



Q2 2023 Earnings Call

July 27, 2023



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, 2022, filed with the Securities and Exchange Commission (the “SEC”), as supplemented in Part II, Item 1A of our Form 10-Q to be filed with the SEC on the same date as this presentation, 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. 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

CEO Remarks



Alan Shaw
President & Chief Executive Officer





OUR STRATEGY

Safely Deliver Reliable and Resilient Service

Propel Smart and Sustainable Growth

Drive Continuous Productivity Improvement

02

Financial Overview



Mark George
Executive Vice President & Chief Financial Officer



Estimate of Eastern Ohio derailment-related costs

\$ millions

	Expense			Paid-to-date
	Q1	Q2	Total	
Environmental-related costs	\$317	\$264	\$581	\$208
<ul style="list-style-type: none"> • Environmental response efforts • Expected remediation and oversight activity 				
Legal and other costs	70	152	222	79
<ul style="list-style-type: none"> • Legal-related activities • Community funds and assistance 				
Total expense	\$387	\$416	\$803	\$287

Eastern Ohio Incident & Response costs are current estimates, which may be subject to changes in future periods and do not reflect any mitigating insurance and other third-party recoveries in which amounts will be determined in future periods

Key Financial Data

Q2 2023 and comparison to Q2 2022

favorable / unfavorable

\$ millions except per share

	Second Quarter					
	Revenue	Operating Expense	Operating Ratio	Operating Income	Net Income	Earnings per Share
Q2 2023 GAAP	\$2,980	\$2,404	80.7%	\$576	\$356	\$1.56
Eastern Ohio incident/response	-	(\$416)	14.0pts	\$416	\$317	\$1.39
Q2 2023 Adjusted	\$2,980	\$1,988	66.7%	\$992	\$673	\$2.95
GAAP Variance vs Q2'22	(\$270)	\$425	19.8pts	(\$695)	(\$463)	(\$1.89)
Adjusted Variance vs Q2'22	(\$270) -8%	\$9 0%	5.8pts	(\$279) -22%	(\$146) -18%	(\$0.50) -14%

Eastern Ohio Incident & Response costs are current estimates, which may be subject to changes in future periods and do not reflect any mitigating insurance and other recoveries in which amounts will be determined in future periods

Operating Expense Components

Adjusted Q2 2023⁽¹⁾ vs. Q2 2022

favorable / unfavorable

\$ millions



(1) Adjusted 2Q23 modifies 2Q23 GAAP results for the \$416M related to the Eastern Ohio incident. Please see reconciliation to GAAP posted on our website on the Invest in NS page under Events for this event.

Financial Results

Q2 2023 vs. Q2 2022

favorable / unfavorable

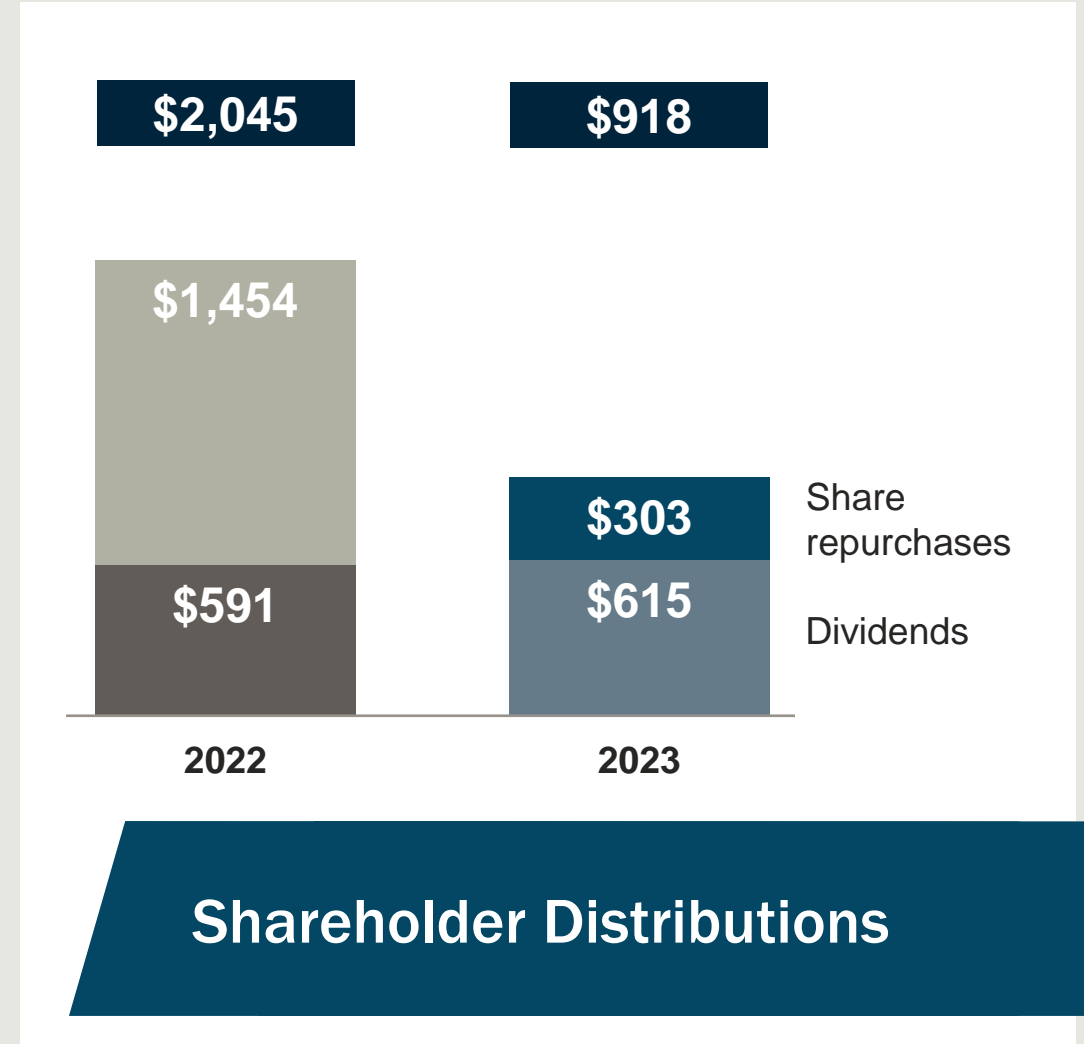
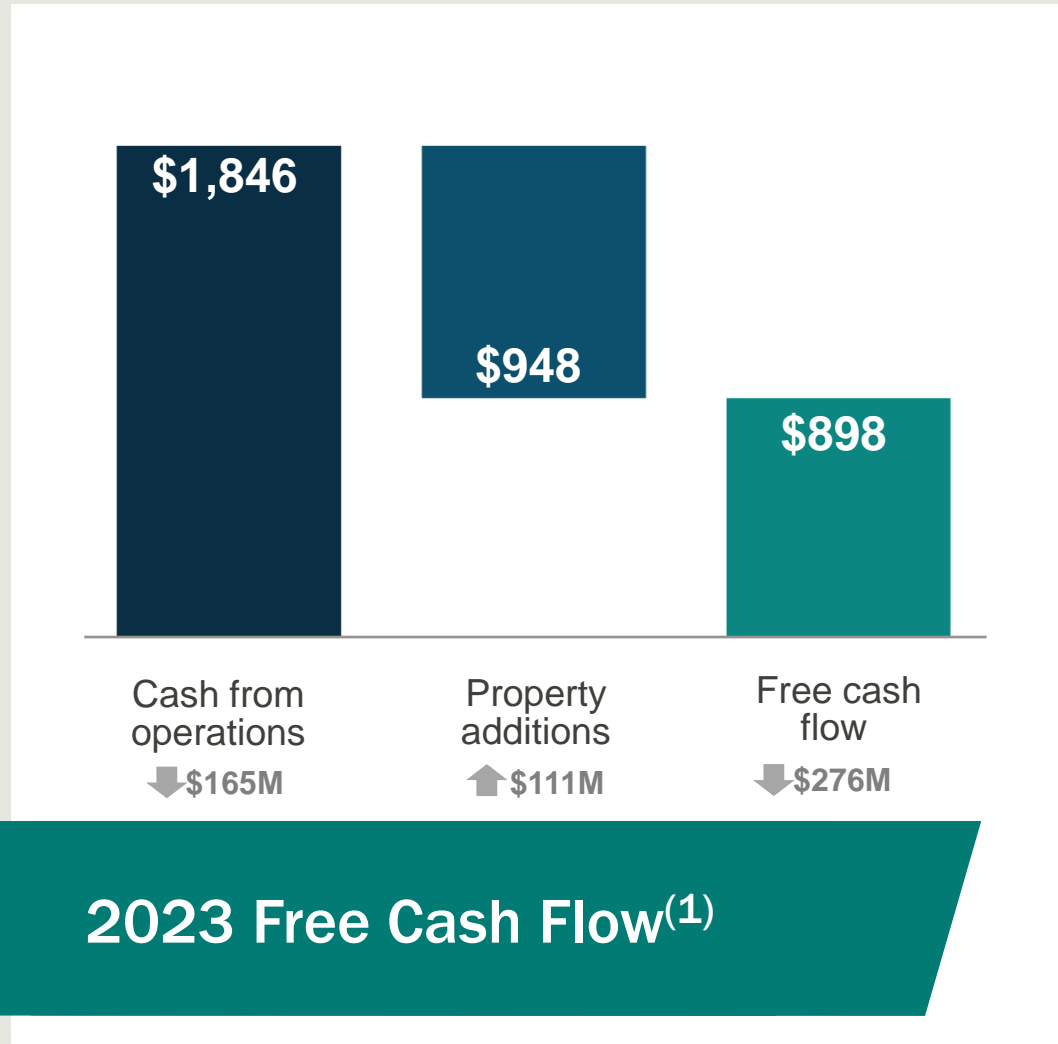
\$ millions except per share

	2022	GAAP 2023	Adjusted 2023 ⁽¹⁾	Adjusted Variance vs '22	
				\$	%
Income from railway operations	\$1,271	\$576	\$992	(\$279)	(22%)
Other income (expense) – net	(14)	57	57	71	NM
Interest expense on debt	170	170	170	-	-
<hr/> Income before income taxes	<hr/> 1,087	<hr/> 463	<hr/> 879	<hr/> (\$208)	<hr/> (19%)
Income taxes	268	107	206	(62)	(23%)
<hr/> Net income	<hr/> \$819	<hr/> \$356	<hr/> \$673	<hr/> (\$146)	<hr/> (18%)
<hr/> Earnings per share – diluted	<hr/> \$3.45	<hr/> \$1.56	<hr/> \$2.95	<hr/> (\$0.50)	<hr/> (14%)

(1) Adjusted 2Q23 modifies 2Q23 GAAP results for the \$416M related to the Eastern Ohio incident. 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 Six Months / \$ millions



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Operations Overview

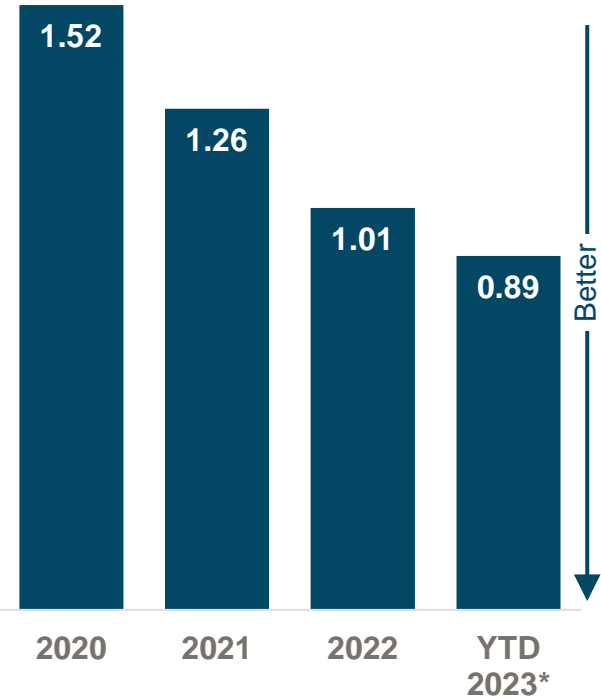


Paul Duncan
Executive Vice President
& Chief Operating Officer



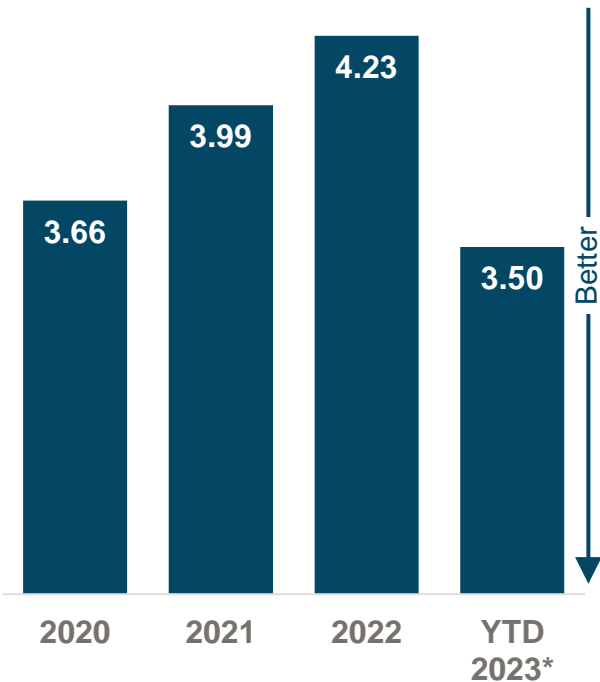
Safety Update

FRA Personal Injury Index



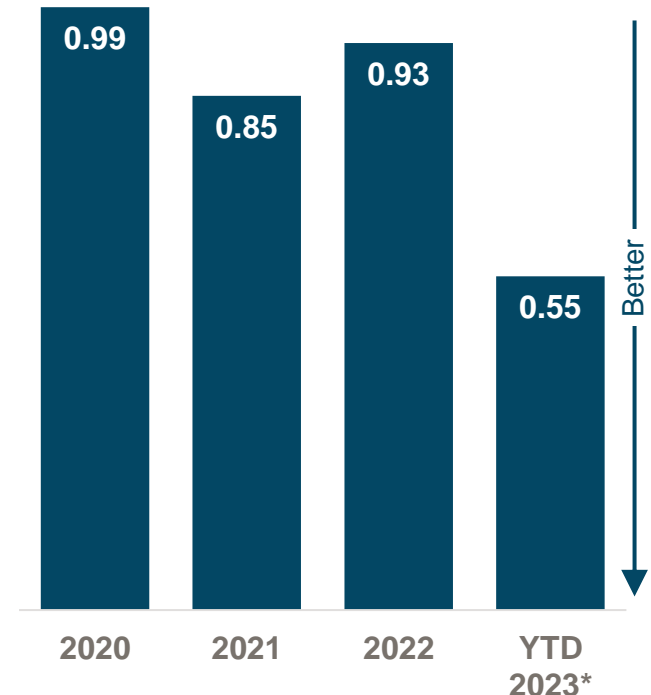
FRA Personal Injury Index calculates the number of reportable injuries/illnesses per year per 200,000 hours worked.

FRA Accident Rate



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

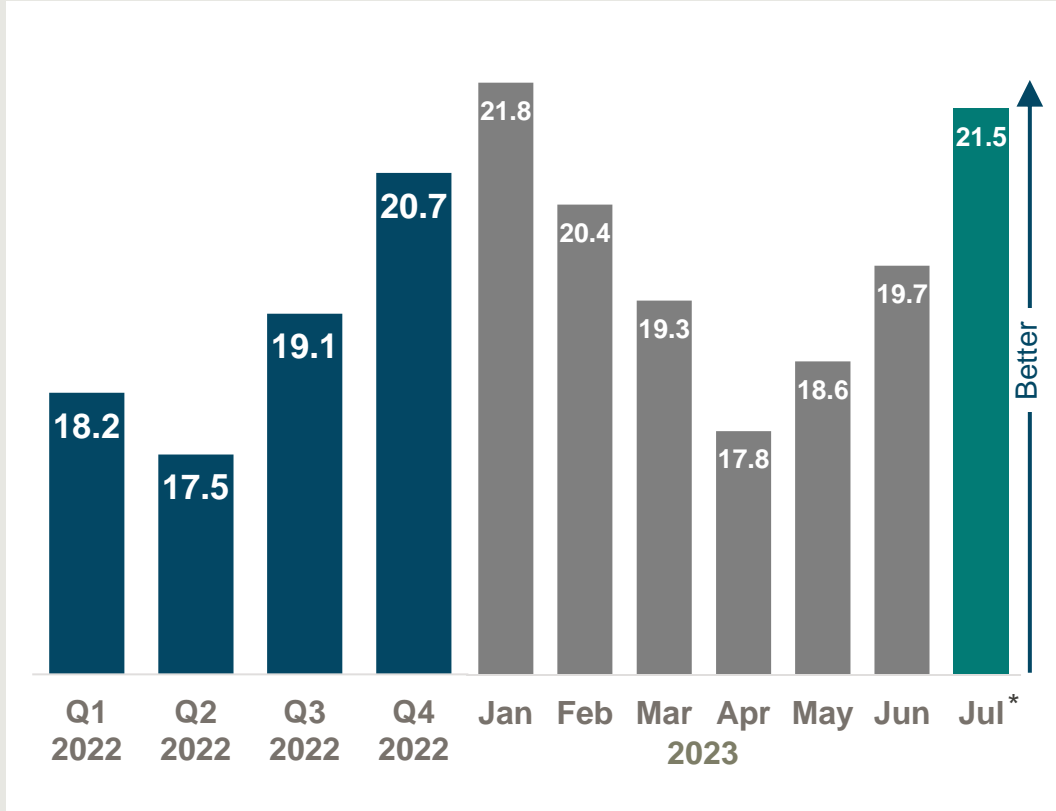
FRA Mainline Accident Rate



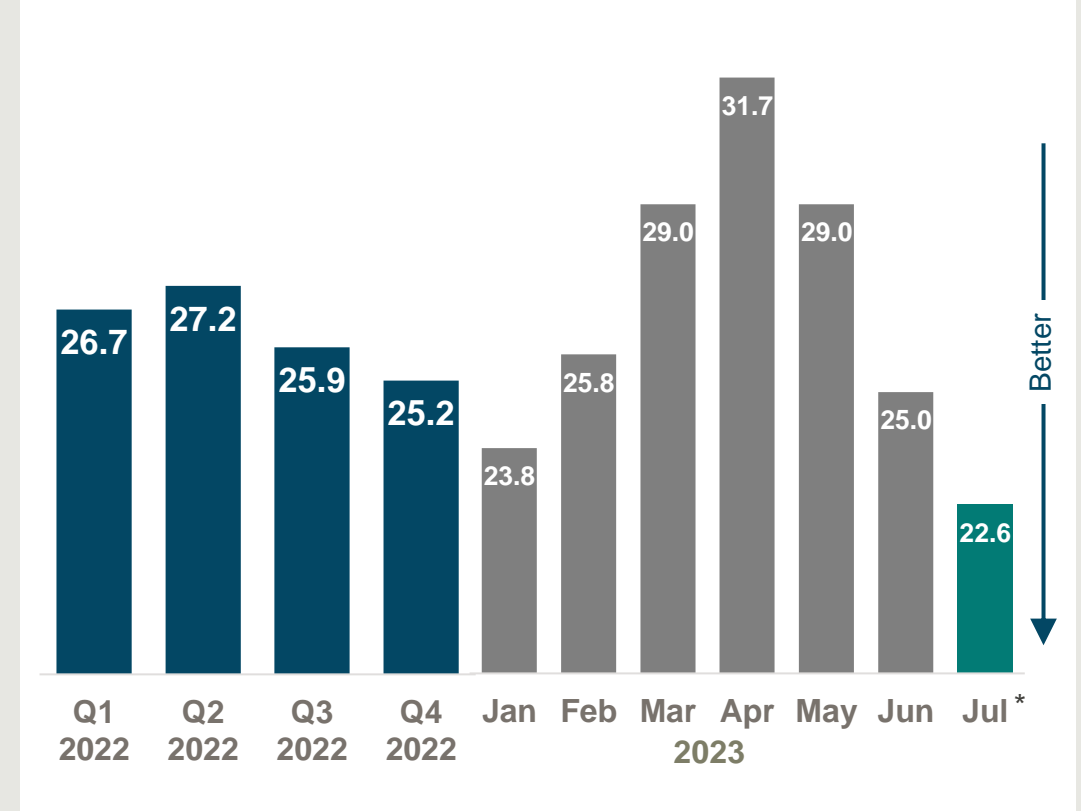
FRA Mainline Accident Rate calculates the total number of reportable events occurring on that portion of the track that connects stations (other than auxiliary track) on which trains operate (a "Mainline") per one million Freight Train miles.

The amounts above are reported through June 30, 2023, and remain subject to future adjustment due to updated medical reports (with respect to the FRA Personal Injury Index) or cost information (with respect to the FRA Accident Rate and the FRA Mainline Accident Rate) or other FRA review. The amounts provided for Q2 2023 are preliminary and include data not yet reported to the FRA.

Service Update

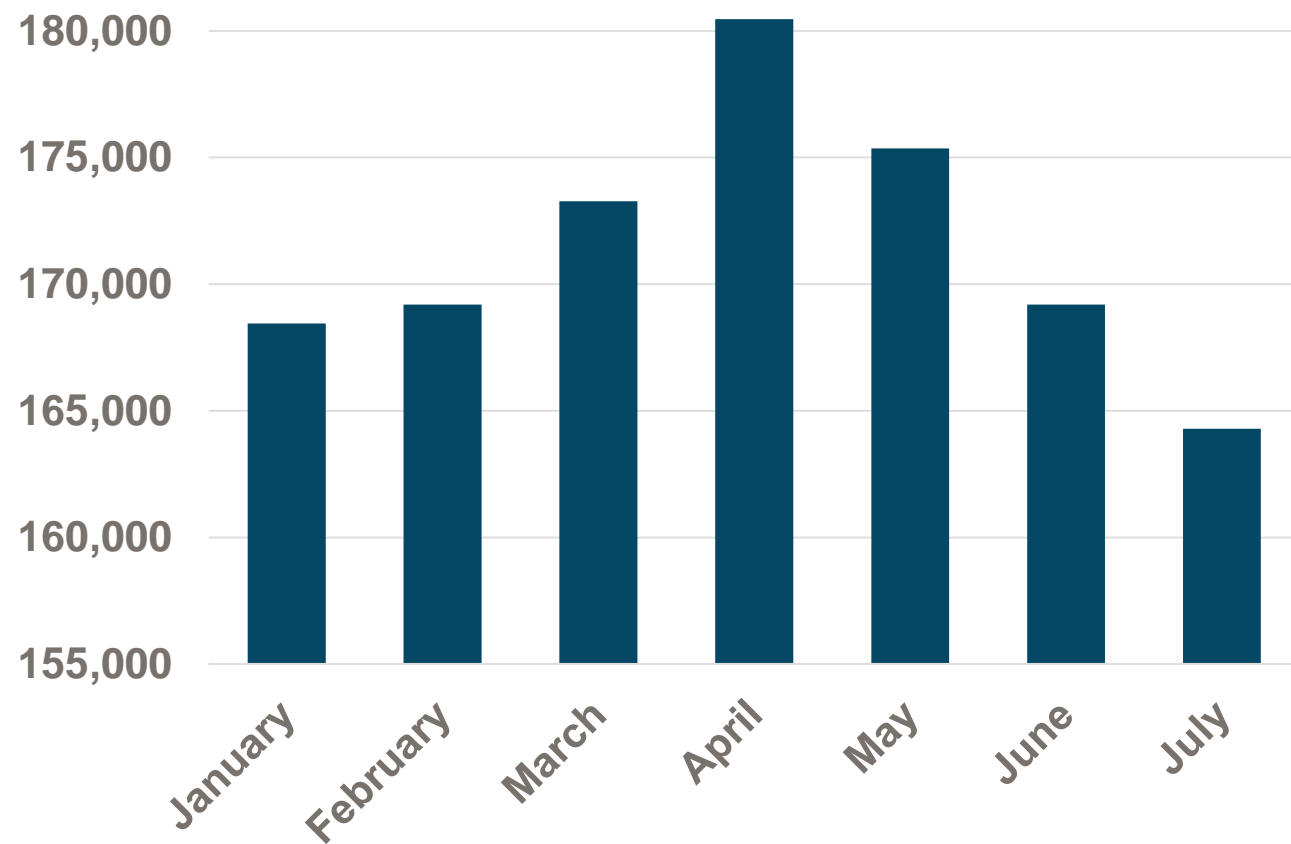


Train Speed (mph)



Terminal Dwell (hours)

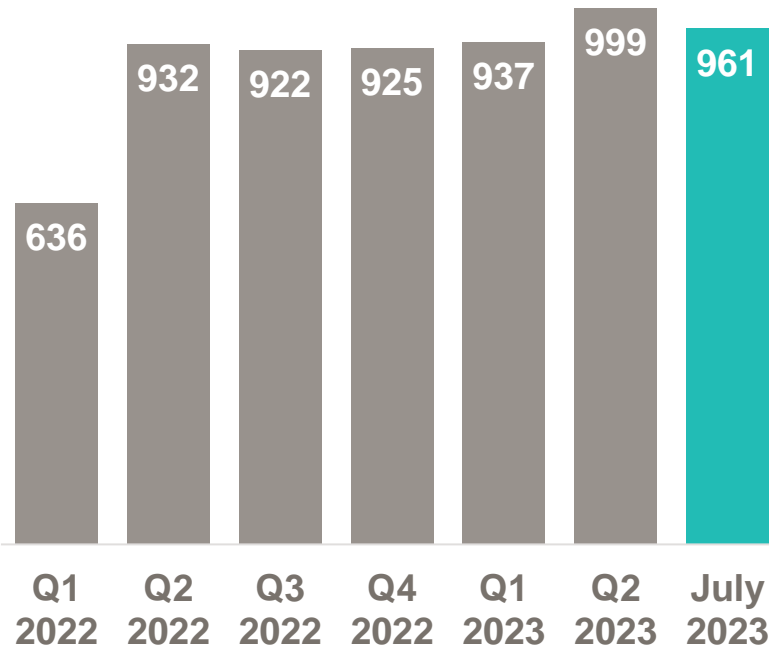
Cars On Line



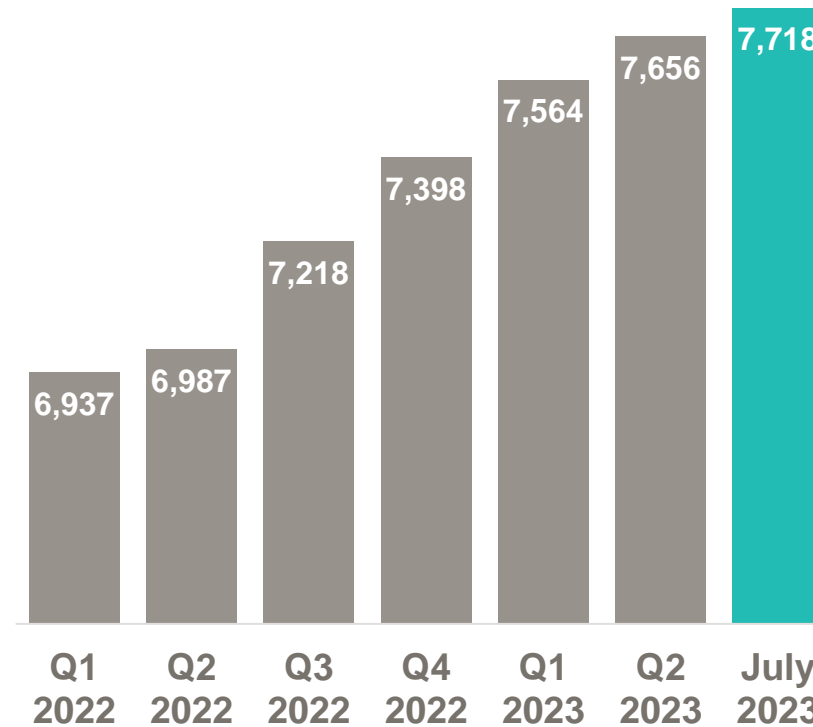
We normalized the pipeline of Cars On Line quickly and as-promised

Trainee Pipeline to Moderate in 2H23

Conductor Trainees



Qualified T&E

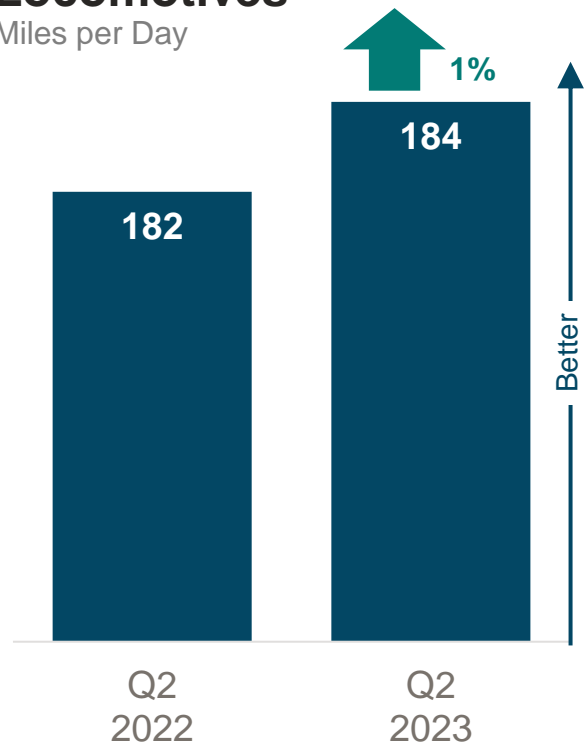


- Equipping our workforce to provide reliable and resilient service
- Focused on crew bases below minimum staffing levels based on anticipated demand

Productivity Update

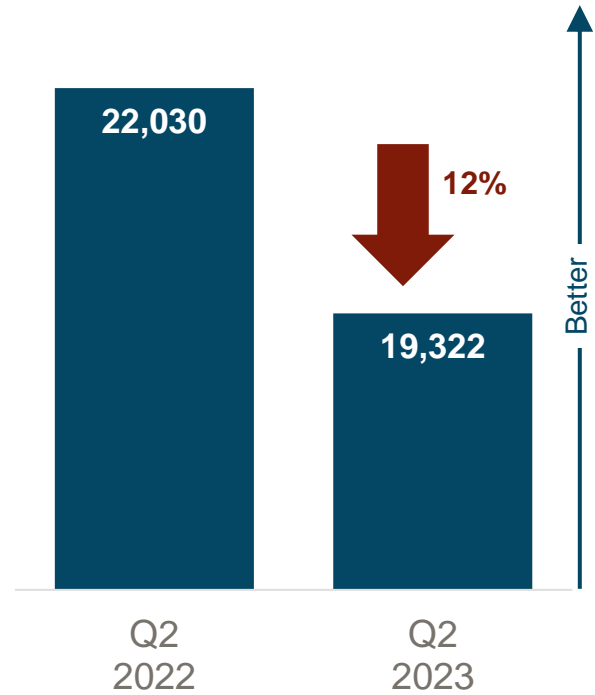
Locomotives

Miles per Day



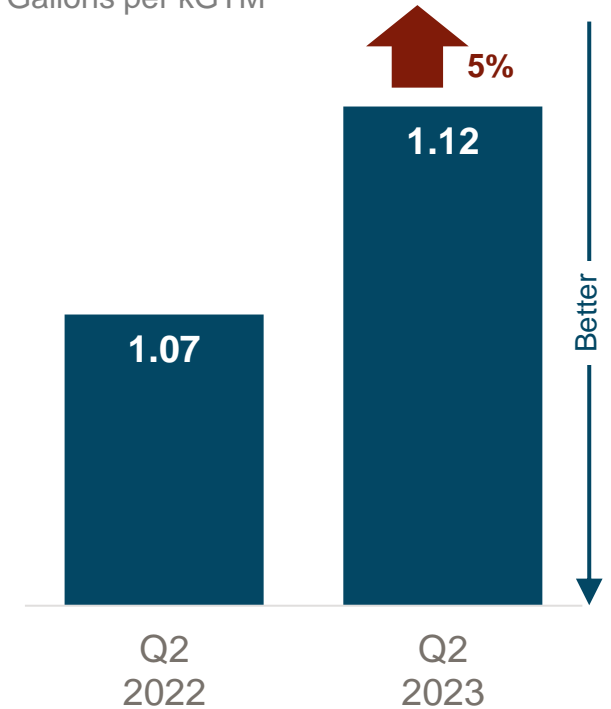
Workforce

GTMs per T&E Hour Worked



Fuel Efficiency

Gallons per kGTM





Outlook: Safely and productively deliver reliable and resilient service

- Everything will start with safety
- With service improved, further plan calibrations to support productivity
- More efficient use of resources through velocity gains
- Relentless focus on process standardization to increase efficiency
- Leveraging latent capacity in yards and on local trains
- Distributed power gains delivering additional capacity
- Infrastructure enhancements benefitting key corridors

04

Market Overview

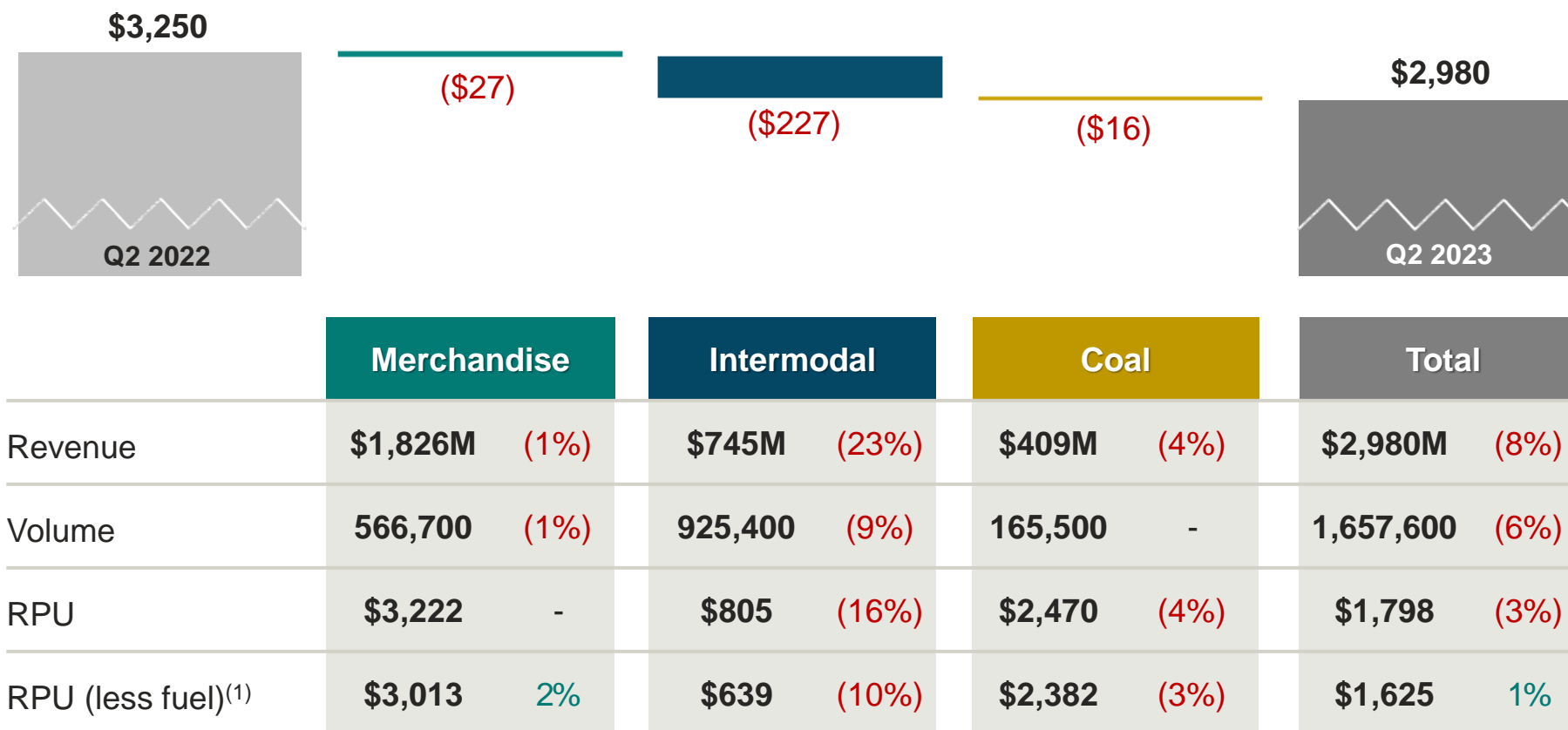


Ed Elkins
Executive Vice President
& Chief Marketing Officer



Intermodal headwinds pressure volume and revenue results

Q2 2023 vs. Q2 2022 / Revenue change \$ millions / *favorable* / *unfavorable*



32 out of 33 consecutive quarters of y-o-y RPU (less fuel) (1) growth in Merchandise

Market Outlook

Merchandise

- Steel Demand
- US Light Vehicle Production
- Energy Market

Intermodal

- IPI Share Growth
- Truck Capacity
- Consumer Demand/Inventory Levels

Coal

- Coal Production
- Natural Gas Prices
- Stockpiles



2023 Outlook Update

- **Revenue down at least 3%**
 - 1H23 volume impacted by derailment-related service challenges as well as weaker demand
 - Lower fuel surcharge driven by moderating commodity price
 - Accelerated decline in accessorials
- **CapEx of ~ \$2.2B**
 - Acceleration of safety & growth investments



Thank You

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