

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

	First Quarter	
	2022	2021
	<i>(in millions, except per share amounts)</i>	
Railway operating revenues		
Merchandise	\$ 1,672	\$ 1,608
Intermodal	854	719
Coal	389	312
Total railway operating revenues	<u>2,915</u>	<u>2,639</u>
Railway operating expenses		
Compensation and benefits	619	611
Purchased services and rents	437	393
Fuel	301	177
Depreciation	302	292
Materials and other	171	151
Total railway operating expenses	<u>1,830</u>	<u>1,624</u>
Income from railway operations	1,085	1,015
Other income (expense) – net	(5)	7
Interest expense on debt	168	156
Income before income taxes	912	866
Income taxes		
Current	161	141
Deferred	48	52
Total income taxes	<u>209</u>	<u>193</u>
Net income	<u>\$ 703</u>	<u>\$ 673</u>
Earnings per share – diluted	\$ 2.93	\$ 2.66
Weighted average shares outstanding – diluted	240.2	252.6

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	March 31, 2022	December 31, 2021
<i>(\$ in millions)</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,571	\$ 839
Accounts receivable – net	1,070	976
Materials and supplies	264	218
Other current assets	110	134
Total current assets	3,015	2,167
Investments	3,697	3,707
Properties less accumulated depreciation of \$12,123 and \$12,031, respectively	31,657	31,653
Other assets	992	966
Total assets	\$ 39,361	\$ 38,493
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,181	\$ 1,351
Income and other taxes	443	305
Other current liabilities	370	312
Current maturities of long-term debt	1,153	553
Total current liabilities	3,147	2,521
Long-term debt	13,691	13,287
Other liabilities	1,845	1,879
Deferred income taxes	7,217	7,165
Total liabilities	25,900	24,852
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 238,332,514 and 240,162,790 shares, respectively, net of treasury shares	240	242
Additional paid-in capital	2,203	2,215
Accumulated other comprehensive loss	(394)	(402)
Retained income	11,412	11,586
Total stockholders' equity	13,461	13,641
Total liabilities and stockholders' equity	\$ 39,361	\$ 38,493

See accompanying notes to consolidated financial statements.

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

	First Three Months	
	2022	2021
	<i>(\$ in millions)</i>	
Cash flows from operating activities		
Net income	\$ 703	\$ 673
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	302	292
Deferred income taxes	48	52
Gains and losses on properties	(6)	(8)
Changes in assets and liabilities affecting operations:		
Accounts receivable	(94)	(95)
Materials and supplies	(46)	(20)
Other current assets	21	9
Current liabilities other than debt	83	158
Other – net	(17)	(46)
Net cash provided by operating activities	994	1,015
Cash flows from investing activities		
Property additions	(389)	(265)
Property sales and other transactions	36	37
Investment purchases	(1)	—
Investment sales and other transactions	19	26
Net cash used in investing activities	(335)	(202)
Cash flows from financing activities		
Dividends	(297)	(249)
Common stock transactions	(18)	(6)
Purchase and retirement of common stock	(600)	(591)
Proceeds from borrowings	989	—
Debt repayments	(1)	(84)
Net cash provided by (used in) financing activities	73	(930)
Net increase (decrease) in cash and cash equivalents	732	(117)
Cash and cash equivalents		
At beginning of year	839	1,115
At end of period	\$ 1,571	\$ 998
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 114	\$ 110
Income taxes (net of refunds)	9	27

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Stock Repurchase Program

We repurchased and retired 2.2 million and 2.3 million shares of common stock under our stock repurchase program during the first three months of 2022 and 2021, respectively, at a cost of \$600 million and \$591 million, respectively.