



Earnings Conference Call

2020 Fourth Quarter

January 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; 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; severe weather; and the impact of the COVID-19 pandemic 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, 2019, 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 2020 Highlights

Fourth Quarter and Full Year

James A. Squires

Chairman, President and
Chief Executive Officer



Fourth Quarter & Full Year Results

Driving efficiency improvements to control costs and create a platform for growth

	Q4 2020	vs Q4 2019	2020	Adjusted 2020	Adjusted vs 2019
Revenues	\$2,573M	(4%)	\$9,789M	\$9,789M	(13%)
Operating expenses	\$1,589M	(8%)	\$6,787M	\$6,303M ⁽¹⁾	(14%)
Operating ratio	61.8% RECORD RESULT	(240)bps	69.3%	64.4% ⁽¹⁾ RECORD RESULT	(30)bps
Earnings per share	\$2.64	4%	\$7.84	\$9.25 ⁽¹⁾	(10%)

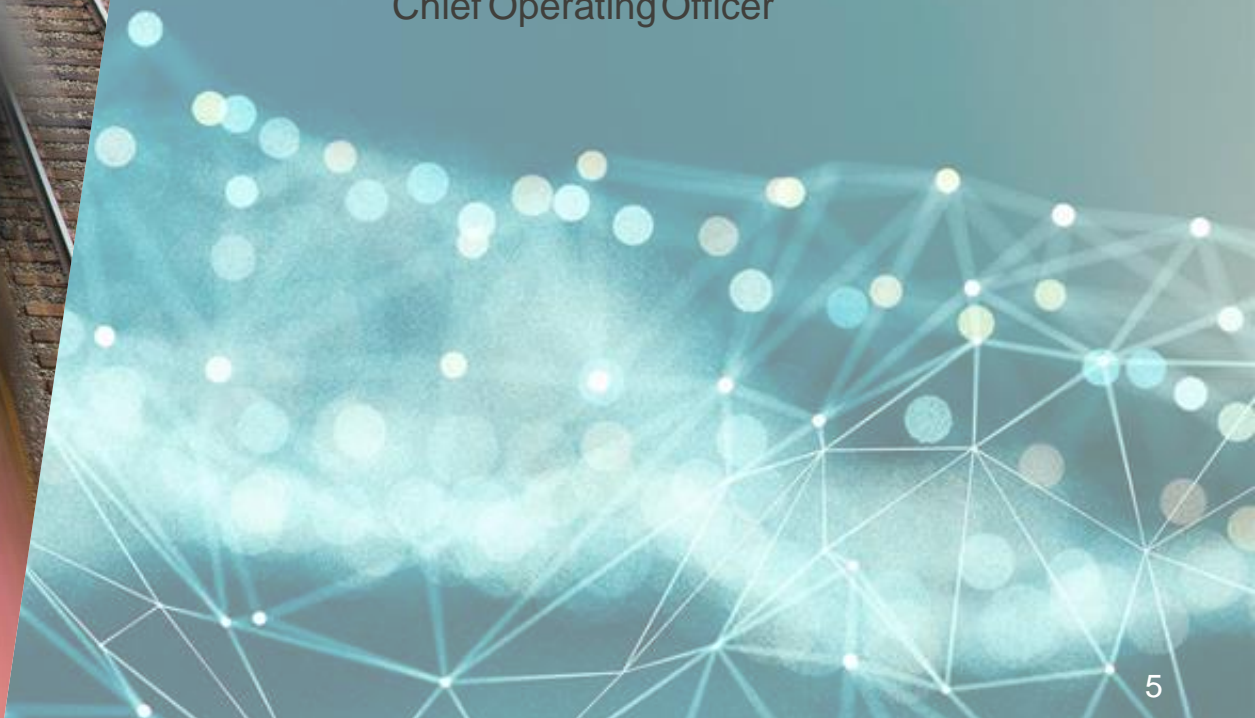


02 Operations Overview

Fourth Quarter and Full Year

Cindy M. Sanborn

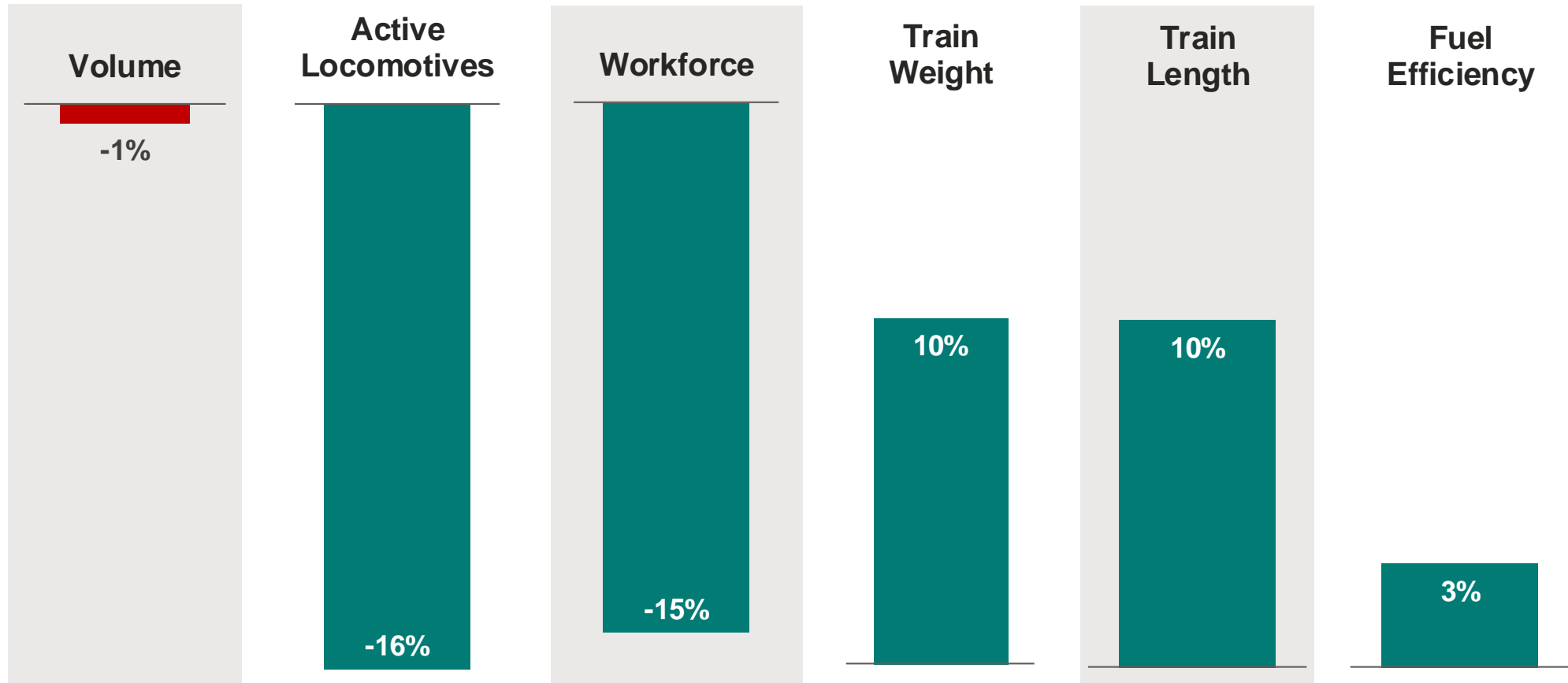
Executive Vice President and
Chief Operating Officer



Operational Indicators

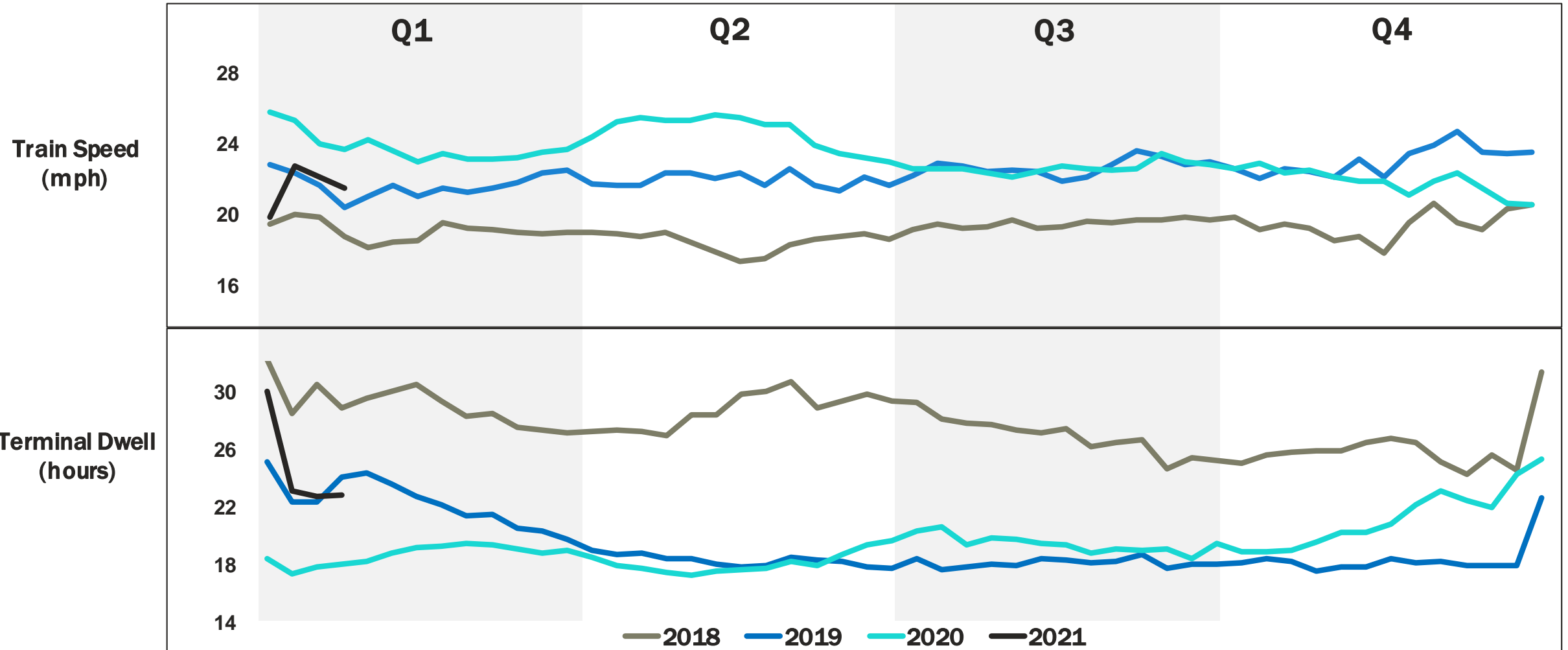
Driving productivity to reduce resource needs and create capacity

Q4 2020 vs. Q4 2019



Network Performance

Rebounding from fourth quarter challenges



Focused on Efficiency



Pursuing every alternative
before adding new trains



Improving locomotive and crew
utilization



Maximizing benefit from
incremental volume

Techniques for Handling Growth

Full pin

Additional network blending

Long-distance blocking

Redeploying employees

Quick plan & resource adjustments

Balancing traffic tactically



**Efficient
Growth**



03 Market Overview

Fourth Quarter and Full Year

Alan H. Shaw

Executive Vice President and
Chief Marketing Officer

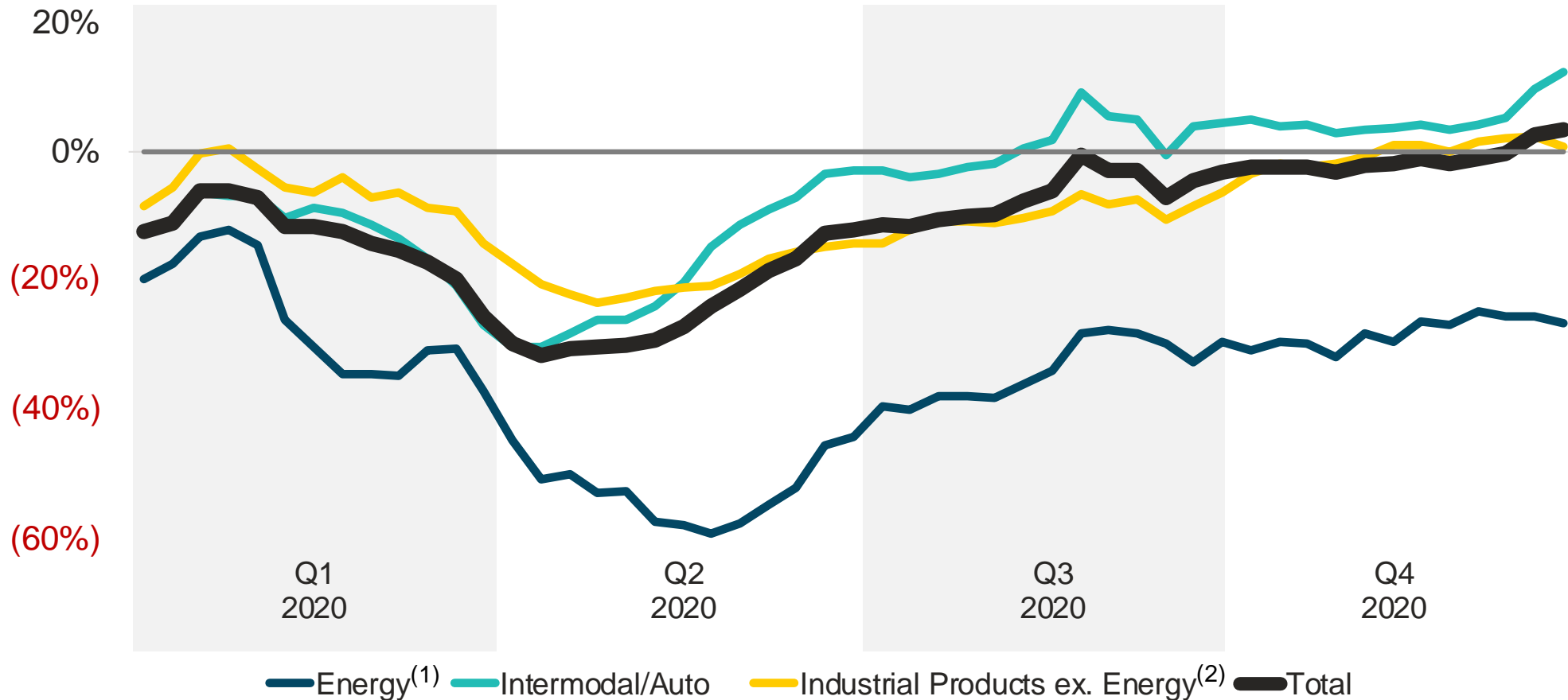


Consumer Markets Lead Recovery

Intermodal and Industrial Products ex. Energy⁽²⁾ volume pivoted to growth during the fourth quarter

NS Y-o-Y Volume Change

3-Week Moving Average



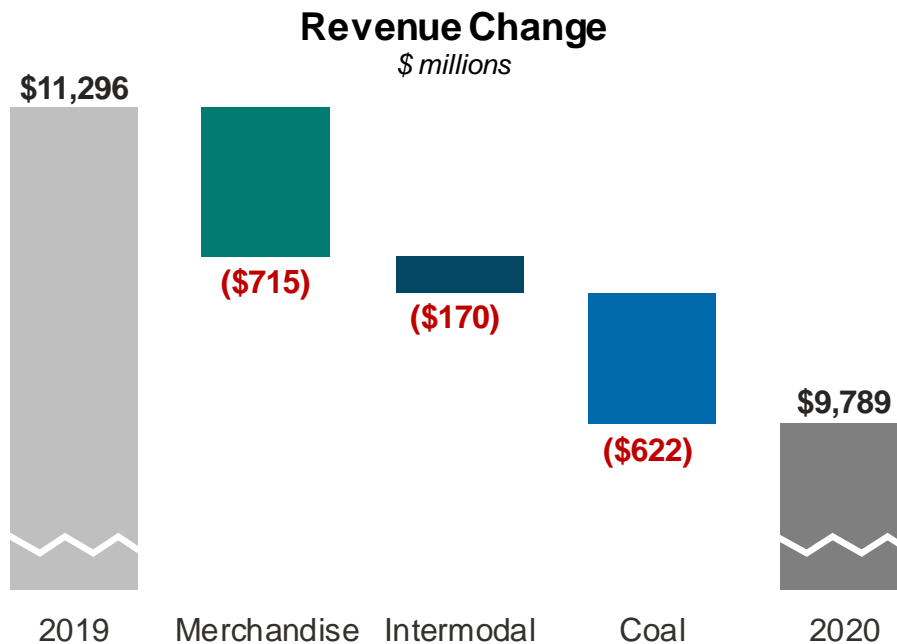
⁽¹⁾Includes Coal, Ethanol, Natural Gas Liquids, Frac Sand and Crude. ⁽²⁾Ag, Forest & Consumer; Chemicals and Metals & Construction excluding Ethanol, Natural Gas Liquids, Frac Sand and Crude 11

2020 Challenged by COVID and Energy⁽²⁾ Markets

Four consecutive years of RPU less fuel⁽¹⁾ growth in all three segments

2020 vs. 2019 / favorable / unfavorable

Revenue	Volume	RPU	RPU (less fuel) ⁽¹⁾
\$9.8 billion	6,683,500 units	\$1,465	\$1,412
down 13%	down 12%	down 2%	flat



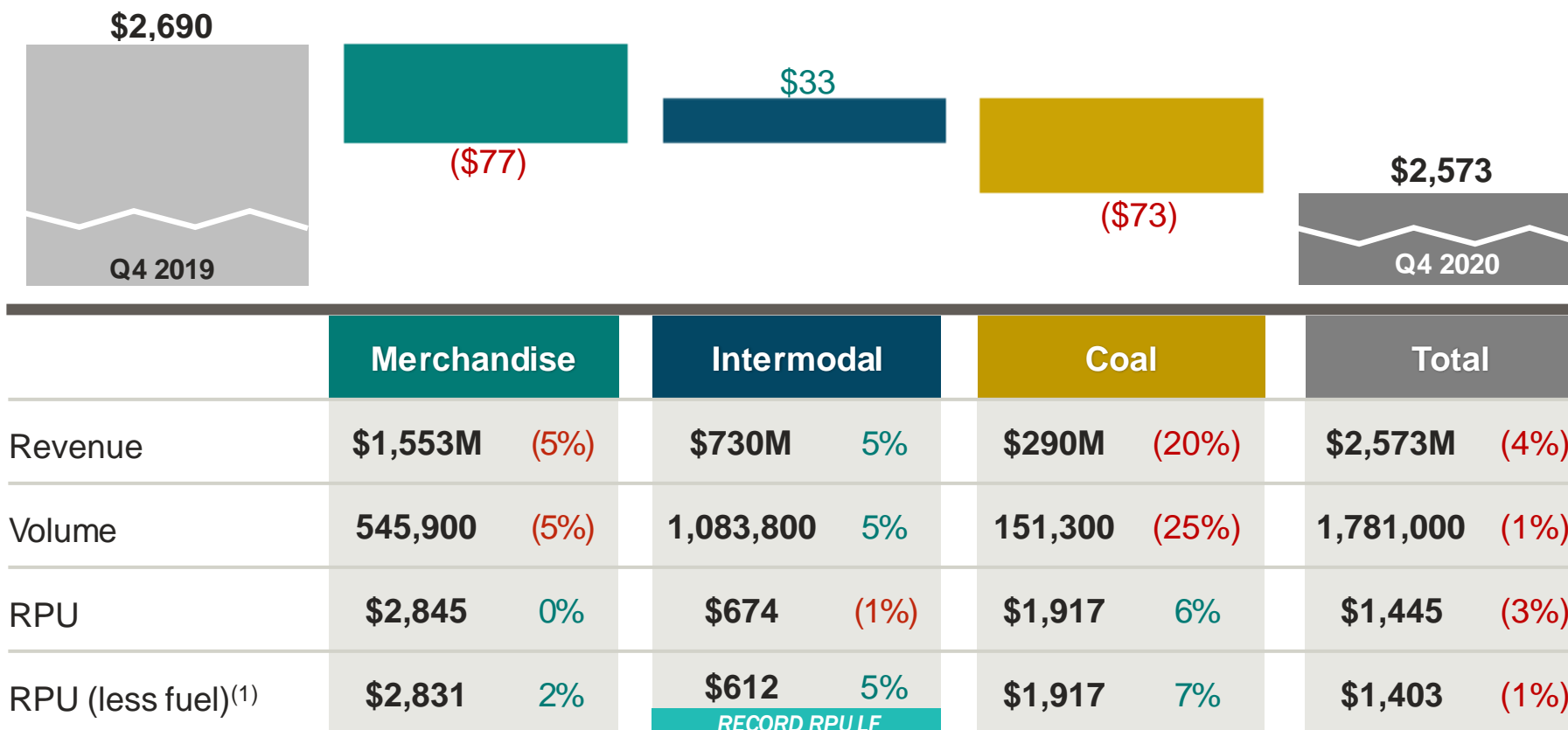
Economic recovery varied by market:

- Slower manufacturing recovery
- Growth in truck-competitive markets
- Energy⁽²⁾ represents over 70% of revenue decline

Intermodal Delivered Growth in Fourth Quarter

Comparisons improved as the quarter progressed, continuing momentum into 2021

Q4 2020 vs. Q4 2019 / Revenue change \$ millions / favorable / unfavorable



Year-over-year growth in Merchandise and Intermodal RPU less fuel⁽¹⁾ for 16 consecutive quarters

2021 Growth Outlook

Well-positioned to capitalize on opportunities as economy recovers in 2021



MERCHANDISE

- Recovery in manufacturing
- Vehicle production strength
- Inventory replenishment
- Pipeline competition



INTERMODAL

- Tight truck capacity
- Consumer spending growth
- Inventory replenishment



COAL

- High product substitution
- Elevated stockpiles
- Export thermal demand growth

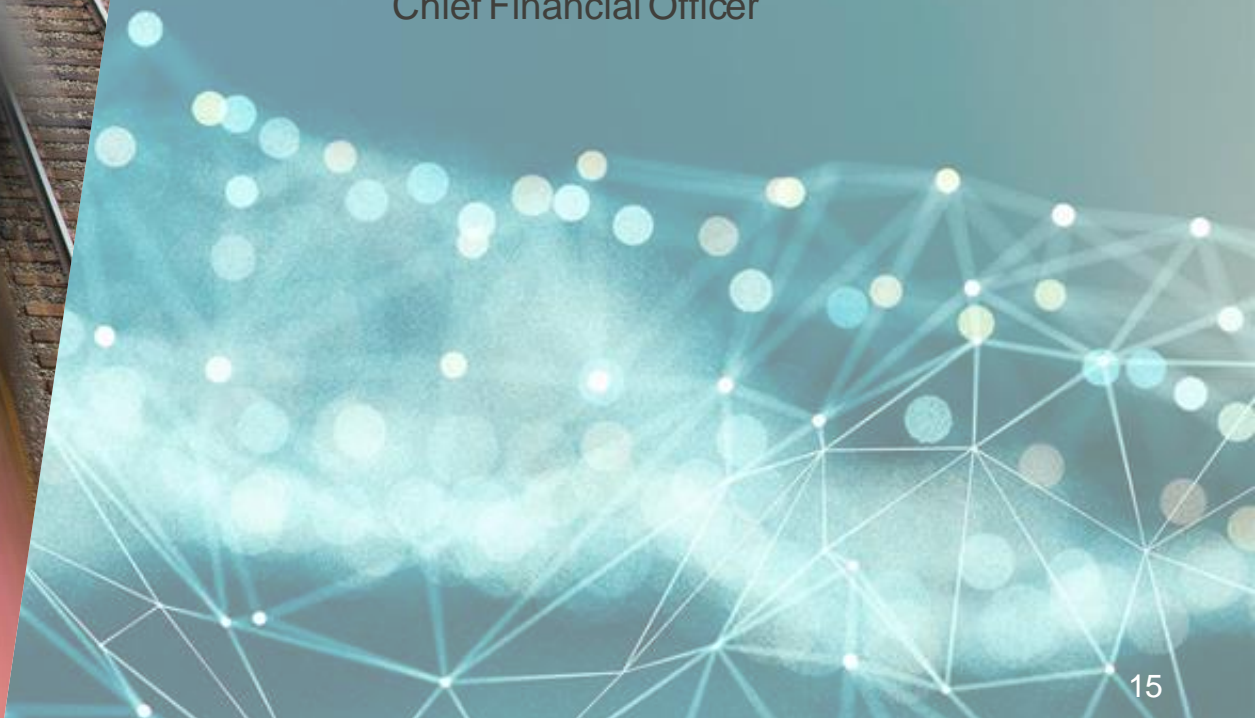


04 Finance Overview

Fourth Quarter and Full Year

Mark R. George

Executive Vice President and
Chief Financial Officer



Operating Ratio and EPS

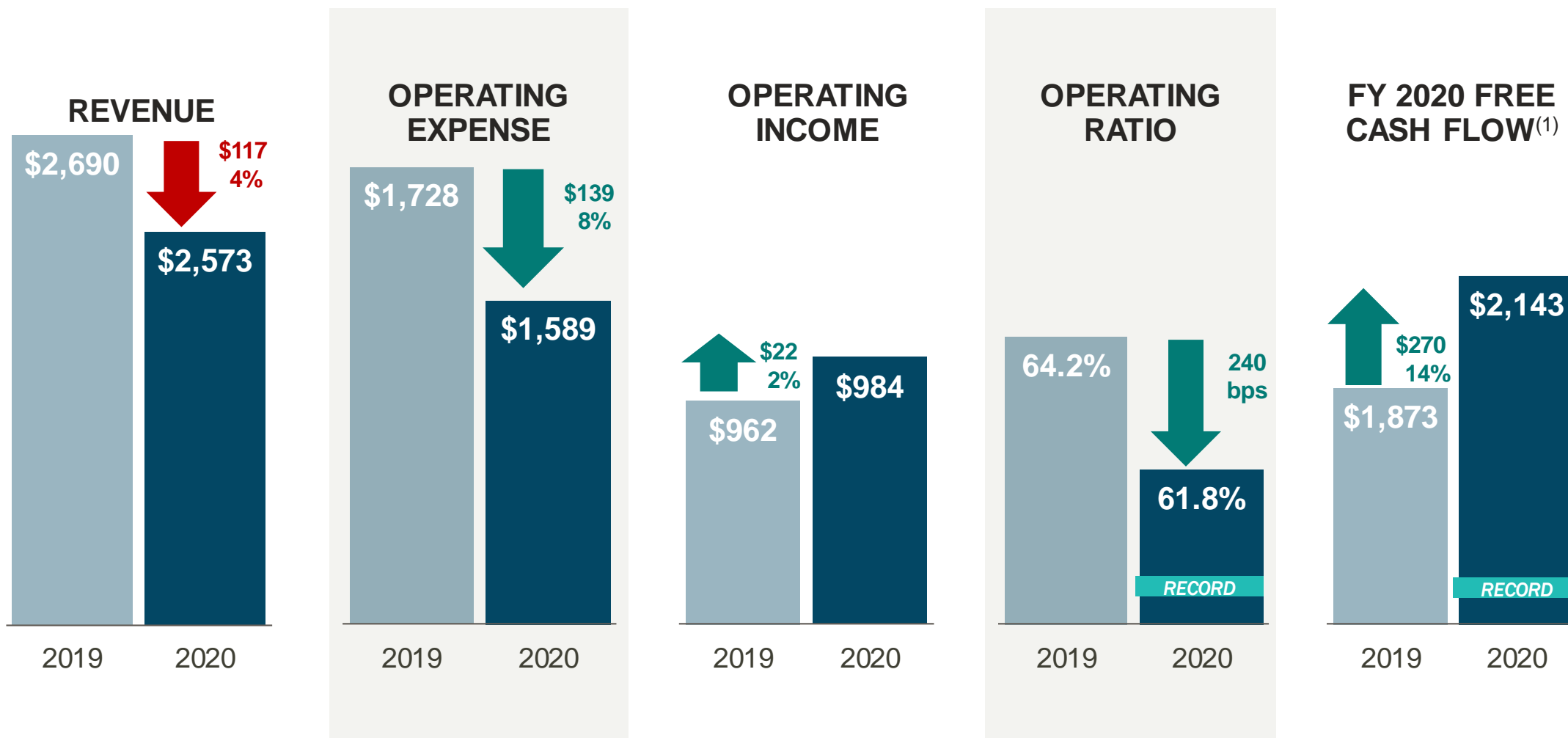
Items Impacting Comparison to 2019 / *favorable* / *unfavorable*

	Fourth Quarter	
	Operating Ratio	Earnings Per Share
2019	64.2%	\$2.55
2019 asset impairment	-	\$0.06
2019 retroactive tax credit	-	(\$0.07)
Core change	(240)bps	\$0.10
2020	61.8%	\$2.64

Fourth Quarter Highlights

Q4 2020 vs. Q4 2019 / *favorable* / *unfavorable*

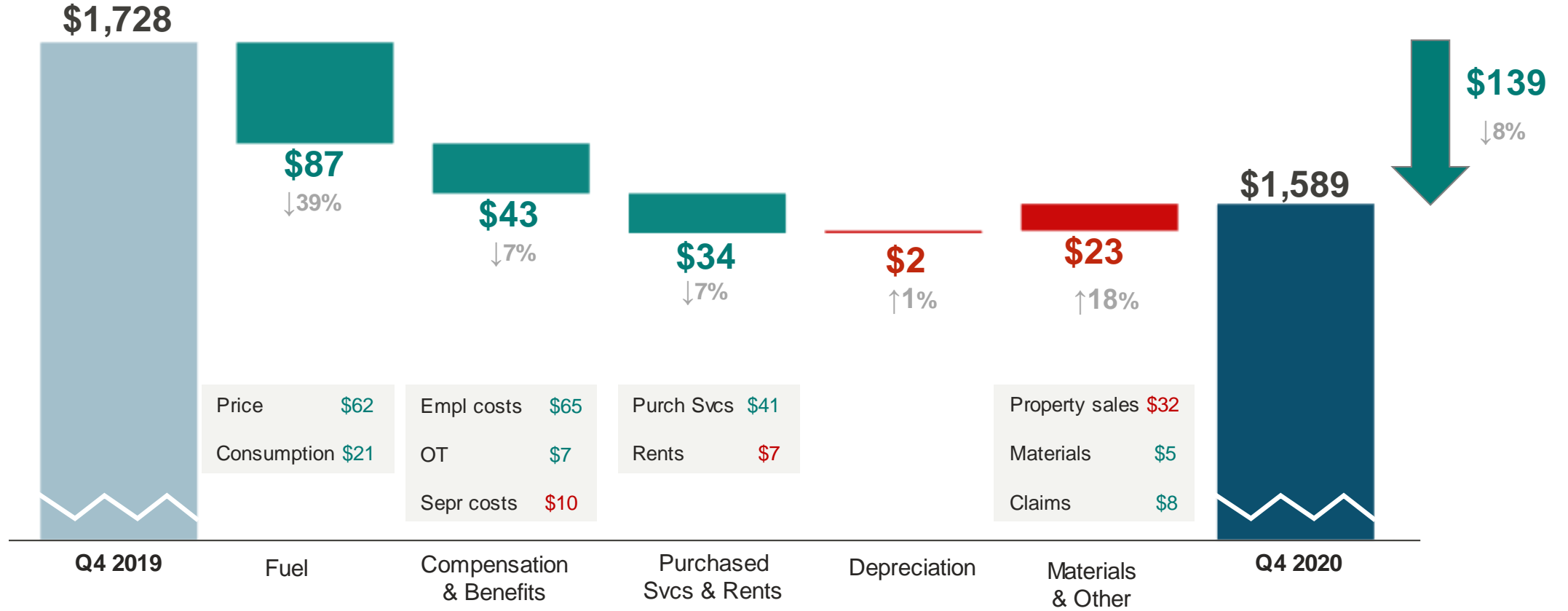
\$ millions



Operating Expense Components

Q4 2020 vs. Q4 2019 / *favorable* / *unfavorable*

\$ millions



Operating expenses reduced 8% on volume down 1%

Financial Results

Q4 2020 vs. Q4 2019 / *favorable* / *unfavorable*

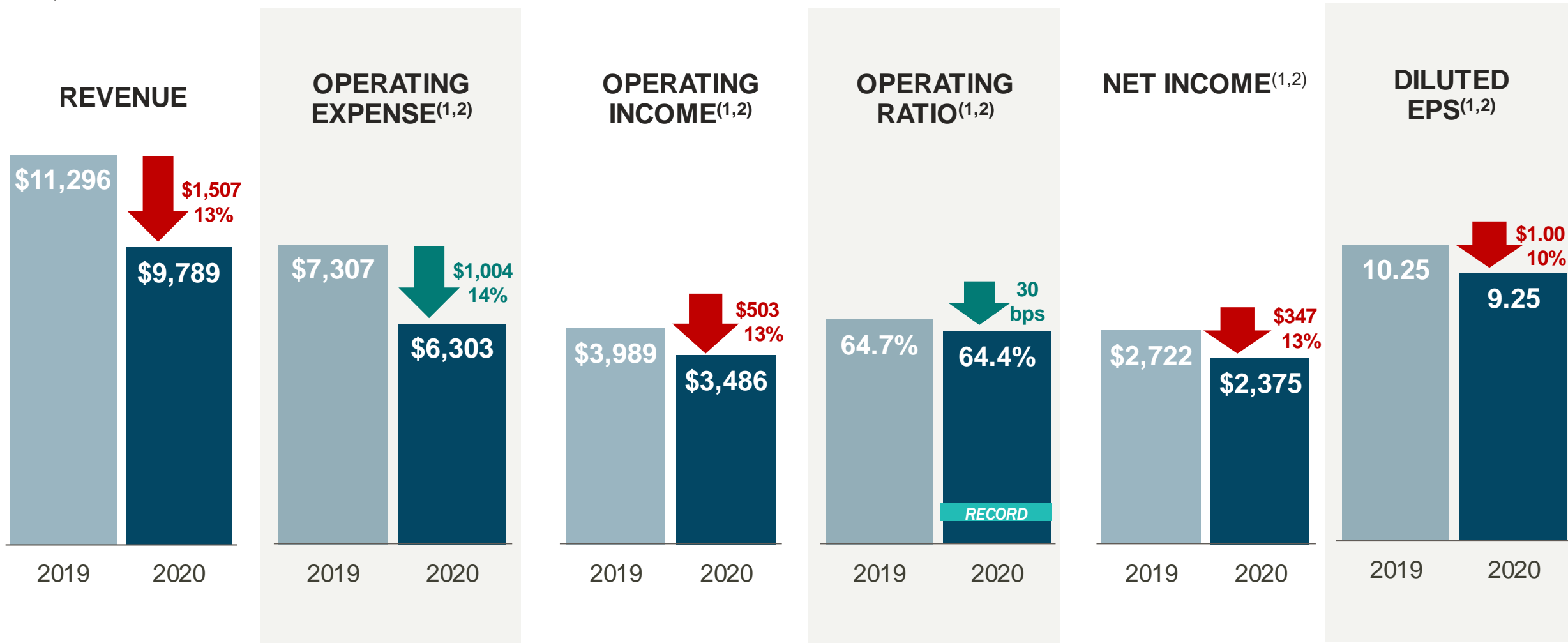
\$ millions except per share

	Q4 2019	Q4 2020	Variance	
			\$	%
Income from railway operations	\$962	\$984	\$22	2%
Other income – net	18	43	25	139%
Interest expense on debt	152	160	8	5%
Income before income taxes	828	867	39	5%
Income taxes	162	196	34	21%
Net income	\$666	\$671	\$5	1%
Earnings per share – diluted	\$2.55	\$2.64	\$0.09	4%

Full Year Highlights

Adjusted 2020⁽¹⁾ vs. 2019 / *favorable* / *unfavorable*

\$ millions

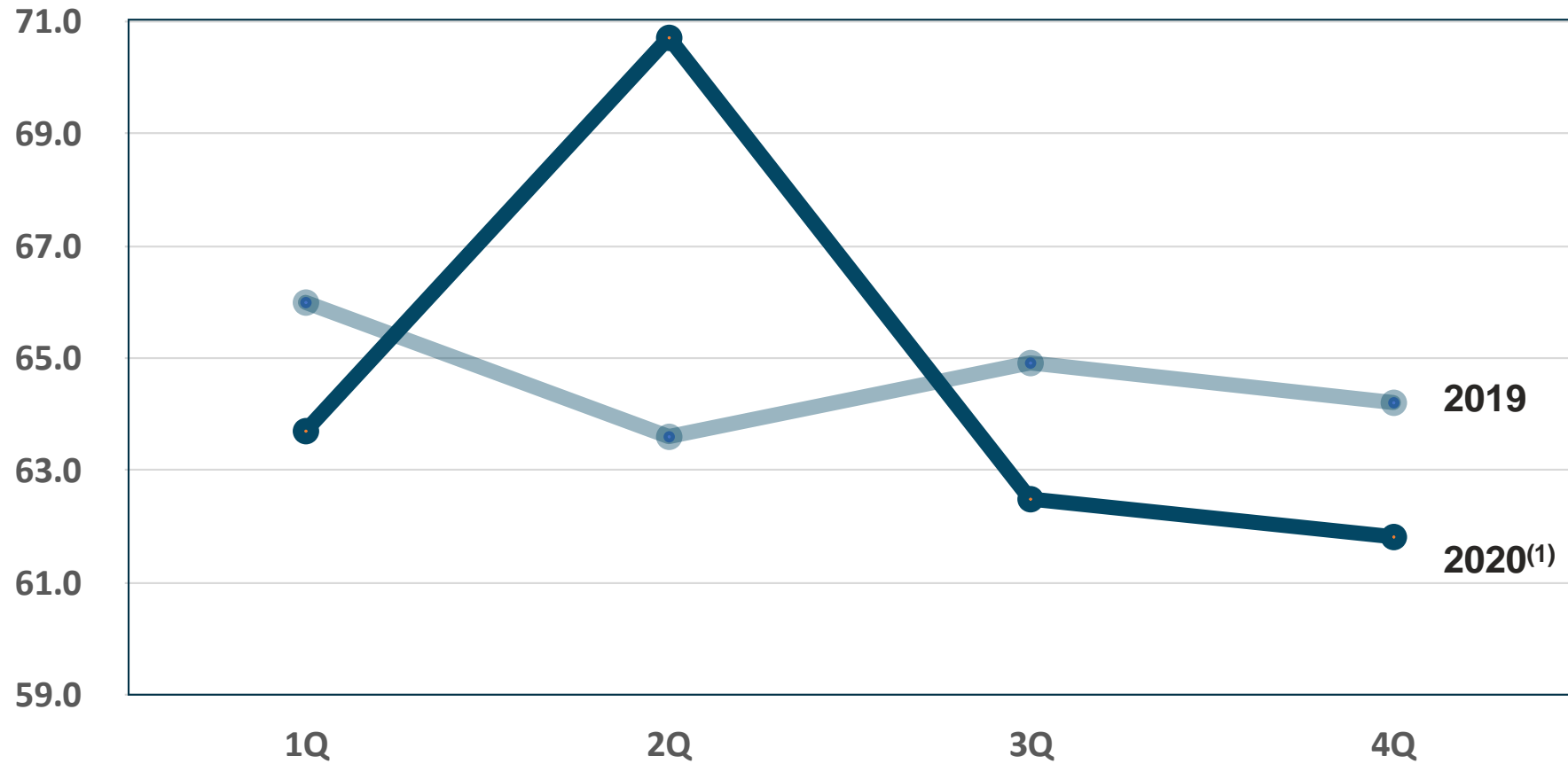


(1) Adjusted 2020 excludes \$385M non-cash locomotive disposition charge and \$99M non-cash impairment charge related to an equity-method investment.

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

Quarterly Operating Ratio

Adjusted 2020⁽¹⁾ vs. 2019 / *favorable* / *unfavorable*



Change in bps:	230	(710)	240	240
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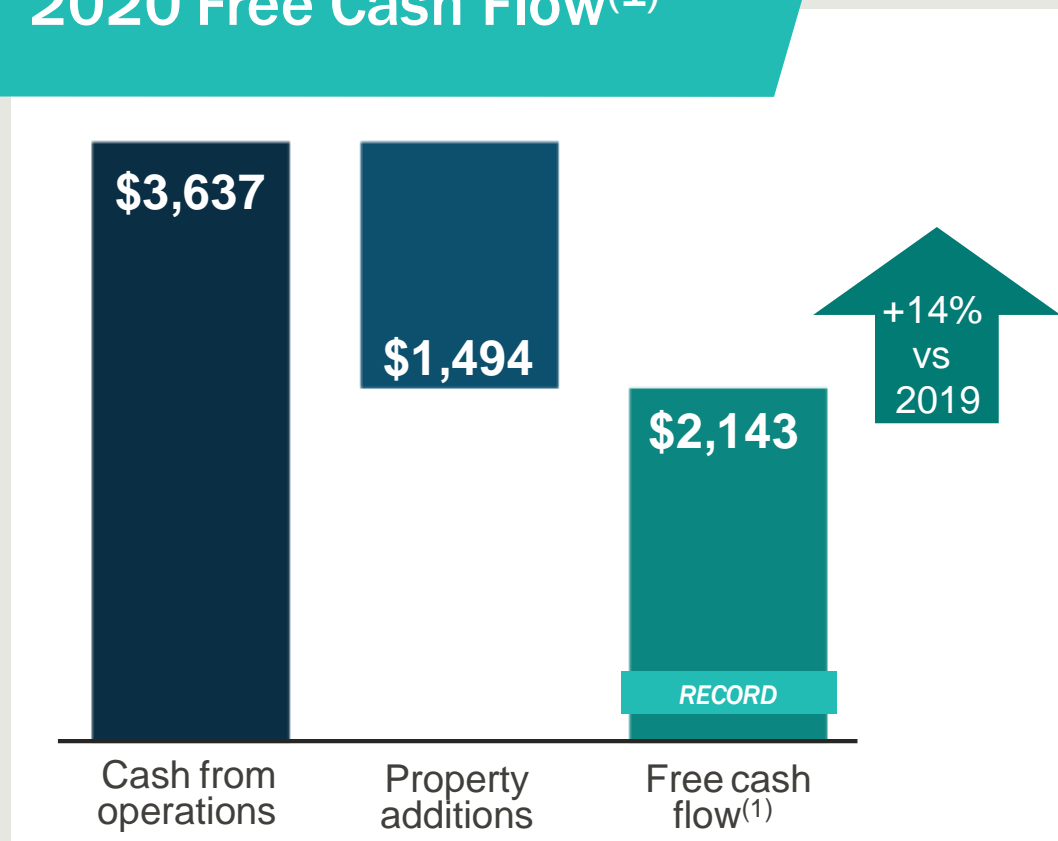


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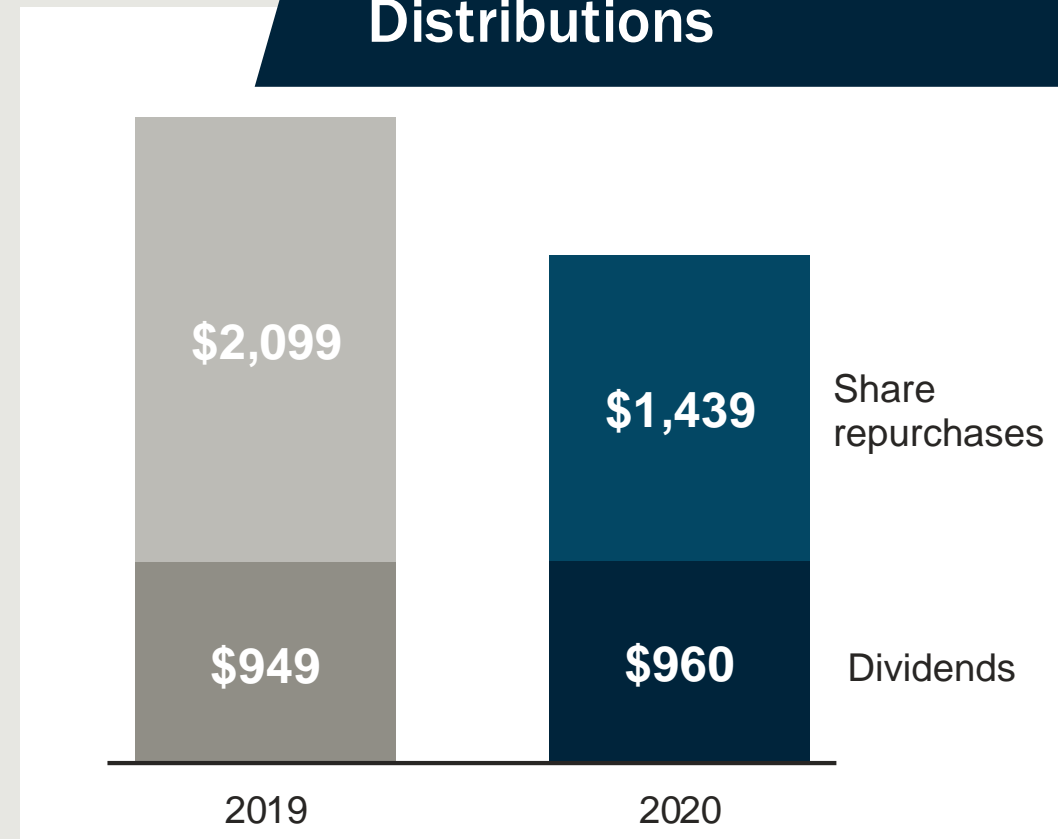
Free Cash Flow & Shareholder Distributions

Full Year / \$ millions

2020 Free Cash Flow⁽¹⁾



Shareholder Distributions

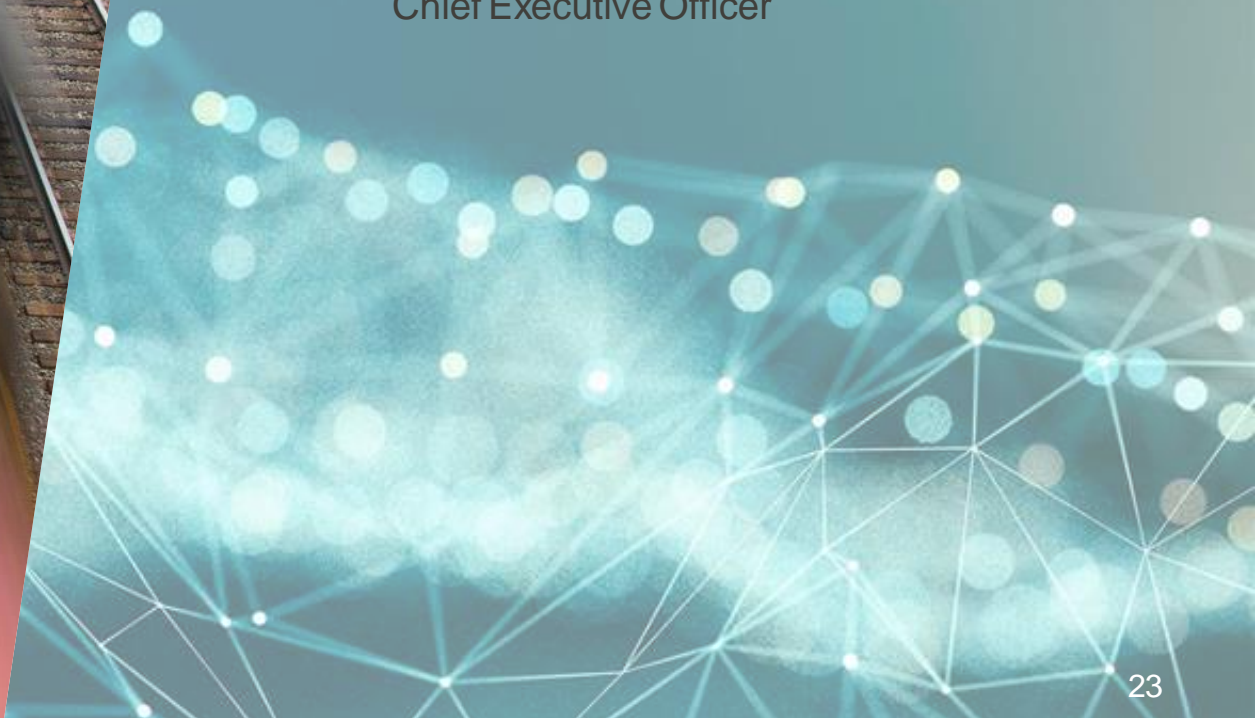




05 Closing Comments

James A. Squires

Chairman, President and
Chief Executive Officer



Outlook

Enhancing shareholder value through cost efficiency and growth

Revenue

- ~9% year-over-year growth
- **Intermodal and Merchandise:** Leading growth drivers
- **Coal:** Secular decline continues

Operating Ratio

- Greater than 300 basis points improvement in 2021, versus 2020 adjusted OR
- End 2021 on 60% run rate
- Continue to drive OR lower over longer term

Capital Allocation

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



06 Appendix



Items Impacting Comparison to 2019

favorable/unfavorable

\$ millions except per share

	Fourth Quarter		Full Year	
2019 receivable write-off	\$	-	\$	32
2019 asset impairment		21		49
2019 retroactive tax credit		(19)		(10)
2020 asset impairment		-		(385)
2020 income tax refund		-		23
2020 investment impairment	\$	-	\$	(99)
Impact:				
Operating ratio		-		460 bps
Earnings per share		(\$0.01)		(\$1.13)

Thank you. www.norfolksouthern.com

