

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Income
(Unaudited)

	Second Quarter		First Six Months	
	2022	2021	2022	2021
	<i>(in millions, except per share amounts)</i>			
Railway operating revenues				
Merchandise	\$ 1,853	\$ 1,680	\$ 3,525	\$ 3,288
Intermodal	972	801	1,826	1,520
Coal	425	318	814	630
Total railway operating revenues	<u>3,250</u>	<u>2,799</u>	<u>6,165</u>	<u>5,438</u>
Railway operating expenses				
Compensation and benefits	614	624	1,233	1,235
Purchased services and rents	481	429	918	822
Fuel	408	188	709	365
Depreciation	304	294	606	586
Materials and other	172	97	343	248
Total railway operating expenses	<u>1,979</u>	<u>1,632</u>	<u>3,809</u>	<u>3,256</u>
Income from railway operations	1,271	1,167	2,356	2,182
Other income (expense) – net	(14)	35	(19)	42
Interest expense on debt	170	161	338	317
Income before income taxes	1,087	1,041	1,999	1,907
Income taxes				
Current	205	167	366	308
Deferred	63	55	111	107
Total income taxes	<u>268</u>	<u>222</u>	<u>477</u>	<u>415</u>
Net income	<u>\$ 819</u>	<u>\$ 819</u>	<u>\$ 1,522</u>	<u>\$ 1,492</u>
Earnings per share – diluted	\$ 3.45	\$ 3.28	\$ 6.37	\$ 5.94
Weighted average shares outstanding – diluted	237.5	250.0	238.9	251.3

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	June 30, 2022	December 31, 2021
<i>(\$ in millions)</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,259	\$ 839
Accounts receivable – net	1,208	976
Materials and supplies	289	218
Other current assets	101	134
Total current assets	2,857	2,167
Investments	3,671	3,707
Properties less accumulated depreciation of \$12,267 and \$12,031, respectively	31,787	31,653
Other assets	1,021	966
Total assets	\$ 39,336	\$ 38,493
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,308	\$ 1,351
Income and other taxes	333	305
Other current liabilities	363	312
Current maturities of long-term debt	605	553
Total current liabilities	2,609	2,521
Long-term debt	14,449	13,287
Other liabilities	1,843	1,879
Deferred income taxes	7,281	7,165
Total liabilities	26,182	24,852
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 234,873,651 and 240,162,790 shares, respectively, net of treasury shares	236	242
Additional paid-in capital	2,190	2,215
Accumulated other comprehensive loss	(388)	(402)
Retained income	11,116	11,586
Total stockholders' equity	13,154	13,641
Total liabilities and stockholders' equity	\$ 39,336	\$ 38,493

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	First Six Months	
	2022	2021
	<i>(\$ in millions)</i>	
Cash flows from operating activities		
Net income	\$ 1,522	\$ 1,492
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	606	586
Deferred income taxes	111	107
Gains and losses on properties	(37)	(75)
Changes in assets and liabilities affecting operations:		
Accounts receivable	(230)	(96)
Materials and supplies	(71)	(25)
Other current assets	30	30
Current liabilities other than debt	75	170
Other – net	5	(92)
Net cash provided by operating activities	2,011	2,097
Cash flows from investing activities		
Property additions	(837)	(627)
Property sales and other transactions	100	66
Investment purchases	(7)	(5)
Investment sales and other transactions	30	37
Net cash used in investing activities	(714)	(529)
Cash flows from financing activities		
Dividends	(591)	(496)
Common stock transactions	(14)	6
Purchase and retirement of common stock	(1,454)	(1,525)
Proceeds from borrowings	1,732	1,087
Debt repayments	(550)	(85)
Net cash used in financing activities	(877)	(1,013)
Net increase in cash and cash equivalents	420	555
Cash and cash equivalents		
At beginning of year	839	1,115
At end of period	\$ 1,259	\$ 1,670
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 294	\$ 281
Income taxes (net of refunds)	321	249

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Stock Repurchase Program

We repurchased and retired 5.7 million shares of common stock under our stock repurchase program at a cost of \$1.5 billion during the first six months of both 2022 and 2021.