

Reconciliation of Non-GAAP Performance Measures

Information presented by James A. Squires during the Q&A portion of NS' second quarter earnings conference call on July 26, 2011 (transcript posted or to be posted elsewhere on our web site) included non-GAAP financial measures, as defined by SEC Regulation G. Non-GAAP performance measures should be considered in addition to, not as a substitute for, the financial performance reported in accordance with U.S. generally accepted accounting principles (GAAP).

Incremental Margin and Operating Ratio

(\$ in millions)

Three Months Ended June 30,	2011 Reported	2010 Reported	2011 Fuel Price Adjustment	2011 Adjusted	Δ 2011 Reported vs. 2010	Δ 2011 Adjusted vs. 2010	(Decrease)
Railway operating revenues (a)	\$ 2,866	\$ 2,430	\$ (154) *	\$ 2,712	\$ 436	\$ 282	
Railway operating expenses (b)	\$ 1,991	\$ 1,697	\$ (131)	\$ 1,860	\$ 294	\$ 163	
Incremental difference					\$ 142	\$ 119	
Incremental margin (a-b)/a					33%	42%	
Railway operating ratio ¹	69.5%			68.6%			(0.9)

¹Railway operating ratio as shown in the "2011 Adjusted" column reflects the fuel price adjustment.

*Fuel Revenue

(\$ in millions)

Three Months Ended June 30,	2011 Reported	2010 Reported	Increase
Total fuel revenue	\$ 361	\$ 199	\$ 162
Portion of year-over-year increase that is volume-related			\$ 8
Portion of year-over-year increase that is fuel price-related			\$ 154