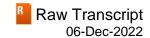


06-Dec-2022

Norfolk Southern Corp. (NSC)

Investor Day



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MANAGEMENT DISCUSSION SECTION

Ladies and gentlemen, Norfolk Southern's President and CEO, Alan Shaw.

Alan H. Shaw

President, Chief Executive Officer & Director, Norfolk Southern Corp.

Well, good morning for those of you who are with us today in the Peachtree Room. Welcome to Norfolk Southern's state-of-the-art corporate headquarters here in the heart of Atlanta's tech center. For those of you who are joining us, whether it's virtually or in person, we really appreciate your interest in Norfolk Southern.

I became president of NS about a year ago. In fact, I think it was about a year ago this week. And since then, I spent countless hours in the field with our railroaders, visiting with our customers and building the talented team that you're going to listen to today. We have turned the corner on service, and we've reached a favorable resolution in our labor negotiations. And so now, today, we're really excited about the opportunity to share with you our vision for long term shareholder value at Norfolk Southern. The strategy is obviously informed by my own perspective. I'm an engineer by training. I earned my chartered financial analyst designation. So to me, the numbers matter and the math has got to work.

Many of you know me as Norfolk Southern's former chief marketing officer, and that's the role I held. But before that, most of my time at NS was actually in either finance- or operations-oriented roles. That helped reinforce a balanced mindset for me, and it informed my viewpoint that long-term shareholder value creation at Norfolk Southern is best created by balance between service, productivity and growth. Balance is going to drive the strategy that we're going to share with you today and it basically has three elements. It's a reliable and resilient service, it's continuous productivity improvement and it is smart and sustainable growth. These aren't competing priorities and in fact, they're complementary. When managed in a careful balance, they can support each other. And today, you're going to see how.

Today, you're going to hear tight alignment from our operations, our finance, our marketing, our HR and our technology leaders on how we're driving this balance throughout Norfolk Southern. And within each of these areas, you're going to see further examples of balance. Mark George, our CFO, is going to describe a balanced and consistent approach to investing in our strategic assets, which will enhance our financial discipline. And Annie Adams, our Chief Transformation Officer is going to explain a balanced approach to our workforce strategy, improving our resilience through economic cycles, and importantly, improving our relationship with our employees.

The resulting value proposition is simple and it's also powerful. Norfolk Southern is uniquely positioned to deliver long-term shareholder value through top tier revenue and earnings growth, industry competitive margins and balanced capital deployment. So, let's talk about industry competitive margins. Frankly, that's table stakes for any kind of growth strategy. And with our PSR based operating plan top 21, we've delivered consistently strong results for our shareholders since our last Investor Day in 2019. In the succeeding three years, we improved OR by 530 basis points. We grew EPS by 27% and we produced total shareholder return of 110%. And we also delivered approximately \$10 billion in shareholder distributions. And while we delivered really strong results for our shareholders, we did it in the right way.



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Our balanced, no-surprises approach to PSR implementation ensured that we engineered and implemented our new operating plan before we removed the resources. We embedded customer engagement and collaboration throughout the process and designed changes that were a mutual benefit to Norfolk Southern and our customers.

This customer-centric approach is part of who we are. And it's a key component of our strategy. And these results are a proof point that PSR is embedded in our operations and in our culture. And you're going to hear more from our leadership about that today. Norfolk Southern's no-surprises approach to PSR delivered strong results for our shareholders. Exceptional service for our customers until the pandemic threw us all off of our game.

Now, in the last year, I've been out in the field talking to our craft employees and our local supervisors. I can assure you that, that PSR muscle memory and discipline exist throughout Norfolk Southern today. You're going to hear Floyd Hudson, our VP of Transportation talk about this. And it was made even stronger with the addition of Paul Duncan and other organizational changes we've made in operations. This team is delivering results and they've got momentum. Now, we're taking Got momentum. Now, we're taking the next step with top SPG. Norfolk Southern's modern version of PSR, which appropriately balances service, productivity and growth. And over the course of today, you're going to hear from our leadership how our entire organization is aligned around continuous productivity improvement.

And you're going to hear us mention PSR. We might even mention it more than we did in Investor Day 2019 for those of you keeping score. But it's a different kind of PSR. Reducing OR is not our singular focus. We strive for more and we've got the franchise and the people and the strategy to deliver it. Our pursuit of margin improvement is balanced with other financial measures, which are important to our shareholders and that includes earnings, that includes ROIC and that includes revenue.

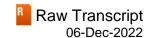
To achieve this, we will deliver a reliable and resilient service product that allows us to pursue smart and sustainable growth. Now we call it smart and sustainable growth because it is not a grow at all cost strategy. We know that done work. We're going to target business where we and our customers can be mutually successful, because we know that when we onboard business that we serve well, it enhances our reliability and our efficiency for all of our customers. We also know that the greatest growth opportunities for Norfolk Southern are in that massive \$860 billion truck and logistics market that frankly, our franchise was built to serve.

So, let's talk about how we're going to grow. We have a franchise built for growth that faces the fastest growing segments of the US economy. We fully intend to leverage that. Now, you've heard me talk about that before so let me give you a little bit more color on it. It starts with our powerful network, which was built over decades by my predecessors through smart investments and smart business decisions.

It includes a robust, well-designed route structure that links major population centers in the East and an unmatched placement of intermodal terminals near the heart of the US economy. It includes more short line partnerships than any other railroad in North America that extends our reach and gives our customers more markets to serve. It includes partnerships with East Coast ports, giving us a global scale. And we know that those East Coast ports are going faster than their Western counterparts.

It includes trusted longstanding relationships with a desirable portfolio of customers who are also leaders in their own industry, and that allows us to collaborate on innovative supply chain solutions. And included in that customer base is the best channel partners in the intermodal industry. That includes J.B. Hunt and the Hub. And collectively, we're able to able to offer a seamless, customer-oriented experience to our mutual customers and invest in our shared growth.

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These strengths have all been built to leverage our desirable geographic footprint. At a time when consumption is growing as a percentage of the US economy, Norfolk Southern serves about 60% of the US population. We also serve about 50% of the manufacturing, and that enduring revenue base is positioned to grow as we leverage our best in class industrial development team.

And here's a critical point I want you to understand about our footprint. We serve dense population centers that are moderately distance apart. That tees us up. That tees us up to compete in that flexible freight market. And that's business that can shift back and forth between rail and truck based on perceived value. And that, too, is the fastest growing segment of that truck and logistics market. And that's what I mean when I say that we've got a franchise built for growth.

Looking over the next few years, we see more than the cyclical headwinds associated with interest rates and inflation. We see secular trends that play to the strengths of our franchise. There's an indisputable shift in consumption habits to e-commerce, which is four times more intermodal intensive than traditional brick and mortar retail. And everybody in this room knows that our intermodal franchise is a strategic strength.

We see a shift from just in time to just in case inventory strategies, a willingness by customers to hold more inventory and maintain more inventory. That plays to the benefit of rail because we have the capacity to help our customers build and maintain inventory. There's a forward positioning of inventory next to the ultimate consumption markets. That's what we serve. There's an acceleration of onshoring because the geopolitical and energy risks, right? And that allows us to leverage our best in class industrial development team.

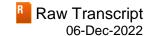
And then, of course, sustainability, which really wasn't that big of an issue in 2019 at our last Investor Day has become more and more of an issue for our customers and their customers. Again, that plays to the strength of rail because rail's carbon footprint is four times more efficient than truck. And even within the economic headwinds, there's a potential silver lining because it creates powerful incentives for cost-conscious customers to shift business from highway to more efficient rail. All these trends, the good for rail, the great for Norfolk Southern.

So to deliver these results and reach the full potential afforded by our network and the markets we serve, we're going to be a customer-centric, operations-driven service organization. Customer-centric, that means we're going to deliver service product to market values. That's how we're going to compete and win. But we sell one product, that service. We're going to innovate solutions with our customers to help them compete in a dynamic global marketplace.

You're going to hear about, today, how we are enhancing the digital interface with our customers, making it easier to do business with Norfolk Southern and allowing us to deliver the simplicity of truck coupled with the efficiency of rail.

And we're going to be operations-driven. That means we're going to compete on operational excellence. There's one product that we make, and that's service. And we will make reliable and resilient service an enduring competitive strength for Norfolk Southern because we know that when we offer a product that attracts service-sensitive, truck-competitive business in that flexible freight market, we harness the full power of our people, our franchise, and market trends that are supporting highway-to-rail conversion and market trends that are supporting highway to rail conversions. Operation-centric also means adhering to a modern version of PSR, incorporating time-honored principles, such as balance, simplicity, executability and a high degree of compliance to the plan. That allows for a rigorous oversight on a standard of care for our operations, balancing, service productivity and growth. And we're going to implement this to the Northfolk Southern manner. We're going to provide a service

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that's resilient through operational and economic disruptions. That allows our customers to incorporate rail confidently into their long-term logistics needs. And that's an essential plan, part of our plan to enhance our – to compete in that flexible freight market.

So I want to spend a few moments talking about resiliency, because it is such a key component of our strategy. Rails deal with service disruptions, frankly, almost every day and it can be a weather event like a wash out. It can be crew shortages over the weekend or Super Bowl Sunday or open a deer hunting season. And it can be acute equipment shortages. That's a routine part of business. And frankly, rails deal with that really, really well.

However, we were all unprepared in the last two years with the sudden drawdown in demand, and then sudden resurgence in freight. At the same time, that labor force participation rates continued to decline. And when time came to rebuild our ranks, recalled furloughed employees, we couldn't get enough people. And frankly, two years later, right now, we still have about 25% of our crew locations that are understaffed. Now, we've made a lot of progress and we've made a lot of progress in our service product but we're not near where we need to be yet.

So for Americas freight railroads, resilience has a deeper importance than just the ability to handle future disruptions like the pandemic. We're students of history and we know that every three to four years, there's a service disruption in the rail network. That has consequences, as you can imagine. In the short term, it drives higher operating costs associated with a slower network.

Mark George has talked about our slower network costs us about \$40 million a quarter in additional operating costs. It also means that we're not participating in all the demand that's out there for our customers. In a long term, that pattern of service disruptions erodes the confidence customers need to structurally choose rail over truck. And frankly, there's a lot of reasons, a lot of economic incentives. My customers want to choose rail over truck.

The cost benefit, the capacity benefit, the sustainability benefit but we know that no business is going to deliver sustainable growth if it gives a lousy product quality every three to four years. We also know that as Norfolk Southern delivers a resilient and reliable service product over time, customers can confidently incorporate NS into their logistics strategies.

So we modeled a different approach. We incorporated conservative estimates for revenue lost over the last couple of years, for additional operating expense over the last couple of years and we wanted to see what enhanced resiliency look like for our shareholders. So this slide shows two sets of curves that summarize the output of our analysis, revenues on the left, operating incomes on the right. On the X axis is years; the Y axis is dollars.

Let me talk about the revenue one on the left first. The dark blue line is that traditional management approach. The teal line is application of a balance management strategy, which delivers resiliency. Both of these lines, as you can imagine, look the same going into the first recession, but as you come out of the recession, since we don't have a service disruption and it can apply the network fluidity and the capacity. That teal line, with the resiliency grow earning railroading, starts to pull away. And then over time, customers become more and more confident in our ability to deliver a consistent service product. So they fundamentally structurally shift more business over to Norfolk Southern. And you see that gap really widens over time in revenue.

So let's go over to the right and let's talk about operating income. It's a similar story, shape of the curve's order market is pretty much the same, but actually it's a little bit more exaggerated. And let me talk to you about that Y and yes, in the first recession, we would hold on to some temporarily surplus resources to protect service when a





recovery ultimately comes, and so, yes, operating income takes a slight dip. But then coming out of the recession, we get the revenue that we just talked about. But we don't have \$150 million a year in service recovery costs. And so that operating income gap really widens over time. And this resilience model generates significant value over any long-term horizon. Our strategy unlocks that value for our shareholders by adopting a modern approach that the PSR, that moves beyond a singular focus on near-term OR and balances service, productivity and growth.

All right. I've said the numbers matter and the math's got to work. So let me run through some hypotheticals with you, okay? So let's assume that during an economic downturn, we would normally furlough 5% of our T&E workforce. Right now, we've got about 7,500 T&E employees. It's 375 employees that we would furlough. We know that if they're furloughed for a full year, that would save about \$90,000 an employee. So I'm going to round up. I'm going to say that that's worth about \$35 million in savings. What's that? 30 basis points in OR? Okay.

Now, let's look at the flip side of the coin. Six to nine months later, the economy is starting to come back. It's time to start hiring. We start to recall employees. Well, we know from recent history that less than half of those furloughed employees are going to come back. So of the 375, we're probably going to have to go out and hire 200 new conductors. We know that it costs about \$50,000 to recruit, hire and train a new conductor. So there's \$10 million right there. And by avoiding the service disruptions, we avoid that \$40 million, that \$150 million a year in service recovery costs associated with a slower network.

And then let's start talking about really big numbers. Let's assume that because of slow service and a poor network, we miss about 5% of our volume. That's a pretty reasonable assumption over the last couple of years. That's worth \$600 million. And frankly, that number could be a little bit higher because, generally, the business that you're missing is that spot market opportunity. And during a high demand period, that just tends to be higher rated. So for NS, resilience is an investment at long-term shareholder value. There's a return, it's significant, and it doesn't take that long to achieve.

And you're going to hear more about our comprehensive plan that we're building to execute our strategy for long-term shareholder value-creation. Let me be clear. Long-term resiliency is a lot about much more than just furloughs. It's a broad set of balanced management approaches that includes potential alternatives to furloughs. It's a mindset and an approach that's comparable to and aligned with our balance between service, productivity, and growth.

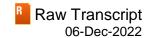
It includes balanced, consistent, targeted investments in our strategic resources, reducing the volatility of investments and long-term strategic assets. This includes locomotives, includes truck, intermodal terminals, freight cars that help us compete with truck, technology and yes, it also includes our own people.

And one more benefit to resiliency – resilience railroading that's significant but a lot more difficult to quantify is that I'm confident that changing our workforce strategy during economic downturns is going to be a positive step in our efforts and my personal commitment to improve our relationship with our employees and improve their quality of life.

We've got the right team for this. We've built this team, and you're going to hear from them today.

We've highlighted our unique franchise strengths. We've talked about the macro trends favor in the markets that we serve, and we've talked about our balanced strategy. What knit this all together is our people, and we've built a team of enterprise leaders to execute this strategy. I'm going to introduce them to you briefly as a group because we won't have formal introductions as we progress through the presentations.

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Our senior team is a mix of Norfolk Southern and outside experience, and that includes outside the rail space. Ed Elkins, our Chief Marketing Officer, started as a brakeman. He earned his way into the C-suite, where he cultivates strong customer relationships. Ed personifies a customer centric, operations driven service organization because he's lived it his entire career in Norfolk Southern. Annie Adams, our Chief Transformation Officer, has 20 years of experience with Norfolk Southern, and before that she had an entrepreneurial tech background.

Mark George, our CFO, who you all know well, brings an important perspective and a skill set outside the rail industry. And you can all agree that's been valuable to Norfolk Southern. Nabanita Nag, our Chief Legal Officer, brings the same. She had previous stints at Goldman Sachs and Prudential. And no one knows the North American Rail Network better than Mike McClellan, our Chief Strategy Officer, who literally grew up in this industry. And we've targeted operations leaders who are steeped in PSR and have a customer centric, growth oriented mindset, and that's a team that we've built. Paul Duncan Paul Duncan. Where's Paul? Paul Duncan brings PSR experience in a different perspective. Now Paul's widely regarded in the industry as one of the best and the brightest of the next generation of operations leaders.

Ed Boyle, our VP of Engineering; and Tom Schnautz, who's VP of Mechanical and isn't with us or he's not speaking today, nothing bad happened. They're Veteran leaders and they're highly regarded in the industry. And Ed's going to talk to you today about how he leads the most productive engineering team in the industry.

Ford Hudson, our VP of Transportation. He built his career in us. You might remember him from Investor Day in 2019. He was Jim Squires' Chief of Staff. There's nobody better in a crew room than four, and I've been in a crew room before many times, and he is intently focused on executing our plan.

And Jacob Elium, Jacob spent time in operations, marketing, and HR. And his current role, where he leads our network planning and optimization team, he sits right in the middle of operations, finance and marketing, looking at plan changes and evaluating new business opportunities. His diverse skill set is an asset for that role. And along with Floyd, he's intently focused on a high degree of compliance to our operating plan. That's a key component of PSR.

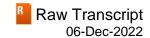
Rodney Moore has deep experience in transportation and the network operations center, our mission control. His current role is leading that network operation center and his experience in transportation and his tight alignment with Floyd ensures that we're going to dispatch trains in a manner that Floyd and the rest of the transportation team can execute. And our marketing leadership team, they've got an exceptional range of experiences, market knowledge and customer relationships. Kathleen Smith has been a leader in automotive, industrial development and real estate. And today, you're going to hear her talk about her strategy to pull all of that together and generate new revenue, profitable revenue, smart revenue for Northfolk Southern.

Leggett Kitchin, he's been a leader in coal, industrial products and in intermodal. Shawn Turman runs our intermodal team. He's had senior jobs in industrial products in intermodal and brings a previous background as an entrepreneur.

And I don't need to introduce you to Meghan Achimasi. Where's Megan? There she is, right. She's our former head of IR and she currently runs our chemicals team. Give you a little history, that's a position that used to be held by Shawn Turman and Kathleen Smith and Ed Elkins and me.

And finally, you're going to get to meet Mabby Amouie, our Chief Data Scientist. And you're going to see why he leads the industry's best team of advanced researchers that's putting Norfolk Southern at the cutting edge of a digital railroad.

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Every single one of these folks is an enterprise leader. They've demonstrated success in a diversity of roles. And today, they all collaborate to seek the best outcomes for Norfolk Southern, our shareholders and our customers.

So, now I'd like to invite Mark up on the stage to give you the financial perspective of our strategy.

Mark R. George

Executive Vice President & Chief Financial Officer, Norfolk Southern Corp.

Okay. Great to be with you all today.

You heard from Alan a little bit about our customer-centric and operations-driven focus, and that will drive a virtuous circle of more reliable and resilient operations which, in fact, will give customers the assurances they need to trust us to move more and more of their freight onto the railroad from the highway. And this is a critical building block in our new value creation framework.

Today's framework differs from the prior framework in that we've appropriately closed the margin gap. And going forward, while we will continue to focus on margins, we just can't cut our way to sustainable growth. The building blocks in the new framework are more comprehensive. It involves successfully growing volumes and revenues, driving accretive incremental margins, thus creating operating income and cash flow growth that are prudently invested into the business and return to shareholders, all while maintaining a strong balance sheet. And this will manifest in strong EPS growth and in improving ROIC.

So we're going to drill into the building blocks here that will apply to most years through the long-term lens. But this is not guidance for 2023. We'll talk more about 2023 in January like we normally would after we better assess today's uncertain market dynamics.

So let's start with growth. We intend to drive revenue growth greater than GDP, which is a function of pricing that will exceed inflation like we have typically done and volume growth that will exceed real GDP.

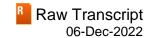
Now in typical years, you would expect then that revenue growth should grow in the mid-single digit range.

Now, drilling into the volume components and looking at our markets specifically, intermodal will grow at the greatest rate amongst our markets more than two times real GDP. And that comes from capturing the natural market growth that's out there, but also share gain from the highway as Ed and his team will talk about in greater detail.

Our industrial products franchise should grow in line with IPI and our auto franchise should grow greater than real GDP. In coal, we will assume we'll maintain flat levels for the foreseeable future just dealing with the reality of the energy markets as they are today in a geopolitical environment which is relatively new and we don't see reverting any time soon.

Now, blended the volumes in our total book of business should grow greater than real GDP and in normal years that should imply 2% to 4% volume growth. And we expect that our growth profile and productivity initiatives will drive healthy and accretive incremental margins. And that means by definition, operating income will grow at a greater rate than the mid-single digit revenue growth.

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And as we look at the drivers for margins, there's a number of factors that support incrementals to be a net accretive. Our smart and sustainable growth commitment is rooted in the pursuit of volume growth that we can be successful transporting that allows for executability and productivity.

Now smart volumes will allow for operating leverage and also yield improvement. Additionally, productivity and efficiency initiatives will continue to be a focus of this team. And it will be a big driver going forward as well as we look to continue densifying trains, but also using technology to improve labor productivity. And you'll hear more about some of these initiatives, including from [ph] Annie 00:33:56, as we talk about what we're doing with digital train inspections.

And fuel efficiency has been a good story here these past few years. And we still see more runway for fuel efficiency improvements in the future. Now these favorable margin drivers will exceed the natural headwinds that come with inflation in our cost structure, as well as the costs associated with the investments that will be made to drive growth and productivity.

And yes, there will be some mix headwinds as well if intermodal grows at the fastest rate in our book of business. But the net result is accretive incremental margins. And we will use discipline in the use of the capital that flows from growing our operating income. We're going to reinvest in our powerful franchise, and I'm going to talk a little bit more about how we're going to manage capital expenditures going forward. And we will maintain the same financial discipline in managing our balance sheet like you've come to expect from us in the past. And we remain committed to returning capital to shareholders.

So let's drill into each of these in a little bit more detail and we'll start with capital spending. You should expect a 2023 baseline spend of roughly \$2.1 billion. We'll refine this more in January, but that's what I would expect the baseline to be growing off of our 2022 base growing off of our 2022 base, largely from inflation. The majority of our capital spend, 55% to 65%, is associated with maintaining a safe, resilient, and reliable infrastructure. This includes items like maintenance of way, the replacement of our rails, our cross ties, and our ballast.

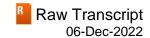
Within this overall category, we strive for a more balanced and consistent spending pattern. Many of the categories in this bucket are already stable. Rail, for example, where we replaced roughly 525 miles of track every year. And consistency allows for predictable and steady work scheduling as well as giving us some purchasing leverage.

But there are other buckets in here that have been far more volatile. Here's an example of intermodal chassis purchases over the past 10 years. It's been a little bit more of a feast-or-famine type of pattern. And when we get the timing wrong, we don't have the assets to serve an uptick in the market. That exacerbates our service challenges, and it also results in missed volume opportunities. And we saw some of this coming out of the pandemic.

And we've also learned painfully that when you re-enter markets after a long purchasing hiatus, you end up back of the line with vendors, and that results in longer lead times to take delivery. And you also find yourself paying premium prices as the entire industry is chasing the same assets.

So for planning, we still expect this portion of our capital budget to grow steadily in line with inflation. We just want to have a more balanced approach within the bucket on the various categories. So it will grow with inflation related to those elements that are in there, steel, for example, labor, timber and stone prices. Now, in order to drive shareholder value creation, the remaining 35% to 45% of our capital budget will be focused on investing in strategic initiatives to drive growth and productivity.

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Examples of spending in this category include intermodal terminal expansions to handle our projected growth, longer sidings to accommodate longer trains, which will also help us maintain fluidity on our network and, of course, the DC to AC locomotive conversion program, which is several years old and will continue for several more. That's a great example of an investment to help us accommodate growth but also drive productivity or fuel efficiency in this case.

In this bucket, we have a strong pipeline of high returning projects, and you'll hear about a number of them today in the upcoming presentations such as our mobility applications. Now, this portion of our capital spend will grow at a slightly faster rate than normal inflation, as we're going to use this to drive our mid-single-digit revenue growth.

Now before moving on from capital spend, let me take a moment to discuss our recently announced agreement to purchase the 337-mile Cincinnati Southern Railway or the CSR. This is a vital super core route from Cincinnati, Ohio to Chattanooga, Tennessee. We are very excited to own it and we're very excited to control it as opposed to leasing it. It's a zero risk investment. We've been operating on this property for more than 150 years or nearly 150 years. And assuming that the transaction closes on schedule, you can expect a one-time incremental \$1.6 billion spend to show up in this capital, capital expenditure pool. And this is really related to a non-depreciable land purchase. Now Mike McClellan will talk a little bit more about this asset in his presentation later.

Shifting to our approach with regard to the balance sheet. Given our capital intensity, the optimal place for us to be is in that BBB+, BAA1 rating scale. We like this area because it gives us the right because it gives us the right combination of lower interest costs, as well as access to debt in times of credit market strife.

As we execute in our growth and profitability plans, we will be able to issue incremental debt over our planning horizon. And you can see on the right we've got a very accommodative debt ladder and this will allow us to create additional value for shareholders.

Now, when it comes to returning capital to shareholders, our shareholder distribution approach creates value through increasing our TSR, which by the way is a component of our long-term incentive program. We have doubled our quarterly dividend in the past five years. And as we grow earnings in the future, we will be growing our dividend more as we maintain a 35% to 40% dividend payout ratio, and we will continue to distribute excess cash flow to shareholders through share repurchases, after paying for all of our expenses, funding our CapEx, distributing our dividends and considering incremental debt. We have a solid track record here where we've reduced our share count by

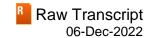
43% since our program launched in 2006. That's more than 3% per annum, and that allows for EPS growth to exceed operating income growth, bringing us back to our value-creation framework.

But beyond just earnings growth, we also want to ensure that ROIC proves out value creation. We have been improving ROIC, but we have ambition to get this from the low-teens to the strong mid-teens, even after absorbing the CSR acquisition.

Smart growth, disciplined reinvestment, that is what it takes to lead to successful improvement in return on invested capital. Management and shareholder interests are aligned here because ROIC is also a component of our incentive compensation.

And now, that fully rounds out our value-creation framework. Smart revenue growth should be in the mid-single digit range. That contributes to accretive incremental margins where operating income growth should exceed

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revenue growth. Let's call that upper single digits. And then, prudent management of our balance sheet, sound investing, and the return of cash flow results in EPS growth in excess of operating income growth. Let's call that low-double digits.

Now, I fully expect that there will be years where we exceed these ranges, as we've done recently, and there'll be some years that are perhaps more challenged due to specific market drivers like sharp moves in the energy markets, for example. But over the long term, this is what we believe our strategy will deliver.

Now, our team looks forward to sharing the opportunities and underlying initiatives

that will manifest in these results. And I fully expect that what you hear from them will give you the same confidence in Norfolk Southern's future that this management team possesses.

And with that, let me introduce to you Mike McClellan, our Senior Vice President of Strategy to talk about our strong and accommodative Norfolk Southern network.

Michael R. McClellan

Chief Strategy Officer & Senior Vice President, Norfolk Southern Corp.

Thank you very much, Mark. Well, good morning, everyone. It's good to see you. I want to set the table for the rest of the discussion today and build on Alan's comments about the powerful NS franchise. I got to tell you, I love getting in front of a large group of people and bragging about our franchise and I love doing it for two reasons. First of all, we have the best franchise in the east, and we're going to demonstrate that to you today. And the second reason that I really like talking about the NS franchise is there have been McClellan's shaping this network for the past half a century.

My dad, Jim McClellan, who some of you may have known joined Southern in 1977, Southern Railway and got right on the Norfolk and Western and Southern merger that happened culminated in 1980. In 1996, he led the negotiations and ultimately the approval process that allowed Norfolk Southern to ingest the best part of the Conrail network.

Now, what do I mean by the best part of the Conrail network? Well, the superior route through Chicago, the best interchange yard at Ashland and Conrail's two high capacity intermodal terminals at 47th and 63rd Street. Second, the superior footprint in Eastern Pennsylvania in terms of access to distribution, warehousing and manufacturing in the rich eastern Pennsylvania markets. And third and most importantly is the best route from Chicago to the East Coast. The best

highest capacity and fastest route between Chicago and the East Coast. Read the [indiscernible] 00:45:22 Trains if you want to learn more about this interesting part of our history.

Now we have a very powerful network in terms of our route structure, the markets we serve, and an extraordinarily well-maintained infrastructure. The routes highlighted in black are our highest density lines from Chicago to Atlanta, Atlanta to North Jersey, North Jersey, back to Chicago, NAW mainline from Norfolk up into the Midwest. These are high capacity lines with multiple track and high speed routes, supporting freight train operations up to 60 miles an hour.

Now the highest density line, going back to what I said earlier is our Chicago to Harrisburg Line, the former Conrail mainline that I mentioned earlier. Now the rest of our network is primarily single track, but it has significant passenger – passing capacity and also supports high-speed train operations.

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Now, beginning in the early 2000s as many you may remember, we began the transformation of our network through our Corridor strategy, the Patriot, Premier, Crescent, and Heartland Corridors, as well as the Meridian Speedway. Now, I had a front row seat to most of these as I was either the commercial or negotiating lead for the majority of these deals. Now, think about this, during this period, we invested \$1.5 billion of NS and public money to improve the capacity and the productivity of our network. And in doing so, we were able to increase the intermodal volumes, double the intermodal volumes from \$2.2 million to \$4.4 million intermodal loads. That's a pretty neat trick. And on top of that, we did so in such a way that we added no new crew starts to the intermodal train network that was supporting this industry-leading growth. We also built a dozen new intermodal terminals that you can see up here in the red dots.

and we added access to five new port facilities, including the Greer Inland Port in South Carolina.

These investments primarily supported the intermodal network, as you all know. But at the end of the day, it ended up supporting all of our business. For example, as part of our corridor strategy, we built new automotive terminals in Albany, New York, near Boston, Mass. and in Birmingham, Alabama, supporting our already leading automotive franchise.

Now in this transformation, it was not just about the network, but we were setting the table for future growth in our facilities as well. We built a dozen new terminals and we were very strategic in the way that we did this. Not only did we acquire the land we needed for the phase one, but we require – acquired significant land around these facilities for future growth.

This is Rickenbacker Intermodal Facility in the Columbus Ohio market, 400 acres overall, which as you can see in red we still have 230 acres available for development. And this is what's going to help us drive strategic growth. Of the 40 terminals that Norfolk Southern owns and operates, more than half of them have this kind of expansion capability.

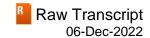
Now, if you look at this, you'll see something else, customers on the top side of this thing. As Kathleen Smith will describe in just a few minutes, we have been very deliberate in bringing our terminals close to customers, as we did in Greer, South Carolina, which is right next to the BMW plant and very deliberate about bringing customers close to our facilities, as you see right here.

Now, this is really important. And this is important because the highest cost component of an intermodal move is the first-mile, last-mile trucking, right? And the closer we can bring our facilities to the customers and vice versa, the lower the total cost of our customers in doing business with us. And this is really important.

Another one of our not so secret superpowers, as Alan mentioned earlier is the 264 short line connections that we have on our connecting to our railroad. short lines provide a unique value to the shippers. We know that, and we believe that the number of short lines as well as the really strong business relationships that we have with the short line community is part of our compelling competitive advantage. Short lines, they have a multiplier effect, right? They have a geographical multiplier effect. They have a commercial multiplier effect. And this is really one of the core parts of our growth strategy, particularly in the merchandise side.

Now we'll say that, if you look at this map, a lot of these are former Norfolk Southern and Conrail lines that have been spun off over the past 30 years or so. We did two deals this year on Tennessee there, down the Fayetteville, you can see those sort of highlighted in yellow. But I will tell you that while this is a 200 miles worth of deals, we really don't expect to be doing a lot of short line deals in the foreseeable future, whether leases or sales.

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All right, so we started with an outstanding route structure, and we combined it with the best half of Conrail. On top of that, we added \$1.5 billion of commercial capacity and productivity initiatives. During that period also, we added a tremendous number of new customers through our best in class industrial development team. And finally, we've leveraged this with an unparalleled short line connection network.

So let's summarize the competitive strengths and value that we have built over the past half a century. We have the largest auto franchise in the East and the largest steel franchise in North America. We have more short line connections, more accretive short line connections than any other railroad. We go further west to Kansas City and Des Moines, which gives us unique grain sourcing locations and better arbitrage opportunities for our customers.

Alan mentioned over 50 port facilities in the Gulf and Atlantic, and even more, when you consider the river and lake networks. And finally, as you will hear throughout the day, multiple times, we have an intermodal network that is second to none in the east in terms of channel, route, and terminal structure and second only to the BNSF in terms of total volume.

We have tremendous capacity, capability and resilience in our network. We tied together some of the fastest growing networks and have ample opportunities for truck conversion. I'm proud – and we're proud of the network that we've built and that we continue to build. And as you will hear, it's the network that has the capacity and capability to support our smart growth aspirations. Thank you. And now I'd like to introduce my friend and colleague, Kathleen Smith, our Vice President of Business Development and Real Estate.

Kathleen Smith

Vice President-Business Development & Real Estate, Norfolk Southern Corp.

Thank you. Good morning.

Unverified Participant

Good morning.

Unverified Participant

Good morning.

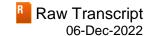
Kathleen Smith

Vice President-Business Development & Real Estate, Norfolk Southern Corp.

So Mike just described the strength of our franchise. And I want to elaborate on an important point that Alan made earlier. When we look out over the next few years, we see favorable market trends that play into the strengths of our franchise. First, e-commerce, we're focused on the US consumer over time, how much they spend, where and how they buy and where they choose to live.

Nearly \$1 out of \$6 spent on US retail purchases from on – came from online orders in the third quarter, according to the Department of Commerce. It's hard for us to predict that e-commerce ceiling, but we know this, it's good for our business and it's particularly good for our intermodal. Because of the consolidation of inventory at warehouses and fulfillment centers, e-commerce sales are more intermodal intensive. In fact, we estimate it's an

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– it's four times more so than storefront retail. So our robust intermodal franchise faces the fastest growing segments of the US economy and allows us to compete versus the highway.

You heard Mark comment on our volume growth projection for intermodal. It makes a lot of sense when you consider how ecofriendly we are. For example, between Chicago and New Jersey, a train emits nearly 80% less carbon than the number of trucks it would take to move the same quantity of goods on that route. That also eases congestion and wear on our publicly funded highways, which is good for all of us.

My colleagues and I know that customers are increasingly making procurement choices with sustainability in mind. We can help shippers reduce their carbon emissions in their supply chains, and Meghan is going to talk later about the offerings we have to leverage our sustainability leadership.

Now e-commerce is fueling the need for industrial warehouse space. According to JLL's third quarter industrial market report for Atlanta, there were nearly 9 million square feet of new deliveries in the quarter. This is the most in Atlanta's history, which is great for our intermodal terminals in this area. It's not a new trend that industrial warehousing locates and is constructed near intermodal terminals, but there's no doubt that e-commerce has intensified the demand.

Retailers simply do not want to miss that next-day or even same-day delivery. And since we have more intermodal terminals than any other rail carrier in North America, we are in a hot spot in North America. We are in a hotspot for industrial real estate demand.

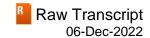
We're also seeing that that forward position of inventory next to the ultimate consumer is good for Norfolk Southern because we can serve it through our powerful intermodal network and our geographic footprint. In fact, these trends, e-commerce and the increasing need for industrial warehouse space, play right into our real estate strategy at NS. We've placed about 500 acres of land that we own into warehouse development projects that are scheduled to open within the next several years. Together, these will bring over 5 million square feet of new capacity near our intermodal terminals in huge markets like Atlanta and Philadelphia and along the I-85 corridor in North Carolina.

Another trend that we're seeing is the trend of onshoring. We're seeing the evolving supply chain strengthen the pipeline of our industrial development opportunities along our lines. This is in the wheelhouse of our best-in-class industrial development team. As manufacturers look to enhance their supply chain resiliency and, frankly, stay clear of geopolitical conflict, they're increasingly seeking investment on American soil. This year, a survey by Area Development, a leading site selection publication, ranked the top US states for doing business, and 9 out of 10 are in our service territory.

For 30 years, just-in-time inventory management was the model, but we're now seeing a trend toward just-in-case. The supply chain disruptions are too unpredictable to have to worry about missing a critical raw material or a component to keep a plant running. And therefore, manufacturers are looking to re-shore or onshore to have better control over their supply chains.

With just-in-case inventory management, rail Norfolk Southern offers the capacity to build inventory. Now, the more manufacturers that locate and expand on our network, the more likely we are to participate in their supply chain for years to come. Last year, 100 businesses opened or expanded plants along Norfolk Southern or one of our short line partners. Together, these projects are expected to generate \$250 million in annual revenue for Norfolk Southern at full ramp up.

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We had a new poultry feed mill come on in Alabama, a low carbon iron feedstock facility in Ohio, and two new automotive assembly plants, one in Alabama and one in Michigan. These are just recent examples that highlight the geographic and the market diversity that is proven to be valuable for Norfolk Southern over time. This year is no different than last. Bringing business back to America is ringing true as we are reporting over 125 new industries and expansions starting up.

Together, these companies are investing over \$3 billion and bringing 3,500 jobs to the communities we serve. Like the manufacturing that located on Norfolk Southern over the past decades, these next generation projects will create tens of thousands of rail shipments for Norfolk Southern a year. I cannot emphasize this enough. We are so thankful that our customers chose industrial sites that are located on our network to take the – take advantage of the efficiency, the sustainability and the footprint of the NS network.

And looking ahead, I'm really excited to share that we have 800 development ready sites along our network, each one with an opportunity for growth. Our shippers and our economic development partners can access our publicly available online portal. We call this NSites. To search for industrial sites that can be served by NS or one of our short line partners. This tool allows everyone interested in developing an industrial site to browse the inventory of sites and select the right site for them. Thousands of users are visiting NSites each month and no other class 1 railroad offers a similar online site selection tool. This is another example of how we're making it easier to do business with Norfolk Southern. It's part of our strategy, and Meghan will amplify this later.

I'll close by saying this. We have to increase the industrial base on Norfolk Southern. It's part of our strategy and we're very confident that we can do this with our industrial development efforts that will continue to drive growth for Norfolk Southern. This year, more than 30 companies have made announcements, so these are not projects that have started, of their plans for new production facilities or plant expansions along Norfolk Southern or our short line partners. This is really exciting and represents over \$25 billion in industry investment.

So the objective is clear. We have to cement industry on NS in this incredible economic development wave.

in this incredible economic development wave. I hope Mike and I have given you a sense of how our strong network and these favorable market trends have combined to create opportunity for Norfolk Southern. And thank you for being here with us.

[Video Presentation] 01:01:17-01:03:04 [Video Presentation] 01:01:17-01:03:04

Claude E. Elkins

Executive Vice President & Chief Marketing Officer, Norfolk Southern Corp.

Good morning, everybody.

Unverified Participant

Good morning.

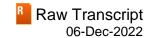
Claude E. Elkins

Executive Vice President & Chief Marketing Officer, Norfolk Southern Corp.

It's really fun watching your friends on film like that. And you get to talk to them later about how



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well they did. My name's Ed Elkins. I'm our Chief Marketing Officer. I'm lucky. I'm lucky because we have a portfolio of customers like that, that speak for themselves, that speak for us. We have customers that want to grow and they're ready to grow. They're investing to grow. We are again, and I am very lucky.

You know, Alan introduced me as a originally as a brakeman, and that's true. I started my journey to customer-centricity and being operations-driven almost 35 years ago as a brakeman. Talking to customers every day, serving their plants, serving their facilities. I worked for years as a locomotive engineer and as a conductor as well. And I think this experience really gave me a critical perspective on our customers. I understand exactly what it takes to keep the US economy running.

I also understand exactly how much our customers depend on us for service. And they depend on us not just to produce products, they depend on us for their paycheck. They depend on us to pay for their kids' college. They depend on us to keep them in the house. I take that very seriously. That's just — it's just who I am.

Nowadays, I talk to our customers about other things. I talk about how we can help them solve problems. What are the strategic initiatives that we need to be developing right now to help them deliver value in the supply chain? That's what our organization does. We deliver value by solving problems. And we have an organization that's frankly built to do exactly that. Now, Mike McClellan, my friend, talked very extensively about the inherent strengths of our network and I like to think of our network as really the critical infrastructure that connects markets with consumers, right? Whether they're industrial or in the consumer markets. We're connecting the American manufacturing base with the globe and we're connecting the globe with the American consumer. We are extraordinarily well-positioned for that. I can go on and on.

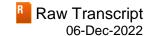
Kathleen has described some of the key market trends that we're observing and how those trends play into our strategy that you're hearing about today. We have a great team in the industrial development space that is delivering value that's going to produce results for decades. It's amazing.

We've also talked exactly, through Alan, about what markets we're targeting. Smart and sustainable growth through flexible freight conversion. What is flexible freight? Flexible freight is a market that has a choice. It can move by rail. It can move by truck. It's really about the value that it can derive at any particular point from that. To give you an example, and I just – I thought about this as I was walking up on stage. This morning, for the City of Atlanta's transportation network, you were all flexible freight. You had a choice on how you're going to get to this building. Some of you may have taken MARTA, some of you used Uber, maybe somebody used a taxicab. Who knows? But you had a choice, and that's exactly the market that we're going after on the transportation space, okay?

Who can drive exceptional value from the network reach and the service and the capabilities that we can successfully offer to our customers, and that's who we're targeting. Flexible freight, by its very nature, requires a different level of service, and this is what we mean by being operations-driven. Our entire management team is focused and aligned on achieving this. And just to put it bluntly, I'm going to introduce Paul Duncan in a minute who's going to be our Chief Operating Officer on January 1. He's as responsible for reliable and resilient service as he is, and he's as responsible for smart and sustainable growth as I am. You've heard from Alan about reliable and resilient service and how it's going to be an enduring competitive advantage for Norfolk Southern and enduring competitive advantage. It takes work.

Annie Adams is going to focus us on how we achieve the resiliency that our customers and the market demand. Reliable and resilient service really means operational excellence. That is what's going to unlock the value of the markets that we serve, unlock the value of this powerful network that Mike described and the consumers and

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customers that Kathleen described that's going to amplify the US economy's capability going forward to deliver value to the globe and for the globe to deliver value for Norfolk Southern. I simply believe that we have the right recipe to do this, okay?

Now, what do our customers expect? I think our customers are people. So what do we expect? No matter what product or service we are looking to use, it comes down to a few key things: simplicity, reliability and efficiency. When you were off flexible freight this morning, you probably use some matrix like this to decide which way you're going to use to get to this building. The world has changed. 30 years ago or 35 years ago when I was walking around a customer facility, I used a pencil and a piece of paper, really a switch list, write down car numbers and that switch list hadn't changed since probably before World War II in terms of the information that was on it.

And when I got done, as I went back by the yard office as I went back by the yard office, I threw that off to somebody who eventually put it into a computer. The world has changed. The expectations for our customer base has changed, okay?

Our customers expect simplicity. We're aggressively engineering complexity out of all of our customer facing functions. You heard it from Kathleen when it comes to insights. You'll hear a lot more of it from Megan from Shawn, from Leggett. Our customers expect reliability. And reliability really means that we've earned their trust because of our behavior and the service that we deliver.

We've earned their trust and they're going to trust us with more and more of their supply chain, with that freight that has a choice. Right? It means we're going to be predictable. And even when the unpredictable does happen, that we always have a plan for how we're going to handle their freight and get them back on plan, same thing that you expect from any other product and service that you publish or that you purchase today.

And finally, efficiency means that we are excellent stewards of our customers time, money and resources that they invest with us, right? That they know that they can trust us, that we're going to be efficient for them. Right? And finally, like I said before, we understand that our customers are people. You've seen some of them on screen. I'm attracted to the most simple, reliable and efficient solution that I can, that I can find. I never look for anything other than that.

So finally, as we deliver reliable and resilient service to our customers, they're going to look at us as a supply chain partner, not as a commodity but a supply chain partner that they can build value around. As you heard from Mark earlier, the logistics value that our customers are going to be able to derive from the service that we will offer is going to manifest itself as growth at a rate 2 times GDP for our animal markets, at a rate equal to industrial production, right, for our industrial markets. You're going to hear from our combined teams in a few minutes that not only we're going to grow, but we're going to be continuously seeking improvement in productivity. There are teams right now and will be from this point forward, finding ways to engineer productivity into our service and engineer inefficiency out, right.

Let's talk about price for a minute, because I think that's very important. We have not chased the spot markets, but we have delivered long-term value through price. You think about 2023 of the last 24 quarters, we've improved our revenue per unit. In intermodal, less fuel in almost seven years, I think it's 29 out of 30 for our industrial markets, improving revenue per unit. We have a long track record and have demonstrated real discipline when it comes to our price performance through our yield up strategy. We're going to continue to price into the increasing value of the service that we're offering our customers.

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I'd like to spend just a minute exploring flexible freight with you for just a second and talk a little bit about the power of the network that we have today, right. Mike talked about the intermodal network. Think about all those dots that were there, that were intermodal terminals, 54 of them, 100 million Americans woke up this morning within 50 miles of one of those intermodal terminals, at least one of those intermodal terminals. That's the equivalent of every consumer in Germany and Belgium waking up within 50 miles of one of your outlets. That is a powerful intermodal network that will not be replicated by any other railroad. Today, we're going to eliminate 7 million highway miles for our logistics and transportation partners like J.B. Hunt and Hub Group. And not only will we decongest the highway today, we're going to eliminate 41,000 tons of carbon. And that's because of our intermodal network is powerful.

Today, we're going to serve more than 50 steel mills. And we'll deliver enough steel to our customers today to build 145 windmills. Today, we're going to move nearly 12,000 tons of municipal waste from 1.9 million of those 100 million consumers and move them to landfills. That will happen today. Today, we will serve 27 automotive plants, more than half of the total US production, and we'll deliver over 8000 automobiles to their final destination from those production facilities.

And while I've been talking to you for the last 5 or 10 minutes, we've delivered the equivalent of 2,200 bottles of wine and enough flour to make 170,000 loaves of bread. We safely delivered enough tomato paste to make 24,000 jars of spaghetti sauce. Mark George will call that a good start on a meal depending on the wine. And the last thing is, while I've been talking to you, we successfully delivered over 550 tons of intermodal freight out the gate.

Each one of those examples that I went through is flexible freight and most of that freight moves adverse to rail today. We're going to grow our share of wallet with our customers. Meg will talk to you about that. We're going to innovate new products that will deliver additional value for our customers and allow them to trust us. That's going to grow our share as well. The frontiers of our addressable market, they're going to expand because of this strategy that you heard here today.

As we transform into a growth organization through our customer-centric and operations-driven approach, we're going to become a trusted, integrated partner with our customers, just like the ones you saw on screen today. We're going to help them compete in their markets, and we're going to help them deliver value to their customers. This is going to create a virtuous circle for both Norfolk Southern, our customers, and our shareholders.

Like you heard about from our customers here today, I want to bring this conversation back to where I started, and that's on our customers' dock. Over the years, I've stood on those docks with our customers, like the ones you saw on screen, and watched rail freight be diverted to truck because of service that the customer could not live with. That ends with this strategy that we're putting out here today. That ends.

Our approach is centered on understanding exactly the value that our customers can receive from the product that we're delivering, and then we're going to focus on the opportunities where we can be successful for those customers.

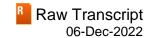
Finally, I want to turn it over to my colleague and my partner in service productivity and growth, that's Paul Duncan who, on January 1, will be our Chief Operating Officer. Come on up, Paul.

Paul Duncan

Senior Vice President-Transportation and Network Operations



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Good morning. As I prepare to transition to the role of Chief Operating Officer here on January 1, I really look forward to working with Ed. He has, as he just described, a customer-centric, operations-driven background. He started on the ground, as Alan and Ed both described, and is now leading our marketing efforts.

My background is in transportation, network operations. I worked in service design.

But I spent a large portion of my career working directly with our customers in Intermodal. And over the past several weeks and months as we've rolled out TOP|SPG, Ed and I have gone across this network together as a collective team, transitioning how we think about how we handle intermodal, once again built around customer centricity being operations driven.

We're going to talk about some of the success that has come from those changes as we go today. But I will tell you that Ed and I are very much aligned on being customer centric, operations driven. You know, I came to Norfolk Southern because of the growth potential here, I believe, is the best in the industry. Just as important, this leadership team has the vision to deliver on that commitment and that vision, that opportunity. You know, as you heard Alan say, we are moving beyond a singular focus on just lowering operating ratio towards a more balanced approach that delivers a consistent level of service with sustainable growth and maintains industry-competitive margins. We know that is how our industry is going to be successful moving forward.

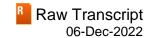
Norfolk Southern has all the ingredients to lead the way. To succeed, we are going to deliver a consistent, reliable service that our customers can count on. That need for consistent, reliable service, is quite frankly, the cornerstone of our resilience strategy, which you're going to hear more and more about throughout the day. We sell service. You heard Alan say it, you're going to hear us all say it. Because that is what we do and that is what we are going to do and that confidence with our customers is how we know we are going to grow.

When I joined the company in March, we did not meet the standard. These past months have been challenging as we move quickly to restore service, but we've been successful, as you can see, from some key metrics in restoring service. Train speed is on the upswing. Car velocity back up in the triple digits. Locomotive velocity up 15% from our lows. Why is that important? Well, one gain in train miles per hour or speed across our network generates the equivalent of 55 locomotives. It creates a flywheel effect. It creates greater velocity. More improvements for service, more capacity to handle more volume.

You're going to hear Floyd in a moment just speak to how much our team is rallying around the improvements that we've made and the vision we have to accomplish this together. There are three key things that have facilitated our service improvement that will position us for a more resilient and reliable service and, thus, growth: leadership, resources, plan.

I put leadership first because, quite frankly, I have conviction as to what we have here in Norfolk Southern. It's a strong operations leadership team from the top to the [indiscernible] 01:20:11 line level. One of the first things I did when I arrived was we reorganized our network operations center. We drove geographic leadership specificity. In short, we put execution closest to the point of execution leadership where it needed to be. We changed our planning and dispatching functions to drive that. We aligned how we organized our network operations center with Ed Boyles engineering team. We're going to hear Ed speak here later on. But as a result of the process changes and the leadership changes we made, we got track time at levels we had not previously accomplished. This improvement in alignment has helped contribute to what will be 500-plus miles of track rail replacement this year, the most since 1992 pre Conrail. And it's just part of our resilience strategy. We also have greater alignment between transportation, planning, dispatch functions. Floyd, Jacob and Rodney, all skilled collaborative leaders that have created a positive culture focused on running the plan.

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The second component that facilitate our service improvement is resources. We had to ramp up our conductor onboarding to ensure we were building a team to safely deliver for our customers. We increased conductor trainee pay, offered signing and referral bonuses, we conducted targeted recruiting campaigns. We offered incentives for existing employees to move to those locations most resource-constrained. We are a data-driven organization. And we leveraged analysis to use surgical approach as we resourced up in what has been a very dynamic business environment.

You're going to hear Leggett Kitchin, who leads their industrial products team here today, talk about an example of how we leveraged these additional resources in the right locations [indiscernible] 01:22:23 that have paid dividends just as geopolitical dynamics and river levels drove high demand for our product to export. You're going to hear Annie give a detailed review of our long-term efforts to ensure we maintain the appropriate crew resources necessary to hit that service, that resiliency, and be in a position with our customers to grow.

The final component of our service and resiliency strategy has been plan, TOP|SPG builds on the successful foundation, PSR foundation of top 21. We have created a simpler, more executable plan that has already improved service. You saw the metrics, they're measurable. We discussed balance a lot because it's what drives service, productivity, and growth. It is a fundamental principle of PSR. As part of TOP|SPG, we improved balance on our network by 15%, which contributed to those velocity numbers you just saw. We reduced planned train meets in our network by 40% and have seen better over-the-road performance as a result. Our premium intermodal trains are now back to 2019 service levels, up more than 30 percentage points and availability for our premium customers from our low in February.

With a high degree of compliance to the plan, we are going to innovate. We're going to iterate and we're going to continue to improve on that plan. Defining success or data-driven measurement through collaboration with operations, finance, marketing, we are making the best decisions for Norfolk Southern. This improves productivity and improve service and we know once again those create the platform for growth. I'm tremendously excited about our future. We once again have all the ingredients in place to deliver top tier revenue and earnings per share growth, combined with industry-competitive margins. We are going to provide the service necessary to compete in the flexible freight market that you heard Ed described, and you'll see more about today. We know in that place we have superior positioning.

Long term, our customers' confidence will continue to grow as we prove to them we will be reliable. I'm going to come back after lunch for a deeper dive on TOP|SPG, and walk through some of the more detailed nuance of what that plan represented. But I do have the distinct privilege, first of introducing Floyd Hudson, our Vice President of Transportation. He's going to talk to you about the disciplined culture that we have. The alignment that exists to run the plan, and exactly what steps we were going to put that vision in place. Floyd Hudson.

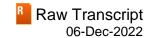
Floyd Hudson

Vice President-Transportation

Hope everybody's doing okay. I'm excited to be here to talk to you today. Service has truly turned the corner. The fight is not over and we're here forward. We're still working to get crews to locations where we're challenged. You've heard a lot about TOP|SPG. We're excited about it because it is a very executable plan and we're executing that plan with discipline.

Now, with NSC, when I say disciplined, especially in the field, that means three things. It means running trains one time, switching cars in six hours, and putting the right car in the right block, in the right train. Those are the





disciplines of PSR. They are our foundation and we believe in them. I'll take you back. I got to tell your story here real quick. Take you back to the spring.

I was doing a lot of traveling. I was a General Manager in the southern region. Service was awful, and a lot of the travel that I'm doing, I'm helping crews on getting the trains. I'm helping supervisors, we're having morale issues and buying lunches, just being out there in the action because things were that bad. Customers are upset when things are bad and we're upset too. So it's my job to be out there in front of them. So anyway, long story short. Long week I get home. Kids are doing their homework, they're sitting around in an island in the kitchen. A lot of yelling and screaming going on. Talked about that later. My wife is talking about what's for dinner. Phone ring, saved by the bell. Alan Shaw, it's not a rare thing. He calls a lot when he ask questions. But he says, hey, big guy, what are you doing? Of course I look around amongst all the mayhem and have it going on and say nothing. And he says, what are you doing for dinner? Nothing. What do you want to do? He says I want tacos. Meet me in 90 minutes. Roger that.

So I go back in, I brief my wife, I tell her about it. She says what happened and what did you do? I said I don't know. He invited me to dinner so it couldn't be that bad, okay? So we get to dinner. He's sitting there like that right there. Just like that right there and he's looking at me and I'm looking at him and he's looking at me and I'm looking at him and I'm trying to figure out what in the world are we doing here. And he says he wants to talk to me about an opportunity.

I said, okay. He says, I need an enterprise leader to fix service. And I'm thinking in my head, yeah, you do, we do, right? And he says, and then I want to grow. I said, okay. Great plan. What do you got? And he says, can you do it? I'm looking around like you're talking to me. And I looked at him and I told him, yeah, I can do it, we can do it. And just like that right there, he said, what's your plan? And I told him we're going to run trains on time. We're going to switch cars in six hours and we will put the right car in right back in the right train.

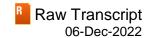
He says, what else? We're going to run trains on time. We're going to switch cars in six hours. We will put the right car in the right back in the right train. His discipline is consistency. You know what, sir? We've done it before. We've been here before.

We know what to do. We know how to do it. The secret recipe or the sauce or whatever it is people want to – sorry, [indiscernible] 01:28:41 Mike. We've got it. We live there that day, Shawn and Leggett and Rodney and Jacob, Ed Bill, [indiscernible] 01:28:52 and we turn things around through discipline. There's only one plan. There's not a Tuesday plan or Friday plan or Saturday plan or it's partly cloudy and the barometric pressure did this today plan. The plan is the plan every day. And we execute that plan with discipline.

Now some of you asking now about safety. Safety is who we are and we're just in the business of serving people. Service is what we do. Safety is a mindset. What you see a period of 39% improvement, FRE reportable injury, great. It's a good trend but we've got to keep it up. And we're only as good as our ability, the people that come to work today to go home like they came, and not tear anything up in the process. We're disciplined about safety as we are about executing the plan.

Guiding principles of PSR, serve customers, manage access, control costs, work safely, develop people. I think I've seen in my dreams, my wife wakes me up in the middle of the night, [indiscernible] 01:29:55. These principles make sense. I wish I had known them in college. Principles of business. I don't care what you sell, what business you work in, who you invest with. These things are arbitrary anywhere. Alan talks a lot about me and crew rooms. I spent a lot of time there. The crew's call, some of the supervisors hated the crew's call but I have a lot of relationships, and there's something that I never thought we'd never imagine that we would have gotten with

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precision scheduled railroading in these scheduled lifestyles. Scheduled lifestyles. We regimented every part of every day from the time you go on duty to the time you go to a locomotive, to the time the wheel should move to the time you depart. Scheduled over the road, arrival to the terminal, almost to when you should lay down on the pillow to go to bed.

And because we did that, what we saw was our people were able to enjoy more things in life. What does that mean? Okay, Altoona, Pennsylvania, had a conductor come up to me and say, hey, I got 12 years on the railroad and never in my life have I been able to ride Train 12G, Altoona to Harrisburg, with the consistency that we are today. And let me tell you what it does in my life because 12G is on time, and it arrives on time, I now [indiscernible] 01:31:23 for 39G and 39G will leave Harrisburg on time and get to Altoona on time, and that will allow me to pick my daughter up from her school bus.

That's life. Time is the most important commodity that any of us have. Time. And precision scheduled railroading allowed us – allows us the time to be at birthday parties, ballgames with family. So we're disciplined and we're consistent. And we believe in these principles, not just because the customers need it and not just because the investors need it but selflessly and most importantly, for ourselves and our time. And we'll thank you for your time here today, and we're going to turn it over to Annie Adams to talk about resiliency.

Ann A. Adams

Chief Transformation Officer & Executive VP, Norfolk Southern Corp.

Good morning.

Unverified Participant

Good morning.

Ann A. Adams

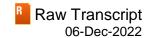
Chief Transformation Officer & Executive VP, Norfolk Southern Corp.

As Alan articulated earlier this morning, as a customer-centric, operations-driven organization, a key element of our strategy is making reliable and resilient service an enduring competitive strength. That's important for all of our customers, and it's critically important to grow our business in the flexible freight market that Ed described earlier.

You've just heard Paul and Floyd talk about our relentless focus on providing reliable service from the development and refinement of our operating plan, top SPG to the execution of that plan on a daily basis. Building on that discussion, I want to talk about what we're doing to become more resilient. I'm going to talk about three elements from a resilience playbook. How we're employing a more balanced T&E workforce staffing strategy, what we're doing to modernize our labor agreements and how technology is powering our efforts. And then I'm going to turn it over to Ed and Mike, who are going to talk about capacity improvements, investments in our infrastructure that also enhance resilience.

I'm going to start by talking about how we're going to drive resilience to a more balanced T&E workforce staffing strategy through better forecasting with a game-changing new workforce planning model and a full-cycle approach to maintaining more consistent staffing across economic conditions. Over the years, we've used a variety of models to help us anticipate our staffing needs, but we're taking a tremendous leap forward by engaging our industry-leading data science team, which is led by Nabi, who you'll hear from a little bit later today. Our data

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science and operations research teams working closely with subject matter experts in marketing, operations, human resources, and labor relations are developing a model that integrates our customer demand forecast with workforce planning and leverages predictive analytics to enable us to continuously forecast our staffing needs in each of our 95 hiring locations.

With improved visibility into future staffing needs, we'll be smarter about how we can allocate resources which contributes to continuous productivity improvement and we'll be better prepared to handle new business and surges in demand which supports our smart and sustainable growth strategy. Better forecasting also will provide critical insights into staffing across economic conditions. As Alan shared earlier, the rail industry has a history of responding to economic downturns by furloughing and then not being able to respond quickly enough when volumes return. The result is service disruption for our customers and significant missed revenue for us. Alan shared the math, the economics are clear. Avoiding the disruption, taking advantage of the potential gains is an investment in long-term shareholder value. So consistent with what you've heard in other contexts this morning, we're going to take a balanced approach to service productivity and growth, which will result in more consistent staffing levels over time. And that approach will drive engagement and retention as we build stronger relationships with our craft workforce.

So what's that look like in practice? In relatively short economic downturns we're going to take the opportunity to provide additional training and development to our craft workforce. Examples include qualifying our people over additional territories, as well as investing in our employees by training them to become locomotive engineers, a process which takes about six months. This will improve our operational flexibility and the productivity of our workforce. Of course, there'll be economic downturns that may be so severe that staffing reductions have to come into play.

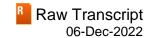
But in those cases, we will explore alternatives to traditional furloughs that enable us to maintain a connection within our – with our employees, and that incentivizes them to return when volumes pick up. The goal in all of these scenarios is to ensure that when business rebounds, and it always does, we're positioned to quickly redeploy a more skilled, engaged and productive workforce so that customers have the confidence to tightly integrate us into their supply chains, so that we're positioned to take full advantage of the profitable volume opportunities that come in the early stages of economic recovery.

As we move past national negotiations, I'd like to share how we plan to modernize our work rules through local labor agreements. We're pursuing location specific incremental work rule changes. And we're also collaborating with local labor leaders to explore creative new labor arrangements that will drive flexibility for our operation, reliability for our customers, and a better quality of life for our employees.

Norfolk Southern is a leader in this space. In 2015, we reached agreements that modernized and simplified how our locomotive engineers are assigned to jobs and provided them with access to scheduled days off. This not only improved the availability of that workforce without heading to head count, but it also significantly enhanced the predictability of work schedules and the quality of life for our employees, which, as Floyd noted, is a big win. We're negotiating with our conductors over a similar agreement. They'll realize comparable benefits.

In addition, we're focused on reaching agreements to safely redeploy some of our conductors from the locomotive cab to ground based service where they cover a geographic territory from a company vehicle or work at a customer facility. For our customers, pre-positioning our conductors at their facilities can offer more efficient customer service. And for our conductors, these jobs will provide much more predictable schedules. There'll be shift based jobs at fixed locations with regular start times and rest days. And conductors on these jobs will be able to go home to their families rather than spend the night in a hotel.

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These major initiatives represent step changes in operational flexibility, workforce capacity and quality of life for our employees, and all of that translates into better resilience.

Turning now to technology, I'll start by saying that the connection between people and technology comes very naturally to me, given my background and in my role as Chief Transformation Officer, where it's my job to integrate our people strategy and our digital strategy. Over the course of the day, you'll hear a number of my colleagues talk about how our digital strategy is driving service, productivity and growth.

I'd like to specifically call your attention to how we're employing cutting-edge technology to enhance reliability and resilience. For starters, the technology team that's developing the workforce planning model that I described is the same team that developed the state-of-the-art simulation tools that our network planning and optimization team uses to guickly validate and iterate through changes to our top SPG operating plan.

Later today, you'll hear Ed and Mabby talk about how our data scientists have teamed up with our engineering and mechanical departments to improve network safety and reliability with autonomous inspections and industry-leading artificial intelligence and predictive analytics initiatives. We're leveraging technology to detect and diagnose defects before they become an issue and enabling our employees to devote more of their time to performing value-added work, what Mabby calls turning finders into fixers.

And our mobile applications are putting transformative technology in the hands of all of our operations employees, as you'll hear from Rodney. The net effect of these technology investments is improved safety, reliability, and productivity, which all translate into greater resilience. Now I'd like to turn it over to Ed Boyle, our Vice President of Engineering.

Ed Boyle

Vice President-Engineering

Good morning. I've been part of the Norfolk Southern operations team now for almost 29 years. And I've never been as excited as I am to see where we're going and even more importantly, how we're going to get there. Earlier today, you heard Alan lay out the three keys of our strategy. First is provide safe, reliable, and resilient service. Second is drive continuous productivity improvements. And the third is achieve smart and sustainable growth.

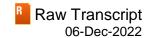
I'm proud to share with you today how our engineering team supports all three of these objectives, by providing the strongest foundation in the industry. We are a customer centric, operations-driven service organization. And our infrastructure is the foundation of our business. Mike McClellan showed us earlier our system map. What those lines in that map represented, the 28,000 plus miles of track, the 9,500 bridges and the numerous strategic assets that we own, maintain, and consistently invest in to provide a safe and resilient network.

I am proud to say that Norfolk Southern has the best railroad engineering team in the business, and our dedicated railroaders

and our dedicated railroaders across the entire system know that our mission to provide a safe, fast and reliable infrastructure network at the lowest possible cost.

As shown on this slide, that is what we do. This one simple data point is used to measure ourselves against our peers and that is how much is it cost to maintain one mile track? This includes our balanced, steady state capital expenditures and our operating expenses. And when you add it all up, we maintain a 25% cost advantage over





the industry. So how do we do this? Yeah, there is no silver bullet. This is achieved through discipline and our relentless pursuit of innovation.

Pictured here is one example why we are the best in the business. What you see as part of the R3 dual rail team. Every railroad, every railroad in nation replaces rail. What sets us apart is we have the only rail link process that in the industry that replaces both rails at the same time. This one of a kind team requires specialty equipment that we build in-house. It requires advanced planning and coordination with our operations, marketing and customer service teammates. And it requires a commitment from all, from all involved to maximize this high production operation.

The benefit is, we can officially replace a tremendous amount of rail with only one track outage. And what this means is a capacity dividend for our customers. Because the less time around here doing required work, the more time there is a haul freight. We drive productivity improvements in our relentless pursuit of excellence has us poised to lay 8% more rail in 2023 than our largest rail replacement year in recent history. The most significant takeaway from this statistic is we're going to do this with 30% less production teams. This is a true capacity dividend for our customers.

In engineering, we never stop looking ways to provide – for ways to provide the highest quality infrastructure at the lowest cost. That applies to all our maintenance activities. This ensures our foundation remains safe, strong, and resilient while maintaining the balanced and consistent capital investment in our core assets that Mark discussed earlier.

We are the leaders, and I assure you we are not sitting still. We have two recent game-changing technology innovations that drive productivity improvements in our operation. The first, as you see in the slide, is utilization of predictive analytics to ensure we replace the right rail in the right place at the right time. This is the example Annie mentioned earlier. When you think about thousands of steel wheels rolling over 28,000-plus miles of steel rails every day, remember this, steel rail wears away and the amount of steel worn away is one of the main reasons that rail needs to be replaced.

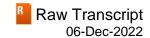
No two rails were the same. And there are many factors to consider including how much tonnage is running over that specific track. Is the track straight, or is it in a curve? And what is the train speed? It is up to us, in Engineering, to determine when each rail across the entire network is more to the point requiring replacement.

Our engineering team work with Mabby and the NS Data Science team. You'll hear from Mabby later in the program. And together, they developed technology that is truly amazing. This team utilized the billions of data points we gather annually Leave from our track geometry systems, and they did what no one else could do. This team cracked the code to correctly align and match these exact points run over run over run. Nabanita's team developed the algorithms and he created predictive analytics that determines specifically how much every rail will wear way over the next 5 to 10 years.

And as you see on this slide, depicted on this slide, we know the precise amount of rail wear over the years and when each specific rail will reach the wear limit, that triggers replacement. We all know when this railroad reached the reached is a little over the limit. This is the point that enough steel has been worn away that train speeds would need to be reduced if it was still on track.

This game changing in-house technology gives us the confidence that we are officially replacing the right rail in the right place at the right time, which directly supports safety, service and resiliency. Another recent example of an innovation that we also created in-house was the locomotive mounted autonomous track geometry system.

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This extremely cost efficient track geometry system mounted to the bottom of locomotive was the first in the industry.

In another example, how the Norfolk Southern engineering team leads the way. The beauty of this innovation is we test track while hauling freight, which is also a capacity dividend for our customers. It also greatly enhances network safety and resiliency by finding potential problems before they find us. We have a balanced and consistent capital plan that Mark talked about.

We have a relentless focus on innovation to drive productivity improvements and we have the strongest foundation in the industry at the lowest cost.

we have the strongest foundation in the industry at the lowest cost. That is what differentiates us and why I say with pride that Norfolk Southern has the best engineering team in the railroad industry.

At the end of the day, results matter, and what we're doing to continuously improve network safety and resiliency is working. As shown by the 44% reduction in rail service failures and 38% reduction in track geometry defects annually since 2015.

I'm going to wrap up with what we do outside of maintaining our existing network for safe, reliable, and resilient service. Our engineering team is also the one-stop shop for all infrastructure investments. This means that as we invest the discretionary capital that Mark referenced earlier, we have the benefit of our industry-leading engineering cost structure and the rigorous discipline to ensure growth and resiliency projects are completed quickly and at the lowest possible cost. We have completed an aggressive signing extension program over the past years to facilitate longer trains. We've expanded several terminals to meet growing needs, and we worked hand in hand with Kathleen and her team on multiple industrial development projects, which are directly tied to smart, sustainable growth.

Our engineering team takes pride in full cradle-to-grave project management. We ensure that when the decision is made to deploy capital, it is done right, it is done on time, and it is done on budget. As Floyd stated earlier, safety is who we are, service is what we do. And we have the strongest foundation in the industry to make it happen.

I'll now turn it back to Mike McClellan to talk about how we're making our outstanding network even more resilient. Thank you.

Michael R. McClellan

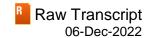
Chief Strategy Officer & Senior Vice President, Norfolk Southern Corp.

Thank you, Ed. It's good to see

you again. Just remember, the sequel is always better. All right. As Annie talked about earlier, our resilience strategy really has multiple dimensions in terms of our infrastructure, our technology and, most importantly, our workforce. And then Ed just outlined our industry-leading approach to maintaining this infrastructure, and it's really quite impressive what our engineering team does. And it's a competitive advantage that, quite frankly, Norfolk Southern has had going all the way back to Bill Branson in the Southern Railway.

And now I'm going to talk about our resilient network strategy. Earlier, I talked a little bit about looking back and now we're going to talk about looking forward. And every day I wake up and I think about how can I make our

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network more compelling for our customers? How can I make it more productive? How can I make it a lower cost network? And what can we do to make it more resilient? What am I talking about?

I'm really talking about removing bottlenecks on the railroad so we can operate consistently, our trains operate consistently at track speed, so that we can support our longer train strategies, so that we have alternatives on core routes, as you'll see about in just a minute. So we have larger pipes in and out of our core terminals and that we can support the smart growth objectives of this company or, as Mark George talked about, our financial strategy is very simple. We will invest at a level that earns a solid return in these projects. But we'll do so, we'll take our investments and leverage it against the ample public funds that are currently available out there while meeting the public objectives of those projects.

Now, between 2019 and 2025, we expect to spend at least \$650 million in our resilient network strategy. Two-thirds of that is going to be coming from public funding. The remaining amount, \$30 million to \$40 million a year, that's going to come from our capital budget

And as Mark talked a little bit earlier, about a little less than 2% of our annual budget.

Right now our resilient network strategy is focused on 2,200 miles, as you can see here, it's not only strengthening our core but also some of the key components of our network. I'm not going to talk about all these corridors today, but what we're talking about here in terms of investments is high impact projects, such as double tracking, clearances, connections, grade separations and lower cost, but still impactful projects such as siding extensions, switch and signaling improvements and crossovers.

But before I continue here, let me digress on two important points. First of all, Mark George talked earlier this morning about the purchase of the Cincinnati Southern Railway between Cincinnati and Chattanooga. Now, most of you don't know this, but after the Civil War, the city of the city of Cincinnati decided to build a railroad from Cincinnati to Chattanooga. And ultimately, they wanted to go to New Orleans, Texas and the Pacific Coast. They didn't.

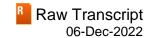
We started leasing the line in 1881, and we've been leasing it for 140 years. We had a lease coming up, a lease extension coming up, and that renegotiated and provided some uncertainty, quite frankly, in what the new, what the new deal was going to be. And for the first time, also in 140 years, the City of Cincinnati opened the door towards purchasing those line. And that's how we reached this historic deal.

Now, this is a really big deal. And first, first, there are financial benefits associated with this. Second, we now, by owning this line will have the confidence to invest even more, not only in this line, but the lines that feed in and out of it. And finally, I mean, just look at the map. I mean, this is a key component of our network connecting the Midwest and the Southeast. It's a critical leg not only in Norfolk Southern's network but

quite frankly, the nation supply chain.

The second thing I want to point out here is that the resilient network strategy is not just about addition. We are actively looking at rationalizing parts of our network where there was structural decline in the business. We have a cross-functional team, commercial finance, operations, engineering and planning, the operating line management teams that assesses all of the opportunities that we have to pare and prune our network where we see structural declines and let me give you an example of this.

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Our line West Roanoke, we have duplicate lines running from Roanoke out to Christiansburg, about 45 miles. Now, over the past 25 years, we've had a structural decline in coal. So what did we do? We sold one of these duplicate lines to the Commonwealth of Virginia for \$38 million. Now, that got us out of considerable fixed cost on this 45 mile line, including over \$4 million a year of maintenance expense associated with us. But – and this is a neat trick, we still have access to that line overall. And this is part of their – the Commonwealth of Virginia's plan to extend passenger services to the Christiansburg market.

So let's get back into the resilient network strategy and just give a couple of examples of what we're talking about here. The first up is the Patriot Corridor, which many of you have heard before between Albany and Boston. Now, we've had access to the rich New England market since the 1990s, but we've never had double stack access to this market for our intermodal trains. Now, as part of CSX's acquisition of Pan Am Railways, we got [indiscernible] 01:57:41 rights on their double stock route between Albany and Ayr.

And this is is a big deal for three reasons. First of all, it's going to reduce our cost of accessing the New England market. Second of all, it's going to give us capacity or expand our capacity by more than twofold in the Albany and Boston markets. And third, it's going to reduce our overall operating complexity in Chicago. Right now, we're building a connection between Delanson and Voorheesville to connect to the CSX and making other improvements on the line and we expect to start at the service by the end of next year.

All right. Let's take a look at one more between Pittsburgh and Harrisburg. Now we expect to expand almost \$250 million on this corridor, the majority of which is expected to be publicly funded. Now, this is a win-win deal that we did with the Commonwealth of Pennsylvania. They wanted to add another train pair, passenger train pair between Pittsburgh and Harrisburg. We had some prudence we wanted to make to accommodate that and we came to this deal. This is truly a win-win deal for both of us. And one we also did with Virginia last year.

Now let's take a look at a specific project here. One of the most important areas in this – on this corridor is Pittsburgh. And there's two routes through Pittsburgh, there's a high capacity route in red, the Pittsburgh line, and then a secondary line, the Mon line. The problem is, is that the only line that's cleared is the Mon line, and so we run 32 stack trains a day, plus another 15 to 20 trains on this. And you can see that it also has a single track gauntlet between Perry and Wing. So as we complete these clearances, probably by the end of 2025, what will be able to do is better balance out the train flows through this network. The Pittsburgh line is a much higher capacity line and it's also 45 minutes faster. So this is going to benefit about 50 to 60 trains a day operating through Pittsburgh.

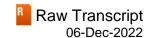
Now these are just two examples of investments associated with our resilient network strategy. Building a resilient network strategy is really a continuous journey, right? It's one that all railroads engage in in some way, shape or form. But I think what sets Norfolk Southern apart in terms of how we're approaching it is threefold. First of all, we're approaching this as a core to our approach, strengthening both the growth and productivity opportunities associated with our network. Second,

we're leveraging the ample public money that is currently available out there. And finally, this is not just about addition. We're also doing strategic paring of our network, where it makes sense. The resilient network strategy is a critical part of our overall resilience strategy and one that will provide considerable benefits to our customers, shareholders and employees for decades to come.

So thank you very much. And now, we'll invite the senior team up for questions and answers.

[audio gap] 02:00:37-02:01:24





QUESTION AND ANSWER SECTION

Alan H. Shaw President, Chief Executive Officer & Director, Norfolk Southern Corp.	A
All right. Let's go with Jason.	
Jason H. Seidl Analyst, Cowen and Company	Q
Thanks, Alan.	
Alan H. Shaw President, Chief Executive Officer & Director, Norfolk Southern Corp.	A
There's a – We're going to bring a mic so that the folks who are joining us vir	tually can hear as well.
	A
Introduce your name and your firm.	
Jason H. Seidl Analyst, Cowen and Company	Q
Hi. It's Jason Seidl, Cowen. Thanks, Alan. Thanks, team, for hosting everyor bit about some of the things that you brought up, Alan. You mentioned that y I think, of your crew locations. You just recently with the help of Congress, we	ou're still understaffed in about 25%,

through, but there's still a little bit of animosity there with some of the labor guys that didn't vote this labor thing through. Do you think that's going to give you a little bit of trouble in making up that 25%?

Yeah, we offered a really good, good contract to our boys includes a 25% – 24% wage increase over five years. In addition to that, there's a \$1,000 retention bonus every December 1, a nice little kicker before the holidays. And we hold on to premium wage increases. Our class of conductor trainees is about as high as it's been all year. So, these remain really, really attractive jobs. But we do know that we need to address some of these work life balance as Annie talked a little bit about that.

Yeah. At this – as Alan suggested – indicated, this remain highly desirable jobs have competitive pay, they have great health care benefits. They have great development opportunities as Ed has have an example of. And our recruiting team is out and having good success where we've moved beyond having to hire across all of our entire network to be more focused on some key locations. And I think that we won't have any problems continuing to ramp up to the level that we need. As I suggested, we will work with our local labor leaders to find creative ways to provide operational flexibility, more resilience for our customers and better work life for our employees.

And you know, you brought up a really good point, right? When we really launched into this about a year ago, I mean, we had a shortage just about everywhere. Now, we've really lifted that And we're in pretty good shape with our crews. So we can be a lot more surgical in our hiring right now. At about 80% – over 85% of our conductor trainees right now are targeted at core locations. Scott, you had a question. Scott Davis Scott Davis, JPMorgan. So I get the strategy. I'm trying to assess the difficulty of execution. And so if it's a year from now or it's two years from now, take your pick for the timeframe, and you don't have resiliency in your service, what went wrong? And simple is better. So for anybody who mentioned the word resiliency up there, like just what comes to mind, just so we can isolate where the risks are? Well, for us, it really does start with the improvement in our service product. We've delivered that. We see it in the metrics over the last six to nine months. We've got the team to do that. It all comes down to leadership, resources, and plan, and we're going to continue to adjust our plan and our resources until we get service right. We know we need to hire in a couple key locations. That's going to lift our service. Frankly, our customers are noticing the service improvements, and they're driving more business to us. And so what you should see two years from now, three years from now, is top tier revenue, top tier earnings growth, industry-competitive margins, a service product that's consistent and reliable and good financial discipline in our capital deployment. And Scott, I mean, the resiliency really means the ability to bounce back from an adverse event, usually an externality. And that's really what we're talking about here, is being able to bounce back quickly from things that otherwise might set you back or put you in that downward spiral.

Great. Thank you. So we heard a lot about flexible freight.

I think we, we think about an Eastern rail having a shorter length of haul more bigger truck market to compete with. So, there's upside. It's a big market you can capture. How do we think about the downside of that? If it's

Tom?

Thomas Wadewitz

Analyst, UBS Securities LLC

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flexible one way, is it flexible the other way? And in a downturn, do you do you have more risk that freight goes back to truck or should we think about this that, it's flexible, but once you get it, you've got to plan to keep it, so it's a bit more sticky on the on the other side?

A

Yeah, clearly it's flexible and both areas, which is why we've got to deliver value. Right? And that value starts with our service product. There are a lot of economic incentives of why our customers want to choose rail over truck. Ed, why don't you talk about that?

A

Sure. Look, very simply, we've got to earn business every day. When we wake up in the morning, nothing is guaranteed to us. We got to earn it through service, through operational excellence. And you're right, freight is flexible. We'll go to the place that drives – it can drive the most value from. We want that to be Norfolk Southern. We know that we have the ability to create a service plan that delivers that kind of value for our customers. And it's not just intermodal, it's a lot of our merchandise markets. You'll hear Leggett talk about that.

Tom you'll hear Meghan talk about it, too. There are many markets that have that choice between truck and rail and maybe even other stuff. But truck and rail and it is critical that we understand the value that we're offering and that we're capable of offering. And that's why we say we want to be successful, we want freight that we can be successful with.

A

That mean look, rail offers generally a cost advantage relative to truck. It offers a sustainability advantage relative to truck and it offers a capacity advantage relative to truck, right? And so if we can improve our service product, that's the value proposition.

Д

Yeah. It's – being a trucker is somewhere between 70% and 80% more expensive than it was just a few years ago because of taxes, because of fuel, because of insurance and other inflators. We're offering a compelling, compelling advantage to our customers and potential customers because of the value that we can deliver.

А

Scott.

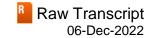
Scott H. Group

Analyst, Wolfe Research LLC

Thanks. It's Scott Group from Wolfe. Mark, you talked about more long-term marginal contents.

Thanks. It's Scott Group from Wolfe. Mark, you talked about more long-term margin improvement, double-digit earnings growth. Any thoughts about next year on ability to improve margins and grow earnings close to that? Any of the puts and takes? And then you guys have said a few times industry-competitive margins. I guess what

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does that mean? This year, you're within a point or two, I guess, of a couple of points of industry leaders that – kind of the – what you talk about. Is that what you mean when you say industry-competitive?

Mark R. George

Executive Vice President & Chief Financial Officer, Norfolk Southern Corp.

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So, Scott, thanks for the question. We really don't want to get into 2023 right now. We're still digesting all the market dynamics and calculating the inflation impacts on us and seeing what we can do to mitigate that for next year. So we'll talk more about that in 2023. And industry-competitive is basically in the neighborhood. It's – We're not going to put a fine point on it right now, but we need to be in a vicinity that I think we all believe is somewhat reasonable, recognizing that all roads are a little bit different. We've got shorter length of haul, higher intermodal. That said, we've got other advantages in our network that hopefully allow us to grow faster than the others. And do you want to add anything to that?

A

Yeah. I mean, there's advantages out there for us, as we've talked about. There's – That flexible freight market is really inherent within the east. And so we're going to leverage our financial strength, which was built to secure that business and serve that business. And we're going to do it profitably and we're doing with a balanced capital deployment.

Brian?

Brian P. Ossenbeck



Analyst, JPMorgan Securities LLC

Thanks. Brian Ossenbeck from JPMorgan. Just want to come back to the flexible freight one more time. Is that something you think the customers are really going to want to see proven out through a cycle before they stick with you? Do you need more investments on the other side of that to really keep them in there after making the switch so you don't lose them? And then just to follow up on with any on the grounded contractors or conductors, rather, excuse me. Is that something you can do locally? We've heard a lot about that in the national level. So can you start local and then bring it to national, which — considering how long the last one took is going to be here in just a couple of years. Thank you.

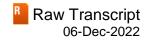
A

And why don't you start with the flexible frame. And you're already seeing customers talking to us and you're – the channel partners, the best in class channel partners that we talk about are investing in growth on Norfolk Southern.

A

Yeah. Even in the challenging environment that we're in right now and going forward, maybe there's still freight that wants to ride Norfolk Southern that's frankly on the highway today. We see that in our intermodal markets. And as our service improves and the value that we're able to deliver increases, that freight is going to come back to us. I think you look at some of the markets that are on the industrial side, and I spoke to some of you earlier this morning, we're already seeing an uptick in freight because we're delivering faster cycle times. That means there's more capacity available for them to load. And we're seeing that right now.

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Yeah. Our seven day rolling volumes are really strong, despite the fact that we've got some economic head And it's because we've really sped up our network. Annie, why don't you talk about how now that national is over, we can pivot to a more localized discussion with our employees?	
	A
Yeah. Yeah. The short answer to your question is yes, we – and we in fact, are already talking at the local lewith our labor leaders about redeploying our conductors into those ground based jobs that provide significant improvements in quality of life. So that will be on the local level, and we've had success at that level before.	nt
	A
Okay. Why don't we go to Chris here and then Ken?	
Chris Wetherbee Analyst, Citigroup Global Markets, Inc.	Q
Thanks. This is Chris Wetherbee from Citi. So Alan, you put up a slide earlier on in your presentation about service over the course of a multiyear period of time.	
	A
Yeah.	
Chris Wetherbee Analyst, Citigroup Global Markets, Inc.	Q
And we saw sort of that downward sloping trend there. So I guess when you think about building the resilier want to get a sense of how you think about it. Is it incremental or is it something that's maybe a little bit of a heavier lift to be able to sort of turn that back around and grab some sustained improvement? And then I thi second question would just be on the intermodal opportunity, there's been a lot of talk. It kind of goes hand hand with that resiliency. So how do you think about the ability, the opportunity there and maybe the size of opportunity over a couple of year period on the intermodal side?	nk a in
	A
Okay. So yeah, I think you were talking about the downward slope.	
Chris Wetherbee Analyst, Citigroup Global Markets, Inc. Yeah.	Q



A

And train speed. So yeah, our first goal is to get back to 2019 service levels, right? We had a really good service product at that point and that was conducive to pulling trucks off the highway. And then what's going to happen is Ed and Paul, and their teams are going to sit down with our customers and they're going to chart out the service product we need going forward in order to be able to compete in that flexible freight market. Ed, do you want to cover that a little bit?

A

Sure. Absolutely. You know, first of all, we want – we know we have to get back to where we were in 2019 in terms of service. But we're also looking at what does the service product need to be for the future? For the next 10 years, because we want to help our customers succeed. They want Norfolk Southern to help them. You heard Darren Field from J.B. Hunt talk about his belief that the intermodal market in North America can double, and we think it can too, in a fairly reasonable period of time. And we believe you look at the network we have, the amount of consumers that we touch directly on the intermodal space, it's very compelling, extraordinarily compelling in terms of the potential value that we can offer. And that's why – he and I and everybody pretty much on that back wall back there had spent two weeks in Chicago just a month ago sort of reimagining what the velocity of a box can be across the network.

A

Yeah, exactly. I mean, to add to what Ed said, as we've had the discussions with our channel partners, it's really about getting greater asset turns on the box because we know when we speed up those box, just like when we speed up the network downs point on – from a rail car standpoint, we know there's freight out there that wants to fill that capacity, but we have to be in a position to be able to do that. So we're going to outline how we've done that in greater detail here this afternoon. We're getting to the top as [indiscernible] 02:14:37 and Shawn Tureman, who leads up Intermodal can add to that as well.

A

And let me add one more point to that. Chris, improving our service product is not only about the physical delivery. That's the question that you addressed. It's also about making it easier to do business with a local seller, right?

Chris Wetherbee

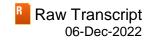
Analyst, Citigroup Global Markets, Inc.

Yes.

А

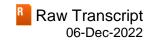
That's that digital interface with our customers, to provide a much more truck-like product, right? We're all consumers. And so our customers are looking for a B2C solution even though we're a B2B business. And you're

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Okay. Ken?	
Ken Hoexter Analyst, BofA Securities, Inc.	Q
Hey. Great. Thank you. Ken Hoexter from BofA. Maybe I'll throw a common want to maybe understand the margin. This incremental margin, are intentionally not putting a target out there? Just so we understand very progression.	e you talking 50 to 100 basis points? Are you
Ed, yield up was a theme of Alan's.	
	A
Sure.	
Ken Hoexter Analyst, BofA Securities, Inc.	Q
Is that still a theme, or is that done?	
	A
It's a theme of yours, too.	
Ken Hoexter Analyst, BofA Securities, Inc.	Q
I don't have the answer there.	
	Q
And then, Floyd, I believe that was a – I thought, a great presentation here or needs to be adjusted? Is it just – I hear resource up, crew reback some hump yards. Maybe just to understand what is going on	esources managing to the field. You brought
	A
Do you want to	

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A

No. Yeah. Let me just start real quick. We didn't put a margin target out there or an annual margin target. We tolo
you that incremental margins will be accretive to the baseline margin rate. So by definition, 45% or higher
incremental margins on whatever revenue growth that we put out there. Go ahead.

Α

You want me to go?

Д

Yeah.

A

Right. Yes. It's part of my strategy, too. But to be serious for a minute, look, we price to the value of the service that we offer in the market and that value is going to increase. We think we're creating, frankly, a very, very compelling recipe for value creation. And we know that price is going to be a part of that for us. Over the long term, we're going to price above inflation, just like we said.

Д

Yeah. And to be clear, while you heard me talk about it, Ken, it really was Ed and Leggett and Shawn and Kathleen and Meghan who implemented that. So we've got the team. They understand that we price to the value of the product. And we're really encouraged that as we improve the value of our product, we're going to be able to continue to do that. Do you want to talk about what's changing out in the field beyond just adding resources?

A

Yeah, absolutely. First off, it does come back to leadership, resources and plan from a leadership perspective. We've fundamentally had to change our thinking and how we built our plan for intermodal. And once again, we're going to go into some details here this afternoon so I'll a pause there. But ultimately, we needed to turn the containers faster. We needed a mindset shift in order to make that happen. And that is – that has taken place. We've spoken to the resource piece. But once again, as we continue to resource up on the crude side, we've also been very judicious in identifying where we have further opportunities for productivity and manpower intensity in some of our locations, leveraging technology, going yard to yard and identifying where we have opportunities to reduce that workforce intensity.

But going back to what Floyd said and running the plan, we needed to create a simpler, more executable plan. Over the past couple of years, we have layered on some complexity that, quite frankly, we took out through [indiscernible] 02:18:16 that created velocity, that created that flywheel effect that I described, that has created that uptick in our service velocity, but certainly productivity.

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Now, you mentioned hump yards. So I think it's appropriate that we speak to hump yards. We take a very enterprise view to what yards we have in service and what assets that that we look. Every railroad is leveraging hump yards. I was a superintendent on a hump yard. I understand the full-in cost and what makes a hump yard appropriate to be used. It's all about density. We looked at Bellevue, Ohio, specifically, and there were several things that we accomplished when we looked at Bellevue from an enterprise perspective.

We needed to spin cars faster in that portion of our network service. We recognized that by putting more cars in the Bellevue, we could reduce handling in some outlying yards, places like Portsmouth productivity. There were some cars that we took out of Decatur that we actually switched in Bellevue because we have some jump all business opportunities in Decatur that by having that capacity indicator, not switching cars that are now moved to Bellevue. We are in position to capture. So we thought about it from an enterprise level. But as we think about the operations, the plan, certainly leadership, and resources, that's the approach to take.

Turn it over to Justin.

Okay. Justin?

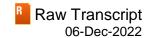
Justin Long

Analyst, Stephens, Inc.

Justin Long with Stephens. Maybe first one for to decline more just because you're holding on to some of these resources. So, is the idea that maybe there's more cyclicality in the model, but the cumulative operating income cycle to cycle is getting higher? Is that the right way to think about it? And then I guess, as a follow-up to that for you, Alan. A significant amount of business on the network interchanges among the other rails, so [indiscernible] 02:20:02 are the other Class 1s to this model that presents more resiliency through the cycles?

Justin, it's a good question. And really, the answer is in the curve on the chart that Alan showed where we kind of laid out the hypothetical. Yes, there might be some more immediate adverse impact by holding on during a downturn, although we will still address and attack discretionary costs. It's going to be hard to overcome, though, the cost of holding on to the T&E population that otherwise would have been maybe more immediately furloughed. But the benefits coming out of that cycle, as Alan laid out with the math, vastly overwhelms any short-term adverse impact on the decrementals.

And to your question, look, I'm not qualified nor my position to comment on any other railroad strategy. I know what the unique strengths of our franchise are, the unique strengths of the markets that we serve, the unique strengths of our strategy, our balance plan that we can all be proud of, and the unique strengths of our leadership team. That's what we're going to leverage.



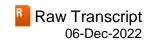
I would say, half of our traffic interfaces with other railroads, so it would be ideal for all railroads to also build in some level of resiliency and reliability to avoid the same troughs because the level of improvement we can achieve on our own, while still great in being able to be resilient and stay out of those cycles, we would all collectively be better if we adopted the same approach. And there were efficiencies the Western carriers were willing to work with us on as we rolled out TOP|SPG. That's true. And one of the things that we did is identify where we had further opportunities to convert to some level of cross town, meaning a minimal unit that comes into Chicago and our railroad unloads, gets cross town to a truck to another facility on a Western carrier to then continue on the network - their network excuse me. We converted more of that volume in TOP|SPG to steel, will mean that it stays up on railcar. We load it, build that density in origin and progress that volume through Chicago without leveraging or having used capacity in our intermodal facilities or the Western carriers. It's much more cost efficient. It is. I think we have time for one more question. Go ahead.

Norfolk Southern Corp. (NSC) Raw Transcript 06-Dec-2022 **Investor Day** Me? Okay. Ravi in the back. Ravi Shanker Analyst, Morgan Stanley & Co. LLC Great. Thank you. Ravi Shanker, Morgan Stanley. A few questions on e-commerce was a big driver of intermodal volumes. One, what percentage of your volumes today are e-commerce? B, what can you do to improve the profitability of that business? And C, can you unpack that whole kind of 4 times the contribution stack a little bit more? What drives that? And does it also mean it's like 4 times more resource intensive? You know, I'll offer some quick commentary and then turn it over to Ed. A couple of years ago, some of those ecommerce giants that you think about, we maybe had a couple of hundred boxes and you're going to hear Sean term and talk about this a little bit later. Now, they're one of our biggest customers. And frankly, right now, we're in peak partial season, right? Yeah. And right now it's UPS peak season along with other parts and customers. And parcel has become a bigger share or it should say, e-commerce has become a bigger share inside that domestic container. And it's probably still not a majority, but it's becoming an increasingly important share. And, you know, the benefits of intermodal and the strength of intermodal is obvious when you think about it is a consolidated move that goes from one warehouse to another, most likely. And that fits in our wheelhouse exactly. So long as we can deliver that stable, reliable, resilient service that customers can plan their supply chains around. What was the rest of your question? I forgot. I'm terrible at [indiscernible] 02:23:47 the other five. Yeah. How many more parts of your one-part question?

[indiscernible] 02:23:54-02:24:00.



The one – four times of the contribution of this, e-commerce is four times more intermodal-intensive. [indiscernible] 02:24:03. Yeah. And that's – well, that's because they're exactly what I described. It's a dense-warehouse warehouse move. It is very, very suitable for the intermodal product. How do we make it? Oh, go ahead. I'm sorry, go ahead. How do we make it more profitable? It's easy. Run a really good plan, a very disciplined plan. Densify that freight, have the right box on the right car, on the right train. It comes down to those same disciplines we talked about. We've got the recipe. I'm confident of that. We're going to execute on that. Adding to what Ed said, we were at a low point in February with our premium service. We are now back to 2019 service levels with our premium customers and it's something that we talk daily about. We are driving daily and we're going to continue to drive that level of performance. One of the things we're going to talk about later in TOP|SPG is how we have taken and sped up that existing supply chain across several lanes. We're going to highlight some examples of that, but that's also a part of how we're going to make it more productive. We're going to use less railcars to do it. We're going to spin the volume faster from an intermodal perspective, and that's going to drive the productivities. So, look, you're going to come up and offer some announcements. And as you're doing, I'll leave you with this. Remember what McClellan said? We doubled our intermodal freight, and didn't add increased starts. That's how we make it more productive. Go ahead. Yes. That will conclude the So that will conclude the Q&A session here this morning. So I want to appreciate – thank, everybody, for all your time and questions. We're going to go ahead now and break for lunch. So let the see your team step off stage now. And then what we will do is we will go ahead and step out. We're going to have lunch and served over here so... [Break] (02:25:50- [Break] 02:53:07 [Video Presentation]



02:53:07-02:57

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Unverified Participant

Ladies and gentlemen, our incoming Executive Vice President and Chief Operating Officer, Paul Duncan.

Paul Duncan

Senior Vice President-Transportation and Network Operations

Welcome back, everyone. Hope you enjoyed lunch. You heard us this morning outline the need for resilient service. I'm going to kick us off with the discussion this afternoon on continuous productivity improvement and PSR and how they support growth and resilience.

PSR is about serving customers, managing assets, controlling cost, working safely while we develop our people. When we do this right, PSR leads to better service and we know good service leads to growth. We're going to dive more into the details of how we did this and how we continue to do this through TOP|SPG. TOP|SPG is the latest evolution of PSR Norfolk Southern. Just to refresh your, your TOP is Thoroughbred Operating Plan. It is essentially our base operating plan for how we run the railroad. SPG, Service Productivity Growth, our balanced approach to PSR.

TOP21 was our initial PSR-based plan. It was focused primarily on merchandise, whereas TOP|SPG takes a more holistic and once again balanced approach, incorporating all business segments, including intermodal, which we're going to talk more about here this afternoon.

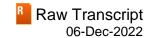
PSR is about lean management of assets and a balanced approach to the business. Every railroad in the industry has railroad in the industry has made improvements in lean management in the past few years. There are no secrets or special recipes out there. We, as an industry, have improved our cost structure. The service design plan, though, for PSR is sacred and incorporates four key principles; one, minimizing activity; two, reducing dwell; three, balancing operations; and the fourth, tying that to how we optimize our quarters.

Now I want to give you some examples of how we apply these principles through TOP|SPG. First off, minimizing activity. What do we mean when we say that? That means minimizing the time that we spend handling cars, both trains, intermodal units across our network. For example, we blended merchandise cars between Georgia and Chicago with our normal traffic.

One of our most important merchandise flows now ride intermodal trains, providing greater velocity, greater consistency, greater outlets for growth for both intermodal and merchandise. That drives velocity, consistency and productivity. Those cars no longer spend two classifications in some of our hump yards. We have implemented similar improvements across other parts of our network. TOP|SPG result in multiple lanes where we blended merchandise with intermodal, once again to create greater outlet frequency for that traffic. Greater productivity while increasing velocity.

Now, another part of the way we are minimizing activity is working with our shoreline partners. You heard Mike McClellan speak to that as a competitive advantage of ours. We have a tremendous amount of shoreline partners that we value. We are working with them to pre block cars in our network. Fuel that density [indiscernible]

Investor Day



03:00:46 point, progress those cars as far in our network as possible. Once again, it goes back to the fundamentals, minimizing activity to get that service productivity and growth.

The second principle of good service design is dwell, reducing dwell. Once again, a hallmark of a PSR plan. Now, as I mentioned earlier, working in partnership with Ed and a cross-functional team of operations, marketing, and finance; we made a fundamental PSR-based change in intermodal by densifying and blending traffic across our intermodal segments.

These changes will generate further capacity, using existing infrastructure by minimizing origin dwell at intermodal facilities. These changes create more frequent service offerings for our customers without adding crew starts. That is improved asset terms for our channel partners. Once again, all of which, as we described this morning, supports productivity and growth.

The third principle service design we incorporate is balancing our operation. I mentioned the changes we made in our network where we achieved 15% more balance. Readable flows of rail cars and containers make our terminals that much more productive.

The fourth principle is data-driven for optimizing our corridors. We'd optimized corridors by calibrating train lengths, sinking those with the same investments that you heard Mike McClellan and others referenced this morning. We configured optimal train weight, locomotive configuration to not only make service the service commitments that we wanted to. But also minimize fuel, maximizing fuel efficiency. We increased distributed power this year by 20% across our network through top SPG, and that was across all of our business segments. This has helped us ensure we're deploying our locomotives as efficiently as possible.

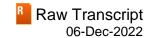
As you heard Floyd and I and others say, our focus now is running that disciplined plan. And I mentioned a major change as part of our latest PSR plan is blending intermodal flows at specific facilities and major lane. So I'm going to give an example.

So Chicago to Eastern Pennsylvania, a differentiator for Norfolk Southern. You heard Mike McClellan reference that this morning. Through TOP|SPG, we ran two domestic intermodal trains from Chicago to Eastern Pennsylvania, two premium intermodal trains from Chicago to Eastern Pennsylvania. These two train pairs originated and terminated at separate facilities in Chicago and Eastern Pennsylvania, within miles of each other. We blended our premium and domestic traffic into a single origin destination pair between Chicago and Eastern P.A. That provided us an opportunity to increase service offerings to our customers, premium and domestic to 4x service a day once again by not adding any crew starts.

The blending of this traffic and the benefits are clear. Containers and trailers spend far less time dwelling at origin intermodal facilities, which increases our facility productivity, back to your question earlier, and capacity for growth. Our channel partners benefit once again from improved asset turns, which will allow us to collectively capture more flexible freight in our market which you heard Ed speak to and Shawn Turman is going to speak to you here this afternoon.

Our railcars and locomotives dwell less at terminals and spend more time moving freight. We have reduced average overall domestic transit time in this lane since implementation by 12 hours through 12 – through TOP|SPG. In a truck competitive lane of roughly 800 miles where we have a competitive advantage in the marketplace, 12 hours is a big win for Norfolk Southern. It's a big win for our customers. Now, as I stated, Jacob Elium and Shawn Turman are going to take you on a virtual trip along our premier quarter in a few minutes to describe this growth initiative even more.

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Furthermore into intermodal, we Furthermore in Intermodal, we also simplified our existing Intermodal network, driving even greater efficiencies through further containerization. This simplification effort also included looking at our lower density lengths to drive greater productivity and to once again facilitate growth.

From a merchandise perspective, we continue to drive improvements in merchandise on time delivery. The first year we focused on the toughest bag was looking for ways not only with our shoreline partners but on our own network to build block density at that earliest point in the car cycle, to minimize those handlings, to get that car as far into the network as possible as fast as we can.

The second has been further calibration on tripling compliance, particularly first mile, last mile execution. Asset velocity, a fundamental of PSR, we identify those opportunities to move cars faster, built those into the plan using a data driven approach. And this is an opportunity where we expect further velocity gains as we go into 2023.

The final component of focus on merchandise has been ensuring we're minimizing the workforce intensity on our network. I spoke to this earlier during our Q&A. We have a team right now going yard for yard, identifying where we have those opportunities to once again not only minimize our switching intensity by plan. But a more disciplined focus on where we have the opportunity to also control costs and add technology that will create once again a flywheel for productivity gains.

Our longer term initiative, also part of our continuous productivity improvement strategy is to further increase bulk train efficiencies. And you're going to hear Leggett speak to and describe how we first think about when a unit comes on our network of new business, whether it makes sense to be in a unit train or blended with Intermodal or merchandise. Ultimately, we are going to do what we provide the best service, the best productivity, those assets, and move the most product for our customer. Let me talk for a minute about our effort to convert our DC locomotive fleet to more fuel efficient and good attractive effort AC fleet.

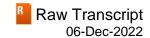
While we don't have a dedicated presentation today, you should know that this industry leading program remains the cornerstone of our locomotive strategy. Over the next few years, we're going to continue to convert approximately 100 locomotives a year from DC traction to AC traction, fuel efficiency benefit, adhesion benefit. More we can pull with the same platform.

We are now leveraging these locomotives to increase train size and productivity. You'll recall this is something we talked about in 2019, our last Investor Day. We are now moving forward with our green customers on a plan to increase our base shuttle train size by 23%. This will take time as we work with individual elevators on process and investments to achieve. But this train size increase will fully leverage the power of our AC fleet as well as the network investments that we discussed.

That's going to grow market share with our customers once again while improving productivity. We've identified several other units, training opportunities to increase productivity across other commodity groups that you're going to hear us talk more and more about. We're excited about the train efficiency gains that those are going to bring us over time. Top SPG was based on the principles of PSR and just like PSR, we'll continue to be an iterative data driven process of driving even further service improvements, productivity and growth with our customers.

We have formed four continuous improvement, cross-functional teams across our business segments and our main lines to drive a

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database approach to gain the most out of [indiscernible] 03:08:54. I'll look forward to keeping you all today and in our progress with these initiatives into 2023. You heard Floyd's message loud and clear earlier. We know how to execute tough SPG. We know how [indiscernible] 03:09:10 discipline the railroad. We are committed to doing so and that's exactly what we're going to do.

I'm going to turn it over to another strong operations leader here to in Norfolk Southern that's going to talk about the implementation and things were moving far both in the technology space that are going to complement our service productivity and growth initiatives Rodney Moore.

Rodney Moore

Vice President Network Operations

Good afternoon, everyone. My name is Rodney Moore, Vice President of Network Operations. My team runs our network operation center which is our mission control. It's where Alan starts every day when he's in the building and we look forward to giving you a tour later today. You just heard Paul talk about how tough SPG gets Floyd in operating plan that we can execute every day to deliver consistent, reliable and efficient service to our customers. Floyd described how we use the PSR principals for disciplined execution. I'm going to explain how technology is revolutionizing what it means to work on a PSR railroad.

Our digital strategy is comprehensive but today I'm going to focus on one specific item mobile solutions. These initiatives support all three parts of our strategy. They are improving service. They are making us more productive and they're improving the experience for our customers with support growth. Over the past two years, we have deployed over 10,000 devices, so thehardware platform is in place. Now we're transforming how we use them through simple applications on an iPhone, like how we use apps on our personal devices in our daily lives, we'll have applications to help our employees electronically operate functions during their workday. In doing so, we'll put real-time information in the hands of people who need it most, our customers, our employees within transportation, engineering and mechanical. The devices we used in the past were very limited about the information of a shipment and was unable to communicate and synchronize with our internal systems.

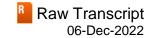
With the new hardware and mobile applications will gain better visibility into our operations, which will allow our employees to take a more proactive approach to keeping our customer shipments on time. The benefits of all of this is real-time insights into our operations for our field supervisors, so they can monitor the pulse of their operation without being tied to a desk. This initiative also will allow our customers to see their shipments in near real time, allowing them to better plan their daily operations, plan their shipments, and plan their workforce. And Meghan will reinforce how much this means to our customer shortly.

Something we talk about is how our customers expect a B2C-type product from us and we're going to deliver it to them. Here's an example, when many of our trains today make pickups as set offs, they must walk to the depot to print paperwork. Our future will be based on what we call a virtual crew room, where crews will not need to visit an office simply for paperwork. It will be all on their device, on their iPhone. So let's walk through an example, Train 26C hauls intermodal freight from Jacksonville to Chicago. And along the way, it stops at one of our facilities in Atlanta to pick up and set off traffic. In the past when a crew finishes their work here in Atlanta, they'd have to walk to the depot to print paperwork or have someone deliver it to them. In the near future, all of the paperwork will be on the digital device or be on the iPhone, so no more visits

will be on the digital device or will be on the iPhone, so no more visits to the office just to print paperwork.

It's easy to see how this productivity as well as how it will help move our customer traffic on this route. There are so many benefits that we'll gain from this initiative. We're slashing the amount of times crews spent walking to a

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crew room. We're using a lot less paper and it's safer. We're no longer having our crews walk in hazardous weather conditions.

It makes it easier for trains to arrive and depart on time. It's a better employee experience and a better customer experience. Our engineering workforce is gaining some of the same benefits. Here's how it worked in the past. Any time a track inspector needed to inspect track, he'd at the tone of the dispatcher in the NOC over the radio have a conversation and transpose verbal authority onto paper. That's not an official process. Now, they can communicate digitally with dispatchers. No time spent on hold. Field employees and dispatchers click prepopulated buttons to communicate when it's most convenient for them.

This is a more seamless and effective process. Over 90% of those interactions are happening today digitally. And I can tell you from my role late in the NOC, this was a game changer. Our mechanical workforce is also being transformed through mobility devices. Whether out in the yard inspecting trains or in the shop, keeping our equipment healthy, our mobility solutions are putting actionable data in the hands of our mechanical team.

We see more about the health of our assets in real-time, allowing the workforce to more efficiently get cars and locomotives back to move our customers' freight. Furthermore, the process of capturing results of a train inspection can now be instantly conveyed, allowing the cars to be switched out and repaired. Now, what does that mean? We take all of this information into a centralized source of truth, empowering our teams to our transparency and to the many interactions I just outlined. It allows us to

spend more time moving freight, maintaining the health of our assets, and communicating with our customers.

The most important thing I want to leave you with today is how all of the pieces are in place for us to execute the strategy that Alan and Mark described earlier. We have the right operating plan. We have the right team to execute the plan consistently every day. And we're using technology solutions that make our people more productive and our customers more satisfied.

Now, I'm going to hand it off to Mabby, our Chief Data Scientist. I've described how we're using technology effectively today. He's going to talk about tomorrow and how we're leading the way on some breakthrough initiatives. Mabby?

Mabby Amouie

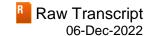
AVP-Enterprise Platforms & Data

Good afternoon, everyone. My name is Mabby Amouie, and I'm the Assistant Vice President of Enterprise Platforms & Data. Throughout the presentations today, you've heard a bit about how we're leveraging technology to make our service products simpler and more competitive with truck to empower our workforce, especially in the field and to improve productivity.

We have a comprehensive digital strategy and are investing in technology to further transform Norfolk Southern into a customer-centric, operations-driven service organization. You've just heard about one element of that digital strategy from Rodney: how mobile devices are enabling our employees to work more productively and how we can share more and better information with our customers in real-time. A win for our employees and also for our customers.

Today, I'm going to go further out on the cutting edge of the digital strategy, and that is where our digital strategy focuses on automation. This is where we are using advanced tools and technologies such as artificial intelligence and machine learning to digitize our operations. We made a strategic investment in data science and AI and built





an industry-leading team. We've also strategically positioned ourselves in Atlanta and tapped into its rich talent pool, provided them with best-in-class Silicon Valley tools and technologies. And together with our business partners, they've been working on highly transformative, high-impact projects, capabilities that not only substantially enhance productivity but also provide better and safer outcomes. And I'm thrilled to present you one of them today, an initiative that is already transforming the safety of our operation and enhancing our productivity. And we call it Digital Training Inspections or DTI.

For our entire history of nearly two centuries, train inspections have been performed by inspectors walking the entire length of a train while stopped. And during this time, we have made step function improvements in inspection quality and safety. However, there has been one constant. Inspections are a cumbersome and time-consuming process vulnerable to human limitations. Heavy rain, fog, snow, low visibility, they all could impact that. But DTI is transforming this.

Machine vision technology is now capable of capturing high-resolution images of trains running at full speed and artificial intelligence algorithms that we have created here at NS transform that imagery into powerful knowledge. We then quickly deliver that knowledge by using edge computing, and our mechanical team has created a comprehensive strategy for intercepting cars that are algorithms find, repair them and get them back in revenue service quickly.

Where we're heading with this initiative has many benefits: reduce train delays, reduce accidents, reduce car dwell. We're building a system that can detect and diagnose defects before they become an issue. And as a result of that, our mechanical team can spend more time performing value-added work. We call this turning the finders of defects to fix it, a game changer in enhancing our productivity.

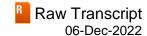
It all starts with the wayside technology. We talk a lot about machine vision imagery. It is truly transformative. But I would also like to note that for all this to work, we have designed comprehensive inspection corridors with overhead imagery, undercarriage imagery, acoustic systems, and other detection technologies. And they all work together to gain a full understanding of the health of a rail car as it passes by at full speed.

Now, this is exciting for two reasons. One, inspecting trains in motion keeps cars emotions, which our customers like. And two, and this is the revolutionary part. When a train is in motion under load, what we call the dynamic state, you will learn so much more about the health of a given component and see that it may be becoming stress before it actually fails. And that is a revolution at NS, and, frankly, the industry. And this is an aspect of DTI that is already paying us dividends today.

Next, we have develop algorithms that leverage artificial intelligence technology to scan this imagery instantly and find defects completely automatically. And this is an aspect of DTI that has really advanced rapidly since we began in 2020. We work with outside partners to think about the AI approach, but we really didn't start seeing success until we deployed our in-house data science team to tackle the objective. And the secret to that has come from how my team has worked with our mechanical team to convert hundreds of years of human learnings on how train dynamics behave into algorithmic science.

It has required iteration and a very close partnership, and I'm thrilled to say that the success rate of our algorithms is already exceeding our expectations. And this is where our data science team has exceled. It is critical to have effective algorithms that have a very high defect detection rate, while also having very low false alarms. And we have achieved both. While they developed these best-in-class algorithms, we have found the available inspection portal camera technology and limitation. So, we're also building a NexION version inspection portal system.

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Now going back to the AI piece, all this is computed at the edge, out in the field, close to our train operations and we get the results in a matter of minutes into the hands of our intervention teams. We have developed a playbook for response protocol depending on the severity of the issue and then we get the car repaired and get back on its way to our customers.

Now, let me describe the technology and process. Let's talk about our vision for how this transforms Norfolk Southern holistically? We continue to build more algorithms to find additional defects. We've also mapped the corridors as you can see here, 16 of them, where we will develop DTI to cover 90% of our freight traffic especially in and out of major facilities. So before a train comes to a yard, our mechanical team already knows what needs to get repaired and has a plan for it. And this foresight is a significant productivity gain for us while driving better outcomes.

So as you can see, not only will DTR digitize inspections and enhance productivity, it will make them more robust, higher quality and faster. And as a result, we will move cars through our yards faster, create capacity, improve reliability and continue to improve safety.

And this concludes our discussion today of the continuous productivity improvement element of our strategy. Paul had showed you how our new operating plan drives efficiency and Rodney just talked about how we're using technology effectively in the field right now to become more productive. And I hope I've given you a look at how advance technologies will drive large future opportunities.

Now, we'll shift the discussion to the part of our strategy we call smart and sustainable growth. And to do that, I'll hand it off to Ed. Thank you.

Claude E. Elkins

Executive Vice President & Chief Marketing Officer, Norfolk Southern Corp.

That's really impressive. Thank you all for sticking with us here. You heard throughout the day that we're focused on, number one, reliable, resilient service. Number two, continuous productivity improvement. And number three is smart and sustainable growth. The entire management team is aligned on this. We're focused and I hope you can tell it.

We're working toward the same goal, and that's to transform Norfolk Southern into a growth organization that will deliver value to our customers, allow us to capture that value in the marketplace, and make everyone more successful. That includes our customers and includes us, includes our shareholders. You heard from Annie about how that we are addressing the issue of resilience throughout our network, right, through talent management.

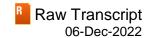
We're being redesigned for resiliency. You heard from Paul, Floyd, and Rodney, my colleagues, my partners, and my friends on how we're going to execute operationally to balance service, productivity and growth. All of this is going to allow us to unlock the value of that powerful network you heard about from Kathleen and from Mike.

We're going to win in the flexible freight market. That's where we're going to apply our talent, our resources and our platform for growth. As we execute our plan, our customers are going to recognize that value.

They're going to trust us with their supply chains. And they're going to decide to shift more of their freight from highway to rail. You'll hear about that precisely from both Shawn and Leggett and Meghan as she comes up here.

At the same time, we're innovating. We want to integrate ourselves further into our customers supply chain. There's more value to unlock. That's the foundation for growth. And I think this is a really, really exciting time to be

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working for the company. I hope you can tell it from the people who've spoken to you. I think it's a really exciting time to be a shareholder too. The foundation for growth that we're laying out here like Alan said earlier, it's going to be an enduring advantage for Norfolk Southern enduring competitive advantage, and that is reliable, resilient service over the long term.

Now, I will turn it over to some folks to talk about smart growth. That starts with Jacob Elium. Jacob, come on up. And beyond him, comes Leggett.

Jacob Elium

Vice President-Network Planning & Optimization

Thank you, Ed.

Claude E. Elkins

Executive Vice President & Chief Marketing Officer, Norfolk Southern Corp.

Yeah.

Claude E. Elkins

Executive Vice President & Chief Marketing Officer, Norfolk Southern Corp.

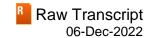
So you might be asking yourself why somebody from operations leading off the section of our growth? Well, as Alan mentioned earlier, I haven't always been in operations. In the previous role with Norfolk Southern, I led our merchandise customer service group and had many challenging conversations with customers when our service wasn't meeting their needs. I can assure you those were not fun conversations. In a different role in Norfolk Southern, I also led our automotive marketing group and saw firsthand the growth that can be [indiscernible] 03:26:07 when our service adds value to our customer supply chain.

Now, in my current role as Vice President of Network Planning Optimization, designing a service product that Shawn and Leggett can sell is my number one priority. I may give you a little – I may go in a little more detail here about one of the service offerings of our new TOP|SPG plan. When TOP|SPG was first vision about a year ago, we knew we needed to revamp We knew we needed to revamp the playbook for how to build a efficient, growth-oriented intermodal network to connect our powerful portfolio of terminals. We developed this approach on two concepts, velocity and capacity, which, in turn, support the service, productivity, and growth that's central to our plan.

We call this revamped playbook our high-frequency departure plan. This is a key hallmark of our overall TOP|SPG plan. This intermodal plan involves the same number of crew starts as our previous TOP21 plan, but significantly increases the speed of container. This is very important. Our customers need increased container velocity to compete with the truckload market, and that's exactly what this plan delivers.

This increased velocity comes in several forms, first within the terminal and next along the line of road as we improve our reliability. As we speed up the equipment that both we and our customers own, that equipment can make more trips each year. As equipment makes more trips each year, the equipment spends less time dwelling inside of our terminals, taking up that precious capacity. As you heard from Kathleen and Mike earlier, our terminals are in desirable locations, close to the consumers and close to the warehousing base. This plan takes advantage of that valuable real estate.

I'm going to show you a quick video here. This can go in a little more detail about how this plan works, and then I'll come back up and explain a little more.



[Video Presentation] 03:27:56- -03:29:49

[indiscernible] 03:29:55 would focus on aggregating freight, aggregating the three types of in-rail freight separately: international domestic, truckload and parcel. This is particularly true in locations where he had more than one terminal such as Chicago. We'd accumulate that freight over the course of the day and then send it on its way to its destination.

As we've entered into a new era of filling out capacity or growth on our footprint, it's become imperative that we place additional emphasis on velocity because velocity in turn creates capacity. To do this, we have shifted our focus on aggregated freight based on the destination it's going to and not the type of freight. This is a form of blending, something that Norfolk Southern has done successfully before and a hallmark of precision schedule [indiscernible] 03:30:39.

Blending the fray also simplifies the role of each facility. This simplicity means the plan is more executable and it means the freight, which would have had to dwell for up to 24 hours in the past, is now only going to dwell under eight hours in the new model.

Lastly, the strategy of multiple sailings per day gives us the ability to scale to demand levels. This plan improves the balance of our assets. And because there is more than one sailing, we have more opportunities to calibrate the plan, optimizing for crews and locomotives to maximize the service productivity and growth that is central to our plan. We are positioned where our world-class channel partners need us to be. In this evolution, our operating plan embodies our customer-centric and operations-driven approach.

Thank you. And I'll now turn over to Shawn Tureman. He's going to speak a little bit more about the commercial offerings that can be bolted on this new capacity.

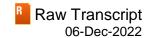
Shawn Tureman

Vice President-Intermodal & Automotive, Norfolk Southern Corp.

[audio gap] 03:31:32 you know, I can tell you how wonderful it's been this year working with Paul Duncan, who has deep experience in the intermodal business and operating environment [audio gap] 03:31:42 new VP leadership team to design and launch top SPG. The innovative high-frequency departure plan in that Jacob just defined is how we unleash growth by consistently delivering a powerful year in, year out service that by design is resilient and generates additional capacity for growth.

As I'm sure you can tell, the entire team is aligned, aligned to deliver on our customer-centric, operations-driven strategy to enable smart and sustainable growth. The ultimate expression of our success is smart growth, which is dependent on our ability to meet the changing needs of our customers. And that's particularly true for intermodal where the opportunities require high, high service standards. Intermodal rail service provides customers a cost-effective, environmentally friendly option for anything that can be moved into a truck. Norfolk Southern has a powerful intermodal franchise to do just that. The largest, most extensive channel partners – the largest, most extensive intermodal terminals in the country, and the ability to expand incremental capacity to onboard that growth, as Mike McClellan defined earlier.

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The strongest, most efficient channel partners in the industry like J.B. Hunt and Hub, these powerful partners represent the largest, fastest growing capacity providers in the industry. Our partners are aligned with Norfolk Southern for growth. In J.B. Hunt steering field, as you said, the prize is to double our intermodal volumes together. Our partners are absolutely the best and most efficient players in the business. And their customers have built their networks to leverage the NS intermodal network. A great example is Amazon. I mean, just a decade ago, they moved a few hundred loads a year. Today, they move hundreds and hundreds of thousands of loads a year. And now, or today, Norfolk Southern's largest intermodal customer.

As Ed mentioned earlier, all the ingredients are present for growth. Our customer-centric, operations-driven approach will enable us to target the addressable \$61 billion flexible freight opportunity by delivering a high level of service year in and year out needed to compete for the service sensitive freight that is traditionally not moved by rail. Building on our operational excellence, we will continue our commitment to being a customer-centric organization by offering innovative solutions for our customers. I want to begin first by highlighting the terminal of the future A revamped freight ecosystem built on our success of the past and informed by recent supply chain challenges and designed for efficiency, variability and growth.

In terms of efficiency. We have equipped our terminals with several new technologies that enable advanced planning and communication, which ultimately reduces the capital required to accommodate growth and provides the visibility our customers need to make better, faster decisions. GPS units on all our equipment will allow for predictive and optimization of on terminal work events and integration of off terminal customer work events. Inside the terminal, we've invested in stacking optimization technology that allows us to handle more units on the same footprint by going Vertical, an appointment system that significantly improves the scheduling process and dramatically improves fluidity on our terminals.

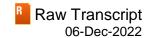
The deployment system links the terminal gate and crane capacity to better manage capacity and variability, while improving the customer overall experience. Most importantly, our stacking technology and processes are designed for growth. Once a stack is deployed, it's scalable and easily replicated across our terminal network. We are also optimizing our terminal to meet our customer needs. Our customers already provide us today with [ph] DeliverBy. DeliverBy 03:35:53 is the date and time that a load needs to be allocated and picked up at destination. By leaning in to [ph] DeliverItBy 03:36:00 we can prioritize resources for the units that need them most, meeting our customer's service expectations.

This is another powerful lever that we can pull to add resiliency to our service product and to optimize our resources without spending more capital. With respect to innovation and as supply chain has evolved, in supply chain has evolved, in response to rapidly changing business environmental conditions, NS will be there to deliver solutions. A great example, 20-plus years ago, the West Coast reigned supreme as the international gateway to eastern US consumer markets.

Today, eastern US ports are playing a much, much larger role and NS will be there to serve their needs by launching new international inland port services for our East Coast partners and customers, facilitating the translating from international to domestic containers at major East Coast ports like we have with J.B. Hunt in the Northeast.

This is expected to be in a tremendous growth area. And developing partnerships with key domestic partners to develop and launch new domestic services from our ports, such as Savannah, where today we do not currently have a domestic service offering. With a focus on becoming a customer-centric, operations-driven organization, we will be able to identify new markets and opportunities for value creation.

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We all recognize the incredible growth that exists for our intermodal franchise. We're only in the fourth inning in this ballgame. And we are laser focused on becoming a customer-centric, operations-driven organization to unlock that potential growth. Our plan is achievable and sustainable. Building on the foundation of operational excellence, we will take a customer-centric approach to developing innovative solutions and technology tools that create value and uncover these opportunities. Thank you.

Next up, Leggett will discuss smart growth and what it looks like for our industrial products and energy franchises.

Leggett Kitchin

Vice President-Industrial Products and Coal

Good afternoon. So, I had to talk to you all day about our customer-centric operations-driven approach and industrial products and coal. As you've heard from all my colleagues so far today. We are uniquely positioned to unlock smart and sustainable growth in these markets. But before I get into our plan to propel smart growth, I want to brag a bit about our current franchise. Over the prior four quarters, our industrial products and coal business has delivered over \$8 billion in revenue. In this business, we ship over 1,000 individual commodities, the 3,500 unique customers who participate in every facet of our economy.

Every year we ship enough lumber to frame up 350,000 new homes and enough PVC for the plumbing, too. Our industry leading metals franchise delivers enough steel to supply the entire US auto industry, twice. And our diverse agriculture business delivers the ingredients that make just about everything you can eat at a Chick-fil-A, a favorite in our new hometown.

We're also so fortunate to move 75 million tons of coal that power homes and steel production around the world. We will continue to flex with this important industry, just like we did this year, when our customers needed more US coal at home and abroad. While the market has shifted away from coal, our diversity has allowed us to grow with other markets. This is a flexible freight that both Alan and Ed have talked about already today.

The important thing to note here is that we don't just find flexible freight and intermodal shipments. We find it in nearly all of our carload markets where we have an enormous efficiency advantage over truck. And in Norfolk Southern, we have the best partners in the industry and unrivalled access to the big and growing consumer base in the east. Our customer centric, operations driven approach will allow us to accelerate growth in these markets.

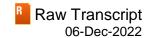
Throughout the day you've also heard my colleaguesThroughout the day, you've heard my colleagues talk about how they're going to drive operational excellence. You should see by now that we view this as the work of the whole team, not just our operating team. And the key role that my team plays in this effort is delivering the smart and smart and sustainable growth. This means delivering freight that we can be successful with.

And to do this, we collaborate with our colleagues on Floyd, Rodney and Jacob's teams every single day. Sometimes this means working with our customer to reconfigure the freight so that we can both be successful. You heard Paul talk about some of these efforts earlier.

Other times, it means setting clear expectations about when we can create the capacity to handle their business like we did with our grain customers earlier this summer. Working with our operating colleagues, we are now moving 33% more grain trains than in August as we've been able to strategically position go teams in the Midwest and increase the fluidity of our grain sets.

Of course, we can't be successful with all freight. But fortunately, the universe of freight that we can be successful with is huge. So we just have to capture a small share to show big growth for our franchise. And we capture this

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freight by listening to our customer and solving their problems. My team is built around deep and longstanding partnerships with our customer. Their focus is understanding our customers full value chain, not just rail and working with them on solutions that allow us to grow together.

The message from our customers is clear, just like you heard in the video earlier, our customers are excited about partying with us on growth. And they want to grow with us because the value of car load rail is undeniable. You put three to five truckloads of material in every car and move them efficiently across our diverse network with 80% less emissions than a truck.

with 80% less emissions than the truck. So let's just pause on that for a minute. Our average industrial product shipment travels 600 miles, which happens to be the sweet spot for untapped highway conversion in the US. And on average, we put more than four truckloads and material in each railcar. You can do the math on our average RPU compared that to what we call as we move that same material informed trucks and you quickly realize the economic power of [indiscernible] 03:42:44 rail.

Add to that, the growing tailwinds for you as freight rail that Kathleen spoke to and the power of the Norfolk Southern franchise that Mike outlined. And it's clear why our customers want to do more business with us.

The growth in these markets is not just theoretical. I spend a lot of time at some really exotic locations, like the tipping floor of a waste transfer station or the unloading pit of the feed mill or the scrap pile of the steel mill. And there's a common theme at all of these spots. The plant manager wants to do more business on rail because we make our plant more competitive and material yard easier to manage. In fact, I was on the unloading dock of a paper mill early this year and the plant manager told me that 40% of his paper rolls went out on rail, but his target was over 50%. If we could just capture that target share, we could grow our volumes by 25% at a plant that's already on our line and with traffic that's already in our network. And it's not just that plant. This is a similar story at plants across out network, from steel mills to paper mills. There's a lot more traffic that should be on rail. And I believe that that targeted rail share will grow as we prove that we can be resilient through the business cycles like Alan, Andy and Paul described earlier. This is a huge deal. Our customers would tell you

This is a huge deal. Our customers would tell you that if we can offer a resilient service product, that will give them the confidence that they need to build more of their supply chain around us. We're also growing our share and catching new freight by innovating with our product across all of our markets. We're investing in technology to make rail easier to use, and we're creating new solutions that unlock the power of rail for more freight.

To talk about some of these innovations, I'm going to pass the mic to your old friend Meghan Achimasi who was solving customers problems long before you all knew her, and I'm glad to have her back in the saddle. Megan?

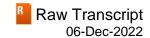
Meghan Achimasi

Senior Director-Investor Relations, Norfolk Southern Corp.

Thank you, Leggett and good afternoon, everybody. It is a pleasure to see so many familiar faces from my time in Investor Relations and to share with you today the products and the technology that are powering smart growth at NS. We are creating products that deliver the simplicity of truck and the efficiency of rail across the industrial products market landscape.

I want to share with you a few examples of how we're doing that. By reducing the variability of our service product, we allow customers to rightsize their fleet, reduce the required safety stock, and we increased our participation in that flexible freight market that you've heard so much about already this morning. So along those lines, one recent product that we've launched is an inventory buffering solution we call Waypoint.

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Waypoint offers inventory proximity at a price that's less expensive than truck and makes that rail delivery feel a lot more fluid, when we talk about it. Where NS has available capacity, we'll allow our customers to pre-position their railcars outside of their manufacturing facilities, which makes that last mile rail delivery actually feel a lot more like truck in terms of the predictability and the frequency.

Now doing this allows us to keep those serving yards fluid, which Floyd appreciates. We also provide incremental capacity to that local customer, and we produce an incremental revenue stream for NS. Now we've experimented with Waypoint in a variety of different market segments and geographies. I don't have to talk – I don't have time to talk about all of them.

But I can tell you we have found great success with a consumer goods brand, major consumer goods brand in the Southeast, where demand for their products surged during the pandemic and it remains high today. Now, we're also fully engaged in expansion of our transload capabilities, and that includes at around 35 branded terminals or TBTs, as well as hundreds of independently owned facilities that are served both by NS and the 260-plus short line connections that Mike referenced earlier.

It provides us extensive market reach and a broad range of product capabilities, from co-mingling ethanol to staging steel and lumber, to deconsolidating those chemical shipments that I love so much from rail into multimodal options. And because we have numerous partnerships with trucking companies and transload carriers, it provides optionality to our customers so that we can provide door-to-door solutions that best meet their needs with the simplicity of truck and the efficiency of rail.

And in 2020, we also launched a new product that I know you've heard about, Thoroughbred Freight Transfer or TFT This is a truck-like product that leverages the high capacity of a boxcar and the speed of intermodal. The customer experience is very similar to a standard LTL product in that first and last mile delivery is handled by truck, and there's intermediate transload to and from a boxcar.

We identified a market opportunity to target heavy palletized freight. Think hand tools and motor oil. And then, we doubled down on the competitiveness of that service offering by moving those boxcars in intermodal service. Thank you, Shawn Tureman. That eliminates the intermediate dwell along the way, and it provides a better transit than our standard merchandise service.

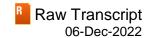
In each of these examples, waypoint, expanded transload capabilities, and our TFT model, we are creating carload solutions that enhance the reliability of our service. And that is how we are going to be successful growing our freight. We compete by delivering that consistent and reliable service product that Paul and Floyd talked about, and then we layer on top of that a best-in-class, consumer-oriented customer experience.

And speaking of customers, they have been clear. Simplicity starts with visibility. From our AccessNS portal to our state-of-the-art mobile app in Trax to a broad range of APIs that we just launched to customers this fall. We are building out our existing toolsets in agile ways to deliver to our customers.

ways to deliver to our customers.

Now, that's what we're doing today. And you've heard Rodney also talk about how that empowers our workforce, which puts better quality information in the hands of our own boots on the ground and our customers. And we are on the verge of a major change and major upgrade, a substantial leap forward in Rail Pulse. As you've heard, Rail





Pulse is a coalition of railcar owners that are working together to accelerate the adoption of GPS and telematics technology across the North American rail network.

NS was on the leading edge of the creation of Rail Pulse. It was created by our very own Mike McClellan you heard from a couple of times today, and we're also going to take a leading position in terms of equipping our merchandise fleet. We see Rail Pulse as a game changer to the rail freight industry because it empowers shippers to further integrate rail into their supply chains and, again, drive modal conversions.

Finally, I'd like to wrap up by sharing some specific actions that Norfolk Southern is taking to promote sustainability with our shippers. For 15 years, NS has been a corporate leader in sustainability. You can go back to 2007 when we named the industry's first chief sustainability officer. One year later, we were publishing our corporation's first sustainability report. And last year, we raised the bar when we implemented our science-based targets which, as you know, are focused on a 42% reduction in greenhouse gas emissions intensity by 2034. And today, we are raising the bar for the entire industry.

It's well-understood that rail is the most efficient form of ground transportation. And NS is in the forefront of pricing net efficiency into our value proposition. And we're doing this in two very unique ways that I want to share.

First, as our customers are increasingly focused on measuring, reporting and managing their supply chain emissions, we launched our next generation carbon calculator. It's fed by 30 different commodity types, covers 75,000 cities and has a sample size of 7 million shipments, driving an industry-leading accuracy of emissions that come from when you convert one truck or 1,000 or 10,000 to rail. This tool makes it incredibly easy for current and prospective customers and I'll say investors. You can try it too. It's on our website and it's free. To calculate the annual savings that come when you convert freight and the benefits are quantified and easily understood ways like fewer gallons consumed, energy savings and reduced highway emissions.

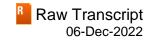
For the average company, 90% of their emissions come from their supply chain. And 25% of our top customers have already publicly announced their carbon reduction goals. So building upon that, we also created a program to share those credits with customers to capture the emission value of the shipping decisions. We call that program our carbon abatement program or CAP. Under that program, shippers already have the ability to incorporate those savings into a total landed cost model that directly compares truck and rail. And that is where rail leads the deciding factor, as you've heard it today, almost an 80% reduction in emissions.

Our carbon calculator and CAP, are part of our unique value proposition, and they are completely aligned with the strategy that you've heard today about smart and sustainable growth. In fact, our chemicals customers were actually among the first to sign up for CAP. We have plastics, industrial chemicals and petroleum shippers that are already signed up for this program in active pursuit of their own carbon reduction goals through highway conversions.

Sustainability is going to be a tailwind for years to come. And so we are leaning in, as you've heard us talk about today, with the technology and the products that drive deep value for NS, for our customers, and also for our investors. On my last slide here, I highlight the 15 inaugural recipients, which we announced just last week for our partners under our new thoroughbred sustainability partners program. These are customers and suppliers that have demonstrated leadership in the areas of innovation, energy efficiency, and environmental stewardship.

And what this shows is that these customers, these suppliers and so many more across our franchise are all in on the economic value of sustainability to their business. And the vital role that rail plays as a part of that formula. So as you've heard from my colleagues, you've heard from me, we are excited. It's an exciting time to be here as we

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deploy our smart and sustainable growth strategy across tomorrow's supply chain through simplicity, reliability and efficiency.

ith that, I really thank you for your time. Great to see you again. And I'm going to hand the mic over to our senic am for the next round of Q&A.	r
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ou want to emcee?	
	\
eah. Why don't we go in the middle to Cherilyn?	
herilyn Radbourne alyst, TD Securities, Inc.)
hank you. Cherilyn Radbourne with TD Securities. In terms of the financial outlook that you presented, it seems to stability in coal is a pretty important assumption. So can you talk about what that implies in terms of utilities, eelmaking and export coal, and just how you all got comfortable that that's an appropriate assumption?	
A	
ure. Ed, I know you've been really close to our coal customers. In fact, we had one of the world's best exporters here just last week when we sat down and talked to them about their three-year outlook. You want to talk abour outlook for coal?	
A	
ure. When I look at the coal markets both inside the US and certainly outside, there's a lot of uncertainty but ings have changed a lot over the past year, whether it's the macroeconomics around energy in Europe, the onflict that's going on in Ukraine and what that implies for global energy markets. And also you look at China an hat's going on there, whether it be the real estate markets, their ability to return to growth, etcetera. We factor a at together. Sure, there's plenty of uncertainty, but really and truly what we see, at least for the foreseeable ture, is an increased demand for BTUs, for energy. The world is going to need that. The free world is going to seed that. And the US certainly is going to probably take an all-of-the-above approach to satisfy demand going to rward. We think that coal has a place, at least for the foreseeable future, to do that. And overseas we feel the ame way, particularly when you think about all those other factors that we talked about.	
	\
kay. We'll go with Brandon over there.	
randon R. Oglenski alyst, Barclays Capital, Inc.)

Investor Day



Thank you. Brandon Oglenski from Barclays. I appreciate you guys hosting this day. With intermodal such an important growth driver in the future here, are you guys really focused on the current lanes, that terminal connectivity, or is there new markets that you're looking at to expand with your channel partners? Because I know you did go through some rationalization maybe not that many years ago, right?

A

Yeah, we made some changes to our intermodal franchise, and we pruned some areas where, frankly, we were getting pretty clear market signals where we weren't adding a lot of value to our customers. We're really focused now on densifying our lanes and improving the throughput of our containers to our terminals.

Ed, you wanted to kind of talk about the markets?

A

Sure. I mean, we are always open to new markets where we can add value. I think of Greer, South Carolina, where Mike led the effort there to plug in essentially a new intermodal market, and that's a great opportunity. We're always on the lookout for those kinds of things. But we are also very, very focused on how we add value in those key markets that you've heard so much about, whether it's Chicago, where we have four very large intermodal terminals and a lot of robust capacity; whether it's the East Coast in the form of Eastern PA or New Jersey where many, many, many consumers live and are going to require additional capacity going forward, whether it's southeast where we are right now, where quite frankly, there is a tremendous amount of industrial development going on that I think is going to bode well for us going forward. So we're open both. But I think, we're placing some heavy bets, and I think very appropriately on the power of our network to deliver that value in those markets.

A

And as well as our strategy, Kathleen articulated a warehouse development strategy partnership with developers that are putting more warehousing next to our model terminals, which is going to pull more business through our terminals.

А

Okay. We'll go with Bascom here.

Bascome Majors

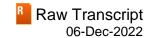
Analyst, Susquehanna Financial Group LLLP

Yeah, Bascom Majors, Susquehanna.

Δ

Hold on one second, Bascom. Let's wait for the mic.

Investor Day



Bascome Majors

Analyst, Susquehanna Financial Group LLLP

Bascom Majors, Susquehanna. Going back to the resiliency thing from this morning, you talked about kind of destination one being back to 2019 service levels for the business. And a point estimates in time probably aren't productive here given all the uncertainties. But do you have a kind of when that could happen most quickly or just to see any kind of timeframe for when you think you might get there?

And secondarily, incentives below the sea level, either for salespeople or operations people in management or regionally or even at the front lines, how are you changing incentives to really drive those outcomes from service, from the people who are running the business on the day to day? Thanks.

Д

Sure. We just we just filed some the STB on Friday afternoon, which said that we were going to hit our service targets, 2019 service targets by, I think, it was early May. So we're a couple of months out. We still have some hiring to do in a couple of key locations. And it's really tough, as you can imagine, to project huge improvements in service during the winter months. Right now, we're running a really, really good network. And our carload volumes as a result, even in the face of these economic headwinds, are at like 52-week highs, and we're delivering a great product during peak season.

[indiscernible] 04:02:08 incentives like driving back with incentives or the front lines...

А

Yeah. Ed, do you want to kind of talk about building a – an organization for growth?

Ed Boyle

Vice President-Engineering



Yeah, absolutely. We spent a lot of time thinking about. You've heard from Leggett, from Kathleen, from Shawn. We've spent a lot of time thinking about what the organization requires to become, not just marketing, but the entire company to be a growth company. And it probably requires some additional internal metrics that maybe we're not – have not been following or haven't even created yet. But we are in the process of doing that now. I think it's really important over time. Frankly, we have the capability with the network that we have and the service that we're going to produce to deliver tremendous value. And we want to make sure that we're signaling to ourselves that we're headed in the right direction for those.

And, Annie, do you want to say something about incentives, too?

Ann A. Adams

Chief Transformation Officer & Executive VP, Norfolk Southern Corp.



Yeah. I would now just add or just knod that we've already been talking about our compensation committee and let them know that we would come to them at the beginning of next year with an annual incentive program that's completely aligned with the strategy that we've announced today. And so directly on point.

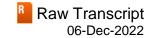


	Q
[indiscernible] 04:03:16 for senior management	
Ann A. Adams Chief Transformation Officer & Executive VP, Norfolk Southern Corp.	Α
And that will be throughout levels of the organization.	
Thank you.	
Ann A. Adams Chief Transformation Officer & Executive VP, Norfolk Southern Corp.	A
So – and including our current [indiscernible] 04:03:23 employees – segment of our current [indiscernible] 04:03:25 employees who are part of our corporate bonus program	
	Q
Thank you.	
	A
Okay. Jon?	
Jonathan Chappell Analyst, Evercore ISI	Q
Thank you. Jon Chappell, Evercore ISI. Paul, it seems like there was maybe some low-hanging fruit when you arrived. And then you also had kind of a slower macro backdrop and maybe softer volumes and you would expover the last couple of months that helped you drive a lot of those service metrics. If a recession's not as deep as long as maybe some people fear, do you feel like you're appropriately resourced today and TOP SPG is reacted to actually meet the demand in a quick reacceleration of the economy without facing some of those service disruptions that you've had in the past?	oect or
	A

I do. I do. You know, I'll start by saying that I certainly feel from a leadership perspective, we've got alignment through the organization to be prepared for what market dynamics take place. You mentioned the resourced piece, that is aligned with the metrics that Alan just spoke to and where we expect to be in the next couple of months. But I want to be very clear that throughout TOP|SPG and within the operating plan, it's going to continue to be an iterative process. We're going to adjust as we see market conditions prevail themselves.

But, you know, as we talk about where we're at with 2019, our premium services back to 2019 service. Our bulk trains are returning faster now than they were in 2019. You know, March merchandise is where I think we've got

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the remaining opportunity. And as we continue to resource up, we're going to continue to see that translate into the speed and philosophy that you heard Alan mentioned and the targets that we expect to hit here into early 2023.

А

Okay. We'll go with David.

David Vernon

Q

Analyst, Sanford C. Bernstein & Co. LLC

Hi. David Vernon with Bernstein. Question for you on head count and productivity, obviously, we're hiring ahead of demand levels right now. Is it right to think that you're going to be running with a little bit of a buffer of resource over the next couple of years here just to maintain service and service levels overall? And then as you think about the payoff from these investments in automated inspection portals and automating inspection, when should those initiatives be at scale enough to start maybe clipping away at some of that buffer of extra head count that maybe we were used to seeing before the pandemic? Thanks.

A

Annie, you want to talk about how we're applying the crew hiring model and then, frankly, the implications of a smaller conductor training class going forward?

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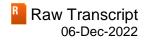
Yeah. Thank you. I would think, as Alan just noted, as we dial in our forecasting tool to better be able to predict forecasting tool to better be able to predict our staffing needs and match them to economic conditions as we tightly integrate our workforce planning with our customer demand forecast. It's not so much about having that surplus folks. We talked about the way that we would leverage additional capacity during an economic downturn. But what we're trying to do is get the right number of people in the right location at the right time, and we'll be factoring in what's going on in the operation, whether that is the plan changes or technology changes to continuously dial that in over time.

[indiscernible] 04:06:33-04:06:39

Д

So you'll see – You've heard about a variety of technology initiatives this morning and – that are already having payoffs and are changing the nature of the work that our operations employees do. As Mabby described, the DTI, the digital train inspections in particular, we are getting ready to build that out. We've had a proof of concept as we particularly zero in on the camera technology and build that out across the network.

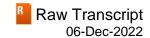
So I would anticipate that that will be a couple of years as we build out the 16 portals in the corridors that he identified. So I think there are a couple of years before that fully realized – that those benefits are fully realized.



Okay.	
	А
Okay. Why don't we come right up front here?	-
Jeffrey Kauffman Analyst, Vertical Research Partners LLC	Q
Thanks, Mark. Jeff Kauffman with Vertical Research Partners. You know, when I talk to shippers, they're all te me we ship 35%, 40% by rail, should be 45% or 50%. And I think you alluded to that. So a two-part question. going to get Mike involved here. Where does service have to be and how long does it have to be there before think you can get back to your fair share of those shipments? And I think secondarily, I heard a lot about interr visibility, but not a lot about external visibility to customers. I know rail pulse which you've spearheaded, is a bit part of that. But can you talk about how long it'll take to get the critical mass for customer visibility and whether rail pulse or other products, when do they come online and when will they matter?	I'm you nal ig
	Α
So, Ed, I want you to take the first part of the question. We're already seeing	
	A
Thank you.	
	A
customers talk to us about brand-new business opportunities to the railroad. And later this year, we were no engaged with customers about that, right? It was irresponsible for us to do so. Now we are having that discuss as	
	Α
Right. You talked about we're already seeing a 33% improvement in our grain flows.	
	Α
Well, you kind of answer it, but let me be specific. We're already seeing an uplift in volume in certain markets, particularly like in the export grain side. We would not have been able to take on that additional volume six or eight months ago because we didn't have the velocity to do it. But now we are and we're seeing additional volume. Same is true in the metals markets where there's still demand that exceeds our ability to supply that	

capacity.

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As we're speeding up, we're seeing additional loads directly fall to the railroad, back off the highway, quite frankly, where it belongs. And in other markets, it may take longer. But I think, quite frankly, there is plenty of freight in a normal freight environment that wants to move by rail because of the capacity advantage, the efficiency advantage and the cost advantage. Leggett talked about it. Shawn talked about it. And when we think about innovating on top of that with some additional product features that we can provide to customers, I think it becomes even more compelling over time in terms of the amount of freight that we can deliver to this network.

А

Mark, will you address rail possible?

Д

You bet. So, visibility is a journey. You don't need to wait for rail pulse to be fully deployed to have visibility. Annie and her team, and Paul and his team are working on improving the visibility of our customers every single day. I'll tell you from the board of rail pulse standpoint, of which I'm the Chair, we have an aspirational goal to equip every railcar in North America within 10 years. And I think that's going to provide a brand-new level of visibility for this industry, and one, quite frankly, that will be compelling. How fast it actually happens is going to be the how well that we capture and articulate that value to the marketplace.

Д

Okay. We'll go to Walter and then...

Walter Spracklin

Analyst, RBC Capital Markets

Thank you very much. Walter Spracklin, RBC Capital Markets. I want to go to the East Coast for an opportunity that you had mentioned a couple of times during the presentations. Two questions around that. The first one, is this a temporary trend at first in the sense that there's less shore port congestion that's driving some of this opportunity to East Coast ports currently? And might you see that retrace back if supply chain issues improve?

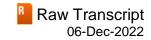
And then there's the longer term is Southeast Asia was the point of origination, more and more freight coming through the Suez. How long does that take to get into place or could that offset immediately that retracement? Second part of the question, if I could, can you talk to us about the difference in profitability from a container coming to you via Chicago through your West Coast partner or coming to the East Coast into one of your of sort of ports? Thanks so much.

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Ed, you want to talk about the secular shift from West Coast to East Coast?

Д

Investor Day



Sure. I almost had hair when that shift started, has been it's been going on for at least 15 years in terms of that shift in terms of that shift from the West Coast to the East Coast.	
	A
Yes. Just like that.	
	A
And that's not quite the event horizon. But at any rate, that shift has been ongoing for Number one, the Panama Canal expansion certainly accelerated that. Number two, is south and west in Asia has made Suez a more compelling alternative, just like you make been some, what I would call, acute events lately, like West Coast labor discuss congestion on the West Coast that have made the East Coast an even more compel those shippers. But the steamship lines are very, very intelligent, good businesspeor land miles for sea miles. The sea mile is always going to win in an appropriately fluid. For us, though, what that means is we've had to be even more creative to figure out those shorter haul markets. We talked about Greer a minute ago and talked about A is arguably the largest inland port in the world. When you think about how much freighted.	the shift of freight further nentioned. I think that there is sions, as well as a lot of lling advantage for some of ole, and ultimately trading denvironment. The we can deliver value in tlanta from Savannah, which
China, Shenzhen, let's say going up to Decatur, it's compelling in terms of the value very large, very long, very dense trains coming into the East Coast.	
What was the second part of the question?	
	A
He wants to talk about the merits of east coast originated. Yeah.	
	A
Yeah. Well, 25 years ago, West Coast Freight coming to New York was the thing. The international freight moved to those population centers on the East Coast. All those is second ago, whether it's Suez, whether it's the expanded Panama Canal, or whether that has brought the East Coast much more into play. So we've been very creative. A densify your freight, partner with the right ports, and you're very capable of making a international trade, even though it's shorter haul than it used to be.	factors we talked about just a rit's a shift in manufacturing And what we've discovered is
	Q
Okay. Very clear.	
Jordan Alliger Analyst, Goldman Sachs & Co. LLC	Q

Investor Day



Hi. Jordan Alliger, Goldman Sachs. I want to come back to the on shoring discussion because I thought that was pretty interesting. You know, you mentioned a number of projects. I'm just curious your thoughts on, you know, how many of these do you feel from your customers along your network as a way to get a sense for what's shovel ready? What's a timeframe? Is this three years? Five years? And in terms of your revenue CAGR, is this upside?

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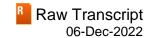
I'll talk about the industrial development side of it. You know, when you think about – I call it on shoring, not reshoring, because it's really probably a different type of manufacturing that's going to come back from North America. We're not going to be making shoes or clothes here, per se. It's going to be advanced manufacturing. And that requires a couple of things.

Number one, a very, very stable energy supply, preferably preferred energy supply in terms of cost. Also a highly trained, very adaptable workforce. And I think that as we put those two things together. North America in general, the United States in particular, in the Southeast, very specifically, I think has a lot of opportunity.

Our pipeline of projects, I think we mentioned earlier, the pipeline not all of them are going to land is bigger than it has been in over a decade. And what we see inside that pipeline is exactly what I described. It's more of the advanced manufacturing, whether its EV batteries or other energy intensive manufacturing processes. I can't think of another place on planet Earth. I would rather put a plant than in the United States.

'm worried about the cost of energy, rule of law or the stability of the political situation.
kay. Fadi?
di Chamoun C
nank you. Fadi Chamoun from BMO. Just maybe one clarification first on the code, is the base year 2021 when u're talking about [indiscernible] 04:16:07 kind of going into the next few years? And then a couple of other lestions on the merchandise or the manifest business, you made a compelling presentation about the eportunities to grow, and yet the forecast is to grow in line with IP, like what's holding back, not being able to low beyond the IP over the next few years?
nd the second part of that, looking into 2023, I get it, the economy is – the outlook isn't so clear yet. But is it fair say that you should be able to outperform industrial production in the economy in 2023 given everything that u described to us today.
A
nat's a three-parter.
Δ

Investor Day



Those are the three parts. They're all directed to you.

Α

I'll start and hand off to you, Ed. But I think with regard to the coal volumes, we're really talking off of the 22 baseline base here when we talk about flat going forward. Why don't you continue?

A

I have probably forgotten the other two questions but I agree with you on the coal piece, it is — we're up against production. And that's where we're starting from. On the merchandise side of the business, I mean, you're right. We talk about there's a lot of growth in share of wallet. And I think that there is a compelling case to be made that we have plenty of room to grow inside our merchandise network.

We're confident that we're going to inflect that line, which, frankly, has not moved for the industry for about a decade. We're going to fight that line back north. And where does it go from there? We'll see. But we're confident of that number that we're putting out there. What was the third question?

A

Can you outperform IPI in 2023?

A

In 2023, we'll see. I think we'll know a lot more when we get the January, in terms of what the outlook for next year is, just being honest about the near-term outlook.

Д

Okay. In the back we haven't heard from.

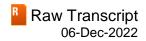
Ariel Rosa

Analyst, Credit Suisse Securities (USA) LLC

C

Hi. Ariel Rosa with Credit Suisse. So I wanted to stay on that point about the outlook. You talked about 2% to 4% volume growth and then you talk about Intermodal growing at double the rate of GDP. That seems to imply that all the incremental growth is essentially coming from Intermodal. I just want to make sure that my math is correct on that or kind of how you guys are thinking about what's your incremental growth comes from Intermodal.

And then also in terms of the margin headwind that comes from that Intermodal growth, how sizable is that? Now, when you talk about 530 basis points of a lot of improvements since your last Investor Day. If we think about your next Investor Day, four years out or five years out, it sounds like you're preparing us to expect less than that. But I'm wondering, that's 200 basis points, 300 basis points, something directionally around kind of what we should expect that.



	A
Do you want to talk about the growth targets in individual markets.	
	Α
Sure.	
	Α
And I'll talk about it in our next Investor Day. Just what I need an [indiscernible] 04:19:16.	
	A
Look, we know that our whole network can perform. And we've seen it do it in the past with the plan that we'putting together, the discipline that we're applying to and the leadership that we have. We're very confident to our MO product will return to the rate of growth that we've seen in the past, quite frankly. And on the merchangrowth that we've seen in the past quite frankly. And on the merchandise side, there is some upside. And I the will manifest itself primarily in those flexible freight markets, whether that's coiled metal, whether that is consproducts, whether it's food. There's lots of opportunity out there.	hat Indise hink it
	Α
And like the outlook, we had to get our OR in line, right? It's now in the ballpark. Now, what we're doing as we talked about, right? Now, we're more balanced but it's not a singular focus on OR, it's a service productivity a growth and it's also really managing other financial considerations which are equally important to our shareholders, including EPS return on invested capital and revenue growth.	
Mark, I think we've got time for one more.	
Mark R. George Executive Vice President & Chief Financial Officer, Norfolk Southern Corp.	A
One more question? Is there anybody we didn't get? Okay, Ken. No, this is not a three parter, Ken. We've go time for one question.	ot
	A
Somebody [indiscernible] 04:20:36 Ken.	
	Q

Investor Day



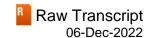
[indiscernible] 04:20:39 Mark, maybe just to follow up on that. Can you walk us through inflation impact on costs? Obviously, the contract now that it's settled. Maybe you can dig into costs a little bit more as we should think about it in the next year?

And Alan, obviously, we've got a new COO – future COO sitting next to you. Maybe talk about the process with Cindy or whatever you want to talk about and why you thought an operator from Burlington Northern was best to come in and run the one firm that does and explicitly do PSR to come in and run PSR principles? And maybe kind of talk a bit about that.

And then just a math question, because on the slides, you had trains going from four to -3.00 to 4.00 and then

2:00 to 3:00 starts. So you had more starts but yet you said fewer crew. Was that – did I catch that right?
A
Yeah. Well, flat crews.
Q
Flat crews.
\triangle
Right.
Q
No more trains are running.
A
Because we used to launch trains from 43rd or 47th Street and 63rd Street to Harrisburg, and 47th and 63rd and 63rd Street to Harrisburg and 47th and 63rd to Croxton, right? And 47th and 63rd are really – real close, like 16 blocks apart. You can do that math, right? All right. So now, we launched more frequent service from 47th Street to the terminal on the east and more frequent service from 63rd. And we don't just break out – launch a premium train and then launch a domestic train. We blend them. And that's a principle of PSR.
A

And with regard to inflation, we'll talk more about it in January when it comes to the short-term stuff because that's not what today was meant for. But clearly, there is a more profound slug of inflation that we're going to have to swallow going into 2023, absorbing the wage settlement impact. And not to mention, frankly, on the capital side as well. I mean, we'll have had between 2021 – well, 2022, I should say, and 2023, \$400 million of inflation just in our capital budget alone. So there are some profound inflationary impacts that we have to swallow, and we'll talk a little bit more about those impacts on 2023 next January when we speak.



А

And then Paul is a bona fide, right? I recruited Paul late last year, early this year. We brought him on board in March. We elevated Floyd. We elevated Rodney. We elevated Jacob. We improved our train speed by 20% in the third quarter, and we delivered record revenue and record EPS. These folks are delivering results, and they're the right team to lead us going forward.

Unverified Participant

Okay. Closing remarks, Al.

Unverified Participant

All right. Thank you.

Alan H. Shaw

President, Chief Executive Officer & Director, Norfolk Southern Corp.

All right. Thanks, team. At the end of the day, we're in the business of serving our customers. It's the only product we sell, and service is the only product we make.

we sell and service is the only product we make. And customers are noticing that. They're noticing the improvement. So, we talked about how customers are now approaching us about new business opportunities.

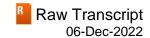
Last month, Annie and Nabanita and some of our operations leaders and some of our marketing leaders posted some customers and a customer appreciation dinner in Savannah. And a couple of the customers, ones who'd been frankly pretty critical of our service product in the past and frankly, appropriately so, came up to me and they talked to me about how they're seeing dramatic improvements in our service product. And Paul talked about how our bulk network is actually moving faster now than it was in 2019.

So frankly, I was not surprised to hear that commentary about improved service because I look at the numbers every single day. But then, they said something in multiple ones that, that really made me feel good and confident about what they're – where we're headed. They said and not only in addition to seeing improvements in service, they're seeing an improvement in alignment between operations and marketing to deliver a better service product and provide growth opportunities for our customers. That's how I know we're going to succeed, because we now have a team of talented leaders who are aligned around this mission and this balance of service, productivity, and growth.

And we all know that when we serve our customers well, we create value for our shareholders and rewarding careers for our employees. You heard our strategy. Mark talked about our value creation framework. We've articulated why Norfolk Southern is uniquely positioned to deliver long-term shareholder value through top-tier revenue and earnings growth, industry competitive margins, and balanced capital deployment.

So, I want to end with a few thoughts on our people. And hopefully, and I'm confident you noticed the theme from this terrific group of enterprise leaders. Floyd, in Floyd's own unique way, shared that our people want to operate

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on plan. They want more predictable schedules. And that gives them an opportunity to spend more time at home with their families.

Annie previewed our new workforce management strategy, which will enhance our resilience and our relationship with our employees. She also talked about moving conductors off the road to fixed work locations. Again, improving our service and improving their quality of life.

Rodney described how we're harnessing mobile technologies to empower our workforce, to make more decisions locally, faster and make routine administrative functions easier. And Mabby, he previewed technology that one day will mean our people won't have them walk a mile long train in Chicago at night in February looking for potential defects.

The best part of my job is when I'm out in the field talking to our craft employees like you see here. During the height of our service issues when we were woefully short on resources, several of our supervisors cared so much for what we're doing that they raised their hands and volunteered to resign their management positions and go back to their craft to serve our employees – or serve our customers, pardon me.

That's who we are. And that's the pride in working for Norfolk Southern. Serving our customers and moving the US economy that I think about every day. And I sincerely appreciate what our craft employees do every day to serve our customers because I know that when we're successful, it's because of what the folks out in the field are doing. And that pride that I talked about raising your hand. So, you know, I'm going to resign my management position, so I can go back to my craft and drive a train to serve my customers. That's the spirit and dedication and sense of purpose that gives me a lot of confidence in our future success.

So I'd like to thank you all for joining us today. That will conclude the webcast. Right. Okay.

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