

Reconciliation of Non-GAAP Financial Measures

Information presented by Claude E. Elkins and Mark R. George during NS' fourth quarter earnings conference call on January 25, 2023 (posted elsewhere on our website) included non-GAAP financial measures, as defined by Securities and Exchange Commission Regulation G. Non-GAAP financial measures should be considered in addition to, not as a substitute for, the financial measures reported in accordance with U.S. generally accepted accounting principles (GAAP).

Revenue Per Unit

Fourth Quarter	2022	2021	Change	% Change
Total revenue per unit	\$ 1,910	\$ 1,660	\$ 250	15%
Less: Fuel surcharge revenue per unit	240	118	122	103%
Revenue per unit less fuel surcharge revenue ¹	<u>\$ 1,670</u>	<u>\$ 1,542</u>	<u>\$ 128</u>	8%
Merchandise revenue per unit	\$ 3,363	\$ 3,010	\$ 353	12%
Less: Fuel surcharge revenue per unit	286	110	176	160%
Merchandise revenue per unit less fuel surcharge revenue ¹	<u>\$ 3,077</u>	<u>\$ 2,900</u>	<u>\$ 177</u>	6%
Intermodal revenue per unit	\$ 944	\$ 826	\$ 118	14%
Less: Fuel surcharge revenue per unit	230	137	93	68%
Intermodal revenue per unit less fuel surcharge revenue ¹	<u>\$ 714</u>	<u>\$ 689</u>	<u>\$ 25</u>	4%
Coal revenue per unit	\$ 2,636	\$ 2,218	\$ 418	19%
Less: Fuel surcharge revenue per unit	148	22	126	573%
Coal revenue per unit less fuel surcharge revenue ¹	<u>\$ 2,488</u>	<u>\$ 2,196</u>	<u>\$ 292</u>	13%

Revenue

Years Ended December 31	2022	2021	Change	% Change
Total revenue per unit	\$ 1,865	\$ 1,584	\$ 281	18%
Less: Fuel surcharge revenue per unit	230	88	142	161%
Revenue per unit less fuel surcharge revenue ¹	<u>\$ 1,635</u>	<u>\$ 1,496</u>	<u>\$ 139</u>	9%

Free Cash Flow

(\$ in millions)

Years Ended December 31	2022	2021
Net cash provided by operating activities	\$ 4,222	\$ 4,255
Property additions	<u>(1,948)</u>	<u>(1,470)</u>
Free cash flow ²	2,274	2,785
Property sales and other transactions	263	159
Investment purchases	(12)	(10)
Investment sales and other transactions	94	99
Net cash used in financing activities	<u>(3,002)</u>	<u>(3,309)</u>
Net decrease in cash and cash equivalents	<u>\$ (383)</u>	<u>\$ (276)</u>

¹ Revenue per unit as used here is to reflect average revenue per unit absent the effect of fuel surcharges. Management believes this non-GAAP financial measure provides useful supplemental information to investors regarding the Company's pricing trends, by excluding the volatility introduced by fuel surcharges, and is useful for period-over-period comparisons of these trends.

² Free cash flow as used here is a function of cash provided by operating activities reduced by property additions and is a measure of cash available for other investing and financing activities, primarily including payment of dividends, repurchases of common stock and repayments of debt. Management believes that this non-GAAP financial measure provides useful supplemental information to investors regarding the Company's ability to generate cash flows after taking into consideration cash necessary to cover operations and maintain and grow our capital base.

The Company uses these non-GAAP financial measures internally and believes this information provides useful supplemental information to investors regarding the Company's financial performance as compared to prior periods. While the Company believes that these non-GAAP financial measures are useful in evaluating the Company's 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.