



NEWS RELEASE

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NORFOLK SOUTHERN REPORTS FOURTH-QUARTER AND 2003 RESULTS

For the fourth quarter of 2003:

- Railway operating revenues increased six percent to a record \$1.68 billion.
- Net income was \$52 million, or \$0.13 per diluted share.
- Net income included two charges: 1) \$66 million, or \$0.17 per share for the cost of the voluntary separation program; and 2) \$53 million or \$0.13 per share for the write down of certain telecommunications assets. The two charges reduced net income by \$119 million, or \$0.30 per diluted share. Excluding the effect of these items, fourth-quarter net income would have been \$171 million, or \$0.43 per share.

For the year 2003:

- Railway operating revenues increased three percent to a record \$6.5 billion.
- Net income was \$535 million, or \$1.37 per diluted share.

NEW YORK, N.Y. – Norfolk Southern Corporation (NYSE: NSC) today reported fourth-quarter net income of \$52 million, or \$0.13 per diluted share, impacted by two significant charges – a \$66 million or \$0.17 per share after-tax charge for a voluntary separation program and a \$53 million or \$0.13 per share after-tax charge to recognize the impaired value of certain telecommunications assets. Excluding the effects of these items, fourth-quarter net income would have been \$171 million, or \$0.43 per share, compared with net income of \$129 million or \$0.33 per diluted share, in the fourth quarter of 2002.

“We are pleased with fourth-quarter results, which were substantially better than a year ago, demonstrating success at growing our revenue base and improving productivity,” said David R. Goode, chairman, president and chief executive officer.

Net income for 2003 was \$535 million, or \$1.37 per share, and included a \$114 million, or \$0.29 per share, gain largely due to a required change in accounting for the cost of removing railroad crossties, a \$10 million, or \$0.03 per share, gain from discontinued operations resulting from the 1998 sale of a former motor carrier subsidiary, and the two fourth quarter after-tax charges. Excluding the effect of all four of these items, net income for the year would have been \$530 million or \$1.35 per share.

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Railway operating revenues were the highest of any quarter and year in Norfolk Southern's history. Fourth-quarter revenues were \$1.68 billion, up six percent compared with the same period a year earlier. For the year, revenues rose to \$6.5 billion, three percent higher compared with 2002 results.

Fourth-quarter general merchandise revenues improved five percent to \$956 million compared to the same period of 2002 and set a quarterly record. All of the market groups reported gains, led by metals and construction and agriculture. For the year, general merchandise revenues were \$3.7 billion, up two percent compared with 2002, and established an annual record.

Intermodal revenues posted records for both the quarter and the year. In the fourth quarter, revenues climbed to \$335 million, up nine percent compared to the same period a year earlier. For the year, intermodal revenues were \$1.2 billion, up five percent compared to 2002.

Coal revenues increased seven percent in the fourth quarter to \$385 million, benefiting primarily from favorable developments in the coal rate reasonableness proceedings in which two utilities challenged tariff rates in place since early 2002. For the year, coal revenues rose four percent compared to 2002 to \$1.5 billion.

Railway operating expenses in the quarter were \$1.5 billion, a 12 percent increase compared to fourth quarter 2002, primarily as a result of the \$107 million charge for the voluntary separation program. For the year, railroad operating expenses were \$5.4 billion, an increase of six percent compared to the same period a year earlier, again reflecting the charge for the fourth quarter voluntary separation program.

For the quarter, the railway operating ratio increased to 86.6 percent compared with 81.8 percent in the same period of 2002. For the year, the operating ratio increased to 83.5 percent, compared with 81.5 percent a year earlier. Without the cost of the voluntary separation program, the fourth-quarter ratio would have been 80.3 percent and the ratio for the year would have been 81.9 percent.

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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