



Wolfe Research 10th Annual Transportation Conference

May 24, 2017

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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.

Record First Quarter Results - 1Q17 versus 1Q16

Executing plan to reduce costs, drive profitability and accelerate growth

OPERATING RATIO: **1Q RECORD**

- outperformed last year's record-breaking first quarter
- **70.0% 1Q17 versus 70.1% 1Q16**

INCOME FROM OPERATIONS: **1Q RECORD**

- **Increased 7% to \$773M**

NET INCOME:

- **Increased 12% to \$433M**

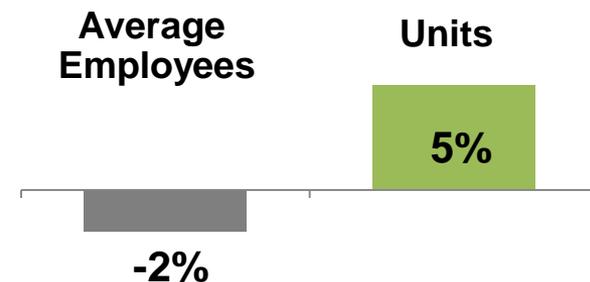
EARNINGS PER SHARE: **1Q RECORD**

- **Increased 15% to \$1.48**

Executing strategic plan

- Proactive resource alignment
- Driving service and operational performance
- Positioned for sustainable, profitable growth

EMPLOYEES LOWER W/ UNIT GROWTH

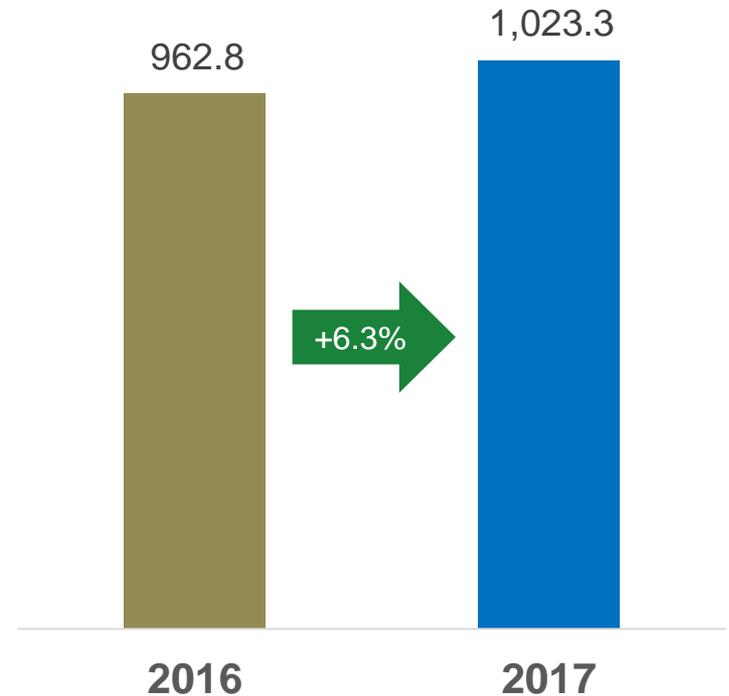
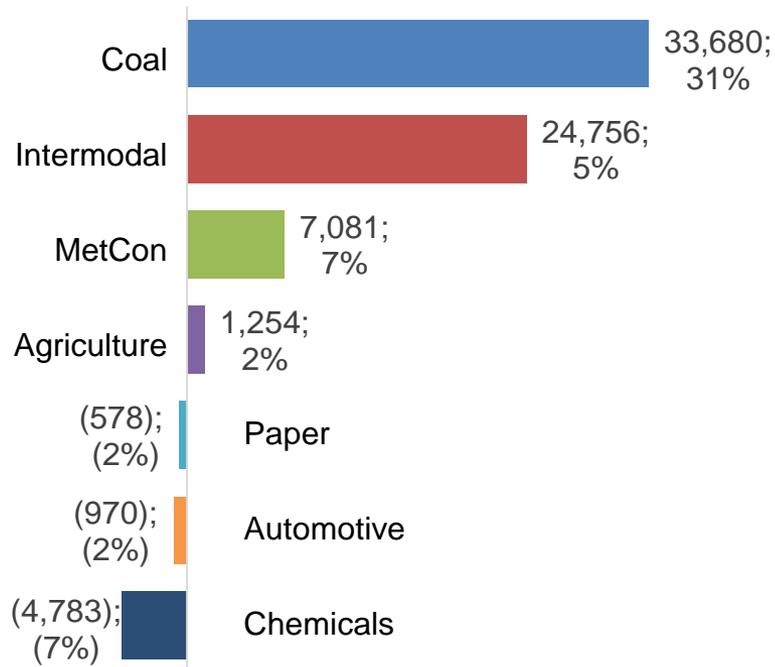


Current Railway Volume

Second quarter AAR carloads through week 20 (ended May 20, 2017)

6.3% increase in units AAR 2QTD 2017 vs. 2016

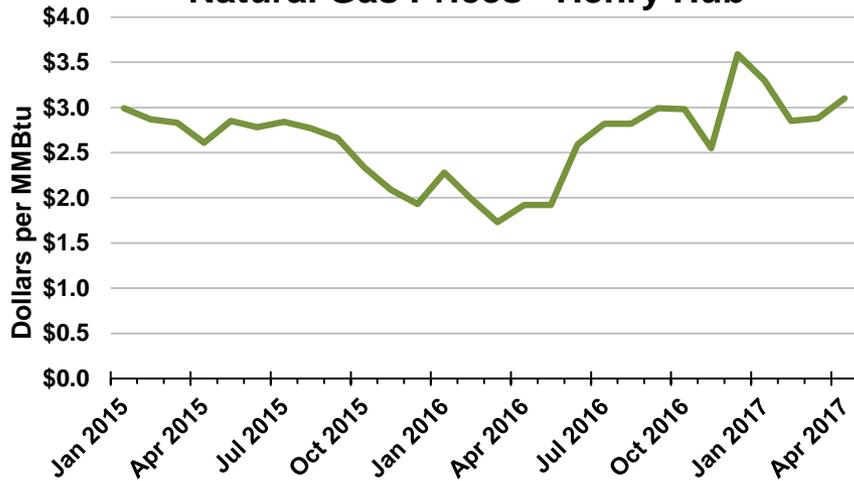
Total units (000's)



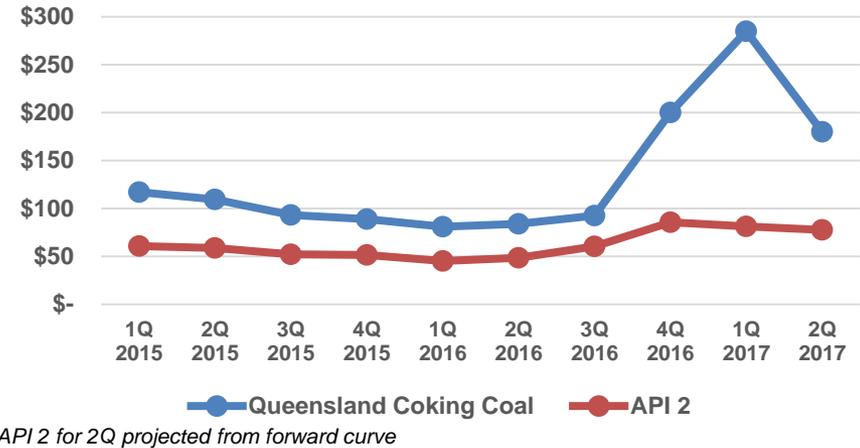
Strength in Coal, Intermodal and Metals & Construction are driving growth

Coal Drivers

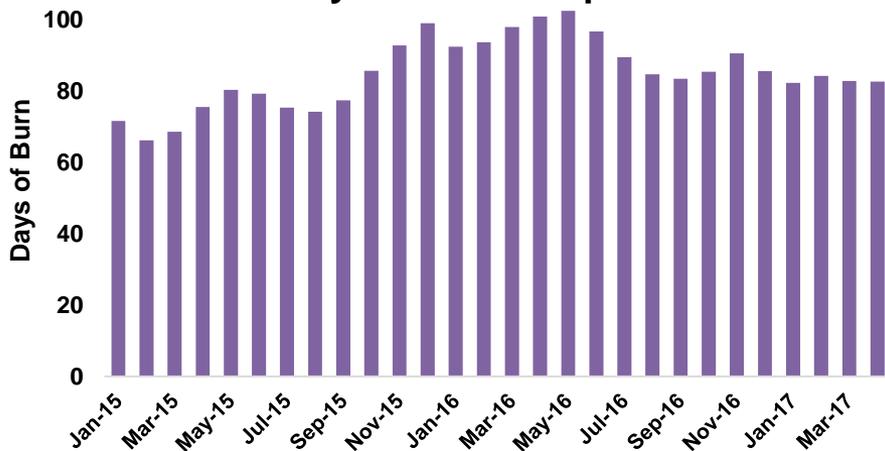
Natural Gas Prices - Henry Hub



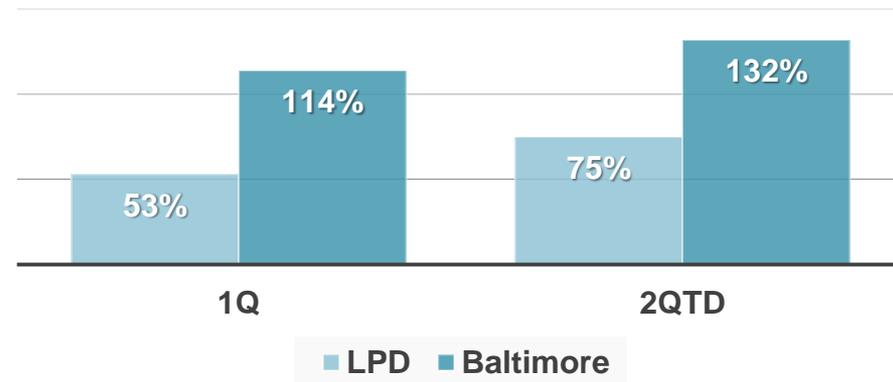
Export Prices



Utility - Total Stockpiles



Export Coal Year over Year Growth

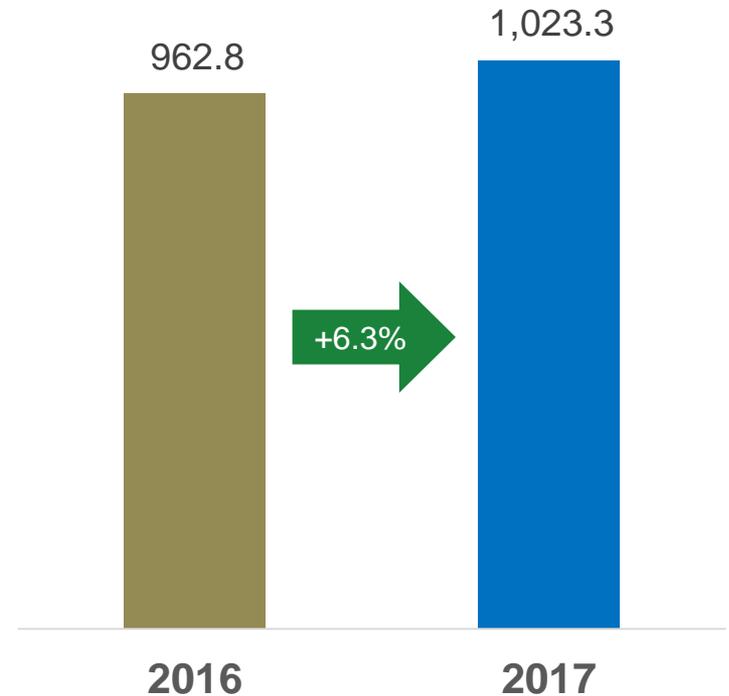
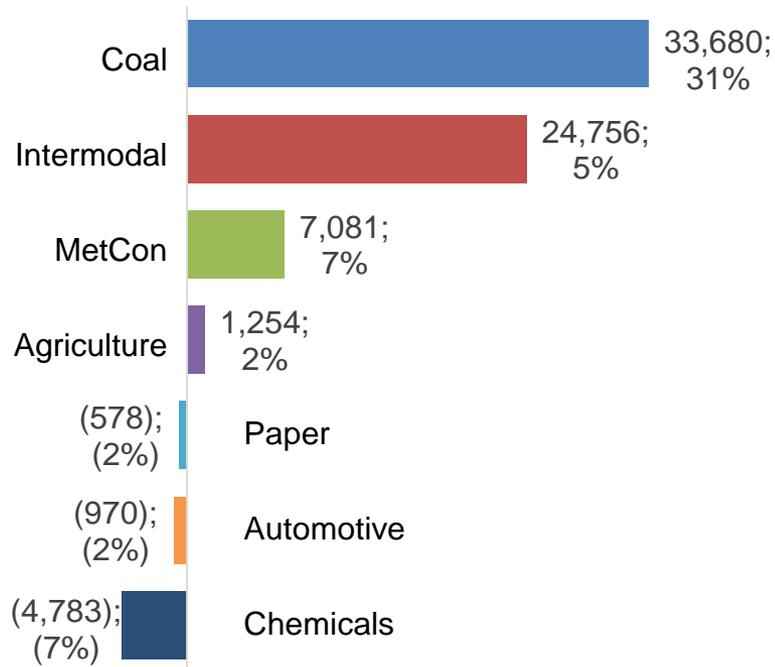


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Total units (000's)



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Strategy for Growth

Volume Outlook

- Improving economic conditions
- Intermodal growth
 - Securing service-sensitive business
 - Tightening truck capacity expected
- Coal growth
 - Reduced international supply
 - Market share gain and higher natural gas prices
- Merchandise flat overall
 - Continued challenges in energy markets
 - Automotive plant downtime
 - Positive trends for steel and construction markets

Revenue Outlook

- Commitment to strong customer partnerships drives growth
 - Continued emphasis on service
 - Improving the customer experience
- Targeted market outreach
 - Aligning growth with capacity
- Long-term view of markets and pricing
 - Leveraging value of our service product
 - Domestic truck rate increases projected as capacity tightens

Targeting high quality revenue growth that complements our existing network

2Q17 Expense Outlook

	1Q17 Actual vs. 1Q16	2Q17 Outlook vs. 2Q16
Compensation and benefits:		
Headcount remains ~ 27,450	↓ ~ 600	↓ ~ 500
Wage and H&W rates	↑ \$31M	↑ ~ \$31M
Fuel	↑ \$64M	Efficiency improvements continue, offset by price
Equipment rents	↓ \$6M	Efficiency improvements continue

Balancing resources to support volume growth while building on efficiencies

Continued Progress on Strategic Plan

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

2016 Actual

2020 Target

Disciplined pricing increases above rail inflation

Operating Ratio < 70

Operating Ratio < 65

Double-digit compound annual EPS % growth

CapEx ~19% of revenue

CapEx ~17% of revenue

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

Thank You

