

April 29, 2020

EARNINGS CONFERENCE CALL

2020 First Quarter



FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the safe harbor provision of the Private Securities Litigation Reform Act of 1995, as amended. These statements relate to future events or future performance of Norfolk Southern Corporation's (NYSE: NSC) ("Norfolk Southern," "NS" or the "Company"), including but not limited to statements regarding future financial performance and anticipated results, benefits, and targets related to the strategic plan. In some cases, these forward-looking statements may be identified by the use of words like "will," "believe," "expect," "targets," "anticipate," "estimate," "plan," "consider," "project," and similar references to the future. The Company has based these forward-looking statements on management's current expectations, assumptions, estimates, beliefs, and projections. While the Company believes these expectations, assumptions, estimates, and projections are reasonable, forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which involve factors or circumstances that are beyond the Company's control, including but not limited to: general North American and global economic conditions; changes in energy prices and fuel markets; uncertainty surrounding timing and volumes of commodities being shipped; changes in laws and regulations; uncertainties of claims and lawsuits; labor disputes; transportation of dangerous goods; effects of changes in capital market conditions; severe weather; and the impact of the COVID-19 pandemic on us, our customers, our supply chain and our operations. These and other important factors, including those discussed under "Risk Factors" in the Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission (the "SEC"), as well as the Company's subsequent filings with the SEC, may cause actual results, benefits, performance, or achievements to differ materially from those expressed or implied by these forward-looking statements. Please refer to these SEC filings for a full discussion of those risks and uncertainties we view as most important.

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2020 HIGHLIGHTS

First Quarter

James A. Squires

Chairman, President and
Chief Executive Officer



Norfolk Southern thanks our employees for protecting each other and supporting our customers. Your hard work and commitment are a testament to the character necessary to keep the steel wheels rolling.

FIRST QUARTER 2020 RESULTS

Strategic transformation driving structural operating ratio improvement

	1Q20	Adjusted 1Q20	vs 1Q19
Revenues	\$2,625M	\$2,625M	(8%)
Income from operations ⁽¹⁾	\$568M	\$953M	(1%)
Operating ratio ⁽¹⁾	78.4%	63.7%	(230)bps
Net income ⁽¹⁾	\$381M	\$669M	(1%)
Earnings per share ⁽¹⁾	\$1.47	\$2.58	3%



MARKETING OVERVIEW

First Quarter

Alan H. Shaw

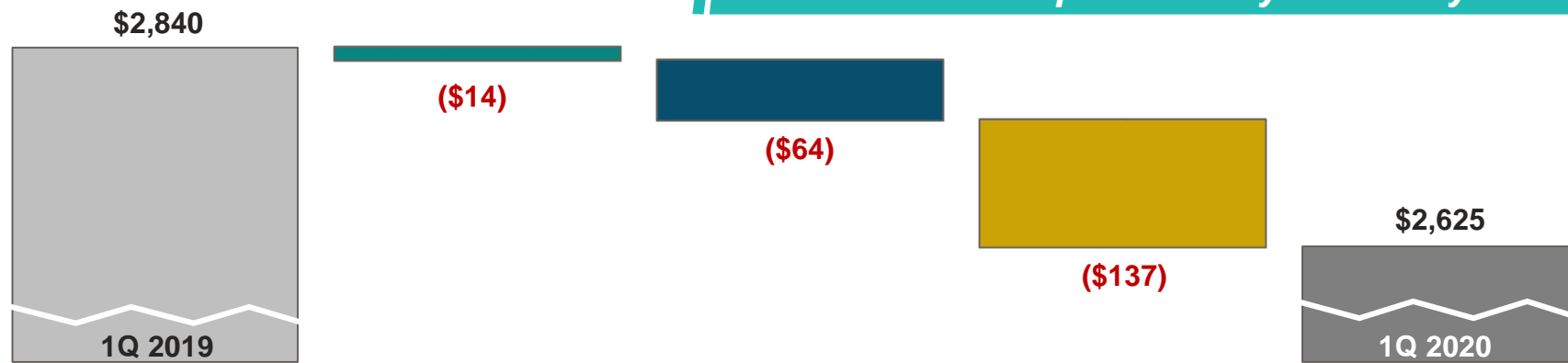
Executive Vice President and
Chief Marketing Officer

RAILWAY OPERATING REVENUE CHANGE

Q1 2020 vs. 2019

Revenue change \$ millions

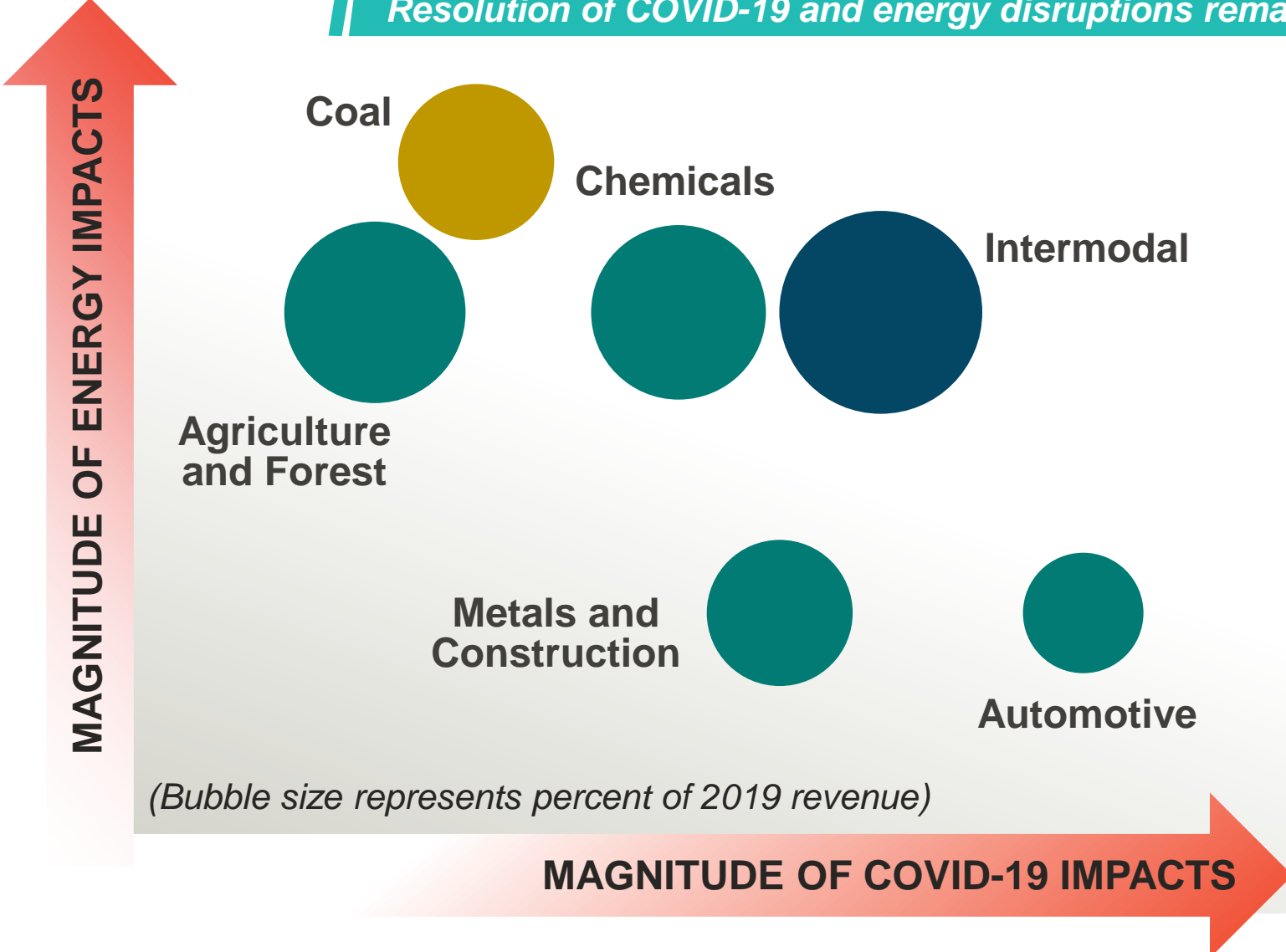
13 consecutive quarters of year-over-year RPU growth



	Merchandise	Intermodal	Coal	Total
Revenue	\$1,672M (1%)	\$655M (9%)	\$298M (31%)	\$2,625M (8%)
Volume	569,100 (5%)	955,100 (11%)	163,500 (31%)	1,687,700 (11%)
RPU	\$2,939 4%	\$685 2%	\$1,826 (1%)	\$1,556 4%
	RECORD RPU			
RPU (less fuel) ⁽¹⁾	\$2,875 5%	\$589 2%	\$1,811 1%	\$1,478 5%
	RECORD RPU LF	RECORD RPU LF		RECORD RPU LF

COVID-19 AND ENERGY IMPACT

Resolution of COVID-19 and energy disruptions remains open-ended





OPERATIONS OVERVIEW

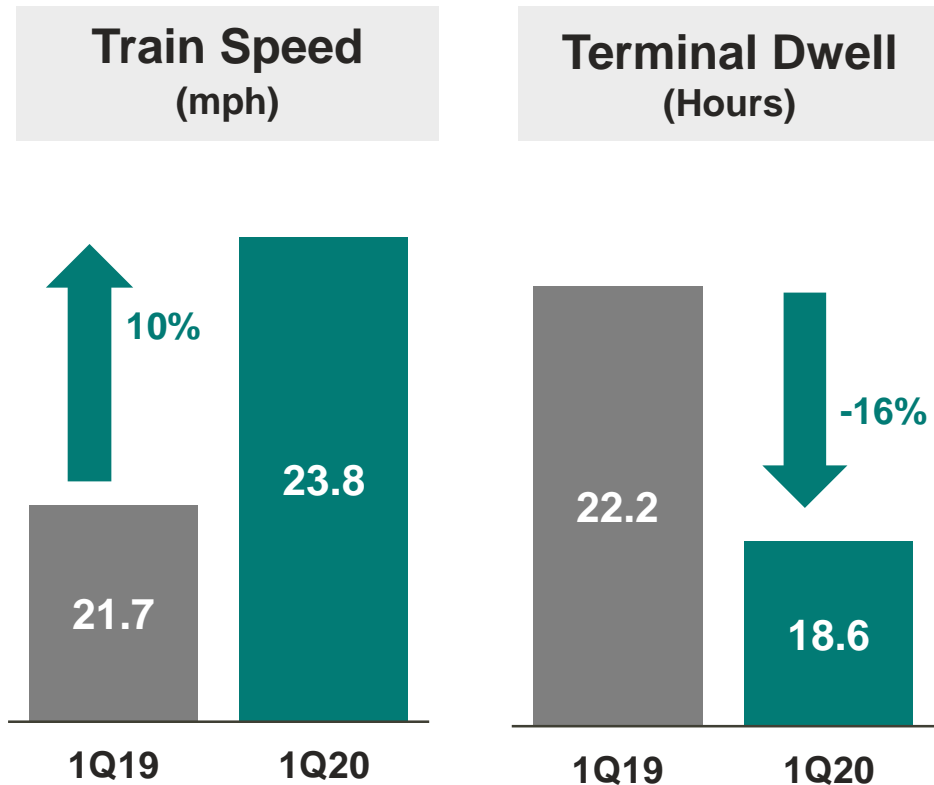
First Quarter

Michael J. Wheeler

Executive Vice President and
Chief Operating Officer

NETWORK PERFORMANCE

Extracting additional operating leverage from the system



Strong start to 2020



Metrics trending better than 2019 despite tougher comps

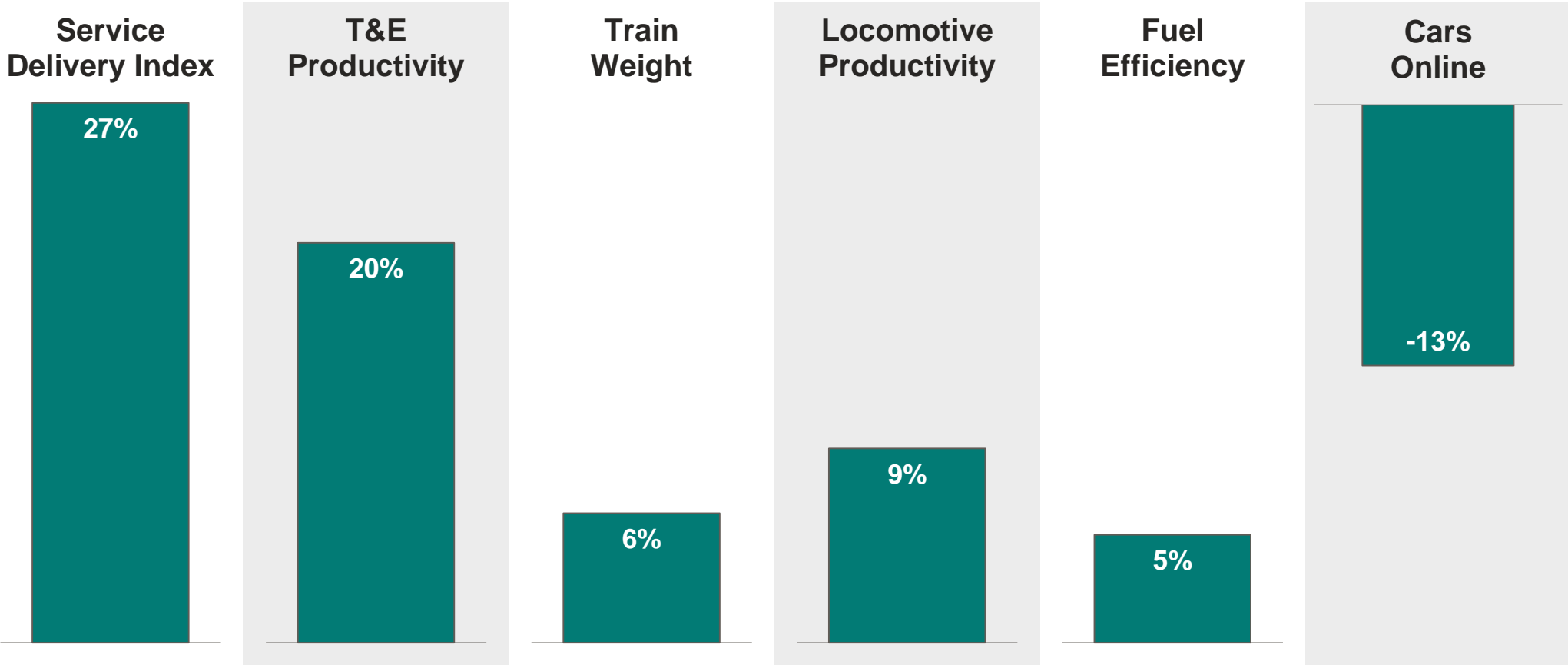
Record quarterly performance

- Terminal dwell
- Train performance
- Shipment consistency
- Intermodal availability

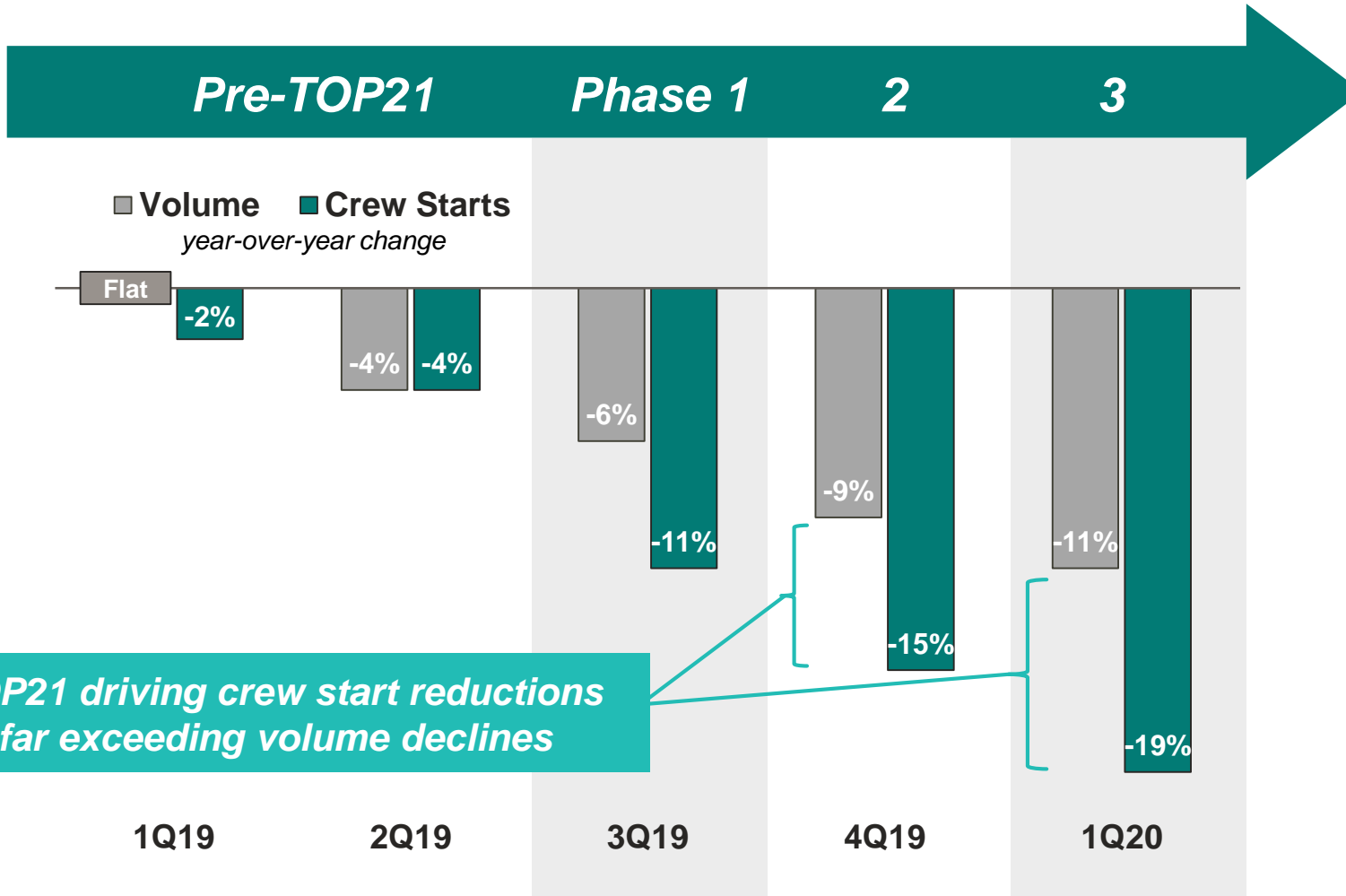
SERVICE AND PRODUCTIVITY METRICS

Q1 2020 vs. Q1 2019

Improvement in all productivity metrics



TOP21 OPERATING PLAN UPDATE



TOP21 Progress

- Reduced asset requirements
- Improved velocity
- Multiple initiatives to reduce fuel consumption
- Reduced local and yard assignments

TOP21 Evolution

- Complete Phase 3 in Q2
- Constant network plan optimization

COVID-19 RESPONSE

Preparation and actionable triggers kept operating metrics high

Workforce Safety

- Dispersed Network Operations Center staff locally
- Distance and hygiene protocols for field operations

Operational Resilience

- Quick to store cars to preserve fluidity
- Reserve boards and “Go Teams” for T&E flexibility
- Proactive monitoring of gateways and subsidiaries

Customer Support

- Maintain high service levels
- Proactive customer communication
- Identify and prioritize critical shipments

APRIL: PRESSING THE TOP21 ACCELERATOR

Short term

- Pulldown of auto network
- Train consolidations

Structural

- Yard consolidations / closures
- Increased network blending
- Concentrating flows



FINANCE OVERVIEW

First Quarter

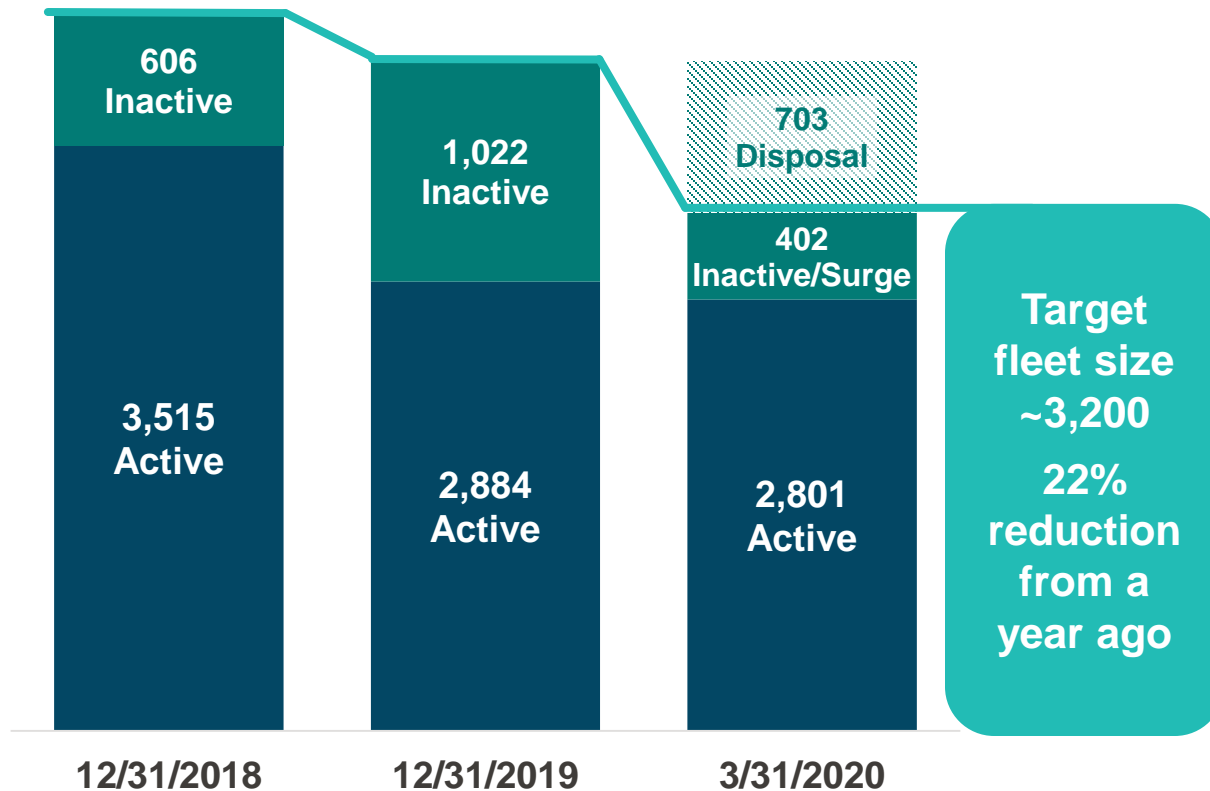
Mark R. George

Executive Vice President and
Chief Financial Officer

LOCOMOTIVE RATIONALIZATION

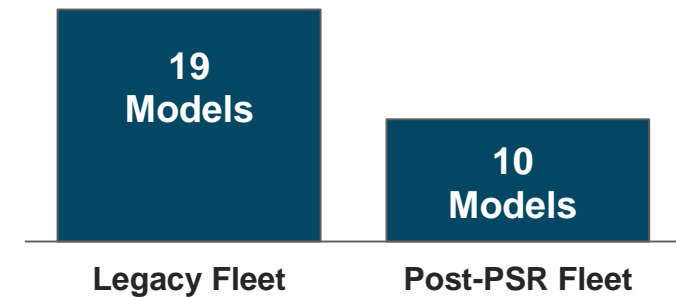
\$385 million non-cash charge due to ongoing disposal of 703 locomotives

Owned Locomotives



Model Rationalization

- Less inventory & mechanical resources
- Simplified power optimization



Other Benefits

- Less yard congestion
- Lower average age + higher AC mix =
 - Improved reliability
 - Improved fuel efficiency
 - Capacity dividend

OPERATING RATIO AND EPS

Items Impacting Comparison to 2019

favorable / (unfavorable)

	Operating Ratio	Earnings per share
Q1 2019	66.0%	\$2.51
Income tax refund	-	\$0.09
Core results	230bps	(\$0.02)
Q1 2020 Adjusted ⁽¹⁾	63.7%	\$2.58
Change	230bps	\$0.07

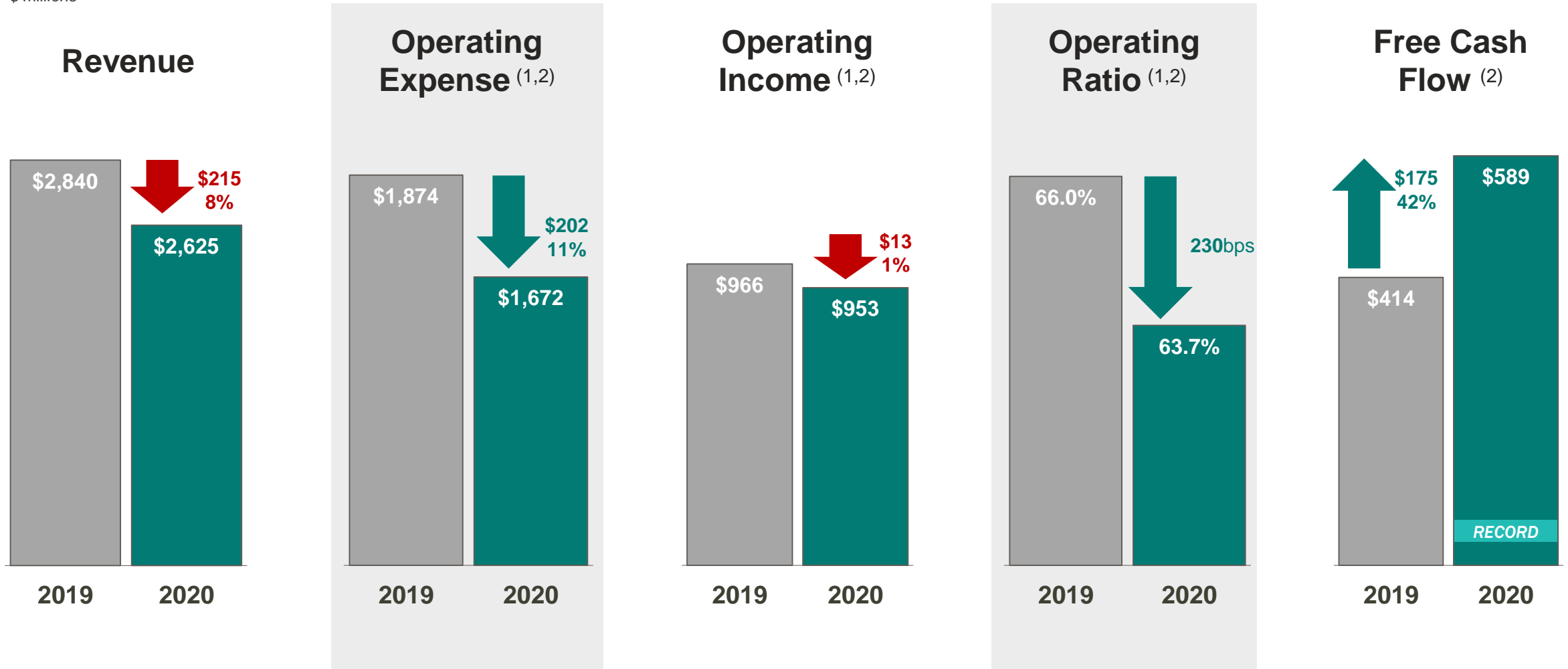
Strong core improvement in OR

FIRST QUARTER HIGHLIGHTS

Adjusted Q1 2020 vs. Q1 2019

favorable / unfavorable

\$ millions



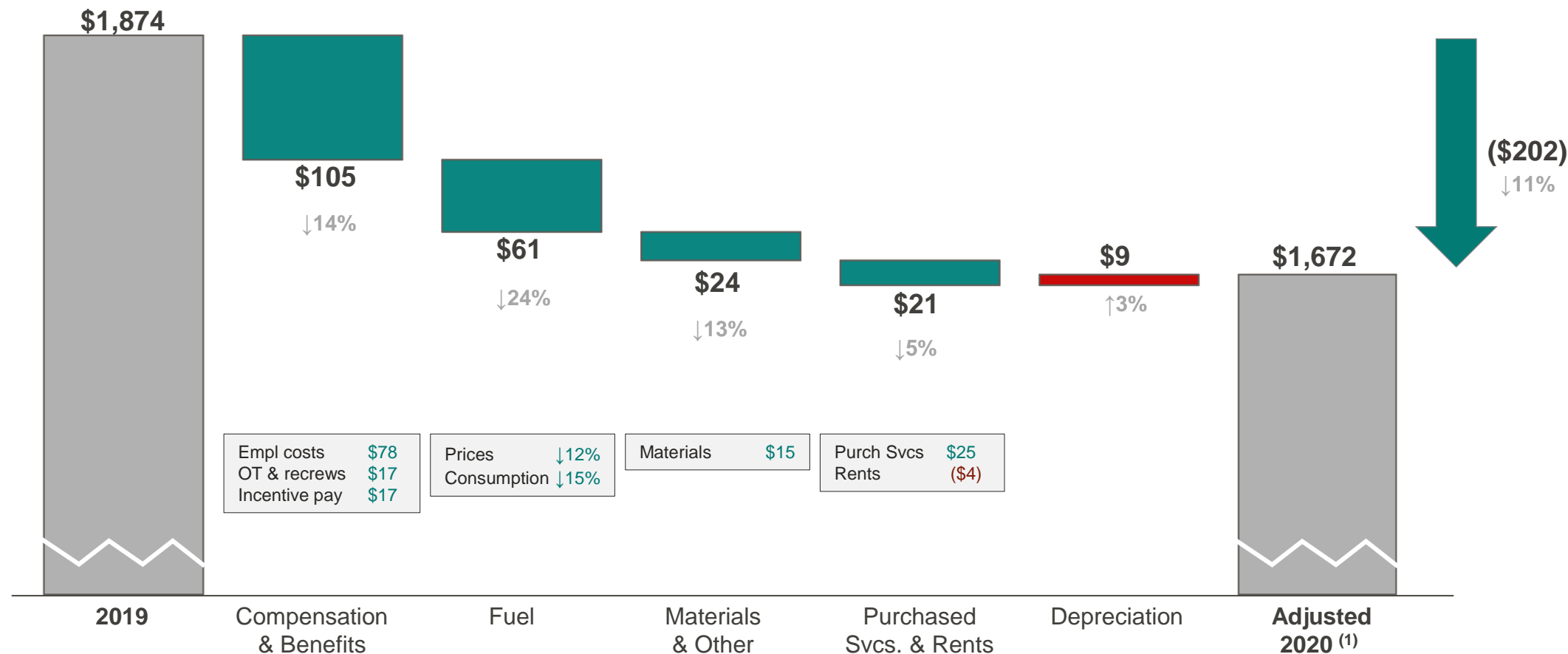
(1) Adjusted 1Q20 excludes \$385M non-cash locomotive disposition charge.

(2) Please see reconciliation to GAAP posted on our website on the **Invest in NS** page under **Events** for this event.

OPERATING EXPENSE COMPONENTS

Adjusted Q1 2020 vs. 2019

\$ millions



Focus remains on cost optimization

FINANCIAL RESULTS

Adjusted Q1 2020 vs. 2019

favorable / (unfavorable)

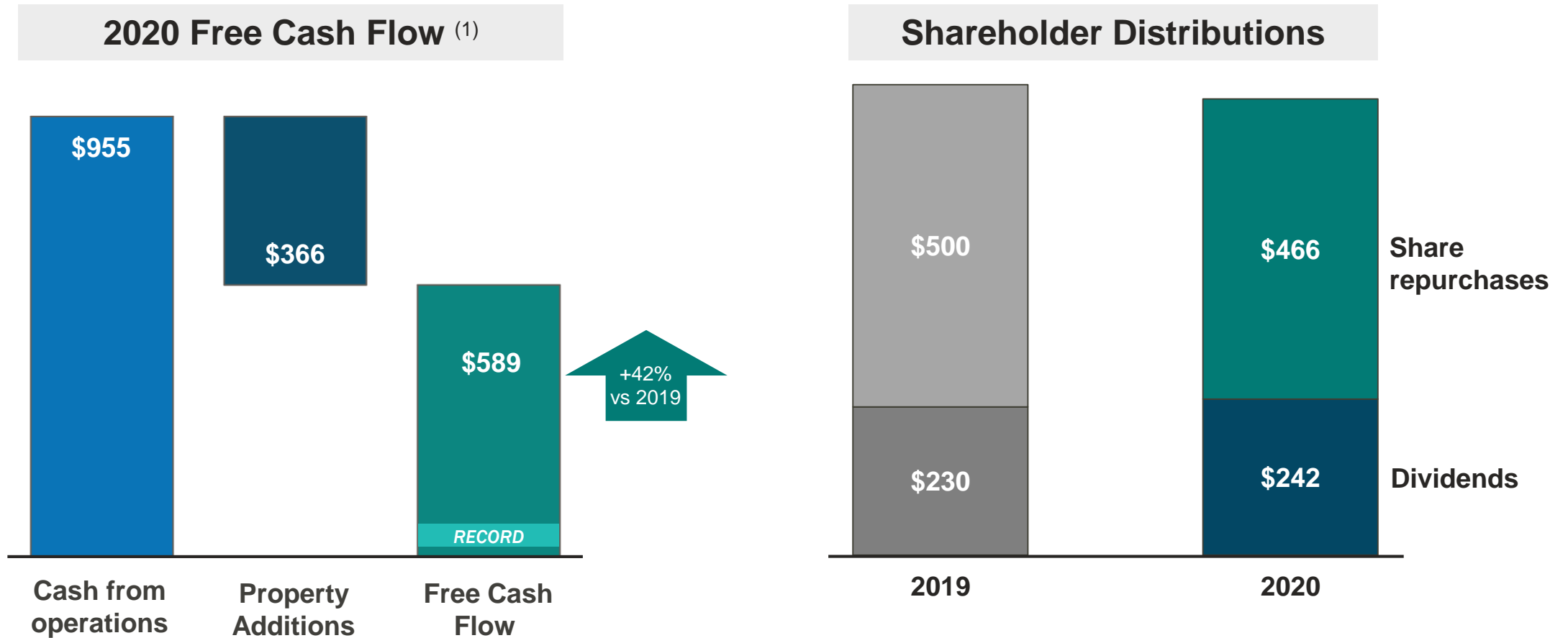
\$ millions except per share

	1Q19	1Q20	Variance	
			\$	%
Income from railway operations ⁽¹⁾	\$966	\$953	(\$13)	(1%)
Other income – net	44	22	(22)	(50%)
Interest expense on debt	149	154	(5)	(3%)
<hr/> Income before income taxes ⁽¹⁾	<hr/> 861	<hr/> 821	<hr/> (40)	<hr/> (5%)
Income taxes ⁽¹⁾	184	152	32	17%
<hr/> Net income ⁽¹⁾	<hr/> \$677	<hr/> \$669	<hr/> (8)	<hr/> (1%)
<hr/>				
Earnings per share – diluted ⁽¹⁾	\$2.51	\$2.58	\$0.07	3%

FREE CASH FLOW & SHAREHOLDER DISTR.

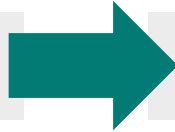
Q1 2020

\$ millions



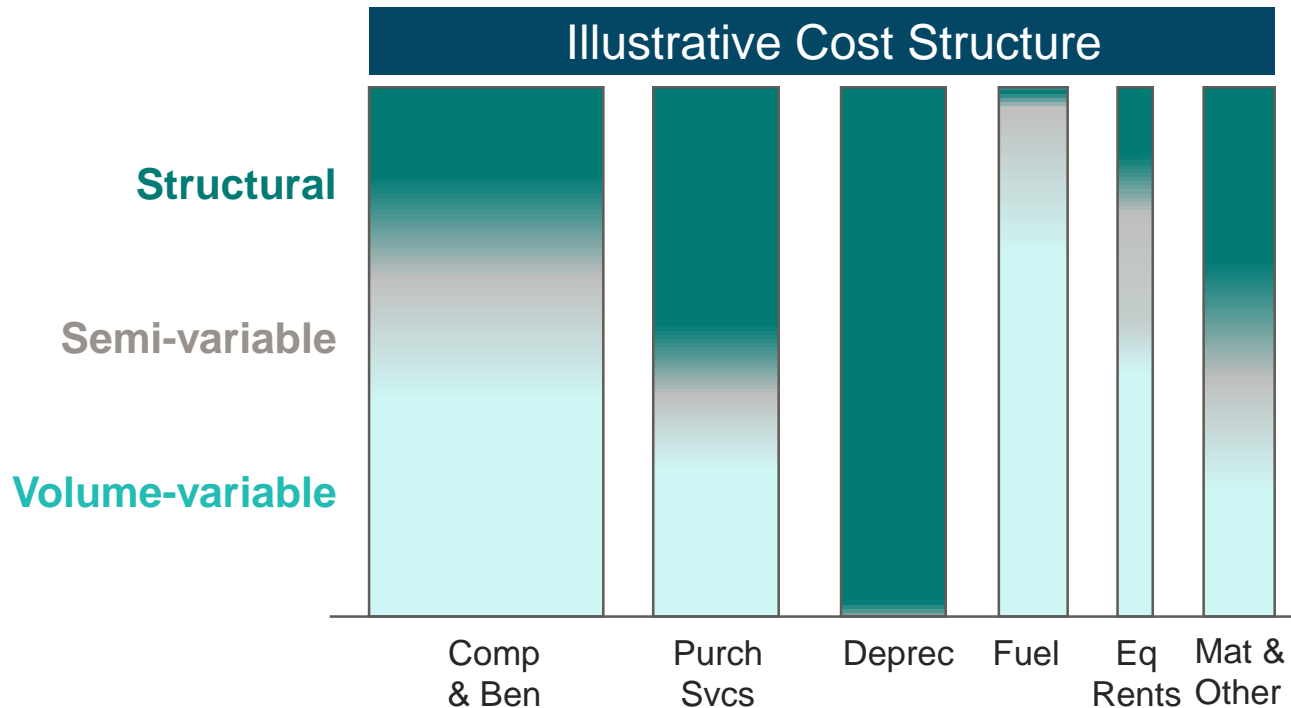
OUTLOOK

2020 guidance for revenue and OR withdrawn



Modeling a range of revenue scenarios

Illustrative Cost Structure



Semi-variable decision factors

- Duration of downturn
- Pace of anticipated recovery

Absolute requirements

- Network safety
- Service product

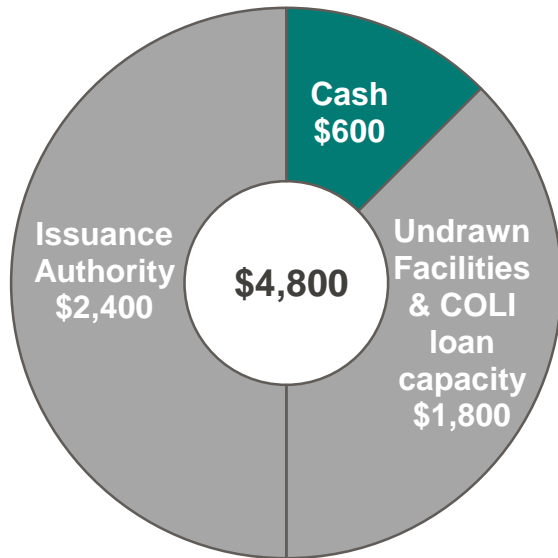
Modeling durable 2020 free cash flow thanks to cost discipline and operational performance

FINANCIALLY RESPONSIBLE

\$ millions

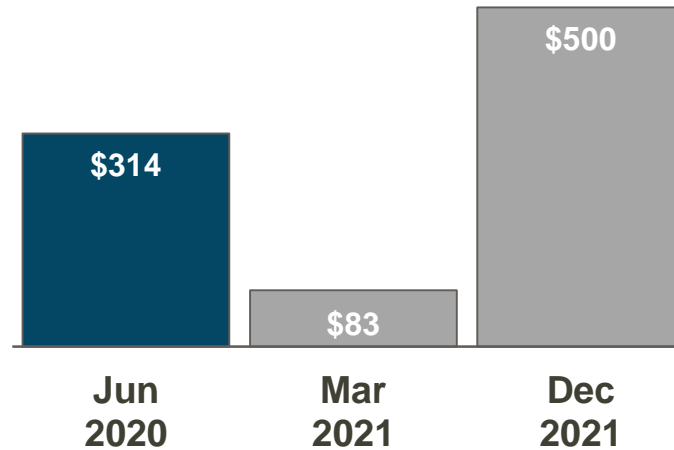
Liquidity Sources

Maintaining Access to Capital



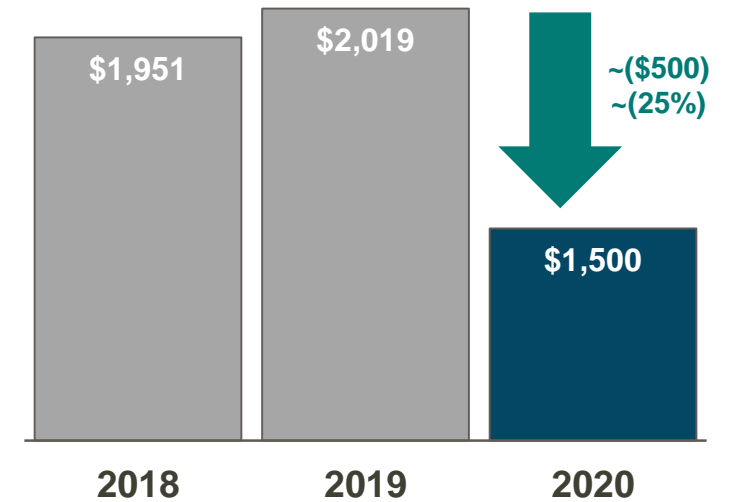
Debt Maturities

Comfortable Debt Ladder



Capital Expenditures

Aggressively Rationalizing Spend





CLOSING REMARKS

- **Strong Q1 results demonstrate PSR success**
- **Proactive COVID-19 response**
- **Capital and operating expense control**
- **Resiliency in navigating market disruptions**



APPENDIX

ITEMS IMPACTING COMPARISON TO 2019

favorable / (unfavorable)

\$ millions except per share

	First Quarter
Non-cash locomotive charge	\$ (385)
Income tax refund	23
Impact:	
Operating ratio	(1470)bps
Earnings per share	(\$1.02)

THANK YOU