

Reconciliation of Non-GAAP Financial Measures

Information presented by Alan H. Shaw during NS' first quarter earnings conference call on April 26, 2017 (posted elsewhere on our website) included non-GAAP financial measures, as defined by SEC Regulation G. Non-GAAP financial measures should be considered in addition to, not as a substitute for, the financial measure reported in accordance with U.S. generally accepted accounting principles (GAAP).

Revenue

(\$ in millions)

First Quarter	2017	2016	Change	% Change
Total revenue	\$ 2,575	\$ 2,420	\$ 155	6%
Less: Fuel surcharge revenue	<u>80</u>	<u>49</u>	<u>31</u>	63%
Revenue less fuel surcharge revenue ¹	<u>\$ 2,495</u>	<u>\$ 2,371</u>	<u>\$ 124</u>	5%
Merchandise revenue	\$ 1,584	\$ 1,549	\$ 35	2%
Less: Fuel surcharge revenue	<u>10</u>	<u>5</u>	<u>5</u>	100%
Merchandise revenue less fuel surcharge revenue ¹	<u>\$ 1,574</u>	<u>\$ 1,544</u>	<u>\$ 30</u>	2%
Intermodal revenue	\$ 571	\$ 522	\$ 49	9%
Less: Fuel surcharge revenue	<u>62</u>	<u>40</u>	<u>22</u>	55%
Intermodal revenue less fuel surcharge revenue ¹	<u>\$ 509</u>	<u>\$ 482</u>	<u>\$ 27</u>	6%
Coal revenue	\$ 420	\$ 349	\$ 71	20%
Less: Fuel surcharge revenue	<u>8</u>	<u>4</u>	<u>4</u>	100%
Coal revenue less fuel surcharge revenue ¹	<u>\$ 412</u>	<u>\$ 345</u>	<u>\$ 67</u>	19%

Revenue Per Unit

First Quarter	2017	2016	Change	% Change
Total revenue per unit	\$ 1,394	\$ 1,378	\$ 16	1%
Less: Fuel surcharge revenue per unit	<u>43</u>	<u>28</u>	<u>15</u>	54%
Revenue per unit less fuel surcharge revenue ¹	<u>\$ 1,351</u>	<u>\$ 1,350</u>	<u>\$ 1</u>	0%
Merchandise revenue per unit	\$ 2,564	\$ 2,526	\$ 38	2%
Less: Fuel surcharge revenue per unit	<u>16</u>	<u>8</u>	<u>8</u>	100%
Merchandise revenue per unit less fuel surcharge revenue ¹	<u>\$ 2,548</u>	<u>\$ 2,518</u>	<u>\$ 30</u>	1%
Intermodal revenue per unit	\$ 589	\$ 562	\$ 27	5%
Less: Fuel surcharge revenue per unit	<u>64</u>	<u>43</u>	<u>21</u>	49%
Intermodal revenue per unit less fuel surcharge revenue ¹	<u>\$ 525</u>	<u>\$ 519</u>	<u>\$ 6</u>	1%
Coal revenue per unit	\$ 1,617	\$ 1,626	\$ (9)	-1%
Less: Fuel surcharge revenue per unit	<u>32</u>	<u>19</u>	<u>13</u>	68%
Coal revenue per unit less fuel surcharge revenue ¹	<u>\$ 1,585</u>	<u>\$ 1,607</u>	<u>\$ (22)</u>	-1%

¹ Revenue and revenue per unit as used here is to reflect revenue and average revenue per unit absent the effect of fuel surcharges. Management believes these non-GAAP financial measures provide 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 financial measures internally. While the Company believes that these 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 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.