Reconciliation of Non-GAAP Financial Measures

Information presented by Mark R. George, Claude E. Elkins and Jason A. Zampi during NS' first quarter earnings conference call on April 23, 2025 (posted elsewhere on our website) included non-GAAP financial measures, as defined by Securities and Exchange Commission Regulation G. Non-GAAP financial measures should be considered in addition to, not as a substitute for, the financial measures reported in accordance with U.S. generally accepted accounting principles (GAAP).

Financial Results - excluding the Eastern Ohio incident[1], restructuring and other charges[2], sales of railway lines[3], shareholder advisory costs[4], and a deferred tax adjustment[5]
($ in millions, except per share amounts)

	First Quarter 2025		
	Reported 2025 (GAAP)	Eastern Ohio Incident[1]	Adjusted 2025 (Non-GAAP[1])
Railway operating expenses			
Compensation and benefits	$ 739	$ -	$ 739
Purchased services and rents	498	-	498
Fuel	244	-	244
Depreciation	346	-	346
Materials and other	205	-	205
Eastern Ohio incident	(185)	185	-
Total railway operating expenses	$ 1,847	$ 185	$ 2,032
Income from railway operations	$ 1,146	$ (185)	$ 961
Other income - net	$ 31	$ -	$ 31
Income taxes	$ 228	$ (44)	$ 184
Net income	$ 750	$ (141)	$ 609
Earnings per share - diluted	$ 3.31	$ (0.62)	$ 2.69
Railway operating ratio (%)	61.7	6.2	67.9

	First Quarter 2024					
	Reported 2024 (GAAP)	Eastern Ohio Incident[1]	Restructuring and Other Charges[2]	Shareholder Advisory Costs[4]	Deferred Income Tax Adjustment[5]	Adjusted 2024 (Non-GAAP[1,2,4,5])
Railway operating expenses						
Compensation and benefits	$ 736	$ -	$ -	$ -	$ -	$ 736
Purchased services and rents	528	-	-	-	-	528
Fuel	284	-	-	-	-	284
Depreciation	337	-	-	-	-	337
Materials and other	215	-	-	-	-	215
Restructuring and other charges	99	-	(99)	-	-	-
Eastern Ohio incident	592	(592)	-	-	-	-
Total railway operating expenses	$ 2,791	$ (592)	$ (99)	$ -	$ -	$ 2,100
Income from railway operations	$ 213	$ 592	$ 99	$ -	$ -	$ 904
Other income - net	$ 18	$ -	$ -	$ 21	$ -	$ 39
Income taxes	$ (23)	$ 144	$ 24	$ 5	$ 27	$ 177
Net income	$ 53	$ 448	$ 75	$ 16	$ (27)	$ 565
Earnings per share - diluted	$ 0.23	$ 1.98	$ 0.33	$ 0.07	$ (0.12)	$ 2.49
Railway operating ratio (%)	92.9	(19.7)	(3.3)	-	-	69.9

	Fourth Quarter 2024					
	Reported 2024 (GAAP)	Eastern Ohio Incident[1]	Restructuring and Other Charges[2]	Sales of Railway Lines[3]	Shareholder Advisory Costs[4]	Adjusted 2024 (Non-GAAP[1,2,3,4])
Railway operating expenses						
Compensation and benefits	$ 697	$ -	$ -	$ -	$ -	$ 697
Purchased services and rents	507	-	-	-	-	507
Fuel	230	-	-	-	-	230
Depreciation	342	-	-	-	-	342
Materials and other	133	-	-	53	-	186
Restructuring and other charges	27	-	(27)	-	-	-
Eastern Ohio incident	(43)	43	-	-	-	-
Total railway operating expenses	$ 1,893	$ 43	$ (27)	$ 53	$ -	$ 1,962
Income from railway operations	$ 1,131	$ (43)	$ 27	$ (53)	$ -	$ 1,062
Other income (expense) - net	$ (4)	$ -	$ -	$ -	$ 8	$ 4
Income taxes	$ 195	$ (11)	$ 6	$ (13)	$ 2	$ 179
Net income	$ 733	$ (32)	$ 21	$ (40)	$ 6	$ 688
Earnings per share - diluted	$ 3.23	$ (0.14)	$ 0.09	$ (0.17)	$ 0.03	$ 3.04
Railway operating ratio (%)	62.6	1.4	(0.9)	1.8	-	64.9

Revenue
($ in millions)

First Quarter	2025	2024	Change	% Change
Total revenue	$ 2,993	$ 3,004	$ (11)	0%
Less: Fuel surcharge revenue	202	260	(58)	-22%
Revenue less fuel surcharge revenue[6]	$ 2,791	$ 2,744	$ 47	2%
Merchandise revenue	$ 1,863	$ 1,863	$ -	0%
Less: Fuel surcharge revenue	67	101	(34)	-34%
Merchandise revenue less fuel surcharge revenue[6]	$ 1,796	$ 1,762	$ 34	2%
Intermodal revenue	$ 760	$ 745	$ 15	2%
Less: Fuel surcharge revenue	131	147	(16)	-11%
Intermodal revenue less fuel surcharge revenue[6]	$ 629	$ 598	$ 31	5%
Coal revenue	$ 370	$ 396	$ (26)	-7%
Less: Fuel surcharge revenue	4	12	(8)	-67%
Coal revenue less fuel surcharge revenue[6]	$ 366	$ 384	$ (18)	-5%

Revenue Per Unit

First Quarter	2025	2024	Change	% Change
Total revenue per unit	$ 1,720	$ 1,747	$ (27)	-2%
Less: Fuel surcharge revenue per unit	116	151	(35)	-23%
Revenue per unit less fuel surcharge revenue[7]	$ 1,604	$ 1,596	$ 8	1%
Merchandise revenue per unit	$ 3,374	$ 3,306	$ 68	2%
Less: Fuel surcharge revenue per unit	121	179	(58)	-32%
Merchandise revenue per unit less fuel surcharge revenue[7]	$ 3,253	$ 3,127	126	4%
Intermodal revenue per unit	$ 743	$ 754	$ (11)	-1%
Less: Fuel surcharge revenue per unit	128	149	(21)	-14%
Intermodal revenue per unit less fuel surcharge revenue[7]	$ 615	$ 605	$ 10	2%
Coal revenue per unit	$ 2,247	$ 2,369	$ (122)	-5%
Less: Fuel surcharge revenue per unit	23	73	(50)	-68%
Coal revenue per unit less fuel surcharge revenue[7]	$ 2,224	$ 2,296	$ (72)	-3%

[1]GAAP financial results are adjusted to exclude the effects of the February 3, 2023 derailment in Eastern Ohio (the Incident). During the first quarter of 2025 and the fourth quarter of 2024, the Company recorded $185 million and $43 million of net recoveries, respectively. During the first quarter of 2024, the Company recorded $592 of net expenses related to the Incident. The income tax effects of this non-GAAP adjustment were calculated based on the applicable tax rates to which the non-GAAP adjustment related. Management believes these non-GAAP financial measures provide valuable information regarding earnings and business trends of the Company. We use these non-GAAP financial measures internally and believe this information provides useful supplemental information to investors to facilitate making period-to-period comparisons and assessing trends in our performance by excluding the effects of the Incident.

[2] GAAP financial results are adjusted to exclude the effects of restructuring and other charges. During the first quarter of 2024, the Company recorded $99 million of restructuring and other charges associated with a voluntary and an involuntary separation program executed in the first quarter of 2024 as well as costs associated with the appointment of our chief operating officer. During the fourth quarter of 2024, $27 million of expenses associated with ceasing the development of certain technology projects that had not been placed into service and recognizing certain equipment at its net realizable value in advance of the planned disposition of that asset classed was recorded. The income tax effects of this non-GAAP adjustment were calculated based on the applicable tax rates to which the non-GAAP adjustment related. Management believes these non-GAAP financial measures provide valuable information regarding earnings and business trends of the Company. We use these non-GAAP financial measures internally and believe this information provides useful supplemental information to investors to facilitate making period-to-period comparisons and assessing trends in our performance by excluding by excluding these costs.

[3] GAAP financial results are adjusted to exclude gains on railway line sales. In the fourth quarter of 2024, the Company completed sales of railway lines in the state of Virginia resulting in gains of $53 million on operating property sales. The income tax effects of this non-GAAP adjustment were calculated based on the applicable tax rates to which the non-GAAP adjustment related. Management believes these non-GAAP financial measures provide valuable information regarding earnings and business trends of the Company. We use these non-GAAP financial measures internally and believe this information provides useful supplemental information to investors to facilitate making period-to-period comparisons and assessing trends in our performance by excluding the effects of these gains.

[4] GAAP financial results are adjusted to exclude the effects of costs associated with shareholder advisory matters. During the first quarter of 2024 and fourth quarter of 2024, the Company recorded and $21 million and $8 million respectively, for costs associated with shareholder advisory matters. The income tax effects of this non-GAAP adjustment were calculated based on the applicable tax rates to which the non-GAAP adjustment related. Management believes these non-GAAP financial measures provide valuable information regarding earnings and business trends of the Company. We use these non-GAAP financial measures internally and believe this information provides useful supplemental information to investors to facilitate making period-to-period comparisons and assessing trends in our performance by excluding by excluding these costs.

[5] GAAP financial results are adjusted to exclude the effects of a deferred income tax adjustment of $27 million recorded in the first quarter of 2024, the result of a subsidiary restructuring that reduced our estimated deferred state income tax rate. Management believes these non-GAAP financial measures provide valuable information regarding earnings and business trends of the Company. We use these non-GAAP financial measures internally and believe this information provides useful supplemental information to investors to facilitate making period-to-period comparisons and assessing trends in our performance by excluding by excluding this tax benefit.

[6] Revenue less fuel surcharge revenue as used here is to reflect revenue absent the effect of fuel surcharges. Management believes this non-GAAP financial measure provides useful supplemental information to investors regarding the Company's revenue trends, by excluding the volatility introduced by fuel surcharges, and is useful for period-over-period comparisons of these trends.

[7] Revenue per unit as used here is to reflect average revenue per unit absent the effect of fuel surcharges. Management believes this non-GAAP financial measure provides useful supplemental information to investors regarding the Company's pricing trends, by excluding the volatility introduced by fuel surcharges, and is useful for period-over-period comparisons of these trends.

The Company uses these non-GAAP financial measures internally and believes this information provides useful supplemental information to investors regarding the Company's financial performance as compared to prior periods. While the Company believes that these non-GAAP financial measures are useful in evaluating the Company's business, this information should be considered as supplemental in nature and is not meant to be considered in isolation from, or as a substitute for, the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similar measures presented by other companies. With respect to projections and estimates for future non-GAAP operating ratio, including full-year 2025 adjusted operating ratio guidance and our longer term adjusted operating ratio target, the Company is unable to predict or estimate with reasonable certainty the ultimate outcome of certain items required for the GAAP measure without unreasonable effort. Information about the adjustments that are not currently available to the Company could have a potentially unpredictable and significant impact on future GAAP results.