

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.

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 plus after-tax unfunded pension and OPEB obligation divided by total debt plus net present value of operating leases plus value of sold receivables plus after-tax unfunded pension and OPEB obligation plus equity. Operating leases were discounted using 6.2% at March 31, 2009 and 8.0% at March 31, 2008, respectively. The lower discount rate reflects changes to interest rates and our current financing costs. Management believes this is an important measure in evaluating the total amount of leverage in our capital structure including off-balance sheet obligations.

Fuel Price Adjusted Operating Expenses

Reported operating expenses minus the differential between fuel price per gallon consumed multiplied by current period fuel consumed in gallons. Management believes this is an important measure in evaluating cost changes excluding the change in fuel price, to allow the illustration of cost performance as it relates to volume changes.

**Debt / Capital
Reconciliation to GAAP**

(Dollars in Millions Except for Percentages)

	<u>Mar 31 2009</u>	<u>Mar 31 2008</u>
Debt (a)	\$9,195	\$8,118
Equity	<u>15,654</u>	<u>15,557</u>
Capital (b)	\$24,849	\$23,675
 Debt to Capital (a/b)	 37.0%	 34.3%

**Adjusted Debt / Capital
Reconciliation to GAAP**

(Dollars in Millions Except for Percentages)

	<u>Mar 31 2009</u>	<u>Mar 31 2008</u>
Debt	\$9,195	\$8,118
Value of Sold Receivables	500	600
Net Present Value of Operating Leases	3,959	3,687
Unfunded Pension and OPEB	<u>733</u>	<u>234</u>
Adjusted Debt (a)	\$14,387	\$12,639
Equity	<u>15,654</u>	<u>15,557</u>
Adjusted Capital (b)	\$30,041	\$28,196
 Adjusted Debt to Capital (a/b)	 47.9%	 44.8%

**Fuel Price Adjusted Operating Expenses
Reconciliation to GAAP**

(Dollars in Millions Except for Fuel Price per Gallon)

	Mar 31 2009
Reported Operating Expenses	\$2,743
Average Fuel Price per Gallon Consumed	\$1.51
Average Fuel Price per Gallon Consumed - Mar 31, 2008	<u>\$2.84</u>
Difference	\$1.33
Fuel Consumed in Gallons (Millions)	<u>252</u>
Adjusted Locomotive Fuel Expense	\$335
Fuel Price Adjusted Operating Expenses	<u><u>\$3,078</u></u>