

## Reconciliation of Non-GAAP Performance Measures

Information presented by James A. Squires during NS' third quarter earnings conference call on October 26, 2011 (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).

(\$ in millions)

### Operating Ratio

| Three Months Ended September 30,     | 2011<br>Reported | Fuel Lag | 2011<br>Adjusted |
|--------------------------------------|------------------|----------|------------------|
| Railway operating revenues           | \$ 2,889         | \$ (52)  | \$ 2,837         |
| Railway operating expenses           | \$ 1,951         | --       | \$ 1,951         |
| Railway operating ratio <sup>1</sup> | 67.5             |          | 68.8             |

### Free Cash Flow

| Nine Months Ended September 30,                      | 2011     | 2010     |
|--|----------|----------|
| Net cash provided by operating activities            | \$ 2,764 | \$ 2,128 |
| Property additions                                   | (1,433)  | (907)    |
| Free cash flow <sup>2</sup>                          | 1,331    | 1,221    |
| Property sales and other transactions                | 70       | 81       |
| Investments, including short-term                    | (88)     | (441)    |
| Investment sales and other transactions              | 246      | 261      |
| Net cash used in financing activities                | (2,144)  | (989)    |
| Net increase (decrease) in cash and cash equivalents | \$ (585) | \$ 133   |

<sup>1</sup>Railway operating ratio as shown in the "2011 Adjusted" column reflects the fuel lag adjustment.

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