

NORFOLK SOUTHERN CORP
Form DEF 14A
March 21, 2008
Table of Contents

OMB APPROVAL

OMB Number: 3235-0059
Expires: January 31, 2008
Estimated average burden

hours per response 14.

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

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))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Table of Contents

Norfolk Southern Corporation

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

- .. Fee paid previously with preliminary materials.
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

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 8, 2008

We will hold our Annual Meeting of Stockholders at the Kaufman Theatre, Chrysler Museum of Art, 245 West Olney Road, Norfolk, Virginia 23510, on Thursday, May 8, 2008, at 10:00 A.M., Eastern Daylight Time, for the following purposes:

1. Election of four directors to the class whose term will expire in 2011.
2. Ratification of the appointment of KPMG LLP, independent registered public accounting firm, as our independent auditors for 2008.
3. Transaction of such other business as properly may come before the meeting.

Only stockholders of record as of the close of business on March 3, 2008 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, 2008

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.

Table of Contents

TABLE OF CONTENTS

<u>IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 8, 2008</u>	1
<u>INFORMATION ABOUT VOTING</u>	1
<u>CONFIDENTIALITY</u>	2
<u>PROPOSALS REQUIRING YOUR VOTE</u>	3
<u>ITEM 1: ELECTION OF DIRECTORS</u>	3
<u>ITEM 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	6
<u>ITEM 3: OTHER MATTERS</u>	7
<u>SUPPLEMENTAL INFORMATION</u>	7
<u>BENEFICIAL OWNERSHIP OF STOCK</u>	8
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	10
<u>BOARD OF DIRECTORS</u>	10
<u>Composition and Attendance</u>	10
<u>Corporate Governance</u>	10
<u>Director Independence</u>	11
<u>Retirement Policy</u>	13
<u>Compensation</u>	13
<u>Committees</u>	16
<u>AUDIT COMMITTEE REPORT</u>	20
<u>TRANSACTIONS WITH RELATED PERSONS</u>	20
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	21
<u>EXECUTIVE COMPENSATION</u>	21
<u>Compensation Discussion and Analysis</u>	21
<u>Compensation Tables</u>	32
<u>Retirement Benefits</u>	40
<u>Deferred Compensation</u>	42
<u>Potential Payments Upon Termination or Change in Control</u>	43
<u>Compensation Committee Report</u>	52
<u>STOCKHOLDER PROPOSALS</u>	52
<u>APPENDIX</u>	

Table of Contents

Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510

March 21, 2008

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 8, 2008. We began mailing to you and other stockholders this proxy statement and the accompanying proxy card beginning approximately March 21, 2008, in order to furnish information relating to the business to be transacted at the 2008 Annual Meeting. We also included a copy of our 2007 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 8, 2008

Pursuant to new 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 new SEC rules, you may access our proxy statement and annual report at <http://bnymellon.mobular.net/bnymellon/nsc>, which does not have cookies that identify visitors to the site.** The notice of annual meeting and proxy card 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 3, 2008, are entitled to notice of and to vote at the 2008 Annual Meeting. As of the March 3, 2008, record date, 396,531,269 shares of our common stock were issued and outstanding. Of those shares, 375,867,598 shares were owned by stockholders entitled to one vote per share. The remaining 20,663,671 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 The Bank of New York. Alternatively, you may vote in person at the 2008 Annual Meeting.

To obtain directions to be able 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 record holder, 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

Table of Contents

included with these materials. Your shares may be voted if they are held in street name, even if you do not provide the record holder with voting instructions; brokers, banks and other nominee record holders 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 election of directors and the ratification of the selection of KPMG LLP as our independent registered public accounting firm are considered routine matters for which brokers, banks and other nominee record holders may vote shares they hold in street name, even in the absence of voting instructions from the beneficial owner.

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 you do not submit your proxy by May 2, 2008, 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 2008 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 2008 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 2007 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. The Bank of New York, New York, N.Y., which we have retained at an estimated cost of \$7,200.00 plus out-of-pocket expenses to tabulate all proxies and ballots cast at the 2008

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

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.

Table of Contents

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 2008 Annual Meeting, the terms of four directors will expire: those of Gerald L. Baliles, Gene R. Carter, Karen N. Horn and J. Paul Reason. At its meeting held on January 22, 2008, the Board of Directors amended our Bylaws to decrease the number of directors from ten to nine to eliminate the vacancy created by the resignation of Jane Margaret O'Brien on January 31, 2008. The Board of Directors further amended our Bylaws at its meeting on February 22, 2008, to increase the numbers of directors from nine to ten and elected Karen N. Horn 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.

Unless you instruct otherwise when you give us your proxy, it will be voted in favor of the election of Ms. Horn and Messrs. Baliles, Carter and Reason as directors for three-year terms that begin at the 2008 Annual Meeting and continue until the 2011 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.

One nominee for election at this meeting, Karen N. Horn, previously has not been elected by the stockholders of Norfolk Southern. Ms. Horn was recommended by a third-party director search firm retained by the Governance and Nominating Committee during 2007. Norfolk Southern paid a fee 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 2008 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.

Vote Required to Elect a Director: Under Virginia law and under our Restated Articles of Incorporation, directors are elected at a meeting, so long as a quorum for the meeting exists, by a plurality of the votes cast by the shares entitled to be voted in the election. Shares voted to withhold authority, abstentions, or shares that are not voted are not counted as cast for this purpose. However, pursuant to our Corporate Governance Guidelines, in uncontested elections of directors, such as this election, any nominee for director who receives a greater number of withhold votes than votes for his or her election must tender his or her

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

resignation to the Board of Directors for consideration by our Governance and Nominating Committee. Abstentions or shares that are not voted are not counted for purposes of this majority voting policy. You should note that brokers, banks and other nominee record holders have the authority to vote their customers' shares in the election of directors even if they do not receive instructions as to how to vote in the election.

Table of Contents

Nominees for terms expiring in 2011

Gerald L. Baliles	Mr. Baliles, 67, Charlottesville, Va., has been a director since 1990. He has been Director of the Miller Center of Public Affairs at the University of Virginia since April 2006. Mr. 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 former Governor and Attorney General of Virginia.
-------------------	--

Gene R. Carter	Mr. Carter, 68, Spotsylvania, Va., has been a director since 1992. He has been Executive Director and Chief Executive Officer of the Association for Supervision and Curriculum Development, one of the world's largest international education associations, since March 2000, and previously was Executive Director of that organization.
----------------	---

Karen N. Horn	Ms. Horn, 64, Lyme, Ct., has been a director since February 22, 2008. Ms. Horn has been a partner with Brock Capital Group since 2003. Ms. 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. Ms. Horn serves as director of T. Rowe Price Mutual Funds; The U.S. Russia Investment Fund, a presidential appointment; Simon Property Group, Inc.; Eli Lilly and Company; and Fannie Mae.
---------------	---

J. Paul Reason	Admiral Reason, 66, Chesapeake Beach, Md., has been a director since 2002. He was Vice Chairman and Director beginning in 2005, and Chief Operating Officer beginning in 2000, of Metro Machine Corporation, an employee-owned ship repair company, until his retirement in September 2006. He is a retired four-star Admiral and former Commander-in-Chief of the U.S. Atlantic Fleet, having served more than 34 years on active duty in the U.S. Navy. He is a member of the Naval Studies Board at the National Academy of Sciences, Vice Chair of the Board of Directors for the Oak Ridge Associated Universities Foundation, Chairman of the Board of Directors for the United States Navy Memorial Foundation, and member of the National War Powers Commission. He is also a director of Amgen Inc. and Todd Shipyards Corporation.
----------------	--

Table of Contents

Continuing Directors those whose terms expire in 2009

Daniel A. Carp	Mr. Carp, 59, Naples, Fla., has been a director since 2006. He formerly 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 Delta Air Lines, Inc. and is also a director of Texas Instruments Incorporated and Liz Claiborne, Inc.
----------------	--

Steven F. Leer	Mr. Leer, 55, St. Louis, Mo., has been a director since 1999. He 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.
----------------	--

Charles W. Moorman, IV	Mr. Moorman, 56, Virginia Beach, Va., has been a director since 2005. He 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.
------------------------	---

Table of Contents**Continuing Directors those whose terms expire in 2010**

Alston D. Correll Mr. Correll, 66, Atlanta, Ga., has been a director since 2000. He 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., SunTrust Bank, SunTrust Banks of Georgia, Inc. and Mirant Corporation.

Landon Hilliard Mr. Hilliard, 68, Oyster Bay Cove, N.Y., has been a director since 1992. He has been a partner of Brown Brothers Harriman & Co., a private bank in New York City, since 1979. He is also a director of Owens Corning, Western World Insurance Group Inc. and Russell Reynolds Associates, Inc.

Burton M. Joyce Mr. Joyce, 66, South Pasadena, Fla., has been a director since 2003. He joined the Board of Directors of IPSCO Inc., a leading steel producer, in 1992, and served as Chairman from 2000 to 2007. Mr. Joyce previously served as Vice Chairman, President and Chief Executive Officer of Terra Industries, Inc. He is also a director of Hercules Incorporated.

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

At a meeting held on January 21, 2008, the Audit Committee of the Board of Directors appointed the firm of KPMG LLP (KPMG), independent registered public accounting firm, to perform for 2008 the integrated audit of our consolidated financial statements and internal control over financial reporting. KPMG and its predecessors have acted as our auditors (and for one of our predecessor companies, Norfolk and Western Railway Company) since 1969.

For the years ended December 31, 2007, and December 31, 2006, KPMG billed us for the following services:

	2007	2006
Audit Fees ¹	\$ 2,134,000	\$ 2,179,900
Audit-Related Fees ²	\$ 152,950	\$ 139,500
Tax Fees ³	0	\$ 27,200
All Other Fees	0	0

¹Audit 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.

Table of Contents

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

³Tax Fees consisted principally of general tax advice pertaining to customary business matters.

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 2007, and the Audit Committee adopted a general practice beginning in 2007 to engage KPMG to provide only audit and audit-related services. 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 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 2007 and 2006 were pre-approved in accordance with these procedures.

Representatives of KPMG are expected to be present at the 2008 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, 2008, 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, banks and other nominee record holders 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: OTHER MATTERS

The Board of Directors does not know of any other matters to be presented at the 2008 Annual Meeting, other than as noted elsewhere in this proxy statement. If any other proposal is properly brought before the 2008 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).

Table of Contents**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 22, 2008, the beneficial ownership of our common stock for:

- (1) each director and each nominee;
- (2) our principal executive officer, each individual serving as our principal financial officer during 2007, and each of the other three most highly compensated Executive Officers, based on total compensation for 2007 (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 .82% of the total outstanding shares of our common stock.

Name	Shares of Common Stock	Name	Shares of Common Stock
Gerald L. Baliles	45,941 ¹	Charles W. Moonman, IV	496,197 ²
Daniel A. Carp	12,237 ¹	J. Paul Reason	29,549 ¹
Gene R. Carter	46,788 ¹	Stephen C. Tobias	595,431 ³
Alston D. Correll	38,671 ¹	Henry C. Wolf	502,394 ⁴
Landon Hilliard	57,383 ¹	Mark D. Manion	248,278 ⁵
Karen N. Horn	3,000 ¹	Donald W. Seale	310,381 ⁶
Burton M. Joyce	22,590 ¹	James A. Squires	95,544 ⁷
Steven F. Leer	40,759 ¹		
20 directors and Executive Officers as a group (including the persons named above)			3,229,216 ⁸

¹Includes a one-time grant of 3,000 shares to each non-employee director on January 1, 1994, or when that director was first elected to the Board thereafter. 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 10). The amounts reported include restricted stock units awarded to directors pursuant to the Long-Term Incentive Plan as follows: Mr. Baliles, 42,941; Mr. Carp, 9,157; Mr. Carter, 43,638; Mr. Correll, 30,671; Mr. Hilliard, 43,638; Mr. Joyce, 17,590; Mr. Leer, 36,559; and Mr. Reason, 26,257. 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 Outside Directors Deferred Stock Unit Program for more information regarding these restricted stock units. Also includes 5,000 shares over which Mr. Correll, 1,200 shares over which Mr. Leer, 100 shares over which Mr. Carter, and 100 shares over which Mr. Reason share voting and investment power with another individual. Includes 50 shares as to which Mr. Carter disclaims beneficial ownership.

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

²Includes 2,266 shares credited to Mr. Moorman's account in our Thrift and Investment Plan; 313,538 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; 91,500 restricted shares awarded to Mr. Moorman pursuant to our Long-Term Incentive Plan over which

Table of Contents

Mr. Moorman possesses voting power but has no investment power until the restriction period lapses; and 80 shares over which Mr. Moorman shares voting and investment power.

³Includes 18,749 shares credited to Mr. Tobias' account in our Thrift and Investment Plan; 332,461 shares subject to stock options granted pursuant to our Long-Term Incentive Plan with respect to which Mr. Tobias has the right to acquire beneficial ownership within 60 days; and 57,000 restricted shares awarded to Mr. Tobias pursuant to our Long-Term Incentive Plan over which Mr. Tobias possesses voting power but has no investment power until the restriction period lapses.

⁴Includes 285,459 shares subject to stock options granted pursuant to our Long-Term Incentive Plan with respect to which Mr. Wolf has the right to acquire beneficial ownership within 60 days; and 36,700 restricted shares awarded to Mr. Wolf pursuant to our Long-Term Incentive Plan over which Mr. Wolf possesses voting power but has no investment power until the restriction period lapses.

⁵Includes 5,271 shares credited to Mr. Manion's account in our Thrift and Investment Plan; 177,462 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; and 34,600 restricted shares awarded to Mr. Manion pursuant to our Long-Term Incentive Plan over which Mr. Manion possesses voting power but has no investment power until the restriction period lapses.

⁶Includes 2,772 shares credited to Mr. Seale's account in our Thrift and Investment Plan; 192,462 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; and 34,600 restricted shares awarded to Mr. Seale pursuant to our Long-Term Incentive Plan over which Mr. Seale possesses voting power but has no investment power until the restriction period lapses.

⁷Includes 121 shares credited to Mr. Squires' account in our Thrift and Investment Plan; 68,546 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; and 8,800 restricted shares awarded to Mr. Squires pursuant to our Long-Term Incentive Plan over which Mr. Squires possesses voting power but has no investment power until the restriction period lapses.

⁸Includes 52,784 shares credited to Executive Officers' individual accounts under our Thrift and Investment Plan. Also includes: 1,792,298 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; 351,660 restricted shares awarded to Executive Officers pursuant to our Long-Term Incentive Plan over which they possess voting power but no investment power until the restriction period lapses; and 230 shares over which Executive Officers share voting and investment power.

The following table shows, as of February 22, 2008, 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 13. 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. In January 2008, all stock units awarded to the non-employee directors under the Outside Directors' Deferred Stock Unit Program were terminated, and replacement grants of an equivalent number of

restricted stock units were made under the Long-Term Incentive Plan. The awards made under the Long-Term Incentive Plan will be settled in stock and are included in the beneficial ownership table on page 8.

Table of Contents

Name	Total Number		
	Number of		of NS Stock Units
	NS Stock	Shares	and Shares
	Units¹	Beneficially	Beneficially
		Owned	
Gerald L. Baliiles	3,931	45,941	49,872
Daniel A. Carp	3,606	12,237	15,843
Gene R. Carter	4,614	46,788	51,402
Alston D. Correll	19,539	38,671	58,210
Landon Hilliard	0	57,383	57,383
Karen N. Horn	0	3,000	3,000
Burton M. Joyce	5,147	22,590	27,737
Steven F. Leer	17,330	40,759	58,089
J. Paul Reason	0	29,549	29,549

¹Represents 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.

²Figures in this column are based on the beneficial ownership that appears on page 8.

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 2007 beneficial ownership were filed on time by all directors and Executive Officers other than an option exercise by Mr. Squires which was not timely reported due to an administrative error and which was reported promptly on a Form 4 after the oversight was discovered.

BOARD OF DIRECTORS**Composition and Attendance**

On February 22, 2008, our Board of Directors consisted of ten members. The Board is divided into three classes. The members of each class are elected for a term of three years and, at the conclusion of this year's Annual Meeting, each class, provided its members are duly elected, will contain as nearly as possible an equal number of directors, as required by our Restated Articles of Incorporation. The Board met six times in 2007. 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, currently Mr. Hilliard, has been designated to preside at such meetings of the outside directors. Stockholders and other interested parties who wish to contact the outside directors may do so by contacting the Lead Director, c/o Corporate Secretary, Norfolk Southern Corporation, Three Commercial Place, 13th Floor, Norfolk, Virginia 23510-9219. All communications directed to the Lead Director at this address will be forwarded to him. Any communication clearly marked CONFIDENTIAL will not be opened by the Corporate Secretary before it is forwarded to the Lead Director.

Table of Contents

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 current directors attended the 2007 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 Corporate Governance Guidelines require that in an uncontested election of directors, any nominee for director who receives a greater number of withhold votes than for votes for his or her election will promptly tender his or her resignation to the Chairman of the Board of Directors following certification of the stockholder vote, and such resignation will be irrevocable. 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 after the annual meeting of stockholders. Any director who tenders his or her resignation pursuant to this guideline 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. For a description of factors that will be considered in determining whether to accept or reject a tendered resignation, see the full text of our Corporate Governance Guidelines. 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.

In November 2007, the Board of Directors approved an amendment to the Corporate Governance Guidelines to enhance the share ownership guidelines for officers and directors of Norfolk Southern. For more information, see the discussion in the Compensation Discussion and Analysis on page 31 or the full text of the Corporate Governance Guidelines, which are available on our website.

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. An individual director is independent, unless the Board determines otherwise, if, during the last three years, none of the following relationships has existed between Norfolk Southern and the director:

- the director is an employee, or an immediate family member of the director is an Executive Officer, of Norfolk Southern or any of our consolidated subsidiaries;
-

the director or an immediate family member of the director receives more than \$100,000 in direct compensation from Norfolk Southern or any of our consolidated subsidiaries, other

Table of Contents

than director and committee fees and deferred compensation for prior service (provided such deferred compensation is not contingent in any way on continued service);

- the director is affiliated with or employed by, or an immediate family member of the director is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of Norfolk Southern or any of our consolidated subsidiaries;
- the director or an immediate family member is 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 single fiscal year, 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 single fiscal year, 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. The Board also determined that Ms. O'Brien, who served on our Board until January 31, 2008, satisfied such standards and qualified as an independent director. Mr. Moorman serves as our Chairman, Chief Executive Officer and President 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, and received coal royalty and rental payments from, Arch Coal, Inc. in the ordinary course of business during fiscal 2007. Mr. Leer is Chairman of the Board and the Chief Executive Officer of Arch Coal.
- We paid banking fees to Brown Brothers Harriman & Co. in the ordinary course of business during fiscal 2007. Mr. Hilliard is a partner of Brown Brothers.
- We have a matching gifts program under which we match any gift of up to \$35,000 made by any of our full-time employees and directors during a year. In 2007, we matched gifts made by certain directors and Executive Officers to charitable and educational institutions, one of which was St. Mary's College of Maryland, which employed Ms. O'Brien, a former member of our Board of Directors.

Table of Contents**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**2007 Non-Employee Director Compensation Table¹**

Name (a)	Fees		Option Awards (d)	Non-Equity Incentive Plan Compensation (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁴ (f)		All Other Compensation (g)	Total (h)
	Earned or Paid in Cash ² (b)	Stock Awards ³ (c)			Nonqualified Deferred Compensation Earnings ⁴ (f)	All Other Compensation (g)		
Gerald L. Baliles	90,000	156,889	0	0	0	15,892	262,781	
Daniel A. Carp	90,000	151,798	0	0	0	6,543	248,341	
Gene R. Carter	90,000	156,994	0	0	5,500	6,543	259,037	
Alston D. Correll	90,000	155,040	0	0	1,394	6,543	252,977	
Landon Hilliard	90,000	156,994	0	0	58,984	31,543	337,521	
Burton M. Joyce	90,000	153,069	0	0	0	6,543	249,612	
Steven F. Leer	90,000	155,927	0	0	4,694	18,618	269,239	
Jane Margaret O'Brien	90,000	156,628	0	0	8,640	7,168	262,436	
J. Paul Reason	90,000	154,375	0	0	0	6,543	250,918	

¹Mr. Moorman received no compensation for Board or committee service in 2007 and will not receive compensation for Board or committee service in 2008. 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 21 of this proxy statement.

²Includes 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.

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

³Of these amounts, \$151,320 represents the value as of December 31, 2007, of the 3,000 stock units granted to each director on January 25, 2007 pursuant to our Outside Directors' Deferred Stock Unit Program and which value is equal to the amounts we recognized for financial reporting purposes for such awards during 2007. The full grant date fair value of each such award was \$148,665. The remaining amounts for each director represent the dollar amounts recognized for financial statement reporting purposes in 2007 related to appreciation on awards of stock units made prior to 2007. As of December 31, 2007, the directors held stock units in the following amounts: Mr. Baliles, 39,941; Mr. Carp, 6,157; Mr. Carter, 40,638; Mr. Correll, 27,671; Mr. Hilliard, 40,638; Mr. Joyce, 14,590; Mr. Leer, 33,559; Ms. O'Brien, 38,213; and Mr. Reason, 23,257. In January 2008, all of these stock units were terminated and replacement grants of an equivalent number of restricted stock units were made under the Long-Term Incentive Plan. See below under Narrative to Non-Employee Director Compensation Table Outside Directors' Deferred Stock Unit Program for more information regarding these restricted stock units.

⁴Represents the amounts by which 2007 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.

⁵Includes (i) each director's proportional cost of NS-owned life insurance policies used to fund the Directors' Charitable Award Program and (ii) the dollar amount, if any, we contributed to charitable

Table of Contents

organizations on behalf of directors pursuant to our matching gifts program. For further discussion of the Directors Charitable Award Program, see the narrative discussion below.

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.

Retainer and Fees. In 2007, 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.

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%. 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. Six directors elected in 2006 to defer compensation that would have been payable in 2007 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.

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

Outside Directors Deferred Stock Unit Program. Each non-employee director was granted 3,000 stock units effective January 25, 2007. A stock unit represents the economic equivalent of one share of our common stock. On January 22, 2008, the Board of Directors approved amendments to

Table of Contents

the Outside Directors' Deferred Stock Unit Program that (i) require that all outstanding stock units issued under the Outside Directors' Deferred Stock Unit Program be terminated and that each non-employee director receive a replacement grant of an equivalent number of restricted stock units issued under the Long-Term Incentive Plan and (ii) provide that all future awards under the Outside Directors' Deferred Stock Unit Program will be issued under the Long-Term Incentive Plan.

Pursuant to these amendments to the Outside Directors' Deferred Stock Unit Program, on January 24, 2008, all stock units awarded to the non-employee directors under the Outside Directors' Deferred Stock Unit Program were terminated, and replacement grants of an equivalent number of restricted stock units were made under the Long-Term Incentive Plan. Each restricted stock unit represents the economic equivalent of one share of our common stock, but 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. During the ten-year period over which distributions are made, restricted stock units in the memorandum account at any time that have not been distributed will be credited with dividend equivalents as dividends are paid on our common stock. Any fraction of a restricted stock unit remaining in the director's memorandum account following the lump sum distribution or the final distribution will be paid to the director in cash.

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 pre-tax cost of maintaining these policies during 2007 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.

Table of Contents

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 2007, 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 2007 Director Compensation Table. The CEO and certain other Executive Officers also are eligible for such reimbursement. See pages 30 and 33 of the Executive Compensation section of this proxy statement.

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 2007, the Board appointed members to the Executive Committee, the Governance and Nominating Committee, the Finance Committee, the Audit Committee and the Compensation Committee. 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, www.nscorp.com, in the Investors section under Corporate Governance. 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 **Executive Committee** met twice in 2007; its current members are Charles W. Moorman, Chair, Gerald L. Baliles, Gene R. Carter and Landon Hilliard. 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 six times in 2007; its current members are Landon Hilliard, Chair, Gerald L. Baliles, Alston D. Correll, Karen N. Horn and Steven F. Leer. All members of the Governance and Nominating Committee are independent (see information under Director Independence on page 11). The Governance and Nominating Committee is governed by a written charter last adopted by the Board effective January 1, 2005. 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;

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

- monitoring our relations with stockholders; and
- monitoring corporate governance trends and practices and making recommendations to the Board of Directors concerning corporate governance issues.

Table of Contents

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, 2008 in order to be considered for nomination for election at the 2009 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.**

Table of Contents

The **Finance Committee** met five times in 2007; its current members are Gerald L. Baliles, Chair, Landon Hilliard, Karen N. Horn, Steven F. Leer and J. Paul Reason. The Finance Committee is governed by a written charter last adopted by the Board effective January 22, 2008. This committee's duties include:

- developing guidelines and overseeing implementation of policies concerning our capital structure;
- reviewing and evaluating tax and treasury matters and financial returns of our transactions; and
- making recommendations to the Board concerning an annual investment policy for the assets of the pension fund of our retirement plan and the engagement of investment management firms to manage designated portions of such assets within the framework of the investment policy, including reviewing the performance of the investment managers, receiving and reviewing reports on the investment performance and actuarial valuations of the pension fund and transmitting the results of such reviews to the Board.

The **Compensation Committee** met eight times in 2007; its current members are Alston D. Correll, Chair, Daniel A. Carp, Gene R. Carter and Burton M. Joyce. All members of the Compensation Committee are independent (see information under "Director Independence" on page 11). The Compensation Committee is governed by a written charter last adopted by the Board effective November 21, 2006. 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 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 our employee retirement or investment plans and other qualified plans intended to provide retirement or post-retirement benefits;
- 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;
- 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; and

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

- considering and making recommendations to the Board of Directors concerning the adoption and administration of any long-term incentive plan or other similar plan, including personnel eligible to participate and the method of calculating awards under any such plan.

Table of Contents

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 all director compensation recommendations to the full Board of Directors. Annual and long-term incentive compensation for all Executive Officers is determined by the Compensation Committee. In setting such compensation for the directors and the Chief Executive Officer during 2007, the Compensation Committee considered the recommendations of the Executive Vice President-Administration.

The Compensation Committee has engaged Towers Perrin to assist it in making compensation recommendations and decisions and otherwise fulfilling its duties under its charter. The Compensation Committee annually requests that Towers Perrin 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 Compensation Committee expects 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 Compensation Committee's 2007 review of the directors', the Chief Executive Officer's and other management's compensation levels, the Compensation Committee considered the advice it received from Towers Perrin; however, the Compensation Committee was responsible for making final recommendations to the Board and decisions as to the form and amount of our compensation programs.

The **Audit Committee** met eight times in 2007; its current members are Gene R. Carter, Chair, Daniel A. Carp, Burton M. Joyce and J. Paul Reason. Jane Margaret O'Brien resigned from the Board effective January 31, 2008. The Board has determined that all current members of the Audit Committee are independent (see information under Director Independence on page 11) 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 21, 2006. 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 Internal Audit Department, including their independence and professionalism;
- facilitating communication among the Board, the independent registered public accounting firm, our financial and senior management and our Internal Audit 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.

Table of Contents

AUDIT COMMITTEE REPORT

Before our Annual Report on Form 10-K for the year ended December 31, 2007 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, 2007.

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 from KPMG LLP and reviewed the written independence affirmation and disclosures fulfilling the requirements of the New York Stock Exchange and Independence Standards Board Standard No. 1, 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, 2007, filed with the SEC.

2007 Members of the Audit Committee

Gene R. Carter, *Chair**

Daniel A. Carp, *Member*

Burton M. Joyce, *Member*

J. Paul Reason, *Member*

Jane Margaret O'Brien (*former Chair*)**

* Appointed Chair effective February 1, 2008.

** Resigned from the Board effective January 31, 2008.

TRANSACTIONS WITH RELATED PERSONS

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

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. On November 21, 2006, we 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

Table of Contents

- 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.

We had no related person transactions during our fiscal year ended December 31, 2007.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee during 2007 were Mr. Carter, Chair, Mr. Carp, Mr. Correll, Mr. Joyce, and Ms. O'Brien. Ms. O'Brien's service as a member of the Compensation Committee ended May 10, 2007. 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 our overall business strategies, attract and retain highly qualified executives and provide incentives that drive stockholder value. The Compensation Committee of our Board of Directors (which we will refer to as the Committee) is responsible for developing and maintaining appropriate compensation programs for our Executive Officers, including our Named Executive Officers.

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

- Reviews management recommendations to the Committee with respect to compensation decisions.

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

- Reviews the Chief Executive Officer's individual performance evaluations for executive officers and discusses such performance assessments with the Chief Executive Officer on an annual basis and recommends any adjustments to the Board of Directors for approval.
- Has retained Towers Perrin as an outside compensation consultant.

Management Recommendations

The Chief Executive Officer and the Executive Vice President-Administration provide recommendations to the Committee on any adjustments to compensation for the Executive Officers, other than the Chief Executive Officer, and other officers elected by the Board of Directors 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

Table of Contents

Committee on adjustments to compensation to address retention needs, performance goals and internal pay equity. The Executive Vice President-Administration makes recommendations to the Committee on any adjustments to compensation for the Chief Executive Officer, and the Chief Executive Officer is not present when the Committee makes decisions on his compensation package.

Use of Compensation Consultant

Towers Perrin provides requested reports and information to the Committee and attends Committee meetings at the Committee's request. For 2007, the Committee engaged Towers Perrin 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 Towers Perrin'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, and (4) review emerging trends and issues in executive compensation with the Committee and discuss the implications for Norfolk Southern. In conducting the market pay assessment, Towers Perrin reviews with the Committee parameters for the selection of peer group companies (i.e., companies within a specified revenue range) and compiles compensation data for the peer group. The Committee uses this information as a starting point for its compensation decisions.

Towers Perrin provides additional work for Norfolk Southern, and the Chair of the Compensation Committee must approve Towers Perrin's performance of any such additional work. For 2007, these additional services performed for Norfolk Southern included Norfolk Southern's portion of an annual rail industry salary survey and quarterly actuarial studies to aid Norfolk Southern in valuing its employee personal injury liability. Total fees paid for all additional work was in aggregate approximately equal to fees paid for compensation consulting.

Compensation Policies

In setting compensation for the Executive Officers, the Committee:

- Considers comparative market data, gathered by its compensation consultant, from peer group companies of comparable size in revenues and other U.S. Class I railroads as a guideline. In aggregate, the Committee targets approximately the 65th percentile for Executive Officers' total direct compensation (i.e., total cash compensation plus the expected value of long-term incentive awards), the 50th percentile for Executive Officers' base salaries and between the 50th and 75th percentile when performance merits for total cash compensation (i.e., salary and annual bonus) compared to the Peer Group Companies (see Appendix).
- Considers prior salary levels, targeted bonus opportunities and the value of long-term incentive awards at the time the awards were made.
- Does not consider amounts realized from prior performance-based or stock-based compensation awards, regardless of whether such amounts realized may have resulted in a higher payout than targeted or a lower payout than targeted. Since the nature and purpose of performance-based and stock-based compensation is to tie executives' compensation to

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

future performance, the Committee believes that considering amounts realized from prior compensation awards in making current compensation decisions is inconsistent with such purpose.

The Committee monitors the continuing appropriateness of the peer group. Peer group companies are selected to provide an indication of compensation levels for the industry and for

Table of Contents

comparable sized companies on the basis of revenue. For 2007, the peer group included a Rail Industry Peer Group consisting of the other North American Class I railroads and a General Industry Peer Group consisting of companies having \$6 to \$10 billion in revenues (which the Committee considered to be companies of comparable size in revenues). In making comparisons to these peer group companies, a comparison is made to the Rail Industry Peer Group and a separate comparison is made to the General Industry Peer Group. These two comparisons are averaged together to approximate a comparison to both groups, and this process is referred to as a comparison to the Peer Group Companies. These peer group companies are listed in the Appendix to this proxy statement. Due to the continuing growth of Norfolk Southern, the Committee expanded the General Industry Peer Group of companies having comparable size in revenues to companies having from \$6 to \$15 billion in revenues for 2008.

The Committee applies its 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 company. In setting the Chief Executive Officer's compensation, the Committee applies the policies described above and, in particular, strives to balance comparative market data for chief executive officers of peer group companies and other U.S. Class I railroads 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 Committee also considers time in position and targets a lower percentile to reflect the fact that Mr. Moorman has served as Chief Executive Officer for a relatively short period of time. In addition, the Committee looks at executives at the vice chairman and executive vice president levels and considers the appropriate compensation differential between these levels. 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.

Compensation Components

Overview

Norfolk Southern's executive compensation programs are designed so that, at target levels of performance, total direct compensation for Executive Officers is in approximately the 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 Committee strives 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. While the Committee may adjust compensation for an individual executive based on individual performance, the Committee determined in 2007 that the performance of all Named Executive Officers met or exceeded its expectations and therefore did not make any adjustments to compensation on the basis of individual performance.

The Committee considers 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. The Committee targets approximately the 50th percentile as compared to the Peer Group Companies as a guideline in establishing base salaries (see the discussion under Salaries) and targets between the 50th and 75th percentile when performance merits compared to the Peer Group Companies for the portion paid annually as total cash compensation. In 2007, the average portion of total direct compensation awarded as cash compensation was approximately 30% for Executive Officers.

For 2007, Mr. Moorman's base salary fell at the 28th percentile as compared to the aggregate for Peer Group Companies because his time in position is relatively short and his total direct

Table of Contents

compensation consists of a higher proportion of compensation which is at risk (i.e., bonus, options and performance shares). Base salary for Mr. Tobias and Mr. Wolf fell at the 63rd percentile as compared to the aggregate for Peer Group Companies to acknowledge their higher level of responsibility in assisting the Chairman in his duties. Base salaries for Mr. Manion and Mr. Seale fell at the 47th percentile as compared to the aggregate for Peer Group Companies. Mr. Squires' base salary (at the time of his promotion to chief financial officer) fell at the 25th percentile as compared to the aggregate for Peer Group Companies because his time in position is relatively short in light of his promotion to chief financial officer during the year. For Mr. Moorman, total cash compensation fell at the 25th percentile as compared to the aggregate for Peer Group Companies because his time in position is relatively short. Total cash compensation for Mr. Tobias and Mr. Wolf fell at the 53rd percentile as compared to the aggregate for Peer Group Companies. Total cash compensation for Mr. Manion and Mr. Seale fell at the 46th percentile as compared to the aggregate for Peer Group Companies, and Mr. Squires' total cash compensation fell at the 25th percentile because his time in position is relatively short. For Mr. Tobias, Mr. Wolf, Mr. Manion and Mr. Seale, the Committee considered total cash compensation to be within a reasonable range of the targeted 50th to 75th parameter.

The Committee also considers where total direct compensation valued at the time of the award falls within the targeted 65th parameter. This comparison is based on salary for the upcoming year, an estimated 50% earn-out for the bonus and performance share units awarded for the upcoming year, a binomial model valuation for options and an estimated fair market value for restricted stock units. For Mr. Moorman, his total direct compensation awarded for the upcoming year fell at the 48th percentile as compared to the aggregate for Peer Group Companies, which was below the targeted percentile for total direct compensation because his time in the position is relatively short. For Mr. Tobias and Mr. Wolf, their total direct compensation awarded for the upcoming year fell at the 62nd percentile as compared to the aggregate for Peer Group Companies. Mr. Manion's and Mr. Seale's total direct compensation fell at the 71st and Mr. Squires' fell at the 25th percentile, all as compared to the aggregate for Peer Group Companies. Mr. Squires' total direct compensation was below the targeted parameter because his time in position is relatively short and he was not serving as chief financial officer at the time the long-term incentive award was made for 2007. For Mr. Tobias, Mr. Wolf, Mr. Manion and Mr. Seale, the Committee considered their compensation to be within a reasonable range of the targeted 65th parameter.

The greater the level of an executive's responsibility, the higher the proportion of his or her compensation which is at risk. For the at-risk portion of total direct compensation, the Committee awarded Executive Officers 15-25% as an annual incentive in the form of an annual bonus and 75-85% 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 Committee considers 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 Committee further considers 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, restricted 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 Committee takes 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

Table of Contents

considers the purpose behind each element of long-term compensation and how the allocation among these elements will contribute to its overall compensation policies. The Committee does not target comparative market data in making this allocation decision. For 2007, the Committee increased the percentage of long-term compensation awarded as performance shares and options and decreased the percentage awarded as restricted shares and restricted stock units to increase the focus on performance.

Salaries

Norfolk Southern targets approximately the 50th percentile as compared to Peer Group Companies as a guideline in establishing Executive Officers' base salaries. However, Norfolk Southern may provide for base salaries above the median if, in the Committee's view, a particular executive's performance exceeded expectations; if an executive takes on additional responsibilities; 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.

Annual Bonus

Each of our 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. Norfolk Southern targets between the 50th and 75th percentile when performance merits as compared to the Peer Group Companies for 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 2007 were based on pre-tax net income and operating ratio because Norfolk Southern believes that use of such metrics promotes operating efficiency and thereby enhances stockholder value. The Committee raised the performance goals for 2007 to further drive performance.

For 2007, the Committee set the following threshold, target and maximum payouts:

- threshold payout of 30% at \$1.9 billion pre-tax net income and an operating ratio equal to or above 74%,
- a targeted payout of 66% for pre-tax net income of \$2.401 billion and operating ratio of 71.6% and
- a maximum payout of 100% if Norfolk Southern achieved either
 - a pre-tax net income equal to or in excess of \$2.4 billion with an operating ratio of 70.3% or lower, or
 - an operating ratio equal to or lower than 71.1% with pre-tax net income at or in excess of \$2.5 billion for the year.

If Norfolk Southern's performance for 2007 had equaled its performance for 2006, the bonus payout for 2007 would have been at 52.6%. In 2007, Norfolk Southern's performance resulted in a 53.9% bonus payout.

Long-Term Incentive Awards

Norfolk Southern believes that the most effective means to encourage long-term performance by our Executive Officers is to create an ownership culture. This philosophy is implemented through the granting of equity-based awards that vest based on continued employment and other long-term

Table of Contents

awards which vest on achievement of pre-determined performance goals. For long-term incentive awards in 2007, the Committee provided approximately 40% of the total award value as options, 15% as restricted stock units and 45% as performance shares (assuming a 50% earn-out of performance share units granted). This allocation was changed from the allocation for awards for 2006 (approximately 25% of the total award value as options, 50% as restricted shares and 25% as performance shares) to increase the focus on performance and lessen the focus on retention. In addition, Norfolk Southern required executives to enter into an agreement not to engage in competing employment as a condition to receiving the 2007 award.

Stock Options. Norfolk Southern believes that use of options provides it with the ability to retain key employees and at the same time increase stockholder value since the value of the options is only realized if Norfolk Southern's stock price increases from the date on which the options are granted. For 2007, the Committee increased the option vesting period from one year to three years to further encourage retention of key employees. With the exception of employees hired in connection with the Conrail transaction in 1999, since 1989, Norfolk Southern has granted stock options annually at the regularly-scheduled January meeting of the Committee. The Committee approves all options grants and sets the option price based on a long-standing pricing practice. Under this long-standing practice, the Board of Directors approves year-end financial results at its January meeting, and Norfolk Southern typically releases such results the following day. Also at the January meeting, the Committee sets the exercise price for the options as the fair market value of Norfolk Southern's common stock on the first day of the upcoming window period during which executives are permitted to trade in Norfolk Southern's securities and following the release of Norfolk Southern's financial results (the effective date), thereby establishing a prospective effective date to price the options. Until 2007, options were priced at the fair market value of Norfolk Southern's common stock on the effective date of the grant, based on the average of the high and low price. For the 2007 award, options were priced on the effective date of the grant at the higher of (i) the closing price or (ii) the average of the high and low price on the effective date of the grant.

Performance Shares. Norfolk Southern uses performance shares to reward the achievement of performance goals over a three-year period. For performance shares, vesting of 1/3 of the shares is based on Return on Average Invested Capital, which Norfolk Southern believes is an indicator important to stockholders of a capital-intensive company such as Norfolk Southern. Vesting of an additional one-third of the shares is based on total stockholder return as compared to the S&P 500 and the remaining 1/3 is based on operating ratio, all over a three-year performance period. Each 1/3 of performance shares granted vests independently of the other 2/3 and their respective performance metrics. Norfolk Southern believes that the use of the three metrics described above promotes the enhancement of stockholder value and efficient utilization of corporate assets.

In setting the performance targets for the 2007-2009 cycle, the Committee considered the performance targets for the 2006-2008 and the 2005-2007 cycles and the earn-out percentages for prior years' performance share awards. The Committee raised the performance targets for Operating Ratio and Return on Average Invested Capital for the 2007-2009 cycle to motivate executives to seek improvements in these areas and retained the same performance targets for Total Shareholder Return because they continue to provide appropriate goals for this metric.

Table of Contents

For the 2007-2009 performance cycle, the performance criteria and resulting earn-out percentages are as follows:

2007-2009 Cycle		
Total Stockholder Return		
(TSR) vs. S&P 500		
		Percentage of
		Performance
Three-Year Average		Share Units
	TSR vs. S&P 500	Earned Out
	90th percentile and above	100%
	80th	90%
	70th	85%
	60th	80%
	50th	75%
	40th	50%
	30th	30%
	25 th and below	0%

2007-2009 Cycle		
Return on Average		
Invested Capital (ROAIC)		
		Percentage of
		Performance
		Share Units
Three-Year Average		Earned Out
	ROAIC	
	20% and above	100%
	19%	90%
	18%	80%
	17%	70%
	16%	60%
	15%	50%
	14%	40%
	13%	20%
	Below 13%	0%

2007-2009 Cycle
Operating Ratio (OpR)

Three-Year NS	Percentage of Performance
Average OpR	Share Units
Earned Out	
68% or below	100%
73%	75%
78%	50%
83%	25%
Above 83%	0%

Table of Contents

For the 2006-2008 performance cycle, the performance criteria and resulting earn-out percentages are as follows:

2006-2008 Cycle		
Total Stockholder Return		
(TSR) vs. S&P 500		
Three-Year Average		Percentage of Performance Share Units Earned Out
TSR vs. S&P 500		
90th percentile and above		100%
80th		90%
70th		85%
60th		80%
50th		75%
40th		50%
30th		30%
25th and below		0%

2006-2008 Cycle		
Return on Average		
Invested Capital (ROAIC)		
Three-Year Average		Percentage of Performance Share Units Earned Out
ROAIC		
19% and above		100%
18%		90%
17%		80%
16%		70%
15%		60%
14%		50%
13%		40%
12%		30%
11%		20%
10%		10%
Below 10%		0%

2006-2008 Cycle	
Three-Year NS	Operating Ratio (OpR)

Average OpR	Percentage of Performance
	Share Units
	Earned Out
70% or below	100%
75%	75%
80%	50%
85%	25%
Above 85%	0%

Table of Contents

For the 2005-2007 performance cycle, the performance criteria and resulting earn-out percentages are as follows:

2005-2007 Cycle		
Total Stockholder Return		
(TSR) vs. S&P 500		Percentage of
Three-Year		Performance
Average TSR		Share Units
vs. S&P 500		Earned
90th percentile and above		100%
80th		90%
70th		85%
60th		80%
50th		75%
40th		50%
30th		30%
25th and below		0%

2005-2007 Cycle		
Return on Average Invested		
Capital (ROAIC)		Percentage of
Three-Year		Performance
Average		Share Units
ROAIC		Earned
19% and above		100%
18%		90%
17%		80%
16%		70%
15%		60%
14%		50%
13%		40%
12%		30%
11%		20%
10%		10%
Below 10%		0%

2005-2007 Cycle		
Operating Ratio (OpR)		
Three-Year		Percentage of

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

NS Average	Performance
OpR	Share Units
	Earned
70% or below	100%
75%	75%
80%	50%
85%	25%
Above 85%	0%

For the 2007-2009 performance shares, Norfolk Southern used a 50% earn-out assumption to value the award for market comparison purposes. Over the past ten years, the earn-out has averaged 56%, ranging from 87% to 14% based on performance for the applicable performance cycle.

Restricted Shares. Norfolk Southern believes that the use of time-based restricted shares serves as a key retention tool for keeping valued members of management. For 2007, Norfolk Southern granted restricted stock units which vest on the fifth anniversary of the date of grant, and the units are not forfeited upon retirement, disability or death.

Retirement Plans and Programs

Norfolk Southern believes that its Retirement Plan and Supplemental Benefit Plan provide it with the ability to retain key employees over a longer period. Norfolk Southern sponsors a qualified defined benefit pension plan that provides a benefit based on age, service and a percentage of final average compensation. Norfolk Southern also sponsors a non-qualified supplemental benefit plan that provides a retirement benefit for salary that is deferred, restores the retirement benefit for amounts in excess of the Internal Revenue Code limitations for tax-qualified retirement plans and provides enhanced retirement benefits for certain executives. In addition to supporting the goal to retain key employees, Norfolk Southern believes that the supplemental benefit plan also recognizes, rewards and encourages contributions by its key employees and maintains internal equity by ensuring that benefit levels are based on compensation levels that reflect the relative value of each participant.

During 2007, Norfolk Southern entered into a retirement agreement with Mr. Wolf in recognition of his outstanding contributions as Chief Financial Officer of Norfolk Southern. The retirement agreement

Table of Contents

provides one additional year of creditable service and an additional equity award of 30,000 restricted stock units. In exchange for these retirement benefits, Mr. Wolf agreed not to engage in competing employment. In addition, Norfolk Southern waived certain restrictions on restricted shares and restricted stock units granted to Mr. Wolf in 2005 to accelerate the vesting of these equity awards.

Other Benefits and Perquisites

Norfolk Southern provides the Executive Officers with certain health and welfare benefits as well as certain other perquisites which Norfolk Southern believes are necessary to retain Executive Officers and to enhance their productivity. The value of perquisites is considered as part of the total compensation package when other elements are evaluated.

Norfolk Southern's Board of Directors has directed and requires each of the Chairman, President and Chief Executive Officer, his family and guests when appropriate, to use Norfolk Southern's aircraft whenever reasonably possible for air travel. Norfolk Southern believes that such use of the corporate aircraft promotes its best interests by ensuring the immediate availability of this officer and by providing a prompt, efficient means of travel and in view of the need for security in such travel. For the same reasons, Norfolk Southern's Board of Directors has determined that the Chairman, President and Chief Executive Officer may authorize employees and their guests to use the corporate aircraft for purposes which further the business interests of Norfolk Southern and when the aircraft is not otherwise needed for business use. Such use by other employees and their guests is infrequent. Other perquisites include company cars, executive physicals, club memberships and dues, personal use of company facilities and tax preparation services. In addition, tax gross-up payments are provided on company cars and personal use of corporate aircraft if the aircraft is moving for business purposes; if the aircraft is not otherwise moving for business purposes, tax gross-up payments are not provided. Beginning in 2008, Norfolk Southern discontinued the provision of company cars and club dues (except for the chief marketing officer, who is reimbursed for club dues on memberships which further the business interests of Norfolk Southern) as perquisites for the Chairman, President and Chief Executive Officer, the Vice Chairman and the Executive Vice Presidents and provided a compensation adjustment in lieu of these perquisites.

Norfolk Southern believes that the benefits and perquisites described above are appropriate to remain competitive compared to other companies and to promote retention of these officers.

Impact of the Tax Treatment of Awards on Norfolk Southern's Compensation Policies

Norfolk Southern's executive compensation program has been carefully considered in light of the applicable tax rules. Accordingly, Norfolk Southern amended the Long-Term Incentive Plan in 2005 with stockholder approval to permit the grant of performance-based compensation that meets the requirements of Section 162(m) and amended the Executive Management Incentive Plan to permit the continued grant of Section 162(m) qualifying performance-based compensation under that Plan. However, Norfolk Southern believes that tax-deductibility is but one factor to be considered in fashioning an appropriate compensation package for executives. Norfolk Southern reserves and will continue to exercise its discretion in this area so as to serve the best interests of Norfolk Southern and its stockholders.

Change-in-Control Agreements

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

Norfolk Southern entered into change-in-control agreements during 1996 at a time of consolidation in the rail industry. The agreements were intended to provide certain economic protections to executives in the event of a termination of employment following a change-in-control of Norfolk Southern and to keep management intact and focused on the best interests of Norfolk Southern during uncertain times. Benefits will not be paid under the agreements unless both a

Table of Contents

change in control occurs and the executive's employment is terminated or constructively terminated following the change in control. We believe this "double trigger" maximizes stockholder value because this structure would prevent an unintended windfall to management in the event of a change in control that does not result in the termination (or constructive termination) of employment of management. In 2002, the Board of Directors agreed to abide by a stockholder approved proposal that future severance agreements with senior executives that exceed 2.99 times the sum of the executive's base salary plus bonus require stockholder approval. During 2006, Norfolk Southern, with assistance from outside compensation consultants, evaluated the existing change-in-control agreements. Based on the review conducted by the consultant, Norfolk Southern determined that the agreements were comparable in value to change-in-control agreements provided by similarly-sized companies.

Share Ownership Guidelines

Norfolk Southern's Board of Directors amended its Corporate Governance Guidelines in November 2007 to increase the ownership guidelines for shares of Norfolk Southern stock. Under the revised guidelines, the Chairman, President and Chief Executive Officer is expected to hold at least five times the value of his annual salary in stock. The Vice Chairman and Executive Vice Presidents are expected to hold at least three times the value of their annual salary in stock, and Senior Vice Presidents and Vice Presidents are expected to hold at least one times their annual salary in stock. Norfolk Southern common stock and stock equivalents held in Norfolk Southern's 401(k) plan, dividend reinvestment plan and through share retention agreements are counted toward this requirement, but unexercised stock options or unvested equity awards do not count. Officers may acquire such holdings over a five-year period.

Pledging; Hedging

All Executive Officers of Norfolk Southern are required to clear any transaction involving its common stock with Norfolk Southern's Corporate Secretary prior to engaging in the transaction. Certain Executive Officers maintain securities accounts at brokerage firms, and the positions held in such accounts, which may from time to time include shares of Norfolk Southern common stock, may be pledged as collateral security for the repayment of any debit balances in the accounts. None of Norfolk Southern's Executive Officers have otherwise pledged or hedged Norfolk Southern's securities.

Policies and Decisions Regarding the Adjustment or Recovery of Awards

While Norfolk Southern does not anticipate there would ever be circumstances where a restatement of earnings upon which incentive plan award decisions were based would occur, should such an unlikely event take place, Norfolk Southern, in evaluating such circumstances, would have discretion to take all actions necessary to protect the interests of stockholders up to and including actions to recover such incentive awards.

Table of Contents**Compensation Tables****Summary Compensation Table**

The following table shows the total compensation awarded to, earned by or paid to each Named Executive Officer during 2006 and 2007 for service in all capacities to Norfolk Southern and our subsidiaries for the fiscal years ended December 31, 2006 and December 31, 2007.

Name and Principal Position (a)	Year (b)	Salary ¹ (\$) (c)	Bonus (\$) (d)	Stock Awards ² (\$) (e)	Option Awards ² (\$) (f)	Non- Equity Incentive Plan Compen- sation ¹ (\$) (g)	Change in	All Other Compen- sation ⁴ (\$) (i)	Total (\$) (j)
							Non- Pension Value and Nonquali- fied Deferred Compensation Earnings ³ (\$) (h)		
Charles W. Moorman, IV Chairman, President and Chief Executive Officer	2007	800,000	0	8,260,466	2,560,818	862,400	1,931,544	153,570	14,568,798
	2006	750,000	0	7,579,458	926,932	1,312,500	1,392,064	92,188	12,053,142
S. C. Tobias Vice Chairman and Chief Operating Officer	2007	600,000	0	3,336,849	991,000	436,590	513,297	189,305	6,067,041
	2006	600,000	0	5,089,640	404,100	810,000	979,440	130,401	8,013,581
H. C. Wolf Former Vice Chairman and Chief Financial Officer	2007	300,000	0	4,408,808	991,000	218,295	927,722	1,743,363	8,589,188
	2006	600,000	0	5,089,640	404,100	810,000	1,145,743	63,867	8,113,350
M. D. Manion Executive Vice President-Operations	2007	425,000	0	3,083,835	696,098	286,344	651,882	68,776	5,211,935
	2006	400,000	0	1,776,913	247,182	460,000	539,396	77,517	3,501,008
D. W. Seale Executive Vice President and Chief Marketing Officer	2007	425,000	0	2,953,325	696,098	286,344	543,247	100,440	5,004,454
	2006	400,000	0	1,971,683	247,182	460,000	288,140	58,115	3,425,120
J. A. Squires Executive Vice President-Finance and Chief Financial Officer ⁵	2007	315,000	0	531,880	74,171	202,630	106,261	59,138	1,289,080

¹Represents salary and non-equity incentive plan compensation earned during 2006 and 2007 received on a current or deferred basis.

²Represents the dollar amounts recognized for financial statement reporting purposes for the applicable year in accordance with FAS 123R for: (i) awards made during the applicable year and (ii) awards made in prior years but for which we recognized compensation cost during the applicable year. For discussions of the relevant assumptions made in calculating these amounts, see note 11 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, and note 11 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006. For the grant date fair value of only those awards granted to the Named Executive Officers in 2007, see the Grants of Plan-Based Awards Table on page 34.

³Of these amounts for 2007, the following represent the aggregate change in the actuarial present value of the Named Executive Officers' accumulated benefits under our Retirement Plan and Supplemental Benefit Plan during 2007: Mr. Moorman, \$1,924,360, Mr. Tobias, \$297,421, Mr. Wolf, \$680,872, Mr. Manion, \$627,154, Mr. Seale, \$508,034 and Mr. Squires \$106,261. The remainder of the amounts shown in this column for 2007 represent the amounts by which 2007 interest accrued on salary and bonuses deferred by them under the Officers' Deferred Compensation Plan exceeded 120% of the applicable Federal long-term rate provided in Section 1274(d) of the Internal Revenue Code.

Table of Contents

Of these amounts for 2006, the following represent the aggregate change in the actuarial present value of the Named Executive Officers' accumulated benefits under our Retirement Plan and Supplemental Benefit Plan during 2006: Mr. Moorman, \$1,385,533, Mr. Tobias, \$789,257, Mr. Wolf, \$928,703, Mr. Manion, \$517,271 and Mr. Seale, \$256,305. The remainder of the amounts shown in this column for 2006 represent the amounts by which 2006 interest accrued on salary and bonuses deferred by them under the Officers' Deferred Compensation Plan exceeded 120% of the applicable Federal long-term rate provided in Section 1274(d) of the Internal Revenue Code.

⁴For each Named Executive Officer, the amount for 2007 includes (i) perquisites as set forth in the table below, (ii) amounts reimbursed for the payment of taxes on personal benefits as follows: for Mr. Moorman, \$41,199, Mr. Tobias, \$23,266, Mr. Wolf, \$24,920, Mr. Manion, \$17,196, Mr. Seale, \$31,786, and Mr. Squires, \$13,192, (iii) contributions to our Thrift and Investment Plan, and (iv) premiums paid on individually owned executive life insurance policies as follows: for Mr. Moorman, \$17,335, Mr. Tobias, \$15,269, Mr. Wolf, \$11,168, Mr. Manion, \$9,779, Mr. Seale, \$6,608 and Mr. Squires, \$7,198. For the following Named Executive Officers, also includes amounts we contributed to charitable organizations on their behalf pursuant to our matching gifts program as follows: for Mr. Moorman, \$31,700, Mr. Tobias, \$70,000, Mr. Wolf, \$38,082, Mr. Seale, \$21,498, and Mr. Squires, \$18,500. For Mr. Moorman, also includes his proportional cost of NS-owned life insurance policies used to fund the Directors' Charitable Award Program. For Mr. Wolf, also includes the FAS 123R grant date fair value of 30,000 restricted stock units granted to him upon his retirement.

Perquisites for our Named Executive Officers during 2007 consisted of the following:

	Tax							Total
	Preparation							
	Use of	and	Use of	Use of		Club Dues	Retirement	
	Corporate	Financial	Corporate	Corporate	Annual	and	Gifts &	
Aircraft	Planning	Auto	Facilities	Physicals	Membership	Memorabilia		
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
C. W. Moorman	23,300	10,552	11,392	0	4,800	0	0	50,044
S. C. Tobias	61,523	0	11,912	585	0	0	0	74,020
H. C. Wolf	6,021	1,900	7,489	0	0	61,933*	8,000	85,343
M. D. Manion	2,356	2,000	9,865	983	4,800	15,047	0	35,051
D. W. Seale	0	2,000	12,574	0	4,800	14,424	0	33,798
J. A. Squires	0	0	8,698	0	4,800	0	0	13,498

All perquisites are valued on the basis of aggregate incremental cost to us. With regard to personal use of company aircraft, aggregate incremental cost is calculated as the weighted-average cost of fuel, crew hotels and meals, aircraft maintenance and other variable costs. Use of corporate aircraft includes use by the Named Executive Officers and their spouses and other family members, as permitted by resolution of the Board of Directors.

*For Mr. Wolf, includes golf club memberships of \$61,000 retained upon retirement, which represents the current cost to join the golf clubs; however, the memberships were obtained many years ago for business purposes and no additional cost was incurred

for Mr. Wolf to retain them upon retirement.

⁵Mr. Squires became our principal financial officer effective July 1, 2007.

Table of Contents**2007 Grants of Plan-Based Awards**

Name	Grant Date	Committee Action Date ¹	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards ²			Estimated Future Payouts Under Equity Incentive Plan Awards ³			All Other Stock Awards: Number of Shares of Stock or Units ⁴	All Other Option Awards: Number of Securities Underlying Options ⁵	Exercise or Base Price of Option Awards ⁶	Grant Date Fair Value of Stock and Option Awards ⁷
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
C. W. Moorman	01/23/07	01/23/07	480,000	1,056,000	1,600,000							
	01/25/07	01/23/07				19,250	62,500	125,000				6,194,375
	01/25/07	01/23/07							25,000			1,238,875
	01/25/07	01/23/07								125,000	49.555	2,477,500
S. C. Tobias	01/23/07	01/23/07	243,000	534,000	810,000							
	01/25/07	01/23/07				7,700	25,000	50,000				2,477,750
	01/25/07	01/23/07							10,000			495,550
	01/25/07	01/23/07								50,000	49.555	991,000
H. C. Wolf	01/23/07	01/23/07	121,500	267,300	405,000							
	01/25/07	01/23/07				7,700	25,000	50,000				2,477,750
	01/25/07	01/23/07							10,000			495,550
	01/25/07	01/23/07								50,000	49.555	991,000
	06/29/07	05/10/07							30,000			1,577,100
M. D. Manion	01/23/07	01/23/07	159,375	350,625	531,250							
	01/25/07	01/23/07				5,236	17,000	34,000				1,684,870
	01/25/07	01/23/07							7,000			346,885
	01/25/07	01/23/07								34,000	49.555	673,880
D. W. Seale	01/23/07	01/23/07	159,375	350,625	531,250							
	01/25/07	01/23/07				5,236	17,000	34,000				1,684,870
	01/25/07	01/23/07							7,000			346,885
	01/25/07	01/23/07								34,000	49.555	673,880
J. A. Squires	01/23/07	01/23/07	112,781	248,119	375,938							
	01/25/07	01/23/07				1,694	5,500	11,000				545,105
	01/25/07	01/23/07							2,750			136,276
	01/25/07	01/23/07								11,000	49.555	218,020

¹Consistent with past practice, our Compensation Committee made all equity awards to directors and executive officers effective on the first day following the release of our fiscal year financial results. Because the meeting at which these awards were made occurred prior to the effective date of the awards, we have provided both dates in accordance with SEC rules. The additional award to Mr. Wolf was made at the time of his retirement in June 2007. See page 26 of our Compensation Discussion and Analysis for further discussion of our equity award grant practices.

² These awards were made pursuant to our Executive Management Incentive Plan (EMIP) and were earned upon the achievement of certain performance goals established by the Compensation Committee for the fiscal year ended December 31, 2007. For a discussion of these performance goals, see page 25 of our Compensation Discussion and Analysis included in this proxy statement. Our Compensation Committee targeted a payout of 66% in 2007 in setting the annual performance goals for EMIP incentive awards. Consequently, the target amounts in this column assume that the Named Executive Officers earned 66% of the maximum potential EMIP awards that they could have earned. The threshold amounts assume that the Named Executive Officers earned the minimum EMIP awards based on performance required to trigger any level of payment; if company performance fell below performance goals required to earn the threshold amount, they would not have been entitled to any EMIP awards. Our Named Executive Officers actually earned 53.9% of their maximum potential EMIP awards based on our performance during 2007, which amounts are included under Non-Equity Incentive Compensation in the Summary Compensation Table. For Mr. Wolf, this amount represents the threshold, target, and maximum amount he could have earned based on the fractional portions of the year he served as an executive officer.

Table of Contents

³These amounts represent grants of performance share units made pursuant to our Long-Term Incentive Plan (LTIP). These performance share units will be earned over the performance cycle ending December 31, 2009. For a discussion of the other material terms of these awards, see the narrative discussion which follows this table. LTIP does not provide a performance target for earning performance share units under this feature of the plan; however, the Compensation Committee targets a payout of 50% in setting the performance goals for performance share unit awards. Consequently, the target amounts assume that the Named Executive Officers will earn 50% of the maximum potential number of performance share units that can be earned under the awards. The threshold amounts assume that the Named Executive Officers will earn the minimum number of performance share units based on performance required to trigger any level of payment; if company performance fell below performance goals required to earn the threshold amount, they would not receive any performance share units. Our Named Executive Officers actually earned 77.6% of their maximum potential performance share unit awards for the performance cycle ended December 31, 2007, based on our performance during the three-year period ended December 31, 2007.

⁴These amounts represent grants of restricted stock units made under LTIP. For a discussion of the material terms of these awards, see the narrative discussion which follows this table.

⁵These options (of which the first 2,017 granted to each Named Executive Officer are incentive stock options and the remainder are non-qualified stock options) were granted as of January 25, 2007, and are exercisable as of January 25, 2010. Dividend equivalents are paid in cash on unexercised options for five years in an amount equal to, and commensurate with, dividends paid on our common stock.

⁶Our Compensation Committee granted these options at an exercise price equal to the higher of the closing market price or the average of the high and low prices of our common stock on the date of grant. The average price was higher than the closing price on the date of grant, so the exercise price shown is the average of the high and low prices on the date of grant. The exercise price may be paid in cash or in shares of our common stock (previously owned by the optionee for at least one year preceding the date of exercise) valued on the date of exercise.

⁷Amounts represent the full grant date fair value of each equity award computed in accordance with FAS 123R. Because these awards entitle the Named Executive Officers to dividends or dividend equivalents, those amounts are included in the FAS 123R grant date fair values. Amounts shown for performance share unit awards assume that the Named Executive Officers will earn the maximum number of performance share units for the performance cycle ending December 31, 2009; if our performance falls short of the performance goals established for these awards, they will earn fewer performance share units.

Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table

Awards

Our Long-Term Incentive Plan (LTIP), as last approved by stockholders in 2005, provides for the award of incentive stock options, non-qualified stock options, stock appreciation rights, restricted shares, restricted stock units and performance share units to directors, officers and other key employees of Norfolk Southern and its subsidiaries. The Compensation Committee administers the plan and has sole discretion (except as the Committee may have delegated to the Chief Executive Officer) to:

- interpret the plan;
- select plan participants;
- determine the type, size, terms and conditions of awards under the plan;

Table of Contents

- authorize the grant of such awards; and
- adopt, amend and rescind rules relating to the plan.

Except for capital adjustments such as stock splits, the exercise price of a stock option granted under the plan may not be decreased after the option is granted, nor may any outstanding option be modified or replaced through cancellation if the effect would be to reduce the price of the option, unless the repricing, modification or replacement is approved by our stockholders. Receipt of an award under LTIP in 2007 was made contingent upon the participant's execution of a non-competition agreement, and all awards are subject to forfeiture in the event the participant engages in competing employment for a period of time following retirement.

The first 2,017 stock options granted to each Named Executive Officer during fiscal 2007 are incentive stock options and the remainder are non-qualified stock options. The Compensation Committee met to approve these option grants on January 23, 2007. In order to permit thorough dissemination of our financial results for the fiscal year ended December 31, 2006, the Committee made these grants effective January 25, 2007. See page 26 of our Compensation Discussion and Analysis for further discussion of our equity award grant practices. These options become exercisable as of January 25, 2010. Dividend equivalents are paid in cash on unexercised options for five years in an amount equal to, and commensurate with, dividends paid on our common stock. The exercise price may be paid in cash or in shares of our common stock valued at fair market value on the date of exercise.

The restricted stock units awarded in 2007 are subject to a five-year restriction period and will be settled in shares of our common stock. Dividend equivalents are paid in cash on restricted stock units in an amount equal to, and commensurate with, dividends paid on our common stock. During the restriction period, the holder of restricted stock units has no voting or investment power over the underlying common stock.

Performance share units entitle a recipient to receive performance-based compensation at the end of a three-year performance cycle based on our performance during that three-year period. For awards made in 2007, the award cycle began on January 1, 2007 and ends December 31, 2009. Under the 2007 performance share unit awards, corporate performance will be measured using three predetermined and equally weighted standards; that is, *each* of the following performance areas will serve as the basis for earning up to *one-third* of the total number of performance share units granted (with each one-third portion vesting independent of the other portions): (1) three-year average return on average invested capital, (2) three-year average operating ratio, and (3) three-year total return to stockholders. A more detailed discussion of these performance criteria can be found beginning on page 26 of our Compensation Discussion and Analysis included in this proxy statement. Performance share units that are earned will be paid one-half in cash and one-half in shares of our common stock.

For 2007, awards to our Named Executive Officers under the Executive Management Incentive Plan (EMIP) were paid based on our performance relative to two pre-determined criteria: operating ratio and pre-tax net income. The performance standards relative to these two criteria were established by the Compensation Committee in January 2007. A more detailed discussion of these performance criteria can be found on page 25 of our Compensation Discussion and Analysis included in this proxy statement.

The Compensation Committee set Mr. Moorman's target 2007 incentive opportunity at 200% of his 2007 base salary, Mr. Tobias's and Mr. Wolf's at 135% of their 2007 base salaries, and Mr. Manion's and Mr. Seale's at 125% of their 2007 base salaries. For Mr. Squires, his target 2007 incentive opportunity was 100% of his 2007 base salary for the first six months, and increased to

Table of Contents

125% of his 2007 base salary for the last six months upon his promotion to chief financial officer. For 2007, all Named Executive Officers earned 53.9% of their individual target incentive opportunity EMIP awards. These amounts are reported as Non-Equity Incentive Plan Compensation in the Summary Compensation Table.

For further discussion of our plans and how these LTIP and EMIP awards fit into our executive compensation program, see the Compensation Discussion and Analysis beginning on page 21 of this proxy statement.

Retirement Agreement

On May 10, 2007, our Board of Directors approved a Retirement Agreement between Norfolk Southern and H. C. Wolf. In the Retirement Agreement, Mr. Wolf agreed not to compete with or solicit employees or customers away from the company for five years. In return, the Retirement Agreement provided him with certain retirement benefits and an award of 30,000 restricted stock units, which units are subject to a five-year restriction period.

For additional information regarding the terms of Mr. Wolf's Retirement Agreement, see the narrative discussion accompanying the Pension Benefits Table.

Table of Contents

Outstanding Equity Awards at Fiscal Year-End 2007

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) ¹ Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (d)	Option Exercise Price (\$) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) ² (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ³ (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) ⁴ (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ³ (j)
C. W. Moorman	53,538			15.4750	01/28/11	190,000	9,583,600	155,200	7,828,288
	80,000			22.4900	01/27/12				
	30,000			19.6250	02/02/13				
	30,000			22.0200	01/29/14				
	45,000			34.1000	01/27/15				
	75,000			49.4250	01/26/16				
		125,000		49.5550	01/24/17				
S. C. Tobias	5,904			16.9375	01/30/10	110,000	5,548,400	62,080	3,131,315
	6,462			15.4750	01/28/11				
	200,000			22.4900	01/27/12				
	5,095			19.6250	02/02/13				
	50,000			22.0200	01/29/14				
	35,000			34.1000	01/27/15				
	30,000			49.4250	01/26/16				
		50,000		49.5550	01/24/17				
H. C. Wolf	125,000			22.4900	01/27/12	0	0	62,080	3,131,315
	50,000			19.6250	02/02/13				
	45,459			22.0200	01/29/14				
	35,000			34.1000	01/27/15				
	30,000			49.4250	01/26/16				
		50,000		49.5550	01/24/17				
M. D. Manion	20,000			15.4750	01/28/11	68,000	3,429,920	41,904	2,113,638
	80,000			22.4900	01/27/12				
	30,000			19.6250	02/02/13				
	25,000			22.0200	01/29/14				
	16,000			34.1000	01/27/15				
	20,000			49.4250	01/26/16				
		34,000		49.5550	01/24/17				
D. W. Seale	16,462			15.4750	01/28/11	68,000	3,429,920	41,904	2,113,638
	80,000			22.4900	01/27/12				
	30,000			19.6250	02/02/13				

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

	30,000		22.0200	01/29/14				
	16,000		34.1000	01/27/15				
	20,000		49.4250	01/26/16				
		34,000	49.5550	01/24/17				
J. A. Squires	3,611		27.6875	01/31/09	18,550	935,662	13,813	696,728
	5,904		16.9375	01/30/10				
	3,231		15.4750	01/28/11				
	15,000		22.4900	01/27/12				
	12,000		19.6250	02/02/13				
	13,000		22.0200	01/29/14				
	9,000		34.1000	01/27/15				
	6,800		49.4250	01/26/16				
		11,000	49.5550	01/24/17				

¹These options vest on January 25, 2010.

Table of Contents

² The following table provides information with respect to the vesting of each Named Executive Officer's restricted shares:

<u>Name</u>	<u>Award Type</u>	<u>01/26/09</u>	<u>01/27/10</u>
C. W. Moorman	Restricted Shares	37,500	54,000
S. C. Tobias	Restricted Shares	15,000	42,000
M. D. Manion	Restricted Shares	10,000	24,600
D. W. Seale	Restricted Shares	10,000	24,600
J. A. Squires	Restricted Shares	3,400	5,400

The following table provides information with respect to the vesting of each Named Executive Officer's restricted stock units:

<u>Name</u>	<u>Award Type</u>	<u>01/26/09</u>	<u>01/27/10</u>	<u>01/24/12</u>
C. W. Moorman	Restricted Stock Units	37,500	36,000	25,000
S. C. Tobias	Restricted Stock Units	15,000	28,000	10,000
M. D. Manion	Restricted Stock Units	10,000	16,400	7,000
D. W. Seale	Restricted Stock Units	10,000	16,400	7,000
J. A. Squires	Restricted Stock Units	3,400	3,600	2,750

³These values are based on the \$50.44 closing market price of our common stock on December 31, 2007.

⁴These amounts represent (i) grants of performance share units made in 2006 pursuant to the Long-Term Incentive Plan (LTIP) that will be earned out over the three-year period ending December 31, 2008, and (ii) grants of performance share units made in 2007 pursuant to LTIP that will be earned out over the three-year period ending December 31, 2009. Because our performance during the three-year period ended December 31, 2007 resulted in performance share award earnouts which exceeded amounts targeted by our Compensation Committee, the amounts in this column represent 77.6% the actual percentage earned out for the performance cycle ended December 31, 2007 of the maximum number of performance share units which may be earned by each Named Executive Officer for the performance cycle ending December 31, 2008, and December 31, 2009. Actual results may cause the Named Executive Officers to earn fewer or more performance share units. Performance share units that are earned will be paid one-half in cash and one-half in shares of our common stock.

Option Exercises and Stock Vested in 2007

<u>Name</u>	<u>Option Awards</u>		<u>Stock Awards</u>	
	<u>Number of</u>	<u>Value Realized</u>	<u>Number of</u>	<u>Value Realized</u>
<u>(a)</u>	<u>Shares Acquired</u>	<u>on Exercise</u>	<u>Shares Acquired</u>	<u>on Vesting</u>
	<u>on Exercise</u>	<u>(\$)¹</u>	<u>on Vesting</u>	<u>(\$)²</u>
	<u>(#)</u>	<u>(c)</u>	<u>(#)²</u>	<u>(e)</u>

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

	(b)		(d)	
C. W. Moorman	22,700	845,405	15,000	717,075
	6,396	241,145		
S. C. Tobias	86,389	2,601,821	50,000	2,390,250
	3,611	108,754		
	3,109	79,742		
H. C. Wolf ³	4,541	145,516	50,000	2,390,250
			70,000	3,710,000
			30,000	1,590,000
			40,000	2,120,000
M. D. Manion	0	0	12,500	597,756
D. W. Seale	13,538	573,334	15,000	717,075
J. A. Squires	3,109	54,046	6,500	310,733

¹Represents the difference between the average of the high and low of the market price(s) of the underlying common stock on the day of exercise and the exercise price of the option(s).

Table of Contents

²Represents the aggregate number of restricted shares and restricted stock units that vested during fiscal 2007, multiplied by the average of the high and low of the market price(s) of the underlying shares on the vesting date(s).

³The service requirements under all restricted shares and restricted stock units held by Mr. Wolf terminated upon his retirement in 2007. Consequently, all of his restricted shares and restricted stock units are shown as vesting in 2007 in the above table. However, as described in more detail below, these shares and restricted stock units are subject to forfeiture if he engages in competing employment during the applicable restriction periods. Mr. Wolf may not sell or otherwise transfer these restricted shares and restricted stock units until such restriction periods have lapsed.

Retirement Benefits**2007 Pension Benefits Table**

The following table shows, as of December 31, 2007, each Named Executive Officer's years of credited service, present value of accumulated benefit and benefits received, if any, under each of (i) the Retirement Plan of Norfolk Southern Corporation and Participating Subsidiary Companies (the Retirement Plan) and (ii) the Supplemental Benefit Plan of Norfolk Southern Corporation and Participating Subsidiary Companies (the SERP).

Name	Plan Name	Number of	Present Value of	
		Years Credited	Accumulated	Payments During
		Service	Benefit	Last Fiscal Year
(a)	(b)	(#)	(\$)	(\$)
		(c)	(d)	(e)
Charles W. Moorman, IV	Retirement Plan	35	1,192,355	0
	SERP	35	4,767,753	0
Stephen C. Tobias	Retirement Plan	38	1,868,868	0
	SERP	40	7,267,620 ¹	0
Henry C. Wolf	Retirement Plan	34	1,497,031	59,639
	SERP	38	6,989,677 ¹	205,817
Mark D. Manion	Retirement Plan	33	747,453	0
	SERP	33	1,973,562	0
Donald W. Seale	Retirement Plan	32	799,372	0
	SERP	32	2,087,509	0
James A. Squires	Retirement Plan	16	208,444	0

¹Reflects an additional three years of creditable service provided under agreements approved by our Board of Directors on September 25, 2001 (and included in Column c). These agreements provided enhanced pension benefits in exchange for each individual's continued employment with Norfolk Southern for an additional two years. A form of these agreements was filed as an exhibit to our Form 10-Q for the quarter ended September 30, 2001. Because Messrs. Tobias and Wolf remained employed with us through September 30, 2003, (i) each received these additional years of creditable service and (ii) their benefits are based on average annual compensation for the three most highly compensated years, instead of the five most highly compensated years, out of the last ten years of creditable service. For Mr. Wolf, also reflects an additional year of creditable service provided under a Retirement Agreement (described below) which was approved by the Board of Directors on May 10, 2007. These enhancements increased the present value of their accumulated benefits as follows: Mr. Wolf, \$1,657,294 and Mr. Tobias, \$933,921.

Table of Contents

Narrative to Pension Benefits Table

The above table shows the number of years of credited service and the actuarial present value of each Named Executive Officer's accumulated benefits under our defined benefit plans as of December 31, 2007, which is the pension plan measurement date we use for financial reporting purposes. A retirement age of 60 is assumed for purposes of the table, the earliest time at which a participant may retire under the plans without any benefit reduction due to age. For those participants over the age of 60, their actual ages were used. For a discussion of the other material assumptions applied in quantifying the present values of the above accrued benefits, see note 10 to our financial statements included with our Annual Report on Form 10-K for the fiscal year ended December 31, 2007. The benefits shown are in addition to amounts payable under the U.S. Railroad Retirement Act.

Under the Retirement Plan and the SERP, except as noted above or in the event of a change in control (see below), each Named Executive Officer can expect to receive an annual retirement benefit equal to average annual compensation for the five most highly compensated years out of the last ten years of creditable service multiplied by the number that is equal to 1.5% of total years of creditable service, but not in excess of 60% of such average compensation, less an offset for the annual Railroad Retirement Act annuity. Average compensation includes salary (including any pre-tax contributions the Named Executive Officer makes to our: (i) 401(k) plan; (ii) Comprehensive Benefits Plan (for medical, dental and similar coverages); and (iii) pre-tax transportation plan), awards under the Executive Management Incentive Plan and unused vacation amounts paid upon severance from employment. Under the Retirement Plan and the SERP, annual retirement benefits will be payable to each Named Executive Officer upon retirement on a qualified joint-and-survivor-annuity basis in specified remuneration and years of creditable service classifications under our qualified defined benefit pension plan, as well as a non-qualified supplemental pension plan that provides benefits not otherwise payable under the qualified plan because of applicable Internal Revenue Code limitations on qualified plan benefits.

As discussed in more detail below, Mr. Wolf retired in 2007. Mr. Tobias is eligible for full retirement benefits without any benefit reduction due to age. Messrs. Moorman, Manion and Seale became eligible for early retirement during 2007 upon reaching age 55, each having 10 years of creditable service. If Messrs. Moorman, Manion and Seale choose to retire prior to age 60, their benefits will be reduced by 1/360th for each month they are under age 60 at the time of retirement.

We have no policy with regard to granting extra years of credited service. However, as noted above, our Board has in certain circumstances credited executives with additional years of service. In addition, as described below, our change-in-control agreements provide for additional years of credited service in limited circumstances.

Retirement Agreement

On May 10, 2007, our Board of Directors approved a Retirement Agreement with H. C. Wolf. In the Retirement Agreement, Mr. Wolf agreed not to compete with or solicit employees or customers away from the company for five years. In return, the Retirement Agreement provides Mr. Wolf with (i) the enhanced pension benefits described in footnote one to the Pension Benefits Table and (ii) an award of 30,000 restricted stock units, which units are subject to a five-year restriction period and are otherwise subject to the terms of our Form of Norfolk Southern Corporation Long-Term Incentive Plan 2007 Award Agreement filed as Exhibit 99 to our Form 8-K filed with the SEC on January 11, 2007.

On May 10, 2007, our Compensation Committee also approved a Waiver Agreement with Mr. Wolf. The Waiver Agreement provides for the modification of the terms of 21,700 restricted shares granted to Mr. Wolf in 2005 under the Long-Term Incentive

Plan, and 14,468 restricted stock units

Table of Contents

granted to Mr. Wolf in 2005 under the Restricted Stock Unit Plan, which Mr. Wolf otherwise would have forfeited upon retirement. Under the Waiver Agreement, these restricted shares and restricted stock units remain subject to their applicable restriction period, except in the event of death or violation of the non-compete provision in the Agreement, until January 27, 2010.

Copies of this Retirement Agreement and the Waiver Agreement were filed as exhibits to our Form 8-K dated May 11, 2007.

Deferred Compensation

Our Named Executive Officers have deferred the receipt of portions of their compensation under two separate deferred compensation plans: the Officers' Deferred Compensation Plan (ODCP) and the Executives' Deferred Compensation Plan (EDCP). The table and narrative below describe the material elements of these plans.

2007 Nonqualified Deferred Compensation Table

Name	Plan	Executive	Registrant	Aggregate	Aggregate	Aggregate
		Contributions in	Contributions in	Earnings	Withdrawals/	Balance
		Last FY	Last FY	in Last FY	Distributions	at Last FYE
		(\$) ¹	(\$)	(\$) ²	(\$)	(\$) ³
(a)	Plan	(b)	(c)	(d)	(e)	(f)
Charles W. Moorman, IV	ODCP	0	0	34,662	0	403,657
	EDCP	0	0	0	0	0
Stephen C. Tobias	ODCP	0	0	674,253	0	6,115,047
	EDCP	0	0	0	0	0
Henry C. Wolf	ODCP	0	0	715,840	0	6,231,170
	EDCP	60,000	0	37,444	0	838,264
Mark D. Manion	ODCP	0	0	112,260	0	1,142,812
	EDCP	293,744	0	20,646	0	488,259
Donald W. Seale	ODCP	0	0	185,327	0	2,113,381
	EDCP	200,008	0	156,106	0	1,025,283
James A. Squires	ODCP	0	0	0	0	0
	EDCP	100,250	0	42,465	0	352,772

¹Amounts in this column are included in the Salary and/or Non-Equity Incentive Plan Compensation column(s) of the Summary Compensation Table.

²Of these amounts, the following amounts are included in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table and represent the extent to which 2007 interest accrued on salary and bonuses deferred under the Officers' Deferred Compensation Plan exceeded 120% of the applicable Federal long-term rate

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

provided in Section 1274(d) of the Internal Revenue Code: Mr. Moorman, \$7,184; Mr. Tobias, \$215,876; Mr. Wolf, \$246,850; Mr. Manion, \$24,728; Mr. Seale, \$35,213; and Mr. Squires, \$0.

³Of these amounts, the following amounts were previously reported as compensation to the Named Executive Officer in our Summary Compensation Table for last year: Mr. Moorman, \$6,531; Mr. Tobias, \$190,183; Mr. Wolf, \$217,040; Mr. Manion, \$22,125; and Mr. Seale, \$31,835.

Narrative to Nonqualified Deferred Compensation Table

The 2007 Nonqualified Deferred Compensation table presents amounts deferred under (i) the Officers' Deferred Compensation Plan and (ii) the Executives' Deferred Compensation Plan. Amounts deferred are credited to a separate memorandum account maintained in the name of each participant. We do not make contributions to participants' accounts.

Table of Contents

Amounts deferred before January 1, 2001, were deferred under the Officers' Deferred Compensation Plan and 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 participant'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%. The total amount so credited for amounts deferred before January 1, 2001 (including interest earned thereon) is distributed in five or ten annual installments, determined on the basis of the participant's age at the time of deferral, beginning in the year following the year in which the participant retires.

Amounts deferred on or after January 1, 2001, have been deferred under the Executives' Deferred Compensation Plan. Participants may defer up to 25% of base salary and 100% of EMIP bonus payments and are credited with variable earnings and/or losses based on the performance of hypothetical investment options selected by the participant. The hypothetical investment options include various mutual funds as crediting indices. With respect to each deferral, participants may choose to receive a distribution at the earliest of separation from service, disability, or a date that is at least five years but not more than 15 years after the deferral year has ended. The total amount credited to a participant will be distributed, in accordance with the participant's elected distribution option, in one lump sum or a stream of annual cash payments. If an amount that was deferred on or after January 1, 2005 (including earnings equivalents thereon) is being distributed due to separation from service, the distribution will occur or commence at the later of (i) the beginning of the year following the year in which the participant separates from service, or (ii) six months from the date of separation from service.

Our commitment to accrue and pay interest and/or earnings on amounts deferred is facilitated by the purchase of corporate-owned life insurance with executive officers 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 Executives' Deferred Compensation Plan and the Officers' Deferred Compensation Plan, the Board, in its discretion, may reduce the interest and/or earnings on deferrals. With respect to the Officers' Deferred Compensation Plan, the adjusted rate of interest may not be less than one-half the rate otherwise provided for in the plan. For the Executives' Deferred Compensation Plan, the adjusted rate may not be less than the lesser of (a) one-half the rate of earnings otherwise provided for in the Executives' Deferred Compensation Plan or (b) 7%.

Potential Payments Upon a Change in Control or Other Termination of Employment

We have entered into certain agreements and maintain certain plans that will require us to provide compensation to our Named Executive Officers in the event of a termination of their employment with our company. Each of the circumstances that would require us to pay post-employment benefits is discussed below.

Change-in-Control Agreements

Generally

We have entered into change-in-control agreements with a number of key executives, including our Named Executive Officers. A Named Executive Officer will only receive the benefits provided under these agreements if:

- a change in control of Norfolk Southern occurs, *and*

- within two years of the change in control, we terminate the Named Executive Officer's employment for any reason other than for cause, death, total disability or mandatory retirement, or the Named Executive Officer terminates his employment with us for good reason.

Table of Contents

Definition of Change in Control

Generally, under these agreements, a change in control is defined as:

- a merger, sale of all or substantially all of our assets or similar fundamental transaction which results in our stockholders holding less than 80% of the voting power of the combined company;
- a stockholder-approved consolidation or dissolution pursuant to a recommendation of our Board of Directors;
- a change in the composition of the Board of Directors that results in less than a majority of Board members having either (i) served on the Board for at least two years or (ii) been nominated or elected to be a director by at least two-thirds of directors who had at least two years of service at the time of the director's nomination or election;
- any person or organization acquires more than 20% of our voting stock; or
- a determination by the Board that an event similar to those listed above has occurred or is imminent.

As noted below, the Named Executive Officers are entitled to accelerated payouts of amounts deferred under the Officers' Deferred Compensation Plan and the Executives' Deferred Compensation Plan (EDCP) upon a change in control. For amounts deferred after 2004 under the EDCP, only events described above that also constitute a change in control as specified in the regulations to Section 409A of the Internal Revenue Code will result in accelerated distribution of those amounts.

Benefits Payable Upon Termination Following a Change in Control

Under our change-in-control agreements, the Named Executive Officers who become entitled to the benefits under those agreements are generally entitled to receive:

- three times their annual base salary plus incentive pay;
- accrued but unpaid compensation;
- a cash payment for unearned performance share units awarded and as to which the performance cycle has not been completed;
- all dividend equivalents to which they would have been entitled had their employment not been terminated;

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

- early payout of compensation that was deferred under our non-qualified deferred compensation plans;
- accrued pension benefits, as modified by years of service and average final compensation enhancements provided by the change-in-control agreements;
- unused vacation for the year of termination, plus vacation for the following year;
- a fully paid life insurance policy to which they would have been entitled upon retirement; and
- continued welfare benefits for three years.

In addition, the Named Executive Officers are generally entitled to receive a payment in an amount sufficient to make them whole for any Federal excise tax on excess parachute payments.

The benefits to be provided to our Named Executive Officers under the change-in-control agreements are quantified in the table below. If we had terminated the Named Executive Officers

Table of Contents

employment other than for cause, except as otherwise noted, these benefits would have been payable in a lump sum within ten business days of termination. If the Named Executive Officers had terminated their employment for good reason, benefits would not have been payable until six months following termination. Excluded from this table is Mr. Wolf who retired during 2007 and, under his retirement agreement with us, waived any rights under his change-in-control agreement.

Executive Benefits and Payments Upon Change in Control	Charles W. Moorman, IV ¹	Stephen C. Tobias ¹	Mark D. Manion ¹	Donald W. Seale ¹	James A. Squires ¹
Compensation:					
Severance Pay ²	\$ 7,200,000	\$ 4,230,000	\$ 2,868,750	\$ 2,868,750	\$ 2,193,750
Long Term Compensation					
Performance Share Units					
2006-2008 (performance period) ³	\$ 3,033,966	\$ 1,213,586	\$ 809,058	\$ 809,058	\$ 275,080
2007-2009 (performance period) ³	\$ 5,056,610	\$ 2,022,644	\$ 1,375,398	\$ 1,375,398	\$ 444,982
Stock Options ⁴	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accelerated Dividends	\$ 1,087,183	\$ 529,220	\$ 325,442	\$ 331,084	\$ 117,916
Restricted Stock ⁵	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Deferred Compensation ^{6*}	\$ 208,923	\$ 464,925	\$ 1,120,372	\$ 1,773,562	\$ 535,343
Benefits and Perquisites					
Incremental Non-Qualified Pension ^{7*}	\$ 8,948,000	\$ 10,002,000	\$ 3,748,000	\$ 3,777,000	\$ 742,000
Post-retirement health and welfare benefits [*]	\$ 25,341	\$ 25,341	\$ 25,341	\$ 25,341	\$ 25,341
Life Insurance Proceeds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disability Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vacation Pay	\$ 76,628	\$ 57,471	\$ 40,709	\$ 40,709	\$ 24,904
Post-retirement life insurance ⁸	\$ 0	\$ 30,808	\$ 10,083	\$ 0	\$ 35,835
Prorata Incentive Pay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Excise Tax Gross-up on Severance Benefits ⁹	\$ 11,894,608	\$ 6,714,473	\$ 4,531,741	\$ 4,590,959	\$ 1,927,799
Total	\$ 37,531,259	\$ 25,290,470	\$ 14,854,893	\$ 15,591,861	\$ 6,322,950

*Payable in accordance with the applicable plan.

¹This analysis assumes that on December 31, 2007, (i) a change-in-control of our company occurred and (ii) each of the above Named Executive Officer's employment with us was terminated without cause.

²These amounts represent three times the sum of each Named Executive Officer's base salary plus Executive Management Incentive Plan (EMIP) incentive pay.

³These amounts represent benefits to which the Named Executive Officer would otherwise be entitled absent a change in control. Values based on (i) the \$50.44 closing market price of our common stock on December 31, 2007, and (ii) the average earnout for performance share units for the two most recently completed cycles (80.2%), which is the assumed earnout required under the change-in-control agreements. See the Outstanding Equity Awards at Fiscal Year-End Table for each Named Executive Officer's outstanding performance share unit awards. Performance share units are earned over a three-year cycle ending each December 31. SEC rules require that we assume a change in control occurred on the last day of our fiscal year. Therefore, our Named Executive Officers were fully vested in their performance share unit awards for the performance cycle ended December 31, 2007, and these awards are excluded from the above amounts.

⁴Excludes the value of vested options held by each Named Executive Officer as of December 31, 2007. Under each Named Executive Officer's change-in-control agreement, in the event his employment with us is terminated in connection with a change in

control, we are required to pay him the then current spread value of his vested options rather than require him to exercise them and sell the underlying shares. Based on the \$50.44 closing market price of our common stock on December 31, 2007, the values of those options were as follows: Mr. Moorman, \$6,686,431, Mr. Tobias, \$8,194,095, Mr. Manion, \$4,851,990, Mr. Seale, \$4,870,384 and Mr. Squires, \$1,705,382. See the Outstanding Equity Awards at Fiscal Year-End Table for more information regarding these

Table of Contents

options. Unvested options do not provide for accelerated vesting at the time of a change in control and would be forfeited upon termination of their employment. Accordingly, options which were unvested as of December 31, 2007, are excluded from these amounts.

⁵The change-in-control agreements do not provide for the acceleration of any unvested restricted shares or restricted stock units held by Named Executive Officers at the time their employment with us is terminated or upon a change in control. Under the terms of the Long-Term Incentive Plan (LTIP), they will forfeit any unvested restricted shares and restricted stock units if their employment is terminated for any reason other than retirement, disability or death. The Compensation Committee of Norfolk Southern's Board of Directors has the authority under LTIP to waive any restrictions on restricted shares and restricted stock units.

⁶Amount does not include the aggregate balance of the Named Executive Officer's deferred compensation account as of December 31, 2007, in which he is currently vested. See column (f) of the Nonqualified Deferred Compensation Table for this amount.

⁷Represents the amount by which the Named Executive Officer's pension benefit, as enhanced by the change-in-control agreement, exceeds the actuarial present value of his accumulated pension benefits as of December 31, 2007. Amount does not include the actuarial present value of the Named Executive Officers' accumulated pension benefits as of December 31, 2007. See the Pension Benefits Table for a description of the pension benefits to which the Named Executive Officers are entitled upon their retirement.

⁸The change-in-control agreements obligate us to provide fully-funded post-retirement life insurance policies. These amounts represent the remaining premiums required to be paid to fully fund each policy, together with an amount estimated to equal the Federal and state income taxes that would be imposed on those amounts.

⁹These amounts are payable as and when the tax is imposed and paid. These amounts do not take into account potential mitigation of our excise tax gross-up obligations for those portions of the above compensation that may be determined to be reasonable compensation or are being paid in consideration of the non-competition covenants contained in the change-in-control agreements.

Events Triggering Change in Control Payments

If we terminate a Named Executive Officer's employment with us for cause, we will not be required to pay him the benefits provided under his change-in-control agreement. Cause is defined as any of the following and the result of the same is materially harmful to us:

- an intentional act of fraud, embezzlement or theft in connection with the executive's duties or in the course of his employment with us;

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

- intentional wrongful damage to our property;
- intentional wrongful disclosure of secret processes or of our confidential information; or
- intentional violation of our Code of Ethics.

In addition, if a Named Executive Officer terminates his employment with us within two years of a change in control for any of the following good reasons, we are required to pay him the benefits provided under his change-in-control agreement:

- he is not elected or reelected to the office he held immediately prior to the change in control, or if serving as a director he is removed as a director;
- his salary or bonus opportunity is reduced below the amounts in effect prior to the change in control;
- without his consent, we terminate or reduce the value or scope of the Named Executive Officer's perquisites, benefits and service credit for benefits provided under any employee

Table of Contents

retirement income or welfare benefit policies, plans, programs or arrangements in which he is participating immediately prior to the change in control;

- he determines in good faith that following the change in control, he has been rendered substantially unable to carry out or has suffered a substantial reduction in any of the substantial authorities, powers, functions, responsibilities or duties attached to the position he held immediately prior to the change in control, which situation is not remedied within ten days after receipt by us that the Named Executive Officer has made that determination;
- the successor to the change in control does not assume all of our duties and obligations under the change-in-control agreement;
- we require that the Named Executive Officer relocate his principal location of work in excess of 35 miles from his employment location immediately prior to the change in control, or that he travel away from his office significantly more than was required of him immediately prior to the change in control; or
- any material breach of the change-in-control agreement by us or our successor.

Requirement Not to Compete

In exchange for the benefits provided under the change-in-control agreements and to help encourage management continuity, the Named Executive Officers agreed not to engage in competing employment for a period of three years from the date they executed the agreements and, if they accept benefits payable or provided under the agreements, they may not engage in competing employment for a period of one year from the date they are terminated following the change in control. Competing employment for this purpose is the provision of services of any type, kind or nature and in any capacity to any organization or person that is, that controls, that is controlled by, or one of whose significant customers or clients is (i) a Class I railroad operating in the United States, Canada or Mexico, (ii) an interstate trucking company operating in the United States, Canada or Mexico or (iii) a provider or arranger of intermodal services of any kind or nature, any portion of which services is provided or arranged in the United States.

Retirement

Former Executive Officer

As noted above under Retirement Benefits, Mr. Wolf retired in 2007. In addition to the deferred compensation and pension benefits disclosed in the Nonqualified Deferred Compensation and Pension Benefits Tables, Mr. Wolf is eligible for the following benefits:

Name	Non-Equity		Restricted Stock			Total
	Incentive	Performance	and Restricted	Medical	Life	
	Pay¹	Share Units²	Stock Units³	Benefits⁴	Insurance⁵	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

Henry C. Wolf	\$ 218,295	\$ 4,501,944	\$ 7,420,000	\$ 83,536	\$ 0	\$ 12,223,055
---------------	------------	--------------	--------------	-----------	------	---------------

¹Represents prorated cash bonus paid to Mr. Wolf under EMIP for the fiscal year ended December 31, 2007. This award is also included in the Summary Compensation Table. It is included here because, but for retirement provisions under EMIP, Mr. Wolf would have forfeited this award.

²Represents (i) the dollar value of performance share units actually earned out for the performance cycle ended December 31, 2007, based on the average of high and low of the market price of the underlying shares on the earnout date, plus (ii) the estimated dollar value of performance share units to be earned during the performance cycles ending December 31, 2008 and December 31, 2009, assuming a 77.6% earn-out, which was the actual earn-out for the performance cycle ended December 31, 2007, in each case based on the \$50.44 closing market price of our common stock on December 31, 2007. The amounts for the performance cycles ending

Table of Contents

December 31, 2008 and December 31, 2009, are also included in the Outstanding Equity Awards at Fiscal Year-End Table. However, because Mr. Wolf would have forfeited these awards but for retirement provisions under LTIP, we have included these amounts here as well.

³Represents the dollar value of restricted shares and restricted stock units vested in 2007 using the average of the high and low of the market prices of the underlying shares on the vesting dates. As noted in the Option Exercises and Stock Vested Table, while the service requirements under all of these awards terminated upon Mr. Wolf's retirement, these awards will be forfeited if he engages in competing employment during the applicable restriction periods. These amounts are also included in the Outstanding Equity Awards at Fiscal Year-End Table. However, because Mr. Wolf would have forfeited these awards but for provisions in LTIP and in his retirement agreement, we have included these amounts here as well.

⁴Represents estimated retiree medical benefits for Mr. Wolf and his eligible dependents.

⁵Represents the remaining cost of a retiree life insurance policy as of December 31, 2007, which policy for Mr. Wolf is in the amount of \$1,150,000.

In addition to the foregoing benefits, Mr. Wolf also received an additional 30,000 restricted stock units under his retirement agreement, the value of which is included above in the Summary Compensation Table and the Grants of Plan-Based Awards Table. For additional information regarding this grant, see above under Retirement Agreements.

Amounts above do not include the value of unexercised stock options held by Mr. Wolf. See the Outstanding Equity Awards at Fiscal Year-End Table for a complete list of these options. Under retirement provisions contained in the LTIP agreements, each option held by Mr. Wolf will expire at the end of the term for which the option was granted. But for these retirement provisions, all of his options would have expired at the close of business on his last day of employment with us.

Current Executive Officers

As of December 31, 2007, all current Named Executive Officers other than Mr. Squires were of retirement age under our retirement plans. See Termination for Any Other Reason below for a discussion of the benefits to which Mr. Squires would have been entitled had he retired as of December 31, 2007. Mr. Tobias was eligible to retire as of December 31, 2007, with unreduced pension benefits under our retirement plans. Messrs. Moorman, Manion and Seale were eligible to retire and choose to receive either (i) a temporary retirement benefit not to exceed \$500 per month until reaching age 60, and thereafter the full amount of the accrued pension benefits disclosed in the Pension Benefits Table, or (ii) a reduced amount of the pension benefits disclosed in the Pension Benefits Table. Assuming each of the current Named Executive Officers other than Mr. Squires retired as of December 31, 2007, in addition to these pension benefits and the deferred compensation amounts disclosed in the Nonqualified Deferred Compensation Table, each of them would have been eligible for the following benefits:

<u>Name</u>	Performance	Restricted Stock	Medical	Life	<u>Total</u>
	Share Units ¹	and Restricted	Benefits ³	Insurance ⁴	

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

	<u>Stock Units²</u>				
Charles W. Moorman, IV	\$ 7,828,288	\$ 9,583,600	\$ 135,979	\$ 0	\$ 17,547,867
Stephen C. Tobias	\$ 3,131,315	\$ 5,548,400	\$ 100,650	\$ 18,427	\$ 8,798,792
Mark D. Manion	\$ 2,113,638	\$ 3,429,920	\$ 159,308	\$ 6,031	\$ 5,708,897
Donald W. Seale	\$ 2,113,638	\$ 3,429,920	\$ 174,772	\$ 0	\$ 5,718,330

¹Represents the estimated dollar value of performance share units to be earned during the performance cycles ending December 31, 2008, and December 31, 2009, assuming a 77.6% earn-out, which was the actual earn-out for the performance cycle ended December 31, 2007, and in each

Table of Contents

case based on the \$50.44 closing market price of our common stock on December 31, 2007. The amounts for the performance cycles ending December 31, 2008, and December 31, 2009, are also included in the Outstanding Equity Awards at Fiscal Year-End Table. However, because the Named Executive Officers would forfeit these awards but for retirement provisions under LTIP, we have included these amounts here as well.

²Represents the dollar value of restricted shares and restricted stock units based on the \$50.44 closing market price of our common stock on December 31, 2007. These amounts are also included in the Outstanding Equity Awards at Fiscal Year-End Table. However, because the Named Executive Officers would forfeit these awards but for retirement provisions of LTIP and their LTIP award agreements, we have included these amounts here as well.

³Represents estimated retiree medical benefits for the Named Executive Officers and their eligible dependents.

⁴Represents the remaining cost of retiree life insurance policies as of December 31, 2007, which policy amounts are as follows: Mr. Moorman, \$570,000; Mr. Tobias, \$1,150,000; Mr. Manion, \$460,000; and Mr. Seale, \$600,000.

Amounts above do not include the value of unexercised stock options held by the Named Executive Officers. See the Outstanding Equity Awards at Fiscal Year-End Table for a complete list of these options. Under retirement provisions contained in the LTIP agreements, each option held by the Named Executive Officers will expire at the end of the term for which the option was granted. But for these retirement provisions, all of their options would expire at the close of business on their last day of employment with us.

Death or Disability***Death***

If the current Named Executive Officers had died on December 31, 2007, in addition to the deferred compensation benefits disclosed in the Nonqualified Deferred Compensation Table and the pension benefits disclosed in the Pension Benefits Table which pension benefits would be reduced as a result of the Named Executive Officer's death each Named Executive Officer's spouse and/or designated beneficiaries would have been eligible for the following benefits:

Name	Restricted Stock		Life		Total
	Performance Share Units ¹	and Restricted Stock Units ²	Medical Benefits	Insurance Proceeds	
Charles W. Moorman, IV	\$ 7,828,288	\$ 9,583,600	\$ 61,795	\$ 2,400,000	\$ 19,873,683
Stephen C. Tobias	\$ 3,131,315	\$ 5,548,400	\$ 54,169	\$ 1,800,000	\$ 7,405,700
Mark D. Manion	\$ 2,113,638	\$ 3,429,920	\$ 81,733	\$ 1,225,000	\$ 6,850,291

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

Donald W. Seale	\$ 2,113,638	\$ 3,429,920	\$ 97,197	\$ 1,225,000	\$ 6,865,755
James A. Squires	\$ 696,728	\$ 935,662	\$ 87,987	\$ 925,000	\$ 2,645,377

¹Represents the estimated dollar value of performance share units to be earned during the performance cycles ending December 31, 2008, and December 31, 2009, assuming a 77.6% earn-out, which was the actual earn-out for the performance cycle ended December 31, 2007, and in each case based on the \$50.44 closing market price of our common stock on December 31, 2007. The amounts for the performance cycles ending December 31, 2008, and December 31, 2009, are also included in the Outstanding Equity Awards at Fiscal Year-End Table. However, because the Named Executive Officers would forfeit these awards but for death benefit provisions under LTIP, we have included these amounts here as well.

²Represents the dollar value of restricted shares and restricted stock units based on the \$50.44 closing market price of our common stock on December 31, 2007. These amounts are also included

Table of Contents

in the Outstanding Equity Awards at Fiscal Year-End Table. However, because the Named Executive Officers would forfeit these awards but for death benefit provisions of LTIP and their LTIP award agreements, we have included these amounts here as well.

Amounts above do not include the value of unexercised stock options held by the Named Executive Officers. See the Outstanding Equity Awards at Fiscal Year-End Table for a complete list of these options. Under death benefit provisions contained in the agreements, each option held by the Named Executive Officers will expire at the end of the term for which the option was granted. But for these death benefit provisions, all of their options would have expired at the close of business on their last day of employment with us.

Disability

If the current Named Executive Officers had become disabled on December 31, 2007, each of them other than Mr. Squires could elect to retire and receive up to the benefits set forth above under Retirement Current Executive Officers. For Mr. Squires and any other Named Executive Officer electing not to retire, each would be entitled to disability benefits in an amount equal to one-half his base salary.

Under disability benefit provisions contained in LTIP and the LTIP agreements, each option held by the Named Executive Officers would expire at the end of the term for which the option was granted and the restrictions on each restricted share and restricted stock unit held by the Named Executive Officers would lapse upon the expiration of the applicable restriction period; but for these disability benefit provisions, the Named Executive Officers would forfeit all unexercised options and unvested restricted shares and restricted stock units. See the Outstanding Equity Awards at Fiscal Year-End Table for a complete list of options, restricted shares and restricted stock units held by the Named Executive Officers.

Termination for Any Other Reason

As noted above, each of the Named Executive Officers other than Mr. Squires was eligible to retire as of December 31, 2007; accordingly, had their employment been terminated by us or by them as of that date, each would have been entitled to the benefits set forth above under Retirement Current Executive Officers. Because Mr. Squires had at least 10 years of service as of December 31, 2007, had his employment been terminated by us or by him as of that date, he would have been eligible for either (i) the full amount of his accrued pension benefits disclosed in the Pension Benefits Table beginning at age 60, or (ii) an actuarially reduced amount of the pension benefits disclosed in the Pension Benefits Table beginning at age 55.

In addition to these pension benefits, each current Named Executive Officer would have been entitled to receive the deferred compensation benefits fully disclosed in the Nonqualified Deferred Compensation Table.

We also have a Severance Pay Plan. Under the Severance Pay Plan, if the current Named Executive Officers' employment had been terminated as of December 31, 2007, due to the executive's position being voluntarily eliminated or terminated in connection with downsizing or internal restructuring, or due to the executive's position being involuntarily eliminated as a result of a position abolishment or a downsizing or internal restructuring, the Named Executive Officers would have been entitled to the following benefits:

- two weeks of the executive's annual base salary for each year of service up to a maximum of 80 weeks (but not in excess of twice the annual amount of the executive's salary payable in the 12-month period preceding the executive's severance date);

Table of Contents

- continued health care benefits for the executive and the executive's eligible dependents until the earlier of (a) 12 months, or (b) until those health care benefits would otherwise terminate under the continuation of coverage provisions of the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended (COBRA); and
- outplacement assistance.

If the current Named Executive Officers' employment had been terminated by us for any reason other than as described above (excluding major misconduct which is defined under the Severance Pay Plan to include indictment for or conviction of a felony, theft, fraud or embezzlement, violation of company policy, or other conduct the plan administrator determines to be major misconduct), then the Named Executive Officers would have been entitled to one week of the executive's annual base salary for each year of service up to a maximum of 26 weeks, with the amount capped at two times the executive's salary paid in the 12-month period preceding the executive's severance date. The Named Executive Officers would not have been entitled to Severance Pay Plan benefits if terminated for major misconduct.

Directors Charitable Award Program Benefit

In addition to the benefits described above, Mr. Moorman continues to be entitled to nominate one or more tax-exempt institutions to receive up to \$500,000 from Norfolk Southern following his death. We continue to pay the life insurance premiums we use to fund this program. See Narrative to Non-Employee Director Compensation Table Directors Charitable Award Program above for more information regarding this program.

Non-Competition

In addition to restrictions imposed under our change-in-control agreements, certain awards under LTIP were beginning in 2006 made subject to forfeiture in the event the Named Executive Officer engages in competing employment for a period of time following termination. For these purposes, engages in competing employment means working for or providing services to any of our competitors in North American markets in which we compete.

Future Severance Benefits Policy

In 2002, our Board of Directors agreed to abide by a stockholder approved proposal that future severance agreements with senior executives that exceed 2.99 times the sum of the executive's base salary plus bonus require stockholder approval.

Table of Contents

Compensation Committee Report

The Compensation Committee of our Board of Directors oversees our compensation program on behalf of the Board. In fulfilling its oversight responsibilities, the Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis set forth in this proxy statement.

In reliance on the review and discussions referred to above, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in our annual report on Form 10-K for the fiscal year ended December 31, 2007, and our proxy statement to be filed in connection with our 2008 Annual Meeting of Stockholders, each of which will be filed with the SEC.

2007 Members of the Compensation Committee

Alston D. Correll, *Chair**

Daniel A. Carp, *Member*

Gene R. Carter, *Member***

Burton M. Joyce, *Member*

*Appointed Chair effective February 1, 2008.

**Served as Chair until January 31, 2008.

STOCKHOLDER PROPOSALS

Stockholders are entitled to submit proposals on matters appropriate for stockholder action consistent with SEC regulations and with our Bylaws. Any such proposal for the 2009 Annual Meeting of Stockholders must comply with applicable regulations and be **received** by the Corporate Secretary, Norfolk Southern Corporation, Three Commercial Place, 13th Floor, Norfolk, Virginia 23510-9219, as follows:

To be eligible for inclusion in our proxy statement and form of proxy, it must be received no later than November 21, 2008; or to be eligible to be presented from the floor for vote at the meeting (but not intended for inclusion in our proxy materials), it must be received during the period that begins November 29, 2008 and ends February 7, 2009.

By order of the Board of Directors,

HOWARD D. McFADDEN

Table of Contents**Appendix****PEER GROUP COMPANIES****Rail Industry Peer Group**

BSNF Railway

Canadian National Railway

Canadian Pacific Railway

CSX

Kansas City Southern

Union Pacific

General Industry Peer Group

ACH Food*

Advanced Micro Devices

Air Products and Chemicals

American Standard

Applied Materials

ARAMARK

ArvinMeritor

Ashland

Automatic Data Processing

Avery Dennison

Baxter International

Black & Decker

Boston Scientific

Campbell Soup

Celestica

Charter Communications

Clear Channel Communications

Colgate-Palmolive

Corporate Express*

Crown Holdings

CSX

Daiichi Sankyo*

Darden Restaurants

Eastman Chemical

Eaton

Goodrich

H.J Heinz

Harley-Davidson

Hovnanian Enterprises

IAC/InterActive

ICI Paints North America*

Ingersoll-Rand

International Truck & Engine

Itochu International*

ITT Corporate

ITT Defense*

ITT Motion and Flow Control*

Jacobs Engineering

JM Family

John Crane*

KB Home

Kellogg

Kerr-McGee

Land O Lakes

Lexmark International

Lucent Technologies

McGraw-Hill

MeadWestvaco

Medtronic

Molson Coors Brewing

Novo Nordisk Pharmaceuticals*

Parker Hannifin

Pernod Ricard USA*

Phelps Dodge

PPG Industries

QUALCOMM

Reynolds American

Rohm and Haas

S.C. Johnson

Schering-Plough

Science Applications

International

Seagate Technology

Sherwin-Williams

Solvay America*

Solvay Pharmaceuticals*

Starbucks

Starwood Hotels & Resorts

Sun Microsystems

Syngenta*

Terex

Textron

Thomson

Unisys

USG

Edgar Filing: NORFOLK SOUTHERN CORP - Form DEF 14A

EMC
Fluke*
Fortune Brands
Genentech
General Mills

National Starch & Chemical*
NCS Pearson*
Noranda Aluminum*
Norfolk Southern
Nortel Networks

Viacom
Yahoo!
Yum! Brands

*Subsidiary

Table of Contents

Two More Ways to Vote Your Proxy
VOTE BY TELEPHONE OR INTERNET
24 Hours a Day 7 Days a Week
Save Your Company Money It's Fast and Convenient

TELEPHONE
1-866-785-4024

INTERNET

<https://www.proxypush.com/nsc>

MAIL

Use any touch-tone telephone.

OR

Go to the website address shown above.

OR

Mark, sign and date your Proxy Card.

Have your Proxy Card in hand.

Have your Proxy Card in hand.

Detach card from this Form.

Follow the simple recorded instructions.

Follow the simple instructions.

Return the card in the postage-paid envelope provided.

Your telephone or Internet vote authorizes the named proxies to vote your shares in the same manner and to the same extent as if you marked, signed and returned the proxy card. **If you have submitted your proxy by telephone or the Internet, there is no need for you to mail back your proxy card.**

You can view the Annual Report and Proxy Statement on

the Internet at <http://bnymellon.mobular.net/bnymellon/nsc>.

1-866-785-4024

CALL TOLL-FREE TO VOTE

..

q DETACH PROXY CARD HERE IF YOU ARE NOT VOTING BY TELEPHONE OR INTERNET q

X

Votes MUST be indicated

(x) in Black or Blue ink.

The Board of Directors recommends a vote FOR the following items, and this proxy card will be voted accordingly if no choice is specified:

	For All	Withhold	Exceptions*		For	Against	Abstain
1. ELECTION OF DIRECTORS:	2. Ratification of the appointment of KPMG LLP, independent registered public accounting firm, as Norfolk Southern's independent auditors for the year ending December 31, 2008.

Nominees 2011:

1. Gerald L. Baliles, 2. Gene R. Carter, 3. Karen N. Horn and 4. J. Paul Reason

Exceptions _____

*** (Instructions: To withhold authority to vote for individual nominee(s), mark the Exceptions box and write the name(s) on the above blank line; proxy will be voted FOR remaining nominees.)**

In addition, in their discretion the Proxies are authorized to vote upon such other business as may properly come before the meeting.

To change your address, please mark this box and write your new address below. ..

Please sign exactly as the name appears hereon. If stock is held in names of joint owners, both should sign. If signing as attorney, trustee, executor, administrator, custodian, guardian or authorized representative, please indicate full title as such.

Sign, Date and Return the Proxy Card Promptly Using the Enclosed Envelope.

Date Share Owner sign here Co-Owner sign here

Table of Contents

q Detach Proxy Card Here q

NORFOLK SOUTHERN CORPORATION

THREE COMMERCIAL PLACE, NORFOLK, VIRGINIA 23510-2191

PROXY FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD MAY 8, 2008

This Proxy is Solicited on Behalf of the Board of Directors

The undersigned hereby appoints and authorizes Alston D. Correll, Landon Hilliard and Steven F. Leer, and each or any of them, proxy for the undersigned, with full power of substitution, to represent and vote all shares of Norfolk Southern common stock held by the undersigned with the same force and effect as the undersigned at the Annual Meeting of Stockholders of Norfolk Southern Corporation to be held at the Kaufman Theatre, Chrysler Museum of Art, 245 West Olney Road, Norfolk, Virginia, on Thursday, May 8, 2008, at 10:00 A.M., Eastern Daylight Time, and at any adjournments, postponements or reschedulings thereof, upon the matters more fully set forth in the Proxy Statement, dated March 21, 2008, and to transact such other business as properly may come before such meeting(s).

The undersigned acknowledges receipt of the Notice and Proxy Statement dated in each case March 21, 2008. All other proxies heretofore given by the undersigned to vote shares of Norfolk Southern common stock are expressly revoked hereby.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED ON THE OTHER SIDE BY THE UNDERSIGNED STOCKHOLDER. **IF NO DIRECTION IS MADE**, THIS PROXY WILL BE VOTED **FOR** THE ELECTION OF DIRECTORS AND RATIFICATION OF KPMG AS INDEPENDENT AUDITORS. THIS PROXY ALSO DELEGATES DISCRETIONARY AUTHORITY TO VOTE WITH RESPECT TO ANY OTHER BUSINESS WHICH MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF.

NORFOLK SOUTHERN CORPORATION
PROXY PROCESSING
P.O. BOX 3542
S. HACKENSACK NJ 07606-9242

(Continued, and to be **MARKED, DATED AND SIGNED** on the other side)