



NEWS RELEASE

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NORFOLK SOUTHERN SETS THIRD QUARTER REVENUE RECORDS

For third quarter 2005:

- Railway operating revenues increased 16 percent to a record \$2.16 billion.
- Income from railway operations improved 13 percent to \$528 million.
- Net income was \$301 million, \$0.73 per diluted share.
- Intermodal revenue climbed 17 percent to an all-time high. Coal revenue was up 22 percent on record volumes. Merchandise revenue increased 13 percent.
- The railroad operating ratio was 75.5 percent.

NORFOLK, VA. – For the third quarter of 2005, Norfolk Southern Corporation (NYSE: NSC) reported net income of \$301 million, or \$0.73 per diluted share, compared with \$288 million, or \$0.72 per diluted share, for the same period of 2004. Third-quarter 2004 results included a gain from the Conrail corporate reorganization that increased reported results by \$53 million, or \$0.13 per diluted share. Third-quarter 2005 net income was 28 percent higher than the \$235 million, or \$0.59 per diluted share, earned in the same period of 2004 excluding the gain.

“These good results came from the effective response of our people to the challenges of the quarter and our ability to maintain service for our customers, while moving a record-setting two million carloads of traffic,” said NS Chairman and CEO David R. Goode. “While we had some unplanned costs from hurricanes and casualty claims, the quarter was very successful and continued our strong momentum.”

For the first nine months, net income was a record \$919 million, or \$2.24 per diluted share, an increase of 39 percent compared with \$659 million, or \$1.66 per diluted share, for the same period of 2004. Nine-month results for 2005 included a benefit of \$96 million, or 0.23 per diluted share, from the effects of Ohio tax legislation. Net income for the first nine months of 2004 included the \$53 million, or \$0.13 per diluted share, gain on the Conrail reorganization. Excluding both items, net income for the first nine months would have been \$823 million, or \$2.01 per diluted share, in 2005, 36 percent higher than 2004 net income for the first nine months of \$606 million, or \$1.53 per diluted share.

Railway operating revenues for the third quarter increased 16 percent to a record \$2.16 billion compared with \$1.86 billion for the same period a year earlier. For the first nine months, railway operating revenues set a record, rising 17 percent to \$6.27 billion compared with \$5.36 billion during the first nine months of 2004.

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General merchandise revenues reached \$1.14 billion, an increase of 13 percent over \$1.0 billion for the third quarter last year. For the first nine months, general merchandise revenues improved 12 percent to a record \$3.37 billion compared with \$3.0 billion in the year-earlier period. All merchandise markets reported revenue gains compared with the same periods a year earlier primarily due to higher average revenues, including fuel surcharges.

During the third quarter, NS set a record by moving more than 451,000 carloads of coal. Coal revenues increased 22 percent to \$546 million in the quarter and improved by 25 percent to a record \$1.6 billion during the first nine months compared with the same periods last year. The revenue gains during both periods were driven by higher average revenues, robust demand for utility coal and fuel surcharges.

For the third quarter, intermodal revenues climbed 17 percent to \$471 million, the highest of any quarter in Norfolk Southern's history. For the first nine months, intermodal revenues reached a record-setting \$1.31 billion, a 19 percent increase compared to the same period a year earlier. A nine percent increase in traffic volume during both periods, higher average revenues and fuel surcharges helped drive the growth.

Railway operating expenses were \$1.63 billion for the quarter, up 17 percent compared with third-quarter 2004, and \$4.75 billion for the first nine months, an increase of 15 percent compared with the same period a year earlier. Higher diesel fuel prices, costs associated with additional business volume (including expenses related to hiring additional employees), maintenance activities, and adverse casualty claims costs contributed to the increases during both periods.

For the quarter, the railway operating ratio was 75.5 percent compared with 74.7 percent during third quarter 2004. For the first nine months, the railway operating ratio improved to 75.7 percent compared with 76.9 percent during the same period last year.

Norfolk Southern Corporation is one of the nation's premier transportation companies. Its Norfolk Southern Railway subsidiary operates 21,300 route miles in 22 states, the District of Columbia and Ontario, Canada, serving every major container port in the eastern United States and providing superior connections to western rail carriers. NS operates the most extensive intermodal network in the East and is North America's largest rail carrier of automotive parts and finished vehicles.

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