

Norfolk Southern (NSC)

\$296.98 (Stock Price as of 12/12/2025)

Price Target (6-12 Months): **\$240.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 11/19/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: F

Value: D

Growth: C

Momentum: F

Summary

Norfolk Southern is suffering due to the freight market downturn. Sluggish freight revenues and volumes act as primary headwinds. With consumer spending and business investments remaining low, production levels have decreased in response to reduced demand. As a result of low demand, there is less need for transportation services to move goods, in turn resulting in a freight recession. Economic uncertainty, lingering supply chain issues, high debt load and share price volatility represent further downside risks. The negativity surrounding the stock is evident from the fact that the Zacks Consensus Estimate for 2025 earnings has moved south over the past 60 days. Due to the negatives, it is better to avoid the Norfolk Southern stock now. Our thesis is supported by the Underperform recommendation on the stock.

Data Overview

52 Week High-Low	\$302.24 - \$201.63
20 Day Average Volume (sh)	1,482,449
Market Cap	\$66.6 B
YTD Price Change	26.5%
Beta	1.32
Dividend / Div Yld	\$5.40 / 1.8%
Industry	Transportation - Rail
Zacks Industry Rank	Bottom 29% (172 out of 243)

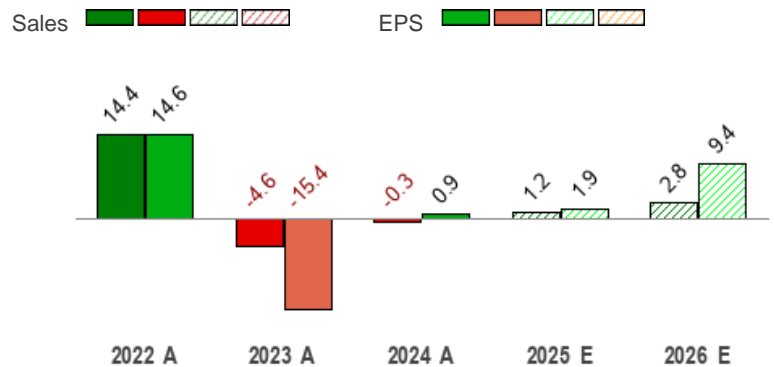
Last EPS Surprise	3.8%
Last Sales Surprise	0.4%
EPS F1 Est- 4 week change	-1.0%
Expected Report Date	02/04/2026
Earnings ESP	0.4%

P/E TTM	24.1
P/E F1	24.6
PEG F1	4.4
P/S TTM	5.5

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	3,068 E	3,195 E	3,209 E	3,132 E	12,604 E
2025	2,993 A	3,110 A	3,103 A	3,059 E	12,265 E
2024	3,004 A	3,044 A	3,051 A	3,024 A	12,123 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	2.90 E	3.43 E	3.51 E	3.37 E	13.21 E
2025	2.69 A	3.29 A	3.30 A	2.79 E	12.07 E
2024	2.49 A	3.06 A	3.25 A	3.04 A	11.85 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/12/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 11/20/2025.

Overview

Norfolk Southern Corporation, incorporated on Jul 23, 1980, under the laws of the Commonwealth of Virginia, controls a major freight railroad, Norfolk Southern Railway Company. The company is primarily engaged in the rail transportation of raw material, intermediate products and finished goods, primarily in Southeast, East and Midwest United States and, via interchange with rail carriers to and from the rest of country.

Norfolk Southern also transports overseas freight through several Atlantic and Gulf Coast ports. Norfolk Southern provides comprehensive logistics services and offers the most extensive intermodal network on the eastern side of the United States.

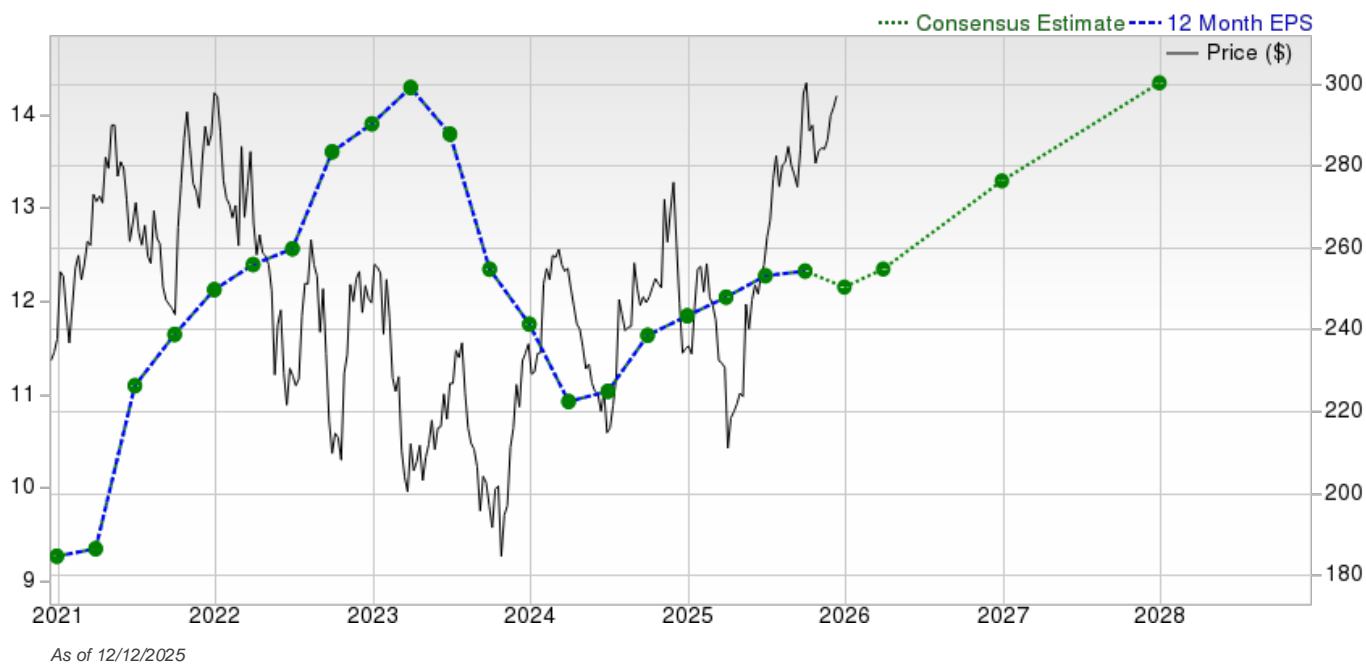
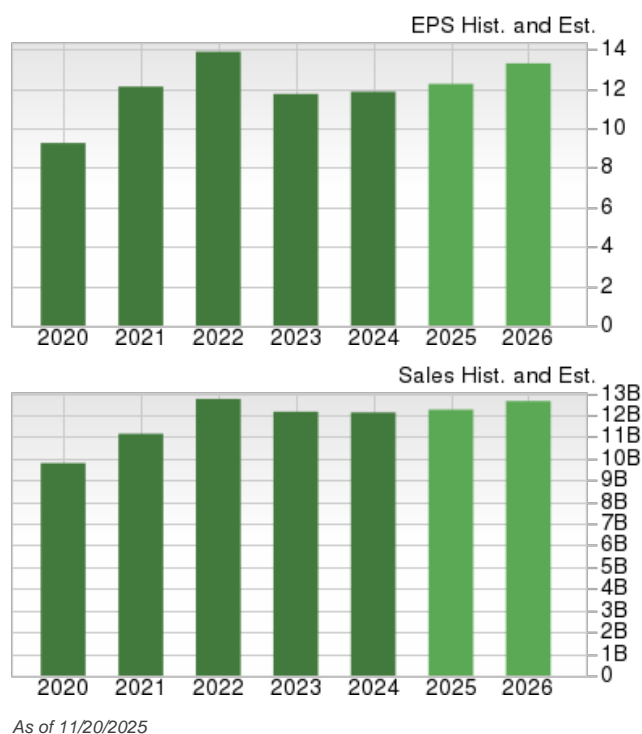
The company's fiscal year coincides with the calendar year. At 2023-end, the company was responsible for operating approximately 19,100 route miles in 22 states and the District of Columbia. The company is currently based in Atlanta, GA. In November 2021, its headquarter's building in Atlanta was opened. Previously, Norfolk Southern was headquartered in Norfolk, VA.

NSC derives freight revenues from transporting **general** merchandise, intermodal (truck, rail and ship) and coal containers:

The Merchandise business includes transportation of automotive, chemicals, metals and construction, agriculture, consumer products, and paper, clay and forest products (lumber and wood). Chemicals include sulfur and related chemicals, petroleum products. agriculture, consumer products, and government includes soybeans, wheat, corn, fertilizer, livestock. Metals and construction includes steel, aluminum products, machinery, scrap metals, cement, aggregates, sand, and minerals. The sector accounted for 62% of the 2024 railway operating revenues recorded by the company.

The Intermodal segment is responsible for haulage of international container cargo from steamship companies and truckload carriers. The sector accounted for 25% of the 2024 railway operating revenues recorded by the company.

The Coal business includes transportation of utility coal, export coal and domestic metallurgical coal from mines to the desired destinations. The sector accounted for 13% of 2024 revenues.



Reasons To Sell:

- ▼ **Macroeconomic concerns** are leading to a tough freight environment. With inflation still a concern, volatility remains. This could hurt the economy's health. Risks associated with an economic slowdown and geopolitical tensions dampen the prospects of stocks like NSC. Sluggish economic growth and inflationary woes are likely to make markets more volatile in the coming days. The tariff-induced economic uncertainty does not bode well for railroad stocks like NSC. As things stand now, consumer spending and business investments remain low, and production levels have decreased in response to reduced demand, affecting demand for goods transportation and resulting in a freight recession (The Cass Freight Shipments Index, which declined 5.4% year over year in September, deteriorated in each of the last seven months, and led to sub-par freight rates). We currently believe that these factors indicate persistent weakness in freight demand through the remainder of this year. NSC expects each of its segments to be affected. The coal business is also subject to secular pressures from greener alternatives, which is leading to the planned retirement of coal units.
- ▼ We are concerned about Norfolk Southern's **high debt levels**, a direct result of its continued fixed asset buildup, although its size, scale and relationships do offer a cushion. At the end of 2024, NSC had long-term debt of \$16.6 billion, compared with \$12.1 billion at 2020-end. NSC's debt-to-capitalization ratio at the end of the third quarter of 2025 was 53%, higher than the industry's 49%. As may be expected, the higher interest expenses are hurting profitability, particularly given the weak economic backdrop. The company's times interest earned ratio of 5.8, although apparently comfortable, compares unfavorably with the industry's ratio of 7.1.
- ▼ Stock prices of companies like NSC are **notoriously volatile**. This is mainly because the health of the company is tied to the economy, which is undergoing a turbulent phase. As such, shares of NSC may not be suitable for investors who are not comfortable with often substantial day-to-day volatility.

Weakness pertaining to freight revenues and volumes do not bode well for NSC. The company's high debt load and share price volatility are also causes for worry.

Risks⁽²⁾ (to the Underperform recommendation)

- **E-commerce growth** is a tailwind for Norfolk Southern. E-commerce, which has gained in importance, leads to greater demand for intermodal services – the long-haul movement of shipping containers from ship to rail and truck. It is hardly surprising that the pace of growth of e-commerce demand has slowed from the levels witnessed at the peak of the pandemic, with the reopening of economies. However, it remains impressive, driven by the convenience associated with online shopping. E-commerce demand strength should continue to support the growth of railroads like Norfolk Southern. NSC's AccessNS, an e-commerce tool, gives customers an efficient and convenient one-stop digital platform to conduct business with the railroad operator.
 - Norfolk Southern utilizes the **Precision Scheduled Railroading (PSR)** operating plan to reduce costs and enhance services for optimal asset utilization. To ensure the effectiveness of its PSR plan, NSC recruited John Orr in March as COO. Orr has extensive PSR expertise. By utilizing this strategy, NSC has made improvements concerning network performance, safety, and service. As evidence, there was a 38% reduction in the mainline accident rate in 2023 (with the fewest mainline accidents since 1999). Improvements concerning other key operational metrics like train speed, terminal dwell, Intermodal on-time service, and merchandise velocity have also been witnessed. Driven by reduced costs and improved efficiency, NSC aims to achieve a sub-60% operating ratio in three to four years.
 - We are impressed and encouraged by Norfolk Southern's efforts to **reward its shareholders through dividends and buybacks**. In 2023, the company returned \$1.847 billion to shareholders through a combination of dividends (\$1.225 billion) and share buybacks (\$622 million). In 2024, NSC paid dividends worth \$1.22 billion. With the quarterly dividend of \$1.35 per share (annualized \$5.40 per share), NSC's dividend yield is currently pegged at more than 1.9%. Dividend-paying stocks like NSC are generally safe bets for creating wealth, as these payouts act as a hedge against economic uncertainty, which characterizes current times. Norfolk Southern's strong free cash flow-generating ability supports its shareholder-friendly activities.
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Last Earnings Report

Earnings Beat at Norfolk Southern in Q3

NSC's third-quarter 2025 earnings (excluding 14 cents from non-recurring items) of \$3.30 per share beat the Zacks Consensus Estimate of \$3.18 and increased 1.5% year over year.

Railway operating revenues were \$3.10 billion in the quarter under review, beating the Zacks Consensus Estimate of \$3.08 billion. The top line increased 2% year over year, on flat volumes. Total revenue per unit surged 2% year over year.

Income from railway operations fell 31% year over year to \$1.09 billion. Railway operating expenses inched up 38% on a year-over-year basis to \$2.00 billion, primarily due to a double-digit increase in expenses on minerals and other items.

Q3 Segmental Performance

Merchandise revenues increased 6% year over year to \$1.96 billion. Revenue per unit surged 0.3% year over year.

Intermodal revenues fell 1% year over year at \$759 million. While segmental volumes decreased 2%, revenue per unit inched up 1% year over year.

Coal revenues were \$375 million, down 12% year over year. Coal volumes decreased 5% year over year. Revenue per unit declined 8% in the reported quarter.

Liquidity

Norfolk Southern exited the third quarter with cash and cash equivalents of \$1.41 billion compared with \$1.30 billion at the end of the prior quarter. NSC had a long-term debt of \$16.5 billion at the third-quarter end, flat sequentially.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Oct 23, 2025
Sales Surprise	0.44%
EPS Surprise	3.77%
Quarterly EPS	3.30
Annual EPS (TTM)	12.32

Recent News

Dividend Update — Oct 22, 2025

Norfolk Southern announced a quarterly dividend of \$1.35 per share on its common stock. The dividend is payable Nov. 20, 2025, to shareholders of record on Nov. 7, 2025.

Valuation

NSC's shares are up 20.1% year to date. Shares of the company are up 6.6% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 0.3% while those in the Zacks Transportation sector are down 3.7% year to date. Over the past year, the Zacks sub-industry and the Zacks Transportation sector have been down 6.2% and 11.1%, respectively. The S&P 500 index is up 14.2% year to date and 13.5% in a year.

The stock is currently trading at 21.08X forward 12-month price-to-earnings, which compares to 17.86X for the Zacks sub-industry, 12.64X for the Zacks sector, and 22.89X for the S&P 500 Index.

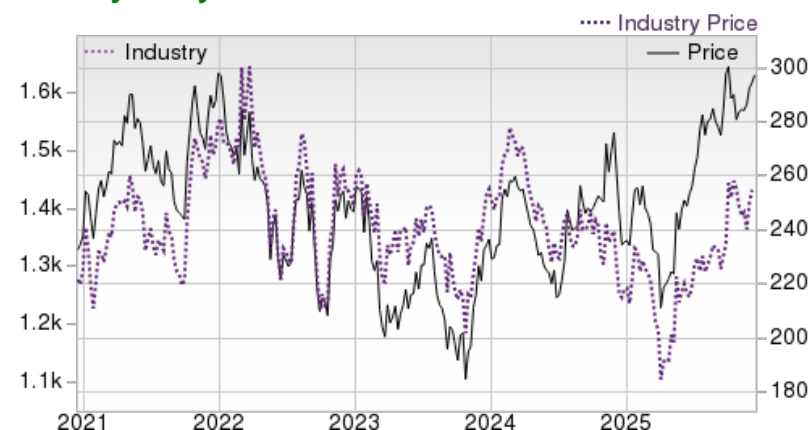
Over the past five years, the stock has traded as high as 24.7X and as low as 14.03X, with a 5-year median of 18.71X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$240 price target reflects 17.95X forward 12-month earnings. The table below shows summary valuation data for NSC

Valuation Multiples - NSC					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	21.08	17.86	12.64	22.89
	5-Year High	24.7	22.94	27.86	23.81
	5-Year Low	14.03	16.13	11.8	15.73
	5-Year Median	18.71	19.42	14.17	21.2
EV/EBITDA TTM	Current	13.72	17.72	10.24	18.01
	5-Year High	19.13	26.28	24.99	22.58
	5-Year Low	10.08	16.14	8.54	13.97
	5-Year Median	13.47	19.99	11.29	18.08
P/S F12M	Current	5.01	6.99	1.49	5.19
	5-Year High	7.07	10.89	2.72	5.52
	5-Year Low	3.32	6.73	1.4	3.84
	5-Year Median	4.56	8.09	1.73	5.06

As of 11/19/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 29% (172 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Alstom ADR (ALSMY)	Neutral	2
Central Japan Railwa...(CJPRY)	Neutral	3
Canadian National Ra...(CNI)	Neutral	3
Canadian Pacific Kan...(CP)	Neutral	3
CSX Corporation (CSX)	Neutral	3
West Japan Railway (WJRY)	Underperform	5
Bolloré S.A. (BOIVF)	NA	
USD Partners LP (USDP)	NA	

Industry Comparison ⁽¹⁾ Industry: Transportation - Rail				Industry Peers		
	NSC	X Industry	S&P 500	CJPRY	CNI	WJRY
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	3	3	5
VGM Score	F	-	-	A	C	B
Market Cap	66.64 B	27.77 B	39.38 B	27.77 B	60.24 B	8.88 B
# of Analysts	6	7	22	1	7	1
Dividend Yield	1.82%	0.69%	1.41%	0.49%	2.59%	2.00%
Value Score	D	-	-	B	C	B
Cash/Price	0.02	0.02	0.04	0.10	0.00	0.09
EV/EBITDA	14.88	12.01	14.60	9.22	11.79	7.37
PEG Ratio	4.40	2.66	2.23	NA	2.21	NA
Price/Book (P/B)	4.40	1.57	3.35	0.83	3.90	1.01
Price/Cash Flow (P/CF)	16.64	13.36	15.20	6.30	13.18	4.90
P/E (F1)	24.55	19.30	19.78	8.55	18.16	11.82
Price/Sales (P/S)	5.45	4.92	3.06	2.13	4.90	0.75
Earnings Yield	4.12%	4.90%	4.99%	11.69%	5.51%	8.46%
Debt/Equity	1.09	0.99	0.57	0.95	0.92	1.03
Cash Flow (\$/share)	17.85	3.08	8.99	2.24	7.43	3.98
Growth Score	C	-	-	C	D	B
Hist. EPS Growth (3-5 yrs)	2.41%	5.32%	8.16%	NA	5.15%	46.32%
Proj. EPS Growth (F1/F0)	1.86%	11.70%	8.57%	7.14%	4.05%	3.13%
Curr. Cash Flow Growth	1.70%	-2.35%	6.75%	NA	-4.73%	-4.63%
Hist. Cash Flow Growth (3-5 yrs)	0.74%	1.90%	7.43%	-4.83%	1.42%	-5.29%
Current Ratio	0.86	0.86	1.19	2.40	0.60	1.00
Debt/Capital	52.11%	49.75%	38.01%	48.64%	47.90%	50.86%
Net Margin	24.22%	26.86%	12.78%	27.03%	26.86%	7.47%
Return on Equity	18.93%	18.93%	17.00%	11.13%	21.50%	10.10%
Sales/Assets	0.28	0.30	0.53	0.19	0.30	0.47
Proj. Sales Growth (F1/F0)	1.20%	0.00%	5.77%	5.20%	-0.90%	5.40%
Momentum Score	F	-	-	B	A	D
Daily Price Chg	0.99%	0.00%	-1.07%	-0.49%	-0.07%	0.67%
1 Week Price Chg	0.95%	0.95%	-0.63%	3.29%	-0.28%	-0.10%
4 Week Price Chg	4.58%	3.32%	1.39%	5.93%	1.81%	-1.88%
12 Week Price Chg	4.68%	0.50%	2.45%	0.50%	4.90%	-14.30%
52 Week Price Chg	20.62%	2.12%	12.83%	47.81%	-5.72%	5.12%
20 Day Average Volume	1,482,449	733,413	2,728,366	59,347	1,562,276	38,509
(F1) EPS Est 1 week change	0.02%	0.00%	0.00%	0.00%	0.24%	0.00%
(F1) EPS Est 4 week change	-1.03%	-0.28%	0.00%	1.85%	0.04%	-3.51%
(F1) EPS Est 12 week change	-2.71%	-2.22%	0.69%	1.23%	-2.92%	-3.51%
(Q1) EPS Est Mthly Chg	-3.15%	-1.21%	0.00%	NA	-1.21%	NA

Analyst Earnings Model⁽²⁾

Norfolk Southern Corporation (NSC)

In \$MM, except per share data

	2022A FY Dec-22	2023A FY Dec-23	2024A FY Dec-24	1QA 31-Mar-25	2QA 30-Jun-25	2025E 3QA 30-Sept-25	4QE 31-Dec-25	FY Dec-25	1QE 31-Mar-26	2QE 30-Jun-26	2026E 3QE 30-Sept-26	4QE 31-Dec-26	FY Dec-26	2027E FY Dec-27
Income Statement														
Total Revenues	\$12,745.0	\$12,156.0	\$12,123.0	\$2,993.0	\$3,110.0	\$3,103.0	\$3,059.3	\$12,265.3	\$3,068.4	\$3,194.5	\$3,209.1	\$3,131.5	\$12,603.5	\$13,081.3
YoY % Chng	14.4%	(4.6%)	(0.3%)	(0.4%)	2.2%	1.7%	1.2%	1.2%	2.5%	2.7%	3.4%	2.4%	2.8%	3.8%
Compensation and Benefits	\$2,621.0	\$2,819.0	\$2,823.0	\$739.0	\$692.0	\$738.0	\$753.3	\$2,922.3	\$763.3	\$707.2	\$747.1	\$728.4	\$2,946.1	\$3,128.3
YoY % Chng	7.3%	7.6%	0.1%	0.4%	(1.1%)	7.0%	8.1%	3.5%	3.3%	2.2%	1.2%	(3.3%)	0.8%	6.2%
Purchased Services and Rent	\$1,922.0	\$2,070.0	\$2,048.0	\$498.0	\$520.0	\$519.0	\$514.4	\$2,051.4	\$515.6	\$519.6	\$518.3	\$486.3	\$2,039.9	\$2,090.2
YoY % Chng	11.4%	7.7%	(1.1%)	(5.7%)	0.8%	4.4%	1.5%	0.2%	3.5%	(0.1%)	(0.1%)	(5.5%)	(0.6%)	2.5%
Fuel	\$1,459.0	\$1,170.0	\$987.0	\$244.0	\$219.0	\$237.0	\$254.4	\$954.4	\$249.3	\$243.9	\$241.1	\$260.6	\$995.0	\$1,014.1
YoY % Chng	82.6%	(19.8%)	(15.6%)	(14.1%)	(14.8%)	9.7%	10.6%	(3.3%)	2.2%	11.4%	1.7%	2.4%	4.2%	1.9%
Depreciation	\$1,221.0	\$1,298.0	\$1,353.0	\$346.0	\$346.0	\$348.0	\$339.7	\$1,379.7	\$320.7	\$347.4	\$337.3	\$333.0	\$1,338.3	\$1,407.9
YoY % Chng	3.4%	6.3%	4.2%	2.7%	3.3%	2.7%	(0.7%)	2.0%	(7.3%)	0.4%	(3.1%)	(2.0%)	(3.0%)	5.2%
Materials, Claims and Other	\$713.0	\$832.0	\$333.0	\$205.0	\$195.0	\$147.0	\$164.1	\$711.1	\$153.6	\$167.5	\$156.8	\$144.8	\$622.8	\$607.4
YoY % Chng	30.3%	16.7%	(60.0%)	(4.7%)	12.7%	178.2%	23.4%	113.5%	(25.1%)	(14.1%)	6.7%	(11.7%)	(12.4%)	(2.5%)
Total Operating Expenses, Adjusted	\$7,936.0	\$8,189.0	\$7,977.0	\$2,032.0	\$1,972.0	\$1,965.0	\$2,025.9	\$7,994.9	\$2,002.5	\$1,985.6	\$2,000.8	\$1,953.2	\$7,942.0	\$8,247.9
YoY % Chng	18.5%	3.2%	(2.6%)	(3.2%)	(0.5%)	1.6%	3.3%	0.2%	(1.5%)	0.7%	1.8%	(3.6%)	(0.7%)	3.9%
Compensation and Benefits (Eastern Ohio Incident)				\$0.0	\$0.0	(\$24.0)	\$0.0	(\$24.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Sales of Railway Lines			\$433.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Eastern Ohio Incident		\$1,116.0	\$325.0	(\$185.0)	(\$47.0)	(\$11.0)	(\$11.0)	(\$254.0)	(\$11.0)	(\$11.0)	(\$11.0)	(\$11.0)	(\$44.0)	(\$44.0)
Restructuring and Other Charges			\$183.0	\$0.0	\$10.0	\$12.0	\$12.0	\$12.0	\$12.0	\$12.0	\$12.0	\$12.0	\$48.0	\$48.0
Merger-Related Expenses				\$0.0	\$0.0	\$15.0	\$0.0	\$15.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Operating Expenses, GAAP	\$7,936.0	\$9,305.0	\$8,052.0	\$1,847.0	\$1,935.0	\$2,005.0	\$2,026.9	\$7,813.9	\$2,003.5	\$1,986.6	\$2,001.8	\$1,954.2	\$7,946.0	\$8,251.9
YoY % Chng	18.5%	17.3%	(13.8%)	(33.8%)	1.2%	37.8%	7.1%	(3.0%)	8.5%	2.7%	(0.2%)	(3.6%)	1.7%	3.8%
EBITDA	\$6,030.0	\$4,149.0	\$5,424.0	\$1,492.0	\$1,521.0	\$1,446.0	\$1,372.1	\$5,831.1	\$1,385.5	\$1,555.2	\$1,544.7	\$1,510.3	\$5,995.7	\$6,237.3
YoY % Chng	7.1%	(31.2%)	30.7%	171.3%	3.8%	(25.3%)	(6.8%)	7.5%	(7.1%)	2.3%	6.8%	10.1%	2.8%	4.0%
Operating Income, Adjusted	\$4,809.0	\$3,967.0	\$4,146.0	\$961.0	\$1,138.0	\$1,138.0	\$1,033.5	\$4,270.5	\$1,065.9	\$1,208.9	\$1,208.4	\$1,178.3	\$4,661.4	\$4,833.4
YoY % Chng	8.1%	(17.5%)	4.5%	6.3%	7.1%	1.9%	(2.7%)	3.0%	10.9%	6.2%	6.2%	14.0%	9.2%	3.7%
Operating Income, GAAP	\$4,809.0	\$2,851.0	\$4,071.0	\$1,146.0	\$1,175.0	\$1,098.0	\$1,032.5	\$4,451.5	\$1,064.9	\$1,207.9	\$1,207.4	\$1,177.3	\$4,657.4	\$4,829.4
YoY % Chng	8.1%	(40.7%)	42.8%	438.0%	3.9%	(31.2%)	(8.7%)	9.3%	(7.1%)	2.8%	10.0%	14.0%	4.6%	3.7%
Other Income (Expense) - Net, Adjusted	\$13.0	\$191.0	\$104.0	\$31.0	\$24.0	\$23.0	\$23.0	\$101.0	\$23.0	\$23.0	\$23.0	\$23.0	\$92.0	\$92.0
Other Income (Expense) - Net, GAAP	\$13.0	\$191.0	\$65.0	\$31.0	\$24.0	\$23.0	\$18.5	\$96.5	\$24.2	\$23.2	\$22.9	\$22.2	\$92.5	\$94.7
Interest Expense On Debt	\$692.0	\$722.0	\$807.0	\$199.0	\$201.0	\$197.0	\$240.5	\$837.5	\$240.3	\$227.6	\$201.9	\$212.2	\$882.0	\$750.9
YoY % Chng	7.1%	4.3%	11.8%	(1.0%)	(1.5%)	(3.0%)	20.8%	3.8%	20.7%	13.2%	2.5%	(11.8%)	5.3%	(14.9%)
Pre-Tax Income, Adjusted	\$4,130.0	\$3,436.0	\$3,443.0	\$793.0	\$961.0	\$964.0	\$816.0	\$3,534.0	\$848.6	\$1,004.3	\$1,029.5	\$989.1	\$3,871.4	\$4,174.5
YoY % Chng	6.5%	(16.8%)	0.2%	6.9%	8.6%	1.6%	(5.9%)	2.6%	7.0%	4.5%	6.8%	21.2%	9.5%	7.8%
Pre-Tax Income, GAAP	\$4,130.0	\$2,320.0	\$3,329.0	\$978.0	\$998.0	\$924.0	\$810.5	\$3,710.5	\$848.8	\$1,003.5	\$1,028.4	\$987.3	\$3,867.9	\$4,173.2
YoY % Chng	6.5%	(43.8%)	43.5%	3160.0%	5.7%	(35.2%)	(12.7%)	11.5%	(13.2%)	0.5%	11.3%	21.8%	4.2%	7.9%
Income Tax, Adjusted	\$860.0	\$763.0	\$759.0	\$184.0	\$220.0	\$223.0	\$188.8	\$815.8	\$196.3	\$232.3	\$238.1	\$228.8	\$895.6	\$965.7
YoY % Chng	(1.5%)	(11.3%)	(0.5%)	4.0%	15.2%	5.2%	7.5%	7.5%	6.7%	5.6%	6.8%	21.2%	9.8%	7.8%
Income Tax, GAAP	\$860.0	\$493.0	\$707.0	\$228.0	\$230.0	\$213.0	\$187.2	\$858.2	\$196.1	\$231.8	\$237.6	\$228.1	\$893.5	\$964.0
YoY % Chng	(1.5%)	(42.7%)	43.4%	1,091.3%	11.1%	(35.1%)	(4.0%)	21.4%	(14.0%)	0.8%	11.5%	21.8%	4.1%	7.9%
Tax Rate, Adjusted	20.8%	22.2%	22.0%	23.2%	22.9%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%
Tax Rate, GAAP	20.8%	21.3%	21.2%	23.3%	23.0%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%
Net Income, Adjusted	\$3,270.0	\$2,673.0	\$2,684.0	\$609.0	\$741.0	\$741.0	\$627.2	\$2,718.2	\$652.3	\$771.9	\$791.3	\$760.3	\$2,975.9	\$3,208.8
YoY % Chng	8.8%	(18.3%)	0.4%	7.8%	6.8%	0.5%	(8.8%)	1.3%	7.1%	4.2%	6.8%	21.2%	9.5%	7.8%
Net Income, GAAP	\$3,270.0	\$1,827.0	\$2,622.0	\$750.0	\$768.0	\$711.0	\$623.3	\$2,852.3	\$652.7	\$771.7	\$790.9	\$759.2	\$2,974.4	\$3,209.2
YoY % Chng	8.8%	(44.1%)	43.5%	1,315.1%	4.2%	(35.3%)	(15.0%)	8.8%	(13.0%)	0.5%	11.2%	21.8%	4.3%	7.9%
Diluted Shares Outstanding	235.6	227.4	226.4	226.5	225.2	224.7	225.3	225.3	225.3	225.3	225.3	225.3	225.3	225.3
YoY % Chng	(5.0%)	(3.5%)	(0.4%)	0.1%	(0.5%)	(0.8%)	(0.9%)	(0.5%)	(0.5%)	0.0%	0.3%	0.3%	0.0%	0.0%
Diluted EPS Adjusted	\$13.88	\$11.74	\$11.85	\$2.69	\$3.29	\$3.30	\$2.79	\$12.07	\$2.90	\$3.43	\$3.51	\$3.37	\$13.21	\$14.24
YoY % Chng	14.6%	(15.4%)	0.9%	8.0%	7.5%	1.5%	(8.2%)	1.9%	7.6%	4.2%	6.4%	20.9%	9.4%	7.8%
Diluted EPS, GAAP	\$13.88	\$8.02	\$11.57	\$3.31	\$3.41	\$3.16	\$2.77	\$12.65	\$2.90	\$3.43	\$3.51	\$3.37	\$13.20	\$14.25
YoY % Chng	14.6%	(42.2%)	44.3%	1,339.1%	4.9%	(34.8%)	(14.1%)	9.4%	(12.5%)	0.5%	11.1%	21.5%	4.3%	7.9%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

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The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	C
Momentum Score	F
VGM Score	F

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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