

**FOR IMMEDIATE RELEASE**  
**January 23, 2002**

**NORFOLK SOUTHERN REPORTS FOURTH-QUARTER AND 2001 RESULTS**

NEW YORK, N.Y. - Norfolk Southern Corporation (NYSE: NSC) today reported fourth-quarter net income of \$115 million, or \$0.30 per diluted share, compared with net income of \$5 million, or \$0.01 per diluted share, in the fourth quarter of 2000, which included a work-force reduction charge of \$39 million, or \$0.10 per diluted share. Fourth-quarter results include an after-tax gain of \$12 million, or \$0.03 per diluted share, from the sale of a real estate parcel.

For the year, net income from continuing operations was \$362 million, or \$0.94 per diluted share. Reported net income for the year was \$375 million, or \$0.97 per diluted share, which includes an after-tax gain of \$13 million, or \$0.03 per diluted share, related to the 1998 sale of Norfolk Southern's former motor carrier subsidiary, North American Van Lines, Inc. For the comparable period of 2000, income from continuing operations was \$172 million, or \$0.45 per diluted share, and included a work-force reduction charge of \$101 million, or \$0.26 per diluted share.

"I am encouraged with our progress in 2001 in light of a challenging economy that exerted considerable downward pressure on volumes throughout the year," said David R. Goode, chairman, president and chief executive officer. "The substantial improvements in income both for the quarter and the year reflect the results of our rigorous cost controls, increases in revenue yield and a continual focus on providing safe and reliable service."

In the fourth quarter, railway operating revenues were \$1.53 billion, up slightly compared with the fourth quarter of 2000, despite a one percent, or 20,600-unit decrease in carloads. For the year, railway operating revenues were \$6.2 billion, up slightly compared with the same period in 2000, on 3 percent, or 222,100 fewer carloads.

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Coal revenues climbed five percent in the fourth quarter to \$367 million and improved six percent for the year to \$1.52 billion, reflecting strength in domestic utility shipments. General merchandise revenues of \$871 million in the fourth quarter were unchanged compared to the same period of 2000, but declined two percent to \$3.53 billion for the year. Merchandise volumes were down for nearly all commodity groups in both the quarter and the year due to a weak business environment that prevailed throughout the year. Intermodal revenues in the fourth quarter were \$292 million, a decline of five percent compared to the fourth quarter of 2000. For the year, intermodal revenues of \$1.12 billion were up slightly compared with 2000.

Railway operating expenses in the quarter were \$1.3 billion, down seven percent from the fourth quarter of 2000, excluding the work-force reduction charge in that period. For the year, railway operating expenses were \$5.2 billion, down four percent from 2000, excluding the work-force reduction charges.

For the quarter, the railway operating ratio improved to 82.0 percent compared with 88.2 percent in the same period of 2000, excluding the work-force reduction charge. For the year, the operating ratio improved to 83.7 percent, compared with 87.0 percent, excluding the work-force reduction charges, during the same period of 2000.

"In 2001 we laid the foundation for additional revenue growth by moving aggressively to strengthen operations, service quality and financial performance," Goode said. "As 2002 progresses, we are well positioned to handle increased business when the economy rebounds, and will continue to focus intensely on making service improvements that will enable Norfolk Southern to capitalize on its expanded network."

Norfolk Southern Corporation is a Virginia-based holding company with headquarters in Norfolk. It owns a major freight railroad, Norfolk Southern Railway Company, which operates approximately 21,500 miles of road in 22 states, the District of Columbia and the Province of Ontario.

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Norfolk Southern Corporation and Subsidiaries Financial Highlights

Fourth Quarter and Year Ended December 31, 2001

(Unaudited)

(\$ millions except per share amounts)

	<u>Fourth Quarter</u>		Percent Change Favorable (Unfavorable)
	<u>2001</u>	<u>2000</u>	
Railway operating revenues	\$ 1,530	\$ 1,524	--%
Railway operating expenses (note B)	1,255	1,344	7%
Income from railway operations	275	180	53%
Nonoperating income (expense)	(104)	(122)	15%
Net income (note B)	\$ 115	\$ 44	161%
Earnings per share (note B) Basic and diluted	\$ 0.30	\$ 0.11	173%
Railway operating ratio (%) (note B)	82.0	88.2	7%
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	<u>Year Ended</u>		Percent Change Favorable (Unfavorable)
	<u>2001</u>	<u>2000</u>	
Railway operating revenues	\$ 6,170	\$ 6,159	--%
Railway operating expenses (note B)	5,163	5,361	4%
Income from railway operations	1,007	798	26%
Nonoperating income (expense) (note C)	(454)	(383)	(19%)
Net income (notes B, C and D)	\$ 362	\$ 273	33%
Earnings per share (notes B, C and D) Basic and diluted	\$ 0.94	\$ 0.71	32%
Railway operating ratio (%) (note B)	83.7	87.0	4%

Notes:

A. NS wishes to furnish financial information comparable with that reported in other periods and to highlight the information on which the accompanying press release draws. Accordingly, as more particularly detailed in any notes hereto, and in the accompanying press release, these Financial Highlights may not reflect the effects of certain unusual or infrequent transactions, or changes in accounting, that significantly affect net income and earnings per share as reported in the financial statements.

B. WORKFORCE REDUCTION CHARGES IN 2000 -  
"Railway operating expenses" in 2000 exclude work-force reduction charges of \$64 million in the fourth quarter and \$165 million for the year, which reduced net income and diluted earnings per share by \$39 million or 10 cents per share for the fourth quarter and \$101 million or 26 cents per share for the year.

Reductions in non-union personnel were achieved primarily through voluntary early retirement programs, while union personnel reductions resulted primarily from furloughs. The voluntary early retirement programs were accepted by 919 of the 1,180 eligible employees in February 2000 and 370 of the 846 eligible in December 2000. The principal incentives in these programs were enhanced pension benefits, most of which are being paid from NS' overfunded pension plan.

C. SALE OF TIMBER RIGHTS AND OIL AND GAS INTERESTS IN 2000 - During the third and the second quarters of 2000, several NS subsidiaries sold timber rights and certain interests in oil and gas properties. These sales resulted in pre-tax gains totaling \$101 million which increased net income by \$63 million, or 16 cents per diluted share.

D. DISCONTINUED OPERATIONS -  
"Net income" and "Earnings per share" for the year ended December 31, 2001, exclude an additional aftertax gain of \$13 million, or 3 cents per share, recorded in the first quarter 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.

Financial Highlights are provided solely to complement the content of the accompanying press release.