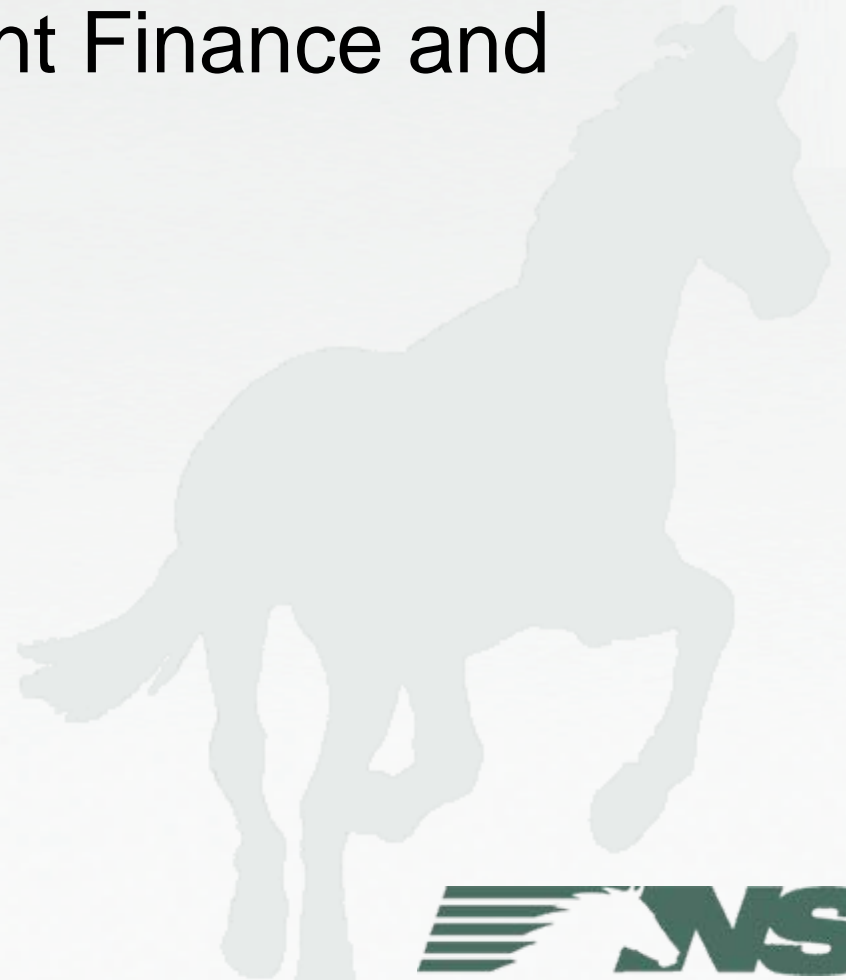


Third Quarter Results 2008

James A. Squires

Executive Vice President Finance and
Chief Financial Officer



Operating Results

Third Quarter 2008 vs. 2007

(\$ Millions)

	Third Qtr 2008	Third Qtr 2007	Favorable (Unfavorable)	
			\$	%
Railway Operating Revenues	\$ 2,894	\$ 2,353	\$ 541	23%

Operating Results

Third Quarter 2008 vs. 2007

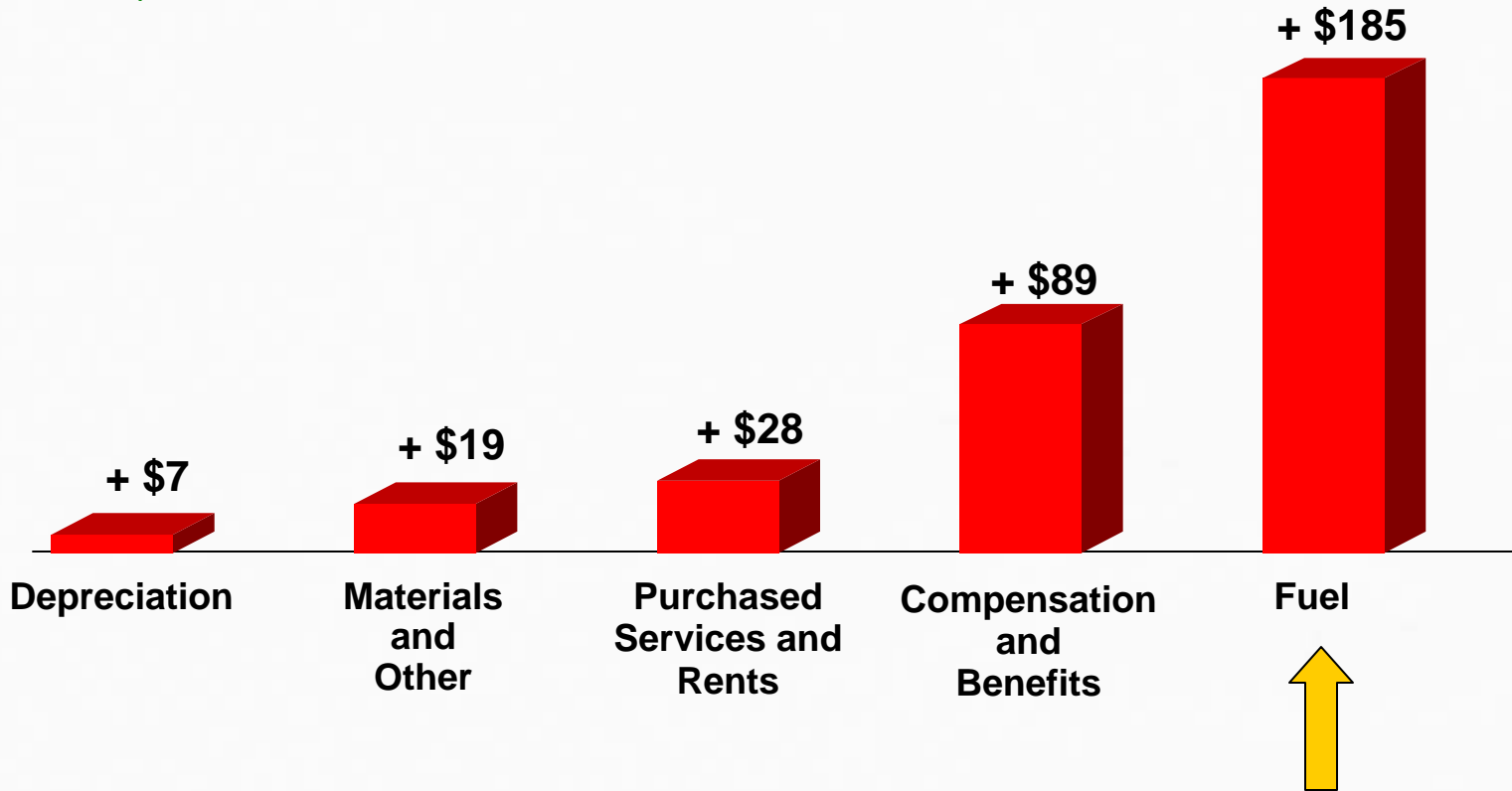
(\$ Millions)

	Third Qtr 2008	Third Qtr 2007	Favorable (Unfavorable)	
			\$	%
Railway Operating Revenues	\$ 2,894	\$ 2,353	\$ 541	23%
Railway Operating Expenses	2,000	1,672	(328)	(20)
Income From Railway Operations	<u>\$ 894</u>	<u>\$ 681</u>	<u>\$ 213</u>	<u>31%</u>
Railway Operating Ratio	69.1	71.1	2.0	3%

Railway Operating Expense Analysis

Third Quarter 2008 vs. 2007

(\$ Millions)

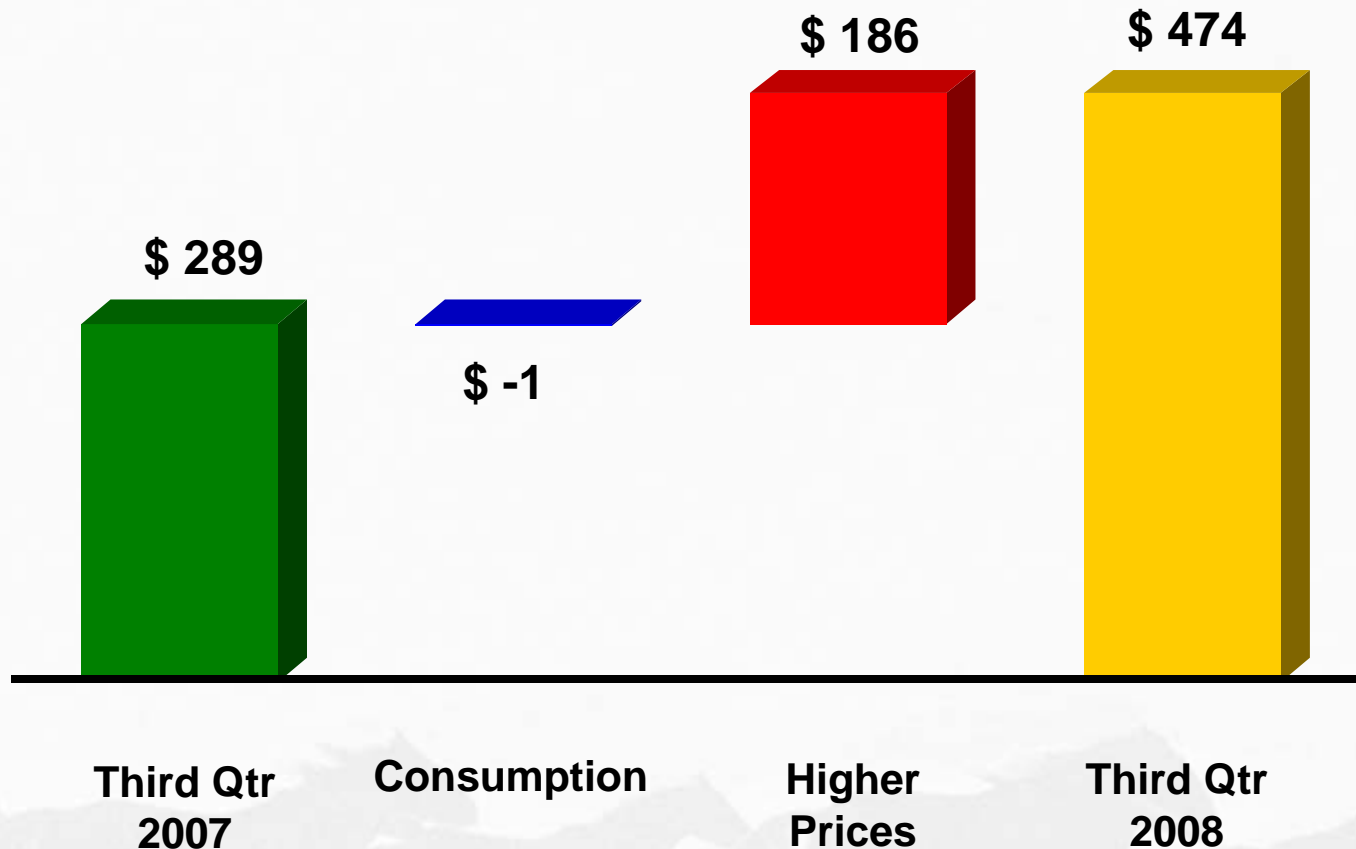


Total Increase \$ 328 Million / 20%

Fuel Expense Analysis

Third Quarter 2008 vs. 2007

(\$ Millions)

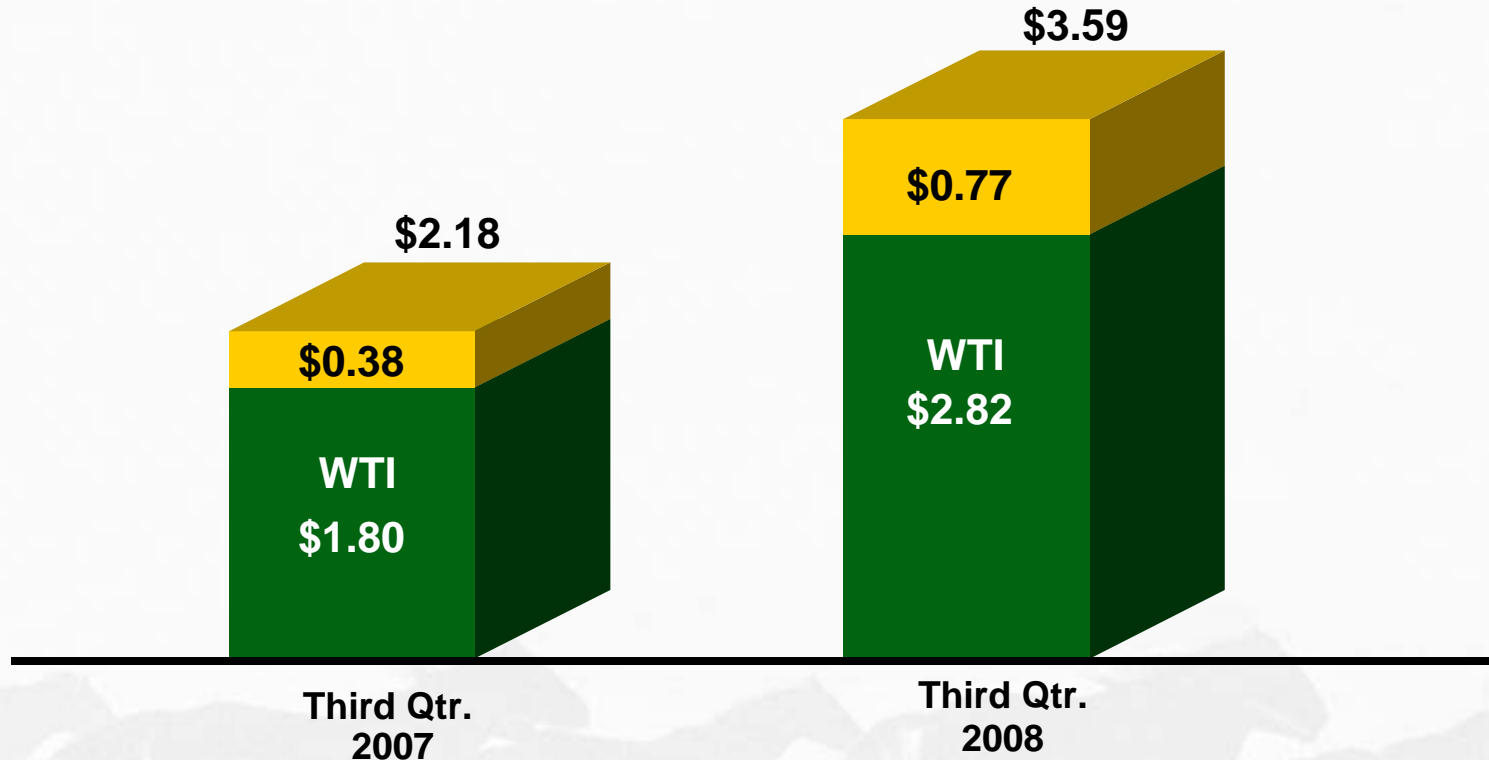


Diesel Fuel Price Analysis

Third Quarter 2008 vs. 2007

(\$ per gallon)

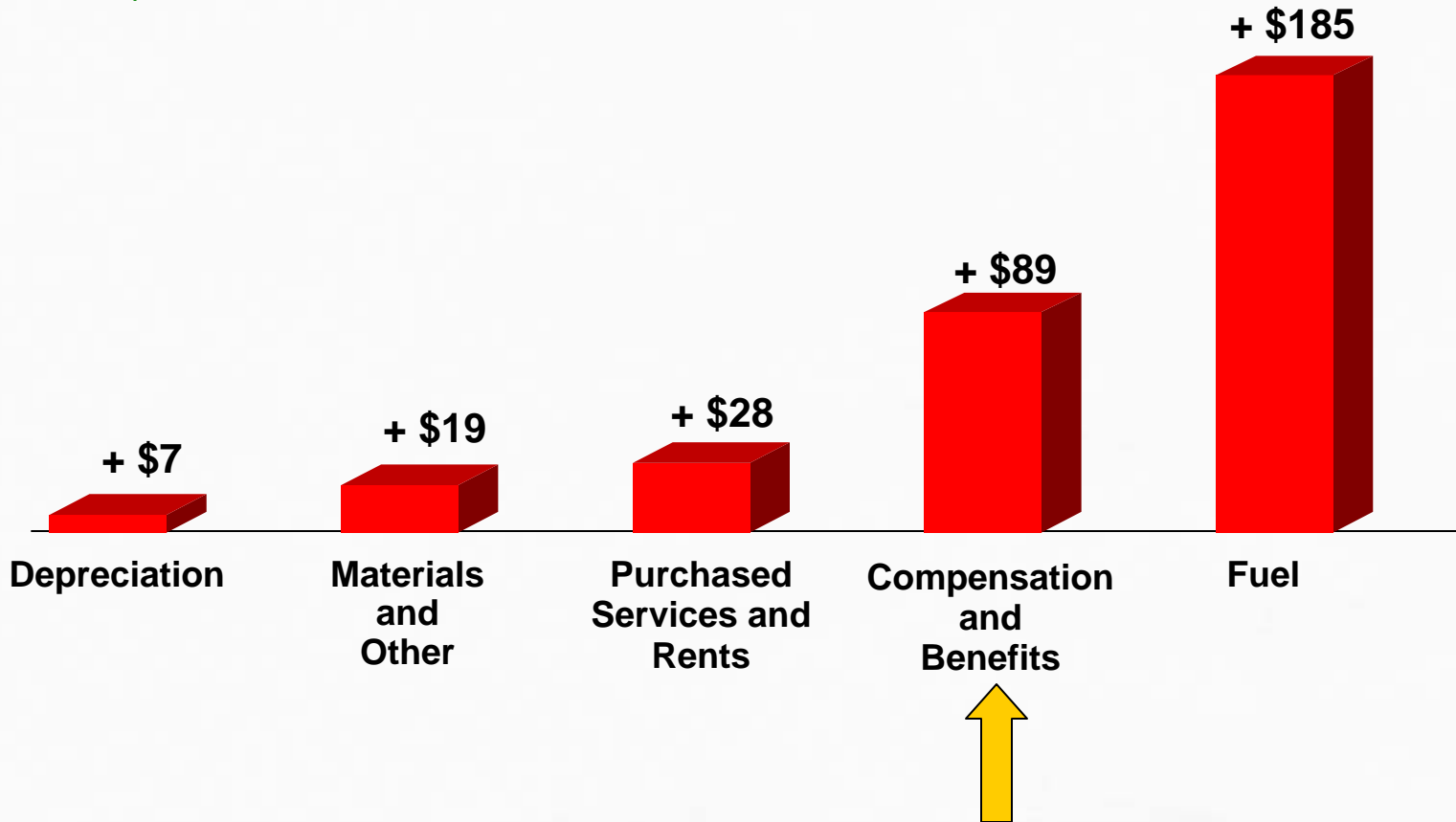
WTI + Other = diesel fuel price per gallon



Railway Operating Expense Analysis

Third Quarter 2008 vs. 2007

(\$ Millions)



Total Increase \$ 328 Million / 20%

Compensation and Benefits Analysis

Third Quarter 2008 vs. 2007

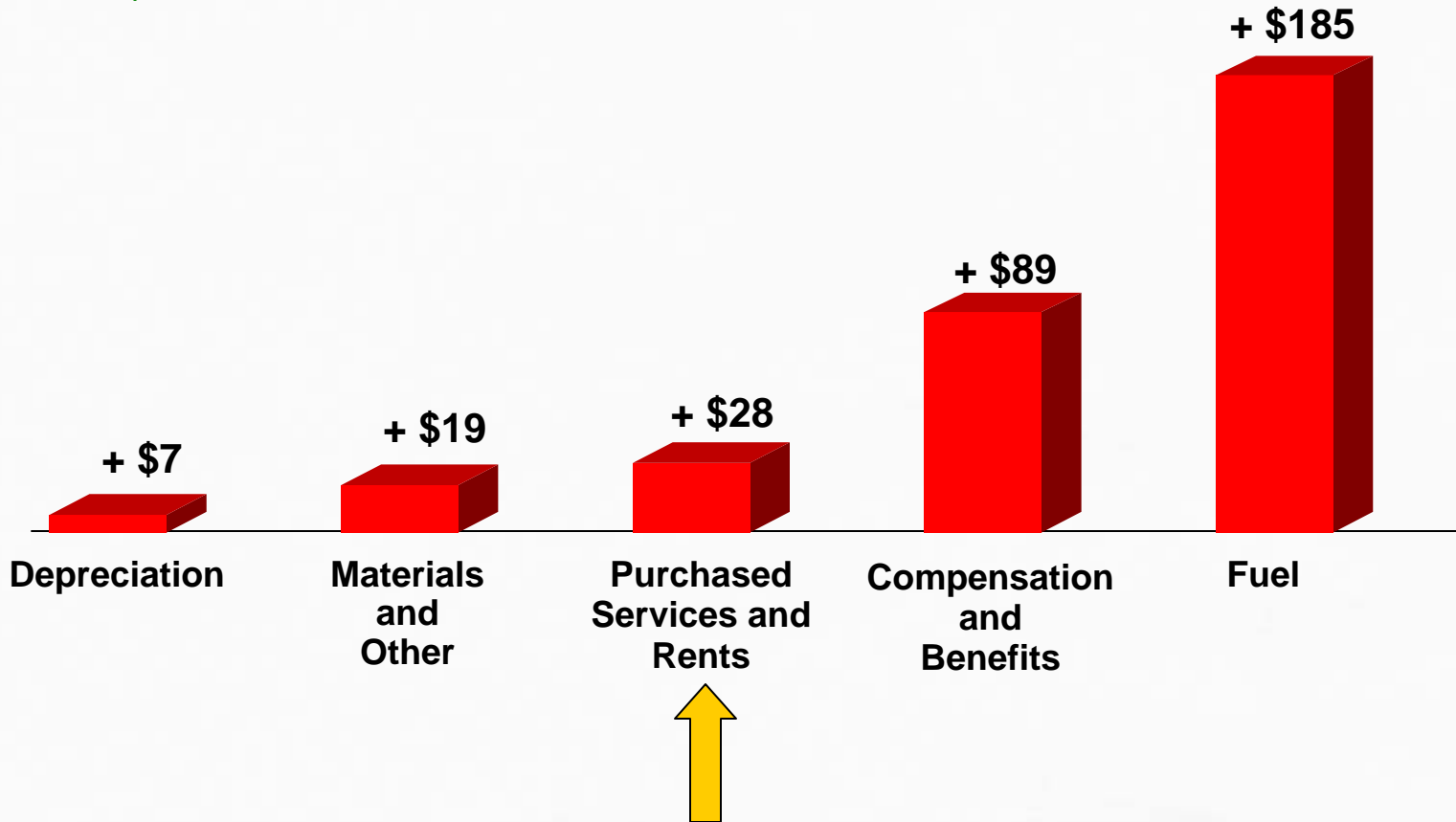
(\$ Millions)

	<u>Increase</u>
BLET Agreement	\$ 28
Incentive Compensation	25
Wage Rates	18
Stock-Based Compensation	9
Payroll Taxes	6
Other	<u>3</u>
Total Variance	<u><u>\$ 89</u></u>

Railway Operating Expense Analysis

Third Quarter 2008 vs. 2007

(\$ Millions)

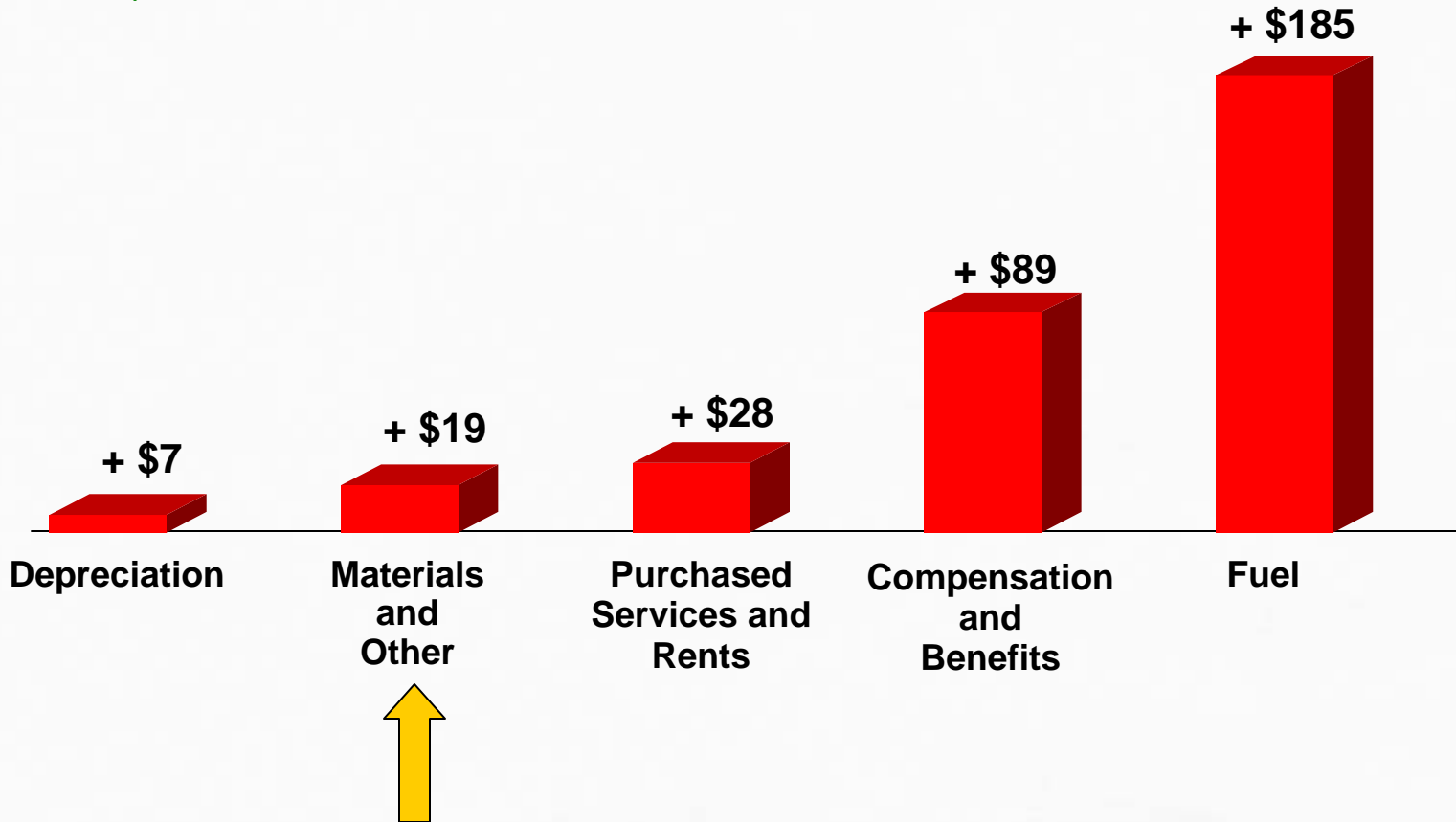


Total Increase \$ 328 Million / 20%

Railway Operating Expense Analysis

Third Quarter 2008 vs. 2007

(\$ Millions)

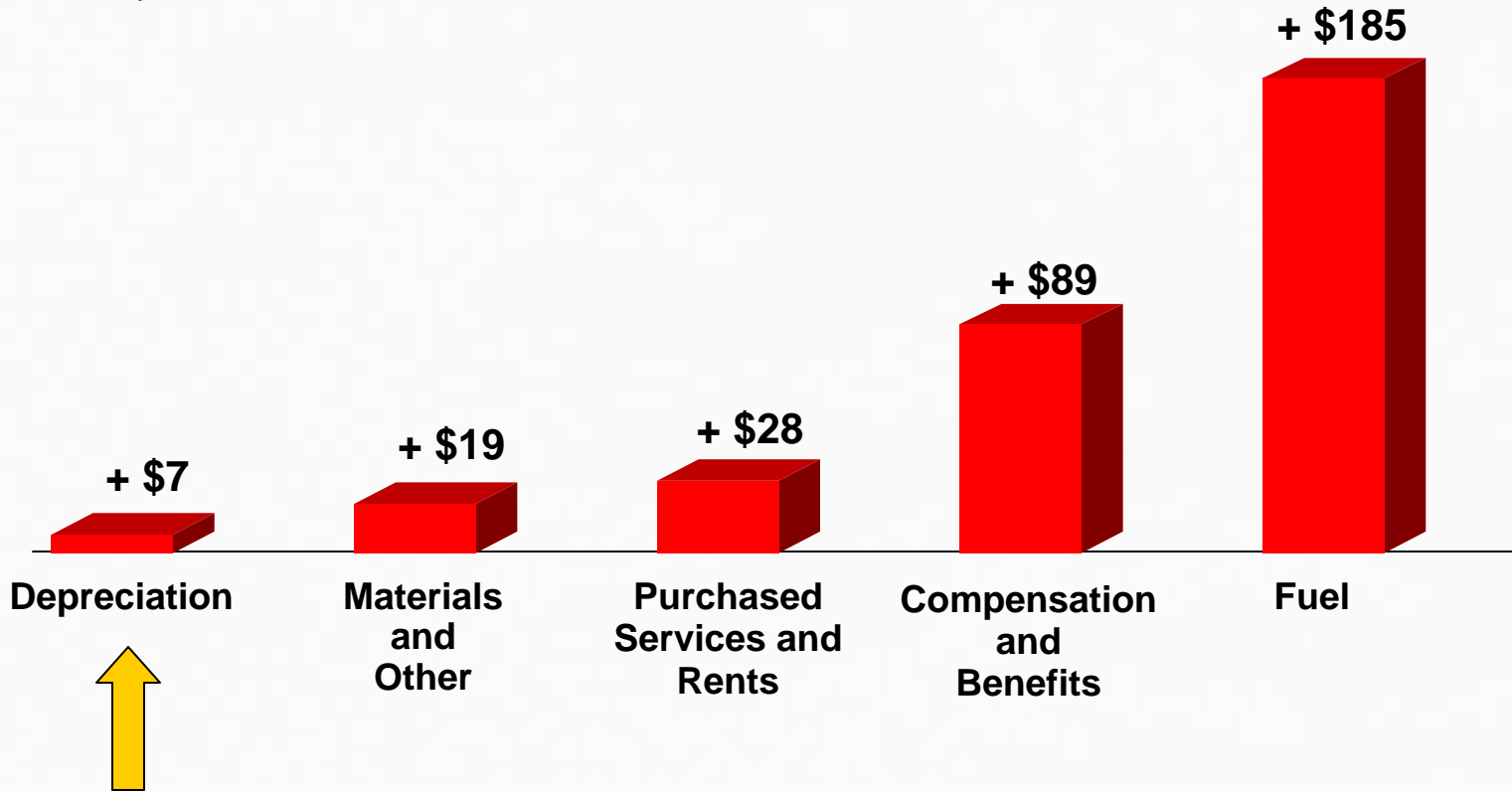


Total Increase \$ 328 Million / 20%

Railway Operating Expense Analysis

Third Quarter 2008 vs. 2007

(\$ Millions)



Total Increase \$ 328 Million / 20%

Other Income – Net

Third Quarter 2008 vs. 2007

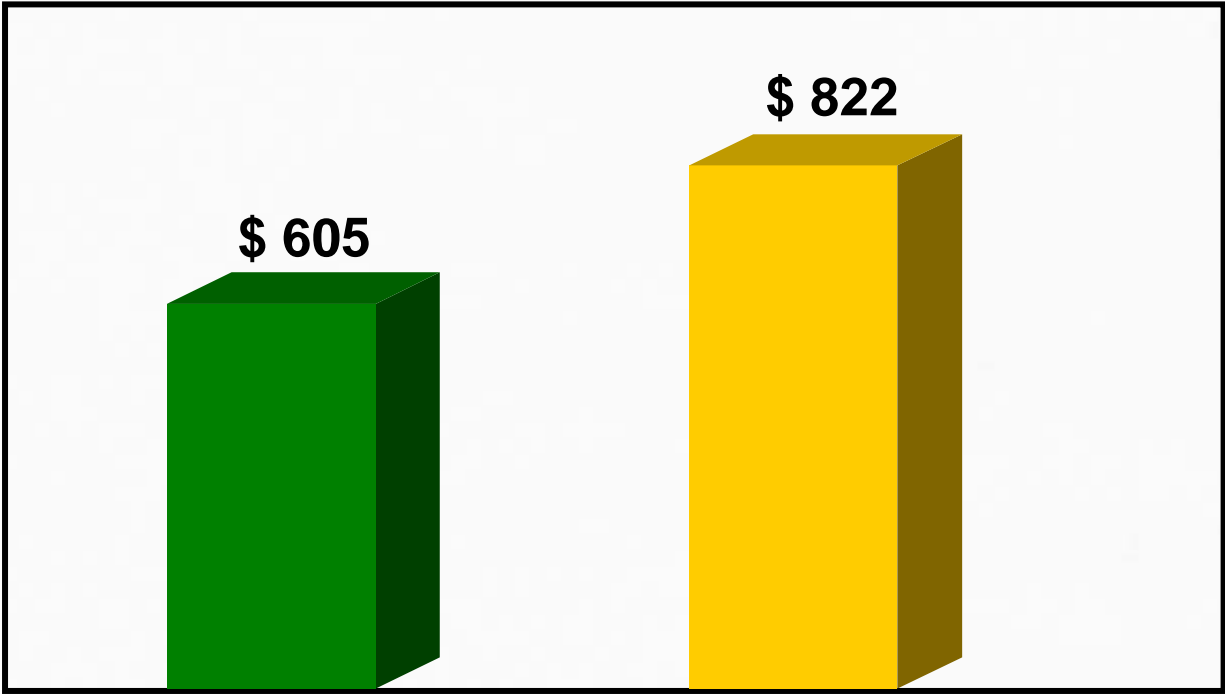
(\$ Millions)

	Third Qtr 2008	Third Qtr 2007	2008 vs. 2007 Favorable (Unfavorable)
Gains on the Sales of Properties and Investments	\$ 2	\$ 22	\$ (20)
Expenses Related to Synthetic Fuel Investments	--	(18)	18
Interest on Tax Deficiencies	7	(4)	11
All Other	30	31	(1)
Other Income – net	<u>\$ 39</u>	<u>\$ 31</u>	<u>\$ 8</u>
Interest Expense on Debt	\$ 111	\$ 107	\$ (4)

Income Before Income Taxes

Third Quarter

(\$ Millions)



2007

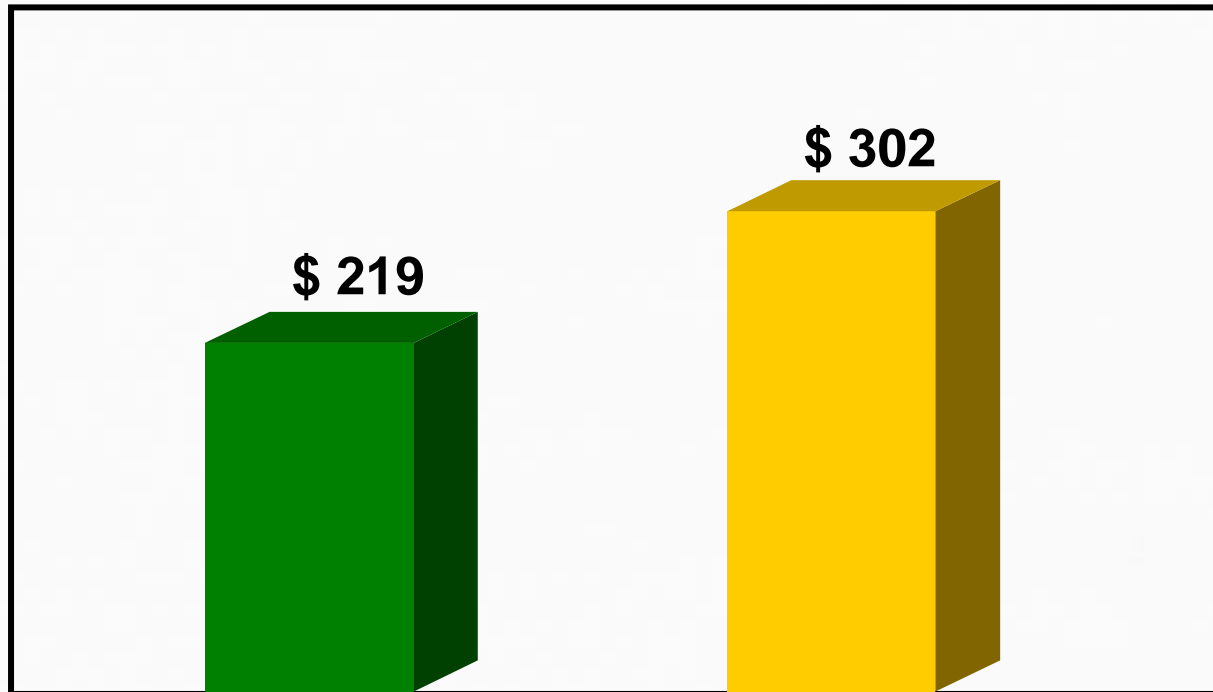
2008

Change vs. Prior Period

36%

Income Taxes

Third Quarter
(\$ Millions)



2007

2008

Change vs. Prior Period

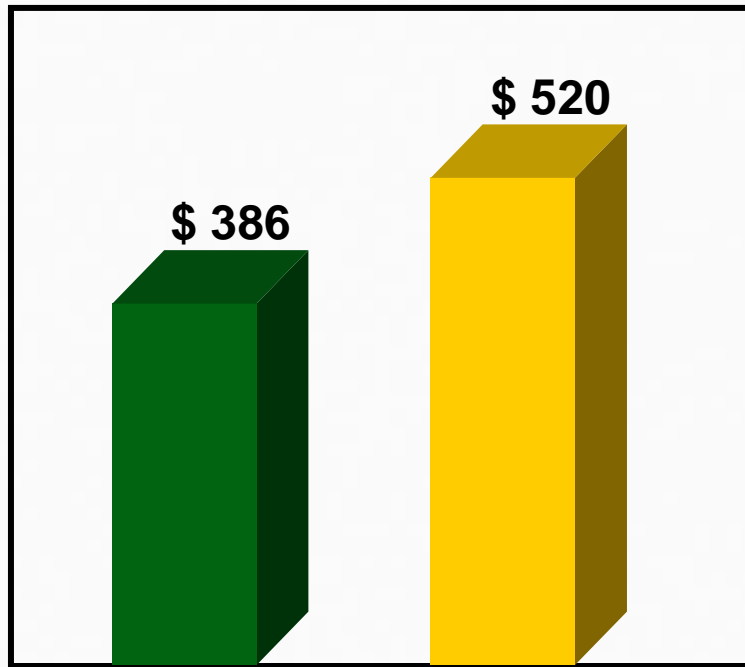
38%

Net Income and Diluted Earnings per Share

Third Quarter

(\$ Millions except per share)

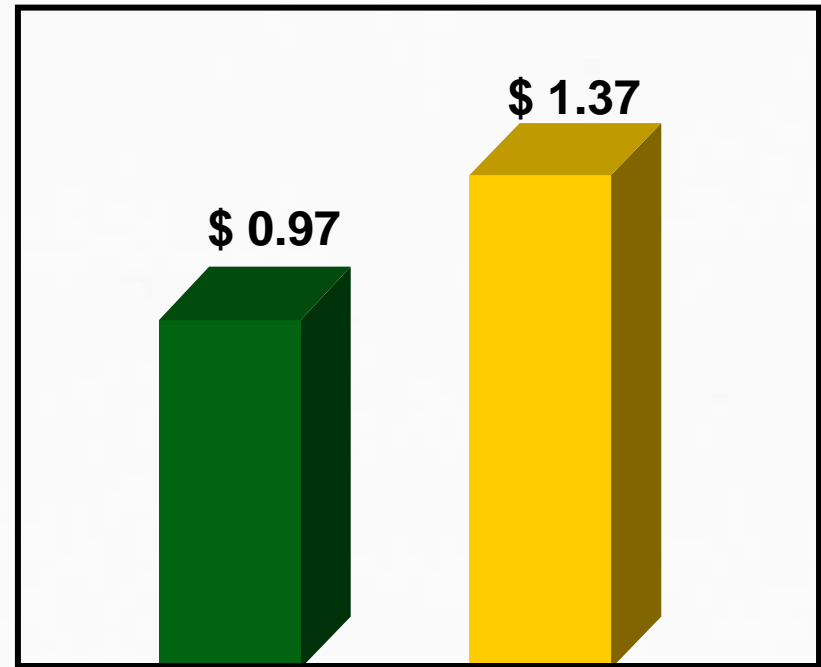
Net Income



2007

2008

Diluted Earnings per Share



2007

2008

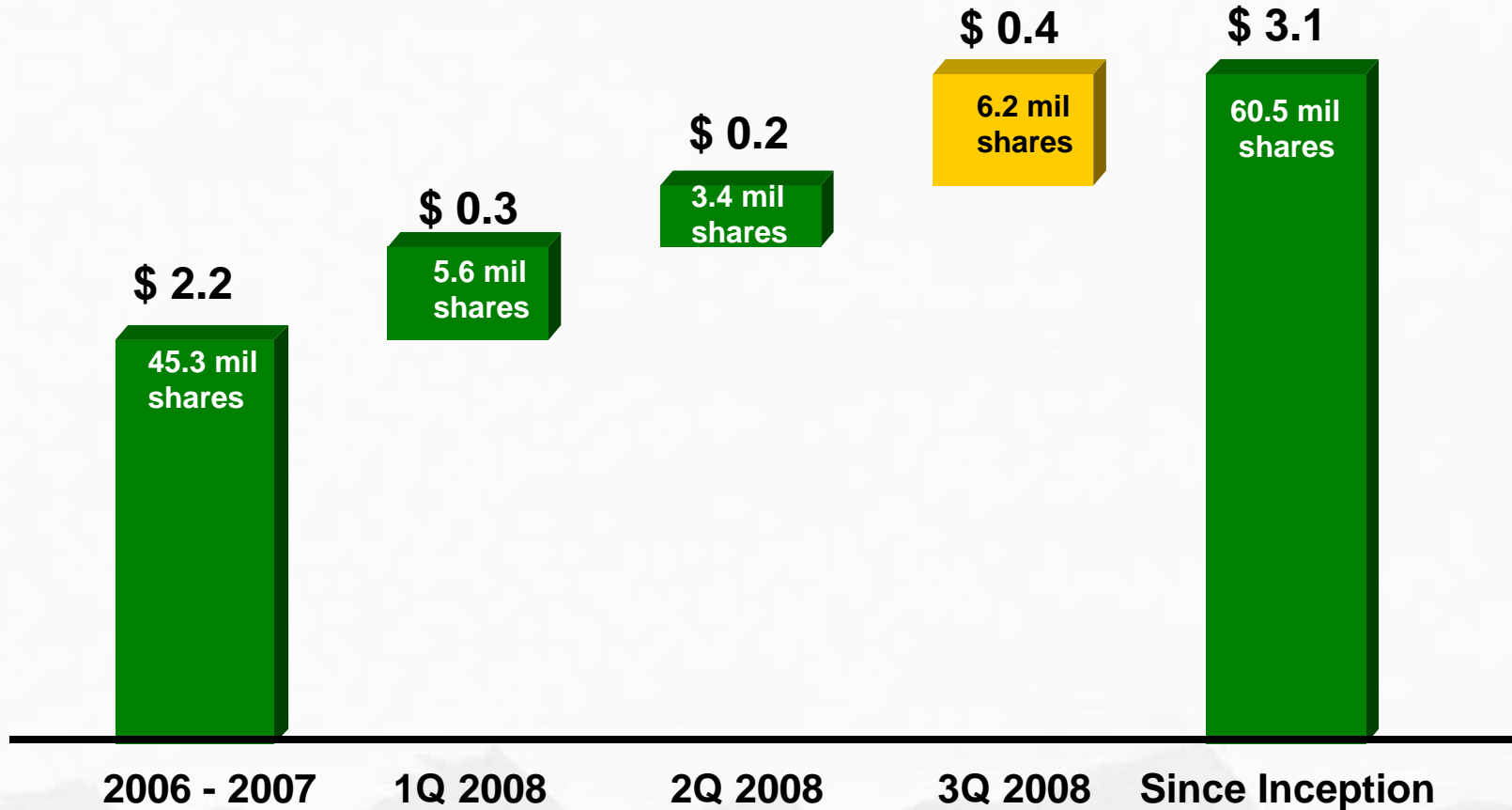
Change vs. Prior Period

35%

41%

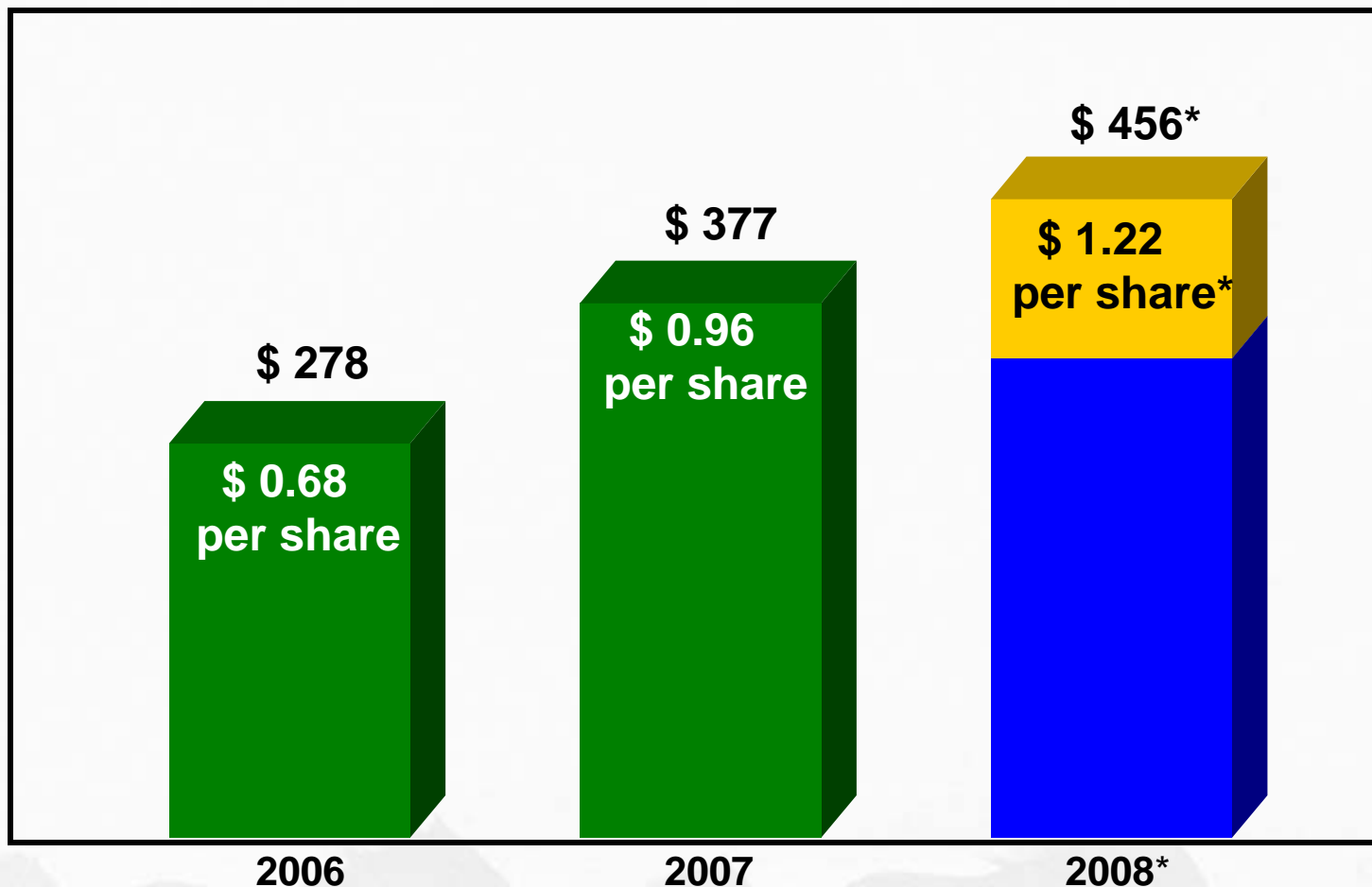
Cumulative Share Repurchases

(\$ Billions)



Dividends

(\$ Millions)



*Full year estimate, including declared 4th quarter dividend

