

**250 - CONSOLIDATED INFORMATION
FOR REVENUE ADEQUACY DETERMINATION**
(Dollars in Thousands)

| Line No. | Item (a) | Beginning of year (b) | End of year (c) |
|----------|--|--------------------------|--------------------|
| | Adjusted Net Railway Operating Income for Reporting Entity | | |
| 1 | Combined/Consolidated Net Railway Operating Income for Reporting Entity | | 1,751,599 |
| 2 | Add: Interest Income from Working Capital Allowance- Cash Portion | | 5,535 |
| 3 | Income Taxes Associated with Non-Rail Income and Deductions | N/A | -- |
| 4 | Gain or (loss) from transfer/reclassification to non-rail status (net of income taxes) | | 33,500 |
| 5 | Adjusted Net Railway Operating Income (Lines 1, 2, 3 & 4) | | 1,790,634 |
| | Adjusted Investment in Railroad Property for Reporting Entity | | |
| 6 | Combined Investment in Railroad Property Used in Transportation Service | 19,914,660 | 20,302,628 |
| 7 | Less: Interest During Construction | 2,580 | 2,580 |
| 8 | Other Elements of Investment (if debit balance) | -- | -- |
| 9 | Add: Net Rail Assets of Rail-Related Affiliates | -- | -- |
| 10 | Working Capital Allowance | 216,226 | 259,805 |
| 11 | Net Investment Base Before Adjustment for Deferred Taxes (Lines 6 through 10) | 20,128,306 | 20,559,853 |
| 12 | Less: Accumulated Deferred Income Tax Credits (note) | 7,891,306 | 7,865,853 |
| 13 | Net Investment Base (Line 11-12) | 12,237,000 | 12,694,000 |

ATTACHMENT TO 2006 FORM R-1 SCHEDULE 250
"CONSOLIDATED INFORMATION FOR REVENUE ADEQUACY DETERMINATION"
Norfolk Southern Combined Railroad Subsidiaries
Year 2006

In the space provided, please list all railroads and rail-related affiliated companies which are being reported in this consolidation, along with the nature of the business for each company.

| Name of Affiliate | Nature of Business |
|---|--------------------|
| <p>See Page 4 of R-1 (Schedule C), "Principles of Combined Reporting."</p> <p align="center">(see attached)</p> | |

| Name of Affiliate | Nature of Business |
|--|--|
| <p><u>Companies added to the railroad entity in 2006:</u></p> <p>PLS Investment, LLC Reading Company, LLC [Delaware] Reading Company, LLC [Virginia] TCV, Inc.</p> <p><u>Companies subtracted from the railroad entity in 2006:</u></p> | <p align="center"> Added January 2006 Added January 2006 Added January 2006 Added January 2006 </p> |

NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES

SCHEDULE 250 – PART B
Year 2006
Determination of Nonrail Taxes

This table is designed to facilitate the calculation of taxes that are not rail-related, the amount to be reported on Schedule 250, Line 3.

PART I – DETERMINE TAXES ON NONRAILROAD INCOME FOR ALL COMBINED/CONSOLIDATED RAILROADS (EXCLUDES ALL RAIL-RELATED AFFILIATES)

| | | |
|-----|--|---------------------|
| (1) | Determine Combined/Consolidated Adjusted income from continuing operations (before taxes) for all affiliated railroads (all classes). Do <u>not</u> include rail-related affiliates that are not railroads in this part. This represents the total combined/consolidated amounts for all items listed below for all railroads in the reporting entity. | <u>\$000's</u> |
| | Income from continuing operations (before taxes) should be the equivalent of the numbers contained in the R-1 Schedule 210, Line 46 adjusted to include all railroads in the reporting entity. | \$ 1,846,273 |
| | - Equity in undistributed earnings, which represents the total Schedule 210, Line 26 for all railroads in the reporting entity. | (132) |
| | - Dividends in affiliated companies. (If the affiliate is 80% or more controlled by the parent railroad, then deduct 100% of the affiliate's dividend. If the affiliate is less than 80% controlled by the parent railroad, then deduct 80% of the affiliate's dividend. . . . | 14,161 |
| | = Adjusted income from continuing operations (before taxes). This represents "A" in item (3) below. | <u>\$ 1,832,244</u> |
| (2) | Determine Combined/Consolidated Adjusted Pretax NROI for all railroads in the reporting entity | |
| | Combined/Consolidated Pretax NROI for the entire entity, which equals the amount shown on Schedule 250, Line 1. | \$ 1,751,599 |
| | + Current provision for taxes, which represents the consolidated amounts of Schedule 210, Line 51 for all railroads in the reporting entity. (This figure includes <u>both</u> Account 556, Income Taxes on Ordinary Income and Account 557, Provision for Deferred Taxes. | 613,509 |
| | + Interest income on working capital allowance, which represents the total consolidated interest income relative to the working capital component of the net investment base and should equal the amount shown in Schedule 250, Line 2 for all railroads in the reporting entity. | 5,535 |
| | + Release of premiums on funded debt, which represents the consolidated total of release of premiums on funded debt as shown on Schedule 210, Line 22 for all railroads in the reporting entity. | -- |
| | - Total fixed charges, which represents the consolidated total of fixed charges as shown on schedule 210, Line 42 for all railroads in the reporting entity. | 212,572 |
| | - Railroad-related income from affiliates (other than railroads) which was included in consolidated NROI (Schedule 250, Line 1) | <u> --</u> |
| | = Combined/Consolidated Pretax Adjusted NROI for all railroads. This represents "B" in Item (3) below. | <u>\$ 2,158,071</u> |

NORFOLK SOUTHERN COMBINED RAILROAD SUBSIDIARIES
SCHEDULE 250 – PART B
Year 2006
Determination of Nonrail Taxes
Page 2

- (3) Calculate the railroad-related tax ratio: "B/A"..... 100.00%
- (4) Compute the nonrailroad-related complement: (1 – Railroad-related income ratio) which equals the nonrailroad-related tax ratio..... --
- (5) Compute the nonrailroad portion of the total provisions for both taxes. This equals:
 - The nonrailroad-related tax ratio (Item (4) above) times the total current income taxes accrued on ordinary income (Account 556) which represents the consolidated amounts of Schedule 210, Lines 47, 48 and 49 for all railroads in the reporting entity..... \$ --

PART II – DETERMINE NONRAILROAD-RELATED TAXES FOR ALL RAIL-RELATED AFFILIATES (EXCLUDES ALL AFFILIATED RAILROADS)

- (6) This is calculated by dividing the nonrailroad-related income for combined rail-related affiliates by the total pretax net income for all combined rail-related affiliates and multiplying this result by the total taxes (current provision plus deferred). This equals the taxes on nonrailroad income for all affiliated companies..... \$ --

PART III – DETERMINE TOTAL NONRAILROAD-RELATED TAXES

- (7) This is determined as follows:
 - Total income taxes on nonrailroad-related income for all railroads in the reporting entity (Item 5 above)..... \$ --
 - + Total nonrailroad-related taxes for rail-related affiliates (Item 6 above)..... --
 - Equals total nonrailroad-related taxes. (This amount should be transferred to Schedule 250, Part A, Line 3)..... \$ --

C. VOTING POWERS AND ELECTIONS - Continued

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent.

NSR - 16,668,997

11. Give the date of such meeting. NSR - May 23, 2006

12. Give the place of such meeting. Norfolk, Virginia

NOTES AND REMARKS**Principles of Combined Reporting**

Norfolk Southern Combined Railroad Subsidiaries (NS Rail) includes the affiliated railroads under the COMMON CONTROL of Norfolk Southern Corporation (NS). The major subsidiary is Norfolk Southern Railway Company and consolidated subsidiaries (NSR). See listing of companies included in combined rail reporting below. Nonrailroad subsidiaries whose assets and operations are not deemed to be an integral part of rail operations are included in this combined report in the following classifications:

Balance Sheet - Fixed Capital Assets - "Property Used in Other Than Carrier Operations"

Results of Operations - "Other Income" and "Miscellaneous Deductions From Income"

All significant intercompany balances and transactions have been eliminated in combination.

This form of Combined reporting was approved by the ICC Accounting and Valuation Board on March 23, 1987, as indicated in Chairman William F. Moss, III's letter.

The following companies are included in the combined rail reporting to the Surface Transportation Board:

Class I

Cincinnati, New Orleans and Texas Pacific Railway Company, The
Norfolk Southern Railway Company

Class II

Alabama Great Southern Railroad Company, The
Central of Georgia Railroad Company
Georgia Southern and Florida Railway Company

Class III

Camp Lejeune Railroad Company
Chesapeake Western Railway
Interstate Railroad Company
Norfolk and Portsmouth Belt Line Railroad Company
State University Railroad Company
Tennessee, Alabama & Georgia Railway Company
Tennessee Railway Company

Lessors and Other

Airforce Pipeline, Inc.
Alabama Great Southern LLC
Central of Georgia LLC
Citico Realty Company
High Point, Randleman, Asheboro and
Southern Railroad Company
Lamberts Point Barge Company, Inc.
Mobile and Birmingham Railroad Company
Norfolk Southern International, Inc.
Norfolk Southern-Mexico, LLC
NorfolkSouthernMexicana, S de RL de CV
North Carolina Midland Railroad Company, The
PLS Investment, LLC
Rail Investment Company
Reading Company, LLC [Delaware]
Reading Company, LLC [Virginia]
Shenandoah-Virginia Corporation
South Western Rail Road Company, The
Southern Rail Terminals, Inc.
Southern Rail Terminals of North Carolina, Inc.
Southern Region Coal Transport, Inc.
Southern Region Materials Supply, Inc.
T-Cubed of North America, LLC
TCS Leasing, Inc.
TCV, Inc.
Thoroughbred Direct Intermodal Services, Inc.
Thoroughbred Technology and Telecommunications, LLC
Transworks Company
Transworks Inc.
Transworks of Indiana, Inc.
Triple Crown Services Company
Virginia and Southwestern Railway Company
Wheelersburg Terminal LLC
Yadkin Railroad Company