

Reconciliation of Non-GAAP Performance Measures

Information presented by Marta R. Stewart at the Wolfe Trahan Global Transportation Conference on May 26, 2011 (posted elsewhere on our web site) included non-GAAP financial measures, as defined by SEC Regulation G. Non-GAAP performance measures should be considered in addition to, not as a substitute for, the financial performance reported in accordance with U.S. generally accepted accounting principles (GAAP).

Consolidated Statements of Income

(\$ in millions)

Three Months Ended March 31,	2011 Reported	Arbitration Adjustment	2011 Adjusted	2010 Reported	Increase/ (Decrease)	
Railway operating revenues	\$ 2,620	\$ --	\$ 2,620	\$ 2,238	\$ 382	17%
Railway operating expenses ¹	<u>2,020</u>	<u>(58)</u>	<u>1,962</u>	<u>1,683</u>	<u>279</u>	<u>17%</u>
Income from railway operations ¹	600	58	658	555	103	19%
Other income- net	27	--	27	20	7	35%
Interest expense on debt	<u>112</u>	<u>--</u>	<u>112</u>	<u>119</u>	<u>(7)</u>	<u>(6)%</u>
Income before income taxes ¹	515	58	573	456	117	26%
Total income taxes	<u>190</u>	<u>22</u>	<u>212</u>	<u>199</u>	<u>13</u>	<u>7%</u>
Net income ¹	<u>\$ 325</u>	<u>\$ 36</u>	<u>\$ 361</u>	<u>\$ 257</u>	<u>\$ 104</u>	<u>40%</u>

Earnings Per Share

(in millions, except per share amounts)

Three Months Ended March 31,	2011 Reported	Arbitration Adjustment	2011 Adjusted	2010 Reported	Increase/ (Decrease)	
Net income	\$ 325	\$ 36	\$ 361	\$ 257	\$ 104	40%
Dividend equivalent payments	<u>(2)</u>	<u>--</u>	<u>(2)</u>	<u>(2)</u>	<u>--</u>	<u>--</u>
Income available to common stockholders	\$ 323	\$ 36	\$ 359	\$ 255	\$ 104	41%
Adjusted weighted-average shares outstanding	<u>360.5</u>	<u></u>	<u>360.5</u>	<u>374.9</u>	<u>(14.4)</u>	<u>(4)%</u>
Diluted earnings per share ¹	<u>\$ 0.90</u>	<u>\$ 0.10</u>	<u>\$ 1.00</u>	<u>\$ 0.68</u>	<u>\$ 0.32</u>	<u>47%</u>

¹Railway operating expenses, Income from railway operations, Income before income taxes, Net income and Diluted earnings per share as shown in the "2011 Adjusted" column reflect the arbitration adjustment.

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Total Shareholder Distributions

(\$ in millions) Periods Ended,	Dec 31 2006	Dec 31 2007	Dec 31 2008	Dec 31 2009	Dec 31 2010	Mar 31 2011	2006 - 1Q11
Dividends	\$ 278	\$ 377	\$ 456	\$ 500	\$ 514	\$ 142	\$ 2,267
Share repurchases	964	1,196	1,128	-	863	343	\$ 4,494
Total Shareholder Distributions	<u>\$ 1,242</u>	<u>\$ 1,573</u>	<u>\$ 1,584</u>	<u>\$ 500</u>	<u>\$ 1,377</u>	<u>\$ 485</u>	<u>\$ 6,761</u>