



NEWS RELEASE

Norfolk Southern Corporation, Three Commercial Place, Norfolk, Va. 23510-2191

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NORFOLK SOUTHERN NET INCOME INCREASES 38 PERCENT

For third-quarter 2006:

- **Net income climbed 38 percent to \$416 million, \$1.02 per diluted share.**
- **Railway operating revenues increased 11 percent to a record \$2.4 billion.**
- **Income from railway operations improved 35 percent to a record \$715 million.**
- **The railway operating ratio improved 5.4 percentage points to 70.1 percent.**

NORFOLK, VA. – Norfolk Southern Corporation (NYSE: NSC) reported record third-quarter net income of \$416 million, or \$1.02 per diluted share, a 38 percent increase compared with \$301 million, or \$0.73 per diluted share, for the same period of 2005. Third-quarter income from railway operations increased 35 percent to a record \$715 million.

"We have consistently driven financial and operational performance to higher levels throughout each quarter this year," said Wick Moorman, Norfolk Southern's CEO. "In the third quarter our performance enabled us to produce excellent results and set records for railway operating revenues, income from railway operations and net income, while also significantly improving our operating ratio."

For the first nine months, net income set a record at \$1.1 billion, or \$2.62 per diluted share, an increase of 19 percent compared with \$919 million, or \$2.24 per diluted share, for the same period of 2005. Nine-month results for 2005 included a benefit of \$96 million from the effects of Ohio tax legislation, which increased diluted earnings per share by \$0.23. Excluding this item, net income for the first nine months of 2006 would have been 33 percent higher than the \$823 million, or \$2.01 per diluted share, earned in the same period of 2005.

Record third-quarter railway operating revenues of \$2.4 billion improved 11 percent compared with the same quarter a year earlier. For the first nine months, railway operating revenues increased 13 percent to a record \$7.1 billion compared with the same period of 2005. Both improvements were largely the result of higher average revenues, including

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fuel surcharges. All markets, with the exception of automotive, posted significant revenue gains, and several set new revenue highs.

General merchandise revenues were \$1.28 billion, an increase of 13 percent compared with the same period last year and a third-quarter record. For the first nine months, general merchandise revenues rose 15 percent to a record \$3.87 billion compared with the year-earlier period.

For the quarter, coal revenues increased 9 percent to a record \$595 million and improved 9 percent to a record \$1.74 billion during the first nine months compared with the same periods of the prior year. Intermodal revenues continued growth in both the quarter and for the first nine months, rising 9 percent to a third-quarter record of \$515 million, and climbing 13 percent to a record \$1.48 billion for the year-to-date compared with the same periods of 2005.

Railway operating expenses were \$1.68 billion for the quarter, an increase of 3 percent compared with third-quarter 2005, and \$5.15 billion for the first nine months, up 8 percent compared with the same period a year earlier. Higher diesel fuel prices contributed to the increases during both periods.

For the quarter, the railway operating ratio improved 5.4 percentage points to 70.1 percent. For the first nine months, the railway operating ratio improved 3.1 percentage points to 72.6 percent.

Norfolk Southern Corporation is one of the nation's premier transportation companies. Its Norfolk Southern Railway subsidiary operates 21,200 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 metals and automotive products.

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