



# NEWS RELEASE

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**October 20, 2004**

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

For the third quarter 2004:

- Railway operating revenues increased 16 percent and set an all-time record of \$1.9 billion.
- Income from railway operations improved 51 percent to a record \$469 million.
- Net income was \$288 million, \$0.72 per diluted share.
- Operating ratio improved 5.8 percentage points to 74.7 percent.

NORFOLK, VA. – For the third-quarter of 2004, Norfolk Southern Corporation (NYSE: NSC) reported record revenues of \$1.9 billion, up 16 percent compared with the same period last year, and record third-quarter income from railway operations of \$469 million, up 51 percent compared with the third-quarter in 2003.

Third-quarter reported net income was \$288 million, or \$0.72 per diluted share, which included a non-cash gain of \$53 million, or \$0.13 per diluted share, from the Conrail corporate reorganization. Excluding the gain, net income was \$235 million, or \$0.59 per diluted share, an increase of 72 percent, compared with \$137 million, or \$0.35 per diluted share, in the same period last year.

The railway operating ratio for the third quarter improved 5.8 percentage points to 74.7 percent compared with 80.5 percent in the same period of 2003.

“By any measure, this was an extremely strong quarter for our company,” said David R. Goode, chairman and chief executive officer. “We demonstrated uniform strength in the face of a robust peak traffic season, and our people and network performed well.”

For the first nine months, reported net income was \$659 million, or \$1.66 per diluted share, which included the \$53 million, or \$0.13 per diluted share, gain on the Conrail reorganization. Excluding the gain, net income was \$606 million, or \$1.53 per diluted share, an increase of 25 percent, compared with \$483 million, or \$1.24 per diluted share, for the same period of last year. Net income for the first nine months of 2003 included a \$114 million, or \$0.29 per diluted share, gain due to a required industry-wide accounting change to account for the cost of removing

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railroad crossties, and a gain of \$10 million, or \$0.03 per diluted share, from discontinued motor carrier operations.

Railway operating revenues for the first nine months of 2004 increased 12 percent to a record \$5.4 billion compared with \$4.8 billion for the same period a year earlier.

The railway operating ratio for the first nine months improved 5.6 percentage points to 76.9 percent compared with 82.5 percent in the same period of 2003.

Third-quarter general merchandise revenues reached \$1.0 billion, an increase of 10 percent over the same quarter last year. For the first nine months, general merchandise revenues improved 8 percent to a record \$3.0 billion compared with the year-earlier period. All merchandise markets reported revenue gains compared with the same periods a year earlier.

Coal revenues increased 20 percent to \$447 million in the third quarter and improved 14 percent to \$1.3 billion for the first nine months of 2004 compared with the same periods last year. This growth principally was driven by increases in export and utility coal revenues.

Intermodal revenues grew 28 percent to a record \$404 million in the third quarter and improved 21 percent to a record \$1.1 billion for the first nine months compared to the same periods of 2003. Significantly increased traffic volumes and higher average revenues helped drive the growth.

Third-quarter railway operating expenses were up \$101 million, or 8 percent, compared with third quarter last year. For the first nine months, railway operating expenses rose \$171 million, or 4 percent, over the same period in 2003. Both increases were primarily related to the higher business volumes.

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, Canada, 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 North America's largest rail carrier of automotive parts and finished vehicles.

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