

## Reconciliation of Non-GAAP Financial Measures

Information presented by Marta R. Stewart during NS' fourth quarter earnings conference call on January 26, 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).

### Free Cash Flow

(\$ in millions)

Twelve Months Ended December 31,	2014	2013
Net cash provided by operating activities	\$ 2,852	\$ 3,078
Property additions	<u>(2,118)</u>	<u>(1,971)</u>
Free cash flow <sup>1</sup>	734	1,107
Property sales and other transactions	114	144
Investments, including short-term	(104)	(130)
Investment sales and other transactions	106	63
Net cash used in financing activities	<u>(1,320)</u>	<u>(394)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (470)</u>	<u>\$ 790</u>

<sup>1</sup>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.

## Reconciliation of Non-GAAP Performance Measures

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### Consolidated Statements of Income

(\$ in millions)

Twelve Months Ended December 31,	2013 Reported	Land Sale Adjustment	2013 Adjusted
Income from railway operations	\$ 3,257	\$ --	\$ 3,257
Other income - net <sup>1</sup>	233	(97)	136
Interest expense on debt	525	--	525
Income before income taxes <sup>1</sup>	2,965	(97)	2,868
Total income taxes <sup>1</sup>	1,055	(37)	1,018
Net income <sup>1</sup>	<u>\$ 1,910</u>	<u>\$ (60)</u>	<u>\$ 1,850</u>

### Diluted Earnings Per Share

(in millions, except per share amounts)

Twelve Months Ended December 31,	2013 Reported	Land Sale Adjustment	2013 Adjusted
Net income <sup>1</sup>	\$ 1,910	\$ (60)	\$ 1,850
Dividend equivalent payments	(4)	--	(4)
Income available to common stockholders <sup>1</sup>	\$ 1,906	\$ (60)	\$ 1,846
Adjusted weighted-average shares outstanding	315.5	315.5	315.5
Diluted earnings per share <sup>1</sup>	<u>\$ 6.04</u>	<u>\$ (0.19)</u>	<u>\$ 5.85</u>

<sup>1</sup> Other income - net, Income before income taxes, Total income taxes, Net income, Income available to common stockholders and Diluted earnings per share as shown in the "2013 Adjusted" column exclude the Michigan land sale gain.