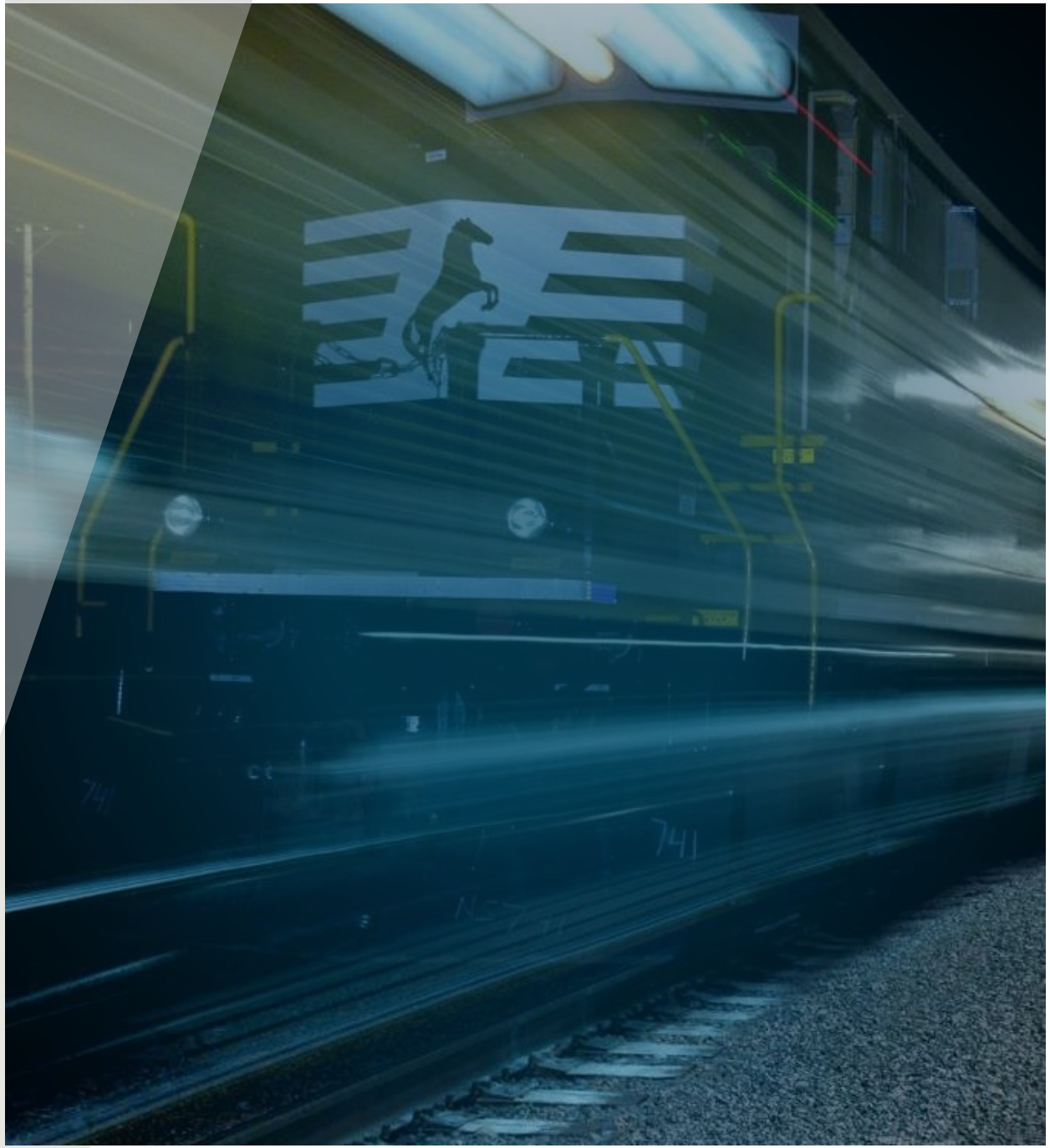
METALLURGICAL
Coal Producers Association

May 21, 2024



A BETTER WAY

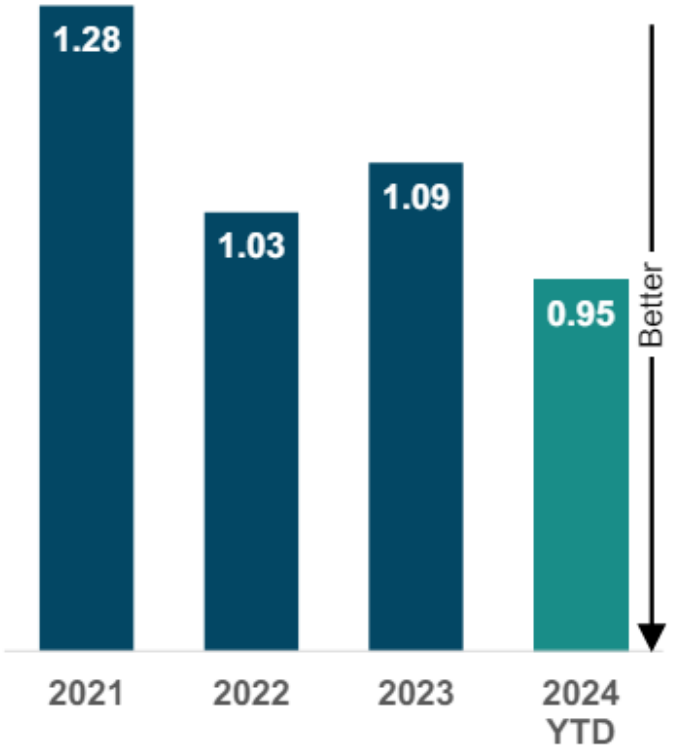
Safely Deliver Reliable and Resilient Service

Drive Continuous Productivity Improvement

Propel Smart and Sustainable Growth

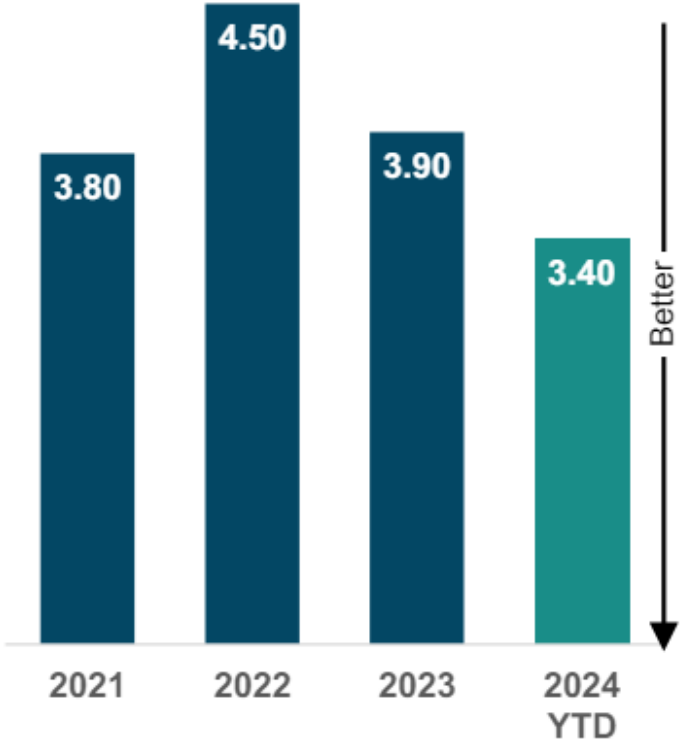
Safety Update

FRA Personal Injury Index



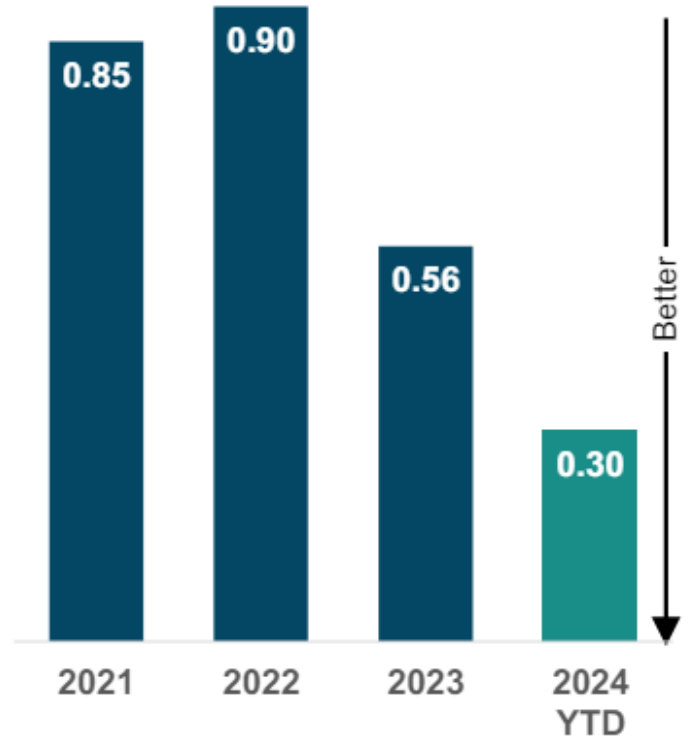
FRA Personal Injury Index calculates the number of reportable injuries/illnesses per year per 200,000 hours worked.

FRA Accident Rate



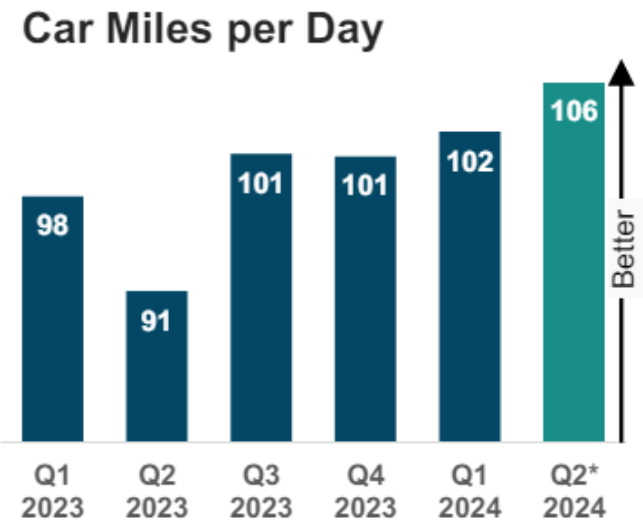
FRA Train Accident Rate calculates the total number of reportable accidents per million train miles.

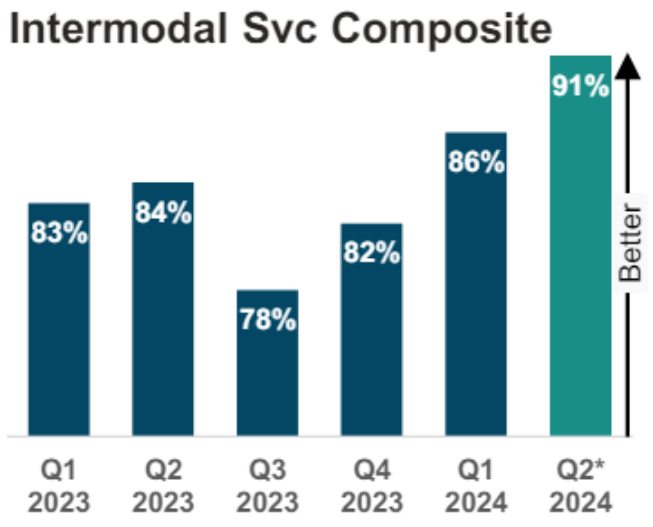
FRA Mainline Accident Rate

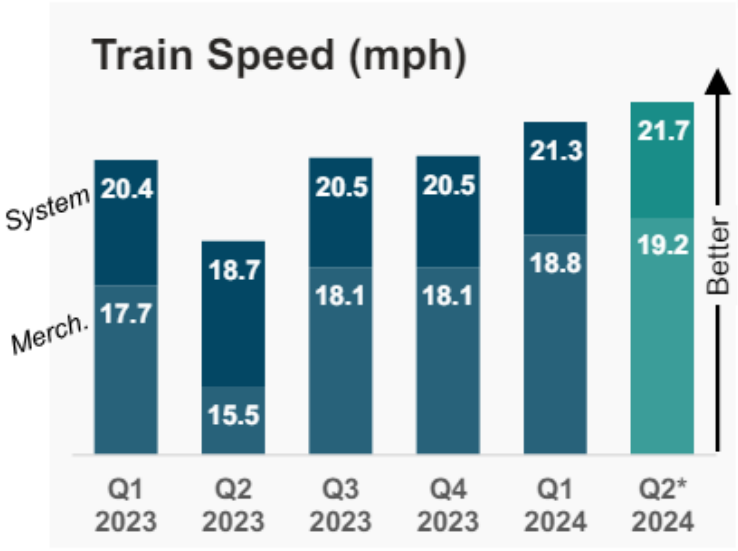


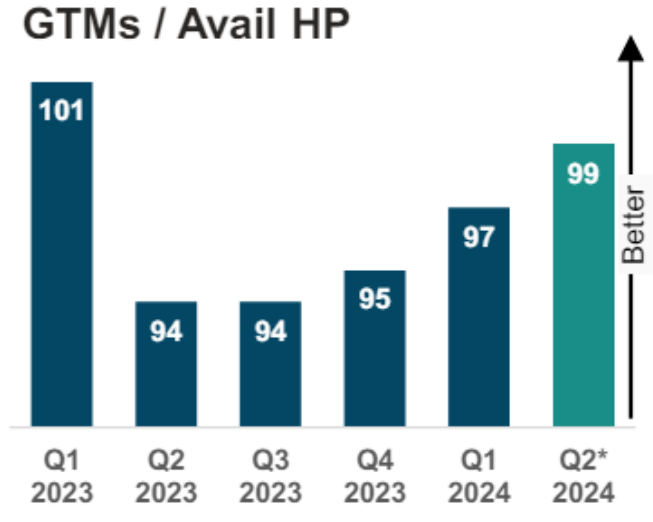
FRA Mainline Accident Rate calculates the total number of reportable events occurring on that portion of the track that connects stations (other than auxiliary track) on which trains operate (a “Mainline”) per one million Mainline miles.

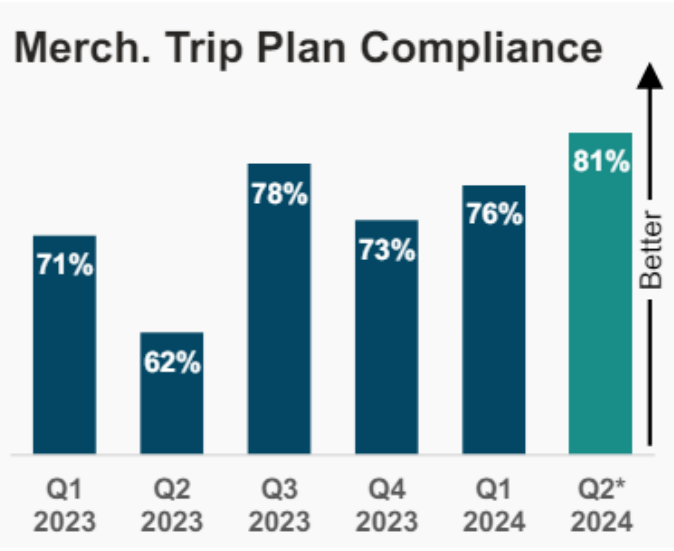
Service Update







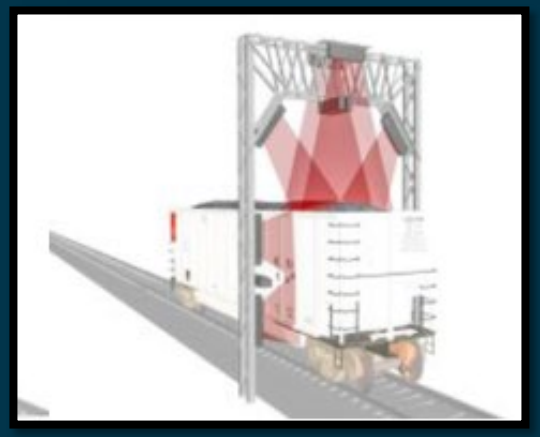




Leveraging Innovations in Technology

Utilizing Machine Vision detectors to drive safety, service, productivity and growth

Digital Train Inspection Portal



- Norfolk Southern in-house Digital Train Inspection detectors provide 360° views of railcars at track speeds and analyze images for anomalies in real-time.
- Consistent and repeatable equipment inspections drive safety over the line of road and result in reduced unexpected delays, increased fleet reliability and availability.

Corridor Based Approach

- Utilization of advanced AI and Machine Learning works as enhancement to existing inspection processes while trains are in motion.
- Corridor based roll-out ensures comprehensive network coverage

T&E Workforce

- T&E Headcount Q1 2022 – **6,937**
- T&E Active Headcount* (as of February 29th, 2024) – **8,235**
- Pipeline of T&E Conductor Trainees* (as of February 29th, 2024) – **521**
- Strategy is to continue hiring for locations of need based on the demand forecast and attrition with a specific focus on major terminals and coal routes

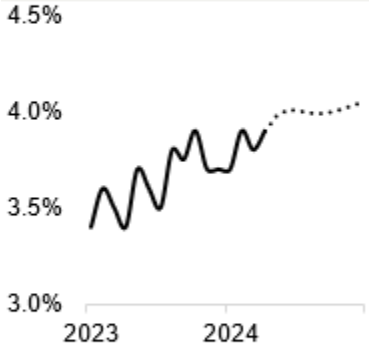
* Source - STB Employment Data (updated monthly)

Key Macro Economic Indicators

Resilient consumer and strong labor market provide gradual path to soft landing

Employment

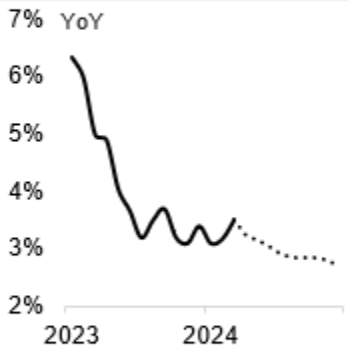
Unemployment Rate



3.9%
4/2024

Inflation

CPI



3.5%
3/2024

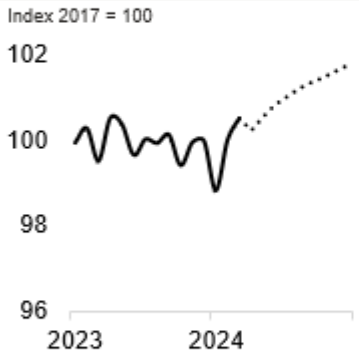
Consumer Spending

Real PCE: Goods

$5.49T
3/2024

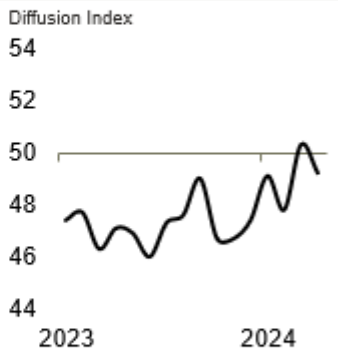
Manufacturing

Industrial Production: Manufacturing



100.5
3/2024

ISM Manufacturing PMI

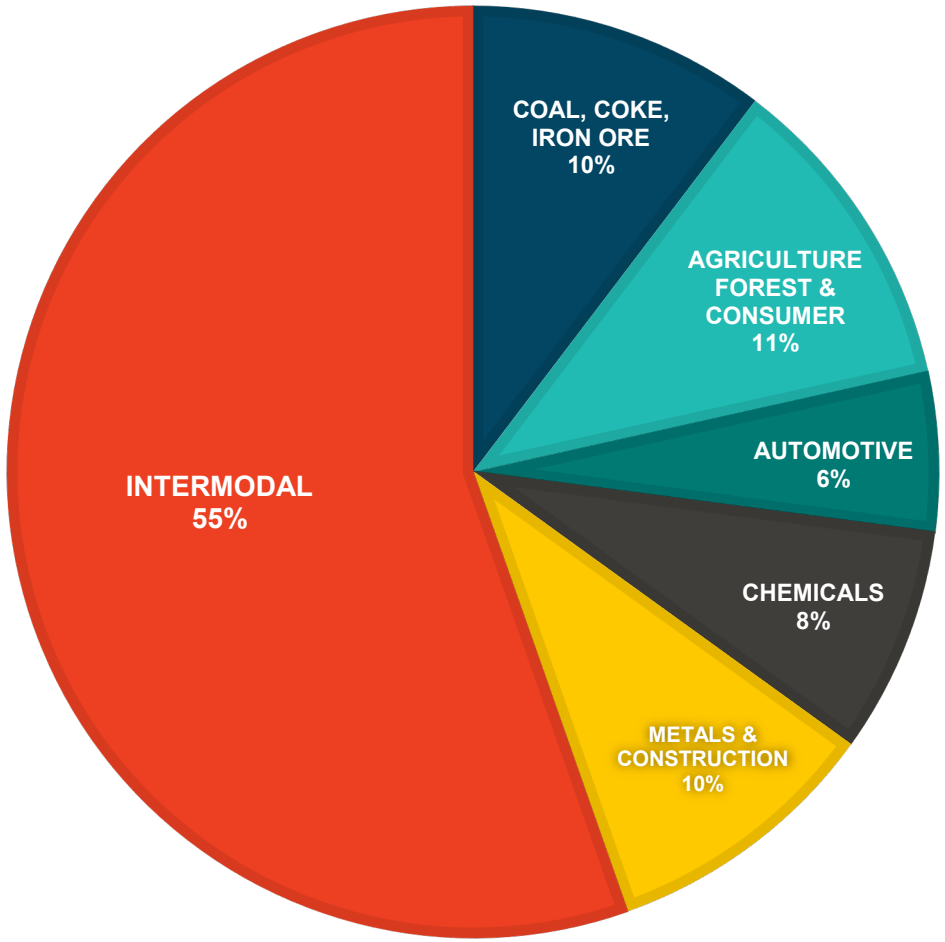


49.2
4/2024

Norfolk Southern Market Outlook Less Coal

2024 Outlook

2023 Major Group Volume Mix



First Quarter

- Increased finished automotive, steel, and Intermodal shipments

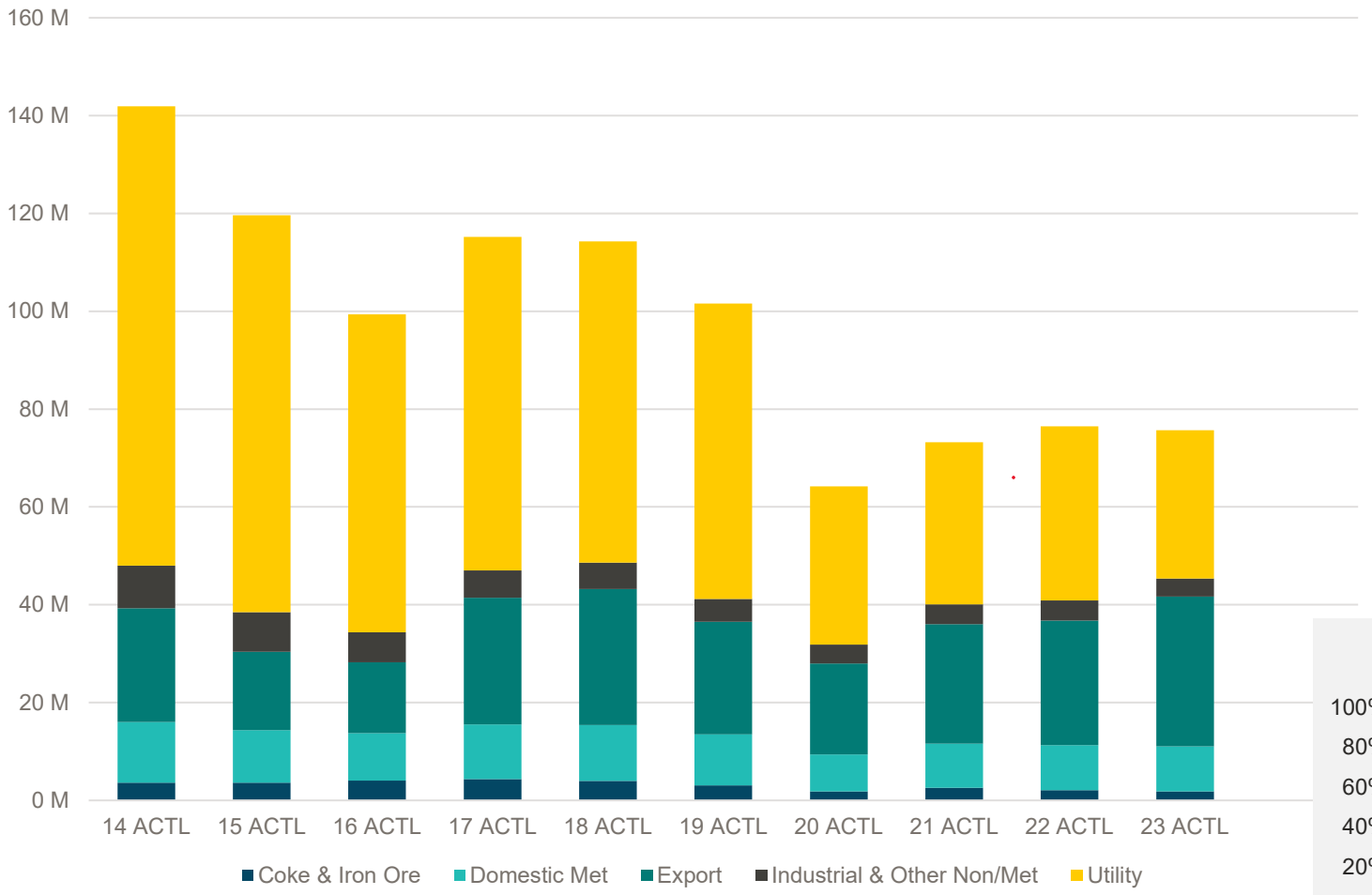
2024 Outlook

- Modest volume gains driven by steel (need a price rebound), finished autos, and Intermodal
- Improved fluidity and network capacity lift effective capacity

2Q through Week 19 (Volume in Ks)			Norfolk Southern		
			CY Volume	LY Volume	%Chg.
Merchandise	Total		267	258	3.2%
	Industrial Products	Total	220	217	1.4%
		Agriculture & Forest	66	67	-1.2%
		Metals & Construction	82	78	5.1%
		Chemicals	69	70	-0.5%
		Other	3	3	6.7%
	Automotive	Total	46	41	13.1%
		Automotive	46	41	13.1%
Coal	Total		71	73	-2.8%
Intermodal	Total		457	425	7.6%
Intermodal (clds)			190	177	7.6%
Total			795	756	5.1%
Total (clds)			528	508	3.9%
Total (minus Coal)			724	683	5.9%

NORFOLK SOUTHERN COAL VOLUMES - OUTLOOK

Tons by Minor Group 2014-Present

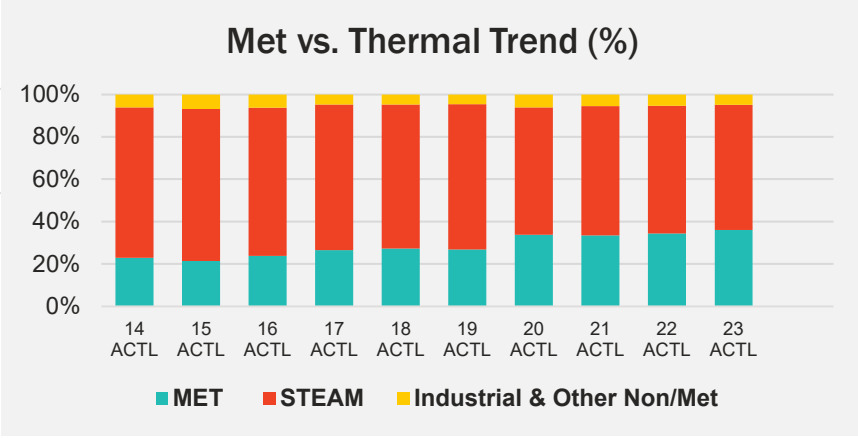


First Quarter

- 4% decline in total coal tons driven by reduced Utility tons - high stockpiles and low natural gas prices
- Export tons increased 14%

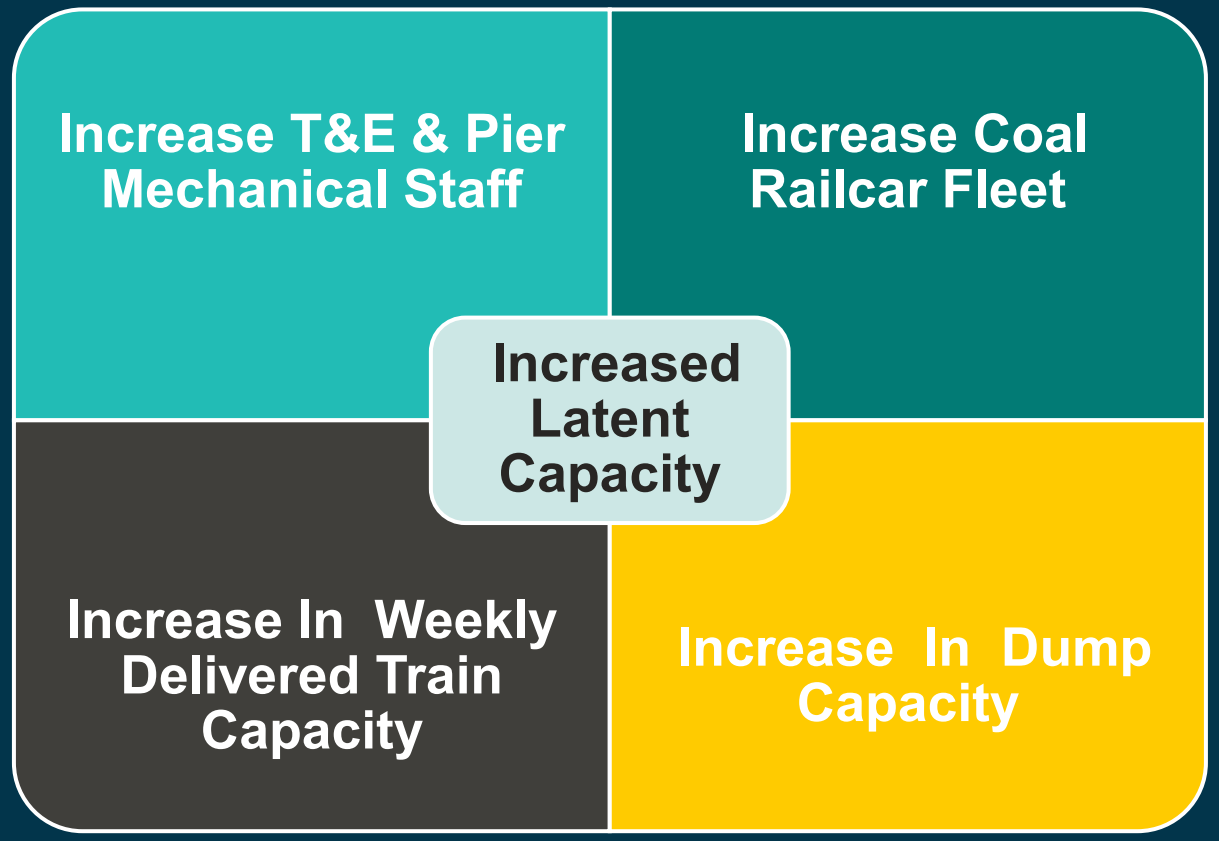
2024 Outlook

- Seaborn Met prices support stable production
- Domestic Utility stockpiles remain high through 2024
- Thermal/Crossover shifts to export
- Improved fluidity and network capacity lift effective capacity



Strengthening Operational Resilience

Injecting Latent Capacity Into the Network



- Improved Cycle Times
- Consistent Order Fill
- Growth Capacity
- Recovery From Mechanical Failure
- Recovery From Episodic Disruption
- Reduced Supply Chain Risk
- Lower Vessel Dwell

Future Outlook

The east coast is well positioned for growth

Manufacturing Construction ramps up as companies locate on the east coast. Norfolk Southern's rail network serves a footprint that is compelling for manufacturing due in part to the below factors;

- Reliable and Affordable Energy
- A Densely Populated and Growing Customer Base
- Global Connections for Trade
- Talented and Stable Workforce

Norfolk Southern is bullish on U.S. coal and is investing in infrastructure to support growth in exports over the next decade.

Thank You

www.norfolksouthern.com