

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 28, 2020 (October 28, 2020)



**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**  
**23510-9241**  
(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 October 28, 2020, the Registrant issued a Press Release, attached hereto as Exhibit 99.1, reporting third quarter results for 2020. Quarterly financial data is attached hereto as Exhibit 99.2. These documents are available on the Registrant's website, [www.norfolksouthern.com](http://www.norfolksouthern.com), in the "Invest in NS" section, under "Financial Reports."

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 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:

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
99.1	<a href="#">Press Release dated October 28, 2020</a>
99.2	<a href="#">2020 3Q Financial Data</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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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: October 28, 2020

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# NEWSRELEASE

NORFOLK SOUTHERN® Norfolk Southern Corporation, Three Commercial Place, Norfolk, Va. 23510-2191

FOR IMMEDIATE RELEASE

## Norfolk Southern reports third-quarter 2020 results

NORFOLK, Va., October 28, 2020 – Norfolk Southern Corporation (NYSE: NSC) today reported financial results for the quarter ended September 30, 2020. During the quarter, the company achieved net income of \$569 million, diluted earnings per share of \$2.22, and an operating ratio of 66.5%. These results include a previously announced \$99 million non-cash impairment charge. Excluding the effects of the impairment charge, adjusted third-quarter net income was \$643 million, adjusted diluted earnings per share were \$2.51, and the adjusted operating ratio was 62.5%, which reflects a 240 basis point improvement compared with third-quarter 2019.

“Since launching our Precision Scheduled Railroading strategy, we have significantly enhanced Norfolk Southern’s operational and financial performance and delivered superior returns for shareholders,” said James A. Squires, Norfolk Southern chairman, president and CEO. “Given the impact of the COVID-19 pandemic on our industry and the broader economy, we quickly executed a plan to align our assets and resources with demand and generate sustainable margin improvement. In addition to maintaining outstanding service levels with fewer resources and reduced headcount, we successfully idled our fifth hump in the last five quarters, helping Norfolk Southern achieve record productivity. With the resilience of our railroad, strong customer relationships and the hard work of our team, including new Chief Operating Officer and PSR veteran Cindy Sanborn, we are confident in our ability to achieve our goal of a 60% operating ratio with more to come, while delivering enhanced free cash flow and further value creation for Norfolk Southern shareholders.”

### Third-quarter summary

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- Railway operating revenues of \$2.5 billion decreased 12% compared with third-quarter 2019, driven by a 7% decline in total volume and 5% decline in revenue per unit.
- Railway operating expenses were \$1.7 billion, including a \$99 million non-cash impairment charge related to an equity-method investment.
  - Excluding the impairment charge, adjusted operating expenses declined \$278 million, or 15%, compared with third-quarter 2019, driven by lower compensation and benefits, fuel, purchased services, materials, and the absence of last year’s \$32 million receivable write-off.
- Income from railway operations was \$840 million and the operating ratio was 66.5%.
  - Excluding the impairment charge, adjusted income from railway operations was \$939 million, while the adjusted operating ratio improved to 62.5% versus the third-quarter record of 64.9% set in 2019.

### 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 19,500 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 chemicals, agriculture, 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. Additional risks include the impact of the COVID-19 pandemic on us, our customers, our supply chain and our operations. 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.*

#### **Media Inquiries:**

Media Relations, 404-420-4444 (media.relations@nscorp.com)

#### **Investor Inquiries:**

Pete Sharbel, 470-867-4807 (peter.sharbel@nscorp.com)

<http://www.norfolksouthern.com>

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## 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)

	<b>Third Quarter 2020</b>
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>
Net income	\$ 569
Effect of impairment charge	74
Adjusted net income	<u>\$ 643</u>
Diluted earnings per share	\$ 2.22
Effect of impairment charge	0.29
Adjusted diluted earnings per share	<u>\$ 2.51</u>

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

	Third Quarter		First Nine Months	
	2020	2019	2020	2019
	<i>(in millions, except per share amounts)</i>			
<b>Railway operating revenues</b>				
Merchandise	\$ 1,556	\$ 1,731	\$ 4,535	\$ 5,173
Intermodal	700	707	1,924	2,127
Coal	250	403	757	1,306
Total railway operating revenues	<u>2,506</u>	<u>2,841</u>	<u>7,216</u>	<u>8,606</u>
<b>Railway operating expenses</b>				
Compensation and benefits	578	682	1,786	2,121
Purchased services and rents	486	423	1,261	1,265
Fuel	126	226	399	730
Depreciation	293	286	867	853
Materials and other	183	228	500	610
Loss on asset disposal	—	—	385	—
Total railway operating expenses	<u>1,666</u>	<u>1,845</u>	<u>5,198</u>	<u>5,579</u>
<b>Income from railway operations</b>	840	996	2,018	3,027
Other income – net	39	22	110	88
Interest expense on debt	<u>155</u>	<u>150</u>	<u>465</u>	<u>452</u>
Income before income taxes	724	868	1,663	2,663
<b>Income taxes</b>				
Current	133	119	243	382
Deferred	22	92	78	225
Total income taxes	<u>155</u>	<u>211</u>	<u>321</u>	<u>607</u>
<b>Net income</b>	<u>\$ 569</u>	<u>\$ 657</u>	<u>\$ 1,342</u>	<u>\$ 2,056</u>
<b>Earnings per share – diluted</b>	\$ 2.22	\$ 2.49	\$ 5.21	\$ 7.70
<b>Weighted average shares outstanding – diluted</b>	256.1	264.3	257.2	266.9

See accompanying notes to consolidated financial statements

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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
(\$ in millions)		
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,359	\$ 580
Accounts receivable – net	883	920
Materials and supplies	247	244
Other current assets	90	337
Total current assets	2,579	2,081
Investments	3,566	3,428
Properties less accumulated depreciation of \$11,873 and \$11,982, respectively	31,239	31,614
Other assets	795	800
<b>Total assets</b>	<b>\$ 38,179</b>	<b>\$ 37,923</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 1,273	\$ 1,428
Income and other taxes	257	229
Other current liabilities	386	327
Current maturities of long-term debt	89	316
Total current liabilities	2,005	2,300
Long-term debt	12,634	11,880
Other liabilities	1,701	1,744
Deferred income taxes	6,898	6,815
<b>Total liabilities</b>	23,238	22,739
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 253,985,338 and 257,904,956 shares, respectively, net of treasury shares	255	259
Additional paid-in capital	2,246	2,209
Accumulated other comprehensive loss	(471)	(491)
Retained income	12,911	13,207
<b>Total stockholders' equity</b>	14,941	15,184
<b>Total liabilities and stockholders' equity</b>	<b>\$ 38,179</b>	<b>\$ 37,923</b>

See accompanying notes to consolidated financial statements



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

	<b>First Nine Months</b>	
	<b>2020</b>	<b>2019</b>
	<i>(\$ in millions)</i>	
<b>Cash flows from operating activities</b>		
Net income	\$ 1,342	\$ 2,056
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	867	854
Deferred income taxes	78	225
Gains and losses on properties	(14)	(4)
Loss on asset disposal	385	—
Impairment of investment	99	—
Changes in assets and liabilities affecting operations:		
Accounts receivable	36	34
Materials and supplies	(3)	(59)
Other current assets	55	40
Current liabilities other than debt	104	(72)
Other – net	(182)	(77)
	2,767	2,997
<b>Cash flows from investing activities</b>		
Property additions	(1,053)	(1,494)
Property sales and other transactions	291	282
Investment purchases	(6)	(12)
Investment sales and other transactions	(50)	(99)
	(818)	(1,323)
<b>Cash flows from financing activities</b>		
Dividends	(722)	(705)
Common stock transactions	53	21
Purchase and retirement of common stock	(960)	(1,550)
Proceeds from borrowings – net of issuance costs	784	1,404
Debt repayments	(325)	(750)
	(1,170)	(1,580)
Net cash used in financing activities	(1,170)	(1,580)
Net increase in cash, cash equivalents, and restricted cash	779	94
<b>Cash, cash equivalents, and restricted cash</b>		
At beginning of year	580	446
At end of period	\$ 1,359	\$ 540
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 395	\$ 392
Income taxes (net of refunds)	118	404

See accompanying notes to consolidated financial statements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS:

### 1. Impairment of Investment

During the third quarter of 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 the first nine months of 2020.

### 2. Loss on Asset Disposal

In the first quarter of 2020, we committed to a plan to dispose of certain locomotives deemed excess and no longer needed for railroad operations. Specifically, during the first nine months of 2020, the Company recorded a charge related to the loss on the sale of 574 locomotives disposed of in the first nine months, and a write-down of 129 additional locomotives that we are actively marketing to sell. Accordingly, a \$385 million loss was recorded to adjust their carrying amount to their estimated fair value.

### 3. Stock Repurchase Program

We repurchased and retired 5.3 million and 8.4 million shares of common stock under our stock repurchase program during the first nine months of 2020 and 2019, respectively, at a cost of \$960 million and \$1.6 billion, respectively.

### 4. Restricted Cash

The "Cash, cash equivalents, and restricted cash" line item on the Consolidated Statements of Cash Flows includes restricted cash of \$88 million in 2019, reflecting deposits held by a third-party bond agent as collateral for certain debt obligations which matured on October 1, 2019.

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