

# Quarterly Financial Review

## First Quarter 2005



Norfolk Southern Corporation  
Finance Department  
Three Commercial Place  
Norfolk, Virginia 23510.2191

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*The accompanying unaudited interim financial statements should be read in conjunction with: (a) the financial statements and notes included in the Corporation's latest Annual Report on Form 10-K and in subsequent Quarterly Reports on Form 10-Q, and (b) any Current Reports on Form 8-K.*

# Consolidated Statements of Income

Three Months Ended March 31,  
(S millions except per share)

	2005	2004	
Railway operating revenues:			<b>Notes to Consolidated Financial Statements</b>  <b>1. Graniteville Derailment</b> In the first quarter of 2005, NS recorded a liability related to the Jan. 6, 2005, derailment in Graniteville, SC. The liability, which includes a current and long-term portion, represents NS' best estimate based on current facts and circumstances. The estimate includes amounts related to business property damage and other economic losses, personal injury and individual property damage claims as well as third-party response costs. NS' commercial insurance policies cover expenses related to this derailment above NS' self-insured retention, including its own response costs and legal fees. Accordingly, the Consolidated Balance Sheet reflects a current and long-term receivable for estimated recoveries from its insurance carriers. First-quarter results include approximately \$35 million of expenses related to this incident, which represents NS' retention under its insurance policies and other uninsured costs, and which reduced net income by approximately \$21 million, or 5 cents per share (basic and diluted). NS expects \$6 million of additional costs for the remainder of the year. While it is reasonable to expect that the liability for covered losses could differ from the amount recorded, such a change would be offset by a corresponding change in the recovery receivable. As a result, NS does not believe that it is reasonably likely that its total loss (the difference between the liability and future recoveries) will be materially different than the loss recorded in the first quarter of 2005. NS expects at this time that insurance coverage is adequate to cover potential claims and settlements above its self-insurance retention.
Coal	\$ 467	\$ 398	
General merchandise	1,086	967	
Intermodal	408	328	
<b>Total railway operating revenues</b>	<b>1,961</b>	<b>1,693</b>	
Railway operating expenses:			
Compensation and benefits	604	545	
Materials, services and rents	436	365	
Conrail rents and services (note 2)	35	102	
Depreciation (note 2)	193	129	
Diesel fuel	150	107	
Casualties and other claims (note 1)	78	40	
Other	62	59	
<b>Total railway operating expenses</b>	<b>1,558</b>	<b>1,347</b>	
Income from railway operations	403	346	
Other income — net	2	10	
Interest expense on debt	(128)	(121)	
Income before income taxes	277	235	
Provision for income taxes:			
Current	59	49	
Deferred	24	28	
Total income taxes	83	77	
<b>Net income</b>	<b>\$ 194</b>	<b>\$ 158</b>	
Earnings per share:			
Basic	\$ 0.48	\$ 0.40	
Diluted	\$ 0.47	\$ 0.40	
Average shares outstanding (000's):			
Basic	401,771	391,231	
Diluted	410,107	394,024	

See notes to consolidated financial statements on pages 2, 4 and 5.

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year-to-date statement will appear  
here next quarter**

# Consolidated Balance Sheets

March 31,                      December 31,  
(S millions)

	2005	2004
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 1,119	\$ 669
Accounts receivable — net (note 1)	890	767
Materials and supplies	114	104
Deferred income taxes	216	187
Other current assets	256	240
Total current assets	<u>2,595</u>	<u>1,967</u>
Investments	1,525	1,499
Properties less accumulated depreciation	20,474	20,526
Other assets (note 1)	893	758
<b>Total assets</b>	<b>\$ <u>25,487</u></b>	<b>\$ <u>24,750</u></b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable (note 1)	\$ 1,098	\$ 1,090
Income and other taxes	227	210
Other current liabilities	295	239
Current maturities of long-term debt	557	662
Total current liabilities	<u>2,177</u>	<u>2,201</u>
Long-term debt	7,125	6,863
Other liabilities (note 1)	1,313	1,146
Deferred income taxes	6,618	6,550
<b>Total liabilities</b>	<b><u>17,233</u></b>	<b><u>16,760</u></b>
Stockholders' equity:		
Common stock \$1.00 per share par value	425	421
Additional paid-in capital	833	728
Unearned restricted stock	(25)	(8)
Accumulated other comprehensive loss	(2)	(24)
Retained income	7,043	6,893
	<u>8,274</u>	<u>8,010</u>
Less treasury stock at cost, 20,907,125	(20)	(20)
<b>Total stockholders' equity</b>	<b><u>8,254</u></b>	<b><u>7,990</u></b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ <u>25,487</u></b>	<b>\$ <u>24,750</u></b>

## Notes to Consolidated Financial Statements (continued)

### 2. Conrail Corporate Reorganization

On August 27, 2004, NS, CSX and Conrail completed a corporate reorganization of Conrail that resulted in the direct ownership and control by Norfolk Southern Railway Company (NSR) of routes and assets that had previously been operated by NSR under operating and lease agreements with a Conrail subsidiary. As a part of the reorganization, NSR issued new unsecured debt obligations, which were exchanged for unsecured debt obligations of Consolidated Rail Corporation (CRC), a Conrail subsidiary. In addition, NSR entered into new lease and sublease arrangements with CRC to support CRC's secured debt and lease obligations, and the long-term note due to Conrail was eliminated. The reorganization did not affect the Shared Assets Areas, which continue to be owned and operated by CRC. After the reorganization, "Conrail rents and services" reflects only the expenses associated with the Shared Assets Areas, and other expenses (primarily the depreciation related to the routes and assets) are reflected in their respective line items.

See notes to consolidated financial statements on pages 2, 4 and 5.

# Consolidated Statements of Cash Flow

Three Months Ended March 31,

(S millions)

	2005	2004	
<b>Cash flows from operating activities:</b>			<b>Notes to Consolidated Financial Statements (continued)</b>
Net income	\$ 194	\$ 158	
Reconciliation of net income to net cash provided by operating activities:			<b>3. Payments to Conrail</b>
Depreciation	197	132	Payments made to Conrail in accordance with the operating and lease agreements in place before the Conrail corporate reorganization (see note 2 on page 4) reduced NS' "Net cash provided by operating activities." A significant portion of these payments was borrowed back from a Conrail subsidiary. The net borrowings were included in NS' "Net cash used for financing activities" and totaled \$69 million in the first quarter of 2004.
Deferred income taxes	24	28	
Equity in earnings of Conrail	(6)	(15)	
Gains on properties and investments	(7)	(1)	
Changes in assets and liabilities affecting operations:			
Accounts receivable	(52)	(71)	
Materials and supplies	(10)	(5)	
Other current assets	23	20	
Current liabilities other than debt	36	40	
Other — net	9	(28)	
Net cash provided by operating activities	<u>408</u>	<u>258</u>	
<b>Cash flows from investing activities:</b>			
Property additions	(144)	(172)	
Property sales and other transactions	4	1	
Investments, including short-term	(303)	(23)	
Investment sales and other transactions	216	1	
Net cash used for investing activities	<u>(227)</u>	<u>(193)</u>	
<b>Cash flows from financing activities:</b>			
Dividends	(44)	(32)	
Common stock issued — net	66	5	
Proceeds from borrowings (note 3)	332	88	
Debt repayments	(138)	(303)	
Net cash provided by (used for) financing activities	<u>216</u>	<u>(242)</u>	
Net increase (decrease) in cash and cash equivalents	<u>397</u>	<u>(177)</u>	
<b>Cash and cash equivalents:</b>			
At beginning of year	467	284	
At end of period	864	107	
<b>Short-term investments at end of period</b>	<u>255</u>	<u>3</u>	
<b>Cash, cash equivalents and short-term investments at end of period</b>	<u>\$ 1,119</u>	<u>\$ 110</u>	
<b>Supplemental disclosure of cash flow information</b>			
Cash paid during the period for:			
Interest (net of amounts capitalized)	\$ 70	\$ 71	
Income taxes	\$ —	\$ —	

See notes to consolidated financial statements on pages 2, 4 and 5.

# Consolidated Financial Information

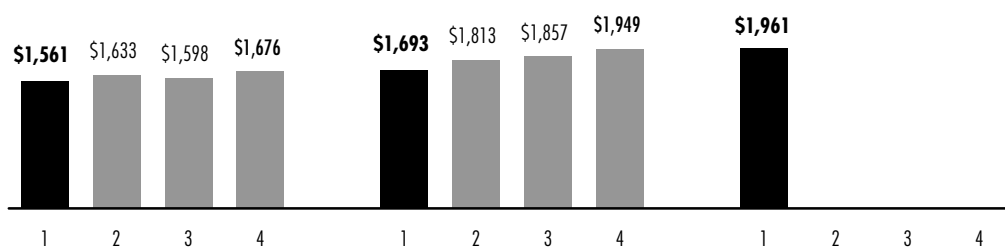
2003

2004

2005

## Railway Operating Revenues

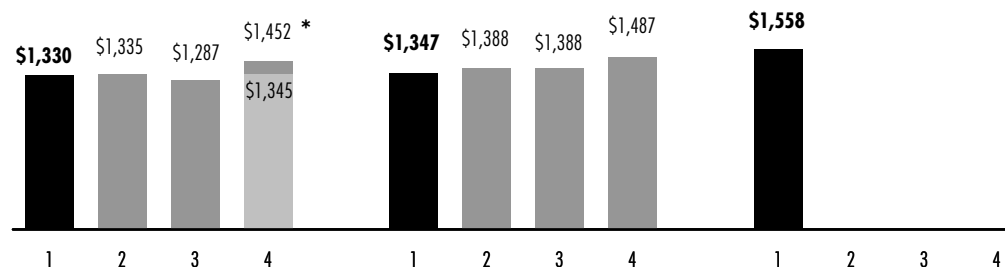
(see page 16 for details)



## Railway Operating Expenses

(see page 16 for details)

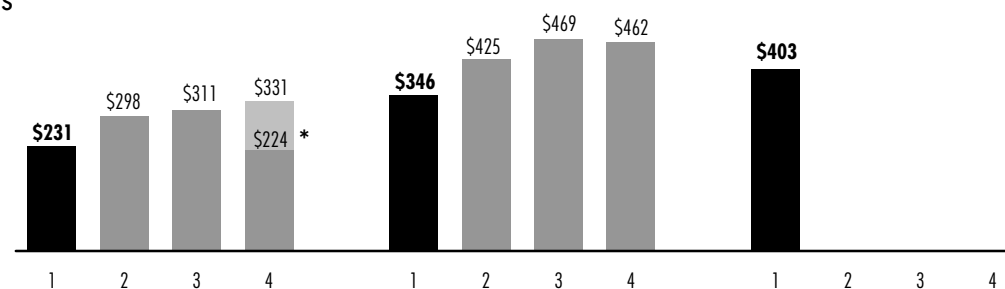
\* Includes \$107 million of costs related to a voluntary separation program (see note 3 on page 16).



## Income from Railway Operations

(see page 16 for details)

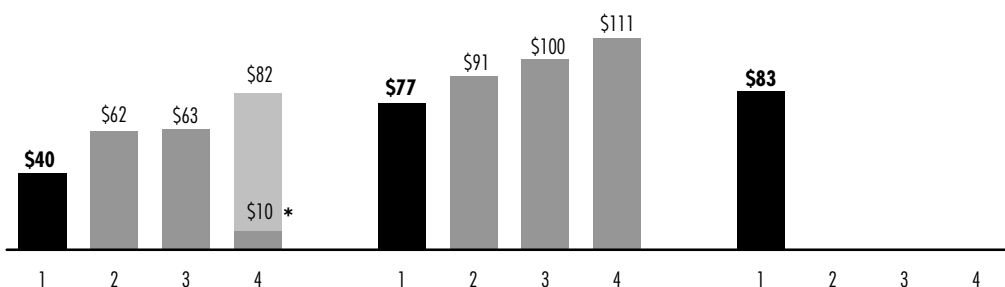
\* Includes \$107 million of costs related to a voluntary separation program (see note 3 on page 16).



## Income Taxes

(see page 16 for details)

\* Includes effect of charges related to the voluntary separation program and the telecommunications assets impairment, which reduced tax expense by \$41 million and \$31 million, respectively (see notes 3 and 4 on pages 16 and 17).



# Consolidated Financial Information

2003

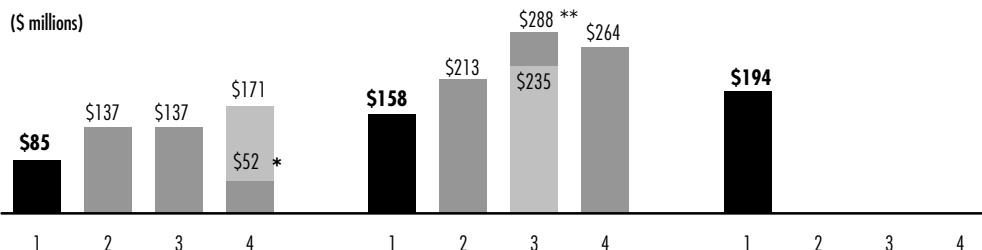
2004

2005

## Income from Continuing Operations Before Accounting Changes

\* Includes costs of a voluntary separation program, which reduced net income by \$66 million, and the impairment of telecommunications assets, which reduced net income by \$53 million (see notes 3 and 4 on pages 16 and 17).

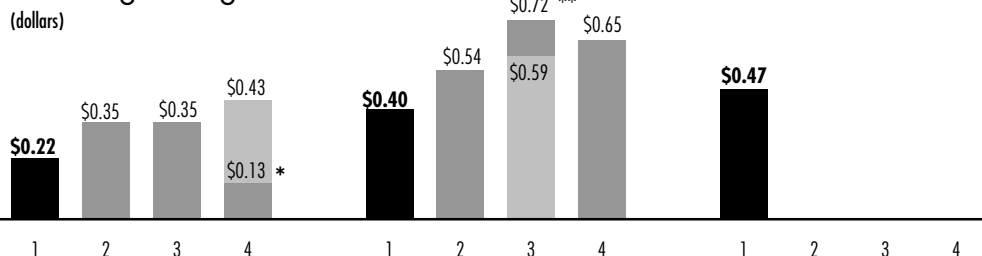
\*\* Includes gain on Conrail corporate reorganization, which increased net income by \$53 million (see note 2 on page 16).



## Diluted Earnings per Share from Continuing Operations Before Accounting Changes

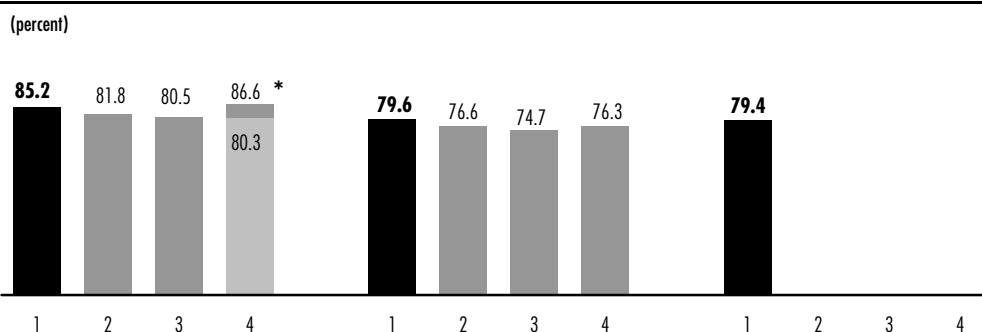
\* Includes costs of a voluntary separation program, which reduced earnings per share by 17 cents, and the impairment of telecommunications assets, which reduced earnings per share by 13 cents (see notes 3 and 4 on pages 16 and 17).

\*\* Includes gain on Conrail corporate reorganization, which increased earnings per share by 13 cents (see note 2 on page 16).



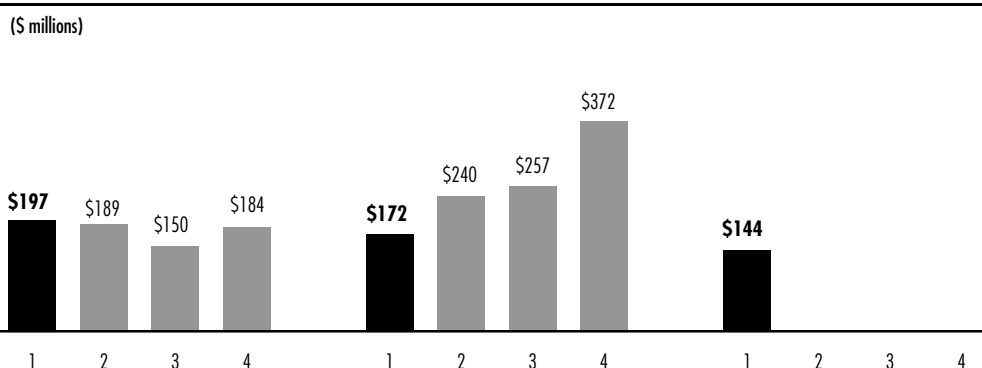
## Railway Operating Ratio

\* Includes costs of a voluntary separation program, which added 6.3 percentage points to the operating ratio (see note 3 on page 16).



## Capital Expenditures

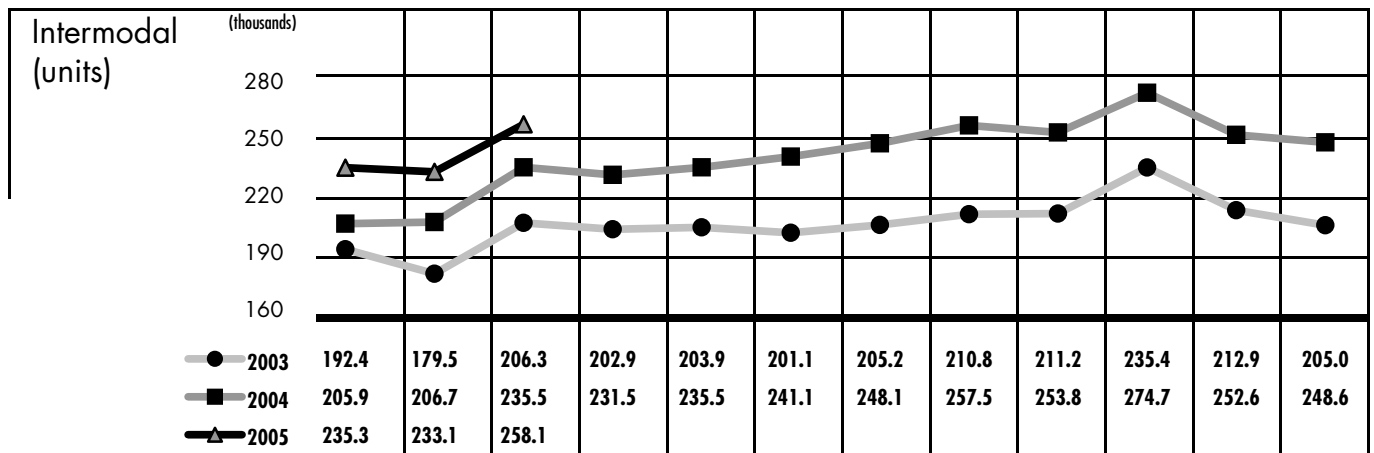
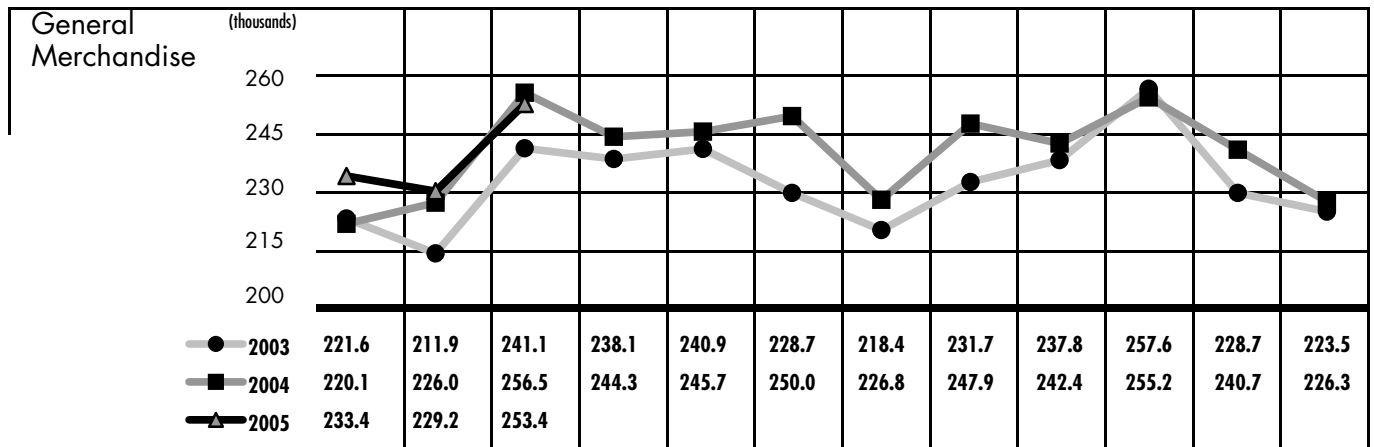
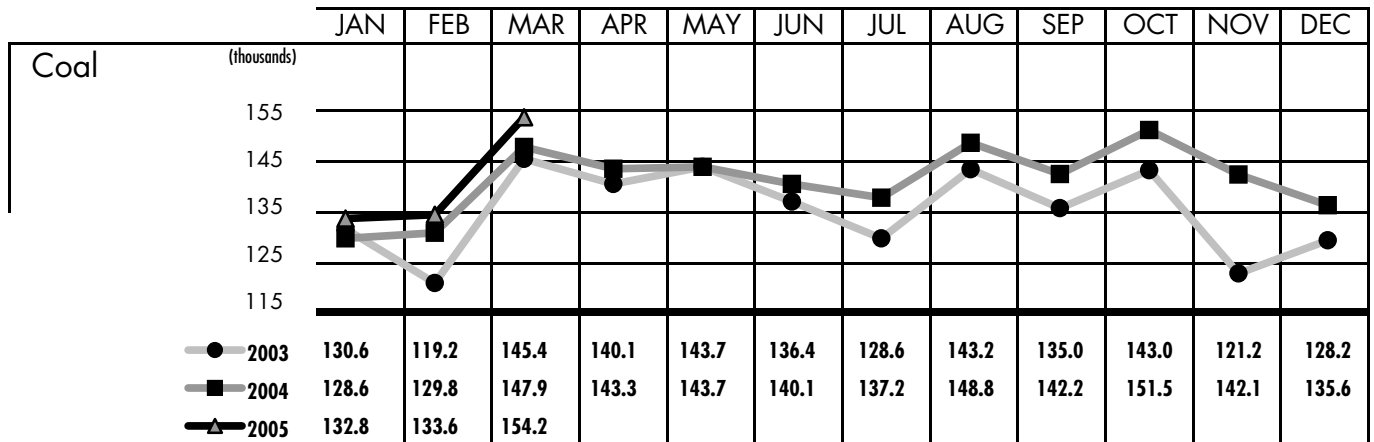
(see page 16 for details)



# Railway Operating Revenue Yield Analysis

Commodity and Period	Revenues			Carloads			Revenue Yield		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
	(\$ millions)			(thousands)			(\$ per carload)		
<b>First Quarter</b>									
Coal	\$ 354	\$ 398	\$ 467	395.2	406.3	420.6	\$ 895	\$ 979	\$ 1,111
Agriculture/consumer/gov't	168	176	193	134.6	141.0	145.5	1,247	1,251	1,323
Metals and construction	166	183	224	161.3	177.2	185.8	1,027	1,033	1,206
Paper/clay/forest	150	157	187	106.6	107.3	113.4	1,404	1,459	1,650
Chemicals	192	203	231	105.7	110.2	112.1	1,823	1,844	2,058
Automotive	242	248	251	166.4	166.9	159.2	1,453	1,486	1,579
General merchandise	918	967	1,086	674.6	702.6	716.0	1,360	1,377	1,517
Intermodal	289	328	408	578.2	648.1	726.5	500	506	561
Total	\$ 1,561	\$ 1,693	\$ 1,961	1,648.0	1,757.0	1,863.1	\$ 947	\$ 964	\$ 1,053
<b>Second Quarter</b>									
Coal	\$ 389	\$ 424		420.2	427.1		\$ 927	\$ 992	
Agriculture/consumer/gov't	175	182		136.9	140.4		1,278	1,292	
Metals and construction	175	209		183.8	203.8		954	1,024	
Paper/clay/forest	162	168		113.2	113.3		1,433	1,490	
Chemicals	190	214		104.9	112.3		1,809	1,908	
Automotive	242	252		168.9	170.2		1,433	1,480	
General merchandise	944	1,025		707.7	740.0		1,334	1,385	
Intermodal	300	364		607.9	708.1		493	514	
Total	\$ 1,633	\$ 1,813		1,735.8	1,875.2		\$ 941	\$ 967	
<b>Third Quarter</b>									
Coal	\$ 372	\$ 447		406.8	428.2		\$ 915	\$ 1,045	
Agriculture/consumer/gov't	167	179		137.7	141.8		1,212	1,264	
Metals and construction	180	214		187.1	205.8		965	1,042	
Paper/clay/forest	163	177		112.9	114.6		1,445	1,546	
Chemicals	196	226		108.4	115.5		1,805	1,950	
Automotive	205	210		141.8	139.4		1,447	1,508	
General merchandise	911	1,006		687.9	717.1		1,325	1,403	
Intermodal	315	404		627.2	759.4		502	532	
Total	\$ 1,598	\$ 1,857		1,721.9	1,904.7		\$ 928	\$ 975	
<b>Fourth Quarter</b>									
Coal	\$ 385	\$ 459		392.4	429.2		\$ 981	\$ 1,068	
Agriculture/consumer/gov't	178	190		146.6	145.7		1,217	1,305	
Metals and construction	178	212		178.0	194.3		995	1,095	
Paper/clay/forest	159	182		110.5	113.6		1,442	1,595	
Chemicals	194	221		106.7	110.5		1,823	2,003	
Automotive	247	244		168.0	158.1		1,468	1,542	
General merchandise	956	1,049		709.8	722.2		1,347	1,453	
Intermodal	335	441		653.3	775.9		513	568	
Total	\$ 1,676	\$ 1,949		1,755.5	1,927.3		\$ 955	\$ 1,011	
<b>Year-to-date</b>									
Coal	\$ 1,500	\$ 1,728	\$ 467	1,614.6	1,690.8	420.6	\$ 929	\$ 1,022	\$ 1,111
Agriculture/consumer/gov't	688	727	193	555.8	568.9	145.5	1,238	1,278	1,323
Metals and construction	699	818	224	710.2	781.1	185.8	984	1,048	1,206
Paper/clay/forest	634	684	187	443.2	448.8	113.4	1,431	1,524	1,650
Chemicals	772	864	231	425.7	448.5	112.1	1,815	1,927	2,058
Automotive	936	954	251	645.1	634.6	159.2	1,450	1,503	1,579
General merchandise	3,729	4,047	1,086	2,780.0	2,881.9	716.0	1,341	1,404	1,517
Intermodal	1,239	1,537	408	2,466.6	2,891.5	726.5	502	531	561
Total	\$ 6,468	\$ 7,312	\$ 1,961	6,861.2	7,464.2	1,863.1	\$ 943	\$ 980	\$ 1,053

# Monthly Railway Carloadings



## Railway Operating Revenue Variance Analysis

First Quarter  
2005 vs. 2004  
(S millions)

	Coal		General Merchandise		Intermodal		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
<b>Revenue Variance due to:</b>								
Volume	\$ 14	3%	\$ 19	2%	\$ 40	12%	\$ 102	6%
Revenue per unit/mix	55	14%	100	10%	40	12%	166	10%
	<u>\$ 69</u>	<u>17%</u>	<u>\$ 119</u>	<u>12%</u>	<u>\$ 80</u>	<u>24%</u>	<u>\$ 268</u>	<u>16%</u>

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year-to-date analysis will appear  
here next quarter.

## Coal, Coke and Iron Ore Carloads by Market

First Quarter  
(cars in thousands)

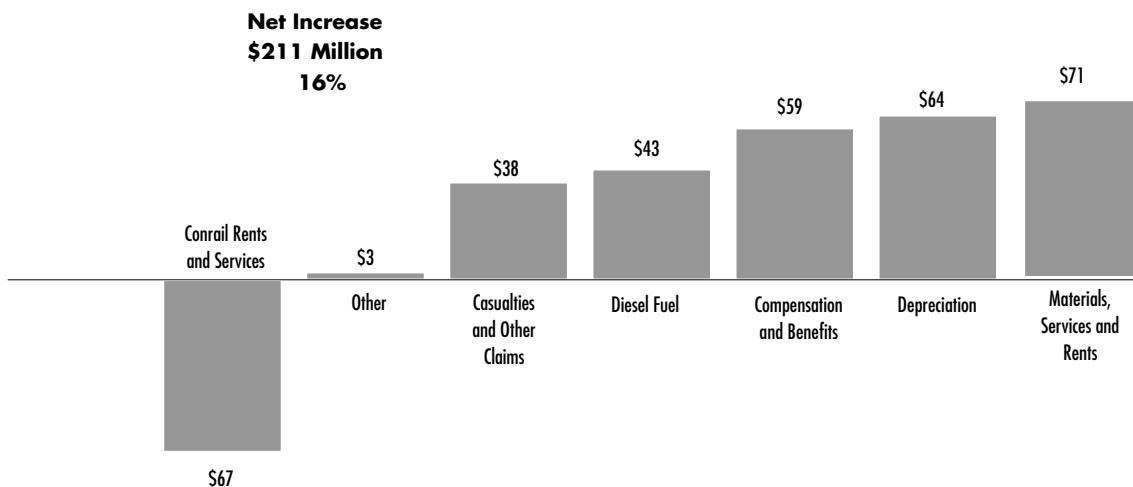
	2003		2004		2005	
	Carloads	Change vs. 2002	Carloads	Change vs. 2003	Carloads	Change vs. 2004
Utility	293.8	1%	303.3	3%	312.2	3%
Export	33.4	(6%)	34.2	2%	40.8	19%
Steel	48.0	(4%)	45.7	(5%)	46.5	2%
Industrial	20.0	(13%)	23.1	16%	21.1	(9%)
	<u>395.2</u>	<u>(1%)</u>	<u>406.3</u>	<u>3%</u>	<u>420.6</u>	<u>4%</u>

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year-to-date analysis will appear  
here next quarter.

# Railway Operating Expense Variance Analysis

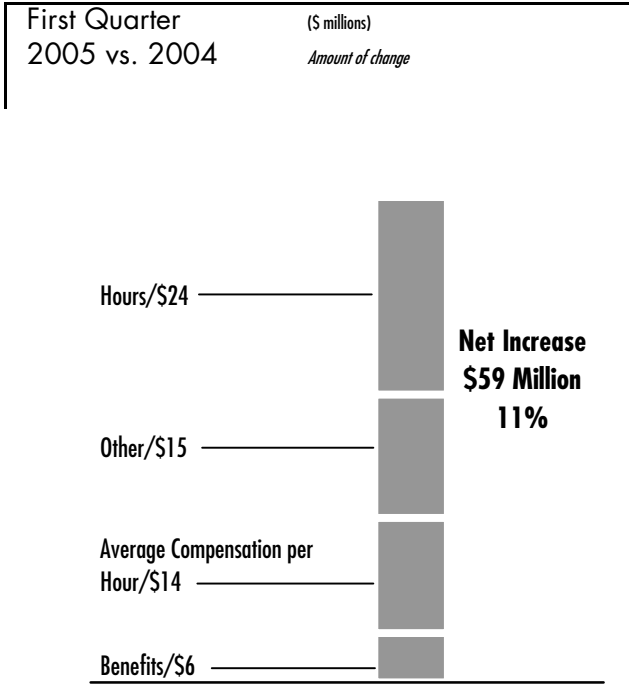
First Quarter  
2005 vs. 2004

(\$ millions)  
*Amount of change*



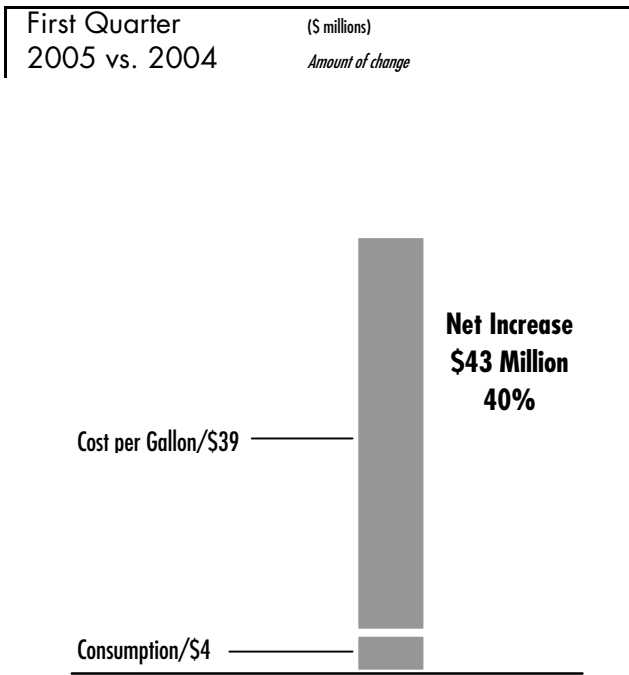
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year-to-date analysis will appear  
here next quarter.

## Compensation and Benefits Expense Analysis



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## Diesel Fuel Expense Analysis

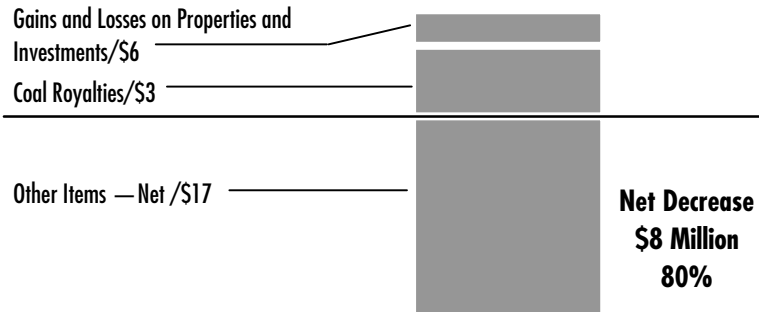


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## Other Income — Net Analysis

First Quarter  
2005 vs. 2004

(\$ millions)  
*Amount of change*



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year-to-date analysis will appear  
here next quarter.

# Productivity Measures

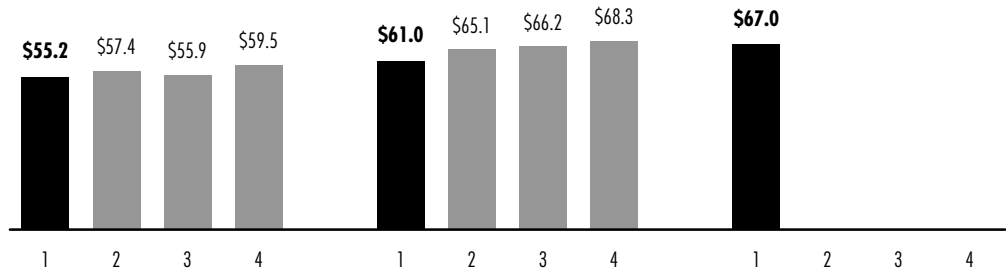
2003

2004

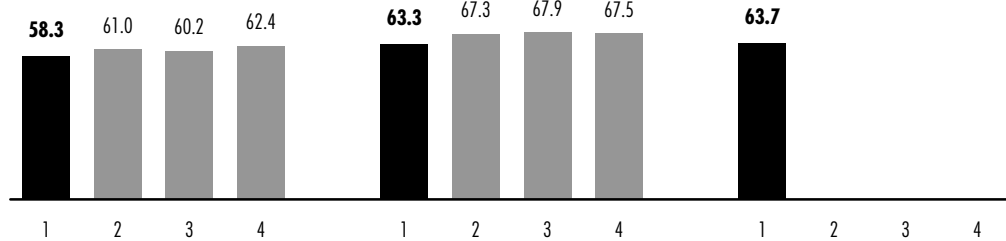
2005

Operating Revenue  
per Employee

(\$ thousands)

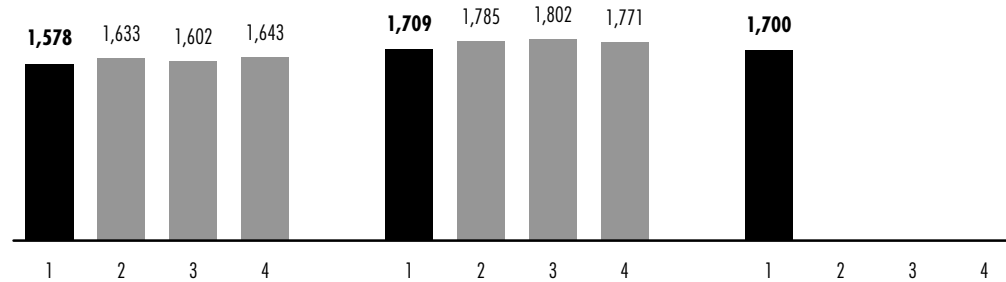


Carloads per  
Employee



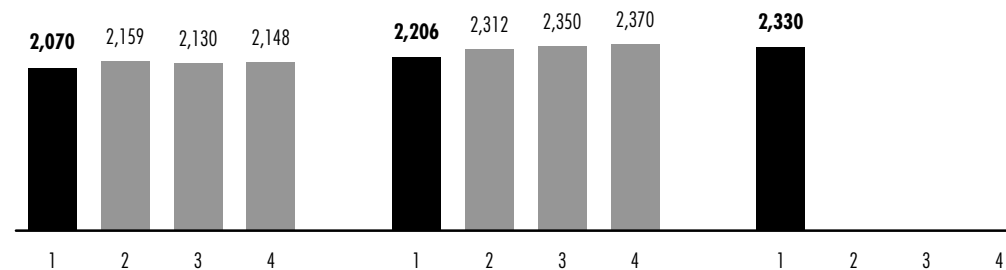
Revenue Ton Miles  
per Employee

(thousands)



Revenue Ton Miles  
per Mile of Road  
Operated

(thousands)



# Productivity Measures

2003

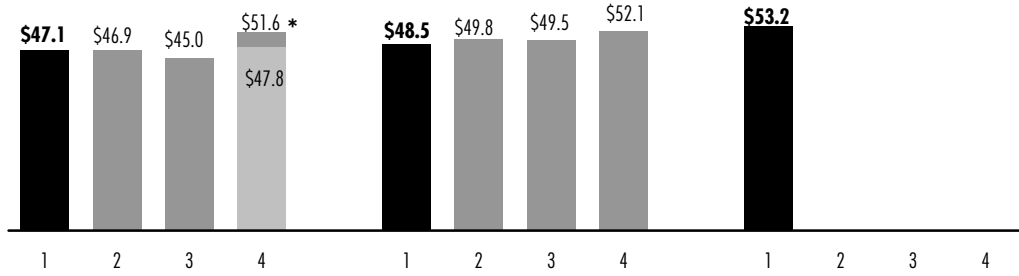
2004

2005

## Operating Expense per Employee

(\$ thousands)

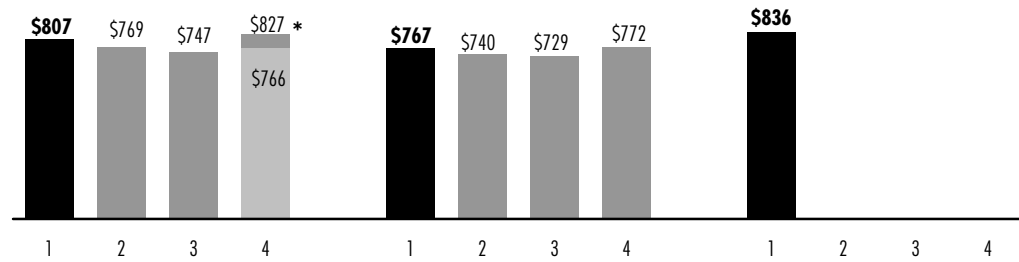
\* Includes the effect of \$107 million of costs related to a voluntary separation program (see note 3 on page 16).



## Operating Expense per Carload

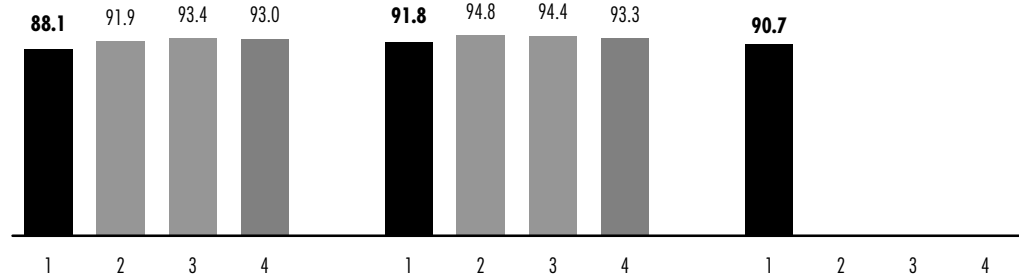
(dollars)

\* Includes the effect of \$107 million of costs related to a voluntary separation program (see note 3 on page 16).



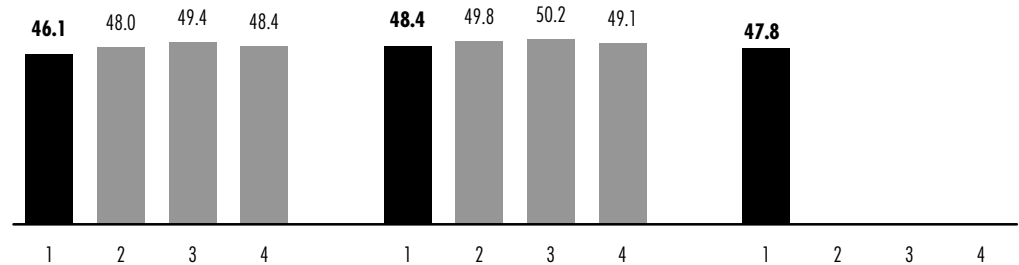
## Gross Ton Miles per Train Hour

(thousands)



## Revenue Ton Miles per Train Hour

(thousands)



# Financial, Traffic and Operating Statistics

## Consolidated Financial Data

(\$ millions — except as noted)

- No corresponding charts for this data.

Page	Item	2003				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
6	Railway operating revenues					
8	Coal	\$ 354	\$ 389	\$ 372	\$ 385	\$ 1,500
8	General merchandise	918	944	911	956	3,729
8	Intermodal	289	300	315	335	1,239
6	Total railway operating revenues	\$ 1,561	\$ 1,633	\$ 1,598	\$ 1,676	\$ 6,468
6	Railway operating expenses:					
•	Compensation and benefits (note 3)	\$ 526	\$ 535	\$ 531	\$ 683	\$ 2,275
•	Material (other than diesel fuel)	63	61	63	59	246
•	Purchased services (other than equipment rents)	205	220	209	202	836
•	Equipment rents	92	96	74	83	345
•	Conrail rents and services	107	102	105	105	419
•	Depreciation	127	129	128	129	513
•	Diesel fuel	104	93	86	97	380
•	Casualties and other claims	51	47	44	39	181
•	Other	55	52	47	55	209
	Total railway operating expenses (notes 1 and 3)	\$ 1,330	\$ 1,335	\$ 1,287	\$ 1,452	\$ 5,404
6	Income from railway operations (note 3)	\$ 231	\$ 298	\$ 311	\$ 224	\$ 1,064
•	Other income (expense) (notes 2 and 4)	\$ (106)	\$ (99)	\$ (111)	\$ (162)	\$ (478)
	Income from continuing operations before income taxes and accounting changes	\$ 125	\$ 199	\$ 200	\$ 62	\$ 586
•	Income taxes — current	\$ 46	\$ 9	\$ (6)	\$ (6)	\$ 43
•	Income taxes — deferred	(6)	53	69	16	132
6	Total income taxes (notes 3 and 4)	\$ 40	\$ 62	\$ 63	\$ 10	\$ 175
7	Income from continuing operations before accounting changes	\$ 85	\$ 137	\$ 137	\$ 52	\$ 411
•	Discontinued operations (note 5)	10	-	-	-	10
•	Cumulative effect of changes in accounting principles, net of taxes (note 6)	114	-	-	-	114
•	Net income (notes 1-6)	\$ 209	\$ 137	\$ 137	\$ 52	\$ 535
	Earnings per share - diluted (dollars):					
7	Income from continuing operations before accounting changes (notes 1-4)	\$ 0.22	\$ 0.35	\$ 0.35	\$ 0.13	\$ 1.05
•	Net income (notes 1-6)	\$ 0.54	\$ 0.35	\$ 0.35	\$ 0.13	\$ 1.37
7	Railway operating ratio (note 3)	85.2	81.8	80.5	86.6	83.5
7	Capital expenditures:					
	Equipment	\$ 100	\$ 69	\$ 21	\$ 28	\$ 218
	Road	97	120	129	156	502
	Total	\$ 197	\$ 189	\$ 150	\$ 184	\$ 720
•	Cash, cash equivalents and short-term investments	\$ 128	\$ 110	\$ 161	\$ 286	\$ 286
•	Total debt, excluding notes payable to Conrail	\$ 7,489	\$ 7,461	\$ 7,186	\$ 7,160	\$ 7,160
•	Debt-to-total capitalization (percent)	52.8	52.3	51.0	50.7	50.7
•	Shares outstanding end of period - basic (thousands)	389,377	389,786	389,999	390,761	390,761

**Note 1** First quarter 2005 includes approximately \$35 million in costs related to the derailment in Graniteville, SC, which reduced net income by approximately \$21 million, or 5 cents per share. (See note 1 on page 2 for additional details.)

**Note 2** Third quarter 2004 includes a \$53 million, or 13 cents per share, net gain from the Conrail corporate reorganization. (See note 2 on page 4 for additional details.)

**Note 3** Fourth quarter 2003 includes voluntary separation costs of \$107 million, which increased the railway operating ratio by 6.3 percentage points for the quarter and 1.6 percentage points for the year and reduced net income by \$66 million, or 17 cents per share.

2004					2005				
First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date
\$ 398	\$ 424	\$ 447	\$ 459	\$ 1,728	\$ 467				\$ 467
967	1,025	1,006	1,049	4,047	1,086				1,086
328	364	404	441	1,537	408				408
\$ 1,693	\$ 1,813	\$ 1,857	\$ 1,949	\$ 7,312	\$ 1,961				\$ 1,961
\$ 545	\$ 565	\$ 570	\$ 592	\$ 2,272	\$ 604				\$ 604
68	72	73	74	287	87				87
209	226	240	262	937	250				250
88	91	98	100	377	99				99
102	101	79	37	319	35				35
129	130	150	189	598	193				193
107	106	98	138	449	150				150
40	38	31	42	151	78				78
59	59	49	53	220	62				62
\$ 1,347	\$ 1,388	\$ 1,388	\$ 1,487	\$ 5,610	\$ 1,558				\$ 1,558
\$ 346	\$ 425	\$ 469	\$ 462	\$ 1,702	\$ 403				\$ 403
\$ (111)	\$ (121)	\$ (81)	\$ (87)	\$ (400)	\$ (126)				\$ (126)
\$ 235	\$ 304	\$ 388	\$ 375	\$ 1,302	\$ 277				\$ 277
\$ 49	\$ 31	\$ 76	\$ 23	\$ 179	\$ 59				\$ 59
28	60	24	88	200	24				24
\$ 77	\$ 91	\$ 100	\$ 111	\$ 379	\$ 83				\$ 83
\$ 158	\$ 213	\$ 288	\$ 264	\$ 923	\$ 194				\$ 194
-	-	-	-	-	-				-
-	-	-	-	-	-				-
\$ 158	\$ 213	\$ 288	\$ 264	\$ 923	\$ 194				\$ 194
\$ 0.40	\$ 0.54	\$ 0.72	\$ 0.65	\$ 2.31	\$ 0.47				\$ 0.47
\$ 0.40	\$ 0.54	\$ 0.72	\$ 0.65	\$ 2.31	\$ 0.47				\$ 0.47
79.6	76.6	74.7	76.3	76.7	79.4				79.4
\$ 65	\$ 95	\$ 79	\$ 190	\$ 429	\$ 25				\$ 25
107	145	178	182	612	119				119
\$ 172	\$ 240	\$ 257	\$ 372	\$ 1,041	\$ 144				\$ 144
\$ 107	\$ 207	\$ 530	\$ 669	\$ 669	\$ 1,119				\$ 1,119
\$ 6,881	\$ 6,847	\$ 7,548	\$ 7,525	\$ 7,525	\$ 7,682				\$ 7,682
49.1	48.2	49.5	48.5	48.5	48.2				48.2
391,330	392,961	395,280	399,712	399,712	402,972				402,972

**Note 4** Fourth quarter 2003 includes an \$84 million impairment of telecommunications assets, which reduced net income by \$53 million, or 13 cents per share.

**Note 5** First quarter 2003 includes the effect of a \$10 million, or 3 cents per share, gain on the 1998 sale of NS' motor carrier subsidiary, North American Van Lines, Inc.

**Note 6** First quarter 2003 includes \$114 million (\$188 million before taxes), or 29 cents per share, related to required changes in accounting principles stemming from NS' adoption of Financial Accounting Standards Board (FASB) Statement No. 143, "Accounting for Asset Retirement Obligations" and FASB Interpretation No. 46, "Consolidation of Variable Interest Entities."

# Financial, Traffic and Operating Statistics

Traffic and Operating Statistics		2003				
Page	Item	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	• No corresponding charts for this data.					
8	Railway carloads (thousands)					
8	Coal	395.2	420.2	406.8	392.4	1,614.6
8	General merchandise	674.6	707.7	687.9	709.8	2,780.0
8	Intermodal	578.2	607.9	627.2	653.3	2,466.6
8	Total railway carloads	1,648.0	1,735.8	1,721.9	1,755.5	6,861.2
	• Revenue ton miles (RTMs) (billions):					
	• Coal	12.8	13.7	13.1	13.0	52.6
	• General merchandise	25.3	26.0	25.5	25.6	102.4
	• Intermodal	6.5	6.8	7.2	7.6	28.1
	• Total	44.6	46.5	45.8	46.2	183.1
	• Revenue (dollars) per thousand RTMs:					
	• Coal	\$ 27.69	\$ 28.43	\$ 28.35	\$ 29.69	\$ 28.54
	• General merchandise	\$ 36.29	\$ 36.34	\$ 35.73	\$ 37.23	\$ 36.40
	• Intermodal	\$ 44.37	\$ 44.10	\$ 43.84	\$ 44.12	\$ 44.10
	• Total	\$ 35.00	\$ 35.15	\$ 34.89	\$ 36.25	\$ 35.33
	• Gross ton miles (GTMs) (billions)	85.1	88.9	86.6	88.9	349.5
	• Revenue ton miles (RTMs) (billions)	44.6	46.5	45.8	46.2	183.1
	• Railroad employees (average)	28,260	28,446	28,597	28,147	28,363
	• Total operating expense (dollars) per thousand GTMs (see note 2 on page 16)	\$ 15.62	\$ 15.03	\$ 14.86	\$ 16.34	\$ 15.46
	• Compensation and benefits (dollars) per thousand GTMs (see note 2 on page 16)	\$ 6.18	\$ 6.02	\$ 6.13	\$ 7.68	\$ 6.51
	• Total operating expense (dollars) per thousand RTMs (see note 2 on page 16)	\$ 29.82	\$ 28.73	\$ 28.10	\$ 31.41	\$ 29.51
	• Compensation and benefits (dollars) per thousand RTMs (see note 2 on page 16)	\$ 11.80	\$ 11.51	\$ 11.59	\$ 14.77	\$ 12.43
14	Total operating revenue (\$ thousands) per employee	\$ 55.2	\$ 57.4	\$ 55.9	\$ 59.5	\$ 228.0
15	Total operating expense (\$ thousands) per employee (see note 2 on page 16)	\$ 47.1	\$ 46.9	\$ 45.0	\$ 51.6	\$ 190.6
	• GTMs (thousands) per employee	3,013	3,123	3,028	3,158	12,322
14	RTMs (thousands) per employee	1,578	1,633	1,602	1,643	6,456
14	Carloads per employee	58.3	61.0	60.2	62.4	241.9
14	RTMs (thousands) per mile of road operated	2,070	2,159	2,130	2,148	8,507
15	Total operating expense (dollars) per carload (see note 2 on page 16)	\$ 807	\$ 769	\$ 747	\$ 827	\$ 788
	• Compensation and benefits (dollars) per carload (see note 2 on page 16)	\$ 319	\$ 308	\$ 308	\$ 389	\$ 332
	• RTMs (thousands) per carload	27.1	26.8	26.6	26.3	26.7
	• Diesel fuel consumed (thousands of gallons)	121,116	116,507	111,989	122,623	472,235
	• Average price (cents) per gallon of diesel fuel	85.9	80.1	77.4	78.9	80.7
	• RTMs per gallon of fuel consumed	368	399	409	377	388
15	GTMs (thousands) per train hour	88.1	91.9	93.4	93.0	91.6
15	RTMs (thousands) per train hour	46.1	48.0	49.4	48.4	48.0
	• Percent of loaded-to-total car miles	58.3	57.6	58.1	58.8	58.2
	• Total new crossties installed (thousands)	522	653	682	894	2,751
	• Total track miles of rail laid (miles)	76	70	55	32	233

2004					2005				
First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date
406.3	427.1	428.2	429.2	1,690.8	420.6				420.6
702.6	740.0	717.1	722.2	2,881.9	716.0				716.0
648.1	708.1	759.4	775.9	2,891.5	726.5				726.5
1,757.0	1,875.2	1,904.7	1,927.3	7,464.2	1,863.1				1,863.1
13.9	14.7	15.0	14.6	58.2	14.3				14.3
26.3	27.4	27.3	27.2	108.2	27.7				27.7
7.3	7.6	8.2	8.8	31.9	7.8				7.8
47.5	49.7	50.5	50.6	198.3	49.8				49.8
\$ 28.62	\$ 28.84	\$ 29.87	\$ 31.54	\$ 29.73	\$ 32.56				\$ 32.56
\$ 36.83	\$ 37.39	\$ 36.83	\$ 38.59	\$ 37.42	\$ 39.27				\$ 39.27
\$ 44.89	\$ 47.79	\$ 48.89	\$ 49.94	\$ 48.00	\$ 52.58				\$ 52.58
\$ 35.67	\$ 36.46	\$ 36.74	\$ 38.54	\$ 36.87	\$ 39.41				\$ 39.41
90.0	94.7	95.0	96.1	375.8	94.5				94.5
47.5	49.7	50.5	50.6	198.3	49.8				49.8
27,770	27,861	28,051	28,546	28,057	29,271				29,271
\$ 14.96	\$ 14.66	\$ 14.61	\$ 15.47	\$ 14.93	\$ 16.49				\$ 16.49
\$ 6.05	\$ 5.97	\$ 6.00	\$ 6.16	\$ 6.05	\$ 6.39				\$ 6.39
\$ 28.38	\$ 27.91	\$ 27.46	\$ 29.41	\$ 28.29	\$ 31.31				\$ 31.31
\$ 11.48	\$ 11.36	\$ 11.28	\$ 11.71	\$ 11.46	\$ 12.14				\$ 12.14
\$ 61.0	\$ 65.1	\$ 66.2	\$ 68.3	\$ 260.6	\$ 67.0				\$ 67.0
\$ 48.5	\$ 49.8	\$ 49.5	\$ 52.1	\$ 199.9	\$ 53.2				\$ 53.2
3,241	3,399	3,387	3,368	13,395	3,227				3,227
1,709	1,785	1,802	1,771	7,067	1,700				1,700
63.3	67.3	67.9	67.5	266.0	63.7				63.7
2,206	2,312	2,350	2,370	9,238	2,330				2,330
\$ 767	\$ 740	\$ 729	\$ 772	\$ 752	\$ 836				\$ 836
\$ 310	\$ 301	\$ 299	\$ 307	\$ 304	\$ 324				\$ 324
27.0	26.5	26.5	26.2	26.6	26.7				26.7
128,560	123,596	120,984	129,369	502,509	133,286				133,286
83.1	85.9	87.9	106.8	91.0	112.2				112.2
369	402	418	391	395	373				373
91.8	94.8	94.4	93.3	93.6	90.7				90.7
48.4	49.8	50.2	49.1	49.4	47.8				47.8
58.8	58.6	58.9	59.4	58.9	58.7				58.7
421	726	727	596	2,470	557				557
77	72	46	51	246	71				71