



2022

QUARTERLY FINANCIAL DATA

Q4





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)

	Fourth Quarter		
	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Railway operating revenues			
Merchandise	\$ 1,876	\$ 1,671	12%
Intermodal	913	831	10%
Coal	448	350	28%
Total railway operating revenues	<u>3,237</u>	<u>2,852</u>	13%
Railway operating expenses			
Compensation and benefits	653	598	9%
Purchased services and rents	520	472	10%
Fuel	367	226	62%
Depreciation	309	298	4%
Materials and other	207	129	60%
Total railway operating expenses	<u>2,056</u>	<u>1,723</u>	19%
Income from railway operations	1,181	1,129	5%
Other income – net	34	21	62%
Interest expense on debt	177	165	7%
Income before income taxes	1,038	985	5%
Income taxes			
Current	188	199	(6%)
Deferred	60	26	131%
Total income taxes	<u>248</u>	<u>225</u>	10%
Net income	<u>\$ 790</u>	<u>\$ 760</u>	4%
Railway operating ratio (%)	63.5	60.4	5%
Earnings per share – diluted	\$ 3.42	\$ 3.12	10%

Notes

1. Stock Repurchase Program

We repurchased and retired 12.6 million and 12.7 million shares of common stock under our stock repurchase program in 2022 and 2021, respectively, at a cost of \$3.1 billion and \$3.4 billion, respectively.

Consolidated Statements of Income

(in millions, except per share amounts)

	Years Ended December 31,		
	2022	2021	% Change
Railway operating revenues			
Merchandise	\$ 7,331	\$ 6,669	10%
Intermodal	3,681	3,163	16%
Coal	1,733	1,310	32%
Total railway operating revenues	<u>12,745</u>	<u>11,142</u>	14%
Railway operating expenses			
Compensation and benefits	2,621	2,442	7%
Purchased services and rents	1,922	1,726	11%
Fuel	1,459	799	83%
Depreciation	1,221	1,181	3%
Materials and other	713	547	30%
Total railway operating expenses	<u>7,936</u>	<u>6,695</u>	19%
Income from railway operations	4,809	4,447	8%
Other income – net	13	77	(83%)
Interest expense on debt	<u>692</u>	<u>646</u>	7%
Income before income taxes	4,130	3,878	6%
Income taxes			
Current	777	689	13%
Deferred	83	184	(55%)
Total income taxes	<u>860</u>	<u>873</u>	(1%)
Net income	<u>\$ 3,270</u>	<u>\$ 3,005</u>	9%
Railway operating ratio (%)	62.3	60.1	4%
Earnings per share – diluted	\$ 13.88	\$ 12.11	15%

Consolidated Balance Sheets

(\$ in millions)

	At December 31,	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 456	\$ 839
Accounts receivable – net	1,148	976
Materials and supplies	253	218
Other current assets	150	134
Total current assets	<u>2,007</u>	<u>2,167</u>
Investments	3,694	3,707
Properties less accumulated depreciation of \$12,592 and \$12,031, respectively	32,156	31,653
Other assets	1,028	966
Total assets	<u>\$ 38,885</u>	<u>\$ 38,493</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,293	\$ 1,351
Short-term debt	100	—
Income and other taxes	312	305
Other current liabilities	341	312
Current maturities of long-term debt	603	553
Total current liabilities	<u>2,649</u>	<u>2,521</u>
Long-term debt	14,479	13,287
Other liabilities	1,759	1,879
Deferred income taxes	7,265	7,165
Total liabilities	<u>26,152</u>	<u>24,852</u>
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 228,076,415 and 240,162,790 shares, respectively, net of treasury shares	230	242
Additional paid-in capital	2,157	2,215
Accumulated other comprehensive loss	(351)	(402)
Retained income	10,697	11,586
Total stockholders' equity	<u>12,733</u>	<u>13,641</u>
Total liabilities and stockholders' equity	<u>\$ 38,885</u>	<u>\$ 38,493</u>

Consolidated Statements of Cash Flows

(\$ in millions)

	Years Ended December 31,	
	2022	2021
Cash flows from operating activities		
Net income	\$ 3,270	\$ 3,005
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	1,221	1,181
Deferred income taxes	83	184
Gains and losses on properties	(82)	(86)
Changes in assets and liabilities affecting operations:		
Accounts receivable	(171)	(133)
Materials and supplies	(35)	3
Other current assets	(18)	(6)
Current liabilities other than debt	23	283
Other – net	(69)	(176)
Net cash provided by operating activities	<u>4,222</u>	<u>4,255</u>
Cash flows from investing activities		
Property additions	(1,948)	(1,470)
Property sales and other transactions	263	159
Investment purchases	(12)	(10)
Investment sales and other transactions	94	99
Net cash used in investing activities	<u>(1,603)</u>	<u>(1,222)</u>
Cash flows from financing activities		
Dividends	(1,167)	(1,028)
Common stock transactions	(4)	17
Purchase and retirement of common stock	(3,110)	(3,390)
Proceeds from borrowings	1,832	1,676
Debt repayments	(553)	(584)
Net cash used in financing activities	<u>(3,002)</u>	<u>(3,309)</u>
Net decrease in cash and cash equivalents	(383)	(276)
Cash and cash equivalents		
At beginning of year	839	1,115
At end of year	<u>\$ 456</u>	<u>\$ 839</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest (net of amounts capitalized)	\$ 619	\$ 579
Income taxes (net of refunds)	750	654

Railway Operating Revenues Analysis

Commodity and Period	Revenues (\$ in millions)			Units (in thousands)			Revenue per Unit (\$ per unit)		
	2022	2021	% Change	2022	2021	% Change	2022	2021	% Change
First Quarter									
Agriculture, forest and consumer products	\$ 573	\$ 539	6%	177.6	178.3	—	\$ 3,228	\$ 3,026	7%
Chemicals	498	459	8%	129.4	127.0	2%	3,850	3,615	7%
Metals and construction	375	370	1%	148.0	155.0	(5%)	2,535	2,386	6%
Automotive	226	240	(6%)	81.2	93.7	(13%)	2,776	2,557	9%
Merchandise	1,672	1,608	4%	536.2	554.0	(3%)	3,118	2,903	7%
Intermodal	854	719	19%	956.5	1,016.4	(6%)	893	708	26%
Coal	389	312	25%	165.6	166.5	(1%)	2,347	1,872	25%
Total	\$ 2,915	\$ 2,639	10%	1,658.3	1,736.9	(5%)	1,758	1,519	16%
Second Quarter									
Agriculture, forest and consumer products	\$ 624	\$ 578	8%	183.6	187.7	(2%)	\$ 3,398	\$ 3,076	10%
Chemicals	552	494	12%	140.0	133.7	5%	3,941	3,691	7%
Metals and construction	420	402	4%	163.9	176.3	(7%)	2,560	2,285	12%
Automotive	257	206	25%	85.7	82.3	4%	3,007	2,507	20%
Merchandise	1,853	1,680	10%	573.2	580.0	(1%)	3,233	2,896	12%
Intermodal	972	801	21%	1,016.5	1,062.6	(4%)	955	754	27%
Coal	425	318	34%	166.1	173.2	(4%)	2,562	1,837	39%
Total	\$ 3,250	\$ 2,799	16%	1,755.8	1,815.8	(3%)	1,851	1,542	20%
Third Quarter									
Agriculture, forest and consumer products	\$ 642	\$ 564	14%	178.0	181.3	(2%)	\$ 3,606	\$ 3,113	16%
Chemicals	570	504	13%	137.9	138.3	—	4,135	3,647	13%
Metals and construction	442	424	4%	168.3	179.2	(6%)	2,625	2,360	11%
Automotive	276	218	27%	85.4	81.5	5%	3,231	2,679	21%
Merchandise	1,930	1,710	13%	569.6	580.3	(2%)	3,388	2,946	15%
Intermodal	942	812	16%	972.7	1,021.0	(5%)	968	796	22%
Coal	471	330	43%	183.0	160.5	14%	2,575	2,057	25%
Total	\$ 3,343	\$ 2,852	17%	1,725.3	1,761.8	(2%)	1,938	1,619	20%
Fourth Quarter									
Agriculture, forest and consumer products	\$ 654	\$ 570	15%	183.8	178.2	3%	\$ 3,556	\$ 3,197	11%
Chemicals	528	494	7%	132.8	130.7	2%	3,977	3,784	5%
Metals and construction	415	366	13%	154.4	158.5	(3%)	2,693	2,310	17%
Automotive	279	241	16%	86.8	87.9	(1%)	3,206	2,743	17%
Merchandise	1,876	1,671	12%	557.8	555.3	—	3,363	3,010	12%
Intermodal	913	831	10%	967.4	1,004.1	(4%)	944	826	14%
Coal	448	350	28%	169.9	157.8	8%	2,636	2,218	19%
Total	\$ 3,237	\$ 2,852	13%	1,695.1	1,717.2	(1%)	1,910	1,660	15%
Year									
Agriculture, forest and consumer products	\$ 2,493	\$ 2,251	11%	723.0	725.5	—	\$ 3,448	\$ 3,102	11%
Chemicals	2,148	1,951	10%	540.1	529.7	2%	3,978	3,684	8%
Metals and construction	1,652	1,562	6%	634.6	669.0	(5%)	2,604	2,334	12%
Automotive	1,038	905	15%	339.1	345.4	(2%)	3,059	2,621	17%
Merchandise	7,331	6,669	10%	2,236.8	2,269.6	(1%)	3,277	2,938	12%
Intermodal	3,681	3,163	16%	3,913.1	4,104.1	(5%)	941	771	22%
Coal	1,733	1,310	32%	684.6	658.0	4%	2,532	1,991	27%
Total	\$ 12,745	\$ 11,142	14%	6,834.5	7,031.7	(3%)	1,865	1,584	18%

Railway Operating Revenues Variance Analysis

(\$ in millions)

Fourth Quarter 2022 vs. 2021

	Merchandise		Intermodal		Coal	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenue Variance due to:						
Volume	\$ 8	—	\$ (30)	(4%)	\$ 27	8%
Fuel surcharge revenue	99	6%	84	10%	21	6%
Rate, mix and other	98	6%	28	3%	50	14%
Total	<u>\$ 205</u>	12%	<u>\$ 82</u>	10%	<u>\$ 98</u>	28%

Year 2022 vs. 2021

	Merchandise		Intermodal		Coal	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenue Variance due to:						
Volume	\$ (96)	(1%)	\$ (147)	(5%)	\$ 53	4%
Fuel surcharge revenue	455	7%	417	13%	79	6%
Rate, mix and other	303	5%	248	8%	291	22%
Total	<u>\$ 662</u>	10%	<u>\$ 518</u>	16%	<u>\$ 423</u>	32%

Intermodal Units by Market

(in thousands)

	Fourth Quarter			Year		
	2022	2021	% Change	2022	2021	% Change
Domestic	619.2	673.1	(8%)	2,573.6	2,630.6	(2%)
International	348.2	331.0	5%	1,339.5	1,473.5	(9%)
Total	<u>967.4</u>	<u>1,004.1</u>	(4%)	<u>3,913.1</u>	<u>4,104.1</u>	(5%)

Coal Tonnage by Market

(in thousands)

	Fourth Quarter			Year		
	2022	2021	% Change	2022	2021	% Change
Utility	8,569	7,826	9%	35,705	33,169	8%
Export	6,568	5,963	10%	25,887	24,886	4%
Domestic metallurgical	2,863	2,918	(2%)	11,307	11,804	(4%)
Industrial	916	885	4%	3,765	3,595	5%
Total	<u>18,916</u>	<u>17,592</u>	8%	<u>76,664</u>	<u>73,454</u>	4%

Financial, Traffic and Operating Statistics

(\$ in millions - except as noted)

	2021					2022					Increase (Decrease) 2022 vs. 2021				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Railway operating revenues	\$ 2,639	\$ 2,799	\$ 2,852	\$ 2,852	\$ 11,142	\$ 2,915	\$ 3,250	\$ 3,343	\$ 3,237	\$ 12,745	\$ 276	\$ 451	\$ 491	\$ 385	\$ 1,603
Railway operating expenses:															
Compensation and benefits	611	624	609	598	2,442	619	614	735	653	2,621	8	(10)	126	55	179
Purchased services	318	352	355	384	1,409	349	387	397	432	1,565	31	35	42	48	156
Equipment rents	75	77	77	88	317	88	94	87	88	357	13	17	10	—	40
Fuel	177	188	208	226	799	301	408	383	367	1,459	124	220	175	141	660
Depreciation	292	294	297	298	1,181	302	304	306	309	1,221	10	10	9	11	40
Materials	61	61	71	57	250	62	70	83	68	283	1	9	12	11	33
Claims	38	43	56	28	165	49	64	58	99	270	11	21	2	71	105
Other	52	(7)	43	44	132	60	38	22	40	160	8	45	(21)	(4)	28
Total railway operating expenses	1,624	1,632	1,716	1,723	6,695	1,830	1,979	2,071	2,056	7,936	206	347	355	333	1,241
Income from railway operations	1,015	1,167	1,136	1,129	4,447	1,085	1,271	1,272	1,181	4,809	70	104	136	52	362
Other income (expense) – net	7	35	14	21	77	(5)	(14)	(2)	34	13	(12)	(49)	(16)	13	(64)
Interest expense on debt	156	161	164	165	646	168	170	177	177	692	12	9	13	12	46
Income before income taxes	866	1,041	986	985	3,878	912	1,087	1,093	1,038	4,130	46	46	107	53	252
Total income taxes	193	222	233	225	873	209	268	135	248	860	16	46	(98)	23	(13)
Net income	\$ 673	\$ 819	\$ 753	\$ 760	\$ 3,005	\$ 703	\$ 819	\$ 958	\$ 790	\$ 3,270	\$ 30	\$ —	\$ 205	\$ 30	\$ 265
Weighted average shares outstanding – diluted (in millions)	252.6	250.0	246.4	243.5	248.1	240.2	237.5	234.0	230.7	235.6	(12.4)	(12.5)	(12.4)	(12.8)	(12.5)
Earnings per share – diluted (dollars)	\$ 2.66	\$ 3.28	\$ 3.06	\$ 3.12	\$ 12.11	\$ 2.93	\$ 3.45	\$ 4.10	\$ 3.42	\$ 13.88	\$ 0.27	\$ 0.17	\$ 1.04	\$ 0.30	\$ 1.77
Dividends per share (dollars)	\$ 0.99	\$ 0.99	\$ 1.09	\$ 1.09	\$ 4.16	\$ 1.24	\$ 1.24	\$ 1.24	\$ 1.24	\$ 4.96	\$ 0.25	\$ 0.25	\$ 0.15	\$ 0.15	\$ 0.80
Railway operating ratio (percent)	61.5	58.3	60.2	60.4	60.1	62.8	60.9	62.0	63.5	62.3	1.3	2.6	1.8	3.1	2.2
Property additions	\$ 265	\$ 362	\$ 398	\$ 445	\$ 1,470	\$ 389	\$ 448	\$ 445	\$ 666	\$ 1,948	\$ 124	\$ 86	\$ 47	\$ 221	\$ 478
Cash and cash equivalents	\$ 998	\$ 1,670	\$ 1,465	\$ 839	\$ 839	\$ 1,571	\$ 1,259	\$ 1,214	\$ 456	\$ 456	\$ 573	\$ (411)	\$ (251)	\$ (383)	\$ (383)
Total debt	\$ 12,617	\$ 13,717	\$ 13,832	\$ 13,840	\$ 13,840	\$ 14,844	\$ 15,054	\$ 15,068	\$ 15,182	\$ 15,182	\$ 2,227	\$ 1,337	\$ 1,236	\$ 1,342	\$ 1,342
Total debt-to-total capitalization (percent)	46.3	48.9	49.9	50.4	50.4	52.4	53.4	53.6	54.4	54.4	6.1	4.5	3.7	4.0	4.0
Gross ton miles (GTMs) (in billions)	83.8	86.9	86.0	84.0	340.7	82.8	86.7	85.8	84.0	339.3	(1%)	—	—	—	—
Revenue ton miles (in billions):															
Merchandise	26.3	27.7	27.7	26.6	108.3	26.0	27.7	27.5	26.8	108.0	(1%)	—	(1%)	1%	—
Intermodal	10.6	11.2	10.8	11.1	43.7	10.7	11.4	10.7	10.5	43.3	1%	2%	(1%)	(5%)	(1%)
Coal	6.5	6.8	6.5	6.3	26.1	7.0	6.6	7.1	6.6	27.3	8%	(3%)	9%	5%	5%
Total	43.4	45.7	45.0	44.0	178.1	43.7	45.7	45.3	43.9	178.6	1%	—	1%	—	—
Railroad employees (average)	18,755	18,537	18,175	18,012	18,370	18,229	18,654	18,978	19,245	18,777	(3%)	1%	4%	7%	2%
GTMs (thousands) per employee	4,467	4,690	4,733	4,663	18,549	4,540	4,649	4,521	4,367	18,071	2%	(1%)	(4%)	(6%)	(3%)
Locomotive diesel fuel consumed (in thousands of gallons)	97,724	95,796	96,179	94,068	383,767	95,309	92,762	93,876	93,861	375,808	(2%)	(3%)	(2%)	—	(2%)
Average price (dollars) per gallon of locomotive diesel fuel	\$ 1.656	\$ 1.838	\$ 2.034	\$ 2.256	\$ 1.943	\$ 2.939	\$ 4.118	\$ 3.822	\$ 3.665	\$ 3.632	77%	124%	88%	62%	87%
Gallons of fuel consumed per thousand GTMs	1.17	1.11	1.13	1.13	1.14	1.16	1.07	1.10	1.12	1.11	(1%)	(4%)	(3%)	(1%)	(3%)
Train speed (miles per hour)	20.5	20.1	20.7	18.1	19.8	18.2	17.5	19.1	20.7	18.9	(11%)	(13%)	(8%)	14%	(5%)
Terminal dwell (hours)	24.4	22.5	22.3	26.2	23.9	26.7	27.2	25.9	25.3	26.3	9%	21%	16%	(3%)	10%



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