



# Q1 2022 Earnings Call

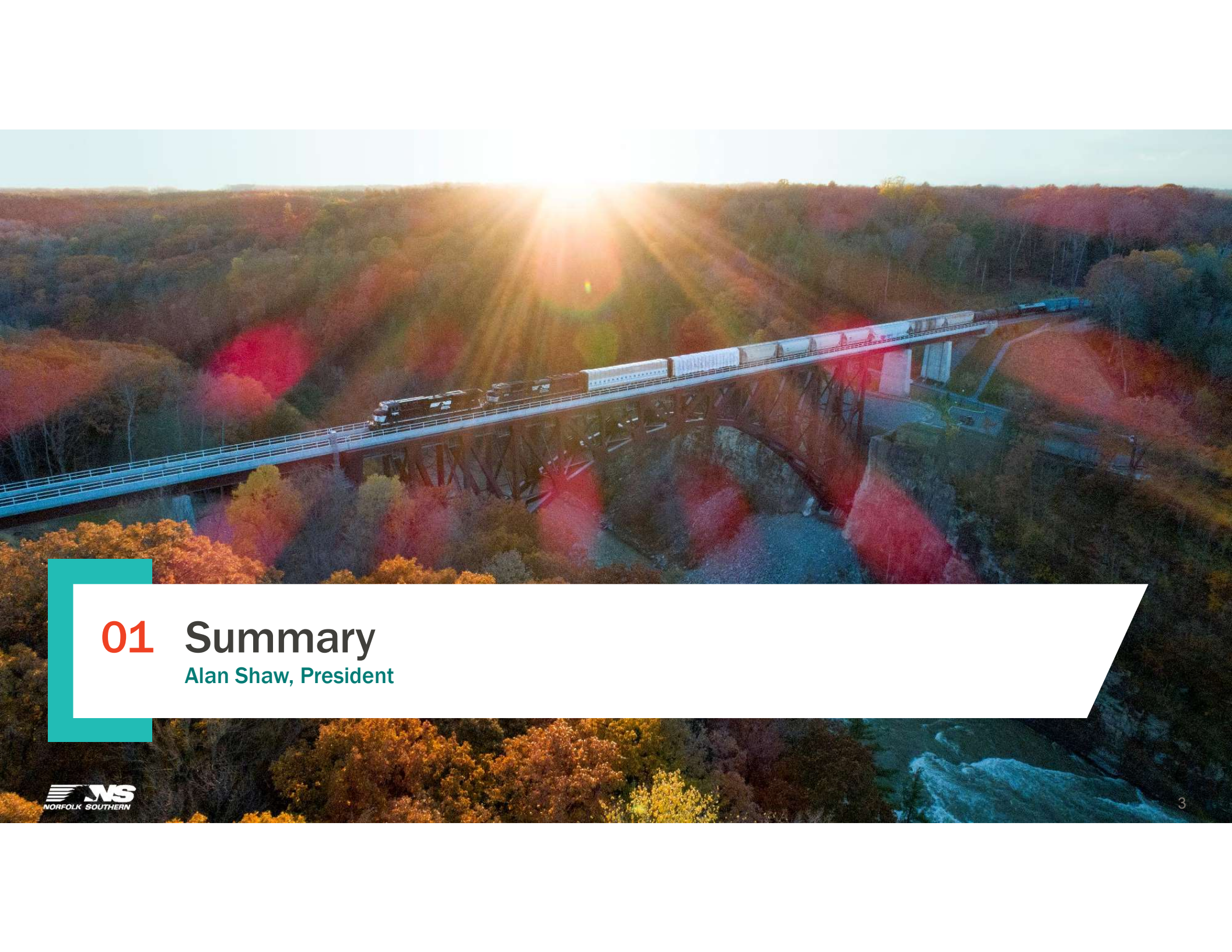
April 27, 2022

# Forward-Looking Statements / Non-GAAP Measures

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, 2021, 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.

In addition to disclosing financial results in accordance with U.S. GAAP, the accompanying presentation contains non-GAAP financial measures. These non-GAAP measures should be viewed as a supplement to and not a substitute for our U.S. GAAP measures, and the financial results calculated in accordance with U.S. GAAP and reconciliations from these results should be carefully evaluated. All reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP can be found on our website at [www.norfolksouthern.com](http://www.norfolksouthern.com) on the Invest in NS page under Events for this event.



# 01 Summary

Alan Shaw, President

# First-Quarter 2022 Results

Solid performance despite network challenges

	Q1 2022	vs. Q1 2021
Revenues	<b>\$2,915M</b> <i>Q1 RECORD</i>	10%
Operating expenses	<b>\$1,830M</b>	13%
Operating ratio	<b>62.8%</b>	130 bps
Net Income	<b>\$703</b> <i>Q1 RECORD</i>	4%
Earnings per share	<b>\$2.93</b> <i>Q1 RECORD</i>	10%



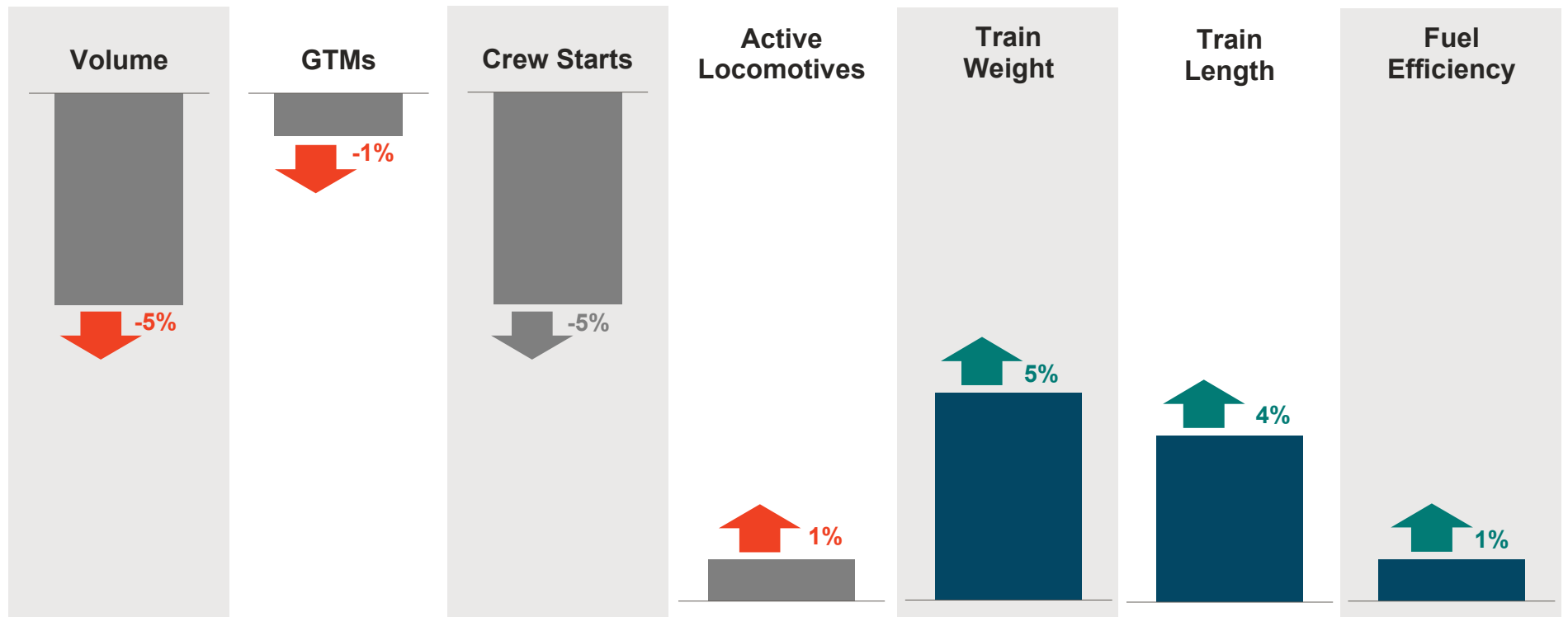
## 02 Operations Overview

Cindy M. Sanborn, Executive Vice President and Chief Operating Officer

# Operational Activity Metrics

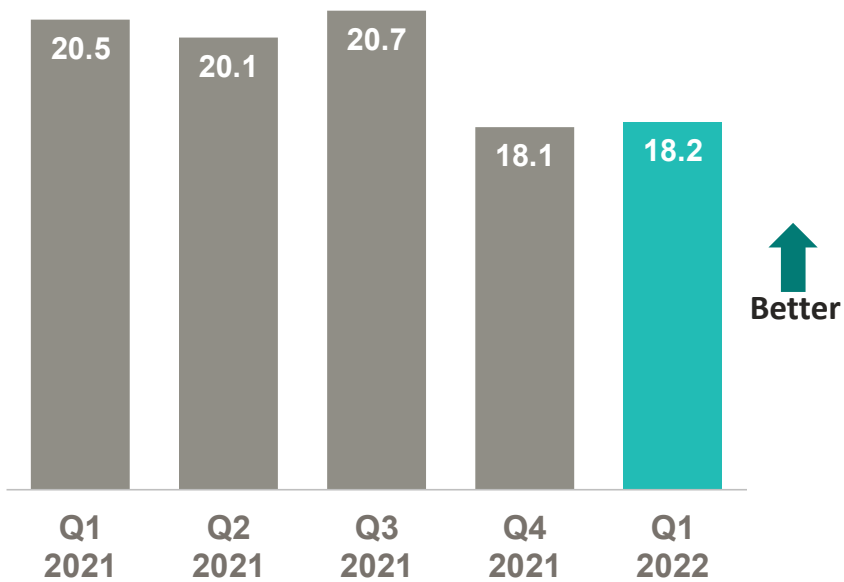
## Q1 2022 vs. Q1 2021

favorable / unfavorable

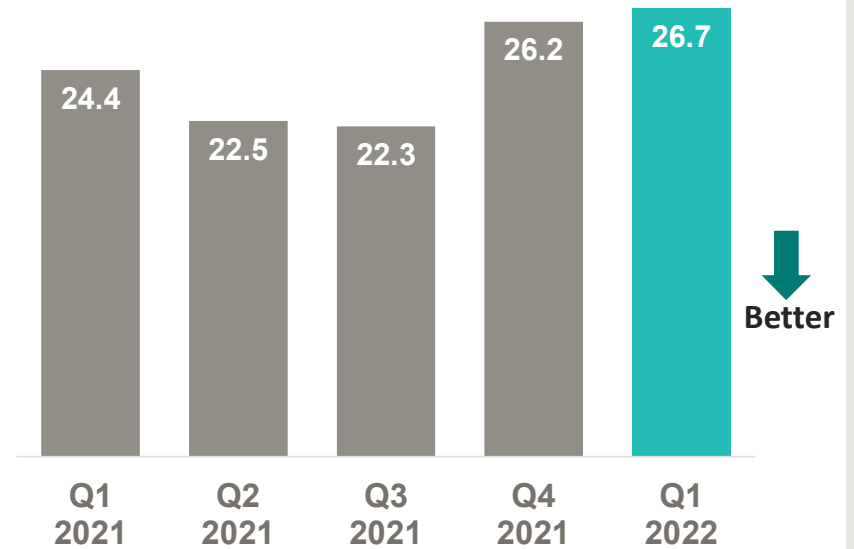


# Network Performance

## Train Speed (mph)

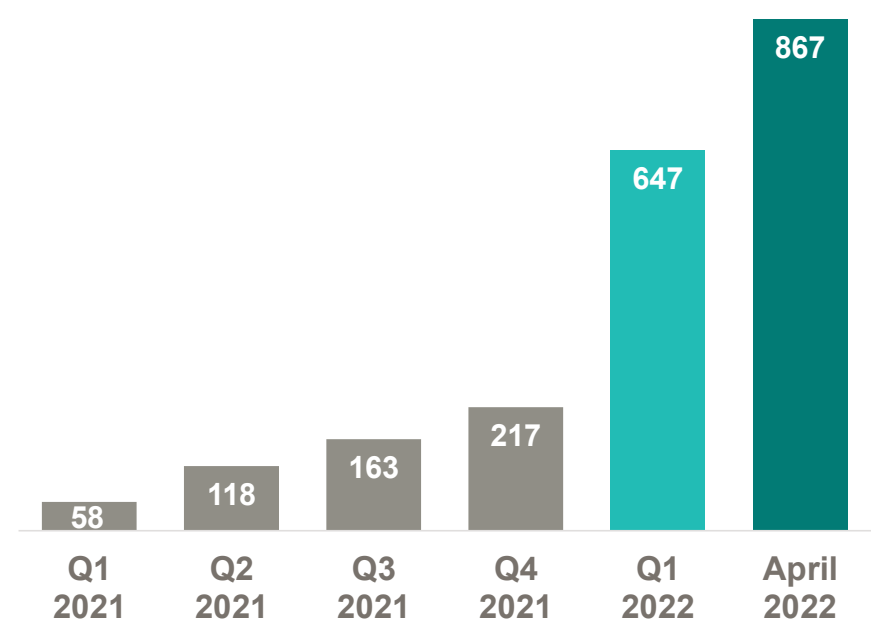


## Terminal Dwell (hours)

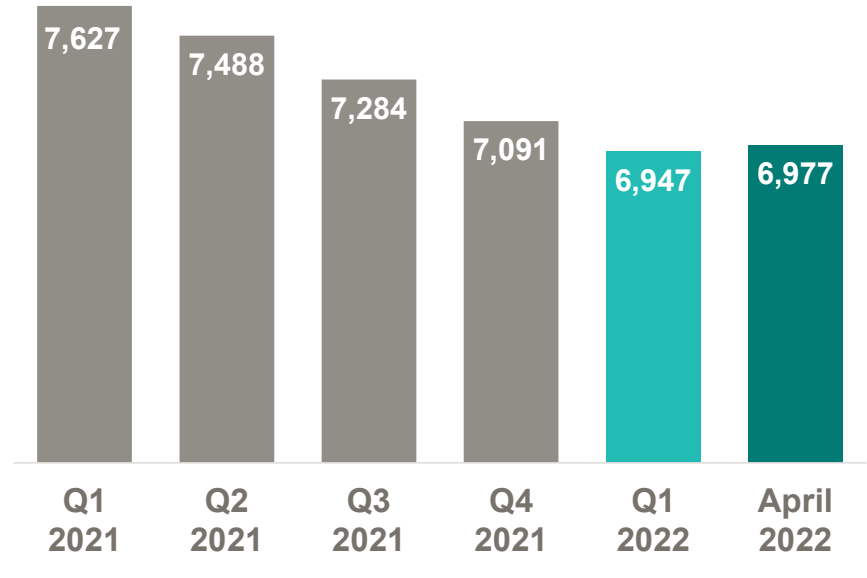


# T&E Workforce Update

## Conductor Trainees



## Qualified T&E





THOROUGHbred OPERATING PLAN

# TOP|SPG

SERVICE • PRODUCTIVITY • GROWTH

## Service Resiliency

- Simplification
- Balance
- All business segments

## Productivity Improvements

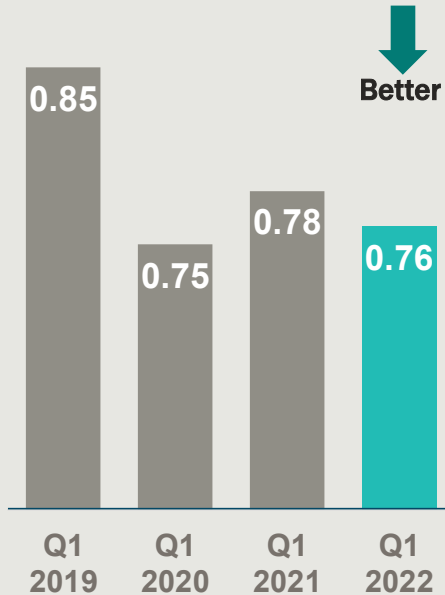
- Train size
- Fuel

## Growth with our Customers

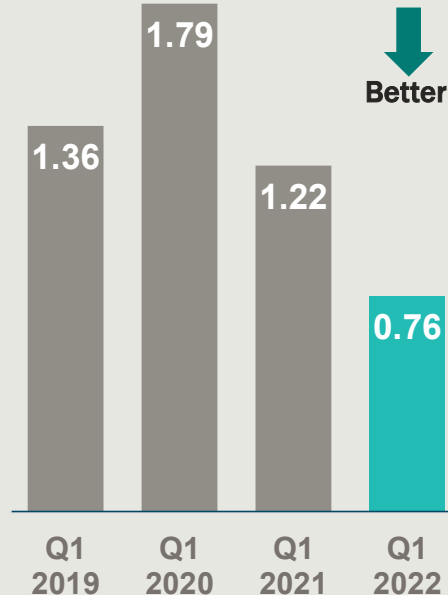
- Organic growth
- Future opportunities



### FRA Train Accidents per billion GTMs



### FRA Personal Injury Index



## Safety Highlights

*Engagement and training  
are pillars of continuous  
safety improvement*

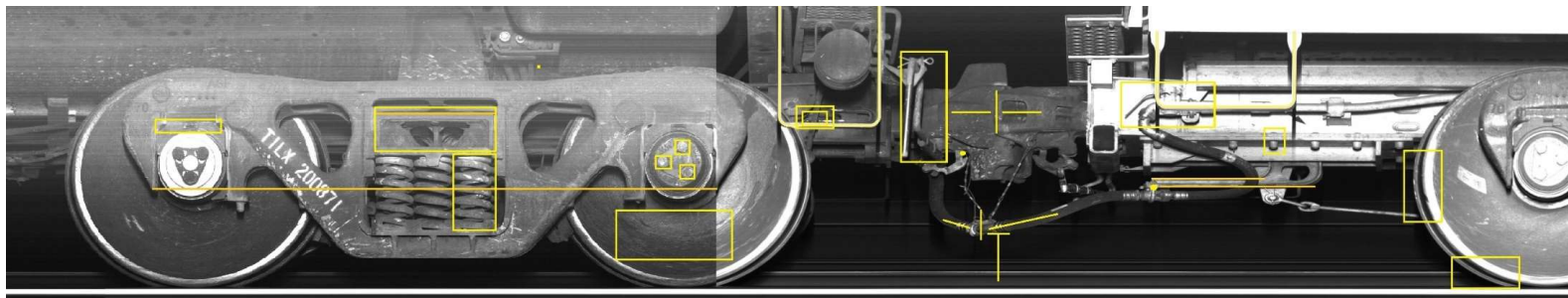
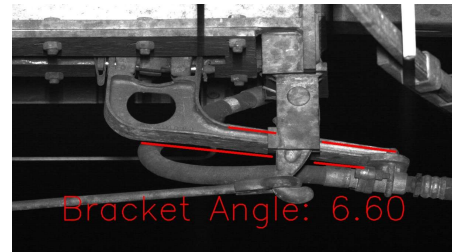
# Technology Update: Machine Vision Inspections



Fully automated inspection corridors under development

## Machine Vision "AI" Algorithms

- Efficient edge computing
- Defect & symptom-based approaches
- Critical and preemptive alerts
- Derailment prevention
- Mainline delay reduction
- Inspection consistency
- Repair planning





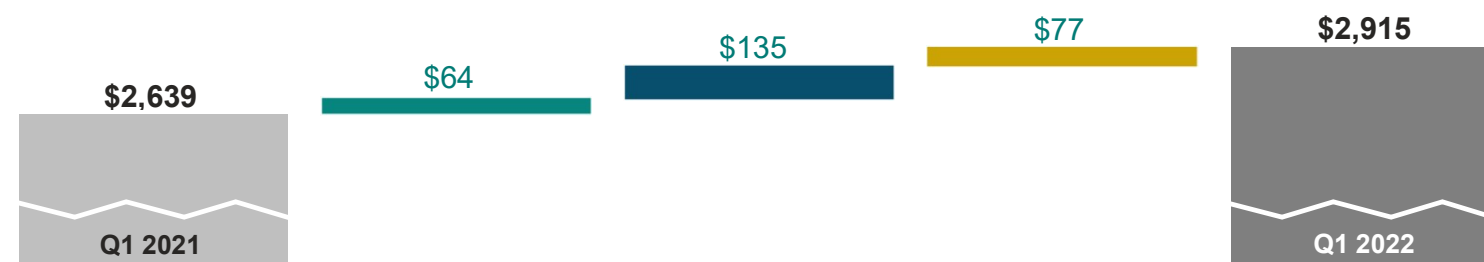
### 3 Market Overview

Ed Elkins, Executive Vice President and Chief Marketing Officer

# Delivered Double-Digit Revenue Growth in the First Quarter

## Fuel and pricing gains more than offset volume declines

Q1 2022 vs. Q1 2021 / Revenue change \$ millions / favorable / unfavorable



	Merchandise	Intermodal	Coal	Total
Revenue	\$1,672M 4%	\$854M 19% <i>RECORD</i>	\$389M 25%	\$2,915M 10% <i>Q1 RECORD</i>
Volume	536,200 (3%)	956,500 (6%)	165,600 (1%)	1,658,300 (5%)
RPU	\$3,118 7% <i>RECORD</i>	\$893 26% <i>RECORD</i>	\$2,347 25% <i>RECORD</i>	\$1,758 16% <i>RECORD</i>
RPU (less fuel) <sup>(1)</sup>	\$2,972 3% <i>RECORD</i>	\$727 17% <i>RECORD</i>	\$2,306 23% <i>RECORD</i>	\$1,611 10% <i>RECORD</i>

**21 consecutive quarters of y-o-y RPU (less fuel) <sup>(1)</sup> growth in Intermodal**



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

# 2022 Outlook



## MERCHANDISE

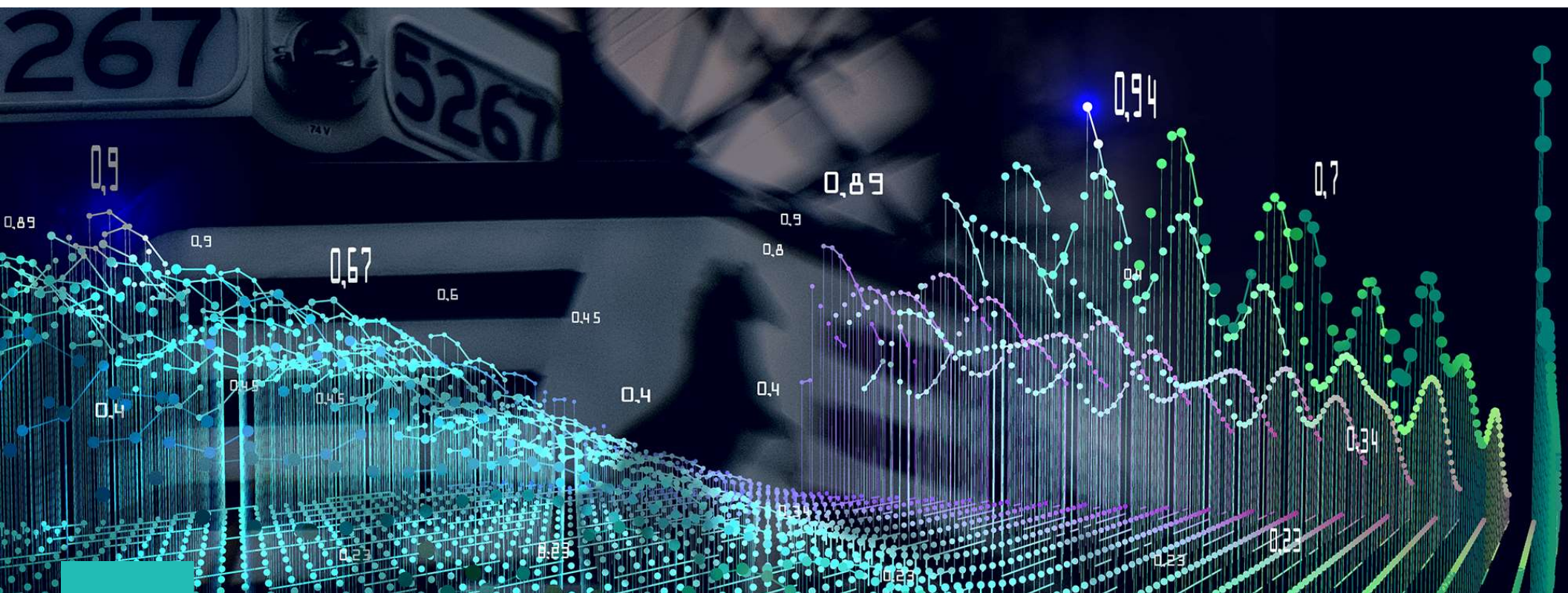
- US Light Vehicle Production
- Agricultural Demand
- Construction Activity

## INTERMODAL

- Sustained Consumer Demand
- Tight Truck Capacity
- Supply Chain Congestion

## COAL

- Seaborne Coal Prices
- Increased Demand
- Coal Supply



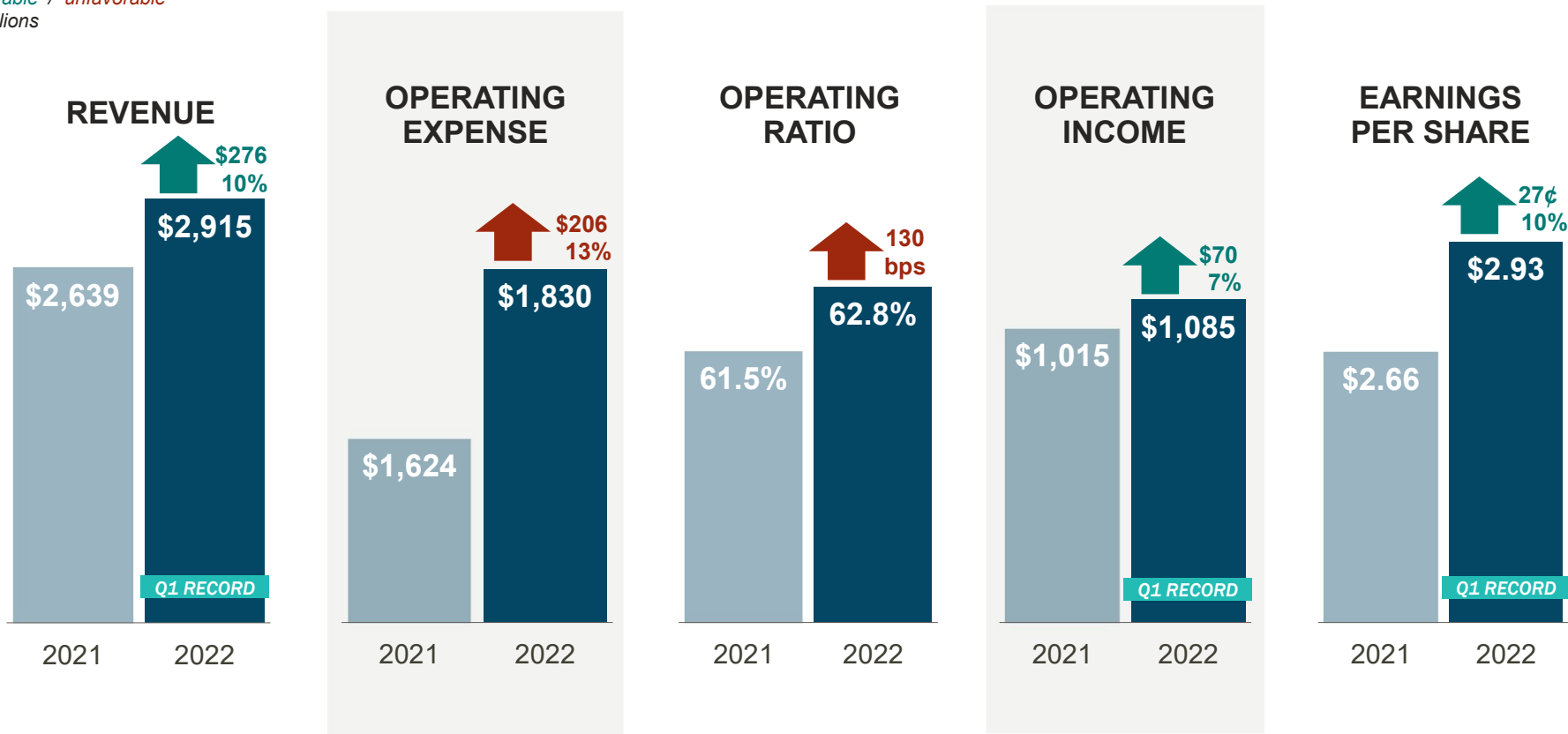
# 04 Financial Overview

Mark George, Executive Vice President and Chief Financial Officer

# First-Quarter Highlights

## Q1 2022 vs. Q1 2021

*favorable / unfavorable*  
\$ millions

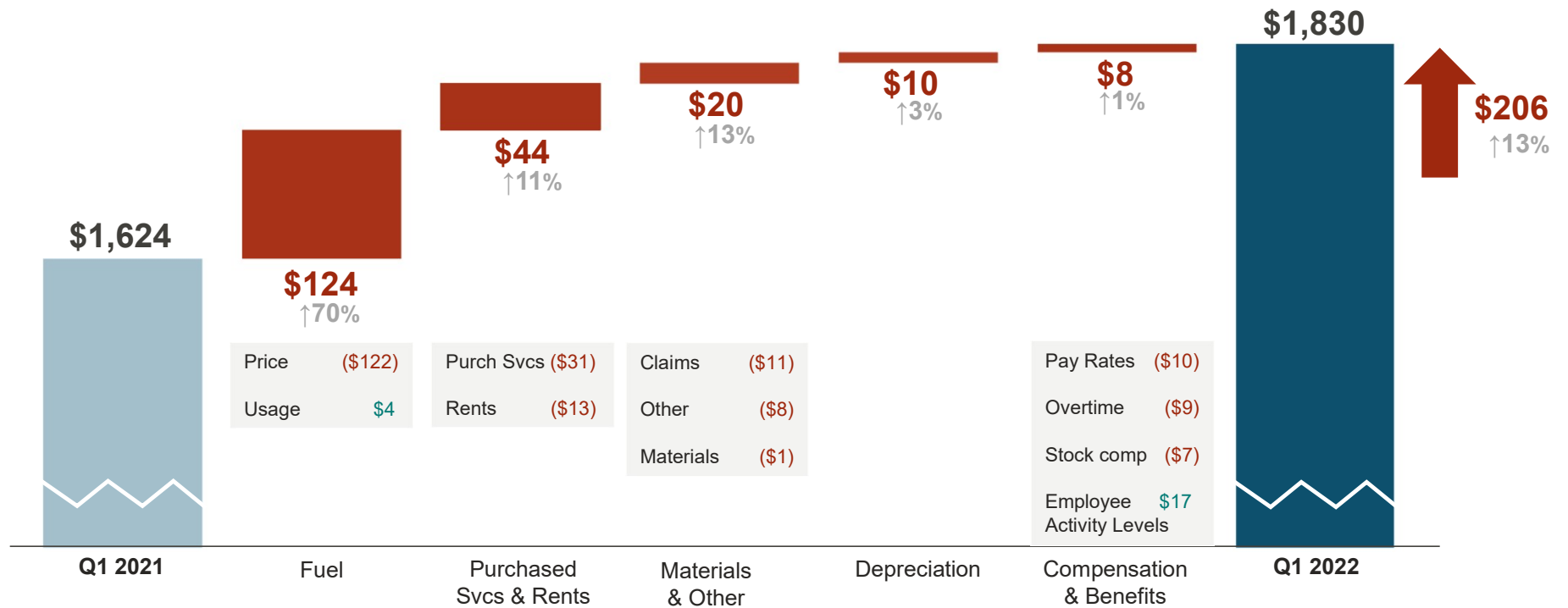




# Operating Expense Components

## Q1 2022 vs. Q1 2021

*favorable / unfavorable*  
\$ millions



# Financial Results

## Q1 2022 vs. Q1 2021

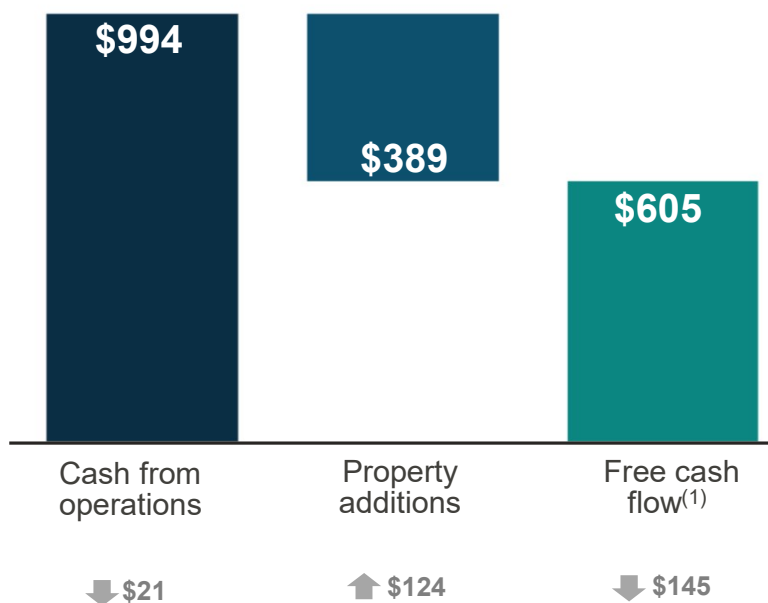
favorable / unfavorable  
\$ millions

	Q1 2021	Q1 2022	Variance	
			\$	%
Income from railway operations	\$1,015	<b>\$1,085</b> <i>Q1 RECORD</i>	\$70	7%
Other income (expense) – net	7	(5)	(12)	(171%)
Interest expense on debt	156	168	12	8%
Income before income taxes	866	912	46	5%
Income taxes	193	209	16	8%
Net income	\$673	<b>\$703</b> <i>Q1 RECORD</i>	\$30	4%
Earnings per share – diluted	<b>\$2.66</b>	<b>\$2.93</b> <i>Q1 RECORD</i>	\$0.27	10%

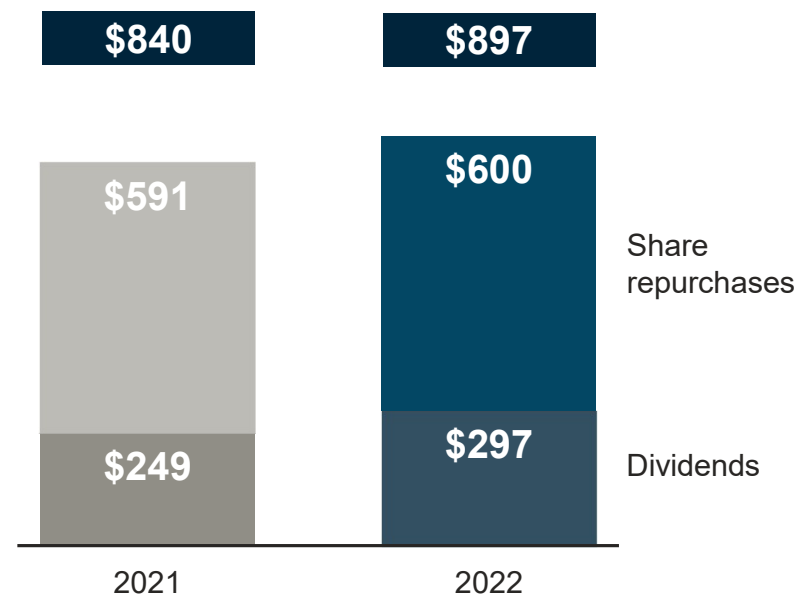
# Free Cash Flow & Shareholder Distributions

First Three Months / \$ millions

## 2022 Free Cash Flow<sup>(1)</sup>



## Shareholder Distributions



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

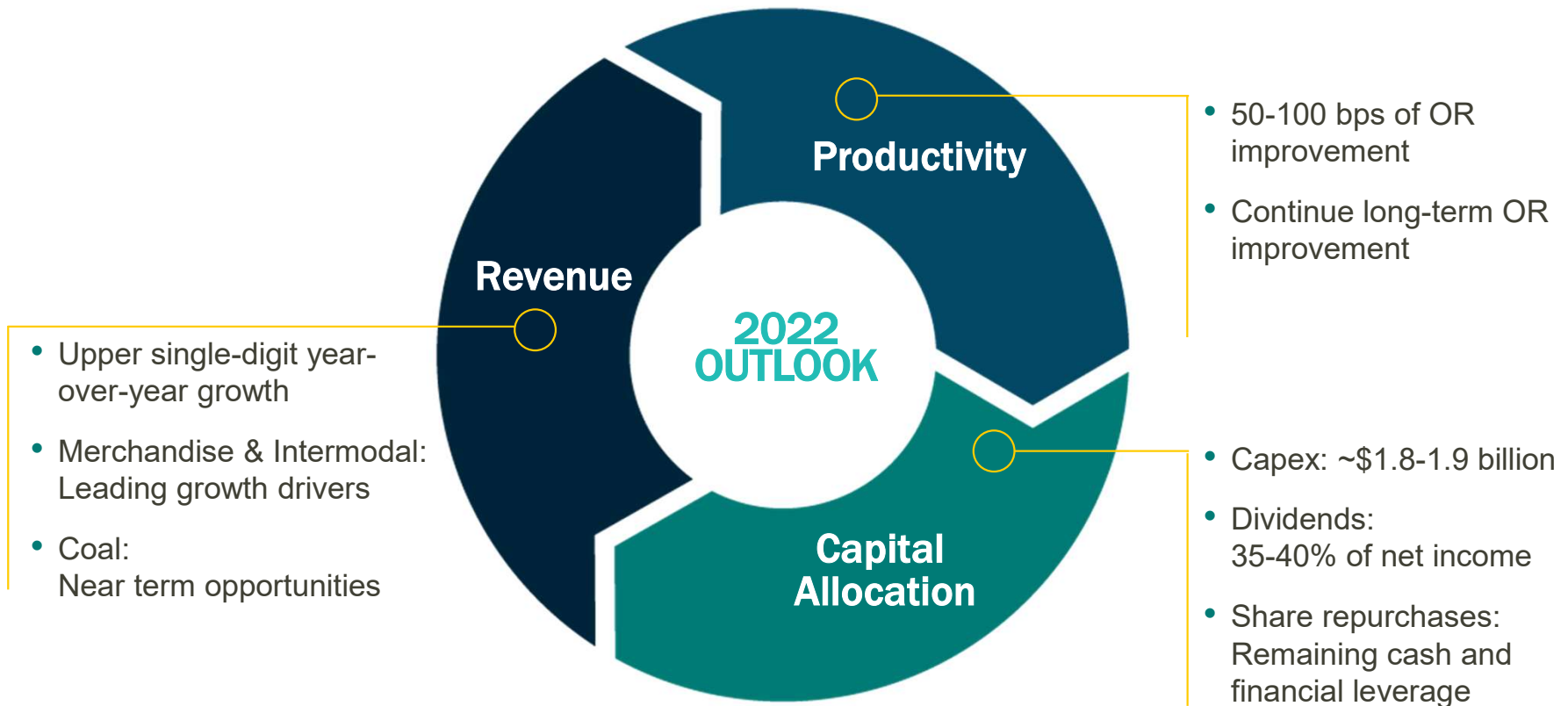


## New Sustainability Milestones in Q1 2022

- Launched next generation carbon calculator, with an industry-leading level of accuracy
- Extended a program with Wabtec to modernize 330 locomotives
- Named as a Supplier Engagement Leader by CDP for 2021
- Awarded 2022 Green Bond of the Year by *Environmental Finance*
- Earned the Responsible Care Efficiency Award for Locomotive Fuel Efficiency from the American Chemistry Council

# 2022 Outlook

Enhancing shareholder value through balance of efficiency and growth





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