Reconciliation of Non-GAAP Financial Measures

Information presented by Mark R. George, Claude E. Elkins, and Jason A. Zampi during NS' fourth quarter earnings conference call on January 29, 2026 (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).

Revenue
($ in millions)

Fourth Quarter	2025	2024	Change	% Change
Total revenue	$ 2,974	$ 3,024	$ (50)	-2%
Less: Fuel surcharge revenue	215	205	10	5%
Revenue less fuel surcharge revenue[1]	$ 2,759	$ 2,819	$ (60)	-2%
Merchandise revenue	$ 1,880	$ 1,842	$ 38	2%
Less: Fuel surcharge revenue	74	71	3	4%
Merchandise revenue less fuel surcharge revenue[1]	$ 1,806	$ 1,771	$ 35	2%
Intermodal revenue	$ 747	$ 792	$ (45)	-6%
Less: Fuel surcharge revenue	136	130	6	5%
Intermodal revenue less fuel surcharge revenue[1]	$ 611	$ 662	$ (51)	-8%
Coal revenue	$ 347	$ 390	$ (43)	-11%
Less: Fuel surcharge revenue	5	4	1	25%
Coal revenue less fuel surcharge revenue[1]	$ 342	$ 386	$ (44)	-11%

Full Year	2025	2024	Change	% Change
Total revenue	$ 12,180	$ 12,123	$ 57	0%
Less: Fuel surcharge revenue	828	962	(134)	-14%
Revenue less fuel surcharge revenue[1]	$ 11,352	$ 11,161	$ 191	2%
Merchandise revenue	$ 7,684	$ 7,470	$ 214	3%
Less: Fuel surcharge revenue	287	360	(73)	-20%
Merchandise revenue less fuel surcharge revenue[1]	$ 7,397	$ 7,110	$ 287	4%
Intermodal revenue	$ 3,009	$ 3,042	$ (33)	-1%
Less: Fuel surcharge revenue	522	567	(45)	-8%
Intermodal revenue less fuel surcharge revenue[1]	$ 2,487	$ 2,475	$ 12	0%
Coal revenue	$ 1,487	$ 1,611	$ (124)	-8%
Less: Fuel surcharge revenue	19	35	(16)	-46%
Coal revenue less fuel surcharge revenue[1]	$ 1,468	$ 1,576	$ (108)	-7%

Revenue Per Unit

Fourth Quarter	2025	2024	Change	% Change
Total revenue per unit	$ 1,723	$ 1,686	$ 37	2%
Less: Fuel surcharge revenue per unit	125	115	10	9%
Revenue per unit less fuel surcharge revenue[2]	$ 1,598	$ 1,571	$ 27	2%
Merchandise revenue per unit	$ 3,326	$ 3,287	$ 39	1%
Less: Fuel surcharge revenue per unit	131	126	5	4%
Merchandise revenue per unit less fuel surcharge revenue[2]	$ 3,195	$ 3,161	$ 34	1%
Intermodal revenue per unit	$ 755	$ 744	$ 11	1%
Less: Fuel surcharge revenue per unit	137	122	15	12%
Intermodal revenue per unit less fuel surcharge revenue[2]	$ 618	$ 622	$ (4)	-1%
Coal revenue per unit	$ 2,018	$ 2,297	$ (279)	-12%
Less: Fuel surcharge revenue per unit	30	26	4	15%
Coal revenue per unit less fuel surcharge revenue[2]	$ 1,988	$ 2,271	$ (283)	-12%

Full Year	2025	2024	Change	% Change
Total revenue per unit	$ 1,724	$ 1,718	$ 6	0%
Less: Fuel surcharge revenue per unit	117	136	(19)	-14%
Revenue per unit less fuel surcharge revenue[2]	$ 1,607	$ 1,582	$ 25	2%

Financial Results - excluding the Eastern Ohio incident[3], restructuring and other charges[4], merger-related expenses[5], sales of railway lines[6], shareholder advisory costs[7], and a favorable deferred tax adjustment[8]

($ in millions, except per share amounts)

	Fourth Quarter 2025			
	Reported 2025 (GAAP)	Eastern Ohio Incident[3]	Merger-Related Expenses[5]	Adjusted 2025 (Non-GAAP[3,5])
Railway operating expenses				
Compensation and benefits	$ 753	$ (40)	$ -	$ 713
Purchased services and rents	558	-	-	558
Fuel	232	-	-	232
Depreciation	353	-	-	353
Materials and other	87	-	-	87
Merger-related expenses	65	-	(65)	-
Eastern Ohio incident	(11)	11	-	-
Total railway operating expenses	$ 2,037	$ (29)	$ (65)	$ 1,943
Income from railway operations	$ 937	$ 29	$ 65	$ 1,031
Other income (expense) - net	23	-	-	23
Income taxes	$ 121	$ 6	$ 7	$ 134
Net income	$ 644	$ 23	$ 58	$ 725
Earnings per share - diluted	$ 2.87	$ 0.10	$ 0.25	$ 3.22
Railway operating ratio (%)	68.5	(1.0)	(2.2)	65.3

	Fourth Quarter 2024					
	Reported 2024 (GAAP)	Sales of Railway Lines[6]	Eastern Ohio Incident[3]	Restructuring and Other Charges[4]	Shareholder Advisory Costs[7]	Adjusted 2024 (Non-GAAP[3,4,6,7])
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	$ 53	$ 43	$ (27)	$ -	$ 1,962
Income from railway operations	$ 1,131	$ (53)	$ (43)	$ 27	$ -	$ 1,062
Other income (expense) - net	(4)	-	-	-	8	4
Income taxes	$ 195	$ (13)	$ (11)	$ 6	$ 2	$ 179
Net income	$ 733	$ (40)	$ (32)	$ 21	$ 6	$ 688
Earnings per share - diluted	$ 3.23	$ (0.17)	$ (0.14)	$ 0.09	$ 0.03	$ 3.04
Railway operating ratio (%)	62.6	1.8	1.4	(0.9)	-	64.9

	Third Quarter 2025				
	Reported 2025 (GAAP)	Eastern Ohio Incident[3]	Restructuring and Other Charges[4]	Merger-Related Expenses[5]	Adjusted 2025 (Non-GAAP[3,4,5])
Railway operating expenses					
Compensation and benefits	$ 738	$ (24)	$ -	$ -	$ 714
Purchased services and rents	519	-	-	-	519
Fuel	237	-	-	-	237
Depreciation	348	-	-	-	348
Materials and other	147	-	-	-	147
Merger-related expenses	15	-	-	(15)	-
Restructuring and other charges	12	-	(12)	-	-
Eastern Ohio incident	(11)	11	-	-	-
Total railway operating expenses	$ 2,005	$ (13)	$ (12)	$ (15)	$ 1,965
Income from railway operations	$ 1,098	$ 13	$ 12	$ 15	$ 1,138
Income taxes	$ 213	$ 3	$ 3	$ 4	$ 223
Net income	$ 711	$ 10	$ 9	$ 11	$ 741
Earnings per share - diluted	$ 3.16	$ 0.05	$ 0.04	$ 0.05	$ 3.30
Railway operating ratio (%)	64.6	(0.4)	(0.4)	(0.5)	63.3

	Year Ended December 31, 2025				
	Reported 2025 (GAAP)	Eastern Ohio Incident[3]	Restructuring and Other Charges[4]	Merger-Related Expenses[5]	Adjusted 2025 (Non-GAAP[3,4,5])
Railway operating expenses					
Compensation and benefits	$ 2,922	$ (64)	$ -	$ -	$ 2,858
Purchased services and rents	2,095	-	-	-	2,095
Fuel	932	-	-	-	932
Depreciation	1,393	-	-	-	1,393
Materials and other	634	-	-	-	634
Merger-related expenses	80	-	-	(80)	-
Restructuring and other charges	22	-	(22)	-	-
Eastern Ohio incident	(254)	254	-	-	-
Total railway operating expenses	$ 7,824	$ 190	$ (22)	$ (80)	$ 7,912
Income from railway operations	$ 4,356	$ (190)	$ 22	$ 80	$ 4,268
Other income - net	101	-	-	-	101
Income taxes	$ 792	$ (47)	$ 5	$ 11	$ 761
Net income	$ 2,873	$ (143)	$ 17	$ 69	$ 2,816
Earnings per share - diluted	$ 12.75	$ (0.64)	$ 0.07	$ 0.31	$ 12.49
Railway operating ratio (%)	64.2	1.6	(0.2)	(0.6)	65.0

	Year Ended December 31, 2024						
	Reported 2024 (GAAP)	Sales of Railway Lines[6]	Eastern Ohio Incident[3]	Restructuring and Other Charges[4]	Shareholder Advisory Costs[7]	Deferred Income Tax Adjustment[8]	Adjusted 2024 (Non-GAAP[3,4,6,7,8])
Railway operating expenses							
Compensation and benefits	$ 2,823	$ -	$ -	$ -	$ -	$ -	$ 2,823
Purchased services and rents	2,048	-	-	-	-	-	2,048
Fuel	987	-	-	-	-	-	987
Depreciation	1,353	-	-	-	-	-	1,353
Materials and other	333	433	-	-	-	-	766
Restructuring and other charges	183	-	-	(183)	-	-	-
Eastern Ohio incident	325	-	(325)	-	-	-	-
Total railway operating expenses	$ 8,052	$ 433	$ (325)	$ (183)	$ -	$ -	$ 7,977
Income from railway operations	$ 4,071	$ (433)	$ 325	$ 183	$ -	$ -	$ 4,146
Other income - net	65	-	-	(20)	59	-	104
Income taxes	$ 707	$ (106)	$ 78	$ 38	$ 15	$ 27	$ 759
Net income	$ 2,622	$ (327)	$ 247	$ 125	$ 44	$ (27)	$ 2,684
Earnings per share - diluted	$ 11.57	$ (1.44)	$ 1.09	$ 0.55	$ 0.20	$ (0.12)	$ 11.85
Railway operating ratio (%)	66.4	3.6	(2.7)	(1.5)	-	-	65.8

Free Cash Flow and Free Cash Flow Conversion
($ in millions)

Years Ended December 31	2025	2024
Net cash provided by operating activities	$ 4,361	$ 4,052
Property additions	(2,204)	(2,381)
Free cash flow[9]	2,157	1,671
Acquisition of assets of CSR	-	(1,643)
Property sales and other transactions	164	558
Investment purchases	(621)	(319)
Investment sales and other transactions	99	1,005
Net cash used in financing activities	(1,910)	(1,199)
Net increase (decrease) in cash and cash equivalents	$ (111)	$ 73
Net Income	2,873	2,622
Free Cash Flow Conversion[9]	75%	64%

[1] Revenue less fuel 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.

[2] 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.

[3] GAAP financial results are adjusted to exclude the effects of the February 3, 2023 derailment in Eastern Ohio (the Incident). During the fourth quarter and full year 2025, the overall expense impact on operating expenses resulting from costs and recoveries associated with the Incident was $29 million in net expenses and $190 million in net recoveries, respectively. During the fourth quarter and full year 2024, the Company recorded $43 million of net recoveries and $325 million of net expenses related to the Incident, respectively. The total expense recognized includes $418 million and $650 million in recoveries during 2025 and 2024, of which $24 million and $98 million were recognized in the fourth quarters of 2025 and 2024, respectively. 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.

[4] GAAP financial results are adjusted to exclude the effects of restructuring and other charges. During 2025, the Company recorded $22 million of restructuring and other charges related to the restructuring of certain technology functions. During 2024, the Company recorded $183 million of restructuring and other costs. Of this amount, $105 million is associated with voluntary and involuntary separation programs that reduced our management workforce and costs associated with the appointment of our chief operating officer. We also recognized a $20 million curtailment gain on our other postretirement benefit plans resulting from the restructuring, included in "Other income - net." Additionally, $79 million of expenses are 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 class, of which $27 million was recorded in the fourth quarter of 2024. 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 merger-related expenses. During the fourth quarter and full year 2025, the Company incurred $65 million and $80 million, respectively, for merger-related expenses primarily related to costs associated with employee retention agreements, third-party advisor fees, and legal fees. 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.

[6] GAAP financial results are adjusted to exclude gains on railway line sales. In 2024, the Company completed sales of railway lines in Virginia and North Carolina resulting in gains of $433 million on operating property sales, of which $53 million were recorded in the fourth quarter of 2024. 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.

[7] GAAP financial results are adjusted to exclude the effects of costs incurred in 2024 associated with shareholder advisory matters, which amounted to $8 million in the fourth quarter and $59 million for the full year. 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.

[8] 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.

[9] Free cash flow as used here is a function of cash provided by operating activities reduced by property additions. Free cash flow conversion as used here is net income divided by free cash flow. Both are measures of cash available for other investing and financing activities, primarily including payment of dividends, repurchases of common stock and repayments of debt. Management believes that this non-GAAP financial measure provides useful supplemental information to investors regarding the Company’s ability to generate cash flows after taking into consideration cash necessary to cover operations and maintain and grow our capital base.

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.