
NORFOLK SOUTHERN ACHIEVES RECORD SUCCESS

FOCUSED ON TWO BIG GOALS for revenue and operating efficiency, Norfolk Southern surpassed both targets in 2004.

Revenues exceeded \$7 billion for the first time. The operating ratio, a key efficiency measurement, improved to 76.7 percent, the best in six years. Achieving the dual “7 and 7” targets faster than expected crowned a successful year for the Thoroughbred of Transportation.

As the industrial economy surged in 2004, Norfolk Southern demonstrated the vitality of a safe, efficiently operated freight rail network linking communities to the marketplaces of the world.

The company’s prudent investments in people, technology, infrastructure and equipment prepared it to handle unprecedented levels of shipments. Record

increases in intermodal traffic led growth in all major sectors, including coal and general merchandise. Moving the goods that move the economy, Norfolk Southern excelled in safety, operating performance and financial results.

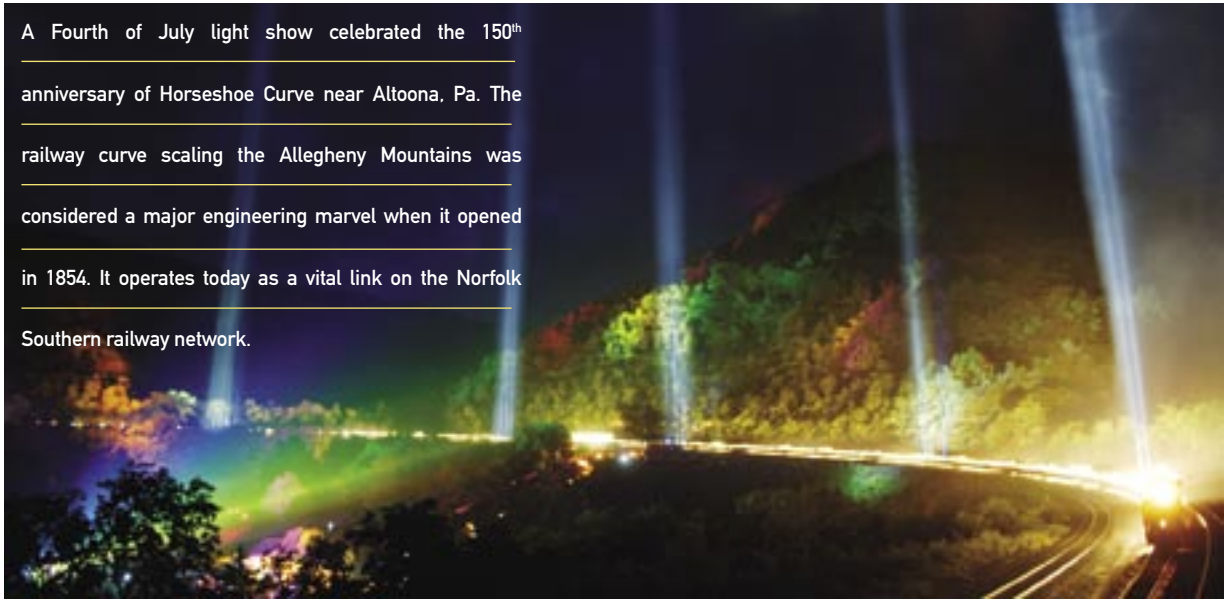
Safety

Norfolk Southern people earned their 15th consecutive Harriman gold medal award for employee safety. The rail industry leader in workplace safety, Norfolk Southern’s safety performance has improved 72 percent since the 15-year winning streak began, based on a ratio of injuries per 200,000 hours worked.



Employees at the Decatur, Ill., locomotive service facility conduct a safety audit. Attention to safety throughout the system led Norfolk Southern people to earn their 15th consecutive gold Harriman Award in 2004. Pictured left to right are Kris Carson, conductor trainee; Jerry Mitchell, terminal superintendent; David Johnson, yardmaster; Gary Nelson, senior general foreman; and Cortez Mason, mechanical supervisor.

A Fourth of July light show celebrated the 150th anniversary of Horseshoe Curve near Altoona, Pa. The railway curve scaling the Allegheny Mountains was considered a major engineering marvel when it opened in 1854. It operates today as a vital link on the Norfolk Southern railway network.



Operating Performance

Norfolk Southern improved its operating ratio, a key measurement of performance, to 76.7 percent, its best since 1998.

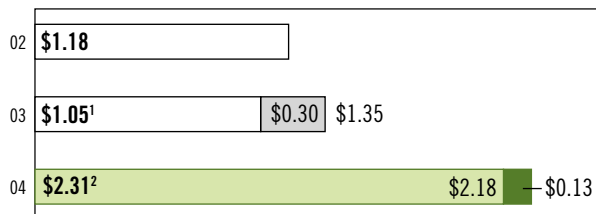
- ▶ Proprietary technology for measuring and managing operations and service improved operating efficiency, helping to create capacity for handling traffic growth.
- ▶ The company's Thoroughbred Operating Plan enhanced service reliability and consistency, enabling Norfolk Southern to offer premium service to customers.

Financial Results

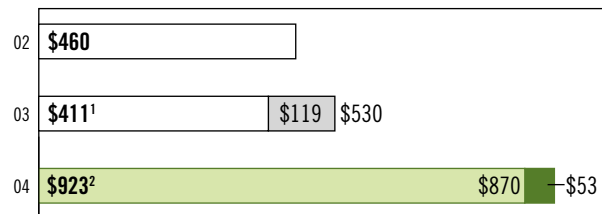
Norfolk Southern posted record-setting numbers for 2004.

- ▶ Revenues reached a record \$7.3 billion, \$844 million higher than 2003.
- ▶ Income from railway operations reached a record \$1.7 billion.
- ▶ Net income increased to a record \$923 million.
- ▶ Earnings per share reached a record high \$2.31.
- ▶ Cash provided by operating activities reached \$1.7 billion.

DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS BEFORE ACCOUNTING CHANGES (DOLLARS)



INCOME FROM CONTINUING OPERATIONS BEFORE ACCOUNTING CHANGES (\$ MILLIONS)

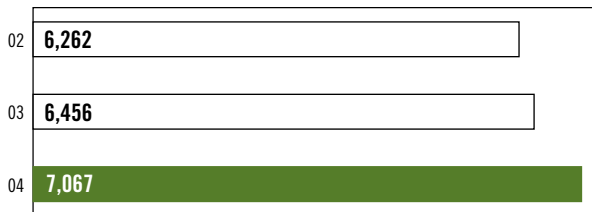


¹ 2003 results include \$107 million of costs related to a voluntary separation program and an \$84 million charge to recognize the impaired value of certain telecommunications assets. Together, these items reduced income from continuing operations before accounting changes by \$119 million or 30 cents per diluted share.

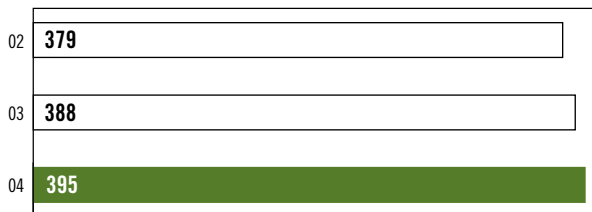
² 2004 results include a \$53 million gain from the Conrail corporate reorganization, which increased income from continuing operations before accounting changes by \$53 million or 13 cents per diluted share.

- ▶ For the third consecutive year, Norfolk Southern increased the quarterly dividend on its common stock, from 8 cents to 10 cents. Since 2001, the dividend has increased by 67 percent.
- ▶ Norfolk Southern's long-term debt of \$7.5 billion at the end of 2004 is \$111 million lower than it was four years ago, even including \$728 million of additional debt from the Conrail corporate reorganization in 2004.
- ▶ For the fifth consecutive year, Norfolk Southern reduced its debt to total capitalization ratio, lowering it to 48.5 percent as of the end of 2004.
- ▶ The company strengthened its credit-rating position, which is among the best in the industry, reflecting emphasis on solid financial performance.

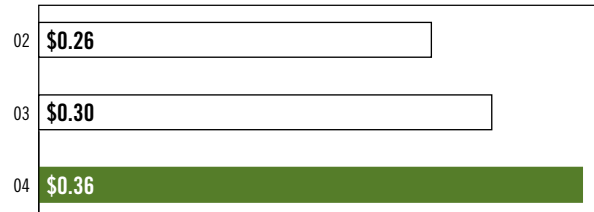
REVENUE TON-MILES PER EMPLOYEE



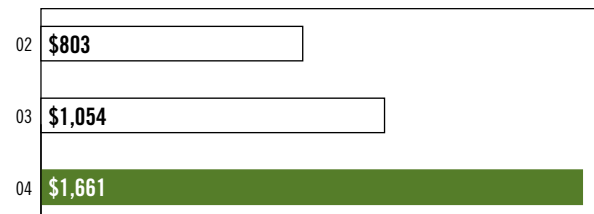
REVENUE TON-MILES PER GALLON OF DIESEL FUEL



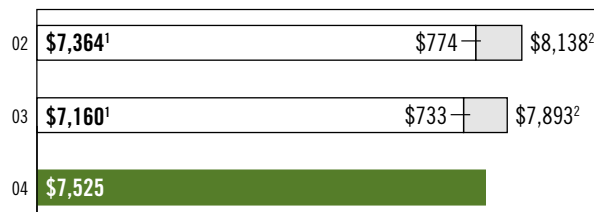
DIVIDENDS PER SHARE (DOLLARS)



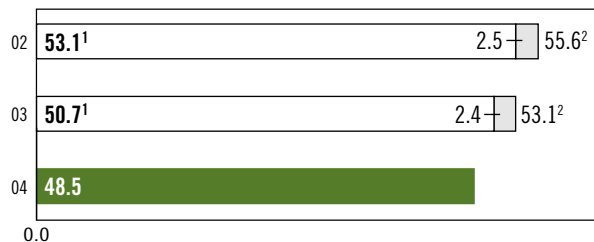
CASH PROVIDED BY OPERATING ACTIVITIES (\$ MILLIONS)



LONG-TERM DEBT (\$ MILLIONS)



DEBT TO TOTAL CAPITALIZATION RATIO (PERCENT)



¹ Excludes notes payable to Conrail
² Includes 58 percent of Conrail debt

A CHANGING INDUSTRY *sees accelerated growth*

FREIGHT TRANSPORTATION IS UNDERGOING IMMENSE CHANGE, AND IT FAVORS RAILROADS.

Demand for rail transportation is expanding in all major business sectors: coal, intermodal and general merchandise.

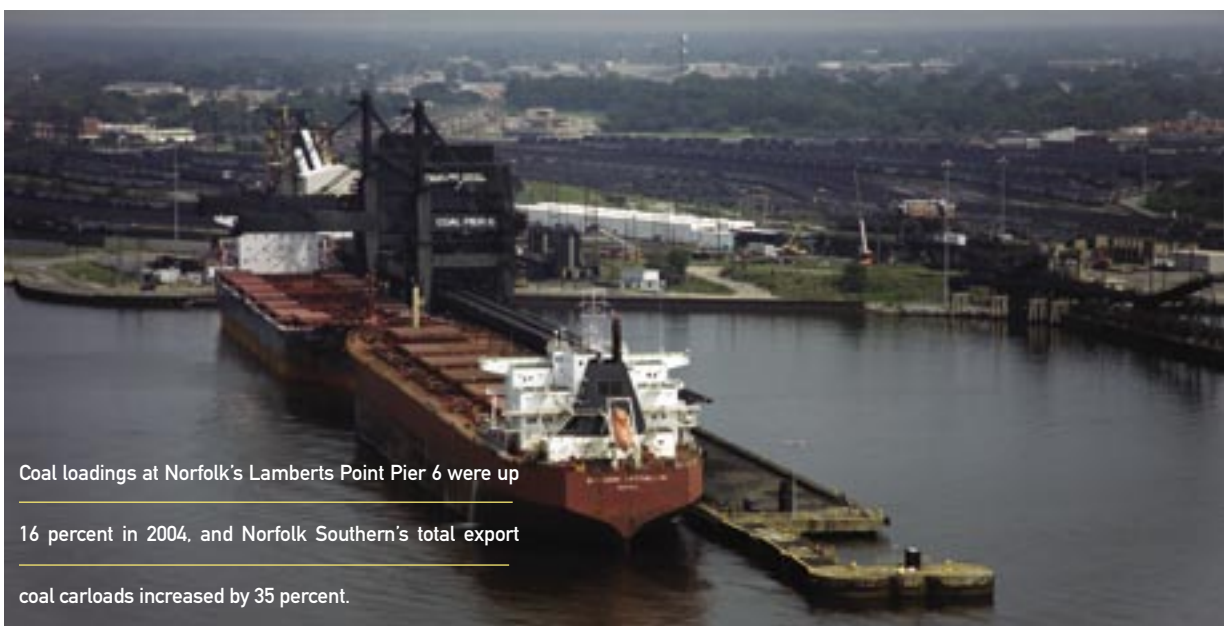
Norfolk Southern set record revenues in 2004 for all three sectors. Intermodal volume also set a record, and coal and general merchandise volumes were the second highest ever.

A dynamic convergence of circumstances is driving this demand while shaping a structural change in the basic nature of the transportation business.

- ▶ Rising freight volumes have strained the capacity of highways, increasing congestion.
- ▶ Driver and equipment shortages are increasing costs for trucking companies.
- ▶ Fuel prices favor the inherent efficiency advantages of railroads. One intermodal train pulled by two locomotives can haul the equivalent of up to 300 trucks. Trucking companies are

converting business to rail, accelerating growth in intermodal traffic. Norfolk Southern meanwhile has built the most extensive intermodal network in the East.

- ▶ Changing ocean shipping patterns have led to a surge of intermodal traffic at East Coast ports. Traditionally, Asian imports have moved by ship to the U.S. West Coast, and then by rail inland. Now, more and more freight from Asia is routed through the Panama Canal to East Coast ports. Both coasts have seen triple-digit growth of imports from Asia.
- ▶ Norfolk Southern has positioned itself to take on additional business and handle it effectively and efficiently. New systems have enhanced operating efficiency, service and capacity.
- ▶ The Thoroughbred Operating Plan and the Coal Transportation Management System are driving improved service and capacity for Norfolk Southern's general merchandise and coal networks.



Coal loadings at Norfolk's Lamberts Point Pier 6 were up 16 percent in 2004, and Norfolk Southern's total export coal carloads increased by 35 percent.