



# NEWS RELEASE

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

For the second quarter of 2003 vs. the same period of 2002:

- Net income rose 15 percent to \$137 million.
- Coal revenues climbed 11 percent on increased utility coal shipments.
- Railway operating revenues set an all-time record of \$1.63 billion, up 3 percent.
- Income from railway operations declined 7 percent to \$298 million.
- Earnings per diluted share improved 13 percent to \$0.35.
- The operating ratio increased to 81.8 percent.

NEW YORK, NY -- Norfolk Southern Corporation (NYSE: NSC) today reported second-quarter net income of \$137 million, or \$0.35 per diluted share, an increase of 15 percent, compared with net income of \$119 million, or \$0.31 per diluted share, in the second quarter of 2002.

“We produced better results despite continued economic slowness in the quarter and considerable downward pressure on general merchandise traffic,” said David R. Goode, chairman, president and chief executive officer. “The quality of our transportation continues to improve due to the strength of our operating plan and our ability to operate a high-service railroad in a tough economy.”

For the first six months, net income from continuing operations, before required accounting changes, was \$222 million, or \$0.57 per diluted share compared with net income of \$205 million, or \$0.53 per diluted share, during the same period of 2002.

Net income for the first six months was \$346 million, or \$0.89 per diluted share, and included a \$114 million, or \$0.29 per diluted share, gain largely due to a required change in accounting for the cost of removing railroad crossties, and a \$10 million, or \$0.03 per diluted share, gain from discontinued operations resulting from the 1998 sale of a former motor carrier subsidiary.

Second-quarter railway operating revenues of \$1.63 billion were the highest of any quarter in Norfolk Southern’s history and improved 3 percent compared with \$1.59 billion in the second quarter of 2002. Railway operating revenues for the first half of 2003 also set a six-month record rising 3 percent to \$3.19 billion compared with \$3.09 billion for the same period a year earlier.

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Coal revenues in the second quarter climbed 11 percent to \$389 million compared with second quarter 2002. The growth was driven by an increase in utility shipments as power companies replenished stockpiles. For the first half, coal revenues improved 5 percent to \$743 million compared to the same period a year earlier as the result of stronger electricity production due to seasonable weather conditions in Norfolk Southern's service region.

Intermodal revenues set records rising 2 percent to \$300 million in the second quarter and 4 percent to \$589 million for the first six months compared with the same periods of 2002. The growth was the result of strong international business and the successful conversion of new truck-competitive, transcontinental interline services.

Second-quarter general merchandise revenues of \$944 million were down slightly compared to second quarter 2002, particularly in the automotive, metals and construction and chemical commodity sectors. For the first six months, general merchandise revenues increased 2 percent to \$1.86 billion compared with the year-earlier period. Agricultural revenues, strengthened by fertilizer and grain shipments, posted the largest gain, growing by 12 percent in the quarter and 9 percent for the first six months, compared to the same periods a year ago.

In addition, paper and forest products revenues grew by 6 percent for both the second quarter and the first six months compared with the same periods of 2002.

Railway operating expenses increased 5 percent for both the second quarter and the first six months of 2003 compared with the same periods last year. These increases primarily were due to increased compensation and benefits, higher diesel fuel costs and increased casualty and other claims costs.

For the quarter, the railway operating ratio, the percentage of revenues required to operate the railroad, was 81.8 percent compared with 79.8 percent in the same period of 2002. For the first six months, the operating ratio was 83.4 percent, compared with 81.9 during the same period of 2002.

Norfolk Southern 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.

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