

## Non-GAAP Definitions

***Management believes certain non-GAAP measures provide an alternative presentation of the results that more accurately reflect on-going Company operations. These measures should be considered in addition to, not a substitute for, the reported GAAP results.***

### **Free Cash Flow**

Cash provided by operating activities, less cash used in investing activities, less dividends paid. Management believes this is an important measure in evaluating our financial performance and measures our ability to generate cash without incurring additional external financings.

### **Debt to Capital**

Total debt divided by total debt plus equity. Management believes this is an important measure in evaluating our balance sheet strength and is important in managing our credit ratios and financing relationships.

### **Adjusted Debt to Capital**

Total debt plus net present value of operating leases plus value of sold receivables divided by total debt plus net present value of operating leases plus value of sold receivables plus equity. Management believes this is an important measure in evaluating the total amount of leverage in our capital structure including off-balance sheet obligations.

### **Return on Invested Capital**

Net income plus interest expense, plus sale of receivables fees, plus interest on present value of leases, less taxes on interest and fees divided by average equity plus average debt plus average value of sold receivables plus average present value of operating leases. Management believes this is an important measure for evaluating the long term efficiency and value of the Company's capital investments.

**Free Cash Flow  
Reconciliation to GAAP  
For the Twelve Months Ended December 31  
(Dollars in Millions)**

	<u>2006</u>	<u>2007</u>
Cash Provided by Operating Activities	\$ 2,880	\$ 3,277
Cash Used in Investing Activities	(2,042)	(2,426)
Dividends Paid	(322)	(364)
Free Cash Flow	<u>\$ 516</u>	<u>\$ 487</u>

**Consolidated Statement of Cash Flows  
(Dollars in Millions)**

	<u>2006</u>	<u>2007</u>
<b>Operating Activities:</b>		
Net Income	\$ 1,606	\$ 1,855
Depreciation	1,237	1,321
Deferred Income Taxes	235	332
Other - Net	(198)	(231)
<b>Cash Provided by Operating Activities</b>	<u>2,880</u>	<u>3,277</u>
<b>Investing Activities:</b>		
Capital Investments	(2,242)	(2,496)
Other - Net	200	70
<b>Cash Used in Investing Activities</b>	<u>(2,042)</u>	<u>(2,426)</u>
<b>Financing Activities:</b>		
Common Shares Repurchased	-	(1,375)
Dividends Paid	(322)	(364)
Debt Repaid	(657)	(792)
Debt Issued	-	1,581
Other - Net	195	150
<b>Cash Used in Financing Activities</b>	<u>(784)</u>	<u>(800)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>\$ 54</u>	<u>\$ 51</u>

**Debt /Capital  
Reconciliation to GAAP**

(Dollars in millions except for percentages)

	<u>Dec 31 2006</u>	<u>Dec 31 2007</u>
<b>Debt (a)</b>	\$6,780	\$7,682
Equity	<u>15,312</u>	<u>15,585</u>
<b>Total Capital (b)</b>	<b>\$22,092</b>	<b>\$23,267</b>
 <b>Debt to Capital (a/b)</b>	 <b>30.7%</b>	 <b>33.0%</b>

**Adjusted Debt /Capital  
Reconciliation to GAAP**

(Dollars in millions except for percentages)

	<u>Dec 31 2006</u>	<u>Dec 31 2007</u>
Debt	\$6,780	\$7,682
Value of Sold Receivables	600	600
Net Present Value of Operating Leases	<u>3,513</u>	<u>3,783</u>
<b>Total Lease Adjusted Debt (a)</b>	<b>\$10,893</b>	<b>\$12,065</b>
Equity	<u>15,312</u>	<u>15,585</u>
<b>Total Capital (b)</b>	<b>\$26,205</b>	<b>\$27,650</b>
 <b>Adjusted Debt to Capital (a/b)</b>	 <b>41.6%</b>	 <b>43.6%</b>

**Return on Invested Capital (ROIC)  
Reconciliation to GAAP**

(Dollars in millions except percentages)

	<b>2005</b>	<b>2006</b>	<b>2007</b>
Net Income	\$ 1,026	\$ 1,606	\$ 1,855
Add: Interest Expense	\$ 504	\$ 477	\$ 482
Add: Sale of Receivables Fees	23	33	35
Add: Interest on Present Value of Operating Leases	218	268	292
Less: Taxes on Interest and Fees	(213)	(283)	(310)
Net Operating Profit After Tax As Adjusted (a)	<u>\$ 1,558</u>	<u>\$ 2,101</u>	<u>\$ 2,354</u>
Average Equity	\$ 13,181	\$ 14,510	\$ 15,448
Add: Average Debt	7,774	7,098	7,232
Add: Average Value of Sold Receivables	595	600	600
Add: Average Present Value of Operating Leases	2,729	3,349	3,648
Average Invested Capital As Adjusted (b)	<u>\$ 24,279</u>	<u>\$ 25,557</u>	<u>\$ 26,928</u>
<b>Return on Invested Capital As Adjusted (a/b)</b>	<b>6.4%</b>	<b>8.2%</b>	<b>8.7%</b>