

**FOR IMMEDIATE RELEASE  
JULY 24, 2002**

**NORFOLK SOUTHERN REPORTS SECOND-QUARTER, FIRST-HALF RESULTS**

- **SECOND-QUARTER 2002 NET INCOME AND EARNINGS PER SHARE ROSE 11 PERCENT COMPARED TO THE SAME PERIOD OF 2001.**
- **THE RAILWAY OPERATING RATIO IMPROVED BY 2.5 PERCENTAGE POINTS.**
- **RAILWAY OPERATING EXPENSES DECLINED BY \$39 MILLION, OR 3 PERCENT.**

NEW YORK, NY – Norfolk Southern Corporation (NYSE: NSC) today reported second-quarter net income of \$119 million, or \$0.31 per diluted share, an increase of 11 percent, compared with net income of \$107 million, or \$0.28 per diluted share, in the second quarter of 2001.

"Second-quarter results demonstrate our commitment to continued improvement in net income, operating expenses and operating ratio," said David R. Goode, chairman, president and chief executive officer. "We expect to continue to build on that progress.

"We also were pleased with the growth in our intermodal and general merchandise business in the quarter, at the same time that coal was down for the period," Goode said.

For the first six months, net income was \$205 million, or \$0.53 per diluted share. For the comparable period of 2001, net income was \$181 million, or \$0.47 per diluted share, and included an after-tax gain of \$13 million, or \$0.03 per diluted share, related to the 1998 sale of Norfolk Southern's former trucking subsidiary.

Second-quarter railway operating revenues were \$1.6 billion, unchanged compared with second quarter 2001. For the first six months of 2002, operating revenues were \$3.1 billion, down slightly compared with the same period a year earlier.

Intermodal revenues climbed seven percent in the second quarter to \$295 million and improved three percent for the first six months to \$565 million, reflecting increased demand for consumer products and traffic growth from the introduction of new services.

Second-quarter general merchandise revenues of \$948 million were the highest of any quarter in Norfolk Southern's history and improved three percent compared to second quarter 2001. For the first six months, general merchandise revenues increased one percent to \$1.82 billion compared with the year-earlier period. All general merchandise commodity groups

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reported revenue growth except the paper group. Automotive revenues, strengthened by continued strong domestic production, posted the largest gain, growing by \$15 million, or six percent, during the quarter, and \$29 million, or six percent, for the first six months.

Coal revenues declined 11 percent in the second quarter to \$350 million compared with second quarter 2001. For the first six months, coal revenues of \$709 million were down 10 percent compared with the first half of 2001. Slow-moving utility stockpiles and soft electricity production due to mild weather continued to weaken demand for utility coal.

Railway operating expenses were \$1.27 billion for the quarter, down three percent compared to second quarter 2001, and \$2.53 billion for the first six months, down four percent compared to the first half of last year. The decrease in operating expenses in both periods primarily reflects reductions in fuel costs and freight car rental charges.

“During the quarter, we also continued to benefit from our scheduled operating plan as Norfolk Southern achieved lower terminal dwell times and faster train speeds,” Goode said.

For the quarter, the railway operating ratio improved 2.5 percentage points to 79.8 percent compared with 82.3 percent in the same period of 2001. This represents the best operating ratio since the Conrail integration in the second quarter of 1999. For the first six months, the operating ratio also improved 2.6 percentage points to 81.9 percent, compared with 84.5 during the same period of 2001.

Norfolk Southern Corporation (NYSE: NSC) 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, serving every major container port in the eastern United States and providing superior connections to western rail carriers. NS operates the East’s most extensive intermodal network and is the nation’s largest rail carrier of automotive parts and finished vehicles. The corporation’s Pocahontas Land Corp. subsidiary manages more than a million acres of natural resources, while its T-Cubed subsidiary installs and markets telecommunications facilities.

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

|                                    | Three Months Ended<br>June 30, |         |
|------------------------------------|--------------------------------|---------|
|                                    | 2002                           | 2001    |
|                                    | -----                          | -----   |
| Railway operating revenues:        |                                |         |
| Coal                               | \$ 350                         | \$ 395  |
| General merchandise                | 948                            | 922     |
| Intermodal                         | 295                            | 275     |
|                                    | -----                          | -----   |
| TOTAL RAILWAY OPERATING REVENUES   | 1,593                          | 1,592   |
|                                    | -----                          | -----   |
| Railway operating expenses:        |                                |         |
| Compensation and benefits          | 497                            | 502     |
| Materials, services and rents      | 364                            | 377     |
| Conrail rents and services         | 103                            | 106     |
| Depreciation                       | 129                            | 128     |
| Diesel fuel                        | 84                             | 106     |
| Casualties and other claims        | 37                             | 40      |
| Other                              | 57                             | 51      |
|                                    | -----                          | -----   |
| TOTAL RAILWAY OPERATING EXPENSES   | 1,271                          | 1,310   |
|                                    | -----                          | -----   |
| Income from railway operations     | 322                            | 282     |
| Other income - net                 | 2                              | 24      |
| Interest expense on debt           | (130)                          | (139)   |
|                                    | -----                          | -----   |
| Income before income taxes         | 194                            | 167     |
| Provision for income taxes:        |                                |         |
| Current                            | 33                             | 20      |
| Deferred                           | 42                             | 40      |
|                                    | -----                          | -----   |
| TOTAL INCOME TAXES                 | 75                             | 60      |
|                                    | -----                          | -----   |
| NET INCOME                         | \$ 119                         | \$ 107  |
|                                    | =====                          | =====   |
| Earnings per share:                |                                |         |
| Basic and diluted                  | \$ 0.31                        | \$ 0.28 |
| Average shares outstanding (000's) | 388,261                        | 385,022 |

See note to financial statements.

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

|  | Six Months Ended<br>June 30, |         |
|--|------------------------------|---------|
|  | 2002                         | 2001    |
| Railway operating revenues:  |                              |         |
| Coal   | \$ 709                       | \$ 788  |
| General merchandise  | 1,817                        | 1,793   |
| Intermodal   | 565                          | 551     |
|  | 3,091                        | 3,132   |
|  | -----                        | -----   |
| Railway operating expenses:  |                              |         |
| Compensation and benefits  | 1,020                        | 1,021   |
| Materials, services and rents  | 703                          | 749     |
| Conrail rents and services   | 216                          | 211     |
| Depreciation   | 256                          | 255     |
| Diesel fuel  | 165                          | 223     |
| Casualties and other claims  | 72                           | 77      |
| Other  | 100                          | 109     |
|  | 2,532                        | 2,645   |
|  | -----                        | -----   |
| Income from railway operations   | 559                          | 487     |
| Other income - net   | 36                           | 51      |
| Interest expense on debt   | (264)                        | (280)   |
|  | 331                          | 258     |
|  | -----                        | -----   |
| Income from continuing operations<br>before income taxes                           | 331                          | 258     |
| Provision for income taxes:  |                              |         |
| Current  | 56                           | 86      |
| Deferred   | 70                           | 4       |
|  | 126                          | 90      |
|  | -----                        | -----   |
| Income from continuing operations  | 205                          | 168     |
| Discontinued operations -- gain on sale<br>of motor carrier, net of taxes (note 1) | --                           | 13      |
|  | 205                          | 181     |
|  | =====                        | =====   |
| NET INCOME   | \$ 205                       | \$ 181  |
| Earnings per share:  |                              |         |
| Income from continuing operations,<br>basic and diluted                            | \$ 0.53                      | \$ 0.44 |
| Net income, basic and diluted  | \$ 0.53                      | \$ 0.47 |
| Average shares outstanding (000's)   | 387,712                      | 384,756 |

See note to financial statements.

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

|   | June 30,<br>2002<br>---- | December 31,<br>2001<br>---- |
|---|--------------------------|------------------------------|
| <b>ASSETS</b>                                     |                          |                              |
| Current assets:                                   |                          |                              |
| Cash and cash equivalents                         | \$ 94                    | \$ 204                       |
| Accounts receivable - net                         | 523                      | 475                          |
| Due from Conrail                                  | 5                        | 8                            |
| Materials and supplies                            | 100                      | 90                           |
| Deferred income taxes                             | 166                      | 162                          |
| Other current assets                              | 70                       | 108                          |
|   | -----                    | -----                        |
| Total current assets                              | 958                      | 1,047                        |
| Investment in Conrail                             | 6,178                    | 6,161                        |
| Properties less accumulated depreciation          | 11,305                   | 11,208                       |
| Other assets                                      | 1,083                    | 1,002                        |
|   | -----                    | -----                        |
| TOTAL ASSETS                                      | \$ 19,524                | \$ 19,418                    |
|   | =====                    | =====                        |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>       |                          |                              |
| Current liabilities:                              |                          |                              |
| Accounts payable                                  | \$ 845                   | \$ 848                       |
| Income and other taxes                            | 277                      | 312                          |
| Due to Conrail                                    | 77                       | 373                          |
| Other current liabilities                         | 213                      | 248                          |
| Current maturities of long-term debt              | 106                      | 605                          |
|   | -----                    | -----                        |
| Total current liabilities                         | 1,518                    | 2,386                        |
| Long-term debt                                    | 7,338                    | 7,027                        |
| Other liabilities                                 | 1,047                    | 1,089                        |
| Due to Conrail                                    | 398                      | --                           |
| Minority interests                                | 45                       | 45                           |
| Deferred income taxes                             | 2,866                    | 2,781                        |
|   | -----                    | -----                        |
| TOTAL LIABILITIES                                 | 13,212                   | 13,328                       |
|   | -----                    | -----                        |
| Stockholders' equity:                             |                          |                              |
| Common stock \$1.00 per share par value           | 410                      | 407                          |
| Additional paid-in capital                        | 469                      | 423                          |
| Accumulated other comprehensive loss              | (41)                     | (55)                         |
| Retained income                                   | 5,494                    | 5,335                        |
|   | -----                    | -----                        |
|   | 6,332                    | 6,110                        |
| Less treasury stock at cost,<br>21,169,125 shares | (20)                     | (20)                         |
|   | -----                    | -----                        |
| TOTAL STOCKHOLDERS' EQUITY                        | 6,312                    | 6,090                        |
|   | -----                    | -----                        |
| TOTAL LIABILITIES AND<br>STOCKHOLDERS' EQUITY     | \$ 19,524                | \$ 19,418                    |
|   | =====                    | =====                        |

See note to financial statements.

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

|  | Six Months Ended<br>June 30, |         |
|--|------------------------------|---------|
|  | 2002                         | 2001    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                               |                              |         |
| Net income   | \$ 205                       | \$ 181  |
| Reconciliation of net income to net cash provided by operating activities: |                              |         |
| Depreciation   | 262                          | 262     |
| Deferred income taxes  | 70                           | 4       |
| Equity in earnings of Conrail  | (19)                         | (26)    |
| Gains on properties and investments  | (32)                         | (26)    |
| Income from discontinued operations (note 1)                               | --                           | (13)    |
| Changes in assets and liabilities affecting operations:                    |                              |         |
| Accounts receivable  | (48)                         | (29)    |
| Materials and supplies   | (10)                         | (5)     |
| Other current assets and due from Conrail                                  | 53                           | 102     |
| Current liabilities other than debt  | (34)                         | (52)    |
| Other - net  | (62)                         | (88)    |
|  | 385                          | 310     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                               |                              |         |
| Property additions   | (345)                        | (425)   |
| Property sales and other transactions                                      | (3)                          | 25      |
| Investments, including short-term  | (44)                         | (59)    |
| Investment sales and other transactions                                    | 13                           | 32      |
|  | (379)                        | (427)   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                               |                              |         |
| Dividends  | (46)                         | (46)    |
| Common stock issued - net  | 36                           | 13      |
| Proceeds from borrowings   | 526                          | 1,606   |
| Debt repayments  | (632)                        | (1,409) |
|  | (116)                        | 164     |
| Net increase (decrease) in cash and cash equivalents                       | (110)                        | 47      |
| <b>CASH AND CASH EQUIVALENTS:</b>  |                              |         |
| At beginning of year   | 204                          | --      |
|  | 94                           | 47      |
| At end of period   | \$ 94                        | \$ 47   |
|  | =====                        | =====   |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH-FLOW INFORMATION</b>                   |                              |         |
| Cash paid during the period for:   |                              |         |
| Interest (net of amounts capitalized)                                      | \$ 268                       | \$ 285  |
| Income taxes   | \$ 38                        | \$ 67   |

See note to financial statements.

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NOTES TO FINANCIAL STATEMENTS:

1. DISCONTINUED OPERATIONS -  
First quarter 2001 included an additional after-tax gain of \$13 million, or 3 cents per share, related to the 1998 sale of NS' motor carrier subsidiary, North American Van Lines, Inc. This non-cash gain resulted from the expiration of certain indemnities contained in the sales agreement.