Reconciliation of Non-GAAP Financial Measures

Information presented by Mark R. George, Claude E. Elkins and Jason A. Zampi during NS' second quarter earnings conference call on July 29, 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], and shareholder advisory costs[3]
($ in millions, except per share amounts)

	Second Quarter 2025			
	Reported 2025 (GAAP)	Eastern Ohio Incident[1]	Restructuring and Other Charges[2]	Adjusted 2025 (Non-GAAP[1,2])
Railway operating expenses				
Compensation and benefits	$ 692	$ -	$ -	$ 692
Purchased services and rents	520	-	-	520
Fuel	219	-	-	219
Depreciation	346	-	-	346
Materials and other	195	-	-	195
Restructuring and other charges	10	-	(10)	-
Eastern Ohio incident	(47)	47	-	-
Total railway operating expenses	$ 1,935	$ 47	$ (10)	$ 1,972
Income from railway operations	$ 1,175	$ (47)	$ 10	$ 1,138
Other income - net	$ 24	$ -	$ -	$ 24
Income taxes	$ 230	$ (12)	$ 2	$ 220
Net income	$ 768	$ (35)	$ 8	$ 741
Earnings per share - diluted	$ 3.41	$ (0.16)	$ 0.04	$ 3.29
Railway operating ratio (%)	62.2	1.5	(0.3)	63.4

	Second Quarter 2024				
	Reported 2024 (GAAP)	Eastern Ohio Incident[1]	Restructuring and Other Charges[2]	Shareholder Advisory Costs[3]	Adjusted 2024 (Non-GAAP[1,2,3])
Railway operating expenses					
Compensation and benefits	$ 700	$ -	$ -	$ -	$ 700
Purchased services and rents	516	-	-	-	516
Fuel	257	-	-	-	257
Depreciation	335	-	-	-	335
Materials and other	173	-	-	-	173
Restructuring and other charges	(3)	-	3	-	-
Eastern Ohio incident	(65)	65	-	-	-
Total railway operating expenses	$ 1,913	$ 65	$ 3	$ -	$ 1,981
Income from railway operations	$ 1,131	$ (65)	$ (3)	$ -	$ 1,063
Other income - net	$ 17	$ -	$ (20)	$ 29	$ 26
Income taxes	$ 207	$ (16)	$ (7)	$ 7	$ 191
Net income	$ 737	$ (49)	$ (16)	$ 22	$ 694
Earnings per share - diluted	$ 3.25	$ (0.22)	$ (0.07)	$ 0.10	$ 3.06
Railway operating ratio (%)	62.8	2.2	0.1	-	65.1

	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

Revenue
($ in millions)

Second Quarter	2025	2024	Change	% Change
Total revenue	$ 3,110	$ 3,044	$ 66	2%
Less: Fuel surcharge revenue	203	259	(56)	-22%
Revenue less fuel surcharge revenue[4]	$ 2,907	$ 2,785	$ 122	4%
Merchandise revenue	$ 1,972	$ 1,904	$ 68	4%
Less: Fuel surcharge revenue	73	101	(28)	-28%
Merchandise revenue less fuel surcharge revenue[4]	$ 1,899	$ 1,803	$ 96	5%
Intermodal revenue	$ 743	$ 742	$ 1	0%
Less: Fuel surcharge revenue	124	148	(24)	-16%
Intermodal revenue less fuel surcharge revenue[4]	$ 619	$ 594	$ 25	4%
Coal revenue	$ 395	$ 398	$ (3)	-1%
Less: Fuel surcharge revenue	6	10	(4)	-40%
Coal revenue less fuel surcharge revenue[4]	$ 389	$ 388	$ 1	0%

Revenue Per Unit

Second Quarter	2025	2024	Change	% Change
Total revenue per unit	$ 1,734	$ 1,747	$ (13)	-1%
Less: Fuel surcharge revenue per unit	113	149	(36)	-24%
Revenue per unit less fuel surcharge revenue[5]	$ 1,621	$ 1,598	$ 23	1%
Merchandise revenue per unit	$ 3,282	$ 3,304	$ (22)	-1%
Less: Fuel surcharge revenue per unit	123	176	(53)	-30%
Merchandise revenue per unit less fuel surcharge revenue[5]	$ 3,159	$ 3,128	31	1%
Intermodal revenue per unit	$ 735	$ 739	$ (4)	-1%
Less: Fuel surcharge revenue per unit	122	147	(25)	-17%
Intermodal revenue per unit less fuel surcharge revenue[5]	$ 613	$ 592	$ 21	4%
Coal revenue per unit	$ 2,173	$ 2,445	$ (272)	-11%
Less: Fuel surcharge revenue per unit	31	63	(32)	-51%
Coal revenue per unit less fuel surcharge revenue[5]	$ 2,142	$ 2,382	$ (240)	-10%

[1]GAAP financial results are adjusted to exclude the effects of the February 3, 2023 derailment in Eastern Ohio (the Incident). During the second quarters of 2025 and 2024, and the first quarter of 2025, the Company recorded net recoveries of $47 million, $65 million, and $185 million, respectively, 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 second quarter of 2025, the Company recorded $10 million of restructuring and other charges related to the restructuring of certain technology functions. In the second quarter of 2024, the Company recorded $3 million of favorability related to the voluntary and involuntary separation programs executed in the first quarter of 2024 and a $20 million curtailment gain on our postretirement benefit plan resulting from the restructuring. 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 the effects of costs associated with shareholder advisory matters. During the second quarter of 2024, the Company incurred $29 million 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.

[4] 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.

[5] 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.