Q4 2023
Earnings Call

January 26, 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, 2022, filed with the Securities and Exchange Commission (the "SEC"), as supplemented in Part II, Item 1A of our Form 10-Q filed on October 25, 2023 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 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 Investors page under Events and Presentations for this event.
CEO Remarks

Alan Shaw
President & Chief Executive Officer
Delivering Safety and Service Improvements

Mainline Train Accident Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>0.99</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>0.85</td>
<td>↓42% Improvement</td>
</tr>
<tr>
<td>2022</td>
<td>0.92</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>0.53</td>
<td></td>
</tr>
</tbody>
</table>

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.

Intermodal Service Composite

Goal
Creating Value Through Resilience

Norfolk Southern Investor Day 2022 presentation is available in the Investors section of www.NorfolkSouthern.com
Financial Overview

Mark George
Executive Vice President & Chief Financial Officer
## Estimate of Eastern Ohio Derailment-Related Costs

<table>
<thead>
<tr>
<th>Category</th>
<th>9M</th>
<th>Q4</th>
<th>Total</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental-related costs</strong></td>
<td>$699</td>
<td>$137</td>
<td>$836</td>
<td>$517</td>
</tr>
<tr>
<td>• Environmental response efforts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and expected remediation and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>monitoring activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Legal and other costs</strong></td>
<td>292</td>
<td>89</td>
<td>381</td>
<td>236</td>
</tr>
<tr>
<td>• Legal-related activities and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>community assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Insurance recoveries</strong></td>
<td>(25)</td>
<td>(76)</td>
<td>(101)</td>
<td>(101)</td>
</tr>
<tr>
<td><strong>Total impact</strong></td>
<td>$966</td>
<td>$150</td>
<td>$1,116</td>
<td>$652</td>
</tr>
</tbody>
</table>

Eastern Ohio Incident & Response costs are current estimates, which may be subject to changes in future periods. 2023 amounts reflect $101M in insurance recoveries. Additional insurance or other third-party recoveries will be recognized in future periods when recovery is deemed to be probable. No amounts have been recorded related to potential third-party recoveries, which may reduce amounts payable by our insurers under applicable insurance coverage.
Key Financial Data

Q4 2023 and comparison to Q4 2022

favorable / unfavorable

$ millions except per share

<table>
<thead>
<tr>
<th>Fourth Quarter</th>
<th>Revenue</th>
<th>Operating Expense</th>
<th>Operating Ratio</th>
<th>Operating Income</th>
<th>Net Income</th>
<th>Earnings per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2023 GAAP</td>
<td>$3,073</td>
<td>$2,265</td>
<td>73.7%</td>
<td>$808</td>
<td>$527</td>
<td>$2.32</td>
</tr>
<tr>
<td>Eastern Ohio incident/response</td>
<td>-</td>
<td>($150)</td>
<td>4.9pts</td>
<td>$150</td>
<td>$113</td>
<td>$0.51</td>
</tr>
<tr>
<td>Q4 2023 Adjusted¹</td>
<td>$3,073</td>
<td>$2,115</td>
<td>68.8%</td>
<td>$958</td>
<td>$640</td>
<td>$2.83</td>
</tr>
</tbody>
</table>

GAAP Variance vs Q4’22

(1)Reflects Adjusted 4Q23 results for Operating Expense, Operating Ratio, Operating Income, Net Income, and Earnings Per Share by modifying 4Q23 GAAP results for the $150M related to the Eastern Ohio incident. Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.
Operating Expense Components

Adjusted Q4 2023\(^{(1)}\) vs. 2022

\(\text{\$ millions} \quad \text{favorable} / \text{(unfavorable)}\)

<table>
<thead>
<tr>
<th>Component</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation &amp; Benefits</td>
<td>$2,056</td>
<td>$2,115</td>
</tr>
<tr>
<td>Purchased Svcs &amp; Rents</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Materials &amp; Other</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fuel</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

\(\uparrow\) Increase / \(\downarrow\) Decrease

Purchased Svcs & Rents:
- Pay rates $(37)
- EE Levels $(37)
- Rents $(12)

Compensation & Benefits:
- Purch Svcs $(19)
- Claims $(8)

Depreciation:
- Road Study $(8)
- Other $(8)

Materials & Other:
- Materials $(23)
- Price $67

Fuel:
- $64

\(\uparrow 10\%\) / \(\downarrow 17\%\) increase / decrease

\(\uparrow 6\%\) / \(\downarrow 7\%\) increase / decrease

\(\uparrow 7\%\) / \(\downarrow 3\%\) increase / decrease

\(\uparrow 1\%\)

\(\text{(1) Adjusted Q4 2023 modifies 4Q23 GAAP results for the $150M related to the Eastern Ohio incident.}\)

Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.
Service Costs and Resiliency Investments

Service Mitigation Costs

- Q1: $35M
- Q2: $48M
- Q3: $40M
- Q4: $40M

Incremental Expense from Resiliency Investments

- Q1: $15M
- Q2: $20M
- Q3: $50M
- Q4: $46M
### Financial Results

#### Q4 2023 vs. Q4 2022

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>GAAP 2023</th>
<th>Adjusted 2023(1)</th>
<th>Adjusted Variance vs ‘22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$1,181</td>
<td>$808</td>
<td>$958</td>
</tr>
<tr>
<td>Income from railway operations</td>
<td></td>
<td>($223)</td>
<td>(19%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$34</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Other income – net</td>
<td></td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>177</td>
<td>195</td>
<td>18</td>
</tr>
<tr>
<td>Interest expense on debt</td>
<td></td>
<td>1,038</td>
<td>651</td>
<td>(237)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>($237)</td>
<td>(23%)</td>
<td></td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>248</td>
<td>124</td>
<td>161</td>
<td>87</td>
</tr>
<tr>
<td>Income taxes</td>
<td></td>
<td></td>
<td></td>
<td>35%</td>
</tr>
<tr>
<td>Net income</td>
<td>$790</td>
<td>$527</td>
<td>$640</td>
<td>($150)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(19%)</td>
</tr>
<tr>
<td>Earnings per share – diluted</td>
<td>$3.42</td>
<td>$2.32</td>
<td>$2.83</td>
<td>($0.59)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(17%)</td>
</tr>
</tbody>
</table>

(1) Adjusted Q4 2023 modifies 4Q23 GAAP results for the $150M related to the Eastern Ohio incident. Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.
Full-Year Results

2023\(^{(1)}\) vs. 2022

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$12,745</td>
<td>$12,156</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>$7,936</td>
<td>$8,189</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$4,809</td>
<td>$3,967</td>
</tr>
<tr>
<td><strong>Earnings Per Share</strong></td>
<td>$13.88</td>
<td>$11.74</td>
</tr>
</tbody>
</table>

\(^{(1)}\)Reflects Adjusted 2023 results for Operating Expense, Operating Ratio, Operating Income, and Earnings Per Share by modifying 2023 GAAP results for the $1.116B related to the Eastern Ohio incident. Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.
Free Cash Flow & Shareholder Distributions

**Twelve Months / $ millions**

- **Cash from operations**: $3,179 (↓$1,043M)
- **Property additions**: $2,349 (↑$401M)
- **Free cash flow**: $830 (↓$1,444M)

### 2023 Free Cash Flow

#### Share holder Distributions

- **Share repurchases**: $1,847 (↑$4,277)
- **Dividends**: $1,225 (↑$3,110)

(1) Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.
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.

- 2020: 1.50
- 2021: 1.28
- 2022: 1.02
- 2023: 1.09

14% improved vs 10-year average

FRA Accident Rate

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

- 2020: 3.60
- 2021: 3.80
- 2022: 4.29
- 2023: 3.83

3.83 is an 11% YoY improvement

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.

- 2020: 0.99
- 2021: 0.85
- 2022: 0.92
- 2023: 0.53

35 FRA reportable mainline accidents in 2023 is the lowest since 1999

The amounts above are reported through December 31, 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 2023 are preliminary and include data not yet reported to the FRA.
Service Update

Improving Fluidity Will Drive Down Service Mitigation Costs

Train Speed (mph)

Terminal Dwell (hours)

*Through January 21, 2024
Productivity Indicators

**Workforce**

kGTMs per T&E Hour Worked

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2022</th>
<th>2023</th>
<th>2023</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>20.5</td>
<td>20.0</td>
<td>19.3</td>
<td>19.0</td>
</tr>
</tbody>
</table>

**Locomotives**

Miles per Day

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2022</th>
<th>2023</th>
<th>2023</th>
<th>2023</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>203</td>
<td>203</td>
<td>184</td>
<td>193</td>
<td>191</td>
</tr>
</tbody>
</table>

**Fuel Efficiency**

Gallons per kGTM

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>1.12</td>
<td>1.12</td>
</tr>
</tbody>
</table>

Driving Workforce Productivity Through Plan Compliance, Fluidity Improvement, PSR Initiatives, and Qualifying Trainees to Move Freight
Increasing Velocity of the Scheduled Network Will Drive Productivity

• Manifest dwell, velocity, and trip plan compliance will mark our progress

• We are driving it through:
  • Strict execution to plan
  • Precision train building processes
  • Balanced resource allocation
  • Locomotive asset velocity
The Flywheel Effect From Velocity Gains Will Drive Down the Cost Structure

Increasing velocity and running the plan will drive the cost structure down
Market Overview

Ed Elkins
Executive Vice President & Chief Marketing Officer
Return to Volume Growth, Revenue Headwinds Persist

### Q4 2023 vs. Q4 2022

<table>
<thead>
<tr>
<th>Component</th>
<th>Q4 2022</th>
<th>Q4 2023</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,849M</td>
<td>$1,816M</td>
<td>($119)</td>
<td>(6%)</td>
</tr>
<tr>
<td>Volume</td>
<td>557,800</td>
<td>579,600</td>
<td>+21,800</td>
<td>(4%)</td>
</tr>
<tr>
<td>RPU</td>
<td>$3,316</td>
<td>$3,095</td>
<td>($221)</td>
<td>(7%)</td>
</tr>
<tr>
<td>RPU (less fuel)</td>
<td>$3,095</td>
<td>$2,431</td>
<td>($664)</td>
<td>(22%)</td>
</tr>
<tr>
<td>RPU (less fuel, IM storage &amp; fees)</td>
<td>$3,095</td>
<td>$2,431+$576</td>
<td>($419)</td>
<td>(15%)</td>
</tr>
</tbody>
</table>

### Key Metrics

- **Revenue Change**: $3,237 million favorable in Q4 2023 vs. Q4 2022, with $119 million unfavorable and $18 million favorable in Q3 2022.
- **Volume Improvement**: 34 out of 35 consecutive quarters of y-o-y RPU (less fuel) growth in Merchandise.

### Reconciliation

(1) Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.
Weak Freight Market and Non-Core Headwinds Pressure Results

Core revenue growth offset by lower fuel, storage and equipment charges

- **6.7 Million Units**
- **$12.2 Billion Revenue**
- **$1,802 Revenue per Unit**
- **$1,621 RPU Less Fuel**
- **$1,592 RPU Less Fuel & IM Storage & Fees**

(1) Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.
Market Outlook

Merchandise
- Price Gains
- Steel Demand
- Manufacturing Activity

Intermodal
- Import/Export Volumes
- Truck Rates
- Consumer Demand

Coal
- Export Demand
- Commodity Prices
- Stockpiles
A Better Way Forward

• Significantly increased FedEx volumes during Peak Season

• Located a plastic recycling business in Ironton, OH

• $3.1B of total investment along Norfolk Southern lines in 2023
2024 OUTLOOK
• 2024 revenue growth: ~3%
• Accretive incrementals as productivity builds through the year
• CapEx flat with 2023 ~$2.3B plus CSR purchase of $1.65B that flows through CapEx

3 YEAR OUTLOOK
• Roadmap to 100-150bps margin improvement annually, narrowing gap with peers
Thank You
www.norfolksouthern.com