

Quarterly Financial Review

Fourth Quarter 2002



Norfolk Southern Corporation

Finance Department

Three Commercial Place

Norfolk, Virginia 23510.2191

Contents

Consolidated Statements of Income	2
Consolidated Balance Sheets	4
Consolidated Statements of Cash Flows	5
Consolidated Financial Information	6
Railway Operating Revenue Yield Analysis	8
Monthly Railway Carloadings	9
Railway Operating Revenue Variance Analysis.....	10
Coal, Coke and Iron Ore Tonnage by Market.....	10
Railway Operating Expense Variance Analysis	11
Compensation and Benefits Expense Analysis.....	12
Diesel Fuel Expense Analysis	12
Other Income — Net Analysis	13
Productivity Measures.....	14
Financial, Traffic and Operating Statistics:	
Consolidated Financial Data.....	16
Railway Statistical Data	18
Supplemental Financial Information	20

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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 December 31,
(\$ millions except per share)

	2002	2001
Railway operating revenues:		
Coal	\$ 361	\$ 367
General merchandise	914	871
Intermodal	306	292
Total railway operating revenues	<u>1,581</u>	<u>1,530</u>
Railway operating expenses:		
Compensation and benefits	513	515
Materials, services and rents	368	332
Conrail rents and services	96	97
Depreciation	130	130
Diesel fuel	96	96
Casualties and other claims	42	34
Other	48	51
Total railway operating expenses	<u>1,293</u>	<u>1,255</u>
Income from railway operations	288	275
Other income — net	26	32
Interest expense on debt	<u>(128)</u>	<u>(136)</u>
Income before income taxes	186	171
Provision (benefit) for income taxes:		
Current	18	61
Deferred	39	(5)
Total income taxes	<u>57</u>	<u>56</u>
Net income	<u>\$ 129</u>	<u>\$ 115</u>
Earnings per share:		
Basic and diluted	\$ 0.33	\$ 0.30
Average shares outstanding (000's)	388,876	385,714

See notes to financial statements on pages 3 and 4.

Consolidated Statements of Income

Years Ended December 31,
(\$ millions except per share)

	2002	2001
Railway operating revenues:		
Coal	\$ 1,441	\$ 1,521
General merchandise	3,648	3,526
Intermodal	1,181	1,123
Total railway operating revenues	<u>6,270</u>	<u>6,170</u>
Railway operating expenses:		
Compensation and benefits	2,022	2,014
Materials, services and rents	1,457	1,444
Conrail rents and services	412	421
Depreciation	515	514
Diesel fuel	342	412
Casualties and other claims	171	143
Other	193	215
Total railway operating expenses	<u>5,112</u>	<u>5,163</u>
Income from railway operations	1,158	1,007
Other income — net	66	99
Interest expense on debt	<u>(518)</u>	<u>(553)</u>
Income from continuing operations before income taxes	706	553
Provision for income taxes:		
Current	68	147
Deferred	178	44
Total income taxes	<u>246</u>	<u>191</u>
Income from continuing operations	460	362
Discontinued operations — gain on sale of motor carrier, net of taxes (note 1)	<u>—</u>	<u>13</u>
Net income	<u>\$ 460</u>	<u>\$ 375</u>
Earnings per share:		
Income from continuing operations, basic and diluted	\$ 1.18	\$ 0.94
Net income, basic and diluted	\$ 1.18	\$ 0.97
Average shares outstanding (000's)	388,213	385,158

See notes to financial statements on pages 3 and 4.

Notes to Financial Statements

1. 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.

Consolidated Balance Sheets

As of December 31,
(\$ millions)

	2002	2001
Assets		
Current assets:		
Cash and cash equivalents	\$ 184	\$ 204
Accounts receivable — net (note 2)	683	475
Due from Conrail	6	8
Materials and supplies	97	90
Deferred income taxes	187	162
Other current assets	142	108
Total current assets	<u>1,299</u>	<u>1,047</u>
Investment in Conrail	6,178	6,161
Properties less accumulated depreciation	11,370	11,208
Other assets	1,109	1,002
Total assets	<u>\$ 19,956</u>	<u>\$ 19,418</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 908	\$ 848
Income and other taxes	269	312
Due to Conrail	86	373
Other current liabilities	232	248
Current maturities of long-term debt	358	605
Total current liabilities	<u>1,853</u>	<u>2,386</u>
Long-term debt	7,006	7,027
Other liabilities	1,029	1,089
Due to Conrail	513	—
Minority interests	45	45
Deferred income taxes	3,010	2,781
Total liabilities	<u>13,456</u>	<u>13,328</u>
Stockholders' equity:		
Common stock \$1.00 per share par value	410	407
Additional paid-in capital	481	423
Accumulated other comprehensive loss	(65)	(55)
Retained income	5,694	5,335
	<u>6,520</u>	<u>6,110</u>
Less treasury stock at cost, 21,169,125 shares	(20)	(20)
Total stockholders' equity	<u>6,500</u>	<u>6,090</u>
Total liabilities and stockholders' equity	<u>\$ 19,956</u>	<u>\$ 19,418</u>

Notes to Financial Statements — continued

2. 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 \$30 million at Dec. 31, 2002, and \$300 million at Dec. 31, 2001.

See notes to financial statements on pages 3 and 4.

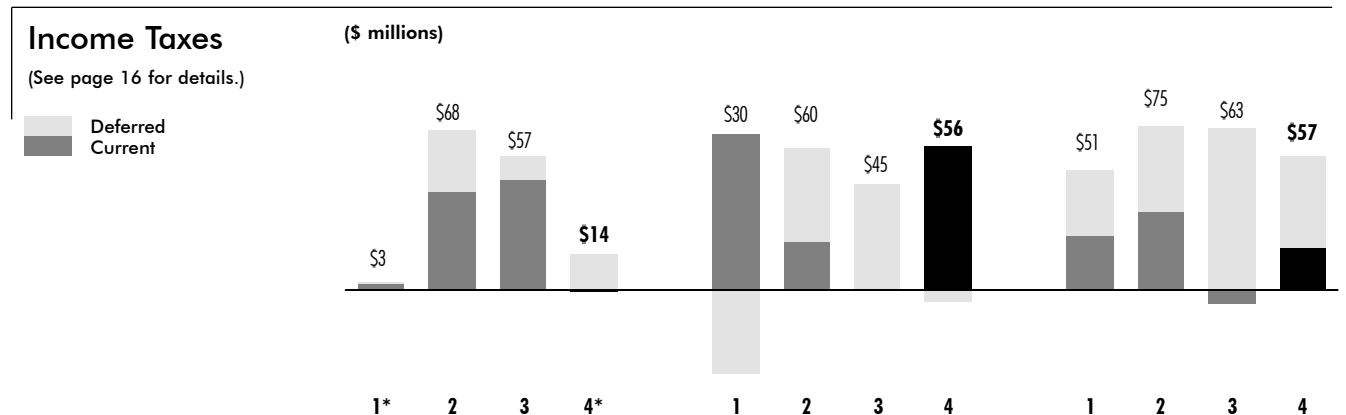
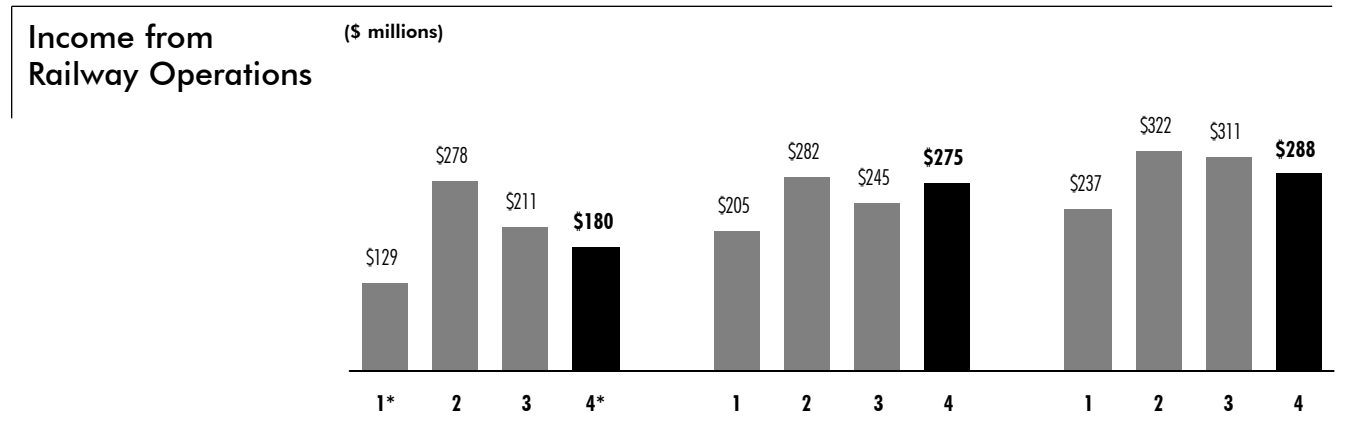
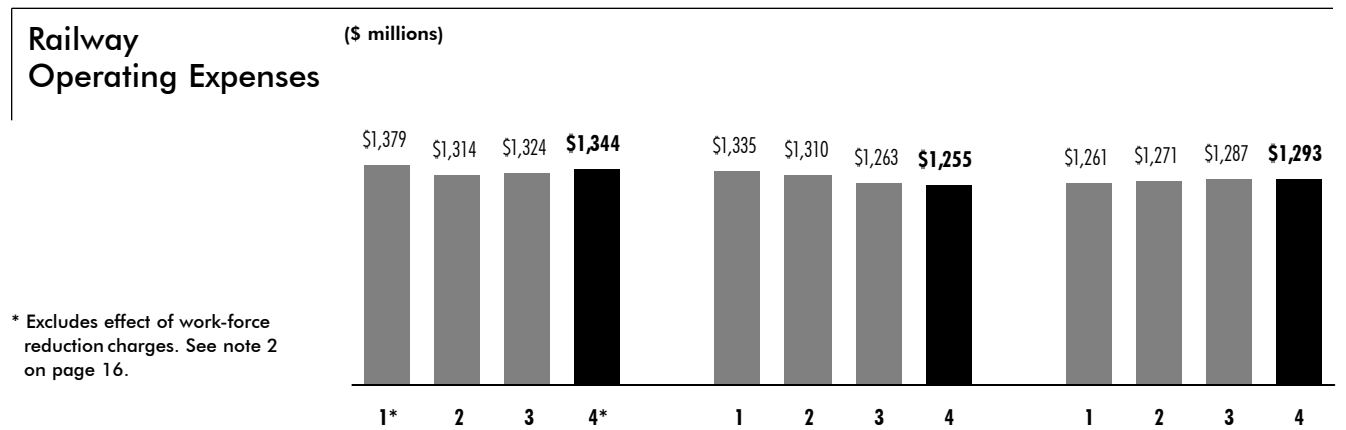
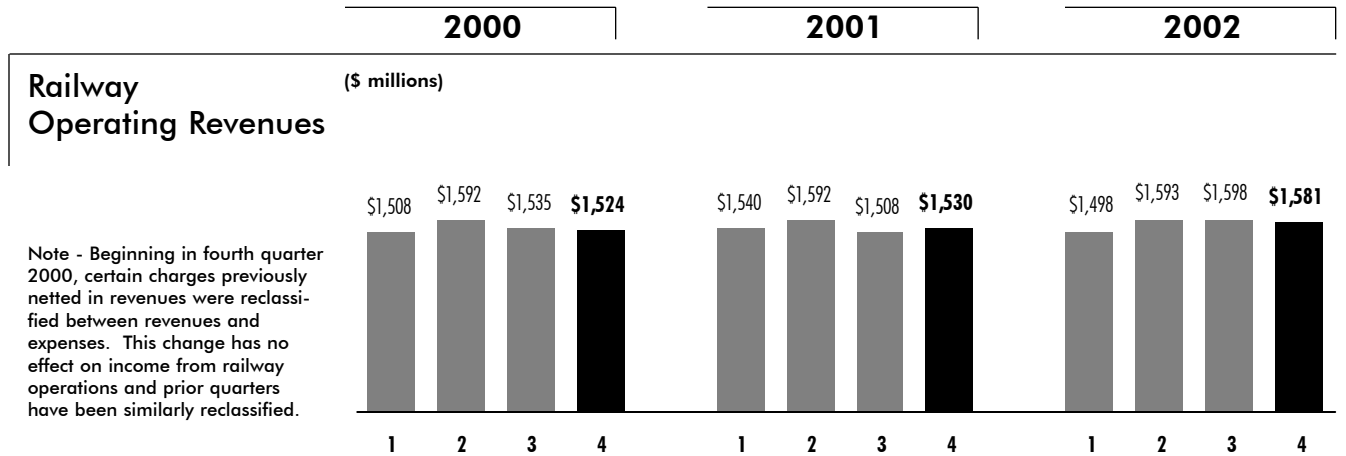
Consolidated Statements of Cash Flows

Years Ended December 31,
(\$ millions)

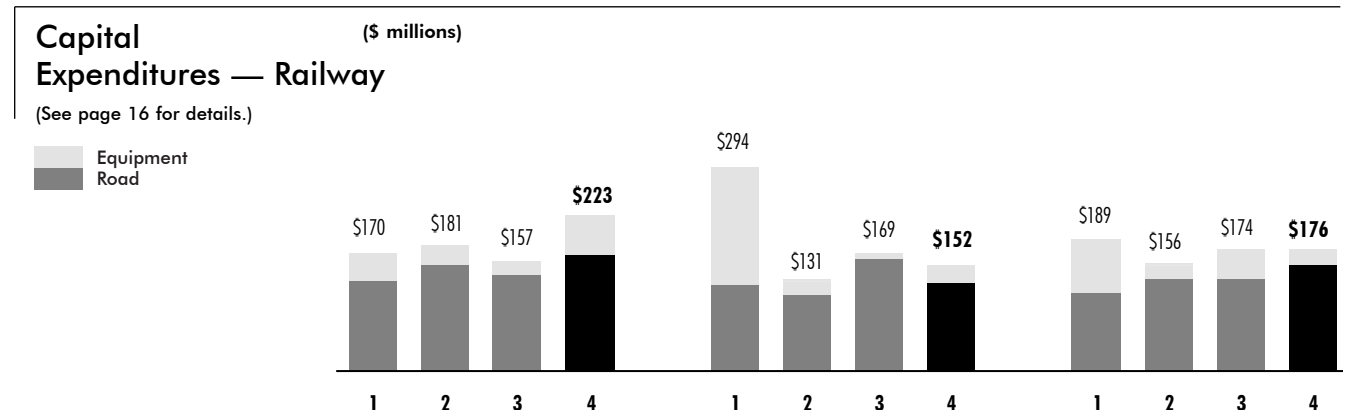
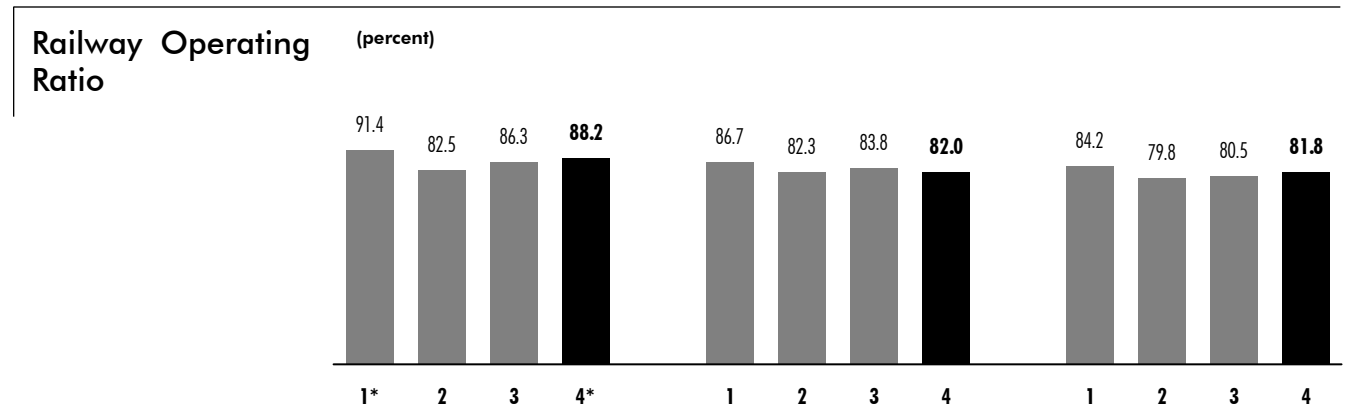
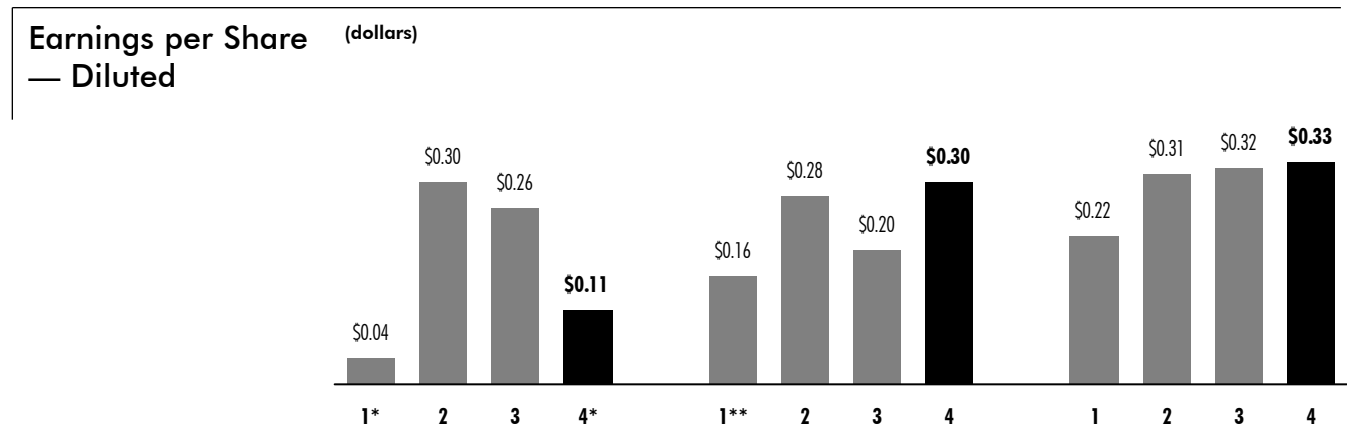
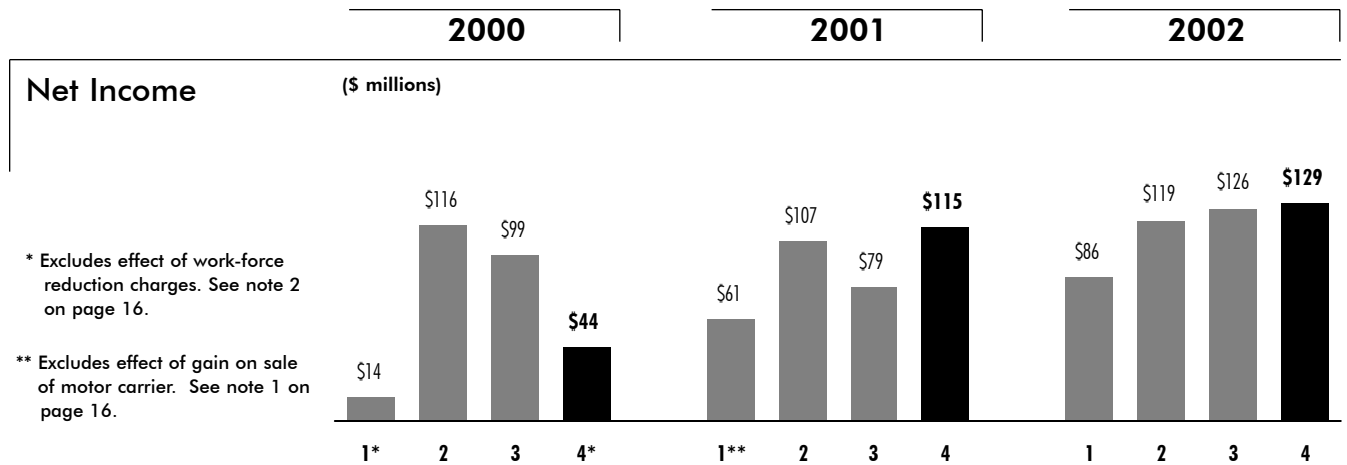
	2002	2001
Cash flows from operating activities:		
Net income	\$ 460	\$ 375
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	529	527
Deferred income taxes	178	44
Equity in earnings of Conrail	(54)	(44)
Gains on properties and investments	(47)	(59)
Income from discontinued operations (note 1)	—	(13)
Changes in assets and liabilities affecting operations:		
Accounts receivable (note 2)	(208)	(74)
Materials and supplies	(7)	1
Other current assets and due from Conrail	1	46
Current liabilities other than debt	35	(27)
Other — net	(84)	(122)
Net cash provided by operating activities	<u>803</u>	<u>654</u>
Cash flows from investing activities:		
Property additions	(689)	(746)
Property sales and other transactions	31	156
Investments, including short-term	(78)	(99)
Investment sales and other transactions	63	88
Net cash used for investing activities	<u>(673)</u>	<u>(601)</u>
Cash flows from financing activities:		
Dividends	(101)	(93)
Common stock issued — net	42	14
Proceeds from borrowings	672	1,995
Debt repayments	(763)	(1,765)
Net cash provided by (used for) financing activities	<u>(150)</u>	<u>151</u>
Net increase (decrease) in cash and cash equivalents	(20)	204
Cash and cash equivalents:		
At beginning of year	<u>204</u>	<u>—</u>
At end of year	<u>\$ 184</u>	<u>\$ 204</u>
Supplemental disclosures of cash-flow information		
Cash paid during the year for:		
Interest (net of amounts capitalized)	\$ 525	\$ 550
Income taxes	\$ 54	\$ 74

See notes to financial statements on pages 3 and 4.

Consolidated Financial Information



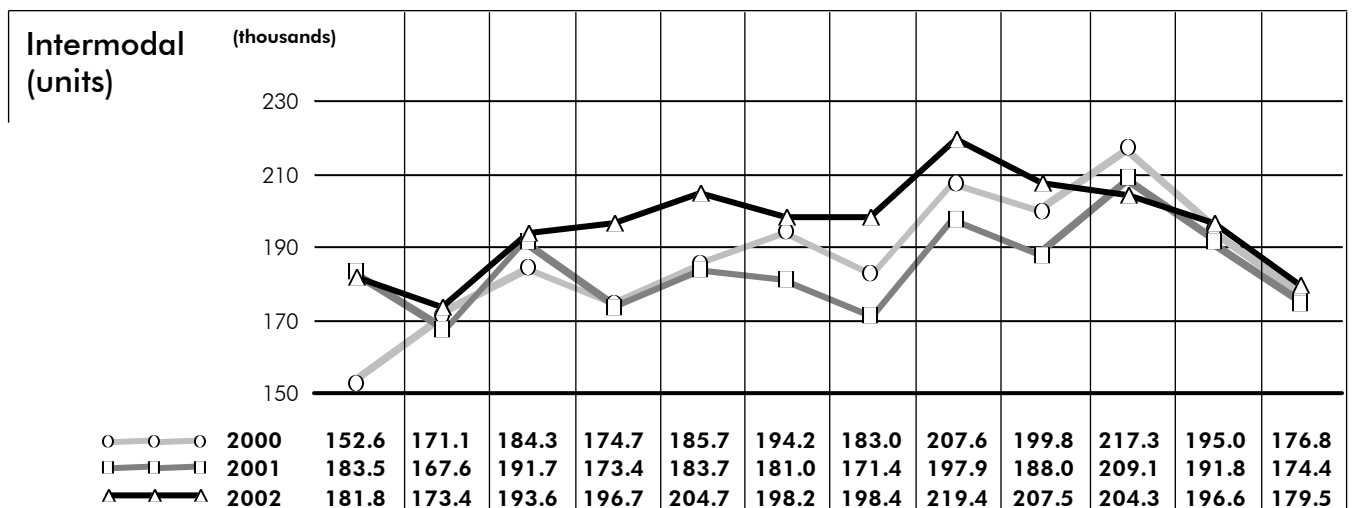
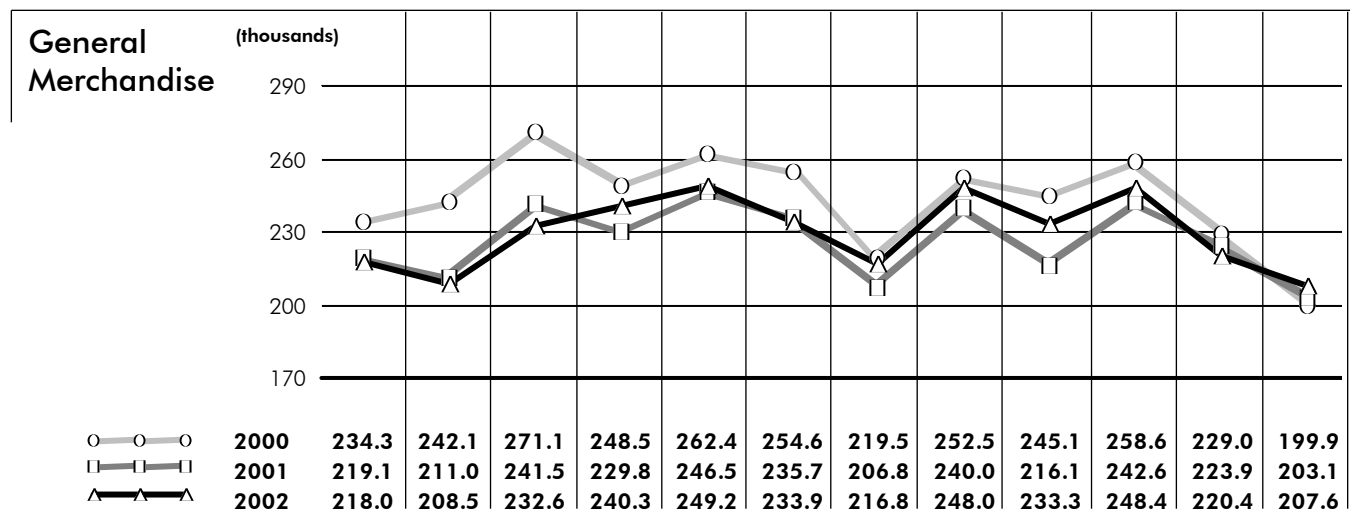
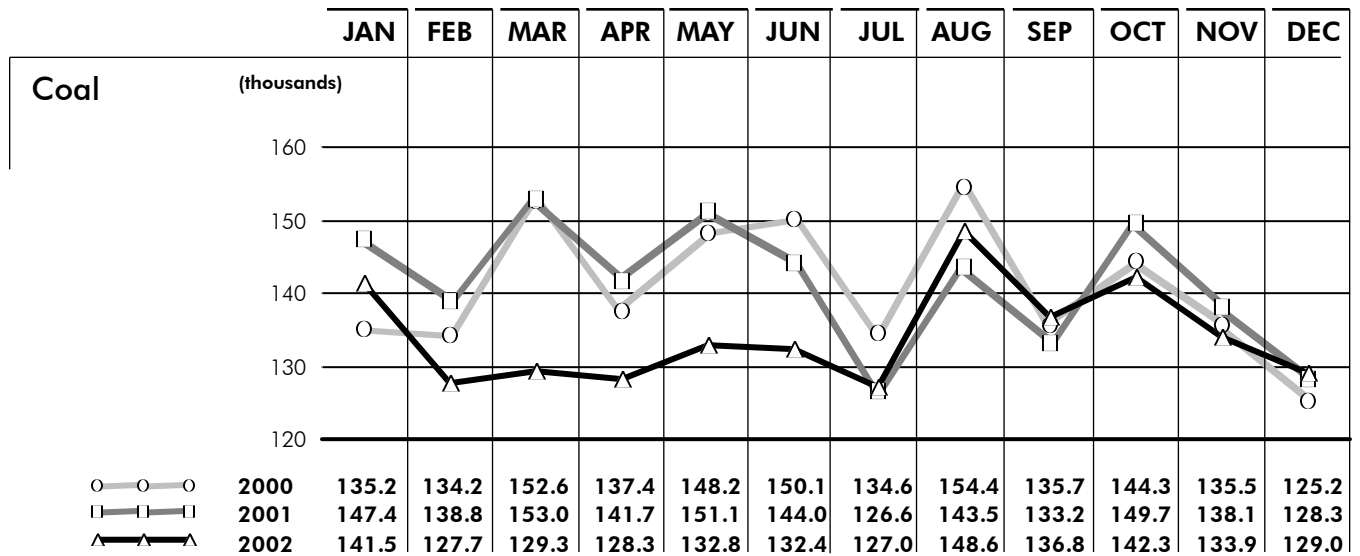
Consolidated Financial Information



Railway Operating Revenue Yield Analysis

	Revenue			Carloads			Revenue Yield		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
	(\$ millions)			(thousands)			(\$ per carload)		
First Quarter									
Coal	\$ 347	\$ 393	\$ 359	422.0	439.2	398.5	\$ 821	\$ 895	\$ 901
Agriculture/consumer/gov't	159	150	154	134.1	130.3	125.3	1,192	1,153	1,230
Metals and construction	175	165	160	190.6	165.7	161.4	919	996	990
Paper/clay/forest	155	154	141	126.2	116.4	105.3	1,228	1,320	1,340
Chemicals	185	188	186	113.8	107.2	103.9	1,627	1,748	1,791
Automotive	241	214	228	182.8	152.0	163.2	1,318	1,410	1,400
General merchandise	915	871	869	747.5	671.6	659.1	1,225	1,297	1,319
Intermodal	246	276	270	508.0	542.8	548.8	484	508	491
Total	\$ 1,508	\$ 1,540	\$ 1,498	1,677.5	1,653.6	1,606.4	\$ 899	\$ 931	\$ 932
Second Quarter									
Coal	\$ 377	\$ 395	\$ 350	435.7	436.8	393.5	\$ 867	\$ 903	\$ 889
Agriculture/consumer/gov't	152	148	152	128.5	125.8	124.5	1,179	1,177	1,223
Metals and construction	184	177	189	205.9	184.9	196.1	893	955	966
Paper/clay/forest	162	162	154	126.2	117.8	111.7	1,287	1,375	1,376
Chemicals	195	191	194	115.7	110.8	110.0	1,685	1,724	1,762
Automotive	249	244	259	189.2	172.7	181.1	1,314	1,414	1,428
General merchandise	942	922	948	765.5	712.0	723.4	1,230	1,295	1,310
Intermodal	273	275	295	554.6	538.1	599.6	492	512	493
Total	\$ 1,592	\$ 1,592	\$ 1,593	1,755.8	1,686.9	1,716.5	\$ 907	\$ 944	\$ 928
Third Quarter									
Coal	\$ 363	\$ 366	\$ 371	424.7	403.3	412.4	\$ 854	\$ 909	\$ 900
Agriculture/consumer/gov't	149	147	152	129.2	120.4	124.7	1,155	1,215	1,215
Metals and construction	172	176	181	194.3	186.1	193.3	886	950	935
Paper/clay/forest	160	150	155	121.7	109.3	112.8	1,311	1,376	1,379
Chemicals	189	190	198	114.1	109.9	112.5	1,657	1,734	1,758
Automotive	208	199	231	157.8	137.2	154.8	1,318	1,444	1,494
General merchandise	878	862	917	717.1	662.9	698.1	1,224	1,300	1,313
Intermodal	294	280	310	590.4	557.3	625.3	498	502	496
Total	\$ 1,535	\$ 1,508	\$ 1,598	1,732.2	1,623.5	1,735.8	\$ 886	\$ 929	\$ 921
Fourth Quarter									
Coal	\$ 348	\$ 367	\$ 361	405.0	416.1	405.2	\$ 860	\$ 881	\$ 892
Agriculture/consumer/gov't	149	158	165	133.5	132.7	132.7	1,113	1,196	1,244
Metals and construction	158	156	162	165.9	166.0	165.3	953	936	980
Paper/clay/forest	153	146	153	116.3	107.0	107.8	1,317	1,360	1,418
Chemicals	187	183	191	109.4	104.0	107.2	1,704	1,761	1,784
Automotive	223	228	243	162.4	159.9	163.4	1,376	1,429	1,485
General merchandise	870	871	914	687.5	669.6	676.4	1,265	1,301	1,351
Intermodal	306	292	306	589.1	575.3	580.4	519	507	526
Total	\$ 1,524	\$ 1,530	\$ 1,581	1,681.6	1,661.0	1,662.0	\$ 906	\$ 921	\$ 951
Year									
Coal	\$ 1,435	\$ 1,521	\$ 1,441	1,687.4	1,695.4	1,609.6	\$ 850	\$ 897	\$ 895
Agriculture/consumer/gov't	609	603	623	525.3	509.2	507.2	1,160	1,185	1,228
Metals and construction	689	674	692	756.7	702.7	716.1	911	959	966
Paper/clay/forest	630	612	603	490.4	450.5	437.6	1,285	1,357	1,378
Chemicals	756	752	769	453.0	431.9	433.6	1,668	1,742	1,773
Automotive	921	885	961	692.2	621.8	662.5	1,331	1,423	1,450
General merchandise	3,605	3,526	3,648	2,917.6	2,716.1	2,757.0	1,236	1,298	1,323
Intermodal	1,119	1,123	1,181	2,242.1	2,213.5	2,354.1	499	507	502
Total	\$ 6,159	\$ 6,170	\$ 6,270	6,847.1	6,625.0	6,720.7	\$ 900	\$ 931	\$ 933

Monthly Railway Carloadings



Railway Operating Revenue Variance Analysis

Fourth Quarter
2002 vs. 2001

(\$ millions)

	Coal		General Merchandise		Intermodal		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Revenue Variance due to:								
Volume	\$ (10)	(3%)	\$ 9	1%	\$ 3	1%	\$ 1	–%
Revenue per unit/mix	<u>4</u>	<u>1%</u>	<u>34</u>	<u>4%</u>	<u>11</u>	<u>4%</u>	<u>50</u>	<u>3%</u>
	<u>\$ (6)</u>	<u>(2%)</u>	<u>\$ 43</u>	<u>5%</u>	<u>\$ 14</u>	<u>5%</u>	<u>\$ 51</u>	<u>3%</u>

Year
2002 vs. 2001

Revenue Variance due to:								
Volume	\$ (77)	(5%)	\$ 53	1%	\$ 71	6%	\$ 89	2%
Revenue per unit/mix	<u>(3)</u>	<u>–%</u>	<u>69</u>	<u>2%</u>	<u>(13)</u>	<u>(1%)</u>	<u>11</u>	<u>–%</u>
	<u>\$ (80)</u>	<u>(5%)</u>	<u>\$ 122</u>	<u>3%</u>	<u>\$ 58</u>	<u>5%</u>	<u>\$ 100</u>	<u>2%</u>

Coal, Coke and Iron Ore Tonnage by Market

Fourth Quarter (tons in thousands)

	2000		2001		2002	
	Tons	Change vs. 1999	Tons	Change vs. 2000	Tons	Change vs. 2001
Utility	29,424	(4%)	32,939	12%	31,757	(4%)
Export	4,533	(10%)	2,383	(47%)	3,232	36%
Steel	5,325	(22%)	5,603	5%	5,542	(1%)
Industrial	<u>2,706</u>	<u>(12%)</u>	<u>2,862</u>	<u>6%</u>	<u>2,340</u>	<u>(18%)</u>
	<u>41,988</u>	<u>(8%)</u>	<u>43,787</u>	<u>4%</u>	<u>42,871</u>	<u>(2%)</u>

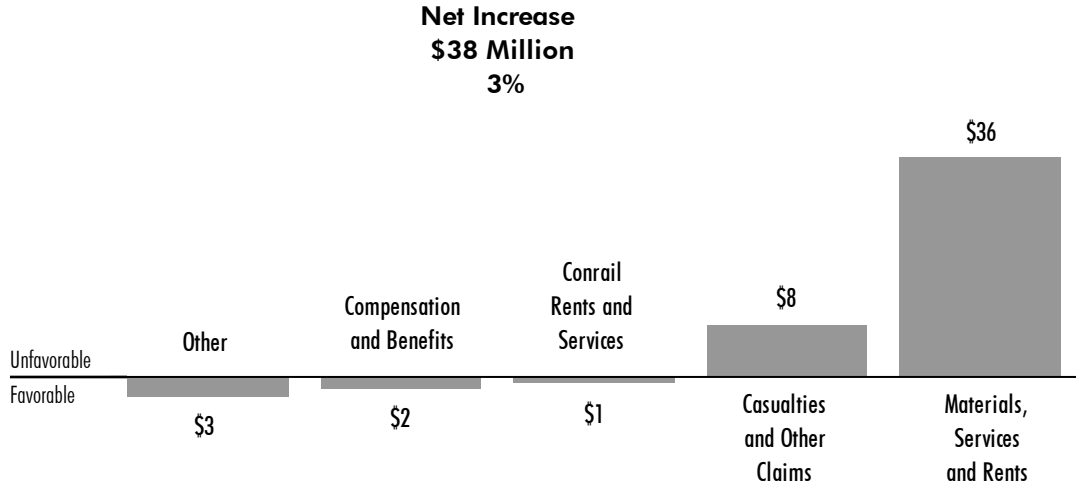
Year

Utility	119,284	11%	132,325	11%	127,747	(3%)
Export	19,845	8%	13,872	(30%)	11,342	(18%)
Steel	25,003	17%	20,457	(18%)	21,578	5%
Industrial	<u>10,781</u>	<u>4%</u>	<u>11,377</u>	<u>6%</u>	<u>9,733</u>	<u>(14%)</u>
	<u>174,913</u>	<u>11%</u>	<u>178,031</u>	<u>2%</u>	<u>170,400</u>	<u>(4%)</u>

Railway Operating Expense Variance Analysis

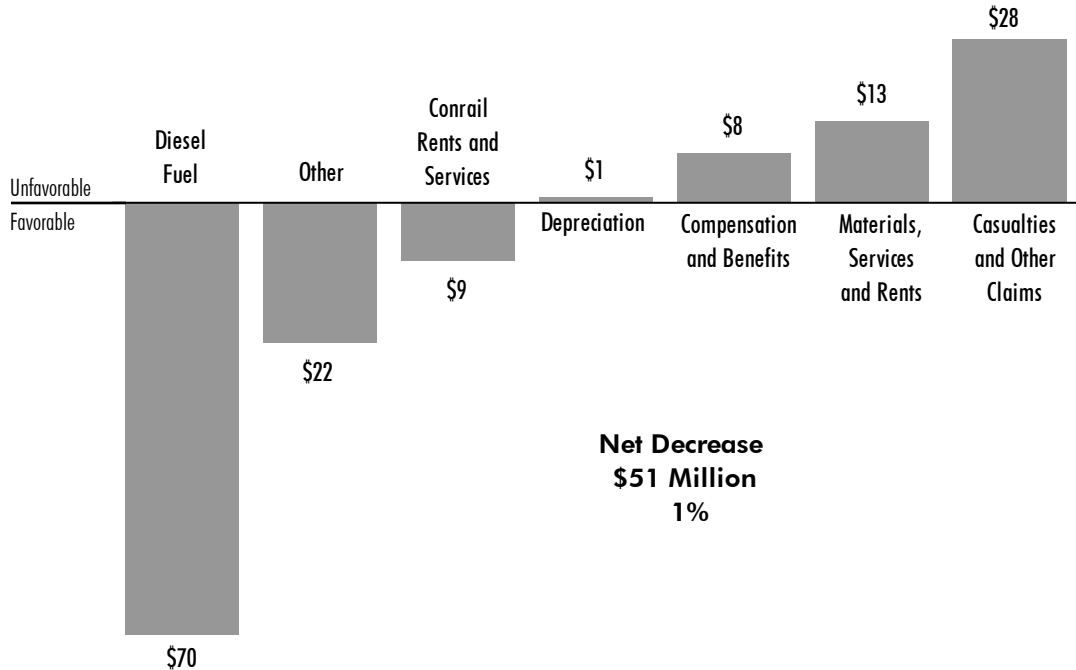
Fourth Quarter
2002 vs. 2001

(\$ millions)
Amount of change

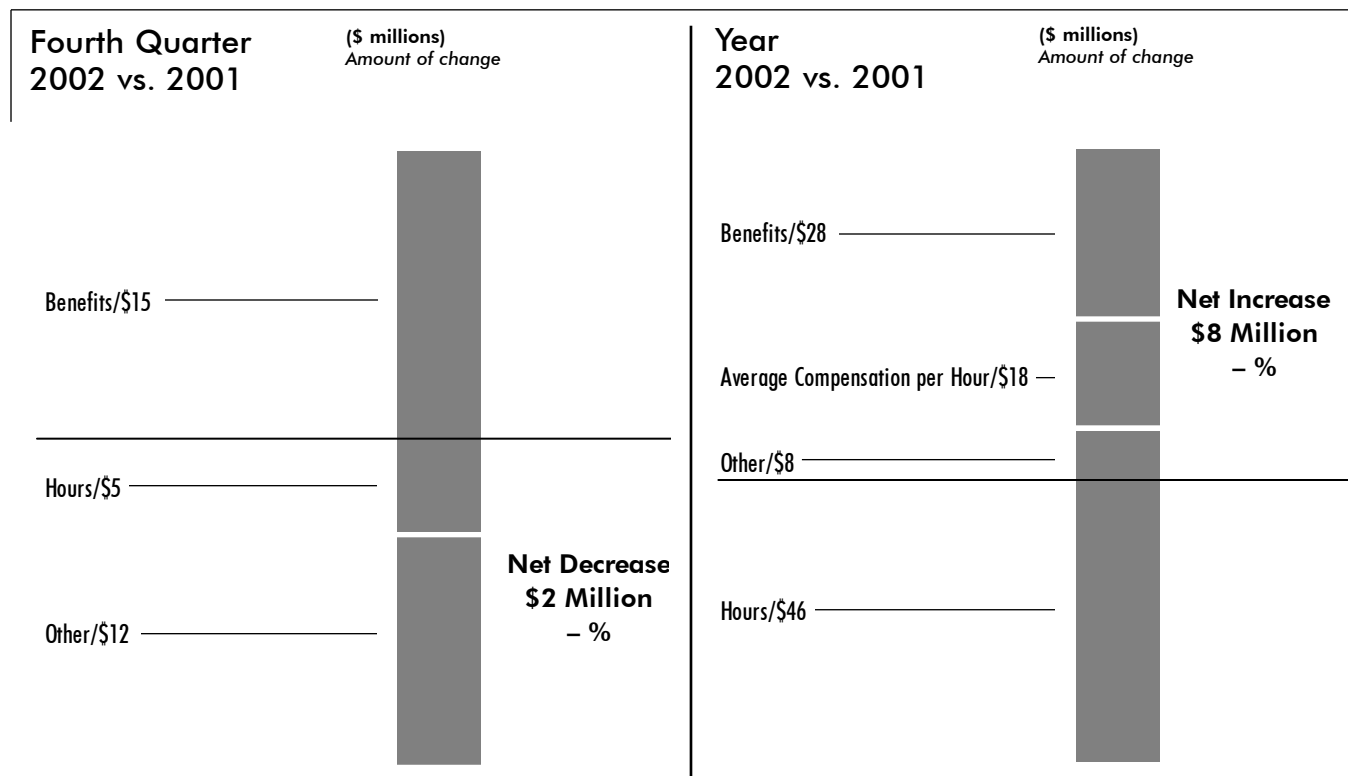


Year
2002 vs. 2001

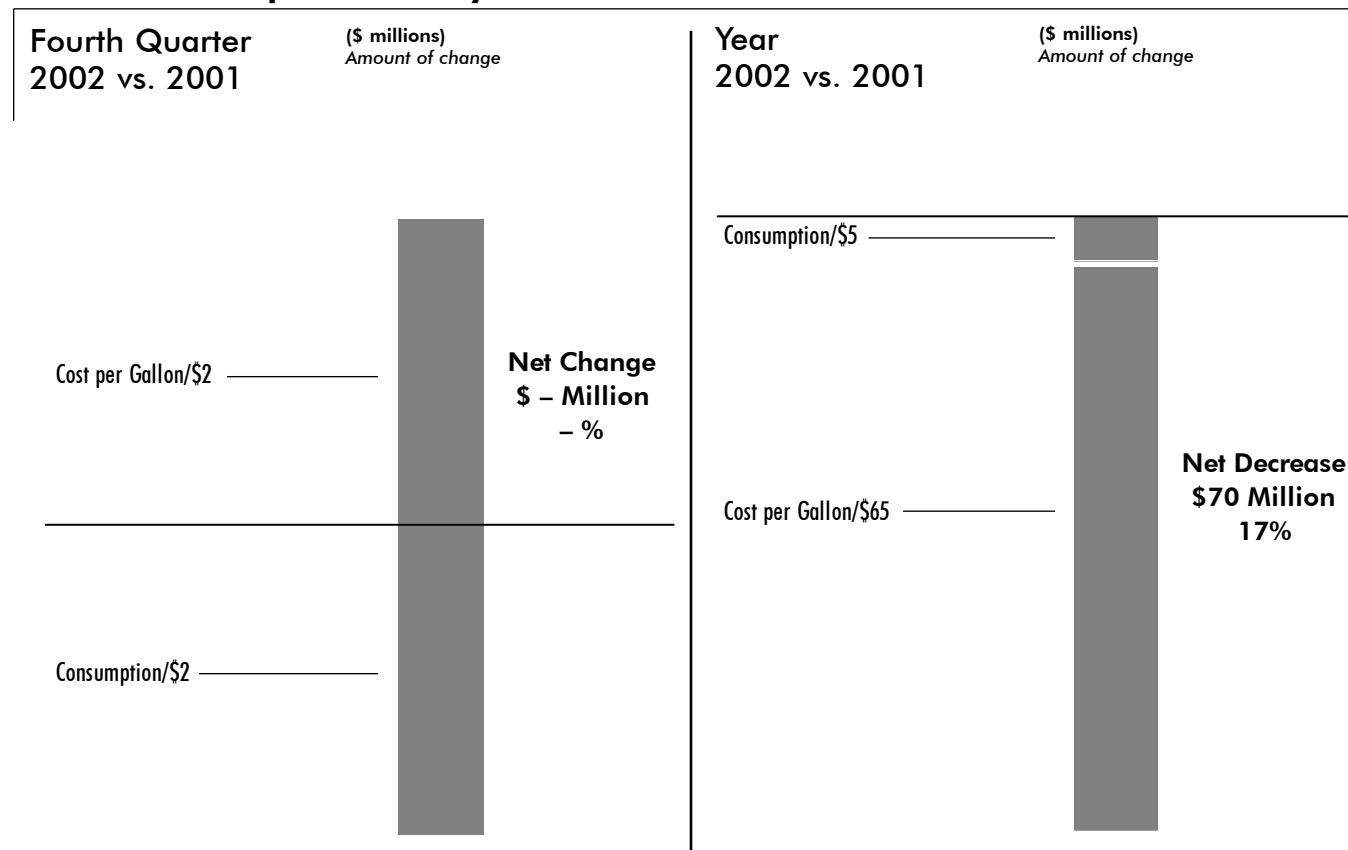
(\$ millions)
Amount of change



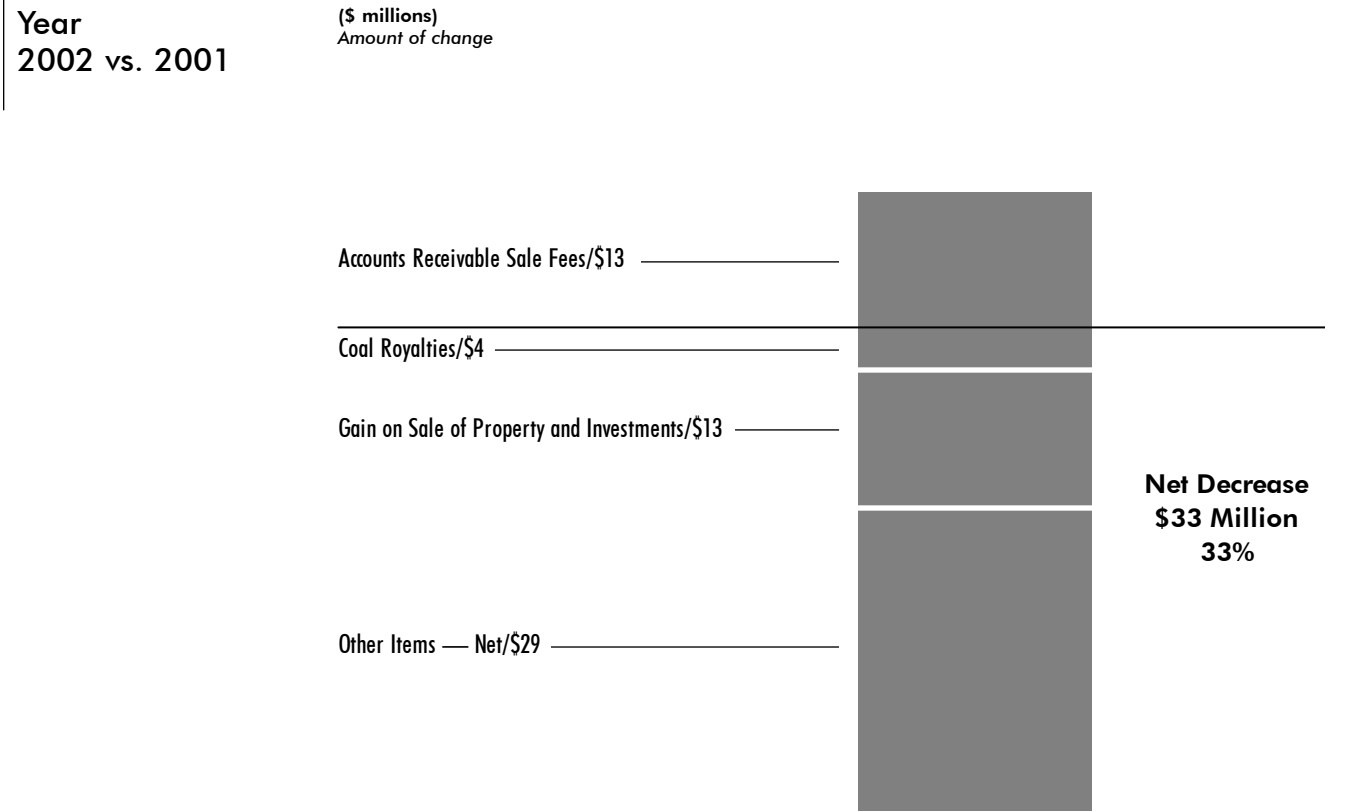
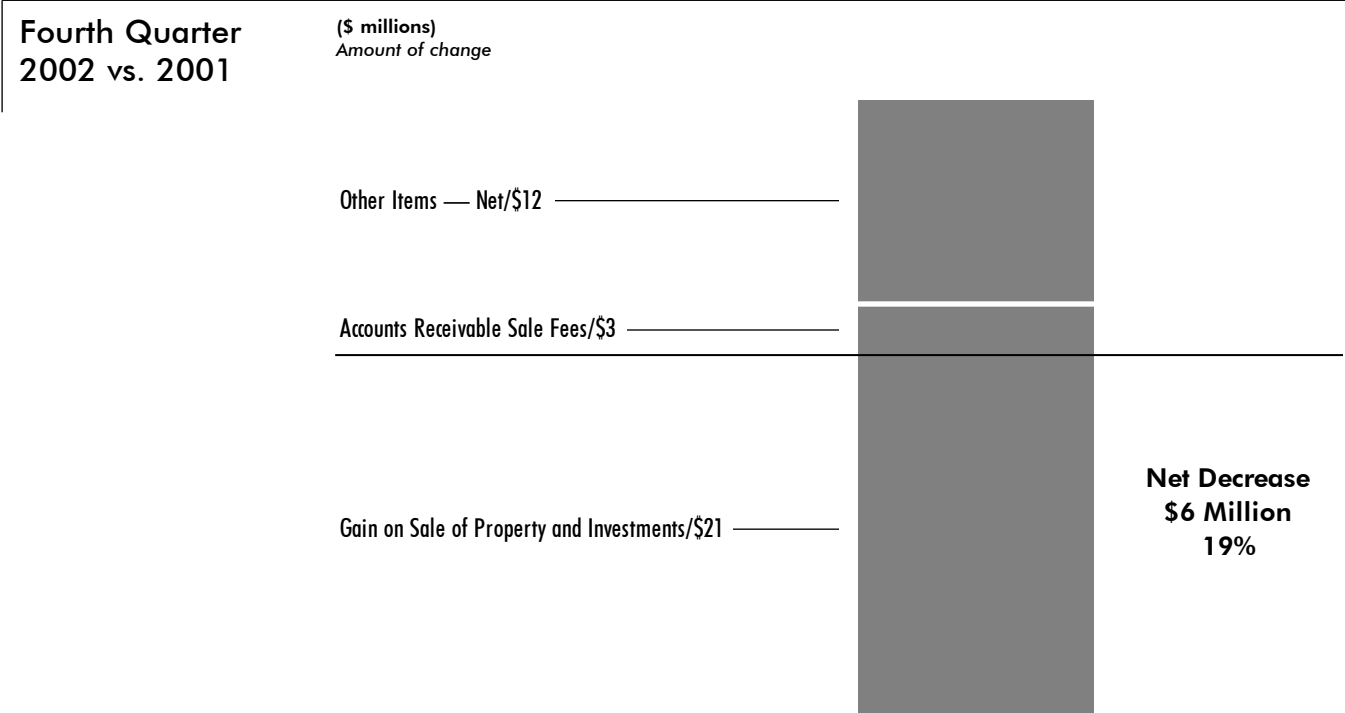
Compensation and Benefits Expense Analysis



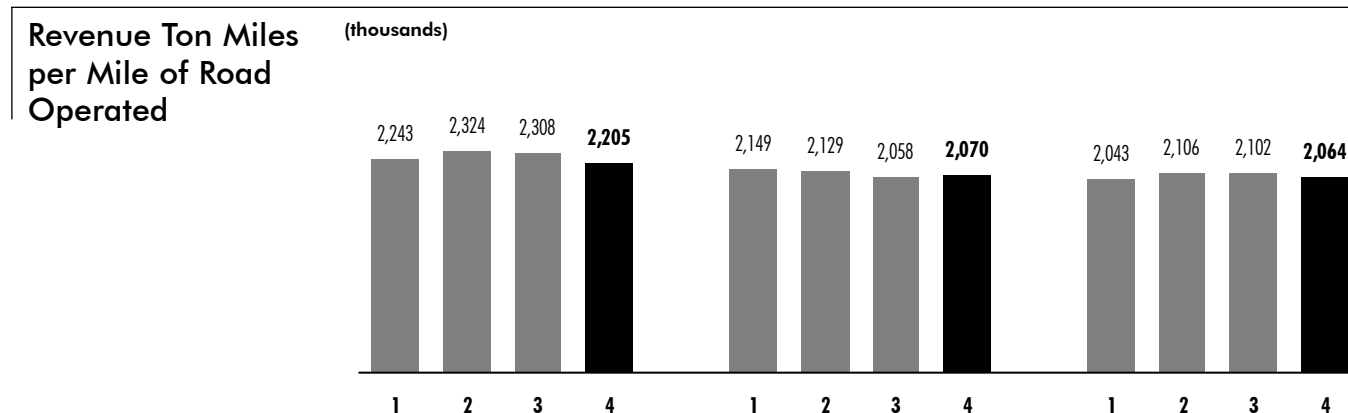
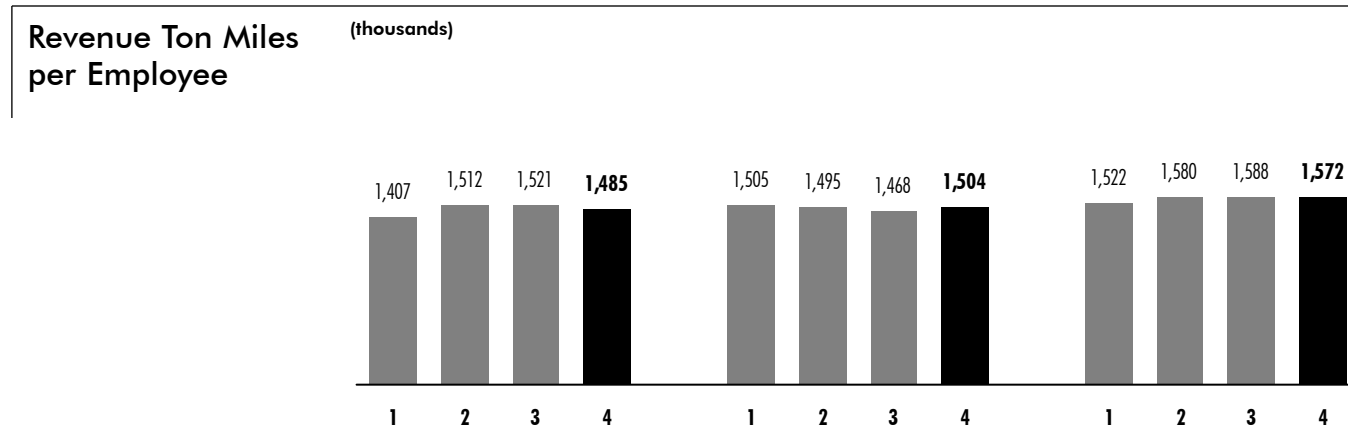
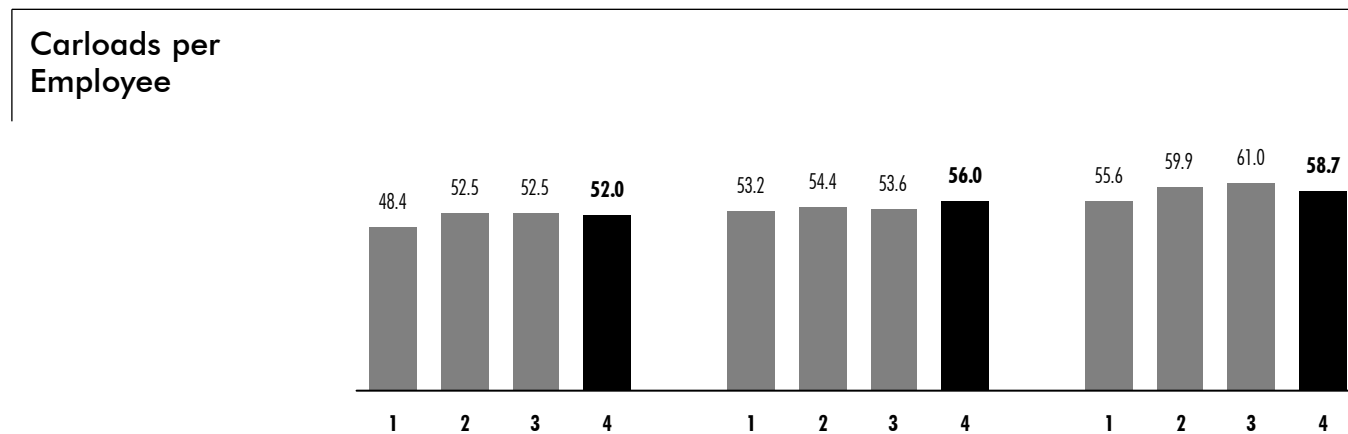
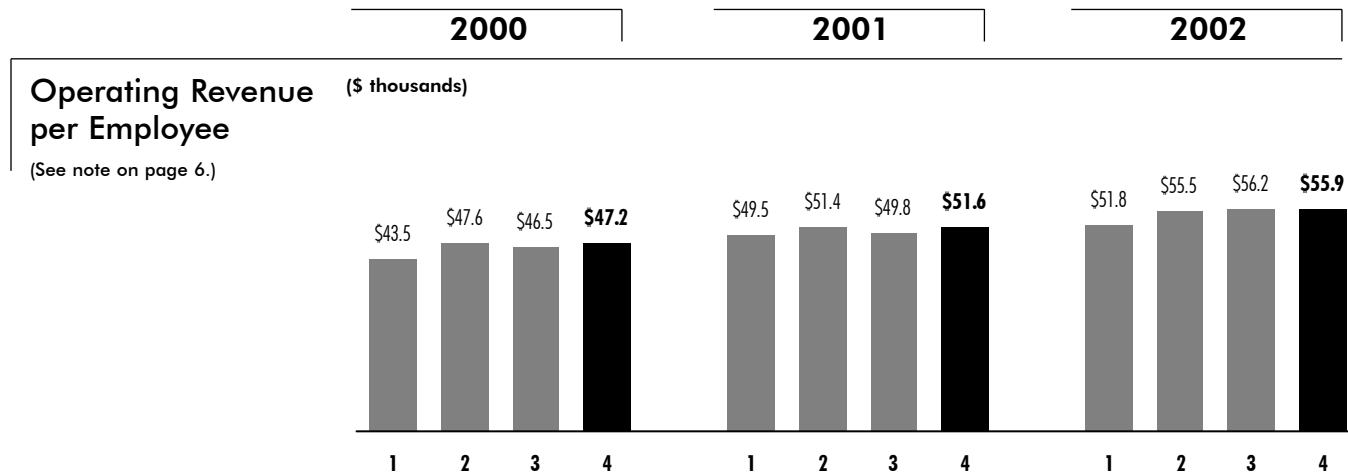
Diesel Fuel Expense Analysis



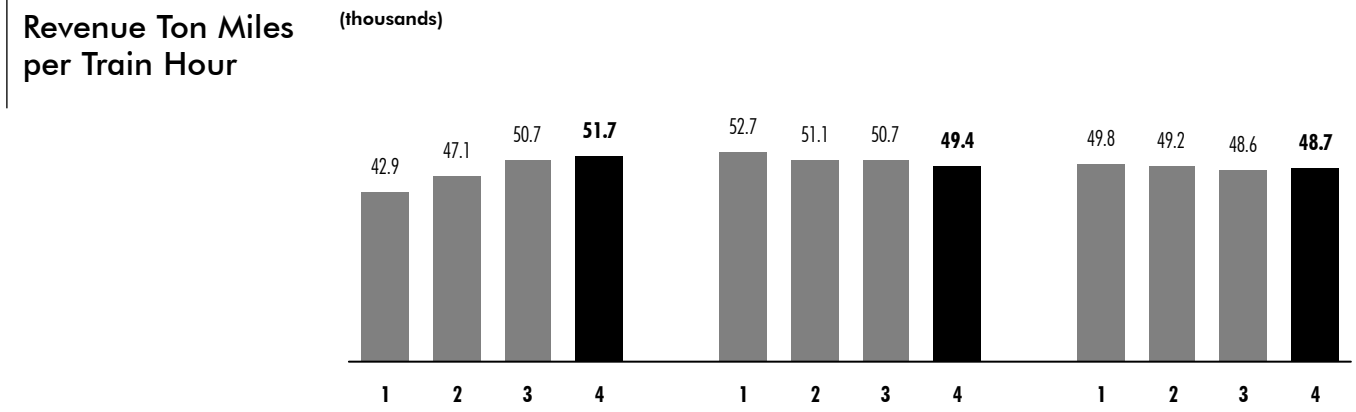
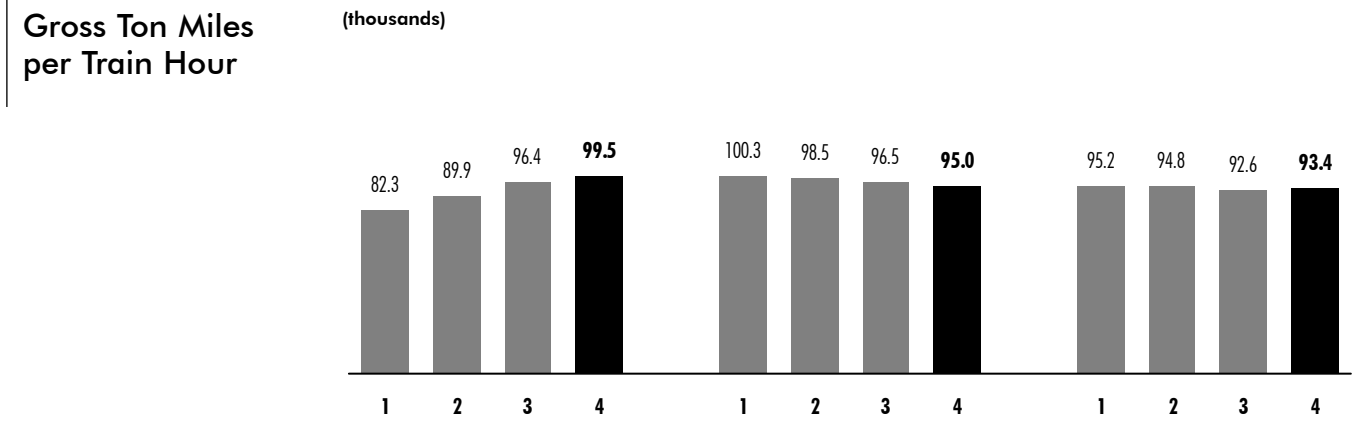
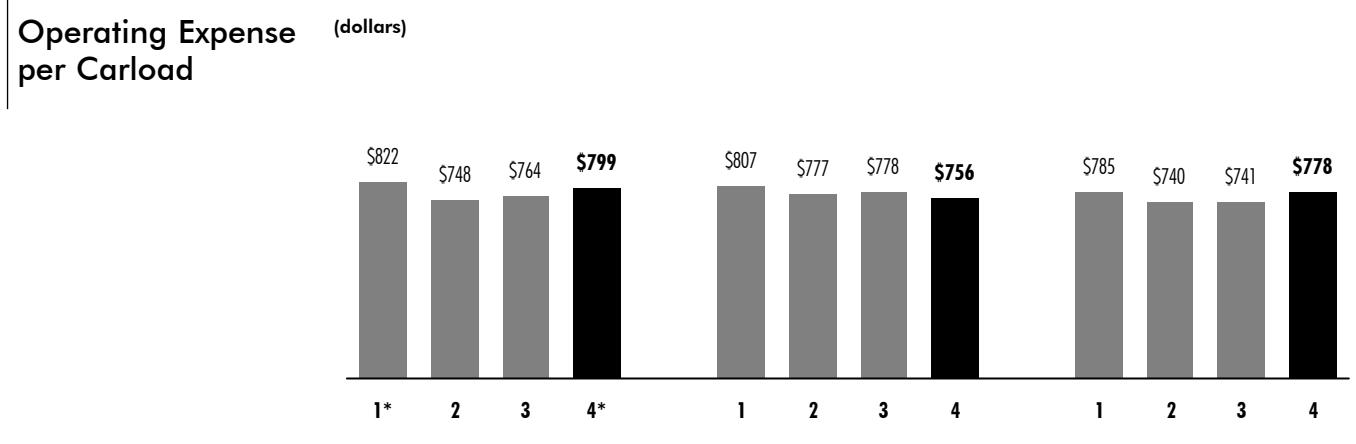
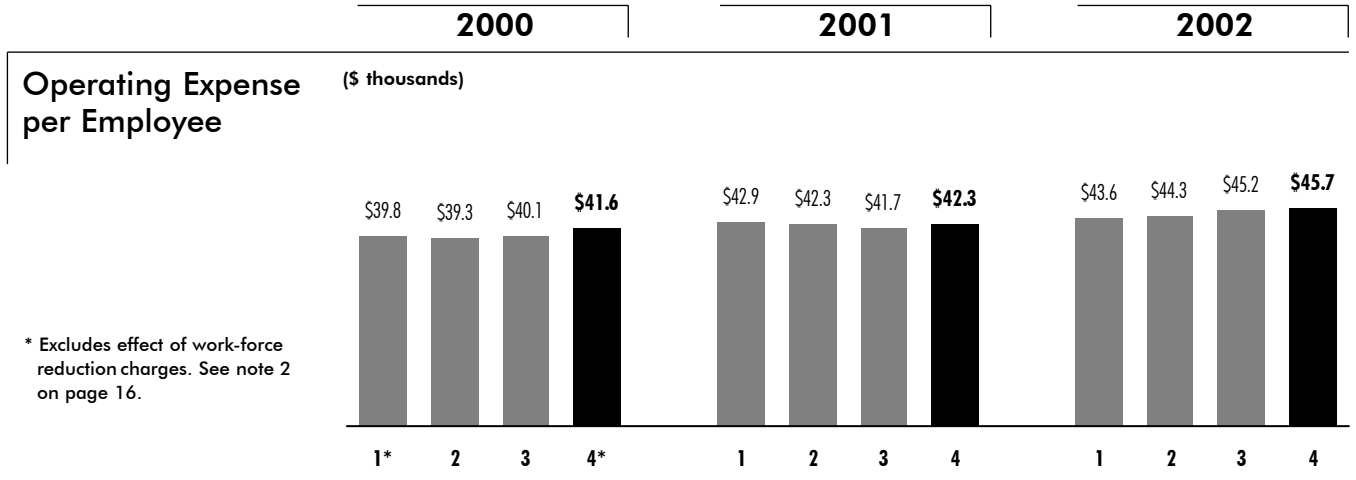
Other Income — Net Analysis



Productivity Measures



Productivity Measures



Financial, Traffic and Operating Statistics

Consolidated Financial Data (\$ millions — except as noted)		2000				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
6	Railway operating revenues (See page 8 for details):					
8	Coal	\$ 347	\$ 377	\$ 363	\$ 348	\$ 1,435
8	General merchandise	915	942	878	870	3,605
8	Intermodal	246	273	294	306	1,119
6	Total railway operating revenues	\$ 1,508	\$ 1,592	\$ 1,535	\$ 1,524	\$ 6,159
6	Railway operating expenses:					
•	Compensation and benefits (note 2)	\$ 554	\$ 516	\$ 507	\$ 492	\$ 2,069
•	Material (other than diesel fuel)	63	39	49	63	214
•	Purchased services (other than equipment rents)	183	184	189	188	744
•	Equipment rents	125	124	122	116	487
•	Conrail rents and services	121	124	119	114	478
•	Depreciation	125	126	126	126	503
•	Diesel fuel	115	106	118	139	478
•	Casualties and other claims	32	34	33	43	142
•	Other	61	61	61	63	246
	Total railway operating expenses	\$ 1,379	\$ 1,314	\$ 1,324	\$ 1,344	\$ 5,361
6	Income from railway operations	\$ 129	\$ 278	\$ 211	\$ 180	\$ 798
•	Other income (expense)	\$ (112)	\$ (94)	\$ (55)	\$ (122)	\$ (383)
•	Income before income taxes	\$ 17	\$ 184	\$ 156	\$ 58	\$ 415
6	Income taxes — current	\$ 2	\$ 42	\$ 47	\$ (1)	\$ 90
6	Income taxes — deferred	1	26	10	15	52
6	Total income taxes	\$ 3	\$ 68	\$ 57	\$ 14	\$ 142
7	Net income (notes 1 and 2)	\$ 14	\$ 116	\$ 99	\$ 44	\$ 273
7	Earnings per share - diluted (dollars) (notes 1 and 2):	\$ 0.04	\$ 0.30	\$ 0.26	\$ 0.11	\$ 0.71
7	Railway operating ratio	91.4	82.5	86.3	88.2	87.0
7	Capital expenditures:					
	Equipment	\$ 40	\$ 29	\$ 18	\$ 57	\$ 144
	Road	130	152	139	166	587
	Total	\$ 170	\$ 181	\$ 157	\$ 223	\$ 731
•	Cash and short-term investments	\$ 72	\$ 50	\$ 152	\$ 2	\$ 2
•	Total debt, excluding notes payable to Conrail	\$ 7,996	\$ 7,699	\$ 7,648	\$ 7,636	\$ 7,636
•	Debt-to-total capitalization (percent)	57.9	56.8	56.5	56.7	56.7
•	Shares outstanding end of period (thousands)	383,050	383,316	383,550	384,057	384,057

Note 1 First quarter 2001 excludes the effect of a \$13 million, or \$0.03 per share, additional gain on the 1998 sale of NS' motor carrier subsidiary. See note 1 on page 3 for additional details.

Note 2 First and fourth quarters 2000 exclude work-force reduction charges of \$101 million and \$64 million respectively, which reduced first quarter net income by \$62 million, or \$0.16 per diluted share, and fourth quarter net income by \$39 million, or \$0.10 per diluted share.

2001					2002				
First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
\$ 393	\$ 395	\$ 366	\$ 367	\$ 1,521	\$ 359	\$ 350	\$ 371	\$ 361	\$ 1,441
871	922	862	871	3,526	869	948	917	914	3,648
276	275	280	292	1,123	270	295	310	306	1,181
\$ 1,540	\$ 1,592	\$ 1,508	\$ 1,530	\$ 6,170	\$ 1,498	\$ 1,593	\$ 1,598	\$ 1,581	\$ 6,270
\$ 519	\$ 502	\$ 478	\$ 515	\$ 2,014	\$ 523	\$ 497	\$ 489	\$ 513	\$ 2,022
67	58	50	46	221	54	57	65	54	230
191	204	204	191	790	195	210	225	226	856
114	115	109	95	433	90	97	96	88	371
105	106	113	97	421	113	103	100	96	412
127	128	129	130	514	127	129	129	130	515
117	106	93	96	412	81	84	81	96	342
37	40	32	34	143	35	37	57	42	171
58	51	55	51	215	43	57	45	48	193
\$ 1,335	\$ 1,310	\$ 1,263	\$ 1,255	\$ 5,163	\$ 1,261	\$ 1,271	\$ 1,287	\$ 1,293	\$ 5,112
\$ 205	\$ 282	\$ 245	\$ 275	\$ 1,007	\$ 237	\$ 322	\$ 311	\$ 288	\$ 1,158
\$ (114)	\$ (115)	\$ (121)	\$ (104)	\$ (454)	\$ (100)	\$ (128)	\$ (122)	\$ (102)	\$ (452)
\$ 91	\$ 167	\$ 124	\$ 171	\$ 553	\$ 137	\$ 194	\$ 189	\$ 186	\$ 706
\$ 66	\$ 20	\$ —	\$ 61	\$ 147	\$ 23	\$ 33	\$ (6)	\$ 18	\$ 68
(36)	40	45	(5)	44	28	42	69	39	178
\$ 30	\$ 60	\$ 45	\$ 56	\$ 191	\$ 51	\$ 75	\$ 63	\$ 57	\$ 246
\$ 61	\$ 107	\$ 79	\$ 115	\$ 362	\$ 86	\$ 119	\$ 126	\$ 129	\$ 460
\$ 0.16	\$ 0.28	\$ 0.20	\$ 0.30	\$ 0.94	\$ 0.22	\$ 0.31	\$ 0.32	\$ 0.33	\$ 1.18
86.7	82.3	83.8	82.0	83.7	84.2	79.8	80.5	81.8	81.5
\$ 172	\$ 22	\$ 9	\$ 27	\$ 230	\$ 76	\$ 23	\$ 43	\$ 23	\$ 165
122	109	160	125	516	113	133	131	153	530
\$ 294	\$ 131	\$ 169	\$ 152	\$ 746	\$ 189	\$ 156	\$ 174	\$ 176	\$ 695
\$ 55	\$ 47	\$ 134	\$ 204	\$ 204	\$ 164	\$ 94	\$ 132	\$ 184	\$ 184
\$ 7,841	\$ 7,701	\$ 7,668	\$ 7,632	\$ 7,632	\$ 7,656	\$ 7,444	\$ 7,383	\$ 7,364	\$ 7,364
57.1	56.3	56.0	55.6	55.6	55.2	54.1	53.5	53.1	53.1
384,550	385,241	385,473	385,832	385,832	388,088	388,355	388,647	388,985	388,985

Financial, Traffic and Operating Statistics

Traffic and Operating Statistics		2000				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
• No corresponding charts for this data.						
Page	Item					
8	Railway carloads (thousands) (See page 8 for details):					
8	Coal	422.0	435.7	424.7	405.0	1,687.4
8	General merchandise	747.5	765.5	717.1	687.5	2,917.6
8	Intermodal	508.0	554.6	590.4	589.1	2,242.1
8	Total railway carloads	1,677.5	1,755.8	1,732.2	1,681.6	6,847.1
• Revenue ton miles (RTMs) (billions):						
•	Coal	13.9	15.0	15.3	14.7	58.9
•	General merchandise	27.9	28.2	27.3	25.5	108.9
•	Intermodal	7.0	7.3	7.6	7.8	29.7
•	Total	48.8	50.5	50.2	48.0	197.5
• Revenue (dollars) per thousand RTMs:						
•	Coal	\$ 24.95	\$ 25.14	\$ 23.78	\$ 23.57	\$ 24.35
•	General merchandise	\$ 32.82	\$ 33.42	\$ 32.18	\$ 34.15	\$ 33.12
•	Intermodal	\$ 35.25	\$ 37.18	\$ 38.49	\$ 39.52	\$ 37.68
•	Total	\$ 30.92	\$ 31.51	\$ 30.58	\$ 31.76	\$ 31.19
Railway Statistical Data						
•	Gross ton miles (GTMs) (billions)	93.5	96.4	95.5	92.3	377.7
•	Revenue ton miles (RTMs) (billions)	48.8	50.5	50.2	48.0	197.5
•	Railroad employees (average)	34,649	33,426	32,990	32,310	33,344
•	Total operating expense (dollars) per thousand GTMs	\$ 14.75	\$ 13.63	\$ 13.87	\$ 14.55	\$ 14.19
•	Compensation and benefits (dollars) per thousand GTMs	\$ 5.93	\$ 5.35	\$ 5.31	\$ 5.33	\$ 5.48
•	Total operating expense (dollars) per thousand RTMs	\$ 28.28	\$ 26.01	\$ 26.38	\$ 28.01	\$ 27.15
•	Compensation and benefits (dollars) per thousand RTMs	\$ 11.36	\$ 10.21	\$ 10.10	\$ 10.25	\$ 10.48
14	Total operating revenue (\$ thousands) per employee	\$ 43.5	\$ 47.6	\$ 46.5	\$ 47.2	\$ 184.8
15	Total operating expense (\$ thousands) per employee	\$ 39.8	\$ 39.3	\$ 40.1	\$ 41.6	\$ 160.8
•	GTMs (thousands) per employee	2,698	2,884	2,894	2,859	11,335
14	RTMs (thousands) per employee	1,407	1,512	1,521	1,485	5,925
14	Carloads per employee	48.4	52.5	52.5	52.0	205.3
14	RTMs (thousands) per mile of road operated	2,243	2,324	2,308	2,205	9,080
15	Total operating expense (dollars) per carload	\$ 822	\$ 748	\$ 764	\$ 799	\$ 783
•	Compensation and benefits (dollars) per carload	\$ 330	\$ 294	\$ 293	\$ 293	\$ 302
•	RTMs (thousands) per carload	29.1	28.8	29.0	28.5	28.8
•	Diesel fuel consumed (thousands of gallons)	134,587	127,549	125,179	130,307	517,622
•	Average price (cents) per gallon of diesel fuel	85.3	83.3	94.2	106.5	92.3
•	RTMs per gallon of fuel consumed	362	396	401	368	381
15	GTMs (thousands) per train hour	82.3	89.9	96.4	99.5	91.5
15	RTMs (thousands) per train hour	42.9	47.1	50.7	51.7	47.8
•	Percent of loaded-to-total car miles	57.0	57.1	56.9	57.0	57.0
•	Total new crossties installed (thousands)	351	437	408	312	1,508
•	Total track miles of rail laid (miles)	110	117	107	56	390

2001					2002				
First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
439.2	436.8	403.3	416.1	1,695.4	398.5	393.5	412.4	405.2	1,609.6
671.6	712.0	662.9	669.6	2,716.1	659.1	723.4	698.1	676.4	2,757.0
542.8	538.1	557.3	575.3	2,213.5	548.8	599.6	625.3	580.4	2,354.1
1,653.6	1,686.9	1,623.5	1,661.0	6,625.0	1,606.4	1,716.5	1,735.8	1,662.0	6,720.7
15.1	14.5	13.4	13.5	56.5	13.2	12.7	13.2	13.2	52.3
24.9	25.3	24.3	24.0	98.5	24.1	25.6	24.9	24.5	99.1
6.8	6.5	6.8	7.1	27.2	6.7	7.0	7.1	6.8	27.6
46.8	46.3	44.5	44.6	182.2	44.0	45.3	45.2	44.5	179.0
\$ 26.07	\$ 27.24	\$ 27.36	\$ 27.02	\$ 26.90	\$ 27.20	\$ 27.51	\$ 28.12	\$ 27.39	\$ 27.56
\$ 34.97	\$ 36.49	\$ 35.36	\$ 36.34	\$ 35.79	\$ 36.06	\$ 37.06	\$ 36.78	\$ 37.30	\$ 36.81
\$ 40.67	\$ 41.92	\$ 41.68	\$ 41.20	\$ 41.36	\$ 40.20	\$ 42.11	\$ 43.88	\$ 44.87	\$ 42.78
\$ 32.93	\$ 34.36	\$ 33.91	\$ 34.28	\$ 33.86	\$ 34.04	\$ 35.16	\$ 35.36	\$ 35.53	\$ 35.03
89.0	89.3	84.6	85.9	348.8	84.1	87.3	86.1	85.3	342.8
46.8	46.3	44.5	44.6	182.2	44.0	45.3	45.2	44.5	179.0
31,086	30,988	30,290	29,675	30,510	28,909	28,677	28,456	28,306	28,587
\$ 15.01	\$ 14.67	\$ 14.92	\$ 14.62	\$ 14.80	\$ 14.99	\$ 14.56	\$ 14.95	\$ 15.16	\$ 14.91
\$ 5.83	\$ 5.62	\$ 5.65	\$ 6.00	\$ 5.77	\$ 6.22	\$ 5.69	\$ 5.68	\$ 6.02	\$ 5.90
\$ 28.54	\$ 28.28	\$ 28.40	\$ 28.12	\$ 28.34	\$ 28.65	\$ 28.05	\$ 28.48	\$ 29.05	\$ 28.56
\$ 11.10	\$ 10.84	\$ 10.75	\$ 11.54	\$ 11.05	\$ 11.88	\$ 10.97	\$ 10.82	\$ 11.53	\$ 11.30
\$ 49.5	\$ 51.4	\$ 49.8	\$ 51.6	\$ 202.3	\$ 51.8	\$ 55.5	\$ 56.2	\$ 55.9	\$ 219.4
\$ 42.9	\$ 42.3	\$ 41.7	\$ 42.3	\$ 169.2	\$ 43.6	\$ 44.3	\$ 45.2	\$ 45.7	\$ 178.8
2,862	2,881	2,795	2,893	11,431	2,910	3,045	3,025	3,012	11,992
1,505	1,495	1,468	1,504	5,972	1,522	1,580	1,588	1,572	6,262
53.2	54.4	53.6	56.0	217.1	55.6	59.9	61.0	58.7	235.2
2,149	2,129	2,058	2,070	8,406	2,043	2,106	2,102	2,064	8,315
\$ 807	\$ 777	\$ 778	\$ 756	\$ 779	\$ 785	\$ 740	\$ 741	\$ 778	\$ 761
\$ 314	\$ 298	\$ 294	\$ 310	\$ 304	\$ 326	\$ 290	\$ 282	\$ 309	\$ 301
28.3	27.5	27.4	26.9	27.5	27.4	26.4	26.0	26.8	26.6
127,748	121,009	106,608	122,279	477,644	120,072	119,764	113,484	119,170	472,490
91.6	87.8	86.8	78.3	86.2	67.1	70.3	72.7	80.1	72.5
366	383	417	365	381	367	378	398	373	379
100.3	98.5	96.5	95.0	97.5	95.2	94.8	92.6	93.4	94.0
52.7	51.1	50.7	49.4	51.0	49.8	49.2	48.6	48.7	49.1
56.6	56.7	57.0	57.4	56.9	57.6	58.1	58.0	58.3	58.0
38	519	463	524	1,544	568	832	730	646	2,776
21	87	71	75	254	72	51	56	56	235

Supplemental Financial Information

The information on this page is an alternative, pro forma presentation of Norfolk Southern and Conrail financial data intended to assist investors in analyzing Norfolk Southern's financial performance. Such information is not in the format filed with the Securities and Exchange Commission and does not conform to generally accepted accounting principles. Investors are urged to review such information in light of financial statements filed with the Securities and Exchange Commission.

Norfolk Southern has a 58% economic interest and a 50% voting interest in Conrail, and conducts rail operations over a portion of Conrail's system pursuant to an operating agreement. EBITDA calculations and other pro forma combinations of Norfolk Southern and Conrail financial data are not intended to suggest that Norfolk Southern has the right to utilize Conrail's assets other than pursuant to the foregoing operating agreement.

**Pro Forma Combined Earnings
Before Interest, Taxes, Depreciation and Amortization
(Includes NS and 58% of Conrail Inc.)
(\$ millions)**

	Unaudited Three months ended December 31,		Unaudited Years ended December 31,	
	2002	2001	2002	2001
Norfolk Southern Corporation				
Operating income	\$ 288	\$ 275	\$ 1,158	\$ 1,007
Other income - net	26	32	66	99
Depreciation and amortization	134	132	529	527
Less: Equity in Conrail earnings	<u>(22)</u>	<u>(13)</u>	<u>(54)</u>	<u>(44)</u>
EBITDA, excluding equity in Conrail earnings	<u>426</u>	<u>426</u>	<u>1,699</u>	<u>1,589</u>
Conrail Inc.				
Operating income - 58%	44	38	157	153
Other income - net - 58%	12	20	55	60
Depreciation and amortization - 58%	<u>47</u>	<u>47</u>	<u>187</u>	<u>188</u>
EBITDA - 58%	<u>103</u>	<u>105</u>	<u>399</u>	<u>401</u>
Pro Forma Combined EBITDA	<u>\$ 529</u>	<u>\$ 531</u>	<u>\$ 2,098</u>	<u>\$ 1,990</u>