

## Reconciliation of Non-GAAP Performance Measures

Information presented by Marta R. Stewart at the Morgan Keegan Transportation Conference on September 14, 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 <sup>1</sup>	<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 <sup>1</sup>	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 <sup>1</sup>	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 <sup>1</sup>	<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 <sup>1</sup>	<u>\$ 0.90</u>	<u>\$ 0.10</u>	<u>\$ 1.00</u>	<u>\$ 0.68</u>	<u>\$ 0.32</u>	<u>47%</u>

<sup>1</sup> Railway 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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### Consolidated Statements of Income

(\$ in millions)

Three Months Ended June 30,	2011 Reported	Income Tax Related Adj	2011 Adjusted	2010 Reported	Increase/ (Decrease)	
Railway operating revenues	\$ 2,866	\$ -	\$ 2,866	\$ 2,430	\$ 436	18%
Railway operating expenses	1,991	-	1,991	1,697	294	17%
Income from railway operations	875	-	875	733	142	19%
Other income- net <sup>1</sup>	34	(6)	28	17	11	65%
Interest expense on debt	113	-	113	115	(2)	(2)%
Income before income taxes <sup>1</sup>	796	(6)	790	635	155	24%
Total income taxes <sup>1</sup>	239	57	296	243	53	22%
Net income <sup>1</sup>	<u>\$ 557</u>	<u>\$ (63)</u>	<u>\$ 494</u>	<u>\$ 392</u>	<u>\$ 102</u>	26%

### Earnings Per Share

(in millions, except per share amounts)

Three Months Ended June 30,	2011 Reported	Income Tax Related Adj	2011 Adjusted	2010 Reported	Increase/ (Decrease)	
Net income	\$ 557	\$ (63)	\$ 494	\$ 392	\$ 102	26%
Dividend equivalent payments	-	-	-	(2)	-	0%
Income available to common stockholders	\$ 557	\$ (63)	\$ 494	\$ 390	\$ 104	27%
Adjusted weighted-average shares outstanding	357.3		357.3	375.1	(17.8)	(5)%
Diluted earnings per share <sup>1</sup>	<u>\$ 1.56</u>	<u>\$ 0.18</u>	<u>\$ 1.38</u>	<u>\$ 1.04</u>	\$ 0.34	33%

<sup>1</sup> Other income-net, Income before income taxes, Total income taxes, Net income and Diluted earnings per share as shown in the "2011 Adjusted" column exclude the income-tax related benefits.

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### Consolidated Statements of Income

(\$ in millions)

Six Months Ended June 30,	2011 Reported	Arbitration Adjustment	Income Tax Related Adj	2011 Adjusted	2010 Reported	Increase/ (Decrease)	
Railway operating revenues	\$ 5,486	\$ -	\$ -	\$ 5,486	\$ 4,668	\$ 818	18%
Railway operating expenses <sup>1</sup>	<u>4,011</u>	<u>(58)</u>	<u>-</u>	<u>3,953</u>	<u>3,380</u>	<u>573</u>	17%
Income from railway operations <sup>1</sup>	1,475	58	-	1,533	1,288	245	19%
Other income- net <sup>1</sup>	61	-	(6)	55	37	18	49%
Interest expense on debt	<u>225</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>234</u>	<u>(9)</u>	(4)%
Income before income taxes <sup>1</sup>	1,311	58	(6)	1,363	1,091	272	25%
Total income taxes <sup>1</sup>	<u>429</u>	<u>22</u>	<u>57</u>	<u>508</u>	<u>442</u>	<u>66</u>	15%
Net income <sup>1</sup>	<u>\$ 882</u>	<u>\$ 36</u>	<u>\$ (63)</u>	<u>\$ 855</u>	<u>\$ 649</u>	<u>\$ 206</u>	32%

### Earnings Per Share

(in millions, except per share amounts)

Six Months Ended June 30,	2011 Reported	Arbitration Adjustment	Income Tax Related Adj	2011 Adjusted	2010 Reported	Increase/ (Decrease)	
Net income	\$ 882	\$ 36	\$ (63)	\$ 855	\$ 649	\$ 206	32%
Dividend equivalent payments	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(4)</u>	<u>2</u>	-50%
Income available to common stockholders	\$ 880	\$ 36	\$ (63)	\$ 853	\$ 645	\$ 208	32%
Adjusted weighted-average shares outstanding	<u>358.9</u>	<u>-</u>	<u>-</u>	<u>358.9</u>	<u>375.0</u>	<u>(16.1)</u>	(4)%
Diluted earnings per share <sup>1</sup>	<u>\$ 2.45</u>	<u>\$ 0.10</u>	<u>\$ (0.18)</u>	<u>\$ 2.38</u>	<u>\$ 1.72</u>	<u>\$ 0.66</u>	33%

<sup>1</sup> Railway operating expenses, Income from railway operations, Other income-net, Income before income taxes, Total income taxes, Net income and Diluted earnings per share as shown in the "2011 Adjusted" column excludes the arbitration adjustment and the income tax-related benefits.

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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	Jun 30 2011	2006 - 2Q11
Dividends	\$ 278	\$ 377	\$ 456	\$ 500	\$ 514	\$ 283	\$ 2,408
Share repurchases	964	1,196	1,128	-	863	792	\$ 4,943
Total Shareholder Distributions	<u>\$ 1,242</u>	<u>\$ 1,573</u>	<u>\$ 1,584</u>	<u>\$ 500</u>	<u>\$ 1,377</u>	<u>\$ 1,075</u>	<u>\$ 7,351</u>

### Free Cash Flow

(\$ in millions) Periods Ended,	Dec 31 2006	Dec 31 2007	Dec 31 2008	Dec 31 2009	Dec 31 2010
Net cash provided by operating activities	\$ 2,206	\$ 2,333	\$ 2,715	\$ 1,860	\$ 2,714
Property additions	(1,178)	(1,341)	(1,558)	(1,299)	(1,470)
Free Cash Flow	<u>\$ 1,028</u>	<u>\$ 992</u>	<u>\$ 1,157</u>	<u>\$ 561</u>	<u>\$ 1,244</u>

### Free Cash Flow

(\$ in millions) Periods Ended,	Jun 30 2010	Jun 30 2011
Net cash provided by operating activities	\$ 1,382	\$ 1,700
Property additions	(569)	(888)
Free Cash Flow	<u>\$ 813</u>	<u>\$ 812</u>