

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended **December 31, 2022**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from _____ to _____

Commission File Number 1-8339



NORFOLK SOUTHERN CORPORATION
(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of incorporation or organization)
650 West Peachtree Street NW
Atlanta, Georgia
(Address of principal executive offices)

52-1188014
(I.R.S. Employer Identification No.)

30308-1925
(Zip Code)

(855) 667-3655
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Norfolk Southern Corporation Common Stock (Par Value \$1.00)

Trading Symbol(s)
NSC

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting common equity held by non-affiliates at June 30, 2022 was \$53,336,433,209 (based on the closing price as quoted on the New York Stock Exchange on June 30, 2022).

The number of shares outstanding of each of the registrant's classes of common stock, at January 31, 2023: 227,782,202 (excluding 20,320,777 shares held by the registrant's consolidated subsidiaries).

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the Registrant's definitive proxy statement to be filed electronically pursuant to Regulation 14A not later than 120 days after the end of the fiscal year, are incorporated herein by reference in Part III.

TABLE OF CONTENTS

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

		Page
<u>Part I.</u>	<u>Items 1 and 2.</u>	<u>Business and Properties</u>
	<u>Item 1A.</u>	<u>Risk Factors</u>
	<u>Item 1B.</u>	<u>Unresolved Staff Comments</u>
	<u>Item 3.</u>	<u>Legal Proceedings</u>
	<u>Item 4.</u>	<u>Mine Safety Disclosures</u>
		<u>Information About Our Executive Officers</u>
		<u>K3</u>
		<u>K11</u>
		<u>K15</u>
		<u>K16</u>
		<u>K16</u>
		<u>K17</u>
<u>Part II.</u>	<u>Item 5.</u>	<u>Market for Registrant’s Common Equity, Related Stockholder Matters and</u>
		<u>Issuer Purchases of Equity Securities</u>
	<u>Item 7.</u>	<u>Management’s Discussion and Analysis of Financial Condition and</u>
		<u>Results of Operations</u>
	<u>Item 7A.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	<u>Item 8.</u>	<u>Financial Statements and Supplementary Data</u>
	<u>Item 9.</u>	<u>Changes in and Disagreements with Accountants on Accounting and</u>
		<u>Financial Disclosure</u>
	<u>Item 9A.</u>	<u>Controls and Procedures</u>
	<u>Item 9B.</u>	<u>Other Information</u>
	<u>Item 9C.</u>	<u>Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</u>
		<u>K18</u>
		<u>K19</u>
		<u>K32</u>
		<u>K33</u>
		<u>K77</u>
		<u>K77</u>
		<u>K77</u>
		<u>K77</u>
<u>Part III.</u>	<u>Item 10.</u>	<u>Directors, Executive Officers and Corporate Governance</u>
	<u>Item 11.</u>	<u>Executive Compensation</u>
	<u>Item 12.</u>	<u>Security Ownership of Certain Beneficial Owners and Management</u>
		<u>and Related Stockholder Matters</u>
	<u>Item 13.</u>	<u>Certain Relationships and Related Transactions, and Director Independence</u>
	<u>Item 14.</u>	<u>Principal Accountant Fees and Services</u>
		<u>K78</u>
		<u>K78</u>
		<u>K79</u>
		<u>K81</u>
		<u>K81</u>
<u>Part IV.</u>	<u>Item 15.</u>	<u>Exhibits and Financial Statement Schedule</u>
	<u>Item 16.</u>	<u>Form 10-K Summary</u>
		<u>K82</u>
		<u>K90</u>
		<u>Power of Attorney</u>
		<u>K91</u>
		<u>Signatures</u>
		<u>K91</u>

PART I

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

Item 1. Business and Item 2. Properties

GENERAL – Norfolk Southern Corporation (Norfolk Southern) is an Atlanta, Georgia-based company that owns a major freight railroad, Norfolk Southern Railway Company (NSR). We were incorporated on July 23, 1980, under the laws of the Commonwealth of Virginia. Our common stock (Common Stock) is listed on the New York Stock Exchange (NYSE) under the symbol “NSC.”

Unless indicated otherwise, Norfolk Southern Corporation and its subsidiaries, including NSR, are referred to collectively as NS, we, us, and our.

We are primarily engaged in the rail transportation of raw materials, intermediate products, and finished goods primarily in the Southeast, East, and Midwest and, via interchange with rail carriers, to and from the rest of the United States (U.S.). We also transport overseas freight through several Atlantic and Gulf Coast ports. We offer the most extensive intermodal network in the eastern half of the U.S.

We make available free of charge through our website, www.norfolksouthern.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the U.S. Securities and Exchange Commission (SEC). In addition, the following documents are available on our website and in print to any shareholder who requests them:

- Norfolk Southern Corporation Bylaws
- Charters of the Committees of the Board of Directors
- Corporate Governance Guidelines
- Categorical Independence Standards
- The Thoroughbred Code of Ethics
- Code of Ethical Conduct for Senior Financial Officers

RAILROAD OPERATIONS – At December 31, 2022, we operated approximately 19,100 route miles in 22 states and the District of Columbia.

Our system reaches many manufacturing plants, electric generating facilities, mines, distribution centers, transload facilities, and other businesses located in our service area.



- Corridors with heaviest freight volume:
- New York City area to Chicago (via Allentown and Pittsburgh)
 - Chicago to Macon (via Cincinnati, Chattanooga, and Atlanta)
 - Central Ohio to Norfolk (via Columbus and Roanoke)
 - Birmingham to Meridian
 - Cleveland to Kansas City
 - Memphis to Chattanooga

The miles operated, which include major leased lines between Cincinnati and Chattanooga, and an exclusive operating agreement for trackage rights over property owned by North Carolina Railroad Company, were as follows:

	Mileage Operated at December 31, 2022				Total
	Route Miles	Second and Other Main Track	Passing Track, Crossovers and Turnouts	Way and Yard Switching	
Owned	14,312	2,676	1,957	8,158	27,103
Operated under lease, contract or trackage rights	4,825	1,889	406	841	7,961
Total	19,137	4,565	2,363	8,999	35,064

We operate freight service over lines with significant ongoing Amtrak and commuter passenger operations and conduct freight operations over trackage owned or leased by Amtrak, New Jersey Transit, Southeastern Pennsylvania Transportation Authority, Metro-North Commuter Railroad Company, Maryland Department of Transportation, and Michigan Department of Transportation.

The following table sets forth certain statistics relating to our operations for the past five years:

	Years ended December 31,				
	2022	2021	2020	2019	2018
Revenue ton miles (billions)	179	178	164	194	207
Revenue per thousand revenue ton miles	\$ 71.35	\$ 62.56	\$ 59.67	\$ 58.21	\$ 55.25
Revenue ton miles (thousands) per railroad employee	9,513	9,694	8,191	7,939	7,822
Ratio of railway operating expenses to railway operating revenues (railway operating ratio)	62.3%	60.1%	69.3%	64.7%	65.4%

RAILWAY OPERATING REVENUES – Total railway operating revenues were \$12.7 billion in 2022. Following is an overview of our three commodity groups. See the discussion of merchandise revenues by major commodity group, intermodal revenues, and coal revenues and tonnage in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

MERCHANDISE – Our merchandise commodity group is composed of four groupings:

- Agriculture, forest and consumer products includes soybeans, wheat, corn, fertilizer, livestock and poultry feed, food products, food oils, flour, sweeteners, ethanol, lumber and wood products, pulp board and paper products, wood fibers, wood pulp, beverages, and canned goods.
- Chemicals includes sulfur and related chemicals, petroleum products (including crude oil), chlorine and bleaching compounds, plastics, rubber, industrial chemicals, chemical wastes, sand, and natural gas liquids.
- Metals and construction includes steel, aluminum products, machinery, scrap metals, cement, aggregates, minerals, clay, transportation equipment, and items for the U.S. military.
- Automotive includes finished motor vehicles and automotive parts.

In 2022, we handled 2.2 million merchandise carloads, which accounted for 57% of our total railway operating revenues.

INTERMODAL – Our intermodal commodity group consists of shipments moving in domestic and international containers and trailers. These shipments are handled on behalf of intermodal marketing companies, international steamship lines, premium customers and asset-owning companies. In 2022, we handled 3.9 million intermodal units, which accounted for 29% of our total railway operating revenues.

COAL – Coal revenues accounted for 14% of our total railway operating revenues in 2022. We handled 77 million tons, or 0.7 million carloads, most of which originated on our lines from major eastern coal basins, with the balance from major western coal basins received via the Memphis and Chicago gateways. Our coal franchise supports the electric generation market, directly serving approximately 30 coal-fired power plants, as well as the export, domestic metallurgical and industrial markets, primarily through direct rail and river, lake, and coastal facilities, including various terminals on the Ohio River, at Lamberts Point in Norfolk, Virginia, at the Port of Baltimore, and on Lake Erie.

FREIGHT RATES – Our predominant pricing mechanisms, private contracts and exempt price quotes, are not subject to regulation. In general, market forces are the primary determinant of rail service prices.

RAILWAY PROPERTY

Our railroad infrastructure makes us capital intensive with net properties of approximately \$32 billion on a historical cost basis.

Property Additions – Property additions for the past five years were as follows:

	2022	2021	2020	2019	2018
	(\$ in millions)				
Road and other property	\$ 1,345	\$ 1,041	\$ 1,046	\$ 1,371	\$ 1,276
Equipment	603	429	448	648	675
Total	<u>\$ 1,948</u>	<u>\$ 1,470</u>	<u>\$ 1,494</u>	<u>\$ 2,019</u>	<u>\$ 1,951</u>

Our capital spending and replacement programs are and have been designed to assure the ability to provide safe, efficient, and reliable rail transportation services.

Equipment – At December 31, 2022, we owned or leased the following units of equipment:

	Owned	Leased	Total	Capacity of Equipment
Locomotives:				(Horsepower)
Multiple purpose	3,046	—	3,046	11,845,600
Auxiliary units	140	—	140	—
Switching	4	—	4	4,400
Total locomotives	3,190	—	3,190	11,850,000
Freight cars:				(Tons)
Gondola	17,391	2,836	20,227	2,265,085
Hopper	7,818	—	7,818	892,800
Covered hopper	5,571	—	5,571	619,424
Box	2,530	703	3,233	295,536
Flat	1,390	676	2,066	152,719
Other	1,555	—	1,555	69,649
Total freight cars	36,255	4,215	40,470	4,295,213
Other:				
Chassis	35,393	1,100	36,493	
Containers	18,047	—	18,047	
Work equipment	5,408	243	5,651	
Vehicles	2,976	14	2,990	
Miscellaneous	2,243	—	2,243	
Total other	64,067	1,357	65,424	

The following table indicates the number and year built for locomotives and freight cars owned at December 31, 2022:

	2022	2021	2020	2019	2018	2013-2017	2008-2012	2007 & Before	Total
Locomotives:									
No. of units	—	1	10	36	15	260	231	2,637	3,190
% of fleet	— %	— %	— %	1 %	1 %	8 %	7 %	83 %	100 %
Freight cars:									
No. of units	236	—	—	200	—	4,202	8,843	22,774	36,255
% of fleet	1 %	— %	— %	— %	— %	12 %	24 %	63 %	100 %

The following table shows the average age of our owned locomotive and freight car fleets at December 31, 2022 and information regarding 2022 retirements:

	Locomotives	Freight Cars
Average age – in service	27.6 years	25.9 years
Retirements	22 units	1,209 units
Average age – retired	25.2 years	45.5 years

Track Maintenance – Of the 35,100 total miles of track on which we operate, we are responsible for maintaining 28,400 miles, with the remainder being operated under trackage rights from other parties responsible for maintenance.

Over 85% of the main line trackage (including first, second, third, and branch main tracks, all excluding rail operated pursuant to trackage rights) has rail ranging from 131 to 155 pounds per yard with the standard installation currently at 136 pounds per yard. Approximately 40% of our lines, excluding rail operated pursuant to trackage rights, carried 20 million or more gross tons per track mile during 2022.

The following table summarizes several measurements regarding our track roadway additions and replacements during the past five years:

	2022	2021	2020	2019	2018
Track miles of rail installed	541	458	418	449	416
Miles of track surfaced	4,155	4,225	4,785	5,012	4,594
Crossties installed (millions)	2.2	2.0	1.8	2.4	2.2

Traffic Control – Of the 16,200 route miles we dispatch, 11,300 miles are signalized, including 8,500 miles of centralized traffic control (CTC) and 2,800 miles of automatic block signals. Of the 8,500 miles of CTC, 7,600 miles are controlled by data radio originating at 355 base station radio sites.

ENVIRONMENTAL MATTERS – Compliance with federal, state, and local laws and regulations relating to the protection of the environment is one of our principal goals. To date, such compliance has not had a material effect on our financial position, results of operations, liquidity, or competitive position. See Note 17 to the Consolidated Financial Statements.

HUMAN CAPITAL MANAGEMENT

Workforce – We employed an average of 18,900 employees during 2022, and 19,300 employees at the end of 2022. Approximately 80% of our railroad employees – referred to as “craft” employees – are covered by collective bargaining agreements with various labor unions. See the discussion of “Labor Agreements” in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The remainder of our workforce is composed of management employees.

Craft Workforce Levels and Productivity – Maintaining appropriate headcount levels for our craft-employee workforce is critical to our on-time and consistent delivery of customers’ goods and operational efficiency goals. We manage this human capital metric through forecasting tools designed to ensure the optimal level of staffing to meet business demands. We measure and monitor employee productivity based on various factors, including gross ton miles per train and engine employee.

Safety – We are dedicated to providing employees with a safe workplace and the knowledge and tools they need to work safely and return home safely every day. Our commitment to an injury-free workplace is outlined in our Foundation of Safety policy which focuses on rules compliance, responsibility, relationships, and responsiveness. Our safety programs, practices, and messaging further reinforces the importance of working safely. We measure

employee safety performance through internal metrics such as accidents, injuries, and serious injuries per 200,000 employee-hours. We also use metrics established by the Federal Railroad Administration (FRA) to measure FRA reportable accidents and injuries per 200,000 employee-hours. Given the importance of safety among our workforce and business, in 2020, our Board of Directors established a standing Safety Committee that, among other duties, reviews, monitors, and evaluates our compliance with our safety programs and practices.

Attracting and Retaining Management Employees – Our talent strategy for management employees is essential to attracting strong candidates in a competitive talent environment. We evaluate the effectiveness of that strategy by studying market trends, benchmarking the attractiveness of our employee value proposition, maintaining a competitive compensation package, and analyzing retention data.

We also focus on driving employee engagement, which is key to increasing employee productivity, retention, and safety. We take a data-centric approach, including the use of quarterly surveys among management employees, to identify new initiatives that will help boost engagement and drive business results.

Employee Development and Training – We provide a range of developmental programs, opportunities, skills, and resources for our employees to be successful in their careers. We provide classroom instruction, hands-on training and simulation-based training designed to improve training effectiveness and safety outcomes.

We also use modern learning and performance technologies to offer robust professional growth opportunities. Through on-demand digital course offerings, custom-built learning paths, and performance-management tools, our platforms deliver a contemporary, convenient, and inclusive approach to professional development.

Diversity, Equity, and Inclusion – As a leading transportation service company, we understand that competing in the global marketplace requires recruiting the most qualified, talented, and diverse people. We strive to create a diverse, equitable, and inclusive workplace where a wide range of perspectives and experiences are represented, valued, and empowered to thrive.

While our current workforce reflects a broad range of backgrounds and experiences, we continue to focus on building an even more diverse workforce, using technology-driven outreach and multiple recruiting relationships to maintain a robust pipeline of diverse talent.

To underscore our commitment to cultivating a workplace experience where the unique experiences, perspectives, and contributions of all our people are valued, our CEO recently signed the CEO Action for Diversity & Inclusion pledge, which outlines specific actions to create a welcoming environment for discussions and ideas about diversity and inclusion. To advance that commitment, senior leaders from across the company serve on an Inclusion Leadership Council, which partners with the Diversity, Equity, and Inclusion Strategy team in implementing our enterprise inclusion strategy, articulating measurable goals, and holding ourselves accountable.

GOVERNMENT REGULATION – In addition to environmental, safety, securities, and other regulations generally applicable to all business, our railroads are subject to regulation by the U.S. Surface Transportation Board (STB). The STB has jurisdiction to varying extents over rates, routes, customer access provisions, fuel surcharges, conditions of service, and the extension or abandonment of rail lines. The STB has jurisdiction to determine whether we are “revenue adequate” on an annual basis based on the results of the prior year. A railroad is “revenue adequate” on an annual basis under the applicable law when its return on net investment exceeds the rail industry’s composite cost of capital. This determination is made pursuant to a statutory requirement. The STB also has jurisdiction over the consolidation, merger, or acquisition of control of and by rail common carriers.

The relaxation of economic regulation of railroads, following the Staggers Rail Act of 1980, included exemption from STB regulation of the rates and most service terms for intermodal business (trailer-on-flat-car, container-on-flat-car), rail boxcar shipments, lumber, manufactured steel, automobiles, and certain bulk commodities such as sand, gravel, pulpwood, and wood chips for paper manufacturing. Further, all shipments that we have under contract are effectively removed from commercial regulation for the duration of the contract. Approximately 90%

of our revenues comes from either exempt shipments or shipments moving under transportation contracts; the remainder comes from shipments moving under public tariff rates.

Efforts have been made over the past several years to increase federal economic regulation of the rail industry, and such efforts are expected to continue in 2023. The Staggers Rail Act of 1980 substantially balanced the interests of shippers and rail carriers, and encouraged and enabled rail carriers to innovate, invest in their infrastructure, and compete for business, thereby contributing to the economic health of the nation and to the revitalization of the industry. Accordingly, we will continue to oppose efforts to reimpose increased economic regulation.

Railroads are also subject to the enactment of laws by Congress and regulation by the U.S. Department of Transportation (DOT) (including the Federal Railroad Administration) and the U.S. Department of Homeland Security (DHS) (including the Transportation Security Administration (TSA)), which regulate most aspects of our operations related to safety, security and cybersecurity.

Government regulations are further discussed within Item 1A “Risk Factors” and the safety and security of our railroads are discussed within the “Security of Operations” section contained herein.

COMPETITION – There is continuing strong competition among rail, water, and highway carriers. Price is usually only one factor of importance as shippers and receivers choose a transport mode and specific hauling company. Inventory carrying costs, service reliability, ease of handling, and the desire to avoid loss and damage during transit are also important considerations, especially for higher-valued finished goods, machinery, and consumer products. Even for raw materials, semi-finished goods, and work-in-progress, users are increasingly sensitive to transport arrangements that minimize problems at successive production stages.

Our primary rail competitor is CSX Corporation (CSX); both we and CSX operate throughout much of the same territory. Other railroads also operate in parts of the territory. We also compete with motor carriers, water carriers, and with shippers who have the additional options of handling their own goods in private carriage, sourcing products from different geographic areas, and using substitute products.

Certain marketing strategies to expand reach and shipping options among railroads and between railroads and motor carriers enable railroads to compete more effectively in specific markets.

SECURITY OF OPERATIONS – We continue to enhance the security of our rail system. Our comprehensive security plan is modeled on and was developed in conjunction with the security plan prepared by the Association of American Railroads (AAR) post September 11, 2001. The AAR Security Plan defines four Alert Levels and details the actions and countermeasures that are being applied across the railroad industry to mitigate the risk of terrorist, violent extremist or seriously disruptive cyber-attack increases or decreases. The Alert Level actions include countermeasures that will be applied in three general areas: (1) operations (including transportation, engineering, and mechanical); (2) information technology and communications; and, (3) railroad police. All of our Operations Division employees are advised by their supervisors or train dispatchers, as appropriate, of any change in Alert Level and any additional responsibilities they may incur due to such change.

Our security plan also complies with DOT security regulations pertaining to training and security plans with respect to the transportation of hazardous materials. As part of the plan, security awareness training is given to all railroad employees who directly affect hazardous material transportation safety, and is integrated into hazardous material training programs. Additionally, location-specific security plans are in place for rail corridors in certain metropolitan areas referred to as High Threat Urban Areas (HTUA). Particular attention is aimed at reducing risk in a HTUA by: (1) the establishment of secure storage areas for rail cars carrying toxic-by-inhalation (TIH) materials; (2) the expedited movement of trains transporting rail cars carrying TIH materials; (3) reducing the number of unattended loaded tank cars carrying TIH materials; and (4) cooperation with federal, state, local, and tribal governments to identify those locations where security risks are the highest.

We also operate four facilities that are under U.S. Coast Guard (USCG) Maritime Security Regulations. With respect to these facilities, each facility's security plan has been approved by the applicable Captain of the Port and remains subject to inspection by the USCG.

Additionally, we continue to engage in close and regular coordination with numerous federal and state agencies, including the DHS, the TSA, the Federal Bureau of Investigation, the FRA, the USCG, U.S. Customs and Border Protection, the Department of Defense, and various state Homeland Security offices.

In 2022, through the Norfolk Southern Operation Awareness and Response Program as well as participation in the Transportation Community Awareness and Emergency Response Program, we provided rail accident response training to approximately 5,000 emergency responders, such as local police and fire personnel, utilizing a combination of online training and face-to-face training sessions as well as the Norfolk Southern Safety Train. We also have ongoing programs to sponsor local emergency responders at the Security and Emergency Response Training Center.

We also continually evaluate ourselves for appropriate business continuity and disaster recovery planning, with test scenarios that include cybersecurity attacks. Our risk-based information security program helps ensure our defenses and resources are aligned to address the most likely and most damaging potential attacks, to provide support for our organizational mission and operational objectives, and to keep us in the best position to detect, mitigate, and recover from a wide variety of potential attacks in a timely fashion.

Item 1A. Risk Factors

The risks set forth in the following risk factors could have a material adverse effect on our financial position, results of operations, or liquidity in a particular year or quarter, and could cause those results to differ materially from those expressed or implied in our forward-looking statements. The information set forth in this Item 1A "Risk Factors" should be read in conjunction with the rest of the information included in this annual report, including Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8 "Financial Statements and Supplementary Data."

REGULATORY AND LEGISLATIVE RISKS

Governmental legislation, regulation, and Executive Orders over commercial, operational, tax, safety, security, or cybersecurity matters could negatively affect us, our customers, the rail industry or the markets we serve. Congress can enact laws, agencies can promulgate regulations, and Executive Orders can be issued that increase or alter regulation that negatively affects us, our customers, the rail industry or the markets we serve. Railroads presently are subject to commercial and operational regulation by the STB, which has jurisdiction to varying extents over rates, routes, customer access provisions, fuel surcharges, conditions of service, and the extension or abandonment of rail lines.

The STB also has jurisdiction over the consolidation, merger, or acquisition of control of and by rail common carriers. Additional or updated regulation of the rail industry by Congress or the STB, whether under new, existing or amended laws or regulations, could have a significant negative impact on our ability to negotiate prices for rail services, on our railway operating revenues, and on the efficiency, conduct, or complexity of our operations. Such additional or updated industry regulation, as well as enactment of any new or updated tax laws, could also negatively impact cash flows from our operating activities and, therefore, result in reduced capital spending on our rail network or abandonment of lines.

Railroads are also subject to the enactment of laws by Congress and regulation by the DOT (including the FRA) and the DHS (including the TSA), which regulate many aspects of our operations related to safety, security and cybersecurity. Additional or updated safety, security, or cybersecurity regulation by Congress, the DOT or DHS could have a negative impact on our business and the efficiency, conduct, or complexity of our operations including (but not limited to) increased operating costs, capital expenditures, claims and litigation.

Our inability to comply with the requirements of existing or updated laws, regulations, or Executive Orders that govern our operations or the rail industry, including but not limited to those pertaining to commercial, operational, tax, safety, security, or cybersecurity matters, could have a material adverse effect on our financial position, results of operations or liquidity.

Federal and state environmental laws and regulations could negatively impact us and our operations. Our operations are subject to extensive federal and state environmental laws and regulations concerning, among other things: emissions to the air; discharges to waterways or groundwater supplies; handling, storage, transportation, and disposal of waste and other materials; and, the cleanup of hazardous material or petroleum releases. The risk of incurring environmental liability, for acts and omissions, past, present, and future, is inherent in the railroad business. This risk includes property owned by us, whether currently or in the past, that is or has been subject to a variety of uses, including our railroad operations and other industrial activity by past owners or our past and present tenants.

Environmental problems that are latent or undisclosed may exist on these properties, and we could incur environmental liabilities or costs, the amount and materiality of which cannot be estimated reliably at this time, with respect to one or more of these properties. Moreover, lawsuits and claims involving other unidentified environmental sites and matters are likely to arise from time to time.

Our inability to comply with the extensive federal and state environmental laws and regulations to which we are subject could result in significant liabilities or otherwise adversely impact our operations.

OPERATIONAL RISKS

Pandemics, epidemics or endemic diseases could further negatively impact us, our customers, our supply chain and our operations. The magnitude and duration of a pandemic, epidemic or endemic disease, and its impact on our customers and general economic conditions can influence the demand for our services and affect our revenues. In addition, such outbreaks could affect our operations and business continuity if a significant number of our essential employees, overall or in a key location, are quarantined from contraction of or exposure to the disease or if governmental orders prevent our employees or critical suppliers from working. To the extent such diseases adversely affect our business and financial results, they may also have the effect of heightening many of the other risks described in the risk factors included herein, or may affect our operating and financial results in a manner that is not presently known to us.

A significant cybersecurity incident or other disruption to our technology infrastructure could disrupt our business operations. We rely on information technology, and improvements in that technology, in all aspects of our business. If we experience significant disruption or failure of one or more of information technology systems operated by us or under control of third parties, including computer hardware, software, and communications equipment, we could experience a service interruption, data breach, or other operational difficulties. Although we maintain comprehensive security programs designed to protect our information technology systems, we are continually targeted by threat actors attempting to access our networks. While we have previously experienced cybersecurity events that have had minimal impact, future events may result in more significant impacts to our operations, reputation or results of operations. These potentially impactful events could include unauthorized access to our systems, viruses, ransomware, and/or compromise, acquisition, or destruction of our data. We also could be impacted by cybersecurity events targeting third parties that we rely on for business operations, including third party vendors that have access to our systems or data and third parties in our supply chain. Such a direct or indirect cybersecurity incident could interrupt our service, cause safety failures or operational difficulties, decrease revenues, increase operating costs, impact our efficiency, damage our corporate reputation, and/or expose us to litigation or government action or increased regulation, which could result in penalties, fines or judgments. In addition, our failure to comply with privacy-related or data protection laws and regulations could result in government investigations and proceedings against us, or litigation, resulting in adverse reputational impacts, penalties, and legal liability.

Our business may be seriously harmed if we fail to develop, implement, maintain, upgrade, enhance, protect and integrate our information technology systems. If we fail to develop, acquire or implement new technology, or otherwise fail to maintain, protect or integrate our information technology systems, we may suffer a competitive disadvantage within the rail industry and with companies providing alternative modes of transportation service.

As a common carrier by rail, we must offer to transport hazardous materials, regardless of risk. Transportation of certain hazardous materials could create catastrophic losses in terms of personal injury and property (including environmental) damage and compromise critical parts of our rail network. The costs of a catastrophic rail accident involving hazardous materials could exceed our insurance coverage. We have obtained insurance for potential losses for third-party liability and first-party property damages (see Note 17 to the Consolidated Financial Statements); however, insurance is available from a limited number of insurers and may not continue to be available or, if available, may not be obtainable on terms acceptable to us.

We face competition from other transportation providers. We are subject to competition from motor carriers, railroads and, to a lesser extent, ships, barges, and pipelines, on the basis of transit time, pricing, and quality and reliability of service. While we have primarily used internal resources to build or acquire and maintain our rail system, trucks and barges have been able to use public rights-of-way maintained by public entities. Any future improvements, expenditures, legislation, or regulation changing or materially increasing the efficiency or reducing the cost of one or more alternative modes of transportation in the regions in which we operate (such as granting materially greater latitude for motor carriers with respect to size or weight limitations or adoption and utilization of autonomous commercial vehicles) could have a material adverse effect on our ability to compete with other modes of transportation.

Capacity constraints could negatively impact our service and operating efficiency. We have experienced and may again experience capacity constraints on our rail network related to employee or equipment shortages, increased demand for rail services, severe weather, congestion on other railroads, including passenger activities, or impacts from changes to our network structure or composition. Such constraints could result in operational inefficiencies or adversely affect our operations.

Significant increases in demand for rail services could result in the unavailability of qualified personnel and resources like locomotives. Changes in workforce demographics, training requirements, and availability of qualified personnel, particularly for engineers and conductors, have negatively impacted and may again negatively impact our ability to meet short-term demand for rail service. Unpredicted increases in demand for rail services may exacerbate such risks and could negatively impact our operational efficiency.

Constraints on the supply chain or the operations of carriers with which we interchange may adversely affect our operations. Our ability to provide rail service to our customers depends in large part upon a functioning global supply chain and our ability to maintain collaborative relationships with connecting carriers (including shortlines and regional railroads) with respect to, among other matters, freight rates, revenue division, car supply and locomotive availability, data exchange and communications, reciprocal switching, interchange, and trackage rights. Deterioration in the supply chain or operations of or service provided by connecting carriers, or in our relationship with those connecting carriers, could result in our inability to meet our customers' demands or require us to use alternate train routes, which could result in significant additional costs and network inefficiencies. Additionally, any significant consolidations, mergers or operational changes among other railroads may significantly redefine our market access and reach.

We may be negatively affected by terrorism or war. Any terrorist attack, or other similar event, any government response thereto, and war or risk of war could cause significant business interruption. Because we play a critical role in the nation's transportation system, we could become the target of such an attack or have a significant role in the government's preemptive approach or response to an attack or war.

Although we currently maintain insurance coverage for third-party liability arising out of war and acts of terrorism, we maintain only limited insurance coverage for first-party property damage and damage to property in our care,

custody, or control caused by certain acts of terrorism. In addition, premiums for some or all of our current insurance programs covering these losses could increase dramatically, or insurance coverage for certain losses could be unavailable to us in the future.

We may be negatively affected by supply constraints resulting from disruptions in the fuel markets or the nature of some of our supplier markets. We consumed approximately 376 million gallons of diesel fuel in 2022. Fuel availability could be affected by limitation in the fuel supply or by imposition of mandatory allocation or rationing regulations. A severe fuel supply shortage arising from production curtailments, increased demand in existing or emerging foreign markets, disruption of oil imports, disruption of domestic refinery production, damage to refinery or pipeline infrastructure, political unrest, war or other factors could impact us as well as our customers and other transportation companies.

Due to the capital-intensive nature, as well as the industry-specific requirements of the rail industry, high barriers of entry exist for potential new suppliers of core railroad items, such as locomotives and rolling stock equipment. Additionally, we compete with other industries for available capacity and raw materials used in the production of locomotives and certain track and rolling stock materials. Changes in the competitive landscapes of these limited supplier markets could result in increased prices or significant shortages of materials.

LITIGATION RISKS

We may be subject to various claims and lawsuits that could result in significant expenditures. The nature of our business exposes us to the potential for various claims and litigation related to labor and employment, personal injury, commercial disputes, freight loss and other property damage, and other matters. Job-related personal injury and occupational claims are subject to the Federal Employer's Liability Act (FELA), which is applicable only to railroads. FELA's fault-based tort system produces results that are unpredictable and inconsistent as compared with a no-fault worker's compensation system. The variability inherent in this system could result in actual costs being different from the liability recorded.

A catastrophic rail accident, whether on our lines or another carrier's, involving any or all of release of hazardous materials, freight loss, property damage, personal injury, and environmental liability could compromise critical parts of our rail network. Losses associated with such an accident involving us could exceed our insurance coverage, resulting in a material adverse effect on our liquidity. Any material changes to current litigation trends could also have a material adverse effect on our liquidity to the extent not covered by insurance.

We have obtained insurance for potential losses for third-party liability and first-party property damages; however, insurance is available from a limited number of insurers and may not continue to be available or, if available, may not be obtainable on terms acceptable to us.

HUMAN CAPITAL RISKS

The vast majority of our employees belong to labor unions, and the renegotiation of labor agreements or any provisions thereof, or any strikes or work stoppages (including any entered into in connection with any such negotiations), could adversely affect our operations. Approximately 80% of our railroad employees are covered by collective bargaining agreements with various labor unions. Although we recently entered into updated labor agreements with these labor unions, future national labor agreements, or renegotiation of labor agreements or provisions of labor agreements, could significantly increase our costs for health care, wages, and other benefits. Additionally, if our craft employees were to engage in a strike, work stoppage, or other slowdown, including in connection with the renegotiation of any such agreements or any provisions thereof, we could experience a significant disruption in our operations, thereby adversely impacting our results of operations.

Failure to attract and retain key executive officers, or skilled professional or technical employees could adversely impact our business and operations. Our success depends on our ability to attract and retain skilled employees, including a sufficient number of craft employees to enable us to efficiently conduct our operations.

Difficulties in recruiting and retaining skilled employees, including train and engine workers, key executives, and other skilled professional and technical employees; the unexpected loss of such individuals; and/or our inability to successfully transition key roles could each have a material adverse effect on our business and operations.

CLIMATE CHANGE RISKS

Severe weather and disasters have caused, and could again cause, significant business interruptions and expenditures. Severe weather conditions and other natural phenomena resulting from changing weather patterns and rising sea levels or other causes, including hurricanes, floods, fires, landslides, extreme temperatures, significant precipitation, and earthquakes, have caused, and may again cause damage to our network, our workforce to be unavailable and us to be unable to use our equipment. Additionally, shifts in weather patterns caused by climate change are expected to increase the frequency, severity or duration of certain adverse weather conditions, which could cause more significant business interruptions that result in increased costs, increased liabilities, and decreased revenues.

Concern over climate change has led to significant federal, state, and international legislative and regulatory efforts to limit greenhouse gas (GHG) emissions. Restrictions, caps, taxes, or other legislative or regulatory controls on GHG emissions, including diesel exhaust, could significantly increase our operating costs and decrease the amount of traffic we handle.

In addition, legislation and regulation related to climate change or GHG emissions could negatively affect the markets we serve and our customers. Even without legislation or regulation, government incentives and adverse publicity relating to climate change or GHG emissions could negatively affect the markets for certain of the commodities we carry, or our customers that use commodities we carry to produce energy (including coal), use significant amounts of energy in producing or delivering the commodities we carry, or manufacture or produce goods that consume significant amounts of energy associated with GHG emissions.

MACROECONOMIC AND MARKET RISKS

We may be negatively impacted by changes in general economic conditions. Negative changes in domestic and global economic conditions, including reduced import and export volumes, could affect the producers and consumers of the freight we carry. Economic conditions could also result in bankruptcies of one or more large customers.

We may be negatively affected by energy prices. Volatility in energy prices could have a significant effect on a variety of items including, but not limited to: the economy; demand for transportation services; business related to the energy sector, including crude oil, natural gas, and coal; fuel prices; and, fuel surcharges.

The state of capital markets could adversely affect our liquidity. We rely on the capital markets to provide some of our capital requirements, including the issuance of debt instruments and the sale of certain receivables. Significant instability or disruptions of the capital markets, including the credit markets, or deterioration of our financial position due to internal or external factors could restrict or eliminate our access to, and/or significantly increase the cost of, various financing sources, including bank credit facilities and issuance of corporate bonds. Instability or disruptions of the capital markets and deterioration of our financial position, alone or in combination, could also result in a reduction of our credit rating to below investment grade, which could prohibit or restrict us from accessing external sources of short- and long-term debt financing and/or significantly increase the associated costs.

Item 1B. Unresolved Staff Comments

None.

Item 3. Legal Proceedings

For information on our legal proceedings, see Note 17 “Commitments and Contingencies” in the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

Information About Our Executive Officers

Our executive officers generally are elected and designated annually by the Board of Directors (Board) at its first meeting held after the annual meeting of stockholders, and they hold office until their successors are elected. Executive officers also may be elected and designated throughout the year as the Board considers appropriate. There are no family relationships among our officers, nor any arrangement or understanding between any officer and any other person pursuant to which the officer was selected. The following table sets forth certain information, at February 1, 2023, relating to our officers.

Name, Age, Present Position	Business Experience During Past Five Years
Alan H. Shaw, 55, President and Chief Executive Officer	Present position since May 1, 2022. Served as President from December 1, 2021 to May 1, 2022. Served as Executive Vice President and Chief Marketing Officer from May 16, 2015 to December 1, 2021.
Ann A. Adams, 52, Executive Vice President and Chief Transformation Officer	Present position since April 1, 2019. Served as Vice President Human Resources from April 1, 2016 to April 1, 2019.
Paul B. Duncan, 43, Executive Vice President and Chief Operating Officer	Present position since January 1, 2023. Served as Senior Vice President Transportation & Network Operations from September 1, 2022 to January 1, 2023. Served as Vice President Network Planning & Operations from March 1, 2022 to September 1, 2022. Prior to joining Norfolk Southern, served as Vice President of Service Design and Performance for BNSF Railway from October 1, 2018 to March 1, 2022 and as Assistant Vice President for Capacity Planning from June 1, 2015 to October 1, 2018.
Claude E. Elkins, Jr., 57, Executive Vice President and Chief Marketing Officer	Present position since December 1, 2021. Served as Vice President Industrial Products from April 1, 2018 to December 1, 2021. Served as Group Vice President Chemicals from March 1, 2016 to April 1, 2018.
Mark R. George, 55, Executive Vice President and Chief Financial Officer	Present position since November 1, 2019. Prior to joining Norfolk Southern, served as Vice President, Finance and Chief Financial Officer at segments of United Technologies Corporation. The positions were Vice President Finance, Strategy, IT and Chief Financial Officer at Otis Elevator Company from October 2015 to May 2019, and Vice President Finance and Chief Financial Officer at Carrier Corporation from June 2019 until joining Norfolk Southern.
Nabanita C. Nag, 47, Executive Vice President and Chief Legal Officer	Present position since July 1, 2022. Served as Senior Vice President & Chief Legal Officer from March 1, 2022 to July 1, 2022. Served as General Counsel - Corporate from August 31, 2020 to March 1, 2022. Prior to joining Norfolk Southern, served as Vice President & Corporate Counsel in the Financial Management Law Group at Prudential Financial from March 3, 2014 to August 1, 2020.
Claiborne L. Moore, 43, Vice President and Controller	Present position since March 1, 2022. Served as Assistant Vice President Corporate Accounting from March 15, 2019 to March 1, 2022. Served as Director Investor Relations from July 1, 2017 to March 15, 2019.

PART II

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities **STOCK INFORMATION**

Common Stock is owned by 19,796 stockholders of record as of December 31, 2022, and is traded on the New York Stock Exchange under the symbol "NSC."

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares (or Units) Purchased⁽¹⁾	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs⁽²⁾	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be Purchased under the Plans or Programs⁽²⁾
October 1-31, 2022	1,027,142	\$ 217.12	1,027,142	\$ 8,092,825,748
November 1-30, 2022	1,023,706	243.00	1,023,706	7,844,066,906
December 1-31, 2022	1,422,612	249.05	1,422,438	7,489,805,905
Total	<u>3,473,460</u>		<u>3,473,286</u>	

⁽¹⁾ Of this amount, 174 represent shares tendered by employees in connection with the exercise of stock options under the stockholder-approved Long-Term Incentive Plan (LTIP).

⁽²⁾ On March 29, 2022, our Board of Directors authorized a new program for the repurchase of up to \$10.0 billion of Common Stock beginning April 1, 2022. As of December 31, 2022, \$7.5 billion remains authorized for repurchase. Our previous share repurchase program terminated on March 31, 2022.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Norfolk Southern Corporation and Subsidiaries

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes.

OVERVIEW

We are one of the nation's premier transportation companies, moving goods and materials that help drive the U.S. economy. We connect customers to markets and communities to economic opportunity with safe, reliable, and cost-effective shipping solutions. Our Norfolk Southern Railway Company subsidiary operates in 22 states and the District of Columbia. We are a major transporter of industrial products, including agriculture, forest and consumer products, chemicals, and metals and construction materials. In addition, in the East we serve every major container port and operate the most extensive intermodal network. We are also a principal carrier of coal, automobiles, and automotive parts.

In 2022, revenue growth led to year-over-year improvements in income from operations, net income and diluted earnings per share. Throughout the year, we focused on efforts to increase our network fluidity and improve service for our customers. These efforts included the hiring of new conductors in a tight labor market and evolving our operating plan, which collectively drove improvements in our network performance as we concluded the year and is providing strong momentum going into 2023. Additionally, new labor agreements were secured by December 2022 which provided retroactive pay and other benefits for our craft employees. As we head into 2023, we are focused on providing reliable and resilient service and delivering smart sustainable revenue growth that will deliver long-term value to our customers and shareholders.

SUMMARIZED RESULTS OF OPERATIONS

	2022	2021	2020	2022 vs. 2021	2021 vs. 2020
	<i>(\$ in millions, except per share amounts)</i>			<i>(% change)</i>	
Income from railway operations	\$ 4,809	\$ 4,447	\$ 3,002	8 %	48 %
Net income	\$ 3,270	\$ 3,005	\$ 2,013	9 %	49 %
Diluted earnings per share	\$ 13.88	\$ 12.11	\$ 7.84	15 %	54 %
Railway operating ratio (percent)	62.3	60.1	69.3	4 %	(13 %)

Income from railway operations increased in 2022 compared to 2021, driven by higher railway operating revenues. Revenue growth was the result of higher fuel surcharge revenues and pricing gains, which more than offset the impact of volume declines. The rise in revenues was partly offset by increased railway operating expenses, driven by higher fuel prices, other inflationary pressures, service-related costs, increased labor-related costs primarily resulting from labor union negotiations, and higher claims-related expenses. Incremental expenses incurred in 2022 that resulted from finalized labor agreements for wages earned in 2021 and prior periods lowered diluted earnings per share by \$0.18. Additionally, net income includes a \$136 million deferred tax benefit resulting from a corporate income tax rate change in the Commonwealth of Pennsylvania, which increased diluted earnings per share by \$0.58. Our share repurchase activity resulted in the percentage increase in diluted earnings per share that exceeded that of net income. Railway operating ratio (a measure of the amount of operating revenues consumed by operating expenses) increased to 62.3 percent.

Income from railway operations increased in 2021 compared to 2020, the result of a 14% increase in railway operating revenues and a 1% reduction in railway operating expenses. Revenue growth was driven by increased average revenue per unit and higher volumes, the result of improved customer demand. The decline in railway

operating expenses was largely due to the absence of two charges, as 2020 results were adversely impacted by a \$385 million loss on asset disposal related to locomotives and a \$99 million impairment charge related to an equity method investment. For more information on these charges, see Notes 7 and 6, respectively. Higher fuel costs, purchased services, and compensation and benefits expense mostly offset the reduction associated with these charges. Additionally, gains on the sale of operating properties increased compared to 2020. The 48% increase in income from railway operations drove comparable increases in net income and diluted earnings per share. Our railway operating ratio decreased to 60.1 percent.

The following tables adjust our 2020 U.S. Generally Accepted Accounting Principles (GAAP) financial results to exclude the effects of the loss on asset disposal and investment impairment. The income tax effects on these non-GAAP adjustments were calculated based on the applicable tax rates to which the non-GAAP adjustments relate. We use these non-GAAP financial measures internally and believe this information provides useful supplemental information to investors to facilitate making period-to-period comparisons by excluding the 2020 charges. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant to be considered in isolation from, or as a substitute for, the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similar measures presented by other companies.

		Non-GAAP Reconciliation for 2020			
	Reported (GAAP)	Loss on Asset Disposal	Investment Impairment	Adjusted (non-GAAP)	
(\$ in millions, except per share amounts)					
Railway operating expenses	\$ 6,787	\$ (385)	\$ (99)	\$ 6,303	
Income from railway operations	\$ 3,002	\$ 385	\$ 99	\$ 3,486	
Income before income taxes	\$ 2,530	\$ 385	\$ 99	\$ 3,014	
Income taxes	\$ 517	\$ 97	\$ 25	\$ 639	
Net income	\$ 2,013	\$ 288	\$ 74	\$ 2,375	
Diluted earnings per share	\$ 7.84	\$ 1.12	\$ 0.29	\$ 9.25	
Railway operating ratio (percent)	69.3	(3.9)	(1.0)	64.4	

In the table below, references to 2020 results and related comparisons use the adjusted, non-GAAP results from the table above.

				2021 vs. Adjusted 2020 (non-GAAP)				
	2022	2021	Adjusted 2020 (non-GAAP)	2022 vs. 2021				
	(\$ in millions, except per share amounts)			(% change)				
Railway operating expenses	\$	7,936	\$	6,695	\$	6,303	19 %	6 %
Income from railway operations	\$	4,809	\$	4,447	\$	3,486	8 %	28 %
Income before income taxes	\$	4,130	\$	3,878	\$	3,014	6 %	29 %
Income taxes	\$	860	\$	873	\$	639	(1 %)	37 %
Net income	\$	3,270	\$	3,005	\$	2,375	9 %	27 %
Diluted earnings per share	\$	13.88	\$	12.11	\$	9.25	15 %	31 %
Railway operating ratio (percent)		62.3		60.1		64.4	4 %	(7 %)

DETAILED RESULTS OF OPERATIONS

Railway Operating Revenues

The following tables present a three-year comparison of revenues, volumes (units), and average revenue per unit by commodity group.

	Revenues			2022	2021
	2022	2021	2020	vs. 2021	vs. 2020
	(\$ in millions)			(% change)	
Merchandise:					
Agriculture, forest and consumer products	\$ 2,493	\$ 2,251	\$ 2,116	11 %	6 %
Chemicals	2,148	1,951	1,809	10 %	8 %
Metals and construction	1,652	1,562	1,333	6 %	17 %
Automotive	1,038	905	830	15 %	9 %
Merchandise	7,331	6,669	6,088	10 %	10 %
Intermodal	3,681	3,163	2,654	16 %	19 %
Coal	1,733	1,310	1,047	32 %	25 %
Total	\$ 12,745	\$ 11,142	\$ 9,789	14 %	14 %

	Units			2022	2021
	2022	2021	2020	vs. 2021	vs. 2020
	(in thousands)			(% change)	
Merchandise:					
Agriculture, forest and consumer products	723.0	725.5	704.4	— %	3 %
Chemicals	540.1	529.7	482.0	2 %	10 %
Metals and construction	634.6	669.0	601.2	(5 %)	11 %
Automotive	339.1	345.4	329.7	(2 %)	5 %
Merchandise	2,236.8	2,269.6	2,117.3	(1 %)	7 %
Intermodal	3,913.1	4,104.1	3,992.1	(5 %)	3 %
Coal	684.6	658.0	574.1	4 %	15 %
Total	6,834.5	7,031.7	6,683.5	(3 %)	5 %

	Revenue per Unit			2022	2021
	2022	2021	2020	vs. 2021	vs. 2020
	(\$ per unit)			(% change)	
Merchandise:					
Agriculture, forest and consumer products	\$ 3,448	\$ 3,102	\$ 3,004	11 %	3 %
Chemicals	3,978	3,684	3,753	8 %	(2 %)
Metals and construction	2,604	2,334	2,216	12 %	5 %
Automotive	3,059	2,621	2,518	17 %	4 %
Merchandise	3,277	2,938	2,875	12 %	2 %
Intermodal	941	771	665	22 %	16 %
Coal	2,532	1,991	1,824	27 %	9 %
Total	1,865	1,584	1,465	18 %	8 %

Revenues increased \$1.6 billion in 2022 and \$1.4 billion in 2021 compared to the prior years. Higher revenue for 2022 was the result of increased average revenue per unit, driven by higher fuel surcharge revenue, pricing gains, improved mix, and increased intermodal storage service charges, partially offset by volume declines. In 2021, higher revenue was the result of increased average revenue per unit, driven by pricing gains, higher fuel surcharge revenue, increased intermodal storage service charges and improved mix, as well as volume growth.

The table below reflects the components of the revenue change by major commodity group.

	2022 vs. 2021			2021 vs. 2020		
	Increase (Decrease)			Increase (Decrease)		
	(\$ in millions)					
	Merchandise	Intermodal	Coal	Merchandise	Intermodal	Coal
Volume	\$ (96)	\$ (147)	\$ 53	\$ 438	\$ 75	\$ 153
Fuel surcharge revenue	455	417	79	91	178	4
Rate, mix and other	303	248	291	52	256	106
Total	\$ 662	\$ 518	\$ 423	\$ 581	\$ 509	\$ 263

Approximately 95% of our revenue base is covered by contracts that include negotiated fuel surcharges. Fuel surcharge revenues totaled \$1.6 billion, \$622 million, and \$349 million in 2022, 2021, and 2020, respectively. The increase in fuel surcharge revenues in 2022 and 2021 was driven by higher fuel commodity prices.

For 2023, we expect that revenue growth will be a challenge, as there is substantial economic uncertainty. Additionally, we expect revenue headwinds resulting from lower fuel prices, softening coal pricing, and declining storage service charges. In this difficult environment, we will continue to fight to increase revenue by recapturing truck-competitive freight and achieving pricing gains.

MERCHANDISE revenues increased in both 2022 and 2021 compared with the prior years. In 2022, revenues rose due to higher average revenue per unit, driven by higher fuel surcharge revenue and increased pricing, partially offset by lower volume. Decreased volumes in metal and construction and automotive shipments more than offset higher chemical shipments. In 2021, revenues rose due to increased volume and higher average revenue per unit driven by increased fuel surcharge revenue and pricing. Volumes increased in all merchandise commodity groups, reflecting economic recovery following the onset of the COVID-19 pandemic.

Agriculture, forest and consumer products revenues increased in both 2022 and 2021 compared with the prior years. In 2022, the rise was the result of increased average revenue per unit, the result of higher fuel surcharge revenue and pricing gains, while volumes were nearly flat. Declines in pulpboard, fertilizer, and pulp, were offset by increases in soybeans, feed, and corn. Pulpboard and pulp shipments declined due to decreased demand, equipment availability, service disruptions, and production down time. Lower fertilizer shipments were driven by high fertilizer prices causing customers to draw down on existing inventories or delay purchases as well as production disruptions. Soybean volumes were higher due to increased opportunity for exports. Feed shipments were higher due to increased customer demand. Increased corn shipments were due to improved equipment cycle times. In 2021, higher revenues were the result of higher volume across almost all markets, as the economy improved from the early months of the pandemic in 2020, and increased average revenue per unit, the result of pricing gains and higher fuel surcharge revenue. Gains in ethanol, pulpboard, beverages, lumber and wood, and woodchips more than offset declines in soybeans and pulp.

Chemicals revenues increased in both 2022 and 2021 compared with the prior years. In 2022, the increase was the result of higher average revenue per unit, driven by fuel surcharge revenue and pricing gains, and volume growth.

Increases in sand and solid waste shipments were partially offset by declines in plastics, inorganic chemicals, organic chemicals, and natural gas liquids. The increase in sand was due to greater demand resulting from sustained high natural gas prices. Solid waste shipments increased due to growth with existing customers. Plastics shipments decreased due to softening of the housing market. Declines in inorganic chemicals, organic chemicals, and natural gas liquids shipments were due to decreased demand and reduced production. In 2021, the increase was the result of volume growth partially offset by lower average revenue per unit, driven by mix of traffic. The increase in volume was due to economic and production recovery since the beginning of the pandemic, despite ongoing challenges in the energy markets. The markets with the largest gains were solid waste, industrial chemicals, sand, natural gas liquids, and plastics.

Metals and construction revenues were higher in both 2022 and 2021 compared with the prior years. In 2022, revenue growth was driven by higher average revenue per unit, the result of higher fuel surcharge revenue and pricing gains, partially offset by lower volume. Volumes fell largely as a result of decreased shipments of coil steel, iron and steel, and scrap metal driven by service disruptions and slower equipment cycle times. In 2021, revenue growth was driven by increased volumes and higher average revenue per unit, the result of pricing gains and higher fuel surcharge revenue. Volume increased across almost all markets due to economic improvement since the beginning of the pandemic. The commodities serving the metal production industry, including coil steel, scrap metal, and iron and steel, experienced the largest gains.

Automotive revenues rose in both 2022 and 2021 compared with the prior years. The increase in revenues in 2022 was driven by higher average revenue per unit, due to higher fuel surcharge revenue and pricing gains, partially offset by volume declines. Volume declines were the result of slower equipment cycle times partially offset by fewer parts supply issues due to easing supply chain congestion when compared to the prior year. In 2021, the increase in revenues was driven by volume growth and higher average revenue per unit, a result of an increase in fuel surcharge revenue and pricing gains. Automotive volumes were higher due primarily to increased retail demand and the impact of prior-year pandemic-induced production shutdowns. This was partially offset by the impact of the microchip shortage on production.

INTERMODAL revenues increased in both 2022 and 2021 compared with the prior years. The increase in 2022 was the result of higher average revenue per unit, driven by higher fuel surcharge revenue, pricing gains, and increased storage service charges, partially offset by decreased volume. The rise in 2021 was primarily the result of higher average revenue per unit driven by increased storage service charges, higher fuel surcharge revenue and pricing gains.

Intermodal units by market were as follows:

	2022	2021	2020	2022 vs. 2021	2021 vs. 2020
	(units in thousands)			(% change)	
Domestic	2,573.6	2,630.6	2,568.7	(2 %)	2 %
International	1,339.5	1,473.5	1,423.4	(9 %)	4 %
Total	3,913.1	4,104.1	3,992.1	(5 %)	3 %

Domestic volume decreased in 2022 but increased in 2021 compared with the prior years. In 2022, volume declined due to service disruptions, terminal congestion, strong over-the-road competition, and increased truck availability. In 2021, volume rose due to strong consumer demand which was partially offset by overall supply chain congestion, including equipment availability issues.

International volume fell in 2022 but rose in 2021. The decline in 2022 was the result of supply chain constraints, chassis shortages, and excess retail inventory. The increase in 2021 was the result of strong import demand despite being limited by various supply chain constraints, including chassis availability issues.

COAL revenues increased in both 2022 and 2021 compared with the prior years. The increase in 2022 was due to higher average revenue per unit, driven by pricing gains and higher fuel surcharge revenue, and increased volumes. The increase in 2021 was due to increased volumes and higher average revenue per unit driven by pricing gains and positive mix.

As shown in the following table, total tonnage increased in both 2022 and 2021.

	2022	2021	2020	2022 vs. 2021	2021 vs. 2020
	(tons in thousands)			(% change)	
Utility	35,705	33,169	32,479	8 %	2 %
Export	25,887	24,886	18,900	4 %	32 %
Domestic metallurgical	11,307	11,804	9,441	(4 %)	25 %
Industrial	3,765	3,595	3,566	5 %	1 %
Total	76,664	73,454	64,386	4 %	14 %

Utility coal tonnage increased in both 2022 and 2021 compared with the prior years. The increase in 2022 was due to increased demand and service improvements. The increase in 2021 was due to higher natural gas prices and increased demand from coal-sourced electrical generation.

Export coal tonnage increased in both periods compared with prior years. The increase in 2022 was a result of strong global demand and increased coal supply. The increase in 2021 was a result of strong seaborne pricing, improved global economic conditions, and greater global demand.

Domestic metallurgical coal tonnage decreased in 2022 but increased in 2021 compared with the prior years. The decrease in 2022 was the result of reduced coke shipments related to customer sourcing changes and idled customer facilities. The increase in 2021 was the result of strong recovery in the steel market.

Industrial coal tonnage increased in both 2022 and 2021 compared with the prior year as a result of increased demand.

Railway Operating Expenses

Railway operating expenses summarized by major classifications were as follows:

	2022	2021	2020	2022 vs. 2021	2021 vs. 2020
	(\$ in millions)			(% change)	
Compensation and benefits	\$ 2,621	\$ 2,442	\$ 2,373	7 %	3 %
Purchased services and rents	1,922	1,726	1,687	11 %	2 %
Fuel	1,459	799	535	83 %	49 %
Depreciation	1,221	1,181	1,154	3 %	2 %
Materials and other	713	547	653	30 %	(16 %)
Loss on asset disposal	—	—	385		
Total	\$ 7,936	\$ 6,695	\$ 6,787	19 %	(1 %)

In 2022, expenses increased primarily as a result of higher fuel prices, other inflationary pressures, service-related costs, increased labor-related costs resulting from labor union negotiations, and higher claims expenses. In 2021, expenses declined primarily as a result of the absence of the 2020 loss on asset disposal and the equity method investment impairment charge, which is included in purchased services and rents. This was partially offset by higher fuel costs, increased other purchased services, and higher compensation and benefits expense.

Compensation and benefits increased in 2022, reflecting changes in:

- increased pay rates (up \$188 million),
- employee activity levels (up \$51 million),
- overtime (up \$18 million),
- incentive and stock-based compensation (down \$79 million), and
- other (up \$1 million).

The increase in pay rates in 2022 includes payments in excess of amounts previously estimated in 2021 and 2020 for retroactive wage increases and other benefits under our labor agreements. In 2022, compensation and benefits includes \$54 million and purchased services includes \$2 million of additional expenses pertaining to compensation earned in those periods.

In 2021, compensation and benefits increased, a result of changes in:

- incentive and stock-based compensation (up \$128 million),
- overtime and reworks (up \$47 million),
- increased pay rates (up \$41 million),
- health and welfare benefits for craft employees (down \$19 million),
- employee activity levels (down \$154 million), and
- other (up \$26 million).

Our employment averaged 18,900 in 2022, compared with 18,500 in 2021, and 20,200 in 2020.

Purchased services and rents includes the costs of services purchased from external vendors and contractors, including the net costs of operating joint (or leased) facilities with other railroads and the net cost of equipment rentals.

	2022	2021	2020	2022 vs. 2021	2021 vs. 2020
	(\$ in millions)			(% change)	
Purchased services	\$ 1,565	\$ 1,409	\$ 1,387	11 %	2 %
Equipment rents	357	317	300	13 %	6 %
Total	<u>\$ 1,922</u>	<u>\$ 1,726</u>	<u>\$ 1,687</u>	11 %	2 %

The increase in purchased services in 2022 was due to inflationary pressures which resulted in higher intermodal-related expenses, and increased operational and transportation expenses, as well as higher technology-related costs. The increase in purchased services in 2021 was due to increased technology costs, higher intermodal-related expenses, and increased Conrail, Inc. (Conrail) costs. This was partially offset by the absence of a prior year \$99 million impairment related to an equity method investment.

Equipment rents, which includes our cost of using equipment (mostly freight cars) owned by other railroads or private owners less the rent paid to us for the use of our equipment, increased in both periods. In 2022, the increase was the result of lower network fluidity which led to greater time-and-mileage expenses, increased automotive and

intermodal equipment expenses, and higher short-term locomotive resource costs. In 2021, equipment rents were higher for general-use equipment due to decreased network velocity and increased volume. These increases were partially offset by lower intermodal costs and higher equity in TTX earnings.

Fuel expense, which includes the cost of locomotive fuel as well as other fuel used in railway operations, increased in both periods. The change in both years was due to higher locomotive fuel prices (up 87% in 2022 and 43% in 2021) which increased expenses by \$634 million in 2022 and \$224 million in 2021. Locomotive fuel consumption decreased 2% in 2022, but increased 4% in 2021. We consumed 376 million gallons of diesel fuel in 2022, compared with 384 million gallons in 2021 and 368 million gallons in 2020.

Depreciation expense increased in both periods, a reflection of reinvestment in our infrastructure, rolling stock, and technology.

Materials and other expenses increased in 2022 but decreased in 2021 as shown in the following table.

	2022	2021	2020	2022 vs. 2021	2021 vs. 2020
	(\$ in millions)			(% change)	
Materials	\$ 283	\$ 250	\$ 274	13 %	(9 %)
Claims	270	165	179	64 %	(8 %)
Other	160	132	200	21 %	(34 %)
Total	<u>\$ 713</u>	<u>\$ 547</u>	<u>\$ 653</u>	30 %	(16 %)

Materials expense increased in 2022 but decreased in 2021. The increase in 2022 is due to increased locomotive, freight car, and track materials costs. In 2021, the decrease was due primarily to lower maintenance requirements as a result of fewer locomotives and freight cars in service.

Claims expense includes costs related to personal injury, property damage, and environmental matters. The increase in 2022 was primarily the result of higher costs associated with unfavorable personal injury case development, increased environmental remediation expenses, and higher lading and property damage costs. The decrease in 2021 was primarily the result of lower costs associated with derailments and personal injuries.

Other expense increased in 2022, primarily due to higher travel-related expenses, increased non-income based taxes, and lower gains from sales of operating property, partially offset by lower relocation expenses. In 2021, other expense decreased primarily due to higher gains from sales of operating property. Gains from operating property sales amounted to \$76 million, \$82 million, and \$26 million in 2022, 2021, and 2020, respectively.

Loss on asset disposal

During 2020, we recorded a \$385 million charge related to the disposal of 703 locomotives. For more information on the impact of the charge, see Note 7.

Other income – net

Other income – net decreased in both 2022 and 2021. Other income fell in 2022 due to lower net returns on corporate-owned life insurance (COLI) partially offset by a higher net pension benefit and increased interest income. The decrease in 2021 was driven by lower net returns on COLI and lower gains on sales of non-operating property.

Income taxes

The effective income tax rate was 20.8% in 2022, compared with 22.5% in 2021 and 20.4% in 2020. The current year benefited by \$136 million due to an enacted reduction to the Pennsylvania corporate income tax rate while 2021 benefited by \$34 million due to various state law changes (see Note 4). All years experienced favorable benefits associated with stock-based compensation, while 2021 and 2020 benefited from COLI returns.

For 2023, we expect an effective income tax rate between 23% and 24%.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

Cash provided by operating activities, our principal source of liquidity, was \$4.2 billion in 2022, \$4.3 billion in 2021, and \$3.6 billion in 2020. The decrease in 2022 reflected changes in working capital, offset in part by improved operating results. The increase in 2021 was primarily the result of improved operating results. We had negative working capital of \$642 million at December 31, 2022 and \$354 million at December 31, 2021. Cash and cash equivalents totaled \$456 million and \$839 million at December 31, 2022, and 2021, respectively. We expect that cash on hand combined with cash provided by operating activities will be sufficient to meet our ongoing obligations. In addition, we believe our currently-available borrowing capacity, access to additional financing, and ability to reduce property additions and shareholder distributions, including share repurchases, provides us additional flexibility to meet our ongoing obligations.

Contractual obligations at December 31, 2022, including those that may have material cash requirements, include interest on fixed-rate long-term debt, long-term debt (Note 9), unconditional purchase obligations (Note 17), long-term advances from Conrail (Note 6), operating leases (Note 10), agreements with Consolidated Rail Corporation (CRC) (Note 6), and unrecognized tax benefits (Note 4).

	Total	2023	2024 - 2025	2026 - 2027	2028 and Subsequent
	(\$ in millions)				
Interest on fixed-rate long-term debt	\$ 17,085	\$ 643	\$ 1,239	\$ 1,144	\$ 14,059
Long-term debt principal	16,012	603	957	1,223	13,229
Unconditional purchase obligations	1,650	757	736	80	77
Long-term advances from Conrail	534	—	—	—	534
Operating leases	462	103	182	96	81
Agreements with CRC	272	42	84	84	62
Unrecognized tax benefits*	22	—	—	—	22
Total	<u>\$ 36,037</u>	<u>\$ 2,148</u>	<u>\$ 3,198</u>	<u>\$ 2,627</u>	<u>\$ 28,064</u>

* This amount is shown in the 2028 and Subsequent column because the year of settlement cannot be reasonably estimated.

Off balance sheet arrangements consist primarily of unrecognized obligations, including unconditional purchase obligations and future interest payments on fixed-rate long-term debt, which are included in the table above.

Cash used in investing activities was \$1.6 billion in 2022, and \$1.2 billion in both 2021 and 2020. The increase in 2022 is due to higher property additions partially offset by increased proceeds from property sales. In 2021, lower proceeds from property sales were mostly offset by reduced COLI policy loan repayments and lower property additions.

Capital spending and track and equipment statistics can be found within the “Railway Property” section of Part I of this report on Form 10-K. For 2023, we expect property additions will be approximately \$2.1 billion.

In November 2022, we entered into an asset purchase and sale agreement with the Board of Trustees of the Cincinnati Southern Railway to purchase approximately 337 miles of railway line that extends from Cincinnati, Ohio to Chattanooga, Tennessee which we currently operate under a lease agreement. The total purchase price for the line and other associated real and personal property included in the transaction is approximately \$1.6 billion. The agreement is conditioned upon (i) certain changes to Ohio state law applicable to the use of the related sale proceeds, (ii) approval by the voters of the City of Cincinnati, and (iii) the receipt of regulatory approval from the STB. The agreement includes various termination provisions including termination at any time prior to closing by the mutual written consent of the parties, termination at any time after December 31, 2024 by the mutual written consent of the parties, termination by us if the STB takes action that we deem unsatisfactory, and termination by either party if Cincinnati voter approval is not obtained on or before the later of June 30, 2025 and the calendar date on which the polls are open for the 2025 Cincinnati primary election.

Cash used in financing activities was \$3.0 billion in 2022, compared with \$3.3 billion in 2021, and \$1.9 billion in 2020. The decrease in 2022 reflects lower repurchases of Common Stock, and increased proceeds from borrowings, partially offset by higher dividends. In 2021, the increase reflects higher repurchases of Common Stock and debt repayments, partially offset by increased proceeds from borrowings.

Share repurchases of \$3.1 billion in 2022, \$3.4 billion in 2021, and \$1.4 billion in 2020 resulted in the retirement of 12.6 million, 12.7 million, and 7.4 million shares, respectively. On March 29, 2022, our Board of Directors authorized a new program for the repurchase of up to an additional \$10.0 billion of Common Stock beginning April 1, 2022. Our previous share repurchase program terminated on March 31, 2022. As of December 31, 2022, \$7.5 billion remains authorized by our Board of Directors for repurchase. The timing and volume of future share repurchases will be guided by our assessment of market conditions and other pertinent factors. Repurchases may be executed in the open market, through derivatives, accelerated repurchase and other negotiated transactions and through plans designed to comply with Rule 10b5-1(c) and Rule 10b-18 under the Securities and Exchange Act of 1934. Any near-term purchases under the program are expected to be made with internally-generated cash, cash on hand, or proceeds from borrowings.

In June 2022, we issued \$750 million of 4.55% senior notes due 2053.

In February 2022, we issued \$600 million of 3.00% senior notes due 2032 and \$400 million of 3.70% senior notes due 2053.

In May 2022, we renewed our accounts receivable securitization program with a maximum borrowing capacity of \$400 million. The term expires in May 2023. We had \$100 million in borrowings outstanding under this program and our available borrowing capacity was \$300 million at December 31, 2022 and \$400 million at December 31, 2021.

We also have in place and available an \$800 million credit agreement expiring in March 2025, which provides for borrowings at prevailing rates and includes covenants. We had no amounts outstanding under this facility at either December 31, 2022 or December 31, 2021, and we are in compliance with all of its covenants.

In addition, we have investments in general purpose COLI policies and had the ability to borrow against these policies up to \$610 million and \$715 million at December 31, 2022 and December 31, 2021, respectively.

Our debt-to-total capitalization ratio was 54.4% at December 31, 2022, compared with 50.4% at December 31, 2021. We discuss our credit agreement and our accounts receivable securitization program in Note 9. Subsequent to December 31, 2022, we issued \$500 million in fixed rate debt securities. These senior notes, issued February 2, 2023, carry an interest rate of 4.45% and mature in 2033. After this issuance, we have authority from our Board of

Directors to issue an additional \$800 million of debt or equity securities through public or private sale, all of which provide for access to additional liquidity should the need arise.

Upcoming annual debt maturities are disclosed in Note 9. Overall, our goal is to maintain a capital structure with appropriate leverage to support our business strategy and provide flexibility through business cycles.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions may require judgment about matters that are inherently uncertain, and future events are likely to occur that may require us to make changes to these estimates and assumptions. Accordingly, we regularly review these estimates and assumptions based on historical experience, changes in the business environment, and other factors we believe to be reasonable under the circumstances. The following critical accounting estimates are a subset of our significant accounting policies described in Note 1.

Pensions and Other Postretirement Benefits

Accounting for pensions and other postretirement benefit plans requires us to make several estimates and assumptions (Note 12). These include the expected rate of return from investment of the plans' assets and the expected retirement age of employees as well as their projected earnings and mortality. In addition, the amounts recorded are affected by changes in the interest rate environment because the associated liabilities are discounted to their present value. We make these estimates based on our historical experience and other information we deem pertinent under the circumstances (for example, expectations of future stock market performance). We utilize an independent actuarial consulting firm's studies to assist us in selecting appropriate actuarial assumptions and valuing related liabilities.

For 2022, we assumed a long-term investment rate of return of 8.0%, which was supported by our long-term total rate of return on pension plan assets since inception, as well as our expectation of future returns. A one-percentage point change to this rate of return assumption would result in a \$26 million change in annual pension expense. We review assumptions related to our defined benefit plans annually, and while changes are likely to occur in assumptions concerning retirement age, projected earnings, and mortality, they are not expected to have a material effect on our net pension expense or net pension liability in the future. The net pension liability is recorded at net present value using discount rates that are based on the current interest rate environment in light of the timing of expected benefit payments. We utilize analyses in which the projected annual cash flows from the pension and postretirement benefit plans are matched with yield curves based on an appropriate universe of high-quality corporate bonds. We use the results of the yield curve analyses to select the discount rates that match the payment streams of the benefits in these plans. A one-percentage point change to this discount rate assumption would result in a \$3 million change in annual pension expense.

Properties and Depreciation

Most of our assets are long-lived railway properties (Note 7). "Properties" are stated principally at cost and are depreciated using the group method whereby assets with similar characteristics, use, and expected lives are grouped together in asset classes and depreciated using a composite depreciation rate. See Note 1 for a more detailed discussion of assumptions and estimates.

Expenditures, including those on leased assets, that extend an asset's useful life or increase its utility are capitalized. Expenditures capitalized include those that are directly related to a capital project and may include materials, labor, and other direct costs, in addition to an allocable portion of indirect costs that relate to a capital project. A significant portion of our annual capital spending relates to self-constructed assets. Costs related to repairs and

maintenance activities that, in our judgment, do not extend an asset's useful life or increase its utility are expensed when such repairs are performed.

Depreciation expense for 2022 totaled \$1.2 billion. Our composite depreciation rates for 2022 are disclosed in Note 7; a one-year increase (or decrease) in the estimated average useful lives of depreciable assets would have resulted in an approximate \$44 million decrease (or increase) to annual depreciation expense.

Personal Injury

Claims expense, included in "Materials and other" in the Consolidated Statements of Income, includes our estimate of costs for personal injuries.

To aid in valuing our personal injury liability and determining the amount to accrue with respect to such claims during the year, we utilize studies prepared by an independent actuarial consulting firm. The actuarial firm studies our historical patterns of reserving for claims and subsequent settlements, taking into account relevant outside influences. We adjust the liability quarterly based upon our assessment and the results of the study. The accuracy of our estimate of the liability is subject to inherent limitation given the difficulty of predicting future events and, as such, the ultimate loss sustained may vary from the estimated liability recorded.

See Note 17 for a more detailed discussion of the assumptions and estimates we use for personal injury.

Income Taxes

Our net deferred tax liability totaled \$7.3 billion at December 31, 2022 (Note 4). This liability is estimated based on the expected future tax consequences of items recognized in the financial statements. After application of the federal statutory tax rate to book income, judgment is required with respect to the timing and deductibility of expenses in our income tax returns. For state income and other taxes, judgment is also required with respect to the apportionment among the various jurisdictions. A valuation allowance is recorded if we expect that it is more likely than not that deferred tax assets will not be realized. We have a \$41 million valuation allowance on \$373 million of deferred tax assets as of December 31, 2022, reflecting the expectation that substantially all of these assets will be realized.

OTHER MATTERS

Labor Agreements

Approximately 80% of our railroad employees are covered by collective bargaining agreements with various labor unions. Pursuant to the Railway Labor Act (RLA), these agreements remain in effect until new agreements are reached, or until the bargaining procedures mandated by the RLA are completed. Moratorium provisions in the labor agreements govern when the railroads and unions may propose changes to the agreements. We largely bargain nationally in concert with other major railroads, represented by the National Carriers' Conference Committee.

After management and the unions served their formal proposals in November 2019 for changes to the collective bargaining agreements, negotiations began in 2020 following the expiration of the last moratorium. On June 17, 2022, the National Mediation Board notified the parties that all practical methods of ending the dispute had been exhausted without effecting a settlement and that its mediation services had been terminated. Shortly thereafter, President Biden created Presidential Emergency Board (PEB) No. 250, effective July 18, 2022, to investigate the facts of the dispute and make recommendations. The PEB issued its recommendations on August 16, 2022, and the parties engaged in further negotiations. By December 2022, agreements based on the PEB's recommendations had either been ratified or enacted through legislative action for all twelve unions.

While the parties are engaged in additional discussions to conclude the implementation of the recently finalized agreements, neither party can compel mandatory bargaining around any new proposals until November 1, 2024. That said, we understand the imperative to continue improving quality of life for our craft employees and are actively engaged in voluntary discussions (which carry no risk of a work stoppage) with all of our unions on this important issue.

Market Risks

We manage overall exposure to fluctuations in interest rates by issuing both fixed- and floating- rate debt instruments. At December 31, 2022, debt subject to interest rate fluctuations totaled \$100 million. A one-percentage point increase in interest rates would increase total annual interest expense related to all variable debt by approximately \$1 million. Market risk for fixed-rate debt is estimated as the potential increase in fair value resulting from a one-percentage point decrease in interest rates as of December 31, 2022 and amounts to an increase of approximately \$1.3 billion to the fair value of our debt at December 31, 2022. We consider it unlikely that interest rate fluctuations applicable to these instruments will result in a material adverse effect on our financial position, results of operations, or liquidity.

New Accounting Pronouncements

For a detailed discussion of new accounting pronouncements, see Note 1.

Inflation

In preparing financial statements, GAAP requires the use of historical cost that disregards the effects of inflation on the replacement cost of property. As a capital-intensive company, we have most of our capital invested in long-lived assets. The replacement cost of these assets, as well as the related depreciation expense, would be substantially greater than the amounts reported on the basis of historical cost.

FORWARD-LOOKING STATEMENTS

Certain statements in Management's Discussion and Analysis of Financial Condition and Results of Operations are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or our achievements or those of our industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "project," "consider," "predict," "potential," "feel," or other comparable terminology. We have based these forward-looking statements on our current expectations, assumptions, estimates, beliefs, and projections. While we believe these expectations, assumptions, estimates, beliefs, and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which involve factors or circumstances that are beyond our control. These and other important factors, including those discussed in Item 1A "Risk Factors," may cause actual results, performance, or achievements to differ materially from those expressed or implied by these forward-looking statements. The forward-looking statements herein are made only as of the date they were first issued, and unless otherwise required by applicable securities laws, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Additional Information

Investors and others should note that we routinely use the Investor Relations, Performance Metrics and Sustainability sections of our website (www.norfolksouthern.com/content/nscorp/en/investor-relations.html, <http://www.nscorp.com/content/nscorp/en/investor-relations/performance-metrics.html>, & www.nscorp.com/content/nscorp/en/about-ns/sustainability.html) to post presentations to investors and other important information, including information that may be deemed material to investors. Information about us, including information that may be deemed material, may also be announced by posts on our social media channels, including Twitter (www.twitter.com/nscorp) and LinkedIn (www.linkedin.com/company/norfolk-southern). We may also use our website and social media channels for the purpose of complying with our disclosure obligations under Regulation FD. As a result, we encourage investors, the media, and others interested in Norfolk Southern to review the information posted on our website and social media channels. The information posted on our website and social media channels is not incorporated by reference in this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information required by this item is included in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the heading “Market Risks.”

Item 8. Financial Statements and Supplementary Data

INDEX TO FINANCIAL STATEMENTS

	Page
<u>Report of Management</u>	<u>K34</u>
<u>Reports of Independent Registered Public Accounting Firm</u>	<u>K35</u>
<u>Consolidated Statements of Income</u> <u>Years ended December 31, 2022, 2021, and 2020</u>	<u>K39</u>
<u>Consolidated Statements of Comprehensive Income</u> <u>Years ended December 31, 2022, 2021, and 2020</u>	<u>K40</u>
<u>Consolidated Balance Sheets</u> <u>At December 31, 2022 and 2021</u>	<u>K41</u>
<u>Consolidated Statements of Cash Flows</u> <u>Years ended December 31, 2022, 2021, and 2020</u>	<u>K42</u>
<u>Consolidated Statements of Changes in Stockholders' Equity</u> <u>Years ended December 31, 2022, 2021, and 2020</u>	<u>K43</u>
<u>Notes to Consolidated Financial Statements</u>	<u>K44</u>
<u>Index to Financial Statement Schedule in Item 15</u>	<u>K82</u>

Report of Management

February 3, 2023

To the Stockholders
Norfolk Southern Corporation:

Management is responsible for establishing and maintaining adequate internal control over financial reporting. In order to ensure that Norfolk Southern's internal control over financial reporting is effective, management regularly assesses such controls and did so most recently as of December 31, 2022. This assessment was based on criteria for effective internal control over financial reporting described in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that we maintained effective internal control over financial reporting as of December 31, 2022.

KPMG LLP, independent registered public accounting firm, has audited our financial statements and issued an attestation report on our internal control over financial reporting as of December 31, 2022.

/s/ Alan H. Shaw

Alan H. Shaw
President and
Chief Executive Officer

/s/ Mark R. George

Mark R. George
Executive Vice President
and Chief Financial Officer

/s/ Claiborne L. Moore

Claiborne L. Moore
Vice President and
Controller

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Norfolk Southern Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Norfolk Southern Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, cash flows, and changes in stockholders' equity for each of the years in the three-year period ended December 31, 2022, and the related notes and financial statement schedule of valuation and qualifying accounts as listed in Item 15(A)2 (collectively, the consolidated financial statements), and our report dated February 3, 2023 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP
KPMG LLP

Atlanta, Georgia
February 3, 2023

K36

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Norfolk Southern Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Norfolk Southern Corporation and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, cash flows, and changes in stockholders' equity for each of the years in the three-year period ended December 31, 2022, and the related notes and financial statement schedule of valuation and qualifying accounts as listed in Item 15(A)2 (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 3, 2023 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Sufficiency of audit evidence related to the capitalization of property expenditures

As discussed in Note 1 to the consolidated financial statements, expenditures that extend an asset's useful life or increase its utility are capitalized. The Company has recorded \$32,156 million in net book value of properties at December 31, 2022 and has recorded \$1,948 million in property additions for the year ended December 31, 2022. Expenditures capitalized include those that are directly related to a capital project and may include materials, labor and other direct costs, in addition to an allocable portion of indirect costs that relate to a capital project. A significant portion of the Company's annual capital spending relates to self-constructed assets. Costs related to repair and maintenance activities, that in the Company's judgment, do not extend an asset's useful life or increase its utility are expensed when such repairs are performed.

We identified the evaluation of the sufficiency of audit evidence related to capitalization of property expenditures as a critical audit matter. Subjective auditor judgment was required in determining procedures and evaluating audit results related to the capitalization of purchased services and compensation due to their usage for both self-constructed assets and repairs and maintenance.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over capitalized property expenditures. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to capitalize property expenditures, including controls over the determination of whether purchased services and compensation expenditures extend an asset's useful life or increase its utility. For a sample of property addition expenditures, we inquired and inspected support to evaluate that the expenditure extended an asset's useful life or increased its utility. We evaluated the sufficiency of audit evidence obtained by assessing the results of the procedures performed, including the appropriateness of the nature of such evidence.

/s/ KPMG LLP
KPMG LLP

We have served as the Company's auditor since 1982.

Atlanta, Georgia
February 3, 2023

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Income

	Years ended December 31,		
	2022	2021	2020
	<i>(\$ in millions, except per share amounts)</i>		
Railway operating revenues	\$ 12,745	\$ 11,142	\$ 9,789
Railway operating expenses			
Compensation and benefits	2,621	2,442	2,373
Purchased services and rents	1,922	1,726	1,687
Fuel	1,459	799	535
Depreciation	1,221	1,181	1,154
Materials and other	713	547	653
Loss on asset disposal	—	—	385
	<u>7,936</u>	<u>6,695</u>	<u>6,787</u>
Income from railway operations	4,809	4,447	3,002
Other income – net	13	77	153
Interest expense on debt	<u>692</u>	<u>646</u>	<u>625</u>
	4,130	3,878	2,530
Income before income taxes			
	4,130	3,878	2,530
Income taxes	<u>860</u>	<u>873</u>	<u>517</u>
Net income	<u><u>\$ 3,270</u></u>	<u><u>\$ 3,005</u></u>	<u><u>\$ 2,013</u></u>
Earnings per share			
Basic	\$ 13.92	\$ 12.16	\$ 7.88
Diluted	13.88	12.11	7.84

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income

	Years ended December 31,		
	2022	2021	2020
	(\$ in millions)		
Net income	\$ 3,270	\$ 3,005	\$ 2,013
Other comprehensive income (loss), before tax:			
Pension and other postretirement benefits	51	226	(140)
Other comprehensive income of equity investees	<u>17</u>	<u>24</u>	<u>2</u>
Other comprehensive income (loss), before tax	68	250	(138)
Income tax benefit (expense) related to items of other comprehensive income (loss)	<u>(17)</u>	<u>(58)</u>	<u>35</u>
Other comprehensive income (loss), net of tax	<u>51</u>	<u>192</u>	<u>(103)</u>
Total comprehensive income	<u><u>\$ 3,321</u></u>	<u><u>\$ 3,197</u></u>	<u><u>\$ 1,910</u></u>

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Balance Sheets

	At December 31,	
	2022	2021
	<i>(\$ in millions)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 456	\$ 839
Accounts receivable – net	1,148	976
Materials and supplies	253	218
Other current assets	150	134
Total current assets	<u>2,007</u>	<u>2,167</u>
Investments	3,694	3,707
Properties less accumulated depreciation of \$12,592 and \$12,031, respectively	32,156	31,653
Other assets	<u>1,028</u>	<u>966</u>
Total assets	<u><u>\$ 38,885</u></u>	<u><u>\$ 38,493</u></u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,293	\$ 1,351
Short-term debt	100	—
Income and other taxes	312	305
Other current liabilities	341	312
Current maturities of long-term debt	603	553
Total current liabilities	<u>2,649</u>	<u>2,521</u>
Long-term debt	14,479	13,287
Other liabilities	1,759	1,879
Deferred income taxes	<u>7,265</u>	<u>7,165</u>
Total liabilities	26,152	24,852
Stockholders' equity:		
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	230	242
Additional paid-in capital	2,157	2,215
Accumulated other comprehensive loss	(351)	(402)
Retained income	<u>10,697</u>	<u>11,586</u>
Total stockholders' equity	<u>12,733</u>	<u>13,641</u>
Total liabilities and stockholders' equity	<u><u>\$ 38,885</u></u>	<u><u>\$ 38,493</u></u>

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Cash Flows

	Years ended December 31,		
	2022	2021	2020
	(\$ in millions)		
Cash flows from operating activities			
Net income	\$ 3,270	\$ 3,005	\$ 2,013
Reconciliation of net income to net cash provided by operating activities:			
Depreciation	1,221	1,181	1,154
Deferred income taxes	83	184	142
Gains and losses on properties	(82)	(86)	(39)
Loss on asset disposal	—	—	385
Impairment of investment	—	—	99
Changes in assets and liabilities affecting operations:			
Accounts receivable	(171)	(133)	71
Materials and supplies	(35)	3	23
Other current assets	(18)	(6)	3
Current liabilities other than debt	23	283	34
Other – net	(69)	(176)	(248)
Net cash provided by operating activities	4,222	4,255	3,637
Cash flows from investing activities			
Property additions	(1,948)	(1,470)	(1,494)
Property sales and other transactions	263	159	333
Investment purchases	(12)	(10)	(13)
Investment sales and other transactions	94	99	(1)
Net cash used in investing activities	(1,603)	(1,222)	(1,175)
Cash flows from financing activities			
Dividends	(1,167)	(1,028)	(960)
Common Stock transactions	(4)	17	69
Purchase and retirement of Common Stock	(3,110)	(3,390)	(1,439)
Proceeds from borrowings	1,832	1,676	784
Debt repayments	(553)	(584)	(381)
Net cash used in financing activities	(3,002)	(3,309)	(1,927)
Net increase (decrease) in cash and cash equivalents	(383)	(276)	535
Cash and cash equivalents			
At beginning of year	839	1,115	580
At end of year	\$ 456	\$ 839	\$ 1,115
Supplemental disclosures of cash flow information			
Cash paid during the year for:			
Interest (net of amounts capitalized)	\$ 619	\$ 579	\$ 577
Income taxes (net of refunds)	750	654	311

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity

	Common Stock	Additional Paid-in Capital	Accum. Other Comprehensive Loss	Retained Income	Total
	<i>(\$ in millions, except per share amounts)</i>				
Balance at December 31, 2019	\$ 259	\$ 2,209	\$ (491)	\$ 13,207	\$ 15,184
Comprehensive income:					
Net income				2,013	2,013
Other comprehensive loss			(103)		(103)
Total comprehensive income					1,910
Dividends on Common Stock, \$3.76 per share				(960)	(960)
Share repurchases	(7)	(59)		(1,373)	(1,439)
Stock-based compensation	2	98		(4)	96
Balance at December 31, 2020	254	2,248	(594)	12,883	14,791
Comprehensive income:					
Net income				3,005	3,005
Other comprehensive income			192		192
Total comprehensive income					3,197
Dividends on Common Stock, \$4.16 per share				(1,028)	(1,028)
Share repurchases	(13)	(106)		(3,271)	(3,390)
Stock-based compensation	1	73		(3)	71
Balance at December 31, 2021	242	2,215	(402)	11,586	13,641
Comprehensive income:					
Net income				3,270	3,270
Other comprehensive income			51		51
Total comprehensive income					3,321
Dividends on Common Stock, \$4.96 per share				(1,167)	(1,167)
Share repurchases	(13)	(108)		(2,989)	(3,110)
Stock-based compensation	1	50		(3)	48
Balance at December 31, 2022	<u>\$ 230</u>	<u>\$ 2,157</u>	<u>\$ (351)</u>	<u>\$ 10,697</u>	<u>\$ 12,733</u>

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries

Notes to Consolidated Financial Statements

The following Notes are an integral part of the Consolidated Financial Statements.

1. Summary of Significant Accounting Policies

Description of Business

Norfolk Southern Corporation is a Georgia-based holding company engaged principally in the rail transportation business, operating 19,100 route miles primarily in the Southeast, East, and Midwest. These consolidated financial statements include Norfolk Southern and its majority-owned and controlled subsidiaries (collectively, NS, we, us, and our). Norfolk Southern's major subsidiary is NSR. All significant intercompany balances and transactions have been eliminated in consolidation.

NSR and its railroad subsidiaries transport raw materials, intermediate products, and finished goods classified in the following commodity groups (percent of total railway operating revenues in 2022): intermodal (29%); agriculture, forest and consumer products (19%); chemicals (17%); coal (14%); metals and construction (13%); and automotive (8%). Although most of our customers are domestic, ultimate points of origination or destination for some of the products transported (particularly coal bound for export and some intermodal shipments) may be outside the U.S. Approximately 80% of our railroad employees are covered by collective bargaining agreements with various labor unions.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We periodically review our estimates, including those related to the recoverability and useful lives of assets, as well as liabilities for litigation, environmental remediation, casualty claims, income taxes and pension and other postretirement benefits. Changes in facts and circumstances may result in revised estimates.

Revenue Recognition

Transportation revenues are recognized proportionally as a shipment moves from origin to destination, and related expenses are recognized as incurred. Certain of our contract refunds (which are primarily volume-based incentives) are recorded as a reduction to revenues on the basis of our best estimate of projected liability, which is based on historical activity, current shipment counts and expectation of future activity. Certain ancillary services, such as switching, demurrage and other incidental activities, may be provided to customers under their transportation contracts. The revenues associated with these distinct performance obligations are recognized when the services are performed or as contractual obligations are met.

Cash Equivalents

"Cash equivalents" are highly liquid investments purchased three months or less from maturity.

Allowance for Doubtful Accounts

Our allowance for doubtful accounts was \$9 million and \$8 million at December 31, 2022 and 2021, respectively. To determine our allowance for doubtful accounts, we evaluate historical loss experience (which has not been significant), the characteristics of current accounts, and general economic conditions and trends.

Materials and Supplies

“Materials and supplies,” consisting mainly of items for maintenance of property and equipment, are stated at the lower of average cost or net realizable value. The cost of materials and supplies expected to be used in property additions or improvements is included in “Properties.”

Investments

Investments in entities over which we have the ability to exercise significant influence but do not control the entity are accounted for using the equity method, whereby the investment is carried at the cost of the acquisition plus our equity in undistributed earnings or losses since acquisition.

Properties

“Properties” are stated principally at cost and are depreciated using the group method whereby assets with similar characteristics, use, and expected lives are grouped together in asset classes and depreciated using a composite depreciation rate. This methodology treats each asset class as a pool of resources, not as singular items. We use approximately 75 depreciable asset classes.

Depreciation expense is based on our assumptions concerning expected service lives of our properties as well as the expected net salvage that will be received upon their retirement. In developing these assumptions, we utilize periodic depreciation studies that are performed by an independent outside firm of consulting engineers and approved by the STB. Our depreciation studies are conducted about every three years for equipment and every six years for track assets and other roadway property. The frequency of these studies is consistent with guidelines established by the STB. We adjust our rates based on the results of these studies and implement the changes prospectively. The studies may also indicate that the recorded amount of accumulated depreciation is deficient (or in excess) of the amount indicated by the study. Any such deficiency (or excess) is amortized as a component of depreciation expense over the remaining service lives of the affected class of property, as determined by the study.

Key factors that are considered in developing average service life and salvage estimates include:

- statistical analysis of historical retirement data and surviving asset records,
- review of historical salvage received and current market rates,
- review of our operations including expected changes in technology, customer demand, maintenance practices and asset management strategies,
- review of accounting policies and assumptions, and
- industry review and analysis.

The composite depreciation rate for rail in high density corridors is derived based on consideration of annual gross tons as compared to the total or ultimate capacity of rail in these corridors. Our experience has shown that traffic density is a leading factor in the determination of the expected service life of rail in high density corridors. In developing the respective depreciation rate, consideration is also given to several rail characteristics including age, weight, condition (new or second-hand) and type (curved or straight).

We capitalize interest on major projects during the period of their construction. Expenditures, including those on leased assets, that extend an asset’s useful life or increase its utility are capitalized. Expenditures capitalized include those that are directly related to a capital project and may include materials, labor, and other direct costs, in addition to an allocable portion of indirect costs that relate to a capital project. A significant portion of our annual capital spending relates to self-constructed assets. Removal activities occur in conjunction with replacement and are estimated based on the average percentage of time employees replacing assets spend on removal functions. Costs related to repairs and maintenance activities that, in our judgment, do not extend an asset’s useful life or increase its utility are expensed when such repairs are performed.

When depreciable operating road and equipment assets are sold or retired in the ordinary course of business, the cost of the assets, net of sales proceeds or salvage, is charged to accumulated depreciation, and no gain or loss is recognized in earnings. Actual historical cost values are retired when available, such as with most equipment assets. The use of estimates in recording the retirement of certain roadway assets is necessary based on the impracticality of tracking individual asset costs. When retiring rail, ties and ballast, we use statistical curves that indicate the relative distribution of the age of the assets retired. The historical cost of other roadway assets is estimated using a combination of inflation indices specific to the rail industry and those published by the U.S. Bureau of Labor Statistics. The indices are applied to the replacement value based on the age of the retired assets. These indices are used because they closely correlate with the costs of roadway assets. Gains and losses on disposal of operating land are included in “Materials and other” expenses. Gains and losses on disposal of non-operating land and non-rail assets are included in “Other income – net” since such income is not a product of our railroad operations.

A retirement is considered abnormal if it does not occur in the ordinary course of business, if it relates to disposition of a large segment of an asset class and if the retirement varies significantly from the retirement profile identified through our depreciation studies, which inherently consider the impact of normal retirements on expected service lives and depreciation rates. Gains or losses from abnormal retirements are recognized in income from railway operations.

We review the carrying amount of properties whenever events or changes in circumstances indicate that such carrying amount may not be recoverable based on future undiscounted cash flows. Assets that are deemed impaired as a result of such review are recorded at the lower of carrying amount or fair value.

New Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-12, “*Simplifying the Accounting for Income Taxes*,” which added new guidance to simplify the accounting for income taxes, changed the accounting for certain income tax transactions, and made other minor changes. We adopted the standard on January 1, 2021 and there was no material impact to the financial statements upon adoption.

In November 2021, the FASB issued ASU 2021-10, “*Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*,” which requires annual disclosures when an entity has received government assistance. Entities are required to disclose the types of government assistance received, the accounting treatment for that government assistance, and the effect of the government assistance on the financial statements. We adopted the new standard on January 1, 2022 and there was no material impact to the financial statements upon adoption.

2. Railway Operating Revenues

The following table disaggregates our revenues by major commodity group:

	2022	2021	2020
	(\$ in millions)		
Merchandise:			
Agriculture, forest and consumer products	\$ 2,493	\$ 2,251	\$ 2,116
Chemicals	2,148	1,951	1,809
Metals and construction	1,652	1,562	1,333
Automotive	1,038	905	830
Merchandise	7,331	6,669	6,088
Intermodal	3,681	3,163	2,654
Coal	1,733	1,310	1,047
Total	<u>\$ 12,745</u>	<u>\$ 11,142</u>	<u>\$ 9,789</u>

We recognize the amount of revenues to which we expect to be entitled for the transfer of promised goods or services to customers. A performance obligation is created when a customer under a transportation contract or public tariff submits a bill of lading to us for the transport of goods. These performance obligations are satisfied as the shipments move from origin to destination. As such, transportation revenues are recognized proportionally as a shipment moves, and related expenses are recognized as incurred. These performance obligations are generally short-term in nature with transit days averaging approximately one week or less for each commodity group. The customer has an unconditional obligation to pay for the service once the service has been completed. Estimated revenues associated with in-process shipments at period-end are recorded based on the estimated percentage of service completed. We had no material remaining performance obligations at December 31, 2022 and 2021.

We may provide customers ancillary services, such as switching, demurrage and other incidental activities, under their transportation contracts. The revenues associated with these distinct performance obligations are recognized when the services are performed or as contractual obligations are met. These revenues are included within each of the commodity groups and represent approximately 7%, 7% and 5%, respectively, of total “Railway operating revenues” on the Consolidated Statements of Income for the years ended December 31, 2022, 2021, and 2020.

Revenues related to interline transportation services that involve another railroad are reported on a net basis. Therefore, the portion of the amount that relates to another party is not reflected in revenues.

Under the typical terms of our freight contracts, payment for services is due within fifteen days of billing the customer, thus there are no significant financing components. “Accounts receivable – net” on the Consolidated Balance Sheets includes both customer and non-customer receivables as follows:

	December 31,	
	2022	2021
	(\$ in millions)	
Customer	\$ 895	\$ 741
Non-customer	253	235
Accounts receivable – net	<u>\$ 1,148</u>	<u>\$ 976</u>

Non-customer receivables include non-revenue-related amounts due from other railroads, governmental entities, and others. There were no non-current customer receivables at December 31, 2022, while “Other assets” on the

Consolidated Balance Sheets included \$23 million at December 31, 2021. We do not have any material contract assets or liabilities at December 31, 2022 and 2021.

3. Other Income – Net

	2022	2021	2020
	(\$ in millions)		
Pension and other postretirement benefits (Note 12)	\$ 126	\$ 102	\$ 91
COLI – net	(77)	17	85
Other	(36)	(42)	(23)
Total	<u>\$ 13</u>	<u>\$ 77</u>	<u>\$ 153</u>

4. Income Taxes

	2022	2021	2020
	(\$ in millions)		
Current:			
Federal	\$ 645	\$ 553	\$ 307
State	132	136	68
Total current taxes	<u>777</u>	<u>689</u>	<u>375</u>
Deferred:			
Federal	206	186	111
State	(123)	(2)	31
Total deferred taxes	<u>83</u>	<u>184</u>	<u>142</u>
Income taxes	<u>\$ 860</u>	<u>\$ 873</u>	<u>\$ 517</u>

Reconciliation of Statutory Rate to Effective Rate

“Income taxes” on the Consolidated Statements of Income differs from the amounts computed by applying the statutory federal corporate tax rate as follows:

	2022		2021		2020	
	Amount	%	Amount	%	Amount	%
	(\$ in millions)					
Federal income tax at statutory rate	\$ 867	21.0	\$ 814	21.0	\$ 531	21.0
State income taxes, net of federal tax effect	146	3.5	143	3.6	85	3.3
State law changes	(136)	(3.3)	(34)	(0.8)	—	—
Excess tax benefits on stock-based compensation	(18)	(0.4)	(25)	(0.6)	(39)	(1.5)
Other, net	<u>1</u>	<u>—</u>	<u>(25)</u>	<u>(0.7)</u>	<u>(60)</u>	<u>(2.4)</u>
Income taxes	<u>\$ 860</u>	<u>20.8</u>	<u>\$ 873</u>	<u>22.5</u>	<u>\$ 517</u>	<u>20.4</u>

On July 8, 2022, House Bill 1342 was signed into law in the Commonwealth of Pennsylvania, which reduced its corporate income tax rate from 9.99% to 4.99%, through a series of phased reductions beginning each tax year from

January 1, 2023 through January 1, 2031. GAAP requires companies to recognize the effect of tax law changes in the period of enactment. As a result, in 2022, we recognized a \$136 million benefit in “Income taxes” with a corresponding reduction in “Deferred income taxes.”

Deferred Tax Assets and Liabilities

Certain items are reported in different periods for financial reporting and income tax purposes. Deferred tax assets and liabilities are recorded in recognition of these differences. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	December 31,	
	2022	2021
	(\$ in millions)	
Deferred tax assets:		
Accruals, including casualty and other claims	\$ 110	\$ 92
Compensation and benefits, including postretirement benefits	99	181
Other	164	188
Total gross deferred tax assets	373	461
Less valuation allowance	(41)	(60)
Net deferred tax assets	332	401
Deferred tax liabilities:		
Property	(7,050)	(7,016)
Other	(547)	(550)
Total deferred tax liabilities	(7,597)	(7,566)
Deferred income taxes	\$ (7,265)	\$ (7,165)

Except for amounts for which a valuation allowance has been provided, we believe that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets. The valuation allowance at the end of each year primarily relates to subsidiary state income tax net operating losses and state investment tax credits that may not be utilized prior to their expiration. The total valuation allowance decreased by \$19 million in 2022 and increased \$3 million in both 2021 and 2020.

Uncertain Tax Positions

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 31,	
	2022	2021
	<i>(\$ in millions)</i>	
Balance at beginning of year	\$ 21	\$ 22
Additions based on tax positions related to the current year	3	3
Additions for tax positions of prior years	1	3
Settlements with taxing authorities	(2)	(5)
Lapse of statutes of limitations	(1)	(2)
Balance at end of year	<u>\$ 22</u>	<u>\$ 21</u>

Included in the balance of unrecognized tax benefits at December 31, 2022 are potential benefits of \$18 million that would affect the effective tax rate if recognized. Unrecognized tax benefits are adjusted in the period in which new information about a tax position becomes available or the final outcome differs from the amount recorded.

The statute of limitations on Internal Revenue Service examinations has expired for all years prior to 2019. State income tax returns are generally subject to examination for a period of three to four years after the return. In addition, we are generally obligated to report changes in taxable income arising from federal income tax examinations to the states within a period of up to two years from the date the federal examination is final. We have various state income tax returns either under examination, administrative appeal, or litigation.

5. Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820-10, "*Fair Value Measurements*," established a framework for measuring fair value and a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that we have the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets,
- quoted prices for identical or similar assets or liabilities in inactive markets,
- inputs other than quoted prices that are observable for the asset or liability, and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair Values of Financial Instruments

The fair values of “Cash and cash equivalents,” “Accounts receivable – net,” “Accounts payable,” and “Short-term debt” approximate carrying values because of the short maturity of these financial instruments. The carrying value of COLI is recorded at cash surrender value and, accordingly, approximates fair value. There are no other assets or liabilities measured at fair value on a recurring basis at December 31, 2022 or 2021. The carrying amounts and estimated fair values, based on Level 1 inputs, of long-term debt consist of the following at December 31:

	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(\$ in millions)			
Long-term debt, including current maturities	\$ (15,082)	\$ (13,846)	\$ (13,840)	\$ (17,033)

6. Investments

	December 31,	
	2022	2021
	(\$ in millions)	
Long-term investments:		
Equity method investments:		
Conrail	\$ 1,584	\$ 1,526
TTX Company	918	851
Other	421	420
Total equity method investments	2,923	2,797
COLI at net cash surrender value	752	885
Other investments	19	25
Total long-term investments	\$ 3,694	\$ 3,707

Investment in Conrail

Through a limited liability company, we and CSX jointly own Conrail, whose primary subsidiary is CRC. We have a 58% economic and 50% voting interest in the jointly-owned entity, and CSX has the remainder of the economic and voting interests. We are amortizing the excess of the purchase price over Conrail’s net equity using the principles of purchase accounting, based primarily on the estimated useful lives of Conrail’s depreciable property and equipment, including the related deferred tax effect of the differences in book and tax accounting bases for such assets, as all of the purchase price at acquisition was allocable to Conrail’s tangible assets and liabilities. At December 31, 2022, our investment in Conrail exceeds our share of Conrail’s underlying net equity by \$480 million.

CRC owns and operates certain properties (the Shared Assets Areas) for the joint and exclusive benefit of NSR and CSX Transportation, Inc. (CSXT). The costs of operating the Shared Assets Areas are borne by NSR and CSXT based on usage. In addition, NSR and CSXT pay CRC a fee for access to the Shared Assets Areas. “Purchased services and rents” and “Fuel” include expenses payable to CRC for operation of the Shared Assets Areas totaling \$156 million in 2022, \$147 million in 2021, and \$129 million in 2020. Future payments for access fees due to CRC under the Shared Assets Areas agreements are as follows: \$42 million in each of 2023 through 2027 and \$62 million

thereafter. We provide certain general and administrative support functions to Conrail, the fees for which are billed in accordance with several service-provider arrangements and approximate \$6 million annually.

In 2020, we converted \$254 million of accounts payable into long-term advances from Conrail included in “Other liabilities.” “Accounts payable” includes \$173 million at December 31, 2022, and \$112 million at December 31, 2021, due to Conrail for the operation of the Shared Assets Areas. “Other liabilities” includes \$534 million at December 31, 2022 and 2021, respectively, for long-term advances from Conrail, maturing in 2050 that bear interest at an average rate of 1.31%.

Our equity in Conrail’s earnings, net of amortization, was \$58 million for 2022, \$56 million for 2021, and \$58 million for 2020. These amounts partially offset the costs of operating the Shared Assets Areas and are included in “Purchased services and rents.” Equity in Conrail’s earnings is included in the “Other – net” line item within operating activities in the Consolidated Statements of Cash Flows.

Investment in TTX

We and seven other North American railroads collectively own TTX Company (TTX), a railcar pooling company that provides its owner-railroads with standardized fleets of intermodal, automotive, and general use railcars at stated rates. We have a 19.78% ownership interest in TTX.

Expenses incurred for use of TTX equipment are included in “Purchased services and rents.” This amounted to \$256 million, \$246 million, and \$250 million, respectively, for the years ended December 31, 2022, 2021 and 2020. Our equity in TTX’s earnings partially offsets these costs and totaled \$53 million for 2022 and 2021, respectively, and \$48 million for 2020. Equity in TTX’s earnings is included in the “Other – net” line item within operating activities in the Consolidated Statements of Cash Flows.

Impairment of Investment

In 2020, we recorded an other-than-temporary impairment of \$99 million related to the carrying value of an equity method investment. This non-cash impairment charge is recorded in “Purchased services and rents” on the Consolidated Statements of Income and had a \$74 million impact on net income.

7. Properties

December 31, 2022	Cost	Accumulated Depreciation (\$ in millions)	Net Book Value	Depreciation Rate ⁽¹⁾
Land	\$ 2,405	\$ —	\$ 2,405	—
Roadway:				
Rail and other track material	7,589	(1,971)	5,618	2.42 %
Ties	5,981	(1,696)	4,285	3.49 %
Ballast	3,126	(873)	2,253	2.84 %
Construction in process	431	—	431	—
Other roadway	14,270	(3,948)	10,322	2.69 %
Total roadway	<u>31,397</u>	<u>(8,488)</u>	<u>22,909</u>	
Equipment:				
Locomotives	5,878	(2,060)	3,818	3.66 %
Freight cars	2,701	(1,033)	1,668	2.51 %
Computers and software	926	(476)	450	9.10 %
Construction in process	206	—	206	—
Other equipment	1,145	(463)	682	4.51 %
Total equipment	<u>10,856</u>	<u>(4,032)</u>	<u>6,824</u>	
Other property	<u>90</u>	<u>(72)</u>	<u>18</u>	2.26 %
Total properties	<u>\$ 44,748</u>	<u>\$ (12,592)</u>	<u>\$ 32,156</u>	

December 31, 2021	Cost	Accumulated Depreciation (\$ in millions)	Net Book Value	Depreciation Rate ⁽¹⁾
Land	\$ 2,453	\$ —	\$ 2,453	—
Roadway:				
Rail and other track material	7,330	(1,907)	5,423	2.40 %
Ties	5,779	(1,642)	4,137	3.44 %
Ballast	3,041	(818)	2,223	2.79 %
Construction in process	339	—	339	—
Other roadway	14,111	(3,733)	10,378	2.69 %
Total roadway	<u>30,600</u>	<u>(8,100)</u>	<u>22,500</u>	
Equipment:				
Locomotives	5,695	(1,994)	3,701	3.87 %
Freight cars	2,701	(1,009)	1,692	2.59 %
Computers and software	893	(438)	455	10.34 %
Construction in process	164	—	164	—
Other equipment	1,088	(420)	668	4.63 %
Total equipment	<u>10,541</u>	<u>(3,861)</u>	<u>6,680</u>	
Other property	<u>90</u>	<u>(70)</u>	<u>20</u>	2.25 %
Total properties	<u>\$ 43,684</u>	<u>\$ (12,031)</u>	<u>\$ 31,653</u>	

⁽¹⁾ Composite annual depreciation rate for the underlying assets, excluding the effects of the amortization of any deficiency (or excess) that resulted from our depreciation studies.

Loss on Asset Disposal

In 2020, we sold 703 locomotives deemed excess and no longer needed for railroad operations. We evaluated these locomotive retirements and concluded they were abnormal (see Note 1). Accordingly, we recorded a \$385 million loss to adjust their carrying amount to their estimated fair value, which resulted in a \$97 million tax benefit.

Capitalized Interest

Total interest cost incurred on debt was \$708 million, \$657 million, and \$639 million during 2022, 2021 and 2020, respectively, of which \$16 million, \$11 million, and \$14 million was capitalized during 2022, 2021 and 2020, respectively.

8. Current Liabilities

	December 31,	
	2022	2021
	<i>(\$ in millions)</i>	
Accounts payable:		
Accounts and wages payable	\$ 712	\$ 850
Due to Conrail (Note 6)	173	112
Casualty and other claims (Note 17)	170	166
Vacation liability	136	119
Other	102	104
	<u>1,293</u>	<u>1,351</u>
Total	<u>\$ 1,293</u>	<u>\$ 1,351</u>
Other current liabilities:		
Interest payable	\$ 157	\$ 150
Current operating lease liability (Note 10)	94	82
Pension benefit obligations (Note 12)	20	20
Other	70	60
	<u>341</u>	<u>312</u>
Total	<u>\$ 341</u>	<u>\$ 312</u>

9. Debt

Debt maturities are presented below:

	December 31,	
	2022	2021
	<i>(\$ in millions)</i>	
Notes and debentures, with weighted-average interest rates as of December 31, 2022:		
3.95% maturing to 2027	\$ 2,770	\$ 3,318
3.66% maturing 2028 to 2032	2,595	1,995
4.05% maturing 2037 to 2055	9,247	8,097
5.22% maturing 2097 to 2121	1,384	1,384
Securitization borrowings and finance leases	116	22
Discounts, premiums, and debt issuance costs	(930)	(976)
Total debt	<u>15,182</u>	<u>13,840</u>
Less current maturities and short-term debt	<u>(703)</u>	<u>(553)</u>
Long-term debt excluding current maturities and short-term debt	<u>\$ 14,479</u>	<u>\$ 13,287</u>

Long-term debt maturities subsequent to 2023 are as follows:

2024	\$	403
2025		554
2026		602
2027		621
2028 and subsequent years		<u>12,299</u>
Total	\$	<u><u>14,479</u></u>

In June 2022, we issued \$750 million of 4.55% senior notes due 2053.

In February 2022, we issued \$600 million of 3.00% senior notes due 2032 and \$400 million of 3.70% senior notes due 2053.

In May 2022, we renewed our accounts receivable securitization program with a maximum borrowing capacity of \$400 million. The term expires in May 2023. Under this facility NSR sells substantially all of its eligible third-party receivables to a subsidiary, which in turn may transfer beneficial interests in the receivables to various commercial paper vehicles. Amounts received under this facility are accounted for as borrowings. We had \$100 million (at an average variable interest rate of 5.05%) outstanding under this program at December 31, 2022, which is included within "Short-term debt", and no amounts outstanding at December 31, 2021. Our available borrowing capacity was \$300 million and \$400 million at December 31, 2022 and December 31, 2021, respectively. Our accounts receivable securitization program was supported by \$883 million in receivables at December 31, 2022, which are included in "Accounts receivable – net".

Credit Agreement and Debt Covenants

We also have in place and available an \$800 million credit agreement expiring in March 2025, which provides for borrowings at prevailing rates and includes covenants. We had no amounts outstanding under this facility at either December 31, 2022 or December 31, 2021, and we are in compliance with all of its covenants.

Subsequent Event

On February 2, 2023, we issued \$500 million of 4.45% senior notes due 2033.

10. Leases

We are committed under long-term lease agreements for equipment, lines of road, and other property. We combine lease and non-lease components for new and reassessed leases. Some of these agreements are variable lease agreements that include usage-based payments. These agreements contain payment provisions that depend on an index or rate, initially measured using the index or rate at the lease commencement date, and are therefore not included in our future minimum lease payments. Our long-term lease agreements do not contain any material restrictive covenants.

Our equipment leases have remaining terms of less than 1 year to 7 years and our lines of road and land leases have remaining terms of less than 1 year to 135 years. Some of these leases include options to extend the leases for up to 99 years and some include options to terminate the leases within 30 days. Because we are not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term, and associated payments are excluded from future minimum lease payments.

Leases with an initial term of twelve months or less are not recorded on the balance sheet. We recognize lease expense for these leases on a straight-line basis over the lease term.

Operating lease amounts included on the Consolidated Balance Sheets are as follows:

		December 31,	
		2022	2021
		<i>(\$ in millions)</i>	
Assets	Classification		
Right-of-use (ROU) assets	Other assets	\$ 407	\$ 411
Liabilities			
Current lease liabilities	Other current liabilities	\$ 94	\$ 82
Non-current lease liabilities	Other liabilities	316	331
Total lease liabilities		\$ 410	\$ 413

The components of total lease expense, primarily included in “Purchased services and rents,” are as follows:

	2022	2021	2020
	<i>(\$ in millions)</i>		
Operating lease expense	\$ 101	\$ 106	\$ 109
Variable lease expense	55	44	42
Short-term lease expense	18	9	9
Total lease expense	\$ 174	\$ 159	\$ 160

In March 2019, we entered into a non-cancellable lease for an office building. In 2021, the construction of the office building was completed and the lease commenced. The initial lease term is five years with options to renew, purchase, or sell the office building at the end of the lease term. The lease contains a residual value guarantee of up to eighty-three percent of the total construction cost of \$499 million.

Other information related to operating leases is as follows:

	December 31,	
	2022	2021
Weighted-average remaining lease term (years) on operating leases	6.67	7.49
Weighted-average discount rates on operating leases	3.16 %	3.04 %

As the rates implicit in most of our leases are not readily determinable, we use a collateralized incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments. We use the portfolio approach and group leases into short-, medium-, and long-term categories, applying the corresponding incremental borrowing rates to these categories.

During 2022 and 2021, respectively, ROU assets obtained in exchange for new operating lease liabilities were \$57 million at both periods. Cash paid for amounts included in the measurement of lease liabilities was \$100 million and \$103 million in 2022 and 2021, respectively, and is included in operating cash flows.

Future minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2022	
	<i>(\$ in millions)</i>	
2023	\$	103
2024		95
2025		87
2026		69
2027		27
2028 and subsequent years		81
Total lease payments		462
Less: Interest		52
Present value of lease liabilities	\$	410

	December 31, 2021	
	<i>(\$ in millions)</i>	
2022	\$	92
2023		83
2024		73
2025		69
2026		55
2027 and subsequent years		98
Total lease payments		470
Less: Interest		57
Present value of lease liabilities	\$	413

11. Other Liabilities

	December 31,	
	2022	2021
	<i>(\$ in millions)</i>	
Long-term advances from Conrail (Note 6)	\$ 534	\$ 534
Non-current operating lease liability (Note 10)	316	331
Net pension benefit obligations (Note 12)	255	338
Casualty and other claims (Note 17)	218	170
Net other postretirement benefit obligations (Note 12)	204	244
Deferred compensation	91	109
Other	141	153
Total	\$ 1,759	\$ 1,879

12. Pensions and Other Postretirement Benefits

We have both funded and unfunded defined benefit pension plans covering eligible employees. We also provide specified health care benefits to eligible retired employees; these plans can be amended or terminated at our option. Under our self-insured retiree health care plan, for those participants who are not Medicare-eligible, certain health care expenses are covered for retired employees and their dependents, reduced by any deductibles, coinsurance, and, in some cases, coverage provided under other group insurance policies. Eligible retired participants and their spouses who are Medicare-eligible are not covered under the self-insured retiree health care plan, but instead are provided with an employer-funded health reimbursement account which can be used for reimbursement of health insurance premiums or eligible out-of-pocket medical expenses.

Pension and Other Postretirement Benefit Obligations and Plan Assets

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
	(\$ in millions)			
Change in benefit obligations:				
Benefit obligation at beginning of year	\$ 2,777	\$ 2,845	\$ 417	\$ 471
Service cost	40	43	6	6
Interest cost	67	55	9	7
Actuarial gains	(677)	(13)	(70)	(29)
Plan amendments	(4)	(2)	—	—
Benefits paid	(152)	(151)	(36)	(38)
Benefit obligation at end of year	<u>2,051</u>	<u>2,777</u>	<u>326</u>	<u>417</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	2,861	2,675	173	165
Actual return on plan assets	(470)	317	(28)	29
Employer contributions	21	20	13	17
Benefits paid	(152)	(151)	(36)	(38)
Fair value of plan assets at end of year	<u>2,260</u>	<u>2,861</u>	<u>122</u>	<u>173</u>
Funded status at end of year	<u>\$ 209</u>	<u>\$ 84</u>	<u>\$ (204)</u>	<u>\$ (244)</u>
Amounts recognized in the Consolidated Balance Sheets:				
Other assets	\$ 484	\$ 442	\$ —	\$ —
Other current liabilities	(20)	(20)	—	—
Other liabilities	<u>(255)</u>	<u>(338)</u>	<u>(204)</u>	<u>(244)</u>
Net amount recognized	<u>\$ 209</u>	<u>\$ 84</u>	<u>\$ (204)</u>	<u>\$ (244)</u>
Amounts included in accumulated other comprehensive loss (before tax):				
Net (gain) loss	\$ 623	\$ 666	\$ (19)	\$ 10
Prior service benefit	(6)	(2)	(177)	(202)

Our accumulated benefit obligation for our defined benefit pension plans is \$1.9 billion and \$2.6 billion at December 31, 2022 and 2021, respectively. Our unfunded pension plans, included above, which in all cases have no assets, had projected benefit obligations of \$275 million and \$358 million at December 31, 2022 and 2021, respectively, and had accumulated benefit obligations of \$249 million and \$332 million at December 31, 2022 and 2021, respectively.

Pension and Other Postretirement Benefit Cost Components

	2022	2021	2020
	(\$ in millions)		
Pension benefits:			
Service cost	\$ 40	\$ 43	\$ 40
Interest cost	67	55	74
Expected return on plan assets	(213)	(193)	(190)
Amortization of net losses	49	66	51
Amortization of prior service cost	—	—	1
	<u>—</u>	<u>—</u>	<u>1</u>
Net benefit	<u>\$ (57)</u>	<u>\$ (29)</u>	<u>\$ (24)</u>
Other postretirement benefits:			
Service cost	\$ 6	\$ 6	\$ 6
Interest cost	9	7	12
Expected return on plan assets	(13)	(12)	(14)
Amortization of net losses	—	1	—
Amortization of prior service benefit	(25)	(26)	(25)
	<u>(25)</u>	<u>(26)</u>	<u>(25)</u>
Net benefit	<u>\$ (23)</u>	<u>\$ (24)</u>	<u>\$ (21)</u>

Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income

	2022	
	Pension Benefits	Other Postretirement Benefits
	(\$ in millions)	
Net (gains) losses arising during the year	\$ 6	\$ (29)
Prior service effect of plan amendment	(4)	—
Amortization of net losses	(49)	—
Amortization of prior service benefit	—	25
	<u>(47)</u>	<u>(4)</u>
Total recognized in other comprehensive income	<u>\$ (47)</u>	<u>\$ (4)</u>
	<u>(104)</u>	<u>(27)</u>
Total recognized in net periodic cost and other comprehensive income	<u>\$ (104)</u>	<u>\$ (27)</u>

Net losses arising during the year for pension benefits were due primarily to lower actual returns on plan assets offset by an increase in discount rates. Net gains arising during the year for other postretirement benefits were due primarily to an increase in discount rates, partially offset by lower actual returns on plan assets.

The estimated net losses and prior service credits for the pension plans that will be amortized from accumulated other comprehensive loss into net periodic cost over the next year are \$4 million. The estimated net gains and prior service benefit for the other postretirement benefit plans that will be amortized from accumulated other comprehensive loss into net periodic benefit over the next year is \$26 million.

Pension and Other Postretirement Benefits Assumptions

Costs for pension and other postretirement benefits are determined based on actuarial valuations that reflect appropriate assumptions as of the measurement date, ordinarily the beginning of each year. The funded status of the plans is determined using appropriate assumptions as of each year end. A summary of the major assumptions follows:

	2022	2021	2020
Pension funded status:			
Discount rate	5.56 %	2.97 %	2.67 %
Future salary increases	4.44 %	4.44 %	4.21 %
Other postretirement benefits funded status:			
Discount rate	5.45 %	2.72 %	2.27 %
Pension cost:			
Discount rate - service cost	3.25 %	3.14 %	3.71 %
Discount rate - interest cost	2.45 %	1.95 %	2.92 %
Return on assets in plans	8.00 %	8.00 %	8.25 %
Future salary increases	4.44 %	4.44 %	4.21 %
Other postretirement benefits cost:			
Discount rate - service cost	3.01 %	2.71 %	3.41 %
Discount rate - interest cost	2.13 %	1.57 %	2.69 %
Return on assets in plans	7.75 %	7.75 %	8.00 %
Health care trend rate	6.50 %	6.00 %	6.25 %

To determine the discount rates used to measure our benefit obligations, we utilize analyses in which the projected annual cash flows from the pension and other postretirement benefit plans were matched with yield curves based on an appropriate universe of high-quality corporate bonds. We use the results of the yield curve analyses to select the discount rates that match the payment streams of the benefits in these plans.

We use a spot rate approach to estimate the service cost and interest cost components of net periodic benefit cost for our pension and other postretirement benefit plans.

Health Care Cost Trend Assumptions

For measurement purposes at December 31, 2022, increases in the per capita cost of pre-Medicare covered health care benefits were assumed to be 7.0% for 2023. We assume the rate will ratably decrease to an ultimate rate of 5.0% for 2030 and remain at that level thereafter.

Assumed health care cost trend rates affect the amounts reported in the financial statements. To illustrate, a one-percentage point change in the assumed health care cost trend would have the following effects:

	One-percentage Point	
	Increase	Decrease
	<i>(\$ in millions)</i>	
Increase (decrease) in:		
Total service and interest cost components	\$ 1	\$ (1)
Postretirement benefit obligation	6	(5)

Asset Management

Thirteen investment firms manage our defined benefit pension plan's assets under investment guidelines approved by our Benefits Investment Committee that is composed of members of our management. Investments are restricted to domestic and international equity securities, domestic and international fixed income securities, and unleveraged exchange-traded options and financial futures. Limitations restrict investment concentration and use of certain derivative investments. The target asset allocation for equity is 75% of the pension plan's assets. Fixed income investments must consist predominantly of securities rated investment grade or higher. Equity investments must be in liquid securities listed on national exchanges. No investment is permitted in our securities (except through commingled pension trust funds).

Our pension plan's weighted-average asset allocations, by asset category, were as follows:

	Percentage of Plan Assets at December 31,	
	2022	2021
Domestic equity securities	53 %	52 %
Debt securities	26 %	24 %
International equity securities	20 %	23 %
Cash and cash equivalents	1 %	1 %
Total	100 %	100 %

The other postretirement benefit plan assets consist primarily of trust-owned variable life insurance policies with an asset allocation at December 31, 2022 of 64% in equity securities and 36% in debt securities compared with 65% in equity securities and 35% in debt securities at December 31, 2021. The target asset allocation for equity is between 50% and 75% of the plan's assets.

The plans' assumed future returns are based principally on the asset allocations and historical returns for the plans' asset classes determined from both actual plan returns and, over longer time periods, expected market returns for those asset classes. For 2023, we assume an 8.00% return on pension plan assets.

Fair Value of Plan Assets

The following is a description of the valuation methodologies used for pension plan assets measured at fair value.

Common stock: Shares held by the plan at year end are valued at the official closing price as defined by the exchange or at the most recent trade price of the security at the close of the active market.

Common collective trusts: The readily determinable fair value is based on the published fair value per unit of the trusts. The common collective trusts hold equity securities, fixed income securities and cash and cash equivalents.

Fixed income securities: Valued based on quotes received from independent pricing services or at an estimated price at which a dealer would pay for the security at year end using observable market-based inputs.

Commingled funds: The readily determinable fair value is based on the published fair value per unit of the funds. The commingled funds hold equity securities.

Cash and cash equivalents: Short-term Treasury bills or notes are valued at an estimated price at which a dealer would pay for the security at year end using observable market-based inputs; money market funds are valued at the closing price reported on the active market on which the funds are traded.

The following table sets forth the pension plan's assets by valuation technique level, within the fair value hierarchy. There were no level 3 valued assets at December 31, 2022 or 2021.

	December 31, 2022		
	Level 1	Level 2	Total
	(\$ in millions)		
Common stock	\$ 1,011	\$ —	\$ 1,011
Common collective trusts:			
International equity securities	—	336	336
Debt securities	—	291	291
Domestic equity securities	—	160	160
Fixed income securities:			
Government and agencies securities	—	158	158
Corporate bonds	—	100	100
Mortgage and other asset-backed securities	—	28	28
Commingled funds	—	121	121
Cash and cash equivalents	55	—	55
	<u>\$ 1,066</u>	<u>\$ 1,194</u>	<u>\$ 2,260</u>
Total investments			

	December 31, 2021		
	Level 1	Level 2	Total
	(\$ in millions)		
Common stock	\$ 1,383	\$ —	\$ 1,383
Common collective trusts:			
International equity securities	—	397	397
Debt securities	—	367	367
Domestic equity securities	—	189	189
Fixed income securities:			
Government and agencies securities	—	170	170
Corporate bonds	—	120	120
Mortgage and other asset-backed securities	—	33	33
Commingled funds	—	160	160
Cash and cash equivalents	42	—	42
	<u>42</u>	<u>—</u>	<u>42</u>
Total investments	<u>\$ 1,425</u>	<u>\$ 1,436</u>	<u>\$ 2,861</u>

The following is a description of the valuation methodologies used for other postretirement benefit plan assets measured at fair value.

Trust-owned life insurance: Valued at our interest in trust-owned life insurance issued by a major insurance company. The underlying investments owned by the insurance company consist of a U.S. stock account and a U.S. bond account but may retain cash at times as well. The U.S. stock account and U.S. bond account are valued based on readily determinable fair values.

The other postretirement benefit plan assets consisted of trust-owned life insurance with fair values of \$122 million and \$173 million at December 31, 2022 and 2021, respectively, and are valued under level 2 of the fair value hierarchy. There were no level 1 or level 3 valued assets.

Contributions and Estimated Future Benefit Payments

In 2023, we expect to contribute approximately \$20 million to our unfunded pension plans for payments to pensioners and approximately \$33 million to our other postretirement benefit plans for retiree health and death benefits. We do not expect to contribute to our funded pension plan in 2023.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	Pension Benefits	Other Postretirement Benefits
	(\$ in millions)	
2023	\$ 148	\$ 33
2024	148	32
2025	147	31
2026	147	30
2027	147	29
Years 2028 – 2032	736	135

Other Postretirement Coverage

Under collective bargaining agreements, Norfolk Southern and certain subsidiaries participate in a multi-employer benefit plan, which provides certain postretirement health care and life insurance benefits to eligible craft employees. Premiums under this plan are expensed as incurred and totaled \$13 million in 2022, \$21 million in 2021, and \$22 million in 2020.

Section 401(k) Plans

Norfolk Southern and certain subsidiaries provide Section 401(k) savings plans for employees. Under the plans, we match a portion of employee contributions, subject to applicable limitations. Our matching contributions, recorded as an expense, totaled \$22 million in 2022, \$23 million in 2021, and \$21 million in 2020.

13. Stock-Based Compensation

Under the stockholder-approved LTIP, the Human Capital Management and Compensation Committee (Committee), which is made up of nonemployee members of the Board, or the Chief Executive Officer (when delegated authority by such Committee), may grant stock options, stock appreciation rights (SARs), restricted stock units (RSUs), restricted shares, performance share units (PSUs), and performance shares, up to a maximum of 104,125,000 shares of our Common Stock, of which 8,238,993 remain available for future grants as of December 31, 2022.

The number of shares remaining for issuance under the LTIP is reduced (i) by 1 for each award granted as a stock option or stock-settled SAR, or (ii) by 1.61 for an award made in the form other than a stock option or stock-settled SAR. Under the Board-approved Thoroughbred Stock Option Plan (TSOP), the Committee may grant stock options up to a maximum of 6,000,000 shares of Common Stock. We use newly issued shares to satisfy any exercises and awards under the LTIP and the TSOP.

The LTIP also permits the payment, on a current or a deferred basis and in cash or in stock, of dividend equivalents on shares of Common Stock covered by stock options, RSUs, or PSUs in an amount commensurate with regular quarterly dividends paid on Common Stock. With respect to stock options, if employment of the participant is terminated for any reason, including retirement, disability, or death, we have no further obligation to make any dividend equivalent payments. Regarding RSUs, we have no further obligation to make any dividend equivalent payments unless employment of the participant is terminated as a result of qualifying retirement or disability. Should an employee terminate employment, they are not required to forfeit dividend equivalent payments already received. Outstanding PSUs do not receive dividend equivalent payments.

The Committee granted stock options, RSUs and PSUs pursuant to the LTIP for the last three years as follows:

	2022		2021		2020	
	Granted	Weighted-Average Grant-Date Fair Value	Granted	Weighted-Average Grant-Date Fair Value	Granted	Weighted-Average Grant-Date Fair Value
Stock options	140,080	\$ 61.32	42,770	\$ 62.49	43,770	\$ 52.05
RSUs	180,306	265.21	183,093	240.09	178,190	210.11
PSUs	58,945	272.22	50,100	240.72	78,830	212.66

Recipients of certain RSUs and PSUs pursuant to the LTIP who retire prior to October 1st will forfeit awards received in the current year. Receipt of certain LTIP awards is contingent on the recipient having executed a non-compete agreement with the company.

We account for our grants of stock options, RSUs, PSUs, and dividend equivalent payments in accordance with FASB ASC 718, “*Compensation - Stock Compensation*.” Accordingly, all awards result in charges to net income while dividend equivalent payments, which are all related to equity classified awards, are charged to retained income. Compensation cost for the awards is recognized on a straight-line basis over the requisite service period for the entire award. Related compensation costs and tax benefits during the years were:

	2022	2021	2020
	(\$ in millions)		
Stock-based compensation expense	\$ 53	\$ 54	\$ 28
Total tax benefit	27	34	44

Stock Options

Option exercise prices will be at least the higher of (i) the average of the high and low prices at which Common Stock is traded on the grant date, or (ii) the closing price of Common Stock on the grant date. All options are subject to a vesting period of at least one year, and the term of the option will not exceed ten years. Holders of the options granted under the LTIP who remain actively employed receive cash dividend equivalent payments for four years in an amount equal to the regular quarterly dividends paid on Common Stock.

For all years, options granted under the LTIP and the TSOP may not be exercised prior to the fourth and third anniversaries of the date of grant, respectively, or if the optionee retires or dies before that anniversary date, may not be exercised before the later of one year after the grant date or the date of the optionee’s retirement or death.

The fair value of each option awarded was measured on the date of grant using the Black-Scholes valuation model. Expected volatility is based on implied volatility from traded options on, and historical volatility of, Common Stock. Historical data is used to estimate option exercises and employee terminations within the valuation model. Historical exercise data is used to estimate the average expected option term. The average risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. A dividend yield of zero was used for the LTIP options during the vesting period. For 2022, 2021, and 2020, a dividend yield of 1.85%, 1.64%, and 1.76%, respectively, was used for the vested period during the remaining expected option term for LTIP options.

The assumptions for the LTIP grants for the last three years are shown in the following table:

	2022	2021	2020
Average expected volatility	27 %	26 %	22 %
Average risk-free interest rate	1.80 %	0.75 %	1.47 %
Average expected option term	6.5 years	7.5 years	7.5 years

A summary of changes in stock options is presented below:

	Stock Options	Weighted- Average Exercise Price
Outstanding at December 31, 2021	1,095,895	\$ 106.58
Granted	140,080	287.31
Exercised	(307,660)	82.72
Forfeited	(48,313)	270.92
Outstanding at December 31, 2022	<u>880,002</u>	134.66

The aggregate intrinsic value of options outstanding at December 31, 2022 was \$103 million with a weighted-average remaining contractual term of 4.1 years. Of these options outstanding, 742,810 were exercisable and had an aggregate intrinsic value of \$101 million with a weighted-average exercise price of \$110.09 and a weighted-average remaining contractual term of 2.1 years.

The following table provides information related to options exercised for the last three years:

	2022	2021	2020
	<i>(\$ in millions)</i>		
Options exercised	307,660	470,632	1,171,786
Total intrinsic value	\$ 54	\$ 83	\$ 144
Cash received upon exercise	25	42	98
Related tax benefits realized	12	17	29

At December 31, 2022, total unrecognized compensation related to options granted under the LTIP was \$3 million, and is expected to be recognized over a weighted-average period of approximately 3.0 years.

Restricted Stock Units

RSUs granted primarily have a four-year ratable restriction period and will be settled through the issuance of shares of Common Stock. Certain RSU grants include cash dividend equivalent payments during the restriction period in an amount equal to regular quarterly dividends paid on Common Stock. The fair value of each RSU was measured on the date of grant as the average of the high and low prices at which Common Stock is traded on the grant date, adjusted for the impact of dividend equivalent payments as applicable.

	2022	2021	2020
	(\$ in millions)		
RSUs vested	249,138	260,307	204,665
Common Stock issued net of tax withholding	175,781	184,319	146,047
Related tax benefits realized	\$ 5	\$ 7	\$ 4

A summary of changes in RSUs is presented below:

	RSUs	Weighted-Average Grant-Date Fair Value
Nonvested at December 31, 2021	501,103	\$ 193.23
Granted	180,306	265.21
Vested	(249,138)	168.66
Forfeited	(44,890)	244.99
Nonvested at December 31, 2022	387,381	236.53

At December 31, 2022, total unrecognized compensation related to RSUs was \$37 million, and is expected to be recognized over a weighted-average period of approximately 2.6 years.

Performance Share Units

PSUs provide for awards based on the achievement of certain predetermined corporate performance goals at the end of a three-year cycle and are settled through the issuance of shares of Common Stock. All PSUs will earn out based on the achievement of performance conditions and some will also earn out based on a market condition. The market condition fair value was measured on the date of grant using a Monte Carlo simulation model.

	2022	2021	2020
	(\$ in millions)		
PSUs earned	86,420	78,727	235,935
Common Stock issued net of tax withholding	54,651	49,967	156,477
Related tax benefits realized	\$ 1	\$ 1	\$ 7

A summary of changes in PSUs is presented below:

	PSUs	Weighted-Average Grant-Date Fair Value
Balance at December 31, 2021	202,930	\$ 197.33
Granted	58,945	272.22
Earned	(86,420)	161.14
Unearned	(260)	161.14
Forfeited	(32,758)	254.83
	<u>142,437</u>	
Balance at December 31, 2022	<u><u>142,437</u></u>	236.70

At December 31, 2022, total unrecognized compensation related to PSUs granted under the LTIP was \$3 million, and is expected to be recognized over a weighted-average period of approximately 1.7 years.

Shares Available and Issued

Shares of Common Stock available for future grants and issued in connection with all features of the LTIP and the TSOP at December 31, were as follows:

	2022	2021	2020
Available for future grants:			
LTIP	8,238,993	8,609,075	8,995,582
TSOP	436,402	435,867	435,699
Issued:			
LTIP	503,090	632,279	1,270,208
TSOP	35,002	72,639	204,102

14. Stockholders' Equity

Common Stock

Common Stock is reported net of shares held by our consolidated subsidiaries (Treasury Shares). Treasury Shares at December 31, 2022 and 2021 amounted to 20,320,777, with a cost of \$19 million at both dates.

Accumulated Other Comprehensive Loss

The components of “Other comprehensive income (loss)” reported in the Consolidated Statements of Comprehensive Income and changes in the cumulative balances of “Accumulated other comprehensive loss” reported in the Consolidated Balance Sheets consisted of the following:

	Balance at Beginning of Year	Net Income	Reclassification Adjustments	Balance at End of Year
	(\$ in millions)			
Year ended December 31, 2022				
Pensions and other postretirement liabilities	\$ (356)	\$ 20	\$ 17	\$ (319)
Other comprehensive income of equity investees	(46)	14	—	(32)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Accumulated other comprehensive loss	<u>\$ (402)</u>	<u>\$ 34</u>	<u>\$ 17</u>	<u>\$ (351)</u>
Year ended December 31, 2021				
Pensions and other postretirement liabilities	\$ (526)	\$ 139	\$ 31	\$ (356)
Other comprehensive income of equity investees	(68)	22	—	(46)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Accumulated other comprehensive loss	<u>\$ (594)</u>	<u>\$ 161</u>	<u>\$ 31</u>	<u>\$ (402)</u>

Other Comprehensive Income (Loss)

“Other comprehensive income (loss)” reported in the Consolidated Statements of Comprehensive Income consisted of the following:

	Pretax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
	<i>(\$ in millions)</i>		
Year ended December 31, 2022			
Net gain arising during the year:			
Pensions and other postretirement benefits	\$ 27	\$ (7)	\$ 20
Reclassification adjustments for costs included in net income	24	(7)	17
Subtotal	51	(14)	37
Other comprehensive income of equity investees	17	(3)	14
Other comprehensive income	<u>\$ 68</u>	<u>\$ (17)</u>	<u>\$ 51</u>
Year ended December 31, 2021			
Net gain arising during the year:			
Pensions and other postretirement benefits	\$ 185	\$ (46)	\$ 139
Reclassification adjustments for costs included in net income	41	(10)	31
Subtotal	226	(56)	170
Other comprehensive income of equity investees	24	(2)	22
Other comprehensive income	<u>\$ 250</u>	<u>\$ (58)</u>	<u>\$ 192</u>
Year ended December 31, 2020			
Net loss arising during the year:			
Pensions and other postretirement benefits	\$ (167)	\$ 42	\$ (125)
Reclassification adjustments for costs included in net income	27	(7)	20
Subtotal	(140)	35	(105)
Other comprehensive income of equity investees	2	—	2
Other comprehensive loss	<u>\$ (138)</u>	<u>\$ 35</u>	<u>\$ (103)</u>

15. Stock Repurchase Programs

We repurchased and retired 12.6 million, 12.7 million, and 7.4 million shares of Common Stock under our stock repurchase programs in 2022, 2021, and 2020, respectively, at a cost of \$3.1 billion, \$3.4 billion, and \$1.4 billion, respectively.

On March 29, 2022, our Board of Directors authorized a new program for the repurchase of up to \$10.0 billion of

Common Stock beginning April 1, 2022. As of December 31, 2022, \$7.5 billion remains authorized for repurchase. Our previous share repurchase program terminated on March 31, 2022.

16. Earnings Per Share

The following table sets forth the calculation of basic and diluted earnings per share:

	Basic			Diluted		
	2022	2021	2020	2022	2021	2020
(\$ in millions except per share amounts, shares in millions)						
Net income	\$ 3,270	\$ 3,005	\$ 2,013	\$ 3,270	\$ 3,005	\$ 2,013
Dividend equivalent payments	(2)	(2)	(3)	(1)	—	(2)
Income available to common stockholders	\$ 3,268	\$ 3,003	\$ 2,010	\$ 3,269	\$ 3,005	\$ 2,011
Weighted-average shares outstanding	234.8	246.9	255.1	234.8	246.9	255.1
Dilutive effect of outstanding options and share-settled awards				0.8	1.2	1.5
Adjusted weighted-average shares outstanding				235.6	248.1	256.6
Earnings per share	\$ 13.92	\$ 12.16	\$ 7.88	\$ 13.88	\$ 12.11	\$ 7.84

In each year, dividend equivalent payments were made to certain holders of stock options and RSUs. For purposes of computing basic earnings per share, dividend equivalent payments made to holders of stock options and RSUs were deducted from net income to determine income available to common stockholders. For purposes of computing diluted earnings per share, we evaluate on a grant-by-grant basis those stock options and RSUs receiving dividend equivalent payments under the two-class and treasury stock methods to determine which method is more dilutive for each grant. For those grants for which the two-class method was more dilutive, net income was reduced by dividend equivalent payments to determine income available to common stockholders. The dilution calculations exclude options having exercise prices exceeding the average market price of Common Stock as follows: 0.1 million in the year ended December 31, 2022 and none in the years ended December 31, 2021 and 2020.

17. Commitments and Contingencies

Lawsuits

We and/or certain subsidiaries are defendants in numerous lawsuits and other claims relating principally to railroad operations. When we conclude that it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, it is accrued through a charge to earnings and, if material, disclosed below. While the ultimate amount of liability incurred in any of these lawsuits and claims is dependent on future developments, in our opinion, the recorded liability is adequate to cover the future payment of such liability and claims. However, the final outcome of any of these lawsuits and claims cannot be predicted with certainty, and unfavorable or unexpected outcomes could result in additional accruals that could be significant to results of operations in a particular year or quarter. Any adjustments to the recorded liability will be reflected in earnings in the periods in which such adjustments become known. For lawsuits and other claims where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimable, no accrual is established but the matter, if potentially material, is disclosed below. We routinely review relevant information with respect to our lawsuits and other claims and update our accruals, disclosures and estimates of reasonably possible loss based on such reviews.

In 2007, various antitrust class actions filed against us and other Class I railroads in various Federal district courts regarding fuel surcharges were consolidated in the District of Columbia by the Judicial Panel on Multidistrict Litigation. In 2012, the court certified the case as a class action. The defendant railroads appealed this certification, and the Court of Appeals for the District of Columbia vacated the District Court's decision and remanded the case for further consideration. On October 10, 2017, the District Court denied class certification. The decision was upheld by the Court of Appeals on August 16, 2019. Since that decision, various individual cases have been filed in multiple jurisdictions and also consolidated in the District of Columbia. We believe the allegations in the complaints are without merit and intend to vigorously defend the cases. We do not believe the outcome of these proceedings will have a material effect on our financial position, results of operations, or liquidity.

In 2018, a lawsuit was filed against one of our subsidiaries by the minority owner in a jointly-owned terminal railroad company in which our subsidiary has the majority ownership. The lawsuit alleged violations of various state laws and federal antitrust laws. On January 3, 2023, the court granted summary judgment to us on all of the compensatory claims but denied summary judgment for all equitable relief claims. On January 18, 2023, the court dismissed the federal equitable relief claims, leaving the state equitable relief claims as the sole remaining issue under consideration. We expect the rulings will be appealed. A trial on the state equitable relief claims has not been scheduled. We continue to vigorously defend the lawsuit and, although it is reasonably possible we could incur a loss in the case, we believe that we will prevail. However, given that litigation is inherently unpredictable and subject to uncertainties, there can be no assurances that the final outcome of the litigation (including any related appeal) will not be material. Until such appeal is final, we cannot reasonably estimate the potential loss or range of loss associated with this matter.

Casualty Claims

Casualty claims include employee personal injury and occupational claims as well as third-party claims, all exclusive of legal costs. To aid in valuing our personal injury liability and determining the amount to accrue with respect to such claims during the year, we utilize studies prepared by an independent consulting actuarial firm. Job-related personal injury and occupational claims are subject to FELA, which is applicable only to railroads. The variability inherent in FELA's fault-based tort system could result in actual costs being different from the liability recorded. While the ultimate amount of claims incurred is dependent on future developments, in our opinion, the recorded liability is adequate to cover the future payments of claims and is supported by the most recent actuarial study. In all cases, we record a liability when the expected loss for the claim is both probable and reasonably estimable.

Employee personal injury claims – The largest component of claims expense is employee personal injury costs. The independent actuarial firm we engage provides quarterly studies to aid in valuing our employee personal injury liability and estimating personal injury expense. The actuarial firm studies our historical patterns of reserving for claims and subsequent settlements, taking into account relevant outside influences. The actuarial firm uses the results of these analyses to estimate the ultimate amount of liability. We adjust the liability quarterly based upon our assessment and the results of the study. The accuracy of our estimate of the liability is subject to inherent limitation given the difficulty of predicting future events such as jury decisions, court interpretations, or legislative changes. As a result, actual claim settlements may vary from the estimated liability recorded.

Occupational claims – Occupational claims include injuries and illnesses alleged to be caused by exposures which occur over time as opposed to injuries or illnesses caused by a specific accident or event. Types of occupational claims commonly seen allege exposure to asbestos and other claimed toxic substances resulting in respiratory diseases or cancer. Many such claims are being asserted by former or retired employees, some of whom have not been employed in the rail industry for decades. The independent actuarial firm provides an estimate of the occupational claims liability based upon our history of claim filings, severity, payments, and other pertinent facts. The liability is dependent upon judgments we make as to the specific case reserves as well as judgments of the actuarial firm in the quarterly studies. Our estimate of ultimate loss includes a provision for those claims that have been incurred but not reported. This provision is derived by analyzing industry data and projecting our experience. We adjust the liability quarterly based upon our assessment and the results of the study. However, it is

possible that the recorded liability may not be adequate to cover the future payment of claims. Adjustments to the recorded liability are reflected in operating expenses in the periods in which such adjustments become known.

Third-party claims – We record a liability for third-party claims including those for highway crossing accidents, trespasser and other injuries, property damage, and lading damage. The actuarial firm assists us with the calculation of potential liability for third-party claims, except lading damage, based upon our experience including the number and timing of incidents, amount of payments, settlement rates, number of open claims, and legal defenses. We adjust the liability quarterly based upon our assessment and the results of the study. Given the inherent uncertainty in regard to the ultimate outcome of third-party claims, it is possible that the actual loss may differ from the estimated liability recorded.

Environmental Matters

We are subject to various jurisdictions' environmental laws and regulations. We record a liability where such liability or loss is probable and reasonably estimable. Environmental specialists regularly participate in ongoing evaluations of all known sites and in determining any necessary adjustments to liability estimates.

Our Consolidated Balance Sheets include liabilities for environmental exposures of \$66 million at December 31, 2022, and \$49 million at December 31, 2021, of which \$15 million is classified as a current liability at the end of both 2022 and 2021. At December 31, 2022, the liability represents our estimates of the probable cleanup, investigation, and remediation costs based on available information at 85 known locations and projects compared with 88 locations and projects at December 31, 2021. At December 31, 2022, twenty-two sites accounted for \$55 million of the liability, and no individual site was considered to be material. We anticipate that most of this liability will be paid out over five years; however, some costs will be paid out over a longer period.

At eight locations, one or more of our subsidiaries in conjunction with a number of other parties have been identified as potentially responsible parties under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 or comparable state statutes that impose joint and several liability for cleanup costs. We calculate our estimated liability for these sites based on facts and legal defenses applicable to each site and not solely on the basis of the potential for joint liability.

With respect to known environmental sites (whether identified by us or by the Environmental Protection Agency or comparable state authorities), estimates of our ultimate potential financial exposure for a given site or in the aggregate for all such sites can change over time because of the widely varying costs of currently available cleanup techniques, unpredictable contaminant recovery and reduction rates associated with available cleanup technologies, the likely development of new cleanup technologies, the difficulty of determining in advance the nature and full extent of contamination and each potential participant's share of any estimated loss (and that participant's ability to bear it), and evolving statutory and regulatory standards governing liability.

The risk of incurring environmental liability for acts and omissions, past, present, and future, is inherent in the railroad business. Some of the commodities we transport, particularly those classified as hazardous materials, pose special risks that we work diligently to reduce. In addition, several of our subsidiaries own, or have owned, land used as operating property, or which is leased and operated by others, or held for sale. Because environmental problems that are latent or undisclosed may exist on these properties, there can be no assurance that we will not incur environmental liabilities or costs with respect to one or more of them, the amount and materiality of which cannot be estimated reliably at this time. Moreover, lawsuits and claims involving these and potentially other unidentified environmental sites and matters are likely to arise from time to time. The resulting liabilities could have a significant effect on financial position, results of operations, or liquidity in a particular year or quarter.

Based on our assessment of the facts and circumstances now known, we believe we have recorded the probable and reasonably estimable costs for dealing with those environmental matters of which we are aware. Further, we believe that it is unlikely that any known matters, either individually or in the aggregate, will have a material adverse effect on our financial position, results of operations, or liquidity.

Labor Agreements

Approximately 80% of our railroad employees are covered by collective bargaining agreements with various labor unions. Pursuant to the RLA, these agreements remain in effect until new agreements are reached, or until the bargaining procedures mandated by the RLA are completed. Moratorium provisions in the labor agreements govern when the railroads and unions may propose changes to the agreements. We largely bargain nationally in concert with other major railroads, represented by the National Carriers' Conference Committee.

After management and the unions served their formal proposals in November 2019 for changes to the collective bargaining agreements, negotiations began in 2020 following the expiration of the last moratorium. On June 17, 2022, the National Mediation Board notified the parties that all practical methods of ending the dispute had been exhausted without effecting a settlement and that its mediation services had been terminated. Shortly thereafter, President Biden created PEB No. 250, effective July 18, 2022, to investigate the facts of the dispute and make recommendations. The PEB issued its recommendations on August 16, 2022, and the parties engaged in further negotiations. By December 2022, agreements based on the PEB's recommendations had either been ratified or enacted through legislative action for all twelve unions. For 2022, "Compensation and benefits" includes \$54 million and "Purchased services and rents" includes \$2 million of additional expenses pertaining to wages earned prior to January 1, 2022.

While the parties are engaged in additional discussions to conclude the implementation of the recently finalized agreements, neither party can compel mandatory bargaining around any new proposals until November 1, 2024. That said, we understand the imperative to continue improving quality of life for our craft employees and are actively engaged in voluntary discussions (which carry no risk of a work stoppage) with all of our unions on this important issue.

Insurance

We purchase insurance covering legal liabilities for bodily injury and property damage to third parties. This insurance provides coverage above \$75 million and below \$800 million (\$1.1 billion for specific perils) per occurrence and/or policy year. In addition, we purchase insurance covering damage to property owned by us or in our care, custody, or control. This insurance covers approximately 82% of potential losses above \$75 million and below \$275 million per occurrence and/or policy year.

Purchase Commitments

At December 31, 2022, we had outstanding purchase commitments totaling \$1.7 billion through 2030 for locomotive modernizations, long-term technology support and development contracts, track material, and intermodal equipment.

Asset Purchase and Sale Agreement

In November 2022, we entered into an asset purchase and sale agreement with the Board of Trustees of the Cincinnati Southern Railway to purchase approximately 337 miles of railway line that extends from Cincinnati, Ohio to Chattanooga, Tennessee which we currently operate under a lease agreement. The total purchase price for the line and other associated real and personal property included in the transaction is approximately \$1.6 billion. The agreement is conditioned upon (i) certain changes to Ohio state law applicable to the use of the related sale proceeds, (ii) approval by the voters of the City of Cincinnati, and (iii) the receipt of regulatory approval from the STB. The agreement includes various termination provisions including termination at any time prior to closing by the mutual written consent of the parties, termination at any time after December 31, 2024 by the mutual written consent of the parties, termination by us if the STB takes action that we deem unsatisfactory, and termination by either party if Cincinnati voter approval is not obtained on or before the later of June 30, 2025 and the calendar date on which the polls are open for the 2025 Cincinnati primary election.

Change-In-Control Arrangements

We have compensation agreements with certain officers and key employees that become operative only upon a change in control of Norfolk Southern, as defined in those agreements. The agreements provide generally for payments based on compensation at the time of a covered individual's involuntary or other specified termination and for certain other benefits.

Indemnifications

In a number of instances, we have agreed to indemnify lenders for additional costs they may bear as a result of certain changes in laws or regulations applicable to their loans. Such changes may include impositions or modifications with respect to taxes, duties, reserves, liquidity, capital adequacy, special deposits, and similar requirements relating to extensions of credit by, deposits with, or the assets or liabilities of such lenders. The nature and timing of changes in laws or regulations applicable to our financings are inherently unpredictable, and therefore our exposure in connection with the foregoing indemnifications cannot be quantified. No liability has been recorded related to these indemnifications.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, with the assistance of management, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)) at December 31, 2022. Based on such evaluation, our officers have concluded that, at December 31, 2022, our disclosure controls and procedures were effective to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized, and reported, within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting includes those policies and procedures that pertain to our ability to record, process, summarize, and report reliable financial data. We recognize that there are inherent limitations in the effectiveness of any internal control over financial reporting, including the possibility of human error and the circumvention or overriding of internal control. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

Our Board of Directors, acting through its Audit Committee, is responsible for the oversight of our accounting policies, financial reporting, and internal control. The Audit Committee of our Board of Directors is comprised of outside directors who are independent of management. The independent registered public accounting firm and our internal auditors have full and unlimited access to the Audit Committee, with or without management, to discuss the adequacy of internal control over financial reporting, and any other matters which they believe should be brought to the attention of the Audit Committee.

We have issued a report of our assessment of internal control over financial reporting, and our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting at December 31, 2022. These reports appear in Item 8 of this report on Form 10-K.

Changes in Internal Control Over Financial Reporting

During the fourth quarter of 2022, we have not identified any changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially effect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

Item 10. Directors, Executive Officers and Corporate Governance

In accordance with General Instruction G(3), information called for by Part III, Item 10, is incorporated herein by reference from the information appearing under the caption “Election of the 13 Directors Named in the Proxy Statement for a One-Year Term,” under the caption “Delinquent Section 16(a) Reports,” under the caption “Committees of the Board,” under the caption “Shareholder Recommendations and Nominations,” and under the caption “The Thoroughbred Code of Ethics” in our definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A. The information regarding executive officers called for by Item 401 of Regulation S-K is included in Part I hereof beginning under “Information about our Executive Officers.”

Item 11. Executive Compensation

In accordance with General Instruction G(3), information called for by Part III, Item 11, is incorporated herein by reference from the information:

- under the caption “Compensation of Directors;”
- under the caption “Compensation Discussion and Analysis,” the information appearing in the “Summary Compensation Table” and the “2022 Grants of Plan-Based Awards” table, including the narrative to such tables, the “Outstanding Equity Awards at Fiscal Year-End 2022” and “Option Exercises and Stock Vested in 2022” tables, and the tabular and narrative information appearing under the subcaptions “Retirement Benefits,” “Deferred Compensation,” and “Potential Payments Upon a Change in Control or Other Termination of Employment;” and,
- under the captions “Compensation Committee Interlocks and Insider Participation,” “Compensation Policy Risk Assessment,” and “Compensation Committee Report,”

in each case included in our definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

In accordance with General Instruction G(3), information on security ownership of certain beneficial owners and management called for by Part III, Item 12, is incorporated herein by reference from the information appearing under the caption “Beneficial Ownership of Stock” in our definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

Equity Compensation Plan Information (at December 31, 2022)

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted- average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans ⁽¹⁾ (c)
Equity compensation plans approved by securities holders ⁽²⁾	1,476,081 ⁽³⁾	\$ 143.28 ⁽⁵⁾	8,238,993
Equity compensation plans not approved by securities holders	150,015 ⁽⁴⁾	92.72	436,402 ⁽⁶⁾
Total	<u>1,626,096</u>		<u>8,675,395</u>

⁽¹⁾ Excludes securities reflected in column (a).

⁽²⁾ LTIP.

⁽³⁾ Includes options, RSUs and PSUs granted under LTIP that will be settled in shares of Common Stock.

⁽⁴⁾ TSOP.

⁽⁵⁾ Calculated without regard to 746,094 outstanding RSUs and PSUs at December 31, 2022.

⁽⁶⁾ Reflects shares remaining available for grant under TSOP.

Norfolk Southern Corporation Long-Term Incentive Plan

Established on June 28, 1983, and approved by our stockholders at their Annual Meeting held on May 10, 1984, LTIP was adopted to promote the success of our company by providing an opportunity for non-employee Directors, officers, and other key employees to acquire a proprietary interest in Norfolk Southern Corporation (the Corporation). The Board of Directors amended LTIP on January 23, 2015, which amendment was approved by shareholders on May 14, 2015, to include the reservation for issuance of an additional 8,000,000 shares of authorized but unissued Common Stock.

The amended LTIP adopted a fungible share reserve ratio so that, for awards granted after May 13, 2010, the number of shares remaining for issuance under the amended LTIP will be reduced (i) by 1 for each award granted as an option or stock-settled SAR, or (ii) by 1.61 for an award made in the form other than an option or stock-settled SAR. Any shares of Common Stock subject to options, PSUs, restricted shares, or RSUs which are not issued as Common Stock will again be available for award under LTIP after the expiration or forfeiture of an award.

Non-employee Directors, officers, and other key employees residing in the U.S. or Canada are eligible for selection to receive LTIP awards. Under LTIP, the Committee, or the Corporation's chief executive officer to the extent the Committee delegates award-making authority pursuant to LTIP, may grant incentive stock options, nonqualified stock options, SARs, RSUs, restricted shares, PSUs and performance shares. In addition, dividend equivalent payments may be awarded for options, RSUs and PSUs. Awards under LTIP may be made subject to forfeiture under certain circumstances and the Committee may establish such other terms and conditions for the awards as provided in LTIP.

The option price is at least the higher of (i) the average of the high and low prices at which Common Stock is traded on the date of grant, or (ii) the closing price of Common Stock on the date of the grant. All options are subject to a vesting period of at least one year, and the term of the option will not exceed ten years. LTIP specifically prohibits option repricing without stockholder approval, except that adjustments may be made in the event of changes in our capital structure or Common Stock.

PSUs entitle a recipient to receive performance-based compensation at the end of a three-year cycle based on our performance during that period. For the 2022 PSU awards, corporate performance will be based directly on return on average capital invested, with total return to stockholders serving as a modifier, and will be settled in shares of Common Stock.

RSUs are payable in cash or in shares of Common Stock at the end of a restriction period. During the restriction period, the holder of the RSUs has no beneficial ownership interest in the Common Stock represented by the RSUs and has no right to vote the shares represented by the units or to receive dividends (except for dividend equivalent payment rights that may be awarded with respect to the RSUs). The Committee at its discretion may waive the restriction period, but settlement of any RSUs will occur on the same settlement date as would have applied absent a waiver of restrictions, if no performance goals were imposed. RSUs will be settled in shares of Common Stock.

Norfolk Southern Corporation Thoroughbred Stock Option Plan

Our Board of Directors adopted TSOP on January 26, 1999, to promote the success of our company by providing an opportunity for management employees to acquire a proprietary interest in our company and thereby to provide an additional incentive to management employees to devote their maximum efforts and skills to the advancement, betterment, and prosperity of our company and our stockholders. Under TSOP there were 6,000,000 shares of authorized but unissued Common Stock reserved for issuance. TSOP has not been and is not required to have been approved by our stockholders.

Active full-time management employees residing in the U.S. or Canada are eligible for selection to receive TSOP awards. Under TSOP, the Committee, or the Corporation's chief executive officer to the extent the Committee delegates award-making authority pursuant to TSOP, may grant nonqualified stock options subject to such terms and conditions as provided in TSOP.

The option price may not be less than the average of the high and low prices at which Common Stock is traded on the date of the grant. All options are subject to a vesting period of at least one year, and the term of the option will not exceed ten years. TSOP specifically prohibits repricing without stockholder approval, except for capital adjustments.

Norfolk Southern Corporation Directors' Restricted Stock Plan

The Plan was adopted on January 1, 1994, and was designed to increase ownership of Common Stock by our non-employee Directors so as to further align their ownership interest in our company with that of our stockholders. The Plan has not been and is not required to have been approved by our stockholders.

Effective January 23, 2015, the Board amended the Plan to provide that no additional awards will be made under the Plan. Prior to that amendment, only non-employee Directors who are not and never have been employees of our company were eligible to participate in the Plan. Upon becoming a Director, each eligible Director received a one-time grant of 3,000 restricted shares of Common Stock. No additional shares may be granted under the Plan. No individual member of the Board exercised discretion concerning the eligibility of any Director or the number of shares granted.

The restriction period applicable to restricted shares granted under the Plan begins on the date of the grant and ends on the earlier of the recipient's death or the day after the recipient ceases to be a Director by reason of disability or retirement. During the restriction period, shares may not be sold, pledged, or otherwise encumbered. Directors forfeit the restricted shares if they cease to serve as a Director of our company for reasons other than their disability, retirement, or death.

Item 13. Certain Relationships and Related Transactions, and Director Independence

In accordance with General Instruction G(3), information called for by Part III, Item 13, is incorporated herein by reference from the information appearing under the caption "Related Persons Transactions" and under the caption "Director Independence" in our definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

Item 14. Principal Accountant Fees and Services

Our independent registered public accounting firm is KPMG LLP, Atlanta, GA, Auditor Firm ID: 185.

In accordance with General Instruction G(3), information called for by Part III, Item 14, is incorporated herein by reference from the information appearing under the caption "Ratification of Appointment of Independent Registered Public Accounting Firm" in our definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

PART IV

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

Item 15. Exhibits and Financial Statement Schedule

		Page
(A)	The following documents are filed as part of this report:	
1.	Index to Financial Statements	
	Report of Management	K34
	Reports of Independent Registered Public Accounting Firm	K35
	Consolidated Statements of Income, Years ended December 31, 2022, 2021, and 2020	K39
	Consolidated Statements of Comprehensive Income, Years ended December 31, 2022, 2021, and 2020	K40
	Consolidated Balance Sheets at December 31, 2022 and 2021	K41
	Consolidated Statements of Cash Flows, Years ended December 31, 2022, 2021, and 2020	K42
	Consolidated Statements of Changes in Stockholders' Equity, Years ended December 31, 2022, 2021, and 2020	K43
	Notes to Consolidated Financial Statements	K44
2.	Financial Statement Schedule:	
	The following consolidated financial statement schedule should be read in connection with the consolidated financial statements:	
	Index to Consolidated Financial Statement Schedule	
	Schedule II – Valuation and Qualifying Accounts	K93
	Schedules other than the one listed above are omitted either because they are not required or are inapplicable, or because the information is included in the consolidated financial statements or related notes.	
3.	Exhibits	
Exhibit Number	Description	
2.1	Distribution Agreement, dated as of July 26, 2004, by and among CSX Corporation, CSX Transportation, Inc., CSX Rail Holding Corporation, CSX Northeast Holdings Corporation, Norfolk Southern Corporation, Norfolk Southern Railway Company, CRR Holdings LLC, Green Acquisition Corp., Conrail Inc., Consolidated Rail Corporation, New York Central Lines LLC, Pennsylvania Lines LLC, NYC Newco, Inc., and PRR Newco, Inc., is incorporated by reference to Exhibit 2.1 to Norfolk Southern Corporation's Form 8-K filed on September 2, 2004. (SEC File No. 001-08339)	
3	Articles of Incorporation and Bylaws –	
(i)(a)	The Restated Articles of Incorporation of Norfolk Southern Corporation are incorporated by reference to Exhibit 3(i) to Norfolk Southern Corporation's 10-K filed on March 5, 2001. (SEC File No. 001-08339)	
(i)(b)	An amendment to the Articles of Incorporation of Norfolk Southern Corporation is incorporated by reference to Exhibit 3(i) to Norfolk Southern Corporation's Form 8-K filed on May 18, 2010. (SEC File No. 001-08339)	
(i)(c)	An amendment to the Articles of Incorporation of Norfolk Southern Corporation is incorporated by reference to Exhibit 3(i) to Norfolk Southern Corporation's Form 10-Q filed on July 29, 2020. (SEC File No. 001-08339)	
(ii)	The Bylaws of Norfolk Southern Corporation, as amended January 25, 2022, are incorporated by reference to Exhibit 3(ii) to Norfolk Southern Corporation's Form 8-K filed on January 26, 2022. (SEC File No. 001-08339)	

Instruments Defining the Rights of Security Holders, Including Indentures:

- (a) Indenture, dated as of January 15, 1991, from Norfolk Southern Corporation to First Trust of New York, National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Registration Statement on Form S-3 (No. 33-38595).
- (b) [First Supplemental Indenture, dated May 19, 1997, between Norfolk Southern Corporation and First Trust of New York, National Association, as Trustee, related to the issuance of notes in the principal amount of \\$4.3 billion, is incorporated by reference to Exhibit 1.1\(d\) to Norfolk Southern Corporation's Form 8-K filed on May 21, 1997. \(SEC File No. 001-08339\)](#)
- (c) [Fourth Supplemental Indenture, dated as of February 6, 2001, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of \\$1 billion, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on February 7, 2001. \(SEC File No. 001-08339\)](#)
- (d) [Indenture, dated August 27, 2004, among PRR Newco, Inc., as Issuer, and Norfolk Southern Railway Company, as Guarantor, and The Bank of New York, as Trustee, is incorporated by reference to Exhibit 4\(1\) to Norfolk Southern Corporation's Form 10-Q filed on October 28, 2004. \(SEC File No. 001-08339\)](#)
- (e) [First Supplemental Indenture, dated August 27, 2004, among PRR Newco, Inc., as Issuer, and Norfolk Southern Railway Company, as Guarantor, and The Bank of New York, as Trustee, related to the issuance of notes in the principal amount of approximately \\$451.8 million, is incorporated by reference to Exhibit 4\(m\) to Norfolk Southern Corporation's Form 10-Q filed on October 28, 2004. \(SEC File No. 001-08339\)](#)
- (f) [Ninth Supplemental Indenture, dated as of March 11, 2005, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of \\$300 million, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on March 15, 2005. \(SEC File No. 001-08339\)](#)
- (g) [Tenth Supplemental Indenture, dated as of May 17, 2005, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of \\$366.6 million, is incorporated by reference to Exhibit 99.1 to Norfolk Southern Corporation's Form 8-K filed on May 18, 2005. \(SEC File No. 001-08339\)](#)
- (h) [Eleventh Supplemental Indenture, dated as of May 17, 2005, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of \\$350 million, is incorporated by reference to Exhibit 99.2 to Norfolk Southern Corporation's Form 8-K filed on May 18, 2005. \(SEC File No. 001-08339\)](#)
- (i) [Twelfth Supplemental Indenture, dated as of August 26, 2010, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of \\$250 million, is incorporated by reference to Exhibit 4.2 to Norfolk Southern Corporation's Form 8-K filed on August 26, 2010. \(SEC File No. 001-08339\)](#)
- (j) [Indenture, dated as of June 1, 2009, between Norfolk Southern Corporation and U.S. Bank Trust National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on June 1, 2009. \(SEC File No. 001-08339\)](#)
- (k) [Second Supplemental Indenture, dated as of May 23, 2011, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of \\$400 million, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on May 23, 2011. \(SEC File No. 001-08339\)](#)
- (l) [Indenture, dated as of September 14, 2011, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of \\$595,504,000, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on September 15, 2011. \(SEC File No. 001-08339\)](#)
- (m) [Third Supplemental Indenture, dated as of September 14, 2011, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of \\$4,492,000, is incorporated by reference to Exhibit 4.2 to Norfolk Southern Corporation's Form 8-K filed on September 15, 2011. \(SEC File No. 001-08339\)](#)

- (n) [Fourth Supplemental Indenture, dated as of November 17, 2011, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of two series of notes, one in the principal amount of \\$500 million and one in the principal amount of \\$100 million, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on November 17, 2011. \(SEC File No. 001-08339\)](#)
- (o) [Indenture, dated as of March 15, 2012, between the Registrant and U.S. Bank Trust National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on March 15, 2012. \(SEC File No. 001-08339\)](#)
- (p) [Indenture, dated as of August 20, 2012, between the Registrant and U.S. Bank Trust National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on August 21, 2012. \(SEC File No. 001-08339\)](#)
- (q) [Second Supplemental Indenture, dated as of September 7, 2012, between the Registrant and U.S. Bank Trust National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on September 7, 2012. \(SEC File No. 001-08339\)](#)
- (r) [Third Supplemental Indenture, dated as of August 13, 2013, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of \\$500,000,000, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on August 13, 2013. \(SEC File No. 001-08339\)](#)
- (s) [Fourth Supplemental Indenture, dated as of November 21, 2013, between the Registrant and U.S. Bank Trust National Association, as Trustee, related to the issuance of notes in the principal amount of \\$400,000,000, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on November 21, 2013. \(SEC File No. 001-08339\)](#)
- (t) [Indenture, dated as of June 2, 2015, between Registrant and U.S. Bank National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on June 2, 2015. \(SEC File No. 001-08339\)](#)
- (u) [First Supplemental Indenture, dated as of June 2, 2015, between the Registrant and U.S. Bank National Association, as Trustee, is incorporated by reference to Exhibit 4.2 to Norfolk Southern Corporation's Form 8-K filed on June 2, 2015. \(SEC File No. 001-08339\)](#)
- (v) [Second Supplemental Indenture, dated as of November 3, 2015, between the Registrant and U.S. Bank National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on November 3, 2015. \(SEC File No. 001-08339\)](#)
- (w) [Third Supplemental Indenture, dated as of June 3, 2016, between the Registrant and U.S. Bank National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed on June 3, 2016. \(SEC File No. 001-08339\)](#)
- (x) [Fourth Supplemental Indenture, dated as of May 31, 2017, between the Registrant and U.S. Bank National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to the Corporation's Form 8-K filed May 31, 2017. \(SEC File No. 001-08339\)](#)
- (y) [Indenture, dated as of August 15, 2017, between the Registrant and U.S. Bank National Association, as Trustee, is incorporated by reference herein to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed August 15, 2017. \(SEC File No. 001-08339\)](#)
- (z) [Indenture, dated as of February 28, 2018 between the Registrant and U.S. Bank National Association, as Trustee. The Indenture is incorporated by reference herein to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed February 28, 2018. \(SEC File No. 001-08339\)](#)
- (aa) [First Supplemental Indenture, dated as of February 28, 2018, between the Registrant and U.S. Bank National Association, as Trustee. The Indenture is incorporated by reference herein to Exhibit 4.2 to Norfolk Southern Corporation's Form 8-K filed February 28, 2018. \(SEC File No. 001-08339\)](#)
- (bb) [Second Supplemental Indenture, dated as of August 2, 2018, between the Registrant and U.S. Bank National Association, as Trustee. The Indenture is incorporated by reference herein to Exhibit 4.1 to Norfolk Southern Corporation's Form 8-K filed August 2, 2018. \(SEC File No. 001-08339\)](#)
- (cc) [Third Supplemental Indenture, dated as of May 8, 2019, between the Registrant and U.S. Bank National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on May 8, 2019 \(SEC File No. 001-08339\).](#)

- (dd) [Fourth Supplemental Indenture, dated as of November 4, 2019, between the Registrant and U.S. Bank National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on November 4, 2019. \(SEC File No. 001-08339\)](#)
- (ee) [Description of the Registrant's Common Stock Registered Under Section 12 of the Securities Exchange Act of 1934, is incorporated by reference to Exhibit 4\(hh\) to Norfolk Southern Corporation's Form 10-K filed on February 6, 2020. \(SEC File No. 001-08339\)](#)
- (ff) [Fifth Supplemental Indenture, dated as of May 11, 2020, between the Registrant and U.S. Bank National Association, as Trustee, is incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on May 11, 2020. \(SEC File No. 001-08339\)](#)
- (gg) [Indenture dated as of May 15, 2020, between the Registrant and U.S. Bank National Association, as Trustee is incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on May 15, 2020. \(SEC File No. 001-08339\)](#)
- (hh) [Sixth Supplemental Indenture, dated as of May 12, 2021, between the Registrant and U.S. Bank National Association, as Trustee, is incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed on May 12, 2021. \(SEC File No. 001-08339\)](#)
- (ii) [Seventh Supplemental Indenture, dated as of August 25, 2021, between the Registrant and U.S. Bank National Association, as trustee, is incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on August 25, 2021. \(SEC File No. 001-08339\)](#)
- (jj) [Eighth Supplemental Indenture, dated as of February 25, 2022, between the Registrant and U.S. Bank Trust Company, National Association \(as successor to U.S. Bank National Association\), as trustee, is incorporated by reference to Exhibit 4.1 of the Registrant's Form 8-K filed on February 25, 2022.](#)
- (kk) [Ninth Supplemental Indenture, dated June 13, 2022, between the Registrant and U.S. Bank Trust Company, National Association \(as successor to U.S. Bank National Association\), as trustee, is incorporated by reference to Exhibit 4.1 of the Registrant's Form 8-K filed on June 15, 2022.](#)

In accordance with Item 601(b)(4)(iii) of Regulation S-K, copies of other instruments of Norfolk Southern Corporation and its subsidiaries with respect to the rights of holders of long-term debt are not filed herewith, or incorporated by reference, but will be furnished to the Commission upon request.

10 Material Contracts -

- (a) [The Transaction Agreement, dated as of June 10, 1997, by and among CSX and CSX Transportation, Inc., Registrant, Norfolk Southern Railway Company, Conrail Inc., Consolidated Rail Corporation, and CRR Holdings LLC, with certain schedules thereto, previously filed, is incorporated by reference to Exhibit 10\(a\) to Norfolk Southern Corporation's Form 10-K filed on February 24, 2003. \(SEC File No. 001-08339\)](#)
- (b) [Amendment No. 1 dated as of August 22, 1998, to the Transaction Agreement, dated as of June 10, 1997, by and among CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail, Inc., Consolidated Rail Corporation, and CRR Holdings LLC, is incorporated by reference from Exhibit 10.1 to Norfolk Southern Corporation's Form 10-Q filed on August 11, 1999. \(SEC File No. 001-08339\)](#)
- (c) [Amendment No. 2 dated as of June 1, 1999, to the Transaction Agreement, dated June 10, 1997, by and among CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail, Inc., Consolidated Rail Corporation, and CRR Holdings LLC, is incorporated by reference from Exhibit 10.2 to Norfolk Southern Corporation's Form 10-Q filed on August 11, 1999. \(SEC File No. 001-08339\)](#)
- (d) [Amendment No. 3 dated as of June 1, 1999, and executed in April 2004, to the Transaction Agreement, dated June 10, 1997, by and among CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail, Inc., Consolidated Rail Corporation, and CRR Holdings LLC, is incorporated by reference from Exhibit 10\(dd\) to Norfolk Southern Corporation's Form 10-Q filed on July 30, 2004. \(SEC File No. 001-08339\)](#)

- (e) [Amendment No. 5 to the Transaction Agreement, dated as of August 27, 2004, by and among CSX Corporation, CSX Transportation, Inc., Norfolk Southern Corporation, Norfolk Southern Railway Company, Conrail, Inc., Consolidated Rail Corporation, and CRR Holdings LLC, is incorporated by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on September 2, 2004. \(SEC File No. 001-08339\)](#)
- (f) [Amendment No. 6 dated as of April 1, 2007, to the Transaction Agreement, dated June 10, 1997, by and among CSX Corporation, CSX Transportation, Inc., Norfolk Southern Railway Company, Conrail, Inc., Consolidated Rail Corporation, and CRR Holdings LLC, is incorporated by reference to Exhibit 10.5 to Norfolk Southern Corporation's Form 10-Q filed on July 27, 2007. \(SEC File No. 001-08339\)](#)
- (g) [Shared Assets Area Operating Agreement for North Jersey, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibit thereto, is incorporated by reference from Exhibit 10.4 to Norfolk Southern Corporation's Form 10-Q filed on August 11, 1999. \(SEC File No. 001-08339\)](#)
- (h) [Shared Assets Area Operating Agreement for Detroit, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibit thereto, is incorporated by reference from Exhibit 10.6 to Norfolk Southern Corporation's Form 10-Q filed on August 11, 1999. \(SEC File No. 001-08339\)](#)
- (i) [Shared Assets Area Operating Agreement for South Jersey/Philadelphia, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibit thereto, is incorporated by reference from Exhibit 10.5 to Norfolk Southern Corporation's Form 10-Q filed on August 11, 1999. \(SEC File No. 001-08339\)](#)
- (j) [Amendment No. 1, dated as of June 1, 2000, to the Shared Assets Area Operating Agreements for North Jersey, South Jersey/Philadelphia, and Detroit, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibits thereto, is incorporated by reference to Exhibit 10\(h\) to Norfolk Southern Corporation's Form 10-K filed on March 5, 2001. \(SEC File No. 001-08339\)](#)
- (k) [Amendment No. 2, dated as of January 1, 2001, to the Shared Assets Area Operating Agreements for North Jersey, South Jersey/Philadelphia, and Detroit, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibits thereto, is incorporated by reference to Exhibit 10\(j\) to Norfolk Southern Corporation's Form 10-K filed on February 21, 2002. \(SEC File No. 001-08339\)](#)
- (l) [Amendment No. 3, dated as of June 1, 2001, and executed in May of 2002, to the Shared Assets Area Operating Agreements for North Jersey, South Jersey/Philadelphia, and Detroit, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibits thereto, is incorporated by reference to Exhibit 10\(k\) to Norfolk Southern Corporation's Form 10-K filed on February 24, 2003. \(SEC File No. 001-08339\)](#)
- (m) [Amendment No. 4, dated as of June 1, 2005, and executed in late June 2005, to the Shared Assets Area Operating Agreements for North Jersey, South Jersey/Philadelphia, and Detroit, dated as of June 1, 1999, by and among Consolidated Rail Corporation, CSX Transportation, Inc., and Norfolk Southern Railway Company, with exhibits thereto, is incorporated by reference to Exhibit 99 to Norfolk Southern Corporation's Form 8-K filed on July 1, 2005. \(SEC File No. 001-08339\)](#)
- (n) [Monongahela Usage Agreement, dated as of June 1, 1999, by and among CSX Transportation, Inc., Norfolk Southern Railway Company, Pennsylvania Lines LLC, and New York Central Lines LLC, with exhibit thereto, is incorporated by reference from -Exhibit 10.7 to Norfolk Southern Corporation's Form 10-Q filed on August 11, 1999. \(SEC File No. 001-08339\)](#)
- (o) [The Agreement, entered into as of July 27, 1999, between North Carolina Railroad Company and Norfolk Southern Railway Company, is incorporated by reference from Exhibit 10\(i\) to Norfolk Southern Corporation's Form 10-K filed on March 6, 2000. \(SEC File No. 001-08339\)](#)
- (p) [Second Amendment, dated December 28, 2009, to the Master Agreement dated July 27, 1999, by and between North Carolina Railroad Company and Norfolk Southern Railway Company, is incorporated by reference to Exhibit 10\(q\) to Norfolk Southern Corporation's Form 10-K filed on February 17, 2010 \(Exhibits, annexes and schedules omitted. The Registrant will furnish supplementary copies of such materials to the SEC upon request\). \(SEC File No. 001-08339\)](#)

- (q) [The Supplementary Agreement, entered into as of January 1, 1987, between the Trustees of the Cincinnati Southern Railway and The Cincinnati, New Orleans and Texas Pacific Railway Company \(the latter a wholly owned subsidiary of Norfolk Southern Railway Company\) – extending and amending a Lease, dated as of October 11, 1881 – is incorporated by reference to Exhibit 10\(k\) to Norfolk Southern Corporation’s Form 10-K filed on March 5, 2001. \(SEC File No. 001-08339\).](#)
- (r)* [Norfolk Southern Corporation Executive Management Incentive Plan, as approved by shareholders May 14, 2015, and as amended effective March 27, 2018, and November 17, 2020, is incorporated by reference to Exhibit 10.1 to Norfolk Southern Corporation’s Form 8-K filed on January 8, 2021. \(SEC File No. 001-08339\).](#)
- (s)* [The Norfolk Southern Corporation Directors’ Restricted Stock Plan, adopted January 1, 1994, and amended and restated effective as of January 23, 2015, is incorporated by reference to Exhibit 10.1 to Norfolk Southern Corporation’s Form 10-Q filed on October 25, 2017. \(SEC File No. 001-08339\).](#)
- (t)* [Supplemental Benefit Plan of Norfolk Southern Corporation and Participating Subsidiary Companies, adopted June 1, 1982, as amended and restated effective as of June 26, 2015, is incorporated by reference to Exhibit 10.2 to Norfolk Southern Corporation’s Form 10-Q filed on October 25, 2017. \(SEC File No. 001-08339\).](#)
- (u)* [The Norfolk Southern Corporation Directors’ Charitable Award Program, as amended effective July 2007, is incorporated by reference to Exhibit 10.6 to Norfolk Southern Corporation’s Form 10-Q filed on July 27, 2007. \(SEC File No. 001-08339\).](#)
- (v) [The Norfolk Southern Corporation Thoroughbred Stock Option Plan, as amended effective July 22, 2013, is incorporated by reference to Exhibit 10.2 to Norfolk Southern Corporation’s Form 10-Q filed on July 24, 2013. \(SEC File No. 001-08339\).](#)
- (w)* [The Norfolk Southern Corporation Executive Life Insurance Plan, as amended and restated effective December 1, 2018, is incorporated by reference to Exhibit 10\(y\) to Norfolk Southern Corporation’s Form 10-K filed on February 8, 2019. \(SEC File No. 001-08339\).](#)
- (x)* [The Norfolk Southern Corporation Long-Term Incentive Plan, as approved by shareholders May 14, 2015, and as amended July 29, 2016, November 29, 2016, November 28, 2017, November 27, 2018, and November 19, 2019, is incorporated by reference to Exhibit 10\(aa\) to Norfolk Southern Corporation’s Form 10-K filed on February 6, 2020. \(SEC File No. 001-08339\).](#)
- (y) [Amended and Restated Transfer and Administration Agreement dated as of May 28, 2021 is incorporated by reference to Exhibit 10.1 on Norfolk Southern Corporation’s Form 8-K filed on May 28, 2021. \(SEC File No. 001-08339\).](#)
- (z) [Amendment No. 1 dated as of May 27, 2022, to the Amended and Restated Transfer and Administration Agreement, dated as of May 28, 2021 is incorporated by reference to Exhibit 10.1 on Norfolk Southern Corporation’s Form 10-Q filed on October 26, 2022. \(SEC File No. 001-08339\).](#)
- (aa) [Amendment No. 2 dated as of June 30, 2022, to the Amended and Restated Transfer and Administration Agreement, dated as of May 28, 2021 is incorporated by reference to Exhibit 10.2 on Norfolk Southern Corporation’s Form 10-Q filed on October 26, 2022. \(SEC File No. 001-08339\).](#)
- (bb) [Asset Purchase and Sale Agreement dated November 21, 2022, by and among the Registrant as purchaser, the Cincinnati, New Orleans and Texas Pacific Railway Company, and the Board of Trustees of the Cincinnati Southern Railway as seller is incorporated by reference to Exhibit 2.1 on Norfolk Southern Corporation’s Form 8-K filed on November 21, 2022. \(SEC File No. 001-08339\).](#)
- (cc)* [Directors’ Deferred Fee Plan of Norfolk Southern Corporation, adopted June 1, 1982 and as amended and restated effective December 1, 2019, is incorporated by referenced to Exhibit 10\(xx\) to Norfolk Southern Corporation’s Form 10-K filed on February 6, 2020. \(SEC File No. 001-08339\).](#)
- (dd)* [Norfolk Southern Corporation Executives’ Deferred Compensation Plan, as amended and restated effective January 1, 2019, is incorporated by reference to Exhibit 10\(ww\) to Norfolk Southern Corporation’s Form 10-K filed on February 8, 2019. \(SEC File No. 001-08339\).](#)

- (ee)* [Form of Norfolk Southern Corporation Long-Term Incentive Plan, Award Agreement for Outside Directors for restricted stock units and deferral election form as approved by the Human Capital Management and Compensation Committee on November 18, 2021, is incorporated by reference to Exhibit 10\(cc\) to Norfolk Southern Corporation's Form 10-K filed on February 4, 2022. \(SEC File No. 001-08339\)](#)
- (ff)*,** [Form of Norfolk Southern Corporation Long-Term Incentive Plan, Award Agreement for non-qualified stock options approved by the Human Capital Management and Compensation Committee on January 23, 2023.](#)
- (gg)*,** [Form of Norfolk Southern Corporation Long-Term Incentive Plan, Award Agreement for restricted stock units approved by the Human Capital Management and Compensation Committee on January 23, 2023.](#)
- (hh)*,** [Form of Norfolk Southern Corporation Long-Term Incentive Plan, Award Agreement for performance share units approved by the Human Capital Management and Compensation Committee on January 23, 2023.](#)
- (ii)* [Form of Change in Control Agreement between Norfolk Southern Corporation and executive officers who entered into a change in control agreement after 2015 is incorporated by reference to Exhibit 10.2 to Norfolk Southern Corporation's Form 10-Q filed on July 29, 2020. \(SEC File No. 001-08339\)](#)
- (jj) [Credit Agreement dated as of March 27, 2020 establishing a 5 year, \\$800 million, unsecured revolving credit facility of the Registrant, is incorporated by reference to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on March 30, 2020. \(SEC File No. 001-08339\)](#)
- (kk)*,** [Form of Norfolk Southern Corporation Long-Term Incentive Plan, Off-Cycle Award Agreement for Non-Qualified Stock Options as approved by the Human Capital Management and Compensation Committee on January 23, 2023.](#)
- (ll)*,** [Form of Norfolk Southern Corporation Long-Term Incentive Plan, Off-Cycle Award Agreement for Performance Share Units as approved by the Human Capital Management and Compensation Committee on January 23, 2023.](#)
- (mm)*,** [Form of Norfolk Southern Corporation Long-Term Incentive Plan, Off-Cycle Award Agreement for Restricted Stock Units as approved by the Human Capital Management and Compensation Committee on January 23, 2023.](#)
- (nn)* [Offer Letter for Mark R. George, dated August 26, 2019, is incorporated by reference to Exhibit 99.1 to Norfolk Southern Corporation's Form 8-K filed on August 28, 2019. \(SEC File No. 001-08339\)](#)
- (oo)* [Norfolk Southern Corporation Long-Term Incentive Plan Inducement Award Agreement for Performance-Based Restricted Stock Units is incorporated by reference to Exhibit 99.2 to Norfolk Southern Corporation's Form 8-K filed on August 28, 2019. \(SEC File No. 001-08339\)](#)
- (pp)* [Norfolk Southern Corporation Long-Term Incentive Plan Inducement Award Agreement for Restricted Stock Units is incorporated by reference to Exhibit 99.3 to Norfolk Southern Corporation's Form 8-K filed on August 28, 2019. \(SEC File No. 001-08339\)](#)
- (qq)* [Norfolk Southern Corporation Long-Term Incentive Plan Inducement Award Agreement for Non-Qualified Stock Options is incorporated by reference to Exhibit 99.4 to Norfolk Southern Corporation's Form 8-K filed on August 28, 2019. \(SEC File No. 001-08339\)](#)
- (rr) [A Lease Agreement, dated March 1, 2019, between NSRC and BA Leasing BSC, LLC. This Agreement is incorporated by reference herein to Exhibit 10.2 to Norfolk Southern Corporation's Form 8-K filed March 5, 2019. \(See SEC File No. 001-08339\)](#)
- (ss) [A Participation Agreement, dated March 1, 2019, between NSRC, BA Leasing BSC, LLC, Bank of America, N.A. as Administrative Agent, and each of the Rent Assignees listed on Schedule II thereto. This Agreement is incorporated by reference herein to Exhibit 10.3 to Norfolk Southern Corporation's Form 8-K filed March 5, 2019. \(See SEC File No. 001-08339\)](#)
- (tt) [Guaranty of NSRC's obligations under the Participation Agreement, Construction Agency Agreement, Lease Agreement and related documents by Norfolk Southern Corporation. This Agreement is incorporated by reference herein to Exhibit 10.4 to Norfolk Southern Corporation's Form 8-K filed March 5, 2019. \(See SEC File No. 001-08339\)](#)

- (uu)** [Consent and First Omnibus Amendment dated May 14, 2021 between NSRC, BA Leasing, BSC, LLC, Bank of America, N.A as Administrative Agent, and each of the Rent Assignees \(the Registrant will furnish supplementally to the Securities and Exchange Commission upon request, a copy of any omitted exhibit or schedule\).](#)
- (vv)** [Consent and Second Omnibus Amendment dated September 10, 2021 between NSRC, BA Leasing, BSC, LLC, Bank of America, N.A as Administrative Agent, and each of the Rent Assignees \(the Registrant will furnish supplementally to the Securities and Exchange Commission upon request, a copy of any omitted exhibit or schedule\).](#)
- (ww)* [Norfolk Southern Executive Severance Plan as adopted on May 14, 2020, and as amended July 28, 2020, and November 17, 2022, is incorporated by reference herein to Exhibit 10.1 to Norfolk Southern Corporation's Form 8-K filed on November 21, 2022. \(SEC File No. 001-08339\)](#)
- 21** [Subsidiaries of the Registrant.](#)
- 23** [Consent of Independent Registered Public Accounting Firm.](#)
- 31-A** [Rule 13a-14\(a\)/15d-014\(a\) CEO Certification.](#)
- 31-B** [Rule 13a-14\(a\)/15d-014\(a\) CFO Certification.](#)
- 32** [Section 1350 Certifications.](#)
- 101** The following financial information from Norfolk Southern Corporation's Annual Report on Form 10-K for the year ended December 31, 2022, formatted in Inline Extensible Business Reporting Language (iXBRL) includes: (i) the Consolidated Statements of Income for each of the years ended December 31, 2022, 2021, and 2020; (ii) the Consolidated Statements of Comprehensive Income for each of the years ended December 31, 2022, 2021, and 2020; (iii) the Consolidated Balance Sheets at December 31, 2022 and 2021; (iv) the Consolidated Statements of Cash Flows for each of the years ended December 31, 2022, 2021, and 2020; (v) the Consolidated Statements of Changes in Stockholders' Equity for each of the years ended December 31, 2022, 2021, and 2020; and (vi) the Notes to Consolidated Financial Statements.

* *Management contract or compensatory arrangement.*

** *Filed herewith.*

(B) Exhibits.

The Exhibits required by Item 601 of Regulation S-K as listed in Item 15(A)3 are filed herewith or incorporated by reference.

(C) Financial Statement Schedules.

Financial statement schedules and separate financial statements specified by this Item are included in Item 15(A)2 or are otherwise not required or are not applicable.

Exhibits 23, 31, and 32 are included in copies assembled for public dissemination. All exhibits are included in the 2022 Form 10-K posted on our website at www.norfolksouthern.com under "Invest in NS" and "SEC Filings" or you may request copies by writing to:

**Office of Corporate Secretary
Norfolk Southern Corporation
650 West Peachtree Street NW
Atlanta, Georgia 30308-1925**

Item 16. Form 10-K Summary

Not applicable.

POWER OF ATTORNEY

Each person whose signature appears on the next page under SIGNATURES hereby authorizes Nabanita C. Nag and Mark R. George, or any one of them, to execute in the name of each such person, and to file, any amendments to this report, and hereby appoints Nabanita C. Nag and Mark R. George, or any one of them, as attorneys-in-fact to sign on his or her behalf, individually and in each capacity stated below, and to file, any and all amendments to this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Norfolk Southern Corporation has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 3rd day of February, 2023.

/s/ Alan H. Shaw

By: Alan H. Shaw
(President and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 3rd day of February, 2023, by the following persons on behalf of Norfolk Southern Corporation and in the capacities indicated.

Signature	Title
<u>/s/ Alan H. Shaw</u> (Alan H. Shaw)	President and Chief Executive Officer (Principal Executive Officer)
<u>/s/ Mark R. George</u> (Mark R. George)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ Claiborne L. Moore</u> (Claiborne L. Moore)	Vice President and Controller (Principal Accounting Officer)
<u>/s/ Amy E. Miles</u> (Amy E. Miles)	Independent Chair and Director
<u>/s/ Thomas D. Bell, Jr.</u> (Thomas D. Bell, Jr.)	Director
<u>/s/ Mitchell E. Daniels, Jr.</u> (Mitchell E. Daniels, Jr.)	Director
<u>/s/ Marcela E. Donadio</u> (Marcela E. Donadio)	Director
<u>/s/ John C. Huffard, Jr.</u> (John C. Huffard, Jr.)	Director
<u>/s/ Christopher T. Jones</u> (Christopher T. Jones)	Director
<u>/s/ Thomas C. Kelleher</u> (Thomas C. Kelleher)	Director
<u>/s/ Steven F. Leer</u> (Steven F. Leer)	Director
<u>/s/ Michael D. Lockhart</u> (Michael D. Lockhart)	Director
<u>/s/ Claude Mongeau</u> (Claude Mongeau)	Director
<u>/s/ Jennifer F. Scanlon</u> (Jennifer F. Scanlon)	Director
<u>/s/ James A. Squires</u> (James A. Squires)	Director
<u>/s/ John R. Thompson</u> (John R. Thompson)	Director

Norfolk Southern Corporation and Subsidiaries
Valuation and Qualifying Accounts
Years ended December 31, 2022, 2021, and 2020
(\$ in millions)

	<u>Beginning Balance</u>	<u>Additions charged to:</u>			<u>Ending Balance</u>
		<u>Expenses</u>	<u>Other Accounts</u>	<u>Deductions</u>	
Year ended December 31, 2022					
Current portion of casualty and other claims included in accounts payable	\$ 166	\$ 43	\$ 88 ⁽²⁾	\$ 127 ⁽³⁾	\$ 170
Casualty and other claims included in other liabilities	170	147 ⁽¹⁾	—	99 ⁽⁴⁾	218
Year ended December 31, 2021					
Current portion of casualty and other claims included in accounts payable	\$ 182	\$ 20	\$ 80 ⁽²⁾	\$ 116 ⁽³⁾	\$ 166
Casualty and other claims included in other liabilities	169	77 ⁽¹⁾	—	76 ⁽⁴⁾	170
Year ended December 31, 2020					
Current portion of casualty and other claims included in accounts payable	\$ 212	\$ 27	\$ 81 ⁽²⁾	\$ 138 ⁽³⁾	\$ 182
Casualty and other claims included in other liabilities	171	80 ⁽¹⁾	—	82 ⁽⁴⁾	169

⁽¹⁾ Includes adjustments for changes in estimates for prior years' claims.

⁽²⁾ Includes revenue refunds and overcharges provided through deductions from operating revenues and transfers from other accounts.

⁽³⁾ Payments and reclassifications to/from accounts payable.

⁽⁴⁾ Payments and reclassifications to/from other liabilities.

Norfolk Southern Corporation Long-Term Incentive Plan Award Agreement

Non-Qualified Stock Option

This AGREEMENT dated as of /\$GrantDate\$/ (Award Date), between NORFOLK SOUTHERN CORPORATION (Corporation), a Virginia corporation, and /\$ParticipantName\$/ (Participant), Employee ID No. /\$UserText1\$/.

1. Award Contingent Upon Execution of this Agreement and of Non-Compete. This Award is contingent upon the Participant's execution of this Agreement and the associated non-compete agreement (Non-Compete Agreement), which is a condition precedent to this Award. This Award shall be void, and the Participant shall not be entitled to any rights hereunder, unless the Participant executes this Agreement and the Non-Compete Agreement on or before /\$AcceptByDate\$/, and thereafter fully complies with their terms. The Participant will be paid the first Dividend Equivalent payable under Section 4 of this Agreement only if the Participant executes this Agreement and the Non-Compete Agreement on or before <Date_2>.

2. Terms of Plan Govern. The Award made hereunder is made pursuant to the Norfolk Southern Corporation Long-Term Incentive Plan (Plan), all the terms and conditions of which are deemed to be incorporated in this Agreement and which forms a part of this Agreement. The Participant agrees to be bound by all the terms and conditions of the Plan and this agreement, and by all determinations of the Committee thereunder. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan.

3. Award of Non-Qualified Stock Option. The Corporation hereby grants to the Participant on Award Date a Non-Qualified Stock Option (NQSO) to purchase /\$AwardsGranted\$/ shares of the Corporation's Common Stock at a price of /\$GrantPrice\$/ per share. However, if the Participant's employment is terminated by reason of the Retirement of the Participant before December 31, <Year_of_Grant>, then a portion of this Option shall be forfeited immediately. The portion to be forfeited under this paragraph will be determined by dividing the number of shares subject to this NQSO by 12, multiplying the result by the number of full months in which the Participant was not employed by the Corporation during <Year_of_Grant>, and then rounding to the nearest whole share.

(a) Duration of Option. This Option (to the extent not earlier exercised) will expire at 11:59 p.m. on /\$ExpirationDate\$/, being ten years from the Award Date. However, this Option is subject to earlier termination if the Participant's employment with the Corporation or a Subsidiary Company is terminated for a reason other than Disability or death, as follows: (i) if the Participant's employment is terminated because of the Participant's Retirement, the Option shall expire on the earlier of 11:59 p.m. on /\$ExpirationDate\$/, or 11:59 p.m. on the date that is five years after date of the Participant's Retirement; (ii) if the Participant's employment is terminated for a "Qualifying Termination" (as defined under the Norfolk Southern Executive Severance Plan), the Option shall expire at the close of business on the last day of active service by the Participant with the Corporation or a Subsidiary Company, or (iii) if the Participant's employment is terminated for any reason other than Retirement or a Qualifying Termination (as defined under the Norfolk Southern Executive Severance Plan), the Option shall expire 30 days after the last day of active service by the Participant with the Corporation or a Subsidiary Company. If the Participant is granted a leave of absence and his or her employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence, the Option grant shall expire at the close of business 30 days after the Participant's last day of employment with the Corporation or a Subsidiary Company.

Notwithstanding the foregoing, if the Participant Engages in Competing Employment within a period of two years following Retirement or Disability, the term of this Option shall terminate immediately, and all rights of the Participant to such Options shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. A Participant "Engages in Competing Employment" if the Participant, in any state in which the Corporation provided rail services during Participant's employment with the Corporation, works for or provides the same or similar services Participant provided on behalf of the Corporation for any Competitor. For this purpose, a "Competitor" is any entity in the same line of business as the Corporation in North American markets in which the Corporation competes, including, but not limited to, any North American Class I rail carrier, any other rail carrier competing with the Corporation (including without limitation a holding or other company that controls or operates or is otherwise affiliated with any rail carrier competing with the Corporation), and any other provider of transportation services competing with Corporation, including motor and water carriers.

In addition, notwithstanding the foregoing, the term of this Option shall terminate immediately, and all rights of the Participant to such Options shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company, if:

- i. the Participant's employment is terminated by reason of the Retirement or Disability of the Participant, and
- ii. it is determined that the Participant engaged in any of the following:
 - A. the Participant engaged in an act of fraud, embezzlement, or theft in connection with the Participant's duties or in the course of the Participant's employment with the Corporation or Subsidiary Company; or
 - B. the Participant disclosed confidential information in violation of a confidentiality agreement with the Corporation or a Subsidiary Company, or otherwise in violation of the law.

A determination under this paragraph shall be made by the Committee with respect to a participant who was, at any time, employed at the level of Vice President or above, and this determination shall be made by the Vice President Human Resources with respect to all other participants, and in either situation upon consultation with the Corporation's chief legal officer.

Participant understands that nothing in this Agreement (1) prohibits or impedes Participant from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Participant to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

(b) Vesting and Exercise of Option. Once vested, this Option may be exercised in whole or in part at any time or times prior to its expiration.. Except in the case of Retirement or death, one-quarter of the Options will vest and become exercisable in installments over four years from the Award Date on each annual anniversary of the Award Date. Notwithstanding the foregoing, if the Participant's employment with the Corporation or a Subsidiary Company is terminated by reason of the Participant's Retirement or death before the fourth anniversary of the Award Date, the Participant (or, in the case of death, the Participant's Beneficiary) may first exercise this Option on the later of the first anniversary of the Award Date or the effective date of the Participant's Retirement or death. Notice of the exercise of all or any part of this Option shall be given in the manner prescribed by the Secretary of the Corporation. Such notice shall be irrevocable, shall specify the number of shares to be purchased and the purchase price to be paid therefore, and must be accompanied by the payment of the purchase price as provided in paragraph 3(c) herein. Upon the exercise of such Option, the Common Stock purchased will be distributed.

(c) Payment of Option Price. The purchase price of Common Stock upon exercise of this Option shall be paid in full to the Corporation at the time of the exercise of the Option in cash or by the surrender to the Corporation of shares of previously acquired Common Stock which shall have been held by the Participant for at least six months and which shall be valued at Fair Market Value on the date the Option is exercised, or by a combination of cash and such Common Stock.

(d) Nontransferability. This Option may be exercised during the lifetime of the Participant only by the Participant, and following death only by the Participant's Beneficiary. If a Beneficiary dies after the Participant dies but before the Option is exercised and before such rights expire, such rights shall become assets of the Beneficiary's estate. Except as provided in this paragraph, Options may not be assigned or alienated, whether voluntarily or involuntarily including, without limitation, under any domestic relations order, and any such attempted assignment or alienation shall be null, void, and of no effect.

4. Dividend Equivalent Payments. Except as otherwise provided herein, the Corporation shall make to the Participant who holds an unvested Option under this Agreement on the declared record date a cash payment on the outstanding unvested shares of Common Stock covered by this Option, in an amount equal to dividends declared by the Board of Directors of the Corporation and paid on Common Stock. If the employment of the Participant is terminated for any reason, including Retirement, Disability, or death, prior to the declared record date for any dividend, the Corporation shall have no further obligation to make any payments commensurate with dividends on shares of Common Stock covered by this Option. Each dividend equivalent shall be equal to the amount of the regular quarterly dividend, and payable on or about the date on which the Corporation pays the regular quarterly dividend on its Common Stock in accordance with the Corporation's normal dividend payment practice as may be determined by the Committee, in its sole discretion. Dividend equivalent payments shall not be made during a Participant's leave of absence.

5. Savings Clause for Rules of Professional Responsibility. Nothing contained in this Agreement will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

6. Recoupment. The Participant acknowledges that the Corporation shall recover from any Participant who is a current or former executive officer all or any portion of any exercised Options to the extent required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111-203, other applicable law, applicable Corporation policy, and/or the requirements of an exchange on which the Corporation's shares are listed for trading, in each case, as in effect from time to time.

7. Governing Law. The Participant agrees that this Award shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. The Participant consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The Participant agrees that any and all initial judicial actions related to this Award shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, or the Georgia State-wide Business Court, regardless of the place of Participant's residence or work location at the time of such action.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has executed this Agreement by his or her electronic acceptance hereof, in acceptance of the above-mentioned Award, subject to the terms of the Plan and of this Agreement, all as of the day and year first above written.

By: **NORFOLK SOUTHERN CORPORATION**

Continued on next page

**<Year> Non-Compete Agreement
Associated With Award Agreement Under
The Norfolk Southern Corporation Long-Term Incentive Plan**

THIS AGREEMENT (the "Agreement") is executed by and between /\$ParticipantName\$/ ("Employee") and Norfolk Southern Corporation ("NS" or "Corporation"). Employee has received this Agreement in conjunction with an award agreement under the Norfolk Southern Corporation Long-Term Incentive Plan ("LTIP" or "Plan"). The term NS or Corporation includes NS' subsidiaries and affiliated companies including, but not limited to, Norfolk Southern Railway Corporation and its rail subsidiaries.

WHEREAS, Employee is a participant in the LTIP and is eligible to receive an award under such Plan, subject to certain terms and conditions of that Plan; and

WHEREAS, execution of this Agreement is a condition precedent to Employee's receipt of an award under the LTIP; and

WHEREAS, Employee acknowledges that he or she has been afforded at least 14 days to review the Agreement, and that he or she has been advised to consult with an attorney before signing this Agreement; and

WHEREAS, Employee is willing to enter into this Agreement and deliver same to NS to satisfy that condition in order to receive an award under the LTIP.

NOW THEREFORE the parties hereto do hereby covenant and agree as follows:

1. NS agrees that, upon Employee executing this Agreement, Employee will be provided an award under the LTIP on the terms and conditions set forth in an Award Agreement and will continue to receive confidential NS business and operational information as required by the duties of his or her position.

2. Employee agrees that the LTIP award is consideration for entering into this Agreement and that in consideration of the award Employee will abide by the covenants and obligations contained in this Agreement.

3. Employee agrees that (i) during the term of his or her employment, and (ii) for a period of one (1) year thereafter (irrespective of the reason for such separation, whether voluntary or involuntary) (the "Restricted Period"), Employee will not, within the Territory, on his or her own behalf or in the service of or on behalf of others, work for or provide services to any Competitor of the Corporation wherein Employee would be performing or providing the same or similar services that Employee provided or performed on behalf of the Corporation. The term "Competitor" means any North American Class I rail carrier (including, without limitation, a holding or other company that controls or operates, or is controlled by or under common control with, any North American Class I rail carrier). The term "Territory" means every state in which NS provided rail services during the last two years of Employee's employment with NS.

4. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, recruit, entice, or persuade any current employee of the Corporation located within the Territory, and with whom Employee had contact, to leave the employment of the Corporation in order to work for or provide services for any company other than the Corporation.

5. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, contact, attempt to divert, or appropriate any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account. The phrase "providing the same or similar services as provided by the Corporation" means being in the same or closely related line of business as the Corporation for or on behalf of a competitor of the Corporation. "Material Contact" means contact between Employee and a customer or account: (1) with whom or which Employee dealt on behalf of the Corporation; (2) whose dealings with the Corporation were coordinated or supervised by Employee; (3) about whom Employee obtained "confidential or proprietary information" in the ordinary course of business as a result of Employee's association with the Corporation; or (4) who receives products or services authorized by the Corporation, the sale or provision of which results or resulted in compensation, commissions, or earnings for the Corporation within two (2) years prior to the date of Employee's termination.

6. Unless done on behalf of NS, during the Restricted Period, and within the Territory, Employee shall not provide services to any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account.

Nothing contained in the above paragraphs will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

7. Employee covenants and agrees that any confidential or proprietary information acquired by him or her during his or her employment with the Corporation (including information of or concerning a customer of the Corporation) is the exclusive property of the Corporation, and Employee acknowledges that he or she has no ownership interest or right of any kind to said property. Except as otherwise required by law, Employee agrees that during his or her employment with the Corporation and after the termination of that employment, and irrespective of the reason for such separation, whether voluntary or involuntary, he or she will not, either directly or indirectly, use, access, disclose, or divulge to any unauthorized party, for his or her own benefit or to the detriment of the Corporation, any confidential or proprietary information of the Corporation which he or she may have acquired or been provided during his or her employment with the Corporation, whether or not developed or compiled by the Employee, and whether or not Employee was authorized to have access to such information. Nothing herein shall affect Employee's obligations as set forth in the award agreement between Employee and the Corporation.

For the purposes of the above, the term "confidential or proprietary information" includes, without limitation, the identity of or other facts relating to the Corporation, its customers and accounts, its marketing strategies, financial data, trade secrets, other intellectual property, or any other information acquired by the Employee as a result of his or her employment with the Corporation such that if such information were disclosed, such disclosure could act to the prejudice of the Corporation. The term "confidential or proprietary information" does not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right of the Corporation. The term "unauthorized party" means any firm, entity (including governmental entities), or person (whether outsiders or employees of the Corporation), who is not specifically authorized by the Corporation to receive such confidential or proprietary information.

Employee agrees that if he or she believes that he or she is required by law or otherwise to reveal any confidential or proprietary information of the Corporation, he or she or his or her attorney, except as otherwise prohibited by law, will promptly contact NS's Law Department prior to disclosing such information in order that the Corporation can take appropriate steps to safeguard the disclosure of such confidential and proprietary information.

Nothing in this paragraph or Agreement should be construed, either expressly or by implication, as limiting the maximum protections which may be available to the Corporation under appropriate state and federal common law or statute concerning the obligations and duties of the Employee to protect the Corporation's property and/or confidential and proprietary information, including, but not limited to, under the federal Uniform Trade Secrets Act, the Defend Trade Secrets Act, the Virginia Uniform Trade Secrets Acts, or the Georgia Trade Secrets Act. Employee also acknowledges his or her duty to refrain from any action which would harm or have the potential to harm the Corporation, or the Corporation's customers, including, but not limited to, breaching the fiduciary duties Employee owes the Corporation, both during the Employee's employment and after the termination of that employment.

Employee understands that nothing in this Agreement (1) prohibits or impedes Employee from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Employee to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

Pursuant to 18 USC § 1833(b), an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or

her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

8. If Employee breaches any portion of this Agreement, Employee agrees that: (a) the Corporation would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Corporation; and (c) if the Corporation seeks injunctive relief to enforce this Agreement, Employee shall waive and shall not (i) assert any defense that the Corporation has an adequate remedy at law with respect to the breach, (ii) require that the Corporation submit proof of the economic value of any confidential or proprietary information, or (iii) require the Corporation to post a bond or any other security. Accordingly, in the event of a breach or a threatened breach by Employee of this Agreement, the Corporation shall be entitled to an injunction in a court of law restraining Employee from such breach or threatened breach, as well as recovery of its costs and reasonable attorneys' fees. Nothing herein shall be construed as prohibiting the Corporation from pursuing any other remedies available to it for such breach or threatened breach including the recovery of damages from Employee.

9. The parties agree that this Agreement shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. Employee consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The parties agree that any and all judicial actions instituted under this Agreement or relating to its enforceability shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, the Georgia State-wide Business Court or Fulton County Superior Court, regardless of the place of Employee's residence or work location at the time of such action.

10. Each provision and sub-provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or sub-provision of this Agreement shall be adjudged to be invalid under applicable law, the remainder of the Agreement is severable and shall continue in full force and effect. Should a court of competent jurisdiction declare any of the provisions of this Agreement invalid or unenforceable, the parties acknowledge and agree that the court may revise or reconstruct such invalid or unenforceable provisions to better effectuate the parties' intent to reasonably restrict the activity of the Employee to the greatest extent afforded by law and needed to protect the business interests of the Corporation.

11. Employee understands and agrees that nothing in this Agreement creates a contract of employment for any specific duration. The obligations contained in this Agreement shall survive the termination of the Employee's employment with the Corporation, however caused, and irrespective of the existence of any claim or cause of action by the Employee against the Corporation.

12. This Agreement is effective as of the date of the Employee's electronic acceptance of both this Agreement and the corresponding Award Agreement(s) under LTIP. The terms of this Agreement (and all associated remedial provisions of this Agreement) shall continue until cancelled by a subsequent written agreement between the parties.

Norfolk Southern Corporation Long-Term Incentive Plan Award Agreement

Restricted Stock Units

This AGREEMENT dated as of /\$GrantDate\$/ (Award Date), between NORFOLK SOUTHERN CORPORATION (Corporation), a Virginia corporation, and /\$ParticipantName\$/ (Participant), Employee ID No. /\$UserText1\$/.

1. Award Contingent Upon Execution of this Agreement and of Non-Compete. This Award is contingent upon the Participant's execution of this Agreement and the associated non-compete agreement (Non-Compete Agreement), which is a condition precedent to this Award. This Award shall be void, and the Participant shall not be entitled to any rights hereunder, unless the Participant executes this Agreement and the Non-Compete Agreement on or before /\$AcceptByDate\$/, and thereafter fully complies with their terms. The Participant will be paid the first Dividend Equivalent payable under Section 4 of this Agreement only if the Participant executes this Agreement and the Non-Compete Agreement on or before <Date_2>.

2. Terms of Plan Govern. The Award made hereunder is made pursuant to the Norfolk Southern Corporation Long-Term Incentive Plan (Plan), all the terms and conditions of which are deemed to be incorporated in this Agreement and which forms a part of this Agreement. The Participant agrees to be bound by all the terms and provisions of the Plan and this Agreement, and by all determinations of the Committee thereunder. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan.

3. Award of Restricted Stock Units. The Corporation hereby grants to the Participant on Award Date /\$AwardsGranted\$/ Restricted Stock Units. Each Restricted Stock Unit is a contingent right to receive a Restricted Stock Unit Share, subject to the restrictions and other terms and conditions set forth in the Plan and this Agreement. Each Restricted Stock Unit shall equal the Fair Market Value of one share of the Common Stock of the Corporation on the date all applicable restrictions lapse.

The Participant's Award of Restricted Stock Units shall be recorded in a memorandum account. The Participant shall have no beneficial ownership interest in the Common Stock of the Corporation represented by the Restricted Stock Units awarded. The Participant shall have no right to vote the Common Stock represented by the Restricted Stock Units awarded or to receive dividends, except for Dividend Equivalent payments as set forth below.

(a) Restriction Periods. The Restricted Stock Units are subject to Restriction Periods. The Restriction Periods for ratable portions of the Restricted Stock Units shall terminate over four years from the Award Date on each annual anniversary of the Award Date or, if Corporation's Common Stock is not traded on any such anniversary date, on the next preceding date on which the Corporation's Common Stock is traded. If the termination of a Restriction Period will result in a fractional share, then the amount shall be rounded down to the nearest whole share and the Restriction Period for all fractional shares shall terminate upon the expiration of the last Restriction Period for the Award.

(b) Restrictions. Until the expiration of the Restriction Period or the lapse of restrictions in the manner provided in paragraph 3(c) of this Agreement, Restricted Stock Units shall be subject to the following restrictions:

i. the Participant shall not be entitled to receive the Restricted Stock Unit Shares which the Participant may have a contingent right to receive in the future;

ii. the Restricted Stock Units may not be sold, transferred, assigned, pledged, conveyed, hypothecated, used to exercise options, or otherwise disposed of; and

iii. the Restricted Stock Units may be forfeited immediately as provided in this Agreement and in the Plan.

(c) Forfeiture of Restricted Stock Units.

i. If the Participant's employment is terminated by reason of the Retirement of the Participant before December 31, <Year_of_Grant>, then a portion of the Restricted Stock Units shall be forfeited immediately and all rights of the Participant to such Units shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. The portion to be forfeited under this paragraph will be determined by dividing the number of Restricted Stock Units granted under

Section 3(a) by 12, multiplying the result by the number of full months in which the Participant was not employed by the Corporation during <Year_of_Grant>, and then rounding to the nearest whole number.

ii. If the Participant's employment is terminated for any reason other than Retirement, Disability, or death, any Restricted Stock Units that are subject to a Restriction Period shall be forfeited immediately without further obligation on the part of the Corporation or any Subsidiary Company, and all rights of the Participant with respect to such Restricted Stock Units shall terminate. If the Participant is granted a leave of absence before the expiration of the Restriction Period, the Participant shall not forfeit any rights with respect to any Restricted Stock Units subject to the Restriction Period, except for Dividend Equivalent Payments as provided in Section 4 of this Agreement, unless the Participant's employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence and before the expiration of the Restriction Period, at which time all rights of the Participant with respect to such Restricted Stock Units shall terminate without further obligation on the part of the Corporation or any Subsidiary Company.

iii. Notwithstanding any provision of this Agreement to the contrary, if the Participant's employment is terminated by reason of the Retirement or Disability of the Participant, and the Participant Engages in Competing Employment within a period of two years following Retirement or Disability, and before the expiration of the Restriction Period, then any Restricted Stock Units subject to a Restriction Period shall be forfeited immediately and all rights of the Participant to such Units shall terminate without further obligation on the part of the Corporation or any Subsidiary Company.

A Participant "Engages in Competing Employment" if the Participant, in any state in which the Corporation provided rail services during Participant's employment with the Corporation, works for or provides the same or similar services Participant provided on behalf of the Corporation for any Competitor. For this purpose, a "Competitor" is any entity in the same line of business as the Corporation in North American markets in which the Corporation competes, including, but not limited to, any North American Class I rail carrier, any other rail carrier competing with the Corporation (including without limitation a holding or other company that controls or operates or is otherwise affiliated with any rail carrier competing with the Corporation), and any other provider of transportation services competing with Corporation, including motor and water carriers.

Moreover, notwithstanding any provision of this Agreement to the contrary, the Restricted Stock Units shall be forfeited immediately and all rights of the Participant to such Units shall terminate if:

- A. the Participant's employment is terminated by reason of the Retirement or Disability of the Participant before the expiration of the Restriction Period, and
- B. it is determined that the Participant engaged in any of the following:
 1. the Participant engaged in an act of fraud, embezzlement, or theft in connection with the Participant's duties or in the course of the Participant's employment with the Corporation or Subsidiary Company; or
 2. the Participant disclosed confidential information in violation of a confidentiality agreement with the Corporation or a Subsidiary Company, or otherwise in violation of the law.

A determination under this paragraph shall be made by the Committee with respect to a participant who was, at any time, employed at the level of Vice President or above, and this determination shall be made by the Vice President Human Resources with respect to all other participants, and in either situation upon consultation with the Corporation's chief legal officer.

Participant understands that nothing in this Agreement (1) prohibits or impedes Participant from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Participant to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

(d) Distribution of Restricted Stock Units.

i. Restricted Stock Units that are not forfeited as provided above shall vest upon the expiration of each Restriction Period. Notwithstanding the foregoing, (A) if the Participant dies after Retirement, then Restricted Stock Units that were not forfeited as provided in Section 3(c)(i) above shall vest upon the Participant's death, and the Restriction Periods on those Restricted Stock Units shall lapse immediately, and (B) if the Participant dies while employed by the Corporation, or the Participant dies after Disability, and before the entire Award has been distributed, then the Restricted Stock Units shall all

vest upon the Participant's death, and all the Restriction Periods on the Restricted Stock Units shall lapse immediately.

ii. Upon each vesting and expiration of the Restriction Periods applicable to the Restricted Stock Units, a whole number of shares of Common Stock of the Corporation equal to the ratable number of Restricted Stock Units scheduled to vest on the date the applicable Restriction Period ended shall be distributed to the Participant or the Participant's Beneficiary in the event of the Participant's death, subject to tax withholding as provided in Section 6 of this Agreement. At all times until the shares of Common Stock of the Corporation, if any, are actually issued in accordance with this Section, the Award remains an unfunded, unsecured promise to deliver shares in the future.

iii. The Committee, in its sole discretion, may waive any or all restrictions with respect to Restricted Stock Units. Notwithstanding any waiver, any delivery of Restricted Stock Units to the Participant may not be made earlier than delivery would have been made absent such waiver of restrictions.

4. Dividend Equivalent Payments. Except as otherwise provided herein, the Corporation shall make to a Participant who holds Restricted Stock Units on the declared record date a cash dividend equivalent payment on the number of shares of Common Stock represented by the Restricted Stock Units held by Participant on such record date. Each dividend equivalent shall be equal to the regular quarterly dividend declared by the Board of Directors of the Corporation and paid on Common Stock, and payable on or about the date on which the Corporation pays the regular quarterly dividend on its Common Stock in accordance with the Corporation's normal dividend payment practice as may be determined by the Committee, in its sole discretion. Dividend equivalent payments shall not be made during a Participant's leave of absence.

5. Savings Clause for Rules of Professional Responsibility. Nothing contained in this Agreement will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

6. Tax Withholding. The minimum necessary tax withholding obligation with respect to an award of Restricted Stock Units will be satisfied with shares of Common Stock of the Corporation based on the Fair Market Value of the Corporation's Common Stock on the expiration of the Restriction Period with respect to such Restricted Stock Units, regardless of when any such Common Stock is actually delivered to the Participant's account. Unless otherwise determined by the Corporation, the value of any fractional share amount created as a result of withholding will be added to the federal tax withholding amount.

7. Nontransferability. This Agreement and the RSUs granted to the Participant shall not be subject to any assignment, pledge, levy, garnishment, attachment, or other attempt to assign or alienate such shares prior to their delivery to Participant (or Participant's beneficiary), including, without limitation, under any domestic relations order, and any such attempted assignment or alienation shall be null, void, and of no effect.

8. Governing Law. The Participant agrees that this Award shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. The Participant consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The Participant agrees that any and all initial judicial actions related to this Award shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, or the Georgia State-wide Business Court, regardless of the place of Participant's residence or work location at the time of such action.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has executed this Agreement by his or her electronic acceptance hereof, in acceptance of the above-mentioned Award, subject to the terms of the Plan and of this Agreement, all as of the day and year first above written.

By:
NORFOLK SOUTHERN CORPORATION

Continued on next page

**<Year> Non-Compete Agreement
Associated With Award Agreement Under
The Norfolk Southern Corporation Long-Term Incentive Plan**

THIS AGREEMENT (the "Agreement") is executed by and between /\$ParticipantName\$/ ("Employee") and Norfolk Southern Corporation ("NS" or "Corporation"). Employee has received this Agreement in conjunction with an award agreement under the Norfolk Southern Corporation Long-Term Incentive Plan ("LTIP" or "Plan"). The term NS or Corporation includes NS' subsidiaries and affiliated companies including, but not limited to, Norfolk Southern Railway Corporation and its rail subsidiaries.

WHEREAS, Employee is a participant in the LTIP and is eligible to receive an award under such Plan, subject to certain terms and conditions of that Plan; and

WHEREAS, execution of this Agreement is a condition precedent to Employee's receipt of an award under the LTIP; and

WHEREAS, Employee acknowledges that he or she has been afforded at least 14 days to review the Agreement, and that he or she has been advised to consult with an attorney before signing this Agreement; and

WHEREAS, Employee is willing to enter into this Agreement and deliver same to NS to satisfy that condition in order to receive an award under the LTIP.

NOW THEREFORE the parties hereto do hereby covenant and agree as follows:

1. NS agrees that, upon Employee executing this Agreement, Employee will be provided an award under the LTIP on the terms and conditions set forth in an Award Agreement and will continue to receive confidential NS business and operational information as required by the duties of his or her position.

2. Employee agrees that the LTIP award is consideration for entering into this Agreement and that in consideration of the award Employee will abide by the covenants and obligations contained in this Agreement.

3. Employee agrees that (i) during the term of his or her employment, and (ii) for a period of one (1) year thereafter (irrespective of the reason for such separation, whether voluntary or involuntary) (the "Restricted Period"), Employee will not, within the Territory, on his or her own behalf or in the service of or on behalf of others, work for or provide services to any Competitor of the Corporation wherein Employee would be performing or providing the same or similar services that Employee provided or performed on behalf of the Corporation. The term "Competitor" means any North American Class I rail carrier (including, without limitation, a holding or other company that controls or operates, or is controlled by or under common control with, any North American Class I rail carrier). The term "Territory" means every state in which NS provided rail services during the last two years of Employee's employment with NS.

4. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, recruit, entice, or persuade any current employee of the Corporation located within the Territory, and with whom Employee had contact, to leave the employment of the Corporation in order to work for or provide services for any company other than the Corporation.

5. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, contact, attempt to divert, or appropriate any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account. The phrase "providing the same or similar services as provided by the Corporation" means being in the same or closely related line of business as the Corporation for or on behalf of a competitor of the Corporation. "Material Contact" means contact between Employee and a customer or account: (1) with whom or which Employee dealt on behalf of the Corporation; (2) whose dealings with the Corporation were coordinated or supervised by Employee; (3) about whom Employee obtained "confidential or proprietary information" in the ordinary course of business as a result of Employee's association with the Corporation; or (4) who receives products or services authorized by the Corporation, the sale or provision of which results or resulted in

compensation, commissions, or earnings for the Corporation within two (2) years prior to the date of Employee's termination.

6. Unless done on behalf of NS, during the Restricted Period, and within the Territory, Employee shall not provide services to any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account.

Nothing contained in the above paragraphs will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

7. Employee covenants and agrees that any confidential or proprietary information acquired by him or her during his or her employment with the Corporation (including information of or concerning a customer of the Corporation) is the exclusive property of the Corporation, and Employee acknowledges that he or she has no ownership interest or right of any kind to said property. Except as otherwise required by law, Employee agrees that during his or her employment with the Corporation and after the termination of that employment, and irrespective of the reason for such separation, whether voluntary or involuntary, he or she will not, either directly or indirectly, use, access, disclose, or divulge to any unauthorized party, for his or her own benefit or to the detriment of the Corporation, any confidential or proprietary information of the Corporation which he or she may have acquired or been provided during his or her employment with the Corporation, whether or not developed or compiled by the Employee, and whether or not Employee was authorized to have access to such information. Nothing herein shall affect Employee's obligations as set forth in the award agreement between Employee and the Corporation.

For the purposes of the above, the term "confidential or proprietary information" includes, without limitation, the identity of or other facts relating to the Corporation, its customers and accounts, its marketing strategies, financial data, trade secrets, other intellectual property, or any other information acquired by the Employee as a result of his or her employment with the Corporation such that if such information were disclosed, such disclosure could act to the prejudice of the Corporation. The term "confidential or proprietary information" does not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right of the Corporation. The term "unauthorized party" means any firm, entity (including governmental entities), or person (whether outsiders or employees of the Corporation), who is not specifically authorized by the Corporation to receive such confidential or proprietary information.

Employee agrees that if he or she believes that he or she is required by law or otherwise to reveal any confidential or proprietary information of the Corporation, he or she or his or her attorney, except as otherwise prohibited by law, will promptly contact NS's Law Department prior to disclosing such information in order that the Corporation can take appropriate steps to safeguard the disclosure of such confidential and proprietary information.

Nothing in this paragraph or Agreement should be construed, either expressly or by implication, as limiting the maximum protections which may be available to the Corporation under appropriate state and federal common law or statute concerning the obligations and duties of the Employee to protect the Corporation's property and/or confidential and proprietary information, including, but not limited to, under the federal Uniform Trade Secrets Act, the Defend Trade Secrets Act, the Virginia Uniform Trade Secrets Acts, or the Georgia Trade Secrets Act. Employee also acknowledges his or her duty to refrain from any action which would harm or have the potential to harm the Corporation, or the Corporation's customers, including, but not limited to, breaching the fiduciary duties Employee owes the Corporation, both during the Employee's employment and after the termination of that employment.

Employee understands that nothing in this Agreement (1) prohibits or impedes Employee from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Employee to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

Pursuant to 18 USC § 1833(b), an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret: (i) made in confidence to a

government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

8. If Employee breaches any portion of this Agreement, Employee agrees that: (a) the Corporation would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Corporation; and (c) if the Corporation seeks injunctive relief to enforce this Agreement, Employee shall waive and shall not (i) assert any defense that the Corporation has an adequate remedy at law with respect to the breach, (ii) require that the Corporation submit proof of the economic value of any confidential or proprietary information, or (iii) require the Corporation to post a bond or any other security. Accordingly, in the event of a breach or a threatened breach by Employee of this Agreement, the Corporation shall be entitled to an injunction in a court of law restraining Employee from such breach or threatened breach, as well as recovery of its costs and reasonable attorneys' fees. Nothing herein shall be construed as prohibiting the Corporation from pursuing any other remedies available to it for such breach or threatened breach including the recovery of damages from Employee.

9. The parties agree that this Agreement shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. Employee consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The parties agree that any and all judicial actions instituted under this Agreement or relating to its enforceability shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, the Georgia State-wide Business Court or Fulton County Superior Court, regardless of the place of Employee's residence or work location at the time of such action.

10. Each provision and sub-provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or sub-provision of this Agreement shall be adjudged to be invalid under applicable law, the remainder of the Agreement is severable and shall continue in full force and effect. Should a court of competent jurisdiction declare any of the provisions of this Agreement invalid or unenforceable, the parties acknowledge and agree that the court may revise or reconstruct such invalid or unenforceable provisions to better effectuate the parties' intent to reasonably restrict the activity of the Employee to the greatest extent afforded by law and needed to protect the business interests of the Corporation.

11. Employee understands and agrees that nothing in this Agreement creates a contract of employment for any specific duration. The obligations contained in this Agreement shall survive the termination of the Employee's employment with the Corporation, however caused, and irrespective of the existence of any claim or cause of action by the Employee against the Corporation.

12. This Agreement is effective as of the date of the Employee's electronic acceptance of both this Agreement and the corresponding Award Agreement(s) under LTIP. The terms of this Agreement (and all associated remedial provisions of this Agreement) shall continue until cancelled by a subsequent written agreement between the parties.

Norfolk Southern Corporation Long-Term Incentive Plan Award Agreement

Performance Share Units

This AGREEMENT dated as of /\$GrantDate\$/ (Award Date), between NORFOLK SOUTHERN CORPORATION (Corporation), a Virginia corporation, and /\$ParticipantName\$/ (Participant), Employee ID No. /\$UserText1\$/.

1. Award Contingent Upon Execution of this Agreement and of Non-Compete. This Award is contingent upon the Participant's execution of this Agreement and the associated non-compete agreement (Non-Compete Agreement), which is a condition precedent to this Award. This Award shall be void, and the Participant shall not be entitled to any rights hereunder, unless the Participant executes this Agreement and the Non-Compete agreement on or before /\$AcceptByDate\$/, and thereafter fully complies with their terms.

2. Terms of Plan Govern. The Award made hereunder is made pursuant to the Norfolk Southern Corporation Long-Term Incentive Plan (Plan), all the terms and conditions of which are deemed to be incorporated in this Agreement and which forms a part of this Agreement. The Participant agrees to be bound by all the terms and conditions of the Plan and this Agreement, and by all determinations of the Committee thereunder. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan.

3. Award of Performance Share Units. The Corporation hereby confirms an Award to the Participant on Award Date of /\$AwardsGranted\$/ Performance Share Units (PSUs). The award of PSUs shall entitle the Participant to receive shares of Common Stock of the Corporation upon the Corporation's achievement over a Performance Cycle of performance goals established by the Committee at the time of grant for the selected Performance Criteria. The determination of whether the performance goals were achieved shall be a multi-step calculation, as follows, provided that the number of shares earned based on 3.(a) and 3.(b) may not exceed 200% of the number of PSUs stated above:

- (a) The initial Performance Criterion will be the average of the Corporation's annual after-tax returns on average invested capital for the three-year Performance Cycle.
- (b) The number of PSUs earned under (a) will be multiplied by a factor based on the Corporation's three-year revenue growth as compared to the three-year revenue growth of all publicly traded North American Class I railroads, during the three-year period beginning December 31, <Year immediately preceding the Award Date> (with revenues adjusted for any significant acquisitions, divestitures or other strategic transactions over the respective period), as set forth in the following table:

NS Three-Year Revenue Growth vs. Publicly Traded Class I Railroad Companies	Revenue Modifier
1st	1.5
2nd	1.25
≤3rd	No Adjustment

- (c) The final number of PSUs earned based on 3.(a) and 3.(b) will be determined by multiplying the number of PSUs earned under 3.(b) by a total shareholder return factor based on the percentile ranking of the three-year total return to the Corporation's stockholders as compared to the total shareholder return (TSR) of the publicly traded stocks comprising the S&P 500 Industrials Index excluding the Corporation, determined as of the first trading day of <Year of Award>, as set forth in the following table, with linear interpolation for performance ranking between the levels listed in the table:

NS Three-Year TSR Percentile Rank vs. S&P 500 Industrials Index Companies	TSR Modifier
≥P75.0	1.25
P50.0	1.0
≤P25.0	0.75

For this purpose, three-year total return shall be measured using the average closing price per share of stock or equivalent on the New York Stock Exchange (or if unavailable, on another U.S. stock exchange) as determined during the 20 days on which stock is traded ending on and including December 31, <Year_preceding_award_date> and December 31, <3_years_after>, or, if a stock is not traded on December 31, <3_years_after>, on the most recent trading day immediately preceding such date.

A company will be excluded from the ranking under (b) and/or (c) if it ceases to be publicly traded at any time during the three-year period as a result of the company's being acquired by another company or going private, but included and ranked at the bottom of the group if the company ceases to be publicly traded as a result of becoming subject to a bankruptcy, reorganization, or liquidation proceeding.

4. Forfeiture of Performance Share Units.

(a) If the Participant's employment is terminated for any reason other than the Participant's Retirement, Disability, or death before the expiration of the Performance Cycle, then all PSUs awarded hereunder shall be forfeited immediately and all the Participant's rights to such shares shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company.

(b) If the Participant's employment is terminated by reason of the Participant's Retirement before December 31, <Year_of_Grant>, then a portion of the PSUs will be forfeited immediately, with the portion forfeited determined by dividing the number of Performance Share Units granted under Section 3 by 12, multiplying the result by the number of full months in which the Participant was not employed by the Corporation during <Year_of_Grant>, and then rounding to the nearest whole number.

(c) If the Participant is granted a leave of absence before the end of the Performance Cycle, the Participant shall not forfeit rights with respect to any Performance Shares that were being earned during the Performance Cycle, unless the Participant's employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence and before the end of the Performance Cycle, at which time the Participant shall forfeit all rights with respect to any Performance Shares that were being earned during the Performance Cycle.

(d) Notwithstanding any provision of this Agreement to the contrary, if the Participant's employment is terminated by reason of the Retirement or Disability of the Participant, and if the Participant Engages in Competing Employment within a period of two years following Retirement or Disability and before the end of the Performance Cycle, the Participant shall immediately forfeit all rights with respect to any Performance Shares that were being earned during the Performance Cycle without further obligation on the part of the Corporation or any Subsidiary Company.

A Participant "Engages in Competing Employment" if the Participant, in any state in which the Corporation provided rail services during Participant's employment with the Corporation, works for or provides the same or similar services Participant provided on behalf of the Corporation for any Competitor. For this purpose, a "Competitor" is any entity in the same line of business as the Corporation in North American markets in which the Corporation competes, including, but not limited to, any North American Class I rail carrier, any other rail carrier competing with the Corporation (including without limitation a holding or other company that controls or operates or is otherwise affiliated with any rail carrier competing with the Corporation), and any other provider of transportation services competing with Corporation, including motor and water carriers.

Moreover, notwithstanding the foregoing, the Participant shall immediately forfeit all rights with respect to any Performance Shares that were being earned during the Performance Cycle without further obligation on the part of the Corporation or any Subsidiary Company if:

- i. the Participant's employment is terminated by reason of the Retirement or Disability of the Participant before the expiration of the Performance Cycle, and
- ii. it is determined that the Participant engaged in any of the following:
 - A. the Participant engaged in an act of fraud, embezzlement, or theft in connection with the Participant's duties or in the course of the Participant's employment with the Corporation or Subsidiary Company; or
 - B. the Participant disclosed confidential information in violation of a confidentiality agreement with the Corporation or a Subsidiary Company, or otherwise in violation of the law.

A determination under this paragraph shall be made by the Committee with respect to a participant who was, at any time, employed at the level of Vice President or above, and this determination shall be made by the Vice President Human Resources with respect to all other participants, and in either situation upon consultation with the Corporation's chief legal officer.

(e) Participant understands that nothing in this Agreement (1) prohibits or impedes Participant from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Participant to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

5. Distribution of Performance Share Units.

Any PSUs earned at the end of the three-year Performance Cycle shall be distributed in whole shares of Common Stock of the Corporation, subject to tax withholding as provided in Section 7 of this Agreement, and unless otherwise determined by the Corporation any fractional share shall be added to the federal tax withholding amount. At all times until the shares of Common Stock of the Corporation, if any, are actually issued in accordance with this Section 5, the Award remains an unfunded, unsecured promise to deliver shares in the future.

Except as provided in Section 4, if a Participant's employment is terminated before the end of the Performance Cycle by reason of the Participant's Retirement after December 31, <YearofGrant>, or by reason of the Participant's Disability or death, the Participant's rights with respect to any Performance Shares being earned during the Performance Cycle shall continue as if the Participant's employment had continued through the end of the Performance Cycle.

No dividend equivalent payments shall be made with respect to the award of PSUs hereunder.

6. Savings Clause for Rules of Professional Responsibility. Nothing contained in this Agreement will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

7. Tax Withholding. The minimum necessary tax withholding obligation with respect to an award of PSUs will be satisfied with shares of Common Stock of the Corporation based on the Fair Market Value of the Corporation's Common Stock on the first day on which such stock is traded after a full trading day has elapsed following the release of the Corporation's annual financial information for the last year of the Performance Cycle, regardless of when any such Common Stock is actually delivered to the Participant's account. Unless otherwise determined by the Corporation, the value of any fractional share amount created as a result of withholding will be added to the federal tax withholding amount.

8. Nontransferability. This Agreement and the PSUs granted to the Participant shall not be subject to any assignment, pledge, levy, garnishment, attachment, or other attempt to assign or alienate such shares prior to their delivery to Participant (or Participant's Beneficiary), including, without limitation, under any domestic relations order, and any such attempted assignment or alienation shall be null, void, and of no effect.

9. Recoupment. The Participant acknowledges that the Corporation shall recover from any Participant who is a current or former executive officer all or any portion of any PSUs awarded to the extent required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111-203, other applicable law, applicable Corporation policy, and/or the requirements of an exchange on which the Corporation's shares are listed for trading, in each case, as in effect from time to time. In addition, any Participant who at any time is a Board-elected officer at the level of Vice President or above agrees that he or she will, upon the demand of the Board of Directors, reimburse all or any portion of PSUs awarded if (a) financial results are restated due to the material noncompliance of the Corporation with any financial reporting requirement under the securities laws, (b) a lower PSU distribution would have been made to the officer based upon the restated financial results, and (c) the PSUs were distributed within the three-year period prior to the date the applicable restatement was disclosed. The Participant acknowledges and agrees that the Board of Directors or the Corporation may, without waiving any other legal remedy allowed by law, deduct the full amount of such repayment obligation from any amounts the Corporation then owes, or will in the future owe, to the Participant. Nothing in this Agreement shall waive the Committee's, Board of Directors', or Corporation's rights to take any such other action as the Committee, Board of Directors, or the Corporation may deem appropriate in view of all the facts surrounding the particular financial restatement.

10. Governing Law. The Participant agrees that this Award shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. The Participant consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The Participant agrees that any and all initial

judicial actions related to this Award shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, or the Georgia State-wide Business Court regardless of the place of Participant's residence or work location at the time of such action.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has executed this Agreement by his or her electronic acceptance hereof, in acceptance of the above-mentioned Award, subject to the terms of the Plan and of this Agreement, all as of the day and year first above written.

By: **NORFOLK SOUTHERN CORPORATION**

Continued on next page

**<Year> Non-Compete Agreement
Associated With Award Agreement Under
The Norfolk Southern Corporation Long-Term Incentive Plan**

THIS AGREEMENT (the "Agreement") is executed by and between /\$ParticipantName\$/ ("Employee") and Norfolk Southern Corporation ("NS" or "Corporation"). Employee has received this Agreement in conjunction with an award agreement under the Norfolk Southern Corporation Long-Term Incentive Plan ("LTIP" or "Plan"). The term NS or Corporation includes NS' subsidiaries and affiliated companies including, but not limited to, Norfolk Southern Railway Corporation and its rail subsidiaries.

WHEREAS, Employee is a participant in the LTIP and is eligible to receive an award under such Plan, subject to certain terms and conditions of that Plan; and

WHEREAS, execution of this Agreement is a condition precedent to Employee's receipt of an award under the LTIP; and

WHEREAS, Employee acknowledges that he or she has been afforded at least 14 days to review the Agreement, and that he or she has been advised to consult with an attorney before signing this Agreement; and

WHEREAS, Employee is willing to enter into this Agreement and deliver same to NS to satisfy that condition in order to receive an award under the LTIP.

NOW THEREFORE the parties hereto do hereby covenant and agree as follows:

1. NS agrees that, upon Employee executing this Agreement, Employee will be provided an award under the LTIP on the terms and conditions set forth in an Award Agreement and will continue to receive confidential NS business and operational information as required by the duties of his or her position.

2. Employee agrees that the LTIP award is consideration for entering into this Agreement and that in consideration of the award Employee will abide by the covenants and obligations contained in this Agreement.

3. Employee agrees that (i) during the term of his or her employment, and (ii) for a period of one (1) year thereafter (irrespective of the reason for such separation, whether voluntary or involuntary) (the "Restricted Period"), Employee will not, within the Territory, on his or her own behalf or in the service of or on behalf of others, work for or provide services to any Competitor of the Corporation wherein Employee would be performing or providing the same or similar services that Employee provided or performed on behalf of the Corporation. The term "Competitor" means any North American Class I rail carrier (including, without limitation, a holding or other company that controls or operates, or is controlled by or under common control with, any North American Class I rail carrier). The term "Territory" means every state in which NS provided rail services during the last two years of Employee's employment with NS.

4. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, recruit, entice, or persuade any current employee of the Corporation located within the Territory, and with whom Employee had contact, to leave the employment of the Corporation in order to work for or provide services for any company other than the Corporation.

5. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, contact, attempt to divert, or appropriate any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account. The phrase "providing the same or similar services as provided by the Corporation" means being in the same or closely related line of business as the Corporation for or on behalf of a competitor of the Corporation. "Material Contact" means contact between Employee and a customer or account: (1) with whom or which Employee dealt on behalf of the Corporation; (2) whose dealings with the Corporation were coordinated or supervised by Employee; (3) about whom Employee obtained "confidential or proprietary information" in the ordinary course of business as a result of Employee's association with the Corporation; or (4) who receives products or services authorized by the Corporation, the sale or provision of which results or resulted in

compensation, commissions, or earnings for the Corporation within two (2) years prior to the date of Employee's termination.

6. Unless done on behalf of NS, during the Restricted Period, and within the Territory, Employee shall not provide services to any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account.

Nothing contained in the above paragraphs will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

7. Employee covenants and agrees that any confidential or proprietary information acquired by him or her during his or her employment with the Corporation (including information of or concerning a customer of the Corporation) is the exclusive property of the Corporation, and Employee acknowledges that he or she has no ownership interest or right of any kind to said property. Except as otherwise required by law, Employee agrees that during his or her employment with the Corporation and after the termination of that employment, and irrespective of the reason for such separation, whether voluntary or involuntary, he or she will not, either directly or indirectly, use, access, disclose, or divulge to any unauthorized party, for his or her own benefit or to the detriment of the Corporation, any confidential or proprietary information of the Corporation which he or she may have acquired or been provided during his or her employment with the Corporation, whether or not developed or compiled by the Employee, and whether or not Employee was authorized to have access to such information. Nothing herein shall affect Employee's obligations as set forth in the award agreement between Employee and the Corporation.

For the purposes of the above, the term "confidential or proprietary information" includes, without limitation, the identity of or other facts relating to the Corporation, its customers and accounts, its marketing strategies, financial data, trade secrets, other intellectual property, or any other information acquired by the Employee as a result of his or her employment with the Corporation such that if such information were disclosed, such disclosure could act to the prejudice of the Corporation. The term "confidential or proprietary information" does not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right of the Corporation. The term "unauthorized party" means any firm, entity (including governmental entities), or person (whether outsiders or employees of the Corporation), who is not specifically authorized by the Corporation to receive such confidential or proprietary information.

Employee agrees that if he or she believes that he or she is required by law or otherwise to reveal any confidential or proprietary information of the Corporation, he or she or his or her attorney, except as otherwise prohibited by law, will promptly contact NS's Law Department prior to disclosing such information in order that the Corporation can take appropriate steps to safeguard the disclosure of such confidential and proprietary information.

Nothing in this paragraph or Agreement should be construed, either expressly or by implication, as limiting the maximum protections which may be available to the Corporation under appropriate state and federal common law or statute concerning the obligations and duties of the Employee to protect the Corporation's property and/or confidential and proprietary information, including, but not limited to, under the federal Uniform Trade Secrets Act, the Defend Trade Secrets Act, the Virginia Uniform Trade Secrets Acts, or the Georgia Trade Secrets Act. Employee also acknowledges his or her duty to refrain from any action which would harm or have the potential to harm the Corporation, or the Corporation's customers, including, but not limited to, breaching the fiduciary duties Employee owes the Corporation, both during the Employee's employment and after the termination of that employment.

Employee understands that nothing in this Agreement (1) prohibits or impedes Employee from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Employee to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

Pursuant to 18 USC § 1833(b), an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or

investigating a suspected violation of law; and/or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

8. If Employee breaches any portion of this Agreement, Employee agrees that: (a) the Corporation would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Corporation; and (c) if the Corporation seeks injunctive relief to enforce this Agreement, Employee shall waive and shall not (i) assert any defense that the Corporation has an adequate remedy at law with respect to the breach, (ii) require that the Corporation submit proof of the economic value of any confidential or proprietary information, or (iii) require the Corporation to post a bond or any other security. Accordingly, in the event of a breach or a threatened breach by Employee of this Agreement, the Corporation shall be entitled to an injunction in a court of law restraining Employee from such breach or threatened breach, as well as recovery of its costs and reasonable attorneys' fees. Nothing herein shall be construed as prohibiting the Corporation from pursuing any other remedies available to it for such breach or threatened breach including the recovery of damages from Employee.

9. The parties agree that this Agreement shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. Employee consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The parties agree that any and all judicial actions instituted under this Agreement or relating to its enforceability shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, the Georgia State-wide Business Court or Fulton County Superior Court, regardless of the place of Employee's residence or work location at the time of such action.

10. Each provision and sub-provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or sub-provision of this Agreement shall be adjudged to be invalid under applicable law, the remainder of the Agreement is severable and shall continue in full force and effect. Should a court of competent jurisdiction declare any of the provisions of this Agreement invalid or unenforceable, the parties acknowledge and agree that the court may revise or reconstruct such invalid or unenforceable provisions to better effectuate the parties' intent to reasonably restrict the activity of the Employee to the greatest extent afforded by law and needed to protect the business interests of the Corporation.

11. Employee understands and agrees that nothing in this Agreement creates a contract of employment for any specific duration. The obligations contained in this Agreement shall survive the termination of the Employee's employment with the Corporation, however caused, and irrespective of the existence of any claim or cause of action by the Employee against the Corporation.

12. This Agreement is effective as of the date of the Employee's electronic acceptance of both this Agreement and the corresponding Award Agreement(s) under LTIP. The terms of this Agreement (and all associated remedial provisions of this Agreement) shall continue until cancelled by a subsequent written agreement between the parties.

**Norfolk Southern Corporation Long-Term Incentive Plan
Form of Off-Cycle Award Agreement**

Non-Qualified Stock Option

This AGREEMENT dated as of /\$GrantDate\$/ (Award Date), between NORFOLK SOUTHERN CORPORATION (Corporation), a Virginia corporation, and /\$ParticipantName\$/ (Participant), Employee ID No. /\$UserText1\$/.

1. Award Contingent Upon Execution of this Agreement and of Non-Compete. This Award is contingent upon the Participant's execution of this Agreement and the associated non-compete agreement (Non-Compete Agreement), which is a condition precedent to this Award. This Award shall be void, and the Participant shall not be entitled to any rights hereunder, unless the Participant executes this Agreement and the Non-Compete Agreement on or before /\$AcceptByDate\$/, and thereafter fully complies with their terms. The Participant will be paid the first Dividend Equivalent payable under Section 4 of this Agreement only if the Participant executes this Agreement and the Non-Compete Agreement on or before <Date_2>.

2. Terms of Plan Govern. The Award made hereunder is made pursuant to the Norfolk Southern Corporation Long-Term Incentive Plan (Plan), all the terms and conditions of which are deemed to be incorporated in this Agreement and which forms a part of this Agreement. The Participant agrees to be bound by all the terms and conditions of the Plan and this agreement, and by all determinations of the Committee thereunder. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan.

3. Award of Non-Qualified Stock Option. The Corporation hereby grants to the Participant on Award Date a Non-Qualified Stock Option (NQSO) to purchase /\$AwardsGranted\$/ shares of the Corporation's Common Stock at a price of /\$GrantPrice\$/ per share. However, if the Participant's employment is terminated by reason of the Retirement of the Participant before December 31, <Year_of_Grant>, then a portion of this Option shall be forfeited immediately. The portion to be forfeited under this paragraph will be determined by dividing the number of shares subject to this NQSO by 12, multiplying the result by the number of full months in which the Participant was not employed by the Corporation during <Year_of_Grant>, and then rounding to the nearest whole share.

(a) Duration of Option. This Option (to the extent not earlier exercised) will expire at 11:59 p.m. on /\$ExpirationDate\$/, being ten years from the Award Date for NQSOs awarded in January of the current year ("On-Cycle Award Date"). However, this Option is subject to earlier termination if the Participant's employment with the Corporation or a Subsidiary Company is terminated for a reason other than Disability or death, as follows: (i) if the Participant's employment is terminated because of the Participant's Retirement, the Option shall expire on the earlier of 11:59 p.m. on /\$ExpirationDate\$/, or 11:59 p.m. on the date that is five years after date of the Participant's Retirement; (ii) if the Participant's employment is terminated a "Qualifying Termination" (as defined under the Norfolk Southern Executive Severance Plan), the Option shall expire at the close of business on the last day of active service by the Participant with the Corporation or a Subsidiary Company, or (iii) if the Participant's employment is terminated for any reason other than Retirement or a Qualifying Termination (as defined under the Norfolk Southern Executive Severance Plan), the Option shall expire 30 days after the last day of active service by the Participant with the Corporation or a Subsidiary Company. If the Participant is granted a leave of absence and his or her employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence, the Option grant shall expire at the close of business 30 days after the Participant's last day of employment with the Corporation or a Subsidiary Company.

Notwithstanding the foregoing, if the Participant Engages in Competing Employment within a period of two years following Retirement or Disability, the term of this Option shall terminate immediately, and all rights of the Participant to such Options shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. A Participant "Engages in Competing Employment" if the Participant, in any state in which the Corporation provided rail services during Participant's employment with the Corporation, works for or provides the same or similar services Participant provided on behalf of the Corporation for any Competitor. . For this purpose, a "Competitor" is any entity in the same line of business as the Corporation in North American markets in which the Corporation competes, including, but not limited to, any North American Class I rail carrier, any other rail carrier competing with the Corporation (including without limitation a holding or other company that controls or operates or is otherwise affiliated with any rail carrier competing with the Corporation), and any other provider of transportation services competing with Corporation, including motor and water carriers.

In addition, notwithstanding the foregoing, the term of this Option shall terminate immediately, and all rights of the Participant to such Options shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company, if:

- i. the Participant's employment is terminated by reason of the Retirement or Disability of the Participant, and
- ii. it is determined that the Participant engaged in any of the following:
 - A. the Participant engaged in an act of fraud, embezzlement, or theft in connection with the Participant's duties or in the course of the Participant's employment with the Corporation or Subsidiary Company; or
 - B. the Participant disclosed confidential information in violation of a confidentiality agreement with the Corporation or a Subsidiary Company, or otherwise in violation of the law.

A determination under this paragraph shall be made by the Committee with respect to a participant who was, at any time, employed at the level of Vice President or above, and this determination shall be made by the Vice President Human Resources with respect to all other participants, and in either situation upon consultation with the Corporation's chief legal officer.

Participant understands that nothing in this Agreement (1) prohibits or impedes Participant from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Participant to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

(b) Vesting and Exercise of Option. Once vested, this Option may be exercised in whole or in part at any time or times prior to its expiration. Except in the case of Retirement or death, one-quarter of the Options will vest and become exercisable in installments over four years from the On Cycle Award Date on each annual anniversary of the On Cycle Award Date. Notwithstanding the foregoing, if the Participant's employment with the Corporation or a Subsidiary Company is terminated by reason of the Participant's Retirement or death before the fourth anniversary of the Award Date, the Participant (or, in the case of death, the Participant's Beneficiary) may first exercise this Option on the later of the first anniversary of the Award Date or the effective date of the Participant's Retirement or death. Notice of the exercise of all or any part of this Option shall be given in the manner prescribed by the Secretary of the Corporation. Such notice shall be irrevocable, shall specify the number of shares to be purchased and the purchase price to be paid therefore, and must be accompanied by the payment of the purchase price as provided in paragraph 3(c) herein. Upon the exercise of such Option, the Common Stock purchased will be distributed.

(c) Payment of Option Price. The purchase price of Common Stock upon exercise of this Option shall be paid in full to the Corporation at the time of the exercise of the Option in cash or by the surrender to the Corporation of shares of previously acquired Common Stock which shall have been held by the Participant for at least six months and which shall be valued at Fair Market Value on the date the Option is exercised, or by a combination of cash and such Common Stock.

(d) Nontransferability. This Option may be exercised during the lifetime of the Participant only by the Participant, and following death only by the Participant's Beneficiary. If a Beneficiary dies after the Participant dies but before the Option is exercised and before such rights expire, such rights shall become assets of the Beneficiary's estate. Except as provided in this paragraph, Options may not be assigned or alienated, whether voluntarily or involuntarily including, without limitation, under any domestic relations order, and any such attempted assignment or alienation shall be null, void, and of no effect.

4. Dividend Equivalent Payments. Except as otherwise provided herein,, the Corporation shall make to the Participant who holds an unvested Option under this Agreement on the declared record date a cash payment on the outstanding unvested shares of Common Stock covered by this Option, in an amount equal to dividends declared by the Board of Directors of the Corporation and paid on Common Stock. If the employment of the Participant is terminated for any reason, including Retirement, Disability or death, prior to the declared record date for any dividend, the Corporation shall have no further obligation to make any payments commensurate with dividends on shares of Common Stock covered by this Option. Each dividend equivalent shall be equal to the amount of the regular quarterly dividend, and payable on or about the date on which the Corporation pays the regular quarterly dividend on its Common Stock in accordance with the Corporation's normal dividend payment practice as may be determined by the Committee, in its sole discretion. Dividend equivalent payments shall not be made during a Participant's leave of absence.

5. Savings Clause for Rules of Professional Responsibility. Nothing contained in this Agreement will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

6. Recoupment. The Participant acknowledges that the Corporation shall recover from any Participant who is a current or former executive officer all or any portion of any exercised Options to the extent required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111-203, other applicable law, applicable Corporation policy, and/or the requirements of an exchange on which the Corporation's shares are listed for trading, in each case, as in effect from time to time.

7. Governing Law. The Participant agrees that this Award shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. The Participant consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The Participant agrees that any and all initial judicial actions related to this Award shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, or the Georgia State-wide Business Court, regardless of the place of Participant's residence or work location at the time of such action.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has executed this Agreement by his or her electronic acceptance hereof, in acceptance of the above-mentioned Award, subject to the terms of the Plan and of this Agreement, all as of the day and year first above written.

By: **NORFOLK SOUTHERN CORPORATION**

Continued on next page

**<Year> Non-Compete Agreement
Associated With Award Agreement Under
The Norfolk Southern Corporation Long-Term Incentive Plan**

THIS AGREEMENT (the "Agreement") is executed by and between /\$ParticipantName\$/ ("Employee") and Norfolk Southern Corporation ("NS" or "Corporation"). Employee has received this Agreement in conjunction with an award agreement under the Norfolk Southern Corporation Long-Term Incentive Plan ("LTIP" or "Plan"). The term NS or Corporation includes NS' subsidiaries and affiliated companies including, but not limited to, Norfolk Southern Railway Corporation and its rail subsidiaries.

WHEREAS, Employee is a participant in the LTIP and is eligible to receive an award under such Plan, subject to certain terms and conditions of that Plan; and

WHEREAS, execution of this Agreement is a condition precedent to Employee's receipt of an award under the LTIP; and

WHEREAS, Employee acknowledges that he or she has been afforded at least 14 days to review the Agreement, and that he or she has been advised to consult with an attorney before signing this Agreement; and

WHEREAS, Employee is willing to enter into this Agreement and deliver same to NS to satisfy that condition in order to receive an award under the LTIP.

NOW THEREFORE the parties hereto do hereby covenant and agree as follows:

1. NS agrees that, upon Employee executing this Agreement, Employee will be provided an award under the LTIP on the terms and conditions set forth in an Award Agreement and will continue to receive confidential NS business and operational information as required by the duties of his or her position.

2. Employee agrees that the LTIP award is consideration for entering into this Agreement and that in consideration of the award Employee will abide by the covenants and obligations contained in this Agreement.

3. Employee agrees that (i) during the term of his or her employment, and (ii) for a period of one (1) year thereafter (irrespective of the reason for such separation, whether voluntary or involuntary) (the "Restricted Period"), Employee will not, within the Territory, on his or her own behalf or in the service of or on behalf of others, work for or provide services to any Competitor of the Corporation wherein Employee would be performing or providing the same or similar services that Employee provided or performed on behalf of the Corporation. The term "Competitor" means any North American Class I rail carrier (including, without limitation, a holding or other company that controls or operates, or is controlled by or under common control with, any North American Class I rail carrier). The term "Territory" means every state in which NS provided rail services during the last two years of Employee's employment with NS.

4. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, recruit, entice, or persuade any current employee of the Corporation located within the Territory, and with whom Employee had contact, to leave the employment of the Corporation in order to work for or provide services for any company other than the Corporation.

5. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, contact, attempt to divert, or appropriate any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account. The phrase "providing the same or similar services as provided by the Corporation" means being in the same or closely related line of business as the Corporation for or on behalf of a competitor of the Corporation. "Material Contact" means contact between Employee and a customer or account: (1) with whom or which Employee dealt on behalf of the Corporation; (2) whose dealings with the Corporation were coordinated or supervised by Employee; (3) about whom Employee obtained "confidential or proprietary information" in the ordinary course of business as a result of Employee's association with the Corporation; or (4) who receives products or services authorized by the Corporation, the sale or provision of which results or resulted in

compensation, commissions, or earnings for the Corporation within two (2) years prior to the date of Employee's termination.

6. Unless done on behalf of NS, during the Restricted Period, and within the Territory, Employee shall not provide services to any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account.

Nothing contained in the above paragraphs will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

7. Employee covenants and agrees that any confidential or proprietary information acquired by him or her during his or her employment with the Corporation (including information of or concerning a customer of the Corporation) is the exclusive property of the Corporation, and Employee acknowledges that he or she has no ownership interest or right of any kind to said property. Except as otherwise required by law, Employee agrees that during his or her employment with the Corporation and after the termination of that employment, and irrespective of the reason for such separation, whether voluntary or involuntary, he or she will not, either directly or indirectly, use, access, disclose, or divulge to any unauthorized party, for his or her own benefit or to the detriment of the Corporation, any confidential or proprietary information of the Corporation which he or she may have acquired or been provided during his or her employment with the Corporation, whether or not developed or compiled by the Employee, and whether or not Employee was authorized to have access to such information. Nothing herein shall affect Employee's obligations as set forth in the award agreement between Employee and the Corporation.

For the purposes of the above, the term "confidential or proprietary information" includes, without limitation, the identity of or other facts relating to the Corporation, its customers and accounts, its marketing strategies, financial data, trade secrets, other intellectual property, or any other information acquired by the Employee as a result of his or her employment with the Corporation such that if such information were disclosed, such disclosure could act to the prejudice of the Corporation. The term "confidential or proprietary information" does not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right of the Corporation. The term "unauthorized party" means any firm, entity (including governmental entities), or person (whether outsiders or employees of the Corporation), who is not specifically authorized by the Corporation to receive such confidential or proprietary information.

Employee agrees that if he or she believes that he or she is required by law or otherwise to reveal any confidential or proprietary information of the Corporation, he or she or his or her attorney, except as otherwise prohibited by law, will promptly contact NS's Law Department prior to disclosing such information in order that the Corporation can take appropriate steps to safeguard the disclosure of such confidential and proprietary information.

Nothing in this paragraph or Agreement should be construed, either expressly or by implication, as limiting the maximum protections which may be available to the Corporation under appropriate state and federal common law or statute concerning the obligations and duties of the Employee to protect the Corporation's property and/or confidential and proprietary information, including, but not limited to, under the federal Uniform Trade Secrets Act, the Defend Trade Secrets Act, the Virginia Uniform Trade Secrets Acts, or the Georgia Trade Secrets Act. Employee also acknowledges his or her duty to refrain from any action which would harm or have the potential to harm the Corporation, or the Corporation's customers, including, but not limited to, breaching the fiduciary duties Employee owes the Corporation, both during the Employee's employment and after the termination of that employment.

Employee understands that nothing in this Agreement (1) prohibits or impedes Employee from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Employee to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

Pursuant to 18 USC § 1833(b), an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

8. If Employee breaches any portion of this Agreement, Employee agrees that: (a) the Corporation would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Corporation; and (c) if the Corporation seeks injunctive relief to enforce this Agreement, Employee shall waive and shall not (i) assert any defense that the Corporation has an adequate remedy at law with respect to the breach, (ii) require that the Corporation submit proof of the economic value of any confidential or proprietary information, or (iii) require the Corporation to post a bond or any other security. Accordingly, in the event of a breach or a threatened breach by Employee of this Agreement, the Corporation shall be entitled to an injunction in a court of law restraining Employee from such breach or threatened breach, as well as recovery of its costs and reasonable attorneys' fees. Nothing herein shall be construed as prohibiting the Corporation from pursuing any other remedies available to it for such breach or threatened breach including the recovery of damages from Employee.

9. The parties agree that this Agreement shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. Employee consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The parties agree that any and all judicial actions instituted under this Agreement or relating to its enforceability shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, the Georgia State-wide Business Court or Fulton County Superior Court, regardless of the place of Employee's residence or work location at the time of such action.

10. Each provision and sub-provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or sub-provision of this Agreement shall be adjudged to be invalid under applicable law, the remainder of the Agreement is severable and shall continue in full force and effect. Should a court of competent jurisdiction declare any of the provisions of this Agreement invalid or unenforceable, the parties acknowledge and agree that the court may revise or reconstruct such invalid or unenforceable provisions to better effectuate the parties' intent to reasonably restrict the activity of the Employee to the greatest extent afforded by law and needed to protect the business interests of the Corporation.

11. Employee understands and agrees that nothing in this Agreement creates a contract of employment for any specific duration. The obligations contained in this Agreement shall survive the termination of the Employee's employment with the Corporation, however caused, and irrespective of the existence of any claim or cause of action by the Employee against the Corporation.

12. This Agreement is effective as of the date of the Employee's electronic acceptance of both this Agreement and the corresponding Award Agreement(s) under LTIP. The terms of this Agreement (and all associated remedial provisions of this Agreement) shall continue until cancelled by a subsequent written agreement between the parties.

Norfolk Southern Corporation Long-Term Incentive Plan Form of Off-Cycle Award Agreement Performance Share Units

This AGREEMENT dated as of <Date> (Award Date), between NORFOLK SOUTHERN CORPORATION (Corporation), a Virginia corporation, and <Employee Name> (Participant), Employee ID No. <Emp_Id>.

1. Award Contingent Upon Execution of this Agreement and of Non-Compete. This Award is contingent upon the Participant's execution of this Agreement and the associated non-compete agreement (Non-Compete Agreement), which is a condition precedent to this Award. This Award shall be void, and the Participant shall not be entitled to any rights hereunder, unless the Participant executes this Agreement and the noncompete agreement on or before <Date>, and thereafter fully complies with their terms.

2. Terms of Plan Govern. The Award made hereunder is made pursuant to the Norfolk Southern Corporation Long-Term Incentive Plan (Plan), all the terms and conditions of which are deemed to be incorporated in this Agreement and which forms a part of this Agreement. The Participant agrees to be bound by all the terms and conditions of the Plan and this Agreement, and by all determinations of the Committee thereunder. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan.

3. Award of Performance Share Units. The Corporation hereby confirms an Award to the Participant on Award Date of <#> Performance Share Units (PSUs).). The award of PSUs shall entitle the Participant to receive shares of Common Stock of the Corporation upon the Corporation's achievement over a Performance Cycle of performance goals established by the Committee in January of the current year for the selected Performance Criteria. The determination of whether the performance goals were achieved shall be a multi-step calculation, as follows, provided that the number of shares earned based on 3.(a) and 3.(b) may not exceed 200% of the number of PSUs stated above:

- (a) The initial Performance Criterion will be the average of the Corporation's annual after-tax returns on average invested capital for the three-year Performance Cycle beginning January 1 of the current year.
- (b) The number of PSUs earned under (a) will be multiplied by a factor based on the Corporation's three-year revenue growth as compared to the three-year revenue growth of all publicly traded North American Class I railroads, during the three-year period beginning December 31, <Year immediately preceding the Award Date> (with revenues adjusted for any significant acquisitions, divestitures or other strategic transactions over the respective period), as set forth in the following table:

NS Three-Year Revenue Growth vs. Publicly Traded Class I Railroad Companies	Revenue Modifier
1st	1.5
2nd	1.25
≤3rd	No Adjustment

- (c) The final number of PSUs earned based on 3.(a) and 3.(b) will be determined by multiplying the number of PSUs earned under 3.(b) by a total shareholder return factor based on the percentile ranking of the three-year total return to the Corporation's stockholders as

compared to the total shareholder return (TSR) of the publicly traded stocks comprising the S&P 500 Industrials Index excluding the Corporation, determined as of the first trading day of <Year of Award>, as set forth in the following table, with linear interpolation for performance ranking between the levels listed in the table:

NS Three-Year TSR Percentile Rank vs. S&P 500 Industrials Index Companies	TSR Modifier
≥P75.0	1.25
P50.0	1.0
≤P25.0	0.75

For this purpose, three-year total return shall be measured using the average closing price per share of stock or equivalent on the New York Stock Exchange (or if unavailable, on another U.S. stock exchange) as determined during the 20 days on which stock is traded ending on and including December 31, <Year preceding award date> and December 31, <3 years after>, or, if a stock is not traded on December 31, <3 years after>, on the most recent trading day immediately preceding such date.

A company will be excluded from the ranking under (b) and/or (c) if it ceases to be publicly traded at any time during the three-year period as a result of the company's being acquired by another company or going private, but included and ranked at the bottom of the group if the company ceases to be publicly traded as a result of becoming subject to a bankruptcy, reorganization, or liquidation proceeding.

4. Forfeiture of Performance Share Units.

(a) If the Participant's employment is terminated for any reason other than the Participant's Retirement, Disability, or death before the expiration of the Performance Cycle then all PSUs awarded hereunder shall be forfeited immediately and all the Participant's rights to such shares shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company.

(b) If the Participant's employment is terminated by reason of the Participant's Retirement before December 31, <Year_of_Grant>, then a portion of the PSUs will be forfeited immediately, with the portion forfeited determined by dividing the number of Performance Share Units granted under Section 3 by 12, multiplying the result by the number of full months in which the Participant was not employed by the Corporation during <Year_of_Grant>, and then rounding to the nearest whole number.

(c) If the Participant is granted a leave of absence before the end of the Performance Cycle, the Participant shall not forfeit rights with respect to any Performance Shares that were being earned during the Performance Cycle, unless the Participant's employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence and before the end of the Performance Cycle, at which time the Participant shall forfeit all rights with respect to any Performance Shares that were being earned during the Performance Cycle.

(d) Notwithstanding any provision of this Agreement to the contrary, if the Participant's employment is terminated by reason of the Retirement or Disability of the

Participant, and if the Participant Engages in Competing Employment within a period of two years following Retirement or Disability and before the end of the Performance Cycle, the Participant shall immediately forfeit all rights with respect to any Performance Shares that were being earned during the Performance Cycle without further obligation on the part of the Corporation or any Subsidiary Company.

A Participant "Engages in Competing Employment" if the Participant, in any state in which the Corporation provided rail services during Participant's employment with the Corporation, works for or provides the same or similar services Participant provided on behalf of the Corporation for any Competitor. For this purpose, a "Competitor" is any entity in the same line of business as the Corporation in North American markets in which the Corporation competes, including, but not limited to, any North American Class I rail carrier, any other rail carrier competing with the Corporation (including without limitation a holding or other company that controls or operates or is otherwise affiliated with any rail carrier competing with the Corporation), and any other provider of transportation services competing with Corporation, including motor and water carriers.

Moreover, notwithstanding the foregoing, the Participant shall immediately forfeit all rights with respect to any Performance Shares that were being earned during the Performance Cycle without further obligation on the part of the Corporation or any Subsidiary Company if:

- iii. the Participant's employment is terminated by reason of the Retirement or Disability of the Participant before the expiration of the Performance Cycle, and
- iv. it is determined that the Participant engaged in any of the following:
 - C. the Participant engaged in an act of fraud, embezzlement, or theft in connection with the Participant's duties or in the course of the Participant's employment with the Corporation or Subsidiary Company; or
 - D. the Participant disclosed confidential information in violation of a confidentiality agreement with the Corporation or a Subsidiary Company, or otherwise in violation of the law.

A determination under this paragraph shall be made by the Committee with respect to a participant who was, at any time, employed at the level of Vice President or above, and this determination shall be made by the Vice President Human Resources with respect to all other participants, and in either situation upon consultation with the Corporation's chief legal officer.

(e) Participant understands that nothing in this Agreement (1) prohibits or impedes Participant from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Participant to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

5. Distribution of Performance Share Units.

Any PSUs earned at the end of the three-year Performance Cycle shall be distributed in whole shares of Common Stock of the Corporation, subject to tax withholding as provided in Section 7 of this Agreement, and unless otherwise determined by the Corporation any fractional share shall be added to the federal tax withholding amount. At all times until the shares of Common Stock of the Corporation, if any, are actually issued in accordance with this Section 5, the Award remains an unfunded, unsecured promise to deliver shares in the future.

Except as provided in Section 4, if a Participant's employment is terminated before the end of the Performance Cycle by reason of the Participant's Retirement after December 31, /\$YearofGrant\$/, or by

reason of the Participant's Disability or death, the Participant's rights with respect to any Performance Shares being earned during the Performance Cycle shall continue as if the Participant's employment had continued through the end of the Performance Cycle.

No dividend equivalent payments shall be made with respect to the award of PSUs hereunder.

6. Savings Clause for Rules of Professional Responsibility. Nothing contained in this Agreement will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

7. Tax Withholding. The minimum necessary tax withholding obligation with respect to an award of PSUs will be satisfied with shares of Common Stock of the Corporation based on the Fair Market Value of the Corporation's Common Stock on the first day on which such stock is traded after a full trading day has elapsed following the release of the Corporation's annual financial information for the last year of the Performance Cycle, regardless of when any such Common Stock is actually delivered to the Participant's account. Unless otherwise determined by the Corporation, the value of any fractional share amount created as a result of withholding will be added to the federal tax withholding amount.

8. Nontransferability. This Agreement and the PSUs granted to the Participant shall not be subject to any assignment, pledge, levy, garnishment, attachment, or other attempt to assign or alienate such shares prior to their delivery to Participant (or Participant's Beneficiary), including, without limitation, under any domestic relations order, and any such attempted assignment or alienation shall be null, void, and of no effect.

9. Recoupment. The Participant acknowledges that the Corporation shall recover from any Participant who is a current or former executive officer all or any portion of any PSUs awarded to the extent required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111-203, law, applicable Corporation policy, and/or the requirements of an exchange on which the Corporation's shares are listed for trading, in each case, as in effect from time to time. In addition, any Participant who at any time is a Board-elected officer at the level of Vice President or above agrees that he or she will, upon the demand of the Board of Directors, reimburse all or any portion of PSUs awarded if (a) financial results are restated due to the material noncompliance of the Corporation with any financial reporting requirement under the securities laws, (b) a lower PSU distribution would have been made to the officer based upon the restated financial results, and (c) the PSUs were distributed within the three-year period prior to the date the applicable restatement was disclosed. The Participant acknowledges and agrees that the Board of Directors or the Corporation may, without waiving any other legal remedy allowed by law, deduct the full amount of such repayment obligation from any amounts the Corporation then owes, or will in the future owe, to the Participant. Nothing in this Agreement shall waive the Committee's, Board of Directors', or Corporation's rights to take any such other action as the Committee, Board of Directors, or the Corporation may deem appropriate in view of all the facts surrounding the particular financial restatement.

10. Governing Law. The Participant agrees that this Award shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. The Participant consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The Participant agrees that any and all initial judicial actions related to this Award shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, or the Georgia State-wide Business Court regardless of the place of Participant's residence or work location at the time of such action.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has executed this Agreement by his or her electronic acceptance

hereof, in acceptance of the above-mentioned Award, subject to the terms of the Plan and of this Agreement, all as of the day and year first above written.

By:

NORFOLK SOUTHERN CORPORATION

**<Year> Non-Compete Agreement
Associated With Award Agreement Under
The Norfolk Southern Corporation Long-Term Incentive Plan**

THIS AGREEMENT (the "Agreement") is executed by and between /\$ParticipantName\$/ ("Employee") and Norfolk Southern Corporation ("NS" or "Corporation"). Employee has received this Agreement in conjunction with an award agreement under the Norfolk Southern Corporation Long-Term Incentive Plan ("LTIP" or "Plan"). The term NS or Corporation includes NS' subsidiaries and affiliated companies including, but not limited to, Norfolk Southern Railway Corporation and its rail subsidiaries.

WHEREAS, Employee is a participant in the LTIP and is eligible to receive an award under such Plan, subject to certain terms and conditions of that Plan; and

WHEREAS, execution of this Agreement is a condition precedent to Employee's receipt of an award under the LTIP; and

WHEREAS, Employee acknowledges that he or she has been afforded at least 14 days to review the Agreement, and that he or she has been advised to consult with an attorney before signing this Agreement; and

WHEREAS, Employee is willing to enter into this Agreement and deliver same to NS to satisfy that condition in order to receive an award under the LTIP.

NOW THEREFORE the parties hereto do hereby covenant and agree as follows:

1. NS agrees that, upon Employee executing this Agreement, Employee will be provided an award under the LTIP on the terms and conditions set forth in an Award Agreement and will continue to receive confidential NS business and operational information as required by the duties of his or her position.
2. Employee agrees that the LTIP award is consideration for entering into this Agreement and that in consideration of the award Employee will abide by the covenants and obligations contained in this Agreement.
3. Employee agrees that (i) during the term of his or her employment, and (ii) for a period of one (1) year thereafter (irrespective of the reason for such separation, whether voluntary or involuntary) (the "Restricted Period"), Employee will not, within the Territory, on his or her own behalf or in the service of or on behalf of others, work for or provide services to any Competitor of the Corporation wherein Employee would be performing or providing the same or similar services that Employee provided or performed on behalf of the Corporation. The term "Competitor" means any North American Class I rail carrier (including, without limitation, a holding or other company that controls or operates, or is controlled by or under common control with, any North American Class I rail carrier). The term "Territory" means every state in which NS provided rail services during the last two years of Employee's employment with NS.

4. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, recruit, entice, or persuade any current employee of the Corporation located within the Territory, and with whom Employee had contact, to leave the employment of the Corporation in order to work for or provide services for any company other than the Corporation.

5. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, contact, attempt to divert, or appropriate any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account. The phrase "providing the same or similar services as provided by the Corporation" means being in the same or closely related line of business as the Corporation for or on behalf of a competitor of the Corporation. "Material Contact" means contact between Employee and a customer or account: (1) with whom or which Employee dealt on behalf of the Corporation; (2) whose dealings with the Corporation were coordinated or supervised by Employee; (3) about whom Employee obtained "confidential or proprietary information" in the ordinary course of business as a result of Employee's association with the Corporation; or (4) who receives products or services authorized by the Corporation, the sale or provision of which results or resulted in compensation, commissions, or earnings for the Corporation within two (2) years prior to the date of Employee's termination.

6. Unless done on behalf of NS, during the Restricted Period, and within the Territory, Employee shall not provide services to any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account.

Nothing contained in the above paragraphs will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

7. Employee covenants and agrees that any confidential or proprietary information acquired by him or her during his or her employment with the Corporation (including information of or concerning a customer of the Corporation) is the exclusive property of the Corporation, and Employee acknowledges that he or she has no ownership interest or right of any kind to said property. Except as otherwise required by law, Employee agrees that during his or her employment with the Corporation and after the termination of that employment, and irrespective of the reason for such separation, whether voluntary or involuntary, he or she will not, either directly or indirectly, use, access, disclose, or divulge to any unauthorized party, for his or her own benefit or to the detriment of the Corporation, any confidential or proprietary information of the Corporation which he or she may have acquired or been provided during his or her employment with the Corporation, whether or not developed or compiled by the Employee, and whether or not Employee was authorized to have access to such information. Nothing herein shall affect Employee's obligations as set forth in the award agreement between Employee and the Corporation.

For the purposes of the above, the term "confidential or proprietary information" includes, without limitation, the identity of or other facts relating to the Corporation, its customers and accounts, its marketing strategies, financial data, trade secrets, other intellectual property, or any other information acquired by the Employee as a result of his or her employment with the Corporation such that if such information were disclosed, such disclosure could act to the prejudice of the Corporation. The term "confidential or proprietary information" does not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right of the Corporation. The term "unauthorized party" means any firm, entity (including governmental entities), or person (whether outsiders or employees of the Corporation), who is not specifically authorized by the Corporation to receive such confidential or proprietary information.

Employee agrees that if he or she believes that he or she is required by law or otherwise to reveal any confidential or proprietary information of the Corporation, he or she or his or her attorney, except as otherwise prohibited by law, will promptly contact NS's Law Department prior to disclosing such information in order that the Corporation can take appropriate steps to safeguard the disclosure of such confidential and proprietary information.

Nothing in this paragraph or Agreement should be construed, either expressly or by implication, as limiting the maximum protections which may be available to the Corporation under appropriate state and federal common law or statute concerning the obligations and duties of the Employee to protect the Corporation's property and/or confidential and proprietary information, including, but not limited to, under the federal Uniform Trade Secrets Act, the Defend Trade Secrets Act, the Virginia Uniform Trade Secrets Acts, or the Georgia Trade Secrets Act. Employee also acknowledges his or her duty to refrain from any action which would harm or have the potential to harm the Corporation, or the Corporation's customers, including, but not limited to, breaching the fiduciary duties Employee owes the Corporation, both during the Employee's employment and after the termination of that employment.

Employee understands that nothing in this Agreement (1) prohibits or impedes Employee from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Employee to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

Pursuant to 18 USC § 1833(b), an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

8. If Employee breaches any portion of this Agreement, Employee agrees that: (a) the Corporation would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Corporation; and (c) if the Corporation seeks injunctive relief to enforce this Agreement, Employee shall waive and shall not (i) assert any defense that the Corporation has an adequate remedy at law with respect to the breach, (ii) require that the Corporation submit proof of the economic value of any confidential or proprietary information, or (iii) require the Corporation to post a bond or any other security. Accordingly, in the event of a breach or a threatened breach by Employee of this Agreement, the Corporation shall be entitled to an injunction in a court of law restraining Employee from such breach or threatened breach, as well as recovery of its costs and reasonable attorneys' fees. Nothing herein shall be construed as prohibiting the Corporation from pursuing any other remedies available to it for such breach or threatened breach including the recovery of damages from Employee.

9. The parties agree that this Agreement shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. Employee consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The parties agree that any and all judicial actions instituted under this Agreement or relating to its enforceability shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, the Georgia State-wide Business Court or Fulton County Superior Court, regardless of the place of Employee's residence or work location at the time of such action.

10. Each provision and sub-provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or sub-provision of this Agreement shall be adjudged to be invalid under applicable law, the remainder of the Agreement is severable and shall continue in full force and effect. Should a court of competent jurisdiction declare any of the provisions of this Agreement invalid or unenforceable, the parties acknowledge and agree that the court may revise or reconstruct such invalid or unenforceable provisions to better effectuate the parties' intent to reasonably restrict the activity of the Employee to the greatest extent afforded by law and needed to protect the business interests of the Corporation.

11. Employee understands and agrees that nothing in this Agreement creates a contract of employment for any specific duration. The obligations contained in this Agreement shall survive the termination of the Employee's employment with the Corporation, however caused, and irrespective of the existence of any claim or cause of action by the Employee against the Corporation.

12. This Agreement is effective as of the date of the Employee's electronic acceptance of both this Agreement and the corresponding Award Agreement(s) under LTIP. The terms of this Agreement (and all associated remedial provisions of this Agreement) shall continue until cancelled by a subsequent written agreement between the parties.

**Norfolk Southern Corporation Long-Term Incentive Plan
Form of Off-Cycle Award Agreement**

Restricted Stock Units

This AGREEMENT dated as of /\$GrantDate\$/ (Award Date), between NORFOLK SOUTHERN CORPORATION (Corporation), a Virginia corporation, and /\$ParticipantName\$/ (Participant), Employee ID No. /\$UserText1\$/.

1. Award Contingent Upon Execution of this Agreement and of Non-Compete. This Award is contingent upon the Participant's execution of this Agreement and the associated non-compete agreement (Non-Compete Agreement), which is a condition precedent to this Award. This Award shall be void, and the Participant shall not be entitled to any rights hereunder, unless the Participant executes this Agreement and the Non-Compete Agreement on or before /\$AcceptByDate\$/, and thereafter fully complies with their terms. The Participant will be paid the first Dividend Equivalent payable under Section 4 of this Agreement only if the Participant executes this Agreement and the Non-Compete Agreement on or before <Date_2>.

2. Terms of Plan Govern. The Award made hereunder is made pursuant to the Norfolk Southern Corporation Long-Term Incentive Plan (Plan), all the terms and conditions of which are deemed to be incorporated in this Agreement and which forms a part of this Agreement. The Participant agrees to be bound by all the terms and provisions of the Plan and this Agreement, and by all determinations of the Committee thereunder. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the Plan.

3. Award of Restricted Stock Units. The Corporation hereby grants to the Participant on Award Date /\$AwardsGranted\$/ Restricted Stock Units. Each Restricted Stock Unit is a contingent right to receive a Restricted Stock Unit Share, subject to the restrictions and other terms and conditions set forth in the Plan and this Agreement. Each Restricted Stock Unit shall equal the Fair Market Value of one share of the Common Stock of the Corporation on the date all applicable restrictions lapse.

The Participant's Award of Restricted Stock Units shall be recorded in a memorandum account. The Participant shall have no beneficial ownership interest in the Common Stock of the Corporation represented by the Restricted Stock Units awarded. The Participant shall have no right to vote the Common Stock represented by the Restricted Stock Units awarded or to receive dividends, except for Dividend Equivalent payments as set forth below.

(a) Restriction Periods. The Restricted Stock Units are subject to Restriction Periods. The Restriction Periods for ratable portions of the Restricted Stock Units shall terminate with the first Restriction Period terminating on the second anniversary of the On-Cycle Award Date, and the subsequent Restriction Periods terminating on the third and fourth anniversaries of the On-Cycle Award Date, or if Corporation's Common Stock is not traded on any such termination date, on the next preceding date on which the Corporation's Common Stock is traded. If the termination of a Restriction Period will result in a fractional share, then the amount shall be rounded down to the nearest whole share and the Restriction Period for all fractional shares shall terminate upon the expiration of the last Restriction Period for the Award. For purposes of this Agreement, "On-Cycle Award Date" shall mean the Award Date for RSUs awarded in January of the current year.

(b) Restrictions. Until the expiration of the Restriction Period or the lapse of restrictions in the manner provided in paragraph 3(c) of this Agreement, Restricted Stock Units shall be subject to the following restrictions:

- i. the Participant shall not be entitled to receive the Restricted Stock Unit Shares which the Participant may have a contingent right to receive in the future;
- ii. the Restricted Stock Units may not be sold, transferred, assigned, pledged, conveyed, hypothecated, used to exercise options, or otherwise disposed of; and
- iii. the Restricted Stock Units may be forfeited immediately as provided in this Agreement and in the Plan.

(c) Forfeiture of Restricted Stock Units.

i. If the Participant's employment is terminated by reason of the Retirement of the Participant before December 31, <Year_of_Grant>, then a portion of the Restricted Stock Units shall be forfeited immediately and all rights of the Participant to such Units shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. The portion to be forfeited under this paragraph will be determined by dividing the number of Restricted Stock Units granted under Section 3(a) by 12, multiplying the result by the number of full months in which the Participant was not employed by the Corporation during <Year_of_Grant>, and then rounding to the nearest whole number.

ii. If the Participant's employment is terminated for any reason other than Retirement, Disability, or death, any Restricted Stock Units that are subject to a Restriction Period shall be forfeited immediately without further obligation on the part of the Corporation or any Subsidiary Company, and all rights of the Participant with respect to such Restricted Stock Units shall terminate. If the Participant is granted a leave of absence before the expiration of the Restriction Period, the Participant shall not forfeit any rights with respect to any Restricted Stock Units subject to the Restriction Period, except for Dividend Equivalent Payments as provided in Section 4 of this Agreement, unless the Participant's employment with the Corporation or a Subsidiary Company terminates at any time during or at the end of the leave of absence and before the expiration of the Restriction Period, at which time all rights of the Participant with respect to such Restricted Stock Units shall terminate without further obligation on the part of the Corporation or any Subsidiary Company.

iii. Notwithstanding any provision of this Agreement to the contrary, if the Participant's employment is terminated by reason of the Retirement or Disability of the Participant, and the Participant Engages in Competing Employment within a period of two years following Retirement or Disability, and before the expiration of the Restriction Period, then any Restricted Stock Units subject to a Restriction Period shall be forfeited immediately and all rights of the Participant to such Units shall terminate without further obligation on the part of the Corporation or any Subsidiary Company.

A Participant "Engages in Competing Employment" if the Participant, in any state in which the Corporation provided rail services during Participant's employment with the Corporation, works for or provides the same or similar services Participant provided on behalf of the Corporation for any Competitor. For this purpose, a "Competitor" is any entity in the same line of business as the Corporation in North American markets in which the Corporation competes, including, but not limited to, any North American Class I rail carrier, any other rail carrier competing with the Corporation (including without limitation a holding or other company that controls or operates or is otherwise affiliated with any rail carrier competing with the Corporation), and any other provider of transportation services competing with Corporation, including motor and water carriers.

Moreover, notwithstanding any provision of this Agreement to the contrary, the Restricted Stock Units shall be forfeited immediately and all rights of the Participant to such Units shall terminate if:

- A. the Participant's employment is terminated by reason of the Retirement or Disability of the Participant before the expiration of the Restriction Period, and
- B. it is determined that the Participant engaged in any of the following:
 - 1. the Participant engaged in an act of fraud, embezzlement, or theft in connection with the Participant's duties or in the course of the Participant's employment with the Corporation or Subsidiary Company; or
 - 2. the Participant disclosed confidential information in violation of a confidentiality agreement with the Corporation or a Subsidiary Company, or otherwise in violation of the law.

A determination under this paragraph shall be made by the Committee with respect to a participant who was, at any time, employed at the level of Vice President or above, and this determination shall be made by the Vice President Human Resources with respect to all other participants, and in either situation upon consultation with the Corporation's chief legal officer.

Participant understands that nothing in this Agreement (1) prohibits or impedes Participant from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Participant to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

(d) Distribution of Restricted Stock Units.

i. Restricted Stock Units that are not forfeited as provided above shall vest upon the expiration of each Restriction Period. Notwithstanding the foregoing, (A) if the Participant dies after Retirement, then Restricted Stock Units that were not forfeited as provided in Section 3(c)(i) above shall vest upon the Participant's death, and the Restriction Periods on those Restricted Stock Units shall lapse immediately, and (B) if the Participant dies while employed by the Corporation, or the Participant dies after his Retirement or Disability, and before the entire Award has been distributed, then the Restricted Stock Units shall all vest upon the Participant's death, and all the Restriction Periods on the Restricted Stock Units shall lapse immediately.

ii. Upon each vesting and expiration of the Restriction Periods applicable to the Restricted Stock Units, a whole number of shares of Common Stock of the Corporation equal to the ratable number of Restricted Stock Units scheduled to vest on the date the applicable Restriction Period ended shall be distributed to the Participant or the Participant's Beneficiary in the event of the Participant's death, subject to tax withholding as provided in Section 6 of this Agreement. At all times until the shares of Common Stock of the Corporation, if any, are actually issued in accordance with this Section, the Award remains an unfunded, unsecured promise to deliver shares in the future.

iii. The Committee, in its sole discretion, may waive any or all restrictions with respect to Restricted Stock Units. Notwithstanding any waiver, any delivery of Restricted Stock Units to the Participant may not be made earlier than delivery would have been made absent such waiver of restrictions.

4. Dividend Equivalent Payments. Except as otherwise provided herein, the Corporation shall make to a Participant who holds Restricted Stock Units on the declared record date a cash dividend equivalent payment on the number of shares of Common Stock represented by the Restricted Stock Units held by Participant on such record date. Each dividend equivalent shall be equal to the regular quarterly dividend declared by the Board of Directors of the Corporation and paid on Common Stock, and payable on or about the date on which the Corporation pays the regular quarterly dividend on its Common Stock in accordance with the Corporation's normal dividend payment practice as may be determined by the Committee, in its sole discretion. Dividend equivalent payments shall not be made during a Participant's leave of absence.

5. Savings Clause for Rules of Professional Responsibility. Nothing contained in this Agreement will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

6. Tax Withholding. The minimum necessary tax withholding obligation with respect to an award of Restricted Stock Units will be satisfied with shares of Common Stock of the Corporation based on the Fair Market Value of the Corporation's Common Stock on the expiration of the Restriction Period with respect to such Restricted Stock Units, regardless of when any such Common Stock is actually delivered to the Participant's account. Unless otherwise determined by the Corporation, the value of any fractional share amount created as a result of withholding will be added to the federal tax withholding amount.

7. Nontransferability. This Agreement and the RSUs granted to the Participant shall not be subject to any assignment, pledge, levy, garnishment, attachment, or other attempt to assign or alienate such shares prior to their delivery to Participant (or Participant's beneficiary), including, without limitation, under any domestic relations order, and any such attempted assignment or alienation shall be null, void, and of no effect.

8. Governing Law. The Participant agrees that this Award shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. The Participant consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The Participant agrees that any and all initial judicial actions related to this Award shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, or the Georgia State-wide Business Court, regardless of the place of Participant's residence or work location at the time of such action.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has executed this Agreement by his or her electronic acceptance

hereof, in acceptance of the above-mentioned Award, subject to the terms of the Plan and of this Agreement, all as of the day and year first above written.

By: **NORFOLK SOUTHERN CORPORATION**

Continued on next page

**<Year> Non-Compete Agreement
Associated With Award Agreement Under
The Norfolk Southern Corporation Long-Term Incentive Plan**

THIS AGREEMENT (the "Agreement") is executed by and between /\$ParticipantName\$/ ("Employee") and Norfolk Southern Corporation ("NS" or "Corporation"). Employee has received this Agreement in conjunction with an award agreement under the Norfolk Southern Corporation Long-Term Incentive Plan ("LTIP" or "Plan"). The term NS or Corporation includes NS' subsidiaries and affiliated companies including, but not limited to, Norfolk Southern Railway Corporation and its rail subsidiaries.

WHEREAS, Employee is a participant in the LTIP and is eligible to receive an award under such Plan, subject to certain terms and conditions of that Plan; and

WHEREAS, execution of this Agreement is a condition precedent to Employee's receipt of an award under the LTIP; and

WHEREAS, Employee acknowledges that he or she has been afforded at least 14 days to review the Agreement, and that he or she has been advised to consult with an attorney before signing this Agreement; and

WHEREAS, Employee is willing to enter into this Agreement and deliver same to NS to satisfy that condition in order to receive an award under the LTIP.

NOW THEREFORE the parties hereto do hereby covenant and agree as follows:

1. NS agrees that, upon Employee executing this Agreement, Employee will be provided an award under the LTIP on the terms and conditions set forth in an Award Agreement and will continue to receive confidential NS business and operational information as required by the duties of his or her position.

2. Employee agrees that the LTIP award is consideration for entering into this Agreement and that in consideration of the award Employee will abide by the covenants and obligations contained in this Agreement.

3. Employee agrees that (i) during the term of his or her employment, and (ii) for a period of one (1) year thereafter (irrespective of the reason for such separation, whether voluntary or involuntary) (the "Restricted Period"), Employee will not, within the Territory, on his or her own behalf or in the service of or on behalf of others, work for or provide services to any Competitor of the Corporation wherein Employee would be performing or providing the same or similar services that Employee provided or performed on behalf of the Corporation. The term "Competitor" means any North American Class I rail carrier (including, without limitation, a holding or other company that controls or operates, or is controlled by or under common control with, any North American Class I rail carrier). The term "Territory" means every state in which NS provided rail services during the last two years of Employee's employment with NS.

4. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, recruit, entice, or persuade any current employee of the Corporation located within the Territory, and with whom Employee had contact, to leave the employment of the Corporation in order to work for or provide services for any company other than the Corporation.

5. Unless done on behalf of NS, during the Restricted Period, Employee shall not solicit, contact, attempt to divert, or appropriate any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account. The phrase "providing the same or similar services as provided by the Corporation" means being in the same or closely related line of business as the Corporation for or on behalf of a competitor of the Corporation. "Material Contact" means contact between Employee and a customer or account: (1) with whom or which Employee dealt on behalf of the Corporation; (2) whose dealings with the Corporation were coordinated or supervised by Employee; (3) about whom Employee obtained "confidential or proprietary information" in the ordinary course of business as a result of Employee's association with the Corporation; or (4) who receives products or services authorized by the Corporation, the sale or provision of which results or resulted in

compensation, commissions, or earnings for the Corporation within two (2) years prior to the date of Employee's termination.

6. Unless done on behalf of NS, during the Restricted Period, and within the Territory, Employee shall not provide services to any customer or account of the Corporation with which Employee had Material Contact, for the purpose of "providing the same or similar services as provided by the Corporation" to that customer or account.

Nothing contained in the above paragraphs will operate or be construed to restrict a lawyer in the practice of law in contravention of Rule 5.6 of the Georgia Rules of Professional Conduct or a similar professional conduct rule applicable to a lawyer who is an active member of any other state bar.

7. Employee covenants and agrees that any confidential or proprietary information acquired by him or her during his or her employment with the Corporation (including information of or concerning a customer of the Corporation) is the exclusive property of the Corporation, and Employee acknowledges that he or she has no ownership interest or right of any kind to said property. Except as otherwise required by law, Employee agrees that during his or her employment with the Corporation and after the termination of that employment, and irrespective of the reason for such separation, whether voluntary or involuntary, he or she will not, either directly or indirectly, use, access, disclose, or divulge to any unauthorized party, for his or her own benefit or to the detriment of the Corporation, any confidential or proprietary information of the Corporation which he or she may have acquired or been provided during his or her employment with the Corporation, whether or not developed or compiled by the Employee, and whether or not Employee was authorized to have access to such information. Nothing herein shall affect Employee's obligations as set forth in the award agreement between Employee and the Corporation.

For the purposes of the above, the term "confidential or proprietary information" includes, without limitation, the identity of or other facts relating to the Corporation, its customers and accounts, its marketing strategies, financial data, trade secrets, other intellectual property, or any other information acquired by the Employee as a result of his or her employment with the Corporation such that if such information were disclosed, such disclosure could act to the prejudice of the Corporation. The term "confidential or proprietary information" does not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right of the Corporation. The term "unauthorized party" means any firm, entity (including governmental entities), or person (whether outsiders or employees of the Corporation), who is not specifically authorized by the Corporation to receive such confidential or proprietary information.

Employee agrees that if he or she believes that he or she is required by law or otherwise to reveal any confidential or proprietary information of the Corporation, he or she or his or her attorney, except as otherwise prohibited by law, will promptly contact NS's Law Department prior to disclosing such information in order that the Corporation can take appropriate steps to safeguard the disclosure of such confidential and proprietary information.

Nothing in this paragraph or Agreement should be construed, either expressly or by implication, as limiting the maximum protections which may be available to the Corporation under appropriate state and federal common law or statute concerning the obligations and duties of the Employee to protect the Corporation's property and/or confidential and proprietary information, including, but not limited to, under the federal Uniform Trade Secrets Act, the Defend Trade Secrets Act, the Virginia Uniform Trade Secrets Acts, or the Georgia Trade Secrets Act. Employee also acknowledges his or her duty to refrain from any action which would harm or have the potential to harm the Corporation, or the Corporation's customers, including, but not limited to, breaching the fiduciary duties Employee owes the Corporation, both during the Employee's employment and after the termination of that employment.

Employee understands that nothing in this Agreement (1) prohibits or impedes Employee from reporting possible violations of federal law or regulation to any governmental agency or entity (including but not limited to the Department of Justice, the Securities and Exchange Commission (SEC), the Congress, and any agency Inspector General), from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from receiving a monetary award from the SEC related to participation in an SEC investigation or proceeding, or (2) requires Employee to obtain prior authorization of the Corporation to make any such reports or disclosures or to notify the Corporation of such reports or disclosures.

Pursuant to 18 USC § 1833(b), an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

8. If Employee breaches any portion of this Agreement, Employee agrees that: (a) the Corporation would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Corporation; and (c) if the Corporation seeks injunctive relief to enforce this Agreement, Employee shall waive and shall not (i) assert any defense that the Corporation has an adequate remedy at law with respect to the breach, (ii) require that the Corporation submit proof of the economic value of any confidential or proprietary information, or (iii) require the Corporation to post a bond or any other security. Accordingly, in the event of a breach or a threatened breach by Employee of this Agreement, the Corporation shall be entitled to an injunction in a court of law restraining Employee from such breach or threatened breach, as well as recovery of its costs and reasonable attorneys' fees. Nothing herein shall be construed as prohibiting the Corporation from pursuing any other remedies available to it for such breach or threatened breach including the recovery of damages from Employee.

9. The parties agree that this Agreement shall be governed by and interpreted in accordance with the laws of the State of Georgia without regard to Georgia's choice of law rules. Employee consents to the personal jurisdiction of the federal and/or state courts serving the State of Georgia and waives any defenses of forum non conveniens. The parties agree that any and all judicial actions instituted under this Agreement or relating to its enforceability shall only be brought in the United States District Court for the Northern District of Georgia, Atlanta Division, the Georgia State-wide Business Court or Fulton County Superior Court, regardless of the place of Employee's residence or work location at the time of such action.

10. Each provision and sub-provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or sub-provision of this Agreement shall be adjudged to be invalid under applicable law, the remainder of the Agreement is severable and shall continue in full force and effect. Should a court of competent jurisdiction declare any of the provisions of this Agreement invalid or unenforceable, the parties acknowledge and agree that the court may revise or reconstruct such invalid or unenforceable provisions to better effectuate the parties' intent to reasonably restrict the activity of the Employee to the greatest extent afforded by law and needed to protect the business interests of the Corporation.

11. Employee understands and agrees that nothing in this Agreement creates a contract of employment for any specific duration. The obligations contained in this Agreement shall survive the termination of the Employee's employment with the Corporation, however caused, and irrespective of the existence of any claim or cause of action by the Employee against the Corporation.

12. This Agreement is effective as of the date of the Employee's electronic acceptance of both this Agreement and the corresponding Award Agreement(s) under LTIP. The terms of this Agreement (and all associated remedial provisions of this Agreement) shall continue until cancelled by a subsequent written agreement between the parties.

Execution Version

Consent and First Omnibus Amendment Agreement

THIS CONSENT AND FIRST OMNIBUS AMENDMENT AGREEMENT, dated as of May 14, 2021 (this “*Amendment*”), is by and among NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia corporation, as Lessee and as Construction Agent (together with its permitted successors and assigns, in its capacity as Lessee or as Construction Agent, “*Lessee*”); NORFOLK SOUTHERN CORPORATION, a Virginia corporation, as Guarantor (“*Guarantor*”); BA LEASING BSC, LLC, a Delaware limited liability company, as Lessor (“*Lessor*”); BANK OF AMERICA, N.A., not in its individual capacity, except as expressly stated herein, but solely as Administrative Agent (“*Administrative Agent*”) and the persons listed on the signature pages hereto as Rent Assignees (each, a “*Rent Assignee*”, and collectively, the “*Rent Assignees*”).

WHEREAS, Lessee, Lessor, Administrative Agent and the persons listed on Schedule II thereto are parties to that certain Participation Agreement, dated as of March 1, 2019 (as amended, modified and/or otherwise supplemented from time to time, the “*Participation Agreement*”);

WHEREAS, Lessee and Lessor are party to that certain Construction Agency Agreement, dated as of March 1, 2019 (as amended, modified and/or otherwise supplemented from time to time, the “*Construction Agency Agreement*”);

WHEREAS, Guarantor is party to that certain Guaranty, dated as of March 1, 2019 (as amended, modified and/or otherwise supplemented from time to time, the “*Guaranty*”), in favor of the Beneficiaries (as defined therein);

WHEREAS, Lessee, in its capacity as Construction Agent (as defined in the Participation Agreement), and Holder Construction Group, LLC (“*Core and Shell GC*”) are party to that certain Construction Agreement, dated as of March 1, 2019 (as amended, modified and/or otherwise supplemented from time to time, the “*Core and Shell Construction Agreement*”), which provides for the construction of the core and shell of the Facility (as defined in the Participation Agreement);

WHEREAS, Lessee, in its capacity as Construction Agent, has informed Lessor that differential settlement has occurred at the Site, and as such, settlement remediation will be required at the Site (collectively, the “*Settlement Remediation*”);

WHEREAS, Lessee, in its capacity as Construction Agent, has informed Lessor that the Settlement Remediation, together with other Change Orders that may be submitted by Construction Agent under the Core and Shell Construction Agreement, will cause the guaranteed maximum price (the “*GMP*”) under the Core and Shell Construction Contract to be increased from time to time;

WHEREAS, Lessee, in its capacity as Construction Agent, has informed Lessor that certain Savings in connection with the “Tech, FF&E, Other” line item in the Project Budget have been reallocated to the “Hard Development Cost” and “Escalation and Contingency” line item in the

Project Budget, and Lessee has requested that the Project Budget be updated to reflect, among other adjustments, such reallocations;

WHEREAS, Lessor, Administrative Agent and the other Required Participants party hereto are willing to (i) consent to the increases of the GMP under the Core and Shell Construction Agreement, (ii) consent to the amendment of the Project Budget and (iii) amend certain terms set forth in the Construction Agency Agreement and Participation Agreement, in each case, on the terms and conditions set forth in this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed by and among the parties hereto as follows:

Section 1. Definitions; Incorporation of Recitals. Each capitalized term used but not otherwise defined herein has the meaning assigned to it in Appendix 1 to the Participation Agreement. Any reference herein to any Operative Document or to any other defined term shall mean and be a reference to such Operative Document or defined term as set forth in the Participation Agreement and such Operative Document. Each reference in this Amendment to the Operative Documents, or to any individual Operative Document, shall mean the Operative Documents or such individual Operative Document as amended or otherwise modified by this Amendment. All of the Recitals to this Amendment, including the terms defined therein, are hereby made a part of the agreements contained herein as if fully set forth herein. This Amendment shall be an Operative Document.

Section 2. Amendments to the Operative Documents. From and after the date of this Amendment, but subject to the satisfaction of the conditions set forth in Section 5, each of Lessee, Guarantor, Lessor, the Rent Assignees and the Administrative Agent hereby agree that the Construction Agency Agreement and Participation Agreement shall be amended as follows:

(a) Section 3.1 of the Construction Agency Agreement is hereby amended by deleting clause (c) in its entirety and substituting the following therefor:

(c) Notwithstanding anything contained herein or in the other Operative Documents to the contrary, Construction Agent shall not (i) except as set forth in (a) or (b) above, amend, modify or waive any Major Project Agreement or increase any amounts payable by the owner or Lessor thereunder or extend the completion date thereunder or

(ii) terminate any Major Project Agreement, exercise any material remedies thereunder, extend the completion date thereunder beyond the Outside Completion Date, or increase the guaranteed maximum price thereunder, in each case without the prior written consent of Lessor and the Administrative Agent. Notwithstanding the forgoing in this clause (c), Construction Agent shall be permitted, without the consent of Lessor or the Administrative Agent, to increase the guaranteed maximum price under the Core and Shell Construction Agreement, from time to time, up to a maximum amount of \$321,119,411.

(b) Article XVI of the Participation Agreement is hereby amended by adding the following new Section 16.10 at the end thereof:

Section 16.10. Recovery of Erroneous Payments. Without limitation of any other provision in this Agreement, if at any time the Administrative Agent makes a payment hereunder in error to any Participant, whether or not in respect of an Obligation due and owing by the Lessee at such time, where such payment is a Rescindable Amount, then in any such event, each Participant receiving a Rescindable Amount severally agrees to repay to the Administrative Agent forthwith on demand the Rescindable Amount received by such Participant in immediately available funds in the currency so received, with interest thereon, for each day from and including the date such Rescindable Amount is received by it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. Each Participant irrevocably waives any and all defenses, including any “discharge for value” (under which a creditor might otherwise claim a right to retain funds mistakenly paid by a third party in respect of a debt owed by another) or similar defense to its obligation to return any Rescindable Amount. The Administrative Agent shall inform each Participant promptly upon determining that any payment made to such Participant comprised, in whole or in part, a Rescindable Amount. A notice of the Administrative Agent to any Participant with respect to any amount owing under this Section 16.10 shall be conclusive, absent manifest error. As used herein, “Rescindable Amount” means any payment that the Administrative Agent makes for the account of the Participants hereunder as to which the Administrative Agent determines (which determination shall be conclusive absent manifest error) that any of the following applies: (1) the Lessee has not in fact made such payment; (2) the Administrative Agent has made a payment in excess of the amount so paid by the Lessee (whether or not then owed); or (3) the Administrative agent has for any reason otherwise erroneously made such payment.

(c) Schedule 3.1(d) to the Participation Agreement is hereby deleted in its entirety and replaced with the Schedule 3.1(d) attached hereto as Annex A.

Section 3. Consent. From and after the date of this Amendment, but subject to the satisfaction of the conditions set forth in Section 5, each of Lessor, Administrative Agent and the other Required Participants hereby consent to an increase to the GMP under the Core and Shell Construction Agreement up to \$321,119,411, to include, among other things, (a) the Settlement Remediation within the scope of the work provided under the Core and Shell Construction Agreement and (b) such other Change Orders Construction Agent may submit under the Core and Shell Construction Agreement from time to time.

Section 4. Representations.

(a) Lessee by its execution of this Amendment hereby represents and warrants that, as of the date hereof and as of the effectiveness of this Amendment:

(i) each of the representations and warranties of Lessee in Section 8.2 of the Participation Agreement (other than Section 8.2(d)) and in each of the other Operative Documents are true and correct in all material respects, except to the extent such representations or warranties relate solely to an earlier date, in which case such representations and warranties are true and correct in all material respects on and as of such earlier date;

(ii) there has been no Default, Event of Default, Force Majeure Event, Event of Loss or Material Environmental Violation; and

(iii) (A) the remaining Commitment is sufficient to complete Construction of the Improvements in accordance with the Project Documents, all Applicable Laws, Governmental Actions, and Insurance Requirements, (B) the Project Budget is In Balance, and (C) Completion is capable of occurring on or before the Outside Completion Date.

(b) Guarantor by its execution of this Amendment hereby represents and warrants that, as of the date hereof and as of the effectiveness of this Amendment, each of the representations and warranties set forth in Section 7 of the Guaranty (other than Section 7(d)(ii) and Section 7(e)) are true and correct in all material respects as of the date hereof, except to the extent such representations and warranties relate solely to an earlier date, in which case such representations and warranties are true and correct in all material respects as of such earlier date.

Section 5. Closing Conditions. The effectiveness of this Amendment is conditioned upon the satisfaction or waiver of all of the conditions precedent set forth in this Section 5:

(a) Administrative Agent shall have received executed counterparts of this Amendment from Lessee, Guarantor, Lessor and the Required Participants;

(b) No event shall exist that constitutes a Default, an Event of Default, Force Majeure Event, an Event of Loss or Material Environmental Violation;

(c) Lessee's representations set forth in Section 4(a) shall be true and correct on and as of the date hereof;

(d) Guarantor's representations set forth in Section 4(b) shall be true and correct on and as of the date hereof; and

(e) All proceedings taken in connection with the transactions contemplated by this Amendment and all documents necessary to the consummation thereof or which are addressed to the Lessor shall be in form and substance reasonably satisfactory to the

Lessor and its counsel, and all legal matters in connection with the transaction contemplated hereby shall be reasonably satisfactory to counsel for the Lessor.

Section 6. Guarantor Reaffirmation. Guarantor, by its execution of this Amendment, hereby reaffirms its obligations under the Guaranty and waives any defense which might arise due to the execution and delivery of this Amendment and the performance of the terms hereof.

Section 7. Further Assurances. Each of the parties hereto hereby agrees to execute any and all further documents, agreements and instruments and take all further action that may be reasonably requested or be required by law or otherwise, necessary to give effect to this Amendment.

Section 8. Miscellaneous.

(a) Lessee hereby agrees to include all reasonable costs and expenses, including reasonable and documented attorneys' fees, incurred by Lessor in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents, instruments and agreements in connection therewith in the next Advance Request submitted by Lessee following receipt of a satisfactory statement of such costs and expenses.

(b) This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York including Section 5-1401 of the New York General Obligations Law and all matters of construction, validity and performance without regard, however to other principles of conflicts law.

(c) This Amendment and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Amendment (each a "*Communication*"), including Communications required to be in writing, may be in the form of an Electronic Record and may be executed using Electronic Signatures. Each of the parties hereto agrees that any Electronic Signature on or associated with any Communication shall be valid and binding on such Person to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature will constitute the legal, valid and binding obligation of such Person enforceable against such Person in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent, Lessor and each of the Rent Assignees of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format for transmission, delivery and/or retention. The Administrative Agent, Lessor and each of the Rent Assignees may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("*Electronic Copy*"), which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal

effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided, without limiting the foregoing, (a) to the extent the Administrative Agent has agreed to accept such Electronic Signature, the Administrative Agent, Lessor and each of the Rent Assignees shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of Lessee without further verification and (b) upon the request of the Administrative Agent, Lessor or any Rent Assignee, any Electronic Signature shall be promptly followed by such manually executed counterpart. For purposes hereof, “*Electronic Record*” and “*Electronic Signature*” shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

(d) Sections 15.12 (Submission to Jurisdiction) and 15.13 (Waiver of Jury Trial) of the Participation Agreement are hereby incorporated herein as if set forth herein.

(e) This Amendment shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns.

(f) Section headings in this Amendment are included for convenience of reference only and are not part of this agreement for any other purpose.

(g) Each Participant, by its execution of this Amendment, hereby consents and agrees to the matters set forth herein, requests and directs Administrative Agent to execute, deliver and perform this Amendment and any other documents, agreements and instruments and take all further action that may be reasonably requested or be required by law or otherwise, necessary to give effect to this Amendment and to take any and all actions as may be necessary or convenient to effect the transactions contemplated hereby and/or thereby.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

NORFOLK SOUTHERN RAILWAY COMPANY, as
Lessee and as Construction Agent

By: /s/ Kathleen C. Smith

Name: Kathleen C. Smith
Title: Vice President Business Development & Real Estate

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

NORFOLK SOUTHERN CORPORATION, as Guarantor

By: /s/ Kathleen C. Smith

Name: Kathleen C. Smith

Title: Vice President Business Development & Real Estate

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

BANK OF AMERICA, N.A., not in its individual capacity, but solely as
Administrative Agent

By: /s/ Denise Jones
Name: Denise Jones
Title: Vice President

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

BA LEASING BSC, LLC, as Lessor and as Rent Assignee

By: /s/ Denise C. Simpson

Name: Denise C. Simpson

Title: Vice President

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

CAPITAL ONE, NATIONAL ASSOCIATION, as Rent
Assignee

By: /s/ Scott James Lorimer

Name: Scott James Lorimer

Title: Managing Director

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

PNC EQUIPMENT FINANCE, LLC, as Rent Assignee

By: /s/ Barbara Yerdon Booth

Name: Barbara Yerson Booth

Title: Vice President

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

SMBC LEASING AND FINANCE, INC., as Rent Assignee

By: /s/ Stephen R. Perry
Name: Stephen R. Perry
Title: President

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

U.S. BANK NATIONAL ASSOCIATION, as Rent
Assignee

By: /s/ Peter I. Bystol

Name: Peter I Bystol

Title: Senior Vice President

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

WELLS FARGO BANK, N.A., as Rent Assignee

By: /s/ Kevin Valenta
Name: Kevin Valenta
Title: Director

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

[Signature Page to Consent and First Omnibus Amendment Agreement (Norfolk Southern)]

Execution Version

Consent and Second Omnibus Amendment Agreement

THIS CONSENT AND SECOND OMNIBUS AMENDMENT AGREEMENT, dated as of September 10, 2021 (this “*Amendment*”), is by and among NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia corporation, as Lessee and as Construction Agent (together with its permitted successors and assigns, in its capacity as Lessee or as Construction Agent, “*Lessee*”); NORFOLK SOUTHERN CORPORATION, a Virginia corporation, as Guarantor (“*Guarantor*”); BA LEASING BSC, LLC, a Delaware limited liability company, as Lessor (“*Lessor*”); BANK OF AMERICA, N.A., not in its individual capacity, except as expressly stated herein, but solely as Administrative Agent (“*Administrative Agent*”) and the persons listed on the signature pages hereto as Rent Assignees (each, a “*Rent Assignee*”, and collectively, the “*Rent Assignees*”).

WHEREAS, Lessee, Lessor, Administrative Agent and Rent Assignees are parties to that certain Participation Agreement, dated as of March 1, 2019 (as amended, modified and/or otherwise supplemented from time to time, the “*Participation Agreement*”);

WHEREAS, Lessee and Lessor are party to that certain Construction Agency Agreement, dated as of March 1, 2019 (as amended, modified and/or otherwise supplemented from time to time, the “*Construction Agency Agreement*”);

WHEREAS, Guarantor is party to that certain Guaranty, dated as of March 1, 2019 (as amended, modified and/or otherwise supplemented from time to time, the “*Guaranty*”), in favor of the Beneficiaries (as defined therein);

WHEREAS, Lessee, in its capacity as Construction Agent (as defined in the Participation Agreement), and HITT Contracting, Inc., a Virginia corporation (the “*Interior GC*”) are party to that certain Construction Agreement, dated as of July 13, 2020 (as amended by that certain Lump Sum Amendment dated as of October 20, 2020, and as may be further amended, modified and/or otherwise supplemented from time to time, the “*Interior Construction Agreement*”), which provides for the construction of the interior improvements of the Facility (as defined in the Participation Agreement);

WHEREAS, Lessee, in its capacity as Construction Agent, has previously informed Lessor that differential settlement occurred at the Site, and as such, settlement remediation has been and will be required at the Site (collectively, the “*Settlement Remediation*”);

WHEREAS, Lessee, in its capacity as Construction Agent, has informed Lessor that the Settlement Remediation, together with other Change Orders that may be submitted by Construction Agent under the Interior Construction Agreement, will cause the lump sum contract price (the “*Lump Sum Contract Price*”) under the Interior Construction Agreement to be increased from time to time;

WHEREAS, Lessee, in its capacity as Construction Agent, has informed Lessor that certain Savings have been reallocated in the Project Budget, and Lessee has requested that the Project Budget be updated to reflect, among other adjustments, such reallocations; and

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WHEREAS, Lessee has requested that Lessor, the Rent Assignees and the Administrative Agent amend certain terms set forth in the Participation Agreement and Construction Agency Agreement, and Lessor, the Rent Assignees and the Administrative Agent are willing to (i) amend such terms set forth in the Participation Agreement and Construction Agency Agreement, (ii) consent to the increases of the Lump Sum Contract Price under the Interior Construction Agreement and (iii) consent to the amendment of the Project Budget, in each case, on the terms and conditions set forth in this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed by and among the parties hereto as follows:

Section 1. Definitions; Incorporation of Recitals. Each capitalized term used but not otherwise defined herein has the meaning assigned to it in Appendix 1 to the Participation Agreement. Any reference herein to any Operative Document or to any other defined term shall mean and be a reference to such Operative Document or defined term as set forth in the Participation Agreement and such Operative Document. Each reference in this Amendment to the Operative Documents, or to any individual Operative Document, shall mean the Operative Documents or such individual Operative Document as amended or otherwise modified by this Amendment. All of the Recitals to this Amendment, including the terms defined therein, are hereby made a part of the agreements contained herein as if fully set forth herein. This Amendment shall be an Operative Document.

Section 2. Amendments to the Operative Documents. From and after the date of this Amendment, but subject to the satisfaction of the conditions set forth in Section 6, each of Lessee, Guarantor, Lessor, the Rent Assignees and the Administrative Agent hereby agree that the Participation Agreement and the Construction Agency Agreement shall be amended as follows:

(a) Section 3.4(b) of the Participation Agreement is hereby amended by deleting the reference to “a Nonrelated Project Event or”.

(b) The Participation Agreement is hereby amended by deleting Section 4.3(a) in its entirety and substituting the following therefor:

(a) Lessor hereby directs Lessee to pay to the Administrative Agent, pursuant to the terms of the Lease, the Rent from time to time payable. Notwithstanding anything to the contrary herein or in any other Operative Document, except as provided for in the proviso at the end of this sentence and excluding amounts payable by other Persons which Lessee is required to pay over to Lessor, the Administrative Agent or any Participant (i) Yield, Fees and Contingent Rent due and fees payable prior to the Base Term Commencement Date and (ii) any other Supplemental Rent payable prior to the Base Term Commencement Date shall be payable solely from Advances pursuant to the terms and conditions of Section 3.1 to the extent of the Available Commitments; *provided, however*, that all payments or other amounts (i) required to be made by Lessee prior to the Base Term Commencement Date pursuant to Article XIII or (ii) payable by Construction

Agent pursuant to Section 3.4 or Article V of the Construction Agency Agreement, shall be the direct recourse obligations of Lessee and shall not be payable with Advances. To assist the Lessee in paying Basic Rent, the Administrative Agent will provide the Lessee at least six (6) Business Days prior to the Payment Date with a calculation of Basic Rent for any period, including sufficient detail about calculation of items (such as rates) used in such calculations for Lessee to confirm that such calculations are correct.

(c) Section 5.3(b)(ii) of the Participation Agreement is hereby amended by deleting the reference to “or Recourse Amount”.

(d) Section 5.3(f) of the Participation Agreement is hereby amended by deleting the reference to “Recourse Amount or”.

(e) The Participation Agreement is hereby amended by deleting Section 13.1(b) in its entirety and substituting the following therefor:

(b) *Exclusions from Indemnities.* Notwithstanding the foregoing provisions of this Article XIII, Lessee shall not be obligated to indemnify a General Indemnatee under Section 13.1 and Lessor shall not be required to indemnify a Participant Indemnatee under Section 13.1(a)(i)(B) for any Claim to the extent that such Claim is attributable to: (i) the gross negligence or willful misconduct of such Indemnatee; (ii) the breach by such Indemnatee of its representations and warranties in Section 8.1 or 8.4, as the case may be, or the breach by such Indemnatee of its covenants as set forth in this Participation Agreement or in any other Operative Document to which such Indemnatee is a party; (iii) any Claim resulting from the imposition of any Lessor Lien which such Indemnatee is responsible for discharging under the Operative Documents; (iv) [Intentionally omitted]; (v) any Claim for the recovery of Project Costs to the extent such Claim arises solely as a result of any Event of Default prior to the Base Term Commencement Date, the recovery of such Project Costs to be governed by Article V of the Construction Agency Agreement; *provided, however*, that nothing in the foregoing clauses (i) through (iii) shall be deemed to exclude or limit any (x) Claim that Lessor or any Participant Indemnatee may have under any Operative Document or Applicable Laws for damages from Lessee or Guarantor for breach by Lessee or Guarantor of its representations or warranties made or deemed made by it in any Operative Document or (y) any remedy under or right to damages pursuant to Article XVI of the Lease or Article V of the Construction Agency Agreement. Additionally, this Section 13.1 shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax Claim.

(f) Section 13.7 of the Participation Agreement is hereby amended by deleting the last paragraph in its entirety and substituting the following therefor:

Notwithstanding the foregoing provisions of this Section 13.7, Lessee shall not be obligated to indemnify an Indemnitee under this Section 13.7 for any Claim (i) to the extent that such Claim is attributable to the gross negligence or willful misconduct of such Indemnitee or (ii) to the extent attributable to acts occurring after the expiration or earlier termination of the Term.

(g) The Participation Agreement is hereby amended by deleting Section 15.2 in its entirety and substituting the following therefor:

Except for Lessee's and Guarantor's dealing with Banc of America Leasing & Capital, LLC, as the Arranger, each of the parties hereto represents to the others that it has not retained or employed the Arranger, or any broker, finder or financial advisor to act on its behalf in connection with this Participation Agreement, nor has it authorized the Arranger, or any broker, finder or financial adviser retained or employed by any other Person so to act, nor has it incurred any fees or commissions to which Lessor, the Administrative Agent or any Participant might be subjected by virtue of their entering into the Overall Transaction. Any party who is in breach of this representation shall indemnify and hold the other parties harmless from and against any liability arising out of such breach of this representation; *provided* however that prior to the Base Term Commencement Date (a) any indemnity by Lessee shall be for the benefit of Lessor only and in all cases shall include all claims for which Lessor has an obligation to indemnify any Person (including, but not limited to any Person to which Lessor sold participating interests in its rights and obligations under this Participation Agreement or the other Operative Documents pursuant to Section 12.2) or for which Lessor otherwise had liability under clause (b); and (b) Lessor shall in turn indemnify the other parties hereto for such liability but only to the extent Lessor was indemnified by Lessee for such liability pursuant to clause (a) above.

(h) Section 15.5(d) of the Participation Agreement is hereby amended by deleting each reference to "Recourse Amount,".

(i) Appendix 1 to the Participation Agreement is hereby amended by deleting the definitions of "Construction Agent Related Event", "Full Recourse Event", "Nonrelated Project Event" and "Recourse Amount" in their entirety and without replacement.

(j) The definition of "Impositions" in Appendix 1 to the Participation Agreement is hereby amended by deleting clause (xi) from the exclusions to Impositions (i.e. "Taxes or impositions which are imposed prior to the Base Term Commencement Date and arise solely as a result of a Nonrelated Project Event") in its entirety and substituting the following therefor: "(xi) *[intentionally omitted]*;".

(k) A new Section 2.10 is hereby inserted into the Construction Agency Agreement immediately following Section 2.09 thereof as follows:

Section 2.10. Revocable License. Lessor hereby grants to Construction Agent a revocable license to occupy and use each floor of the Facility for which a temporary or permanent certificate of occupancy has been issued by the appropriate Governmental Authority prior to Substantial Completion from and after the date each such certificate of occupancy is issued (the “*Occupancy License*”). The Occupancy License shall terminate upon the earlier to occur of the

(a) Base Term Commencement Date and (b) the termination of this Agreement as set forth in Section 2.3 hereof.

(l) The Construction Agency Agreement is hereby amended by deleting Section 3.2(c) in its entirety.

(m) The Construction Agency Agreement is hereby amended by deleting Section 3.4 in its entirety and substituting the following therefor:

Section 3.4. Termination Upon Certain Events. (a) If an Event of Loss or Material Environmental Violation which, in Lessor’s opinion, will cause Substantial Completion to occur after the Outside Completion Date or for an amount in excess of the Aggregate Commitment Amount, in each case, occurs prior to the Base Term Commencement Date and Lessor has not required Construction Agent to complete Construction pursuant to Section 3.2(a) or Section 3.2(b), then Lessor may elect to terminate Construction Agent’s rights under this Agreement and the Lease by giving written notice (a “*Termination Notice*”) to Construction Agent that, as a consequence of such Event of Loss or Material Environmental Violation, Construction Agent’s rights under this Agreement and the Lease are to be terminated and Construction Agent shall be obligated to pay to Lessor the Lease Balance on or prior to the next occurring Payment Date that is at least ten (10) Business Days after Construction Agent’s receipt of such Termination Notice from Lessor (but no later than thirty (30) days from the date of Construction Agent’s receipt of the applicable Termination Notice); *provided, however*, that if Construction Agent fails to pay the Lease Balance as and when due, then a Construction Agency Agreement Event of Default shall be deemed to have occurred, and Lessor shall be entitled to exercise its remedies at Section 5.3.

(b) On the date of, and concurrent with, the payment by Construction Agent of the Lease Balance in accordance with Section 3.4(a), Lessor and Construction Agent shall comply with the provisions of Section 15.2 of the Lease (including Sections 21.1(i) through (iii) of the Lease), the Leased Property shall be conveyed to Construction Agent as provided in such Sections and all net proceeds shall be conveyed to Construction Agent as provided in Section 15.2(ii) of the Lease.

(n) Section 5.1 of the Construction Agency Agreement is hereby amended by deleting the reference to “, subject to Section 5.4,” in the last paragraph.

(o) The Construction Agency Agreement is hereby amended by deleting Section 5.3 in its entirety and substituting the following therefor:

Section 5.3. Remedies Cumulative; Waivers. During the continuance of a Construction Agency Agreement Event of Default, at Lessor's option and without limiting Lessor in the exercise of any other right or remedy Lessor may have on account of such default (including, without limitation, any remedies under any other Operative Document), and without any further demand or notice, Lessor may cause the following to occur:

(a) Without limiting any other remedies set forth in this Agreement or in any of the other Operative Documents, Lessor and Construction Agent agree that during the continuance of a Construction Agency Agreement Event of Default, Lessor shall have all the rights and may pursue any of the remedies provided to it in the Lease, the terms and provisions of which Lease are incorporated herein by this reference. Lessor may foreclose the lien of the Lease or any Security Instrument on the Leased Property and the other Collateral or any portion thereof, in which event Construction Agent shall pay to the Administrative Agent, upon demand, the Lease Balance and all other costs and expenses incurred by Lessor, the Administrative Agent and the Participants (including Breakage Costs and Default Completion Costs), in either case to the extent not previously paid by Construction Agent to the Administrative Agent pursuant to the final paragraph of Section 5.1.

(b) Lessor may continue this Agreement in effect for so long as Lessor shall determine, and Lessor may enforce all of Lessor's rights and remedies under this Agreement and require the continued performance and completion of Construction Agent's obligations with respect to any or all of the Project Agreements and the Site Obligations as herein described, so long as Lessor satisfies its obligations under Section 4.1; and Construction Agent shall be liable to Lessor for all Default Completion Costs with respect to the Facility, which amounts shall be payable by Construction Agent from time to time during the term hereof to such Persons (including Lessor) and in such amounts as Lessor may designate. In addition, if Lessor has not elected to terminate this Agreement as provided herein, if requested by Lessor, Construction Agent shall continue diligently to perform its obligations hereunder, including the Site Obligations, in accordance with this Agreement, so long as Lessor provides the funding provided for in Section 4.1 (without regard to the continuance of the Construction Agency Agreement Event of Default). If Advances, at any time, are no longer available under the Participation Agreement (as determined without regard to the continuance of the Construction Agency Agreement Event of Default), Construction Agent shall pay to Lessor prepaid rent ("*Prepaid Rent*") in amounts necessary to fund all costs to complete the Site Obligations, including all amounts of Capitalized Yield, Capitalized Fees and Capitalized Contingent Rent that accrue or are payable during the period from the continuance of the Construction Agency Agreement Event of Default through the Facility Completion Date, which

amounts shall be payable by Construction Agent from time to time prior to the Facility Completion Date to such Persons (including Lessor), for costs of construction consistent in type as those contemplated by the Project Budget and in such amounts as Lessor may designate and, in the case of Capitalized Yield, Capitalized Fees and Capitalized Contingent Rent, in accordance with the terms of the Operative Documents (absent manifest error).

(c) Lessor may terminate this Agreement at any time, notwithstanding a prior election under Section 5.3(b), and cause Substantial Completion to occur (including the performance of all of Lessor's rights and obligations under the Project Agreements which would otherwise be performed by Construction Agent hereunder) directly through Lessor or one or more successor agents and designees and Construction Agent shall be liable to Lessor for all Default Completion Costs.

(d) Lessor (i) may, upon termination of this Agreement terminate, at Construction Agent's sole cost and expense, the Authority Lease or (ii) may exercise any other right or remedy that may be available to it under Applicable Laws or in equity, or proceed by appropriate court action (legal or equitable) to enforce the terms or to recover damages for the breach hereof.

(e) As a matter of right and without notice to Construction Agent or anyone claiming under Construction Agent, and without regard to the then value of the Collateral or the interest of Construction Agent therein, Lessor shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Collateral at Construction Agent's sole cost and expense, and Construction Agent hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Lessor in case of entry as provided in this Agreement and shall continue as such and exercise all such powers until the latest to occur of (i) the date of confirmation of sale of the Collateral; (ii) the disbursement of all proceeds of the Collateral collected by such receiver and the payment of all expenses incurred in connection therewith; or (iii) the termination of such receivership with the consent of Lessor or pursuant to an order by a court of competent jurisdiction.

(f) To the extent permitted by, and subject to the mandatory requirements of, any Governmental Authority, each and every right, power and remedy herein specifically given to Lessor or otherwise in this Agreement shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by Lessor, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. Lessor's consent to any request made by Construction Agent shall not be deemed to

constitute or preclude the necessity for obtaining Lessor's consent, in the future, to all similar requests. No express or implied waiver by Lessor of any Construction Agency Agreement Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Construction Agency Agreement Event of Default. To the extent permitted by any Applicable Laws, Construction Agent hereby waives any rights now or hereafter conferred by statute or otherwise that may require Lessor to sell, lease or otherwise use the Leased Property, the other Collateral or any part or portion of the Leased Property or Collateral in mitigation of damages upon the continuance of a Construction Agency Agreement Event of Default or that may otherwise limit or modify any of Lessor's rights or remedies under this Article V.

(g) No failure to exercise and no delay in exercising, on the part Lessor, any right, remedy, power or privilege under this Agreement or under the other Operative Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided in this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(p) The Construction Agency Agreement is hereby amended by deleting Section 5.4 in its entirety and substituting the following therefor: "*Section 5.4. Intentionally omitted.*".

(q) Section 5.5(a) of the Construction Agency Agreement is hereby amended by deleting each reference to "(subject to Section 5.4 above)".

(r) Schedule 3.1(d) to the Participation Agreement is hereby deleted in its entirety and replaced with the Schedule 3.1(d) attached hereto as Annex A.

Section 3. Consent. From and after the date of this Amendment, but subject to the satisfaction of the conditions set forth in Section 6, each of Lessor, Administrative Agent and each Rent Assignee hereby consent to an increase to the Lump Sum Contract Price under the Interior Construction Agreement up to \$120,495,632, to include, among other things, (a) a modification to the scope of the work provided under the Interior Construction Agreement, as a result of the Settlement Remediation, and (b) such other Change Orders Construction Agent may submit under the Interior Construction Agreement from time to time.

Section 4. Insurance. Lessee, in its capacity as Construction Agent, has advised Lessor that, effective August 26, 2021, the following changes will be made to Lessee's Builder's Risk insurance policy (i) prior claims under the policy will be excluded, (ii) 'below grade pilings' and 'foundations' will be excluded from property covered under the policy and (iii) a water damage sublimit of \$1,000,000 and deductible of \$50,000 will be added to the policy (collectively, the "*Builder's Risk Policy Changes*"). In consideration of the Builder's Risk Policy Changes, and notwithstanding anything to the contrary in the Operative Documents, Lessee has agreed, and shall, from and after August 26, 2021, provide or cause to be provided

the insurance coverages required to be provided under Sections 13.1 and 13.2 of the Lease and deliver to Administrative Agent and Lessor certificates of insurance satisfactory to Administrative Agent and Lessor evidencing the existence of all such insurance in accordance with the terms of Section 13.3 of the Lease.

Provided the Lessee provides or causes to provide (and continues to provide or cause to be provided) the insurance coverages required under Sections 13.1 and 13.2 of the Lease, notwithstanding anything to the contrary in Schedule 2.6(b) to the Construction Agency Agreement, each of the Lessor, Administrative Agent and each Rent Assignee hereby consent to the Builder's Risk Policy Changes; *provided, however*, notwithstanding the foregoing, Lessee shall still be required to maintain or cause to be maintained all required insurance under the Core and Shell Construction Agreement, the Interior Construction Agreement and each other Project Agreement.

Section 5. Representations.

(a) Lessee by its execution of this Amendment hereby represents and warrants that, as of the date hereof and as of the effectiveness of this Amendment:

(i) each of the representations and warranties of Lessee in Section 8.2 of the Participation Agreement (other than Section 8.2(d)) and in each of the other Operative Documents are true and correct in all material respects, except to the extent such representations or warranties relate solely to an earlier date, in which case such representations and warranties are true and correct in all material respects on and as of such earlier date;

(ii) there has been no Default, Event of Default, Force Majeure Event, Event of Loss or Material Environmental Violation; and

(iii) (A) the remaining Commitment is sufficient to complete Construction of the Improvements in accordance with the Project Documents, all Applicable Laws, Governmental Actions, and Insurance Requirements, (B) the Project Budget is In Balance, and (C) Completion is capable of occurring on or before the Outside Completion Date.

(b) Guarantor by its execution of this Amendment hereby represents and warrants that, as of the date hereof and as of the effectiveness of this Amendment, each of the representations and warranties set forth in Section 7 of the Guaranty (other than Section 7(d)(ii) and Section 7(e)) are true and correct in all material respects as of the date hereof, except to the extent such representations and warranties relate solely to an earlier date, in which case such representations and warranties are true and correct in all material respects as of such earlier date.

Section 6. Closing Conditions. The effectiveness of this Amendment is conditioned upon the satisfaction or waiver of all of the conditions precedent set forth in this Section 6:

(a) Administrative Agent shall have received executed counterparts of this Amendment from Lessee, Guarantor, Lessor and each Rent Assignee;

(b) No event shall exist that constitutes a Default, an Event of Default, Force Majeure Event, an Event of Loss or Material Environmental Violation;

(c) Lessee's representations set forth in Section 5(a) shall be true and correct on and as of the date hereof;

(d) Guarantor's representations set forth in Section 5(b) shall be true and correct on and as of the date hereof; and

(e) All proceedings taken in connection with the transactions contemplated by this Amendment and all documents necessary to the consummation thereof or which are addressed to the Lessor shall be in form and substance reasonably satisfactory to the Lessor and its counsel, and all legal matters in connection with the transaction contemplated hereby shall be reasonably satisfactory to counsel for the Lessor.

Section 7. Guarantor Reaffirmation. Guarantor, by its execution of this Amendment, hereby reaffirms its obligations under the Guaranty and waives any defense which might arise due to the execution and delivery of this Amendment and the performance of the terms hereof.

Section 8. Further Assurances. Each of the parties hereto hereby agrees to execute any and all further documents, agreements and instruments and take all further action that may be reasonably requested or be required by law or otherwise, necessary to give effect to this Amendment.

Section 9. Miscellaneous.

(a) Lessee hereby agrees to include all reasonable costs and expenses, including reasonable and documented attorneys' fees, incurred by Lessor in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents, instruments and agreements in connection therewith in the next Advance Request submitted by Lessee following receipt of a satisfactory statement of such costs and expenses.

(b) This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York including Section 5-1401 of the New York General Obligations Law and all matters of construction, validity and performance without regard, however to other principles of conflicts law.

(c) Sections 15.12 (Submission to Jurisdiction) and 15.13 (Waiver of Jury Trial) of the Participation Agreement are hereby incorporated herein as if set forth herein.

(d) This Amendment shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns.

(e) Section headings in this Amendment are included for convenience of reference only and are not part of this agreement for any other purpose.

(f) Each Participant, by its execution of this Amendment, hereby consents and agrees to the matters set forth herein, requests and directs Administrative Agent to execute, deliver and perform this Amendment and any other documents, agreements and instruments and take all further action that may be reasonably requested or be required by law or otherwise, necessary to give effect to this Amendment and to take any and all actions as may be necessary or convenient to effect the transactions contemplated hereby and/or thereby.

(g) From and after the date of this Amendment, but subject to the satisfaction of the conditions set forth in Section 6, (i) each reference to the Participation Agreement or the Construction Agency Agreement in any Operative Document (including in any Exhibit or Schedule attached thereto) shall be deemed to be a reference to the Participation Agreement or the Construction Agency Agreement as amended by this Amendment, and (ii) each reference in the Participation Agreement or the Construction Agency Agreement to “this Agreement,” “hereunder,” “hereof,” “herein,” or words of like import, and each reference in the other Operative Documents to the Participation Agreement or the Construction Agency Agreement (including, without limitation, by means of words like “thereunder,” “thereof” and words of like import), shall mean and be a reference to the Participation Agreement or the Construction Agency Agreement, as amended by this Amendment. Except as expressly amended hereby or specifically consented to above, all of the terms and provisions of the Operative Documents are and shall remain in full force and effect and are hereby ratified and confirmed.

Section 10. Electronic Signatures.

(a) This Amendment, any Operative Document and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Amendment or any Operative Document (each a “*Communication*”), including Communications required to be in writing, may, if agreed by the Lessor and Administrative Agent, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. Each of the parties hereto agrees that any Electronic Signature on or associated with any Communication shall be valid and binding on such Person to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature will constitute the legal, valid and binding obligation of such Person enforceable against such Person in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent, Lessor and each of the Rent Assignees of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format for

transmission, delivery and/or retention. The Administrative Agent, Lessor and each of the Rent Assignees may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record (“*Electronic Copy*”), which shall be deemed created in the ordinary course of such Person’s business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; *provided*, without limiting the foregoing, (a) to the extent the Administrative Agent has agreed to accept such Electronic Signature, the Administrative Agent, Lessor and each of the Rent Assignees shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of Lessee or Guarantor without further verification and regardless of the appearance or form of such Electronic Signature and (b) upon the request of the Administrative Agent, Lessor or any Rent Assignee, any Communication executed using any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, “*Electronic Record*” and “*Electronic Signature*” shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

(b) Neither the Administrative Agent nor Lessor shall be responsible for or have any duty to ascertain or inquire into the sufficiency, validity, enforceability, effectiveness or genuineness of any Operative Document or any other agreement, instrument or document (including, for the avoidance of doubt, in connection with the Administrative Agent’s or Lessor’s reliance on any Electronic Signature transmitted by telecopy, emailed .pdf or any other electronic means). The Administrative Agent and Lessor shall be entitled to rely on, and shall incur no liability under or in respect of this Amendment or any other Operative Document by acting upon, any Communication or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated (whether or not such Person in fact meets the requirements set forth in the Operative Documents for being the maker thereof).

(c) Each of the parties hereto hereby waives (i) any argument, defense or right to contest the legal effect, validity or enforceability of this Amendment and/or any other Operative Document based solely on the lack of paper original copies of this Amendment and/or such other Operative Document, and (ii) any claim against the Administrative Agent, Lessor or and each Rent Assignee for any liabilities arising solely from the Administrative Agent’s, Lessor’s and/or any Rent Assignee’s reliance on or use of Electronic Signatures, including any liabilities arising as a result of the failure of the Lessee or Guarantor to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

(d) Each of the parties hereto represents and warrants to the other parties that it has the corporate capacity and authority to execute this Amendment and any other Communication through electronic means and there are no restrictions on doing so in that party’s constitutive documents.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

NORFOLK SOUTHERN RAILWAY COMPANY, as
Lessee and as Construction Agent

By: /s/ Kathleen C. Smith

Name: Kathleen C. Smith

Title: Vice President Business Development & Real Estate

[Signature Page to Consent and Second Omnibus Amendment Agreement (Norfolk Southern)]

NORFOLK SOUTHERN CORPORATION, as Guarantor

By: /s/ Kathleen C. Smith

Name: Kathleen C. Smith

Title: Vice President Business Development & Real Estate

[Signature Page to Consent and Second Omnibus Amendment Agreement (Norfolk Southern)]

BANK OF AMERICA, N.A., not in its individual capacity, but solely as
Administrative Agent

By: /s/ Teresa Weirath

Name: Teresa Weirath

Title: Vice President

[Signature Page to Consent and Second Omnibus Amendment Agreement (Norfolk Southern)]

BA LEASING BSC, LLC, as Lessor and as Rent Assignee

By: /s/ Denise C. Simpson

Name: Denise C. Simpson

Title: Vice President

[Signature Page to Consent and Second Omnibus Amendment Agreement (Norfolk Southern)]

CAPITAL ONE, NATIONAL ASSOCIATION, as Rent
Assignee

By: /s/ Anuj Dhingra
Name: Anuj Dhingra
Title: Duly Authorized Signatory

[Signature Page to Consent and Second Omnibus Amendment Agreement (Norfolk Southern)]

PNC EQUIPMENT FINANCE, LLC, as Rent Assignee

By: /s/Barbara Yerdon Booth

Name: Barbara Yerdon Booth

Title: Vice President

[Signature Page to Consent and Second Omnibus Amendment Agreement (Norfolk Southern)]

SMBC LEASING AND FINANCE, INC., as Rent
Assignee

By: s/Stephen R. Perry
Name: Stephen R. Perry
Title: President

[Signature Page to Consent and Second Omnibus Amendment Agreement (Norfolk Southern)]

U.S. BANK NATIONAL ASSOCIATION, as Rent
Assignee

By: /s/ Peter I. Bystol
Name: Peter I Bystol
Title: Senior Vice President

[Signature Page to Consent and Second Omnibus Amendment Agreement (Norfolk Southern)]

WELLS FARGO BANK, N.A., as Rent Assignee

By: /s/ Kevin Valenta

Name: Kevin Valenta

Title: Director

[Signature Page to Consent and Second Omnibus Amendment Agreement (Norfolk Southern)]

CONSOLIDATED (MORE THAN 50% OWNED AND CONTROLLED) SUBSIDIARIES
OF NORFOLK SOUTHERN CORPORATION AND STATES OF INCORPORATION
AS OF JANUARY 31, 2023

	<u>STATE OR COUNTRY OF INCORPORATION</u>
General American Insurance Company	Georgia
Norfolk Southern Properties, Inc.	Virginia
Norfolk Southern Railway Company	Virginia
NS Fiber Optics, Inc.	Virginia
T-Cubed of North America, LLC	Delaware
Thoroughbred Technology and Telecommunications, LLC	Virginia
<u>Norfolk Southern Railway Company Subsidiaries</u>	
Airforce Pipeline, Inc.	North Carolina
Alabama Great Southern LLC	Virginia
Alabama Great Southern Railroad Company, The	Alabama
Camp Lejeune Railroad Company	North Carolina
Carolina and Northwestern Railway Company	Delaware
Central of Georgia Railroad Company	Georgia
Chesapeake Western Railway	Virginia
Cincinnati, New Orleans and Texas Pacific Railway Company, The	Ohio
Citico Realty Company	Virginia
CNOTP LLC	Ohio
Georgia Southern and Florida Railway Company	Georgia
GSFR LLC	Georgia
High Point, Randleman, Asheboro and Southern Railroad Company	North Carolina
HPRASR LLC	North Carolina
Interstate Railroad Company	Virginia
Lamberts Point Barge Company, Inc.	Virginia
Mobile and Birmingham Railroad Company	Alabama
Norfolk and Portsmouth Belt Line Railroad Company	Virginia
Norfolk Southern International, Inc.	Virginia
Norfolk Southern - Mexico, LLC	Virginia
NorfolkSouthernMexicana, S. de R.L. de C.V.	Mexico
North Carolina Midland Railroad Company, The	North Carolina
NS Spectrum Corporation	Virginia
Rail Investment Company	Delaware
Reading Company, LLC [Virginia]	Virginia
RIC LLC	Delaware
South Western Rail Road Company, The	Georgia
Southern Rail Terminals, Inc.	Georgia
Southern Rail Terminals of North Carolina, Inc.	North Carolina
Southern Region Materials Supply, Inc.	Georgia
State University Railroad Company	North Carolina
S-VA Corporation	Virginia
TCV, Inc.	Delaware
Thoroughbred Direct Intermodal Services, Inc.	Pennsylvania
Thoroughbred Emissions Research, LLC	Virginia
Thoroughbred Funding, Inc.	Virginia
Thoroughbred Logistics Services, Inc.	Virginia
Transworks Company	Indiana

Norfolk Southern Railway Company Subsidiaries (continued)

Transworks Inc.	Virginia
Transworks of Indiana, Inc.	Indiana
Triple Crown Services Company	Delaware
Virginia and Southwestern Railway Company	Virginia
Wheelersburg Terminal LLC	Virginia
Yadkin Railroad Company	North Carolina
Yadkin Railroad Investment LLC	North Carolina

Norfolk Southern Properties, Inc. Subsidiaries

Alexandria-Southern Properties, Inc.	Virginia
Arrowood-Southern Company	North Carolina
Lambert's Point Docks, Incorporated	Virginia
Nickel Plate Improvement Company, Inc., The	Indiana
NS Transportation Brokerage Corporation	Virginia
Sandusky Dock Corporation	Virginia
Southern Region Industrial Realty, Inc.	Georgia
Virginia Holding Corporation	Virginia
Westlake Land Management, Inc.	Florida

In addition, NS owns direct or indirect equity interest in:

Conrail Inc.
Consolidated Rail Corporation and its consolidated subsidiaries
CRR Holdings LLC
Delaware Otsego Corporation
DOCP Acquisition, LLC
Green Acquisition Corp.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-71321, 333-205880 and 333-207640) on Form S-8 and (No. 333-252723) on Form S-3 of our reports dated February 3, 2023, with respect to the consolidated financial statements and financial statement schedule of valuation and qualifying accounts as listed in Item 15(A)2 of Norfolk Southern Corporation and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP
KPMG LLP

Atlanta, Georgia
February 3, 2023

CERTIFICATIONS

I, Alan H. Shaw, certify that:

1. I have reviewed this Annual Report on Form 10-K of Norfolk Southern Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 3, 2023

/s/ Alan H. Shaw

Alan H. Shaw

President and Chief Executive Officer

CERTIFICATIONS

I, Mark R. George, certify that:

1. I have reviewed this Annual Report on Form 10-K of Norfolk Southern Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 3, 2023

/s/ Mark R. George

Mark R. George

Executive Vice President and Chief Financial Officer

CERTIFICATIONS OF CEO AND CFO REQUIRED BY RULE 13a-14(b) OR RULE
15d-14(b) AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE U.S. CODE

I certify, to the best of my knowledge, that the Annual Report on Form 10-K for the period ended December 31, 2022, of Norfolk Southern Corporation fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Norfolk Southern Corporation.

Signed: /s/ Alan H. Shaw
Alan H. Shaw
President and Chief Executive Officer
Norfolk Southern Corporation

Dated: February 3, 2023

I certify, to the best of my knowledge, that the Annual Report on Form 10-K for the period ended December 31, 2022, of Norfolk Southern Corporation fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Norfolk Southern Corporation.

Signed: /s/ Mark R. George
Mark R. George
Executive Vice President and Chief Financial Officer
Norfolk Southern Corporation

Dated: February 3, 2023