

A Norfolk Southern locomotive, number 8511, is pulling a long freight train through a city at dusk. The locomotive is black with white stripes and the NS logo. The train consists of several silver boxcars. The city skyline is visible in the background under a twilight sky.

January 29, 2020

EARNINGS CONFERENCE CALL

2019 Fourth Quarter



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

Fourth Quarter and Full Year

James A. Squires

Chairman, President and

Chief Executive Officer

FOURTH QUARTER AND FULL YEAR RESULTS

Execution of strategic plan produced fourth consecutive year of operating income and OR improvement

	4Q19 vs 4Q18		2019 vs 2018	
Revenues	\$2,690M	(7%)	\$11,296M	(1%)
Income from operations	\$962M	(11%)	\$3,989M	+1%
			RECORD RESULT	
Operating ratio	64.2%	+140 bps	64.7%	(70) bps
			RECORD RESULT	
Net income	\$666M	(5%)	\$2,722M	+2%
Earnings per share	\$2.55	(1%)	\$10.25	+8%



2019 MARKETING OVERVIEW

Fourth Quarter and Full Year

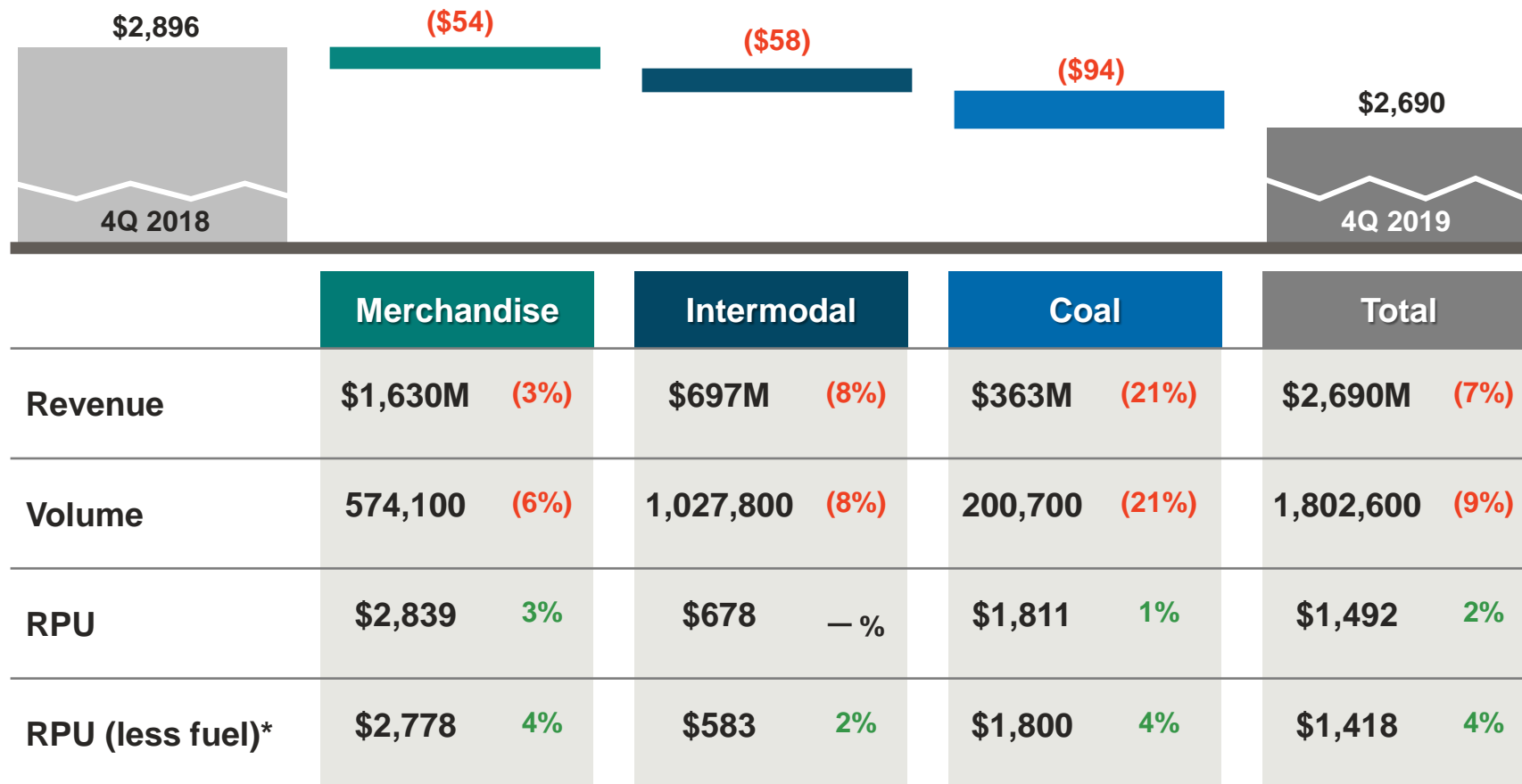
Alan H. Shaw

Executive Vice President and
Chief Marketing Officer

RAILWAY OPERATING REVENUE CHANGE

Fourth Quarter 2019 vs. 2018

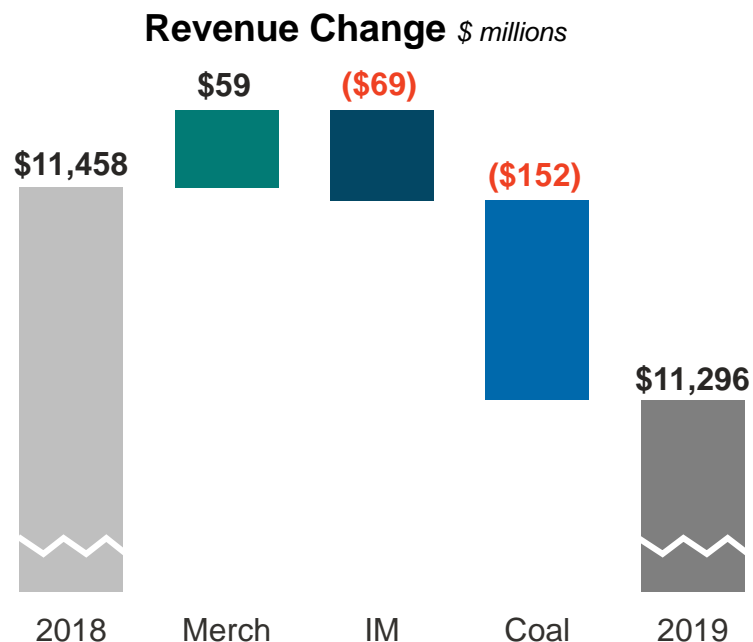
Revenue change \$ millions



12 consecutive quarters of year-over-year RPU growth

FULL YEAR PERFORMANCE

Revenue	Volume	RPU	RPU (less fuel)*
\$11.3 billion	7,553,600 units	\$1,495	\$1,419
down 1%	down 5%	up 3%	up 4%



Improved service product drove positive pricing and productivity; partially offsetting the impact of lower volume:

- Excess truck capacity
- Low natural gas and seaborne coal prices impact Coal franchise
- Weakness in the industrial economy
- Favorable fuel price differentials drive crude oil to East Coast refineries

Focus on productivity and adding value to our customers

2020 OUTLOOK



MERCHANDISE

- Uncertainty in industrial economy
- Growth in US light vehicle production
- Favorable fuel price differentials
- Reduced fracking activity



INTERMODAL

- Growth in consumer demand
- Stabilizing, although loose truck environment



COAL

- Low natural gas prices
- Low seaborne coal prices

Macroeconomic uncertainty remains



2019 OPERATIONS OVERVIEW

Fourth Quarter and Full Year

Michael J. Wheeler

Executive Vice President and

Chief Operating Officer

NETWORK PERFORMANCE

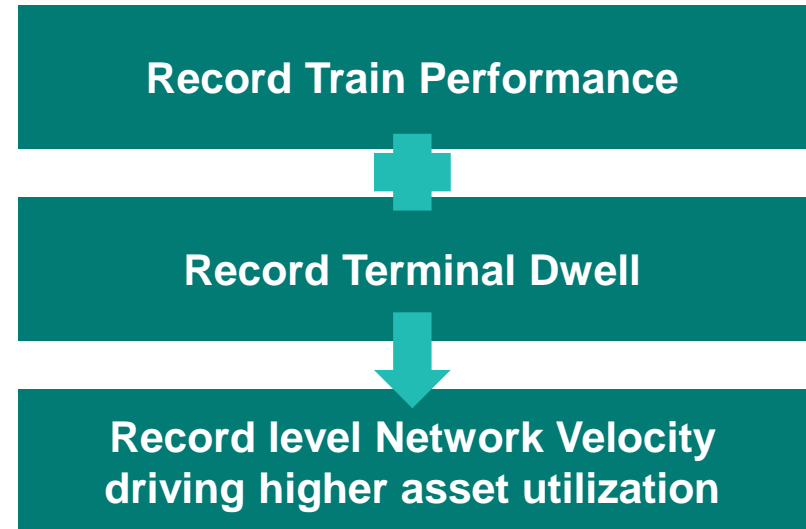
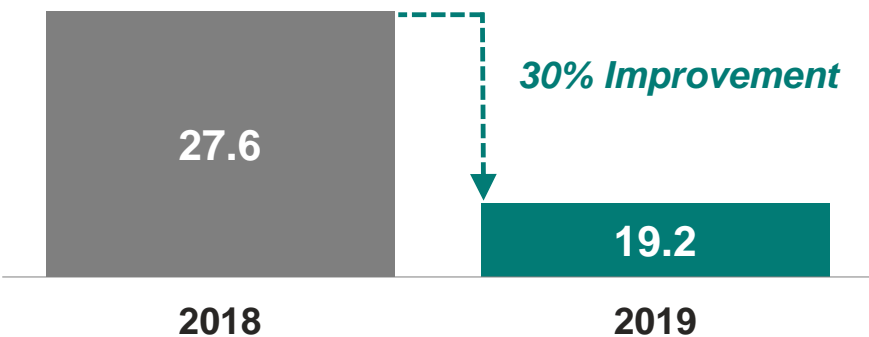
2019 RESULTS

High velocity creating significant operating leverage

Train Speed (mph)



Terminal Dwell (hours)



CUSTOMER METRICS

Strong service providing a platform for growth



Intermodal Availability

- On-time grounding performance measured against scheduled availability
- **Best performance since 2009**

Shipment Consistency

- On-time delivery of General Merchandise and Automotive shipments vs. original ETA
- **Record performance**

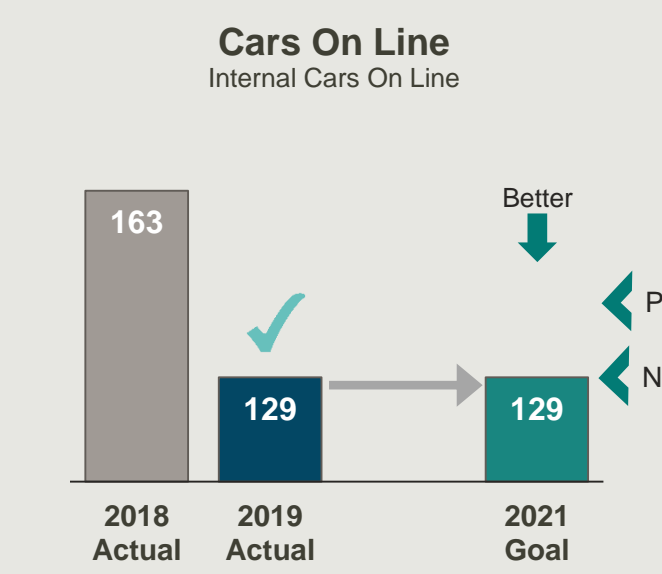
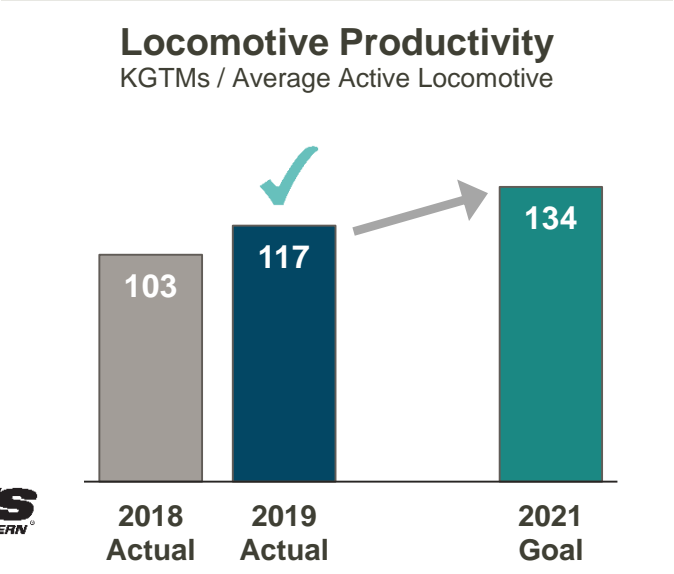
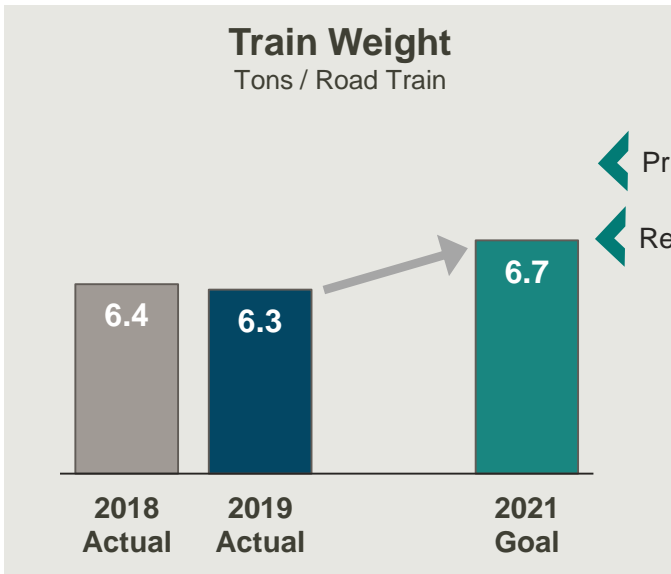
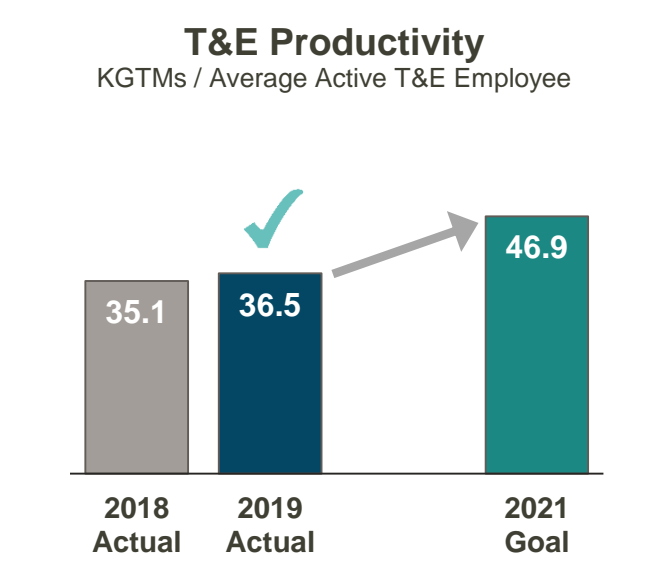
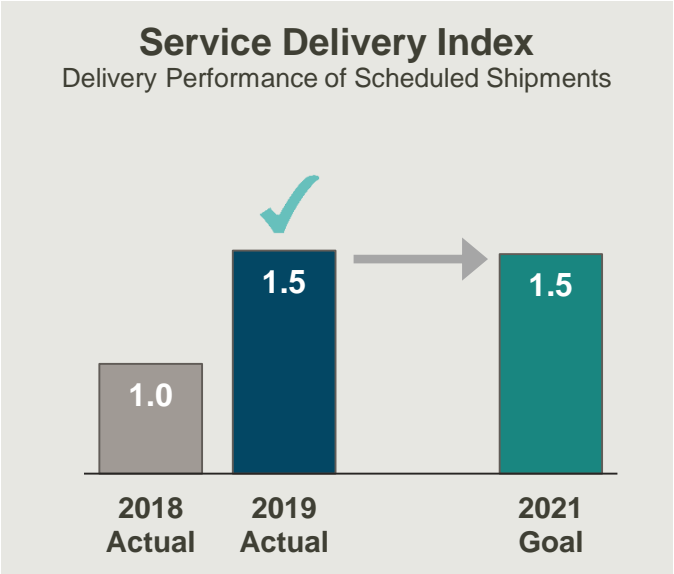
Local Operating Plan Adherence

- First Mile/Last Mile measure
- Percentage of customer switches successfully completed
- **Record performance**

All metrics measured at car or container/trailer level

SERVICE AND PRODUCTIVITY METRICS

On-track to achieve our goals

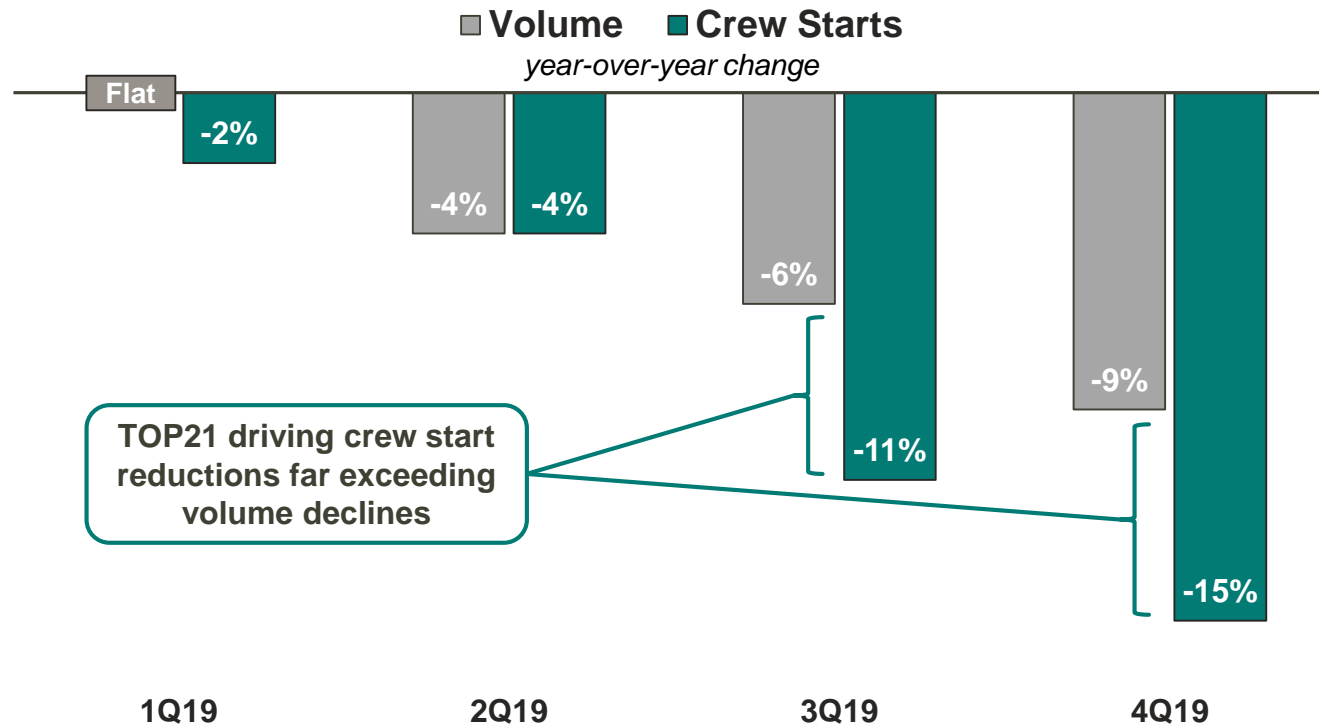


↑ better unless otherwise indicated
 thousands except Service Delivery Index



TOP21 OPERATING PLAN UPDATE

Driving continuous improvements through TOP21



TOP21 Drivers of Success

- Reduced asset requirements
- Improved velocity
- Capacity from clean sheeting
- Reduced local and yard assignments

TOP21 Next Steps

- Phase 3 during Q1
- Build on gains from phases 1-2
- NPO continuous network review going forward



2019 FINANCE OVERVIEW

Fourth Quarter and Full Year

Mark R. George

Executive Vice President and
Chief Financial Officer

OPERATING RATIO AND EPS

Items Impacting Comparison to 2018

favorable / (unfavorable)

	Fourth Quarter		Full Year	
	Operating Ratio	Earnings per share	Operating Ratio	Earnings per share
2018	62.8%	\$2.57	65.4%	\$9.51
Significant 2018 property sale	(380)bps	(\$0.31)	(100)bps	(\$0.30)
Receivable write-off	-	-	(30)bps	(\$0.09)
Asset impairment	-	(\$0.06)	-	(\$0.14)
Retroactive income tax credit	-	\$0.07	-	\$0.04
Core improvement	240bps	\$0.28	200bps	\$1.23
2019	64.2%	\$2.55	64.7%	\$10.25
Change	(140)bps	(\$0.02)	70bps	\$0.74

Accelerating cost reduction momentum throughout 2019

OPERATING RESULTS

Fourth Quarter 2019 vs. 2018

\$ millions

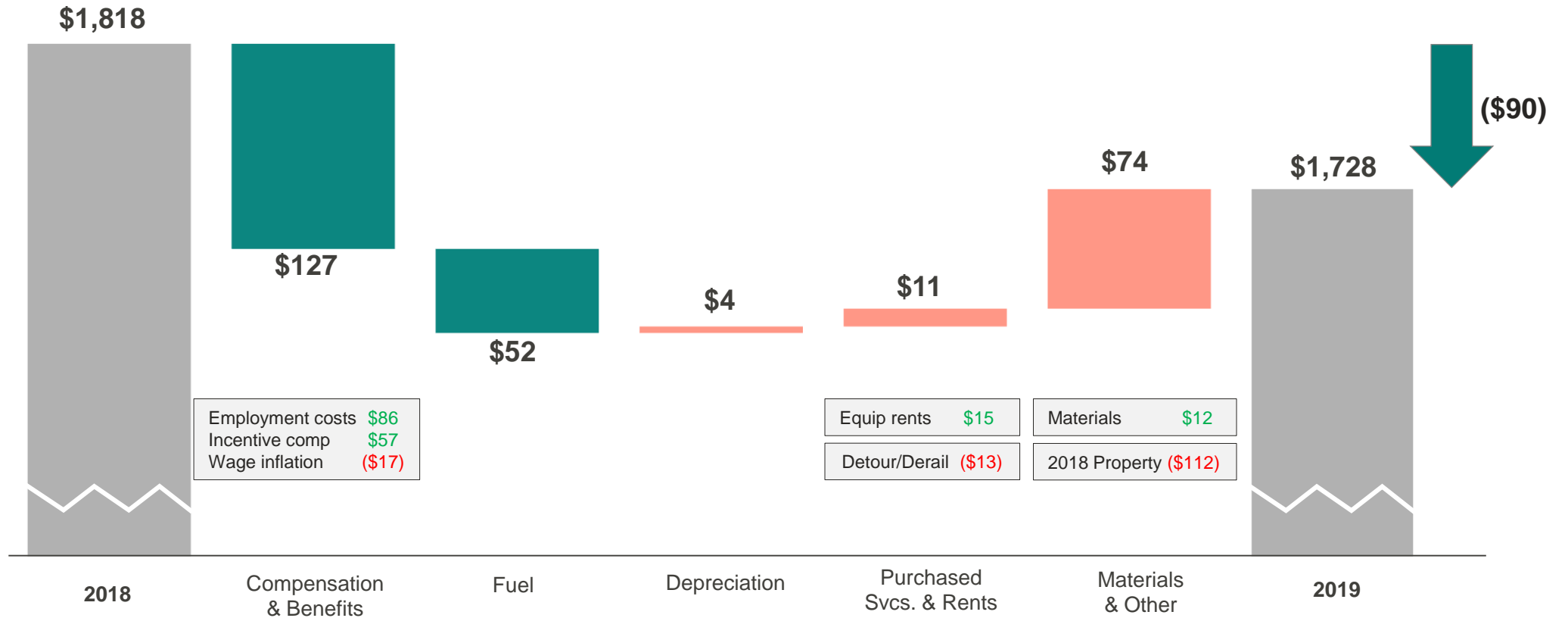
	4Q18	4Q19	Variance	
			\$	%
Railway operating revenues	\$2,896	\$2,690	(\$206)	(7%)
Railway operating expenses	1,818	1,728	90	5%
<hr/> Income from railway operations	<hr/> \$1,078	<hr/> \$962	<hr/> (\$116)	<hr/> (11%)
Railway operating ratio	62.8%	64.2%	(140)bps	

Core operating expense improvement accelerating

OPERATING EXPENSE COMPONENTS

Fourth Quarter 2019 vs. 2018

\$ millions



Strategic plan continues to deliver cost savings

FINANCIAL RESULTS

Fourth Quarter 2019 vs. 2018

\$ millions except per share

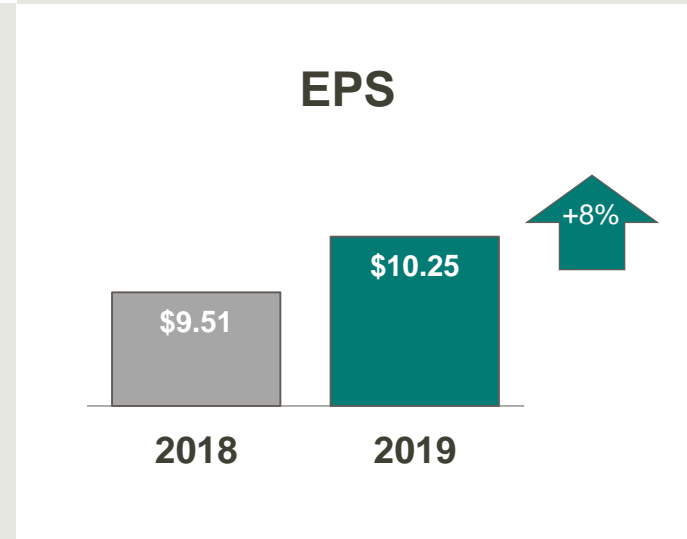
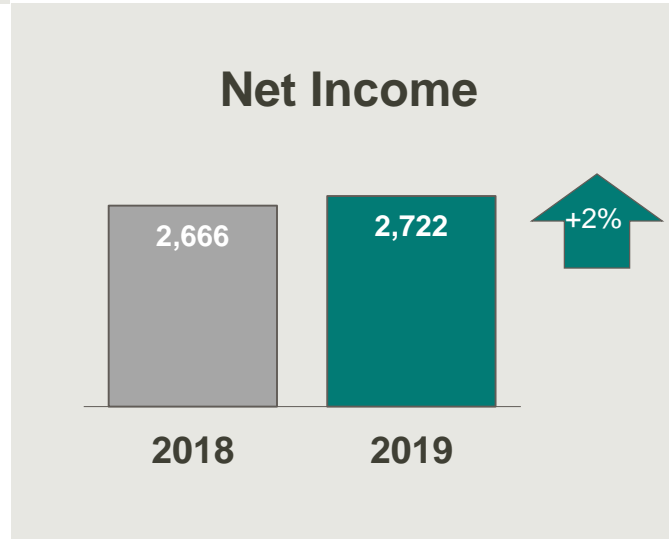
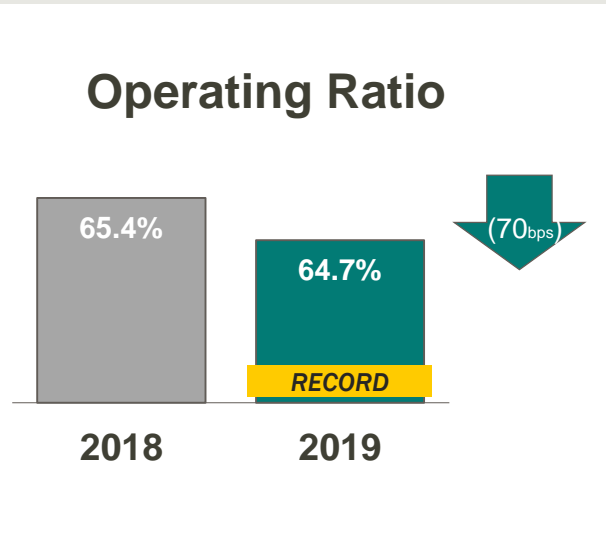
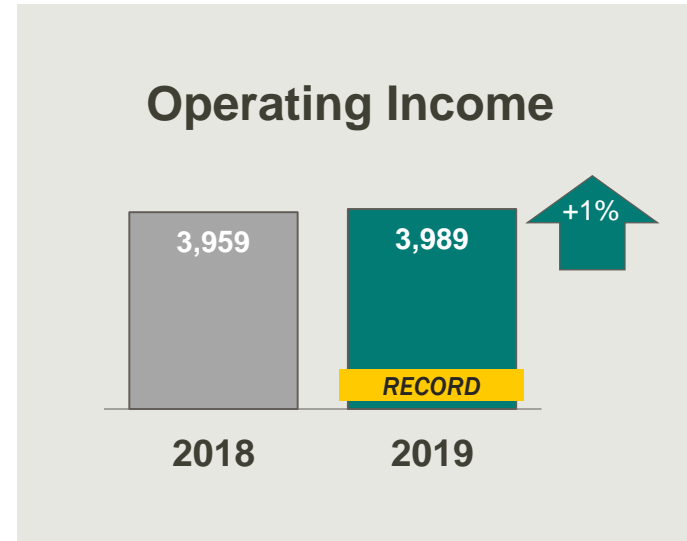
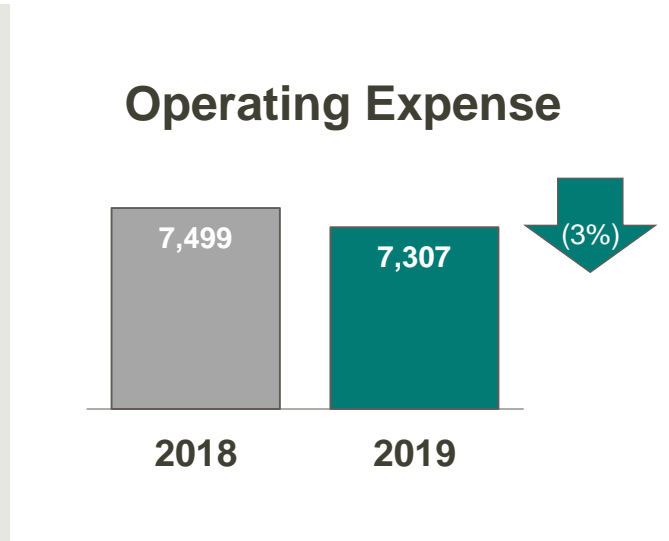
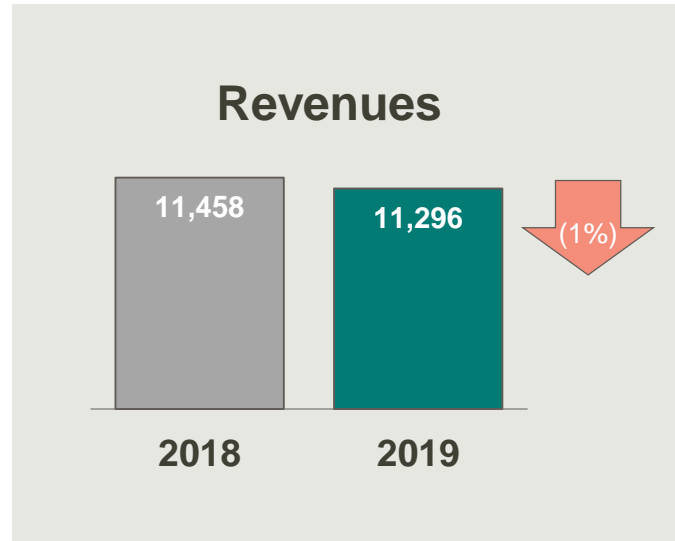
	4Q18	4Q19	Variance	
			\$	%
Income from railway operations	\$1,078	\$962	(\$116)	(11%)
Other income – net	-	18	18	
Interest expense on debt	148	152	(4)	(3%)
<hr/> Income before income taxes	<hr/> 930	<hr/> 828	<hr/> (\$102)	<hr/> (11%)
Income taxes	228	162	66	29%
<hr/> Net income	<hr/> \$702	<hr/> \$666	<hr/> (\$36)	<hr/> (5%)
<hr/>				
Earnings per share – diluted	\$2.57	\$2.55	(\$0.02)	(1%)

Strong EPS despite headwinds

FULL YEAR HIGHLIGHTS

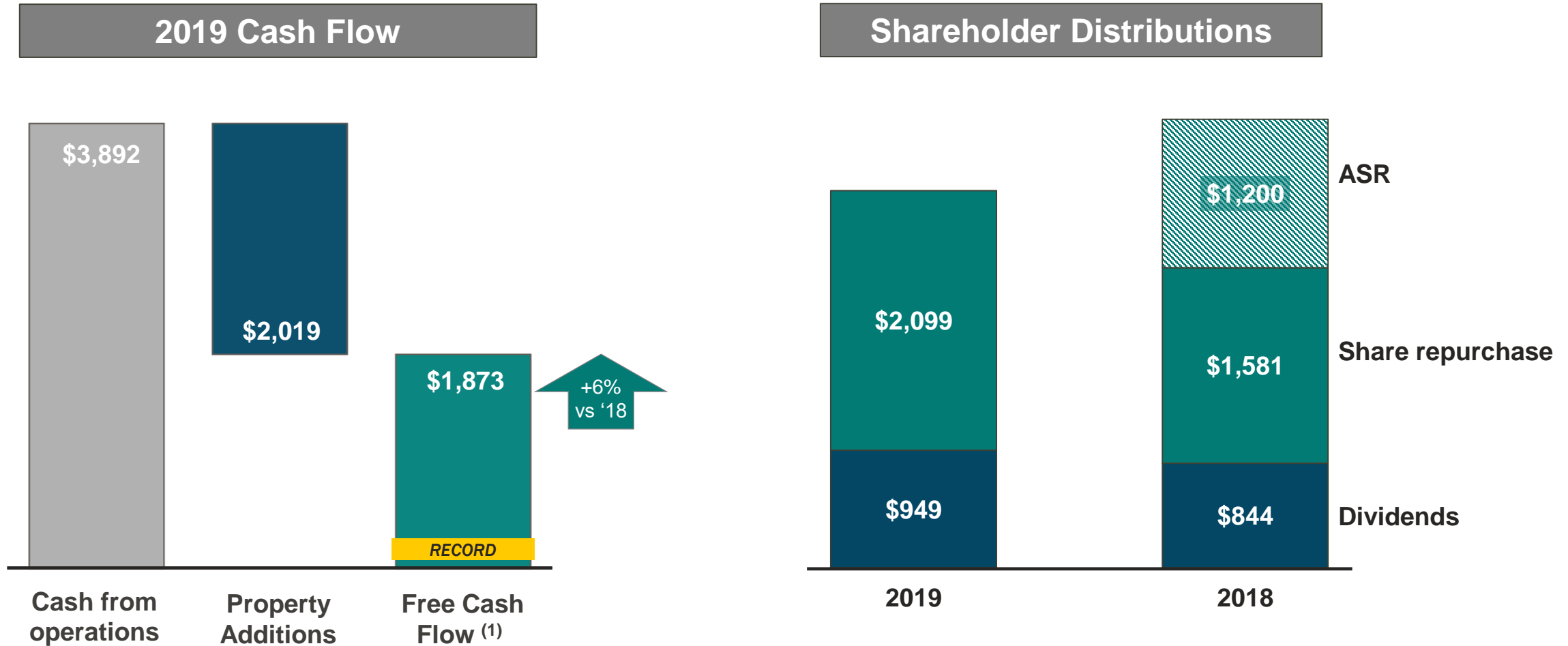
2019 vs. 2018

\$ millions except per share



FREE CASH FLOW & SHAREHOLDER DISTR.

\$ millions



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



CLOSING COMMENTS

James A. Squires

Chairman, President and
Chief Executive Officer

OUTLOOK

Revenue

- Assuming “Flat” for 2020
 - ▶ **Coal:**
Persistent headwinds
 - ▶ **Merchandise & Intermodal:**
Comparisons improve as year progresses

Operating Ratio

- Greater than 235 basis points improvement in 2020
- Committed to 60% by 2021

Capital Allocation

- **Capex:**
16%-18% of Revenues
- **Dividends:**
1/3 of Net Income
- **Share Repurchases:**
Remaining cash and borrowing capacity

Committed to enhanced shareholder value



APPENDIX

ITEMS IMPACTING COMPARISON TO 2018

Favorable / (Unfavorable)

\$ millions except per share

	Fourth Quarter		Full Year	
Significant 2018 property sale	\$	(112)	\$	(112)
Receivable write-off		-		(32)
Asset impairment		(21)		(49)
Retroactive income tax credit		19		10
Impact:				
Operating ratio		(380)bps		(130)bps
Earnings per share		(\$0.30)		(\$0.49)

REIMAGINE
— NORFOLK SOUTHERN —