



NEWS RELEASE

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NORFOLK SOUTHERN REPORTS RECORD INCOME FOR FOURTH QUARTER AND 2004

For fourth quarter 2004:

- Railway operating revenues increased 16 percent to a record \$1.9 billion.
- Income from railway operations was a fourth-quarter record \$462 million.
- Net income was a fourth-quarter record \$264 million or \$0.65 per diluted share.

For 2004:

- Railway operating revenues increased 13 percent to a record \$7.3 billion.
- Income from railway operations was a record \$1.7 billion.
- Net income was a record \$923 million or \$2.31 per diluted share.

NORFOLK, VA – Norfolk Southern Corporation (NYSE: NSC) today reported record fourth-quarter net income of \$264 million or \$0.65 per diluted share, compared with \$52 million or \$0.13 per diluted share for fourth-quarter 2003. Fourth-quarter 2003 was affected by costs related to a voluntary separation program and an asset impairment charge that together reduced the quarter's net income by \$119 million or \$0.30 per share. Excluding the effects of those items, fourth-quarter 2003 net income would have been \$171 million or \$0.43 per diluted share.

Net income for 2004 was a record \$923 million or \$2.31 per diluted share, including a third-quarter noncash gain of \$53 million or \$0.13 per diluted share from the Conrail corporate reorganization. Excluding the noncash gain, 2004 net income would have been \$870 million or \$2.18 per diluted share, compared with net income of \$535 million or \$1.37 per diluted share for 2003.

"In practically every way, 2004 was a record year for Norfolk Southern," said David R. Goode, chairman and chief executive officer. "We topped \$7 billion in revenue for the first time in our history, and all of our major business sectors set revenue records. The full-year operating ratio of 76.7 percent was substantially better than the prior year. Norfolk Southern people responded admirably to the challenge of high demands for service. Our investments in people, systems and infrastructure to prepare for business opportunities paid off in 2004," Goode said.

Railway operating revenues and income from railway operations each set fourth-quarter and full-year records. Railway operating revenues were \$1.9 billion for the fourth quarter, an increase of 16 percent over fourth-quarter 2003, and \$7.3 billion for 2004, an increase of 13 percent compared with 2003 results. Coal, general merchandise and intermodal traffic all set

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revenue records for the quarter and year. Intermodal set volume records as well for the quarter and year and reported the biggest revenue increases compared with 2003, 32 percent to \$441 million for the fourth quarter, and 24 percent to \$1.5 billion for 2004.

General merchandise revenues totaled \$1 billion in the fourth quarter, up 10 percent over fourth quarter 2003, and \$4 billion for 2004, a 9 percent increase compared with 2003. All merchandise commodities except automotive posted record revenue for the year, and agriculture and metals and construction set carload records for 2004. Total general merchandise carloads set a fourth-quarter record.

Coal revenue increased 19 percent in the fourth quarter over fourth-quarter 2003 to \$459 million. For 2004, coal revenue increased 15 percent compared with 2003 to \$1.7 billion.

Income from railway operations was \$462 million for the quarter and \$1.7 billion for 2004, up 40 percent for the quarter and 45 percent for the year compared with results for 2003, excluding the separation charge. Income from railway operations for 2003 was \$224 million for the fourth quarter and \$1.1 billion for the year. Excluding the \$107 million charge for the separation program, income from railway operations for 2003 would have been \$331 million in the fourth quarter and \$1.2 billion for the year.

The fourth-quarter and full-year operating ratios were the best since 1998. The fourth-quarter ratio of 76.3 percent was an improvement of 4 percentage points compared with the fourth-quarter 2003 operating ratio, excluding the separation charge. For 2004, the operating ratio was 76.7, 5.2 percentage points better than 2003, excluding the voluntary separation charge. The operating ratios in 2003 were 86.6 percent in the fourth quarter and 83.5 percent for the year. Excluding the \$107 million separation charge, which added 6.3 percentage points to the fourth-quarter ratio and 1.6 percentage points to the year, the 2003 operating ratios would have been 80.3 percent for the fourth quarter and 81.9 percent for the year.

Norfolk Southern Corporation is one of the nation's premier transportation companies. Its Norfolk Southern Railway subsidiary operates 21,500 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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