



Earnings Conference Call

2021 Third Quarter

October 27, 2021



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; capacity constraints; technology disruptions; acts of terrorism or war; certainty 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; consolidation; and the impact of the COVID-19 pandemic and vaccine mandate 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, 2020, 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 on the Invest in NS page under Events for this event.

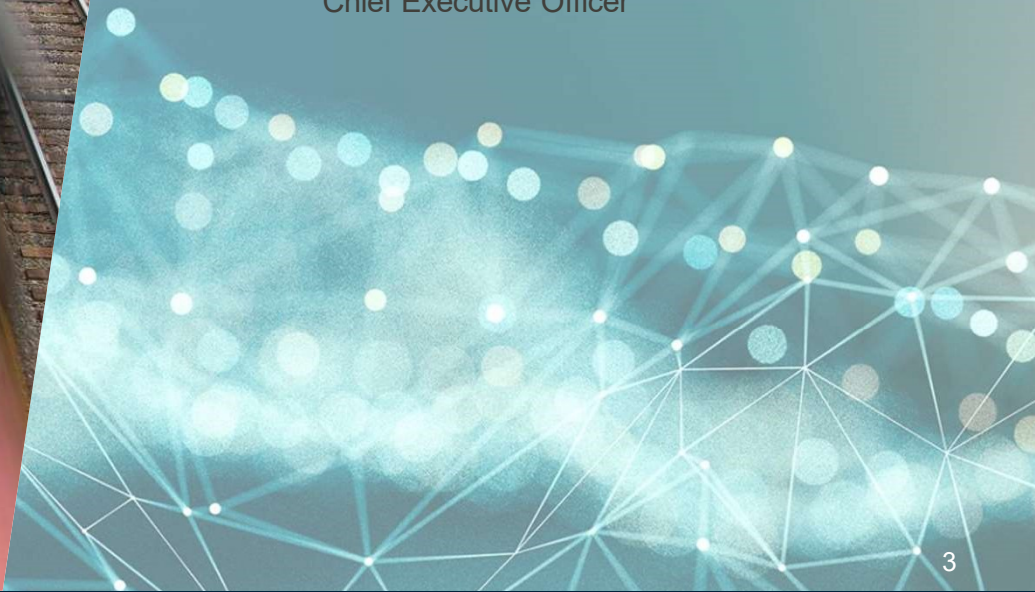


01 Summary

Third Quarter

James A. Squires

Chairman, President and
Chief Executive Officer



Third-Quarter 2021 Results

Record performance

favorable / unfavorable

	Q3 2021	vs Adj. Q3 2020 ⁽¹⁾
Revenues	\$2,852M	14%
Operating expenses	\$1,716M	10%
Operating ratio	60.2% Q3 RECORD	(230) bps
Earnings per share	\$3.06 Q3 RECORD	22%



(1) Adjusted Q3 2020 excludes \$99M impairment charge related to equity method investment. Please see reconciliation to GAAP posted on our website on the **Invest in NS** page under **Events** for this event.



02 Operations Overview

Third Quarter

Cindy M. Sanborn

Executive Vice President and
Chief Operating Officer

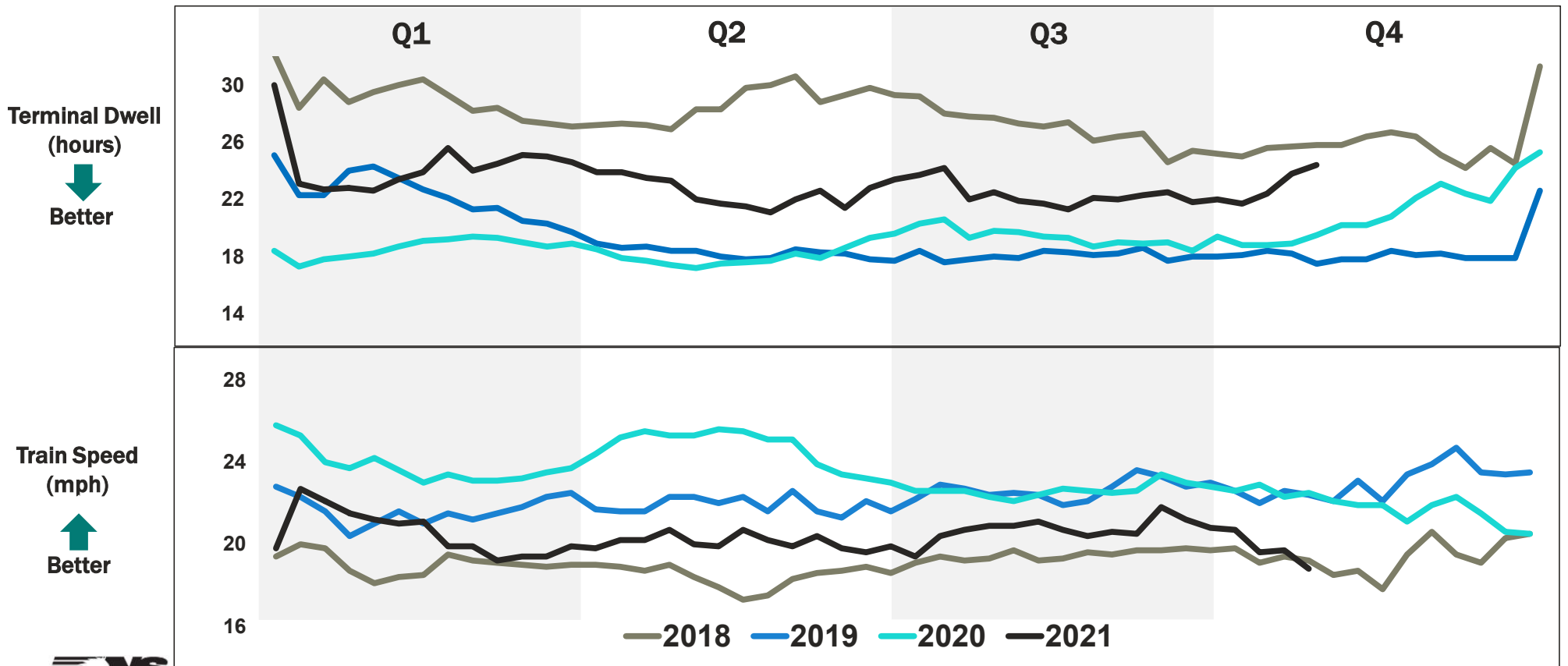
Operational Indicators

Increasing train size to drive productivity

Q3 2021 vs. Q3 2020

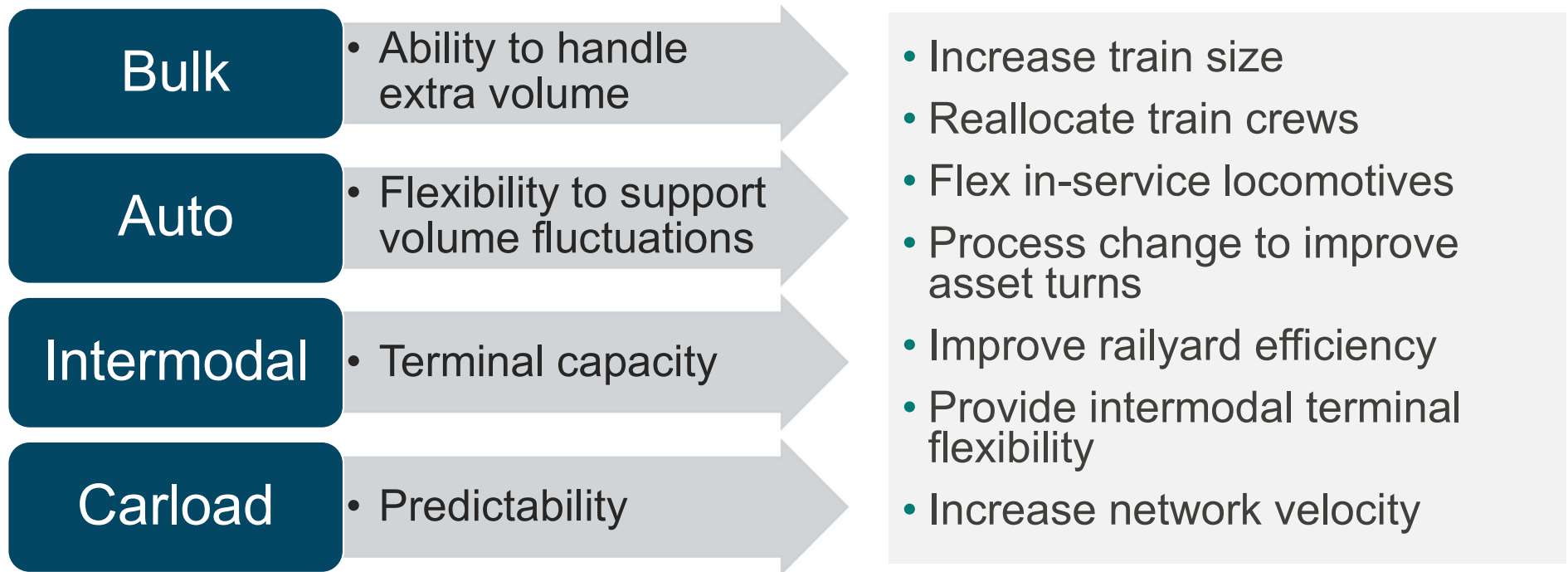


Network Performance

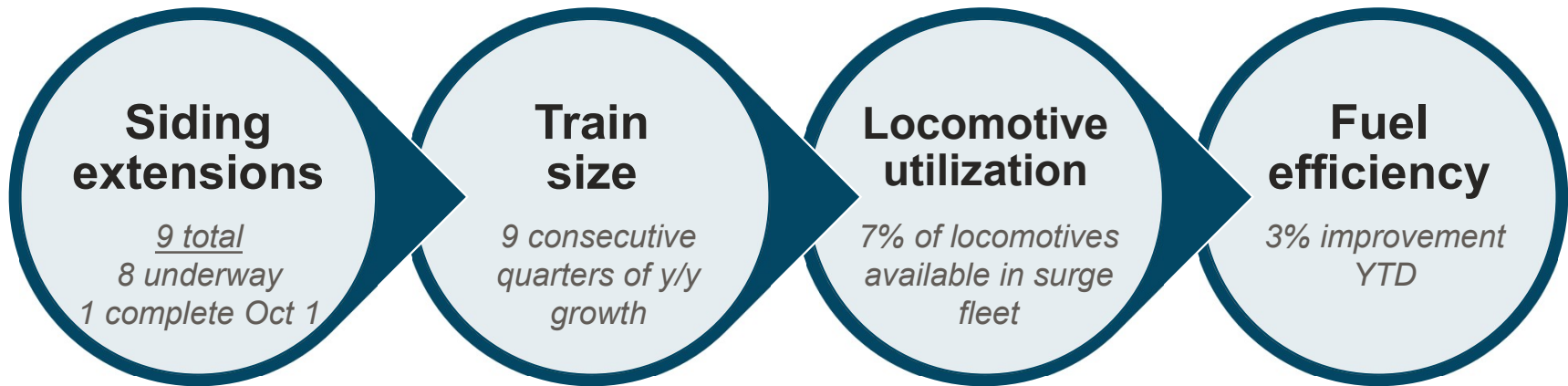


Strategies for Creating Capacity

Solutions vary by market

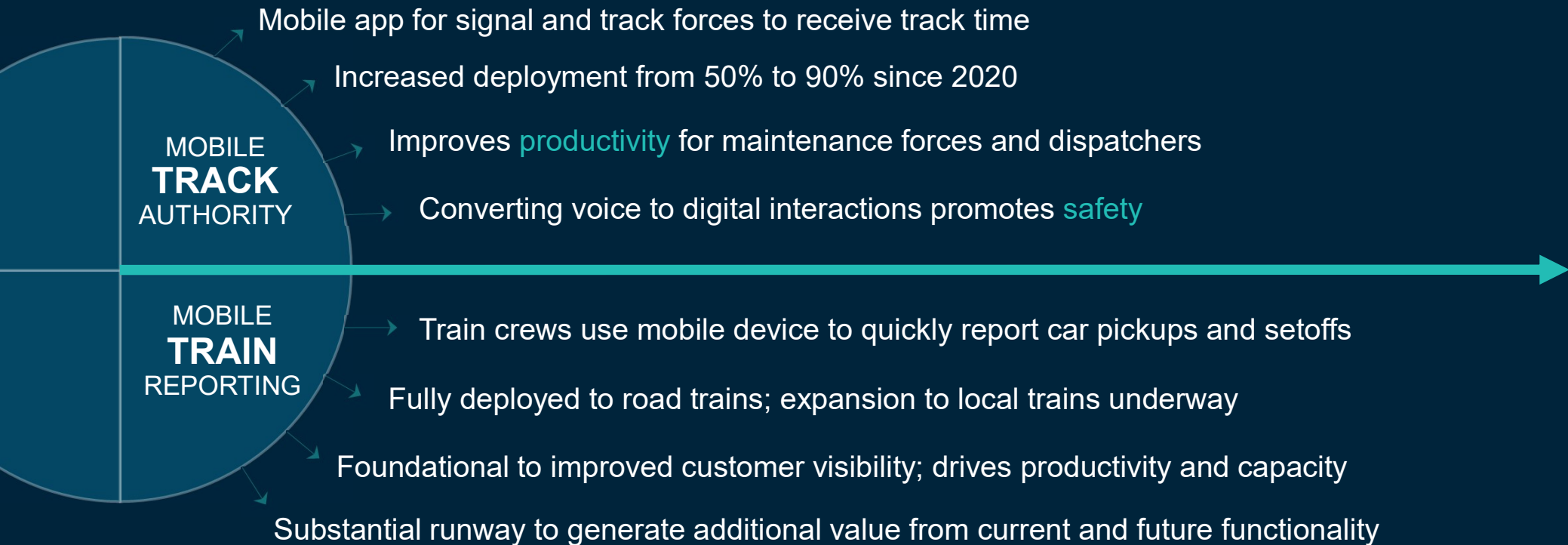


Driving Productivity with Capacity



*Benefits extend beyond locomotives and fuel efficiency to **crew productivity, asset turns and service predictability***

Workforce Mobile Technology Update





03 Market Overview

Third Quarter

Alan H. Shaw

Executive Vice President and
Chief Marketing Officer

Improving Revenue Quality

NS delivers record revenue per unit

Q3 2021 vs. Q3 2020 / Revenue change \$ millions / favorable / unfavorable



	Merchandise		Intermodal		Coal		Total	
Revenue	\$1,710M	10%	\$812M <i>RECORD</i>	16%	\$330M	32%	\$2,852M	14%
Volume	580,300	5%	1,021,000	(4%)	160,500	9%	1,761,800	-
RPU	\$2,946 <i>RECORD</i>	4%	\$796 <i>RECORD</i>	22%	\$2,057	21%	\$1,619 <i>RECORD</i>	14%
RPU (less fuel) ⁽¹⁾	\$2,859	2%	\$677 <i>RECORD</i>	14%	\$2,040 <i>RECORD</i>	20%	\$1,520 <i>RECORD</i>	11%

19 consecutive quarters of y-o-y RPU (less fuel) ⁽¹⁾ growth in Intermodal



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



Fourth Quarter Outlook

MERCHANDISE

- Economic Recovery
- Industrial Production
- Semiconductor Shortage

INTERMODAL

- Consumer Spending
- Tight Truck Capacity
- Throughput Challenges

COAL

- High Seaborne Coal Prices
- Elevated Natural Gas Prices
- Coal Supply

Mitigating External Pressure with Opportunity for Further Growth

External Factors



- Chip shortage
- Warehouse productivity
- Port congestion
- Drayage challenges
- Supply constraints

NS Action for Growth



- International storage service
- Chassis investment
- Terminal capacity
- Highway-to-rail conversions
- Sustainability

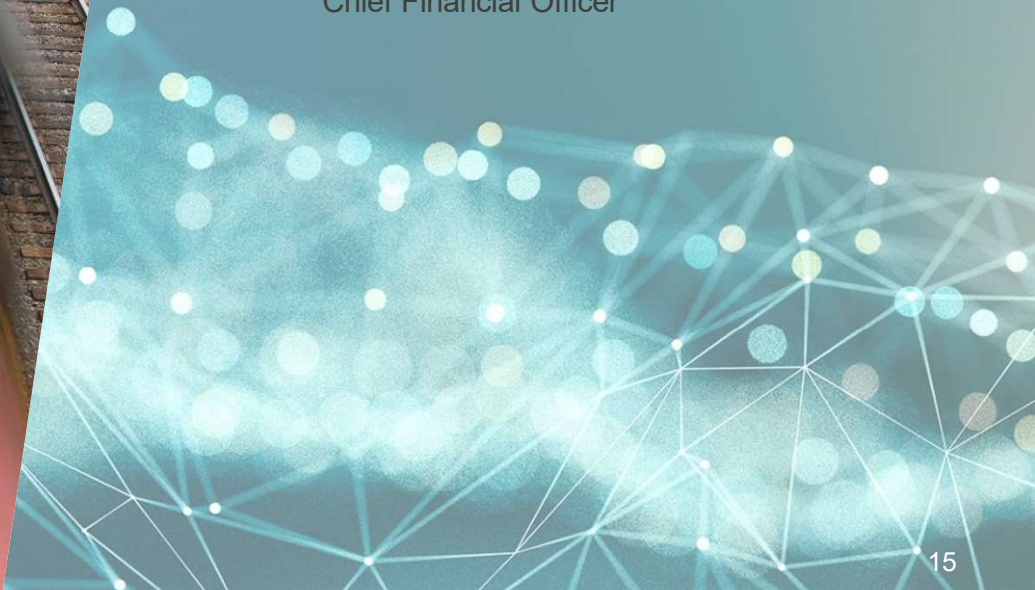


04 Finance Overview

Third Quarter

Mark R. George

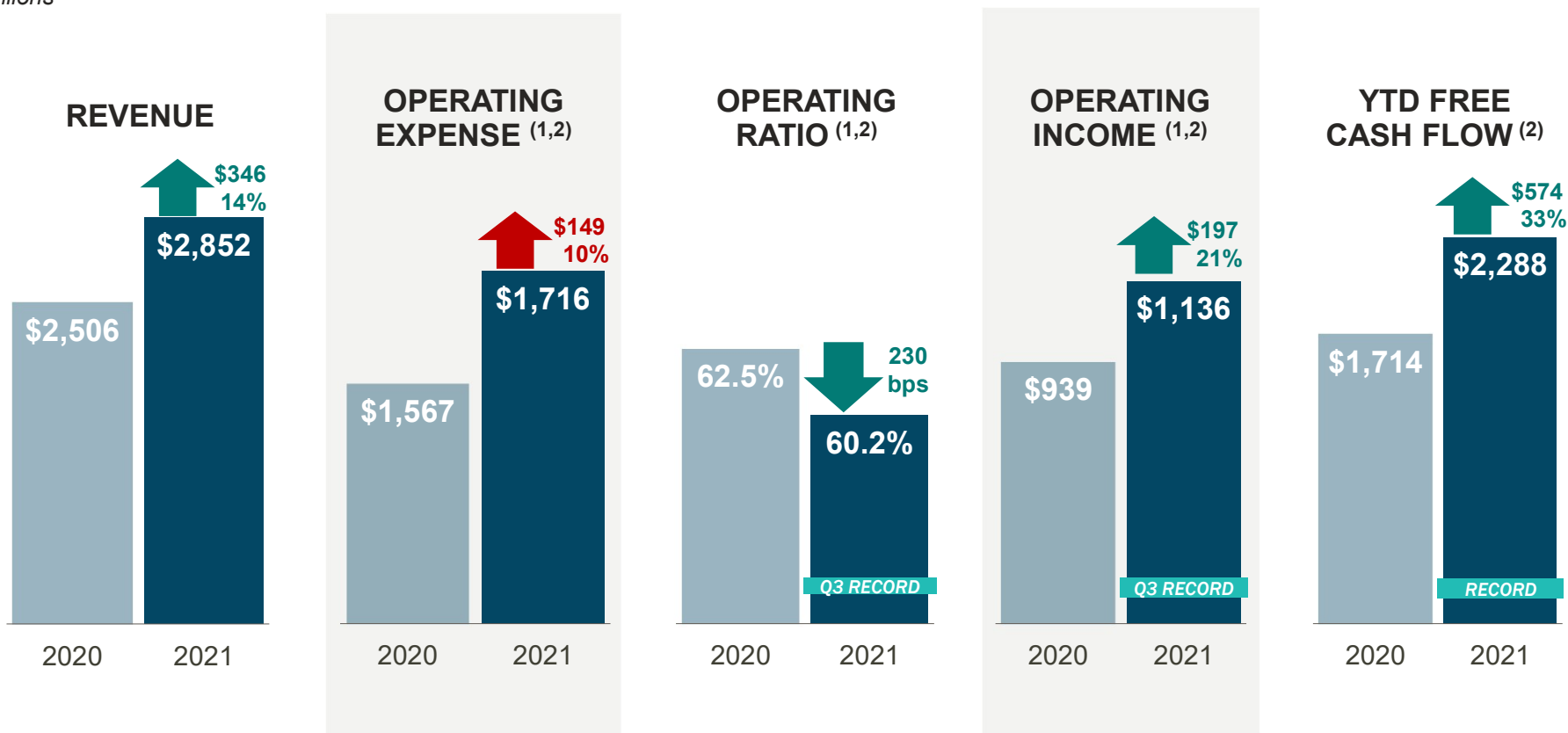
Executive Vice President and
Chief Financial Officer



Third-Quarter Highlights

Q3 2021 vs. Adjusted Q3 2020 ⁽¹⁾ / *favorable* / *unfavorable*

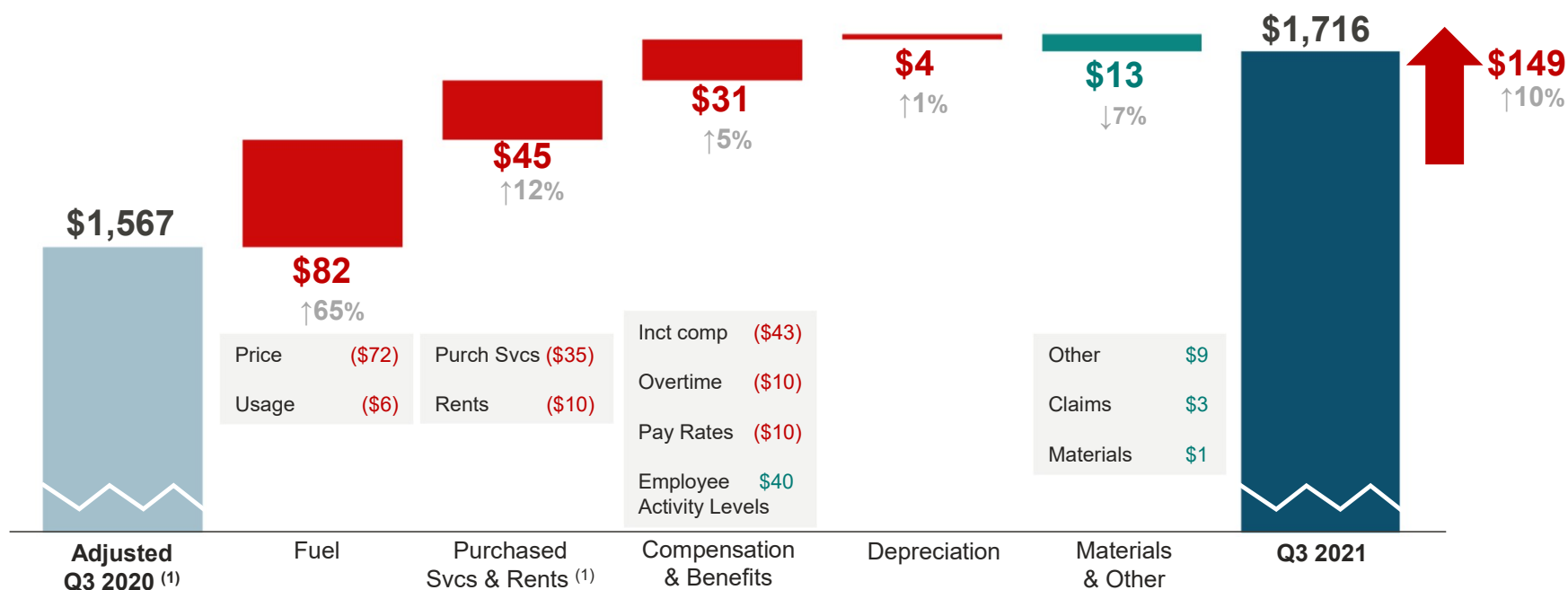
\$ millions



(1) Adjusted Q3 2020 excludes a \$99 non-cash impairment charge related to an equity-method investment.
 (2) Please see reconciliation to GAAP posted on our website on the *Invest in NS* page under *Events* for this event.

Operating Expense Components

Q3 2021 vs. Adjusted Q3 2020 ⁽¹⁾ / favorable / unfavorable
\$ millions



(1) Adjusted Q3 2020 excludes a \$99 non-cash impairment charge related to an equity-method investment. Please see reconciliation to GAAP posted on our website on the **Invest in NS** page under **Events** for this event. 17

Financial Results

Q3 2021 vs. Adjusted Q3 2020 ⁽¹⁾ / *favorable* / *unfavorable*
 \$ millions except per share

	Adjusted Q3 2020	Q3 2021	Variance	
			\$	%
Income from railway operations ⁽¹⁾	\$939	\$1,136	\$197	21%
Other income – net	39	14	(25)	(64%)
Interest expense on debt	155	164	9	6%
Income before income taxes ⁽¹⁾	823	986	163	20%
Income taxes ⁽¹⁾	180	233	53	29%
Net income ⁽¹⁾	\$643	\$753	\$110	17%
Earnings per share – diluted ⁽¹⁾	\$2.51	\$3.06	\$0.55	22%

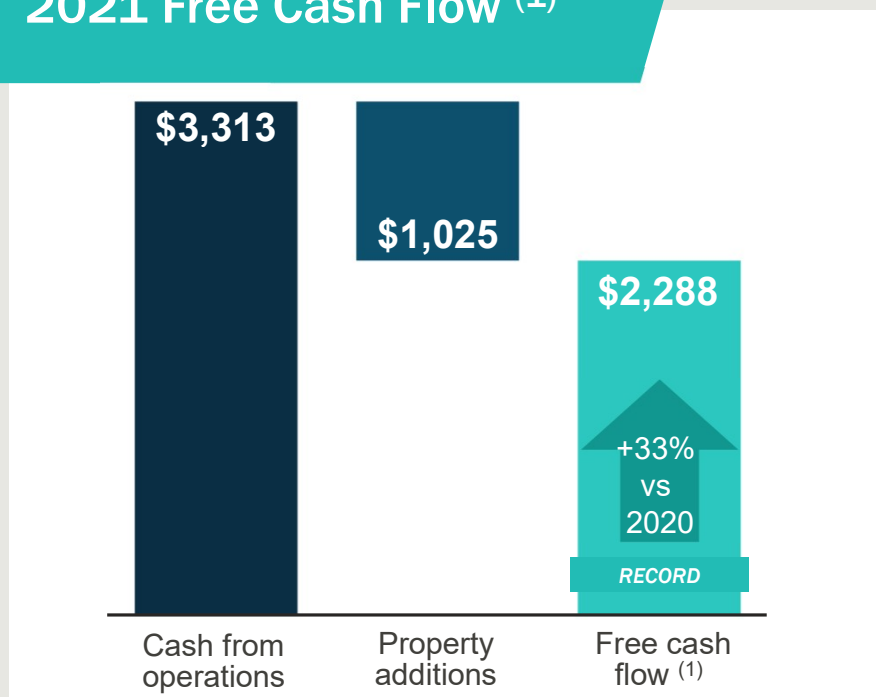


⁽¹⁾ Adjusted Q3 2020 excludes a \$99 non-cash impairment charge related to an equity-method investment. Please see reconciliation to GAAP posted on our website on the **Invest in NS** page under **Events** for this event.

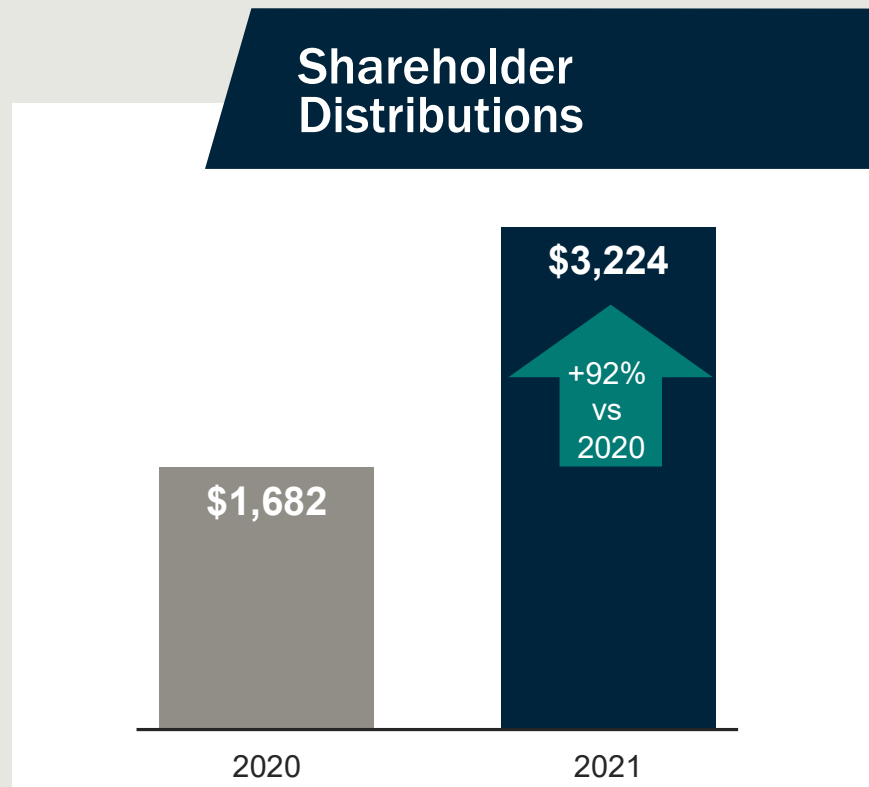
Free Cash Flow & Shareholder Distributions

First Nine Months / \$ millions

2021 Free Cash Flow (1)



Shareholder Distributions



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



05 Closing Comments

Third Quarter

James A. Squires

Chairman, President and
Chief Executive Officer

New Sustainability Milestones

Accelerating the way to a low-carbon supply chain

- **August 2021:** Released 2021 ESG report, our 14th annual report on corporate responsibility
- **August 2021:** Celebrated 500th modernized locomotive unit in partnership with Wabtec
- **September 2021:** Collaboration with Progress Rail on Tier 4 (highest emission standard) ECO locomotive prototype
- **October 2021:** Announced renewable energy partnership in Altoona and Reading, Pennsylvania regions



Outlook

Enhancing shareholder value through cost efficiency and growth

Revenue

- YoY growth >12%
- **Intermodal and Merchandise:**
Leading growth drivers
- **Coal:**
Near-term upside
Long-term secular decline

Operating Ratio

- YoY improvement in range of 400 – 440 ⁽¹⁾ bps
- Continue to drive OR lower over longer term

Capital Allocation

- **Capex:**
~\$1.6 billion
- **Dividends:**
Raised to 35-40% of Net Inc.
- **Share Repurchases:**
Remaining excess cash after considering financial leverage

Thank you. www.norfolksouthern.com





06 Appendix

Third Quarter



Items Impacting Comparison to 2020

favorable / unfavorable

\$ millions except per share

	Third Quarter	
2020 Investment impairment	\$	99

Impact:

Operating ratio		400 bps
Earnings per share		\$0.29

Operating Ratio and EPS

Items Impacting Comparison to 2020 / *favorable* / *unfavorable*

	Third Quarter	
	Operating Ratio	Earnings Per Share
Adjusted Q3 2020 ⁽¹⁾	62.5%	\$2.51
Q3 2021	60.2%	\$3.06
Year-over-year change	(230bps)	\$0.55
Year-over-year change reconciliation:		
Core improvement	(230bps)	\$0.55
Year-over-year change	(230bps)	\$0.55