Mr. Bell, 5,609; Mr. Bowles, 0; Mr. Bradway, 0; Mr. Bush, 0; Mr. Carp, 20,116; Mr. Correll, 43,994; Dr. Horn, 9,953; Mr. Joyce, 29,475; Mr. Leer, 50,528; Mr. Lockhart, 9,953; and Admiral Reason, 39,095. These restricted stock units will be settled in stock. While the directors have neither voting power nor investment power over the shares underlying these restricted stock units, the directors are entitled to receive the shares immediately upon leaving the Board. See below under Narrative to Non-Employee Director Compensation Table Long-Term Incentive Plan for more information regarding these restricted stock units. Also includes 5,000 shares over which Mr. Correll, 1,200 shares over which Mr. Leer and 100 shares over which Admiral Reason share voting and investment power with another individual. The amounts reported also include shares credited to certain directors accounts in our Dividend Reinvestment Plan.

[2]Includes 2,481 shares credited to Mr. Moorman s account in our Thrift and Investment Plan; 395,459 shares subject to stock options granted pursuant to our Long-Term Incentive Plan with respect to which Mr. Moorman has the right to acquire beneficial ownership within 60 days.

[3]Includes 133 shares credited to Mr. Squires account in our Thrift and Investment Plan; and 68,436 shares subject to stock options granted pursuant to our Long-Term Incentive Plan with respect to which Mr. Squires has the right to acquire beneficial ownership within 60 days.

[4]Includes 1,284 shares credited to Ms. Butler s account in our Thrift and Investment Plan; and 34,000 shares subject to stock options granted pursuant to our Long-Term Incentive Plan with respect to which Ms. Butler has the right to acquire beneficial ownership within 60 days.

[5]Includes 7,874 shares credited to Mr. Hixon s account in our Thrift and Investment Plan; and 134,000 shares subject to stock options granted pursuant to our Long-Term Incentive Plan with respect to which Mr. Hixon has the right to acquire beneficial ownership within 60 days.

[6]Includes 5,771 shares credited to Mr. Manion s account in our Thrift and Investment Plan; and 104,000 shares subject to stock options granted pursuant to our Long-Term Incentive Plan with respect to which Mr. Manion has the right to acquire beneficial ownership within 60 days.

[7]Includes 9,703 shares credited to Mr. Rathbone s account in our Thrift and Investment Plan; 144,000 shares subject to stock options granted pursuant to our Long-Term Incentive Plan with respect to which Mr. Rathbone has the right to acquire beneficial ownership within 60 days; and 150 shares over which Mr. Rathbone shares voting and investment power.

[8]Includes 3,035 shares credited to Mr. Seale s account in our Thrift and Investment Plan; and 129,459 shares subject to stock options granted pursuant to our Long-Term Incentive Plan with respect to which Mr. Seale has the right to acquire beneficial ownership within 60 days.

[9]Includes 30,924 shares credited to Executive Officers individual accounts under our Thrift and Investment Plan. Also includes: 1,037,813 shares subject to stock options granted to Executive Officers pursuant to our Long-Term Incentive Plan with respect to which the optionee has the right to acquire beneficial ownership within 60 days; and 150 shares over which Executive Officers share voting and investment power. For officers, this amount does not include restricted stock units which will ultimately be settled in shares of common stock upon the satisfaction of applicable vesting requirements.

The following table shows, as of February 29, 2012, the number of NS stock units credited to those non-employee directors who have made elections under the Directors Deferred Fee Plan to defer all or a portion of compensation and have elected to invest such amounts in phantom units of our common stock, as well as the shares of common stock (and units to be settled in shares of common stock) beneficially owned. A more detailed discussion of director compensation can be found beginning on page 18. A stock unit represents the economic equivalent of a share of our common stock and serves to align the directors individual financial interests with the interests of our stockholders because the value of the directors holdings fluctuates with the price of our common stock. These stock units ultimately are settled in cash.

Name	**Number of NS Stock Units[1]**	**Number of Shares Beneficially Owned[2]**	**Total Number of NS Stock Units and Shares Beneficially Owned**
Gerald L. Baliles	4,710	62,666	67,376
Thomas D. Bell, Jr.	0	10,664	10,664
Erskine B. Bowles	1,315	3,055	4,370
Robert A. Bradway	0	3,000	3,000
Wesley G. Bush	0	3,000	3,000
Daniel A. Carp	5,742	25,589	31,331
Alston D. Correll	13,911	54,049	67,960
Karen N. Horn	0	15,008	15,008
Burton M. Joyce	9,219	36,530	45,749
Steven F. Leer	26,243	56,783	83,027
Michael D. Lockhart	5,476	15,287	20,763
J. Paul Reason	0	44,792	44,792

[1]Represents NS stock units credited to the accounts of non-employee directors who have elected under the Directors Deferred Fee Plan to defer all or a portion of compensation and have elected to invest such amounts in phantom units whose value is measured by the market value of shares of our common stock, but which ultimately will be settled in cash, not in shares of common stock. NS stock units have been available

under the Directors Deferred Fee Plan as a hypothetical investment option since January 1, 2001.

[2]Figures in this column are based on the beneficial ownership that appears on page 12.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16 of the Securities Exchange Act of 1934 requires our directors and Executive Officers and any persons beneficially owning more than 10 percent of a class of our stock to file reports of beneficial ownership and changes in beneficial ownership (Forms 3, 4 and 5) with the SEC. Based solely on our review of copies of Forms 3, 4 and 5 available to us, or written representations that no Forms 5 were required, we believe that all required Forms concerning 2011 beneficial ownership were filed on time by all directors and Executive Officers.

BOARD OF DIRECTORS

Composition and Attendance

On February 29, 2012, our Board of Directors consisted of thirteen members. At the 2010 Annual Meeting, the Corporation s stockholders approved an amendment to the Corporation s Articles of Incorporation to declassify the Board of Directors. As a result, the Corporation no longer has a classified board, however directors will continue to serve the remainder of their three-year terms. As of the date of the 2013 Annual Meeting of Stockholders, each director will stand for re-election annually. Gene R. Carter and Landon Hilliard retired from the Board of Directors effective the date of the last Annual Meeting in accordance with the director retirement policy in the Corporation s Governance Guidelines, and at that time the Board reduced the number of directors from thirteen to eleven. On July 25, 2011, the Board of Directors amended our Bylaws to increase the number of directors from eleven to twelve and elected Robert A. Bradway to fill the resulting vacancy. On February 27, 2012, the Board of Directors amended our Bylaws to increase the number of directors from twelve to thirteen and elected Wesley G. Bush to fill the resulting vacancy.

The Board met six times in 2011. Each director attended not less than 75% of the aggregate number of meetings of the Board and meetings of all committees on which such director served.

Corporate Governance

The Board of Directors has adopted Corporate Governance Guidelines that, among other matters, require that the non-employee members of the Board (the outside directors) meet at least twice a year without members of management present. The Lead Director presides at such meetings of the outside directors. The Corporate Governance Guidelines also describe procedures for stockholders and other interested parties who wish to contact the outside directors. The Corporate Governance Guidelines are available on our website at *www.nscorp.com* in the Investors section under Corporate Governance.

The Board of Directors has determined that having Mr. Moorman hold both the position of Chief Executive Officer and the position of Chairman is in the best interest of the Corporation and its stockholders. This structure allows for consistency of leadership of the Board of Directors and of management and reflects the depth of knowledge Mr. Moorman has regarding the business of the Corporation. The Board leadership structure also includes the position of Lead Director. The directors whom the Board has determined are independent directors vote at the Board s organizational meeting following the Annual Meeting of Stockholders or at such other time as they deem appropriate to select an independent director to serve as Lead Director of the Board. The Lead Director presides at all meetings of the Board at which the Chairman is not present, including meetings of the non-management (outside) directors, which are generally scheduled for every Board meeting. The Lead Director serves as a liaison between the Chairman and the outside directors and reviews Board meeting agendas and meeting schedules and such other information to be sent to the Board as he or she determines is necessary or appropriate under the circumstances. The Lead Director may also call meetings of the outside directors. Mr. Correll has served as Lead Director of the Corporation since the date of the 2011 Annual

Meeting. Prior to that date the Corporation s Lead Director was Mr. Hilliard, who retired effective the date of the 2011 Annual Meeting.

The Corporate Governance Guidelines also describe the Board s policy with respect to director attendance at the Annual Meeting of Stockholders, which is that, to the extent possible, each director is expected to attend the Annual Meeting of Stockholders. All of our then current directors attended the 2011 Annual Meeting of Stockholders.

The Board has approved and adopted The Thoroughbred Code of Ethics that applies to all directors, officers and employees of Norfolk Southern, and a Code of Ethical Conduct for Senior Financial Officers that applies to specified financial officers. These documents, as well as the Corporate Governance Guidelines, are available on our website at *www.nscorp.com* in the Investors section under Corporate Governance. Any stockholder may request printed copies of the Corporate Governance Guidelines, The Thoroughbred Code of Ethics or Code of Ethical Conduct for Senior Financial Officers by contacting: Howard D. McFadden, Corporate Secretary, Norfolk Southern Corporation, Three Commercial Place, 13th Floor, Norfolk, Virginia 23510-9219 (telephone 757-823-5567).

The Corporation s Bylaws require that in an uncontested election of directors, a director shall be elected by a majority of votes cast. Any incumbent director who is not reelected shall promptly tender his or her resignation to the Board of Directors for consideration by our Governance and Nominating Committee. The Governance and Nominating Committee of the Board of Directors will promptly consider the resignation and recommend to the Board of Directors whether to accept or reject the tendered resignation. The Board of Directors will act on the Committee s recommendation within 90 days following certification of the election results. Any director who tenders his or her resignation pursuant to this provision will not participate in the Governance and Nominating Committee s recommendation or Board of Directors consideration regarding whether or not to accept the tendered resignation. If the resignation is accepted, the Governance and Nominating Committee will recommend to the Board whether to fill the vacancy or reduce the size of the Board. We will publicly disclose the Board of Directors decision within four business days, including a full explanation of the process by which the decision was reached and, if applicable, the reasons why the Board rejected the director s resignation.

Qualifications of Directors and Nominees

The directors of Norfolk Southern Corporation have diverse backgrounds and provide experience and expertise in a number of critical areas to the company. The Governance and Nominating Committee considers the particular experience, attributes and qualifications of directors standing for re-election and potential nominees for election as well as the needs of the Board of Directors as a whole and its individual committees.

The Governance and Nominating Committee has identified ten areas of expertise that are particularly relevant to the Corporation and has identified the directors whose key areas of expertise qualify them for each of the listed categories. The categories identified by the Governance and Nominating Committee are:

<u>CEO/Senior Officer</u> Experience working as a CEO or Senior Officer of a major public or private company or non-profit entity.

<u>Environmental and Safety</u> A thorough understanding of safety and environmental issues and transportation industry regulations.

<u>Finance and Accounting</u> Senior executive level experience in financial accounting and reporting, auditing, corporate finance and/or internal controls.

<u>Governance/Board</u> Prior or current experience as a board member of a major organization (private, public or non-profit).

Governmental Relations Experience in or a strong understanding of the workings of government and public policy on a local, state and national level.

Human Resources and Compensation Senior executive level experience or membership on a board compensation committee with an extensive understanding of compensation programs, particularly compensation programs for executive level employees and incentive based compensation programs.

Information Technology Senior executive level or board experience with information technology issues for a major public, private or non-profit entity.

Marketing Senior executive level experience in marketing combined with a strong working knowledge of Norfolk Southern s markets, customers and strategy.

Strategic Planning Senior executive level experience in strategic planning for a major public, private or non-profit entity.

Transportation Extensive knowledge and experience in the transportation industry, either as a senior executive of a transportation or logistics company or as a senior executive of a customer of a transportation company.

Each director s biography includes a listing of the areas of expertise where each director or nominee is most skilled. In addition, the table below summarizes the particular attributes that led the Governance and Nominating Committee to nominate each individual as a director of the Corporation.

	Baliles	**Bell**	**Bowles**	**Bradway**	**Bush**	**Carp**	**Correll**	**Horn**	**Joyce**	**Leer**	**Lockhart**	**Moorman**	**Reason**
CEO/Senior Officer	X	X	X	X	X	X	X	X	X	X	X	X	X
Environmental and Safety							X			X		X	
Finance and Accounting			X	X	X		X	X	X		X		
Governance/Board	X	X	X	X	X	X	X	X	X	X	X	X	X
Governmental Relations	X	X	X	X	X							X	X
Human Resources and Compensation	X	X	X			X	X	X	X	X			X
Information Technology				X		X						X	X
Marketing		X					X			X	X		
Strategic Planning	X	X	X	X	X	X	X	X	X	X	X	X	X
Transportation	X				X	X	X			X	X	X	

In addition to these specific categories, the Governance and Nominating Committee considers a number of other factors, including board dynamics, reputation of potential nominees, recommendations of director search firms, and how the nominee will contribute to the diversity of the Board in considering director candidates. More information on qualifications for potential directors is contained in Norfolk Southern s Corporate Governance Guidelines posted under the Investors tab on our website. Norfolk Southern Corporation defines diversity as the collective mixture of similarities and differences that impact our workforce, workplace and marketplace. The Governance and Nominating Committee also views diversity broadly, seeking to nominate individuals from varied backgrounds, perspectives and experiences. The Governance and Nominating Committee does not have a specific written policy on the diversity of the Board of Directors at this time. More information on Norfolk Southern s diversity principles and philosophy can be found on our website in the Employees section under Diversity at *www.nscorp.com*.

Governor Baliles previously served as a director of Shenandoah Life Insurance Company. During 2009, Shenandoah Life Insurance Company entered into a receivership pursuant to a Virginia statutory procedure due to a sharp decline in value in certain of the company s holdings that resulted in the company falling below minimum capitalization requirements. As part of this receivership, the Circuit Court in Richmond, Virginia, entered an order which, in accordance with required statutory provisions that apply to all such receiverships in Virginia, enjoins the directors from conducting any further business related to Shenandoah Life Insurance Company. The order contains no other findings or provisions related to the conduct of any directors of the entity. The Governance and Nominating Committee considered this order with regard to Governor Baliles qualification to serve as a director of Norfolk Southern and has determined that the order does not impact his ability or qualification to serve as a director.

Director Independence

As required by the New York Stock Exchange, the Board of Directors has considered whether individual directors are independent. A director is considered independent if the Board determines that the director has no material relationship with Norfolk Southern (directly or as a partner, stockholder or officer of an organization that has a relationship with Norfolk Southern). The Board makes these determinations after full deliberation, considering all relevant facts and circumstances. To aid in its evaluation of director independence, the Board has adopted categorical independence standards. Under the standards, an individual director is independent, unless the Board determines otherwise, if none of the following relationships exists between Norfolk Southern and the director:

- the director is, or has been within the last three years, an employee, or an immediate family member of the director is, or has been within the last three years, an Executive Officer, of Norfolk Southern or any of our consolidated subsidiaries;

- the director or an immediate family member of the director has received during any twelve-month period within the last three years more than $120,000 in direct compensation from Norfolk Southern or any of our consolidated subsidiaries, other than director and committee fees and deferred compensation for prior service (provided such deferred compensation is not contingent in any way on continued service);

- (a) the director is a current partner or employee of a present or former internal or external auditor of Norfolk Southern or any of our consolidated subsidiaries, (b) the director has an immediate family member who is a current partner of such a firm, (c) the director has an immediate family member who is a current employee of such a firm and personally works on Norfolk Southern s audit, or (d) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on Norfolk Southern s audit within that time;

- the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where one of our Executive Officers serves as a director and sits on that company s compensation committee;

- the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of a company that makes payments to, or receives payments from, Norfolk Southern or any of our consolidated subsidiaries for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company s consolidated gross revenues; and

- the director is an executive officer or compensated employee, or an immediate family member of the director is an executive officer, of a charitable organization that receives donations from Norfolk Southern, any of our consolidated subsidiaries or the Norfolk Southern Foundation in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such charitable organization s donations.

For purposes of these categorical standards, immediate family member has the definition set forth in the New York Stock Exchange s Listing Standards, as amended from time to time. These standards, as set forth in this proxy statement, are available on our website at *www.nscorp.com* in the Investors section under Corporate Governance.

The Board has determined that all current directors (including nominees) other than Mr. Moorman satisfy the above categorical standards and qualify as independent directors of Norfolk Southern. In addition, the Board has determined that Dr. Carter and Mr. Hilliard, who served on the Board until their retirement effective the date of the 2011 Annual Meeting, qualified as independent directors of Norfolk Southern.
Mr. Moorman serves as our Chairman, President and Chief Executive Officer and, therefore, is not an independent director. In making the foregoing independence determinations, our Board of Directors considered each of the following transactions, relationships and arrangements we had with members of our Board, none of which exceeded our categorical independence standards or were sufficiently material as to require disclosure under Item 404(a) of Regulation S-K:

- We provided transportation services to, received coal royalty, freight claims and rental payments from, and paid contract refunds to Arch Coal, Inc. in the ordinary course of business during fiscal 2011. Mr. Leer is Chairman of the Board and the Chief Executive Officer of Arch Coal.

- We subscribed to and are listed in a transportation manual provided by a subsidiary of Carousel Capital during 2011. Mr. Bowles is a Senior Advisor to Carousel Capital.

- We provided transportation services to Northrop Grumman in the ordinary course of business in 2011. Mr. Bush is Chairman of the Board and Chief Executive Officer of Northrop Grumman.

Retirement Policy

Under our Governance Guidelines, a director must retire effective as of the date of the annual meeting that falls on or next follows the date of that director s 72nd birthday.

Compensation

2011 Non-Employee Director Compensation Table[1]

Name (a)	Fees Earned or Paid in Cash[2] ($) (b)	Stock Awards[3] ($) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensa-tion ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[4] ($) (f)	All Other Compensation ($)[5] (g)	Total ($) (h)

Gerald L. Baliles	90,000	150,588	0	0	0	14,628	255,216
Thomas D. Bell, Jr.	90,000	150,588	0	0	0	5,783	246,371
Erskine B. Bowles	90,000	195,840	0	0	0	0	285,840
Robert A. Bradway	45,000	228,285	0	0	0	0	273,285
Daniel A. Carp	90,000	150,588	0	0	0	5,783	246,371
Gene R. Carter[6]	45,000	150,588	0	0	8,476	10,783	214,847
Alston D. Correll	90,000	150,588	0	0	2,117	30,783	273,488
Landon Hilliard[6]	45,000	150,588	0	0	93,416	37,783	326,787
Karen N. Horn	90,000	150,588	0	0	0	6,783	247,371
Burton M. Joyce	90,000	150,588	0	0	0	5,783	246,371
Steven F. Leer	90,000	150,588	0	0	6,872	39,948	287,408
Michael D. Lockhart	90,000	150,588	0	0	0	30,783	271,371
J. Paul Reason	90,000	150,588	0	0	0	8,283	248,871

[1]Mr. Moorman received no compensation for Board or committee service in 2011 and will not receive compensation for Board or committee service in 2012. Therefore, neither this table nor the narrative which follows contain compensation information for Mr. Moorman. For compensation information for Mr. Moorman, see Executive Compensation on page 27 of this proxy statement. Mr. Bush joined the Board on February 27, 2012. Because Mr. Bush received no compensation for Board or Committee service in 2011, he is not included in this table.

[2]Includes amounts elected to be received on a deferred basis pursuant to the Directors Deferred Fee Plan. For a discussion of this plan, as well as our other director compensation plans, see the narrative discussion below.

[3] For all directors other than Mr. Bowles and Mr. Bradway, represents the full grant date fair value computed in accordance with FASB ASC Topic 718 of the 2,400 restricted stock units granted on January 27, 2011 pursuant to our Long-Term Incentive Plan. For Mr. Bowles and Mr. Bradway, this amount represents the full grant date fair value of the 3,000 restricted shares granted to each of them upon joining the Board of Directors. As of December 31, 2011, each director held 3,000 restricted shares and the directors held restricted stock units in the following amounts: Gov. Baliles, 57,611; Mr. Bell, 5,609; Mr. Bowles 0; Mr. Bradway 0; Mr. Carp, 20,116; Dr. Carter, 58,385; Mr. Correll, 43,994; Mr. Hilliard, 58,385; Dr. Horn, 9,953; Mr. Joyce, 29,475; Mr. Leer, 50,528; Mr. Lockhart, 9,953; and Adm. Reason, 39,095. See below under Narrative to Non-Employee Director Compensation Table Long-Term Incentive Plan for more information regarding these restricted stock units.

[4] Represents the amounts by which 2011 interest accrued on fees deferred prior to 2001 by the non-employee directors under the Directors Deferred Fee Plan exceeded 120% of the applicable Federal long-term rate provided in Section 1274(d) of the Internal Revenue Code.

[5]Includes (i) each director s proportional cost of NS-owned life insurance policies used to fund the Directors Charitable Award Program and (ii) the dollar amounts we contributed to charitable organizations on behalf of directors pursuant to our matching gifts program as follows: Gov. Baliles, $8,845; Dr. Carter, $5,000; Mr. Correll, $25,000; Mr. Hilliard, $32,000; Dr. Horn, $1,000; Mr. Leer, $34,165; Mr. Lockhart, $25,000; and Adm. Reason, $2,500. Because a director must serve on our Board for one year prior to becoming eligible for the Directors Charitable Award Program, no portion of this cost was allocated to Mr. Bowles or Mr. Bradway. For further discussion of the Directors Charitable Award Program, see the narrative discussion below.

[6]Dr. Carter and Mr. Hilliard retired from the Board of Directors effective the date of the last Annual Meeting.

Narrative to Non-Employee Director Compensation Table

Below is a discussion of the material factors necessary to an understanding of the compensation disclosed in the above table.

The Compensation Committee and the Board of Directors determine the annual compensation of non-employee directors each year. The Committee consults with its compensation consultant on the compensation program and reviews benchmarking and survey information to determine whether changes are advisable. The Committee reviews both a comparison to the market amount of compensation paid to directors serving on boards of similar companies and reviews the allocation of this compensation between cash retainer and equity grants. In general, the Compensation Committee and the Board seek to make any changes to non-employee director compensation in a gradual and incremental fashion.

Retainer and Fees. In 2011, each member of the Board of Directors received a quarterly retainer for services of $12,500 and a quarterly fee of $10,000 for serving on at least two committees, plus expenses incurred in connection with attendance at such meetings. Beginning in 2012, directors who serve as committee chairpersons receive an additional quarterly fee of $5,000 for such service, and the Lead Director receives an additional quarterly fee of $12,500.

Directors Deferred Fee Plan. A director may elect to defer receipt of all or a portion of the director s compensation. Amounts deferred are credited to a separate memorandum account maintained in the name of each participating director. Amounts deferred before January 1, 2001, earn a fixed rate of interest, which is credited to the account at the beginning of each quarter. In general, the fixed interest rate is determined on the basis of the director s age at the time of the deferral: under age 45, 7%; age 45-54, 10%; age 55-60, 11%; and over age 60, 12%. However, for amounts deferred on or after January 1, 1992 and prior to January 1, 1994, the fixed interest rate was as follows: under age 45, 13%; age 45-54, 14%; age 55-60, 15%; and over age 60, 16%. Amounts set forth in the table above represent the extent to which these rates exceed 120% of the applicable federal long-term rate. The total amount so credited for amounts deferred before January 1, 2001 (including interest earned thereon) is distributed in ten annual installments beginning in the year following the year in which the participant ceases to be a director.

Amounts deferred on or after January 1, 2001, are credited with variable earnings and/or losses based on the performance of hypothetical investment options selected by the director. The hypothetical investment options include NS stock units and various mutual funds as crediting indices. NS stock units are phantom units whose value is measured by the market value of shares of our common stock, but the units ultimately will be settled in cash, not in shares of our common stock. Amounts deferred on or after January 1, 2001, will be distributed in accordance with the director s elected distribution option in one lump sum or a stream of annual cash payments over 5, 10 or 15 years. Seven directors elected to defer compensation that would have been payable in 2011 into the Directors Deferred Fee Plan.

Our commitment to accrue and pay interest and/or earnings on amounts deferred is facilitated by the purchase of corporate-owned life insurance with the directors as insureds under the policies. If the Board of Directors determines at any time that changes in the law affect our ability to recover the cost of providing the benefits payable under the Directors Deferred Fee Plan, the Board, in its discretion, may reduce the interest and/or earnings on deferrals to a rate not less than one half the rate otherwise provided for in the Directors Deferred Fee Plan.

Directors Restricted Stock Plan. Each non-employee director receives a grant of 3,000 shares of restricted stock upon election to the Board. Restricted stock is registered in the name of the director, who has all rights of ownership (including the right to vote the shares and receive dividends); however, restricted stock may not be sold, pledged or otherwise encumbered during a restriction period which (a) begins when the restricted stock is granted and (b) ends on the earlier of (i) the date the director dies or (ii) six months after the director becomes disabled or retires. In the event a non-employee director does not retire in accordance with the terms of the plan, these shares will be forfeited.

Long-Term Incentive Plan. Each of the Corporation s then current non-employee directors was granted 2,400 restricted stock units effective January 27, 2011. Each restricted stock unit represents the economic equivalent of one share of our common stock, and will be settled in shares of our common stock rather than cash. These restricted stock units are credited to a separate memorandum account maintained for each director and are administered in accordance with the Long-Term Incentive Plan. Stock units in each director s memorandum account are credited with dividend equivalents as dividends are paid on our common stock, and the amount credited is converted into additional restricted stock units, including fractions thereof, based on the mean of the high and low trading prices of our common stock on the dividend payment date. We anticipate that, from time to time, non-employee directors will be granted additional restricted stock units in an amount sufficient to assure that their total annual compensation for services is competitive.

Upon leaving the Board, a director will receive the value of the restricted stock units in this memorandum account in shares of our common stock either in a lump sum distribution or in ten annual distributions, in accordance with an election made by each director. Restricted stock unit awards made after 2010 are subject to retention until the director ceases to serve as a director, with a minimum three-year restriction period measured from the award date. If a director leaves while restricted stock unit awards are still subject to the restriction period, such restricted stock units will be distributed in accordance with the director s prior distribution election as each restriction period expires.

Directors Charitable Award Program. Each director is entitled to nominate up to five tax-exempt institutions to receive, in the aggregate, up to $500,000 from Norfolk Southern following the director s death. Directors are entitled to designate up to $100,000 per year of service until the $500,000 cap is reached. Following the director s death, we will distribute the donations in five equal annual installments.

The Directors Charitable Award Program supports, in part, our long-standing commitment to contribute to educational, cultural and other appropriate charitable institutions and to encourage others to do the same. We fund the charitable contributions made under the Program with proceeds from life insurance policies we have purchased on the Board members lives. We are the owner and beneficiary of these policies, and the directors have no rights to any policy benefits. Upon Board members deaths, we receive life insurance death benefits free of income tax, which provide a source from which we can be reimbursed for donations made under the Program. Our cost of the life insurance premiums under the Program is partially offset by tax deductions we take from making the charitable contributions. Each director s proportional share of the cost of maintaining these policies during 2011 is included in the above table under All Other Compensation.

Because we make the charitable contributions (and are entitled to the related deduction) and are the owner and the beneficiary of the life insurance policies, directors derive no direct financial benefit from this program. In the event the proceeds from any of these policies exceed the donations we are required to make under the Program, we contribute the excess proceeds to the Norfolk Southern Foundation. Amounts the Norfolk Southern Foundation receives under this program may reduce what we otherwise would contribute from general corporate resources to support the Foundation s activities.

Directors Physical Examinations. Each non-employee director is entitled to reimbursement for a physical examination, up to $10,000 per calendar year. Some of our directors were reimbursed for physical examinations during 2011, but because the cost of these physicals, together with other perquisites or other personal benefits, did not exceed $10,000 for any non-employee director, these amounts do not appear in the 2011 Non-Employee Director Compensation Table. The CEO and the Executive Vice Presidents also are eligible for such reimbursement. See pages 36 and 39 of the Executive Compensation section of this proxy statement.

Risk Oversight

The Board of Directors is responsible for the oversight of the Corporation s risk management efforts. While the full Board of Directors is ultimately responsible for this oversight function, the Governance and Nominating Committee has been delegated authority to recommend procedures and processes for the Board s risk oversight function. Currently the Governance and Nominating Committee considers a mapping of the Corporation s risk and assigns oversight responsibilities for specific risks to the Board of Directors and the committees of the Board. In addition, in accordance with applicable regulations and its charter, the Audit Committee periodically considers major financial risks of the Corporation. Finally, the Compensation Committee considers major compensation related risks of the Corporation. Management in charge of particular areas of risk for the Corporation provides presentations, information and updates on risk management efforts as requested by the Board or a Board committee.

Committees

Each year, not later than at its organizational meeting that usually follows the Annual Meeting of Stockholders, the Board of Directors appoints members to its committees. In May 2011, the Board appointed members to the Executive Committee, the Governance and Nominating Committee, the Finance Committee, the Audit Committee and the Compensation Committee. The Performance-Based

Compensation Committee was eliminated in May 2011. Prior to its elimination, the members of the Performance-Based Compensation Committee were Daniel A. Carp, Chair, Gerald L. Baliles, Karen N. Horn and Steven F. Leer. The charter of each of the committees, approved by the Board of Directors, requires that it evaluate its performance at least annually, considering such issues as its effectiveness, its size and composition, the quality of information and presentations given by management, the suitability of its duties and such other issues as the committee deems appropriate. Copies of these committee charters are available on our website in the Investors section under Corporate Governance at *www.nscorp.com*. Any stockholder may request printed copies of one or more of the committee charters by contacting: Howard D. McFadden, Corporate Secretary, Norfolk Southern Corporation, Three Commercial Place, 13th Floor, Norfolk, Virginia 23510-9219 (telephone 757-823-5567). The Board of Directors also appointed members to one non-standing committee, the Special Litigation Committee, in March 2010. The members of the Special Litigation Committee were Gerald L. Baliles, Karen N. Horn and Michael D. Lockhart. The Special Litigation Committee was eliminated in November 2011.

The **Executive Committee** met two times in 2011; its current members are Charles W. Moorman, Chair, Gerald L. Baliles, Daniel A. Carp, Alston D. Correll and Burton M. Joyce. Mr. Carp and Mr. Joyce joined the Committee on May 12, 2011, and Dr. Carter and Mr. Hilliard served in the Committee until that date. When the Board is not in session, and except as otherwise provided by law, the Executive Committee has and may exercise all the authority of the Board, including the authority to declare a quarterly dividend on our common stock at the rate of the quarterly dividend most recently declared by the Board. All actions taken by the Executive Committee are reported to the Board at its meeting next following such action and are subject to revision or alteration by the Board. The Executive Committee is governed by a written charter last adopted by the Board effective January 1, 2005.

The **Governance and Nominating Committee** met seven times in 2011; its current members are Alston D. Correll, Chair, Daniel A. Carp, Karen N. Horn, Steven F. Leer and J. Paul Reason. Mr Carp and Mr. Reason joined the Committee on May 12, 2011, and Mr. Hilliard served as a member of the Committee until that date. All members of the Governance and Nominating Committee are independent (see information under Director Independence on page 17). The Governance and Nominating Committee is governed by a written charter last adopted by the Board effective November 24, 2009. This committee s duties include:

- recommending to the Board qualified individuals to be nominated either as additional members of the Board or to fill any vacancy on the Board;
- recommending to the Board qualified individuals to be elected as our officers;
- recommending the adoption of and any amendments to our Corporate Governance Guidelines;
- monitoring legislative developments relevant to us and overseeing efforts to affect legislation and other public policy;
- overseeing our charitable giving;
- monitoring our relations with stockholders;
- monitoring corporate governance trends and practices and making recommendations to the Board of Directors concerning corporate governance issues; and
- recommending to the Board of Directors procedures and processes for the Board s oversight of the Corporation s risk management program.

As described in the Corporate Governance Guidelines, the Governance and Nominating Committee considers potential candidates to be nominated for election as directors, whether recommended by a stockholder, director, member of management or consultant retained for that purpose, and recommends nominees to the Board. The Governance and Nominating Committee reviews the current biography of the potential candidate and additional information provided by the individual or group that recommended the candidate for consideration. The Governance and Nominating Committee fully considers the qualifications of all candidates and recommends the nomination of individuals who, in the Governance and Nominating Committee s judgment, will best serve the long-term interests of all stockholders. In the judgment of the Governance and Nominating Committee and the Board, all director nominees recommended by the Governance and Nominating Committee should, at a minimum:

- be of high ethical character and have personal and professional reputations consistent with our image and reputation;
- have experience as senior executives of public companies or leaders of large organizations, including charitable and governmental organizations, or have other experience at a strategy or policy setting level that would be beneficial to us;
- be able to represent all of our stockholders in an objective and impartial manner; and
- have time available to devote to Board activities.

It is the intent of the Governance and Nominating Committee and the Board that at least one director on the Board will qualify as an audit committee financial expert, as that term is defined in regulations of the SEC.

The Governance and Nominating Committee will consider director candidates recommended by stockholders. Any such recommendation should include:

- biographical information on the candidate, including all positions held as an employee, officer, partner, director or ten percent owner of all organizations, whether for profit or not-for-profit, and other relevant experience;
- a description of any relationship between the candidate and the recommending stockholder;
- a statement requesting that the Board consider nominating the individual for election as a director;
- written consent of the proposed candidate to being named as a nominee; and
- proof of the recommending stockholder s stock ownership.

Recommendations by stockholders must be in writing and addressed to the Chair of the Governance and Nominating Committee, c/o Corporate Secretary, Norfolk Southern Corporation, Three Commercial Place, 13th Floor, Norfolk, Virginia 23510-9219. So that the Governance and Nominating Committee will have adequate time to consider all candidates, **stockholder recommendations must be received no later than November 21, 2012, in order to be considered for nomination for election at the 2013 Annual Meeting of Stockholders.**

A stockholder may directly nominate an individual for election as director instead of (or in addition to) recommending a candidate for the Governance and Nominating Committee s consideration. Unless required by SEC regulations, stockholder nominees will not appear in our proxy statement or on the proxy card for the annual meeting. **Stockholders wishing to nominate an individual for election as a director at an annual meeting must comply with specific Bylaw provisions, which are available on our website, *www.nscorp.com*, in the Investors section under Corporate Governance.**

The **Finance Committee** met five times in 2011; its current members are Gerald L. Baliles, Chair, Thomas D. Bell, Jr., Erskine B. Bowles, Robert A. Bradway (who joined the Committee on July 25, 2011), Wesley G. Bush (who joined the Committee on February 27, 2012), Burton M. Joyce and

Michael D. Lockhart. Adm. Reason and Dr. Carter served on the Committee until May 12, 2011. The Finance Committee is governed by a written charter last adopted by the Board effective November 23, 2010. This committee s duties include:

- developing guidelines and overseeing implementation of policies concerning our capital structure; and
- reviewing and evaluating tax and treasury matters and financial returns of our transactions.

The **Compensation Committee** met five times in 2011; its current members are Daniel A. Carp, Chair, Gerald L. Baliles, Erskine B. Bowles (who joined the Committee on February 28, 2011), Wesley G. Bush (who joined the Committee on February 27, 2012), Alston D. Correll and Steven F. Leer. Mr. Hilliard and Dr. Horn served on the Committee until May 12, 2011. All members of the Compensation Committee are independent (see information under Director Independence on page 17). The Compensation Committee is governed by a written charter last adopted by the Board effective January 25, 2010. This committee s duties include:

- considering and making recommendations to the Board concerning our executive compensation programs, including recommended compensation for directors and annual salaries for those officers whose salaries are fixed by the Board;
- reviewing and approving corporate goals and objectives relevant to the Chief Executive Officer s compensation and considering and recommending to the independent members of the Board the compensation of the Chief Executive Officer based on an evaluation of the Chief Executive Officer s performance relative to those corporate goals and objectives;
- considering and making recommendations to the Board concerning the adoption and administration of any management incentive bonus plan, deferred compensation plan, long-term incentive plan or other similar plan, including personnel eligible to participate and the method of calculating bonuses, deferred compensation amounts or awards under any such plan;
- overseeing the design of our employee retirement plans;
- making any other compensation decisions for which it is desirable to achieve the protections afforded by Section 162(m) of the Internal Revenue Code or by other laws or regulations that may be or become relevant in this area and in which only disinterested directors may participate; and
- overseeing disclosures under the Compensation Discussion and Analysis (CD&A) on executive compensation as required by the SEC to be included in the annual proxy statement or annual report on Form 10-K and producing a Compensation Committee Report indicating that it has reviewed and discussed the CD&A with management and whether the CD&A should be included in the annual proxy statement.

The Compensation Committee makes all salary recommendations to the independent members of the Board of Directors for the Chief Executive Officer and, based on the Chief Executive Officer s individual performance evaluations, to the Board of Directors for all other Board-elected officers. The Compensation Committee also makes long-term incentive compensation awards to directors and makes recommendations to the full Board of Directors on all other elements of director compensation. In setting such compensation for the directors and the Chief Executive Officer, the Compensation Committee considers the recommendations of the compensation consultant.

The Compensation Committee has engaged Pay Governance to assist it in making compensation recommendations and decisions and otherwise fulfilling its duties under its charter. The Committee annually requests that Pay Governance assess our compensation and employee benefit arrangements, particularly those relevant to our directors and Executive Officers, and advise it

whether any changes would be recommended in order to ensure that our compensation arrangements with our directors and Executive Officers are appropriate. The Committee has directed that the assessment include comparisons of our existing compensation arrangements to those of the other Class I railroads and American corporations of comparable size. During the Committees 2011 review of the directors , the Chief Executive Officer s and other management s compensation levels, the Committee and the Performance-Based Compensation Committee considered the advice they received from Pay Governance; however, the Committees were responsible for deciding or for making final recommendations to the Board as to the form and amount of our compensation programs.

The **Audit Committee** met eight times in 2011; its current members are Burton M. Joyce, Chair, Thomas D. Bell, Jr., Robert A. Bradway (who joined the Committee on July 25, 2011), Karen N. Horn (who joined the Committee on May 12, 2011), Michael D. Lockhart, and J. Paul Reason. Gene R. Carter served on the Committee until May 12, 2011. The Board has determined that all current members of the Audit Committee are independent (see information under Director Independence on page 17) and satisfy all additional requirements for service on an audit committee, as defined by the applicable rules of the New York Stock Exchange and the SEC, and no member of the Audit Committee serves on more than three public company audit committees. While other members of the Audit Committee may also qualify, the Board has determined that Burton M. Joyce, who is a member of the Audit Committee, qualifies as an audit committee financial expert, as that term is defined by SEC rules.

The Audit Committee is governed by a written charter last adopted by the Board effective November 24, 2009. This committee s duties include:

· assisting Board oversight of the accuracy and integrity of our financial statements, financial reporting process and internal control systems;

· engaging an independent registered public accounting firm (subject to stockholder ratification) based on an assessment of their qualifications and independence, and pre-approving all fees associated with their engagement;

· evaluating the efforts and effectiveness of our independent registered public accounting firm and Audit and Compliance Department, including their independence and professionalism;

· facilitating communication among the Board, the independent registered public accounting firm, our financial and senior management and our Audit and Compliance Department;

· assisting Board oversight of our compliance with applicable legal and regulatory requirements; and

· preparing the Audit Committee Report that SEC rules require be included in our annual proxy statement.

AUDIT COMMITTEE REPORT

Before our Annual Report on Form 10-K for the year ended December 31, 2011 was filed with the SEC, the Audit Committee of the Board of Directors reviewed and discussed with management our audited financial statements for the year ended December 31, 2011.

The Audit Committee has discussed with KPMG LLP, our independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards 61, Communications with Audit Committees, as amended.

The Audit Committee also has received and reviewed the written disclosures and the letter from KPMG LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding KPMG LLP s communications with the Audit Committee concerning independence, and has discussed with KPMG LLP their independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the financial statements referred to above be included in our Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC.

2011 Members of the Audit Committee

Burton M. Joyce, *Chair*

Thomas D. Bell, Jr., *Member*

Robert A. Bradway, *Member**

Karen N. Horn, *Member***

Michael D. Lockhart, *Member*

J. Paul Reason, *Member*

**Joined the Committee effective July 25, 2011*

***Joined the Committee effective May 12, 2011*

TRANSACTIONS WITH RELATED PERSONS

We may occasionally participate in transactions with certain related persons. Related persons include our Executive Officers, directors, 5% or more beneficial owners of our common stock, immediate family members of these persons, and entities in which one of these persons has a direct or indirect material interest. We refer to transactions with these related persons as related person transactions. We have adopted a written policy to prohibit related person transactions unless they are determined to be in Norfolk Southern s best interests. Under this policy, the Audit Committee is responsible for the review and approval of each related person transaction exceeding $120,000. In instances where it is not practicable or desirable to wait until the next meeting of the Audit Committee for review of a related person transaction, the Chair of the Audit Committee possesses delegated authority to act between Audit Committee meetings. The Audit Committee, or the Chair, considers all relevant factors when determining whether to approve a related person transaction including, without limitation, whether the proposed transaction is on terms and made under circumstances that are at least as favorable to Norfolk Southern as would be available in comparable transactions with or involving unaffiliated third parties. Among other relevant factors, they consider the following:

- the size of the transaction and the amount of consideration payable to the related person(s);
- the nature of the interest of the applicable director, director nominee, Executive Officer, or 5% stockholder, in the transaction; and
- whether we have developed an appropriate plan to monitor or otherwise manage the potential for a conflict of interest.

The Chair must report any action taken pursuant to this delegated authority to the Audit Committee at its next meeting. In addition, at the Audit Committee s first meeting of each fiscal year, it reviews all previously approved related person transactions that remain ongoing and have a remaining term or remaining amounts payable to or receivable from us of more than $120,000. Based on all relevant facts and circumstances, taking into consideration our contractual obligations, the Audit Committee determines whether it is in our and our stockholders best interest to continue, modify or terminate the related person transaction.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee during 2011 were Daniel A. Carp, Chair, Gerald L. Baliles, Erskine B. Bowles, Alston D. Correll, and Steven F. Leer. Mr. Hilliard and Dr. Horn served on the Committee until May 12, 2011. The members of the Performance-Based Compensation Committee during 2011 were Daniel A. Carp, Chair, Gerald L. Baliles, Karen N. Horn, and Steven F. Leer. The

Performance-Based Compensation Committee was eliminated in May 2011. None of the foregoing members has ever been employed by Norfolk Southern, and no such member had, during our last fiscal year, any relationship with us requiring disclosure under Item 404 of Regulation S-K or under the Compensation Committee Interlocks disclosure requirements of Item 407(e)(4) of Regulation S-K.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Objectives of Compensation Program

Norfolk Southern s primary objective with respect to executive compensation is to design compensation programs which will:

- Align executives compensation with overall business strategies;
- Attract and retain highly qualified executives; and
- Provide incentives that drive stockholder value.

The Compensation Committee of our Board of Directors is responsible for developing and maintaining appropriate compensation programs for our Executive Officers, including our Named Executive Officers. Until May 12, 2011, the Performance-Based Compensation Committee was responsible for considering and making certain awards under the Long-Term Incentive Plan and the Executive Management Incentive Plan of the Corporation. The Board of Directors eliminated the Performance-Based Compensation Committee in May 2011 and transferred that committee s duties to the Compensation Committee. In this Compensation Discussion and Analysis we refer to the Compensation Committee and the Performance-Based Compensation Committee, whether acting together or independently, as the Committees.

In order to enhance the Committees ability to carry out these responsibilities effectively, as well as ensure that Norfolk Southern maintains strong links between executive pay and performance, the Committees:

- Review management recommendations with respect to compensation decisions.
- Review the Chief Executive Officer s individual performance evaluations for Executive Officers and discuss such performance assessments with the Chief Executive Officer on an annual basis and recommend any compensation adjustments to the Board of Directors for approval.
- Have retained Pay Governance as an outside compensation consultant.

To show the compensation differentials between the Chief Executive Officer and our other executives, and among our executive vice presidents (collectively, the Named Executive Officers), Norfolk Southern has chosen to report compensation for all of its executive vice presidents in the compensation tables in this proxy statement and to discuss their compensation in this Compensation Discussion and Analysis section.

Management Recommendations

The Chief Executive Officer and the Executive Vice President-Administration provide recommendations to the Committees on any adjustments to compensation for the Named Executive Officers, other than the Chief Executive Officer. Such adjustments are based on each individual s performance, level of responsibility, and time in position. In addition, the Chief Executive Officer and Executive Vice President-Administration provide recommendations to the Committees on adjustments to compensation to address retention needs, performance goals, internal pay equity, overall corporate performance, and general economic conditions. In 2011, Pay Governance made recommendations to the Committees on adjustments to compensation for the Chief Executive Officer. The Chief Executive Officer is not present when the Committees make decisions on his compensation package.

Use of Compensation Consultant

The Committees engaged Pay Governance to provide executive compensation consulting services to the Committees during 2011. Pay Governance does not provide services to Norfolk Southern other than services provided directly to the Committees. Pay Governance provides requested reports and information to the Committees and attends Committee meetings at the Committees request. For 2011, the Committees engaged Pay Governance to (1) conduct a market pay assessment of Norfolk Southern s compensation levels relative to both the competitive market and Norfolk Southern s compensation philosophy, including identifying and reviewing market benchmark positions and compensation comparison data, (2) assist Norfolk Southern with the development of long-term incentive grant guidelines for the officer and management groups, based on Pay Governance s competitive pay assessment and long-term incentive competitive market data, (3) conduct an assessment of Norfolk Southern s non-employee directors compensation package relative to competitive market practices, (4) review emerging trends and issues in executive compensation with the Committees and discuss the implications for Norfolk Southern, and (5) provide certain additional executive compensation consulting services as may be requested by the Committees. In conducting the market pay assessment, Pay Governance reviews with the Committees parameters for the selection of peer group companies and compiles compensation data for the peer group. The Committees use this information as a starting point for its compensation decisions.

Compensation Policies

In setting compensation for the Named Executive Officers, the Committees:

· Consider comparative market data, gathered by the compensation consultant, from other North American Class I railroads as a guideline (Peer Group Companies). In aggregate, the Committees target a range from the 50th to the 65th percentile for Named Executive Officers total direct compensation (i.e., total cash compensation plus the expected value of long-term incentive awards) compared to the Peer Group Companies.

· Consider prior salary levels, targeted bonus opportunities and the value of long-term incentive awards at the time the awards were made.

· Consider expected corporate performance and general economic conditions.

· Do not consider amounts realized from prior performance-based or stock-based compensation awards when setting the current year s target total direct compensation, regardless of whether such amounts realized may have resulted in a higher payout than targeted or a lower payout than targeted in prior years. Since the nature and purpose of performance-based and stock-based compensation is to tie executives compensation to future performance, the Committees believe that considering amounts realized from prior compensation awards in making current compensation decisions is inconsistent with such purpose.

The Committees monitor the continuing appropriateness of the peer group. Beginning in 2011, the Committees selected a peer group for the Named Executive Officers consisting of the other North American Class I railroads. The Committees selected this peer group because Norfolk Southern is increasingly in competition with the other North American Class I railroads for key executive talent. As

a result, the Committees determined that reference to the pay levels at the other North American Class I railroads was the most relevant comparator for the Named Executive Officers. The North American Class I railroads that make up the Peer Group Companies are:

BNSF Railway	Canadian Pacific Railway	Kansas City Southern
Canadian National Railway	CSX	Union Pacific

The Committees apply their executive compensation policies consistently to all Named Executive Officers, and the application of these policies produces differing amounts of compensation for executives at different management levels within the Corporation. In setting the Chief Executive Officer s compensation, the Committees apply the policies described above and, in particular, strive to balance comparative market data for chief executive officers of Peer Group Companies with its goal to provide meaningful incentive opportunities earned on the basis of performance which contributes to delivering stockholder returns. In considering comparative market data for the Chief Executive Officer, the Committees also consider experience. For 2011, the Committees targeted between the 25th and 50th percentile as compared to the Peer Group Companies for Mr. Moorman s base salary to reflect the Committees desire to provide adjustments in a gradual and incremental fashion. In addition, the Committees look at executives at the executive vice president level and consider the appropriate compensation differential between the Chief Executive Officer and the executive vice presidents. Because the Chief Executive Officer s job carries the highest level of responsibility and has the greatest ability to drive shareholder value, his total compensation contains a higher variable or at-risk component than that of other executives.

Consideration of Stockholder Advisory Vote on Compensation

At Norfolk Southern s 2011 Annual Meeting of Stockholders, the Corporation s stockholders voted on a non-binding advisory resolution on the compensation provided to the Corporation s Named Executive Officers, as reported in the Corporation s 2011 Compensation Discussion and Analysis and executive compensation tables. Approximately 94% of voting stockholders approved that resolution. Given the results of the stockholder advisory vote, the Committee adopted compensation programs and practices generally consistent with those disclosed for 2011. While such votes are advisory in nature, the Board and Compensation Committee will carefully consider the results of any such vote in the future.

Compensation Components

Overview

Norfolk Southern s executive compensation programs for 2011 are designed so that, at target levels of performance, total direct compensation for Named Executive Officers is in approximately the 50th to 65th percentile in aggregate as compared to the Peer Group Companies. Total direct compensation consists of salary, annual bonus, and long-term incentives. In establishing compensation for the different executive levels, the Committees strive to provide internal pay equity across each level so that executives occupying positions at a similar level and having a similar level of responsibility, such as executive vice presidents, receive similar total direct compensation.

The Committees consider what proportion of total direct compensation should be paid annually as base salary, as total cash compensation (salary plus bonus) and as long-term compensation. For 2011, the Committees targeted approximately the 50th percentile as compared to the Peer Group Companies as a guideline in establishing base salaries (see the discussion under Salaries) and the portion paid annually as total cash compensation. In 2011, the portion of total direct compensation awarded as cash compensation was approximately 28% for Mr. Moorman and 41% for the other Named Executive Officers, and the portion of total direct compensation awarded as long-term incentive compensation was approximately 72% for Mr. Moorman and 59% for the other Named Executive Officers.

The Committees also consider where total direct compensation valued at the time of the award falls within the targeted 50th to 65th parameter. This comparison is based on salary for the upcoming year, an estimated 67% earn-out for the bonus, an estimated 50% earn-out for performance share units awarded for the upcoming year, a binomial model valuation for options, and an estimated fair market value for restricted stock units. The value of long-term incentive compensation is based on the estimated fair market value of Norfolk Southern s stock at the time the award is approved by the Committees.

The Committees may adjust compensation for an individual executive based on individual performance. In particular, the Committees may reduce certain compensation that is performance-based (such as the annual bonus and performance shares), and may reduce or increase certain compensation that is not performance-based (such as for restricted stock units). The Committees determined in 2011 that the performance of all Named Executive Officers met or exceeded expectations and therefore did not make any adjustments to compensation on the basis of individual performance.

Base salaries, total cash compensation and total direct compensation awarded for 2011 for the Named Executive Officers was positioned at the following percentiles as compared to the aggregate for Peer Group Companies:

	Base Salary	**Total Cash Compensation**	**Total Direct Compensation**
Mr. Moorman	33%	47%	57%
Mr. Squires	59%	56%	52%
Ms. Butler	59%	56%	52%
Mr. Hixon	59%	56%	52%
Mr. Manion	59%	56%	52%
Mr. Rathbone	59%	56%	52%
Mr. Seale	59%	56%	52%

Mr. Moorman s base salary fell within the targeted 25th to 50th percentile range, and his total cash compensation fell below the targeted percentile because his total direct compensation consists of a higher proportion of compensation which is at risk (i.e., bonus, options and performance shares). Base salary and total cash compensation for Ms. Butler, Mr. Hixon, Mr. Manion, Mr. Rathbone, Mr. Seale, and Mr. Squires fell within a reasonable range of the targeted 50th percentile for base salary and total cash compensation.

In awarding long-term incentive compensation, the Committees consider the targeted total direct compensation and the prior year s award to determine the total size of the long-term incentive award. Once the Committees establish salary and bonus (i.e., total cash compensation), the remaining portion of total direct compensation is awarded as long-term incentive compensation. For Mr. Moorman, his total direct compensation awarded for 2011 was within a reasonable range of the target. For Ms. Butler, Mr. Hixon, Mr. Manion, Mr. Rathbone, Mr. Seale, and Mr. Squires, the Committees considered their total direct compensation to be within a reasonable range of the target.

The greater the level of an executive s responsibility, the higher the proportion of his or her compensation which is at risk. For 2011, the portion of total direct compensation that was at risk represented 77% of Mr. Moorman s total direct compensation and 69% of the total direct compensation for the other Named Executive Officers, while the remaining 23% and 31% represented the portion of total direct compensation that was not at risk (base salary and restricted stock units). For the at-risk portion of total direct compensation, the Committees awarded approximately 21% as an annual incentive in the form of an annual bonus to Mr. Moorman and 27% to the other Named Executive Officers, and approximately 79% and 73% as long-term incentive compensation (options and performance shares). Each of these components is described below. The establishment of short-term at-risk compensation (i.e., bonus) is based in part on the total cash compensation target, and the establishment of long-term at-risk compensation is based in part on the total direct compensation target; this allocation is not directly based on a target against comparative market data for the amount of short-term compensation and long-term compensation which is at risk. In addition, the Committees consider market practices, internal pay equity, and our objective to attract and retain highly qualified executives in establishing short-term at-risk and long-term at-risk compensation. This allocation is re-evaluated annually.

The Committees further consider the portion of total direct compensation which is to be awarded as long-term compensation (including both the fixed and the at-risk portions) and how the long-term piece of compensation should be allocated between options, performance shares, and restricted stock units. This allocation is based on general market practices, compensation trends, governance practices, and business issues facing Norfolk Southern. In making this determination, the Committees take into account the potential dilutive effect of stock-based awards and the burn rate of such awards, including guidance on these measures from proxy advisory services, and further consider the purpose behind each element of long-term compensation and how the allocation among these elements will contribute to its overall compensation policies. The Committees do not target comparative market data in making this allocation decision.

Salaries

Norfolk Southern targets approximately the 50th percentile as compared to Peer Group Companies as a guideline in establishing the Named Executive Officers base salaries. However, Norfolk Southern may provide for base salaries above the median if, in the Committees view, a particular executive s performance exceeded expectations; if an executive takes on additional responsibilities; to provide internal pay equity; or under other special circumstances. Base salaries are reviewed annually and adjusted from time to time to realign salaries with market levels after taking into account individual performance and experience. For 2011, the Committees recommended no changes to base salaries for the Named Executive Officers.

Annual Bonus

Each of our Named Executive Officers participates in Norfolk Southern s Executive Management Incentive Plan (EMIP), which is designed to compensate executives based on achievement of annual corporate performance goals. For 2011, Norfolk Southern targeted the 50th percentile as compared to the Peer Group Companies for Named Executive Officers base salaries plus bonuses.

Under EMIP, each participant has an opportunity to earn a bonus amount that is contingent upon achieving the relevant performance goals. The performance goals for 2011 were based 37.5% on pre-tax net income, 37.5% on operating ratio and 25% on a composite of three service measures, consisting of adherence to operating plan, connection performance, and train performance (which we will refer to as the composite service measure). Each metric is based on objective performance targets, and the composite service measure is based on goals for each of the three individual service measures. The composite service measure is comprised of 30% for adherence to operating plan, 30% for connection performance and 40% for train performance. The portions of the bonus based on pre-tax net income, operating ratio and the composite service measure each vest independently, so it is possible to earn a bonus by achieving the threshold on only one of these metrics. Norfolk Southern selected these metrics because it believes that use of such metrics promotes operating efficiency and thereby enhances stockholder value. In anticipation of significantly increased volume growth in 2011 and the resulting operating complexities, the Committees raised the performance standards for operating ratio and pre-tax net income and lowered the performance standard used for the composite service measure for 2011 as compared with performance goals established in 2010.

For 2011, the Committees set the following threshold, target and maximum payouts:

- if Norfolk Southern achieved only one of each target listed below, then a threshold payout of:

  0.02% at a pre-tax net income of $1.561 billion, or

  0.28% at an operating ratio of 77.9%, or

  7.5% at a composite service measure of 72%