



Wolfe Research 9th Annual Global Transportation Conference

May 24, 2016

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Executive Vice President
and Chief Financial Officer*

Forward-Looking Statements

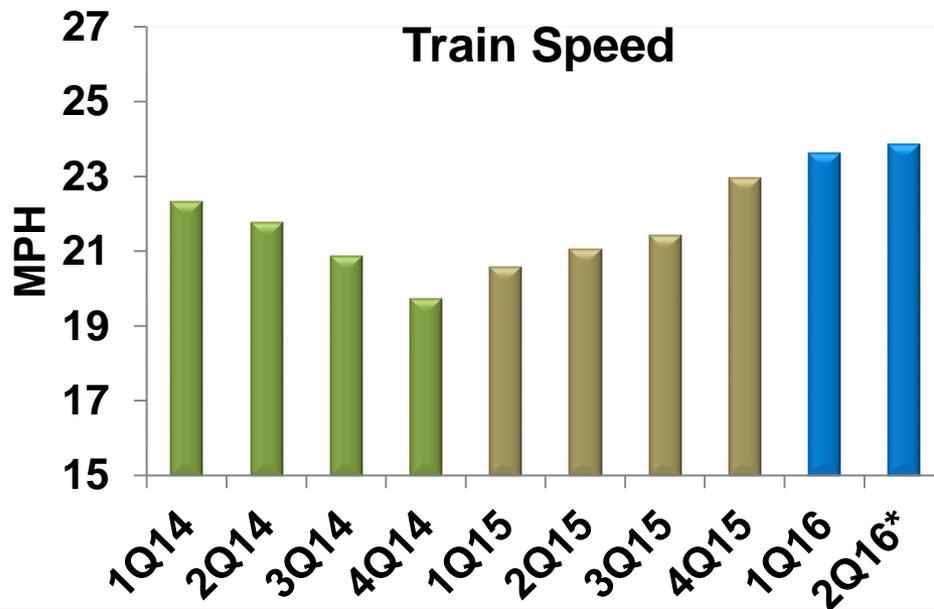
Certain statements in this presentation are forward-looking statements within the meaning of the safe harbor provision of the Private Securities Litigation Reform Act of 1995, as amended. These statements relate to future events or Norfolk Southern Corporation's (NYSE: NSC) ("Norfolk Southern," "NS" or the "Company") future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company or its 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 "believe," "expect," "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, 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. 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, 2015, filed with the Securities and Exchange Commission (the "SEC") on February 8, 2016, as well as the Company's subsequent filings with the SEC, may cause our actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. Forward-looking statements are not, and should not be relied upon as, a guarantee of future performance or results, nor will they necessarily prove to be accurate indications of the times at or by which any such performance or results 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.

First Quarter Results

Improved service supported record OR

	2016 \$ in M	% vs. PY	
Railway operating revenues	\$2,420	(6%)	↓
Railway operating expenses	\$1,697	13%	↓
Income from railway operations	\$723	19%	↑
Railway operating ratio (%)	70.1	8%	↓

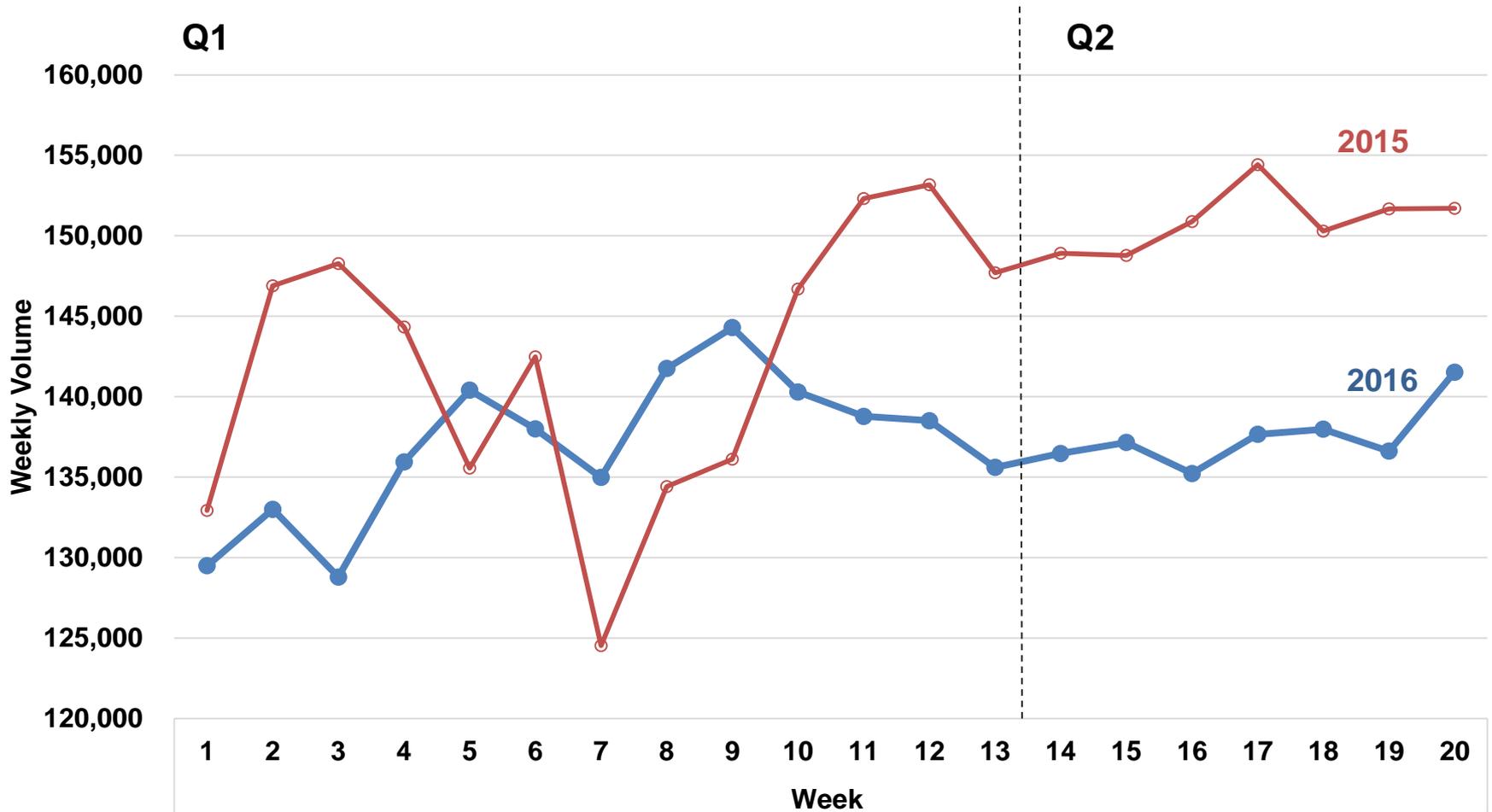
Accelerated efficiencies were front-end loaded



- Fewer locomotives -350
- Reduced employee levels -1,859
- Milder weather in 1Q16

* 2Q16 through 05/20/16

Weekly Volumes



Volume declined in mid-March

Current Railway Volume

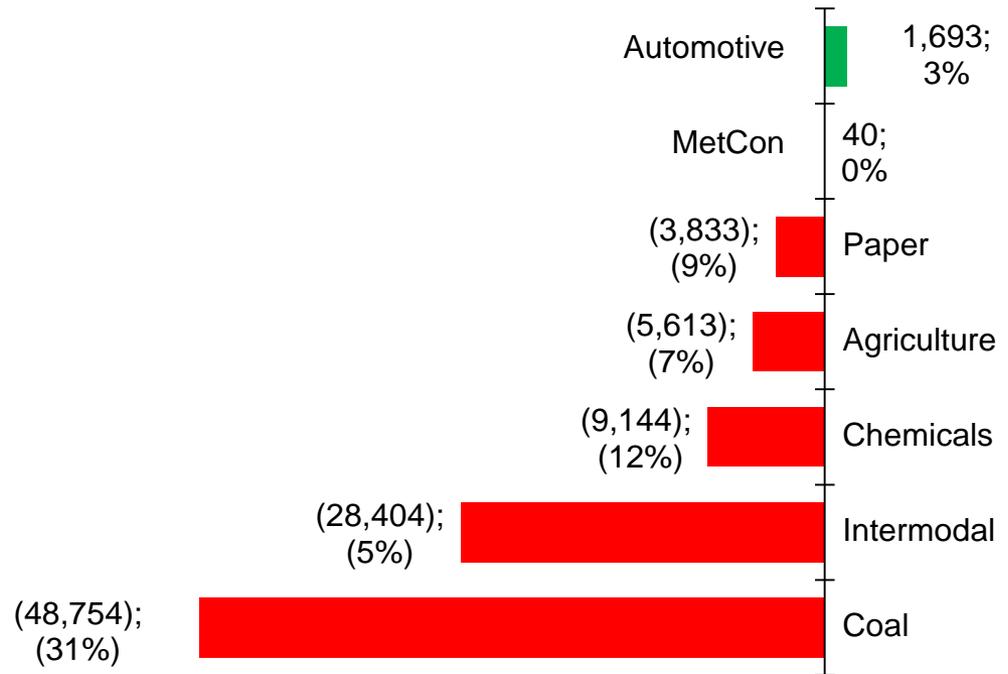
Second Quarter through Week 20 (ended May 21, 2016)

Total Units (000's)



Including TCS

(9%) Decline in Units QTD 2016 vs. 2015

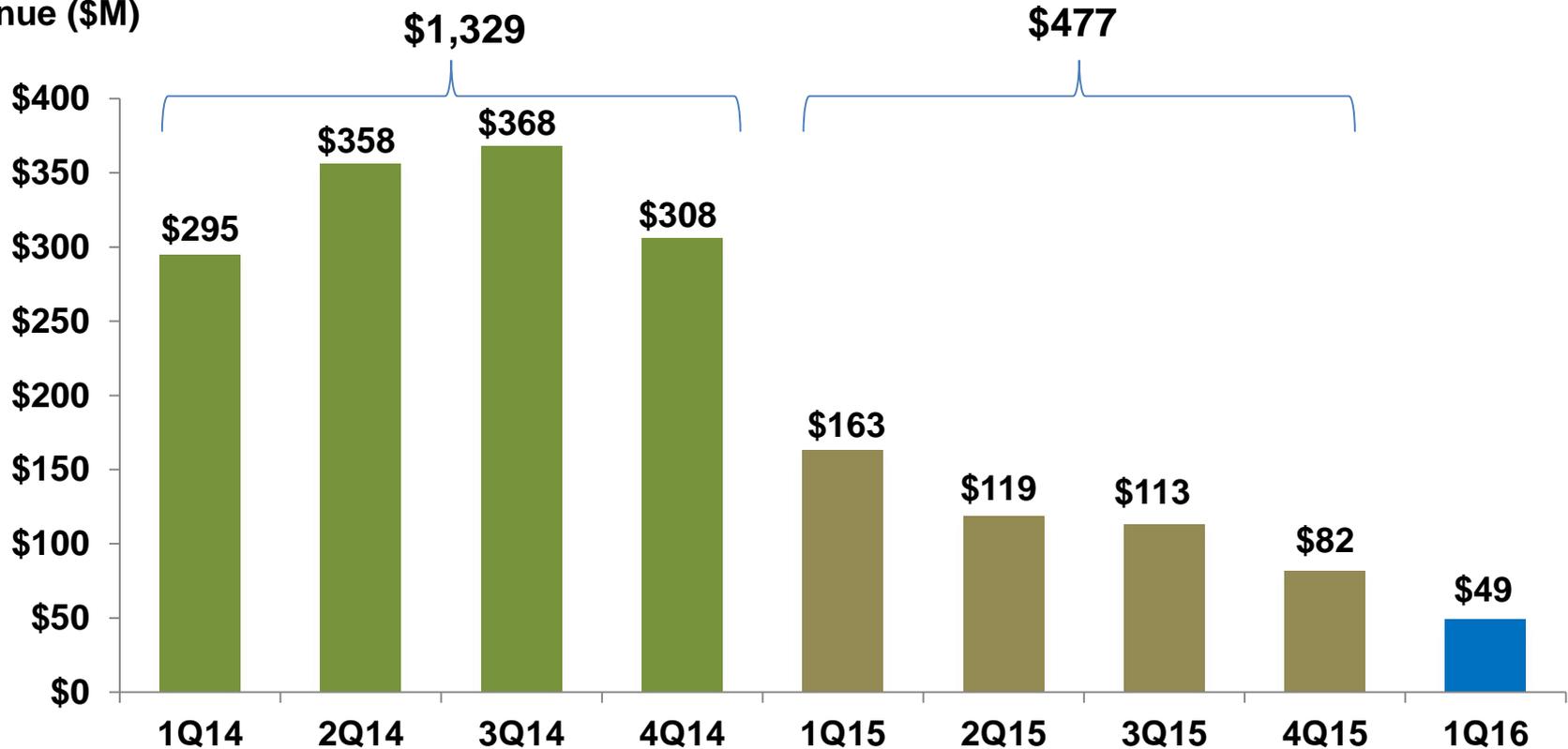


2Q16TD excluding Triple Crown down 6% in total and flat for intermodal

Fuel Surcharge Revenue

Decline moderating in 2016

Revenue (\$M)



2016 Revenue Outlook

Volume

- Low commodity prices will continue to affect coal, crude oil, frac sand, and steel volumes
- Weather impact on Coal
 - Estimated 13-14M utility tons in 2Q
 - Quarterly tons for the remainder of the year 13-15M, depending on weather
- Consumer-driven growth opportunities
 - Housing and construction-related commodities
 - Domestic and International Intermodal

Pricing

- Value in service product
 - 2015 strength carried to 2016
 - Long term pricing on multiyear contracts
- Headwinds
 - Domestic truck rates lower
 - Mix will pressure overall RPU

2016 Expense Outlook Highlights

	1Q16	Projected
Compensation costs		
Headcount	↓ 1,859	↓ ~ 1,500 FY
Incentive comp	-	Cycling PY Reversals
Materials costs	↓ \$42M	↓ ~ \$10M/QTR

- **Full Year Productivity Savings of \$200 Million**
 - **Full Year Operating Ratio Below 70**

Driving Shareholder Value

Key Focus Areas

Optimize revenue – both pricing and volume



Improve productivity to deliver efficient and superior service



Increase asset utilization



Focus capital investment to support long-term value creation



Reward shareholders with significant return of capital



Key Financial Targets

2016E

2020E

Disciplined pricing increases above rail inflation

Operating Ratio < 70

Operating Ratio < 65

Double-digit compound annual EPS growth

~\$2.0bn of CapEx

CapEx ~17% of revenue

Dividend payout target of ~33% over the longer term and continuation of dividend growth and significant share repurchases

Maximize Long-Term Shareholder Value

Thank You

