



First Quarter Earnings Conference Call

April 21, 2016

Forward-Looking Statements

Certain statements in this presentation are forward-looking statements within the meaning of the safe harbor provision of the Private Securities Litigation Reform Act of 1995, as amended. In some cases, forward-looking statements may be identified by the use of words like “believe,” “expect,” “anticipate,” “estimate,” “plan,” “consider,” “project,” and similar references to the future. Forward-looking statements are made as of the date they were first issued and reflect the good-faith evaluation of Norfolk Southern Corporation’s (NYSE: NSC) (“Norfolk Southern” or the “Company”) management of information currently available. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company’s control. These and other important factors, including those discussed under “Risk Factors” in the Company’s Form 10-K for the year ended December 31, 2015, as well as the Company’s other public filings with the SEC, may cause our actual results, performance or achievement to differ materially from those expressed or implied by these forward-looking statements. Forward-looking statements are not, and should not be relied upon as, a guarantee of future performance or results, nor will they necessarily prove to be accurate indications of the times at or by which any such performance or results will be achieved. As a result, actual outcomes and results may differ materially from those expressed in forward-looking statements. We undertake no obligation to update or revise forward-looking statements, whether as a result of new information, the occurrence of certain events or otherwise, unless otherwise required by applicable securities law.



First Quarter Highlights

April 21, 2016

*Jim Squires
Chairman, President, and
Chief Executive Officer*

First Quarter 2016

Improved service leads to record 1Q operating ratio

- Record First Quarter Operating Ratio
 - 70.1% operating ratio
 - 630-basis point, or 8%, improvement
- Double Digit Earnings Per Share Growth
 - EPS increased 29% to \$1.29
- Service Improvements Provided a Solid Foundation
 - Composite service performance increased 23%
 - Train speed improved 15%
 - Terminal dwell reduced by 14%

Strategic Plan

NS demonstrates ability to deliver shareholder value

- NS is on track to deliver 2016 plan results
 - Productivity savings ~ \$200 million
 - Operating ratio below 70%

- Confident in strategic plan to deliver shareholder value
 - Productivity savings and top line growth
 - Operating ratio below 65%
 - EPS double digit compound annual growth rate
 - Returning capital to shareholders



First Quarter 2016 Marketing Overview

April 21, 2016

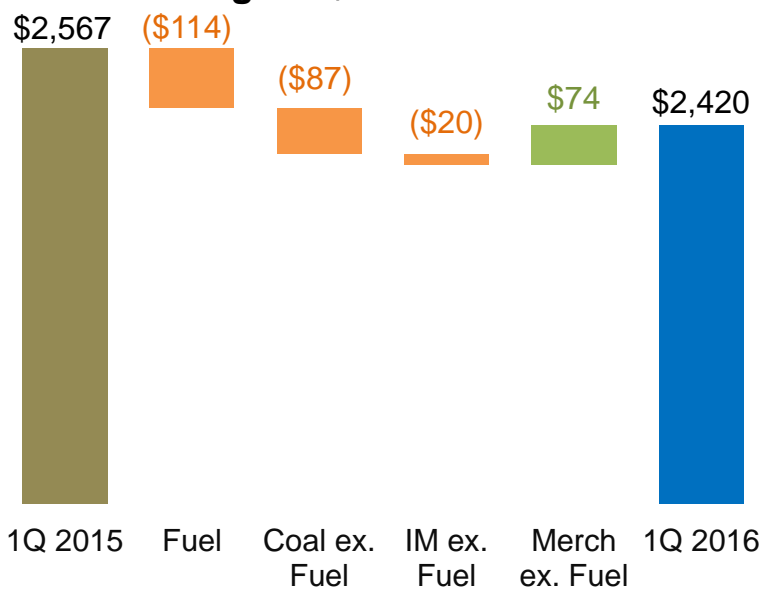
*Alan H. Shaw
Executive Vice President
and Chief Marketing Officer*

Railway Operating Revenue

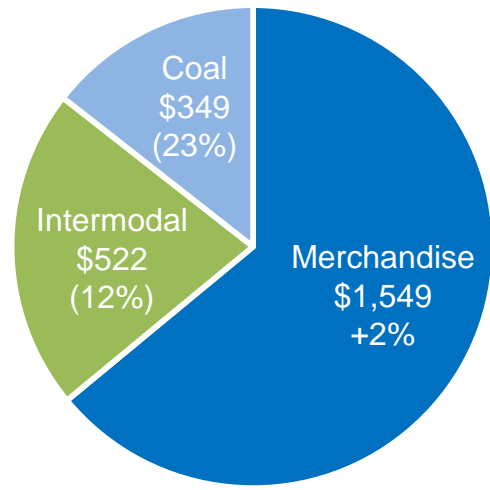
First Quarter 2016 vs. 2015

Revenue	RPU	RPU Less Fuel ⁽¹⁾	Volume
\$2.4 Billion	\$1,378	\$1,350	1,757,100 units
down (6%)	down (3%)	up 1%	down (2%)

Revenue Change in \$ ^(1,2)



Revenue \$ ⁽²⁾ & Y-o-Y Percent Change



1. Please see reconciliation to GAAP posted on our website.
 2. In millions.

Diversifying revenue mix and strengthening price to offset commodity headwinds

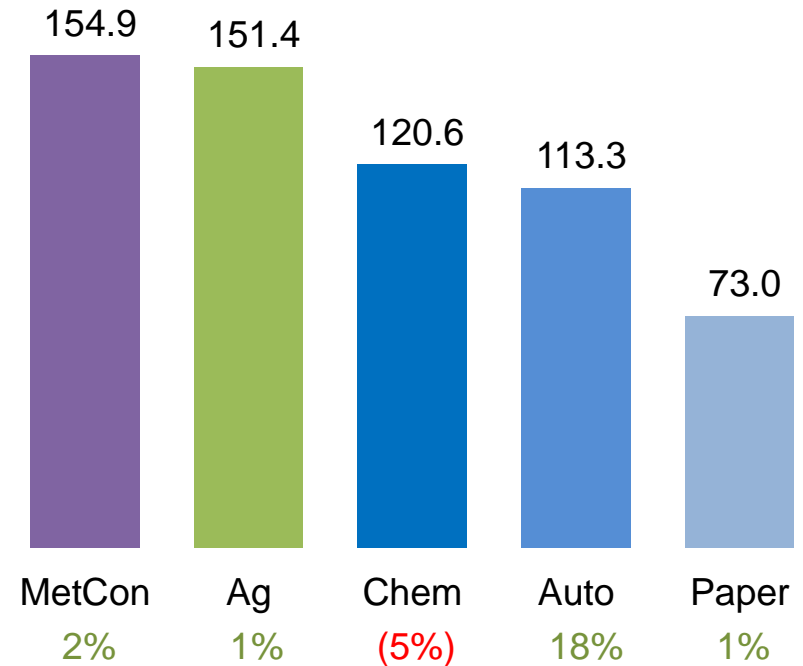
Merchandise Market

First Quarter 2016 vs. 2015

Growth driven by strong automotive sector, offset by reduced crude by rail volumes

Units (000's) & Y-o-Y Percent Change

Revenue	\$1,549 Million	↑	2%
Volume	613,200	↑	3%
RPU	\$2,526	↓	(1%)
Less Fuel			
Revenue	\$1,544 Million ⁽¹⁾	↑	5%
RPU	\$2,518 ⁽¹⁾	↑	2%



1. Please see reconciliation to GAAP posted on our website.

Intermodal Market

First Quarter 2016 vs. 2015

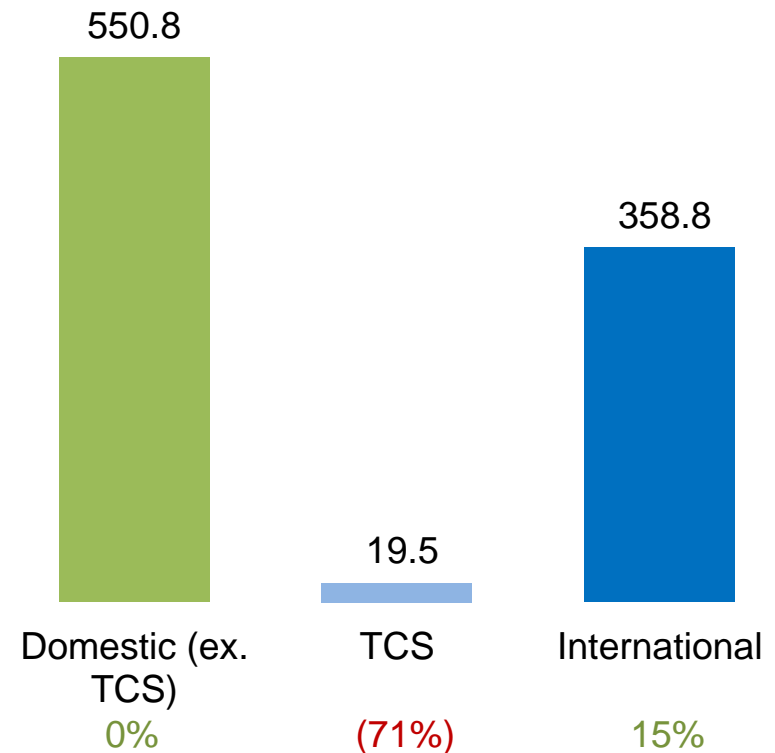
Strong International growth offset the negative volume impact of the TCS restructuring

Revenue	\$522 Million	↓	(12%)
Volume	929,100		Flat
RPU	\$562	↓	(12%)
Less Fuel			
Revenue	\$482 Million ⁽¹⁾	↓	(4%)
RPU	\$519 ⁽¹⁾	↓	(4%)

Excluding Triple Crown

Revenue	\$503 Million ⁽¹⁾	↓	(1%)
Volume	909,600 ⁽¹⁾	↑	6%
RPU	\$553 ⁽¹⁾	↓	(7%)
Less Fuel			
Revenue	\$466 Million ⁽¹⁾	↑	7%
RPU	\$512 ⁽¹⁾	↑	1%

Units (000's) & Y-o-Y Percent Change



1. Please see reconciliation to GAAP posted on our website.

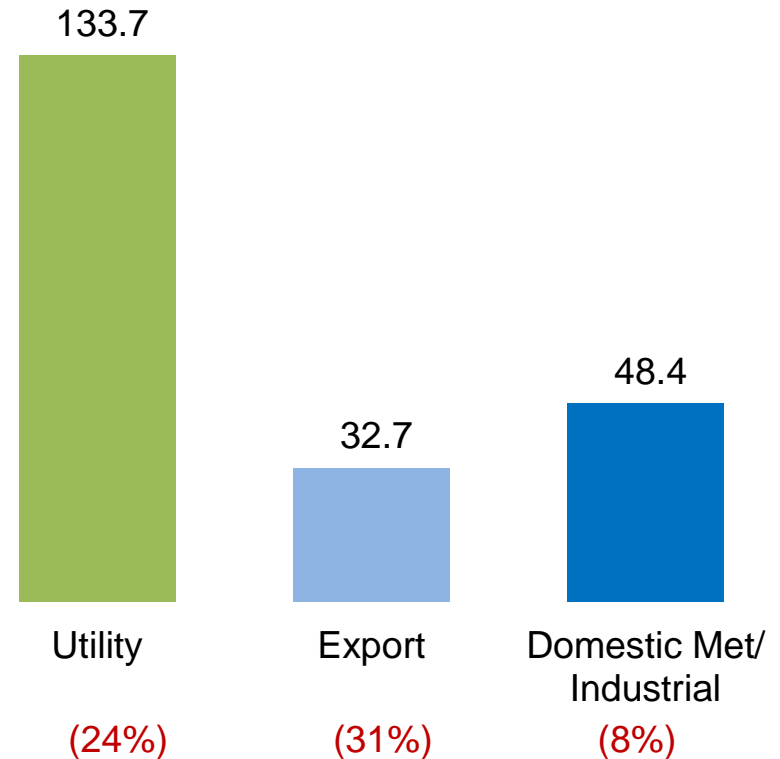
Coal Market

First Quarter 2016 vs. 2015

Utility deliveries impacted by mild weather and high stockpiles; export conditions weak

Revenue	\$349 Million	↓	(23%)
Volume	214,800	↓	(23%)
RPU	\$1,626	↓	(1%)
Less Fuel			
Revenue	\$345 Million ⁽¹⁾	↓	(20%)
RPU	\$1,607 ⁽¹⁾	↑	3%

Units (000's) & Y-o-Y Percent Change

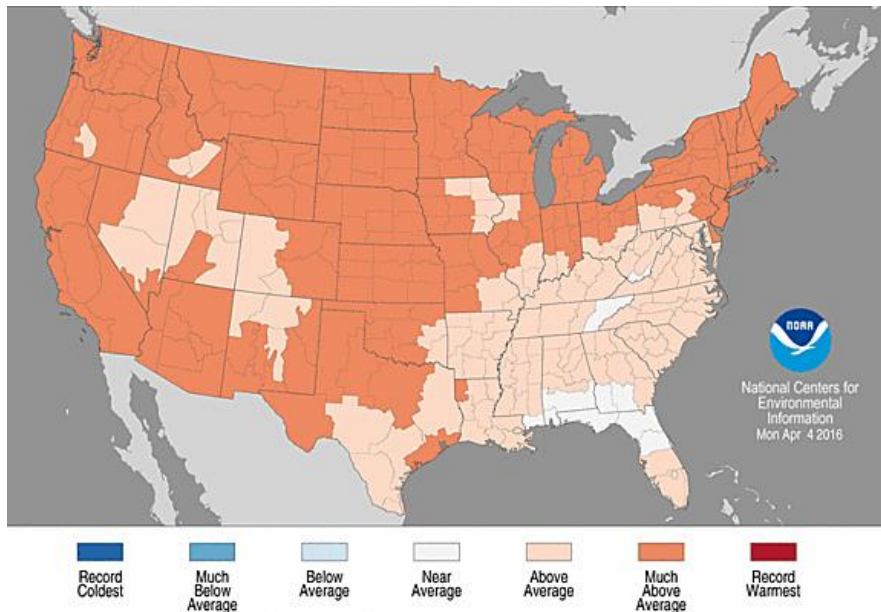


1. Please see reconciliation to GAAP posted on our website.

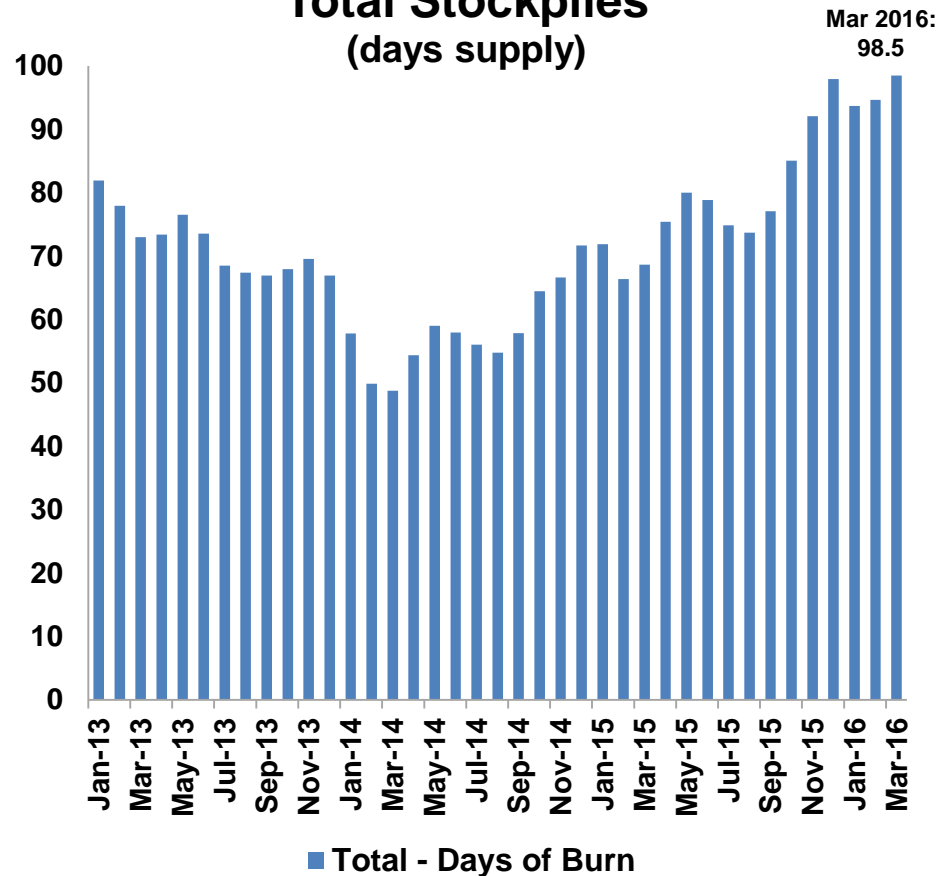
Mild Winter Weather Continued to Dampen Utility Volume

- Above normal temperatures continued through the first quarter in our service territory.
- Impact of inventory buildup will be felt for the remainder of 2016.

Divisional Average Temperature Ranks January – March 2016 (Period: 1895–2015)



Total Stockpiles (days supply)



2016: Building on a Strong Foundation

Volume

- Continue to successfully diversify franchise, mitigating risk from commodity price volatility
 - Low commodity prices will continue to limit crude oil, frac sand, steel, and utility and export coal volumes
 - Weather impact on Coal will continue across the industry through 4Q 2016
- Consumer-driven growth opportunities
 - Housing and construction-related commodities
 - Domestic and International Intermodal

Pricing

- Focus on Pricing
 - 2015 strength carried to 2016
 - Value in service product
 - Domestic truck rates lower
- Long term pricing plan on multiyear contracts

Fuel Surcharges

- Shifting from WTI-based to OHD-based fuel surcharge programs

Superior network and improved service will continue to enhance growth



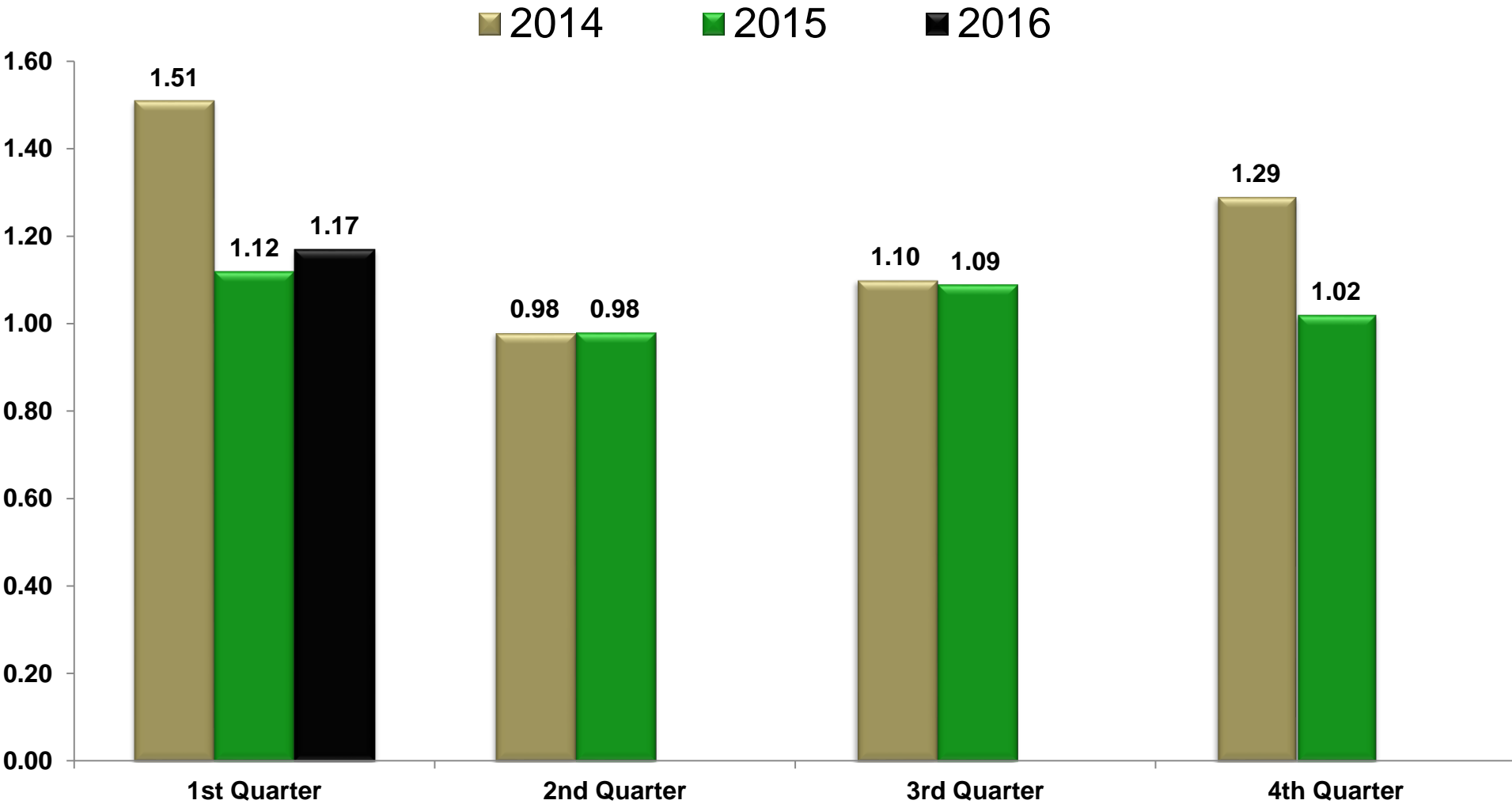
First Quarter 2016 Operations Overview

April 21, 2016

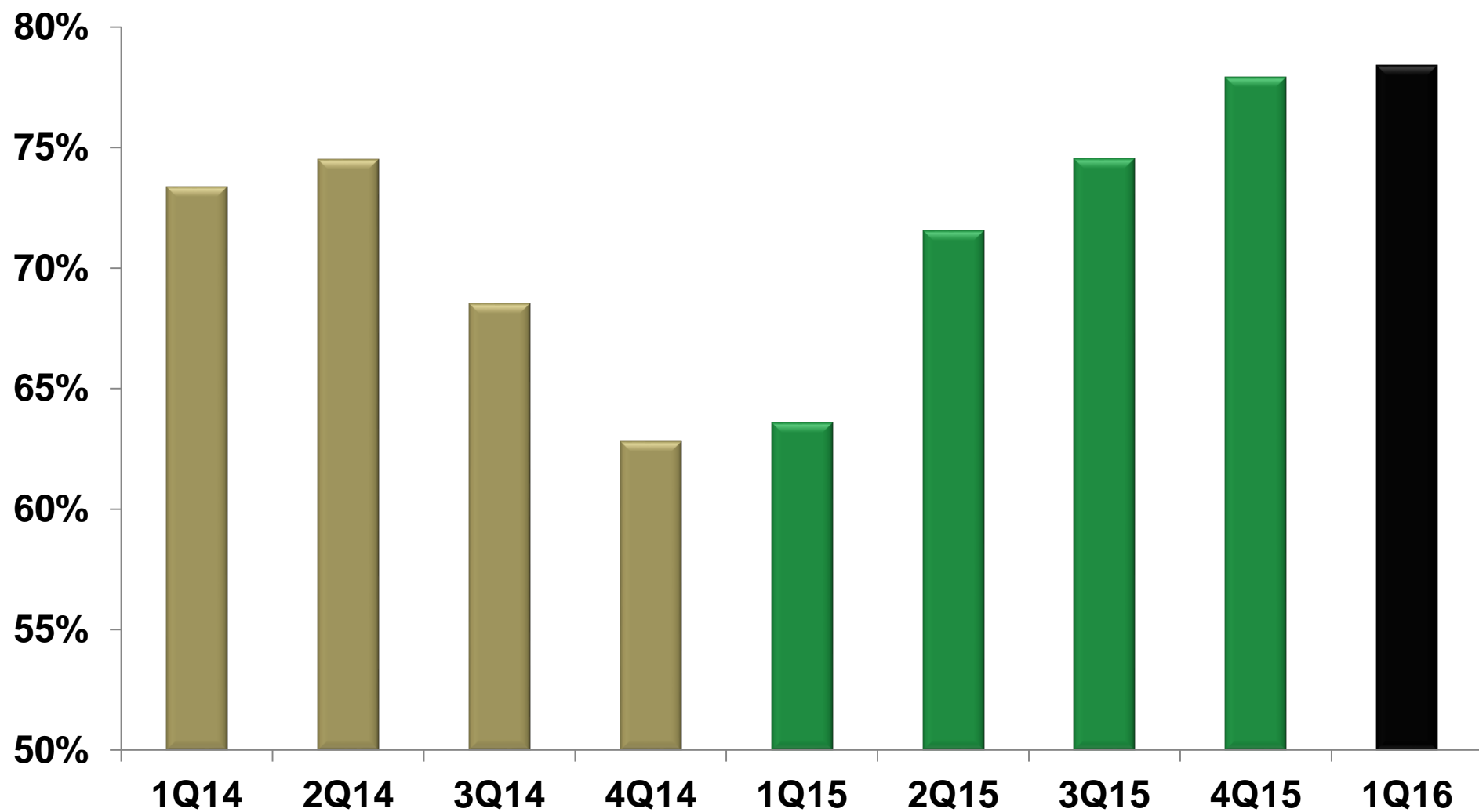
*Michael J. Wheeler
Executive Vice President
and Chief Operating Officer*

Injury Ratio by Quarters

Per 200,000 employee hours worked



Composite Service Performance



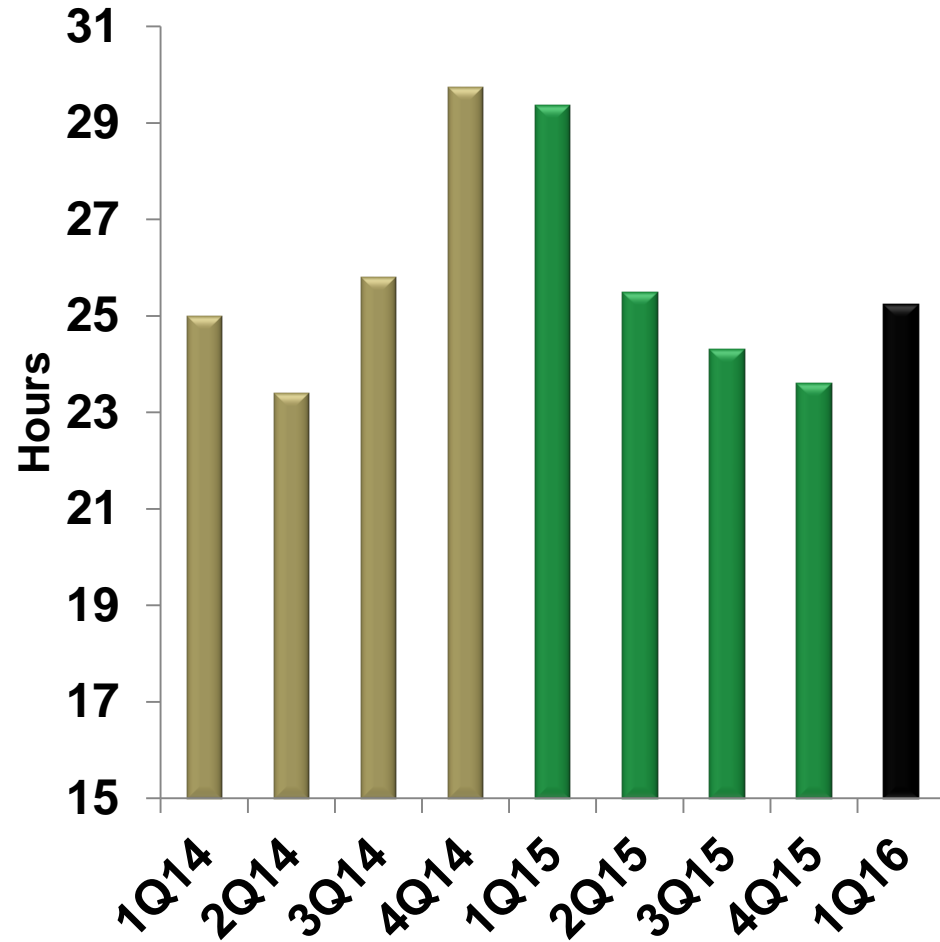
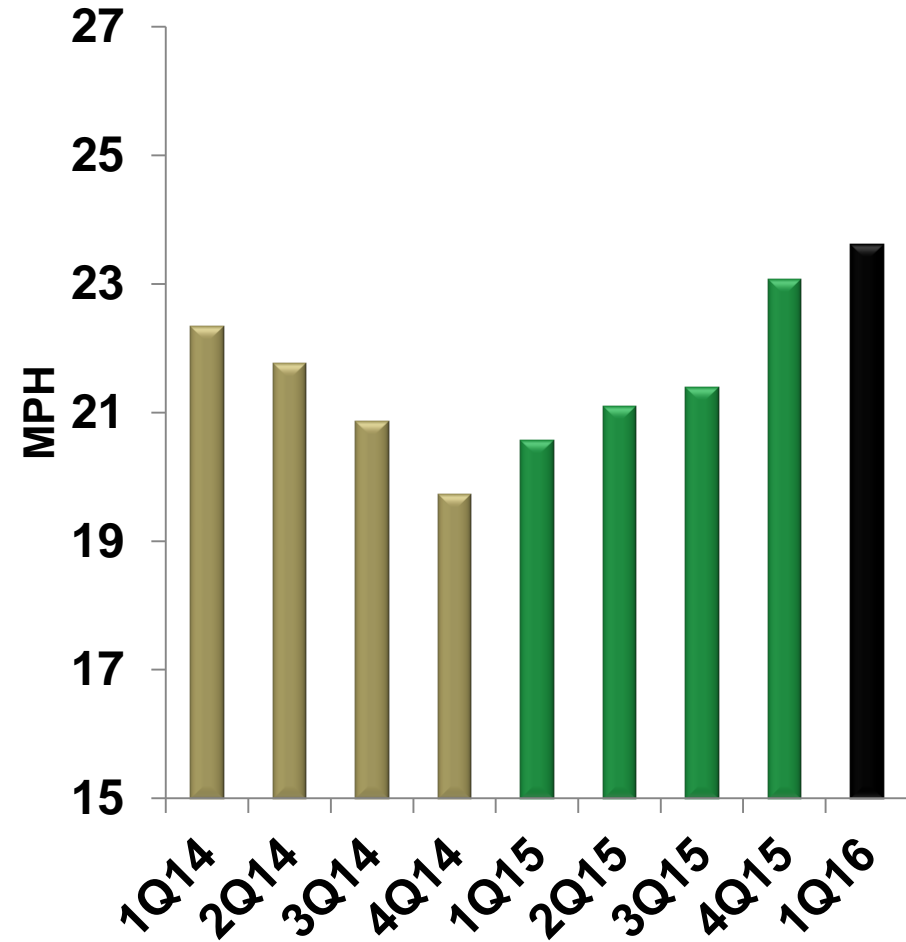
Train Speed & Terminal Dwell

Better (↑)

Better (↓)

Speed

Dwell



Resources

Headcount & Locomotives

Operations Headcount

- **Furloughs**
 - T&E: (1,300)
 - Non-T&E: (450)

Locomotives

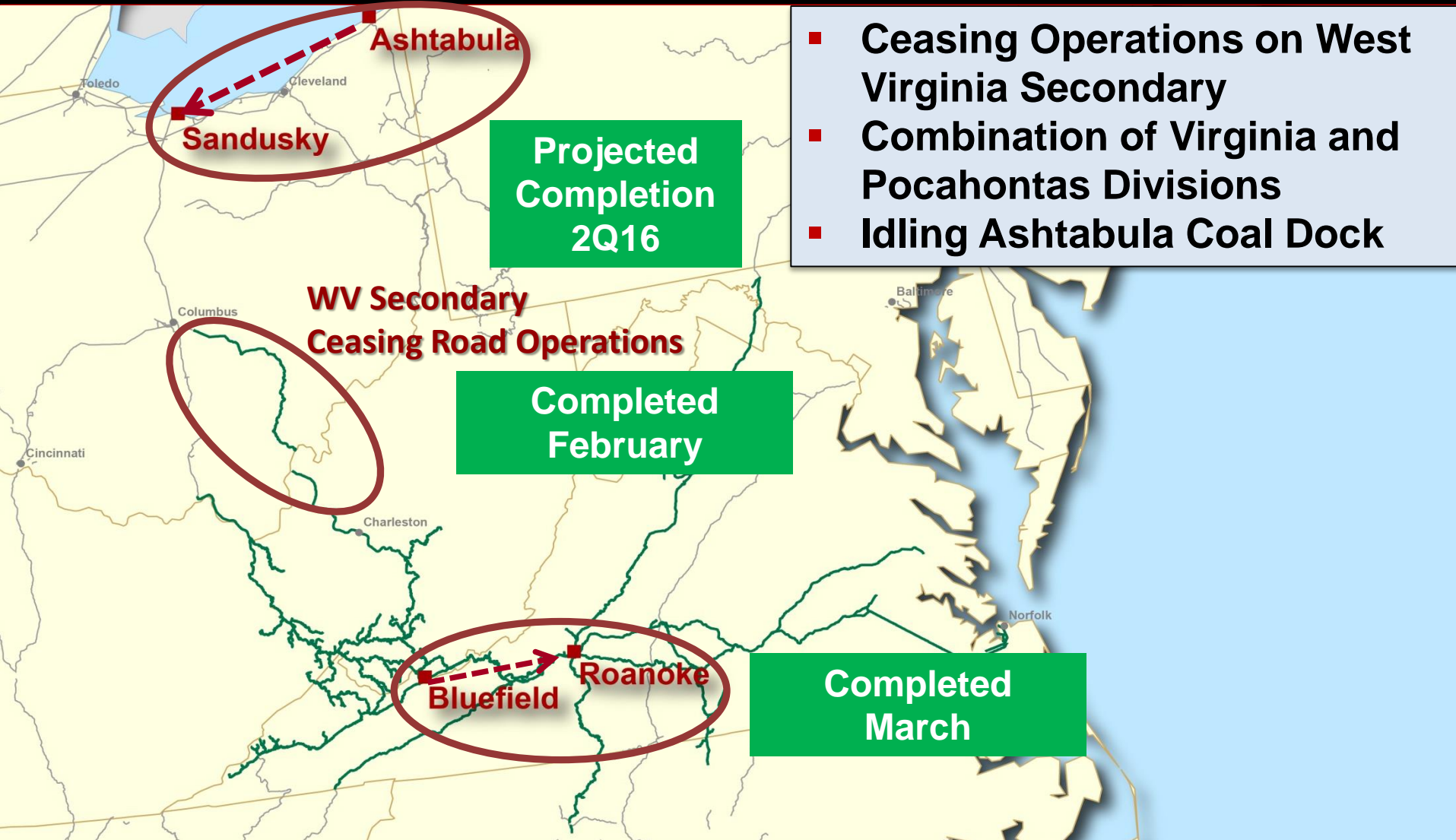
- **Stored Road Fleet: 200**
- **Yard & Local Fleet**
 - Removed 50 in 1st Quarter 2016
 - Total = 150 (12% reduction)
- **28 leased locomotives returned**
- **50 new in 2nd quarter 2016**

Productivity Savings

Year-over-Year Comparison

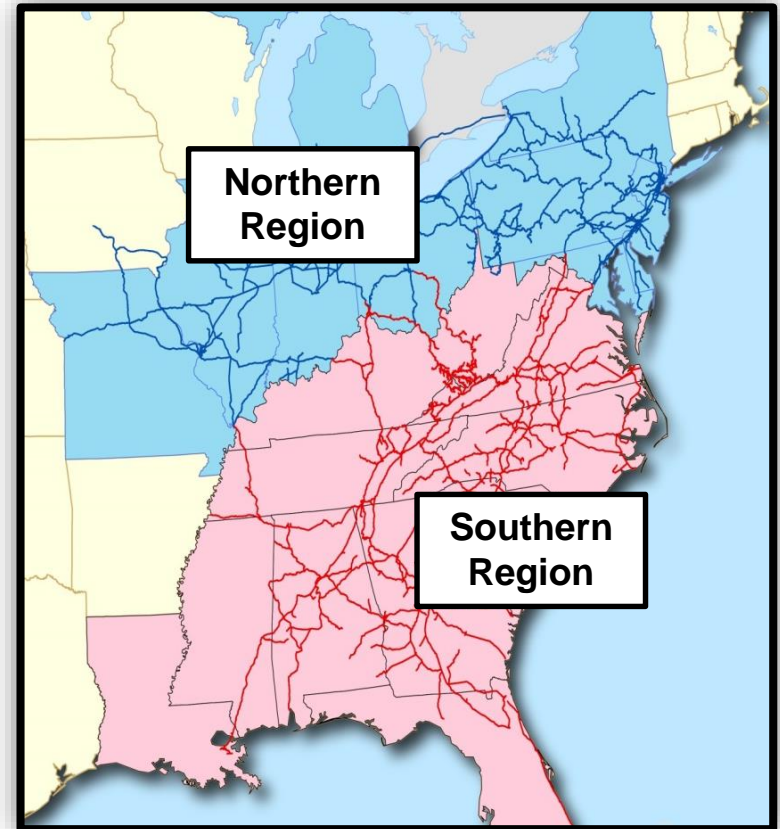
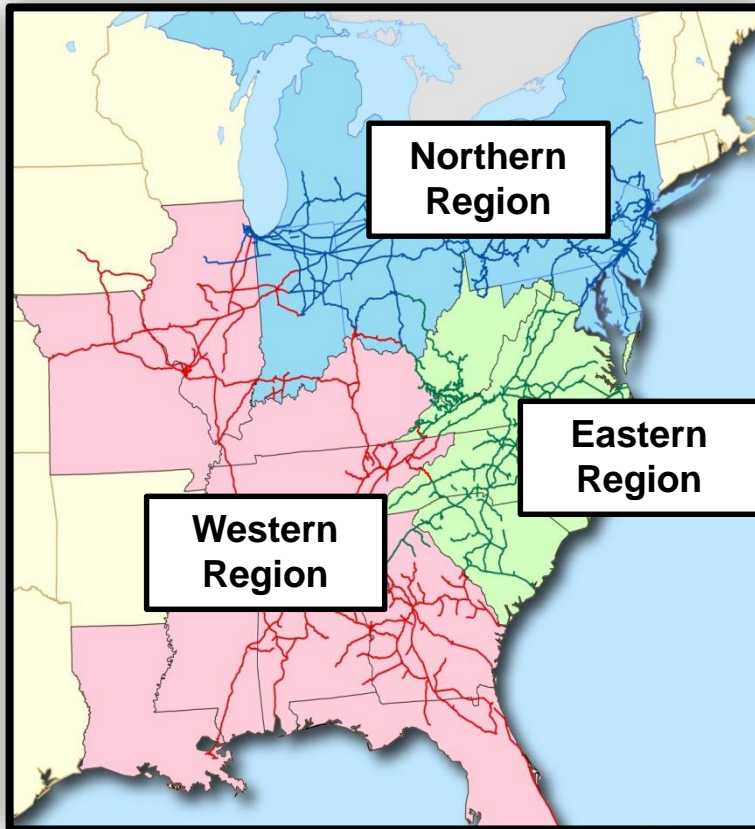
	%
Carloads	(2.5%)
Crew Starts	(2.8%)
Recrews	(51.1%)
Train Length	2.5%
Total OT	(47.0%)
GTM/T&E Emp	8.6%

Cost Reduction Initiatives

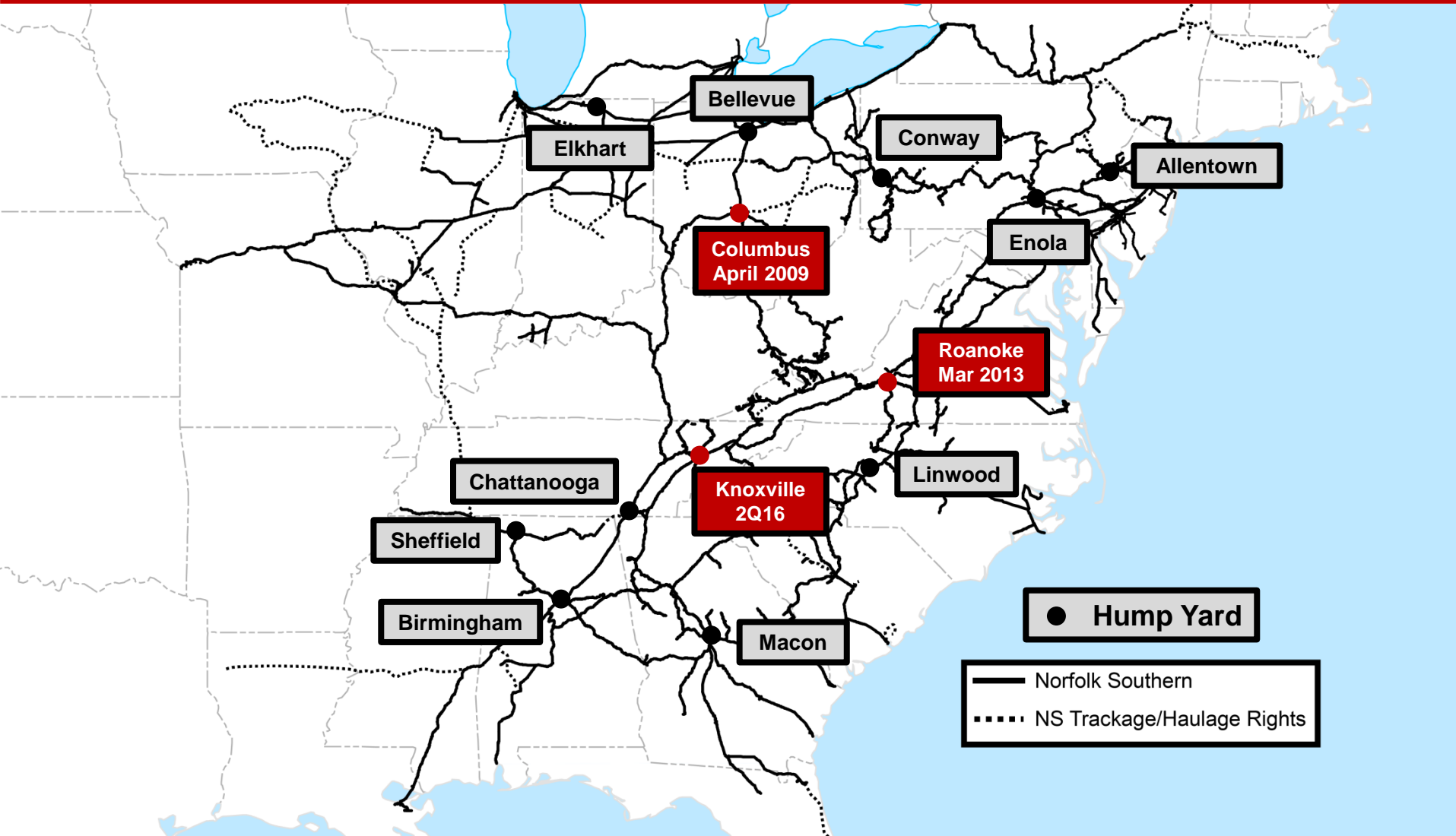


Cost Reduction Initiatives

Consolidating operational alignment and streamlining network to reduce costs



Continuing Yard Rationalizations





First Quarter 2016 Financial Overview

April 21, 2016

Marta R. Stewart
Executive Vice President Finance
and Chief Financial Officer

Operating Results

First Quarter 2016 vs. 2015 (\$ millions)

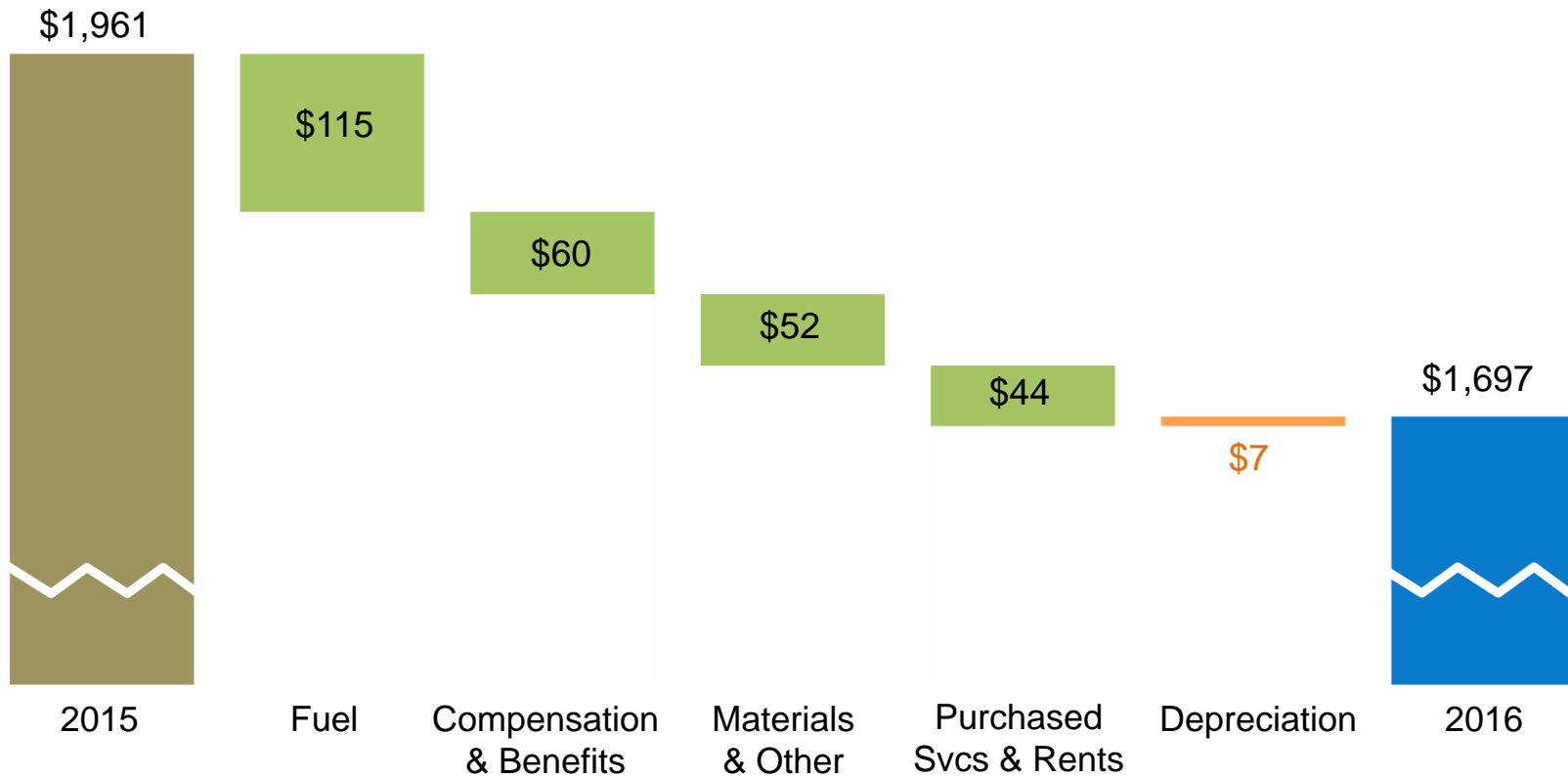
Record-setting first quarter operating ratio of 70.1%

	2016	2015	\$	%
Railway operating revenues	\$ 2,420	\$ 2,567	\$ (147)	(6%)
Railway operating expenses	\$ 1,697	\$ 1,961	\$ 264	13%
Income from railway operations	\$ 723	\$ 606	\$ 117	19%
Railway operating ratio (%)	70.1	76.4	6.3	8%
			(Unfavorable)	Favorable

Railway Operating Expenses

First Quarter 2016 vs. 2015 (\$ millions)

Net decrease of \$264/ 13%

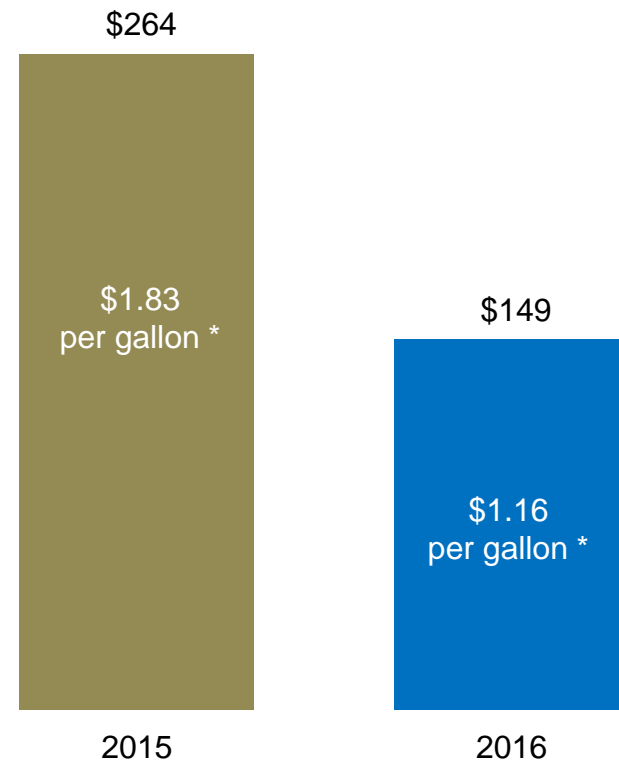


Fuel

First Quarter 2016 vs. 2015 (\$ millions)

Total decrease of \$115 / 44%

- 37% lower price per gallon
- 4% lower consumption



* Reflects locomotive fuel only

Compensation and Benefits

First Quarter 2016 vs. 2015 (\$ millions)

Net decrease of \$60 / 8%

- Reduced overtime and overall headcount
- Prior year labor agreement signing bonus
- Lower pension costs
- Increased health and welfare rates

Average Rail Employees

1Q15	29,936
4Q15	29,988
1Q16	28,077

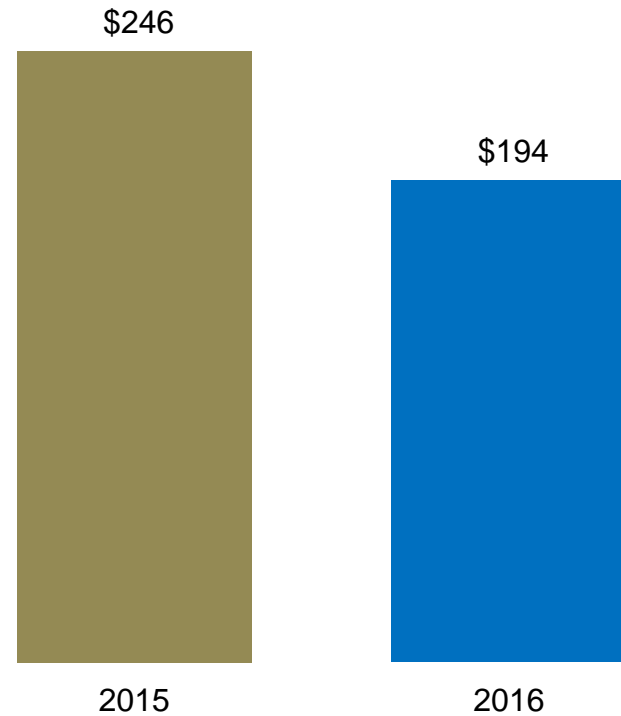


Materials and Other

First Quarter 2016 vs. 2015 (\$ millions)

Net decrease of \$52 / 21%

- Reduced locomotive material
- Less freight car and roadway materials

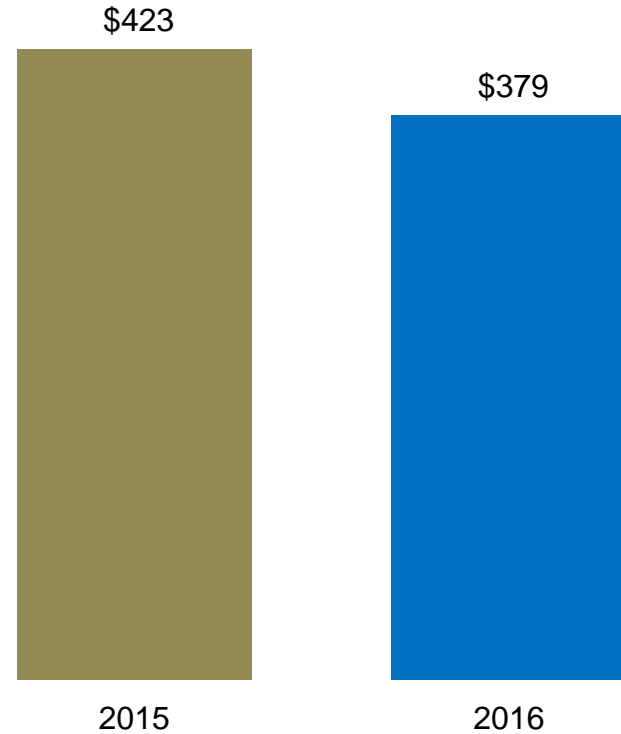


Purchased Services and Rents

First Quarter 2016 vs. 2015 (\$ millions)

Net decrease of \$44 / 10%

- Reduced Triple Crown drayage
- Decreased maintenance and repair costs
- Reduced equipment rents



Income Taxes

First Quarter 2016 vs. 2015 (\$ millions)

Effective tax rate for the quarter was 35.5%



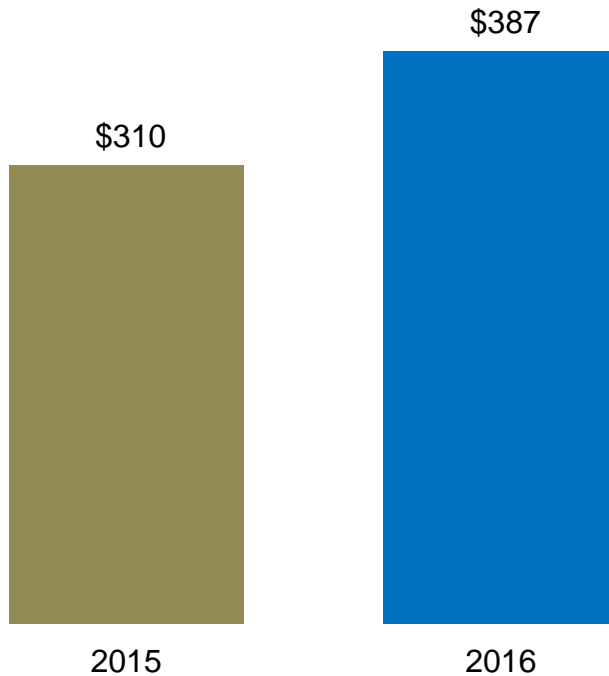
Net Income and Diluted Earnings per Share

First Quarter 2016 vs. 2015 (\$ millions except per share)

Increase of \$77 million or 29 cents per share

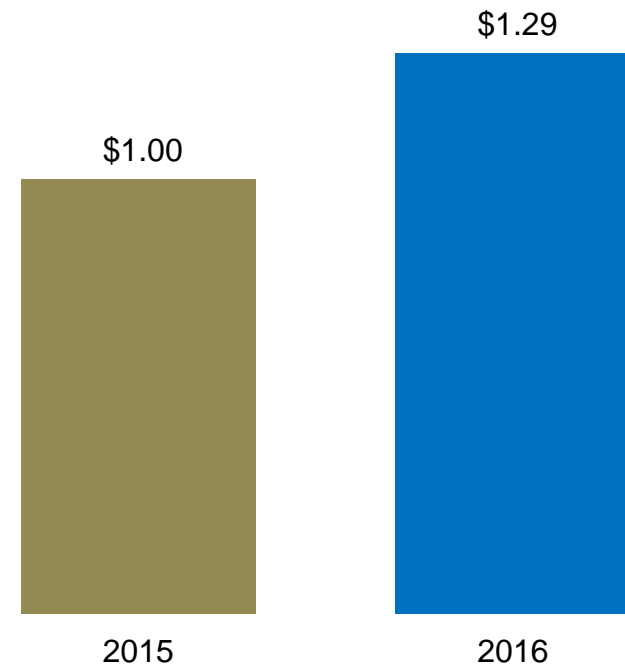
Net Income

Change vs. Prior Period: 25%



Diluted Earnings per Share

Change vs. Prior Period: 29%



Cash Flows and Balances

First Quarter 2016 vs. 2015 (\$ millions)

Free cash flow of \$481 million and \$376 million returned to shareholders

	2016		2015	
Cash from operating activities	\$	879	\$	631
Capital expenditures	\$	(398)	\$	(392)
Free cash flow ⁽¹⁾	\$	481	\$	239
Returns to shareholders:				
Share repurchases	\$	(200)	\$	(415)
Dividends	\$	(176)	\$	(181)

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Thank You

