



NEWS RELEASE

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**NORFOLK SOUTHERN REPORTS RECORD REVENUES,
INCOME FROM RAILWAY OPERATIONS**

For the first quarter 2004:

- **Railway operating revenues rose to a record \$1.7 billion.**
- **Income from railway operations improved to \$346 million and set an all-time record.**
- **Net income reached \$158 million or \$0.40 per share.**
- **Operating ratio improved to 79.6 percent, NS' best since the Conrail integration.**

NORFOLK, VA – For the first quarter of 2004, Norfolk Southern Corporation (NYSE: NSC) reported record revenues of \$1.7 billion, up eight percent compared with the same period last year, and record first quarter income from railway operations of \$346 million, up 50 percent, compared with the same period last year.

First-quarter income from continuing operations before accounting changes was \$158 million, or \$0.40 per share, compared with last year's \$85 million, or \$0.22 per share.

Reported net income for first quarter 2003 was \$209 million, or \$0.54 per share, which included a \$114 million, or \$0.29 per share, gain due to a required industry-wide accounting change to account for the cost of removing railroad crossties, and a gain of \$10 million, or \$0.03 per share, from discontinued motor carrier operations.

Excluding those items, net income in the first quarter increased by \$73 million, or 86 percent, over the same period last year. Revenues increased \$132 million, or eight percent, over the same quarter in 2003. Carloads rose seven percent for the same period.

"I am very pleased to report that Norfolk Southern set a number of financial and operational records this quarter," said David R. Goode, chairman, president and chief executive officer. "We recorded the highest railway operating revenues in our history, and we posted our best ever income from railway operations. We produced the best first-quarter operating ratio since the Conrail integration in what is traditionally the most challenging quarter. Our network velocity reached an all-time high as our average train speed exceeded our goal and was among the best in the industry. We improved our terminal dwell time performance over year-earlier levels. And finally, our network fluidity continued to improve as we handled 109,000 more carloads in the quarter but our cars on line remained constant."

Norfolk Southern reported its best operating ratio -- the standard measure of railroad efficiency - since the integration of its portion of the Conrail system in 1999. For the quarter, the railway operating ratio was 79.6 percent compared with 85.2 percent a year earlier.

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General merchandise revenues for the first quarter reached a record \$967 million, an increase of five percent over the same period last year. All merchandise markets reported revenue gains, compared with the same period a year earlier, led by metals and construction, which reported an increase of 10 percent. Increased steel shipments from nearly all of the mills served by Norfolk Southern helped grow this category. Chemicals set a record, with revenues increasing six percent over the same period in 2003, driven by increased shipments of petroleum and industrial intermediate products. Led by shipments of ethanol and fertilizer, agricultural products set first-quarter records for both volume and revenue.

Coal revenues were up in the first quarter, increasing 12 percent to \$398 million in the first quarter of 2004 compared with the same period last year. The export coal sector benefited as a result of weakness of the dollar and higher ocean-going bulk rates. In the utility sector, carloadings were up three percent in the first quarter compared with the same period in 2003.

Intermodal revenues climbed 13 percent to \$328 million in the first quarter 2004 compared with the same period last year. Increased demand for consumer products and traffic growth from new truck-competitive, transcontinental services, as well as reliable, consistent service performance, helped drive the growth.

First-quarter railway operating expenses were up only \$17 million, or one percent, over the same period in 2003.

“Norfolk Southern’s exceptional first-quarter performance has provided a solid platform from which to build through the remainder of the year and reflects the strength of our higher-value transportation products and operating efficiency,” Goode said.

“Looking ahead, we remain optimistic about the health of the industrial economy,” said Goode, noting that for April, overall carloadings were up five percent, led primarily by intermodal. “Our strong and improving service gives us an increasingly valuable product going forward.”

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, 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 the nation's largest rail carrier of automotive parts and finished vehicles.

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