



**2023**

**QUARTERLY FINANCIAL DATA**

**Q2**





# 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)

|                                       | Second Quarter |               |          | First Six Months |                 |          |
|---------------------------------------|----------------|---------------|----------|------------------|-----------------|----------|
|                                       | 2023           | 2022          | % Change | 2023             | 2022            | % Change |
| <b>Railway operating revenues</b>     |                |               |          |                  |                 |          |
| Merchandise                           | \$ 1,826       | \$ 1,853      | (1%)     | \$ 3,704         | \$ 3,525        | 5%       |
| Intermodal                            | 745            | 972           | (23%)    | 1,559            | 1,826           | (15%)    |
| Coal                                  | 409            | 425           | (4%)     | 849              | 814             | 4%       |
| Total railway operating revenues      | <u>2,980</u>   | <u>3,250</u>  | (8%)     | <u>6,112</u>     | <u>6,165</u>    | (1%)     |
| <b>Railway operating expenses</b>     |                |               |          |                  |                 |          |
| Compensation and benefits             | 693            | 614           | 13%      | 1,383            | 1,233           | 12%      |
| Purchased services and rents          | 506            | 481           | 5%       | 1,002            | 918             | 9%       |
| Fuel                                  | 263            | 408           | (36%)    | 578              | 709             | (18%)    |
| Depreciation                          | 321            | 304           | 6%       | 642              | 606             | 6%       |
| Materials and other                   | 205            | 172           | 19%      | 417              | 343             | 22%      |
| Eastern Ohio incident                 | 416            | —             |          | 803              | —               |          |
| Total railway operating expenses      | <u>2,404</u>   | <u>1,979</u>  | 21%      | <u>4,825</u>     | <u>3,809</u>    | 27%      |
| <b>Income from railway operations</b> | 576            | 1,271         | (55%)    | 1,287            | 2,356           | (45%)    |
| Other income (expense) – net          | 57             | (14)          | 507%     | 113              | (19)            | 695%     |
| Interest expense on debt              | <u>170</u>     | <u>170</u>    | —%       | <u>345</u>       | <u>338</u>      | 2%       |
| Income before income taxes            | 463            | 1,087         | (57%)    | 1,055            | 1,999           | (47%)    |
| <b>Income tax expense (benefit)</b>   |                |               |          |                  |                 |          |
| Current                               | 127            | 205           | (38%)    | 268              | 366             | (27%)    |
| Deferred                              | (20)           | 63            | (132%)   | (35)             | 111             | (132%)   |
| Total income tax expense              | <u>107</u>     | <u>268</u>    | (60%)    | <u>233</u>       | <u>477</u>      | (51%)    |
| <b>Net income</b>                     | <u>\$ 356</u>  | <u>\$ 819</u> | (57%)    | <u>\$ 822</u>    | <u>\$ 1,522</u> | (46%)    |
| <b>Railway operating ratio (%)</b>    | 80.7           | 60.9          | 33%      | 78.9             | 61.8            | 28%      |
| <b>Earnings per share – diluted</b>   | \$ 1.56        | \$ 3.45       | (55%)    | \$ 3.60          | \$ 6.37         | (43%)    |

## Notes

### 1. Eastern Ohio Incident

On February 3, 2023, a train operated by Norfolk Southern derailed in East Palestine, Ohio. During the first six months of 2023, we recognized \$803 million of expense for costs primarily associated with environmental matters and legal proceedings resulting from the incident (\$416 million of which was recognized in the second quarter). While certain costs recorded may be recoverable from third parties or under our insurance policies in effect at the date of the incident, no estimate of potential recoveries has yet been recorded.

### 2. Stock Repurchase Program

We repurchased and retired 1.3 million and 5.7 million shares of common stock under our stock repurchase programs in the first six months of 2023 and 2022, respectively, at a cost of \$303 million and \$1.5 billion.

## Reconciliation of Non-GAAP Financial Measures

Information included within this Second Quarter 2023 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).

### Consolidated Statements of Income - excluding Eastern Ohio incident<sup>1</sup>

|                                  | Second Quarter                                    |                          |   |
|----------------------------------|---|--------------------------|---|
|                                  | 2023<br>(GAAP)                                    | Eastern Ohio<br>Incident | Adjusted 2023<br>(Non-GAAP <sup>1</sup> ) |
|                                  | <i>(\$ in millions, except per share amounts)</i> |                          |   |
| Total railway operating expenses | \$ 2,404  | \$ (416)                 | \$ 1,988                                  |
| Income from railway operations   | \$ 576  | \$ 416                   | \$ 992                                    |
| Income before income taxes       | \$ 463  | \$ 416                   | \$ 879                                    |
| Total income tax expense         | \$ 107  | \$ 99                    | \$ 206                                    |
| Net income                       | \$ 356  | \$ 317                   | \$ 673                                    |
| Railway operating ratio (%)      | 80.7  | (14.0)                   | 66.7                                      |
| Earnings per share – diluted     | \$ 1.56   | \$ 1.39                  | \$ 2.95                                   |

|                                  | First Six Months                                  |                                       |   |
|----------------------------------|---|---------------------------------------|---|
|                                  | 2023<br>(GAAP)                                    | Eastern Ohio<br>Incident <sup>1</sup> | Adjusted 2023<br>(Non-GAAP <sup>1</sup> ) |
|                                  | <i>(\$ in millions, except per share amounts)</i> |                                       |   |
| Total railway operating expenses | \$ 4,825  | \$ (803)                              | \$ 4,022                                  |
| Income from railway operations   | \$ 1,287  | \$ 803                                | \$ 2,090                                  |
| Income before income taxes       | \$ 1,055  | \$ 803                                | \$ 1,858                                  |
| Total income tax expense         | \$ 233  | \$ 193                                | \$ 426                                    |
| Net income                       | \$ 822  | \$ 610                                | \$ 1,432                                  |
| Railway operating ratio (%)      | 78.9  | (13.1)                                | 65.8                                      |
| Earnings per share – diluted     | \$ 3.60   | \$ 2.67                               | \$ 6.27                                   |

<sup>1</sup> GAAP financial results are adjusted to exclude the effects of the derailment in Eastern Ohio (the Incident) on February 3, 2023. During the second quarter and first six months of 2023, the Company recorded \$416 million and \$803 million of expenses related to the incident, respectively. The income tax effects of this non-GAAP adjustment were calculated based on the applicable tax rates to which the non-GAAP adjustment related. The Company uses these non-GAAP financial measures internally and believes this information provides useful supplemental information to investors to facilitate making period-to-period comparisons by excluding the effect of this charge.

In the tables on page 3, references to 2023 results and the related comparisons to the 2022 results use the adjusted, non-GAAP results from the reconciliations in the tables above.

## Reconciliation of Non-GAAP Financial Measures

|                                  | <b>Second Quarter</b>                             |             |  |
|----------------------------------|---|-------------|--|
|                                  | <b>Adjusted 2023<br/>(Non-GAAP<sup>1</sup>)</b>   | <b>2022</b> | <b>Adjusted 2023<br/>(non-GAAP)<br/>vs. 2022</b> |
|                                  | <i>(\$ in millions, except per share amounts)</i> |             | <i>% change</i>                                  |
| Total railway operating expenses | \$ 1,988  | \$ 1,979    | —%   |
| Income from railway operations   | \$ 992  | \$ 1,271    | (22%)  |
| Income before income taxes       | \$ 879  | \$ 1,087    | (19%)  |
| Total income tax expense         | \$ 206  | \$ 268      | (23%)  |
| Net income                       | \$ 673  | \$ 819      | (18%)  |
| Railway operating ratio (%)      | 66.7  | 60.9        | 10%  |
| Earnings per share – diluted     | \$ 2.95   | \$ 3.45     | (14%)  |
|                                  | <b>First Six Months</b>                           |             |  |
|                                  | <b>Adjusted 2023<br/>(Non-GAAP<sup>1</sup>)</b>   | <b>2022</b> | <b>Adjusted 2023<br/>(non-GAAP)<br/>vs. 2022</b> |
|                                  | <i>(\$ in millions, except per share amounts)</i> |             | <i>% change</i>                                  |
| Total railway operating expenses | \$ 4,022  | \$ 3,809    | 6%   |
| Income from railway operations   | \$ 2,090  | \$ 2,356    | (11%)  |
| Income before income taxes       | \$ 1,858  | \$ 1,999    | (7%)   |
| Total income tax expense         | \$ 426  | \$ 477      | (11%)  |
| Net income                       | \$ 1,432  | \$ 1,522    | (6%)   |
| Railway operating ratio (%)      | 65.8  | 61.8        | 6%   |
| Earnings per share – diluted     | \$ 6.27   | \$ 6.37     | (2%)   |

## Consolidated Balance Sheets

(\$ in millions)

|  | <u>June 30,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|--|--------------------------|------------------------------|
| <b>Assets</b>  |                          |                              |
| Current assets:  |                          |                              |
| Cash and cash equivalents  | \$ 556                   | \$ 456                       |
| Accounts receivable – net  | 1,089                    | 1,148                        |
| Materials and supplies   | 272                      | 253                          |
| Other current assets   | 114                      | 150                          |
| Total current assets   | <u>2,031</u>             | <u>2,007</u>                 |
| Investments  | 3,673                    | 3,694                        |
| Properties less accumulated depreciation of \$13,024<br>and \$12,592, respectively   | 32,474                   | 32,156                       |
| Other assets   | <u>1,083</u>             | <u>1,028</u>                 |
| <b>Total assets</b>  | <u><u>\$ 39,261</u></u>  | <u><u>\$ 38,885</u></u>      |
| <b>Liabilities and stockholders' equity</b>  |                          |                              |
| Current liabilities:   |                          |                              |
| Accounts payable   | \$ 1,416                 | \$ 1,293                     |
| Short-term debt  | 130                      | 100                          |
| Income and other taxes   | 243                      | 312                          |
| Other current liabilities  | 792                      | 341                          |
| Current maturities of long-term debt   | 405                      | 603                          |
| Total current liabilities  | <u>2,986</u>             | <u>2,649</u>                 |
| Long-term debt   | 14,594                   | 14,479                       |
| Other liabilities  | 1,814                    | 1,759                        |
| Deferred income taxes  | <u>7,227</u>             | <u>7,265</u>                 |
| <b>Total liabilities</b>   | 26,621                   | 26,152                       |
| Stockholders' equity:  |                          |                              |
| Common stock \$1.00 per share par value, 1,350,000,000 shares<br>authorized; outstanding 227,015,277 and 228,076,415 shares,<br>respectively, net of treasury shares | 228                      | 230                          |
| Additional paid-in capital   | 2,160                    | 2,157                        |
| Accumulated other comprehensive loss   | (359)                    | (351)                        |
| Retained income  | <u>10,611</u>            | <u>10,697</u>                |
| <b>Total stockholders' equity</b>  | <u>12,640</u>            | <u>12,733</u>                |
| <b>Total liabilities and stockholders' equity</b>  | <u><u>\$ 39,261</u></u>  | <u><u>\$ 38,885</u></u>      |

# Consolidated Statements of Cash Flows

(\$ in millions)

|  | First Six Months |                 |
|--|------------------|-----------------|
|  | 2023             | 2022            |
| <b>Cash flows from operating activities</b>                                |                  |                 |
| Net income   | \$ 822           | \$ 1,522        |
| Reconciliation of net income to net cash provided by operating activities: |                  |                 |
| Depreciation   | 642              | 606             |
| Deferred income taxes  | (35)             | 111             |
| Gains and losses on properties   | (25)             | (37)            |
| Changes in assets and liabilities affecting operations:                    |                  |                 |
| Accounts receivable  | 57               | (230)           |
| Materials and supplies   | (19)             | (71)            |
| Other current assets   | 36               | 30              |
| Current liabilities other than debt  | 460              | 75              |
| Other – net  | (92)             | 5               |
| Net cash provided by operating activities                                  | <u>1,846</u>     | <u>2,011</u>    |
| <b>Cash flows from investing activities</b>                                |                  |                 |
| Property additions   | (948)            | (837)           |
| Property sales and other transactions                                      | 61               | 100             |
| Investment purchases   | (6)              | (7)             |
| Investment sales and other transactions                                    | 152              | 30              |
| Net cash used in investing activities                                      | <u>(741)</u>     | <u>(714)</u>    |
| <b>Cash flows from financing activities</b>                                |                  |                 |
| Dividends  | (615)            | (591)           |
| Common stock transactions  | (9)              | (14)            |
| Purchase and retirement of common stock                                    | (303)            | (1,454)         |
| Proceeds from borrowings   | 724              | 1,732           |
| Debt repayments  | (802)            | (550)           |
| Net cash used in financing activities                                      | <u>(1,005)</u>   | <u>(877)</u>    |
| Net increase in cash and cash equivalents                                  | 100              | 420             |
| <b>Cash and cash equivalents</b>   |                  |                 |
| At beginning of year   | <u>456</u>       | <u>839</u>      |
| At end of period   | <u>\$ 556</u>    | <u>\$ 1,259</u> |
| <b>Supplemental disclosures of cash flow information</b>                   |                  |                 |
| Cash paid during the period for:   |                  |                 |
| Interest (net of amounts capitalized)                                      | \$ 318           | \$ 294          |
| Income taxes (net of refunds)  | 315              | 321             |

## Railway Operating Revenues Analysis

| Commodity and Period                      | Revenues<br>(\$ in millions) |          |             | Units<br>(in thousands) |         |             | Revenue per Unit<br>(\$ per unit) |          |             |
|---|------------------------------|----------|-------------|-------------------------|---------|-------------|-----------------------------------|----------|-------------|
|   | 2023                         | 2022     | %<br>Change | 2023                    | 2022    | %<br>Change | 2023                              | 2022     | %<br>Change |
| <b>First Quarter</b>                      |                              |          |             |                         |         |             |                                   |          |             |
| Agriculture, forest and consumer products | \$ 653                       | \$ 573   | 14%         | 187.7                   | 177.6   | 6%          | \$ 3,477                          | \$ 3,228 | 8%          |
| Chemicals                                 | 541                          | 498      | 9%          | 136.1                   | 129.4   | 5%          | 3,979                             | 3,850    | 3%          |
| Metals and construction                   | 400                          | 375      | 7%          | 153.4                   | 148.0   | 4%          | 2,607                             | 2,535    | 3%          |
| Automotive                                | 284                          | 226      | 26%         | 88.1                    | 81.2    | 8%          | 3,226                             | 2,776    | 16%         |
| Merchandise                               | 1,878                        | 1,672    | 12%         | 565.3                   | 536.2   | 5%          | 3,323                             | 3,118    | 7%          |
| Intermodal                                | 814                          | 854      | (5%)        | 916.8                   | 956.5   | (4%)        | 887                               | 893      | (1%)        |
| Coal                                      | 440                          | 389      | 13%         | 173.8                   | 165.6   | 5%          | 2,533                             | 2,347    | 8%          |
| Total                                     | \$ 3,132                     | \$ 2,915 | 7%          | 1,655.9                 | 1,658.3 | — %         | 1,891                             | 1,758    | 8%          |
| <b>Second Quarter</b>                     |                              |          |             |                         |         |             |                                   |          |             |
| Agriculture, forest and consumer products | \$ 627                       | \$ 624   | — %         | 187.7                   | 183.6   | 2%          | \$ 3,342                          | \$ 3,398 | (2%)        |
| Chemicals                                 | 503                          | 552      | (9%)        | 126.7                   | 140.0   | (10%)       | 3,966                             | 3,941    | 1%          |
| Metals and construction                   | 415                          | 420      | (1%)        | 161.7                   | 163.9   | (1%)        | 2,569                             | 2,560    | — %         |
| Automotive                                | 281                          | 257      | 9%          | 90.6                    | 85.7    | 6%          | 3,102                             | 3,007    | 3%          |
| Merchandise                               | 1,826                        | 1,853    | (1%)        | 566.7                   | 573.2   | (1%)        | 3,222                             | 3,233    | — %         |
| Intermodal                                | 745                          | 972      | (23%)       | 925.4                   | 1,016.5 | (9%)        | 805                               | 955      | (16%)       |
| Coal                                      | 409                          | 425      | (4%)        | 165.5                   | 166.1   | — %         | 2,470                             | 2,562    | (4%)        |
| Total                                     | \$ 2,980                     | \$ 3,250 | (8%)        | 1,657.6                 | 1,755.8 | (6%)        | 1,798                             | 1,851    | (3%)        |
| <b>Year-to-date</b>                       |                              |          |             |                         |         |             |                                   |          |             |
| Agriculture, forest and consumer products | \$ 1,280                     | \$ 1,197 | 7%          | 375.4                   | 361.2   | 4%          | \$ 3,410                          | \$ 3,314 | 3%          |
| Chemicals                                 | 1,044                        | 1,050    | (1%)        | 262.8                   | 269.4   | (2%)        | 3,973                             | 3,897    | 2%          |
| Metals and construction                   | 815                          | 795      | 3%          | 315.1                   | 311.9   | 1%          | 2,587                             | 2,548    | 2%          |
| Automotive                                | 565                          | 483      | 17%         | 178.7                   | 166.9   | 7%          | 3,164                             | 2,894    | 9%          |
| Merchandise                               | 3,704                        | 3,525    | 5%          | 1,132.0                 | 1,109.4 | 2%          | 3,273                             | 3,177    | 3%          |
| Intermodal                                | 1,559                        | 1,826    | (15%)       | 1,842.2                 | 1,973.0 | (7%)        | 846                               | 925      | (9%)        |
| Coal                                      | 849                          | 814      | 4%          | 339.3                   | 331.7   | 2%          | 2,502                             | 2,455    | 2%          |
| Total                                     | \$ 6,112                     | \$ 6,165 | (1%)        | 3,313.5                 | 3,414.1 | (3%)        | 1,845                             | 1,806    | 2%          |



## Railway Operating Revenues Variance Analysis

(\$ in millions)

### Second Quarter 2023 vs. 2022

|                                 | Merchandise    |         | Intermodal      |         | Coal           |         |
|---------------------------------|----------------|---------|-----------------|---------|----------------|---------|
|                                 | Amount         | Percent | Amount          | Percent | Amount         | Percent |
| <b>Revenue Variance due to:</b> |                |         |                 |         |                |         |
| Volume                          | \$ (21)        | (1%)    | \$ (87)         | (9%)    | \$ (2)         | —%      |
| Fuel surcharge revenue          | (35)           | (2%)    | (96)            | (10%)   | (3)            | (1%)    |
| Rate, mix and other             | 29             | 2%      | (44)            | (5%)    | (11)           | (3%)    |
| Total                           | <u>\$ (27)</u> | (1%)    | <u>\$ (227)</u> | (23%)   | <u>\$ (16)</u> | (4%)    |

### Year-to-date 2023 vs. 2022

|                                 | Merchandise   |         | Intermodal      |         | Coal         |         |
|---------------------------------|---------------|---------|-----------------|---------|--------------|---------|
|                                 | Amount        | Percent | Amount          | Percent | Amount       | Percent |
| <b>Revenue Variance due to:</b> |               |         |                 |         |              |         |
| Volume                          | \$ 72         | 2%      | \$ (121)        | (7%)    | \$ 19        | 2%      |
| Fuel surcharge revenue          | 49            | 1%      | (67)            | (4%)    | 15           | 2%      |
| Rate, mix and other             | 58            | 2%      | (79)            | (4%)    | 1            | —%      |
| Total                           | <u>\$ 179</u> | 5%      | <u>\$ (267)</u> | (15%)   | <u>\$ 35</u> | 4%      |

## Intermodal Units by Market

(in thousands)

|               | Second Quarter |                |          | Year-to-date   |                |          |
|---------------|----------------|----------------|----------|----------------|----------------|----------|
|               | 2023           | 2022           | % Change | 2023           | 2022           | % Change |
| Domestic      | 577.0          | 670.4          | (14%)    | 1,164.7        | 1,323.8        | (12%)    |
| International | 348.4          | 346.1          | 1%       | 677.5          | 649.2          | 4%       |
| Total         | <u>925.4</u>   | <u>1,016.5</u> | (9%)     | <u>1,842.2</u> | <u>1,973.0</u> | (7%)     |

## Coal Tonnage by Market

(in thousands)

|                        | Second Quarter |               |          | Year-to-date  |               |          |
|------------------------|----------------|---------------|----------|---------------|---------------|----------|
|                        | 2023           | 2022          | % Change | 2023          | 2022          | % Change |
| Utility                | 6,852          | 8,267         | (17%)    | 15,062        | 17,228        | (13%)    |
| Export                 | 7,697          | 6,514         | 18%      | 15,903        | 12,928        | 23%      |
| Domestic metallurgical | 3,059          | 2,782         | 10%      | 5,390         | 5,212         | 3%       |
| Industrial             | 882            | 1,083         | (19%)    | 1,571         | 1,886         | (17%)    |
| Total                  | <u>18,490</u>  | <u>18,646</u> | (1%)     | <u>37,926</u> | <u>37,254</u> | 2%       |

## Financial, Traffic and Operating Statistics

(\$ in millions - except as noted)

|  | 2022             |                   |                  |                   |           | 2023                           |                                 |                  |                   |                                | Increase (Decrease)<br>2023 vs. 2022 |                                 |                  |                   |                                |
|--|------------------|-------------------|------------------|-------------------|-----------|--------------------------------|---------------------------------|------------------|-------------------|--------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|--------------------------------|
|  | First<br>Quarter | Second<br>Quarter | Third<br>Quarter | Fourth<br>Quarter | Year      | First<br>Quarter<br>(Non-GAAP) | Second<br>Quarter<br>(Non-GAAP) | Third<br>Quarter | Fourth<br>Quarter | Year-to-<br>date<br>(Non-GAAP) | First<br>Quarter<br>(Non-GAAP)       | Second<br>Quarter<br>(Non-GAAP) | Third<br>Quarter | Fourth<br>Quarter | Year-to-<br>date<br>(Non-GAAP) |
| Railway operating revenues                                   | \$ 2,915         | \$ 3,250          | \$ 3,343         | \$ 3,237          | \$ 12,745 | \$ 3,132                       | \$ 2,980                        |                  |                   | \$ 6,112                       | \$ 217                               | \$ (270)                        |                  |                   | \$ (53)                        |
| Railway operating expenses:                                  |                  |                   |                  |                   |           |                                |                                 |                  |                   |                                |                                      |                                 |                  |                   |                                |
| Compensation and benefits                                    | 619              | 614               | 735              | 653               | 2,621     | 690                            | 693                             |                  |                   | 1,383                          | 71                                   | 79                              |                  |                   | 150                            |
| Purchased services   | 349              | 387               | 397              | 432               | 1,565     | 399                            | 407                             |                  |                   | 806                            | 50                                   | 20                              |                  |                   | 70                             |
| Equipment rents  | 88               | 94                | 87               | 88                | 357       | 97                             | 99                              |                  |                   | 196                            | 9                                    | 5                               |                  |                   | 14                             |
| Fuel   | 301              | 408               | 383              | 367               | 1,459     | 315                            | 263                             |                  |                   | 578                            | 14                                   | (145)                           |                  |                   | (131)                          |
| Depreciation   | 302              | 304               | 306              | 309               | 1,221     | 321                            | 321                             |                  |                   | 642                            | 19                                   | 17                              |                  |                   | 36                             |
| Materials  | 62               | 70                | 83               | 68                | 283       | 91                             | 88                              |                  |                   | 179                            | 29                                   | 18                              |                  |                   | 47                             |
| Claims   | 49               | 64                | 58               | 99                | 270       | 54                             | 60                              |                  |                   | 114                            | 5                                    | (4)                             |                  |                   | 1                              |
| Other  | 60               | 38                | 22               | 40                | 160       | 67                             | 57                              |                  |                   | 124                            | 7                                    | 19                              |                  |                   | 26                             |
| Total railway operating expenses                             | 1,830            | 1,979             | 2,071            | 2,056             | 7,936     | 2,034                          | 1,988                           |                  |                   | 4,022                          | 204                                  | 9                               |                  |                   | 213                            |
| Income from railway operations                               | 1,085            | 1,271             | 1,272            | 1,181             | 4,809     | 1,098                          | 992                             |                  |                   | 2,090                          | 13                                   | (279)                           |                  |                   | (266)                          |
| Other income (expense) – net                                 | (5)              | (14)              | (2)              | 34                | 13        | 56                             | 57                              |                  |                   | 113                            | 61                                   | 71                              |                  |                   | 132                            |
| Interest expense on debt                                     | 168              | 170               | 177              | 177               | 692       | 175                            | 170                             |                  |                   | 345                            | 7                                    | —                               |                  |                   | 7                              |
| Income before income taxes                                   | 912              | 1,087             | 1,093            | 1,038             | 4,130     | 979                            | 879                             |                  |                   | 1,858                          | 67                                   | (208)                           |                  |                   | (141)                          |
| Total income taxes   | 209              | 268               | 135              | 248               | 860       | 220                            | 206                             |                  |                   | 426                            | 11                                   | (62)                            |                  |                   | (51)                           |
| Net income   | \$ 703           | \$ 819            | \$ 958           | \$ 790            | \$ 3,270  | \$ 759                         | \$ 673                          |                  |                   | \$ 1,432                       | \$ 56                                | \$ (146)                        |                  |                   | \$ (90)                        |
| Weighted average shares outstanding – diluted (in millions)  | 240.2            | 237.5             | 234.0            | 230.7             | 235.6     | 228.3                          | 228.0                           |                  |                   | 228.1                          | (11.9)                               | (9.5)                           |                  |                   | \$ (10.8)                      |
| Earnings per share – diluted (dollars)                       | \$ 2.93          | \$ 3.45           | \$ 4.10          | \$ 3.42           | \$ 13.88  | \$ 3.32                        | \$ 2.95                         |                  |                   | \$ 6.27                        | \$ 0.39                              | \$ (0.50)                       |                  |                   | \$ (0.10)                      |
| Dividends per share (dollars)                                | \$ 1.24          | \$ 1.24           | \$ 1.24          | \$ 1.24           | \$ 4.96   | \$ 1.35                        | \$ 1.35                         |                  |                   | \$ 2.70                        | \$ 0.11                              | \$ 0.11                         |                  |                   | \$ 0.22                        |
| Railway operating ratio (percent)                            | 62.8             | 60.9              | 62.0             | 63.5              | 62.3      | 64.9                           | 66.7                            |                  |                   | 65.8                           | 2.1                                  | 5.8                             |                  |                   | \$ 4.0                         |
| Property additions   | \$ 389           | \$ 448            | \$ 445           | \$ 666            | \$ 1,948  | \$ 428                         | \$ 520                          |                  |                   | \$ 948                         | \$ 39                                | \$ 72                           |                  |                   | \$ 111                         |
| Cash and cash equivalents                                    | \$ 1,571         | \$ 1,259          | \$ 1,214         | \$ 456            | \$ 456    | \$ 552                         | \$ 556                          |                  |                   | \$ 556                         | \$ (1,019)                           | \$ (703)                        |                  |                   | \$ (703)                       |
| Total debt   | \$ 14,844        | \$ 15,054         | \$ 15,068        | \$ 15,182         | \$ 15,182 | \$ 14,988                      | \$ 15,129                       |                  |                   | \$ 15,129                      | \$ 144                               | \$ 75                           |                  |                   | \$ 75                          |
| Total debt-to-total capitalization (percent)                 | 52.4             | 53.4              | 53.6             | 54.4              | 54.4      | 54.1                           | 54.5                            |                  |                   | 54.5                           | 1.7                                  | 1.1                             |                  |                   | 1.1                            |
| Gross ton miles (GTMs) (in billions)                         | 82.8             | 86.7              | 85.8             | 84.0              | 339.3     | 83.5                           | 84.2                            |                  |                   | 167.7                          | 1%                                   | (3%)                            |                  |                   | (1%)                           |
| Revenue ton miles (in billions):                             |                  |                   |                  |                   |           |                                |                                 |                  |                   |                                |                                      |                                 |                  |                   |                                |
| Merchandise  | 26.0             | 27.7              | 27.5             | 26.8              | 108.0     | 27.0                           | 27.6                            |                  |                   | 54.6                           | 4%                                   | —%                              |                  |                   | 2%                             |
| Intermodal   | 10.7             | 11.4              | 10.7             | 10.5              | 43.3      | 10.1                           | 10.2                            |                  |                   | 20.3                           | (6%)                                 | (11%)                           |                  |                   | (8%)                           |
| Coal   | 7.0              | 6.6               | 7.1              | 6.6               | 27.3      | 6.8                            | 6.5                             |                  |                   | 13.3                           | (3%)                                 | (2%)                            |                  |                   | (2%)                           |
| Total  | 43.7             | 45.7              | 45.3             | 43.9              | 178.6     | 43.9                           | 44.3                            |                  |                   | 88.2                           | —%                                   | (3%)                            |                  |                   | (1%)                           |
| Railroad employees (average)                                 | 18,229           | 18,654            | 18,978           | 19,245            | 18,777    | 19,643                         | 20,054                          |                  |                   | 19,849                         | 8%                                   | 8%                              |                  |                   | 8%                             |
| GTMs (thousands) per employee                                | 4,540            | 4,649             | 4,521            | 4,367             | 18,071    | 4,252                          | 4,198                           |                  |                   | 8,449                          | (6%)                                 | (10%)                           |                  |                   | (8%)                           |
| Locomotive diesel fuel consumed (in thousands of gallons)    | 95,309           | 92,762            | 93,876           | 93,861            | 375,808   | 95,124                         | 93,944                          |                  |                   | 189,068                        | —%                                   | 1%                              |                  |                   | 1%                             |
| Average price (dollars) per gallon of locomotive diesel fuel | \$ 2.939         | \$ 4.118          | \$ 3.822         | \$ 3,665          | \$ 3.632  | \$ 3.088                       | \$ 2.615                        |                  |                   | \$ 2.853                       | 5%                                   | (36%)                           |                  |                   | (19%)                          |
| Gallons of fuel consumed per thousand GTMs                   | 1.16             | 1.07              | 1.10             | 1.12              | 1.11      | 1.15                           | 1.12                            |                  |                   | 1.13                           | (1%)                                 | 5%                              |                  |                   | 2%                             |
| Train speed (miles per hour)                                 | 18.2             | 17.5              | 19.1             | 20.7              | 18.9      | 20.5                           | 18.7                            |                  |                   | 19.6                           | 13%                                  | 7%                              |                  |                   | 9%                             |
| Terminal dwell (hours)                                       | 26.7             | 27.2              | 25.9             | 25.3              | 26.3      | 26.4                           | 28.3                            |                  |                   | 27.4                           | (1%)                                 | 4%                              |                  |                   | 1%                             |



# 2023 Quarterly Financial Data | Q2

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