

Reconciliation of Non-GAAP Financial Measures

Information presented by Marta R. Stewart during NS' second quarter earnings conference call on July 23, 2014 (posted elsewhere on our web site) 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).

Free Cash Flow

(\$ in millions)

First Six Months	2014	2013
Net cash provided by operating activities	\$ 1,437	\$ 1,506
Property additions	<u>(809)</u>	<u>(884)</u>
Free cash flow ¹	628	622
Property sales and other transactions	44	68
Investments, including short-term	(3)	(7)
Investment sales and other transactions	121	16
Net cash used in financing activities	<u>(566)</u>	<u>(765)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 224</u>	<u>\$ (66)</u>

¹Free cash flow as used here is a measure of cash available for other investing activities and financing activities, including payment of dividends and repurchases of common stock.