



# Stephens Fall Industrial Conference

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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. 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. Forward-looking statements are made as of the date they were first issued and reflect the good-faith evaluation of Norfolk Southern Corporation’s (NYSE: NSC) (“Norfolk Southern” or the “Company”) management of information currently available. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company’s control. These and other important factors, including those discussed under “Risk Factors” in the Company’s Form 10-K for the year ended December 31, 2016, as well as the Company’s other public filings with the SEC, may cause our actual results, performance or achievement 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 Nine Months 2017 Highlights



## First Nine Months 2017 vs PY

Railway operating revenues ↑ 7%

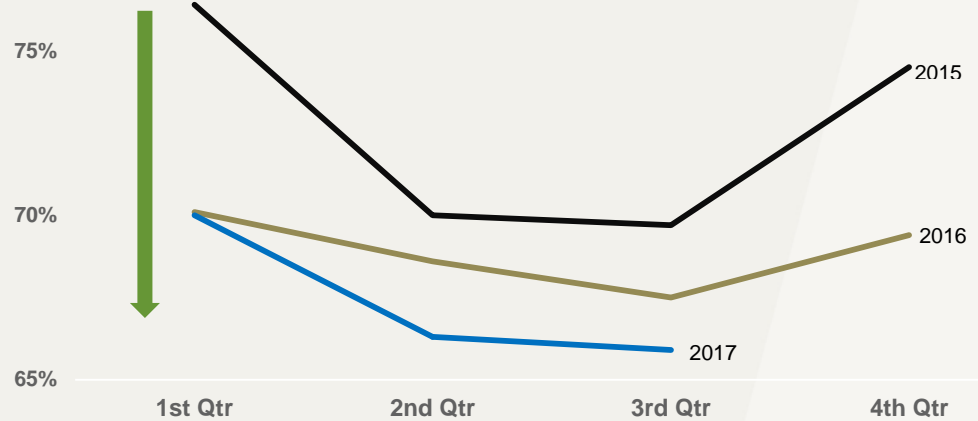
Railway operating expenses ↑ 4%

Railway operating ratio ↓ 130 bp

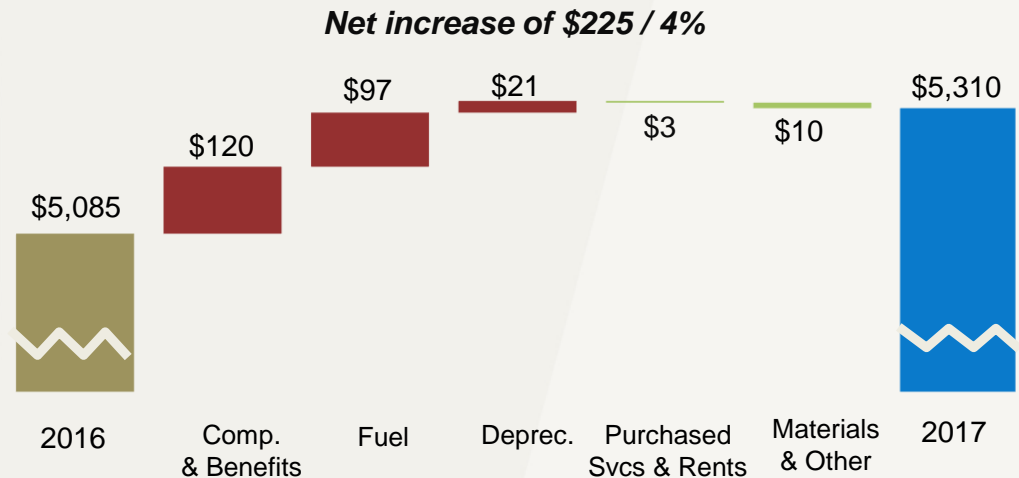
Income from railway operations ↑ 11%

EPS ↑ 17%

## Operating Ratio Improvement



## Expense Components (\$ in millions)



# 4Q17 Revenue Outlook



## MERCHANDISE

- Growth in Industrial Production
- Increased construction activity
- Declines due to pipeline activity



## INTERMODAL

- Tightening truck capacity
- Alignment with shipping partners



## COAL

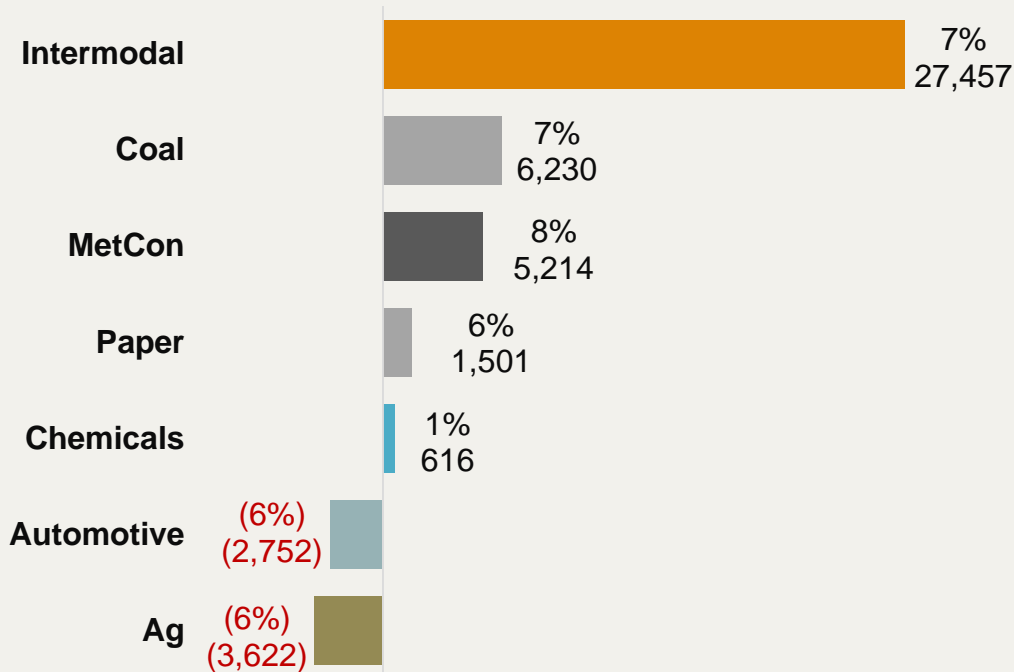
- High seaborne pricing
- Mild weather and low natural gas prices

# Norfolk Southern Volume Trend

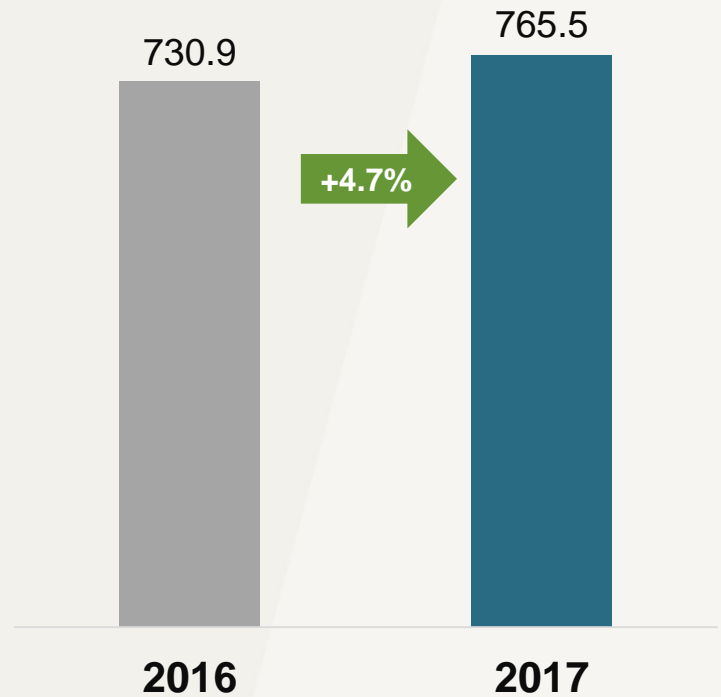
Fourth quarter AAR carloads through week 44 (November 4, 2017)



**4.7% increase in AAR units  
4QTD 2017 vs. 2016**



**Total units (000's)**



**Continued volume growth in 4<sup>th</sup> quarter; Seven consecutive weeks over 150,000 units**

# Strategic Plan Enhancing Shareholder Value



- NS progressing on financial and operational targets
  - Operating ratio declined y-o-y for seven consecutive quarters
  - Productivity savings of ~ \$150 million for 2017
  - On track for \$1 billion in share repurchases
- Dedicated team focus on delivering long-term shareholder value
  - \$650M of annual productivity savings by 2020
  - Market approach facilitating top line growth
  - Operating ratio below 65% by 2020 or sooner
  - EPS double digit compound annual growth rate by 2020
  - Returning capital to shareholders

*Executing strategic plan to deliver sustainable changes that drive shareholder value*



# Thank You



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