

**RECONCILIATIONS TO GAAP & OTHER CALCULATIONS  
THIRD QUARTER 2009 FINANCIAL PRESENTATION**

**COMPUTATION OF OPERATING RATIO, OPERATING INCOME, EARNINGS PER SHARE, ADJUSTED DEBT TO CAPITALIZATION, AND EBITDA INTEREST COVERAGE  
LESS MAINTENANCE CAPITAL**

(Dollars in millions except for EPS. See adjustments on page 2.)

**Summary 2009 and 2008 Operating Ratio used in "Third Quarter 2009 Summary" and "Operating Income & Operating Ratio - Third Quarter"**

	<b>2009 Actual</b>	<b>2008 Actual</b>
Operating Expenses	\$ 2,694	\$ 3,699
Other revenues	106	140
Freight revenue	3,489	4,766
Operating ratio ((Op. Exp.-Other Rev.) / Freight Revenue))	74.2%	74.7%

**Summary 2009 and 2008 Operating Ratio used in "Operating Income & Operating Ratio - Third Quarter"**

	<b>2009 Actual</b>	<b>2008 Actual</b>
Operating Expenses	\$ 2,694	\$ 3,699
Other revenues	106	140
Freight revenue	3,489	4,766
Less adjustment (a)	(30)	-
Total Freight revenue	3,459	4,766
Operating ratio ((Op. Exp.-Other Rev.) / Freight Revenue))	74.8%	74.7%

**Summary 2009 and 2008 Operating Expense excluding impact of fuel prices used in "Summary"**

	<b>2009 Actual</b>	<b>2008 Actual</b>	<b>% Change</b>
Operating Expenses	\$ 2,694	\$ 3,699	
Less adjustment (a)			
Fuel Price impact	546		
Total operating expense	3,240	3,699	-12%

**Summary 2009 and 2008 Operating Income used in "Operating Income & Operating Ratio - Third Quarter"**

	<b>2009 Actual</b>	<b>2008 Actual</b>	<b>2009 vs. 2008</b>	<b>% Change</b>
Third quarter operating income	\$ 901	\$ 1,207	\$ (306)	-25%
Adjustment (a)	(30)		(30)	
Adjusted operating income	\$ 871	\$ 1,207	(336)	-28%

**Summary 2009 and 2008 Adjusted GAAP EPS used in "Third Quarter 2009 Summary" and "Earning per Share - Third Quarter"**

	<b>2009</b>	<b>2008</b>	<b>% Change</b>
Third quarter EPS	\$ 1.42	\$ 1.99	
Adjustment (a)	(0.06)		
Adjusted EPS	\$ 1.36	\$ 1.99	-32%

**RECONCILIATIONS TO GAAP & OTHER CALCULATIONS**  
**THIRD QUARTER 2009 FINANCIAL PRESENTATION**  
**COMPUTATION OF OPERATING RATIO, OPERATING INCOME, EARNINGS PER SHARE, ADJUSTED DEBT TO CAPITALIZATION, AND EBITDA INTEREST**  
**COVERAGE LESS MAINTENANCE CAPITAL**  
(Dollars in millions except for EPS)

**Summary 2009 and 2008 Debt/Capitalization ratio used in "Other Financial Statistics - Third Quarter"**

	<b>2009 Actual</b>	<b>2008 Actual</b>
Net debt to total capitalization (d)	42.9%	41.5%
Adjustment for long-term operating leases (e)	9.1%	11.9%
Adjustment for unfunded pension and retiree health and welfare liability	1.4%	0.7%
Adjustment for junior subordinated notes (f)	-1.0%	-1.0%
Adjusted debt/capitalization ratio	<u>52.4%</u>	<u>53.1%</u>

**2009 and 2008 EBITDA Interest Coverage Less Maintenance Capital used in "Other Financial Statistics - Third Quarter"**

	<b>2009 Actual</b>	<b>2008 Actual</b>
EBITDA (g)	\$ 4,968	\$ 5,125
Adjustment for unusual items (b), (c)	74	175
Adjustment for rent expense (h)	666	689
Adjustment for maintenance capital (i)	(2,412)	(2,196)
Adjusted EBITDA	<u>\$ 3,296</u>	<u>\$ 3,793</u>
Interest (k)	599	522
Adjustment for rental interest (k)	223	230
Adjustment for unusual items (b)	(40)	-
Adjusted Interest	<u>\$ 782</u>	<u>\$ 752</u>
Adjusted EBITDA Interest Coverage	<u>4.21X</u>	<u>5.04X</u>

Adjustments/Calculations:

- (a) Q3 2009 adjustment excludes the \$30 million or \$31 million (including interest expense) pre-tax, or \$19 million net of tax or \$0.06 diluted EPS related to the unfavorable coal rate case initially recorded in Q1 2009.
- (b) Q3 YTD 2009 adjustment excludes the \$66 million or \$74 million (including interest expense) pre-tax, or \$46 million net of tax or \$0.13 diluted EPS for the unfavorable coal rate case and \$32 million (interest expense) pretax, or \$20 million net of tax or \$0.06 diluted EPS for loss on interest rate hedges.
- (c) 2008 adjustment includes the \$175 million, pre-tax, or \$108 million, net of tax charge for environmental matters in Montana.
- (d) Net debt to total capitalization is calculated as total debt (long-term debt plus long-term debt due within one year) less cash and cash equivalents divided by the sum of net debt and total stockholder's equity.
- (e) Represents the net present value of future operating lease commitments as well as adjustment for other debt equivalents which principally includes accounts receivable financing.
- (f) Junior subordinated notes are included in total debt on the respective Consolidated Balance Sheet; however, as they include certain equity characteristics, they have been assigned a 50% equity credit for purposes of this calculation.
- (g) EBITDA is calculated as the 12-month moving sum of operating income and depreciation expense.
- (h) Rent expense is calculated as the 12-month moving sum of freight car leases, locomotive leases and miscellaneous rents.
- (i) Maintenance capital is calculated as a 12-month moving sum.
- (k) Interest and rental interest are calculated as a 12-month moving sum.