

Reconciliation of Non-GAAP Performance Measures

Information presented by Donald W. Seale at the Bank of America Merrill Lynch Conference on May 20, 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).

Operating Ratio

(\$ 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	\$ 2,020	\$ (58)	\$ 1,962	\$ 1,683	\$ 279	17%
Railway operating ratio ¹	77.1		74.9	75.2	(0.3)	--

¹Railway operating ratio as shown in the "2011 Adjusted" column reflects the arbitration adjustment.

Three Months Ended March 31,	2011 Reported	Arbitration Adjustment	Fuel Lag Adjustment	2011 Adjusted	2010 Reported	Increase/ (Decrease)	
Railway operating revenues	\$ 2,620	--	\$ 40	\$ 2,660	\$ 2,238	\$ 422	19%
Railway operating expenses	\$ 2,020	\$ (58)	--	\$ 1,962	\$ 1,683	\$ 279	17%
Railway operating ratio ²	77.1			73.8	75.2	(1.4)	(2)%

²Railway operating ratio as shown in the "2011 Adjusted" column reflects arbitration and fuel lag adjustments.

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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%

¹Railway operating expenses and Income from railway operations as shown in the "2011 Adjusted" column reflect the arbitration adjustment.