

Reconciliation of Non-GAAP Performance Measures

Information presented by James A. Squires at the Wells Fargo Industriail & Construction Conference on May 10, 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%
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.