



# Q2 2022 Earnings Call

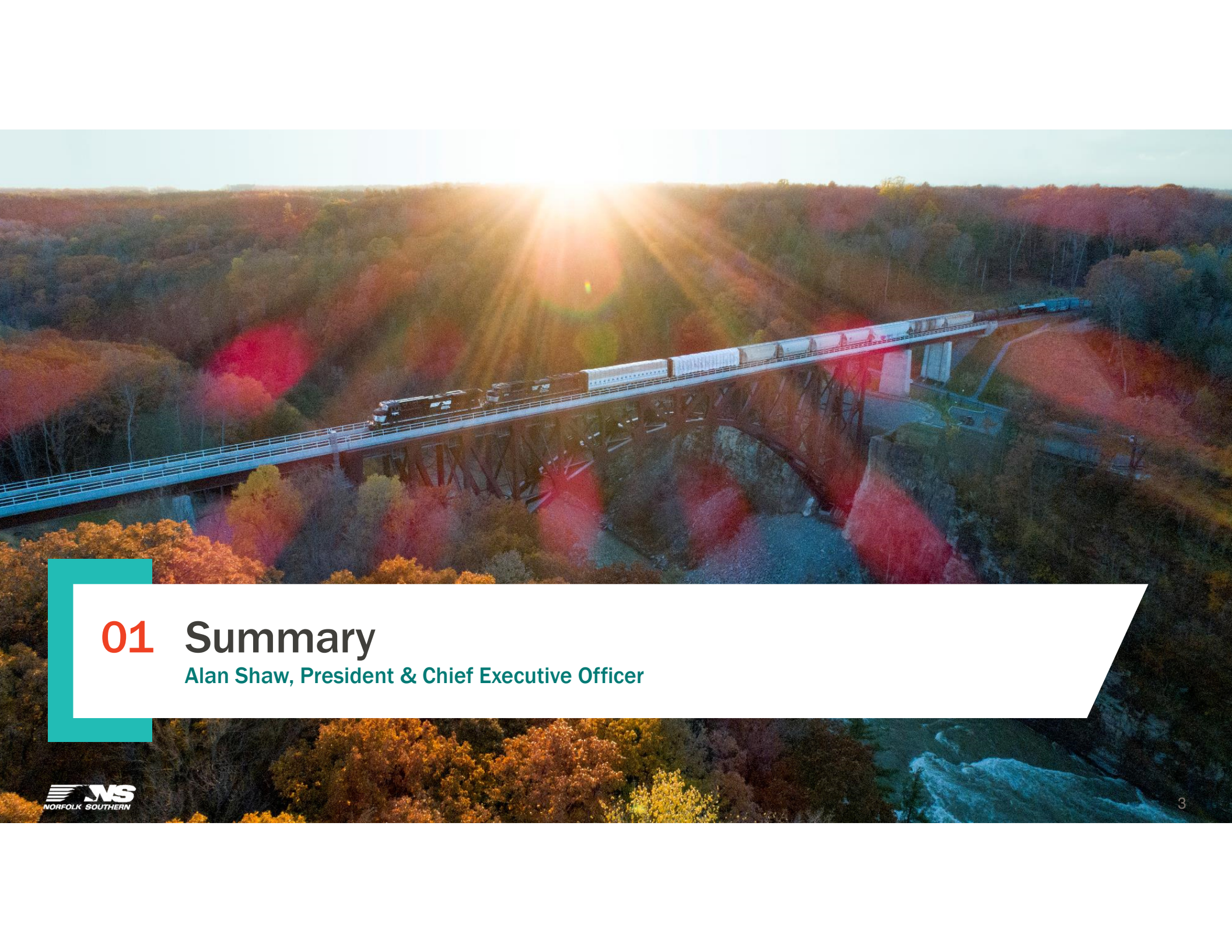
July 27, 2022

# 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 (NYSE: NSC) (“Norfolk Southern,” “NS,” the “Company,” “we,” “our,” or “us”), 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,” “may,” “could,” “should,” 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 & Chief Executive Officer

# Second Quarter 2022 Results

Solid financial performance despite continued network challenges

	Q2 2022	vs. Q2 2021
Revenues	<b>\$3,250M</b> <i>RECORD</i>	16%
Operating expenses	<b>\$1,979M</b>	21%
Operating ratio	<b>60.9%</b>	260 bps
Net Income	<b>\$819M</b>	0%
Earnings per share	<b>\$3.45</b> <i>Q2 RECORD</i>	5%



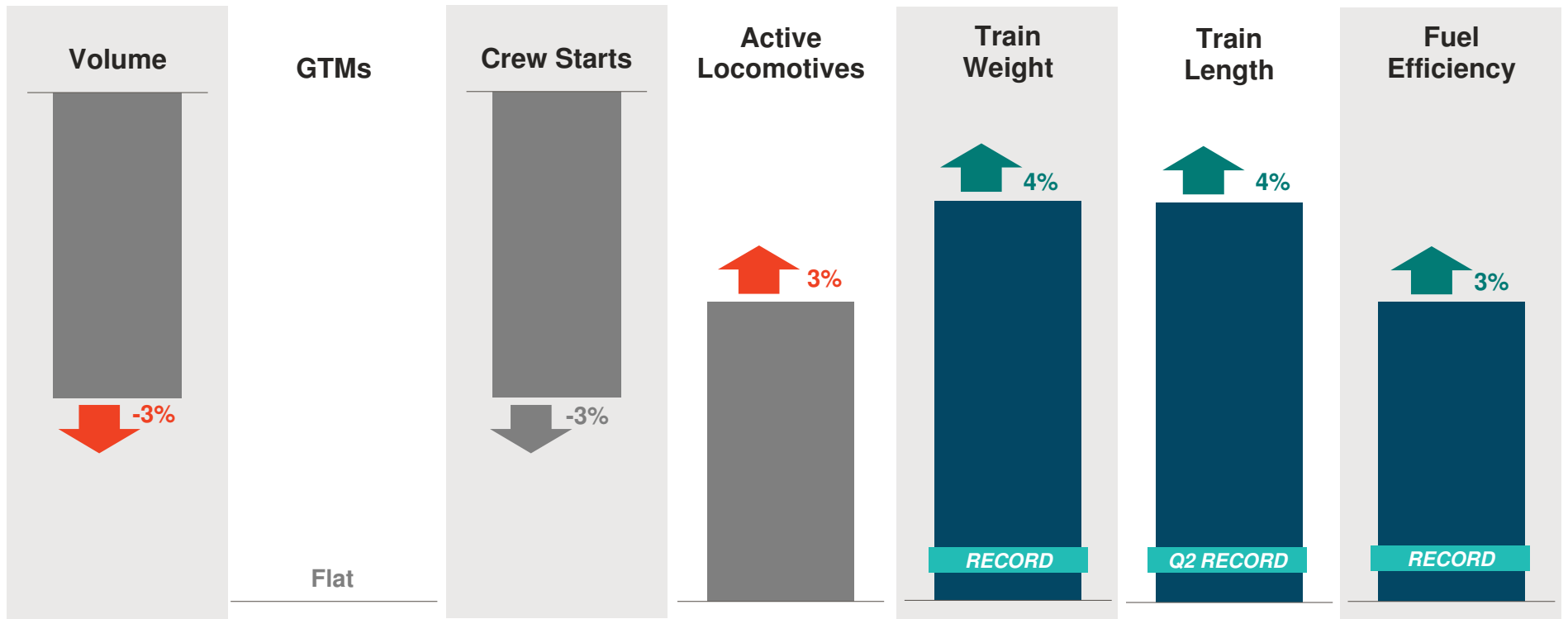
## 02 Operations Overview

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

# Operational Activity Metrics

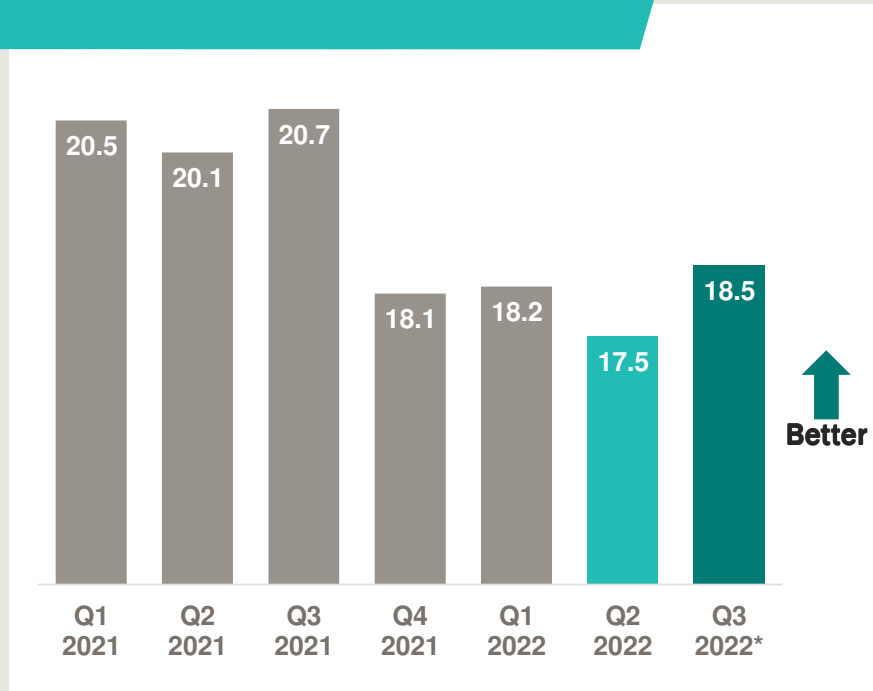
## Q2 2022 vs. Q2 2021

favorable / unfavorable

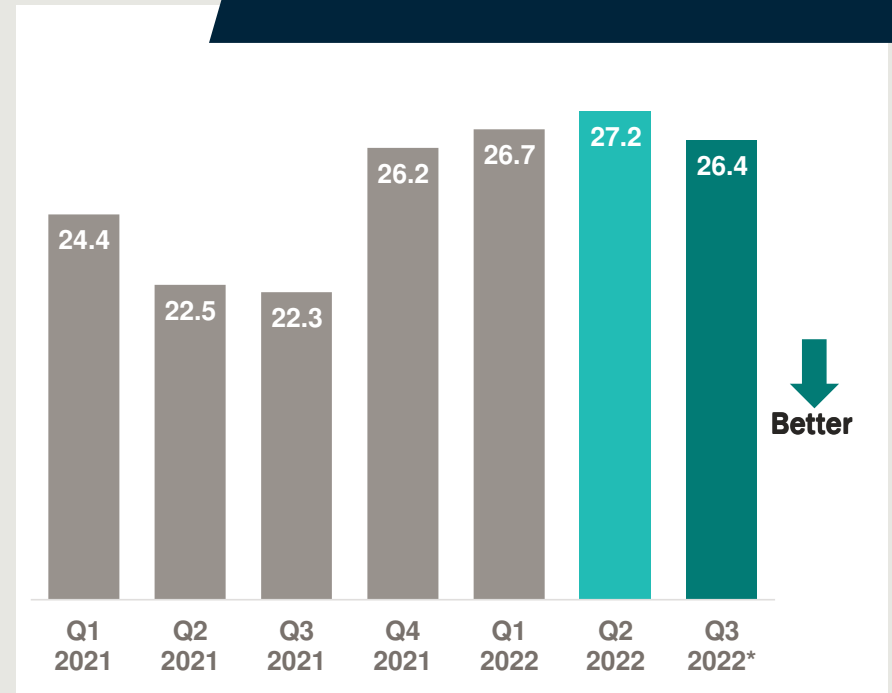


# Network Performance

## Train Speed (mph)

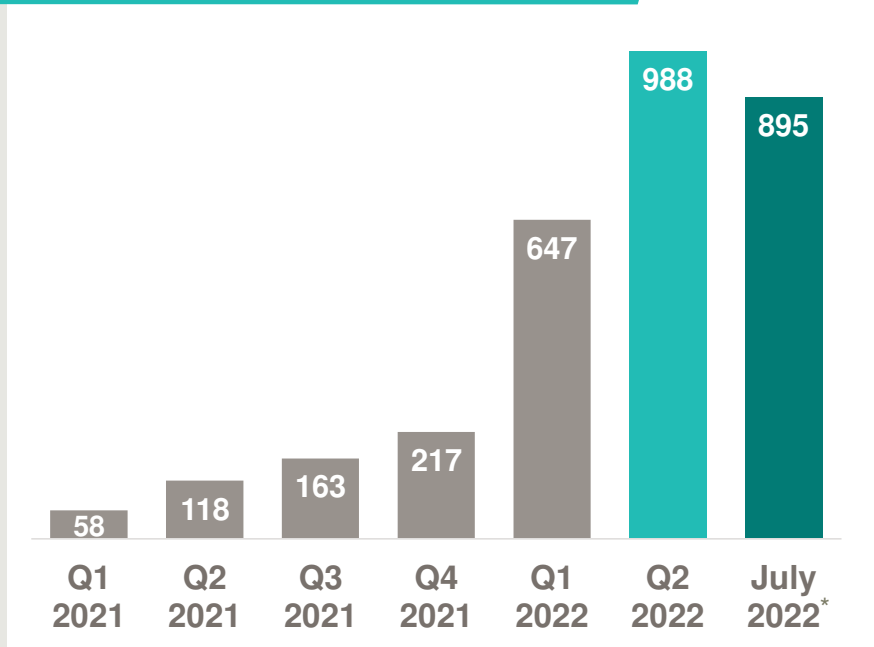


## Terminal Dwell (hours)

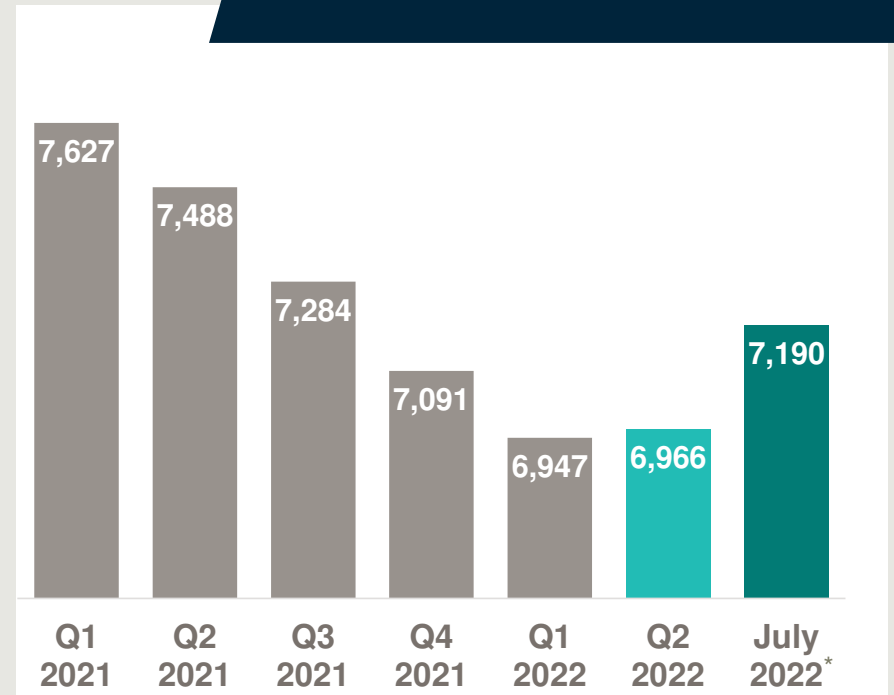


# T&E Workforce Update

## Conductor Trainees

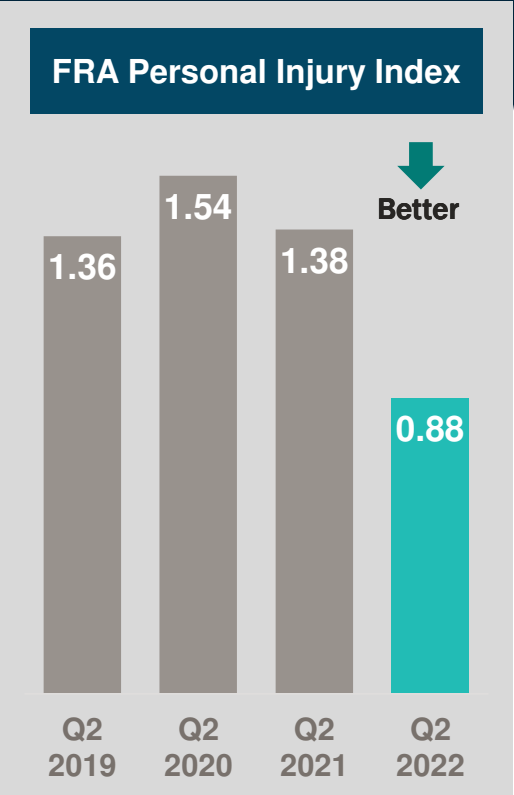


## Qualified T&E





# Continued Focus on Improving Safety



# Deploying Our Updated Operating Plan

## Implemented Q2 2022

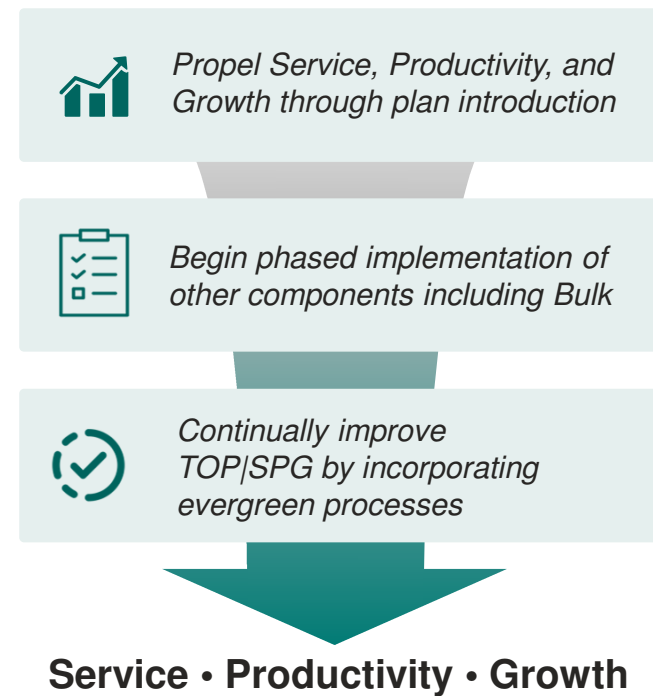
- More balanced plan
- Enhanced executability
- Platform for longer trains

## Next Steps will Drive Capacity and Productivity

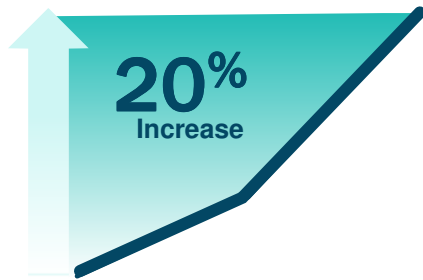
- High-frequency Intermodal plan
- Bulk operations long-term strategy

## Go Forward: Run and Refine the Plan

- Focus on relentless execution
- Drive further process improvement
- Calibrate the plan regularly

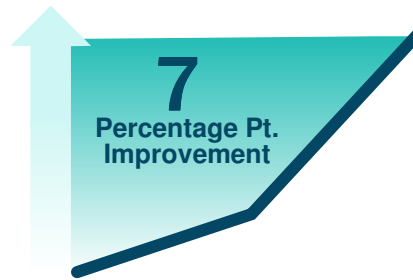


### Distributed Power Trains/day



Q1 2022      Q2 2022      Q3 2022\*

### Train Arrival Performance



Q1 2022      Q2 2022      Q3 2022\*

Hiring, Strategic Initiatives, and TOP | SPG are Improving Service Quality



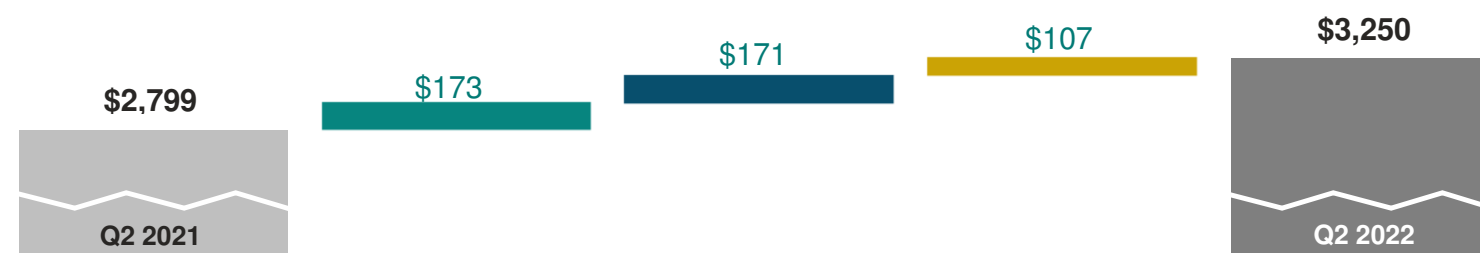
### 3 Market Overview

Ed Elkins, Executive Vice President & Chief Marketing Officer

# Revenue Per Unit Growth Offsets Volume Headwinds

NS delivers double-digit growth in revenue per unit less fuel

Q2 2022 vs. Q2 2021 / Revenue change \$ millions / favorable / unfavorable



	Merchandise	Intermodal	Coal	Total
Revenue	\$1,853M 10% <i>RECORD</i>	\$972M 21% <i>RECORD</i>	\$425M 34%	\$3,250M 16% <i>RECORD</i>
Volume	573,200 (1%)	1,016,500 (4%)	166,100 (4%)	1,755,800 (3%)
RPU	\$3,233 12% <i>RECORD</i>	\$955 27% <i>RECORD</i>	\$2,562 39% <i>RECORD</i>	\$1,851 20% <i>RECORD</i>
RPU (less fuel) <sup>(1)</sup>	\$2,965 4%	\$710 10%	\$2,452 34% <i>RECORD</i>	\$1,611 10%

**22 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 Market Outlook

## MERCHANDISE

- US Light Vehicle Production
- Commodity Prices
- Manufacturing Activity

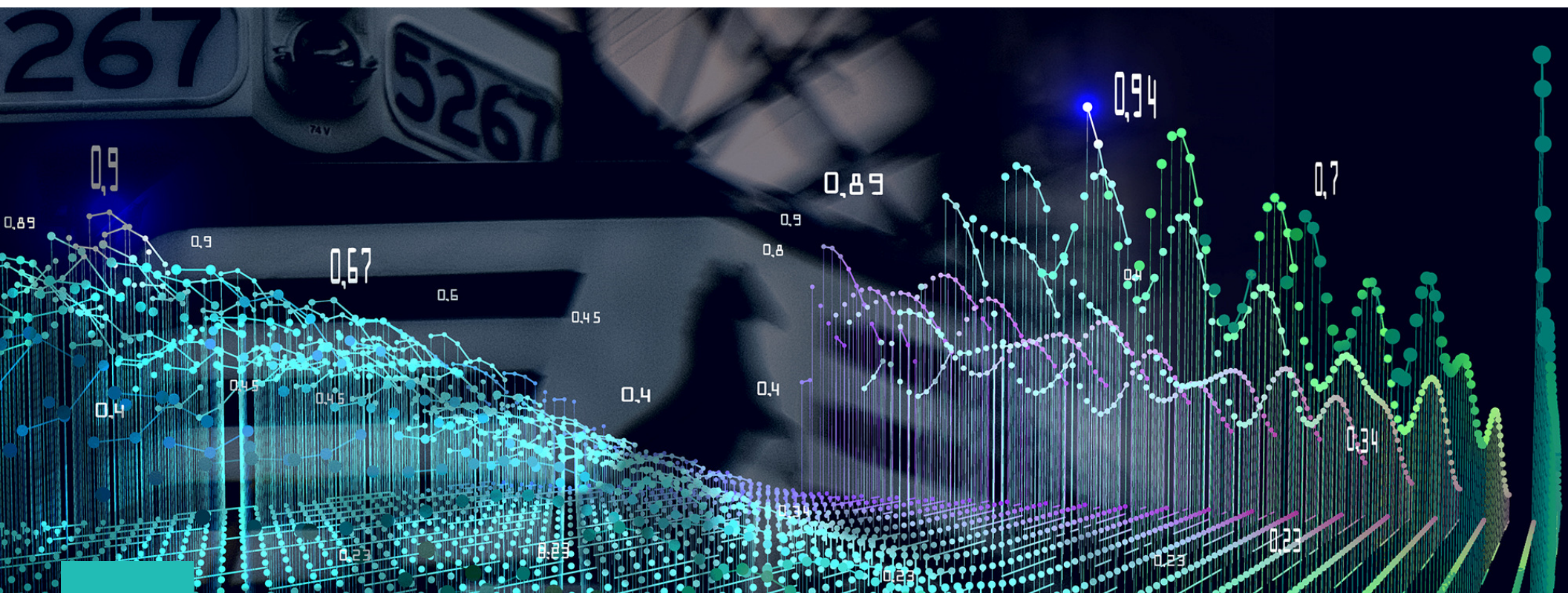
## INTERMODAL

- Sustained Import Demand
- Chassis Supply
- Truck Pricing

## COAL

- Energy Demand
- Seaborne Coal Prices
- Coal Supply





# 04 Financial Overview

Mark George, Executive Vice President & Chief Financial Officer

# Operating Ratio and EPS

## Comparison to 2021

*favorable / unfavorable*

	Second Quarter	
	Operating Ratio	Earnings Per Share
Q2 2021	58.3%	\$3.28
Q2 2022	60.9%	\$3.45
<b>Year-over-year change</b>	<b>260 bps</b>	<b>\$0.17</b>

### *Year-over-year change reconciliation:*

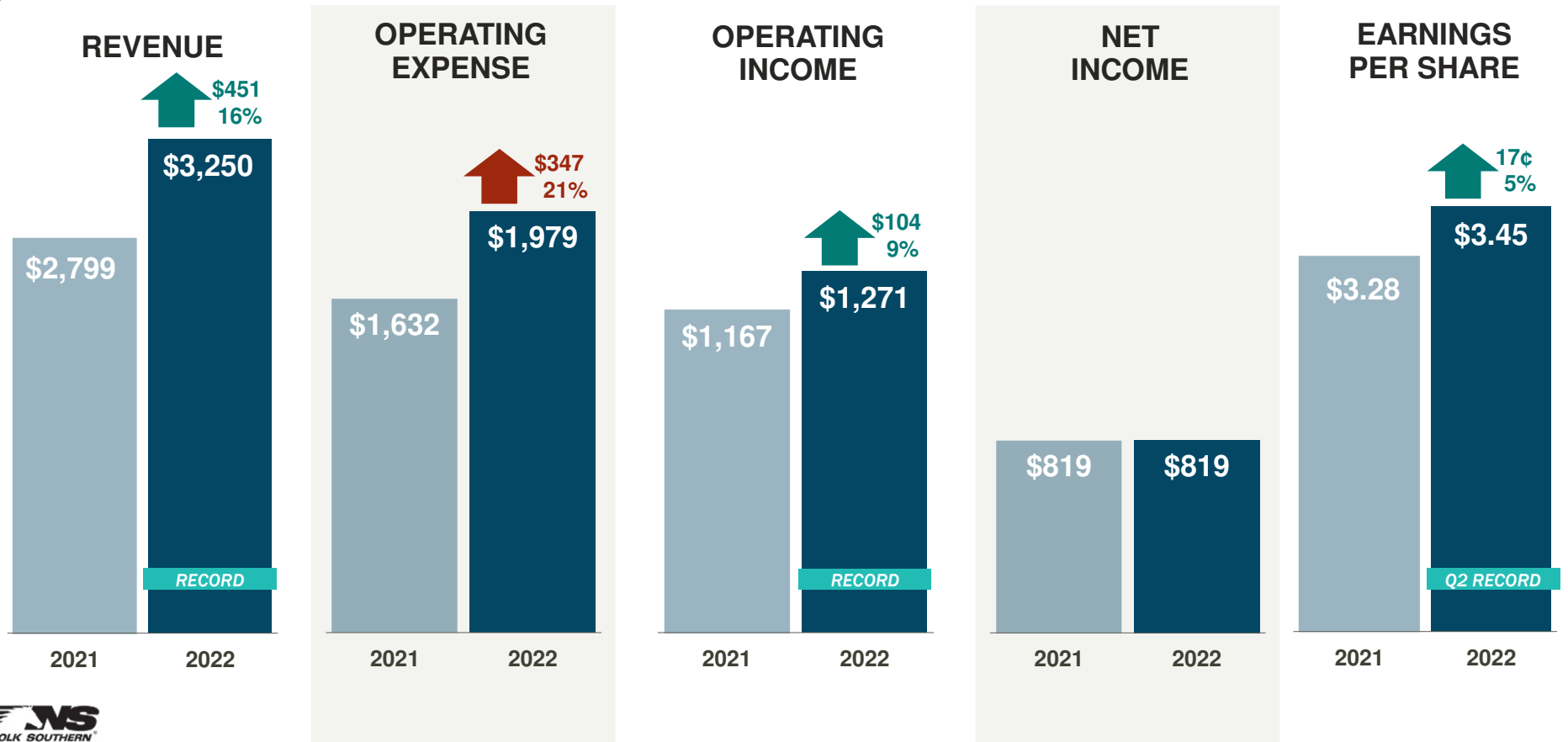
2021 \$55 million property sale	200 bps	(\$0.17)
2021 state tax law change	-	(\$0.09)
2022 claims and legal matters	50 bps	(\$0.05)
Core change	10 bps	\$0.48
<b>Year-over-year change</b>	<b>260 bps</b>	<b>\$0.17</b>



# Second Quarter Highlights

## Q2 2022 vs. Q2 2021

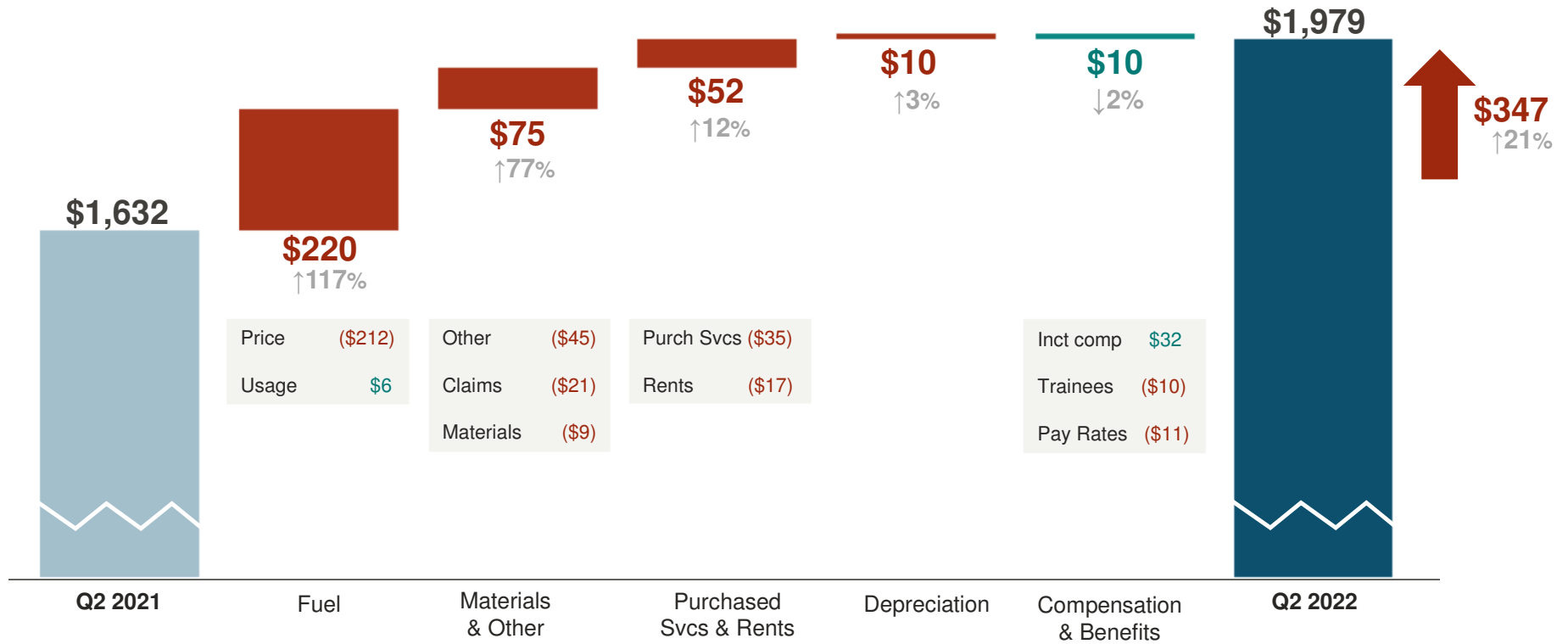
*favorable / unfavorable*  
\$ millions



# Operating Expense Components

## Q2 2022 vs. Q2 2021

*favorable / unfavorable*  
\$ millions



# Financial Results

## Q2 2022 vs. Q2 2021

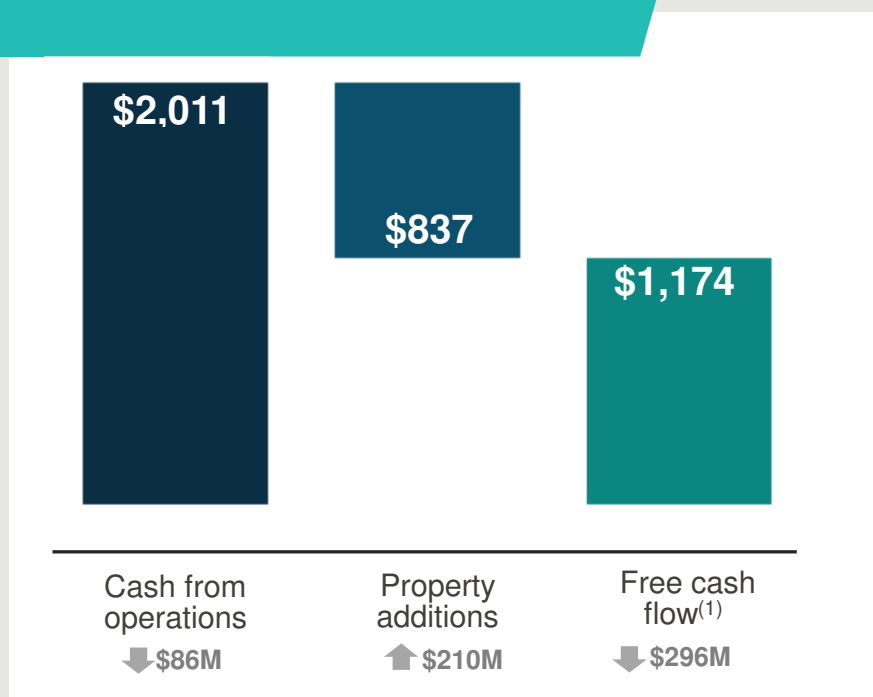
*favorable / unfavorable*  
\$ millions

	Q2 2021	Q2 2022	Variance	
			\$	%
Income from railway operations	\$1,167	<b>\$1,271</b>	\$104	9%
		<i>RECORD</i>		
Other income (expense) – net	35	(14)	(49)	(140%)
Interest expense on debt	161	170	9	6%
Income before income taxes	1,041	1,087	46	4%
Income taxes	222	268	46	21%
Net income	\$819	<b>\$819</b>	-	-
Earnings per share – diluted	<b>\$3.28</b>	<b>\$3.45</b>	\$0.17	5%
		<i>Q2 RECORD</i>		

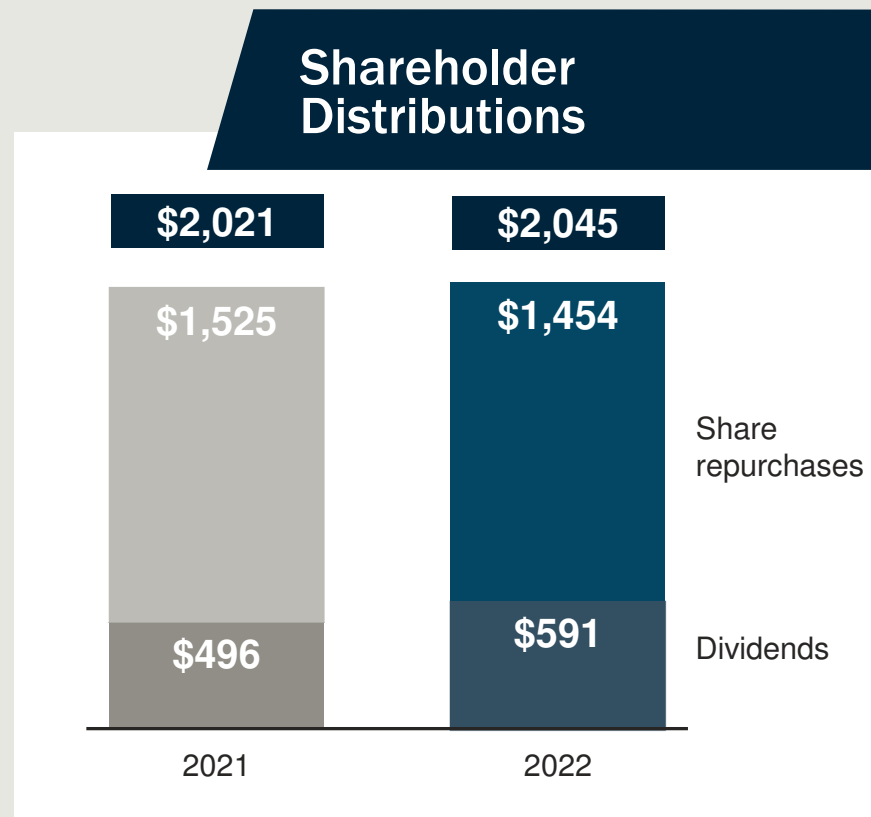
# Free Cash Flow & Shareholder Distributions

First Six Months / \$ millions

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



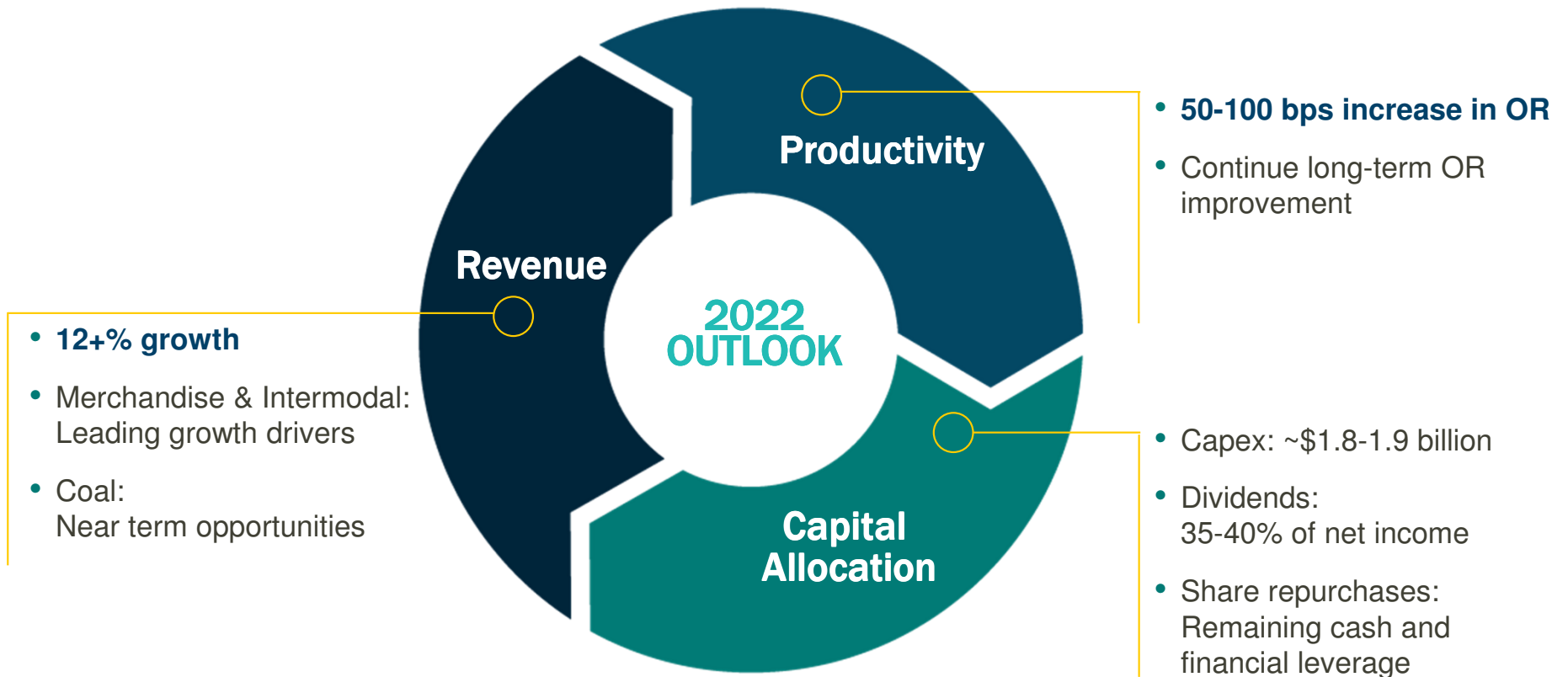
## Shareholder Distributions



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

# 2022 Outlook

Enhancing shareholder value through balance of efficiency and growth





## Leveraging the Strengths of our Network



Powerful Network



Best-in-Class Customers



Strong, Dedicated Team



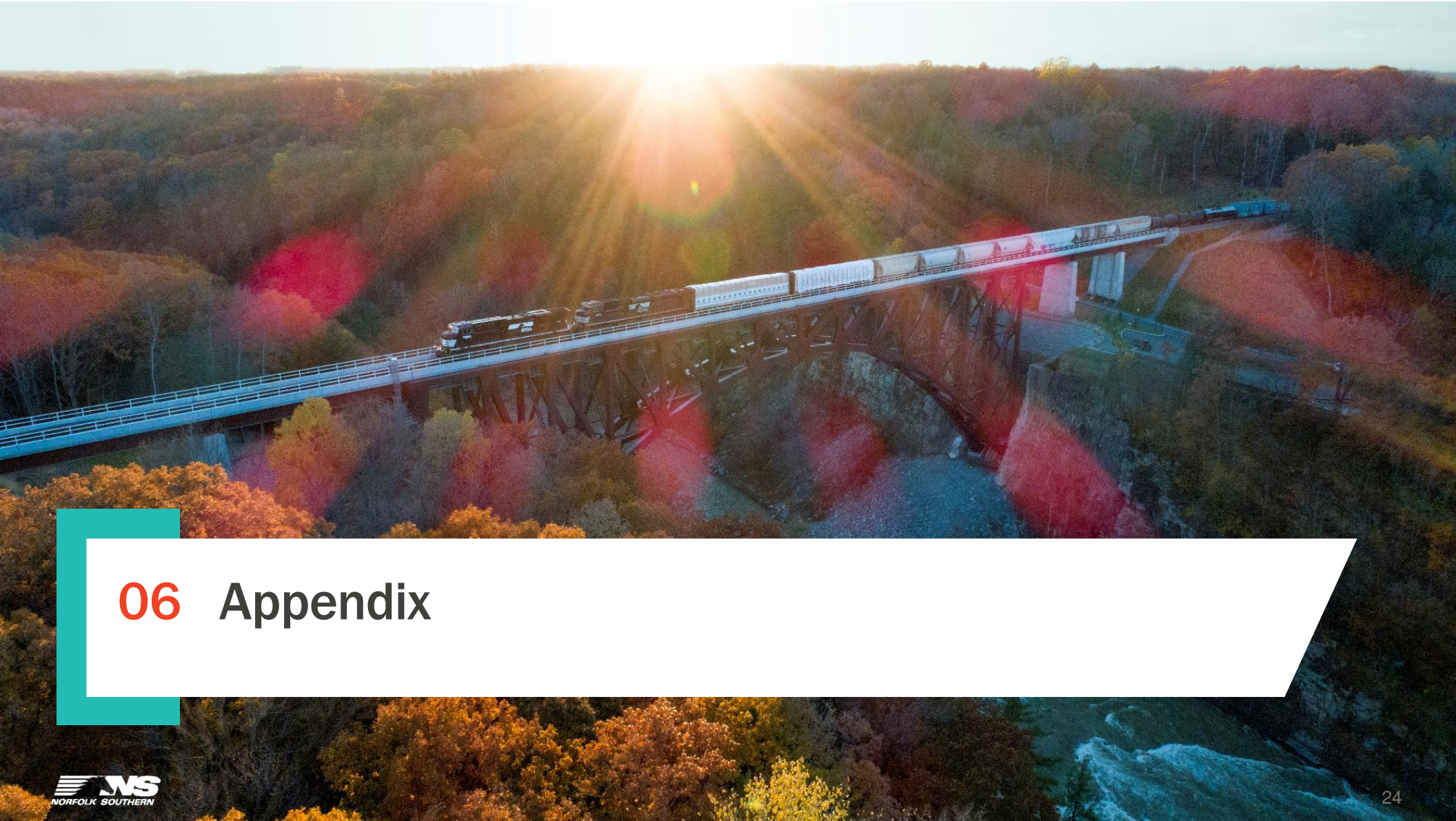
Premier Intermodal Franchise



Sustainability Advantage



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# 06 Appendix



## Items Impacting Comparison to 2021

*favorable / unfavorable*

*\$ millions except per share*

	Second Quarter
2021 property sale	\$ 55
2021 state tax law change	23
2022 claims and legal matters	16
<b>Impact:</b>	
Operating ratio	250 bps
Earnings per share	\$0.31