



Q1 2024 EARNINGS CALL



April 24, 2024



FORWARD-LOOKING STATEMENTS / NON-GAAP MEASURES

This presentation and the related materials contain 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”) and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or our achievements or those of our industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, forward-looking statements may be identified by the use of words like “will,” “believe,” “expect,” “targets,” “anticipate,” “estimate,” “plan,” “consider,” “project,” “may,” “could,” “would,” “should,” “intend,” “predict,” “potential,” “feel,” or other similar terminology. 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. 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, 2023, filed with the Securities and Exchange Commission (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 and our subsequent 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. The forward-looking statements herein are made only as of the date they were first issued, and unless otherwise required by applicable securities laws, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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. Reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP can be found on slide 5 and in the Appendix hereto as well as on our website at www.norfolksouthern.com on the Investors page under Events and Presentations for this event.

01 OPENING REMARKS



Alan Shaw
President
& Chief Executive Officer



02

Q1 FINANCIAL RESULTS



Mark George

Executive Vice President
& Chief Financial Officer



FIRST QUARTER RESULTS

\$ in millions, except EPS

	GAAP Q1'24	E. Ohio Incident Costs	Restructuring and Other Charges	Advisory Costs	Favorable Deferred Tax Adjustment	Adjusted Q1'24
Revenues	\$3,004	-	-	-	-	\$3,004
Operating expenses	(\$2,791)	\$592	\$99	-	-	(\$2,100)
Operating ratio	92.9%	(1970) bps	(330) bps	-	-	69.9%
Operating income	\$213	\$592	\$99	-	-	\$904
Other income-net	\$18	-	-	\$21	-	\$39
Income taxes	\$23	(\$144)	(\$24)	(\$5)	(\$27)	(\$177)
Net income	\$53	\$448	\$75	\$16	(\$27)	\$565
EPS - diluted	\$0.23	\$1.98	\$0.33	\$0.07	(\$0.12)	\$2.49

E. Ohio Detail

Legal	\$598
Env.	\$60
Other	\$42
Insurance	(\$108)

Restructuring & Other Detail

Separation	\$64
Ops. Chg.	\$35

FIRST QUARTER ADJUSTED RESULTS ⁽¹⁾

\$ in millions, except EPS

favorable / unfavorable

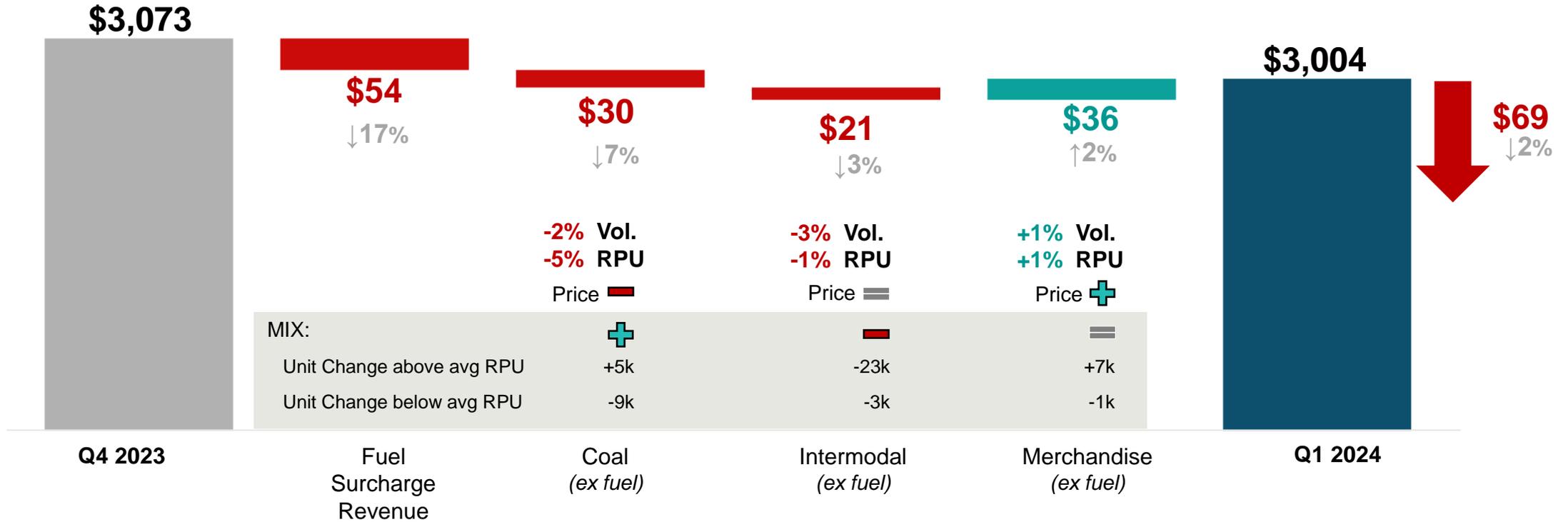
	Adjusted ⁽¹⁾			Y-o-Y		Q1'24-Q4'23	
	Q1'24	Q1'23	Q4'23	Variances		Variances	
Revenues	\$3,004	\$3,132	\$3,073	(\$128)	(4%)	(\$69)	(2%)
Operating expenses	(\$2,100)	(\$2,034)	(\$2,115)	(\$66)	(3%)	\$15	1%
Operating ratio	69.9%	64.9%	68.8%	500 bps		110 bps	
Operating income	\$904	\$1,098	\$958	(\$194)	(18%)	(\$54)	(6%)
Net income	\$565	\$759	\$640	(\$194)	(26%)	(\$75)	(12%)
EPS - diluted	\$2.49	\$3.32	\$2.83	(\$0.83)	(25%)	(\$0.34)	(12%)

(1) Adjusted results modifies Q1'24 GAAP results for expenses associated with the Eastern Ohio incident, restructuring and other charges, shareholder advisory costs, and a deferred tax adjustment (as reflected on the preceding slide). The Q1'23 and Q4'23 GAAP results are adjusted for charges related to the Eastern Ohio incident (see appendix slide for further details). All presentations of revenues above and on the preceding slide refer to U.S. GAAP revenue. Please see the reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

SEQUENTIAL RAILWAY OPERATING REVENUES

Q1 2024 vs. Q4 2023

\$ millions
favorable / unfavorable



SEQUENTIAL OPERATING EXPENSE COMPONENTS

Adjusted Q1 2024⁽¹⁾ vs. Adjusted Q4 2023⁽¹⁾

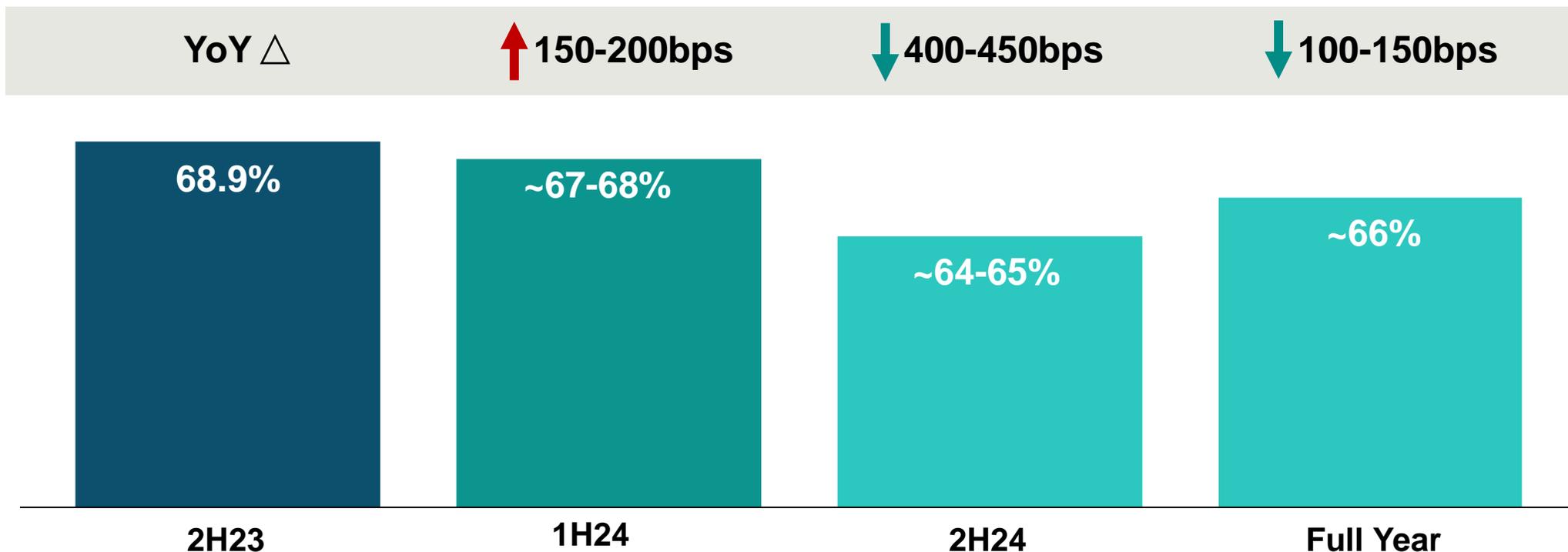
\$ millions
favorable / unfavorable



(1) Adjusted results modifies Q1'24 GAAP results for expenses associated with the Eastern Ohio incident and restructuring and other charges. The Q4'23 GAAP results are adjusted for charges related to the Eastern Ohio incident. Please see the reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

MEANINGFUL YEAR-ON-YEAR MARGIN IMPROVEMENT WILL BE EVIDENT AS WE PROGRESS THROUGH THE YEAR

- Despite revenue and cost headwinds in the first quarter of 2024, we expect to deliver ~400-450 basis points of operating ratio improvement during the second half of 2024⁽¹⁾
- This is consistent with our plan to achieve ~100-150 basis points of average annual operating margin improvement
 - Translates to a 2024 exit ratio of ~64-65%⁽¹⁾



03

MARKET OVERVIEW



Ed Elkins

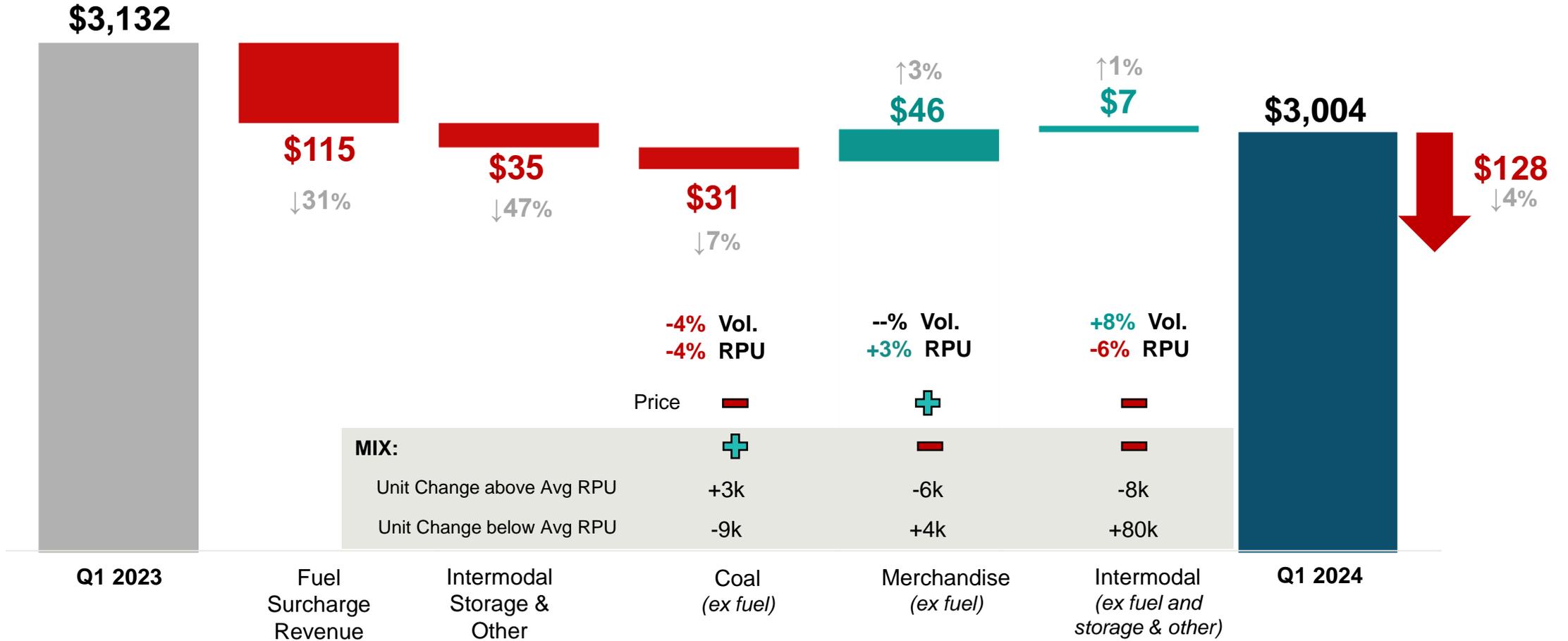
Executive Vice President
& Chief Marketing Officer



RAILWAY OPERATING REVENUES

Q1 2024 vs. Q1 2023

\$ millions
favorable / unfavorable



MARKET OUTLOOK

Full year revenue up ~3%

Merchandise

- Price Gains
- Network fluidity
- Manufacturing Activity

Intermodal

- Import/Export Volumes
- Truck Rates
- Consumer Demand

Coal

- Baltimore Port Shutdown
- Commodity Prices
- Stockpiles

04 OPERATIONS OVERVIEW



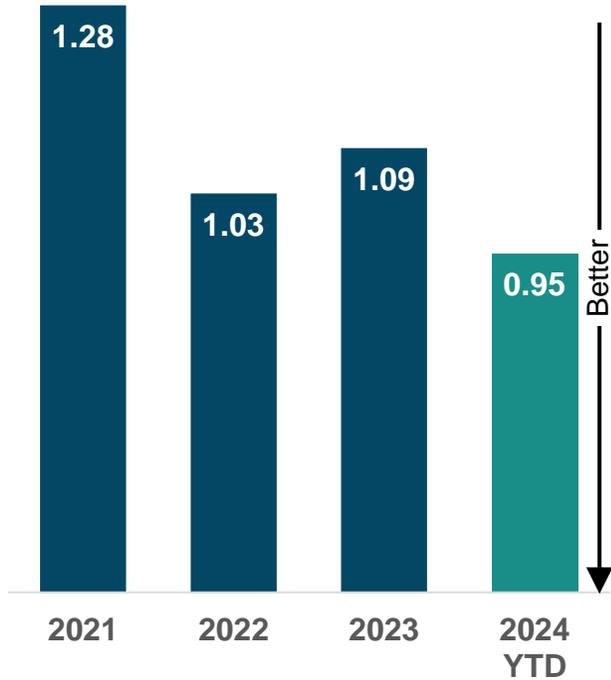
John Orr

Executive Vice President
& Chief Operating Officer



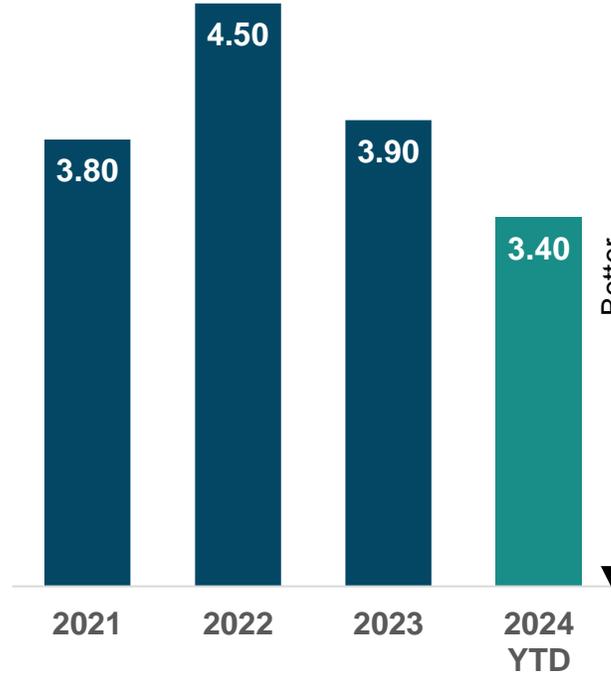
SAFETY UPDATE

FRA Personal Injury Index



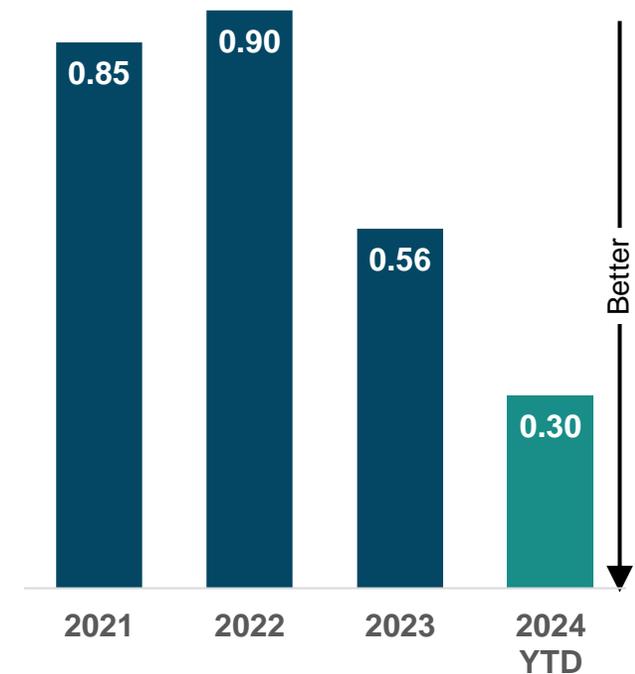
FRA Personal Injury Index calculates the number of reportable injuries/illnesses per year per 200,000 hours worked.

FRA Accident Rate



FRA Train Accident Rate calculates the total number of reportable accidents per million train miles.

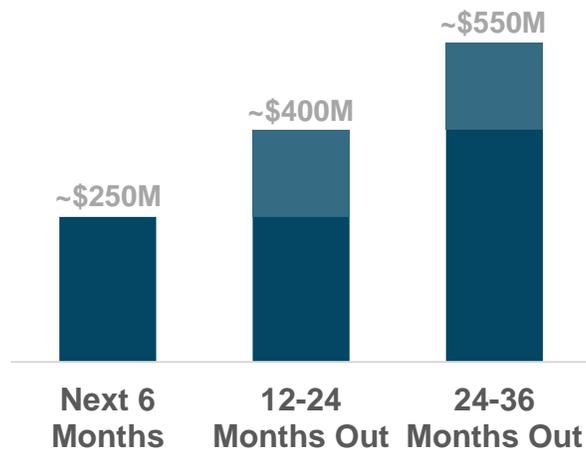
FRA Mainline Accident Rate



FRA Mainline Accident Rate calculates the total number of reportable events occurring on that portion of the track that connects stations (other than auxiliary track) on which trains operate (a "Mainline") per one million Mainline miles.

CLOSING THE MARGIN GAP

Annualized Productivity



Past 30 Days

Actions

- Current state assessment – defined KPI's, Financial Impacts, Safety Blitzes & Operational Audits
- Eliminated terminal imbalances
- Reduced unnecessary handlings
- Engaged customers with excessive inventory
- Initiated crew start rationalization
- Long-lead cost playbook development

Outcomes

- ✓ 200+ additional locomotives stored or offline
- ✓ System dwell improved 8%
- ✓ Car velocity improved 8%
- ✓ Recrews reduced 22%
- ✓ Crew starts reduced 35/day

Next 6 Months (~\$250M Annualized Productivity)

Actions

- Upstream precision blocking
- Unit train optimization
- Drive out excess cost in all processes
- Improve train weight relative to HP distribution
- Launch Purpose-driven 'Committed Leadership' with key stakeholders, launch Safety Summit
- Reinforce awareness, clarity & alignment with standardized reporting & root cause analysis
- Restructure train and terminal operating plan

Outcomes

- ✓ 300+ additional locomotives stored
- ✓ Reduce Merchandise handlings by 10%
- ✓ Through dwell: 20% improvement
- ✓ Car velocity: 17% improvement
- ✓ Reduce scheduled crew starts by 4%
- ✓ Eliminate ~\$160M/yr in unnecessary service recovery costs
- ✓ ~450bps OR Improvement⁽¹⁾

12-24 Months Out (~\$400M Annualized Productivity)

Actions

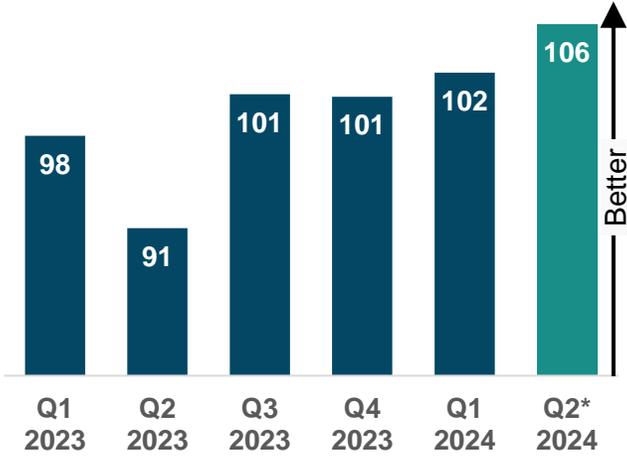
- Optimize inefficient lanes
- Terminal densification investments to leverage scale and create capacity
- Implement DOP & YOP for first-mile, last-mile standards and accountability

Outcomes

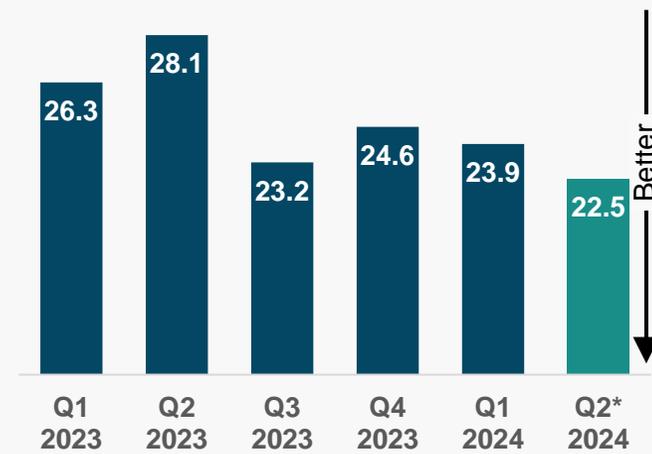
- ✓ Yard activity consolidation
- ✓ GTMs per Available HP: ~10% improvement
- ✓ GTMs per Crew Start: 10-15% improvement
- ✓ Solving 'big-rock' network design decisions
- ✓ Additional progress towards sub-60 OR⁽¹⁾

NETWORK UPDATE

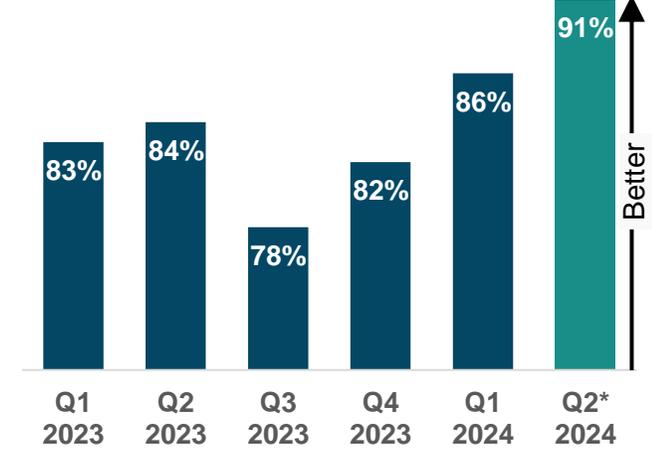
Car Miles per Day



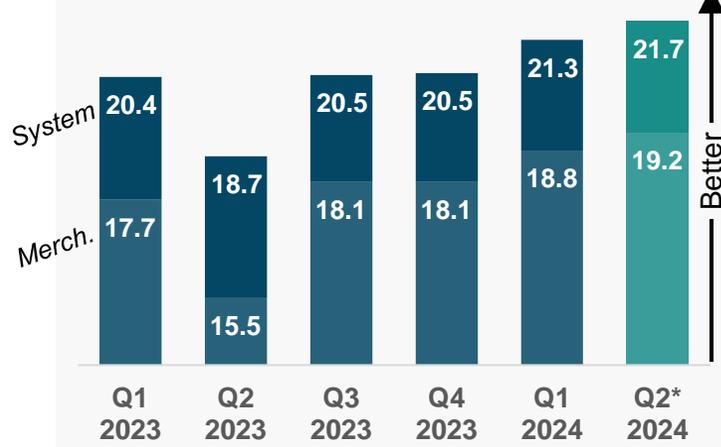
Terminal Dwell (hours)



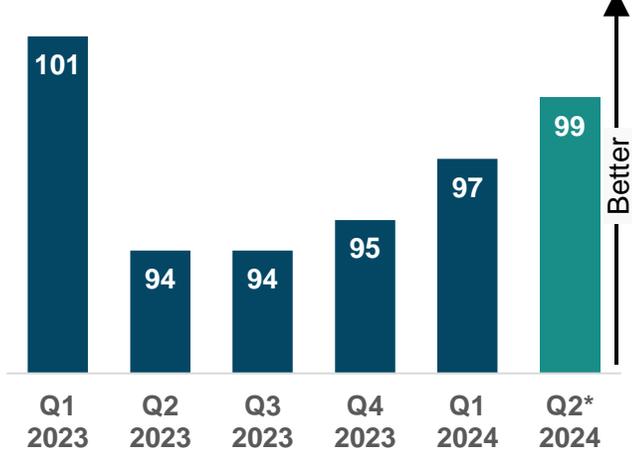
Intermodal Svc Composite



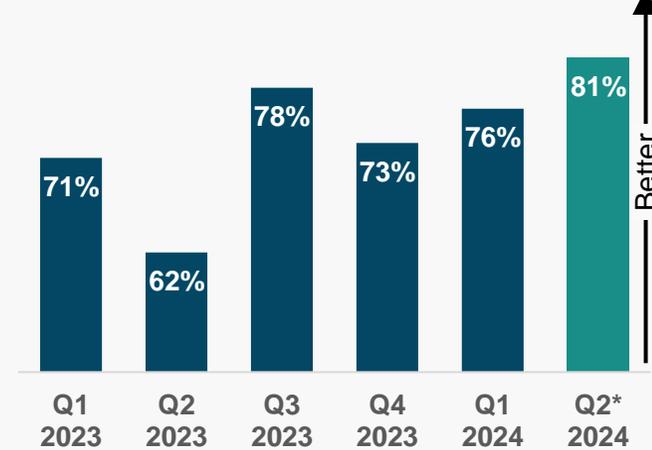
Train Speed (mph)



GTMs / Avail HP



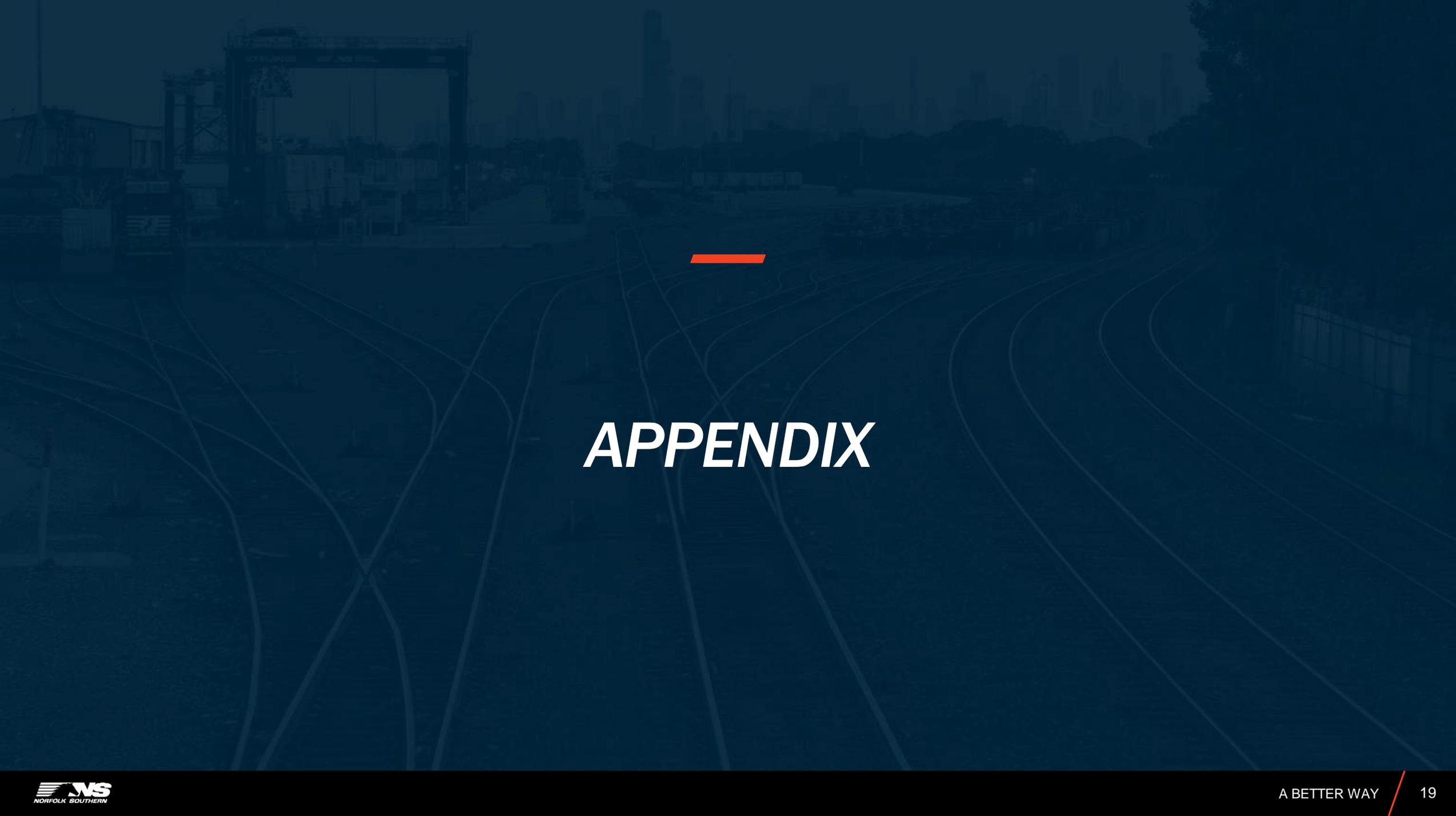
Merch. Trip Plan Compliance





Thank You

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APPENDIX

OPERATING EXPENSE COMPONENTS

Adjusted Q1 2024⁽¹⁾ vs. Adjusted Q1 2023⁽¹⁾

\$ millions
favorable / unfavorable



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RECONCILIATION OF 2023 NON-GAAP MEASURES

\$ in millions, except EPS

	GAAP Q1'23	E. Ohio Incident Costs	Adjusted ⁽¹⁾ Q1'23
Revenues	\$3,132	N/A	N/A
Operating expenses	\$2,421	(\$387)	\$2,034
Operating ratio	77.3%	(1240) bps	64.9%
Operating income	\$711	\$387	\$1,098
Net income	\$466	\$293	\$759
EPS - diluted	\$2.04	\$1.28	\$3.32

(1) Adjusted results modifies Q1'23 GAAP results for expenses associated with the Eastern Ohio incident. Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

RECONCILIATION OF 2023 NON-GAAP MEASURES

\$ in millions, except EPS

	GAAP Q4'23	E. Ohio Incident Costs	Adjusted ⁽¹⁾ Q4'23
Revenues	\$3,073	N/A	N/A
Operating expenses	\$2,265	(\$150)	\$2,115
Operating ratio	73.7%	(490) bps	68.8%
Operating income	\$808	\$150	\$958
Net income	\$527	\$113	\$640
EPS - diluted	\$2.32	\$0.51	\$2.83

(1) Adjusted results modifies Q4'23 GAAP results for expenses associated with the Eastern Ohio incident. Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.