



NEWS RELEASE

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**NORFOLK SOUTHERN REPORTS RECORD INCOME
FOR FOURTH QUARTER AND 2005**

For fourth quarter 2005:

- **Railway operating revenues increased 16 percent to a record \$2.3 billion.**
- **Income from railway operations rose 29 percent to a record \$594 million.**
- **Net income set a fourth-quarter record of \$362 million, or \$0.87 per diluted share.**
- **The railway operating ratio improved 2.6 percentage points to 73.7 percent.**

For 2005:

- **Railway operating revenues climbed 17 percent to a record \$8.5 billion.**
- **Income from railway operations rose 24 percent to a record \$2.1 billion.**
- **Net income increased to a record \$1.3 billion, or \$3.11 per diluted share.**
- **The railway operating ratio improved 1.5 percentage points to 75.2 percent.**

NORFOLK, VA – Norfolk Southern Corporation (NYSE: NSC) today reported record fourth-quarter net income of \$362 million, or \$0.87 per diluted share, an increase of 37 percent compared with \$264 million, or \$0.65 per diluted share, for fourth-quarter 2004.

Net income for 2005 was a record \$1.3 billion, or \$3.11 per diluted share, an increase of 39 percent compared with net income of \$923 million, or \$2.31 per diluted share, for 2004. 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 2004 included a \$53 million, or \$0.13 per diluted share, gain on the Conrail corporate reorganization. Excluding both of these items, 2005 net income would have been \$1.2 billion, or \$2.88 per diluted share, 36 percent higher than 2004 net income of \$870 million, or \$2.18 per diluted share.

“2005 was an extraordinary year for Norfolk Southern, capped by a fourth quarter that reflects the strength of our higher-value transportation products and strategic focus,” said Chief Executive Officer Wick Moorman. “Demand for rail transportation was strong

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throughout the year, and our 2005 financial results reflect record levels of performance throughout our organization.

“Railway operating revenues were the highest of any year in Norfolk Southern’s history. All our commodity groups set revenue records. We posted our best-ever income from railway operations, net income and earnings per share. We set new carloading records, and we continued to significantly improve the railway operating ratio,” Moorman said.

“In a year punctuated by a number of challenges, our people performed remarkably well under trying circumstances to keep freight moving and provide good customer service,” he said.

Railway operating revenues set records for the quarter and the year. For the fourth quarter, revenues increased to \$2.3 billion, a 16 percent improvement compared with the same period a year earlier. For 2005, railway operating revenues increased 17 percent to \$8.5 billion compared with 2004 results.

General merchandise revenues climbed to a record \$1.2 billion during the quarter, up 16 percent over fourth quarter 2004. Revenues for the year reached a record \$4.6 billion, a 13 percent increase compared with the year-earlier period. All of the merchandise markets posted revenue increases for both the quarter and year, primarily due to higher average revenues, including fuel surcharges.

Coal revenues increased to \$524 million in the quarter, up 14 percent over fourth-quarter 2004. For 2005, coal revenues climbed 22 percent to a record \$2.1 billion compared with 2004. The revenue gains during both periods were driven by higher average revenues, including fuel surcharges.

For the fourth quarter, intermodal revenues rose 18 percent to \$519 million, the highest of any quarter in Norfolk Southern’s history. For the year, revenues reached a record \$1.8 billion, a 19 percent increase compared to the same period a year earlier. Total intermodal units transported set fourth-quarter and annual records. The increase in traffic volume and higher average revenues, which included fuel surcharges, boosted the growth.

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Railway operating expenses were \$1.7 billion for the quarter, up 12 percent compared to fourth quarter 2004, and \$6.4 billion for 2005, an increase of 14 percent compared with the same period a year earlier. Higher diesel fuel prices, costs associated with increased business volume and maintenance activities and, for the year, casualty claims costs, contributed to the increases.

Income from railway operations was a record \$594 million, the highest of any quarter in Norfolk Southern's history, and a record \$2.1 billion for 2005, up 29 percent for the quarter and 24 percent for the year compared with results for the same periods of 2004.

The fourth-quarter operating ratio of 73.7 percent was an improvement of 2.6 percentage points compared with fourth-quarter 2004. For 2005, the operating ratio improved 1.5 percentage points to 75.2 percent.

Norfolk Southern Chairman David Goode, who retires soon, said, "The year 2005 showed the strength and dedication of Norfolk Southern people and this organization. We handled business demands unimaginable only a few years ago and produced historically good results that benefit customers and investors alike. I leave with a lot of pride in our people and what they have accomplished and even more confidence in what they will do in the future."

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