

Reconciliation of Non-GAAP Performance Measures

Information presented by Marta R. Stewart during NS' presentation at the Citi conference September 16, 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).

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 ¹	233	(97)	136
Interest expense on debt	525	--	525
Income before income taxes ¹	2,965	(97)	2,868
Total income taxes ¹	1,055	(37)	1,018
Net income ¹	<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 ¹	\$ 1,910	\$ (60)	\$ 1,850
Dividend equivalent payments	(4)	--	(4)
Income available to common stockholders ¹	\$ 1,906	\$ (60)	\$ 1,846
Adjusted weighted-average shares outstanding	315.5	315.5	315.5
Diluted earnings per share ¹	<u>\$ 6.04</u>	<u>\$ (0.19)</u>	<u>\$ 5.85</u>

¹ 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.

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Reconciliation to Net cash used in financing activities

(\$ in millions) Years Ended,	Dec 31 2006	Dec 31 2007	Dec 31 2008	Dec 31 2009	Dec 31 2010	Dec 31 2011	Dec 31 2012	Dec 31 2013	Dec 31 2014	Jun 30 2015	2006 - YTD 2015
Total Shareholder Distributions (see below)	\$ (1,242)	\$ (1,573)	\$ (1,584)	\$ (500)	\$ (1,377)	\$ (2,627)	\$ (1,912)	\$ (1,264)	\$ (1,005)	\$ (1,125)	\$ (14,209)
Common stock issued - net	\$ 297	\$ 183	\$ 229	\$ 66	\$ 89	\$ 120	\$ 89	\$ 131	\$ 130	\$ 28	\$ 1,362
Proceeds from borrowings - net	\$ -	\$ 250	\$ 1,425	\$ 1,090	\$ 350	\$ 1,101	\$ 1,491	\$ 989	\$ 200	\$ 494	\$ 7,390
Debt repayments	\$ (339)	\$ (489)	\$ (1,145)	\$ (687)	\$ (489)	\$ (600)	\$ (362)	\$ (250)	\$ (645)	\$ (102)	\$ (5,108)
Net cash used in financing activities	\$ (1,284)	\$ (1,629)	\$ (1,075)	\$ (31)	\$ (1,427)	\$ (2,006)	\$ (694)	\$ (394)	\$ (1,320)	\$ (705)	\$ (10,565)

Total Shareholder Distributions

(\$ in millions) Years Ended,	Dec 31 2006	Dec 31 2007	Dec 31 2008	Dec 31 2009	Dec 31 2010	Dec 31 2011	Dec 31 2012	Dec 31 2013	Dec 31 2014	Jun 30 2015	2006 - YTD 2015
Dividends	\$ 278	\$ 377	\$ 456	\$ 500	\$ 514	\$ 576	\$ 624	\$ 637	\$ 687	\$ 360	\$ 5,009
Share repurchases	\$ 964	\$ 1,196	\$ 1,128	\$ -	\$ 863	\$ 2,051	\$ 1,288	\$ 627	\$ 318	\$ 765	\$ 9,200
Total Shareholder Distributions	\$ 1,242	\$ 1,573	\$ 1,584	\$ 500	\$ 1,377	\$ 2,627	\$ 1,912	\$ 1,264	\$ 1,005	\$ 1,125	\$ 14,209