

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):
January 25, 2006 (January 25, 2006)



NORFOLK SOUTHERN CORPORATION

(Exact name of registrant as specified in its charter)

Virginia
(State or Other Jurisdiction
of Incorporation)

1-8339
(Commission File
Number)

52-1188014
(IRS Employer
Identification Number)

Three Commercial Place
Norfolk, Virginia 23510-9241
(Address of principal executive offices)

(757) 629-2680
(Registrant's telephone number, including area code)

No Change
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition, and
Item 7.01 Regulation FD Disclosure

On January 25, 2006, the Registrant issued a Press Release, attached hereto as an Exhibit 99. The press release, which reports 2005 year-end results, includes non-GAAP financial measures, as defined by SEC Regulation G, which are reconciled within the release. Specifically, the release excludes the effects of the Conrail corporate reorganization, which occurred in the third quarter of 2004, from 2004 net income and diluted earnings per share for the purpose of comparing them to results in the twelve-month period ending December 31, 2005. The release also excludes the effects of Ohio tax legislation, which was enacted during the second quarter of 2005, from 2005 net income and diluted earnings per share for the purposes of comparing them to results in the twelve-month period ending December 31, 2004.

These measures should be considered in addition to, not as a substitute for, net income and diluted earnings per share reported in accordance with U.S. Generally Accepted Accounting Principles. Management believes that net income and diluted earnings per share excluding these items may be more indicative of operating results for comparison to prior periods and to other companies, and it intends to use these non-GAAP financial measures for comparison purposes at its analysts' meeting scheduled today, which will be reconciled on the Registrant's website, and in future comparisons to periods which involve the third quarter of 2004 and the second quarter of 2005.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIGNATURES

NORFOLK SOUTHERN CORPORATION
(Registrant)

/s/ Dezora M. Martin

Name: Dezora M. Martin
Title: Corporate Secretary

Date: January 25, 2006

EXHIBIT INDEX

Exhibit Number	<u>Description</u>
99	Press release, dated January 25, 2006

FOR IMMEDIATE RELEASE
January 25, 2006

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 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.

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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For further information contact:

(Media) Bob Fort, 757-629-2710, (rcfort@nscorp.com)

(Investors) Leanne Marilley, 757-629-2861
(leanne.marilley@nscorp.com)

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Income
(Unaudited)
(\$ millions except per share)

	Three Months Ended Dec. 31,	
	2005	2004
	----	----
Railway operating revenues:		
Coal	\$ 524	\$ 459

General merchandise	1,214	1,049
Intermodal	519	441
	-----	-----
TOTAL RAILWAY OPERATING REVENUES	2,257	1,949
	-----	-----
Railway operating expenses:		
Compensation and benefits	636	592
Materials, services and rents	465	436
Conrail rents and services (note 4)	32	37
Depreciation (note 4)	192	189
Diesel fuel	226	138
Casualties and other claims	47	42
Other	65	53
	-----	-----
TOTAL RAILWAY OPERATING EXPENSES	1,663	1,487
	-----	-----
Income from railway operations	594	462
Other income - net	31	39
Interest expense on debt	(121)	(126)
	-----	-----
Income before income taxes	504	375
Provision for income taxes:		
Current	69	23
Deferred	73	88
	-----	-----
Total income taxes	142	111
	-----	-----
NET INCOME	\$ 362	\$ 264
	=====	=====
Earnings per share:		
Basic	\$ 0.89	\$ 0.66
Diluted	\$ 0.87	\$ 0.65
Average shares outstanding (000's):		
Basic	407,481	398,723
Diluted	416,953	406,810

See notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Income
(Unaudited)
(\$ millions except per share)

	Years Ended Dec. 31,	
	2005	2004
	----	----
Railway operating revenues:		
Coal	\$ 2,115	\$ 1,728
General merchandise	4,586	4,047
Intermodal	1,826	1,537
	-----	-----
TOTAL RAILWAY OPERATING REVENUES	8,527	7,312
	-----	-----
Railway operating expenses:		
Compensation and benefits	2,493	2,272
Materials, services and rents	1,809	1,601
Conrail rents and services (note 4)	129	319
Depreciation (note 4)	774	598
Diesel fuel	727	449
Casualties and other claims (note 3)	224	151
Other	254	220
	-----	-----
TOTAL RAILWAY OPERATING EXPENSES	6,410	5,610
	-----	-----

Income from railway operations	2,117	1,702
Other income - net (note 4)	74	89
Interest expense on debt	(494)	(489)
	-----	-----
Income before income taxes	1,697	1,302
Provision for income taxes:		
Current	336	179
Deferred (note 2)	80	200
	-----	-----
Total income taxes	416	379
	-----	-----
NET INCOME (note 1)	\$ 1,281	\$ 923
	=====	=====
Earnings per share:		
Basic	\$ 3.17	\$ 2.34
Diluted	\$ 3.11	\$ 2.31
Average shares outstanding (000's):		
Basic	404,170	394,201
Diluted	412,291	399,327

See notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Balance Sheets
(Unaudited)
(\$ millions)

	As of Dec. 31,	
	2005	2004
	----	----
ASSETS		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 1,257	\$ 669
Accounts receivable - net (note 3)	931	767
Materials and supplies	132	104
Deferred income taxes	167	187
Other current assets	163	240
	-----	-----
Total current assets	2,650	1,967
Investments	1,590	1,499
Properties less accumulated depreciation	20,705	20,526
Other assets (note 3)	916	758
	-----	-----
TOTAL ASSETS	\$ 25,861	\$ 24,750
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable (note 3)	\$ 1,163	\$ 1,090
Income and other taxes	231	210
Other current liabilities	213	239
Current maturities of long-term debt	314	662
	-----	-----
Total current liabilities	1,921	2,201
Long-term debt (note 5)	6,616	6,863
Other liabilities (note 3)	1,415	1,146
Deferred income taxes	6,620	6,550
	-----	-----
TOTAL LIABILITIES	16,572	16,760
	-----	-----
Stockholders' equity:		
Common stock \$1.00 per share par value	431	421

Additional paid-in capital	992	728
Unearned restricted stock	(17)	(8)
Accumulated other comprehensive loss	(77)	(24)
Retained income	7,980	6,893
	-----	-----
	9,309	8,010
Less treasury stock at cost, 20,833,125 and 20,907,125 shares, respectively	(20)	(20)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	9,289	7,990
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 25,861	\$ 24,750
	=====	=====

See notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Cash Flow
(Unaudited)
(\$ millions)

	Years Ended Dec. 31,	
	2005	2004
	----	----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$1,281	\$ 923
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	787	609
Deferred income taxes	80	200
Equity in earnings of Conrail	(37)	(54)
Gain on Conrail corporate reorganization (note 4)	--	(53)
Gains on properties and investments	(51)	(46)
Changes in assets and liabilities affecting operations:		
Accounts receivable	(94)	(71)
Materials and supplies	(28)	(12)
Other current assets	20	(18)
Current liabilities other than debt	55	126
Other - net	92	57
	-----	-----
Net cash provided by operating activities	2,105	1,661
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(1,025)	(1,041)
Property sales and other transactions	110	75
Investments, including short-term	(1,822)	(396)
Investment sales and other transactions	910	117
	-----	-----
Net cash used for investing activities	(1,827)	(1,245)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends	(194)	(142)
Common stock issued - net	194	162
Proceeds from borrowings (note 6)	433	202
Debt repayments (note 5)	(889)	(455)
	-----	-----
Net cash used for financing activities	(456)	(233)
	-----	-----
Net (decrease) increase in cash and cash equivalents	(178)	183
CASH AND CASH EQUIVALENTS:		
At beginning of year	467	284
	-----	-----
At end of year	289	467
SHORT-TERM INVESTMENTS AT END OF YEAR	968	202
	-----	-----

CASH, CASH EQUIVALENTS AND SHORT-TERM

INVESTMENTS AT END OF YEAR	\$1,257	\$ 669
	=====	=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW
INFORMATION

Cash paid during the year for:

Interest (net of amounts capitalized)	\$ 485	\$ 483
Income taxes (net of refunds)	\$ 271	\$ 146

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS:

1. SETTLEMENTS OF COAL RATE CASES -

During the second quarter of 2005, NS entered into settlement agreements with two utility customers that resolved their rail transportation rate cases before the Surface Transportation Board (STB). In 2002, Duke Energy (Duke) and Carolina Power & Light (CP&L) each filed rate reasonableness complaints with the STB. In October 2004, the STB found NS' rates to be reasonable in both cases, and at the STB's invitation, Duke and CP&L each initiated proceedings to determine if phasing constraints should apply. As a result of the settlements, NS recognized additional revenue related to the period in dispute, which net of associated expenses and income taxes increased second-quarter net income by \$24 million, or 6 cents per diluted share.

2. REDUCTION OF DEFERRED TAXES -

In the second quarter of 2005, Ohio enacted tax legislation that phases out its Corporate Franchise Tax, which was generally based on federal taxable income, and phases in a new gross receipts tax called the Commercial Activity Tax, which is based on current year sales and rentals. The elimination of the Corporate Franchise Tax resulted in a reduction of NS' deferred income tax liability in the second quarter, as required by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which increased net income by \$96 million, or 23 cents per diluted share.

3. GRANITEVILLE DERAILMENT -

In the first quarter of 2005, NS recorded a liability related to the Jan. 6, 2005, derailment in Graniteville, SC. The liability, which includes a current and long-term portion, represents NS' best estimate based on current facts and circumstances. The estimate includes amounts related to business property damage and other economic losses, personal injury and individual property damage claims as well as third-party response costs. NS' commercial insurance policies are expected to cover expenses related to this derailment above NS' self-insured retention, including its own response costs and legal fees. Accordingly, the Consolidated Balance Sheet reflects a current and long-term receivable for estimated recoveries from its insurance carriers.

Results for the year include approximately \$41 million of expenses related to this incident, which represents NS' retention under its insurance policies and other uninsured costs, and which reduced net income by approximately \$24 million, or 6 cents per diluted share.

While it is reasonable to expect that the liability for covered losses could differ from the amount recorded, such a change would be offset by a corresponding change in the recovery receivable. As a result, NS does not believe that it is reasonably likely that its net loss (the difference between the liability and future recoveries) will be materially different than the loss recorded in 2005. NS expects at this time that insurance coverage is adequate to cover potential claims and settlements above its self-insurance retention.

4. CONRAIL CORPORATE REORGANIZATION -

On August 27, 2004, NS, CSX and Conrail completed a corporate reorganization of Conrail that resulted in the direct ownership and control by Norfolk Southern Railway Company (NSR) of routes and assets that had previously been operated by NSR under operating

and lease agreements with a Conrail subsidiary.

As a part of the reorganization, NSR issued new unsecured debt obligations, which were exchanged for unsecured debt obligations of Consolidated Rail Corporation (CRC), a Conrail subsidiary. In addition, NSR entered into new lease and sublease arrangements with CRC to support CRC's secured debt and lease obligations, and the long-term note due to Conrail was eliminated. The reorganization did not affect the Shared Assets Areas, which continue to be owned and operated by CRC. After the reorganization, "Conrail rents and services" reflects only the expenses associated with the Shared Assets Areas, and other expenses (primarily the depreciation related to the routes and assets) are reflected in their respective line items.

This distribution resulted in a net gain of \$53 million, which is included in Other income-net on the Consolidated Statement of Income. The gain increased net income by \$53 million, or 13 cents per diluted share.

5. DEBT EXCHANGE -

In the second quarter of 2005, NS issued \$717 million of new unsecured notes (\$350 million at 5.64% due 2029 and \$367 million at 5.59% due 2025) and paid \$218 million of premium in exchange for \$717 million of its previously issued unsecured notes (\$350 million at 7.8% due 2027, \$200 million at 7.25% due 2031, and \$167 million at 9.0% due 2021). The \$218 million cash premium payment is reflected as a reduction of debt in the Consolidated Balance Sheet and Statement of Cash Flows and will be amortized as additional interest expense over the terms of the new debt.

6. PAYMENTS TO CONRAIL -

Payments made to Conrail in accordance with the operating and lease agreements in place before the Conrail corporate reorganization (see note 4) reduced NS' "Net cash provided by operating activities." A significant portion of these payments was borrowed back from a Conrail subsidiary. The net borrowings were included in NS' "Net cash used for financing activities" and totaled \$118 million in 2004.