

Dear fellow

# Shareholders

2005 marked another remarkable year for Norfolk Southern. The growth in rail traffic that began in late 2003 continued at only a slightly lower rate. Our ability to set prices reflecting the higher value of our service delivery also continued unabated. What we first attributed to a rebound in the industrial economy now clearly seems to be the result of a number of factors that are changing the underlying structure of the U.S. surface transportation industry. These factors, which include driver shortages, highway congestion and higher fuel prices, are limiting trucking capacity and increasing trucking costs. The result has been a great opportunity for us to grow volumes and increase margins. In 2005, the people of Norfolk Southern seized that opportunity. While our company always will be tied to the economy, it seems evident that the favorable economics of rail transportation will continue to gain traction in the marketplace. Our company will be ready to capitalize on our advantages.

As you look through this report, you will see three recurring themes that I believe are the drivers for our future success. The first is service. Providing superior transportation service to our customers is essential if we are to

continue growing and prospering. We are focused intently on improving our service product.


The second theme is technology. We have made great strides in recent years by implementing new systems that

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have improved decision-making and performance measurement. Now, with the development and implementation of the Unified Train Control System and Optimized Train Control, we can redefine the way the railroad is operated.

Finally, we will continue to focus on Norfolk Southern's single biggest asset, our people. I firmly believe that our company has the most talented team from top to bottom of any railroad. We plan to increase our efforts to ensure that we are recruiting, training and retaining a strong and diverse work force.

All of these efforts will require investment, and in 2006, we will continue to make that investment. In many ways, our current success is related directly to the investments made in past years. Our company always has had the good fortune to be managed by leaders who took the long view, and we will continue to manage with that perspective.

Finally, on a personal note, it is a great honor and privilege for me to have the opportunity to lead our company. Norfolk Southern has a 175-year history of great leaders, not the least of whom is David Goode. Looking ahead, the senior management team and I are excited about the opportunities and will work as hard as we can to justify your confidence in our company. 

*Wick Moorman*