UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
**FORM 10-Q**

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **September 30, 2026**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to_____

Commission File Number: 1-8339




**NORFOLK SOUTHERN CORPORATION**
(Exact name of registrant as specified in its charter)

| **Virginia** | **52-1188014** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**650 West Peachtree Street NW**
**Atlanta, Georgia** **30308-1925**
(Address of principal executive offices) (Zip Code)

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

**No change**
(Former name, former address and former fiscal year, if changed since last report)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| **Class** | **Outstanding at September 30, 2026** |
|---|---|
| Common Stock ($1.00 par value per share) | 224,616,686 (excluding 20,320,777 shares held by the registrant's consolidated subsidiaries) |

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## PART I. FINANCIAL INFORMATION

**Item 1. Financial Statements**

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

| | Third Quarter | | First Nine Months | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| | *($ in millions, except per share amounts)* | | | |
| **Railway operating revenues** | $ 3,526 | $ 3,103 | $ 9,989 | $ 9,206 |
| **Railway operating expenses** | | | | |
| Compensation and benefits | 753 | 738 | 2,237 | 2,169 |
| Purchased services and rents | 546 | 519 | 1,618 | 1,537 |
| Fuel | 420 | 237 | 1,081 | 700 |
| Depreciation | 363 | 348 | 1,073 | 1,040 |
| Materials and other | 224 | 147 | 625 | 547 |
| Merger-related expenses | 42 | 15 | 145 | 15 |
| Restructuring and other charges | — | 12 | 6 | 22 |
| Eastern Ohio incident | 28 | (11) | 53 | (243) |
| Total railway operating expenses | 2,376 | 2,005 | 6,838 | 5,787 |
| **Income from railway operations** | 1,150 | 1,098 | 3,151 | 3,419 |
| Other income – net | 30 | 23 | 97 | 78 |
| Interest expense on debt | 193 | 197 | 587 | 597 |
| Income before income taxes | 987 | 924 | 2,661 | 2,900 |
| Income taxes | 228 | 213 | 621 | 671 |
| **Net income** | $ 759 | $ 711 | $ 2,040 | $ 2,229 |
| **Earnings per share** | | | | |
| Basic | $ 3.38 | $ 3.16 | $ 9.07 | $ 9.89 |
| Diluted | 3.37 | 3.16 | 9.06 | 9.88 |

*See accompanying notes to consolidated financial statements.*

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

| | Third Quarter | | First Nine Months | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| | *($ in millions)* | | | |
| **Net income** | $ 759 | $ 711 | $ 2,040 | $ 2,229 |
| Other comprehensive loss, before tax: | | | | |
| Pension and other postretirement expense | (2) | — | (4) | — |
| Other comprehensive income (loss) of equity investees | 1 | (1) | — | — |
| Other comprehensive loss, before tax | (1) | (1) | (4) | — |
| Income tax benefit related to items of other comprehensive loss | — | — | 1 | — |
| Other comprehensive loss, net of tax | (1) | (1) | (3) | — |
| **Total comprehensive income** | $ 758 | $ 710 | $ 2,037 | $ 2,229 |

*See accompanying notes to consolidated financial statements.*

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

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| | *($ in millions)* | |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 1,598 | $ 1,530 |
| Accounts receivable – net | 1,229 | 988 |
| Materials and supplies | 353 | 271 |
| Other current assets | 145 | 409 |
| Total current assets | 3,325 | 3,198 |
| Investments | 4,186 | 4,089 |
| Properties less accumulated depreciation of $15,259 and $14,617, respectively | 36,857 | 36,479 |
| Other assets | 1,581 | 1,470 |
| **Total assets** | $ 45,949 | $ 45,236 |
| **Liabilities and stockholders' equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 2,064 | $ 1,863 |
| Income and other taxes | 236 | 340 |
| Other current liabilities | 732 | 965 |
| Current maturities of long-term debt | 649 | 607 |
| Total current liabilities | 3,681 | 3,775 |
| Long-term debt | 15,964 | 16,480 |
| Other liabilities | 1,702 | 1,723 |
| Deferred income taxes | 7,872 | 7,711 |
| **Total liabilities** | 29,219 | 29,689 |
| Stockholders' equity: | | |
| Common stock $1.00 per share par value, 1,350,000,000 shares authorized; outstanding 224,616,686 and 224,420,699 shares, respectively, net of treasury shares | 226 | 226 |
| Additional paid-in capital | 2,356 | 2,296 |
| Accumulated other comprehensive loss | (213) | (210) |
| Retained income | 14,361 | 13,235 |
| **Total stockholders' equity** | 16,730 | 15,547 |
| **Total liabilities and stockholders' equity** | $ 45,949 | $ 45,236 |

*See accompanying notes to consolidated financial statements.*

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

| | First Nine Months | |
|---|---|---|
| | **2026** | **2025** |
| | *($ in millions)* | |
| **Cash flows from operating activities** | | |
| Net income | $ 2,040 | $ 2,229 |
| Reconciliation of net income to net cash provided by operating activities: | | |
| Depreciation | 1,073 | 1,040 |
| Deferred income taxes | 162 | 315 |
| Gains and losses on properties | (19) | (142) |
| Changes in assets and liabilities affecting operations: | | |
| Accounts receivable | (243) | (53) |
| Materials and supplies | (82) | (20) |
| Other current assets | 79 | 68 |
| Current liabilities other than debt | (108) | 25 |
| Other – net | (182) | (164) |
| Net cash provided by operating activities | 2,720 | 3,298 |
| **Cash flows from investing activities** | | |
| Property additions | (1,407) | (1,475) |
| Property sales and other transactions | 273 | 120 |
| Investment purchases | (6) | (615) |
| Investment sales and other transactions | 32 | 52 |
| Net cash used in investing activities | (1,108) | (1,918) |
| **Cash flows from financing activities** | | |
| Dividends | (910) | (912) |
| Common stock transactions | (11) | 1 |
| Purchase and retirement of common stock | (5) | (534) |
| Proceeds from borrowings | — | 396 |
| Debt repayments | (618) | (554) |
| Net cash used in financing activities | (1,544) | (1,603) |
| Net increase (decrease) in cash and cash equivalents | 68 | (223) |
| **Cash and cash equivalents** | | |
| At beginning of year | 1,530 | 1,641 |
| At end of period | $ 1,598 | $ 1,418 |
| **Supplemental disclosures of cash flow information** | | |
| Cash paid during the period for: | | |
| Interest (net of amounts capitalized) | $ 564 | $ 570 |
| Income taxes (net of refunds) | 556 | 433 |

*See accompanying notes to consolidated financial statements.*

**Norfolk Southern Corporation and Subsidiaries**
**Consolidated Statements of Changes in Stockholders' Equity**
**(Unaudited)**

| | Common Stock | Additional Paid-in Capital | Accum. Other Comprehensive Loss | Retained Income | Total |
|---|---|---|---|---|---|
| | *($ in millions, except per share amounts)* | | | | |
| Balance at December 31, 2025 | $ 226 | $ 2,296 | $ (210) | $ 13,235 | $ 15,547 |
| Comprehensive income: | | | | | |
| Net income | | | | 547 | 547 |
| Other comprehensive loss | | | (1) | | (1) |
| Total comprehensive income | | | | | 546 |
| Dividends on common stock, $1.35 per share | | | | (303) | (303) |
| Stock-based compensation | | 16 | | (2) | 14 |
| Balance at March 31, 2026 | 226 | 2,312 | (211) | 13,477 | 15,804 |
| Comprehensive income: | | | | | |
| Net income | | | | 734 | 734 |
| Other comprehensive loss | | | (1) | | (1) |
| Total comprehensive income | | | | | 733 |
| Dividends on common stock, $1.35 per share | | | | (303) | (303) |
| Stock-based compensation | | 20 | | (1) | 19 |
| Balance at June 30, 2026 | 226 | 2,332 | (212) | 13,907 | 16,253 |
| Comprehensive income: | | | | | |
| Net income | | | | 759 | 759 |
| Other comprehensive loss | | | (1) | | (1) |
| Total comprehensive income | | | | | 758 |
| Dividends on common stock, $1.35 per share | | | | (304) | (304) |
| Stock-based compensation | | 24 | | (1) | 23 |
| Balance at September 30, 2026 | $ 226 | $ 2,356 | $ (213) | $ 14,361 | $ 16,730 |

*See accompanying notes to consolidated financial statements.*

**Norfolk Southern Corporation and Subsidiaries**
**Consolidated Statements of Changes in Stockholders' Equity**
**(Unaudited)**

| | Common Stock | Additional Paid-in Capital | Accum. Other Comprehensive Loss | Retained Income | Total |
|---|---|---|---|---|---|
| | *($ in millions, except per share amounts)* | | | | |
| Balance at December 31, 2024 | $ 228 | $ 2,247 | $ (262) | $ 12,093 | $ 14,306 |
| Comprehensive income: | | | | | |
| Net income | | | | 750 | 750 |
| Other comprehensive income | | | 1 | | 1 |
| Total comprehensive income | | | | | 751 |
| Dividends on common stock, $1.35 per share | | | | (306) | (306) |
| Share repurchases | (1) | (9) | | (240) | (250) |
| Stock-based compensation | | 11 | | (1) | 10 |
| Balance at March 31, 2025 | 227 | 2,249 | (261) | 12,296 | 14,511 |
| Comprehensive income: | | | | | |
| Net income | | | | 768 | 768 |
| Other comprehensive income | | | — | | — |
| Total comprehensive income | | | | | 768 |
| Dividends on common stock, $1.35 per share | | | | (303) | (303) |
| Share repurchases | (1) | (8) | | (196) | (205) |
| Stock-based compensation | | 18 | | (2) | 16 |
| Balance at June 30, 2025 | 226 | 2,259 | (261) | 12,563 | 14,787 |
| Comprehensive income: | | | | | |
| Net income | | | | 711 | 711 |
| Other comprehensive loss | | | (1) | | (1) |
| Total comprehensive income | | | | | 710 |
| Dividends on common stock, $1.35 per share | | | | (303) | (303) |
| Share repurchases | | (3) | | (75) | (78) |
| Stock-based compensation | | 27 | | (2) | 25 |
| Balance at September 30, 2025 | $ 226 | $ 2,283 | $ (262) | $ 12,894 | $ 15,141 |

*See accompanying notes to consolidated financial statements.*

**Norfolk Southern Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements**
**(Unaudited)**

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly Norfolk Southern Corporation (Norfolk Southern) and subsidiaries' (collectively, NS, we, us, and our) financial position at September 30, 2026 and December 31, 2025, our results of operations, comprehensive income and changes in stockholders' equity for the third quarters and first nine months of 2026 and 2025, and our cash flows for the first nine months of 2026 and 2025 in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in our latest Annual Report on Form 10-K.

## 1. Merger Agreement

On July 28, 2025, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Union Pacific Corporation, a Utah corporation ("Union Pacific"), pursuant to which Union Pacific will acquire the Company in a stock-and-cash transaction more fully described therein.

The consummation of this transaction is subject to certain conditions, including approval by the U.S. Surface Transportation Board (STB). Additionally, if the Merger Agreement is terminated under specific circumstances, either we or Union Pacific are required to pay a termination fee of $2.5 billion.

The full text of the Merger Agreement can be found as Exhibit 2.1 in our Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission (SEC) on July 29, 2025.

We incurred $42 million and $145 million in expenses during the third quarter and first nine months of 2026, respectively, and $15 million in the third quarter and first nine months of 2025 related to or resulting from the proposed transaction. These costs, which include costs associated with employee retention agreements, fees to third-party advisors, and expenses for legal services, are recorded in "Merger-related expenses" on the Consolidated Statements of Income.

## 2. Segment Reporting

We manage our company as one reportable operating segment, railway operations, providing rail transportation to customers. Although we provide and analyze revenues by commodity group, the overall financial and operational performance of the railroad is analyzed as one operating segment due to the nature of our integrated rail network.

The chief operating decision maker assesses the performance of the railway operations segment and decides how to allocate resources based on "Net income" that is reported on the Consolidated Statements of Income. The measure of segment assets is reported on the Consolidated Balance Sheets as "Total assets." Total expenditures for long-lived assets are disclosed as "Property additions" on the Consolidated Statements of Cash Flows.

Railway operations segment revenues, expenses, and profit are disclosed below as reviewed and used by the chief operating decision maker. There are no other significant segment items or reconciling items to segment profit.

| | Third Quarter | | First Nine Months | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | *($ in millions)* | | | |
| **Railway operating revenues** (Note 3) | $ 3,526 | $ 3,103 | $ 9,989 | $ 9,206 |
| **Railway operating expenses** | | | | |
| Compensation and benefits | 753 | 738 | 2,237 | 2,169 |
| Purchased services | 433 | 414 | 1,286 | 1,224 |
| Equipment rents | 113 | 105 | 332 | 313 |
| Fuel | 420 | 237 | 1,081 | 700 |
| Depreciation | 363 | 348 | 1,073 | 1,040 |
| Materials | 111 | 104 | 318 | 302 |
| Claims | 87 | 75 | 209 | 200 |
| Other | 26 | (32) | 98 | 45 |
| Merger-related expenses | 42 | 15 | 145 | 15 |
| Restructuring and other charges | — | 12 | 6 | 22 |
| Eastern Ohio incident | 28 | (11) | 53 | (243) |
| Total railway operating expenses | 2,376 | 2,005 | 6,838 | 5,787 |
| **Income from railway operations** | 1,150 | 1,098 | 3,151 | 3,419 |
| Other income – net | 30 | 23 | 97 | 78 |
| Interest expense on debt | 193 | 197 | 587 | 597 |
| Income before income taxes | 987 | 924 | 2,661 | 2,900 |
| Income taxes | 228 | 213 | 621 | 671 |
| **Net income** | $ 759 | $ 711 | $ 2,040 | $ 2,229 |

**3. Railway Operating Revenues**

The following table disaggregates our revenues by major commodity group:

| | Third Quarter | | First Nine Months | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | *($ in millions)* | | | |
| Merchandise: | | | | |
| Agriculture, forest and consumer products | $ 696 | $ 630 | $ 1,994 | $ 1,911 |
| Chemicals | 658 | 569 | 1,871 | 1,650 |
| Metals and construction | 516 | 448 | 1,409 | 1,320 |
| Automotive | 318 | 322 | 932 | 923 |
| Merchandise | 2,188 | 1,969 | 6,206 | 5,804 |
| Intermodal | 919 | 759 | 2,576 | 2,262 |
| Coal | 419 | 375 | 1,207 | 1,140 |
| Total | $ 3,526 | $ 3,103 | $ 9,989 | $ 9,206 |

We recognize the amount of revenues to which we expect to be entitled for the transfer of promised goods or services to customers. A performance obligation is created when a customer under a transportation contract or public tariff submits a bill of lading to us for the transport of goods. These performance obligations are satisfied as the shipments move from origin to destination. As such, transportation revenues are recognized proportionally as a shipment moves, and related expenses are recognized as incurred. These performance obligations are generally short-term in nature with transit days averaging approximately one week or less for each commodity group. The customer has an unconditional obligation to pay for the service once the service has been completed. Estimated revenues associated with in-process shipments at period-end are recorded based on the estimated percentage of service completed. We had no material remaining performance obligations at September 30, 2026 and December 31, 2025.

We may provide customers ancillary services, such as switching, demurrage and other incidental activities, under their transportation contracts. The revenues associated with these distinct performance obligations are recognized when the services are performed or as contractual obligations are met. These revenues are included within each of the commodity groups and represent approximately 5% of total “Railway operating revenues” on the Consolidated Statements of Income for the third quarters and first nine months of 2026 and 2025.

Revenues related to interline transportation services that involve another railroad are reported on a net basis. Therefore, the portion of the total amount that relates to another party is not reflected in revenues.

Under the typical terms of our freight contracts, payment for services is due within fifteen days of billing the customer, thus there are no significant financing components. “Accounts receivable – net” on the Consolidated Balance Sheets includes both customer and non-customer receivables as follows:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| | *($ in millions)* | |
| Customer | $ 896 | $ 715 |
| Non-customer | 333 | 273 |
| Accounts receivable – net | $ 1,229 | $ 988 |

Non-customer receivables include non-revenue-related amounts due from other railroads, governmental entities, and others. We do not have any material contract assets or liabilities at September 30, 2026 and December 31, 2025.

**4. Stock-Based Compensation**

| | Third Quarter | | First Nine Months | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | *($ in millions)* | | | |
| Stock-based compensation expense | $ 23 | $ 17 | $ 72 | $ 52 |
| Total tax benefit | 3 | 5 | 13 | 13 |

During the third quarter and first nine months of 2026, no stock options were granted. We granted restricted stock units (RSUs) and performance share units (PSUs) pursuant to the Long-Term Incentive Plan (LTIP), as follows:

| | Third Quarter | | First Nine Months | |
|---|---|---|---|---|
| | Granted | Weighted-Average Grant-Date Fair Value | Granted | Weighted-Average Grant-Date Fair Value |
| RSUs | 3,515 | $ 344.37 | 202,406 | $ 289.05 |
| PSUs | 2,268 | 346.22 | 81,254 | 275.84 |

**Stock Options**

| | Third Quarter | | First Nine Months | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | *($ in millions)* | | | |
| Options exercised | 5,281 | 57,035 | 53,083 | 125,939 |
| Cash received upon exercise | $ 1 | $ 10 | $ 6 | $ 16 |
| Related tax benefits realized | — | 1 | 2 | 3 |

**Restricted Stock Units**

RSUs granted primarily have three- and four-year ratable restriction periods and will be settled through the issuance of shares of Norfolk Southern common stock (Common Stock). Certain RSU grants include cash dividend equivalent payments during the restriction period in an amount equal to the regular quarterly dividends paid on Common Stock.

| | Third Quarter | | First Nine Months | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | *($ in millions)* | | | |
| RSUs vested | 4,622 | 6,884 | 193,175 | 170,102 |
| Common Stock issued net of tax withholding | 3,032 | 4,653 | 134,495 | 118,135 |
| Related tax benefits realized | $ — | $ — | $ 2 | $ 1 |

**Performance Share Units**

PSUs provide for awards based on the achievement of certain predetermined corporate performance goals at the end of a three-year cycle and are settled through the issuance of shares of Common Stock. All PSUs will earn out based on the achievement of performance conditions and some will also earn out based on a market condition. The market condition fair value was measured on the date of grant using a Monte Carlo simulation model. No PSUs were earned or paid out during the third quarter and first nine months of 2026.

| | First Nine Months |
|---|---|
| | 2025 |
| | *($ in millions)* |
| PSUs earned | 8,540 |
| Common Stock issued net of tax withholding | 5,633 |
| Related tax benefits realized | $ — |

**5. Restructuring and Other Charges**

During the first nine months of 2026, we recorded $6 million in expenses related to severance costs associated with organizational changes. During the third quarter and first nine months of 2025, we recorded $12 million and $22 million, respectively, in expenses associated with the rationalization of certain software development projects that had not been placed into service and the restructuring of certain technology functions, including severance costs for impacted employees.

## 6. Earnings Per Share

The following table sets forth the calculation of basic and diluted earnings per share:

| | Basic | | Diluted | |
|---|---|---|---|---|
| | Third Quarter | | | |
| | 2026 | 2025 | 2026 | 2025 |
| | *($ in millions, except per share amounts, shares in millions)* | | | |
| Net income | $ 759 | $ 711 | $ 759 | $ 711 |
| Dividend equivalent payments | — | — | — | (1) |
| Income available to common stockholders | $ 759 | $ 711 | $ 759 | $ 710 |
| Weighted-average shares outstanding | 224.6 | 224.4 | 224.6 | 224.4 |
| Dilutive effect of outstanding options and share-settled awards | | | 0.6 | 0.3 |
| Adjusted weighted-average shares outstanding | | | 225.2 | 224.7 |
| Earnings per share | $ 3.38 | $ 3.16 | $ 3.37 | $ 3.16 |

| | Basic | | Diluted | |
|---|---|---|---|---|
| | First Nine Months | | | |
| | 2026 | 2025 | 2026 | 2025 |
| | *($ in millions, except per share amounts, shares in millions)* | | | |
| Net income | $ 2,040 | $ 2,229 | $ 2,040 | $ 2,229 |
| Dividend equivalent payments | (2) | (2) | (1) | (2) |
| Income available to common stockholders | $ 2,038 | $ 2,227 | $ 2,039 | $ 2,227 |
| Weighted-average shares outstanding | 224.6 | 225.2 | 224.6 | 225.2 |
| Dilutive effect of outstanding options and share-settled awards | | | 0.5 | 0.3 |
| Adjusted weighted-average shares outstanding | | | 225.1 | 225.5 |
| Earnings per share | $ 9.07 | $ 9.89 | $ 9.06 | $ 9.88 |

During the third quarters and first nine months of 2026 and 2025, dividend equivalent payments were made to certain holders of stock options and RSUs. For purposes of computing basic earnings per share, dividend equivalent payments made to holders of stock options and RSUs were deducted from net income to determine income available to common stockholders. For purposes of computing diluted earnings per share, we evaluate on a grant-by-grant basis those stock options and RSUs receiving dividend equivalent payments under the two-class and treasury stock methods to determine which method is more dilutive for each grant. For those grants for which the two-class method was more dilutive, net income was reduced by dividend equivalent payments to determine income available to common stockholders. The dilution calculations exclude options having exercise prices exceeding the average market price of Common Stock as follows: none in the third quarters of 2026 and 2025 and the first nine months ended September 30, 2026 and 0.1 million in the first nine months ended September 30, 2025.

## 7. Accumulated Other Comprehensive Loss

The changes in the cumulative balances of "Accumulated other comprehensive loss" reported on the Consolidated Balance Sheets consisted of the following:

| | Balance at Beginning of Year | Net Income | Reclassification Adjustments | Balance at End of Period |
|---|---|---|---|---|
| | | *($ in millions)* | | |
| **Nine months ended September 30, 2026** | | | | |
| Pensions and other postretirement liabilities | $ (192) | $ — | $ (3) | $ (195) |
| Other comprehensive loss of equity investees | (18) | — | — | (18) |
| Accumulated other comprehensive loss | $ (210) | $ — | $ (3) | $ (213) |
| **Nine months ended September 30, 2025** | | | | |
| Pensions and other postretirement liabilities | $ (240) | $ — | $ — | $ (240) |
| Other comprehensive loss of equity investees | (22) | — | — | (22) |
| Accumulated other comprehensive loss | $ (262) | $ — | $ — | $ (262) |

## 8. Stock Repurchase Program

We did not repurchase shares of Common Stock under our stock repurchase program in the first nine months of 2026, while we repurchased and retired 2.2 million shares of Common Stock at a cost of $533 million in the first nine months of 2025, inclusive of accrued excise taxes. "Purchase and retirement of common stock" in 2026 as presented on the Consolidated Statements of Cash Flows reflects the payment of excise taxes on shares repurchased in 2025.

With limited exceptions, the Merger Agreement prohibits repurchases of our Common Stock without Union Pacific's consent. As a result, we suspended share repurchases upon entering into the Merger Agreement.

## 9. Investments

### Investment in Conrail

Through a limited liability company, we and CSX Corporation (CSX) jointly own Conrail Inc. (Conrail), whose primary subsidiary is Consolidated Rail Corporation (CRC). We have a 58% economic and 50% voting interest in the jointly-owned entity, and CSX has the remainder of the economic and voting interests. Our investment in Conrail was $1.9 billion and $1.8 billion at September 30, 2026 and December 31, 2025, respectively.

CRC owns and operates certain properties (the Shared Assets Areas) for the joint and exclusive benefit of Norfolk Southern Railway Company (NSR) and CSX Transportation, Inc. (CSXT). The costs of operating the Shared Assets Areas are borne by NSR and CSXT based on usage. In addition, NSR and CSXT pay CRC a fee for access to the Shared Assets Areas. "Purchased services and rents" and "Fuel" include expenses payable to CRC for operation of the Shared Assets Areas totaling $46 million and $47 million for the third quarters of 2026 and 2025, respectively, and $149 million and $140 million for the first nine months of 2026 and 2025, respectively. Our equity in Conrail's earnings, net of amortization, was $21 million and $20 million for the third quarters of 2026 and 2025, respectively, and $60 million and $59 million for the first nine months of 2026 and 2025, respectively. These amounts partially offset the costs of operating the Shared Assets Areas and are included in "Purchased services and rents."

"Other liabilities" includes $534 million at both September 30, 2026 and December 31, 2025 for long-term advances from Conrail, maturing in 2050 that bear interest at an average rate of 1.31%.

**Investment in TTX**

We and six other North American railroads collectively own TTX Company (TTX), a railcar pooling company that provides its owner-railroads with standardized fleets of intermodal, automotive, and general use railcars at stated rates. We have a 19.78% ownership interest in TTX.

Expenses incurred for use of TTX equipment are included in "Purchased services and rents." These expenses amounted to $82 million and $81 million for the third quarters of 2026 and 2025, respectively, and $243 million and $236 million for the first nine months of 2026 and 2025, respectively. Our equity in TTX's earnings partially offsets these costs and totaled $14 million and $13 million for the third quarters of 2026 and 2025, respectively, and $30 million and $33 million for the first nine months of 2026 and 2025, respectively.

**10. Debt**

Under the terms of the Merger Agreement, we are subject to certain restrictions on incurring additional indebtedness.

In April 2026, we entered into a non-cancellable finance lease for an office building in replacement of a previous operating lease. The lease term is for five years and includes options to renew, purchase, or sell the building at the end of the lease. We recorded a right-of-use asset of $117 million and a finance lease liability of $115 million, based on the initial five-year term. The lease contains a residual value guarantee of approximately $499 million for the total construction cost of the building. We determined no amounts are probable of being owed under the guarantee and, as such, were not included in the measurement of the finance lease liability. Right-of-use assets related to finance leases are included in "Properties less accumulated depreciation," and finance lease liabilities are included in "Current maturities of long-term debt" and "Long-term debt" in the Consolidated Balance Sheet. In connection with the transaction, a third-party bank paid $272 million directly to other bank counterparties related to the restructuring of our prior operating lease.

In May 2026, we renewed our accounts receivable securitization program with a maximum borrowing capacity of $400 million. Amounts under our accounts receivable securitization program are borrowed and repaid from time to time in the ordinary course for general corporate and cash management purposes. The term of our accounts receivable securitization program expires in May 2027. Amounts received under this facility are accounted for as borrowings. We had no amounts outstanding under this program and our available borrowing capacity was approximately $400 million and $397 million at September 30, 2026 and December 31, 2025, respectively. Our accounts receivable securitization program was supported by $901 million and $735 million in receivables at September 30, 2026 and December 31, 2025, respectively, which are included in "Accounts receivable – net."

We have in place an $800 million credit agreement. The agreement expires in January 2029, and provides for borrowings at prevailing rates and includes covenants. We had no amounts outstanding under this facility at either September 30, 2026 or December 31, 2025, and we are in compliance with all of its covenants.

We have in place an agreement that provides us the ability to issue up to $800 million of unsecured commercial paper and is backed by our credit agreement. The unsecured short-term commercial paper program provides for borrowing at prevailing rates and includes covenants. At September 30, 2026 and December 31, 2025, we had no outstanding commercial paper, and we are in compliance with all of its covenants.

**11. Pensions and Other Postretirement Benefits**

We have both funded and unfunded defined benefit pension plans covering eligible employees. We also provide specified health care benefits to eligible retired employees; these plans can be amended or terminated at our option. Under our self-insured retiree health care plan, for those participants who are not Medicare-eligible, certain health care expenses are covered for retired employees and their dependents, reduced by any deductibles, coinsurance, and, in some cases, coverage provided under other group insurance policies. Eligible retired participants and their spouses who are Medicare-eligible are not covered under the self-insured retiree health care plan, but instead are provided with an employer-funded health reimbursement account which can be used for reimbursement of health insurance premiums or eligible out-of-pocket medical expenses.

Pension and postretirement benefit cost components were as follows:

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---|---|---|---|
| | Third Quarter | | | |
| | 2026 | 2025 | 2026 | 2025 |
| | *($ in millions)* | | | |
| Service cost | $ 7 | $ 6 | $ 1 | $ 1 |
| Interest cost | 25 | 27 | 3 | 3 |
| Expected return on plan assets | (53) | (49) | (2) | (2) |
| Amortization of net losses (gains) | 4 | 6 | — | (1) |
| Amortization of prior service benefit | — | — | (6) | (5) |
| Net benefit | $ (17) | $ (10) | $ (4) | $ (4) |

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---|---|---|---|
| | First Nine Months | | | |
| | 2026 | 2025 | 2026 | 2025 |
| | *($ in millions)* | | | |
| Service cost | $ 20 | $ 18 | $ 2 | $ 2 |
| Interest cost | 75 | 80 | 9 | 10 |
| Expected return on plan assets | (157) | (147) | (7) | (7) |
| Amortization of net losses (gains) | 13 | 17 | — | (1) |
| Amortization of prior service benefit | — | — | (17) | (16) |
| Net benefit | $ (49) | $ (32) | $ (13) | $ (12) |

The service cost component of defined benefit pension cost and postretirement benefit cost are reported within “Compensation and benefits” and all other components are presented in “Other income – net” on the Consolidated Statements of Income.

## 12. Fair Values of Financial Instruments

The fair values of "Cash and cash equivalents," "Accounts receivable – net," and "Accounts payable," approximate carrying values because of the short maturity of these financial instruments. The carrying value of corporate-owned life insurance (COLI) is recorded at cash surrender value and, accordingly, approximates fair value. There are no other assets or liabilities measured at fair value on a recurring basis at September 30, 2026 or December 31, 2025. The carrying amounts and estimated fair values, based on Level 1 inputs, of long-term debt consist of the following:

| | September 30, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | *($ in millions)* | | | |
| Long-term debt, including current maturities | $ (16,613) | $ (14,131) | $ (17,087) | $ (15,865) |

## 13. Commitments and Contingencies

We and/or certain subsidiaries are subject to numerous lawsuits, inquiries, investigations and other claims and proceedings relating principally to railroad operations. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450, "*Contingencies*," when we conclude that it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, it is accrued through a charge to earnings and, if material, disclosed. While the ultimate amount of liability incurred in any of these matters is dependent on future developments, in our opinion, the recorded liability is adequate to cover the future payment of such liabilities and claims. However, the final outcome of any of these matters cannot be predicted with certainty, and developments related to the progress of such matters or other unfavorable or unexpected developments or outcomes could result in additional costs or new or additionally accrued amounts that could be significant to our financial position, results of operations, or liquidity in a particular year or quarter. Any adjustments to the recorded liability will be reflected in earnings in the periods in which such adjustments become known. If it is reasonably possible that we will incur losses in excess of the amounts currently recorded as a loss contingency, we disclose the potential range of loss, if reasonably estimable, or we disclose that we cannot reasonably estimate such an amount at this time. For loss contingency matters where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimable, no accrual is established but the matter, if potentially material, is disclosed.

We routinely review relevant information with respect to our lawsuits, inquiries, investigations and other claims and proceedings and update our accruals, disclosures and estimates of reasonably possible loss based on such reviews. Our estimates of probable losses and reasonably possible losses are based upon currently available information and involve significant judgment and a variety of assumptions, given that (1) certain legal and regulatory proceedings are in early stages; (2) discovery may not be completed; (3) damages sought in these legal and regulatory proceedings can be unsubstantiated or indeterminate; (4) there are often significant facts in dispute; and/or (5) there is a wide range of possible outcomes. Accordingly, our estimated range of loss with respect to these matters may change from time to time, and actual losses may exceed current estimates.

### Litigation Related to our Pending Merger with Union Pacific

Shareholders have and may continue to file lawsuits challenging our pending merger with Union Pacific, which may name us, Union Pacific, members of our Board of Directors, members of the Union Pacific board, or others as defendants. No assurance can be made as to the outcome of such lawsuits, including the amount of costs associated with defending claims or any other liabilities that may be incurred in connection with the litigation of any claims. If plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the merger on the agreed-upon terms, such an injunction may delay the completion of the merger or may prevent the merger from being completed altogether.

We and Union Pacific have each received demand letters from certain purported shareholders of Norfolk Southern and Union Pacific, as applicable, that allege deficiencies and/or omissions in the registration statement on Form S-4 filed by Union Pacific with the SEC relating to the merger. In response to shareholder demand letters alleging deficiencies in the registration statement on Form S-4, we provided additional disclosure via Form 8-K filed on November 6, 2025, which clarified financial projections, board deliberations, and risk factors related to the merger. We believe that the allegations in these letters are without merit. There can be no assurances that complaints or additional demands will not be filed or made with respect to the merger. If additional similar demands are made, absent new or different allegations that are material, neither we nor Union Pacific will necessarily announce them.

**Eastern Ohio Incident**

Numerous legal actions have commenced with respect to the February 3, 2023 derailment of a train operated by us in East Palestine, Ohio, the associated fire, and the resulting vent and burn of the tank cars containing vinyl chloride on February 6, 2023 (the Incident), including those more specifically set forth below:

- We were named in a consolidated putative class action in the Northern District of Ohio (Eastern Division) (the Ohio Class Action) in which plaintiffs alleged various claims, including negligence, gross negligence, strict liability, and nuisance, and sought as relief compensatory and punitive damages, medical monitoring and business losses. On April 26, 2024, we entered into a class action settlement with the plaintiffs to resolve the Ohio Class Action for $600 million, and we made a partial payment of the settlement in 2024, in the amount of $315 million. On November 5, 2025, the U.S. Court of Appeals for the Sixth Circuit dismissed objectors' appeals of the class action settlement. On March 2, 2026, the U.S. Supreme Court denied objectors' petition for a writ of certiorari. Accordingly, pursuant to the class action settlement terms, we made the final settlement payment in March 2026 in the amount of $285 million. The class action settlement resolves all class action claims within a 20-mile radius from the derailment and, for those residents who chose to participate, personal injury claims within a 10-mile radius from the derailment. Certain class members have challenged the release of their personal injury claims. The U.S. District Court for the Northern District of Ohio denied their challenge on May 1, 2026. Those class members appealed that decision to the U.S. Court of Appeals for the Sixth Circuit, which is currently pending before the court.

- On August 22, 2023, six Pennsylvania school districts and students filed a putative class action lawsuit in the Western District of Pennsylvania (the Pennsylvania Class Action) alleging negligence, strict liability, nuisance, and trespass, and seeking damages and health monitoring. On December 8, 2023, the school districts amended their complaint to add additional companies as defendants. On February 23, 2024, we and the other defendants filed motions to dismiss and those motions are fully briefed and currently pending before the court.

- We are also named as a defendant in various other Incident-related lawsuits involving other potentially affected third parties, including, among others, individuals or businesses who opted out of the Ohio Class Action settlement or did not participate in its personal injury program.

- We have received securities and derivative lawsuits and multiple shareholder document and litigation demand letters:

    - A securities class action lawsuit under the Securities Exchange Act of 1934 (Exchange Act) was initially filed in the Southern District of Ohio alleging multiple securities law violations, but has since been transferred to the Northern District of Georgia. Lead plaintiffs filed an amended complaint on April 25, 2024 and the defendants filed a motion to dismiss on June 24, 2024. On March 24, 2025, the court denied defendants' motion to dismiss the amended complaint. On September 29, 2026, the court ruled on the Plaintiffs' motion for class certification and certified the class but shortened the class period. The court also excluded more than half of the statements at issue in the case. On October 13, 2026, we filed a petition for permission to appeal to the U.S. Court of Appeals for the Eleventh Circuit. The petition remains pending.

- A securities class action lawsuit under the Securities Act of 1933 (Securities Act) was filed in the Southern District of New York alleging misstatements in association with our debt offerings. On February 27, 2025, the district judge granted defendants' motion to dismiss the Securities Act lawsuit in its entirety, and closed the case, which plaintiffs appealed on March 28, 2025 to the U.S. Court of Appeals for the Second Circuit. On February 27, 2026, the U.S. Court of Appeals for the Second Circuit affirmed the district court's judgment. The case is now closed.

- Six shareholder derivative complaints were filed in Virginia state court asserting claims for breach of fiduciary duties, waste of corporate assets, and unjust enrichment in connection with the safety of the Company's operations, among other claims (collectively, the Shareholder Derivative Matters). The lead plaintiff filed an amended complaint on April 7, 2026, and the defendants filed a motion to dismiss and a plea in bar on June 8, 2026. The motions remain pending. We received two additional shareholder litigation demand letters dated June 4, 2026, and July 15, 2026, asserting substantially the same claims as in the Shareholder Derivative Matters.

Incident accruals principally related to ongoing legal proceedings totaled $189 million and $474 million at September 30, 2026 and December 31, 2025, respectively.

In regards to the Incident, the U.S. Department of Justice (DOJ) filed a civil complaint on behalf of the U.S. EPA (the DOJ Complaint) in the Northern District of Ohio (Eastern Division) seeking injunctive relief and civil penalties for alleged violations of the Clean Water Act (CWA) and cost recovery under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The Ohio Attorney General (AG) also filed a lawsuit (the Ohio Complaint) in the Northern District of Ohio (Eastern Division) seeking damages for a variety of common law and environmental statutory claims under CERCLA and various state laws. The DOJ and Ohio AG cases were consolidated for discovery purposes. On May 23, 2024, the DOJ and the Company reached a settlement to resolve all of the government's civil claims against the Company related to the Incident, and jointly lodged a proposed Consent Decree with the court. The DOJ filed a motion on October 10, 2024 seeking entry of the Consent Decree, which motion remains pending before the Court. If approved, the Consent Decree will require the Company to pay a civil penalty of $15 million for alleged violations of the CWA, plus $57 million for the federal government's oversight costs through November 30, 2023 as well as additional oversight costs from December 1, 2023 until the remediation is complete. Other provisions of the proposed Consent Decree relate to injunctive relief for safety, community support including medical and mental health programs, and environmental support, which provisions, if approved by the court, will be in effect between five years and twenty years. The Ohio AG did not join this settlement, and the litigation remains ongoing in the Ohio AG case. Both Norfolk Southern and the Ohio AG filed summary judgment motions, and Norfolk Southern filed six *Daubert* motions. On March 9, 2026, the Court granted a motion to intervene filed by two individuals who live and/or work near the derailment site. In granting the motion to intervene, the Court stayed the pending summary judgment and *Daubert* motions until it determines whether additional discovery is necessary. The Court has since lifted its stay of the *Daubert* motions and ordered an exchange of discovery. Total Incident-related environmental liabilities related to ongoing environmental monitoring activities and regulatory oversight are $184 million and $191 million at September 30, 2026 and December 31, 2025, respectively.

With respect to the Incident, we have recognized approximately $1.1 billion in insurance recoveries (including $3 million and $16 million during the third quarters of 2026 and 2025, respectively, and $7 million and $314 million during the first nine months of 2026 and 2025, respectively), principally from excess liability (re)insurers. By June 30, 2025, we exhausted coverage under our liability insurance policies with respect to the Incident. With the exception of amounts that have been recognized, potential future recoveries under our property and other insurance coverage have not yet been recorded (given the insurers' ongoing evaluation of our claims).

We also became subject to numerous federal, state, and local government and regulatory agency inquiries and investigations as a result of the Incident, including by, among others, the Federal Railroad Administration (FRA) and the Occupational Safety and Health Administration, both of which have now settled, and the Pennsylvania AG (collectively, the Incident Inquiries and Investigations). As a result, we now believe a substantial majority of Incident Inquiries and Investigations have been resolved.

**Lawsuits**

In 2007, various antitrust class actions filed against us and other Class I railroads in various federal district courts regarding fuel surcharges were consolidated in the District of Columbia by the Judicial Panel on Multidistrict Litigation. In 2012, the court certified the case as a class action. The defendant railroads appealed this certification, and the Court of Appeals for the D.C. Circuit vacated the District Court's decision and remanded the case for further consideration. On October 10, 2017, the District Court denied class certification. The decision was upheld by the Court of Appeals on August 16, 2019. Since that decision, various individual cases have been filed in multiple jurisdictions and also consolidated in the District of Columbia. On June 24, 2025, the District Court granted summary judgment dismissing the consolidated cases in full. On July 24, 2025, a majority of plaintiffs appealed this ruling to the Court of Appeals for the D.C. Circuit. We intend to vigorously defend the cases through appeal and believe that we will prevail. However, given that litigation is inherently unpredictable and subject to uncertainties, there can be no assurances that the final resolution of the litigation will not be material. At this time, we cannot reasonably estimate the potential loss or range of loss associated with this matter.

**Casualty Claims**

Casualty claims include employee personal injury and occupational claims as well as third-party claims, all exclusive of legal costs. To aid in valuing our personal injury liability and determining the amount to accrue with respect to such claims during the year, we utilize studies prepared by an independent consulting actuarial firm. Job-related personal injury and occupational claims are subject to the Federal Employers' Liability Act (FELA), which is applicable only to railroads. The variability inherent in FELA's fault-based tort system could result in actual costs being different from the liability recorded. While the ultimate amount of claims incurred is dependent on future developments, in our opinion, the recorded liability is adequate to cover the future payments of claims and is supported by the most recent actuarial study. In all cases, we record a liability when the expected loss for the claim is both probable and reasonably estimable.

**Employee personal injury claims** – The largest component of casualty claims expense not pertaining to the Incident is employee personal injury costs. We engage an independent actuarial firm to provide quarterly studies to aid in valuing our employee personal injury liability and estimating personal injury expense. The actuarial firm studies our historical patterns of reserving for claims and subsequent settlements, taking into account relevant outside influences. The actuarial firm provides the results of these analyses to aid in our estimate of the ultimate amount of liability. We adjust the liability quarterly based upon our assessment and the results of the study. The accuracy of our estimate of the liability is subject to inherent limitations given the difficulty of predicting future events such as jury decisions, court interpretations, or legislative changes. As a result, actual claim settlements may vary from the estimated liability recorded.

**Occupational claims** – Occupational claims include injuries and illnesses alleged to be caused by exposures which occur over time as opposed to injuries or illnesses caused by a specific accident or event. Types of occupational claims commonly seen allege exposure to asbestos and other claimed toxic substances resulting in respiratory

diseases or cancer. Many such claims are being asserted by former or retired employees, some of whom have not been employed in the rail industry for decades. The independent actuarial firm provides an estimate of the occupational claims liability based upon our history of claim filings, severity, payments, and other pertinent facts. The liability is dependent upon judgments we make as to the specific case reserves as well as judgments of the actuarial firm in the quarterly studies. Our estimate of ultimate loss includes a provision for those claims that have been incurred but not reported. This provision is derived by analyzing industry data and projecting our experience. We adjust the liability quarterly based upon our assessment and the results of the study. However, it is possible that the recorded liability may not be adequate to cover the future payment of claims. Adjustments to the recorded liability are reflected in operating expenses in the periods in which such adjustments become known.

**Third-party claims** – We record a liability for third-party claims including those for highway crossing accidents, trespasser and other injuries, property damage, and lading damage. The actuarial firm assists us with the calculation of potential liability for third-party claims, except lading damage, based upon our experience including the number and timing of incidents, amount of payments, settlement rates, number of open claims, and legal defenses. We adjust the liability quarterly based upon our assessment and the results of the study. Given the inherent uncertainty in regard to the ultimate outcome of third-party claims, it is possible that the actual loss may differ from the estimated liability recorded.

**Environmental Matters**

We are subject to various jurisdictions' environmental laws and regulations. In accordance with FASB ASC 410-30 "*Environmental Liabilities*," we record a liability for environmental matters where such liability or loss is probable and reasonably estimable. Environmental specialists regularly participate in ongoing evaluations of all known sites and in determining any necessary adjustments to liability estimates.

In addition to environmental claims associated with the Incident, our Consolidated Balance Sheets include liabilities for other environmental exposures of $58 million at September 30, 2026 and $63 million at December 31, 2025, of which $15 million is classified as a current liability at the end of both periods. At September 30, 2026 and December 31, 2025, the liability represents our estimates of the probable cleanup, investigation, and remediation costs based on available information at 69 known locations and projects. At September 30, 2026, eighteen sites accounted for $51 million of the liability, and no individual site was considered to be material. We anticipate that most of this liability will be paid out over five years; however, some costs will be paid out over a longer period.

At eight locations, one or more of our subsidiaries in conjunction with a number of other parties have been identified as potentially responsible parties under CERCLA or comparable state statutes that impose joint and several liability for cleanup costs. We calculate our estimated liability for these sites based on facts and legal defenses applicable to each site and not solely on the basis of the potential for joint liability.

As set forth above, with respect to known environmental sites (whether identified by us or by the U.S. EPA or comparable state authorities), estimates of our ultimate potential financial exposure for a given site or in the aggregate for all such sites can change over time because of the widely varying costs of currently available cleanup techniques, unpredictable contaminant recovery and reduction rates associated with available cleanup technologies, the likely development of new cleanup technologies, the difficulty of determining in advance the nature and full extent of contamination and each potential participant's share of any estimated loss (and that participant's ability to bear it), and evolving statutory and regulatory standards governing liability.

The risk of incurring environmental liability for acts and omissions, past, present, and future, is inherent in the railroad business. Some of the commodities we transport, particularly those classified as hazardous materials, pose special risks that we work diligently to reduce. In addition, several of our subsidiaries own, or have owned, land used as operating property, or which is leased and operated by others, or held for sale. Because environmental problems that are latent or undisclosed may exist on these properties, there can be no assurance that we will not incur environmental liabilities or costs with respect to one or more of them, the amount and materiality of which cannot be estimated reliably at this time. Moreover, lawsuits and claims involving these and potentially other

unidentified environmental sites and matters are likely to arise from time to time. The resulting liabilities could have a significant effect on financial position, results of operations, or liquidity in a particular year or quarter.

Based on our assessment of the facts and circumstances now known, we believe we have recorded the probable and reasonably estimable costs to address those environmental matters of which we are aware. Further, we believe that it is unlikely that any known matters, either individually or in the aggregate, will have a material adverse effect on our financial position, results of operations, or liquidity.

**Labor Agreements**

Approximately 80% of our railroad employees are covered by collective bargaining agreements with various labor unions. Pursuant to the Railway Labor Act (RLA), these agreements remain in effect until new agreements are reached, or until the bargaining procedures mandated by the RLA are completed. Moratorium provisions in the labor agreements govern when the railroads and unions may propose changes to the agreements. We largely bargain nationally in concert with other major railroads, represented by the National Carriers' Conference Committee (NCCC).

Under moratorium provisions from the last round of negotiations, neither party was permitted to serve notice to compel a new round of mandatory collective bargaining until November 1, 2024. Since that date, Norfolk Southern, or the NCCC acting on behalf of Norfolk Southern, has engaged in discussions and reached ratified agreements with all of our labor unions.

Moratorium clauses in these new ratified agreements foreclose the parties from serving further notices to compel mandatory bargaining until November 1, 2029. During this period, self-help against Norfolk Southern (e.g., a strike or other work stoppage) related to the mandatory collective-bargaining process is prohibited by law.

**Insurance**

We purchase insurance covering legal liabilities for bodily injury and property damage to third parties. Our liability insurance provides limits for approximately 83% of covered losses above $75 million and below $734 million per occurrence and/or policy year. Above $800 million per occurrence and/or policy year, we maintain approximately $57 million of additional liability insurance limits for certain types of pollution releases. We also purchase insurance for property damage to property owned by us or in our care, custody, or control. Our property insurance provides limits for approximately 81% of covered losses above $75 million and below $275 million per occurrence and/or policy year.

**Purchase Commitments**

During 2026, we entered into additional unconditional purchase obligations of approximately $300 million through 2030 for track and locomotive materials.

**14. New Accounting Pronouncements**

In November 2024, the FASB issued Accounting Standards Update (ASU) 2024-03, "*Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40).*" This update requires an entity to disclose specific information about certain costs and expenses in the notes to its financial statements for interim and annual reporting periods. Entities are required to provide disaggregated information about expenses to help investors better understand performance, better assess prospects for future cash flows, and compare performance over time and with that of other entities. The ASU is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. We will not early adopt the standard and are currently evaluating the impact of this amendment on our disclosures.

In September 2025, the FASB issued ASU 2025-06, "*Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*." This update revises the recognition guidance for internal-use software by eliminating the previous model based on software development stages and introducing a principles-based approach. Under the new guidance, capitalization begins when management has authorized and committed to funding the project, and it is probable that the software will be completed and used for its intended purpose. The ASU is effective for interim periods and fiscal years beginning after December 15, 2027. We will not early adopt the standard and are currently evaluating the impact.

In December 2025, the FASB issued ASU 2025-10, "*Accounting for Government Grants Received by Business Entities.*" This update establishes guidance for the recognition, measurement, and presentation of government grants, including specific criteria for grants related to assets and grants related to income. The ASU is effective for interim periods and fiscal years beginning after December 15, 2028. We will not early adopt the standard and are currently evaluating the impact.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes.

### OVERVIEW

Since 1827, Norfolk Southern Corporation and its predecessor companies have safely moved the goods and materials that drive the U.S. economy. Our dedicated team members deliver a wide variety of commodities annually for our customers, from agriculture to consumer products, and help them reduce carbon emissions by shipping via rail. We have the most extensive intermodal network in the eastern U.S. Our network serves a majority of the country's population and manufacturing base, with connections to every major container port on the Atlantic coast as well as major ports along the Gulf Coast and Great Lakes.
On July 28, 2025, we entered into a Merger Agreement with Union Pacific, marking a transformational step toward creating America's first transcontinental railroad – an outcome we believe will unlock new opportunities for our customers, employees, and the broader U.S. economy. By integrating two complementary networks, we believe the merged company will be positioned to deliver more efficient, reliable, and sustainable freight service across the nation. See Note 1 for additional information on the proposed transaction.

Our performance in the third quarter reflected revenue growth that drove an increase in earnings. Higher fuel prices significantly impacted both railway operating revenues and expenses in the quarter. Our financial results were further impacted by lower gains from property sales, the absence of insurance recoveries related to the Eastern Ohio incident, and higher merger-related expenses. For the third quarter, we achieved an operating ratio (a measure of the amount of operating revenues consumed by operating expenses) of 67.4%, and an adjusted operating ratio of 65.4% (see our non-GAAP reconciliations beginning on page 26). We remain committed to being a safe, productive, resilient, and efficient railroad with industry-competitive margins.

### SUMMARIZED RESULTS OF OPERATIONS

| | Third Quarter | | | First Nine Months | | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | % change | 2026 | 2025 | % change |
| | *($ in millions, except per share amounts)* | | | | | |
| Railway operating revenues | $ 3,526 | $ 3,103 | 14% | $ 9,989 | $ 9,206 | 9% |
| Railway operating expenses | $ 2,376 | $ 2,005 | 19% | $ 6,838 | $ 5,787 | 18% |
| Income from railway operations | $ 1,150 | $ 1,098 | 5% | $ 3,151 | $ 3,419 | (8%) |
| Net income | $ 759 | $ 711 | 7% | $ 2,040 | $ 2,229 | (8%) |
| Diluted earnings per share | $ 3.37 | $ 3.16 | 7% | $ 9.06 | $ 9.88 | (8%) |
| Railway operating ratio (percent) | 67.4 | 64.6 | 4% | 68.5 | 62.9 | 9% |

Income from railway operations, net income, and diluted earnings per share increased in the third quarter but decreased for the first nine months. Railway operating revenues were higher in both periods, driven by increased average revenue per unit, reflecting higher fuel surcharge revenue, and increased volume. Railway operating expenses increased in both periods, reflecting inflationary pressures inclusive of higher fuel costs, increased merger-related expenses, and lower gains from property sales. The absence of insurance recoveries related to the Eastern Ohio incident recognized in 2025 influenced both periods and significantly contributed to the decline in income from railway operations, net income, and diluted earnings per share for the first nine months of 2026.

The following tables adjust our GAAP financial results for the third quarters and first nine months of 2026 and 2025 to exclude merger-related expenses and the overall impact on operating expenses resulting from costs and

recoveries associated with the Incident. The adjusted results for the third quarter of 2025 and first nine months of 2026 and 2025 also exclude restructuring and other charges. The income tax effects of these non-GAAP adjustments were calculated based on the applicable tax rates to which the non-GAAP adjustments related. We use these non-GAAP financial measures internally and believe this information provides useful supplemental information to investors to facilitate making period-to-period comparisons by excluding these items. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant to be considered in isolation from, or as a substitute for, the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similar measures presented by other companies.

| | Non-GAAP Reconciliation for Third Quarter 2026 | | | |
|---|---|---|---|---|
| | Reported (GAAP) | Merger-Related Expenses | Eastern Ohio Incident | Adjusted (non-GAAP) |
| | *($ in millions, except per share amounts)* | | | |
| Railway operating expenses | $ 2,376 | $ (42) | $ (28) | $ 2,306 |
| Income from railway operations | $ 1,150 | $ 42 | $ 28 | $ 1,220 |
| Net income | $ 759 | $ 35 | $ 21 | $ 815 |
| Diluted earnings per share | $ 3.37 | $ 0.16 | $ 0.09 | $ 3.62 |
| Railway operating ratio (percent) | 67.4 | (1.2) | (0.8) | 65.4 |

| | Non-GAAP Reconciliation for Third Quarter 2025 | | | | |
|---|---|---|---|---|---|
| | Reported (GAAP) | Merger - Related Expenses | Restructuring and Other Charges | Eastern Ohio Incident | Adjusted (non-GAAP) |
| | *($ in millions, except per share amounts)* | | | | |
| Railway operating expenses | $ 2,005 | $ (15) | $ (12) | $ (13) | $ 1,965 |
| Income from railway operations | $ 1,098 | $ 15 | $ 12 | $ 13 | $ 1,138 |
| Net income | $ 711 | $ 11 | $ 9 | $ 10 | $ 741 |
| Diluted earnings per share | $ 3.16 | $ 0.05 | $ 0.04 | $ 0.05 | $ 3.30 |
| Railway operating ratio (percent) | 64.6 | (0.5) | (0.4) | (0.4) | 63.3 |

In the table below, references to the results for the third quarters of 2026 and 2025 and related comparisons use the adjusted, non-GAAP results from the reconciliations in the previous tables.

| | Adjusted (non-GAAP) Third Quarter | | |
|---|---|---|---|
| | 2026 | 2025 | % change |
| | *($ in millions, except per share amounts)* | | |
| Railway operating expenses | $ 2,306 | $ 1,965 | 17% |
| Income from railway operations | $ 1,220 | $ 1,138 | 7% |
| Net income | $ 815 | $ 741 | 10% |
| Diluted earnings per share | $ 3.62 | $ 3.30 | 10% |
| Railway operating ratio (percent) | 65.4 | 63.3 | 3% |

| | Non-GAAP Reconciliation for First Nine Months 2026 | | | | |
|---|---|---|---|---|---|
| | Reported (GAAP) | Merger-Related Expenses | Restructuring and Other Charges | Eastern Ohio Incident | Adjusted (non-GAAP) |
| | *($ in millions, except per share amounts)* | | | | |
| Railway operating expenses | $ 6,838 | $ (145) | $ (6) | $ (53) | $ 6,634 |
| Income from railway operations | $ 3,151 | $ 145 | $ 6 | $ 53 | $ 3,355 |
| Net income | $ 2,040 | $ 120 | $ 5 | $ 40 | $ 2,205 |
| Diluted earnings per share | $ 9.06 | $ 0.53 | $ 0.02 | $ 0.18 | $ 9.79 |
| Railway operating ratio (percent) | 68.5 | (1.5) | (0.1) | (0.5) | 66.4 |

| | Non-GAAP Reconciliation for First Nine Months 2025 | | | | |
|---|---|---|---|---|---|
| | Reported (GAAP) | Merger - Related Expenses | Restructuring and Other Charges | Eastern Ohio Incident | Adjusted (non-GAAP) |
| | *($ in millions, except per share amounts)* | | | | |
| Railway operating expenses | $ 5,787 | $ (15) | $ (22) | $ 219 | $ 5,969 |
| Income from railway operations | $ 3,419 | $ 15 | $ 22 | $ (219) | $ 3,237 |
| Net income | $ 2,229 | $ 11 | $ 17 | $ (166) | $ 2,091 |
| Diluted earnings per share | $ 9.88 | $ 0.05 | $ 0.07 | $ (0.73) | $ 9.27 |
| Railway operating ratio (percent) | 62.9 | (0.2) | (0.3) | 2.4 | 64.8 |

In the table below, references to the results for the first nine months of 2026 and 2025 and related comparisons use the adjusted, non-GAAP results from the reconciliations in the previous tables.

| | Adjusted (non-GAAP) First Nine Months | | |
|---|---|---|---|
| | 2026 | 2025 | % change |
| | *($ in millions, except per share amounts)* | | |
| Railway operating expenses | $ 6,634 | $ 5,969 | 11% |
| Income from railway operations | $ 3,355 | $ 3,237 | 4% |
| Net income | $ 2,205 | $ 2,091 | 5% |
| Diluted earnings per share | $ 9.79 | $ 9.27 | 6% |
| Railway operating ratio (percent) | 66.4 | 64.8 | 2% |

On an adjusted basis, income from railway operations, net income, and diluted earnings per share increased in the third quarter and first nine months due to higher railway operating revenues, driven by higher average revenue per unit, primarily driven by increased fuel surcharge revenue, and increased volume. Partially offsetting the increase in revenues were higher adjusted railway operating expenses, reflecting higher fuel prices, inflation, and lower gains from property sales.

## DETAILED RESULTS OF OPERATIONS

### Railway Operating Revenues

The following tables present a comparison of revenues ($ in millions), units (in thousands), and average revenue per unit ($ per unit) by commodity group.

| | Third Quarter | | | First Nine Months | | |
|---|---|---|---|---|---|---|
| **Revenues** | **2026** | **2025** | **% change** | **2026** | **2025** | **% change** |
| Merchandise: | | | | | | |
| Agriculture, forest and consumer products | $ 696 | $ 630 | 10% | $ 1,994 | $ 1,911 | 4% |
| Chemicals | 658 | 569 | 16% | 1,871 | 1,650 | 13% |
| Metals and construction | 516 | 448 | 15% | 1,409 | 1,320 | 7% |
| Automotive | 318 | 322 | (1%) | 932 | 923 | 1% |
| Merchandise | 2,188 | 1,969 | 11% | 6,206 | 5,804 | 7% |
| Intermodal | 919 | 759 | 21% | 2,576 | 2,262 | 14% |
| Coal | 419 | 375 | 12% | 1,207 | 1,140 | 6% |
| Total | $ 3,526 | $ 3,103 | 14% | $ 9,989 | $ 9,206 | 9% |
| **Units** | | | | | | |
| Merchandise: | | | | | | |
| Agriculture, forest and consumer products | 186.7 | 182.5 | 2% | 552.3 | 552.5 | —% |
| Chemicals | 154.0 | 141.3 | 9% | 449.0 | 412.4 | 9% |
| Metals and construction | 175.4 | 168.0 | 4% | 489.9 | 487.4 | 1% |
| Automotive | 95.4 | 103.3 | (8%) | 288.8 | 295.6 | (2%) |
| Merchandise | 611.5 | 595.1 | 3% | 1,780.0 | 1,747.9 | 2% |
| Intermodal | 1,060.6 | 1,032.1 | 3% | 3,105.3 | 3,065.9 | 1% |
| Coal | 181.4 | 176.7 | 3% | 547.5 | 523.1 | 5% |
| Total | 1,853.5 | 1,803.9 | 3% | 5,432.8 | 5,336.9 | 2% |
| **Revenue per Unit** | | | | | | |
| Merchandise: | | | | | | |
| Agriculture, forest and consumer products | $ 3,728 | $ 3,453 | 8% | $ 3,611 | $ 3,458 | 4% |
| Chemicals | 4,277 | 4,028 | 6% | 4,168 | 4,001 | 4% |
| Metals and construction | 2,944 | 2,672 | 10% | 2,876 | 2,710 | 6% |
| Automotive | 3,325 | 3,115 | 7% | 3,225 | 3,122 | 3% |
| Merchandise | 3,579 | 3,310 | 8% | 3,487 | 3,321 | 5% |
| Intermodal | 866 | 735 | 18% | 829 | 738 | 12% |
| Coal | 2,311 | 2,120 | 9% | 2,205 | 2,179 | 1% |
| Total | 1,902 | 1,721 | 11% | 1,839 | 1,725 | 7% |

Railway operating revenues increased $423 million and $783 million in the third quarter and first nine months, respectively. The table below reflects the components of the revenue change by major commodity group ($ in millions).

| | Third Quarter | | | First Nine Months | | |
|---|---|---|---|---|---|---|
| | Merchandise | Intermodal | Coal | Merchandise | Intermodal | Coal |
| | *Increase (Decrease)* | | | | | |
| Volume | $ 54 | $ 21 | $ 10 | $ 107 | $ 29 | $ 53 |
| Fuel surcharge revenue | 119 | 114 | 27 | 198 | 241 | 41 |
| Rate, mix and other | 46 | 25 | 7 | 97 | 44 | (27) |
| Total | $ 219 | $ 160 | $ 44 | $ 402 | $ 314 | $ 67 |

Approximately 95% of our revenue base is covered by contracts that include negotiated fuel surcharges. Revenues associated with these surcharges totaled $468 million and $208 million in the third quarters of 2026 and 2025, respectively, and $1.1 billion and $613 million for the first nine months of 2026 and 2025, respectively. Fuel surcharge revenues for the remainder of the year are expected to increase compared to the prior year based on current fuel commodity prices.

**Merchandise**

Merchandise revenues were higher in both periods due to increased average revenue per unit, driven by increased fuel surcharge revenue and pricing, and higher volume.

Agriculture, forest and consumer products volume increased in the third quarter and was flat for the first nine months. Ethanol shipments increased in both periods due to increased demand. Corn shipments increased in the third quarter as depleted local grain supplies in the Southeast increased demand for rail transportation. Corn shipments decreased for the first nine months, primarily due to reduced shipments to the Southeast during the first half of the year.

Chemicals volume rose in both periods primarily due to higher shipments of sand, natural gas liquids, and petroleum products. Sand and petroleum products shipments increased due to strong demand to support natural gas drilling, while natural gas liquids volume rose due to increased domestic and export demand.

Metals and construction volume increased in both periods primarily driven by increased cement, steel coil, and scrap metal shipments due to increased demand, partially offset by lower aggregate shipments as a result of idled customer facilities.

Automotive volume declined in both periods driven by supply chain constraints, unplanned production downtime, and model discontinuations for certain manufacturers.

**Intermodal**

Intermodal revenues were higher in both periods due to increased average revenue per unit, driven by increased fuel surcharge revenue and pricing, and higher volume.

Intermodal units (in thousands) by market were as follows:

| | Third Quarter | | | First Nine Months | | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | % change | 2026 | 2025 | % change |
| Domestic | 678.7 | 616.7 | 10% | 1,951.4 | 1,828.6 | 7% |
| International | 381.9 | 415.4 | (8%) | 1,153.9 | 1,237.3 | (7%) |
| Total | 1,060.6 | 1,032.1 | 3% | 3,105.3 | 3,065.9 | 1% |

Domestic volume increased in both periods as a result of an increase in freight demand and constrained truck capacity. International volume declined in both periods due to lower volumes through East Coast ports as a result of congestion at Asian ports and ocean carriers redeploying capacity to West Coast ports.

**Coal**

Coal revenues increased in both periods due to increased average revenue per unit, driven by increased fuel surcharge revenue, and higher volume. The increase for the first nine months was partially offset by reduced pricing.

Coal tonnage (in thousands) by market was as follows:

| | Third Quarter | | | First Nine Months | | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | % change | 2026 | 2025 | % change |
| Utility | 8,554 | 8,735 | (2%) | 26,448 | 25,343 | 4% |
| Export | 8,184 | 7,434 | 10% | 25,759 | 23,198 | 11% |
| Domestic metallurgical | 2,450 | 2,661 | (8%) | 6,511 | 7,488 | (13%) |
| Industrial | 1,259 | 977 | 29% | 3,088 | 2,712 | 14% |
| Total | 20,447 | 19,807 | 3% | 61,806 | 58,741 | 5% |

Utility tonnage decreased in the third quarter but increased for the first nine months. The third quarter decline was primarily due to customer plant outages and service disruptions. The increase for the first nine months was driven by higher winter natural gas prices and restocking of customer inventories earlier in the year. Export tonnage increased in both periods due to increased metallurgical coal production and supportive seaborne coal pricing. Domestic metallurgical tonnage decreased in both periods due to idled customer facilities. Industrial coal tonnage increased in both periods as a result of increased market share.

**Railway Operating Expenses**

Railway operating expenses summarized by major classifications follow ($ in millions):

| | Third Quarter | | | First Nine Months | | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | % change | 2026 | 2025 | % change |
| Compensation and benefits | $ 753 | $ 738 | 2% | $ 2,237 | $ 2,169 | 3% |
| Purchased services | 433 | 414 | 5% | 1,286 | 1,224 | 5% |
| Equipment rents | 113 | 105 | 8% | 332 | 313 | 6% |
| Fuel | 420 | 237 | 77% | 1,081 | 700 | 54% |
| Depreciation | 363 | 348 | 4% | 1,073 | 1,040 | 3% |
| Materials | 111 | 104 | 7% | 318 | 302 | 5% |
| Claims | 87 | 75 | 16% | 209 | 200 | 5% |
| Other | 26 | (32) | 181% | 98 | 45 | 118% |
| Merger-related expenses | 42 | 15 | 180% | 145 | 15 | 867% |
| Restructuring and other charges | — | 12 | (100%) | 6 | 22 | (73%) |
| Eastern Ohio incident | 28 | (11) | 355% | 53 | (243) | 122% |
| Total | $ 2,376 | $ 2,005 | 19% | $ 6,838 | $ 5,787 | 18% |

**Compensation and benefits** expense increased in both periods as follows:

- pay rates (up $23 million for the quarter and $66 million for the first nine months),
- health and welfare benefits (up $6 million for the quarter and $18 million for the first nine months),
- overtime (up $6 million for the quarter and $12 million for the first nine months),
- incentive and stock-based compensation (down $7 million for the quarter and $11 million for the first nine months),
- employee activity levels (down $3 million for the quarter and $15 million for the first nine months), and
- other (down $10 million for the quarter and $2 million for the first nine months).

Average rail headcount for the quarter was down by 160 compared with the third quarter of 2025.

**Purchased services** includes the costs of services purchased from external vendors and contractors, including the net costs of operating joint facilities with other railroads. Expense increased in both periods primarily due to higher technology-related costs and increased expenses associated with intermodal operations.

**Equipment rents**, which includes our cost of using equipment (mostly freight cars) owned by other railroads or private owners less the rent paid to us for the use of our equipment, increased in both periods primarily due to higher short-term locomotive resource costs and greater time-and-mileage expense.

**Fuel** expense, which includes the cost of locomotive fuel as well as other fuel used in railway operations, increased in both periods primarily due to higher locomotive fuel prices. We expect fuel expense for the remainder of the year to increase compared to the prior year based on current fuel commodity prices.

**Depreciation** expense increased in both periods due to a higher asset base.

**Materials** expense increased in both periods primarily due to higher locomotive and intermodal materials cost.

**Claims** expense includes costs related to personal injury, property damage, and environmental matters. Claims expense increased in both periods. The increase in the third quarter was primarily due to higher personal injury expenses and accident-related costs. The increase for the first nine months reflected higher accident-related costs and the absence of a prior year favorable third-party settlement, partially offset by lower expenses related to personal injury case development.

**Other** expense increased in both periods primarily due to lower gains from operating property sales, partially offset by insurance recoveries unrelated to the Incident. The increase for the first nine months was also partially offset by lower allowances for losses. Gains from the sales of operating property totaled $1 million and $85 million in the third quarter of 2026 and 2025, respectively, and $19 million and $142 million for the first nine months of 2026 and 2025, respectively.

**Merger-related expenses** primarily relate to costs associated with employee retention agreements, third-party advisor fees, and legal fees that totaled $42 million and $15 million in the third quarters of 2026 and 2025, respectively, and $145 million and $15 million for the first nine months of 2026 and 2025, respectively.

**Restructuring and other charges** were $6 million in 2026 related to severance costs associated with organizational changes. During 2025, we recorded expenses of $12 million in the third quarter and $22 million for the first nine months, primarily related to the rationalization of certain software development projects and the restructuring of certain technology functions.

**Eastern Ohio incident** expenses were $28 million in the third quarter of 2026, whereas recoveries exceeded additional Incident-related expenses by $11 million in the third quarter of 2025. For the first nine months of 2026, we incurred expenses of $53 million for costs associated with the Incident, whereas recoveries exceeded additional Incident-related expenses by $243 million for the first nine months of 2025. Cash payments attributable to the Incident were $345 million during the first nine months of 2026, while insurance recoveries collected exceeded payments by $227 million during the first nine months of 2025, which are presented in "Net cash provided by operating activities" on the Consolidated Statements of Cash Flows. For further details regarding the Incident, see Note 13.

**Other income – net**

Other income – net increased $7 million in the third quarter and $19 million for the first nine months primarily due to higher pension and postretirement benefits, partially offset by lower returns on COLI.

**Income taxes**

The effective tax rate for the third quarter and first nine months of 2026 was 23.1% and 23.3%, respectively, compared with 23.1% for both periods in 2025.

## FINANCIAL CONDITION AND LIQUIDITY

Cash provided by operating activities, our principal source of liquidity, was $2.7 billion for the first nine months of 2026, compared with $3.3 billion for the same period of 2025. The decrease was driven by higher cash payments related to the Incident. We had negative working capital of $356 million and $577 million at September 30, 2026 and December 31, 2025, respectively. Cash and cash equivalents totaled $1.6 billion and $1.5 billion at September 30, 2026 and December 31, 2025, respectively.

Cash used in investing activities was $1.1 billion for the first nine months of 2026, compared with $1.9 billion for the same period last year. The decrease was driven by the absence of COLI loan repayments that occurred in 2025, coupled with higher proceeds from property sales and other transactions and lower property additions in the current year. For 2026, we expect property additions to approximate $2.1 billion.

Cash used in financing activities was $1.5 billion for the first nine months of 2026, compared with $1.6 billion for the same period last year. The decrease reflects lower repurchases of Common Stock, partially offset by lower proceeds from borrowing and higher debt repayments. We did not repurchase any Common Stock during the first nine months of 2026, while we repurchased $534 million during the same period last year. As of September 30, 2026, $6.3 billion remains authorized by our Board of Directors for repurchase. With limited exceptions, the Merger Agreement prohibits the Company from repurchasing shares of its common stock without approval by Union Pacific. As a result, the Company has suspended share repurchase activities.

In April 2026, we entered into a non-cancellable finance lease for an office building in replacement of a previous operating lease. The lease term is for five years and includes options to renew, purchase, or sell the building at the end of the lease. We recorded a right-of-use asset of $117 million and a finance lease liability of $115 million, based on the initial five-year term. The lease contains a residual value guarantee of approximately $499 million for the total construction cost of the building. We determined no amounts are probable of being owed under the guarantee and, as such, were not included in the measurement of the finance lease liability.

In May 2026, we renewed our accounts receivable securitization program with a maximum borrowing capacity of $400 million. Amounts under our accounts receivable securitization program are borrowed and repaid from time to time in the ordinary course for general corporate and cash management purposes. The term of our accounts receivable securitization program expires in May 2027. We had no amounts outstanding under this program and our available borrowing capacity was $400 million at September 30, 2026 and $397 million at December 31, 2025.

We have in place an $800 million credit agreement. The agreement expires in January 2029, and provides for borrowings at prevailing rates and includes covenants. We had no amounts outstanding under this facility at either September 30, 2026 or December 31, 2025, and we are in compliance with all of its covenants.

We have in place an agreement that provides us the ability to issue up to $800 million of unsecured commercial paper and is backed by our credit agreement. The unsecured short-term commercial paper program provides for borrowing at prevailing rates and includes covenants. At both September 30, 2026 and December 31, 2025, we had no outstanding commercial paper, and we are in compliance with all of its covenants.

In addition, we have investments in general purpose COLI policies and have the ability to borrow against these policies. We had no amounts borrowed against these policies at September 30, 2026 and December 31, 2025. Our remaining borrowing capacity was approximately $575 million and $595 million at September 30, 2026 and December 31, 2025, respectively.

Our debt-to-total capitalization ratio was 49.8% at September 30, 2026 and 52.4% at December 31, 2025. We expect cash on hand combined with cash provided by operating activities will be sufficient to meet our ongoing obligations. In addition, we believe our currently-available borrowing capacity, access to additional financing, ability to reduce shareholder distributions, and ability to moderate or defer property additions provide additional flexibility to meet our ongoing obligations in the short- and long-term, subject to certain restrictions on incurring additional indebtedness under the Merger Agreement. There have been no material changes to the information on future contractual obligations, including those that may have material cash requirements, contained in our Form 10-K for the year ended December 31, 2025, with the exception of approximately $300 million of additional unconditional purchase obligations, which extend through 2030.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions may require judgment about matters that are inherently uncertain, and future events are likely to occur that may require us to make changes to these estimates and assumptions. Accordingly, we regularly review these estimates and assumptions based on historical experience, changes in the business environment, and

other factors we believe to be reasonable under the circumstances. There have been no significant changes to the critical accounting estimates contained in our Form 10-K at December 31, 2025.

## OTHER MATTERS

### Labor Agreements

Approximately 80% of our railroad employees are covered by collective bargaining agreements with various labor unions. Pursuant to the RLA, these agreements remain in effect until new agreements are reached, or until the bargaining procedures mandated by the RLA are completed. Moratorium provisions in the labor agreements govern when the railroads and unions may propose changes to the agreements. We largely bargain nationally in concert with other major railroads, represented by the NCCC.

Under moratorium provisions from the last round of negotiations, neither party was permitted to serve notice to compel a new round of mandatory collective bargaining until November 1, 2024. Since that date, Norfolk Southern, or the NCCC acting on behalf of Norfolk Southern, has engaged in discussions and reached ratified agreements with all of our labor unions.

Moratorium clauses in these new ratified agreements foreclose the parties from serving further notices to compel mandatory bargaining until November 1, 2029. During this period, self-help against Norfolk Southern (e.g., a strike or other work stoppage) related to the mandatory collective-bargaining process is prohibited by law.

### Inflation

In preparing financial statements, GAAP requires the use of historical cost that disregards the effects of inflation on the replacement cost of property. As a capital-intensive company, we have most of our capital invested in long-lived assets. The replacement cost of these assets, as well as the related depreciation expense, would be substantially greater than the amounts reported on the basis of historical cost.

## FORWARD-LOOKING STATEMENTS

Certain statements in this report, including in Management's Discussion and Analysis of Financial Condition and Results of Operations, are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or our achievements or those of our industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "project," "consider," "predict," "potential," "feel," or other comparable terminology. We have based these forward-looking statements on our current expectations, assumptions, estimates, beliefs, and projections. While we believe these expectations, assumptions, estimates, beliefs, and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which involve factors or circumstances that are beyond our control. The following important factors, including those discussed or defined under "Risk Factors" in our latest Form 10-K as well as our subsequent filings with the Securities and Exchange Commission, may cause actual results, performance, or achievements to differ materially from those expressed or implied by these forward-looking statements:

- changes in domestic or international economic, political or business conditions, including those impacting the transportation industry;
- our ability to successfully implement our operational, productivity, and strategic initiatives;
- a significant adverse event on our network, including but not limited to a mainline accident, discharge of hazardous material, or climate-related or other network outage;

- the outcome of claims, litigation, governmental proceedings, and investigations involving the Company, including but not limited to the Incident Proceedings;
- new or additional governmental regulation and/or operational changes resulting from or related to the Incident or the Incident Proceedings;
- a significant cybersecurity incident or other disruption to our technology infrastructure;
- our ability to complete the merger with Union Pacific;
- the occurrence of any event, change or other circumstance that could give rise to the right of one or both of the Company or Union Pacific to terminate the Merger Agreement;
- the possibility that the merger does not close when expected or at all because the required Surface Transportation Board review and approval, or other approvals and other conditions to close are not received or satisfied on a timely basis or at all (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the merger);
- the risk that the combined company will not realize expected benefits, cost savings, accretion, synergies and/or growth from the merger, or that such benefits may take longer to realize or be more costly to achieve than expected;
- disruption to the Company's business as a result of the announcement and pendency of the merger, including the restrictions contained in the Merger Agreement on the ability of the Company to operate its business outside the ordinary course during the pendency of the merger;
- the diversion of the Company's management's attention and time from ongoing business operations and opportunities on merger-related items;
- the possibility that the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events; and
- the reputational risk and adverse reactions of customers (certain of whom have and may continue to diversify their distribution networks, including in response to actions by our competitors), suppliers, employees, labor unions or other business partners, including those resulting from the announcement or completion of the merger.

The forward-looking statements herein are made only as of the date they were first issued, and unless otherwise required by applicable securities laws, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**Additional Information**

Investors and others should note that we routinely use the Investor Relations, Performance Metrics, and Sustainability sections of our website (norfolksouthern.investorroom.com/key-investor-information, norfolksouthern.investorroom.com/weekly-performance-reports & norfolksouthern.com/sustainability) to post presentations to investors and other important information, including information that may be deemed material to investors. Information about us, including information that may be deemed material, may also be announced by posts on our social media channels, including X (formerly known as Twitter) (x.com/nscorp) and LinkedIn (www.linkedin.com/company/norfolk-southern). We may also use our website and social media channels for the purpose of complying with our disclosure obligations under Regulation FD. As a result, we encourage investors, the media, and others interested in Norfolk Southern to review the information posted on our website and social media channels. The information posted on our website and social media channels is not incorporated by reference in this Quarterly Report on Form 10-Q.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information required by this item is included in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Financial Condition and Liquidity."

## Item 4. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, with the assistance of management, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)) at September 30, 2026. Based on such evaluation, our officers have concluded that, at September 30, 2026, our disclosure controls and procedures were effective in alerting them on a timely basis to material information required to be included in our periodic filings under the Exchange Act.

### Changes in Internal Control Over Financial Reporting

During the third quarter of 2026, we have not identified any changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

For information on our legal proceedings, see Note 13 "Commitments and Contingencies" in the Notes to Consolidated Financial Statements.

### Item 1A. Risk Factors

The risks set forth in "Risk Factors" included in our 2025 Form 10-K could have a material adverse effect on our financial position, results of operations, or liquidity in a particular year or quarter, and could cause those results to differ materially from those expressed or implied in our forward-looking statements. Those risks remain unchanged and are incorporated herein by reference.

### Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

| Period | (a) Total Number of Shares (or Units) Purchased | (b) Average Price Paid per Share (or Unit) | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs [1] | (d) Approximate Dollar Value of Shares that may yet be Purchased under the Publicly Announced Plans or Programs [1] |
|---|---|---|---|---|
| July 1-31, 2026 | — | $ — | — | $ 6,339,415,156 |
| August 1-31, 2026 | — | — | — | 6,339,415,156 |
| September 1-30, 2026 | — | — | — | 6,339,415,156 |
| Total | — | | — | |

1. On March 29, 2022, our Board of Directors authorized a new program for the repurchase of up to $10.0 billion of Common Stock beginning April 1, 2022. As of September 30, 2026, $6.3 billion remains authorized for repurchase, until such amount is exhausted. With limited exceptions, the Merger Agreement prohibits repurchases of our Common Stock without Union Pacific's consent. As a result, we suspended repurchases upon entering into the Merger Agreement.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

**Director and Officer Trading Arrangements**

None of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a contract, instruction or written plan for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the quarterly period covered by this report.

**Item 6. Exhibits**

| | |
|---|---|
| 31-A* | Rule 13a-14(a)/15d-14(a) CEO Certifications. |
| 31-B* | Rule 13a-14(a)/15d-14(a) CFO Certifications. |
| 32* | Section 1350 Certifications. |
| 101* | The following financial information from Norfolk Southern Corporation's Quarterly Report on Form 10-Q for the third quarter of 2026, formatted in Inline Extensible Business Reporting Language (iXBRL) includes (i) the Consolidated Statements of Income for the third quarter and first nine months of 2026 and 2025; (ii) the Consolidated Statements of Comprehensive Income for the third quarter and first nine months of 2026 and 2025; (iii) the Consolidated Balance Sheets at September 30, 2026 and December 31, 2025; (iv) the Consolidated Statements of Cash Flows for the first nine months of 2026 and 2025; (v) the Consolidated Statements of Changes in Stockholders' Equity for the third quarter and first nine months of 2026 and 2025; and (vi) the Notes to Consolidated Financial Statements. |
| 104* | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

* *Filed herewith.*

**SIGNATURES**

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

**NORFOLK SOUTHERN CORPORATION**
Registrant

Date: October 22, 2026

/s/ Jason A. Zampi

Jason A. Zampi
Executive Vice President and Chief Financial Officer
(Principal Financial Officer) (Signature)

Date: October 22, 2026

/s/ Claiborne L. Moore

Claiborne L. Moore
Vice President and Controller
(Principal Accounting Officer) (Signature)