

Quarterly Financial Review

Fourth Quarter 2003



Norfolk Southern Corporation

Finance Department
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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
Traffic and Operating Statistics.....	18
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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 Statement of Income

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

	2003	2002
Railway operating revenues:		
Coal	\$ 385	\$ 361
General merchandise	956	914
Intermodal	335	306
Total railway operating revenues	1,676	1,581
Railway operating expenses:		
Compensation and benefits (note 1)	683	513
Materials, services and rents	344	368
Conrail rents and services	105	96
Depreciation	129	130
Diesel fuel	97	96
Casualties and other claims	39	42
Other	55	48
Total railway operating expenses	1,452	1,293
Income from railway operations	224	288
Other income — net (note 2)	(38)	26
Interest expense on debt	(124)	(128)
Income before income taxes	62	186
Provision (benefit) for income taxes:		
Current	(6)	18
Deferred	16	39
Total income taxes	10	57
Net income	\$ 52	\$ 129
Earnings per share:		
Basic and diluted	\$ 0.13	\$ 0.33
Average shares outstanding (000's)	390,357	388,876

See notes to consolidated financial statements on pages 2, 3, 4 and 5.

Notes to Consolidated Financial Statements

1. Voluntary Separation — Fourth-quarter 2003 results included \$107 million of costs related to a voluntary separation program, which reduced net income by \$66 million, or 17 cents per share. Through the program, 553 nonagreement employees were separated from service, of which 314 retired under NS' retirement plan. The costs include \$66 million for separation payments and other benefits of the program and \$41 million of costs related to the pension and other postretirement benefit plans.

2. Asset Impairment — Fourth-quarter 2003 results included an \$84 million charge to recognize the impaired value of certain telecommunications assets, which reduced net income by \$53 million, or 13 cents per share. As a result of a deterioration in the long-term prospects for these assets, an updated appraisal obtained in the fourth quarter indicated a significant decline in their value.

Consolidated Statement of Income

Years Ended December 31,

(\$ millions except per share)

	2003	2002
Railway operating revenues:		
Coal	\$ 1,500	\$ 1,441
General merchandise	3,729	3,648
Intermodal	1,239	1,181
Total railway operating revenues	6,468	6,270
Railway operating expenses:		
Compensation and benefits (note 1)	2,275	2,022
Materials, services and rents	1,427	1,457
Conrail rents and services	419	412
Depreciation	513	515
Diesel fuel	380	342
Casualties and other claims	181	171
Other	209	193
Total railway operating expenses	5,404	5,112
Income from railway operations	1,064	1,158
Other income — net (note 2)	19	66
Interest expense on debt	(497)	(518)
Income from continuing operations before income taxes and accounting changes	586	706
Provision for income taxes:		
Current	43	68
Deferred	132	178
Total income taxes	175	246
Income from continuing operations before accounting changes	411	460
Discontinued operations — taxes on sale of motor carrier (note 3)	10	—
Cumulative effect of changes in accounting principles, net of taxes (note 4)	114	—
Net income	\$ 535	\$ 460
Earnings per share (basic and diluted):		
Income from continuing operations before accounting changes	\$ 1.05	\$ 1.18
Discontinued operations (note 3)	0.03	—
Cumulative effect of changes in accounting (note 4)	0.29	—
Net income	\$ 1.37	\$ 1.18
Average shares outstanding (000's)	389,788	388,213

See notes to consolidated financial statements on pages 2, 3, 4 and 5.

Notes to Consolidated Financial Statements (continued)

3. Discontinued Operations — First-quarter 2003 results included an additional after-tax gain of \$10 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 resolution of tax issues related to the transaction.

4. Changes in Accounting Principles — NS adopted Financial Accounting Standards Board (FASB) Statement No. 143, "Accounting for Asset Retirement Obligations" (SFAS No. 143), effective Jan. 1, 2003, and recorded a \$110 million net adjustment (\$182 million before taxes) for the cumulative effect of this change in accounting on years prior to 2003. Pursuant to SFAS No. 143, the cost to remove crossties must be recorded as an expense when incurred; previously these removal costs were accrued as a component of depreciation. This change in accounting lowered 2003 depreciation expense (because the depreciation rate for crossties no longer reflects costs to remove) and increased compensation and benefits expenses (for the costs to remove retired assets). The net effect on total railway operating expenses and net income was not material.

NS also adopted FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN No. 46), effective Jan. 1, 2003, and recorded a \$4 million net adjustment (\$6 million before taxes) for the cumulative effect of this change in accounting on years prior to 2003. Pursuant to FIN No. 46, NS has consolidated a special-purpose entity that leases certain locomotives to NS. This entity's assets and liabilities at Jan. 1, 2003, included \$169 million of locomotives and \$157 million of debt related to their purchase, as well as a \$6 million minority interest liability. This change in accounting increased depreciation and interest expense in 2003 (to reflect the locomotives as owned assets) and lowered lease expense. The net effect on total railway operating expenses and net income was not material.

Consolidated Balance Sheets

As of December 31,
(\$ millions)

	2003	2002
Assets		
Current assets:		
Cash and cash equivalents	\$ 284	\$ 184
Accounts receivable — net (note 5)	695	683
Materials and supplies	92	97
Deferred income taxes	189	187
Other current assets	165	148
Total current assets	1,425	1,299
Investment in Conrail	6,259	6,178
Properties less accumulated depreciation	11,779	11,370
Other assets	1,133	1,109
Total assets	\$ 20,596	\$ 19,956
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 948	\$ 908
Income and other taxes	199	269
Due to Conrail	81	86
Other current liabilities	213	232
Current maturities of long-term debt	360	358
Total current liabilities	1,801	1,853
Long-term debt	6,800	7,006
Other liabilities	1,071	1,029
Due to Conrail	716	513
Minority interests	9	45
Deferred income taxes	3,223	3,010
Total liabilities	13,620	13,456
Stockholders' equity:		
Common stock \$1.00 per share par value	412	410
Additional paid-in capital	521	481
Unearned restricted stock	(5)	—
Accumulated other comprehensive loss	(44)	(65)
Retained income	6,112	5,694
	6,996	6,520
Less treasury stock at cost, 21,016,125 shares and 21,169,125 shares, respectively	(20)	(20)
Total stockholders' equity	6,976	6,500
Total liabilities and stockholders' equity	\$ 20,596	\$ 19,956

Notes to Consolidated Financial Statements (continued)

5. 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 \$0 at Dec. 31, 2003, and \$30 million at Dec. 31, 2002.

See notes to consolidated financial statements on pages 2, 3, 4 and 5.

Consolidated Statements of Cash Flow

Years Ended December 31,
(\$ millions)

	2003	2002
Cash flows from operating activities:		
Net income	\$ 535	\$ 460
Reconciliation of net income to net cash provided by operating activities:		
Net cumulative effect of changes in accounting principles (note 4)	(114)	—
Depreciation	528	529
Deferred income taxes	132	178
Equity in earnings of Conrail	(58)	(54)
Gains on properties and investments	(45)	(47)
Income from discontinued operations (note 3)	(10)	—
Changes in assets and liabilities affecting operations:		
Accounts receivable (note 5)	(12)	(208)
Materials and supplies	5	(7)
Other current assets	(4)	1
Current liabilities other than debt	(25)	35
Other — net	122	(84)
Net cash provided by operating activities	<u>1,054</u>	<u>803</u>
Cash flows from investing activities:		
Property additions	(720)	(689)
Property sales and other transactions	78	31
Investments, including short-term	(106)	(78)
Investment sales and other transactions	108	63
Net cash used for investing activities	<u>(640)</u>	<u>(673)</u>
Cash flows from financing activities:		
Dividends	(117)	(101)
Common stock issued — net	13	42
Redemption of minority interest	(43)	—
Proceeds from borrowings (note 6)	261	672
Debt repayments	(428)	(763)
Net cash used for financing activities	<u>(314)</u>	<u>(150)</u>
Net increase (decrease) in cash and cash equivalents	100	(20)
Cash and cash equivalents:		
At beginning of year	184	204
At end of year	<u>\$ 284</u>	<u>\$ 184</u>
Supplemental disclosures of cash-flow information		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 510	\$ 525
Income taxes	\$ 93	\$ 54

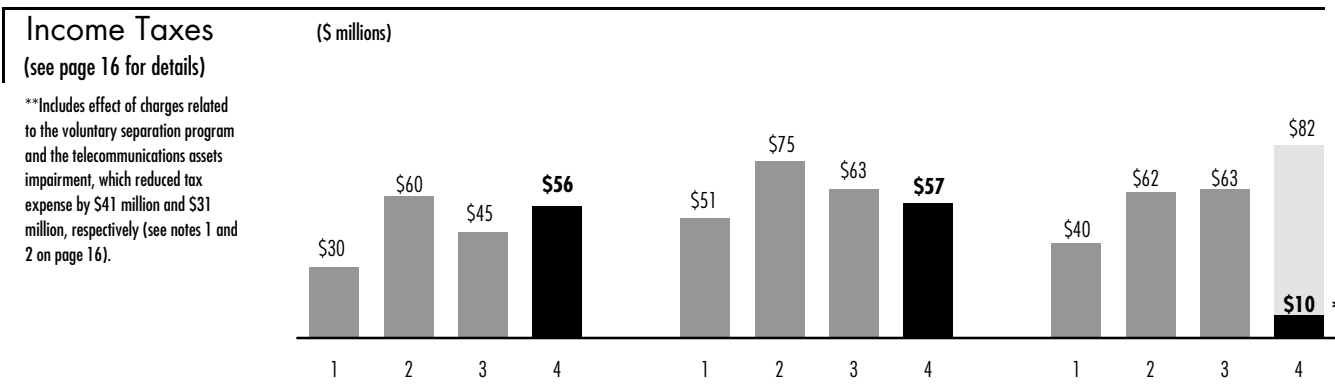
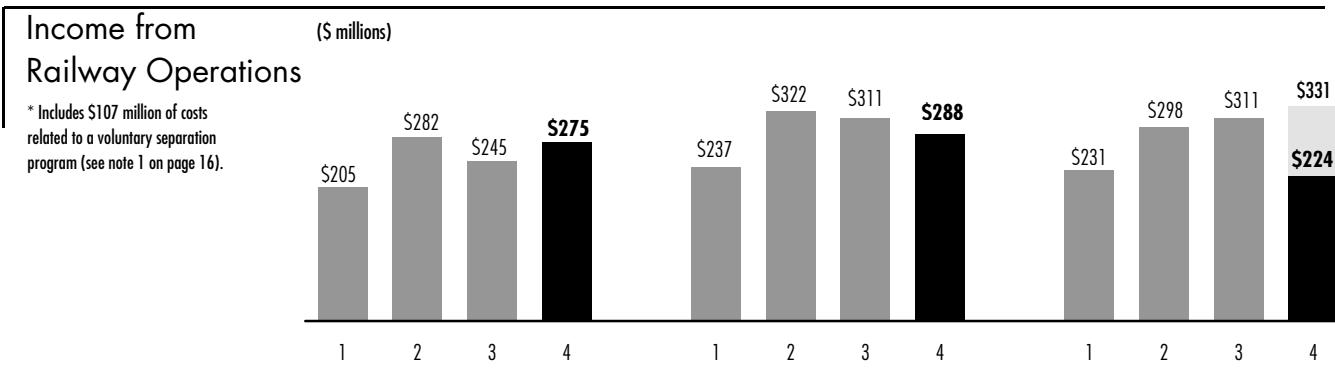
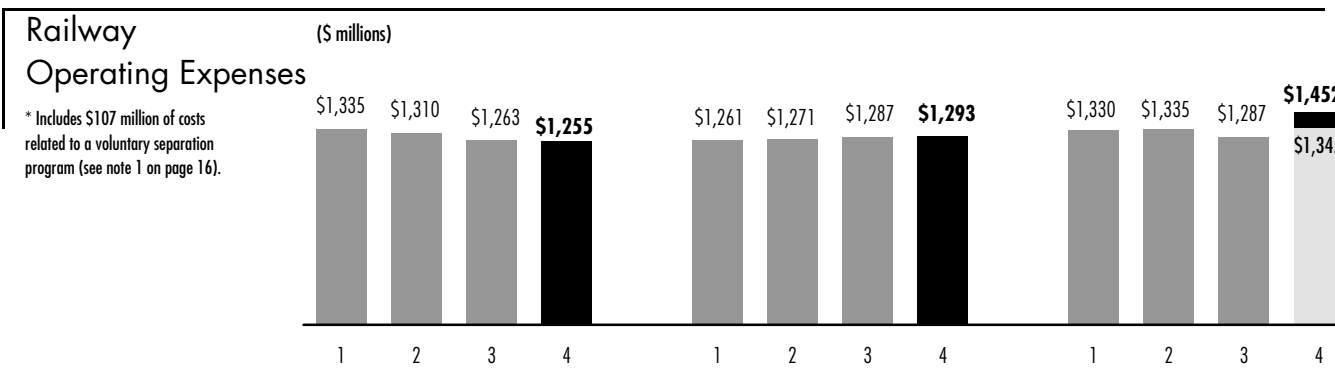
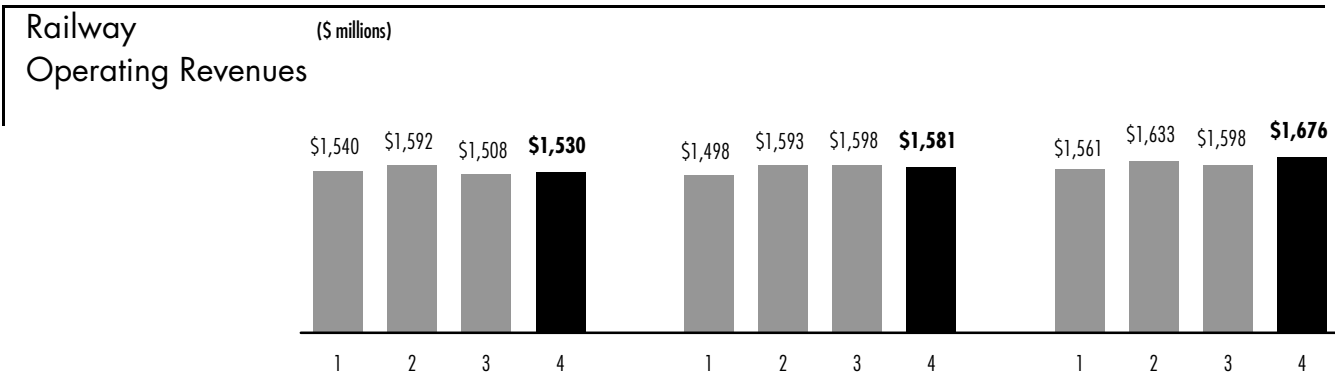
Notes to Consolidated Financial Statements (continued)

6. Payments to Conrail — Payments made to Conrail reduce NS' "Net cash provided by operating activities." A significant portion of these payments is borrowed back from a Conrail subsidiary. The net borrowings are included in NS' "Net cash used for financing activities" and totaled \$203 million in 2003 and \$212 million in 2002.

See notes to consolidated financial statements on pages 2, 3, 4 and 5.

Consolidated Financial Information

2001
2002
2003



Consolidated Financial Information

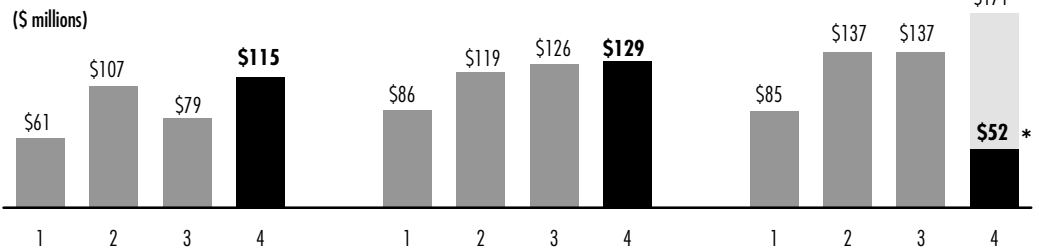
2001

2002

2003

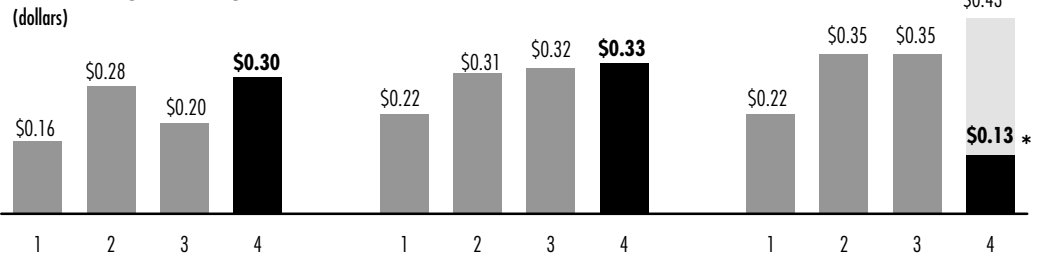
Income from Continuing Operations Before Accounting Changes

*Includes costs of a voluntary separation program, which reduced net income by \$66 million, or 17 cents per share, and the impairment of telecommunications assets, which reduced net income by \$53 million, or 13 cents per share (see notes 1 and 2 on page 16).



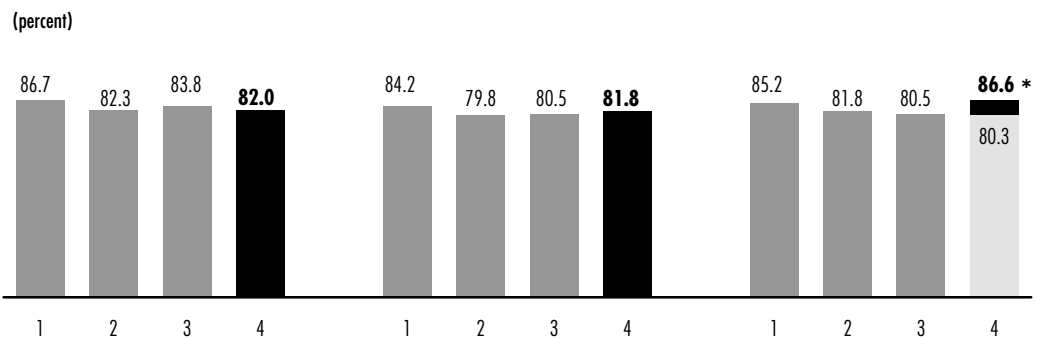
Diluted Earnings per Share from Continuing Operations Before Accounting Changes

*Includes costs of a voluntary separation program, which reduced net income by \$66 million, or 17 cents per share, and the impairment of telecommunications assets, which reduced net income by \$53 million, or 13 cents per share (see notes 1 and 2 on page 16).



Railway Operating Ratio

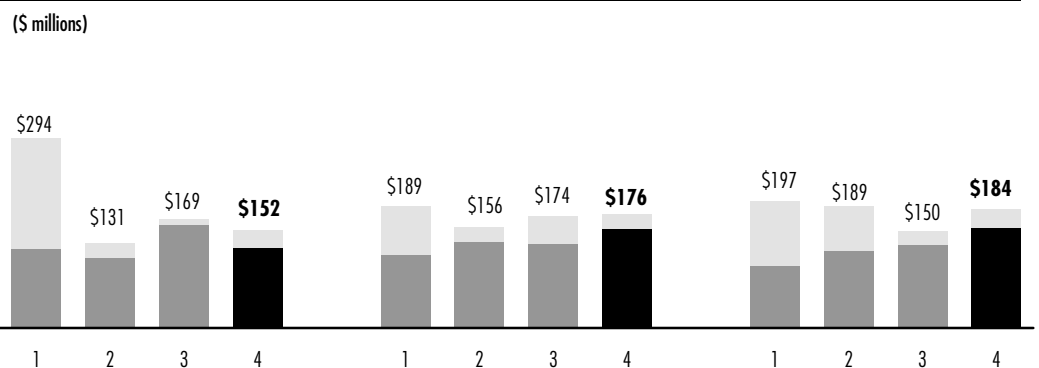
*Includes costs of a voluntary separation program, which added 6.3 percentage points to the operating ratio (see note 1 on page 16).



Capital Expenditures

(see page 16 for details)

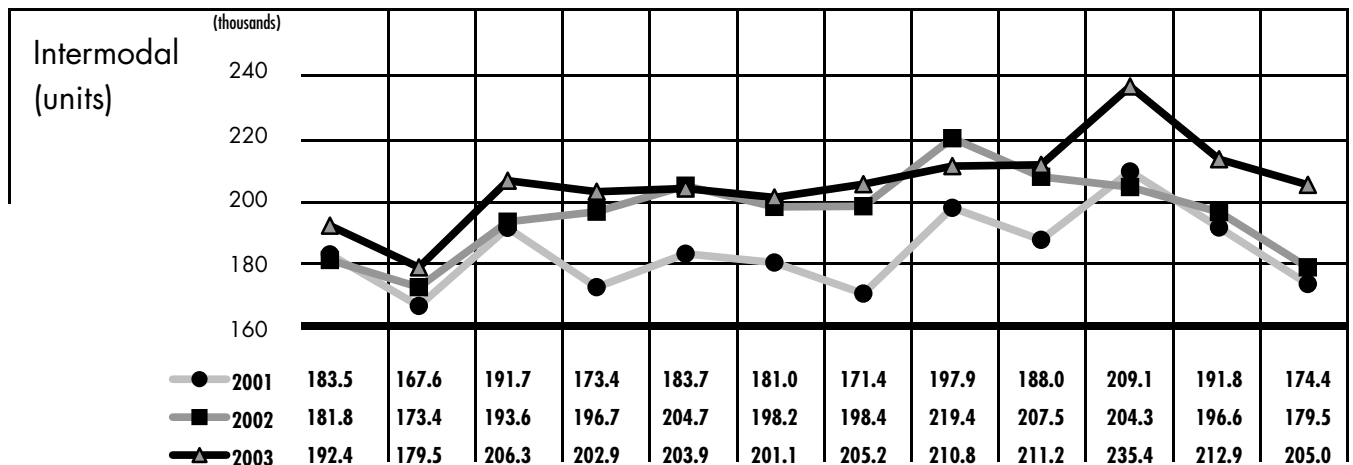
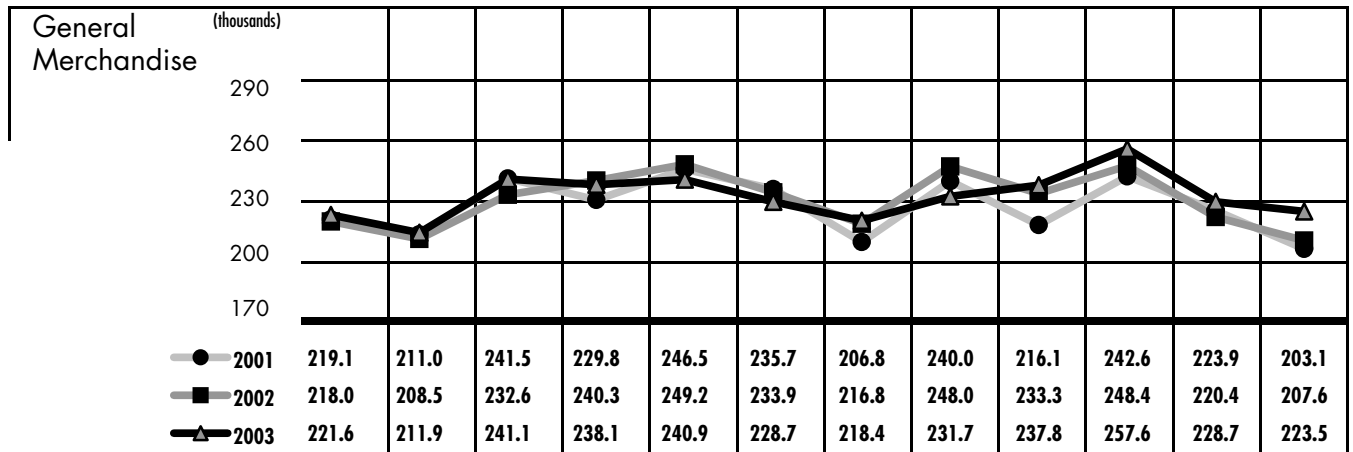
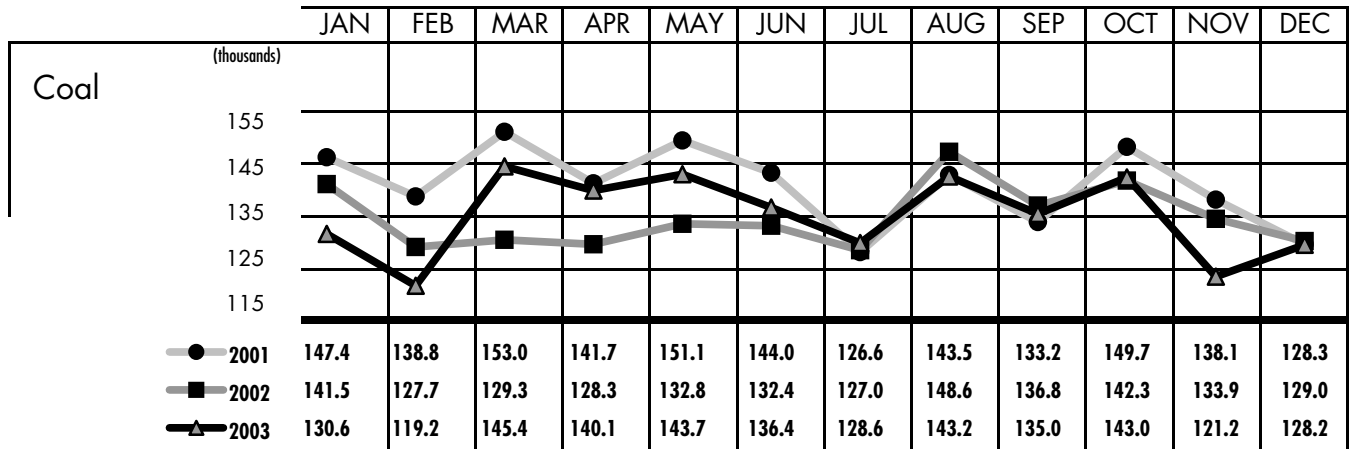
Equipment
Road



Railway Operating Revenue Yield Analysis

Commodity and Period	Revenues			Carloads			Revenue Yield		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
NOTE: The "agriculture" and "chemicals" groups have been restated to reflect new commodity classifications.									
First Quarter	(\$ millions)			(thousands)			(\$ per carload)		
Coal	\$ 393	\$ 359	\$ 354	439.2	398.5	395.2	\$ 895	\$ 901	\$ 895
Agriculture/consumer/gov't	154	157	168	132.8	127.7	134.6	1,156	1,234	1,247
Metals and construction	165	160	166	165.7	161.4	161.3	996	990	1,027
Paper/day/forest	154	141	150	116.4	105.3	106.6	1,320	1,340	1,404
Chemicals	184	183	192	104.7	101.5	105.7	1,759	1,798	1,823
Automotive	214	228	242	152.0	163.2	166.4	1,410	1,400	1,453
General merchandise	871	869	918	671.6	659.1	674.6	1,297	1,319	1,360
Intermodal	276	270	289	542.8	548.8	578.2	508	491	500
Total	\$ 1,540	\$ 1,498	\$ 1,561	1,653.6	1,606.4	1,648.0	\$ 931	\$ 932	\$ 947
Second Quarter									
Coal	\$ 395	\$ 350	\$ 389	436.8	393.5	420.2	\$ 903	\$ 889	\$ 927
Agriculture/consumer/gov't	152	156	175	128.4	127.2	136.9	1,181	1,227	1,278
Metals and construction	177	189	175	184.9	196.1	183.8	955	966	954
Paper/day/forest	162	154	162	117.8	111.7	113.2	1,375	1,376	1,433
Chemicals	187	190	190	108.2	107.3	104.9	1,733	1,771	1,809
Automotive	244	259	242	172.7	181.1	168.9	1,414	1,428	1,433
General merchandise	922	948	944	712.0	723.4	707.7	1,295	1,310	1,334
Intermodal	275	295	300	538.1	599.6	607.9	512	493	493
Total	\$ 1,592	\$ 1,593	\$ 1,633	1,686.9	1,716.5	1,735.8	\$ 944	\$ 928	\$ 941
Third Quarter									
Coal	\$ 366	\$ 371	\$ 372	403.3	412.4	406.8	\$ 909	\$ 900	\$ 915
Agriculture/consumer/gov't	150	156	167	122.7	127.6	137.7	1,220	1,219	1,212
Metals and construction	176	181	180	186.1	193.3	187.1	950	935	965
Paper/day/forest	150	155	163	109.3	112.8	112.9	1,376	1,379	1,445
Chemicals	187	194	196	107.6	109.6	108.4	1,740	1,768	1,805
Automotive	199	231	205	137.2	154.8	141.8	1,444	1,494	1,447
General merchandise	862	917	911	662.9	698.1	687.9	1,300	1,313	1,325
Intermodal	280	310	315	557.3	625.3	627.2	502	496	502
Total	\$ 1,508	\$ 1,598	\$ 1,598	1,623.5	1,735.8	1,721.9	\$ 929	\$ 921	\$ 928
Fourth Quarter									
Coal	\$ 367	\$ 361	\$ 385	416.1	405.2	392.4	\$ 881	\$ 892	\$ 981
Agriculture/consumer/gov't	161	168	178	135.1	135.1	146.6	1,198	1,245	1,217
Metals and construction	156	162	178	166.0	165.3	178.0	936	980	995
Paper/day/forest	146	153	159	107.0	107.8	110.5	1,360	1,418	1,442
Chemicals	180	188	194	101.6	104.8	106.7	1,770	1,795	1,823
Automotive	228	243	247	159.9	163.4	168.0	1,429	1,485	1,468
General merchandise	871	914	956	669.6	676.4	709.8	1,301	1,351	1,347
Intermodal	292	306	335	575.3	580.4	653.3	507	526	513
Total	\$ 1,530	\$ 1,581	\$ 1,676	1,661.0	1,662.0	1,755.5	\$ 921	\$ 951	\$ 955
Year									
Coal	\$ 1,521	\$ 1,441	\$ 1,500	1,695.4	1,609.6	1,614.6	\$ 897	\$ 895	\$ 929
Agriculture/consumer/gov't	617	637	688	519.0	517.6	555.8	1,188	1,231	1,238
Metals and construction	674	692	699	702.7	716.1	710.2	959	966	984
Paper/day/forest	612	603	634	450.5	437.6	443.2	1,357	1,378	1,431
Chemicals	738	755	772	422.1	423.2	425.7	1,750	1,783	1,815
Automotive	885	961	936	621.8	662.5	645.1	1,423	1,450	1,450
General merchandise	3,526	3,648	3,729	2,716.1	2,757.0	2,780.0	1,298	1,323	1,341
Intermodal	1,123	1,181	1,239	2,213.5	2,354.1	2,466.6	507	502	502
Total	\$ 6,170	\$ 6,270	\$ 6,468	6,625.0	6,720.7	6,861.2	\$ 931	\$ 933	\$ 943

Monthly Railway Carloadings



Railway Operating Revenue Variance Analysis

Fourth Quarter
2003 vs. 2002

(\$ millions)

	Coal		General Merchandise		Intermodal		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Revenue Variance due to:								
Volume	\$ (11)	(3%)	\$ 45	5%	\$ 38	12%	\$ 89	6%
Revenue per unit/mix	35	10%	(3)	—%	(9)	(3%)	6	—%
	<u>\$ 24</u>	<u>7%</u>	<u>\$ 42</u>	<u>5%</u>	<u>\$ 29</u>	<u>9%</u>	<u>\$ 95</u>	<u>6%</u>

Year
2003 vs. 2002

Revenue Variance due to:								
Volume	\$ 5	—%	\$ 30	1%	\$ 56	5%	\$ 131	2%
Revenue per unit/mix	54	4%	51	1%	2	—%	67	1%
	<u>\$ 59</u>	<u>4%</u>	<u>\$ 81</u>	<u>2%</u>	<u>\$ 58</u>	<u>5%</u>	<u>\$ 198</u>	<u>3%</u>

Coal, Coke and Iron Ore Tonnage by Market

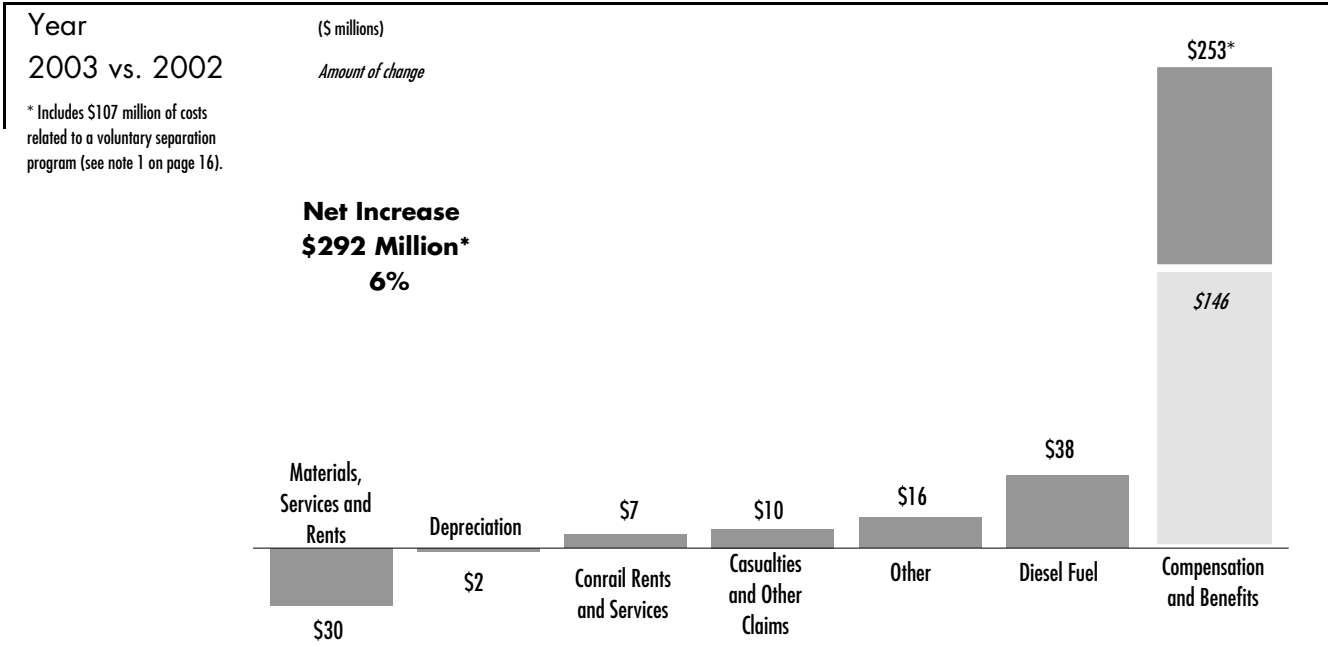
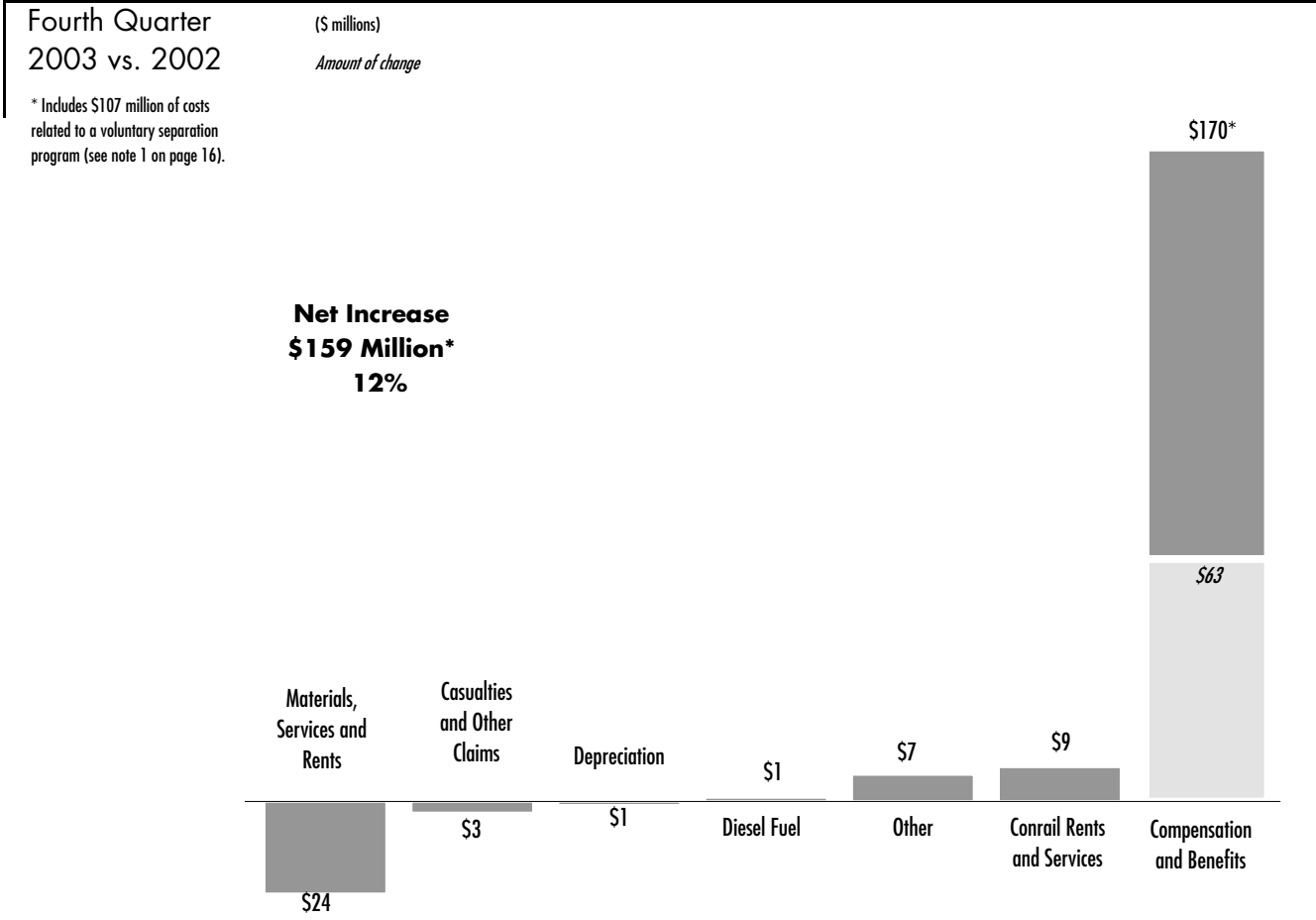
Fourth Quarter
(tons in thousands)

	2001		2002		2003	
	Tons	Change vs. 2000	Tons	Change vs. 2001	Tons	Change vs. 2002
Utility	32,939	12%	31,757	(4%)	31,626	—%
Export	2,383	(47%)	3,232	36%	2,996	(7%)
Steel	5,603	5%	5,542	(1%)	4,865	(12%)
Industrial	2,862	6%	2,340	(18%)	2,558	9%
	<u>43,787</u>	<u>4%</u>	<u>42,871</u>	<u>(2%)</u>	<u>42,045</u>	<u>(2%)</u>

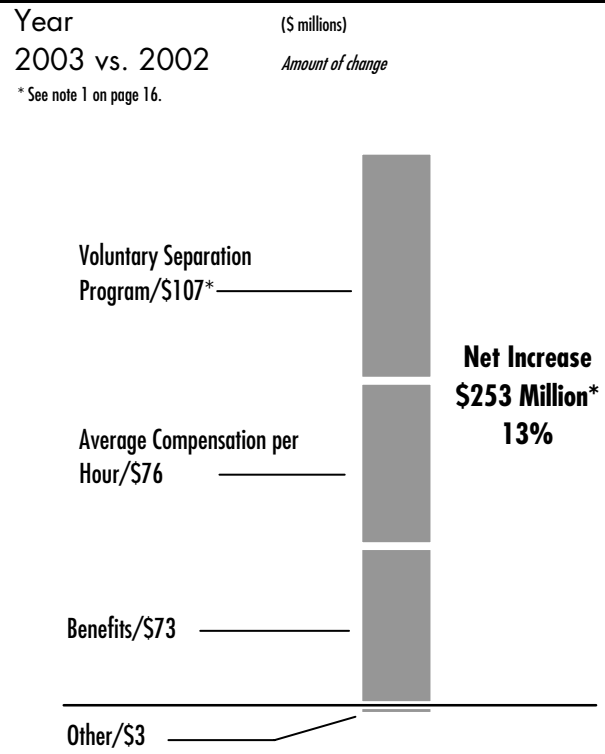
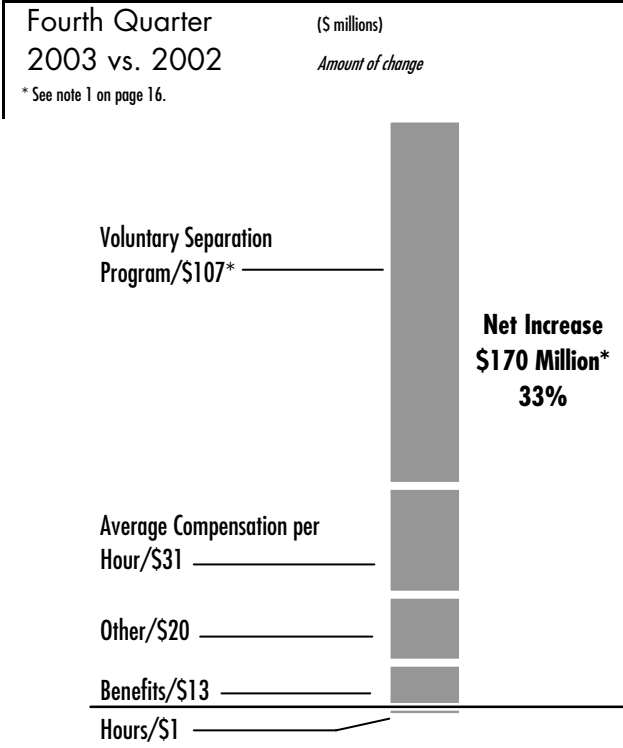
Year

Utility	132,325	11%	127,747	(3%)	129,904	2%
Export	13,872	(30%)	11,342	(18%)	12,312	9%
Steel	20,457	(18%)	21,578	5%	20,486	(5%)
Industrial	11,377	6%	9,733	(14%)	9,624	(1%)
	<u>178,031</u>	<u>2%</u>	<u>170,400</u>	<u>(4%)</u>	<u>172,326</u>	<u>1%</u>

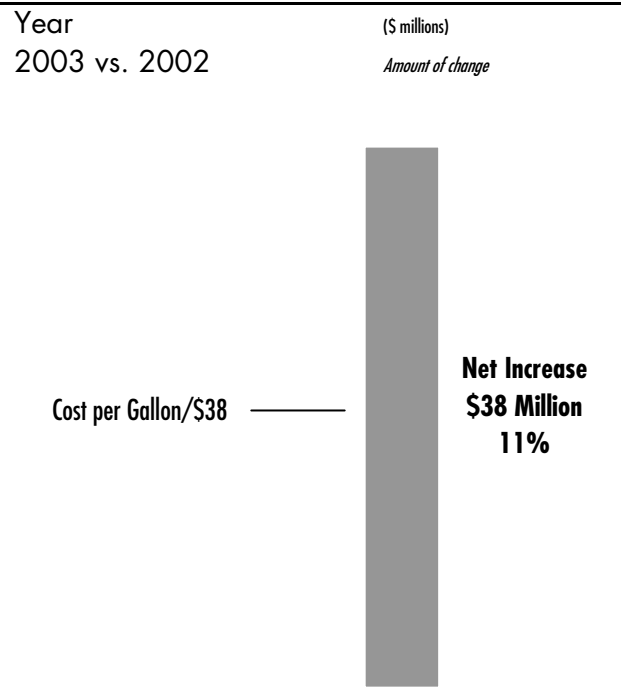
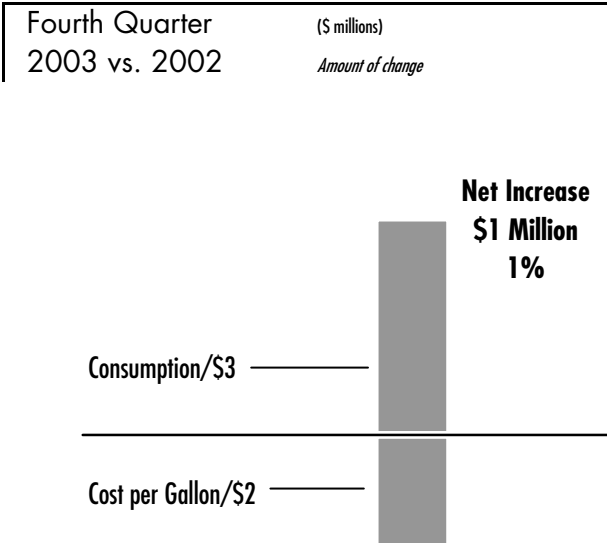
Railway Operating Expense Variance Analysis



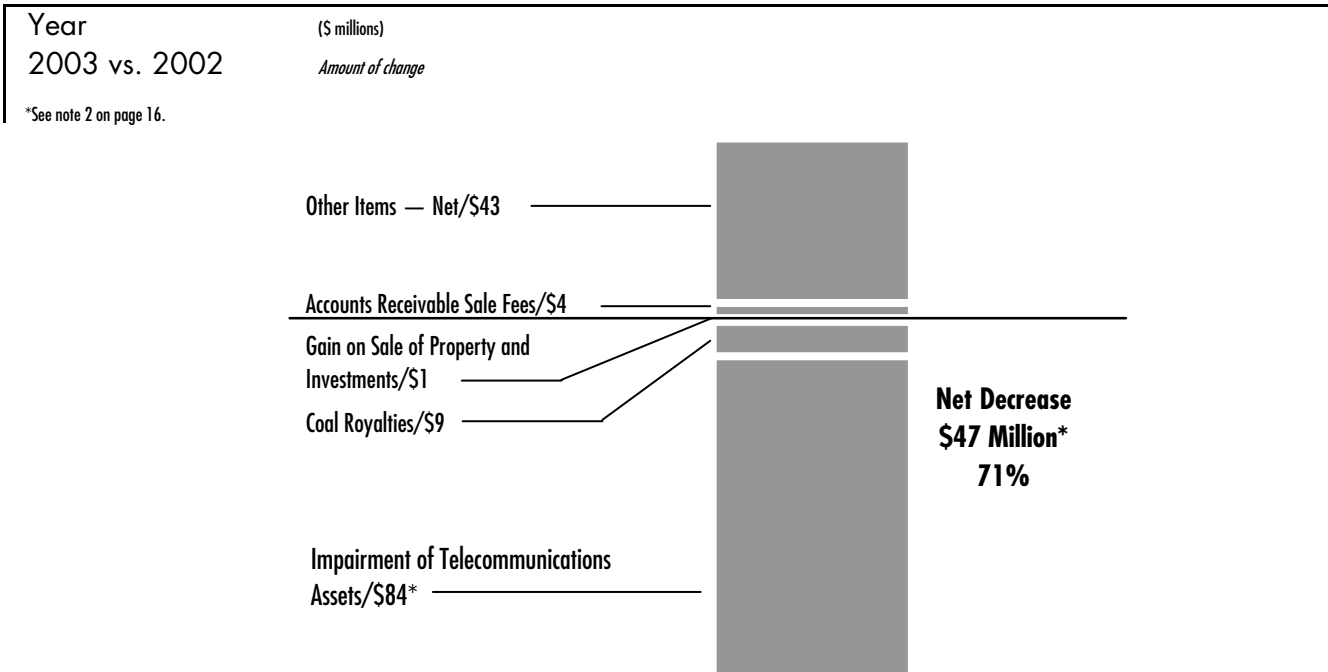
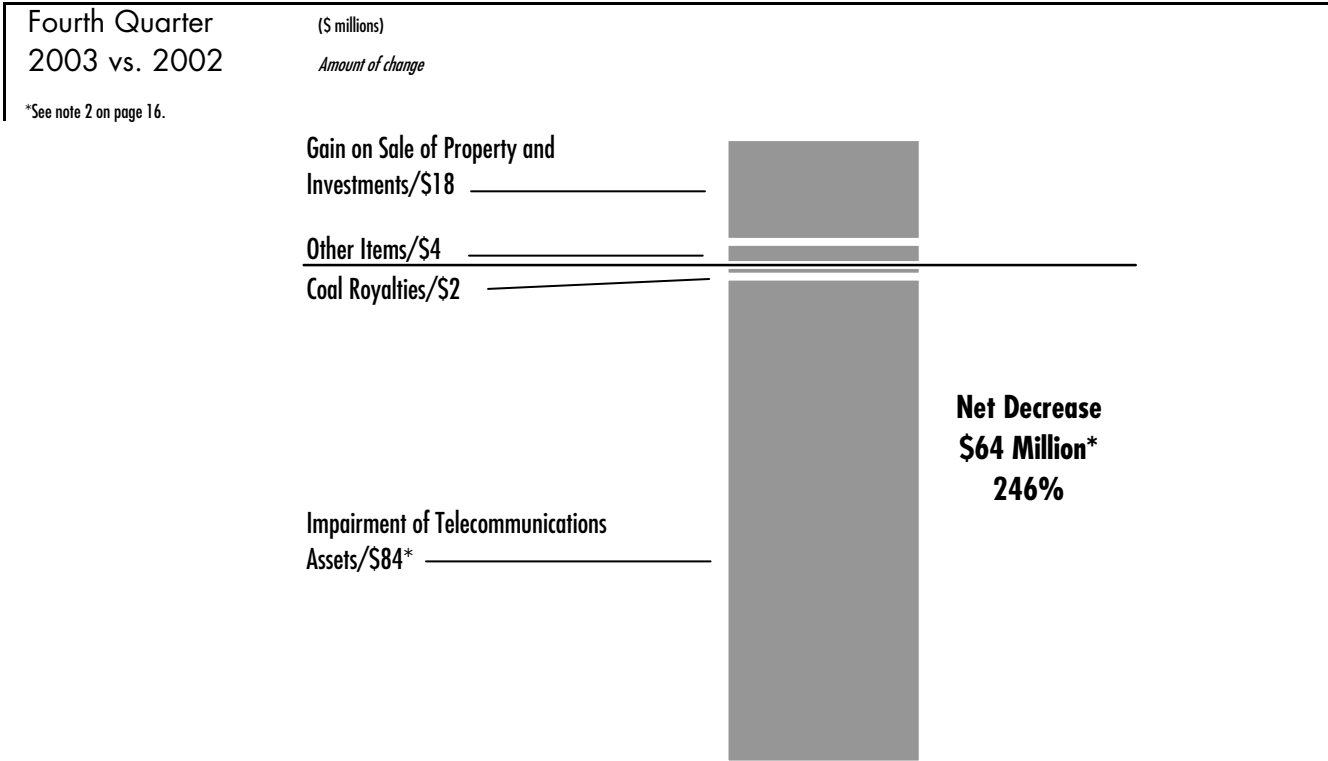
Compensation and Benefits Expense Analysis



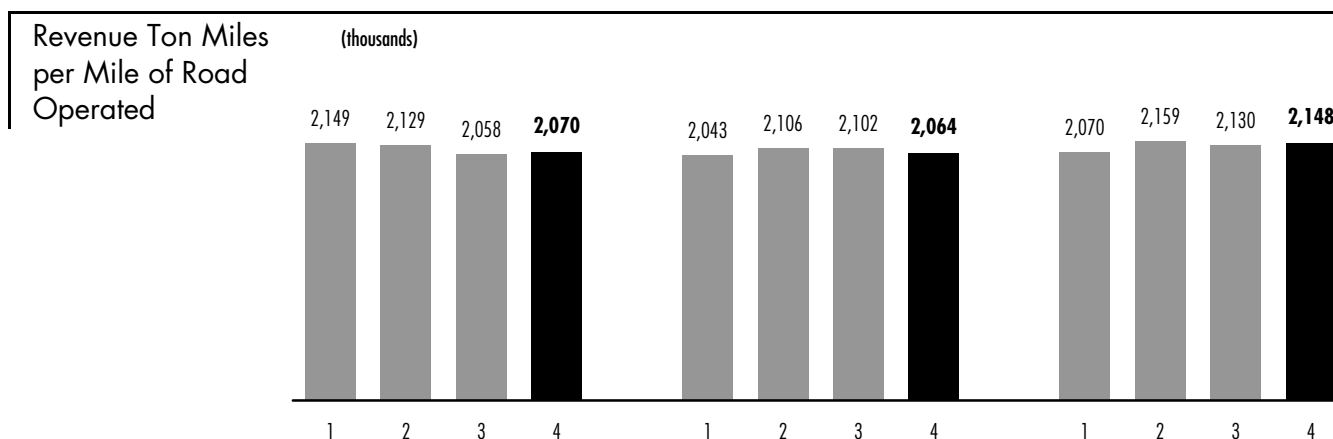
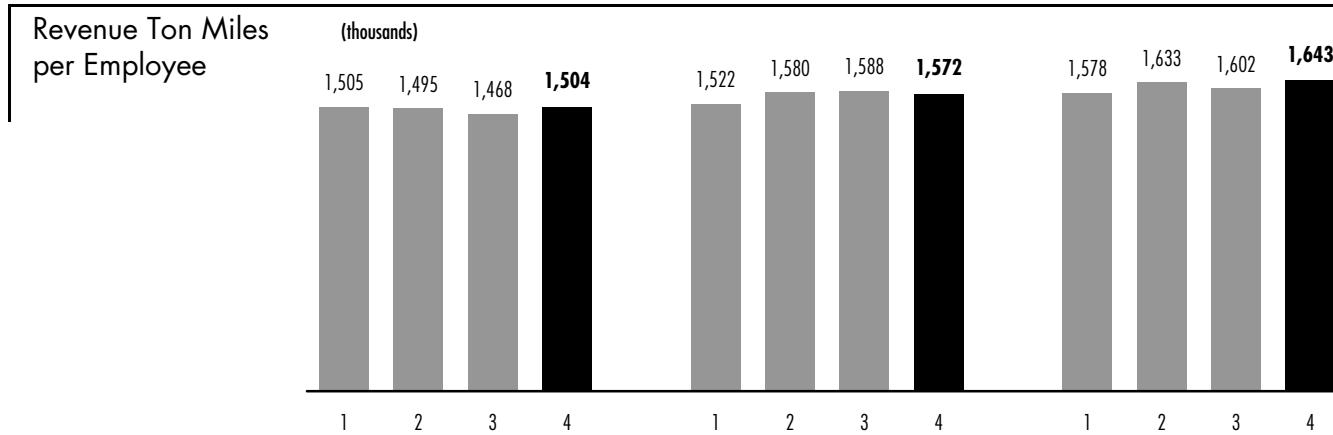
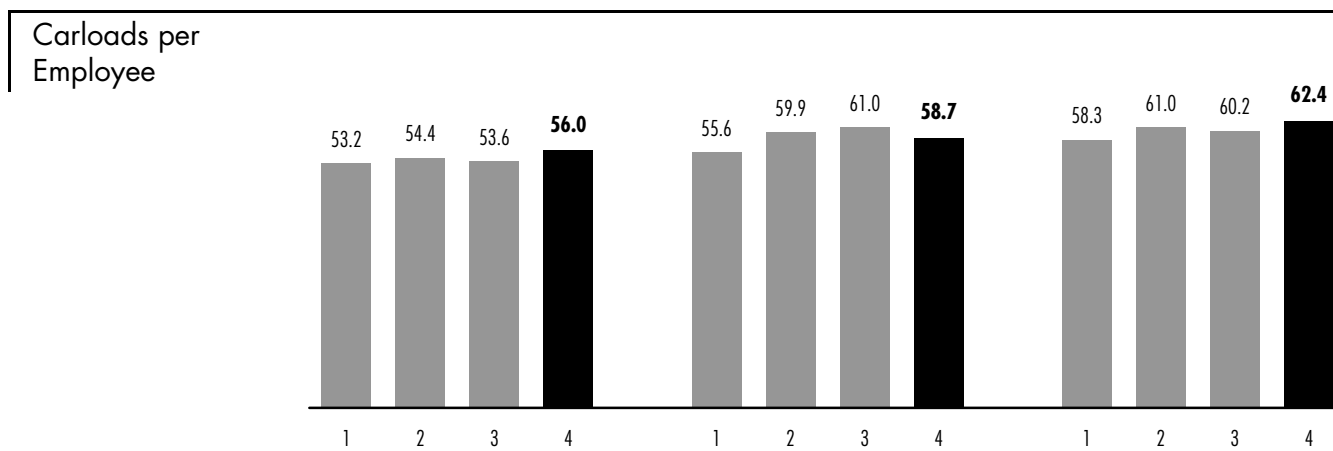
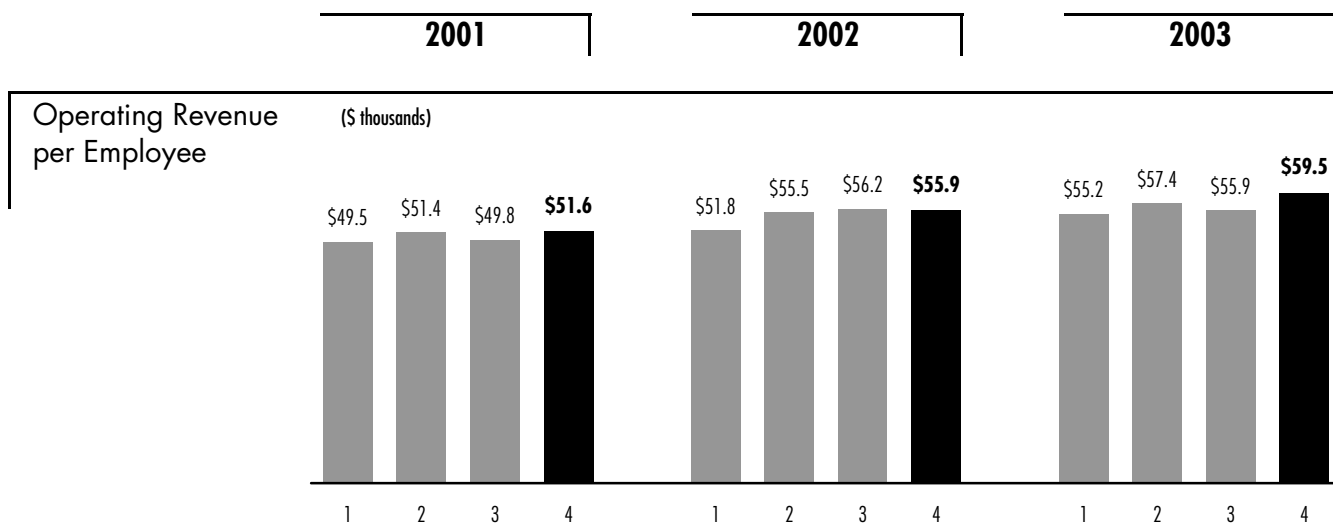
Diesel Fuel Expense Analysis



Other Income — Net Analysis

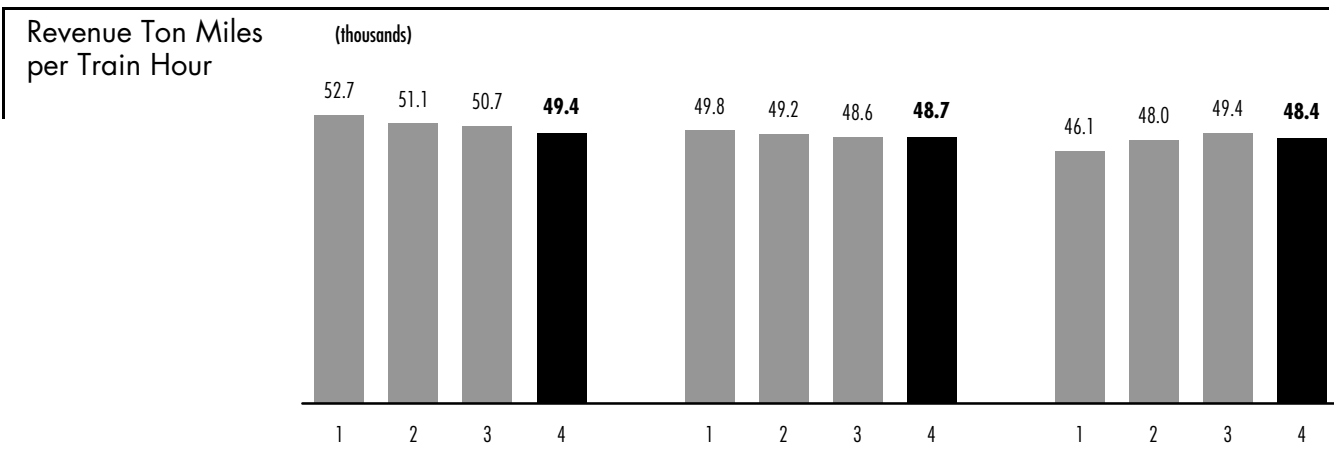
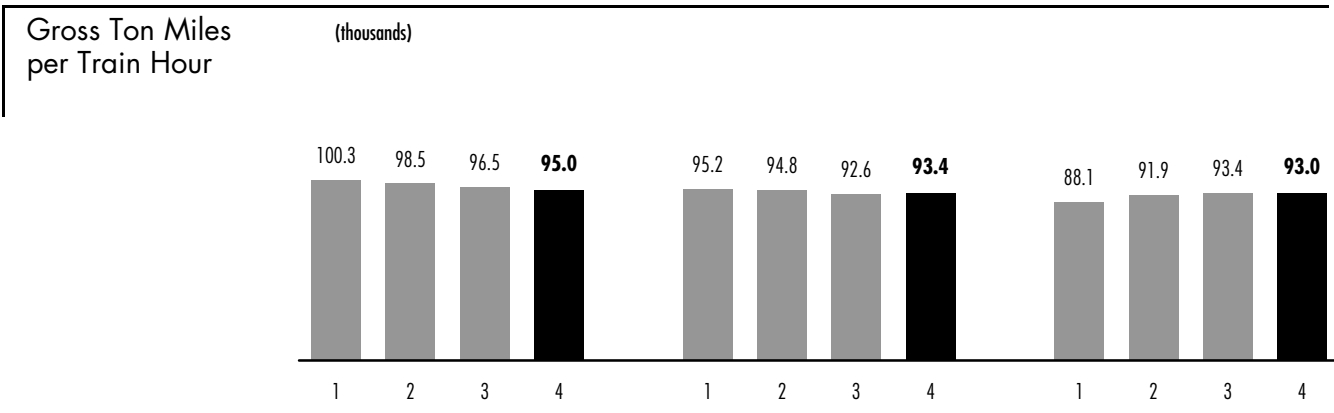
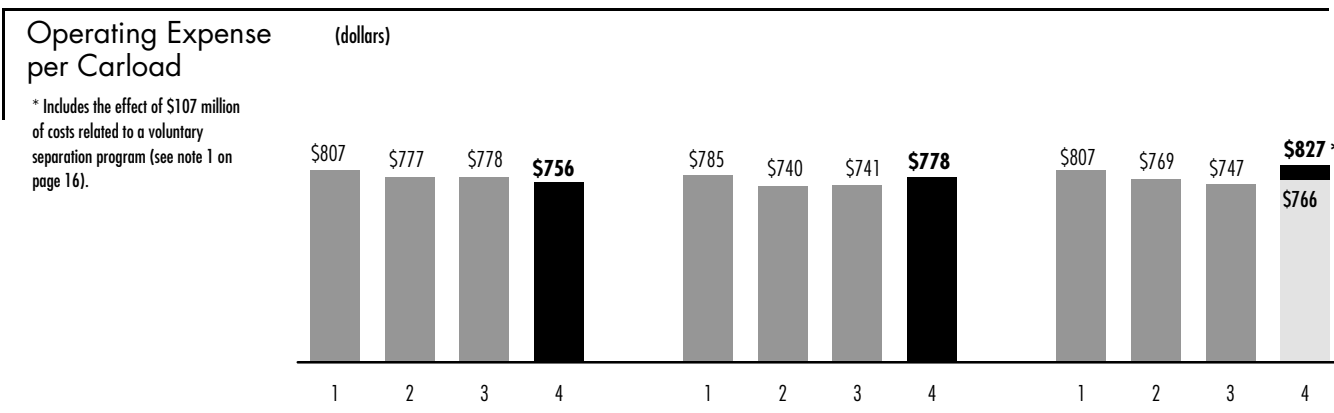
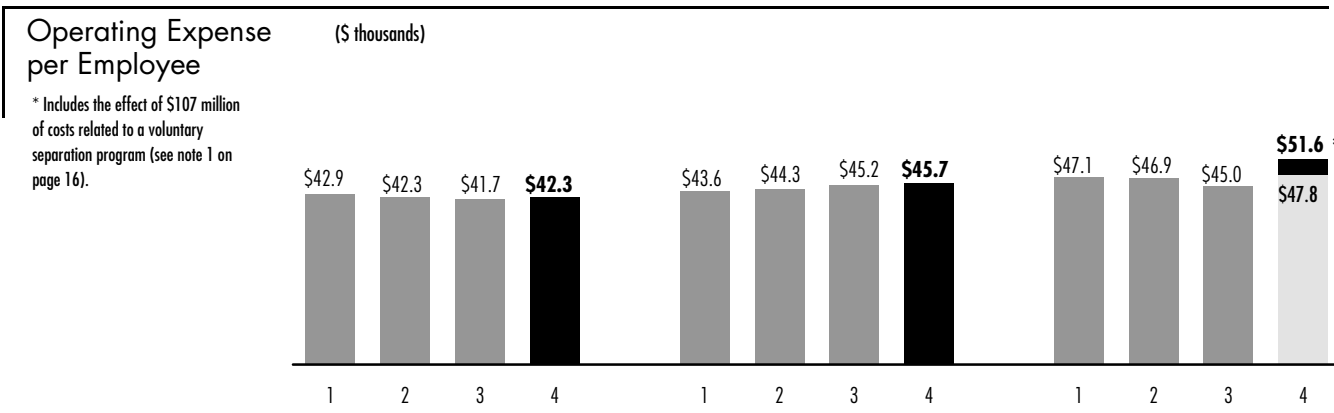


Productivity Measures



Productivity Measures

2001
2002
2003



Financial, Traffic and Operating Statistics

Consolidated Financial Data

(\$ millions — except as noted)

- No corresponding charts for this data.

		2001				
Page	Item	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
6	Railway operating revenues (See page 8 for details):					
8	Coal	\$ 393	\$ 395	\$ 366	\$ 367	\$ 1,521
8	General merchandise	871	922	862	871	3,526
8	Intermodal	276	275	280	292	1,123
6	Total railway operating revenues	\$ 1,540	\$ 1,592	\$ 1,508	\$ 1,530	\$ 6,170
6	Railway operating expenses:					
•	Compensation and benefits (note 1)	\$ 519	\$ 502	\$ 478	\$ 515	\$ 2,014
•	Material (other than diesel fuel)	67	58	50	46	221
•	Purchased services (other than equipment rents)	191	204	204	191	790
•	Equipment rents	114	115	109	95	433
•	Conrail rents and services	105	106	113	97	421
•	Depreciation	127	128	129	130	514
•	Diesel fuel	117	106	93	96	412
•	Casualties and other claims	37	40	32	34	143
•	Other	58	51	55	51	215
	Total railway operating expenses	\$ 1,335	\$ 1,310	\$ 1,263	\$ 1,255	\$ 5,163
6	Income from railway operations	\$ 205	\$ 282	\$ 245	\$ 275	\$ 1,007
•	Other income (expense) (note 2)	\$ (114)	\$ (115)	\$ (121)	\$ (104)	\$ (454)
	Income from continuing operations before income taxes and accounting changes	\$ 91	\$ 167	\$ 124	\$ 171	\$ 553
6	Income taxes — current	\$ 66	\$ 20	\$ -	\$ 61	\$ 147
6	Income taxes — deferred	(36)	40	45	(5)	44
6	Total income taxes (notes 1 and 2)	\$ 30	\$ 60	\$ 45	\$ 56	\$ 191
7	Income from continuing operations before accounting changes	\$ 61	\$ 107	\$ 79	\$ 115	\$ 362
•	Discontinued operations (note 3)	13	-	-	-	13
•	Cumulative effect of changes in accounting principles, net of taxes (note 4)	-	-	-	-	-
•	Net income (notes 1, 2, 3 and 4)	\$ 74	\$ 107	\$ 79	\$ 115	\$ 375
	Earnings per share - diluted (dollars):					
7	Income from continuing operations before accounting changes (notes 1 and 2)	\$ 0.16	\$ 0.28	\$ 0.20	\$ 0.30	\$ 0.94
	Net income (notes 1, 2, 3 and 4)	\$ 0.19	\$ 0.28	\$ 0.20	\$ 0.30	\$ 0.97
7	Railway operating ratio (note 1)	86.7	82.3	83.8	82.0	83.7
7	Capital expenditures:					
	Equipment	\$ 172	\$ 22	\$ 9	\$ 27	\$ 230
	Road	122	109	160	125	516
	Total	\$ 294	\$ 131	\$ 169	\$ 152	\$ 746
•	Cash and short-term investments	\$ 55	\$ 47	\$ 134	\$ 204	\$ 204
•	Total debt, excluding notes payable to Conrail	\$ 7,841	\$ 7,701	\$ 7,668	\$ 7,632	\$ 7,632
•	Debt-to-total capitalization (percent)	57.1	56.3	56.0	55.6	55.6
•	Shares outstanding end of period (thousands)	384,550	385,241	385,473	385,832	385,832

Note 1 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. (See note 1 on page 2 for additional details.)

Note 2 Fourth quarter 2003 includes an \$84 million impairment of telecommunications assets, which reduced net income by \$53 million, or 13 cents per share. (See note 2 on page 2 for additional details.)

Note 3 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. (See note 3 on page 3 for additional details.) First quarter 2001 includes the effect of a \$13 million, or 3 cents per share, gain on this sale, resulting from the expiration of certain indemnities contained in the sales agreement.

2002					2003				
First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
\$ 359	\$ 350	\$ 371	\$ 361	\$ 1,441	\$ 354	\$ 389	\$ 372	\$ 385	\$ 1,500
869	948	917	914	3,648	918	944	911	956	3,729
270	295	310	306	1,181	289	300	315	335	1,239
\$ 1,498	\$ 1,593	\$ 1,598	\$ 1,581	\$ 6,270	\$ 1,561	\$ 1,633	\$ 1,598	\$ 1,676	\$ 6,468
\$ 523	\$ 497	\$ 489	\$ 513	\$ 2,022	\$ 526	\$ 535	\$ 531	\$ 683	\$ 2,275
54	57	65	54	230	63	61	63	59	246
195	210	225	226	856	205	220	209	202	836
90	97	96	88	371	92	96	74	83	345
113	103	100	96	412	107	102	105	105	419
127	129	129	130	515	127	129	128	129	513
81	84	81	96	342	104	93	86	97	380
35	37	57	42	171	51	47	44	39	181
43	57	45	48	193	55	52	47	55	209
\$ 1,261	\$ 1,271	\$ 1,287	\$ 1,293	\$ 5,112	\$ 1,330	\$ 1,335	\$ 1,287	\$ 1,452	\$ 5,404
\$ 237	\$ 322	\$ 311	\$ 288	\$ 1,158	\$ 231	\$ 298	\$ 311	\$ 224	\$ 1,064
\$ (100)	\$ (128)	\$ (122)	\$ (102)	\$ (452)	\$ (106)	\$ (99)	\$ (111)	\$ (162)	\$ (478)
\$ 137	\$ 194	\$ 189	\$ 186	\$ 706	\$ 125	\$ 199	\$ 200	\$ 62	\$ 586
\$ 23	\$ 33	\$ (6)	\$ 18	\$ 68	\$ 46	\$ 9	\$ (6)	\$ (6)	\$ 43
28	42	69	39	178	(6)	53	69	16	132
\$ 51	\$ 75	\$ 63	\$ 57	\$ 246	\$ 40	\$ 62	\$ 63	\$ 10	\$ 175
\$ 86	\$ 119	\$ 126	\$ 129	\$ 460	\$ 85	\$ 137	\$ 137	\$ 52	\$ 411
-	-	-	-	-	10	-	-	-	10
-	-	-	-	-	114	-	-	-	114
\$ 86	\$ 119	\$ 126	\$ 129	\$ 460	\$ 209	\$ 137	\$ 137	\$ 52	\$ 535
\$ 0.22	\$ 0.31	\$ 0.32	\$ 0.33	\$ 1.18	\$ 0.22	\$ 0.35	\$ 0.35	\$ 0.13	\$ 1.05
\$ 0.22	\$ 0.31	\$ 0.32	\$ 0.33	\$ 1.18	\$ 0.54	\$ 0.35	\$ 0.35	\$ 0.13	\$ 1.37
84.2	79.8	80.5	81.8	81.5	85.2	81.8	80.5	86.6	83.5
\$ 76	\$ 23	\$ 43	\$ 23	\$ 165	\$ 100	\$ 69	\$ 21	\$ 28	\$ 218
113	133	131	153	530	97	120	129	156	502
\$ 189	\$ 156	\$ 174	\$ 176	\$ 695	\$ 197	\$ 189	\$ 150	\$ 184	\$ 720
\$ 164	\$ 94	\$ 132	\$ 184	\$ 184	\$ 128	\$ 110	\$ 161	\$ 286	\$ 286
\$ 7,656	\$ 7,444	\$ 7,383	\$ 7,364	\$ 7,364	\$ 7,489	\$ 7,461	\$ 7,186	\$ 7,160	\$ 7,160
55.2	54.1	53.5	53.1	53.1	52.8	52.3	51.0	50.7	50.7
388,088	388,355	388,647	388,985	388,985	389,377	389,786	389,999	390,761	390,761

Note 4 First quarter 2003 includes \$114 million (\$188 million before taxes) 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." See note 4 on page 3 for additional details.

Financial, Traffic and Operating Statistics

Traffic and Operating Statistics		2001				
Page	Item	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	<ul style="list-style-type: none"> No corresponding charts for this data. 					
8	Railway carloads (thousands) (See page 8 for details):					
8	Coal	439.2	436.8	403.3	416.1	1,695.4
8	General merchandise	671.6	712.0	662.9	669.6	2,716.1
8	Intermodal	542.8	538.1	557.3	575.3	2,213.5
8	Total railway carloads	1,653.6	1,686.9	1,623.5	1,661.0	6,625.0
	<ul style="list-style-type: none"> Revenue ton miles (RTMs) (billions): 					
	• Coal	15.1	14.5	13.4	13.5	56.5
	• General merchandise	24.9	25.3	24.3	24.0	98.5
	• Intermodal	6.8	6.5	6.8	7.1	27.2
	• Total	46.8	46.3	44.5	44.6	182.2
	<ul style="list-style-type: none"> Revenue (dollars) per thousand RTMs: 					
	• Coal	\$ 26.07	\$ 27.24	\$ 27.36	\$ 27.02	\$ 26.90
	• General merchandise	\$ 34.97	\$ 36.49	\$ 35.36	\$ 36.34	\$ 35.79
	• Intermodal	\$ 40.67	\$ 41.92	\$ 41.68	\$ 41.20	\$ 41.36
	• Total	\$ 32.93	\$ 34.36	\$ 33.91	\$ 34.28	\$ 33.86
	<ul style="list-style-type: none"> Gross ton miles (GTMs) (billions) 	89.0	89.3	84.6	85.9	348.8
	• Revenue ton miles (RTMs) (billions)	46.8	46.3	44.5	44.6	182.2
	• Railroad employees (average)	31,086	30,988	30,290	29,675	30,510
	<ul style="list-style-type: none"> Total operating expense (dollars) per thousand GTMs (see note 1 on page 16) 	\$ 15.01	\$ 14.67	\$ 14.92	\$ 14.62	\$ 14.80
	• Compensation and benefits (dollars) per thousand GTMs (see note 1 on page 16)	\$ 5.83	\$ 5.62	\$ 5.65	\$ 6.00	\$ 5.77
	• Total operating expense (dollars) per thousand RTMs (see note 1 on page 16)	\$ 28.54	\$ 28.28	\$ 28.40	\$ 28.12	\$ 28.34
	<ul style="list-style-type: none"> Compensation and benefits (dollars) per thousand RTMs (see note 1 on page 16) 	\$ 11.10	\$ 10.84	\$ 10.75	\$ 11.54	\$ 11.05
14	Total operating revenue (\$ thousands) per employee	\$ 49.5	\$ 51.4	\$ 49.8	\$ 51.60	\$ 202.3
15	Total operating expense (\$ thousands) per employee (see note 1 on page 16)	\$ 42.9	\$ 42.3	\$ 41.7	\$ 42.30	\$ 169.2
	<ul style="list-style-type: none"> GTMs (thousands) per employee 	2,862	2,881	2,795	2,893	11,431
14	RTMs (thousands) per employee	1,505	1,495	1,468	1,504	5,972
14	Carloads per employee	53.2	54.4	53.6	56.0	217.1
14	RTMs (thousands) per mile of road operated	2,149	2,129	2,058	2,070	8,406
15	Total operating expense (dollars) per carload (see note 1 on page 16)	\$ 807	\$ 777	\$ 778	\$ 756	\$ 779
	• Compensation and benefits (dollars) per carload (see note 1 on page 16)	\$ 314	\$ 298	\$ 294	\$ 310	\$ 304
	<ul style="list-style-type: none"> RTMs (thousands) per carload 	28.3	27.5	27.4	26.9	27.5
	• Diesel fuel consumed (thousands of gallons)	127,748	121,009	106,608	122,279	477,644
	• Average price (cents) per gallon of diesel fuel	91.6	87.8	86.8	78.3	86.2
	<ul style="list-style-type: none"> RTMs per gallon of fuel consumed 	366	383	417	365	381
15	GTMs (thousands) per train hour	100.3	98.5	96.5	95.0	97.5
15	RTMs (thousands) per train hour	52.7	51.1	50.7	49.4	51.0
	<ul style="list-style-type: none"> Percent of loaded-to-total car miles 	56.6	56.7	57.0	57.4	56.9
	• Total new cross-ties installed (thousands)	38	519	463	524	1,544
	• Total track miles of rail laid (miles)	21	87	71	75	254

2002					2003				
First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
398.5	393.5	412.4	405.2	1,609.6	395.2	420.2	406.8	392.4	1,614.6
659.1	723.4	698.1	676.4	2,757.0	674.6	707.7	687.9	709.8	2,780.0
548.8	599.6	625.3	580.4	2,354.1	578.2	607.9	627.2	653.3	2,466.6
1,606.4	1,716.5	1,735.8	1,662.0	6,720.7	1,648.0	1,735.8	1,721.9	1,755.5	6,861.2
13.2	12.7	13.2	13.2	52.3	12.8	13.7	13.1	13.0	52.6
24.1	25.6	24.9	24.5	99.1	25.3	26.0	25.5	25.6	102.4
6.7	7.0	7.1	6.8	27.6	6.5	6.8	7.2	7.6	28.1
44.0	45.3	45.2	44.5	179.0	44.6	46.5	45.8	46.2	183.1
\$ 27.20	\$ 27.51	\$ 28.12	\$ 27.39	\$ 27.56	\$ 27.69	\$ 28.43	\$ 28.35	\$ 29.69	\$ 28.54
\$ 36.06	\$ 37.06	\$ 36.78	\$ 37.30	\$ 36.81	\$ 36.29	\$ 36.34	\$ 35.73	\$ 37.23	\$ 36.40
\$ 40.20	\$ 42.11	\$ 43.88	\$ 44.87	\$ 42.78	\$ 44.37	\$ 44.10	\$ 43.84	\$ 44.12	\$ 44.10
\$ 34.04	\$ 35.16	\$ 35.36	\$ 35.53	\$ 35.03	\$ 35.00	\$ 35.15	\$ 34.89	\$ 36.25	\$ 35.33
84.1	87.3	86.1	85.3	342.8	85.1	88.9	86.6	88.9	349.5
44.0	45.3	45.2	44.5	179.0	44.6	46.5	45.8	46.2	183.1
28,909	28,677	28,456	28,306	28,587	28,260	28,446	28,597	28,147	28,363
\$ 14.99	\$ 14.56	\$ 14.95	\$ 15.16	\$ 14.91	\$ 15.62	\$ 15.03	\$ 14.86	\$ 16.34	\$ 15.46
\$ 6.22	\$ 5.69	\$ 5.68	\$ 6.02	\$ 5.90	\$ 6.18	\$ 6.02	\$ 6.13	\$ 7.68	\$ 6.51
\$ 28.65	\$ 28.05	\$ 28.48	\$ 29.05	\$ 28.56	\$ 29.82	\$ 28.73	\$ 28.10	\$ 31.41	\$ 29.51
\$ 11.88	\$ 10.97	\$ 10.82	\$ 11.53	\$ 11.30	\$ 11.80	\$ 11.51	\$ 11.59	\$ 14.77	\$ 12.43
\$ 51.8	\$ 55.5	\$ 56.2	\$ 55.90	\$ 219.4	\$ 55.2	\$ 57.4	\$ 55.9	\$ 59.50	\$ 228.0
\$ 43.6	\$ 44.3	\$ 45.2	\$ 45.70	\$ 178.8	\$ 47.1	\$ 46.9	\$ 45.0	\$ 51.60	\$ 190.6
2,910	3,045	3,025	3,012	11,992	3,013	3,123	3,028	3,158	12,322
1,522	1,580	1,588	1,572	6,262	1,578	1,633	1,602	1,643	6,456
55.6	59.9	61.0	58.7	235.2	58.3	61.0	60.2	62.4	241.9
2,043	2,106	2,102	2,064	8,315	2,070	2,159	2,130	2,148	8,507
\$ 785	\$ 740	\$ 741	\$ 778	\$ 761	\$ 807	\$ 769	\$ 747	\$ 827	\$ 788
\$ 326	\$ 290	\$ 282	\$ 309	\$ 301	\$ 319	\$ 308	\$ 308	\$ 389	\$ 332
27.4	26.4	26.0	26.8	26.6	27.1	26.8	26.6	26.3	26.7
120,072	119,764	113,484	119,170	472,490	121,116	116,507	111,989	122,623	472,235
67.1	70.3	72.7	80.1	72.5	85.9	80.1	77.4	78.9	80.7
367	378	398	373	379	368	399	409	377	388
95.2	94.8	92.6	93.4	94.0	88.1	91.9	93.4	93.0	91.6
49.8	49.2	48.6	48.7	49.1	46.1	48.0	49.4	48.4	48.0
57.6	58.1	58.0	58.3	58.0	58.3	57.6	58.1	58.8	58.2
568	832	730	646	2,776	522	653	682	894	2,751
72	51	56	56	235	76	70	55	32	233