

Reconciliation of Non-GAAP Financial Measures

Information presented by Alan H. Shaw and Marta R. Stewart during NS' second quarter earnings conference call on July 27, 2015 (posted elsewhere on our web site) included non-GAAP financial measures, as defined by SEC Regulation G. Non-GAAP financial measures should be considered in addition to, not as a substitute for, the financial measure reported in accordance with U.S. generally accepted accounting principles (GAAP).

Revenue Per Unit

Second Quarter	2015	2014	Change	% Change
Total revenue per unit	\$ 1,401	\$ 1,534	\$ (133)	-9%
Less: Fuel surcharge revenue per unit	62	180	(118)	-66%
Revenue per unit less fuel surcharge revenue ¹	<u>\$ 1,339</u>	<u>\$ 1,354</u>	<u>\$ (15)</u>	-1%
Coal revenue per unit	\$ 1,644	\$ 1,916	\$ (272)	-14%
Less: Fuel surcharge revenue per unit	44	202	(158)	-78%
Coal revenue per unit less fuel surcharge revenue ¹	<u>\$ 1,600</u>	<u>\$ 1,714</u>	<u>\$ (114)</u>	-7%
Merchandise revenue per unit	\$ 2,459	\$ 2,620	\$ (161)	-6%
Less: Fuel surcharge revenue per unit	30	233	(203)	-87%
Merchandise revenue per unit less fuel surcharge revenue ¹	<u>\$ 2,429</u>	<u>\$ 2,387</u>	<u>\$ 42</u>	2%
Intermodal revenue per unit	\$ 633	\$ 666	\$ (33)	-5%
Less: Fuel surcharge revenue per unit	88	137	(49)	-36%
Intermodal revenue per unit less fuel surcharge revenue ¹	<u>\$ 545</u>	<u>\$ 529</u>	<u>\$ 16</u>	3%

Free Cash Flow

(\$ in millions)

First Six Months	2015	2014
Net cash provided by operating activities	\$ 1,473	\$ 1,437
Property additions	(886)	(809)
Free cash flow ²	587	628
Property sales and other transactions	32	44
Investments, including short-term	(3)	(3)
Investment sales and other transactions	5	121
Net cash used in financing activities	(705)	(566)
Net increase (decrease) in cash and cash equivalents	<u>\$ (84)</u>	<u>\$ 224</u>

¹ Revenue per unit as used here is to reflect average revenue per unit absent the effect of fuel surcharges.

² Free cash flow as used here is a measure of cash available for other investing activities and financing activities, including payment of dividends and repurchases of common stock.