



2019 Third Quarter Earnings Conference Call

October 23, 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 Third Quarter

October 23, 2019

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



Third Quarter and Nine Month Results



Strategic plan delivering record financial results and positioning NS for continued success

	3Q19 vs 3Q18		YTD19 vs YTD18	
Income From Operations	\$996M	↓ (2%)	▶ \$3,027M <i>YTD RECORD</i>	↑ 5%
Net Income	\$657M	↓ (6%)	▶ \$2,056M <i>YTD RECORD</i>	↑ 5%
Earnings Per Share	\$2.49	↓ (1%)	▶ \$7.70 <i>YTD RECORD</i>	↑ 11%
Operating Ratio	▶ 64.9% <i>3Q RECORD</i>	65.4%	▶ 64.8% <i>YTD RECORD</i>	66.4%

Unfavorable legal matter impacted 3Q19 operating ratio by 110 basis points and EPS by \$0.09.



2019 Marketing Overview Third Quarter

October 23, 2019

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



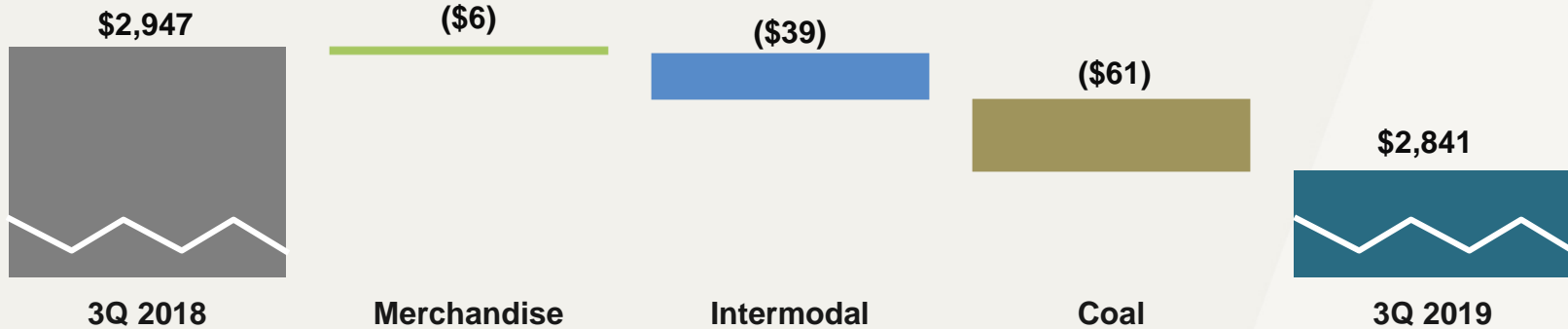
Railway Operating Revenue

Third Quarter 2019 vs. 2018



Year-over-year RPU growth for 11 consecutive quarters

Revenue Change (\$ millions)



	Merchandise	Intermodal	Coal	Total
Revenue	\$1,731M -	\$707M ↓(5%)	\$403M ↓(13%)	\$2,841M ↓(4%)
Volume	621,900 ↓(4%)	1,059,900 ↓(5%)	218,700 ↓(15%)	1,900,500 ↓(6%)
RPU	\$2,783 ↑ 3% ▶ 3Q RECORD RPU	\$668 -	\$1,842 ↑ 2%	\$1,495 ↑ 2%
RPU (less fuel)*	\$2,716 ↑ 4% ▶ 3Q RECORD RPU LF	\$572 ↑ 1% ▶ 3Q RECORD RPU LF	\$1,829 ↑ 5%	\$1,418 ↑ 4% ▶ 3Q RECORD RPU LF

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

Continued collaboration with our customers with a focus on productivity and yield



MERCHANDISE

Lower steel prices

Increased pipeline capacity

Favorable fuel price differentials



INTERMODAL

Excess truck capacity

Trade uncertainty

Manufacturing declines



COAL

Lower natural gas prices

Renewable competition

Lower seaborne coal prices – limits volume and RPU



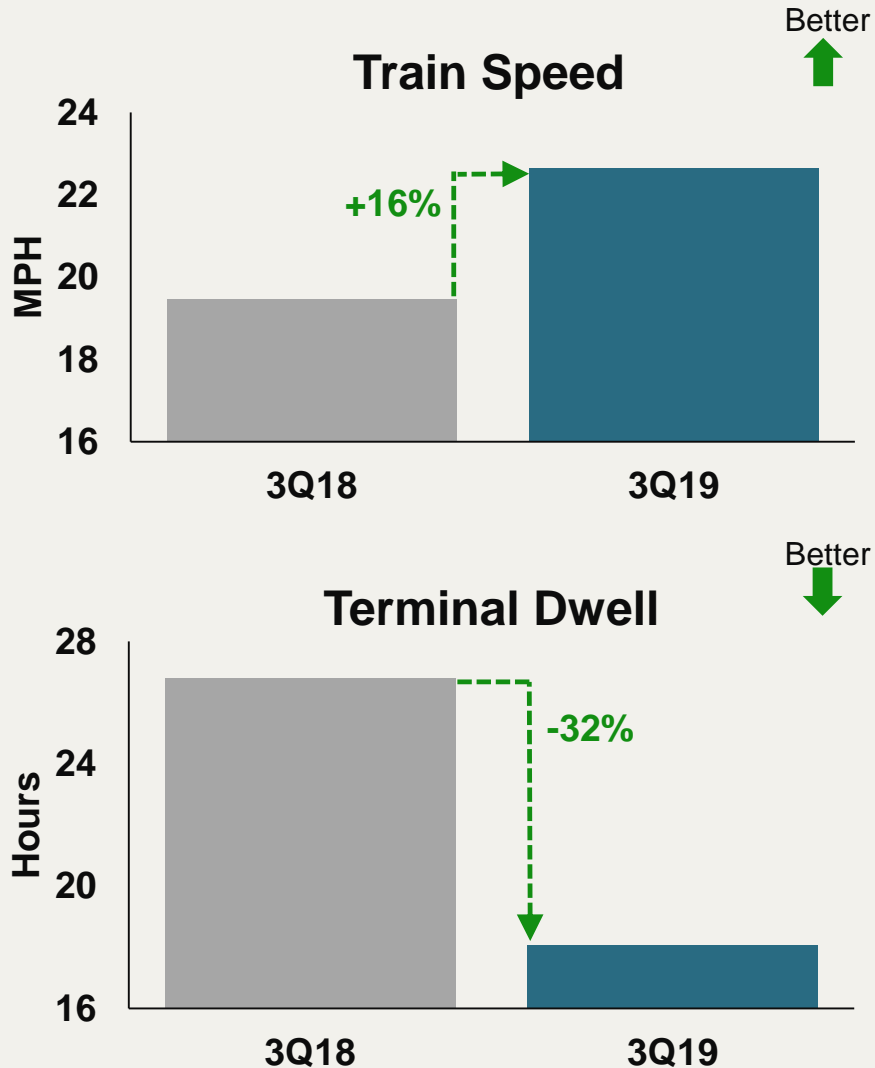
2019 Operations Overview Third Quarter

October 23, 2019

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



Delivering consistent service improvements



Record Quarterly Performance

Terminal Dwell

- Breaking record set in 2Q19
- Six consecutive quarters of sequential improvement

Shipment Consistency

- Record customer facing metric for on-time delivered shipments
- Six consecutive quarters of sequential improvement

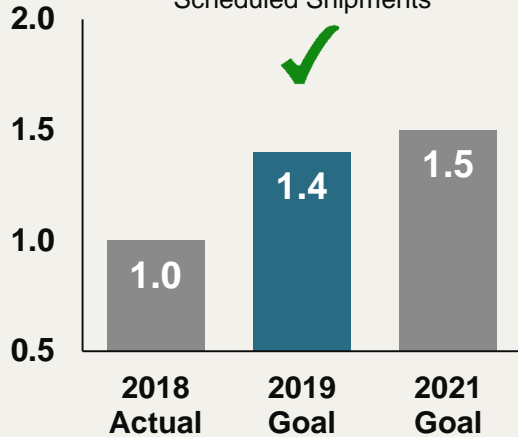
Service and Productivity Metrics



On track to achieve 2019 service and productivity goals

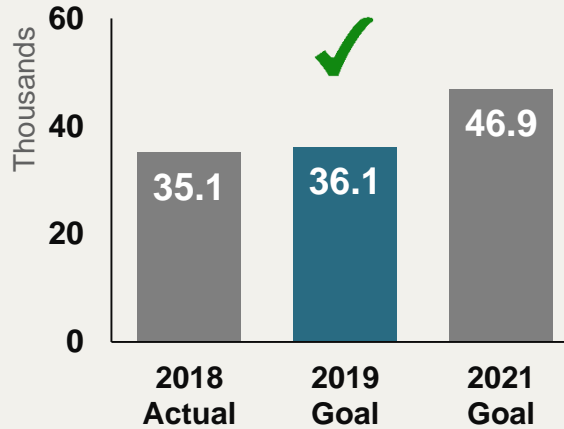
Service Delivery Index

Delivery Performance Of Scheduled Shipments*



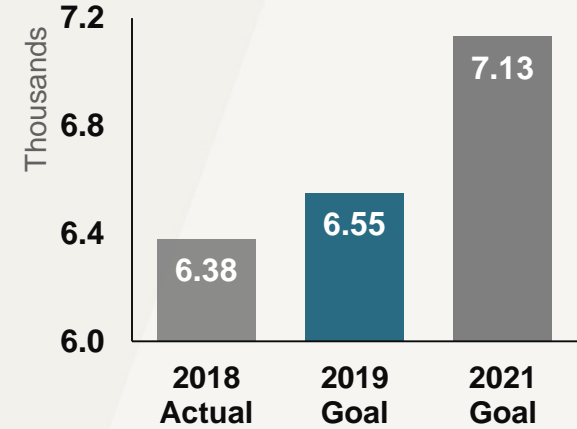
T&E Productivity

KGTM / Average Active T&E Employees



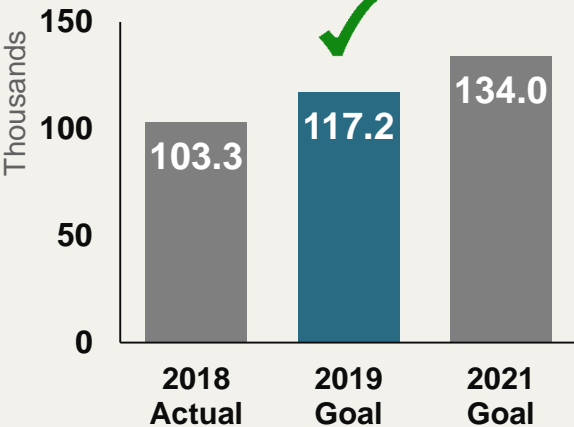
Train Weight

Tons / Road Train



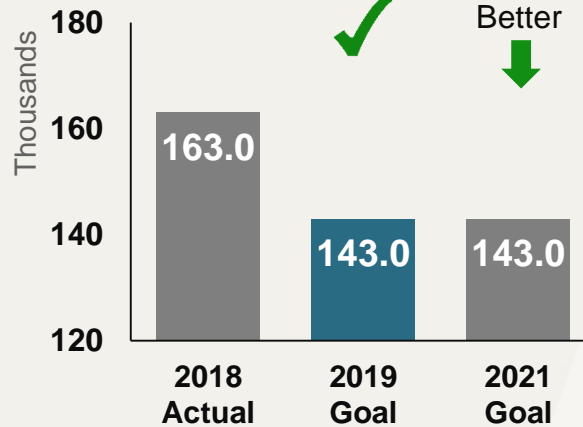
Locomotive Productivity

KGTM / Average Active Locomotive**



Cars-On-Line

Internal Cars-On-Line



Better Unless otherwise indicated

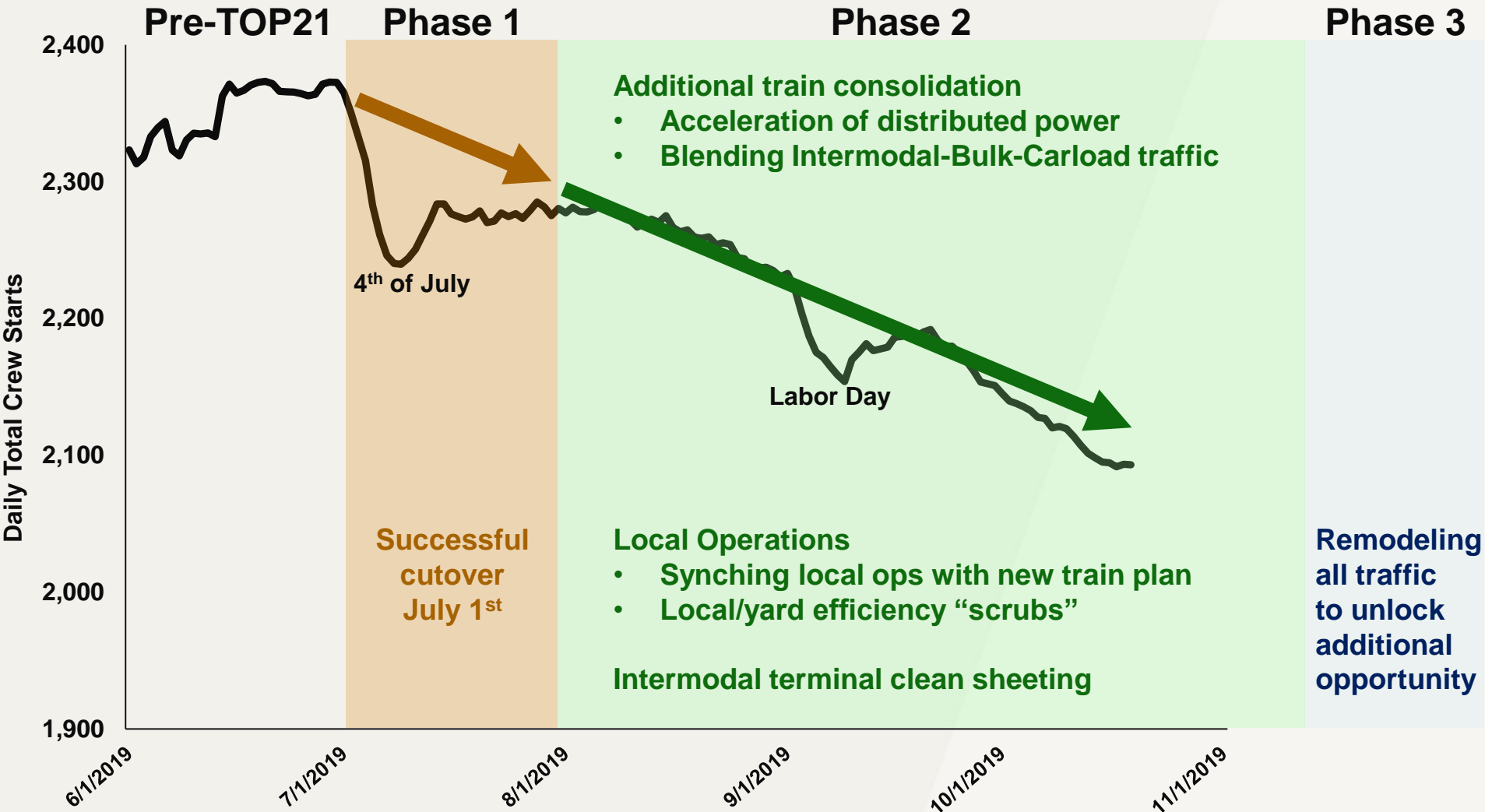
* Blended calculation of Shipment Consistency and Intermodal Availability

** Includes units available to transportation + bad orders

TOP21 Operating Plan Update



Driving continuous improvements through TOP21





2019 Financial Overview Third Quarter

October 23, 2019

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




Operating Results

Third Quarter 2019 vs. 2018 (\$ millions)



Expense reductions drove record third quarter operating ratio

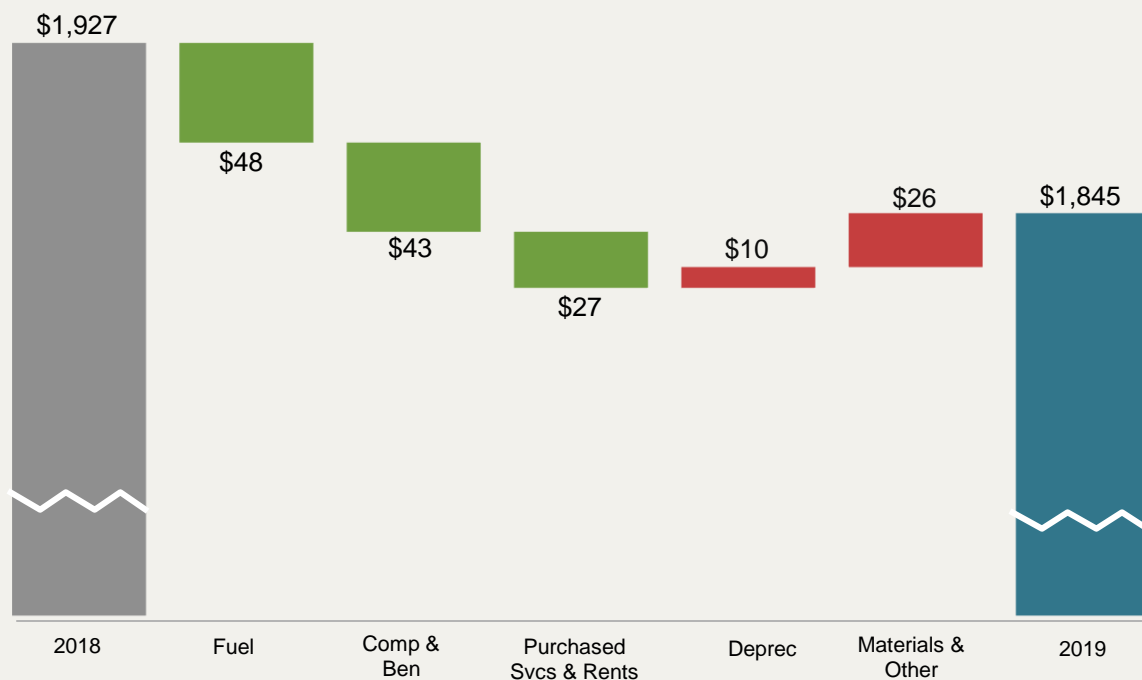
	2019	2018	Favorable (Unfavorable)	
Railway operating revenues	\$ 2,841	\$ 2,947	\$ (106)	(4%)
Railway operating expenses	1,845	1,927	82	4%
Income from railway operations	\$ 996	\$ 1,020	\$ (24)	(2%)
Operating ratio (%)	 64.9 <i>3Q RECORD</i>	65.4	0.5	1%

Operating Expense Components

Third Quarter 2019 vs. 2018 (\$ millions)



Implementation of strategic plan delivering costs savings



Driving cost savings...

- Savings due to lower employee activity levels, overtime and reworks (\$47)
- Lower equipment rents (\$35)
- Decreased materials expenses (\$10)

... that offset headwinds

- Receivable write-off from legal dispute (\$32)
- Higher pay rates (\$17)

Financial Results

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



	2019	2018	Unfavorable
Income from railway operations	\$ 996	\$ 1,020	\$ (24) (2%)
Other income – net	22	30	(8) (27%)
Interest expense on debt	150	142	(8) (6%)
Income before income taxes	868	908	(40) (4%)
Income taxes	211	206	(5) (2%)
Net income	\$ 657	\$ 702	\$ (45) (6%)
Earnings per share – diluted	\$ 2.49	\$ 2.52	\$ (0.03) (1%)

Cash Flows

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



Returns to shareholders of \$2.3 billion

		2019		2018
Cash from operating activities	\$	2,997	\$	2,884
Property additions		(1,494)		(1,326)
Free cash flow ⁽¹⁾	\$	1,503	\$	1,558
Returns to shareholders:				
Dividends	\$	705	\$	627
Share repurchases	\$	1,550	\$	2,300

(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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SERVE CUSTOMERS
MANAGE ASSETS
CONTROL COSTS
WORK SAFELY
DEVELOP PEOPLE

 **YIELD
UP!**