



Significant Prior Year Items

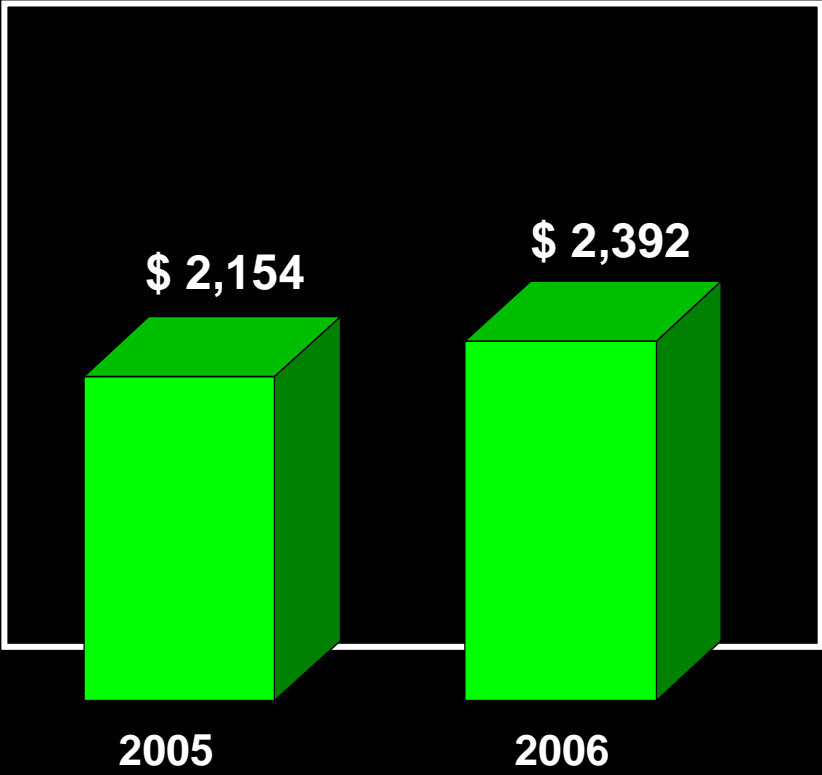
Second Quarter 2005

	2Q 2005	
	<u>Amount</u>	<u>EPS</u>
Change in Ohio Tax Legislation	\$ 96 Million	\$ 0.23
Rate Case Settlements	\$ 24 Million	\$ 0.06

Railway Operating Revenues

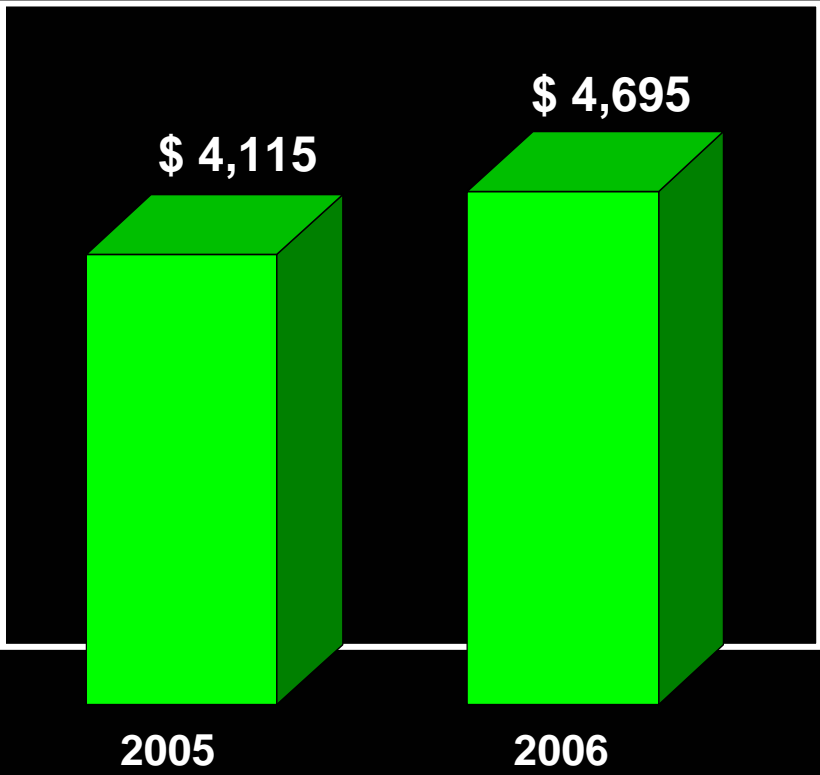
(\$ Millions)

Second Quarter



% Change vs. Prior Period + 11 %

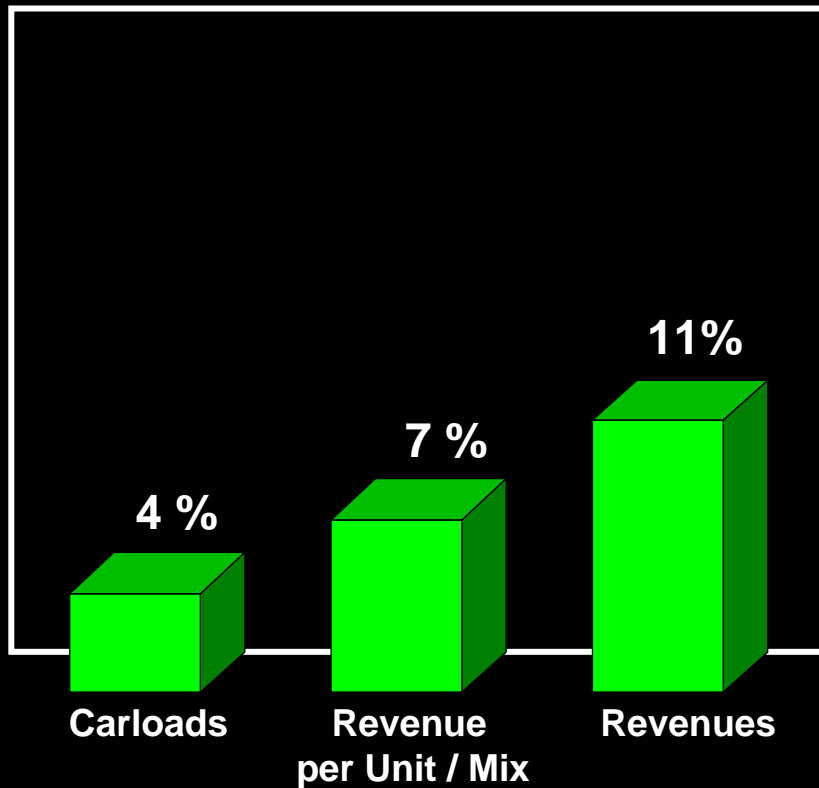
Six Months



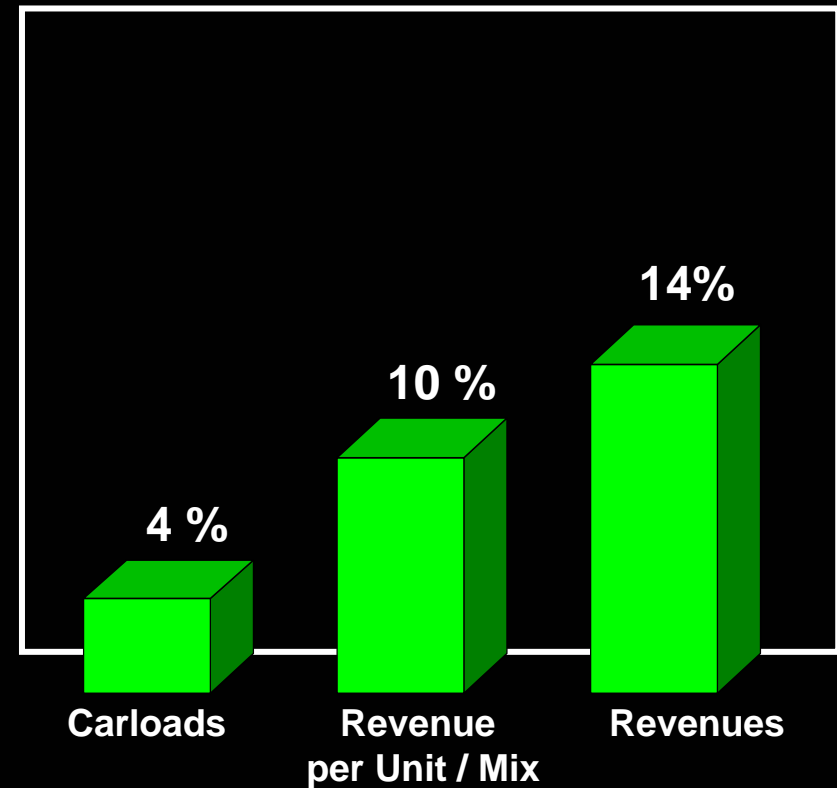
+ 14%

Railway Operating Revenue Variance Analysis 2006 vs. 2005

Second Quarter



Six Months



Railway Operating Expenses

(\$ Millions)

Second Quarter



Six Months



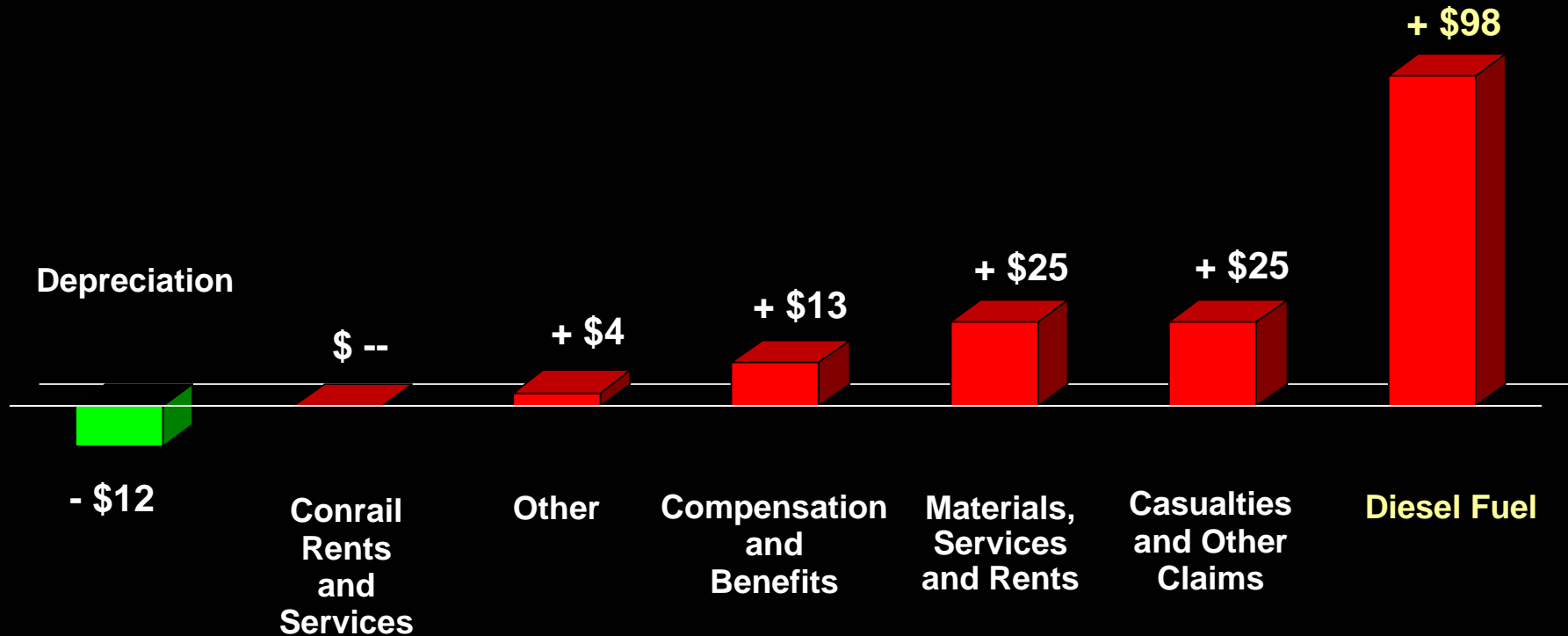
% Change vs. Prior Period + 10%

+ 11%

Railway Operating Expense Analysis

Second Quarter 2006 vs. 2005

(\$ Millions)

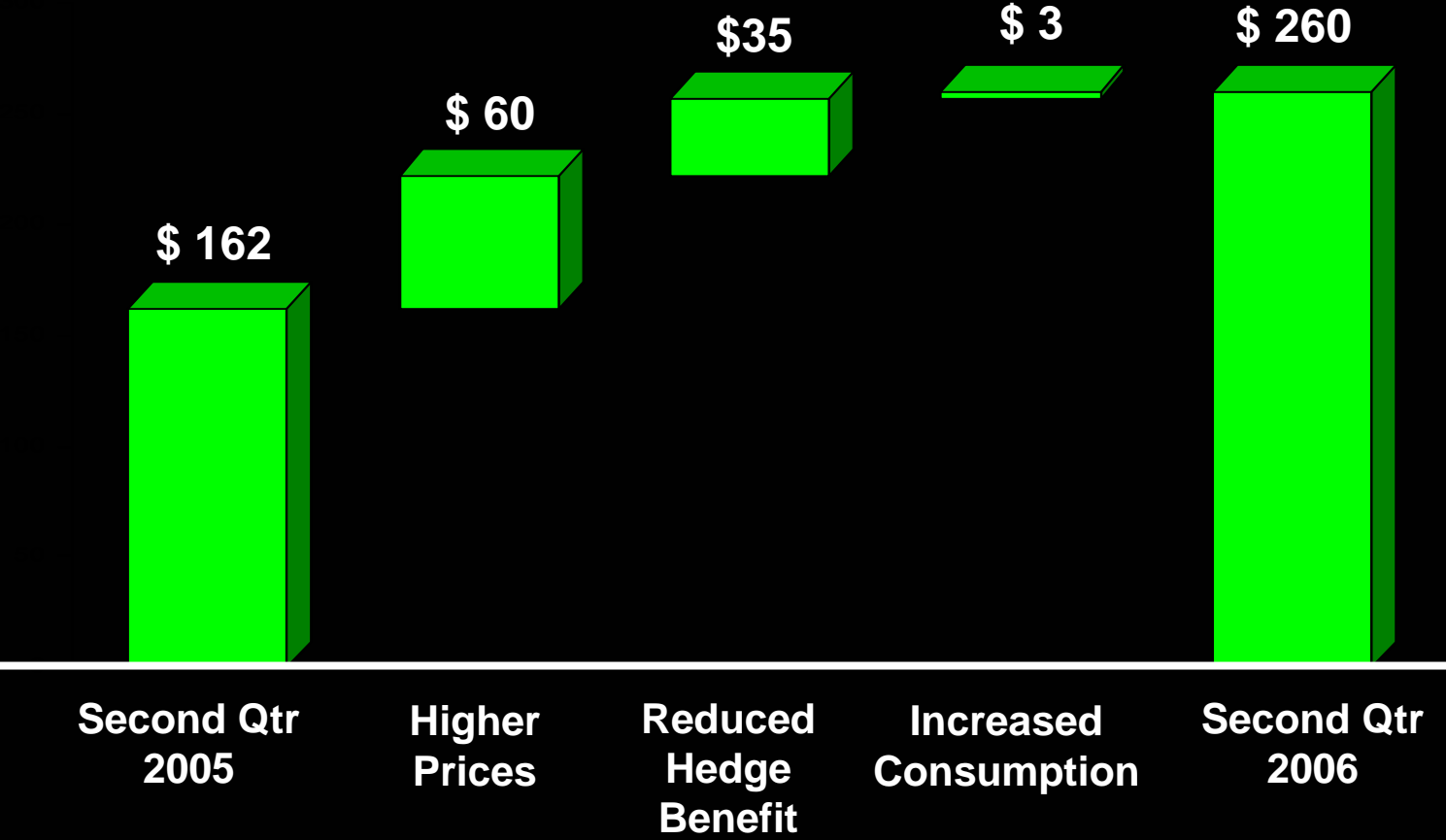


Net Increase \$ 153 Million / 10%

Diesel Fuel Cost Analysis

Second Quarter 2006 vs. 2005

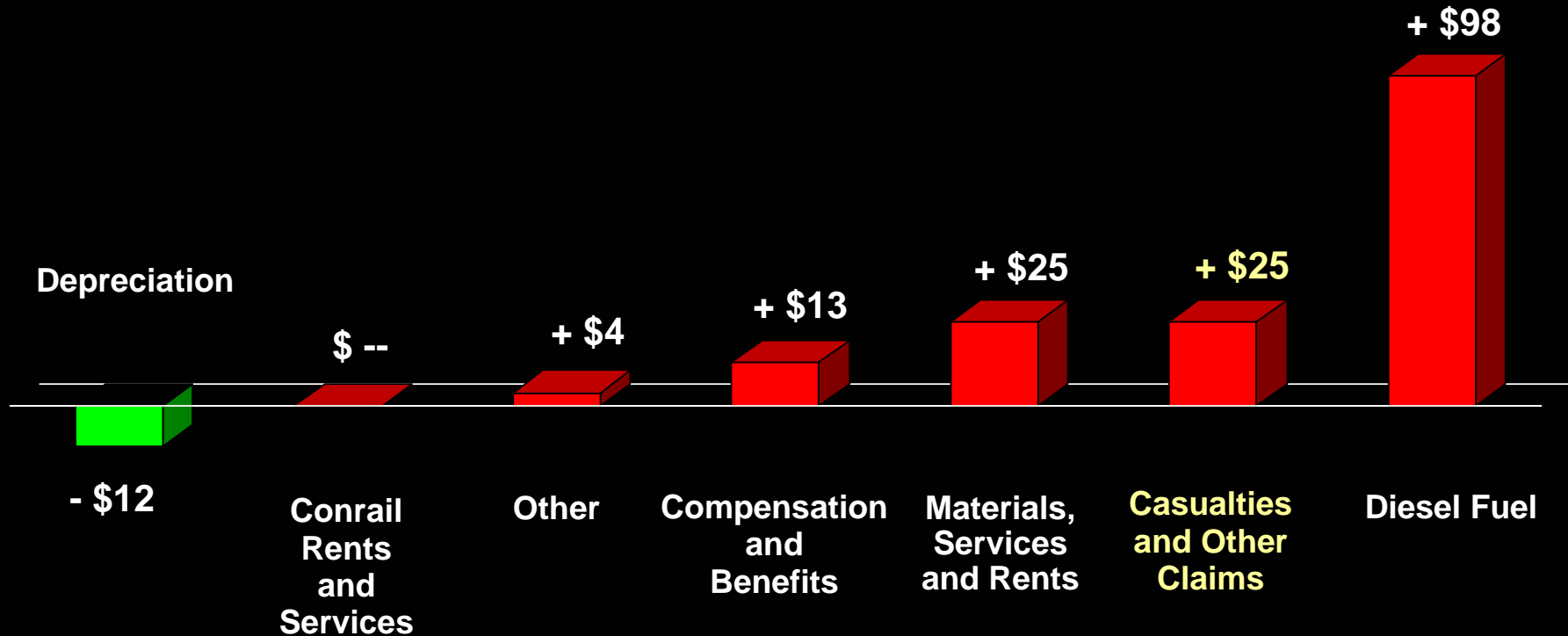
(\$ Millions)



Railway Operating Expense Analysis

Second Quarter 2006 vs. 2005

(\$ Millions)

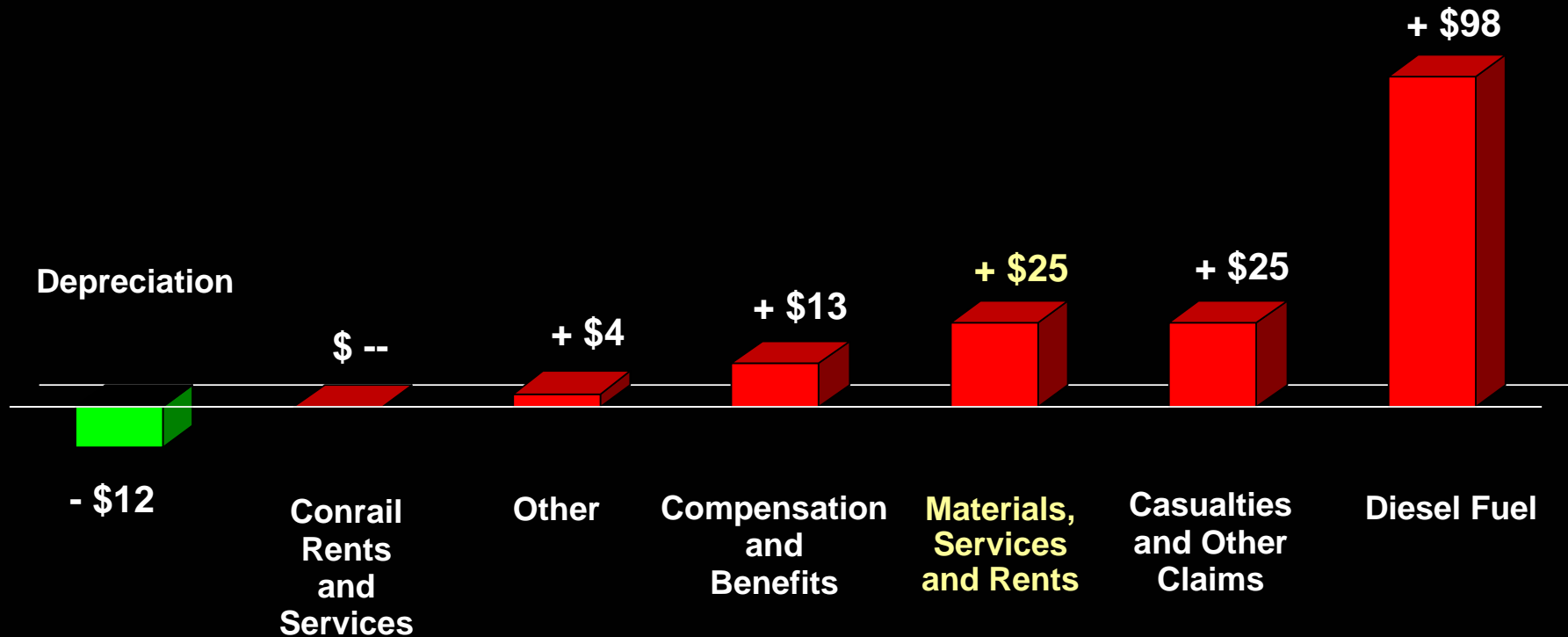


Net Increase \$ 153 Million / 10%

Railway Operating Expense Analysis

Second Quarter 2006 vs. 2005

(\$ Millions)

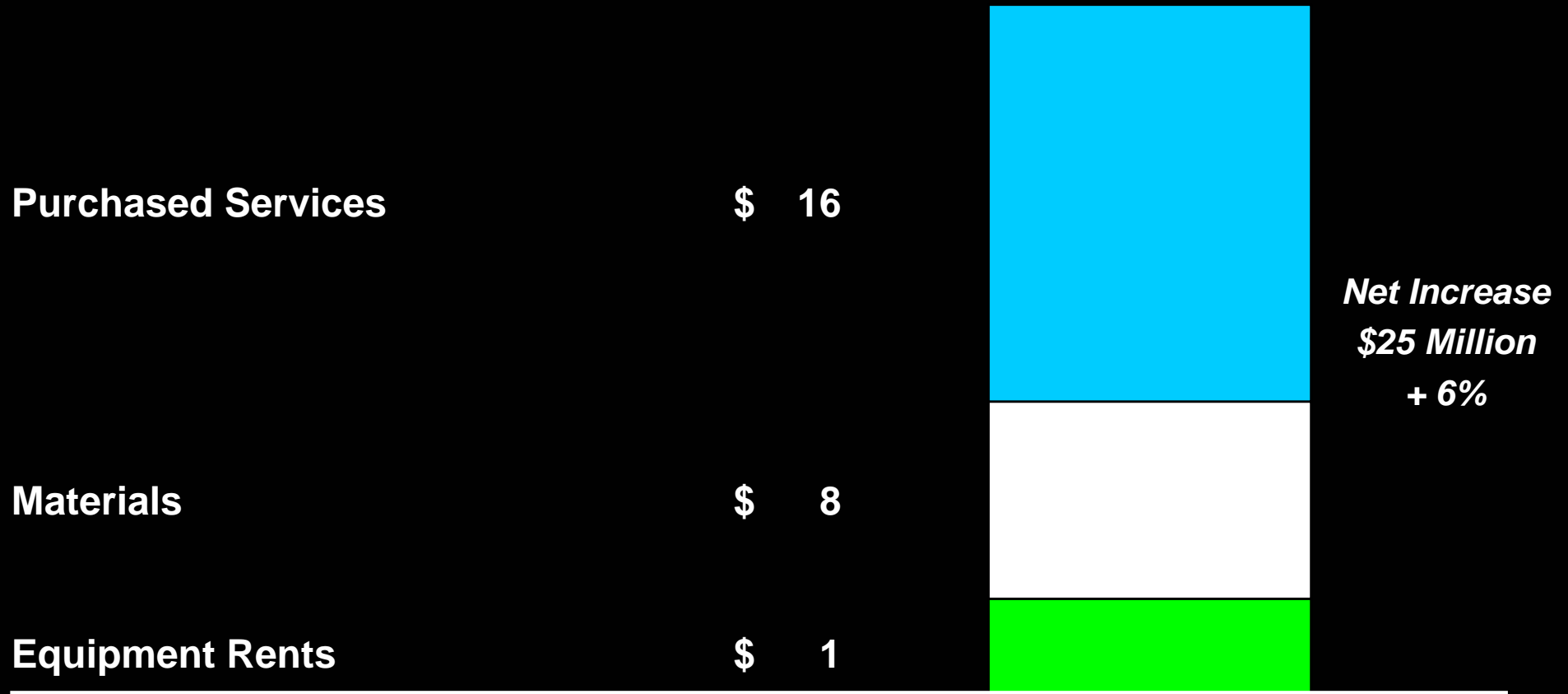


Net Increase \$ 153 Million / 10%

Materials, Services & Rents

Second Quarter 2006 vs. 2005

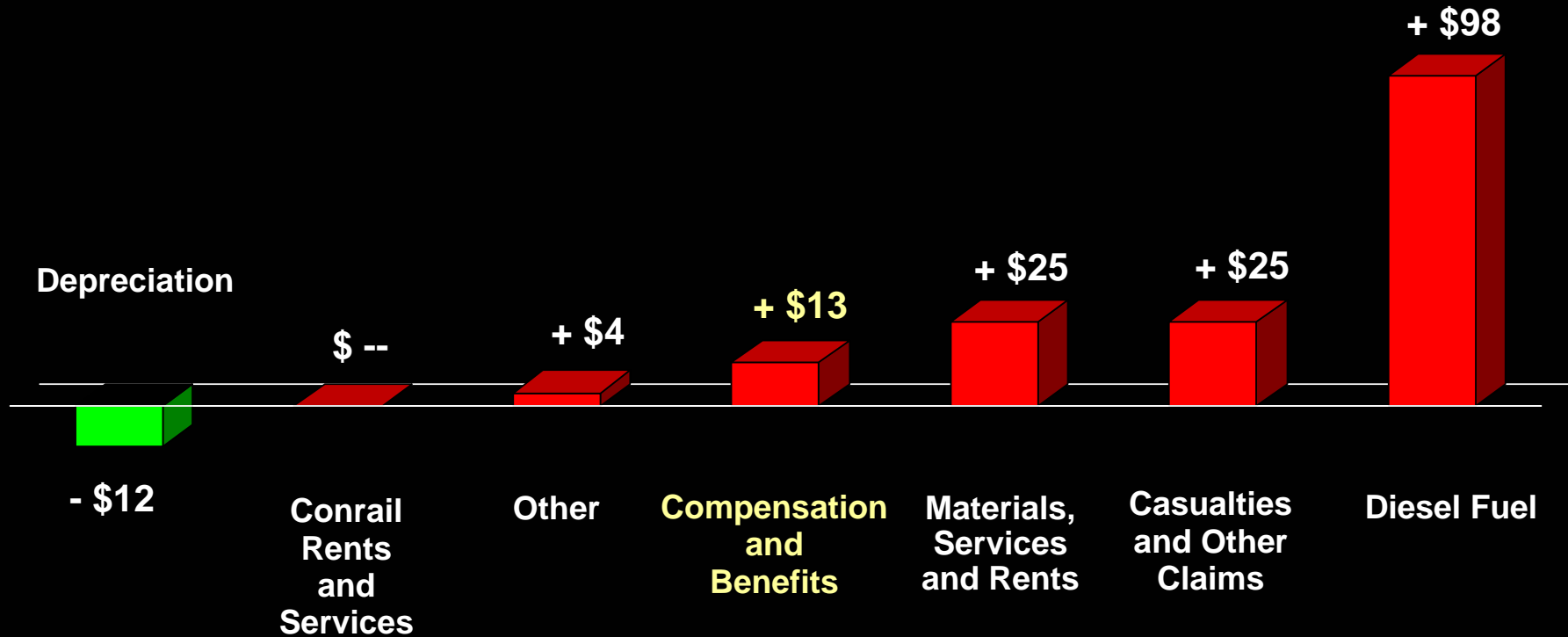
(\$ Millions)



Railway Operating Expense Analysis

Second Quarter 2006 vs. 2005

(\$ Millions)



Net Increase \$ 153 Million / 10%

Compensation & Benefits Analysis

Second Quarter 2006 vs. 2005

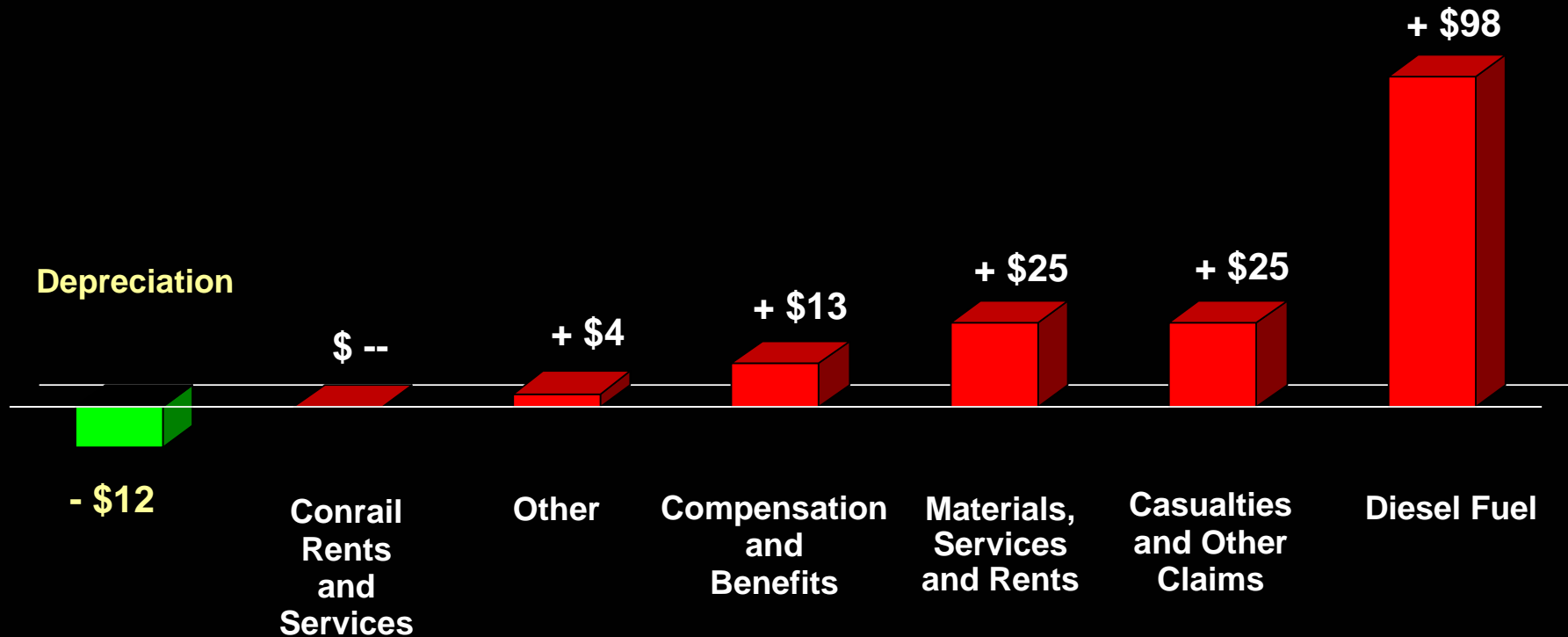
(\$ Millions)



Railway Operating Expense Analysis

Second Quarter 2006 vs. 2005

(\$ Millions)

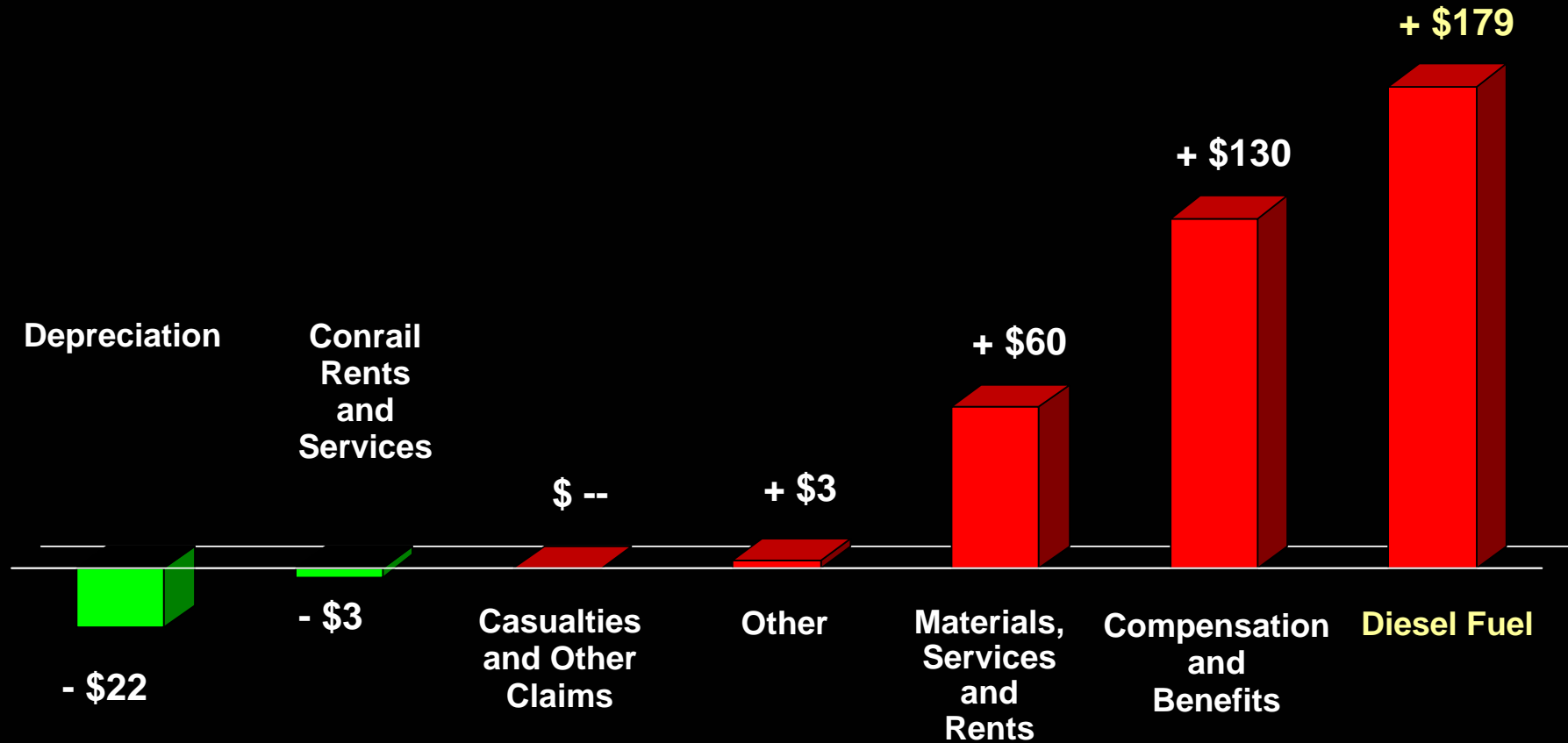


Net Increase \$ 153 Million / 10%

Railway Operating Expense Analysis

Six Months Ended June 30, 2006 vs. 2005

(\$ Millions)

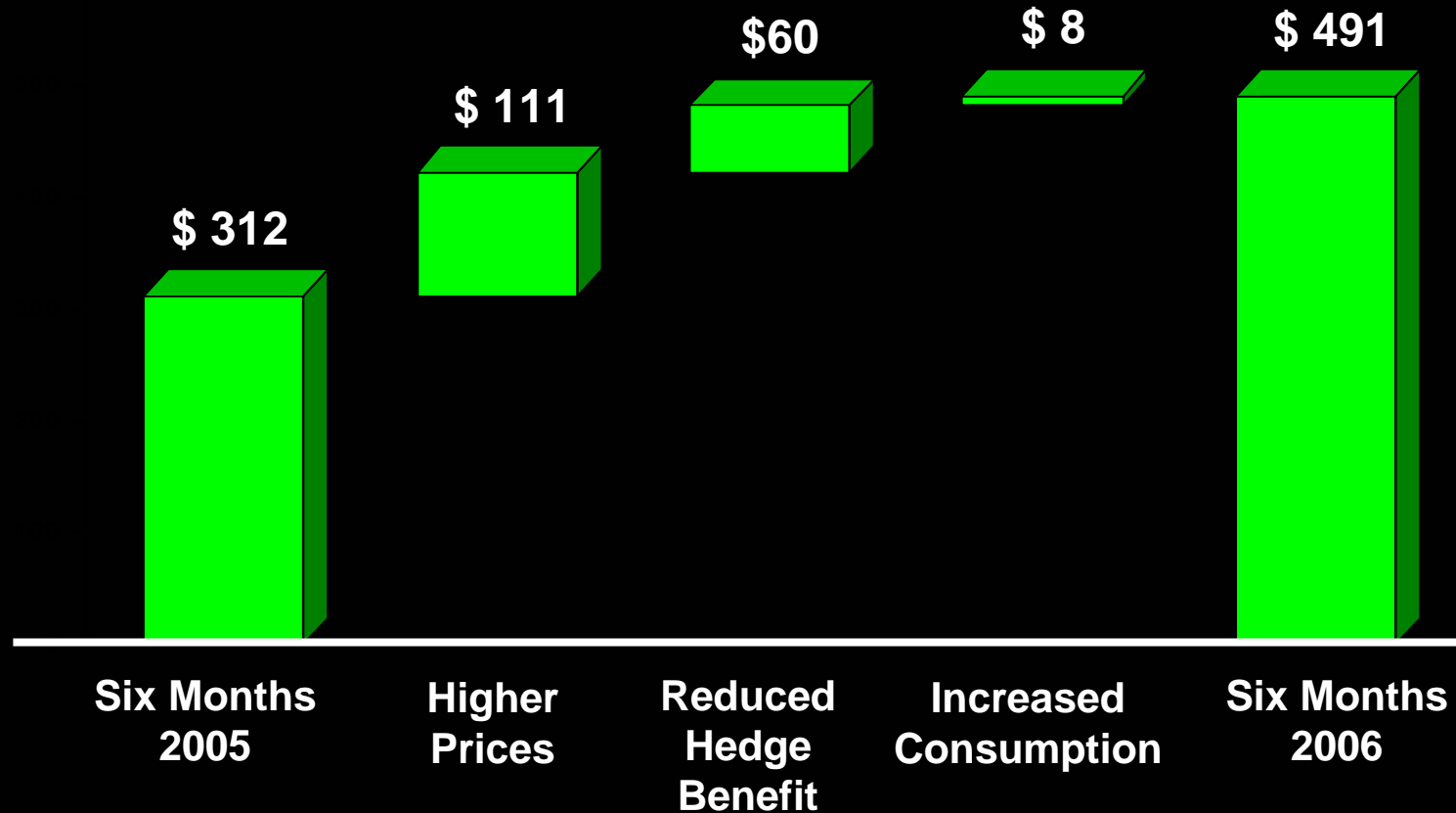


Net Increase \$347 Million / 11%

Diesel Fuel Cost Analysis

Six Months Ended June 30, 2006 vs. 2005

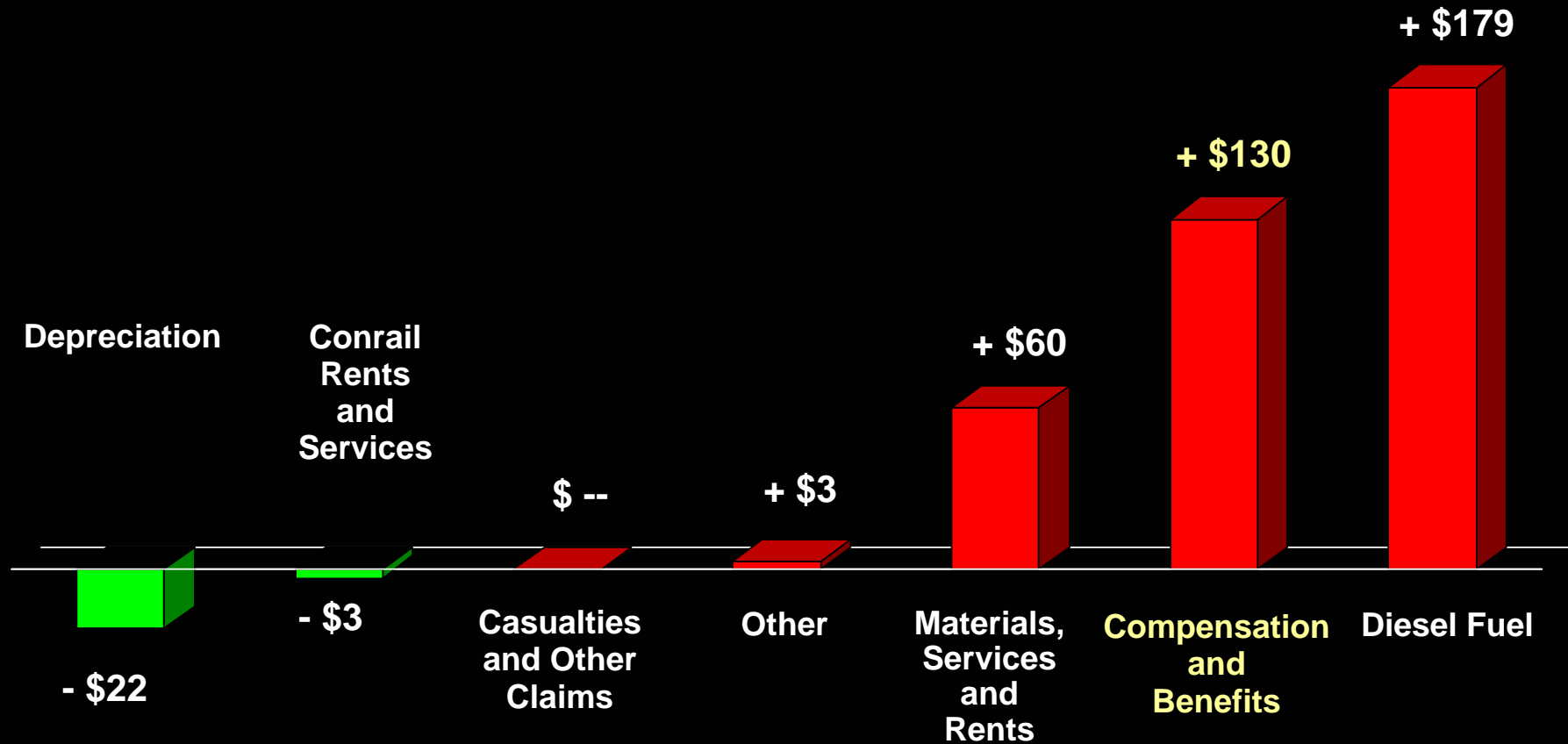
(\$ Millions)



Railway Operating Expense Analysis

Six Months Ended June 30, 2006 vs. 2005

(\$ Millions)



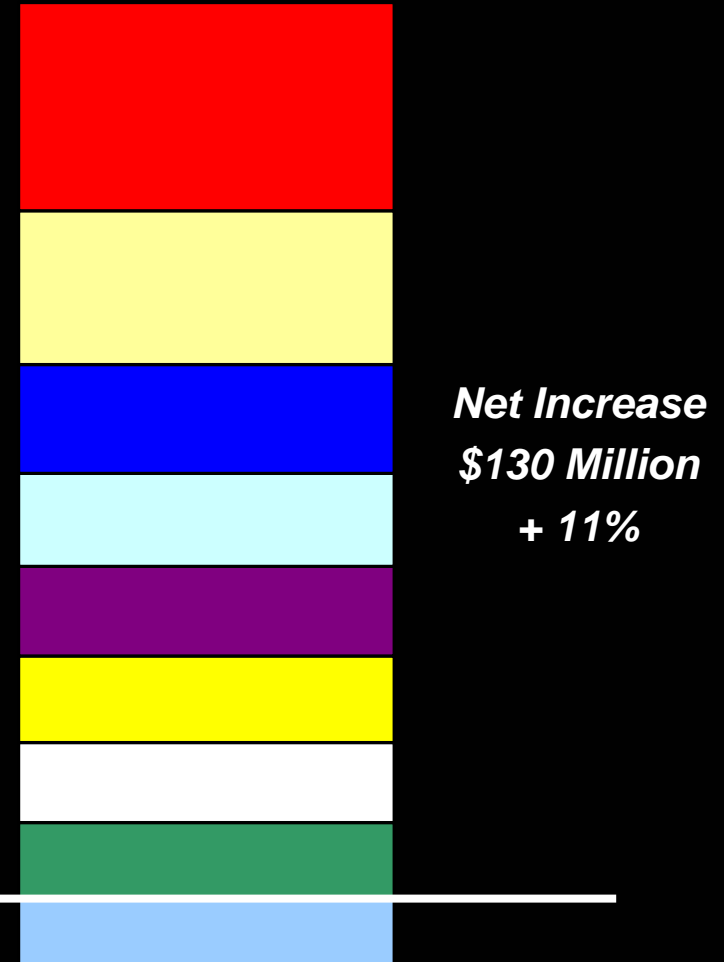
Net Increase \$347 Million / 11%

Compensation & Benefits Analysis

Six Months Ended June 30, 2006 vs. 2005

(\$ Millions)

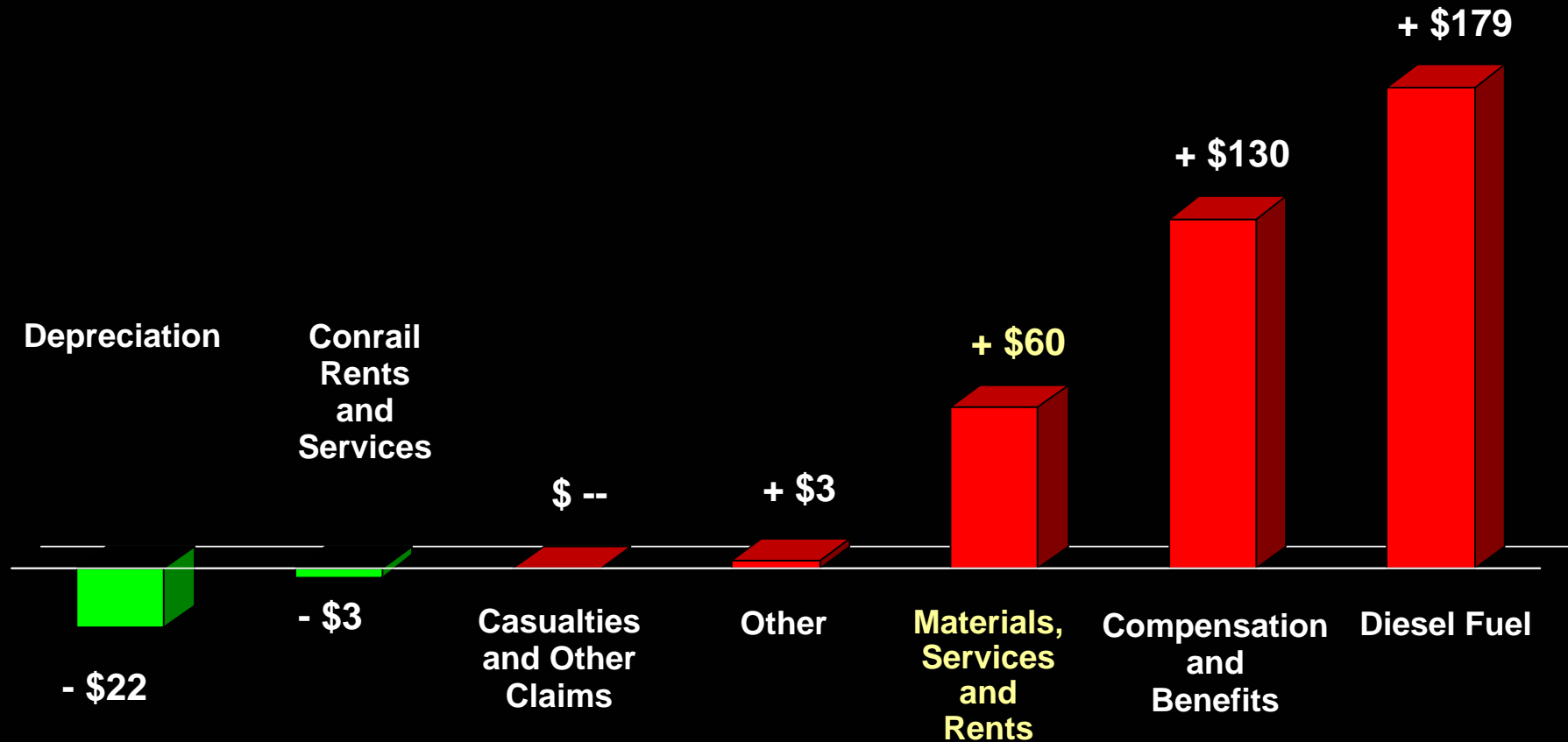
Effects from SFAS 123(R)	\$ 33
Retirement Eligible - \$26	
Stock Options - \$7	
Stock-Based Compensation	\$ 30
Medical Benefits (Active & Retiree)	\$ 16
Retirement Agmts & Waiver Agmts	\$ 13
Payroll Taxes	\$ 13
Wage Rates	\$ 12
Other Stock-Based Compensation	\$ 11
T&E Hours	\$ 10
Other Items	\$ 8



Railway Operating Expense Analysis

Six Months Ended June 30, 2006 vs. 2005

(\$ Millions)

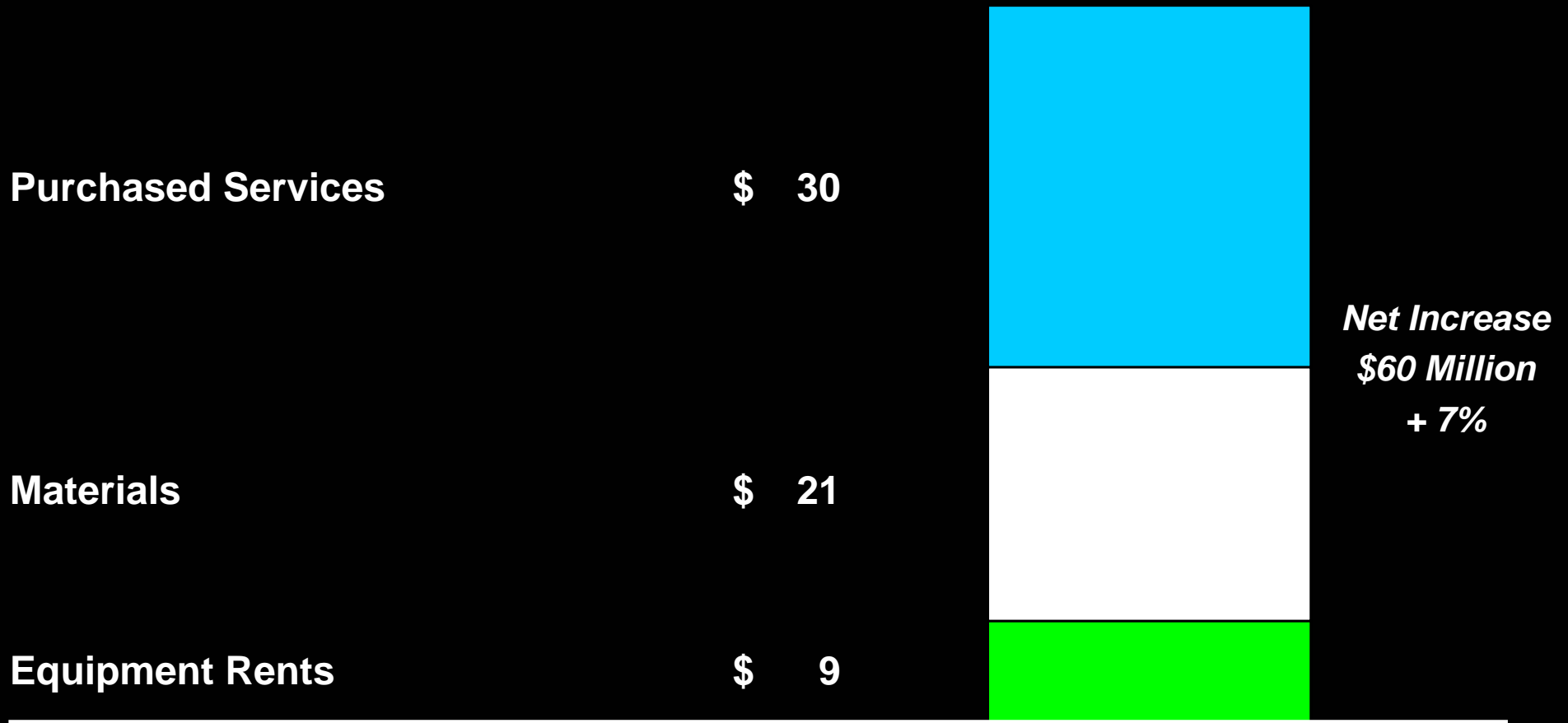


Net Increase \$347 Million / 11%

Materials, Services & Rents

Six Months Ended June 30, 2006 vs. 2005

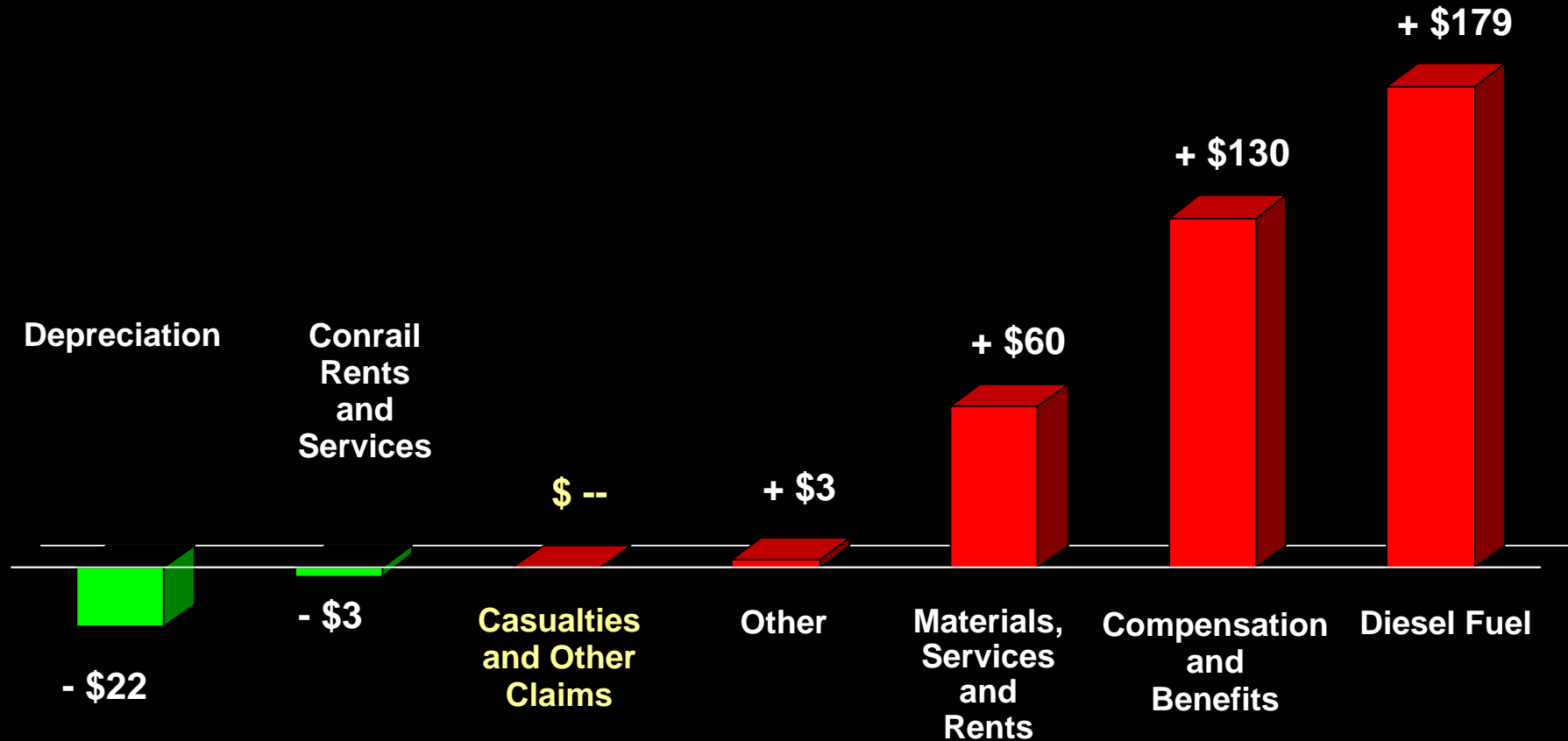
(\$ Millions)



Railway Operating Expense Analysis

Six Months Ended June 30, 2006 vs. 2005

(\$ Millions)

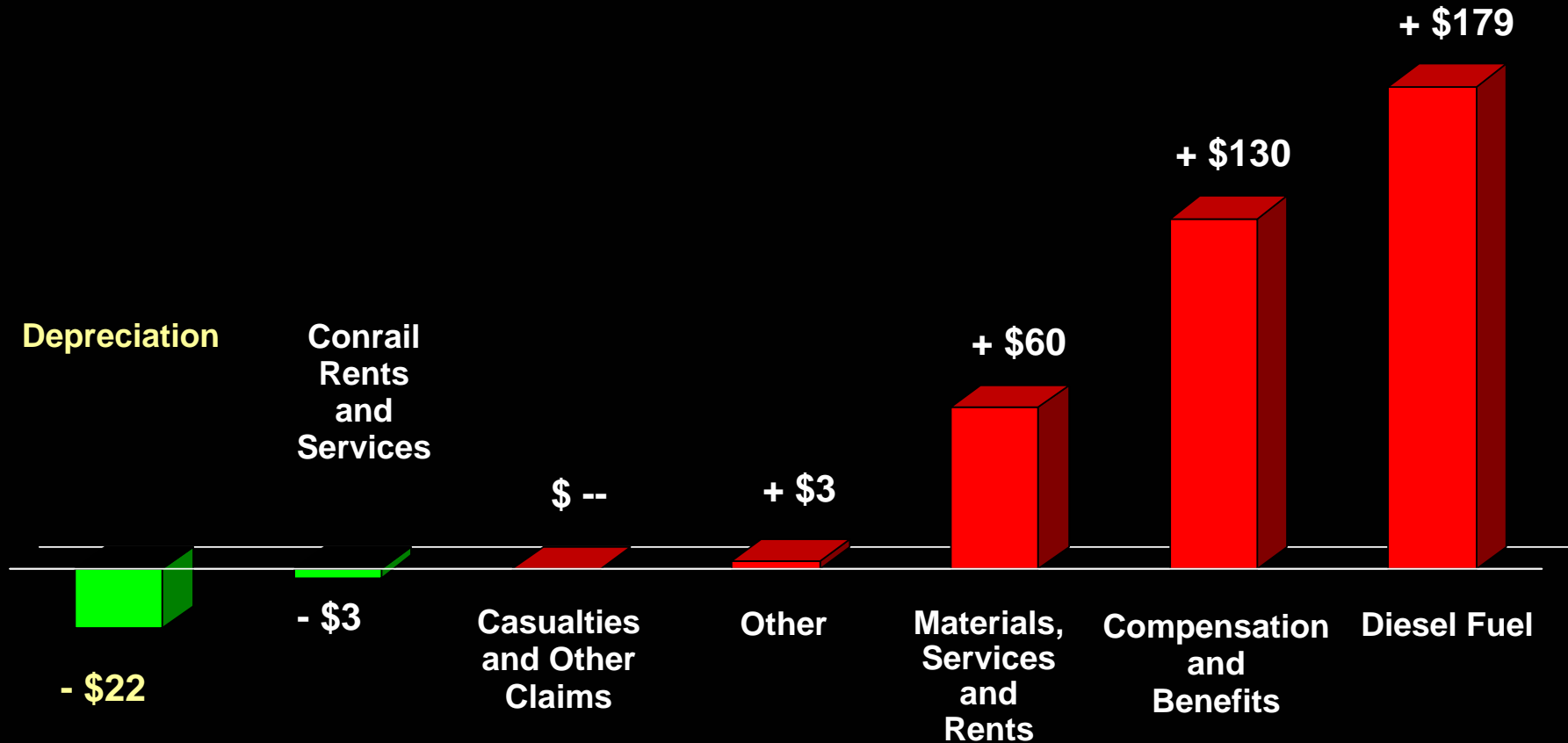


Net Increase \$347 Million / 11%

Railway Operating Expense Analysis

Six Months Ended June 30, 2006 vs. 2005

(\$ Millions)

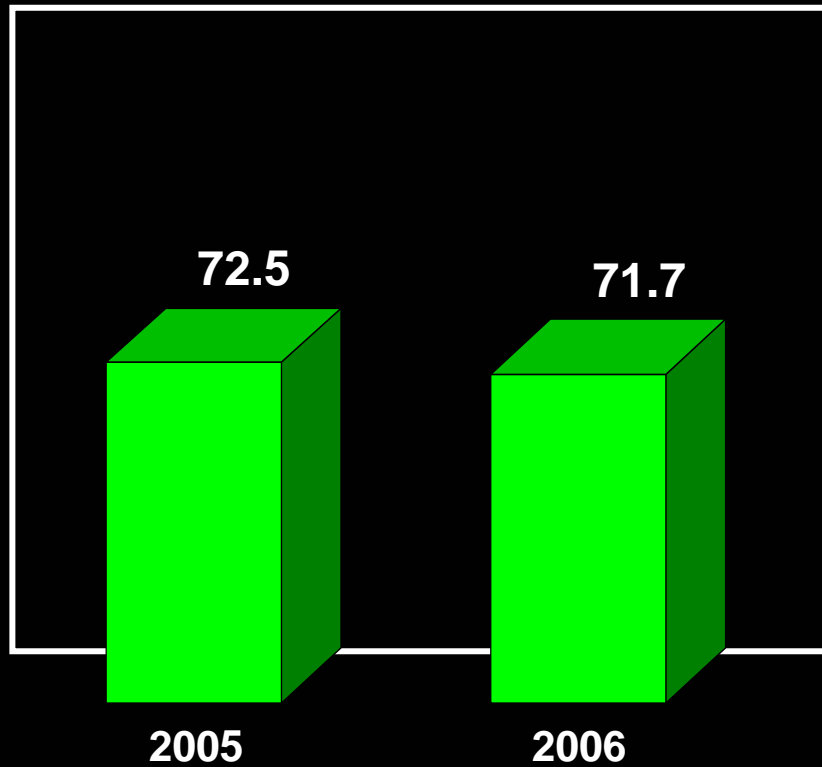


Net Increase \$347 Million / 11%

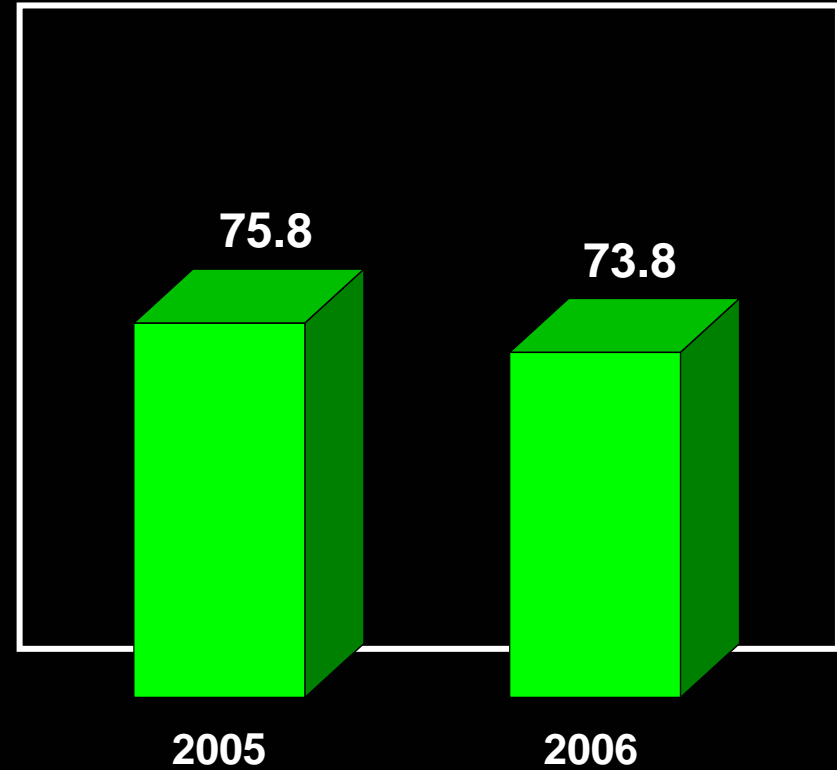
Railway Operating Ratio

(Percent)

Second Quarter



Six Months



% Change vs. Prior Period

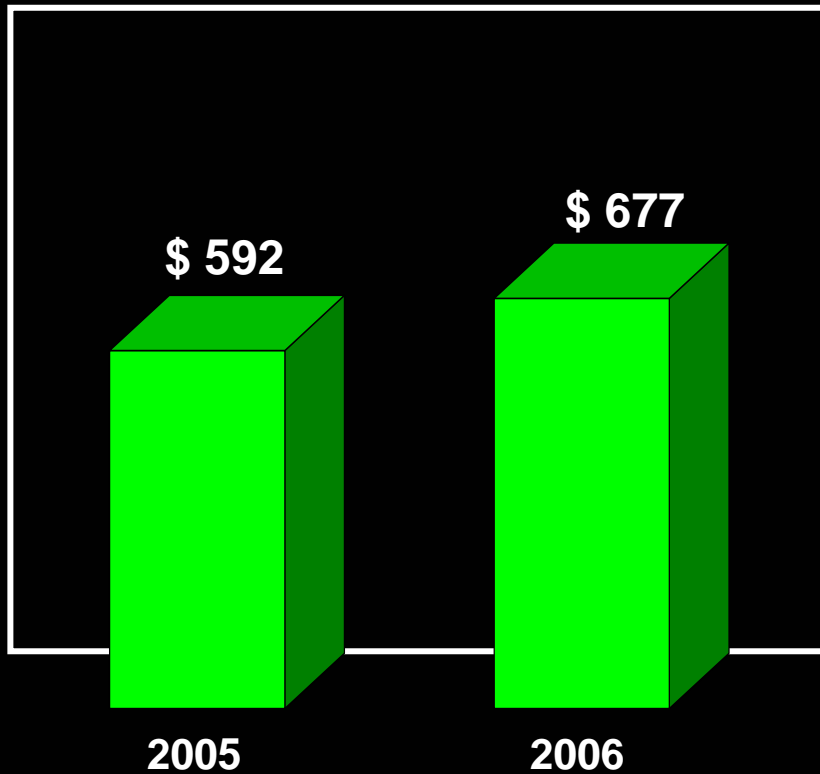
-1%

-3%

Income From Railway Operations

(\$ Millions)

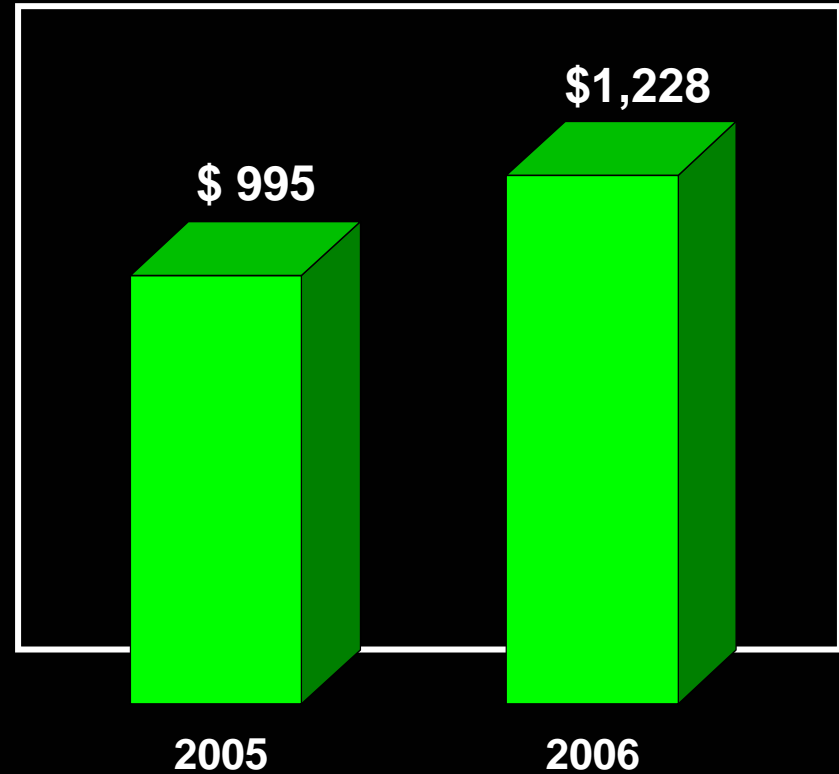
Second Quarter



% Change vs. Prior Period

+ 14%

Six Months



+23%

Total Other Income (Expense)

Second Quarter 2006 vs. 2005

(\$ Millions)

	Second Qtr 2006	Second Qtr 2005	Change 2006 vs. 2005 Favorable (Unfavorable)
Other Income - Net:			
Expenses Related to Tax Credit Investments	\$ (11)	\$ (29)	\$ 18
Interest Income	22	9	13
Equity in Conrail Earnings	5	8	(3)
All Other	17	21	(4)
Other Income - Net	<u>33</u>	<u>9</u>	<u>24</u>
Interest Expense on Debt	<u>(121)</u>	<u>(126)</u>	<u>5</u>
Total	<u><u>\$ (88)</u></u>	<u><u>\$ (117)</u></u>	<u><u>\$ 29</u></u>

Total Other Income (Expense)

Six Months Ended June 30, 2006 vs. 2005

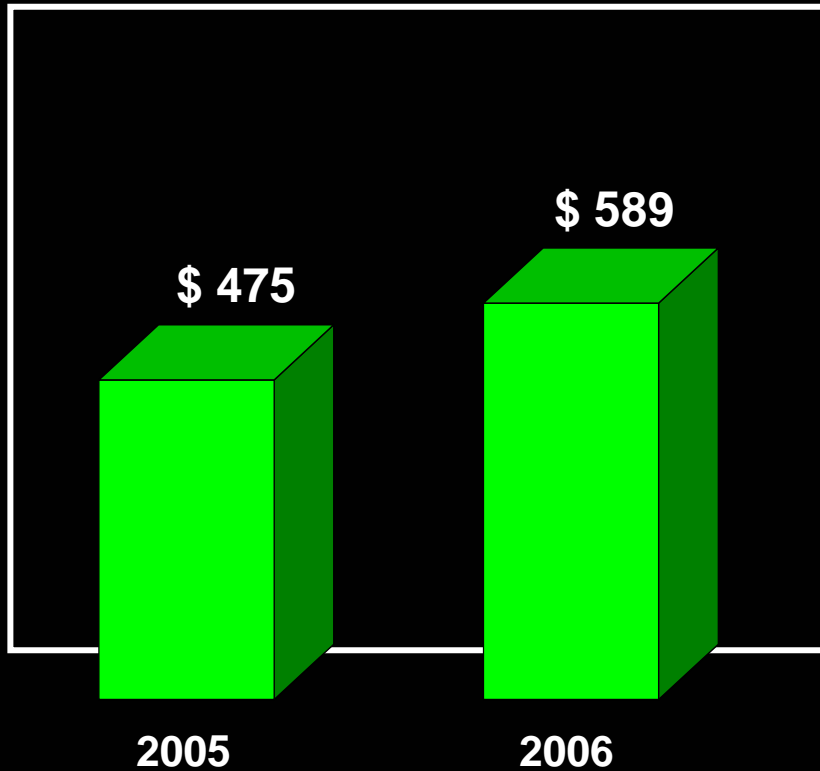
(\$ Millions)

	Six Months 2006	Six Months 2005	Change 2006 vs. 2005 Favorable (Unfavorable)
Other Income - Net:			
Expenses Related to Tax Credit Investments	\$ (27)	\$ (52)	\$ 25
Interest Income	39	16	23
Gain on Sale of Property and Investments	32	20	12
Equity in Conrail Earnings	11	14	(3)
All Other	13	13	--
Other Income - Net	68	11	57
Interest Expense on Debt	(241)	(254)	13
Total	\$ (173)	\$ (243)	\$ 70

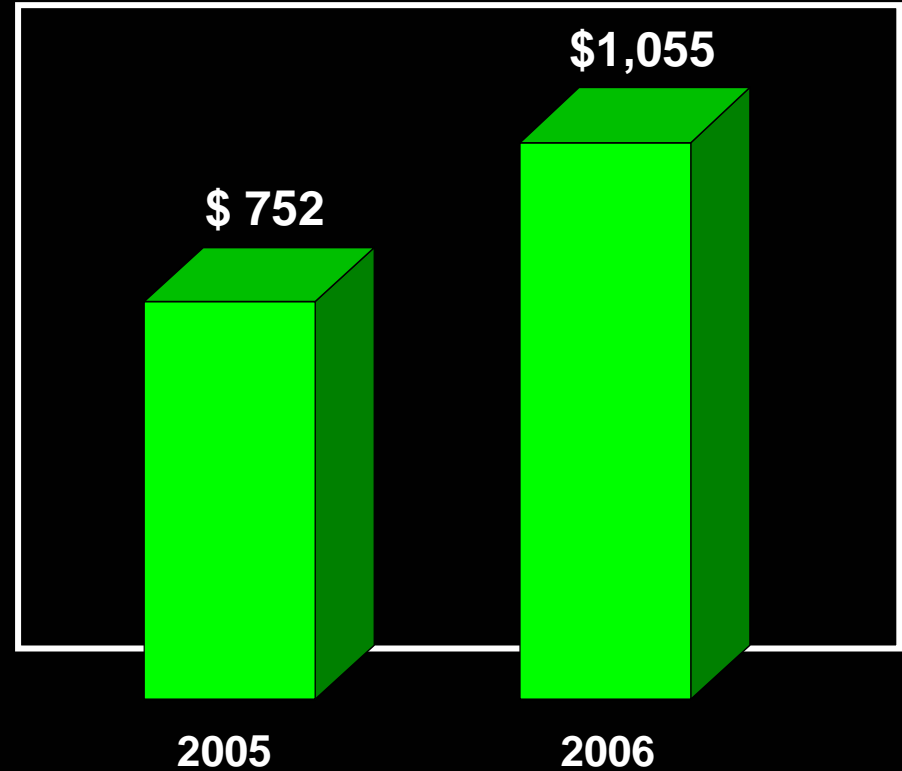
Income Before Income Taxes

(\$ Millions)

Second Quarter



Six Months



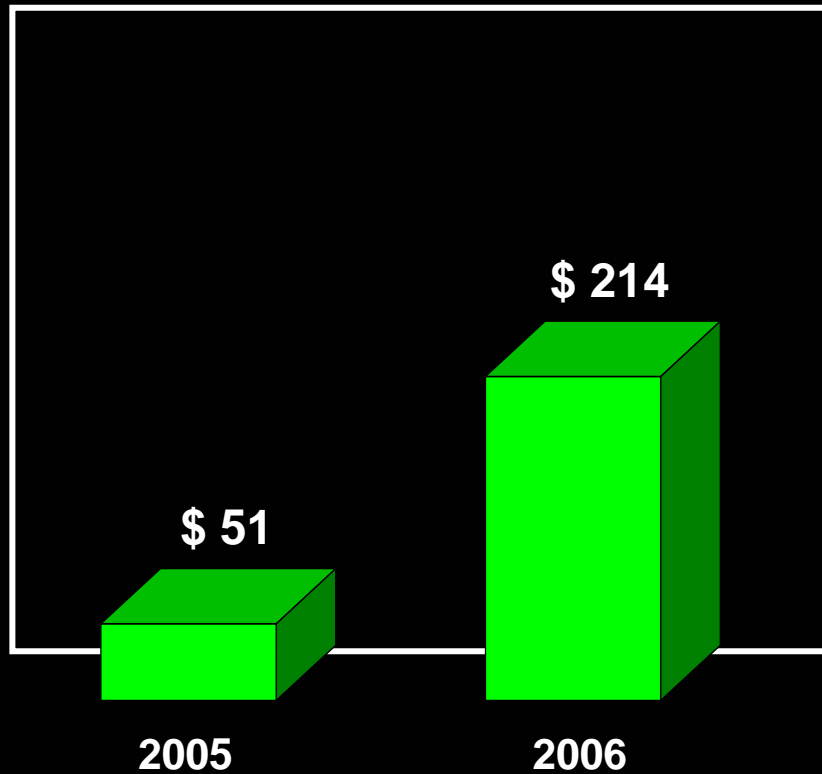
% Change vs. Prior Period + 24%

+ 40%

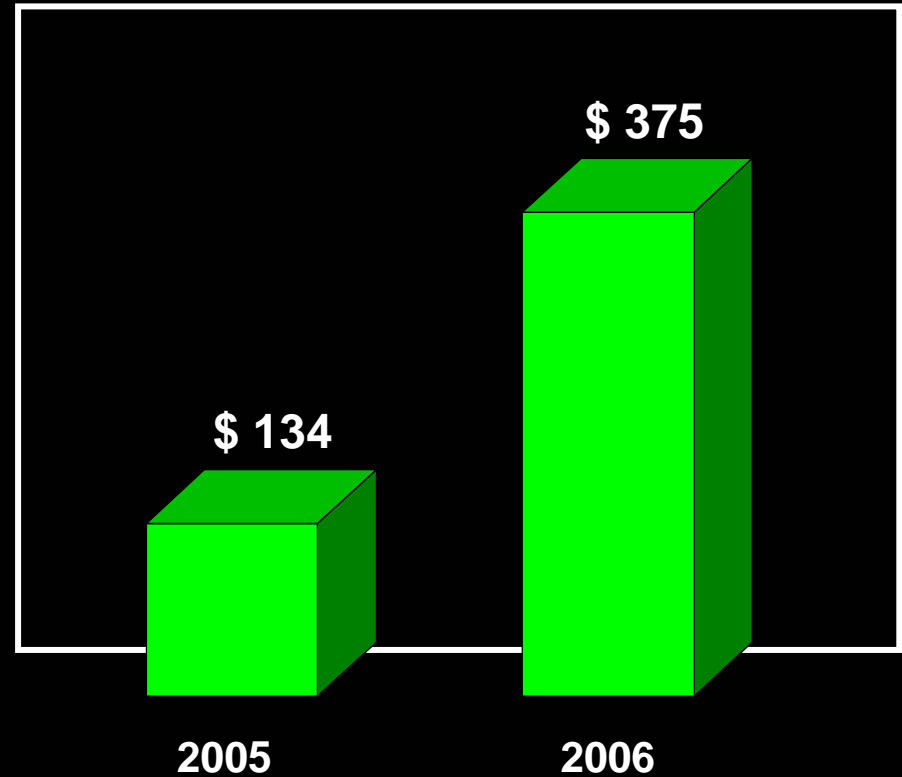
Provision For Income Taxes

(\$ Millions)

Second Quarter



Six Months



% Change vs. Prior Period + 320%

+ 180 %

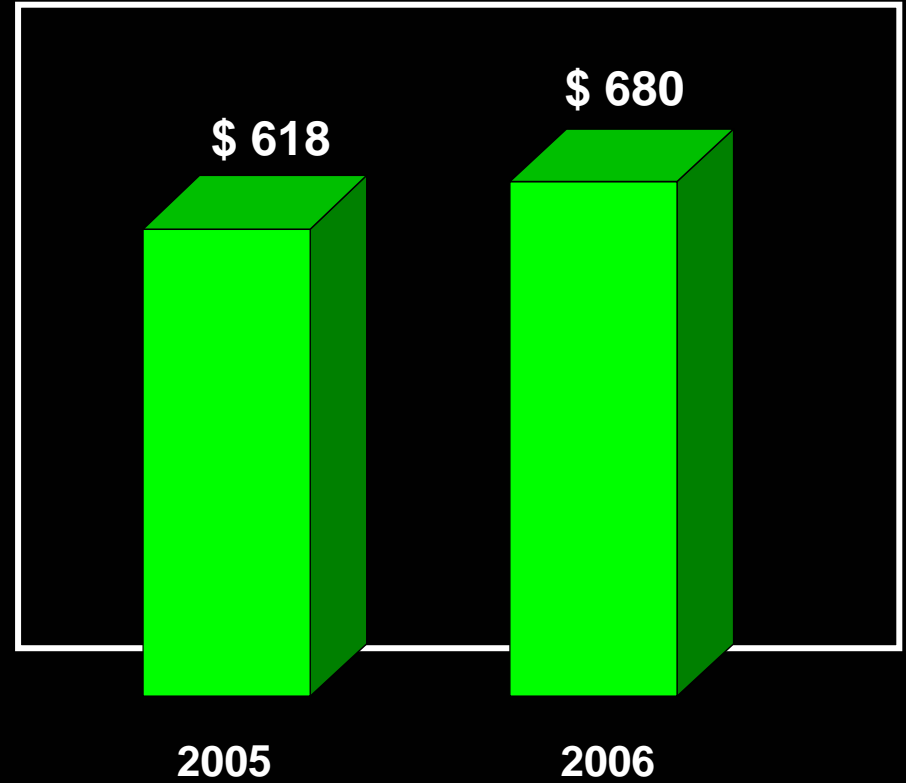
Net Income

(\$ Millions)

Second Quarter



Six Months



% Change vs. Prior Period

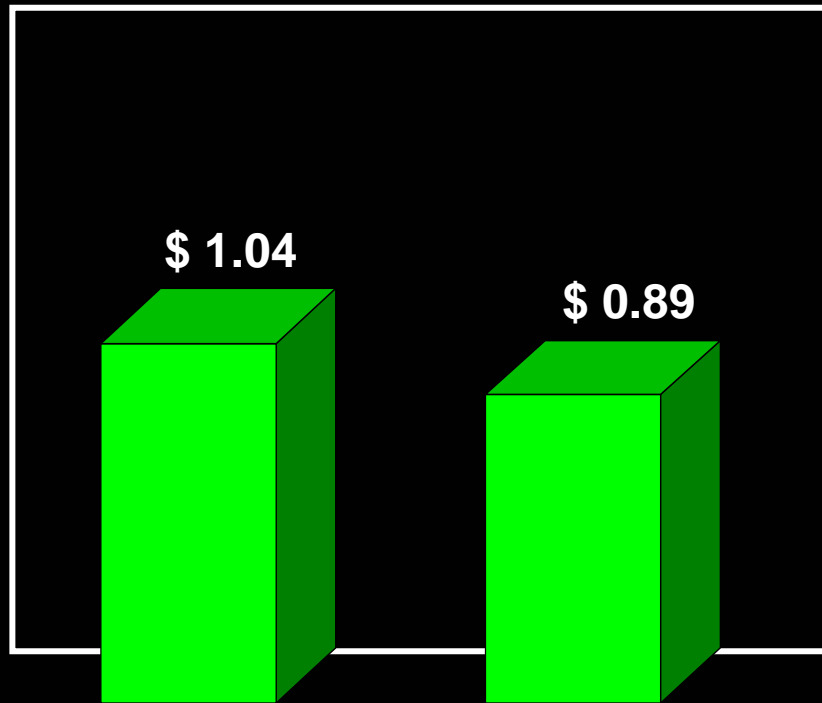
-12%

+10%

Diluted Earnings Per Share

(\$ Dollars)

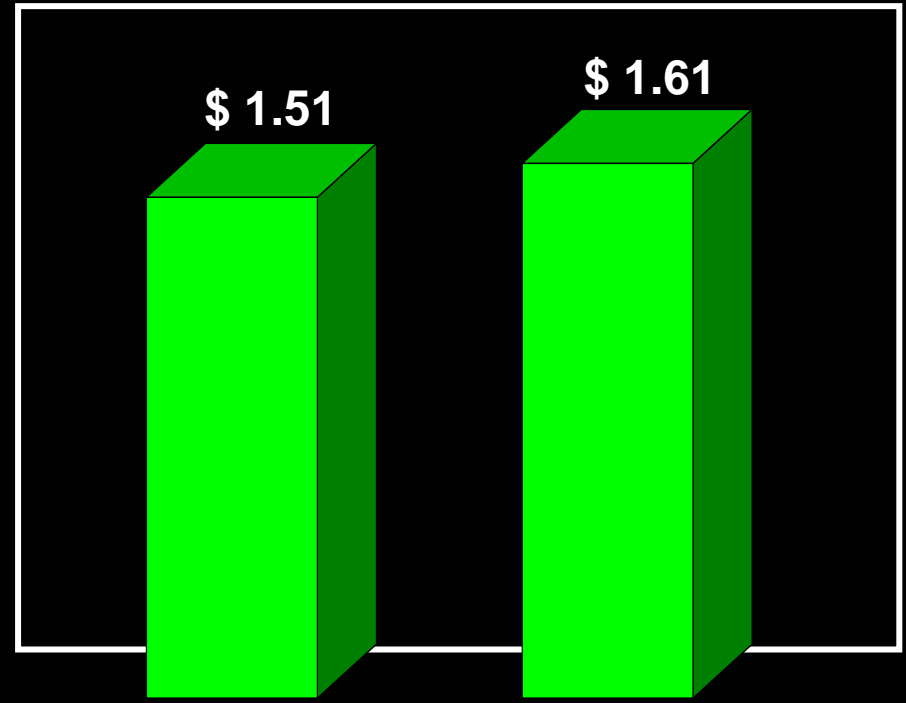
Second Quarter



2005

2006

Six Months



2005

2006

% Change vs. Prior Period - 14%

+ 7%

Net Income

(\$ Millions)

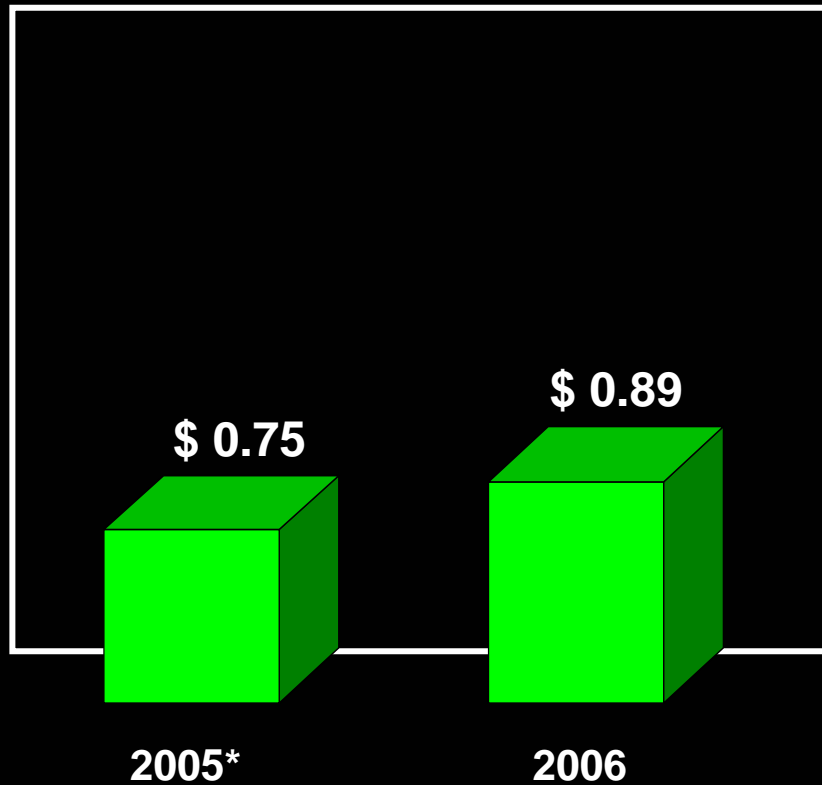


* Excluding effects of change in Ohio tax legislation and rate case settlements.

Diluted Earnings Per Share

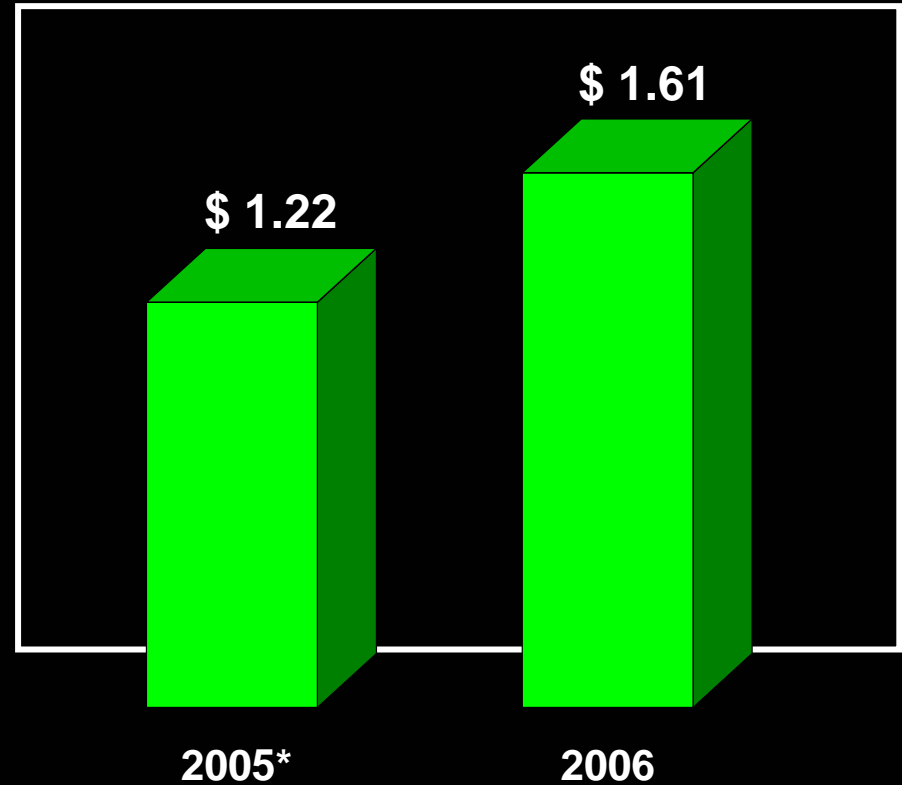
(\$ Dollars)

Second Quarter



% Change vs. Prior Period + 19%

Six Months



+ 32%

* Excluding effects of change in Ohio tax legislation and rate case settlements.

Reconciliation of Net Income

June 30, 2005

(\$ Millions Except Per Share)

	Second Qtr		Six Months	
	<u>Amount</u>	<u>EPS</u>	<u>Amount</u>	<u>EPS</u>
Net Income Excluding Significant Items	\$ 304	\$ 0.75	\$ 498	\$ 1.22
Change in Ohio Tax Legislation	96	0.23	96	0.23
Rate Case Settlements	24	0.06	24	0.06
Net Income – GAAP	<u>\$ 424</u>	<u>\$ 1.04</u>	<u>\$ 618</u>	<u>\$ 1.51</u>

The reconciliation is posted on our web site, www.nscorp.com

