



**2024**

**QUARTERLY FINANCIAL DATA**

**Q1**







# NORFOLK SOUTHERN RAILWAY SYSTEM

**INVESTOR INQUIRIES: LUKE NICHOLS, 470-867-4807**

The accompanying unaudited financial information and summary of certain notes to the consolidated financial statements should be read in conjunction with: (a) the consolidated financial statements and notes included in Norfolk Southern Corporation's (NS, we, us and our) 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.

Any statements contained in this document which are not related to historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995, and NS undertakes no obligation to update such statements. Such forward-looking statements are subject to risks and uncertainties (the most significant of which are described in our SEC filings) which could cause actual results to differ materially.

# Consolidated Statements of Income

(\$ in millions, except per share amounts)

	First Quarter		% Change
	2024	2023	
<b>Railway operating revenues</b>			
Merchandise	\$ 1,863	\$ 1,878	(1%)
Intermodal	745	814	(8%)
Coal	396	440	(10%)
Total railway operating revenues	<u>3,004</u>	<u>3,132</u>	(4%)
<b>Railway operating expenses</b>			
Compensation and benefits	736	690	7%
Purchased services and rents	528	496	6%
Fuel	284	315	(10%)
Depreciation	337	321	5%
Materials and other	215	212	1%
Restructuring and other charges	99	—	
Eastern Ohio incident	592	387	53%
Total railway operating expenses	<u>2,791</u>	<u>2,421</u>	15%
<b>Income from railway operations</b>	213	711	(70%)
Other income – net	18	56	(68%)
Interest expense on debt	<u>201</u>	<u>175</u>	15%
Income before income taxes	30	592	(95%)
Income taxes	<u>(23)</u>	<u>126</u>	(118%)
<b>Net income</b>	<u>\$ 53</u>	<u>\$ 466</u>	(89%)
<b>Railway operating ratio (%)</b>	92.9	77.3	20%
<b>Earnings per share – diluted</b>	\$ 0.23	\$ 2.04	(89%)

## Notes

### 1. Eastern Ohio Incident

On February 3, 2023, a train operated by Norfolk Southern derailed in East Palestine, Ohio (the Incident). We recognized \$592 million and \$387 million of expense during the first quarters of 2024 and 2023, respectively, for costs related to the Incident. The total expense recognized in the first quarter 2024 includes the impact of \$108 million in insurance recoveries, while no insurance recoveries were recorded in the first quarter of 2023. Any additional amounts recoverable under our insurance policies or from third parties will be reflected in future periods in which recovery is considered probable. No amounts have been recorded related to potential third-party recoveries, which may reduce amounts payable by our insurers under applicable insurance coverage.

### 2. Restructuring and Other Charges

During the first quarter of 2024, the Company executed a voluntary and an involuntary separation program that will result in a reduction of approximately 350 nonagreement employees by May 2024. “Restructuring and other charges” includes \$64 million of costs related to these programs, which primarily consists of separation payments to the impacted nonagreement employees. Additionally, the Company incurred \$35 million of costs associated with the March 2024 appointment of our chief operating officer.

### 3. Shareholder Advisory Costs

During the first quarter of 2024, the Company recorded \$21 million in costs associated with shareholder advisory matters and which are included in “Other income – net.”

## Consolidated Balance Sheets

(\$ in millions)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 652	\$ 1,568
Accounts receivable – net	1,198	1,147
Materials and supplies	270	264
Other current assets	236	292
Total current assets	<u>2,356</u>	<u>3,271</u>
Investments	3,570	3,839
Properties less accumulated depreciation of \$13,462 and \$13,265, respectively	35,051	33,326
Other assets	1,151	1,216
<b>Total assets</b>	<u><u>\$ 42,128</u></u>	<u><u>\$ 41,652</u></u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 1,506	\$ 1,638
Short-term debt	400	—
Income and other taxes	222	262
Other current liabilities	1,315	728
Current maturities of long-term debt	4	4
Total current liabilities	<u>3,447</u>	<u>2,632</u>
Long-term debt	17,179	17,175
Other liabilities	1,767	1,839
Deferred income taxes	7,199	7,225
<b>Total liabilities</b>	29,592	28,871
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 225,914,028 and 225,681,254 shares, respectively, net of treasury shares	227	227
Additional paid-in capital	2,188	2,179
Accumulated other comprehensive loss	(322)	(320)
Retained income	10,443	10,695
<b>Total stockholders' equity</b>	<u>12,536</u>	<u>12,781</u>
<b>Total liabilities and stockholders' equity</b>	<u><u>\$ 42,128</u></u>	<u><u>\$ 41,652</u></u>

#### 4. Deferred Income Tax Adjustment

In the first quarter of 2024, we recorded a \$27 million deferred income tax benefit, the result of a subsidiary restructuring that reduced our estimated deferred state income tax rate.

#### 5. Stock Repurchase Program

We did not repurchase shares of common stock under our stock repurchase program in the first three months of 2024, while we repurchased and retired 0.6 million shares of common stock at a cost of \$163 million in the first three months of 2023, inclusive of excise taxes.



# Consolidated Statements of Cash Flows

(\$ in millions)

	<b>First Three Months</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 53	\$ 466
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	337	321
Deferred income taxes	(26)	(15)
Gains and losses on properties	(1)	(4)
Changes in assets and liabilities affecting operations:		
Accounts receivable	(51)	(22)
Materials and supplies	(6)	(9)
Other current assets	33	12
Current liabilities other than debt	560	480
Other – net	(60)	(56)
Net cash provided by operating activities	<u>839</u>	<u>1,173</u>
<b>Cash flows from investing activities</b>		
Property additions	(557)	(428)
Acquisition of assets of CSR	(1,642)	—
Property sales and other transactions	32	20
Investment purchases	(1)	—
Investment sales and other transactions	324	17
Net cash used in investing activities	<u>(1,844)</u>	<u>(391)</u>
<b>Cash flows from financing activities</b>		
Dividends	(305)	(307)
Common stock transactions	(6)	(10)
Purchase and retirement of common stock	—	(163)
Proceeds from borrowings	400	594
Debt repayments	—	(800)
Net cash provided by (used in) financing activities	<u>89</u>	<u>(686)</u>
Net increase (decrease) in cash and cash equivalents	(916)	96
<b>Cash and cash equivalents</b>		
At beginning of year	<u>1,568</u>	<u>456</u>
At end of period	<u>\$ 652</u>	<u>\$ 552</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 182	\$ 129
Income taxes (net of refunds)	(2)	(1)

## Railway Operating Revenues Analysis

Commodity and Period	Revenues (\$ in millions)			Units (in thousands)			Revenue per Unit (\$ per unit)		
	2024	2023	% Change	2024	2023	% Change	2024	2023	% Change
	<b>First Quarter</b>								
Agriculture, forest and consumer products	\$ 629	\$ 653	(4%)	184.1	187.7	(2%)	\$ 3,415	\$ 3,477	(2%)
Chemicals	527	541	(3%)	130.5	136.1	(4%)	4,039	3,979	2%
Metals and construction	430	400	8%	160.6	153.4	5%	2,679	2,607	3%
Automotive	277	284	(2%)	88.3	88.1	—%	3,133	3,226	(3%)
Merchandise	1,863	1,878	(1%)	563.5	565.3	—%	3,306	3,323	(1%)
Intermodal	745	814	(8%)	988.8	916.8	8%	754	887	(15%)
Coal	396	440	(10%)	167.1	173.8	(4%)	2,369	2,533	(6%)
<b>Total</b>	<b>\$ 3,004</b>	<b>\$ 3,132</b>	<b>(4%)</b>	<b>1,719.4</b>	<b>1,655.9</b>	<b>4 %</b>	<b>1,747</b>	<b>1,891</b>	<b>(8%)</b>



## Railway Operating Revenues Variance Analysis

(\$ in millions)

### First Quarter 2024 vs. 2023

	Merchandise		Intermodal		Coal	
	Amount	Percent	Amount	Percent	Amount	Percent
<b>Revenue Variance due to:</b>						
Volume	\$ (6)	—%	\$ 64	8%	\$ (17)	(4%)
Fuel surcharge revenue	(61)	(3%)	(41)	(5%)	(13)	(3%)
Rate, mix and other	52	3%	(92)	(11%)	(14)	(3%)
Total	<u>\$ (15)</u>	<u>(1%)</u>	<u>\$ (69)</u>	<u>(8%)</u>	<u>\$ (44)</u>	<u>(10%)</u>

## Intermodal Units by Market

(in thousands)

	First Quarter		
	2024	2023	% Change
Domestic	590.4	587.7	—%
International	398.4	329.1	21%
Total	<u>988.8</u>	<u>916.8</u>	8%

## Coal Tonnage by Market

(in thousands)

	First Quarter		
	2024	2023	% Change
Utility	7,019	8,210	(15%)
Export	8,749	8,206	7%
Domestic metallurgical	2,193	2,331	(6%)
Industrial	786	689	14%
Total	<u>18,747</u>	<u>19,436</u>	(4%)

## Reconciliation of Non-GAAP Financial Measures

Information included within this First Quarter 2024 Quarterly Financial Data includes non-GAAP financial measures, as defined by Securities and Exchange Commission Regulation G. Non-GAAP financial measures should be considered in addition to, not as a substitute for, the financial measures reported in accordance with U.S. generally accepted accounting principles (GAAP).

The following tables adjust our first quarter 2024 and 2023 GAAP financial results to exclude the effects of the derailment in Eastern Ohio (the Incident), restructuring and other charges, shareholder advisory costs, and a deferred income tax adjustment. The income tax effects of these non-GAAP adjustments were calculated based on the applicable tax rates to which the non-GAAP adjustments related. We use these non-GAAP financial measures internally and believe this information provides useful supplemental information to investors to facilitate making period-to-period comparisons by excluding these items. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant to be considered in isolation from, or as a substitute for, the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similar measures presented by other companies.

### Financial Results - excluding Eastern Ohio Incident<sup>1</sup>, Restructuring and Other Charges<sup>2</sup>, Shareholder Advisory Costs<sup>3</sup>, and Deferred Income Tax Adjustment<sup>4</sup>

(\$ in millions, except per share amounts)

	First Quarter 2024					
	Reported 2024 (GAAP)	Eastern Ohio Incident <sup>1</sup>	Restructuring and Other Charges <sup>2</sup>	Shareholder Advisory Costs <sup>3</sup>	Deferred Income Tax Adjustment <sup>4</sup>	Adjusted 2024 (Non-GAAP)
Total railway operating expenses	\$ 2,791	\$ (592)	\$ (99)	\$ —	\$ —	\$ 2,100
Income from railway operations	\$ 213	\$ 592	\$ 99	\$ —	\$ —	\$ 904
Other income – net	\$ 18	\$ —	\$ —	\$ 21	\$ —	\$ 39
Income before income taxes	\$ 30	\$ 592	\$ 99	\$ 21	\$ —	\$ 742
Income taxes <sup>5</sup>	\$ (23)	\$ 144	\$ 24	\$ 5	\$ 27	\$ 177
Net income	\$ 53	\$ 448	\$ 75	\$ 16	\$ (27)	\$ 565
Railway operating ratio (%)	92.9	(19.7)	(3.3)	—	—	69.9
Earnings per share – diluted	\$ 0.23	\$ 1.98	\$ 0.33	\$ 0.07	\$ (0.12)	\$ 2.49

	First Quarter 2023		
	Reported 2023 (GAAP)	Eastern Ohio Incident <sup>1</sup>	Adjusted 2023 (Non-GAAP)
Total railway operating expenses	\$ 2,421	\$ (387)	\$ 2,034
Income from railway operations	\$ 711	\$ 387	\$ 1,098
Income before income taxes	\$ 592	\$ 387	\$ 979
Income taxes <sup>5</sup>	\$ 126	\$ 94	\$ 220
Net income	\$ 466	\$ 293	\$ 759
Railway operating ratio (%)	77.3	(12.4)	64.9
Earnings per share – diluted	\$ 2.04	\$ 1.28	\$ 3.32



In the table below, references to the first quarters of 2024 and 2023 results and the related comparisons use the adjusted, non-GAAP results from the reconciliations in the tables on page 6.

## Reconciliation of Non-GAAP Financial Measures

	First Quarter		
	Adjusted 2024 (Non-GAAP <sup>1,2,3,4</sup> )	Adjusted 2023 (Non-GAAP <sup>1</sup> )	Adjusted 2024 vs. 2023 (Non-GAAP)
	(\$ in millions, except per share amounts)		% change
Total railway operating expenses	\$ 2,100	\$ 2,034	3%
Income from railway operations	\$ 904	\$ 1,098	(18%)
Other income – net	\$ 39	\$ 56	(30%)
Income before income taxes	\$ 742	\$ 979	(24%)
Income taxes <sup>5</sup>	\$ 177	\$ 220	(20%)
Net income	\$ 565	\$ 759	(26%)
Railway operating ratio (%)	69.9	64.9	8%
Earnings per share – diluted	\$ 2.49	\$ 3.32	(25%)

<sup>1</sup> GAAP financial results are adjusted to exclude the effects of the Incident. During the first quarter of 2024 and 2023, the Company recorded \$592 million and \$387 million of expenses related to the Incident, respectively. For additional information see Note 1 on the Consolidated Statements of Income on page 1 of the Quarterly Financial Data.

<sup>2</sup> GAAP financial results are adjusted to exclude the effects of restructuring and other charges. During the first quarter of 2024, the Company recorded \$99 million in restructuring and other costs. For additional information see Note 2 on the Consolidated Statements of Income on page 1 of the Quarterly Financial Data.

<sup>3</sup> GAAP financial results are adjusted to exclude the effects of shareholder advisory matters. During the first quarter of 2024, the Company recorded \$21 million in costs associated with shareholder advisory matters. For additional information see Note 3 on the Consolidated Statements of Income on page 1 of the Quarterly Financial Data.

<sup>4</sup> GAAP financial results are adjusted to exclude the effects of a deferred income tax adjustment. During the first quarter of 2024, the Company recorded \$27 million deferred tax benefit, the result of a subsidiary restructuring that reduced our estimated deferred state income tax rate. For additional information see Note 4 on the Consolidated Balance Sheets on page 2 of the Quarterly Financial Data.

<sup>5</sup> The tax effect for each adjustment is determined by calculating the tax impact of the adjustment on the company's effective tax rate, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the effect of such item is estimated by applying such specific tax rate or tax treatment. Adjustments reported above are reported on a pre-tax basis before the tax effect described on the applicable income taxes line for the associated adjustment in the reconciliation above.

## Financial, Traffic and Operating Statistics

(\$ in millions - except as noted)

	2023					2024					Increase (Decrease) 2024 vs. 2023				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date
Railway operating revenues	\$ 3,132	\$ 2,980	\$ 2,971	\$ 3,073	\$ 12,156	\$ 3,004				\$ 3,004	\$ (128)				\$ (128)
Railway operating expenses:															
Compensation and benefits	690	693	715	721	2,819	736				736	46				46
Purchased services	399	407	426	451	1,683	420				420	21				21
Equipment rents	97	99	91	100	387	108				108	11				11
Fuel	315	263	289	303	1,170	284				284	(31)				(31)
Depreciation	321	321	326	330	1,298	337				337	16				16
Materials	91	88	94	91	364	98				98	7				7
Claims	54	60	57	71	242	48				48	(6)				(6)
Other	67	57	54	48	226	69				69	2				2
Total railway operating expenses <sup>1</sup>	2,034	1,988	2,052	2,115	8,189	2,100				2,100	66				66
Income from railway operations <sup>1</sup>	1,098	992	919	958	3,967	904				904	(194)				(194)
Other income – net <sup>1</sup>	56	57	40	38	191	39				39	(17)				(17)
Interest expense on debt	175	170	182	195	722	201				201	26				26
Income before income taxes <sup>1</sup>	979	879	777	801	3,436	742				742	(237)				(237)
Income taxes <sup>1</sup>	220	206	176	161	763	177				177	(43)				(43)
Net income <sup>1</sup>	\$ 759	\$ 673	\$ 601	\$ 640	\$ 2,673	\$ 565				\$ 565	\$ (194)				\$ (194)
Weighted average shares outstanding – diluted (in millions)	228.3	228.0	227.0	226.3	227.4	226.2				226.2	(2.1)				(2.1)
Earnings per share – diluted (dollars) <sup>1</sup>	\$ 3.32	\$ 2.95	\$ 2.65	\$ 2.83	\$ 11.74	\$ 2.49				\$ 2.49	\$ (0.83)				\$ (0.83)
Dividends per share (dollars)	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 5.40	\$ 1.35				\$ 1.35	—				—
Railway operating ratio (percent) <sup>1</sup>	64.9	66.7	69.1	68.8	67.4	69.9				69.9	5.0				5.0
Property additions	\$ 428	\$ 520	\$ 548	\$ 853	\$ 2,349	\$ 557				\$ 557	\$ 129				\$ 129
Cash and cash equivalents	\$ 552	\$ 556	\$ 1,506	\$ 1,568	\$ 1,568	\$ 652				\$ 652	\$ 100				\$ 100
Total debt	\$ 14,988	\$ 15,129	\$ 16,584	\$ 17,179	\$ 17,179	\$ 17,583				\$ 17,583	\$ 2,595				\$ 2,595
Total debt-to-total capitalization (percent)	54.1	54.5	56.8	57.3	57.3	58.4				58.4	4.3				4.3
Gross ton miles (GTMs) (in billions)	83.5	84.2	82.5	85.9	336.1	84.9				84.9	2%				2%
Revenue ton miles (in billions):															
Merchandise	27.0	27.6	26.0	26.5	107.1	27.0				27.0	—%				—%
Intermodal	10.1	10.2	10.3	10.8	41.4	10.5				10.5	4%				4%
Coal	6.8	6.5	6.8	7.4	27.5	7.1				7.1	4%				4%
Total	43.9	44.3	43.1	44.7	176.0	44.6				44.6	2%				2%
Railroad employees (average)	19,643	20,054	20,449	20,616	20,190	20,738				20,738	6%				6%
GTMs (thousands) per employee	4,252	4,198	4,035	4,164	16,645	4,093				4,093	(4%)				(4%)
Locomotive diesel fuel consumed (in thousands of gallons)	95,124	93,944	92,475	95,285	376,828	97,906				97,906	3%				3%
Average price (dollars) per gallon of locomotive diesel fuel	\$ 3.088	\$ 2.615	\$ 2.940	\$ 2.958	\$ 2.901	\$ 2.724				\$ 2.724	(12%)				(12%)
Gallons of fuel consumed per thousand GTMs	1.15	1.12	1.13	1.12	1.13	1.16				1.16	1%				1%
Train speed (miles per hour)	20.4	18.7	20.5	20.5	20.0	21.3				21.3	4%				4%
Terminal dwell (hours)	26.3	28.1	23.2	24.6	25.6	23.9				23.9	(9%)				(9%)

<sup>1</sup> Non-GAAP measures presented in the table above include total railway operating expenses, income from railway operations, other income – net, income before income taxes, income taxes, net income, earnings per share – diluted, and railway operating ratio (percent). All presentations of revenue above refer to U.S. GAAP revenue. Reconciliations for the first quarter of 2023 and 2024 are found on pages 6 and 7 of this Quarterly Financial Data. Reconciliations to GAAP for prior periods are included in the Quarterly Financial Data on the Investors page under Events and Presentations for each respective period.





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