

Reconciliation of Non-GAAP Financial Measures

Information presented by Marta R. Stewart during NS' third quarter earnings conference call on October 22, 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)

Nine Months Ended September 30,	2014	2013
Net cash provided by operating activities	\$ 2,346	\$ 2,404
Property additions	<u>(1,379)</u>	<u>(1,470)</u>
Free cash flow ¹	967	934
Property sales and other transactions	69	109
Investments, including short-term	(4)	(29)
Investment sales and other transactions	60	21
Net cash used in financing activities	<u>(1,103)</u>	<u>(704)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (11)</u>	<u>\$ 331</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.