



2019 First Quarter Earnings Conference Call

April 24, 2019



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; and severe weather. 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, 2018, 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.

Forward-looking statements are not, and should not be relied upon as, a guarantee of future events or performance, nor will they necessarily prove to be accurate indications of the times at or by which any such events or performance 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.



2019 Highlights First Quarter

April 24, 2019

*James A. Squires
Chairman, President, and
Chief Executive Officer*



First Quarter 2019 Results Versus Prior Year



Record first quarter financial measures

	1Q19 vs 1Q18	
Income from operations	▶ \$966M <i>RECORD RESULT</i>	↑ 16%
Net income	▶ \$677M <i>RECORD RESULT</i>	↑ 23%
Earnings per share	▶ \$2.51 <i>RECORD RESULT</i>	↑ 30%
Operating ratio	▶ 66.0% <i>RECORD RESULT</i>	69.3%



2019 Marketing Overview First Quarter

April 24, 2019

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



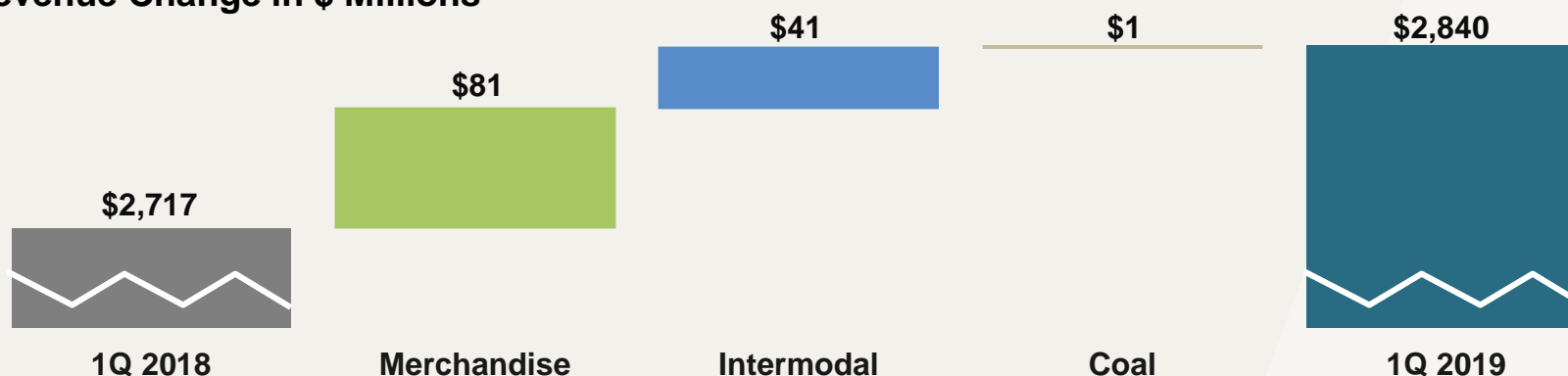
Railway Operating Revenue

First Quarter 2019 vs. 2018



Leveraging the value of our service product

Revenue Change in \$ Millions



	Merchandise	Intermodal	Coal	Total
Revenue	\$1,686M ↑ 5%	\$719M ↑ 6%	\$435M 0%	\$2,840M ↑ 5%
Volume	598,200 ↓ (1%)	1,071,000 ↑ 2%	236,300 ↓ (5%)	1,905,500 0%
RPU	\$2,819 ↑ 6% <i>RECORD RPU</i>	\$671 ↑ 4%	\$1,839 ↑ 6%	\$1,490 ↑ 4%
RPU (less fuel)*	\$2,749 ↑ 6% <i>RECORD RPU LF</i>	\$576 ↑ 3% <i>RECORD RPU LF</i>	\$1,801 ↑ 6%	\$1,410 ↑ 4%

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

Sustained margin improvement through Yield-Up initiatives and pricing



MERCHANDISE

Sustained strength in manufacturing and consumption

Pipeline activity impacting growth



INTERMODAL

Tight truck capacity

Alignment with channel partners

Growth in consumer spending



COAL

Low natural gas and API 2 prices

Elevated seaborne coking coal prices

Pricing to the value of our improving service product



2019 Operations Overview First Quarter

April 24, 2019

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



Service Performance

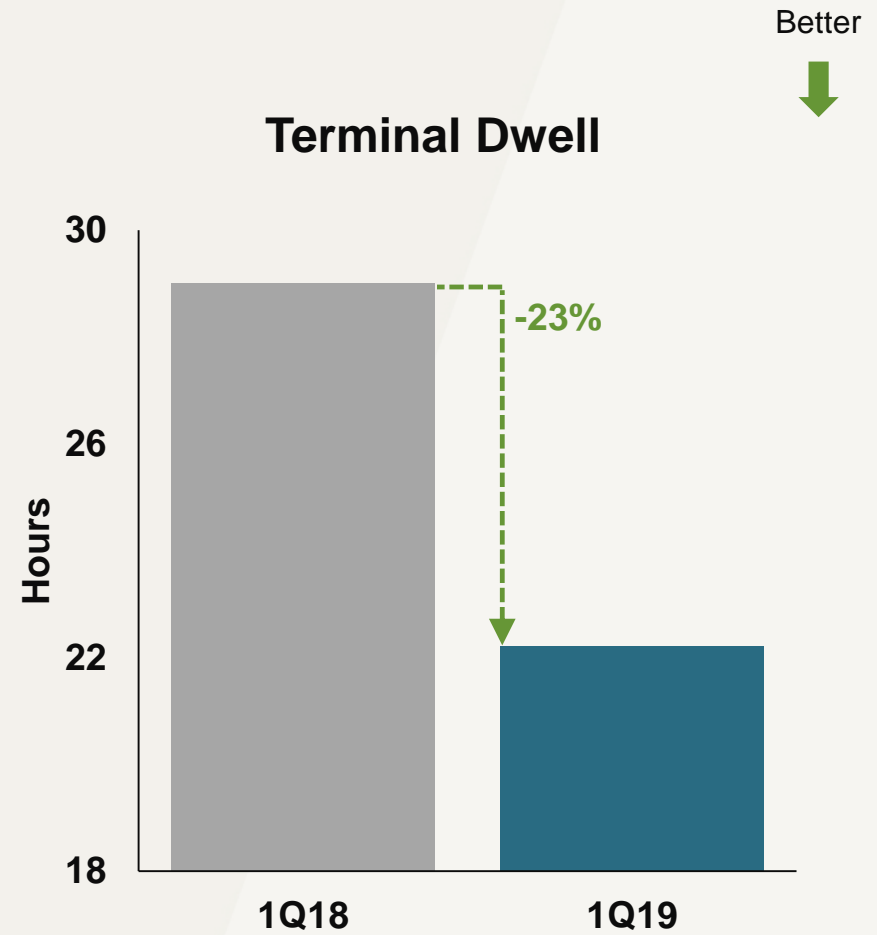


Improvement in Network Metrics

Train Speed



Terminal Dwell

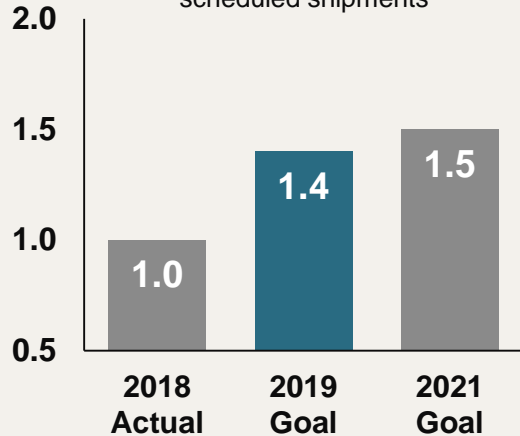


Service and Productivity Metrics



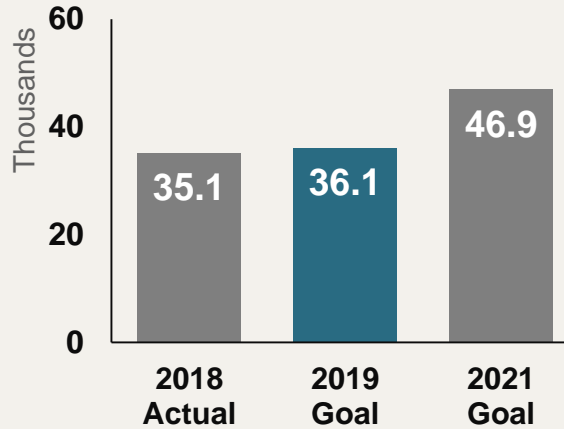
Service Delivery Index

Delivery performance of scheduled shipments*



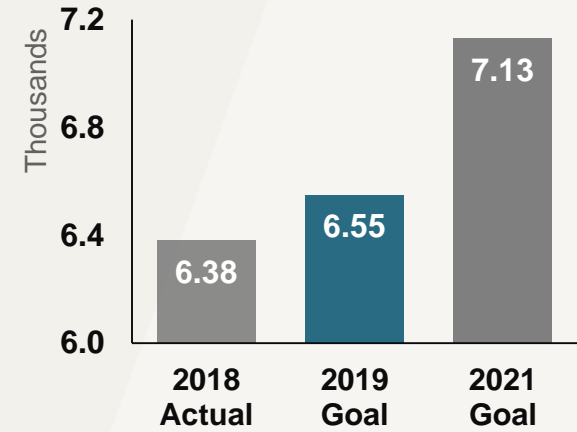
T&E Productivity

KGTM / Average Active T&E



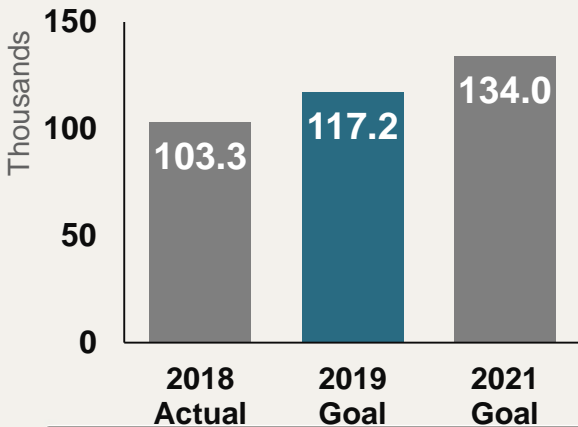
Train Weight

Tons / Road Train



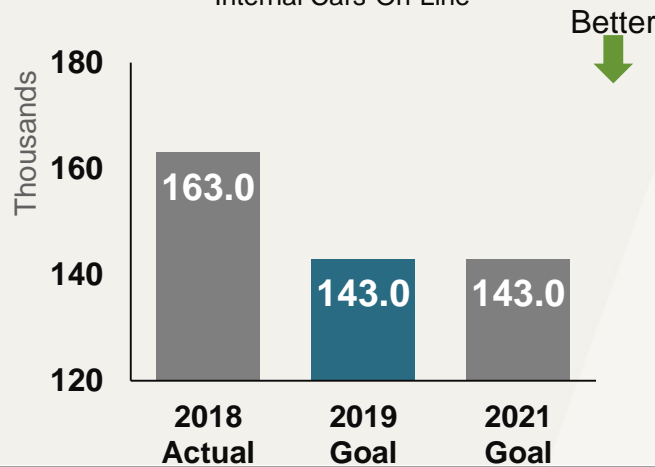
Locomotive Productivity

KGTM / average Active Locomotive**



Cars-On-Line

Internal Cars-On-Line



Better ↑ Unless otherwise indicated

* Blended calculation of Shipment Consistency and Intermodal Availability, updated 2021 goal

** Includes units available to transportation + bad orders

TOP21 Operating Plan Update

- Targeted implementation already underway
- Better network balance, greater use of Distributed Power
- Collaboration with customers
- Full implementation of this year's iteration by end of July





2019 Financial Overview First Quarter

April 24, 2019

Cynthia C. Earhart
Executive Vice President Finance
and Chief Financial Officer



Operating Results

First Quarter 2019 vs. 2018 (\$ millions)



Record first quarter operating results

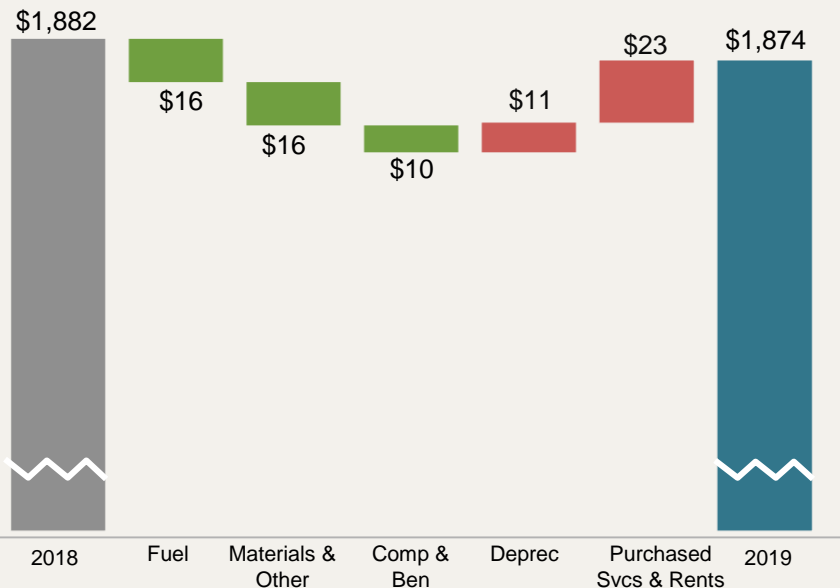
	2019	2018	Favorable	
Railway operating revenues	\$ 2,840 <i>RECORD RESULT</i>	\$ 2,717	\$ 123	5%
Railway operating expenses	1,874	1,882	8	--%
Income from railway operations	\$ 966 <i>RECORD RESULT</i>	\$ 835	\$ 131	16%
Operating ratio (%)	66.0 <i>RECORD RESULT</i>	69.3	3.3	5%

Operating Expense Components

First Quarter 2019 vs. 2018 (\$ millions)



Operating expenses down slightly



Fuel ↓ \$16 / 6%

- 4% lower price per gallon
- 1% decreased consumption

Materials and Other ↓ \$16 / 8%

- Gains on the sale of rail property and lower network velocity-related costs

Compensation and Benefits ↓ \$10 / 1%

- Lower employee activity levels, higher capitalized labor, and decreased overtime and reworks

Higher agreement pay rates

Purchased Svcs and Rents ↑ \$23 / 6%

- Higher intermodal volume-related expenses and information technology costs
- Lower equipment rents

Financial Results

First Quarter 2019 vs. 2018 (\$ millions except per share)



Net income up 23% and diluted earnings per share up 30%

	2019	2018	Favorable (Unfavorable)	
Income from railway operations	\$ 966 <i>RECORD RESULT</i>	\$ 835	\$ 131	16%
Other income – net	44	8	36	450%
Interest expense on debt	149	136	(13)	(10%)
Income before income taxes	861	707	154	22%
Income taxes	184	155	(29)	(19%)
Net income	\$ 677 <i>RECORD RESULT</i>	\$ 552	\$ 125	23%
Earnings per share – diluted	\$ 2.51 <i>RECORD RESULT</i>	\$ 1.93	\$ 0.58	30%

Cash Flows

First Three Months 2019 vs. 2018 (\$ millions)



Returns to shareholders up 45%

	2019		2018	
Cash from operating activities	\$	881	\$	816
Property additions		(467)		(383)
Free cash flow ⁽¹⁾	\$	414	\$	433
Returns to shareholders:				
Dividends	\$	230	\$	205
Share repurchases	\$	500	\$	300

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

Thank You



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