



# Second Quarter 2010 Results

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# Operating Results

Second Quarter 2010 vs. 2009 (\$ Millions)

	Second Qtr 2010	Second Qtr 2009	Favorable (Unfavorable)	
			\$	%
Railway Operating Revenues	\$ 2,430	\$ 1,857	\$ 573	31%

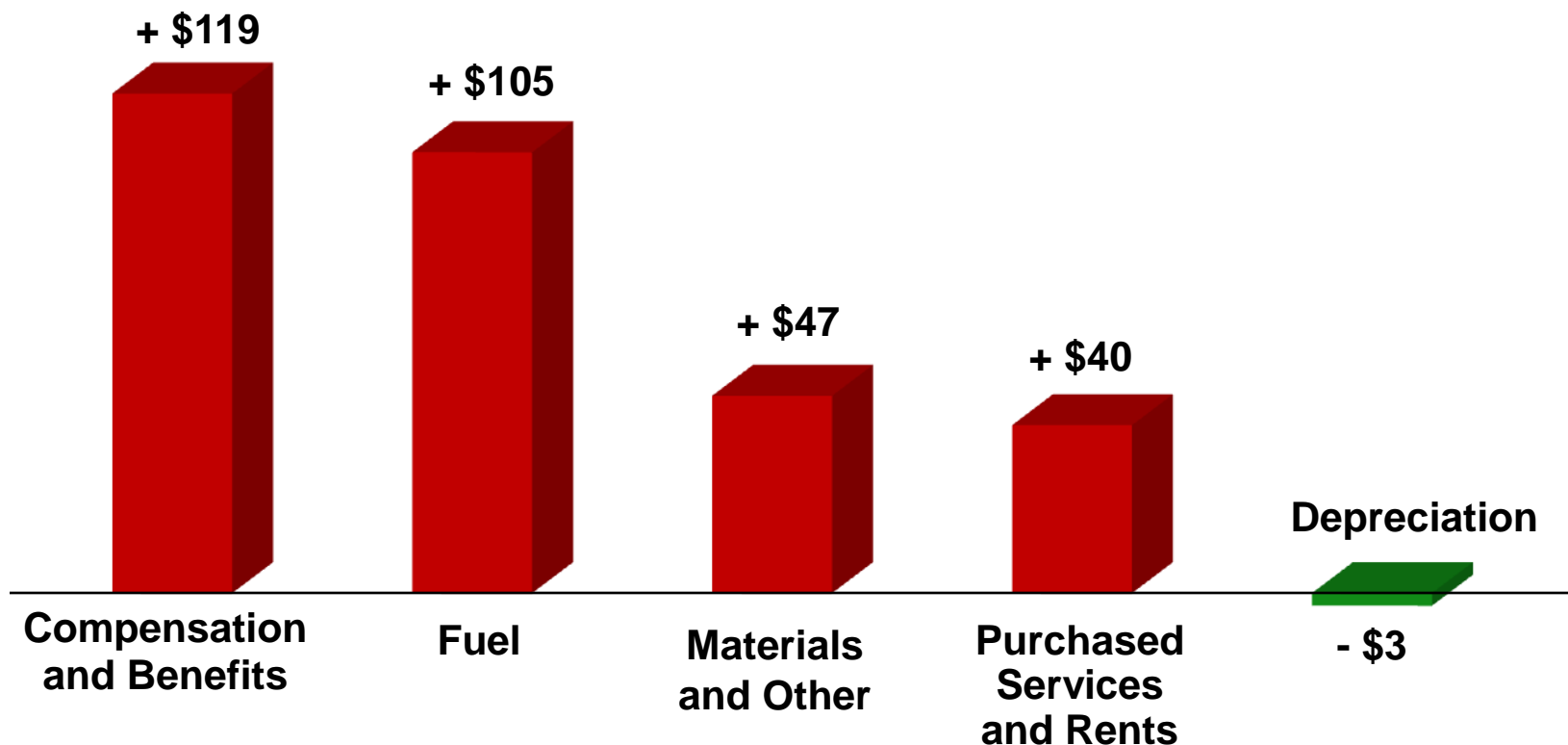
# Operating Results

Second Quarter 2010 vs. 2009 (\$ Millions)

	Second Qtr 2010	Second Qtr 2009	Favorable (Unfavorable) \$	%
Railway Operating Revenues	\$ 2,430	\$ 1,857	\$ 573	31%
Railway Operating Expenses	1,697	1,389	(308)	(22%)
Income from Railway Operations	\$ 733	\$ 468	\$ 265	57%
Railway Operating Ratio	69.8	74.8	5.0	7%

# Railway Operating Expense Analysis

## Second Quarter 2010 vs. 2009 (\$ Millions)



**Net Increase \$308 Million / 22%**

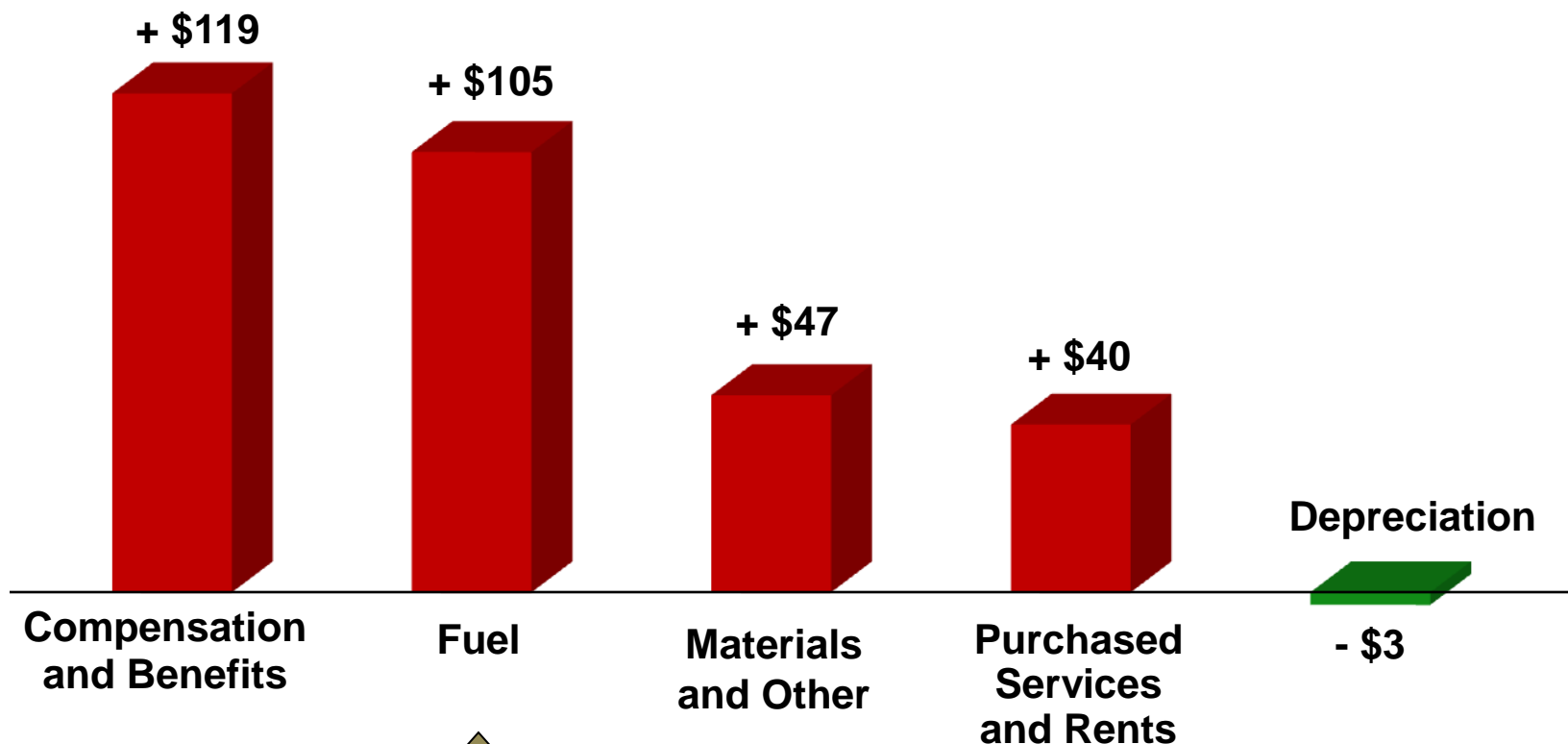
# Compensation and Benefits Analysis

## Second Quarter 2010 vs. 2009 (\$ Millions)

	<u>Increase</u>
Incentive and Stock-Based Compensation	\$ 41
Volume-Related Payroll	29
Wage Rates	20
Medical Benefits (Active and Retiree)	18
Other	11
Total Increase	\$ <u>119</u>

# Railway Operating Expense Analysis

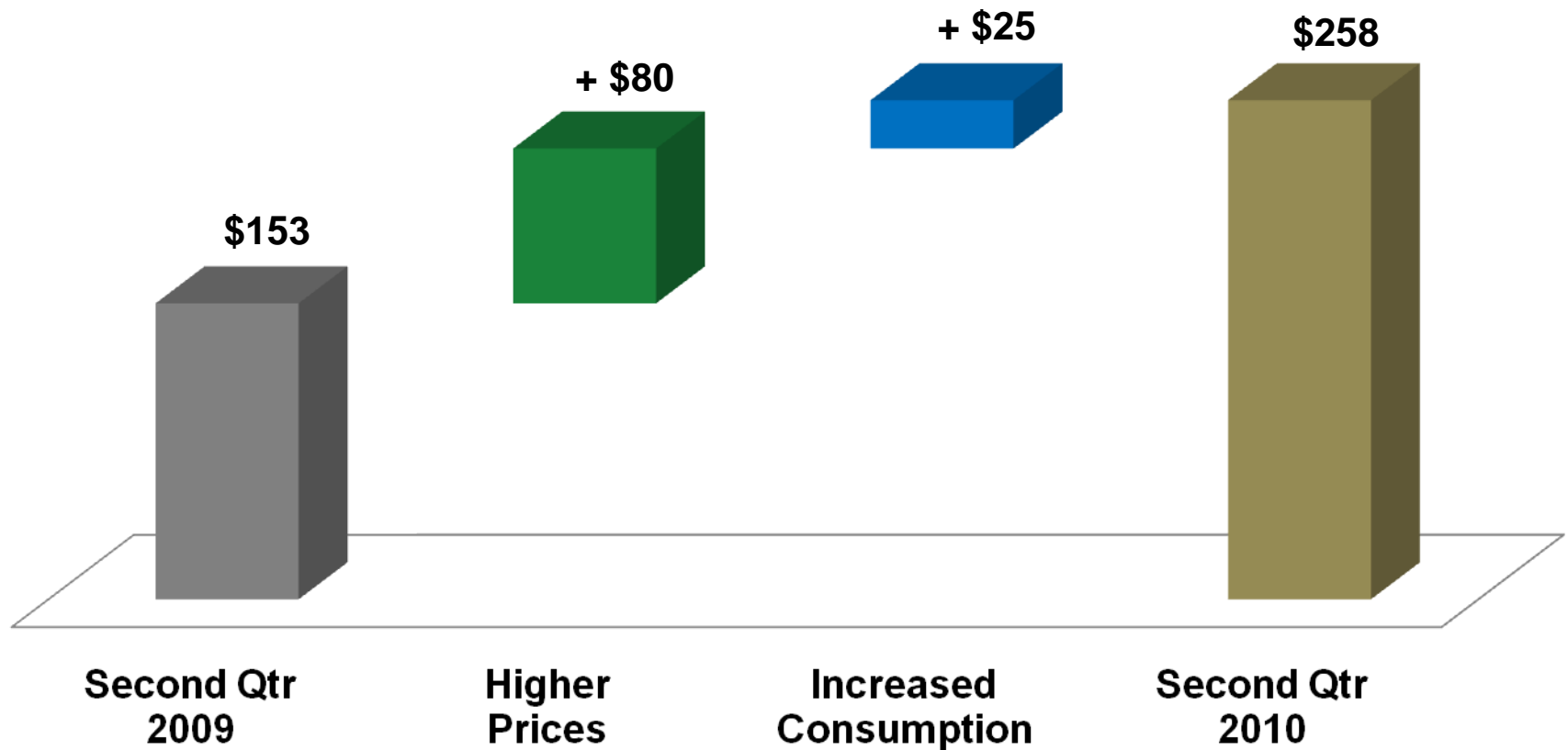
## Second Quarter 2010 vs. 2009 (\$ Millions)



**Net Increase \$308 Million / 22%**

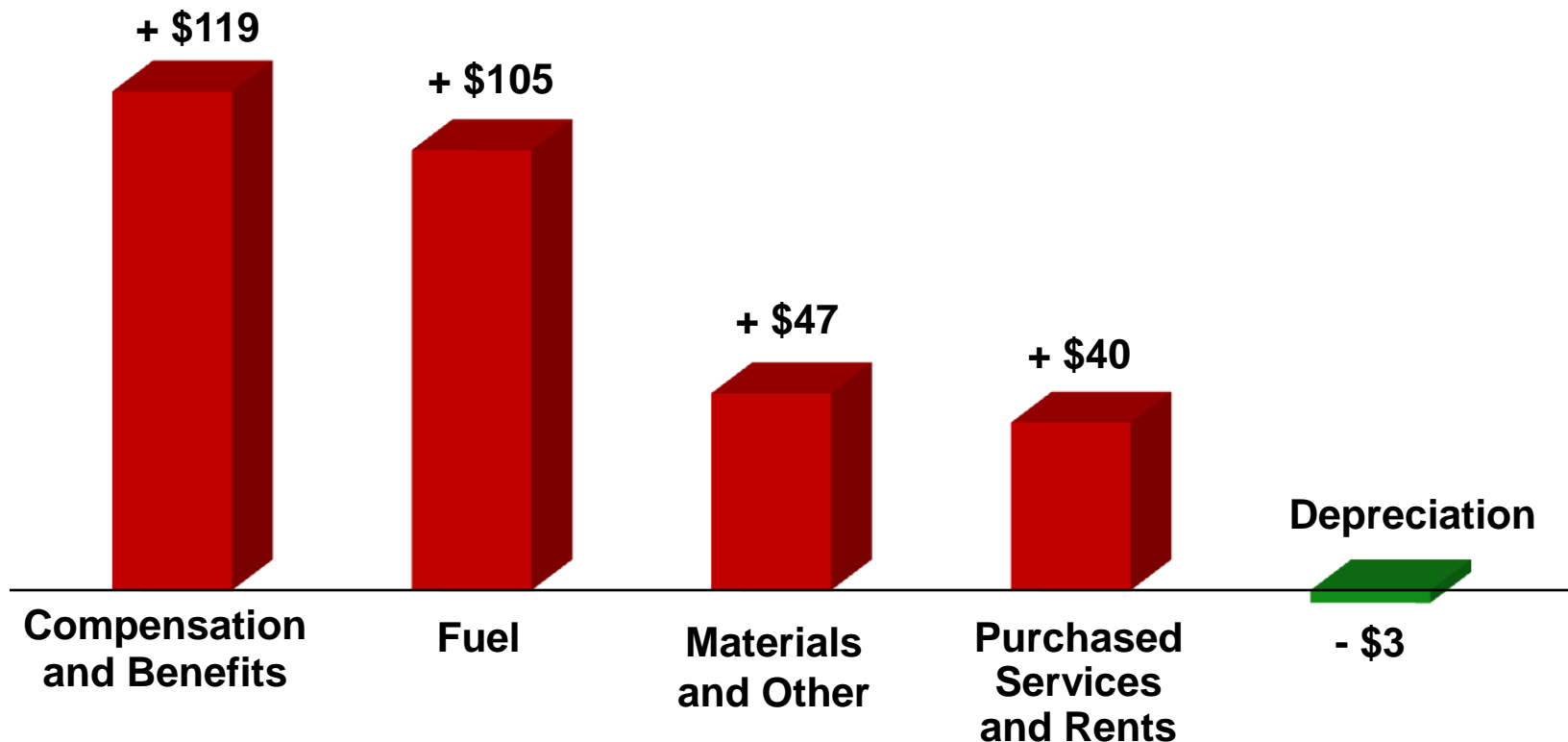
# Fuel Expense Analysis

## Second Quarter 2010 vs. 2009 (\$ Millions)



# Railway Operating Expense Analysis

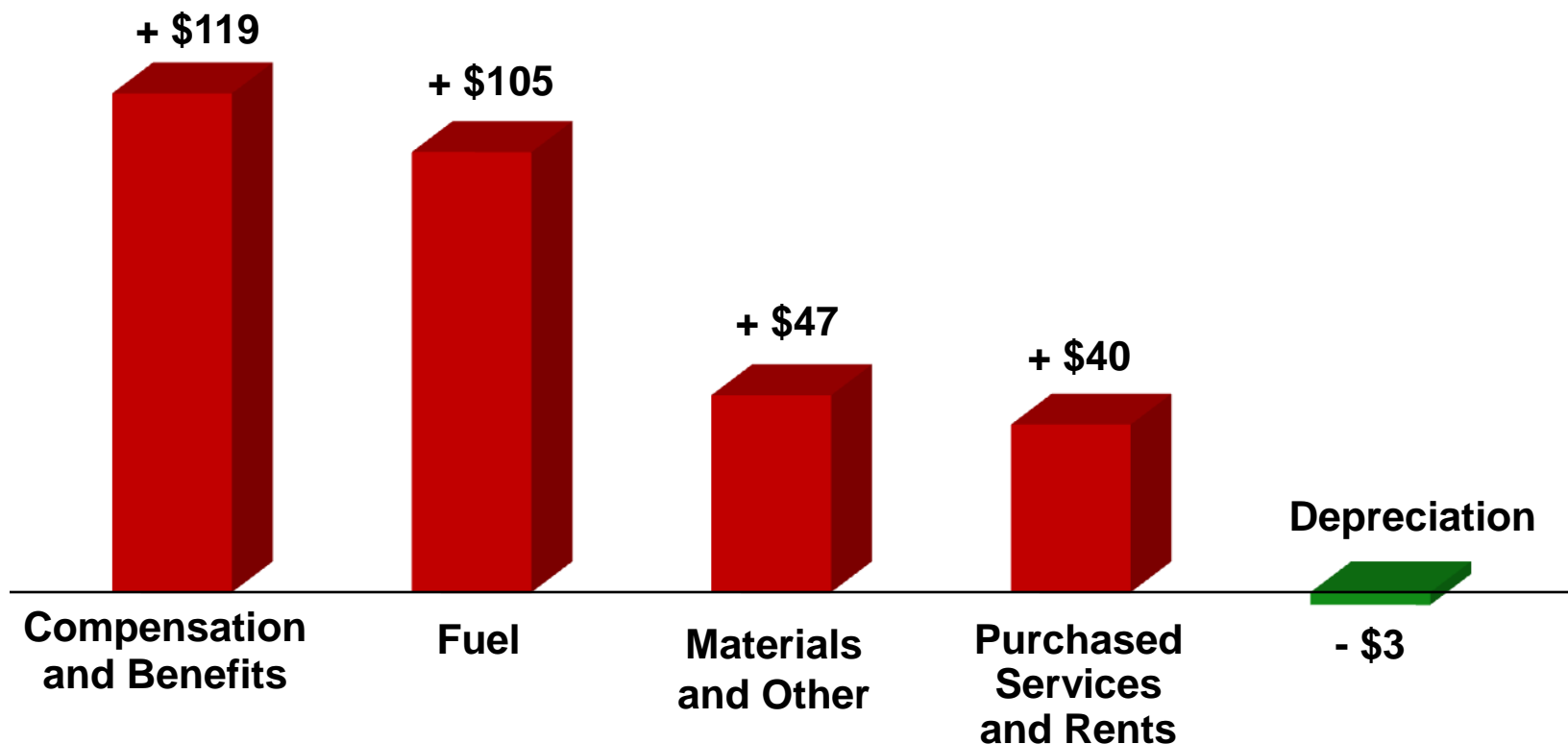
## Second Quarter 2010 vs. 2009 (\$ Millions)



**Net Increase \$308 Million / 22%**

# Railway Operating Expense Analysis

## Second Quarter 2010 vs. 2009 (\$ Millions)



**Net Increase \$308 Million / 22%**

# Other Income - Net

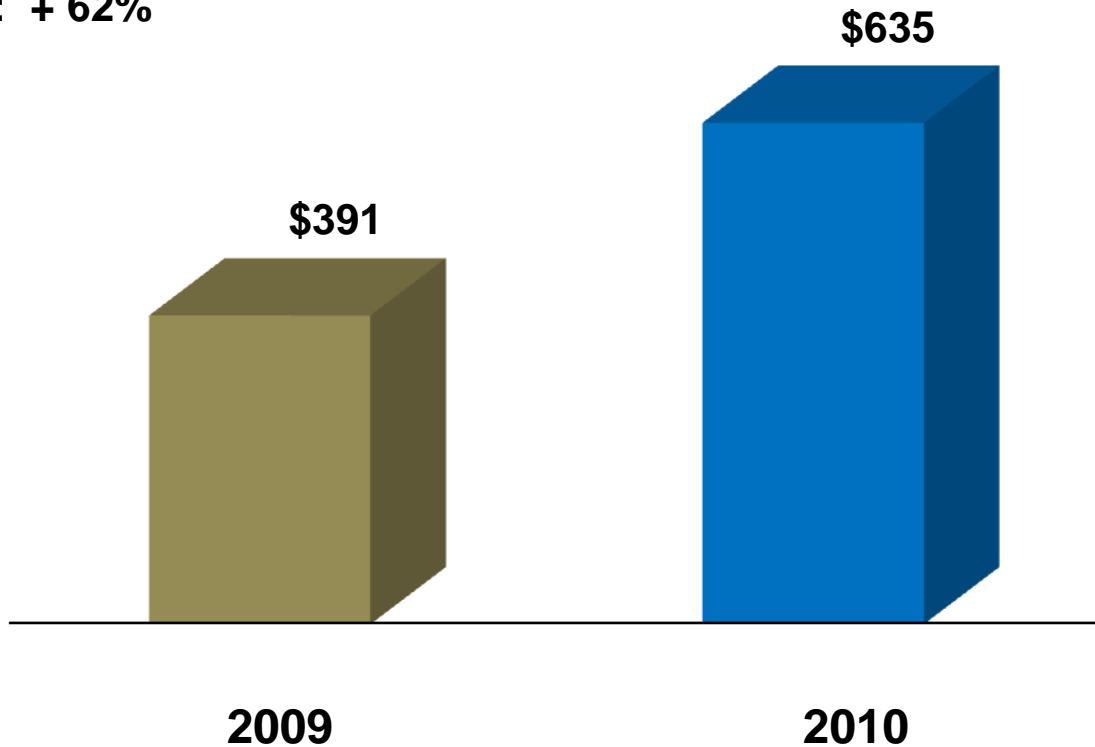
Second Quarter 2010 vs. 2009 (\$ Millions)

	Second Qtr	Second Qtr	Favorable (Unfavorable)	
	2010	2009	\$	%
Corporate-Owned Life Insurance	\$ (5)	\$ 7	\$ (12)	(171%)
Interest on Tax Deficiencies	(2)	5	(7)	(140%)
All Other	24	24	--	--%
Other Income - Net	<u>\$ 17</u>	<u>\$ 36</u>	<u>\$ (19)</u>	<u>(53%)</u>
Interest Expense on Debt	<u>\$ 115</u>	<u>\$ 113</u>	<u>\$ (2)</u>	<u>(2%)</u>

# Income Before Income Taxes

## Second Quarter (\$ Millions)

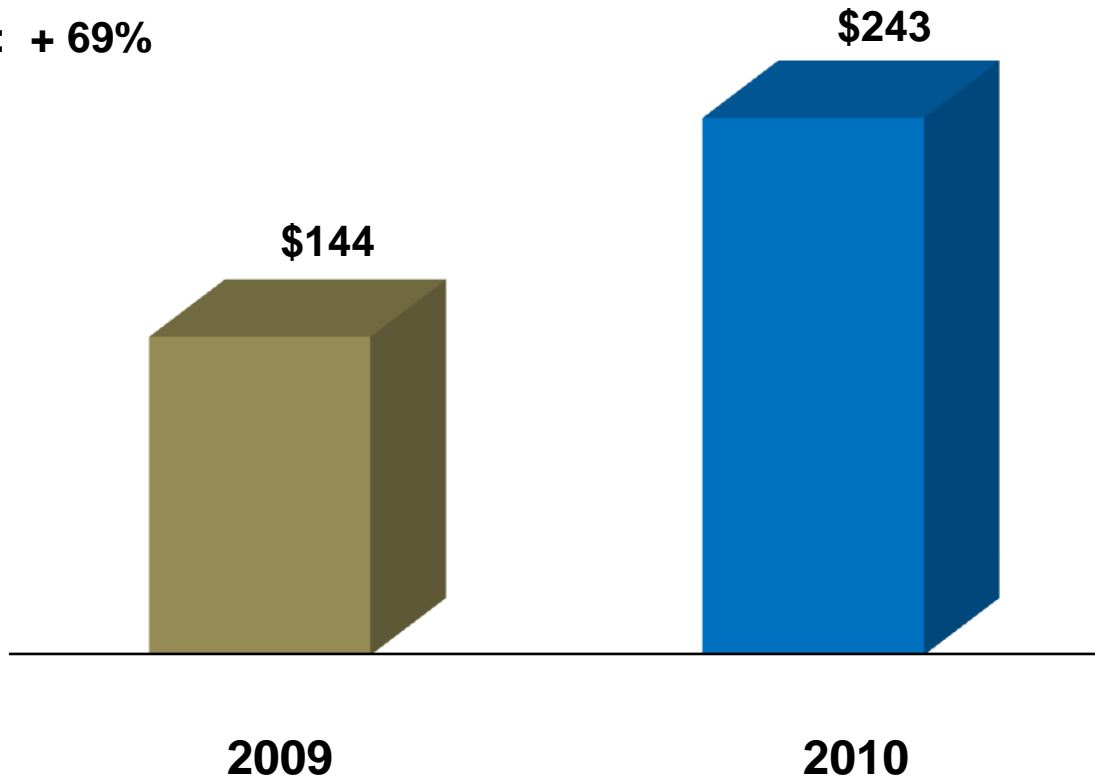
Change vs.  
Prior Period: + 62%



# Income Taxes

## Second Quarter (\$ Millions)

Change vs.  
Prior Period: + 69%

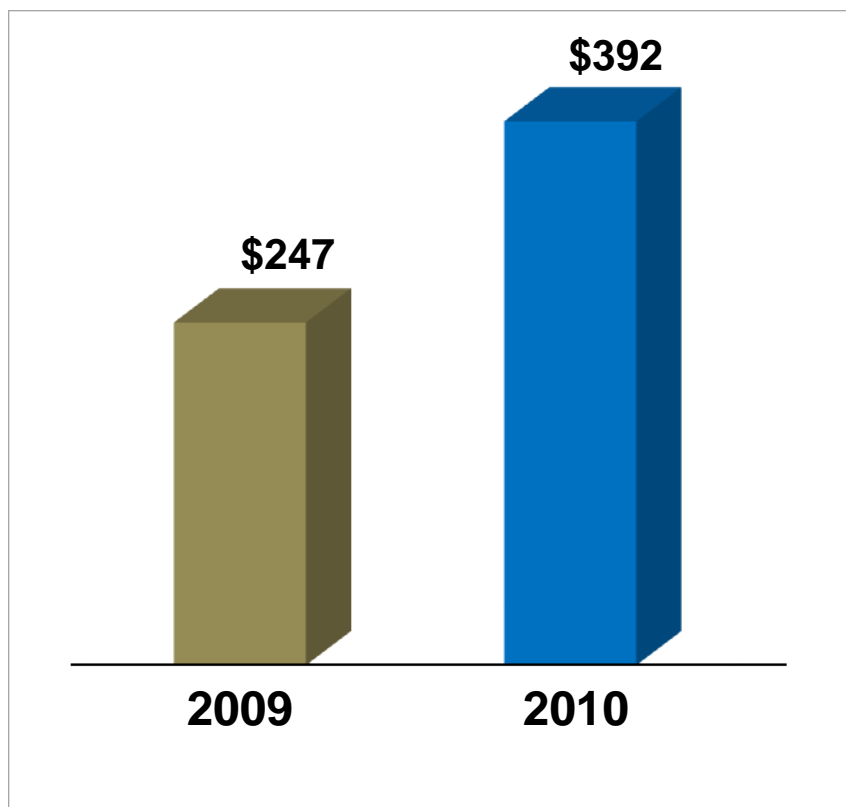


# Net Income and Diluted Earnings per Share

## Second Quarter (\$ Millions except per share)

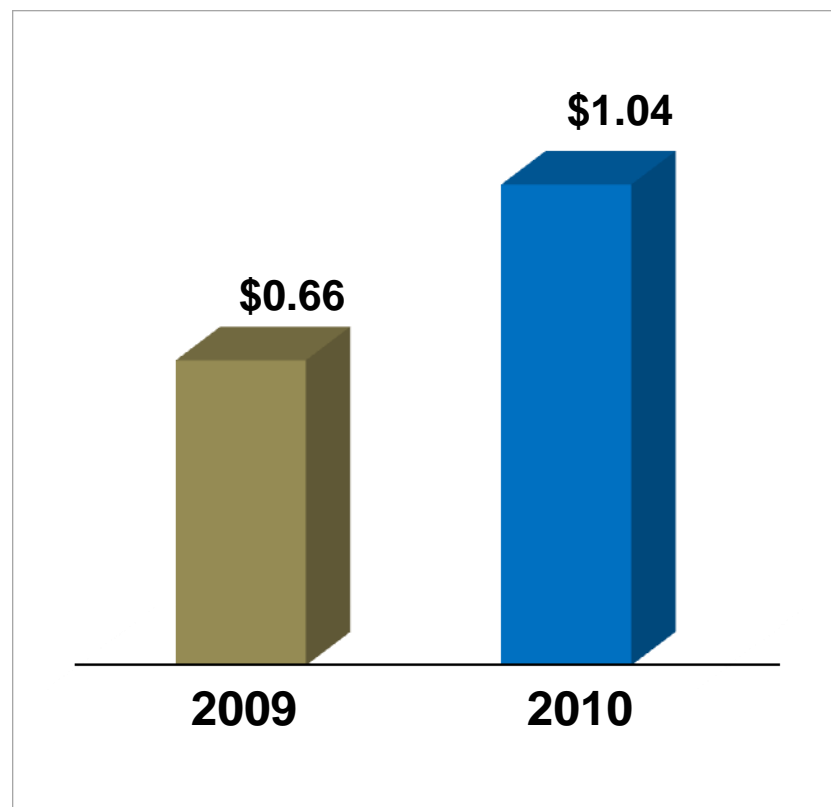
### Net Income

Change vs. Prior Period: + 59%



### Diluted Earnings per Share

Change vs. Prior Period: + 58%



# Cash Flows

## First Six Months 2010 vs. 2009 (\$ Millions)

	<u>2010</u>	<u>2009</u>
<b>Cash Provided by Operating Activities</b>	<b>\$ 1,382</b>	<b>\$ 643</b>
<b>Capital Expenditures</b>	<b>(569)</b>	<b>(566)</b>
<b>*Free Cash Flow</b>	<b>\$ 813</b>	<b>\$ 77</b>
<b>Dividends</b>	<b>\$ 252</b>	<b>\$ 250</b>
<b>Share Repurchases</b>	<b>\$ 114</b>	<b>\$ --</b>
<b>Cash and Cash Equivalents at June 30</b>	<b>\$ 855</b>	<b>\$ 722</b>

*\*Please see reconciliation to GAAP posted on our web site.*