

Reconciliation of Non-GAAP Performance Measures

Information presented at NS' second quarter analyst presentation in New York on July 26, 2006, (posted elsewhere on our web site) included non-GAAP financial measures, as defined by SEC Regulation G. Specifically, in 2005 the effects of Ohio tax legislation and the settlements of two coal rate cases have been excluded from net income, and the effects of the settlements of the rate cases have been excluded from revenues. 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.

Second Quarter	2006	2005	Increase (Decrease)	
	(\$ in millions, except per share and per unit)			
Net income	\$ 375	\$ 424	\$ (49)	(12)%
Effect of Ohio tax legislation		(96)		
Effect of settlements of coal rate cases		(24)		
Net income excluding these items	<u>\$ 375</u>	<u>\$ 304</u>	\$ 71	23%
Diluted earnings per share	\$ 0.89	\$ 1.04	\$ (0.15)	(14)%
Effect of Ohio tax legislation		(0.23)		
Effect of settlements of coal rate cases		(0.06)		
Diluted earnings per share excluding these items	<u>\$ 0.89</u>	<u>\$ 0.75</u>	\$ 0.14	19%
Railway operating revenues	\$ 2,392	\$ 2,154	\$ 238	11%
Effect of settlements of coal rate cases		(55)		
Railway operating revenues excluding these items	<u>\$ 2,392</u>	<u>\$ 2,099</u>	\$ 293	14%
Coal revenues	\$ 584	\$ 578	\$ 6	1%
Effect of settlements of coal rate cases		(55)		
Coal revenues excluding these items	<u>\$ 584</u>	<u>\$ 523</u>	\$ 61	12%
Coal revenue per unit	\$ 1,304	\$ 1,314	\$ (10)	(1)%
Effect of settlements of coal rate cases		(126)		
Coal revenue per unit excluding these items	<u>\$ 1,304</u>	<u>\$ 1,188</u>	\$ 116	10%

Six Months Ended June 30,	2006	2005	Increase (Decrease)	
	(\$ in millions, except per share)			
Net income	\$ 680	\$ 618	\$ 62	10%
Effect of Ohio tax legislation		(96)		
Effect of settlements of coal rate cases		(24)		
Net income excluding these items	<u>\$ 680</u>	<u>\$ 498</u>	\$ 182	37%
Diluted earnings per share	\$ 1.61	\$ 1.51	\$ 0.10	7%
Effect of Ohio tax legislation		(0.23)		
Effect of settlements of coal rate cases		(0.06)		
Diluted earnings per share excluding these items	<u>\$ 1.61</u>	<u>\$ 1.22</u>	\$ 0.39	32%