

Norfolk Southern Corporation

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NYSE: NSC | Price Target: \$265 | Upside: 30.55%

Agenda



Company Overview



Industry Overview



Investment Thesis & Catalysts



Valuation



Investment Risks

Company Overview

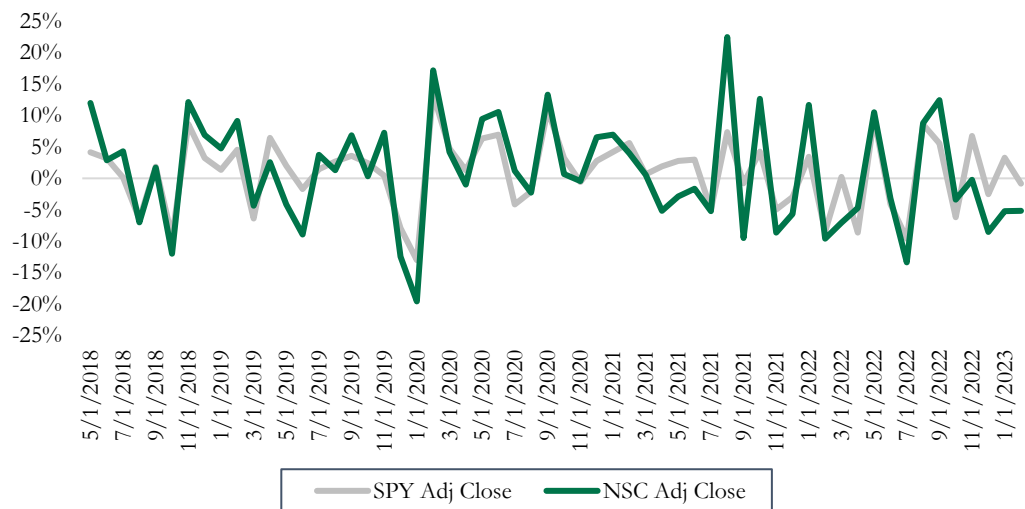
Company Information

Engaged primarily in the rail transportation of raw materials, intermediate products, and finished goods

The most extensive intermodal network in the eastern half of the United States

Operates 3 different major commodity groups –
Merchandise, Intermodal, and Coal

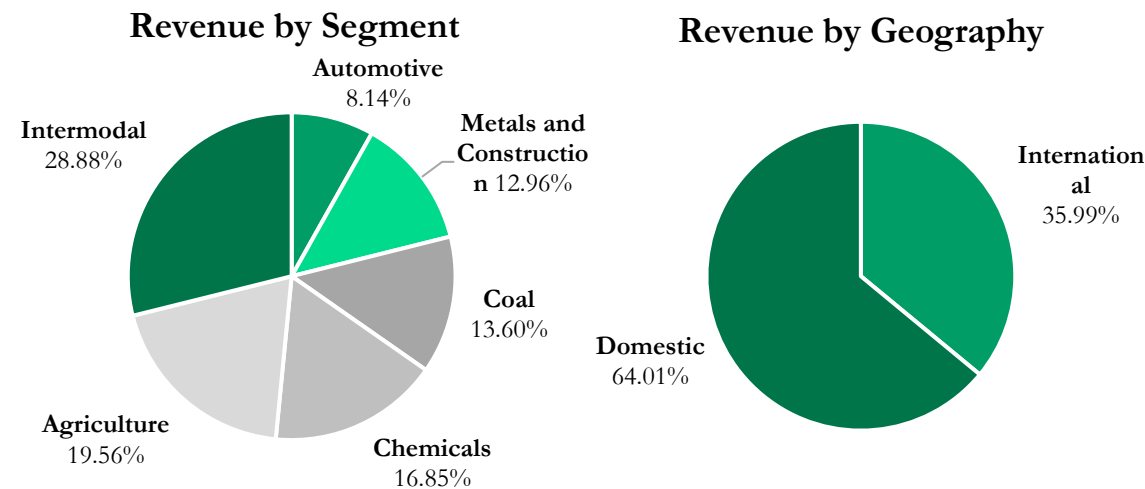
5-Year Historical Performance



Stock Information

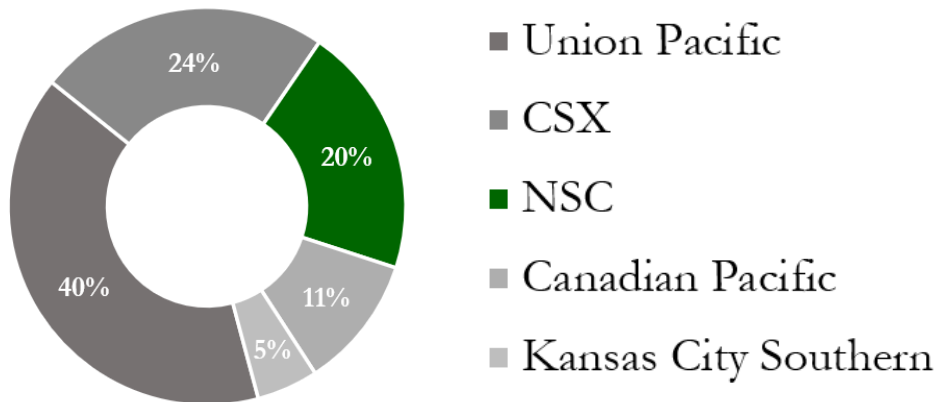
Current Share Price	\$202.98
52-Week Range	\$196.33 - \$265.32
Market Capitalization	\$46.53B
CEO	Alan Shaw
Beta	0.81

Revenue Breakdown

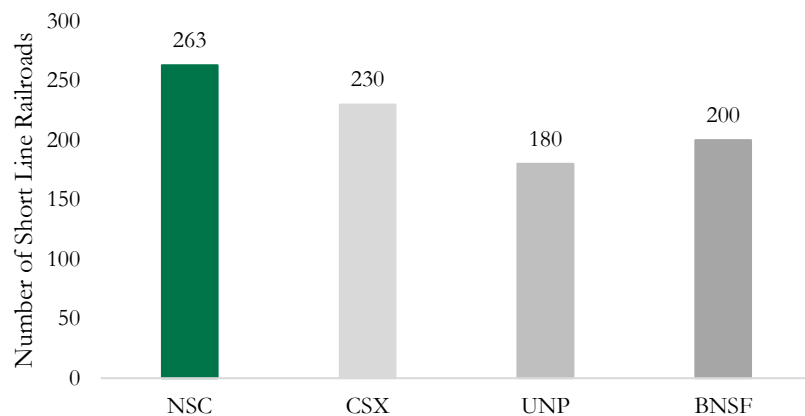


Industry Overview

US Railway Market Share



Short-Line Reach



Key Competitors



NSC's primary competitor with significant territory and service overlap

Has a larger footprint but serves the Western two-thirds of the US with less NSC overlap

Industry Trends



Safety – Railway accidents are down 49% in the past two decades

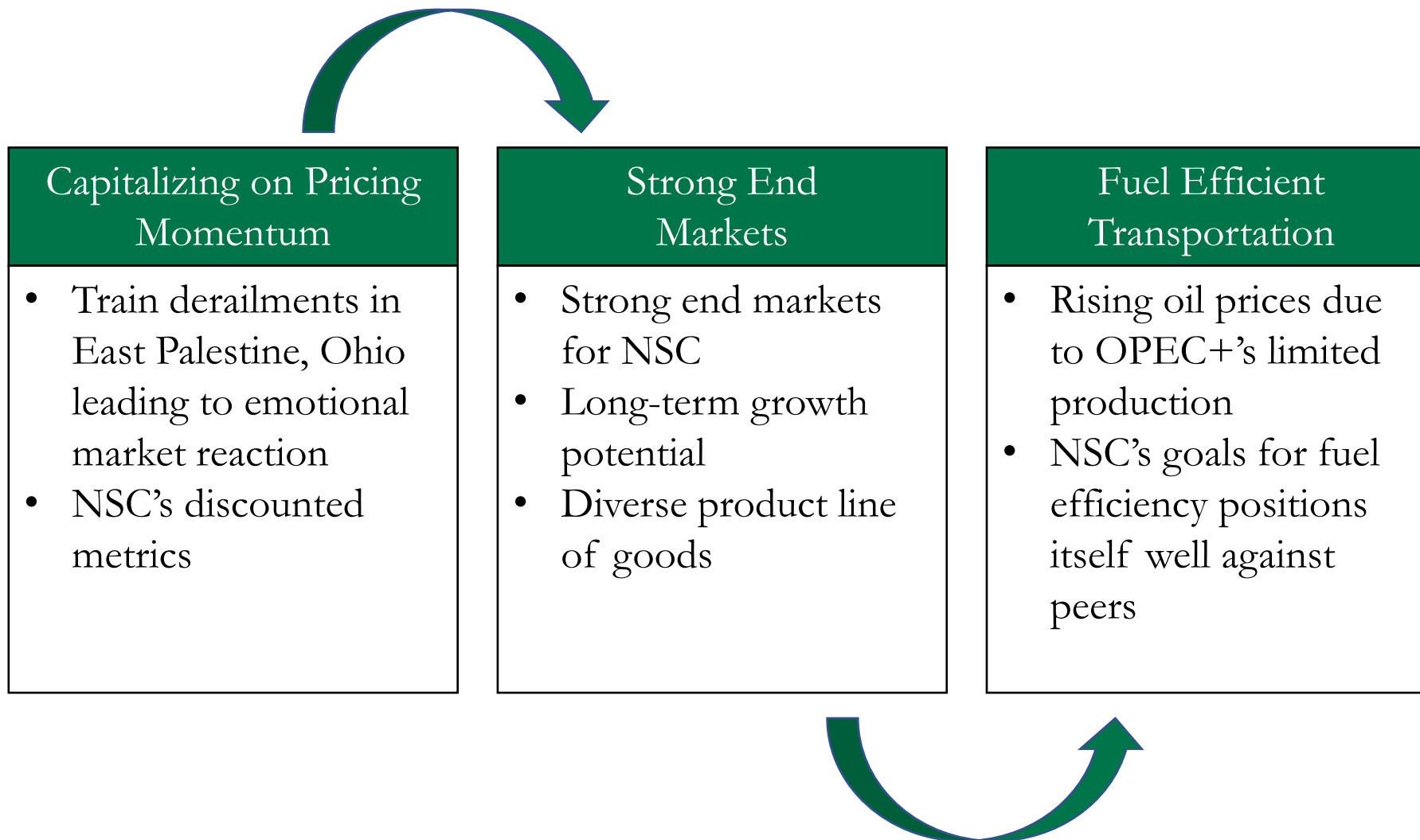


Economic Contraction – GDP expected to drop to 0.9% growth in 2024



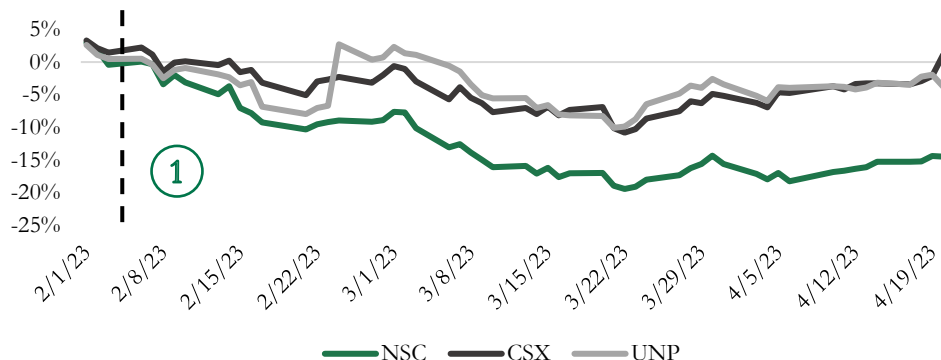
Fuel Efficiency – Railways have shown a 17% improvement in fuel usage since 2000

Investment Thesis



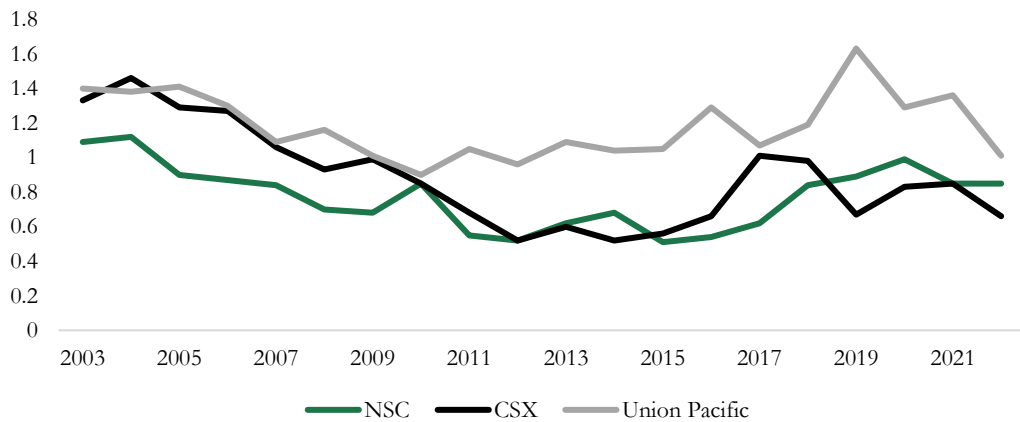
Capitalizing on Pricing Momentum

Recent Stock Price

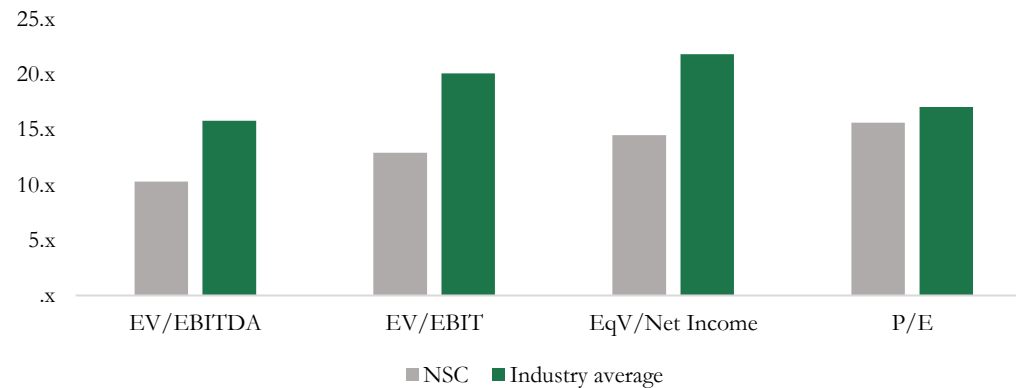


① February 3rd – East Palestine, Ohio train derailment

Accidents Every Million Miles



Discounted Metrics



Safety Precautions Moving Forward

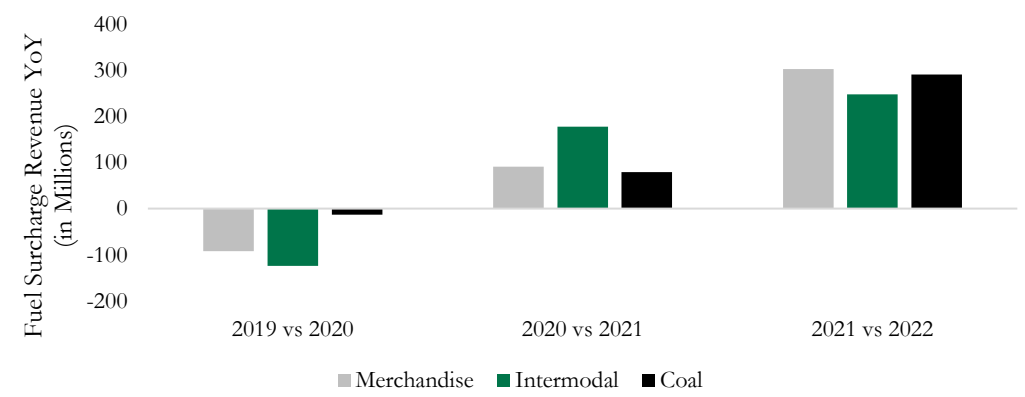
- \$387 million damages charge
- Adding 200 hot bearing detectors to allow for earlier detection
- Hiring employees for their locations that are understaffed

Strong End Markets

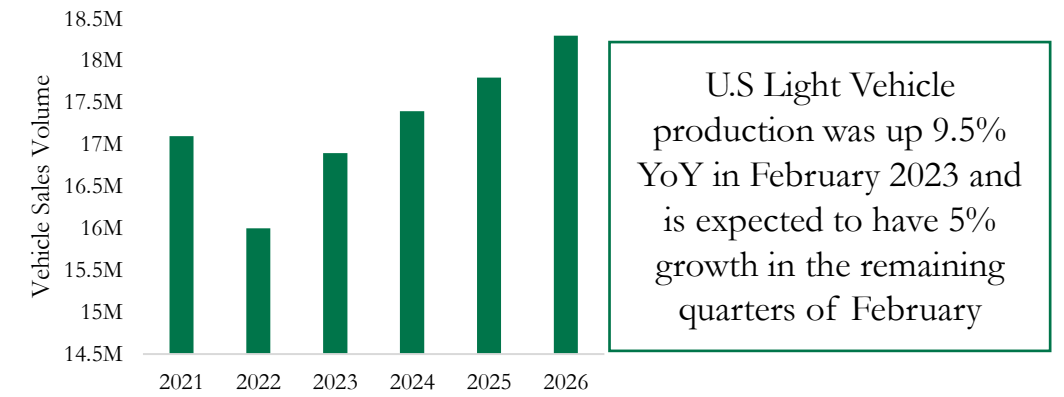
Variety of End Markets

<p><u>Agriculture</u></p> <p>Expected to see continued strong growth similar to the past two years</p>	<p><u>Chemicals</u></p> <p>Expected strong volume improvement in metals markets like steel</p>	<p><u>Coal</u></p> <p>Production has increased with demand increasing 5% YoY in Q1 23</p>
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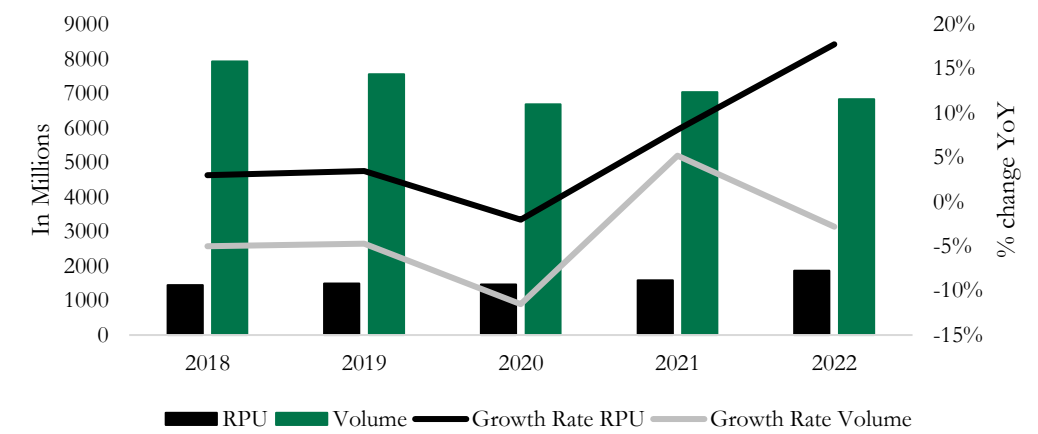
Fuel Surcharge Revenue



American Automotive Market



RPU Growth Offsets Volume



Fuel Efficient Transportation

Instability in Oil Production

OPEC+ announces 1.15 million bpd production cut starting in May

Gas prices expected to reach \$4.00/gallon by this summer

Trucking vs. Railway

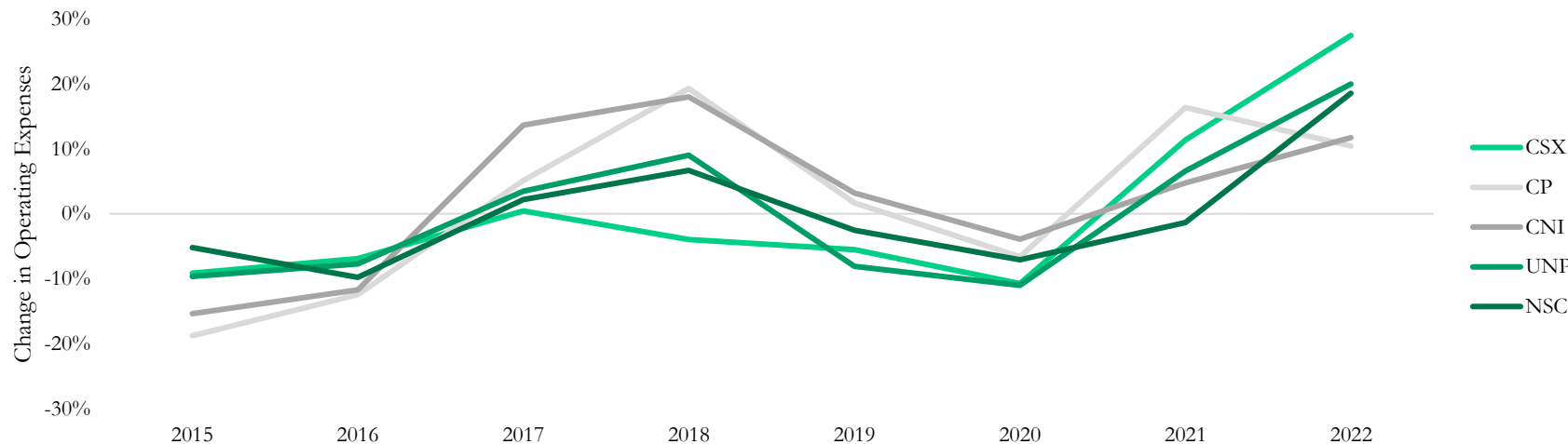
Trucking

- \$0.156 in expenses per ton-mile
- Limited to 20,000-60,000 lbs of cargo per trip

Railway

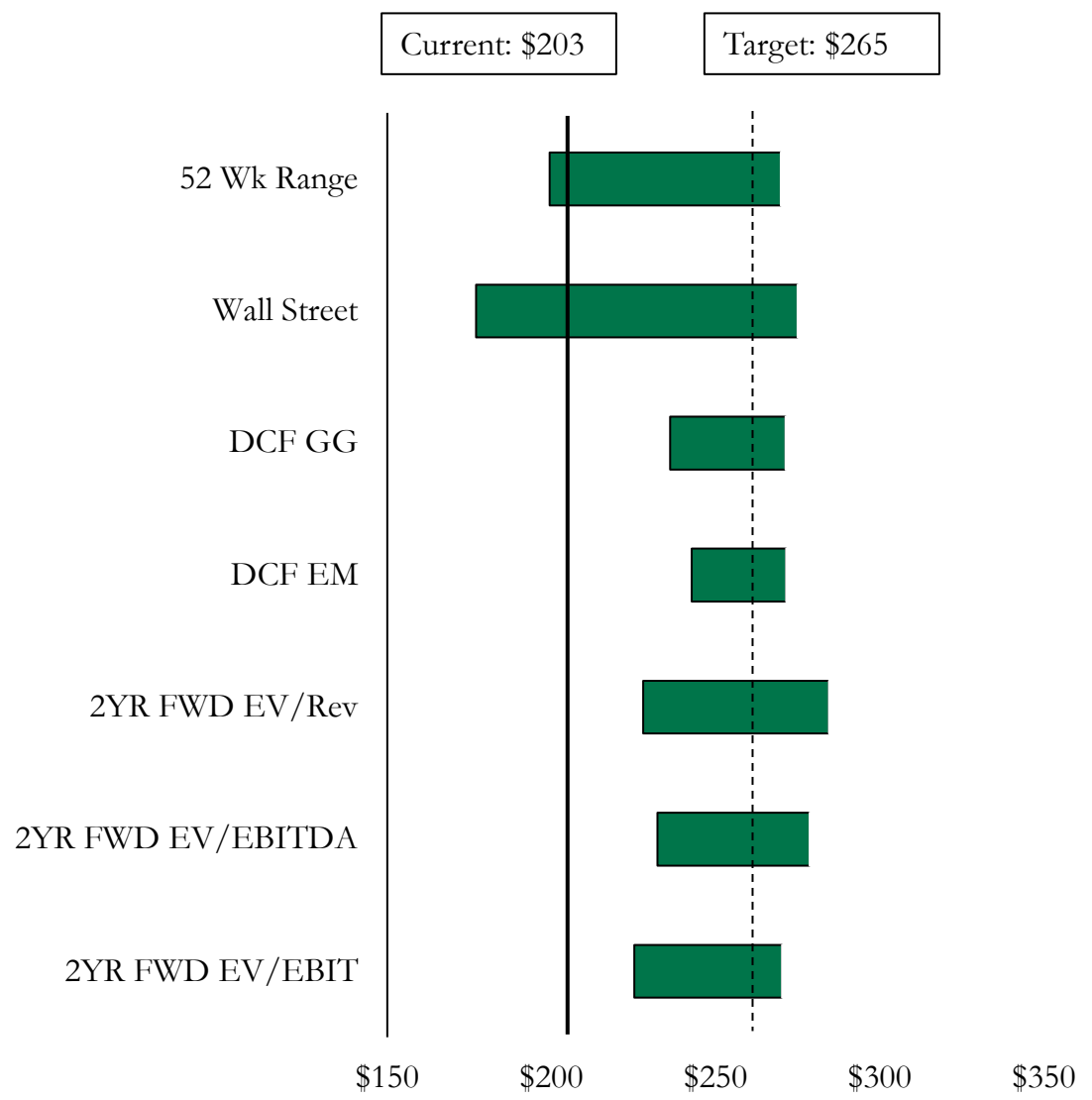
- \$0.051 in expenses per ton-mile
- Capacity for up to 10,000,000 lbs of cargo per trip

NSC's Fuel Efficiency



9.4% improvement in fuel efficiency since 2015

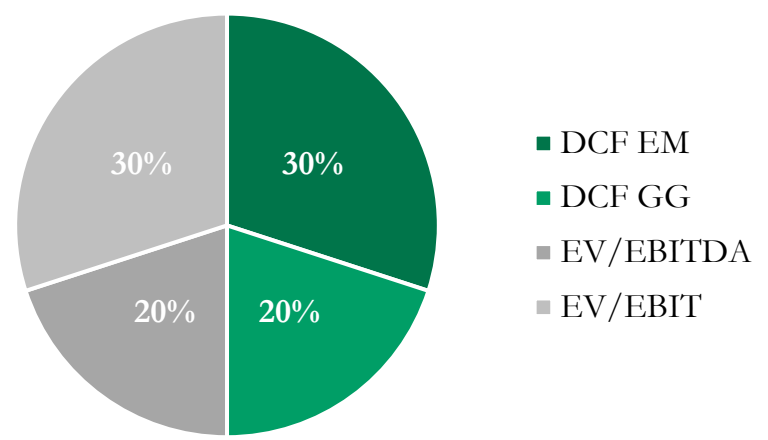
Valuation



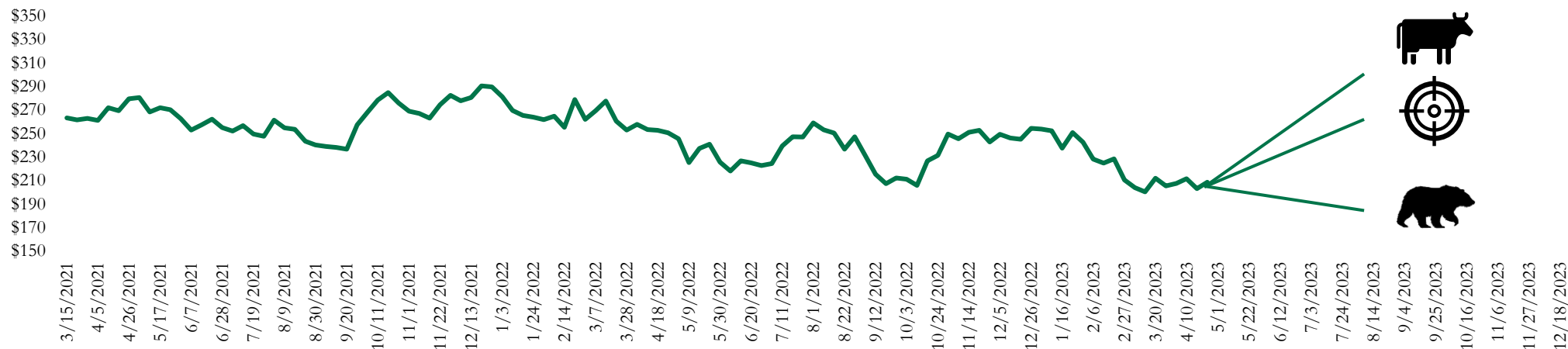
Analyst's Ratings



Valuation Weightings



Investment Risks



Bear

- EV/EBIT: 11.24x
- Price: \$188.79
- News of recent derailments further triggers emotional response from the market

Base

- EV/EBIT: 15.30x
- Price: \$265.00
- Passing of derailment setbacks occurs as insurance coverage plays in

Bull

- EV/EBIT: 17.79x
- Price: \$298.77
- Improving media portrayal leads to more accurate pricing of the stock

Summary

**Long:
NSC**

**Price Target:
\$265**

**Upside:
30.55%**

Catalysts

**Capitalizing on Pricing
Momentum**

Strong End Markets

Fuel Efficient Transportation

Thank You

Questions?

Appendix

Appendix A: Income Statement

Appendix B: Balance Sheet

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Appendix R: Impacts from Ohio

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Appendix A: Income Statement

Norfolk Southern Corp (NYSE:NSC)				
Income Statement				
<i>Figures in Millions</i>	FY 2020	FY 2021	FY 2022	
Railway operating revenues	\$ 9,789	\$ 11,142	\$ 12,745	
Compensation and benefits	\$ 2,373	\$ 2,442	\$ 2,621	
Purchased services and rents	\$ 1,687	\$ 1,726	\$ 1,922	
Fuel	\$ 535	\$ 799	\$ 1,459	
Depreciation	\$ 1,154	\$ 1,181	\$ 1,221	
Materials and other	\$ 653	\$ 547	\$ 713	
Loss on asset disposal	\$ 385	\$ -	\$ -	
Income from railway operations (EBIT)	\$ 3,002	\$ 4,447	\$ 4,809	
Other income – net	\$ 153	\$ 77	\$ 13	
Interest expense on debt	\$ 625	\$ 646	\$ 692	
Income before income taxes	\$ 2,530	\$ 3,878	\$ 4,130	
Income taxes	\$ 517	\$ 873	\$ 860	
Net income	\$ 2,013	\$ 3,005	\$ 3,270	
Basic (in dollars per share)	\$ 8	\$ 12	\$ 14	
Diluted (in dollars per share)	\$ 8	\$ 12	\$ 14	

Appendix B: Balance Sheet

Norfolk Southern Corp (NYSE:NSC)			
Balance Sheet			
<i>Figures in Millions</i>			
		FY 2021	FY 2022
Cash and cash equivalents	\$	839	\$ 456
Accounts receivable – net	\$	976	\$ 1,148
Materials and supplies	\$	218	\$ 253
Other current assets	\$	134	\$ 150
Total current assets	\$	2,167	\$ 2,007
Investments	\$	3,707	\$ 3,694
Properties less accumulated depreciation of \$12,592 and \$12,031, respectively	\$	31,653	\$ 32,156
Other assets	\$	966	\$ 1,028
Total assets	\$	38,493	\$ 38,885
Accounts payable	\$	1,351	\$ 1,293
Short-term debt	\$	-	\$ 100
Income and other taxes	\$	305	\$ 312
Other current liabilities	\$	312	\$ 341
Current maturities of long-term debt	\$	553	\$ 603
Total current liabilities	\$	2,521	\$ 2,649
Long-term debt	\$	13,287	\$ 14,479
Other liabilities	\$	1,879	\$ 1,759
Deferred income taxes	\$	7,165	\$ 7,265
Total liabilities	\$	24,852	\$ 26,152
Common Stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 228,076,415 and 240,162,790 shares, respectively, net of treasury shares	\$	242	\$ 230
Additional paid-in capital	\$	2,215	\$ 2,157
Accumulated other comprehensive loss	\$	(402)	\$ (351)
Retained income	\$	11,586	\$ 10,697
Total stockholders' equity	\$	13,641	\$ 12,733
Total liabilities and stockholders' equity	\$	38,493	\$ 38,885

Appendix C: Statement of Cash Flows

Norfolk Southern Corp (NYSE:NSC)				
Cash Flow Statement				
<i>Figures in Millions</i>	FY 2020	FY 2021	FY 2022	
Net income	\$ 2,013	\$ 3,005	\$ 3,270	\$ 3,270
Depreciation	\$ 1,154	\$ 1,181	\$ 1,221	\$ 1,221
Deferred income taxes	\$ 142	\$ 184	\$ 83	\$ 83
Gains and losses on properties	\$ (39)	\$ (86)	\$ (82)	\$ (82)
Loss on asset disposal	\$ 385	\$ -	\$ -	\$ -
Impairment of investment	\$ 99	\$ -	\$ -	\$ -
Changes in assets and liabilities affecting operations:				
Accounts receivable	\$ 71	\$ (133)	\$ (171)	\$ (171)
Materials and supplies	\$ 23	\$ 3	\$ (35)	\$ (35)
Other current assets	\$ 3	\$ (6)	\$ (18)	\$ (18)
Current liabilities other than debt	\$ 34	\$ 283	\$ 23	\$ 23
Other – net	\$ (248)	\$ (176)	\$ (69)	\$ (69)
Net cash provided by operating activities	\$ 3,637	\$ 4,255	\$ 4,222	\$ 4,222
Property additions	\$ (1,494)	\$ (1,470)	\$ (1,948)	\$ (1,948)
Property sales and other transactions	\$ 333	\$ 159	\$ 263	\$ 263
Investment purchases	\$ (13)	\$ (10)	\$ (12)	\$ (12)
Investment sales and other transactions	\$ (1)	\$ 99	\$ 94	\$ 94
Net cash used in investing activities	\$ (1,175)	\$ (1,222)	\$ (1,603)	\$ (1,603)
Dividends	\$ (960)	\$ (1,028)	\$ (1,167)	\$ (1,167)
Common Stock transactions	\$ 69	\$ 17	\$ (4)	\$ (4)
Purchase and retirement of Common Stock	\$ (1,439)	\$ (3,390)	\$ (3,110)	\$ (3,110)
Proceeds from borrowings	\$ 784	\$ 1,676	\$ 1,832	\$ 1,832
Debt repayments	\$ (381)	\$ (584)	\$ (553)	\$ (553)
Net cash used in financing activities	\$ (1,927)	\$ (3,309)	\$ (3,002)	\$ (3,002)
Net increase (decrease) in cash and cash equivalents	\$ 535	\$ (276)	\$ (383)	\$ (383)
At beginning of year	\$ 580	\$ 1,115	\$ 839	\$ 839
At end of year	\$ 1,115	\$ 839	\$ 456	\$ 456

Appendix D: Revenue Build

Norfolk Southern Corporation										
Revenue Build (\$ Millions)										
<i>Fiscal Year</i>	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Agriculture	1,514	1,567	2,116	2,251	2,493	2,568	2,651	2,744	2,840	2,939
<i>Growth %</i>		3.50%	35.04%	6.38%	10.75%	3.00%	3.25%	3.50%	3.50%	3.50%
<i>% Of Total</i>	14.26%	15.00%	21.62%	20.20%	19.56%	20.06%	20.45%	20.58%	20.49%	20.32%
Chemicals	1,858	1,874	1,809	1,951	2,148	2,105	2,068	2,089	2,152	2,259
<i>% Growth</i>		0.86%	-3.47%	7.85%	10.10%	-2.00%	-1.75%	1.00%	3.00%	5.00%
<i>% Of Total</i>	17.50%	17.93%	18.48%	17.51%	16.85%	16.44%	15.95%	15.66%	15.52%	15.62%
Metals	1,539	1,522	1,333	1,562	1,652	1,718	1,804	1,912	2,027	2,149
<i>% Growth</i>		-1.10%	-12.42%	17.18%	5.76%	4.00%	5.00%	6.00%	6.00%	6.00%
<i>% Of Total</i>	14.50%	14.56%	13.62%	14.02%	12.96%	13.42%	13.91%	14.34%	14.62%	14.85%
Automotive	991	994	830	905	1,038	1,019	996	1,031	1,077	1,142
<i>% Growth</i>		0.30%	-16.50%	9.04%	14.70%	-1.80%	-2.30%	3.50%	4.50%	6.00%
<i>% Of Total</i>	9.33%	9.51%	8.48%	8.12%	8.14%	7.96%	7.68%	7.73%	7.77%	7.89%
Intermodal	2,893	2,824	2,654	3,163	3,681	3,663	3,699	3,773	3,924	4,081
<i>% Growth</i>		-2.39%	-6.02%	19.18%	16.38%	-0.50%	1.00%	2.00%	4.00%	4.00%
<i>% Of Total</i>	27.25%	27.02%	27.11%	28.39%	28.88%	28.61%	28.53%	28.30%	28.31%	28.21%
Coal	1,821	1,669	1,047	1,310	1,733	1,730	1,747	1,786	1,840	1,895
<i>% Growth</i>		-8.35%	-37.27%	25.12%	32.29%	-0.20%	1.00%	2.25%	3.00%	3.00%
<i>% Of Total</i>	17.15%	15.97%	10.70%	11.76%	13.60%	13.51%	13.47%	13.39%	13.27%	13.10%
Total	10,616	10,450	9,789	11,142	12,745	12,802	12,965	13,335	13,860	14,465
<i>% Growth</i>		-1.56%	-6.33%	13.82%	14.39%	0.45%	1.27%	2.85%	3.93%	4.37%

Appendix E: Income Statement Projections

Norfolk Southern Corp (NYSE: NSC)

Income Statement Projections

<i>Figures in Millions</i>	FY 2020	FY 2021	FY 2022	2023E	2024E	2025E	2026E	2027E
Total Revenue	\$ 9,789	\$ 11,142	\$ 12,745	12,802	12,965	13,335	13,860	14,465
Compensation and benefits	\$ 2,373	\$ 2,442	\$ 2,621	\$ 2,655	\$ 2,732	\$ 2,773	\$ 2,892	\$ 3,025
<i>% of Revenue</i>	24.24%	21.92%	20.56%	20.74%	21.07%	20.79%	20.87%	20.91%
Purchased services and rents	\$ 1,687	\$ 1,726	\$ 1,922	\$ 2,040	\$ 2,010	\$ 2,068	\$ 2,169	\$ 2,250
<i>% of Revenue</i>	17.23%	15.49%	15.08%	15.93%	15.50%	15.51%	15.65%	15.55%
Fuel	\$ 535	\$ 799	\$ 1,459	\$ 1,192	\$ 1,068	\$ 1,059	\$ 1,059	\$ 1,062
<i>% of Revenue</i>	5.47%	7.17%	11.45%	9.31%	8.24%	7.94%	7.64%	7.34%
Depreciation	\$ 1,154	\$ 1,181	\$ 1,221	\$ 1,370	\$ 1,450	\$ 1,547	\$ 1,657	\$ 1,773
<i>% of CapEx</i>	77.24%	80.34%	62.68%	73.42%	79.42%	85.42%	91.42%	97.42%
Materials and other	\$ 653	\$ 547	\$ 713	\$ 733	\$ 701	\$ 744	\$ 772	\$ 798
<i>% of Revenue</i>	6.67%	4.91%	5.59%	5.72%	5.41%	5.58%	5.57%	5.52%
Loss on asset disposal	\$ 385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>% of Revenue</i>	3.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CapEx	\$ 1,494	\$ 1,470	\$ 1,948	\$ 1,867	\$ 1,826	\$ 1,811	\$ 1,813	\$ 1,820
<i>% of Revenue</i>	15.26%	13.19%	15.28%	14.58%	14.08%	13.58%	13.08%	12.58%
EBIT	\$ 3,002	\$ 4,447	\$ 4,809	\$ 4,812	\$ 5,004	\$ 5,145	\$ 5,310	\$ 5,558

Appendix F: Beta

Norfolk Southern Corp Beta	
Covariance	0.000538213
Variance	0.000654009
Beta	0.822944394

Appendix G: WACC

Norfolk Southern Corp	
WACC	
Equity	47,370
Debt	15,136
Risk Free Rate	3.61%
Credit Spread	1.81%
Effective Tax Rate	23.89%
Cost of Debt	5.42%
Debt Part WACC	1.00%
Market Premium	6.39%
Beta	0.82
Cost of Equity	8.87%
Equity Part WACC	6.72%
WACC	7.72%

Appendix H: Net Working Capital

Norfolk Southern Corp (NYSE:NSC)								
Working Capital								
Figures in Millions	FY 2021	FY 2022	2023E	2024E	2025E	2026E	2027E	
Current Assets:								
Accounts Receivable	\$ 976	\$ 1,148	\$ 1,137	\$ 1,160	\$ 1,189	\$ 1,238	\$ 1,291	
<i>A/R Turnover</i>	31.97	32.88	32.42	32.65	32.54	32.59	32.57	
Materials and Supplies	\$ 218	\$ 253	\$ 252	\$ 256	\$ 263	\$ 274	\$ 286	
<i>% of Revenue</i>	1.96%	1.99%	1.97%	1.98%	1.97%	1.98%	1.98%	
Other Current Assets	\$ 134	\$ 150	\$ 152	\$ 153	\$ 158	\$ 164	\$ 172	
<i>% of Revenue</i>	1.20%	1.18%	1.19%	1.18%	1.19%	1.18%	1.19%	
Total Current Assets	\$ 1,328	\$ 1,551	\$ 1,542	\$ 1,570	\$ 1,610	\$ 1,676	\$ 1,748	
Current Liabilities:								
Accounts Payable	\$ 1,351	\$ 1,293	\$ 1,298	\$ 1,315	\$ 1,352	\$ 1,405	\$ 1,467	
<i>% of Revenue</i>	12.13%	10.15%	10.14%	10.14%	10.14%	10.14%	10.14%	
Income and Other Taxes	\$ 305	\$ 312	\$ 332	\$ 327	\$ 341	\$ 352	\$ 368	
<i>% of Revenue</i>	2.74%	2.45%	2.59%	2.52%	2.56%	2.54%	2.55%	
Other Current Liabilities	\$ 312	\$ 341	\$ 351	\$ 351	\$ 363	\$ 376	\$ 393	
<i>% of Revenue</i>	2.80%	2.68%	2.74%	2.71%	2.72%	2.71%	2.72%	
Total Current Liabilities	\$ 1,968	\$ 1,946	\$ 1,980	\$ 1,992	\$ 2,056	\$ 2,133	\$ 2,228	
Net Working Capital	\$ (640)	\$ (395)	\$ (438)	\$ (423)	\$ (446)	\$ (457)	\$ (480)	
Change in NWC		\$ 245	\$ (43)	\$ 15	\$ (23)	\$ (12)	\$ (23)	

Appendix I: DSO

Norfolk Southern Corp	
Diluted Shares Outstanding (Thousands)	
Basic Share Count	227,820
Options	880
Warrants	0
Restricted Stock	239
Convertible Preferred	0
Convertible Bonds	0
Diluted Share Count	228,939
Diluted Share Count (Millions)	228.939

Appendix J: FCFF

Norfolk Southern Corp (NYSE: NSC)										
Discounted Cash Flow Analysis										
Figures in Millions	FY 2020	FY 2021	2022E	2023E	2024E	2025E	2026E	2027E		
EBIT	\$ 3,002	\$ 4,447	\$ 4,809	\$ 4,812	\$ 5,004	\$ 5,145	\$ 5,310	\$ 5,558		
Less: Taxes	\$ 717	\$ 1,062	\$ 1,149	\$ 1,150	\$ 1,195	\$ 1,229	\$ 1,269	\$ 1,328		
NOPAT	\$ 2,285	\$ 3,385	\$ 3,660	\$ 3,662	\$ 3,808	\$ 3,916	\$ 4,042	\$ 4,230		
Add: D&A	\$ 1,154	\$ 1,181	\$ 1,221	\$ 1,370	\$ 1,450	\$ 1,547	\$ 1,657	\$ 1,773		
Less: CapEX	\$ 1,494	\$ 1,470	\$ 1,948	\$ 1,867	\$ 1,826	\$ 1,811	\$ 1,813	\$ 1,820		
Less: Change in NWC			\$ 245	\$ (43)	\$ 15	\$ (23)	\$ (12)	\$ (23)		
FCFF			\$ 2,688	\$ 3,209	\$ 3,417	\$ 3,675	\$ 3,898	\$ 4,206		
Period				1	2	3	4	5		
PV of Cash Flows				\$ 2,979	\$ 2,945	\$ 2,940	\$ 2,895	\$ 2,900		

Appendix K: Valuation

Norfolk Southern Corp (NYSE: NSC)			
Valuation			
Gordon Growth Rate		Multiples Method	
Terminal Cash Flow	\$ 4,206	Terminal EBIT	\$ 5,558
WACC	7.72%	WACC	7.72%
Terminal Growth Rate	2.50%	EV/EBIT	15.30x
Terminal Value	\$ 82,592	Terminal Value	\$ 85,021
PV of Terminal Value	\$ 56,946	PV of Terminal Value	\$ 58,620
Enterprise Value	\$ 71,605	Enterprise Value	\$ 73,280
Debt	\$ 15,136	Debt	\$ 15,136
Cash	\$ 456	Cash	\$ 456
Equity Value	\$ 56,925	Equity Value	\$ 58,600
DSO	228.939	DSO	228.939
Price/Share	\$ 248.65	Price/Share	\$ 255.96

Appendix L: Comparable Companies Analysis

Norfolk Southern Corp																			
Comparable Companies (\$ Millions)																			
Name	Ticker	Market Cap	Debt	Cash	Minority Interest	Preferred	EV	Revenue	EBITDA	EBIT	Net Income	EV/Rev	EV/EBITDA	EV/EBIT	EqV/Net Income	FWD EV/Rev	FWD EV/EBITDA	FWD EV/EBIT	FWD P/E
Norfolk Southern Corp	NSC	47,370	15,136	456	0	0	62,050	12,745	6,030	4,809	3,270	4.87x	10.29x	12.90x	14.49x	4.79x	9.62x	12.40x	13.88x
CSX Corp	CSX	60,063	18,604	2,087	0	10	76,590	14,853	7,285	5,785	3,926	5.16x	10.51x	13.24x	15.30x	5.08x	9.97x	13.05x	13.88x
Canadian Nail Railway Co	CNR	106,492	15,895	328	0	0	122,059	17,107	8,733	6,862	5,123	7.14x	13.98x	17.79x	20.79x	6.64x	12.69x	15.96x	18.32x
Union Pacific Corp	UNP	119,180	34,957	1,019	0	0	153,118	24,875	12,593	10,009	6,998	6.16x	12.16x	15.30x	17.03x	5.86x	11.50x	14.13x	15.36x
Min												5.16x	10.51x	13.24x	15.30x	5.08x	9.97x	13.05x	13.88x
Q1												5.16x	10.51x	13.24x	15.30x	5.08x	9.97x	13.05x	13.88x
Median												6.16x	12.16x	15.30x	17.03x	5.86x	11.50x	14.13x	15.36x
Q3												7.14x	13.98x	17.79x	20.79x	6.64x	12.69x	15.96x	18.32x
Max												7.14x	13.98x	17.79x	20.79x	6.64x	12.69x	15.96x	18.32x
Mean												6.15x	12.22x	15.44x	17.71x	5.86x	11.39x	14.38x	15.85x

Norfolk Southern Corp								
	EV	Debt	Cash	Minority Interest	Preferred	Equity Value	DSO (Millions)	Share Price
EV/Revenue								
Min	66,856	15,136	456	0	0	52,176	228.939	\$227.90
Q1	66,856	15,136	456	0	0	52,176	228.939	\$227.90
Median	79,808	15,136	456	0	0	65,128	228.939	\$284.48
Q3	92,508	15,136	456	0	0	77,828	228.939	\$339.95
Max	92,508	15,136	456	0	0	77,828	228.939	\$339.95
EV/EBITDA								
Min	67,846	15,136	456	0	0	53,166	228.939	\$232.23
Q1	67,846	15,136	456	0	0	53,166	228.939	\$232.23
Median	78,466	15,136	456	0	0	63,786	228.939	\$278.62
Q3	90,197	15,136	456	0	0	75,517	228.939	\$329.86
Max	90,197	15,136	456	0	0	75,517	228.939	\$329.86
EV/EBIT								
Min	66,244	15,136	456	0	0	51,564	228.939	\$225.23
Q1	66,244	15,136	456	0	0	51,564	228.939	\$225.23
Median	76,544	15,136	456	0	0	61,864	228.939	\$270.22
Q3	89,001	15,136	456	0	0	74,321	228.939	\$324.63
Max	89,001	15,136	456	0	0	74,321	228.939	\$324.63

Appendix M: Sensitivity Analysis

		Exit Multiple				
	\$255.96	14.30x	14.80x	15.30x	15.80x	16.30x
8.65%	\$	229.18	\$ 237.20	\$ 245.22	\$ 253.23	\$ 261.25
8.15%	\$	234.53	\$ 242.74	\$ 250.94	\$ 259.14	\$ 267.35
7.65%	\$	240.03	\$ 248.43	\$ 256.82	\$ 265.22	\$ 273.62
7.15%	\$	245.69	\$ 254.28	\$ 262.87	\$ 271.47	\$ 280.06
6.65%	\$	251.50	\$ 260.30	\$ 269.10	\$ 277.89	\$ 286.69

		Gordon Growth				
	\$248.65	2.00%	2.25%	2.50%	2.75%	3.00%
8.65%	\$	186.02	\$ 193.76	\$ 202.13	\$ 211.22	\$ 221.10
8.15%	\$	205.84	\$ 215.09	\$ 225.17	\$ 236.17	\$ 248.24
7.65%	\$	229.32	\$ 240.53	\$ 252.83	\$ 266.38	\$ 281.39
7.15%	\$	257.52	\$ 271.33	\$ 286.62	\$ 303.65	\$ 322.73
6.65%	\$	291.97	\$ 309.32	\$ 328.77	\$ 350.70	\$ 375.64

Appendix N: Leadership



Alan H. Shaw

President & Chief Executive Officer

- Current roles as of 2021
- 27 years of experience with NSC



Ann A. Adams

Executive VP & Chief Transformation Officer

- Current roles as of 2019
- 22 years of experience with NSC



Paul D. Duncan

Executive VP & COO

- Current roles as of 2023
- 1 year of experience with NSC



Mark R. George

Executive VP & CFO

- Current roles as of 2019
- 3 years of experience with NSC



Nabanita Nag

Executive VP & Chief Legal Officer

- Current roles as of 2022
- 3 years of experience with NSC



Michael R. McClellan

Senior VP & Chief Strategy Officer

- Current roles as of 2022
- 25 years of experience with NSC

Appendix O: Commitment to Sustainability

Recognitions and Awards



Appendix P: Class 1 Railroads

Current Class 1 Revenue	\$900+ million
Current Class 1 Railroads	CSX Transportation, Canadian National, Canadian Pacific Kansas City, BNSF Railway, Norfolk Southern, Union Pacific
Average Employee Compensation (2020)	\$135,700/Year
Freight Tonnage (2020)	19.3 Billion (Industry Wide)
Fuel Efficiency	1 Ton Of Freight = 500 Miles Per Gallon
Capital Investment	\$760 Billion (1980 - 2021)
Current U.S. Rail Network	140,000 Miles

Overtime

- 1939 - \$1 million
- 1956 - \$3 million
- 1965 - \$5 million
- 1976 - \$10 million
- 1978 - \$50 million
- 1993 - \$250 million
- 2005 - \$319.3 million
- 2014 - \$475.5 million
- 2019 - \$505 million

Appendix Q: Precision Scheduled Railroading

What is PSR?

- A more efficient and cost-saving method for railways to run

- 1 Workforce reduction
- 2 Increased average train length
- 3 Asset reductions

TOP21 at NSC

- “TOP21 will improve our network fluidity and velocity, reduce our circuitry and train miles, make our railroad more resilient, and give us greater capacity for growth,” said Alan Shaw
- 3 year implementation plan starting from July 2019

Companies Implementing PSR



Appendix R: Impacts from Ohio

What Are Wheel Bearings?

- Parts of a train that form the connection between the train wheel and the rest of the train
- Purpose: Evens out the weight of a train so that wheels can move properly
- Monitored using heat sensors

Subsequent Derailments

- On March 2nd and March 6th, more NSC trains derailed near Springfield, Ohio
- No hazardous materials contaminated Ohio land

Ohio Train Derailment

- On February 3rd, 2023, one of NSC's trains transporting vinyl chloride, butyl acrylate, and other chemicals derailed in East Palestine, Ohio due to a failed wheel bearing
- Officials facilitated a controlled burn of the chemicals to reduce pollution

Effect on Ohio Population

- Environmental Protection Agency notes no concerns for health in the East Palestine community
- No injuries/casualties as a result of the derailment

Appendix S: Q1 Earnings

Repairment Expenses

- \$387 million in expenses to cover the derailment, insurance coverage to come
- Meant to repair the environment of East Palestine, and make reparations to residents affected

Metrics

- Adjusted EPS: \$3.32
- Estimated EPS: \$3.15
- Revenue: \$3.1 billion
- Estimated Revenue: \$3.11 billion

NSC's Insurance Policy

- Coverage for injuries and property damage to third parties (\$75 million - \$800 million) per occurrence.

Performance of End Markets

- Merchandise Revenue: \$1.88 billion
- Estimated Merchandise Revenue: \$1.87 billion
- Coal Revenue: \$440 million
- Estimated Coal Revenue: \$414.3 million
- Intermodal Revenue: \$814 million
- Estimated Intermodal Revenue: \$837.5 million