

**FOR IMMEDIATE RELEASE
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NORFOLK SOUTHERN REPORTS THIRD-QUARTER 2002 RESULTS

For the third quarter of 2002 vs. the same period of 2001:

- Net income rose 59 percent.
- Railway operating revenues increased by \$90 million, or six percent.
- Intermodal revenues reached an all-time high of \$310 million.
- The railway operating ratio improved by 3.3 percentage points.
- Earnings per share increased to \$0.32 per diluted share.

NEW YORK, N.Y. - Norfolk Southern Corporation (NYSE: NSC) today reported third-quarter net income of \$126 million, or \$0.32 per diluted share, an increase of 59 percent, compared with net income of \$79 million, or \$0.20 per diluted share, in the third quarter of 2001.

“We are encouraged with our results and another quarter of year-over-year improvement in our financial performance,” said Henry C. Wolf, Norfolk Southern vice chairman and chief financial officer. “We will continue to take steps to improve our service consistency and reliability while at the same time grow our revenue base and achieve greater productivity.”

For the first nine months, net income increased 27 percent to \$331 million, or \$0.85 per diluted share, compared with net income of \$260 million, or \$0.67 per diluted share, in the same period a year earlier. Net income during the first nine months of 2001 included an after-tax gain of \$13 million, or \$0.03 per share from the 1998 sale of a former trucking subsidiary.

Third-quarter railway operating revenues rose six percent to \$1.60 billion compared with third quarter 2001. Year-to-date railway operating revenues of \$4.69 billion were up one percent compared to the same period a year earlier.

Third-quarter general merchandise revenues of \$917 million improved six percent compared to the same period of 2001. All market groups reported increases, led by automotive and metals. For the first nine months, general merchandise revenues increased three percent to \$2.73 billion compared with the year-earlier period.

Intermodal revenues of \$310 million were the highest of any quarter in Norfolk Southern's history and climbed 11 percent compared to the third quarter of 2001. For the first nine months, intermodal revenues rose five percent to \$875 million compared with the same

period of 2001. The revenue growth reflects increases in both international and domestic business, particularly converting traffic from the highway.

Coal revenues improved one percent to \$371 million in the quarter compared to a weak third quarter of 2001 but declined six percent to \$1.08 billion in year-over-year performance.

Railway operating expenses for the quarter increased two percent to \$1.29 billion compared to the third quarter 2001 but decreased two percent to \$3.82 billion for the first nine months compared to the same period a year earlier.

For the quarter, the railway operating ratio improved 3.3 percentage points to 80.5 percent compared with 83.8 percent for the same period of 2001. For the first nine months, the operating ratio improved 2.8 percentage points to 81.4 percent compared with 84.2 percent during the same period of 2001.

Norfolk Southern Corporation is one of America's leading transportation companies. Its Norfolk Southern Railway Company subsidiary operates approximately 21,500 miles of road in 22 states, the District of Columbia and the province of 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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Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Income
(Unaudited)
(\$ millions except per share)

| | Three Months Ended Sept. 30, | |
|------------------------------------|---------------------------------|---------|
| | 2002 | 2001 |
| Railway operating revenues: | | |
| Coal | \$ 371 | \$ 366 |
| General merchandise | 917 | 862 |
| Intermodal | 310 | 280 |
| | ----- | ----- |
| TOTAL RAILWAY OPERATING REVENUES | 1,598 | 1,508 |
| | ----- | ----- |
| Railway operating expenses: | | |
| Compensation and benefits | 489 | 478 |
| Materials, services and rents | 386 | 363 |
| Conrail rents and services | 100 | 113 |
| Depreciation | 129 | 129 |
| Diesel fuel | 81 | 93 |
| Casualties and other claims | 57 | 32 |
| Other | 45 | 55 |
| | ----- | ----- |
| TOTAL RAILWAY OPERATING EXPENSES | 1,287 | 1,263 |
| | ----- | ----- |
| Income from railway operations | 311 | 245 |
| Other income - net | 4 | 16 |
| Interest expense on debt | (126) | (137) |
| | ----- | ----- |
| Income before income taxes | 189 | 124 |
| Provision for income taxes: | | |
| Current | (6) | -- |
| Deferred | 69 | 45 |
| | ----- | ----- |
| TOTAL INCOME TAXES | 63 | 45 |
| | ----- | ----- |
| NET INCOME | \$ 126 | \$ 79 |
| | ===== | ===== |
| Earnings per share: | | |
| Basic and diluted | \$ 0.32 | \$ 0.20 |
| Average shares outstanding (000's) | 388,550 | 385,406 |
| See notes to financial statements. | | |
| ----- | | |

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Income
(Unaudited)

(\$ millions except per share)

| | Nine Months Ended Sept. 30, | |
|--|--------------------------------|----------|
| | 2002 | 2001 |
| | ----- | ----- |
| Railway operating revenues: | | |
| Coal | \$ 1,080 | \$ 1,154 |
| General merchandise | 2,734 | 2,655 |
| Intermodal | 875 | 831 |
| | ----- | ----- |
| TOTAL RAILWAY OPERATING REVENUES | 4,689 | 4,640 |
| | ----- | ----- |
| Railway operating expenses: | | |
| Compensation and benefits | 1,509 | 1,499 |
| Materials, services and rents | 1,089 | 1,112 |
| Conrail rents and services | 316 | 324 |
| Depreciation | 385 | 384 |
| Diesel fuel | 246 | 316 |
| Casualties and other claims | 129 | 109 |
| Other | 145 | 164 |
| | ----- | ----- |
| TOTAL RAILWAY OPERATING EXPENSES | 3,819 | 3,908 |
| | ----- | ----- |
| Income from railway operations | 870 | 732 |
| Other income - net | 40 | 67 |
| Interest expense on debt | (390) | (417) |
| | ----- | ----- |
| Income from continuing operations before income taxes | 520 | 382 |
| Provision for income taxes: | | |
| Current | 50 | 86 |
| Deferred | 139 | 49 |
| | ----- | ----- |
| TOTAL INCOME TAXES | 189 | 135 |
| | ----- | ----- |
| Income from continuing operations | 331 | 247 |
| Discontinued operations -- gain on sale of motor carrier, net of taxes (note 1) | -- | 13 |
| | ----- | ----- |
| NET INCOME | \$ 331 | \$ 260 |
| | ===== | ===== |
| Earnings per share: | | |
| Income from continuing operations, basic and diluted | \$ 0.85 | \$ 0.64 |
| Net income, basic and diluted | \$ 0.85 | \$ 0.67 |
| Average shares outstanding (000's) | 387,992 | 384,972 |

See notes to financial statements.

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

| | Sept. 30, 2002 ---- | Dec. 31, 2001 ---- |
|---|---------------------------|--------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 132 | \$ 204 |
| Accounts receivable - net (note 2) | 685 | 475 |
| Due from Conrail | 4 | 8 |
| Materials and supplies | 91 | 90 |
| Deferred income taxes | 167 | 162 |
| Other current assets | 65 | 108 |
| | ----- | ----- |
| Total current assets | 1,144 | 1,047 |
| Investment in Conrail | 6,190 | 6,161 |
| Properties less accumulated depreciation | 11,332 | 11,208 |
| Other assets | 1,128 | 1,002 |
| | ----- | ----- |
| TOTAL ASSETS | \$ 19,794 ===== | \$ 19,418 ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 886 | \$ 848 |
| Income and other taxes | 250 | 312 |
| Due to Conrail | 84 | 373 |
| Other current liabilities | 259 | 248 |
| Current maturities of long-term debt | 356 | 605 |
| | ----- | ----- |
| Total current liabilities | 1,835 | 2,386 |
| Long-term debt | 7,027 | 7,027 |
| Other liabilities | 1,057 | 1,089 |
| Due to Conrail | 463 | -- |
| Minority interests | 45 | 45 |
| Deferred income taxes | 2,942 | 2,781 |
| | ----- | ----- |
| TOTAL LIABILITIES | 13,369 ----- | 13,328 ----- |
| Stockholders' equity: | | |
| Common stock \$1.00 per share par value | 410 | 407 |
| Additional paid-in capital | 475 | 423 |
| Accumulated other comprehensive loss | (33) | (55) |
| Retained income | 5,593 | 5,335 |
| | ----- | ----- |
| | 6,445 | 6,110 |

| | | |
|---|-----------|-----------|
| Less treasury stock at cost, 21,169,125 shares | (20) | (20) |
| | ----- | ----- |
| TOTAL STOCKHOLDERS' EQUITY | 6,425 | 6,090 |
| | ----- | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 19,794 | \$ 19,418 |
| | ===== | ===== |

See notes to financial statements.

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

| | Nine Months Ended Sept. 30, | |
|---|--------------------------------|---------|
| | 2002 | 2001 |
| | ---- | ---- |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 331 | \$ 260 |
| Reconciliation of net income to net cash provided by operating activities: | | |
| Depreciation | 395 | 395 |
| Deferred income taxes | 139 | 49 |
| Equity in earnings of Conrail | (32) | (31) |
| Gains on properties and investments | (35) | (27) |
| Income from discontinued operations (note 1) | -- | (13) |
| Changes in assets and liabilities affecting operations: | | |
| Accounts receivable (note 2) | (209) | (55) |
| Materials and supplies | (1) | 2 |
| Other current assets and due from Conrail | 75 | 117 |
| Current liabilities other than debt | 21 | -- |
| Other - net | (62) | (120) |
| | ----- | ----- |
| Net cash provided by operating activities | 622 | 577 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Property additions | (517) | (594) |
| Property sales and other transactions | 15 | 38 |
| Investments, including short-term | (58) | (81) |
| Investment sales and other transactions | 15 | 35 |
| | ----- | ----- |
| Net cash used for investing activities | (545) | (602) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Dividends | (74) | (69) |
| Common stock issued - net | 39 | 14 |
| Proceeds from borrowings | 609 | 1,940 |
| Debt repayments | (723) | (1,726) |
| | ----- | ----- |
| Net cash provided by (used for) financing activities | (149) | 159 |

| | | |
|--|--------|--------|
| Net increase (decrease) in cash and cash equivalents | (72) | 134 |
| CASH AND CASH EQUIVALENTS: | | |
| At beginning of year | 204 | -- |
| At end of period | \$ 132 | \$ 134 |

SUPPLEMENTAL DISCLOSURES OF CASH-FLOW INFORMATION

Cash paid during the period for:

| | | |
|---------------------------------------|--------|--------|
| Interest (net of amounts capitalized) | \$ 348 | \$ 360 |
| Income taxes | \$ 49 | \$ 71 |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS:

- 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.
- SALES OF ACCOUNTS RECEIVABLE -
A bankruptcy-remote special purpose subsidiary of NS sells without recourse undivided ownership interests in a pool of accounts receivable. Accounts receivable sold under this arrangement, and therefore not included in "Accounts receivable - net" on the Consolidated Balance Sheets, were \$100 million at Sept. 30, 2002, and \$300 million at Dec. 31, 2001.