

VOLUME INCREASES *in all* MAJOR SECTORS Lead to RECORD REVENUE

NORFOLK SOUTHERN DELIVERED VALUE TO CUSTOMERS with a network prepared for the year's surging demand for rail freight service, and revenue grew to \$7.3 billion, a 13 percent increase over 2003.

Higher volumes, value-based pricing and fuel surcharges led to the revenue growth. Intermodal, coal, metals and construction, and chemicals all posted double-digit revenue increases. Revenues from highway-to-rail conversions increased by an estimated 78 percent.

Industrial development projects expanded NS' customer base by contributing to the establishment of 67 new industries and the expansion of 34 in 2004. These new facilities are expected to create an estimated 4,300 jobs in those industries and generate more than 100,000 carloads annually.

Intermodal

- ▶ Intermodal revenue surged 24 percent on a volume increase of 17 percent or approximately 425,000 loads.
- ▶ A 6 percent increase in revenue per unit stemmed from improved pricing, changes in traffic mix and fuel surcharges.
- ▶ Traffic grew in all segments: 15 percent for international, 21 percent in domestic, 15 percent in premium and 8 percent for Triple Crown Services. Triple

AWARDS cite SERVICE EXCELLENCE

CONTINUED GAINS IN OPERATING EFFICIENCY allowed Norfolk Southern to provide quality service in 2004. NS provided customer United Parcel Service with 200 consecutive error-free days, doubling the length of its 2003 streak and setting a record.

Following are some NS honors:

- ▶ Toyota presented NS with its President's Award for exemplary service and two Logistics Excellence awards for quality and on-time performance.
- ▶ Schneider National Carriers named NS a Partner in Quality – 2004 Carrier of the Year, which

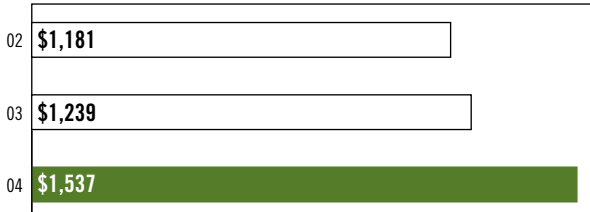
recognizes service quality, ease of doing business, creativity and customer service.

- ▶ Owens Corning honored NS with its Service Excellence Award and named Triple Crown Services Carrier of the Year – Intermodal Provider.
- ▶ C.H. Robinson awarded NS the Intermodal Rail Carrier of the Year for 2004 based on customer service, ease of doing business and quality of service.
- ▶ Logistics Management magazine named NS the winner of its Quest for Quality Rail Service Award.
- ▶ Railway Age magazine named NS Chairman and Chief Executive Officer David R. Goode 2005 Railroader of the Year.



Business is brisk at Norfolk Southern's intermodal facility at Austell, Ga. Norfolk Southern's intermodal business set records for revenue and volume in 2004.

INTERMODAL REVENUE (\$ MILLIONS)



Crown entered new markets, including Minneapolis. All segments were bolstered by higher consumer spending, growth of trade and industrial production, and a significant volume of new business with traditional truckload companies.

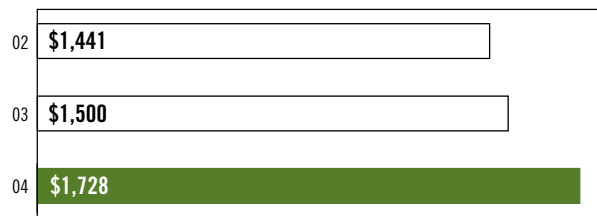
Coal

- ▶ Coal revenue increased by 15 percent, and carloads were up 5 percent over 2003.
- ▶ A 35 percent increase in export coal carloads and a revitalized steel market, with its demand for metallurgical coal, drove up loadings at Baltimore

by 159 percent and at Norfolk's Lamberts Point by 16 percent.

- ▶ High demand for steam coal and tight supply from central and northern Appalachian mines led to longer hauls, resulting in an 11 percent increase in ton-miles as receivers sourced coal from more distant points.
- ▶ The market for coal remained strong throughout the year as production gradually expanded to meet increased demand.
- ▶ A new coke production plant at Haverhill, Ohio, will generate additional inbound coal and outbound coke shipments in 2005.

COAL REVENUE (\$ MILLIONS)



General Merchandise

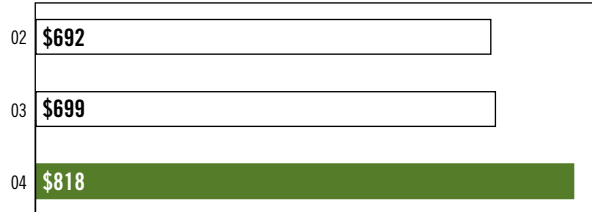
Greater volumes and higher revenue per unit that reflected improved pricing and fuel surcharges resulted in merchandise revenue of \$4 billion for 2004, a 9 percent increase over 2003. Merchandise volume grew by 102,000 carloads, an increase of 4 percent.

General merchandise comprises five commodity groups, highlighted as follows.

Metals and Construction

- ▶ Metals and construction posted a 17 percent gain in revenue and a 10 percent increase in volume.
- ▶ Iron and steel carloads increased by 22 percent, and revenue improved by 25 percent. NS continues to succeed in capturing new market share from trucks in the steel plate and structural steel markets.
- ▶ New steel distribution facilities in Missouri and Georgia expanded market reach and contributed to volume growth.

METALS & CONSTRUCTION REVENUE (\$ MILLIONS)



- ▶ Scrap metal shipments grew by 20 percent with a 32 percent increase in revenue. NS also saw significant growth in pig iron shipments in 2004.
- ▶ Aggregate shipments were up 13 percent with a 20 percent increase in revenue. Success in the market resulted from an expanded stone unit train network.
- ▶ An emerging market for NS, machinery volume grew by 72 percent as NS began providing service from the Midwest to Baltimore, Md.

Paula Stiffler is assistant shop manager of the

Chattanooga, Tenn., Diesel Shop. Norfolk Southern

purchased 207 locomotives in 2004 as business

volume increased.



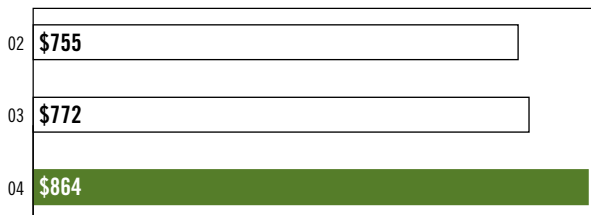
Norfolk Southern moves tractors from Waterloo, Iowa, to Baltimore for export.



Chemicals

- ▶ Chemicals revenue increased by 12 percent on 5 percent volume growth. Improved pricing, changes in traffic mix, and fuel surcharges drove higher revenue per car.
- ▶ One component of business growth was the expansion of existing plants, which generated 2,500 new carloads. Plastic facility expansions contributed 1,500 carloads.

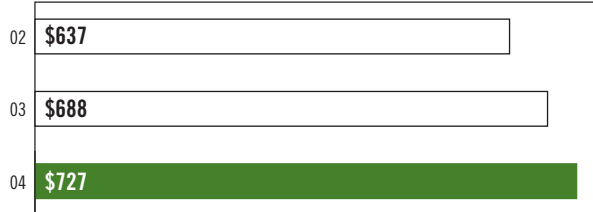
CHEMICALS REVENUE (\$ MILLIONS)



Agriculture, Consumer Products and Government

- ▶ Agriculture revenue increased by 6 percent with a 2 percent increase in volume.
- ▶ A 59 percent jump in ethanol shipments, with an 80 percent increase in revenue, was the result of the opening of the Northeast market to ethanol as a gasoline additive.
- ▶ NS reached an agreement for the construction of a new feed mill, the ninth in five years located in the Southeastern grain train network. NS Mercury Service, a 75-car grain shuttle train, will service the mill at Monetta, S.C.

**AGRICULTURE, CONSUMER PRODUCTS
AND GOVERNMENT REVENUE (\$ MILLIONS)**



- ▶ New business included a unit train service for cattle feed launched from Lafayette, Ind., to Amarillo, Texas. The 65-car private trains operate as a shuttle between those points.

Paper, Clay and Forest Products

- ▶ Paper, clay and forest products revenue set a record, increasing 8 percent on a volume growth of 1 percent.
- ▶ Printing paper and newsprint shipments increased by 11 percent to meet the demands of U.S. advertisers.
- ▶ Reflecting increased construction activity, construction and debris volume doubled over 2003, primarily from Pennsylvania and New Jersey, with potential for continued growth.
- ▶ Lumber remained strong as housing starts and interest rates stayed at favorable levels.
- ▶ New business included a Thoroughbred Bulk Terminal that opened in Greer, S.C., extending distribution options for shippers in North Carolina, South Carolina and Georgia.

Automotive

- ▶ Automotive revenue improved by 2 percent while volume declined by 2 percent because of domestic automotive production cuts.
- ▶ Ford Motor Co. successfully launched the new Five Hundred, Freestyle and Mercury Montego models from its NS-served Chicago assembly plant.
- ▶ Completing a recent expansion, Toyota operated both of its assembly plants at Princeton, Ind., for the entire year. Honda shipped vehicles at full production throughout the year from its first plant at Lincoln, Ala., and began production midyear at its second assembly plant there.

AUTOMOTIVE REVENUE (\$ MILLIONS)



**PAPER, CLAY AND FOREST PRODUCTS
REVENUE (\$ MILLIONS)**

