

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

	<b>First Quarter</b>	
	<b>2024</b>	<b>2023</b>
	<i>(in millions, except per share amounts)</i>	
<b>Railway operating revenues</b>		
Merchandise	\$ 1,863	\$ 1,878
Intermodal	745	814
Coal	396	440
Total railway operating revenues	<u>3,004</u>	<u>3,132</u>
<b>Railway operating expenses</b>		
Compensation and benefits	736	690
Purchased services and rents	528	496
Fuel	284	315
Depreciation	337	321
Materials and other	215	212
Restructuring and other charges	99	—
Eastern Ohio incident	592	387
Total railway operating expenses	<u>2,791</u>	<u>2,421</u>
<b>Income from railway operations</b>	213	711
Other income – net	18	56
Interest expense on debt	<u>201</u>	<u>175</u>
Income before income taxes	30	592
Income taxes	<u>(23)</u>	<u>126</u>
<b>Net income</b>	<u>\$ 53</u>	<u>\$ 466</u>
<b>Earnings per share – diluted</b>	\$ 0.23	\$ 2.04
<b>Weighted average shares outstanding – diluted</b>	226.2	228.3

*See accompanying notes to consolidated financial statements.*

**Norfolk Southern Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
(Unaudited)

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<i>(\$ in millions)</i>		
<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	2,356	3,271
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>	<b>\$ 42,128</b>	<b>\$ 41,652</b>
<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	3,447	2,632
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>	12,536	12,781
<b>Total liabilities and stockholders' equity</b>	<b>\$ 42,128</b>	<b>\$ 41,652</b>

*See accompanying notes to consolidated financial statements.*

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

	<b>First Three Months</b>	
	<b>2024</b>	<b>2023</b>
	<i>(\$ in millions)</i>	
<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	839	1,173
<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	(1,844)	(391)
<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	89	(686)
Net increase (decrease) in cash and cash equivalents	(916)	96
<b>Cash and cash equivalents</b>		
At beginning of year	1,568	456
At end of period	\$ 652	\$ 552
<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)

*See accompanying notes to consolidated financial statements.*

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **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.”

### **4. Deferred 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.