

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
October 27, 2021 (October 27, 2021)



NORFOLK SOUTHERN CORPORATION

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of incorporation)

1-8339
(Commission File Number)

52-1188014
(IRS Employer Identification Number)

650 West Peachtree Street NW
Atlanta, Georgia
30308-1925
(Address of principal executive offices, including zip code)

(855) 667-3655
(Registrant's telephone number, including area code)

Three Commercial Place, Norfolk, Virginia, 23510-2191
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Norfolk Southern Corporation Common Stock (Par Value \$1.00)	NSC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition**Item 7.01. Regulation FD Disclosure**

On October 27, 2021, the Registrant issued a Press Release, attached hereto as Exhibit 99.1, reporting third-quarter results for 2021. Attached hereto, as Exhibit 99.2, is the Quarterly Financial Data for the third quarter of 2021. This document is available on the Registrant's website, www.norfolksouthern.com, in the "Invest in NS" section, under "Financial Reports." This 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 the Registrant's 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.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits**

The following exhibits are filed as part of this Current Report on Form 8-K:

Exhibit Number	Description
99.1	Press Release dated October 27, 2021
99.2	2021 Q3 Financial Data
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORFOLK SOUTHERN CORPORATION
(Registrant)

/s/ Denise W. Hutson
Name: Denise W. Hutson
Title: Corporate Secretary

Date: October 27, 2021



FOR IMMEDIATE RELEASE

Norfolk Southern reports third-quarter 2021 results
Railroad achieves record low third-quarter operating ratio

ATLANTA, October 27, 2021 – Norfolk Southern Corporation (NYSE: NSC) today reported third-quarter 2021 financial results, which included third-quarter records for net income, diluted earnings per share, income from railway operations, and operating ratio.

Third-quarter net income was \$753 million, diluted earnings per share was \$3.06, income from railway operations was \$1.1 billion, and the operating ratio was 60.2%.

“Our team delivered a strong financial performance in the quarter, producing a number of third-quarter records,” said James A. Squires, Norfolk Southern chairman, president, and CEO. “The actions taken by our employees show our commitment to find sustainable solutions for our customers and shareholders in the face of significant supply chain disruptions.”

Third-Quarter Summary

- Railway operating revenues of \$2.85 billion increased 14%, or \$346 million, compared with third-quarter 2020, driven by a 14% increase in revenue per unit.
 - Railway operating expenses were \$1.7 billion, an increase of 3%, or \$50 million, compared with the same period last year.
 - o Last year’s results included a \$99 million impairment charge related to an equity method investment. Excluding the impairment charge, operating expenses were up 10%, or \$149 million, compared with adjusted operating expenses in the third quarter of 2020, driven by higher fuel, purchased services and compensation and benefits expenses.
 - Income from railway operations was a third-quarter record of \$1.1 billion, an increase of 35%, or \$296 million, on a year-over-year basis.
 - o Excluding the effect of the impairment charge in third-quarter 2020, income from railway operations was up 21%, or \$197 million on a year-over-year adjusted basis.
 - Railway operating ratio was 60.2%, a third-quarter record, and an improvement of 630 basis points over third-quarter 2020.
 - o Excluding the effect of the impairment charge in third-quarter 2020, the operating ratio improved 230 basis points over the adjusted results for third-quarter 2020.
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About Norfolk Southern

Norfolk Southern Corporation (NYSE: NSC) is one of the nation's premier transportation companies, moving the goods and materials that drive the U.S. economy. Norfolk Southern connects customers to markets and communities to economic opportunity, with safe, reliable, and cost-effective shipping solutions. The company's service area includes 22 states and the District of Columbia, every major container port in the eastern United States, and a majority of the U.S. population and manufacturing base.

Media Inquiries:

Media Relations, 404-420-4444

Investor Inquiries:

Meghan Achimasi, 470-867-4807

Non-GAAP Financial Measures

This news release includes certain non-GAAP financial measures. Reconciliation of these non-GAAP financial measures is provided in the table below, entitled "Reconciliation of Non-GAAP Financial Measures."

Forward-looking statements

This news release contains forward-looking statements that may be identified by the use of words like "believe," "expect," "anticipate," "estimate," "plan," "consider," "project," and similar references to the future. Forward-looking statements reflect our good-faith evaluation of information currently available. These forward-looking statements are subject to a number of risks and uncertainties, and our actual results may differ materially from those projected. Please refer to our annual and quarterly reports filed with the SEC for a full discussion of those risks and uncertainties we view as most important. Forward-looking statements are not, and should not be relied upon as, a guarantee of future performance or results, nor will they necessarily prove to be accurate indications of the times at or by which any such performance or results will be achieved. As a result, actual outcomes and results may differ materially from those expressed in forward-looking statements. We undertake no obligation to update or revise forward-looking statements.

Reconciliation of Non-GAAP Financial Measures

Information included within this filing includes non-GAAP financial measures, as defined by SEC 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).

GAAP financial results are adjusted to exclude the effects of an impairment charge in the third quarter of 2020 related to an equity method investment.

Norfolk Southern believes that these non-GAAP financial measures provide valuable information regarding its earnings and business trends by excluding specific items that it believes are not indicative of the ongoing operating results of its business, providing a useful way for investors to make a comparison of our performance over time and against other companies in our industry by excluding the effects of the impairment charge. These non-GAAP financial measures are being provided as supplemental information to Norfolk Southern's GAAP financial measures, and Norfolk Southern believes these measures provide investors with additional meaningful financial information regarding our operational performance. Norfolk Southern also uses these non-GAAP measures as supplemental measures to evaluate its business and performance.

(\$ in millions except per share amounts)

	Third Quarter 2020
Railway operating expenses	\$ 1,666
Effect of impairment charge	(99)
Adjusted railway operating expenses	<u>\$ 1,567</u>
Income from railway operations	\$ 840
Effect of impairment charge	99
Adjusted income from railway operations	<u>\$ 939</u>
Operating ratio (%)	66.5
Effect of impairment charge (%)	(4.0)
Adjusted operating ratio (%)	<u>62.5</u>

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

	<u>Third Quarter</u>		<u>First Nine Months</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<i>(in millions, except per share amounts)</i>			
Railway operating revenues				
Merchandise	\$ 1,710	\$ 1,556	\$ 4,998	\$ 4,535
Intermodal	812	700	2,332	1,924
Coal	330	250	960	757
Total railway operating revenues	<u>2,852</u>	<u>2,506</u>	<u>8,290</u>	<u>7,216</u>
Railway operating expenses				
Compensation and benefits	609	578	1,844	1,786
Purchased services and rents	432	486	1,254	1,261
Fuel	208	126	573	399
Depreciation	297	293	883	867
Materials and other	170	183	418	500
Loss on asset disposal	—	—	—	385
Total railway operating expenses	<u>1,716</u>	<u>1,666</u>	<u>4,972</u>	<u>5,198</u>
Income from railway operations	1,136	840	3,318	2,018
Other income – net	14	39	56	110
Interest expense on debt	<u>164</u>	<u>155</u>	<u>481</u>	<u>465</u>
Income before income taxes	986	724	2,893	1,663
Income taxes				
Current	182	133	490	243
Deferred	51	22	158	78
Total income taxes	<u>233</u>	<u>155</u>	<u>648</u>	<u>321</u>
Net income	<u>\$ 753</u>	<u>\$ 569</u>	<u>\$ 2,245</u>	<u>\$ 1,342</u>
Earnings per share – diluted	\$ 3.06	\$ 2.22	\$ 8.99	\$ 5.21
Weighted average shares outstanding – diluted	246.4	256.1	249.7	257.2

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	September 30,	December 31,
	2021	2020
	<i>(\$ in millions)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,465	\$ 1,115
Accounts receivable – net	945	848
Materials and supplies	235	221
Other current assets	77	134
Total current assets	<u>2,722</u>	<u>2,318</u>
Investments	3,684	3,590
Properties less accumulated depreciation of \$11,867 and \$11,985, respectively	31,429	31,345
Other assets	769	709
Total assets	<u>\$ 38,604</u>	<u>\$ 37,962</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,196	\$ 1,016
Income and other taxes	272	263
Other current liabilities	384	302
Current maturities of long-term debt	558	579
Total current liabilities	<u>2,410</u>	<u>2,160</u>
Long-term debt	13,274	12,102
Other liabilities	1,944	1,987
Deferred income taxes	7,089	6,922
Total liabilities	24,717	23,171
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 243,344,509 and 252,095,082 shares, respectively, net of treasury shares	244	254
Additional paid-in capital	2,224	2,248
Accumulated other comprehensive loss	(571)	(594)
Retained income	11,990	12,883
Total stockholders' equity	<u>13,887</u>	<u>14,791</u>
Total liabilities and stockholders' equity	<u>\$ 38,604</u>	<u>\$ 37,962</u>

See accompanying notes to consolidated financial statements.

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

	First Nine Months	
	2021	2020
	(\$ in millions)	
Cash flows from operating activities		
Net income	\$ 2,245	\$ 1,342
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	883	867
Deferred income taxes	158	78
Gains and losses on properties	(80)	(14)
Loss on asset disposal	—	385
Impairment of investment	—	99
Changes in assets and liabilities affecting operations:		
Accounts receivable	(102)	36
Materials and supplies	(14)	(3)
Other current assets	57	55
Current liabilities other than debt	294	104
Other – net	(128)	(182)
Net cash provided by operating activities	3,313	2,767
Cash flows from investing activities		
Property additions	(1,025)	(1,053)
Property sales and other transactions	135	291
Investment purchases	(5)	(6)
Investment sales and other transactions	48	(50)
Net cash used in investing activities	(847)	(818)
Cash flows from financing activities		
Dividends	(764)	(722)
Common stock transactions	8	53
Purchase and retirement of common stock	(2,460)	(960)
Proceeds from borrowings	1,676	784
Debt repayments	(576)	(325)
Net cash used in financing activities	(2,116)	(1,170)
Net increase in cash and cash equivalents	350	779
Cash and cash equivalents		
At beginning of year	1,115	580
At end of period	\$ 1,465	\$ 1,359
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 391	\$ 395
Income taxes (net of refunds)	468	118

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Impairment of Investment

During 2020, we recorded an other-than-temporary impairment of \$99 million related to the carrying value of an equity method investment. This non-cash impairment charge is recorded in "Purchased services and rents" on the Consolidated Statements of Income and had a \$74 million impact on net income for the third quarter and first nine months of 2020.

2. Loss on Asset Disposal

In 2020, we sold 703 locomotives deemed excess and no longer needed for railroad operations. We evaluated these locomotive retirements and concluded they were abnormal. Accordingly, we recorded a \$385 million loss to adjust their carrying amount to their estimated fair value, which resulted in a \$97 million tax benefit.

3. Stock Repurchase Program

We repurchased and retired 9.4 million and 5.3 million shares of common stock under our stock repurchase program during the first nine months of 2021 and 2020, respectively, at a cost of \$2.5 billion and \$960 million, respectively.
