





NORFOLK SOUTHERN

Q4 2024 EARNINGS CALL

January 29, 2025

FORWARD-LOOKING STATEMENTS / NON-GAAP MEASURES

This presentation and the related materials contain "forward-looking statements" within the meaning of the "safe harbor" provisions 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 "may," "will," "could," "would," "should," "expect," "anticipate," "believe," "project," or other comparable terminology. The Company has based these forward-looking statements on management’s current expectations, assumptions, estimates, beliefs, and projections. While the Company has based these forward-looking statements on those expectations, assumptions, estimates, beliefs, and projections it views as reasonable, such 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: (i) the Company's ability to successfully implement its operational, productivity, and strategic initiatives; (ii) changes in domestic or international economic, political or business conditions, including those impacting the transportation industry; (iii) a significant adverse event on our network, including but not limited to a mainline accident, discharge of hazardous material, or climate-related or other network outage; (iv) the outcome of claims, litigation, governmental proceedings, and investigations involving the Company, including those with respect to the Eastern Ohio incident; (v) the nature and extent of the Company’s environmental remediation obligations with respect to the Eastern Ohio incident; (vi) new or additional governmental regulation and/or operational changes resulting from or related to the Eastern Ohio incident; and (vii) a significant cybersecurity incident or other disruption to our technology infrastructure. 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 slides 14 and 25-28 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



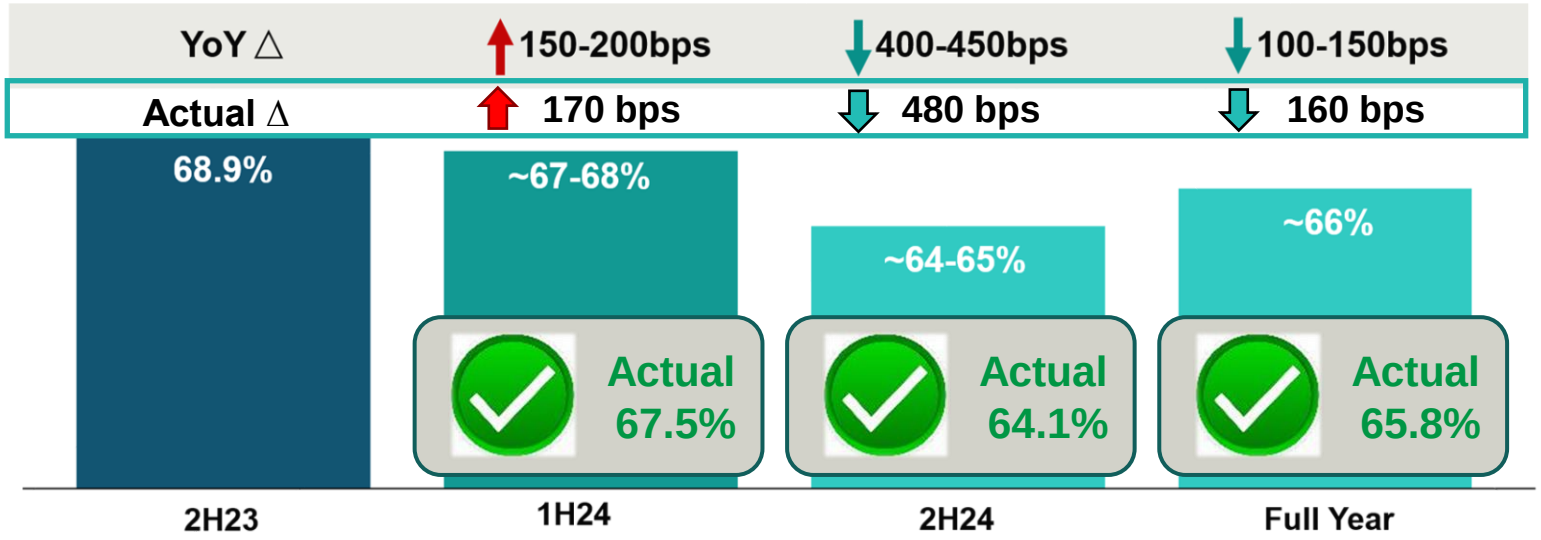
Mark George
President
& Chief Executive Officer



2024 OPERATING RATIO COMMITMENTS [1] ACHIEVED

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]



(1) The operating ratio improvements discussed and presented on this page represent adjusted operating ratio. See reconciliation to GAAP operating ratio on our website on the Investors page under Events and Presentations for this event.

A BETTER WAY

NS delivered on its commitments throughout 2024 as transformation drove safety, operational excellence, and productivity gains.

02

OPERATIONS OVERVIEW



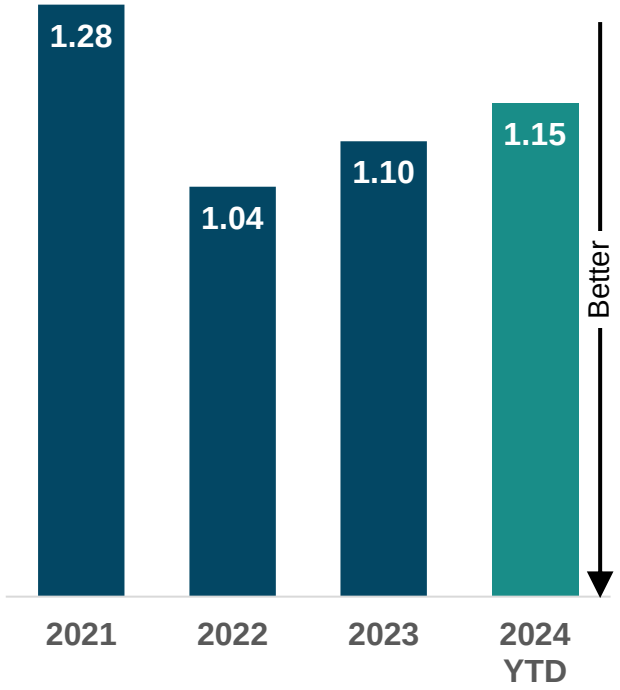
John Orr
Executive Vice President
& Chief Operating Officer



SAFETY UPDATE

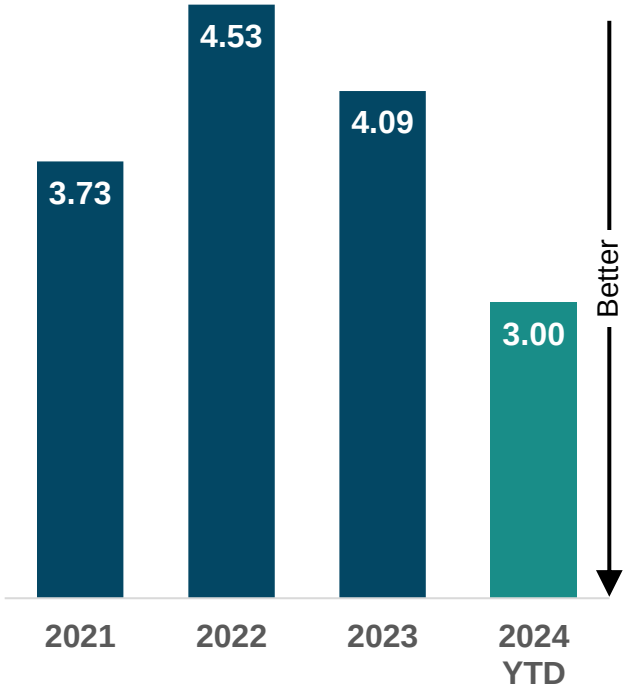
Sustained positive performance has significantly reduced the mainline accident rate. Focus remains on leading causes of injuries.

FRA Personal Injury Index



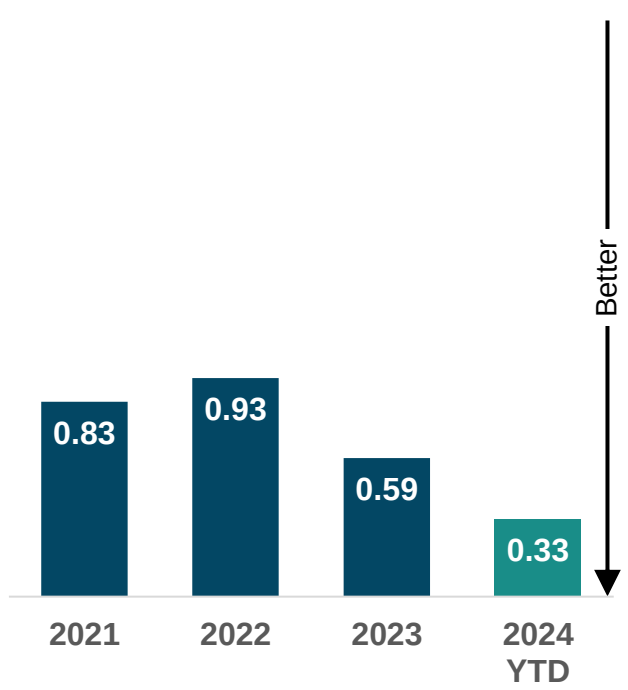
FRA Personal Injury Index calculates the number of reportable injuries/illnesses per year per 200,000 hours worked.

FRA Accident Rate



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

FRA Mainline Accident Rate



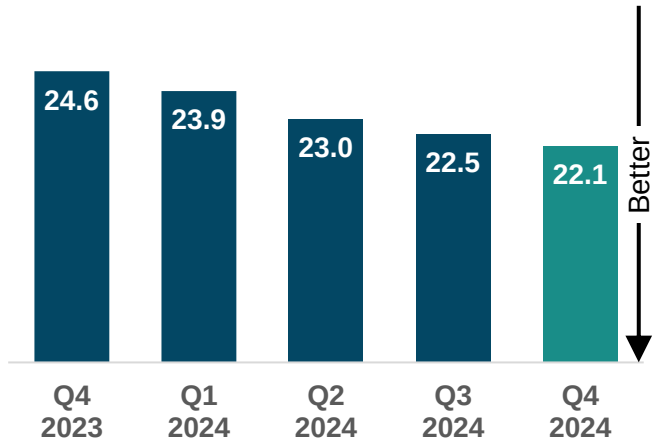
FRA Mainline Accident Rate calculates the total number of reportable events occurring on that portion of the track that connects stations (other than auxiliary track) on which trains operate (a “Mainline”) per one million Mainline miles.

The amounts above are reported through December 31, 2024, 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 2024 are preliminary and include data not yet reported to the FRA.

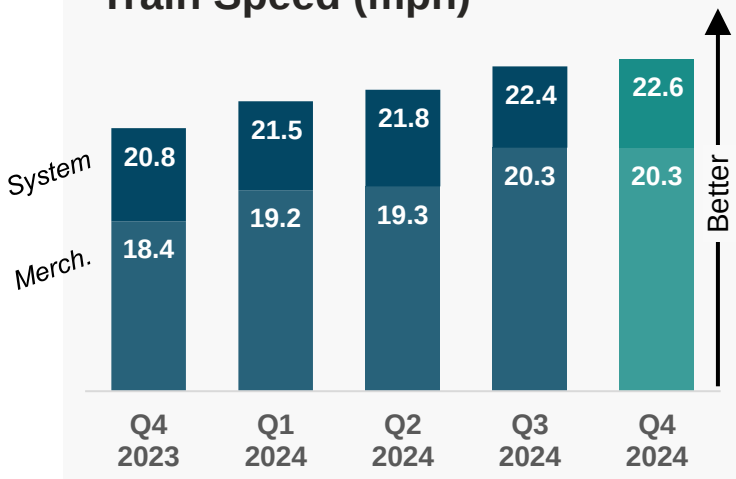
NETWORK UPDATE

Network Health

Terminal Dwell (hours)

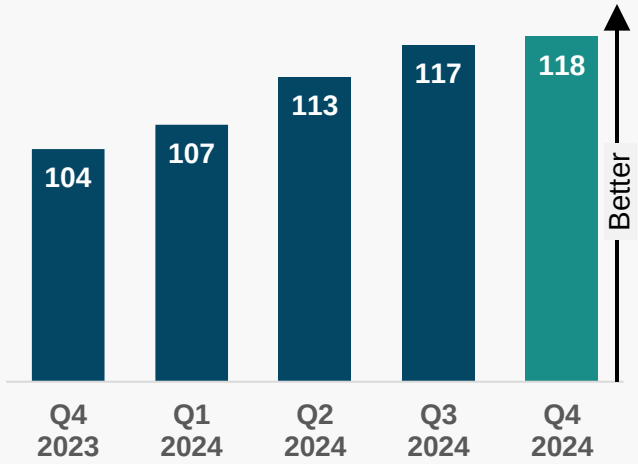


Train Speed (mph)

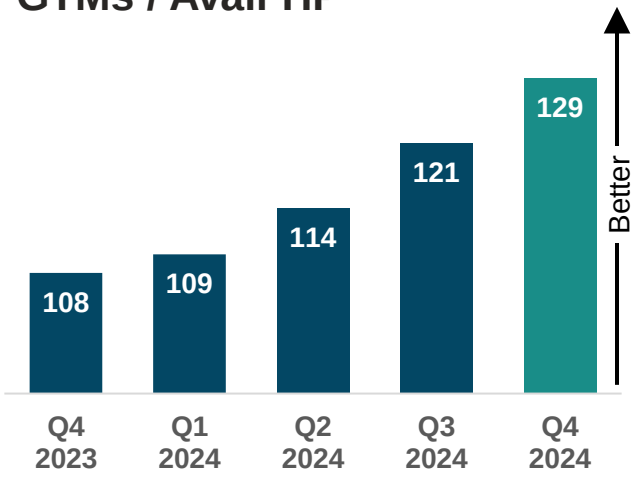


Asset Efficiency

Car Miles per Day

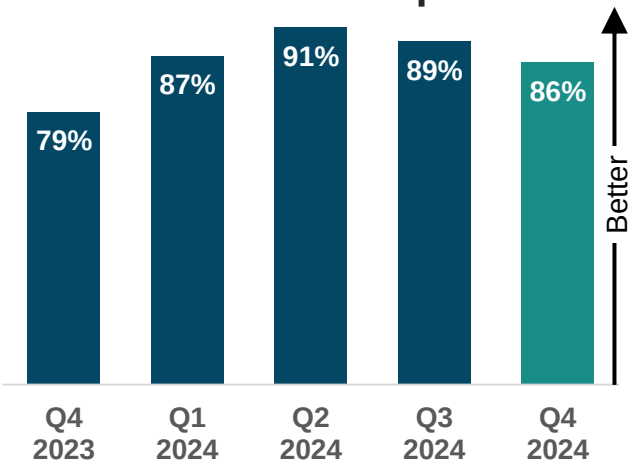


GTMs / Avail HP

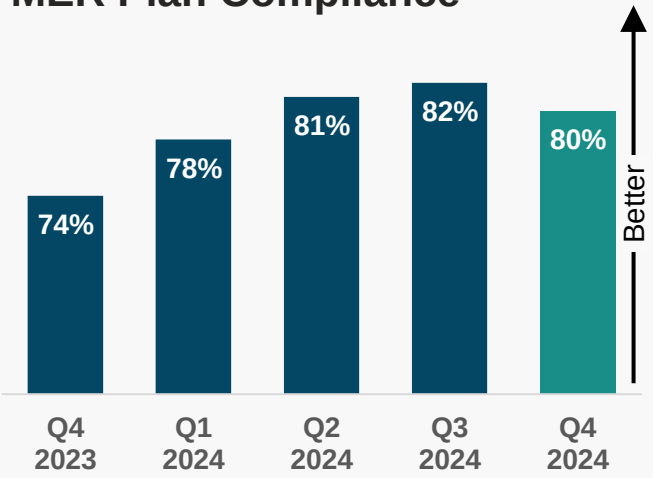


Customer Facing

Intermodal Svc Composite

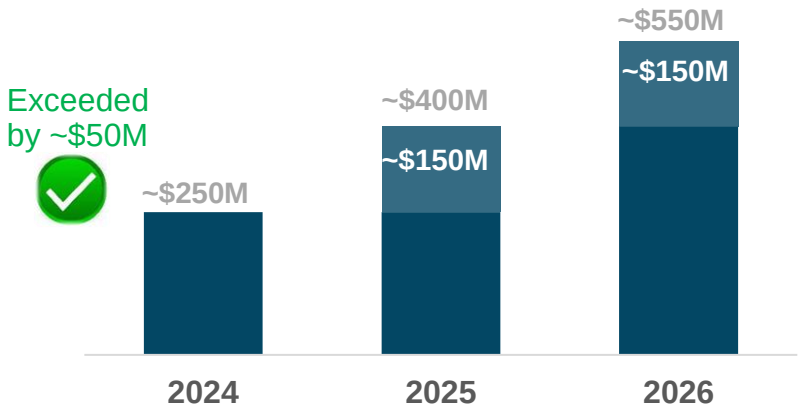


MER Plan Compliance



UPDATE: CLOSING THE MARGIN GAP

Original Annualized Productivity Commitment



Setting and Achieving Challenging Goals Propelled Us in 2024...

Goals Committed to and Achieved in 2024

- Terminal dwell improvement by 10%+ ✅
- Reduce overtime by 20% ✅
- Reduce recrew rate by 20% ✅
- Increase AAR train speed by 10% ✅
- Reduce AAR terminal dwell by 15% ✅
- Store 500 locomotives by end of 2024 ✅
- Reduce scheduled crew starts by 4% ✅
- Eliminate ~$160M/year in temp. service costs ✅
- GTMs per Available HP improvement of 10% ✅
- Increase Car Miles per Day by 7% ✅

...We Are Targeting Additional Opportunities in 2025

- Operating plan refreshment underway to continue stretching performance
  - Underpinned by network gains and stability in '24
  - Additional handling reductions
  - Improved dwell times
  - Enhanced connection plan
- Aligning and optimizing mechanical infrastructure around service plan
- Continued runway on fuel procurement, distribution, and efficiency
- Next phase of purchased services optimization

(1) The operating expense improvements discussed and presented on this page represent adjusted operating expense. See reconciliation to GAAP operating expense on our website on the Investors page under Events and Presentations for this event.

03
MARKET OVERVIEW

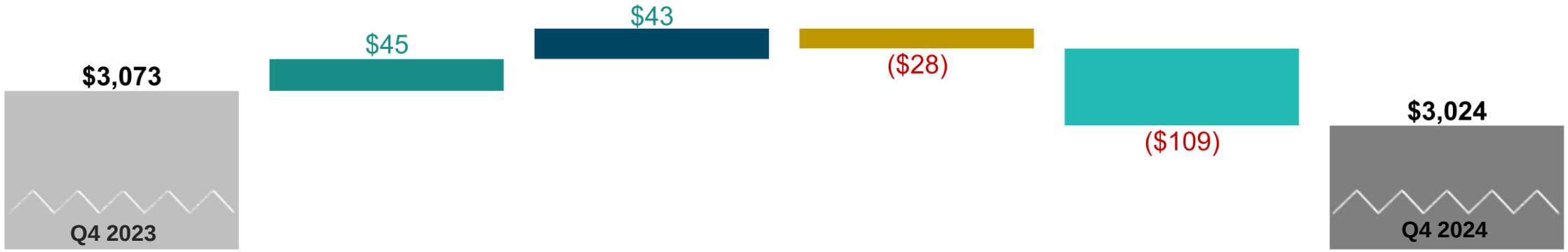


Ed Elkins
Executive Vice President
& Chief Marketing Officer



4TH QUARTER 2024 RESULTS

Q4 2024 vs. Q4 2023 / *Revenue change $ millions* / *favorable* / *unfavorable*



	Merchandise		Intermodal		Coal		Fuel		Total	
Volume	**560,500**	-	**1,063,200**	5%	**169,500**	(1%)			**1,793,200**	3%
Revenue	**$1,842M**	-	**$792M**	-	**$390M**	(9%)			**$3,024M**	(2%)
RPU	**$3,287**	(1%)	**$744**	(5%)	**$2,297**	(9%)			**$1,686**	(4%)
Revenue (less fuel)[1]	**$1,771M**	3%	**$662M**	7%	**$386M**	(7%)	**$205M**	(35%)	**$2,819M**	2%
RPU (less fuel)[1]	**$3,161**	2%	**$622**	2%	**$2,271**	(6%)			**$1,571**	(1%)

Q4 RECORD

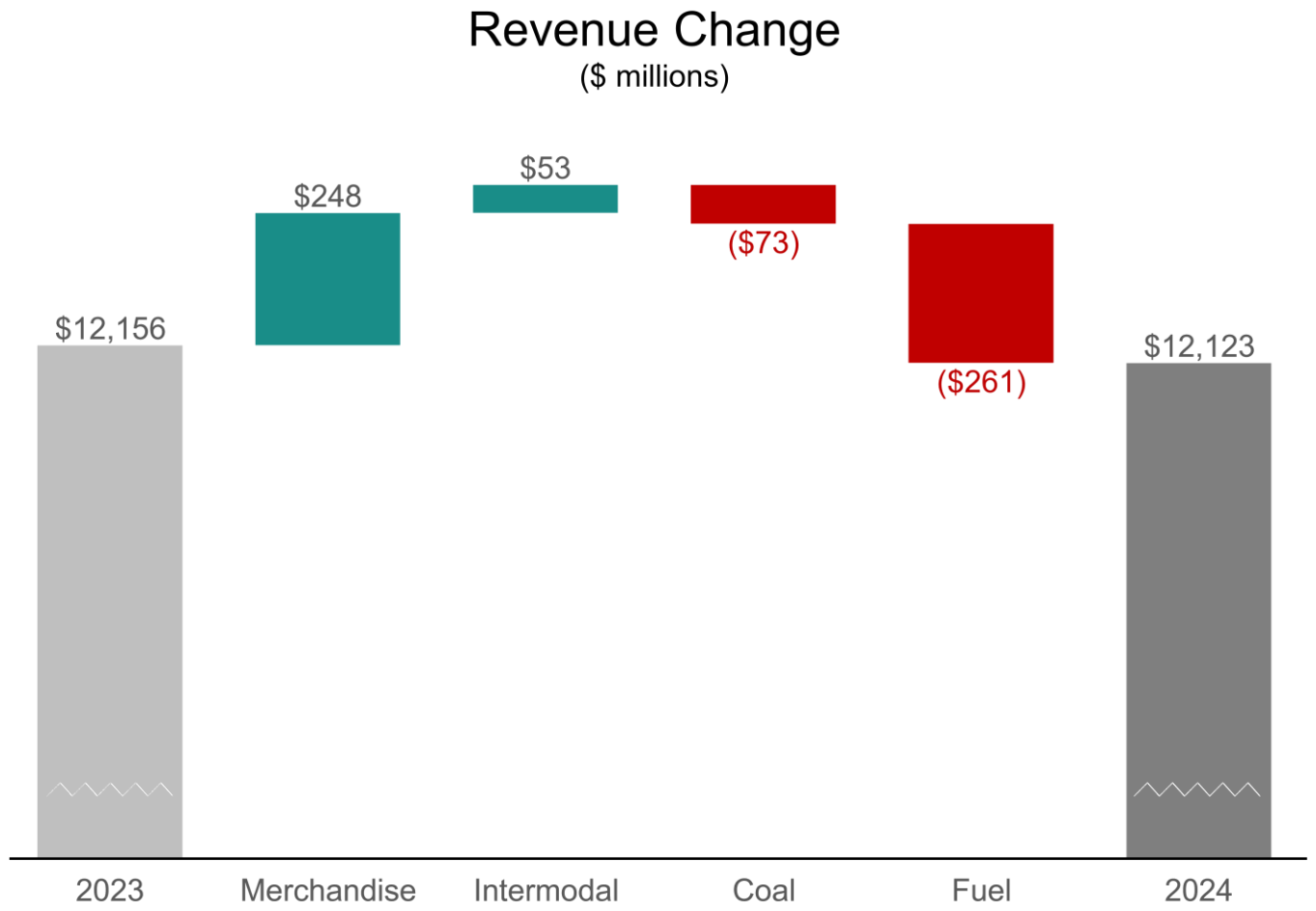
38 out of 39 consecutive quarters of y-o-y RPU (less fuel)[1] growth in Merchandise

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

VOLUME STRENGTH OFFSET BY ADVERSE MIX IMPACTED FY RESULTS

Overall revenue flat for the year despite higher shipments due to mix and lower fuel surcharge

- 7.1 Million Units ▲ 5%
- $12.1 Billion Revenue -
- $1,718 Revenue per Unit ▼ 5%
- $1,582 RPU Less Fuel[(1)] ▼ 2%
- Record Annual Merchandise Revenue, RPU, RPU (Less Fuel)



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

MARKET OUTLOOK

Merchandise

- Vehicle Production
- Manufacturing Activity
- Chemicals (Non-Energy)

Intermodal

- East Coast Port Rebalancing
- Import/Export Demand
- Truck Capacity

Coal

- Seaborne Prices
- Export Demand
- Utility Demand

04

Q4 FINANCIAL RESULTS



Jason Zampi
Executive Vice President &
Chief Financial Officer



FOURTH QUARTER RESULTS

$ in millions, except EPS

	GAAP Q4'24	Non-GAAP adjustments (Increase / (Decrease))				Adjusted Q4'24 (1)
		E. Ohio Incident	Gains on Railway Line Transactions	Restructuring and Other Charges	Shareholder Advisory Costs	
Revenues	$3,024	-	-	-	-	$3,024
Operating expenses	$1,893	$43	$53	($27)	-	$1,962
Operating ratio	62.6%	140 bps	180 bps	(90) bps	-	64.9%
Operating income	$1,131	($43)	($53)	$27	-	$1,062
Other income - net	($4)	-	-	-	$8	$4
Income taxes	$195	($11)	($13)	$6	$2	$179
Net income	$733	($32)	($40)	$21	$6	$688
EPS - diluted	$3.23	($0.14)	($0.17)	$0.09	$0.03	$3.04

E. Ohio Detail	
Insurance	($98)
Legal & Env	$25
Other	$30
Net	($43)

(1) Adjusted results modifies Q4'24 GAAP results for expenses associated with the Eastern Ohio incident, gains on railway line transactions, restructuring and other charges, and shareholder advisory costs (as reflected on the preceding slide). Please see the reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

EASTERN OHIO INCIDENT-RELATED COSTS

$ millions

	Expense			Paid to date
	2023	2024	Total	
Environmental-related costs	**$836**	**$190**	**$1,026**	**$782**
• Environmental response efforts and expected remediation and monitoring activity				
Legal and other costs	**381**	**785**	**1,166**	**722**
• Legal-related activities and community assistance				
Insurance recoveries	**(101)**	**(650)**	**(751)**	**(733)**
Total impact	**$1,116**	**$325**	**$1,441**	**$771**

Eastern Ohio Incident & Response costs are current estimates, which may be subject to changes in future periods. 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.

FOURTH QUARTER ADJUSTED RESULTS (1)

$ in millions, except EPS

favorable / unfavorable

	Adjusted (1)			Y-o-Y Variances		Q4-Q3 Variances	
	Q4'24	Q4'23	Q3'24				
Revenues	$3,024	$3,073	$3,051	($49)	(2%)	($27)	(1%)
Operating expenses	$1,962	$2,115	$1,934	($153)	(7%)	$28	1%
Operating ratio	64.9%	68.8%	63.4%	⬇390 bps		⬆150 bps	
Operating income	$1,062	$958	$1,117	$104	11%	($55)	(5%)
Net income	$688	$640	$737	$48	8%	($49)	(7%)
EPS - diluted	$3.04	$2.83	$3.25	$0.21	7%	($0.21)	(6%)

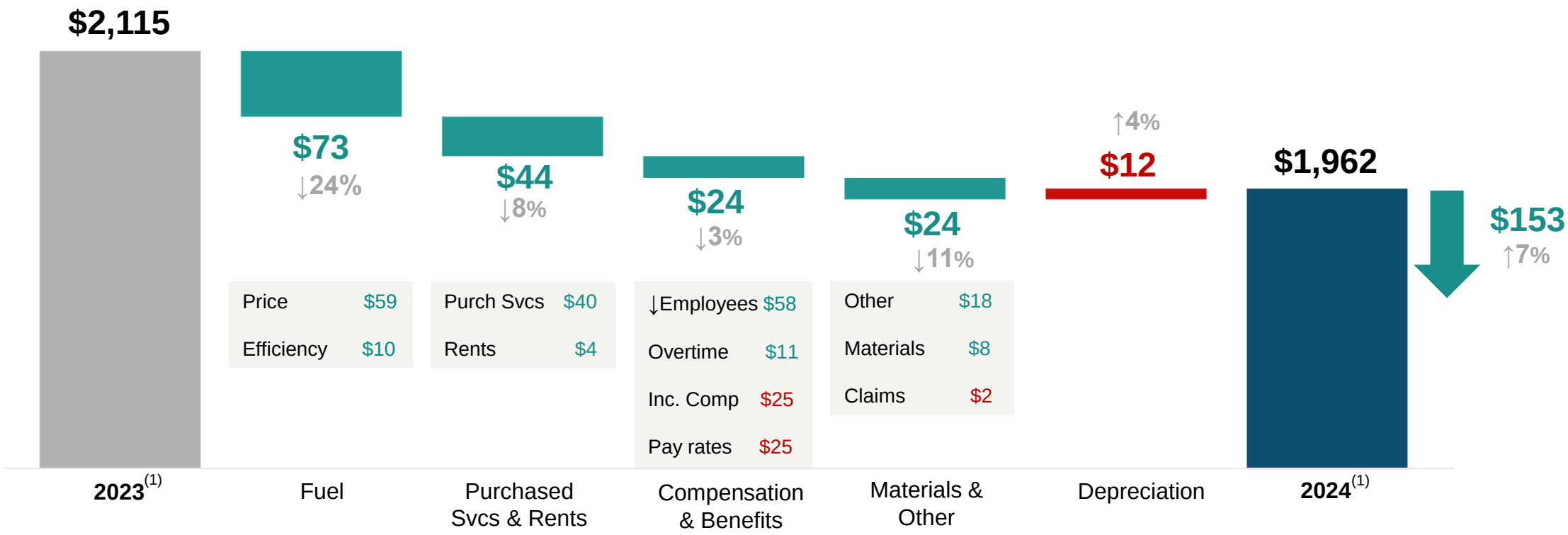
(1) Adjusted results modifies Q4'24 GAAP results for expenses associated with the Eastern Ohio incident, gains on railway line transactions, restructuring and other charges, and shareholder advisory costs (as reflected on slide 14). The Q4'23 GAAP results are adjusted for charges related to the Eastern Ohio incident (see appendix slide for further details). Adjusted results modifies Q3'24 GAAP results for expenses associated with gains on railway line sales, the Eastern Ohio incident, and restructuring and other charges (see appendix slide for further details). All presentations of revenues above and on slide 14 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.

RAILWAY OPERATING EXPENSES

Adjusted[(1)] Q4 2024 vs. 2023

$ millions

favorable / unfavorable

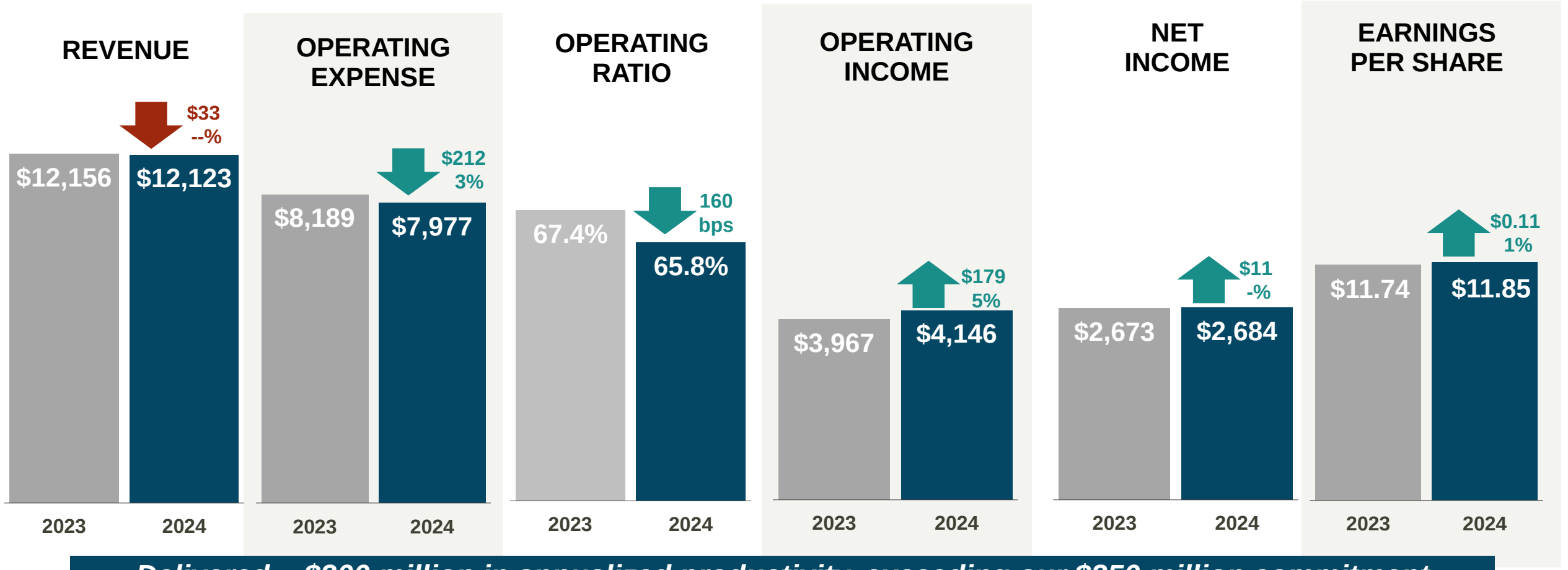


(1) Adjusted results modifies Q4'24 and Q4'23 GAAP results for expenses associated with the Eastern Ohio incident, gains on railway line transactions, and restructuring and other charges. Please see the reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

ADJUSTED[(1)] FULL-YEAR RESULTS

2024 vs. 2023

favorable / unfavorable
$ millions except per share



Delivered ~ $300 million in annualized productivity, exceeding our $250 million commitment

(1) Reflects Adjusted 2024 and 2023 results for Operating Expense, Operating Ratio, Operating Income, Net Income, and Earnings Per Share by modifying GAAP results for the Eastern Ohio incident, restructuring and other charges, gains on railway line transactions, shareholder advisory costs, and a deferred tax adjustment. All presentations of revenues above refer to U.S. GAAP revenue. Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

05
CLOSING REMARKS



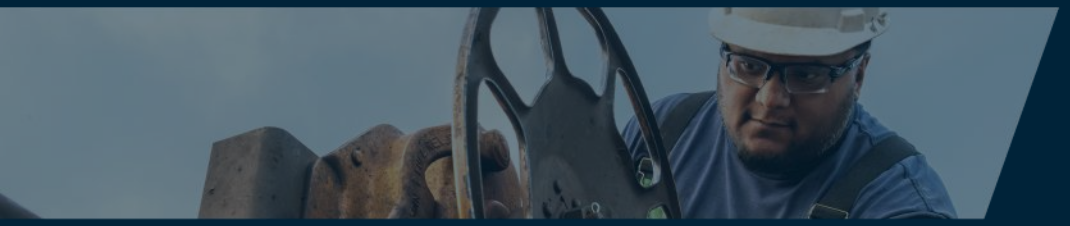
Mark George
President
& Chief Executive Officer

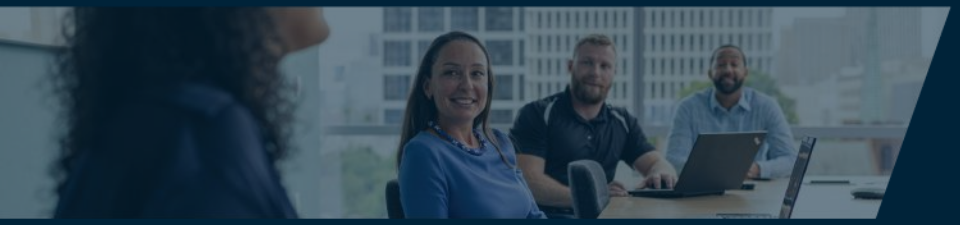


2025 GUIDANCE

- **3% revenue growth**
- **Building on operational momentum across the network**
  - >$150M of year-over-year productivity savings in 2025 on the back of nearly $300M in 2024
- **150bps of year-over year Operating Ratio improvement**
  - Focused on closing the gap with peers
- **Improving cash flow and shareholder returns**
  - Capex expected to be ~$2.2B in 2025
  - Initiating share repurchases starting in 1Q25











NORFOLK SOUTHERN®

Thank You

www.norfolksouthern.com

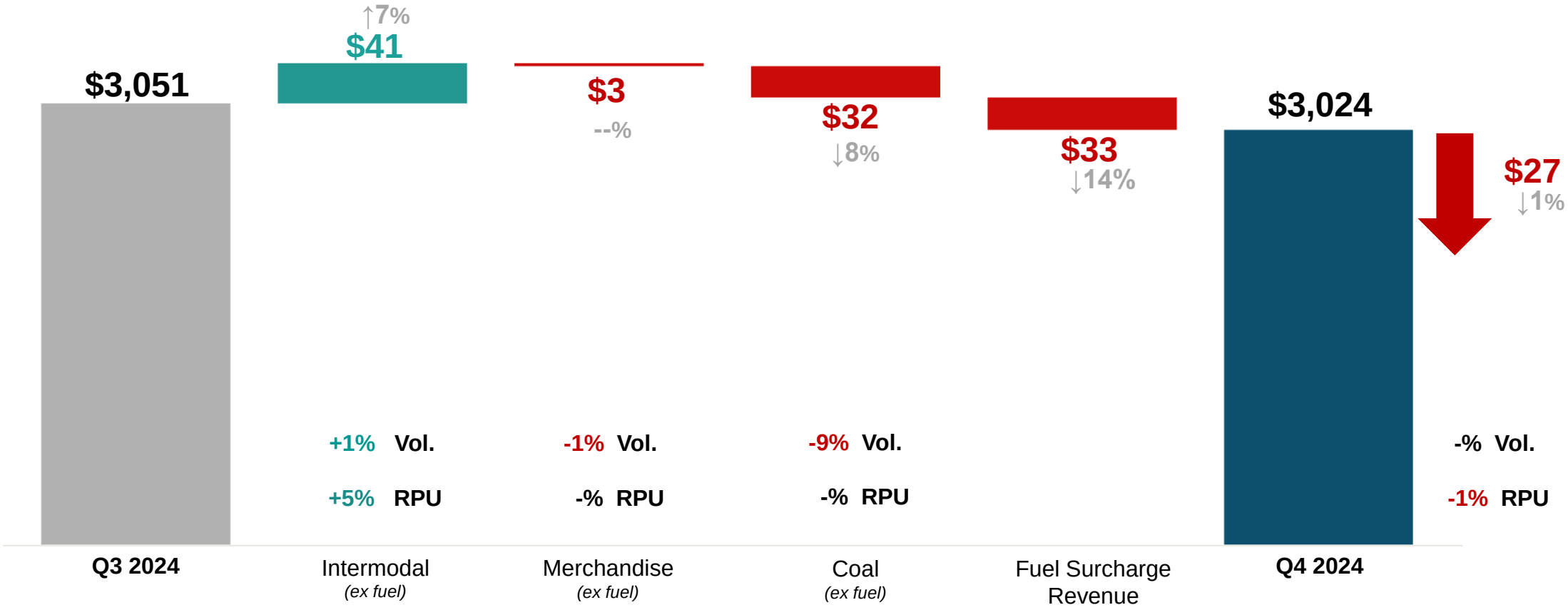
APPENDIX

SEQUENTIAL OPERATING REVENUES

Q4 2024 vs. Q3 2024

$ millions

favorable / unfavorable



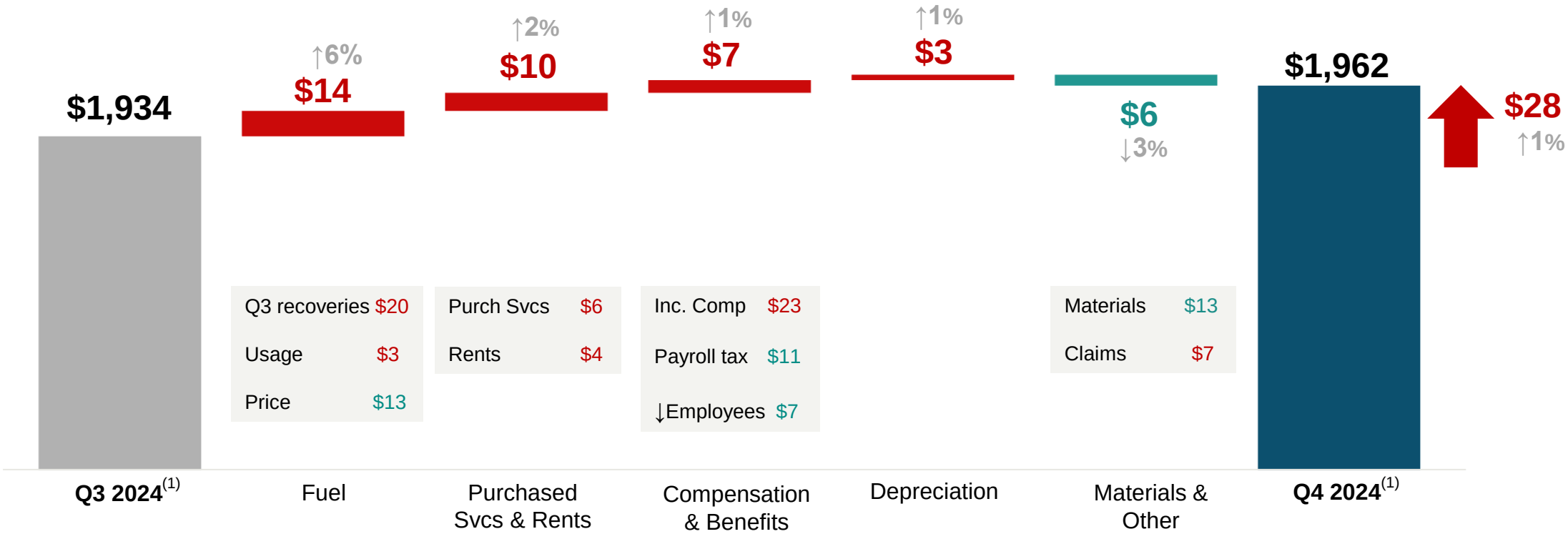
(1) Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

SEQUENTIAL OPERATING EXPENSES

Adjusted Q4 2024[(1)] vs. Adjusted Q3 2024[(1)]

$ millions

favorable / unfavorable



(1) Adjusted results modifies Q4'24 and Q3'24 GAAP results for gains on railway line transactions, expenses associated with the Eastern Ohio incident, and restructuring and other charges. Please see the reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

RECONCILIATION OF Q3 2024 NON-GAAP MEASURES

$ in millions, except EPS

		Non-GAAP adjustments Increase / (Decrease)			
	GAAP Q3'24	E. Ohio Incident	Gains on Railway Line Transactions	Restructuring and Other Charges	Adjusted [1] Q3'24
Revenues	$3,051	-	-	-	$3,051
Operating expenses	$1,455	$159	$380	($60)	$1,934
Operating ratio	47.7%	520 bps	1250 bps	(200) bps	63.4%
Operating income	$1,596	($159)	($380)	$60	$1,117
Income taxes	$328	($39)	($93)	$15	$211
Net income	$1,099	($120)	($287)	$45	$737
EPS - diluted	$4.85	($0.53)	($1.27)	$0.20	$3.25

(1) Adjusted results modifies Q3'24 GAAP results for expenses associated with the Eastern Ohio incident, gains on railway line transactions, and restructuring and other charges. All presentations of revenues above refer to U.S. GAAP revenue. Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

RECONCILIATION OF Q4 2023 NON-GAAP MEASURES

$ in millions, except EPS

	GAAP Q4'23	Non-GAAP adjustment Increase / (Decrease) E. Ohio Incident Costs	Adjusted (1) Q4'23
Revenues	$3,073	-	$3,073
Operating expenses	$2,265	($150)	$2,115
Operating ratio	73.7%	(490) bps	68.8%
Operating income	$808	$150	$958
Income tax expense	$124	$37	$161
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. All presentations of revenues above refer to U.S. GAAP revenue. Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

RECONCILIATION OF 2024 NON-GAAP MEASURES

$ in millions, except EPS

	GAAP 2024	Non-GAAP adjustments (Increase / (Decrease))					Adjusted [1] 2024
		E. Ohio Incident	Gains on Railway Line Transactions	Restructuring and Other Charges	Shareholder Advisory Costs	Favorable Deferred Tax Adjustment	
Revenues	$12,123	-	-	-	-	-	$12,123
Operating expenses	$8,052	($325)	$433	($183)	-	-	$7,977
Operating ratio	66.4%	(270)bps	360bps	(150)bps	-	-	65.8%
Operating income	$4,071	$325	($433)	$183	-	-	$4,146
Other income – net	$65	-	-	($20)	$59	-	$104
Income taxes	$707	$78	($106)	$38	$15	$27	$759
Net income	$2,622	$247	($327)	$125	$44	($27)	$2,684
EPS - diluted	$11.57	$1.09	($1.44)	$0.55	$0.20	($0.12)	$11.85

(1) Adjusted results modifies 2024 GAAP results for expenses associated with the Eastern Ohio incident, gains on railway line transactions, restructuring and other charges, shareholder advisory costs, and a favorable deferred tax adjustment. All presentations of revenues above refer to U.S. GAAP revenue. 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 2023	Non-GAAP adjustment Increase / (Decrease) E. Ohio Incident Costs	Adjusted [1] 2023
Revenues	$12,156	-	$12,156
Operating expenses	$9,305	($1,116)	$8,189
Operating ratio	76.5%	(910) bps	67.4%
Operating income	$2,851	$1,116	$3,967
Income tax expense	$493	$270	$763
Net income	$1,827	$846	$2,673
EPS – diluted	$8.02	$3.72	$11.74

(1) Adjusted results modifies 2023 GAAP results for expenses associated with the Eastern Ohio incident. All presentations of revenues above refer to U.S. GAAP revenue. Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

NETWORK METRICS (DEFINITIONS)

- **Terminal Dwell**: The average time a car resides at the specified terminal location expressed in hours. The measurement begins with a customer release, received interchange, or train arrival event and ends with a customer placement (actual or constructive), delivered or offered in interchange, or train departure event. Cars that move through a terminal on a run-through train are excluded, as are stored, bad ordered, and maintenance of way cars.
- **Train Speed**: Measures line-haul movement between terminals. The average speed is calculated by dividing train-miles by total hours operated, excluding yard and local trains, passenger trains, maintenance of way trains, and terminal time.
- **Car Miles per Day**: Daily mileage per car in the operating inventory.
- **GTMs per Available Horsepower**: Average gross ton miles moved each day divided by locomotive horsepower available for use in transportation service.
- **Intermodal Svc Composite**: Measures container level trip plan performance in our three lines of Intermodal business: Premium, Domestic, and International, weighted by the proportion of revenue each represents.
- **MER Plan Compliance**: Percentage of loaded shipments delivered no later than +24hrs of the First NS Trip Plan ETA.