

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):
April 28, 2021 (April 28, 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)

Three Commercial Place
Norfolk, Virginia
23510-2191
(Address of principal executive offices, including zip code)

757-629-2680
(Registrant's telephone number, including area code)

No Change
(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 April 28, 2021, the Registrant issued a Press Release, attached hereto as Exhibit 99.1, reporting first-quarter results for 2021. Attached hereto, as Exhibit 99.2, is the Quarterly Financial Data for the first 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:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated April 28, 2021
99.2	2021 Q1 Financial Data
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

SIGNATURES
NORFOLK SOUTHERN CORPORATION
(Registrant)

/s/ Denise W. Hutson

Name: Denise W. Hutson
Title: Corporate Secretary

Date: April 28, 2021

FOR IMMEDIATE RELEASE

Norfolk Southern reports first-quarter 2021 results

Railroad achieves record low operating ratio

NORFOLK, Va., April 28, 2021 – Norfolk Southern Corporation (NYSE: NSC) today reported first-quarter 2021 financial results.

First-quarter net income was \$673 million, diluted earnings per share was a first-quarter record of \$2.66, and the operating ratio improved to an all-time quarterly record of 61.5%.

“Our steadfast commitment to improving productivity and executing our precision scheduled railroading strategy has propelled us to another record operating ratio performance while we grew revenues and earnings in the quarter,” said James A. Squires, Norfolk Southern chairman, president and CEO. “Our first-quarter results demonstrate our team’s ability to deliver strong performance in the face of significant supply chain disruptions. The reopening of the economy provides meaningful tailwinds for continued strength in both the consumer and manufacturing sectors, and our long history of delivering sustainable transportation solutions for customers will continue to drive long-term value for our shareholders, customers, and the communities we serve.”

First-quarter summary

- Railway operating revenues of \$2.6 billion increased 1%, or \$14 million, compared with first-quarter 2020, driven primarily by a 3% increase in volume.
 - Railway operating expenses were \$1.6 billion, a decrease of 21%, or \$433 million, compared with the same period last year.
 - o Last year’s results included a \$385 million non-cash locomotive rationalization charge as a result of productivity gains achieved through the successful introduction of PSR. Excluding the locomotive rationalization charge, operating expenses were down 3%, or \$48 million, compared with adjusted operating expenses in the first quarter of 2020, driven by lower fuel, compensation and benefits, and materials expenses.
 - Income from railway operations was a first-quarter record of \$1.0 billion, an increase of 79%, or \$447 million, year-over-year.
 - o Excluding the effect of the locomotive rationalization charge in first-quarter 2020, income from railway operations was up 7%, or \$62 million year-over-year.
 - Railway operating ratio was 61.5%, an all-time record.
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About Norfolk Southern

Norfolk Southern Corporation (NYSE: NSC) is one of the nation's premier transportation companies. Its Norfolk Southern Railway Company subsidiary operates approximately 19,300 route miles in 22 states and the District of Columbia, serves every major container port in the eastern United States, and provides efficient connections to other rail carriers. Norfolk Southern is a major transporter of industrial products, including agriculture, forest and consumer products, chemicals, and metals and construction materials. In addition, the railroad operates the most extensive intermodal network in the East and is a principal carrier of coal, automobiles, and automotive parts.

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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 a non-cash charge in the first quarter of 2020 related to the sale of 703 locomotives. The introduction of precision scheduled railroading in 2019 continues to provide significant benefits to the network operations and resulted in excess capacity resulting in the disposal of these locomotives. The income tax effect of this non-GAAP adjustment was calculated based on the applicable tax rates to which the non-GAAP adjustment related.

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 compare our performance over time and against other companies in our industry. 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)	First Quarter 2020
Railway operating expenses	\$ 2,057
Effect of locomotive charge	(385)
Adjusted railway operating expenses	\$ 1,672
Income from railway operations	\$ 568
Effect of locomotive charge	385
Adjusted income from railway operations	\$ 953
Operating ratio (%)	78.4
Effect of locomotive charge (%)	(14.7)
Adjusted operating ratio (%)	63.7
Income taxes	\$ 55
Effect of locomotive charge	97
Adjusted income taxes	\$ 152
Net income	\$ 381
Effect of locomotive charge	288
Adjusted net income	\$ 669
Diluted earnings per share	\$ 1.47
Effect of locomotive charge	1.11
Adjusted diluted earnings per share	\$ 2.58

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

	First Quarter	
	2021	2020
	<i>(in millions, except per share amounts)</i>	
Railway operating revenues		
Merchandise	\$ 1,608	\$ 1,672
Intermodal	719	655
Coal	312	298
Total railway operating revenues	<u>2,639</u>	<u>2,625</u>
Railway operating expenses		
Compensation and benefits	611	622
Purchased services and rents	393	403
Fuel	177	189
Depreciation	292	292
Materials and other	151	166
Loss on asset disposal	—	385
Total railway operating expenses	<u>1,624</u>	<u>2,057</u>
Income from railway operations	1,015	568
Other income – net	7	22
Interest expense on debt	<u>156</u>	<u>154</u>
Income before income taxes	866	436
Income taxes		
Current	141	44
Deferred	52	11
Total income taxes	<u>193</u>	<u>55</u>
Net income	<u>\$ 673</u>	<u>\$ 381</u>
Earnings per share – diluted	\$ 2.66	\$ 1.47
Weighted average shares outstanding – diluted	252.6	258.7

See accompanying notes to consolidated financial statements

Norfolk Southern Corporation and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	March 31, 2021	December 31, 2020
	(\$ in millions)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 998	\$ 1,115
Accounts receivable – net	944	848
Materials and supplies	241	221
Other current assets	120	134
Total current assets	<u>2,303</u>	<u>2,318</u>
Investments	3,604	3,590
Properties less accumulated depreciation of \$11,672 and \$11,985, respectively	31,312	31,345
Other assets	<u>718</u>	<u>709</u>
Total assets	<u><u>\$ 37,937</u></u>	<u><u>\$ 37,962</u></u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,043	\$ 1,016
Income and other taxes	361	263
Other current liabilities	344	302
Current maturities of long-term debt	<u>501</u>	<u>579</u>
Total current liabilities	2,249	2,160
Long-term debt	12,116	12,102
Other liabilities	1,952	1,987
Deferred income taxes	<u>6,977</u>	<u>6,922</u>
Total liabilities	23,294	23,171
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 250,241,009 and 252,095,082 shares, respectively, net of treasury shares	251	254
Additional paid-in capital	2,241	2,248
Accumulated other comprehensive loss	(586)	(594)
Retained income	<u>12,737</u>	<u>12,883</u>
Total stockholders' equity	<u>14,643</u>	<u>14,791</u>
Total liabilities and stockholders' equity	<u><u>\$ 37,937</u></u>	<u><u>\$ 37,962</u></u>

See accompanying notes to consolidated financial statements

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

	First Three Months	
	2021	2020
	(\$ in millions)	
Cash flows from operating activities		
Net income	\$ 673	\$ 381
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	292	292
Deferred income taxes	52	11
Gains and losses on properties	(8)	(8)
Loss on asset disposal	—	385
Changes in assets and liabilities affecting operations:		
Accounts receivable	(95)	32
Materials and supplies	(20)	(21)
Other current assets	9	(33)
Current liabilities other than debt	158	(40)
Other – net	(46)	(44)
Net cash provided by operating activities	1,015	955
Cash flows from investing activities		
Property additions	(265)	(366)
Property sales and other transactions	37	158
Investment sales and other transactions	26	(25)
Net cash used in investing activities	(202)	(233)
Cash flows from financing activities		
Dividends	(249)	(242)
Common stock transactions	(6)	14
Purchase and retirement of common stock	(591)	(466)
Debt repayments	(84)	—
Net cash used in financing activities	(930)	(694)
Net increase (decrease) in cash and cash equivalents	(117)	28
Cash and cash equivalents		
At beginning of year	1,115	580
At end of period	\$ 998	\$ 608
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 110	\$ 121
Income taxes (net of refunds)	27	16

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. 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.

2. Stock Repurchase Program

We repurchased and retired 2.3 million and 2.6 million shares of common stock under our stock repurchase program during the first three months of 2021 and 2020, respectively, at a cost of \$591 million and \$466 million, respectively.
