



First Quarter 2011 Results

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Operating Results

First Quarter 2011 vs. 2010 (\$ Millions)

	First Qtr 2011	First Qtr 2010	Favorable (Unfavorable)	
			\$	%
Railway operating revenues	\$ 2,620	\$ 2,238	\$ 382	17%

Operating Results

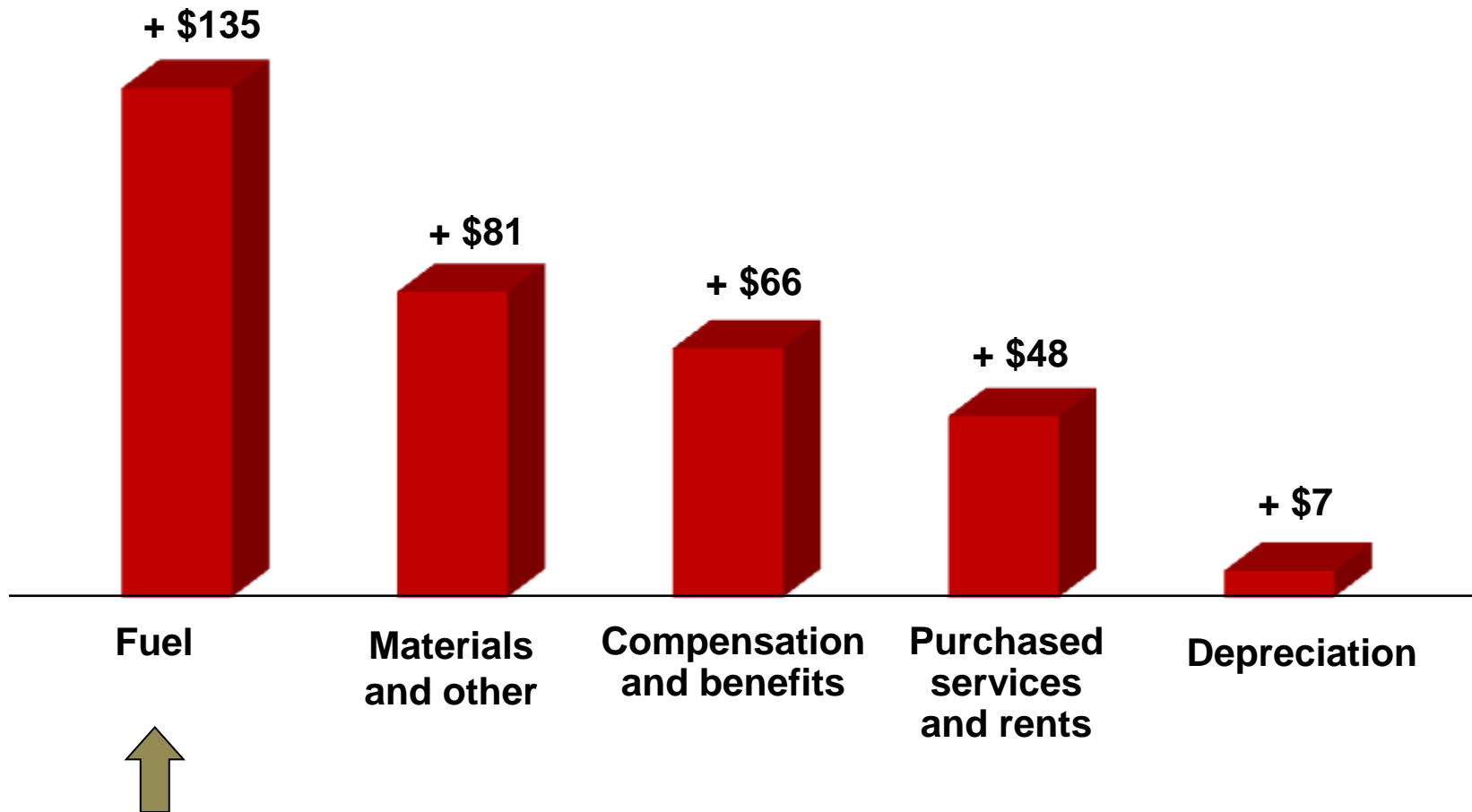
First Quarter 2011 vs. 2010 (\$ Millions)

	First Qtr 2011	First Qtr 2010	Favorable (Unfavorable)	
			\$	%
Railway operating revenues	\$ 2,620	\$ 2,238	\$ 382	17%
Railway operating expenses	2,020	1,683	(337)	(20%)
Income from railway operations	\$ 600	\$ 555	\$ 45	8%
Railway operating ratio (OR)	77.1	75.2	(1.9)	(3%)
*OR excl. arbitration	74.9	75.2	0.3	--%
*OR excl. arbitration and fuel lag	73.8	75.0	1.2	2%

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

Railway Operating Expense Analysis

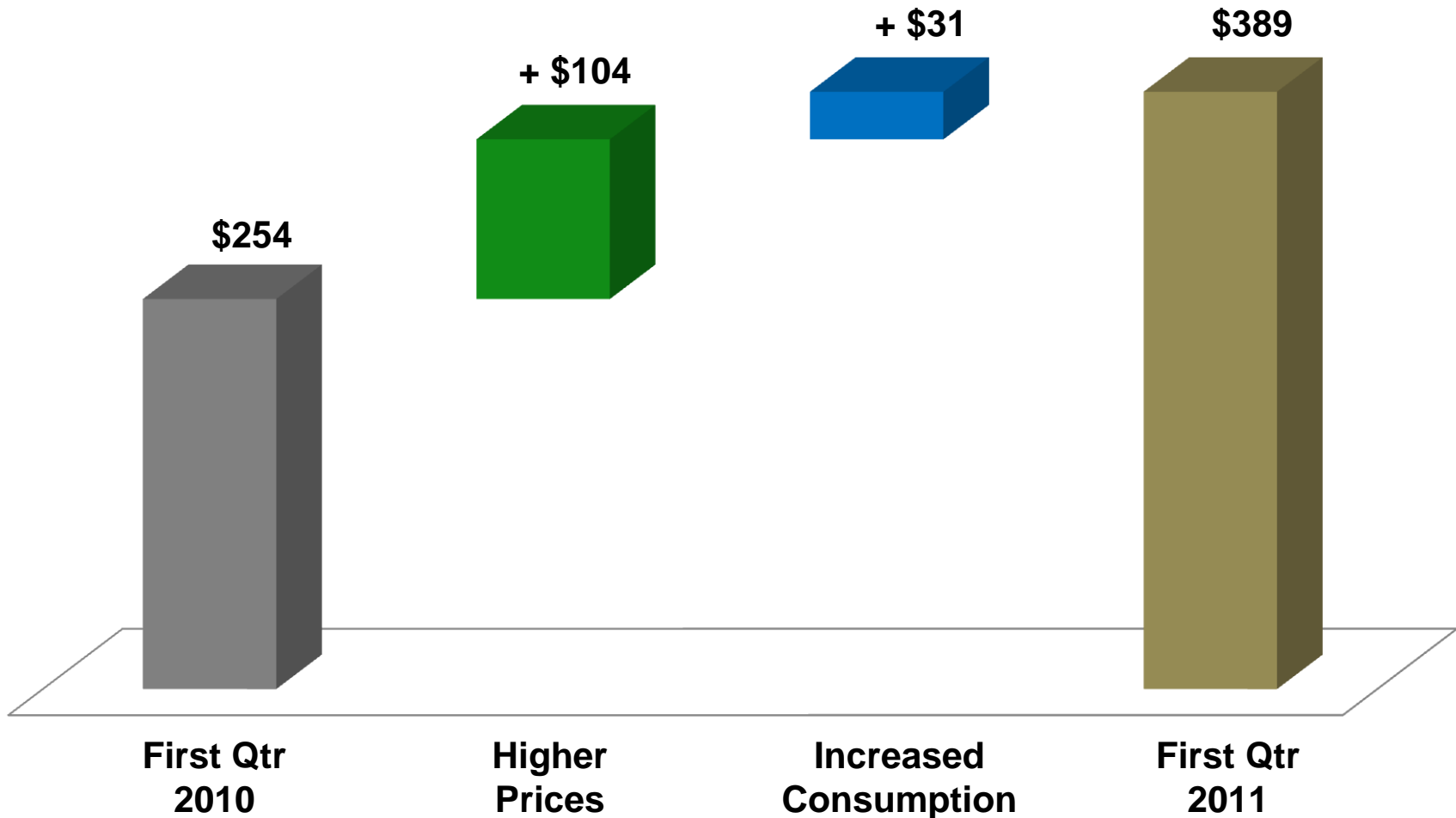
First Quarter 2011 vs. 2010 (\$ Millions)



Total Increase \$337 Million / 20%

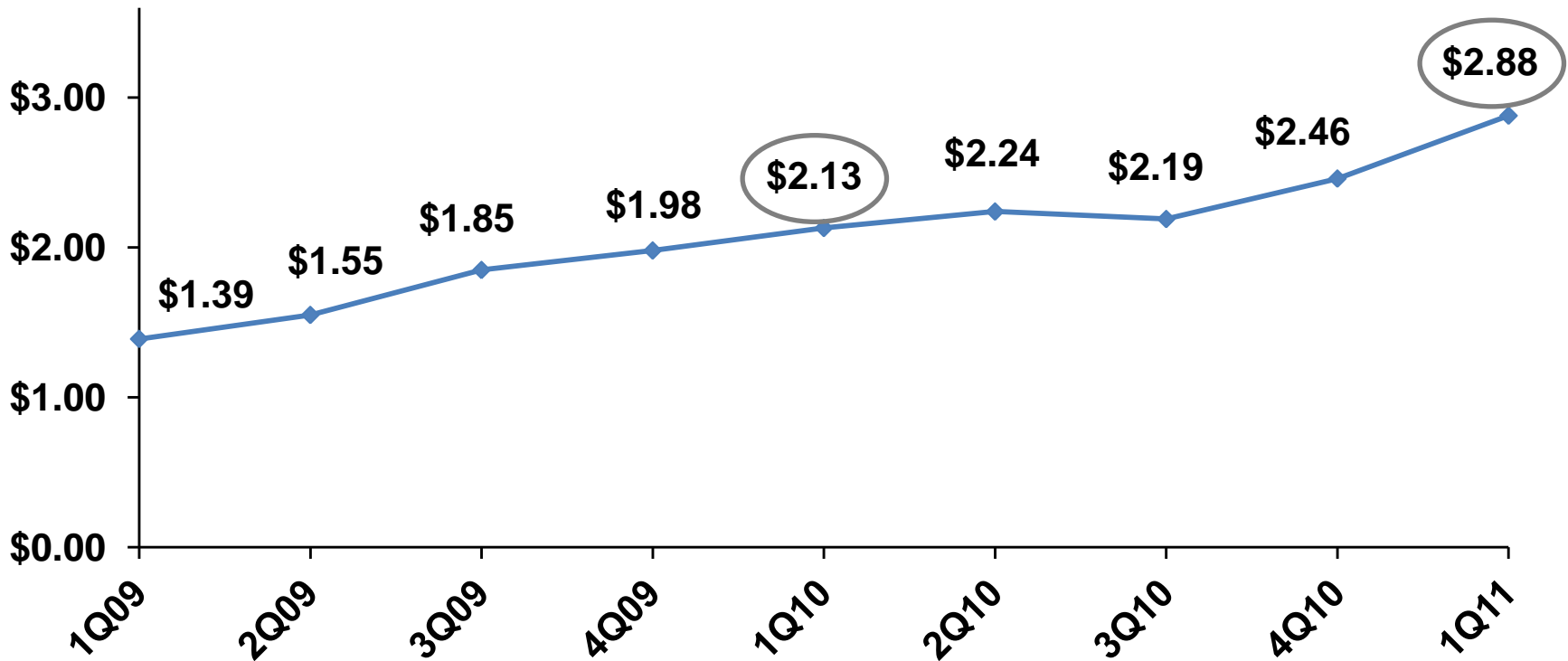
Fuel Expense Analysis

First Quarter 2011 vs. 2010 (\$ Millions)



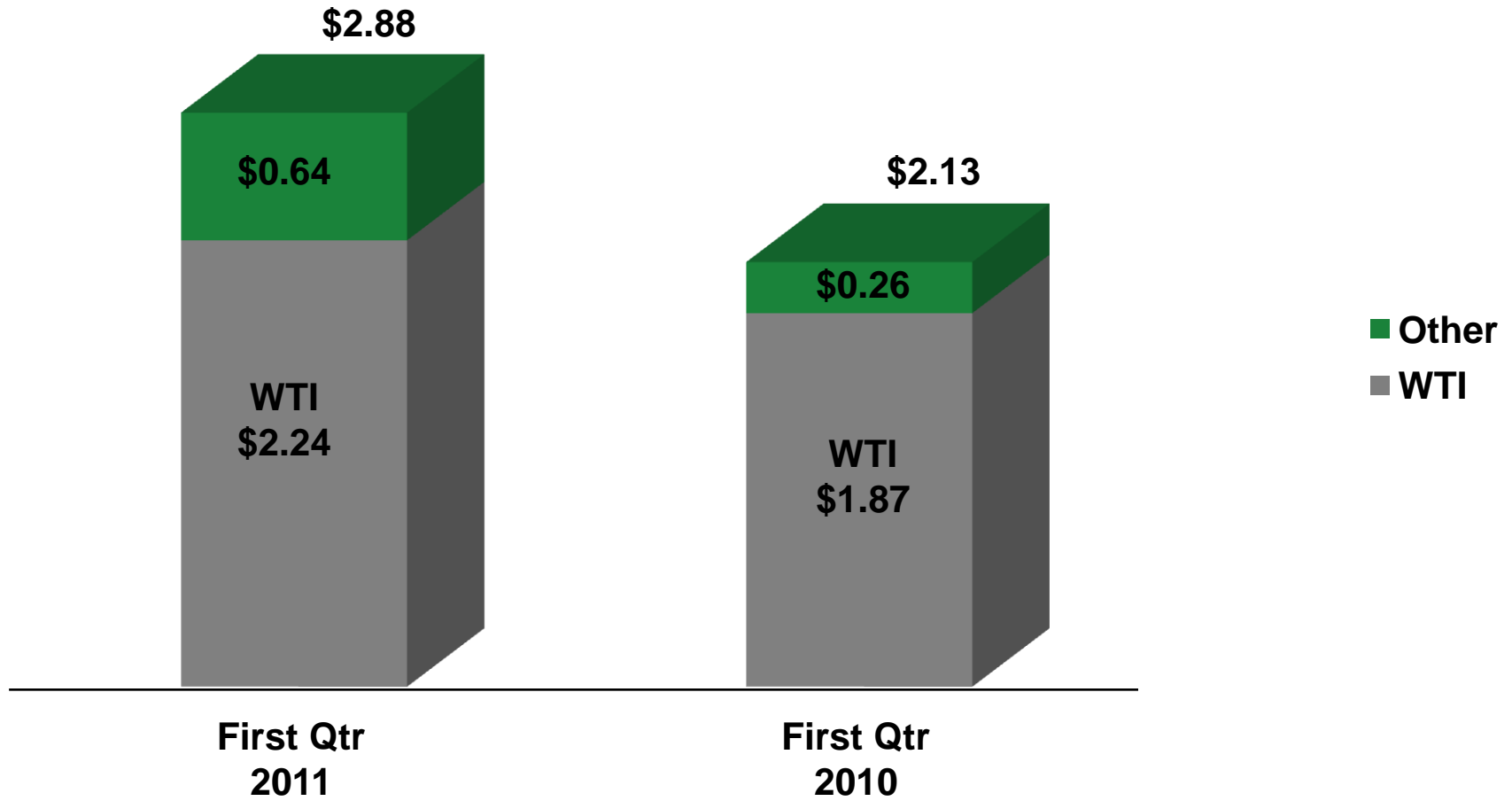
Locomotive Diesel Fuel Average Prices

2009-2011



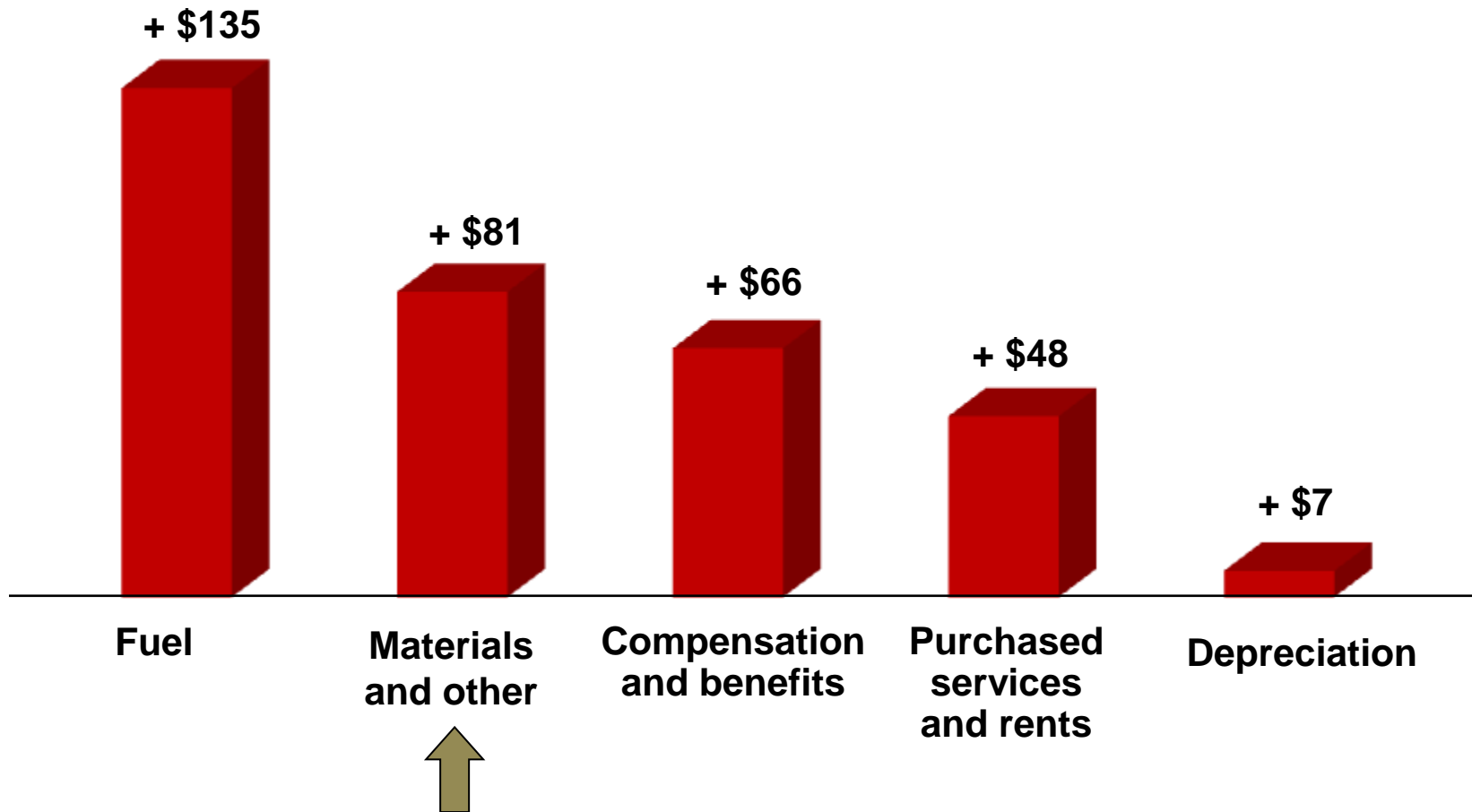
Diesel Fuel Price Analysis

First Quarter 2011 vs. 2010 (\$ per gallon)



Railway Operating Expense Analysis

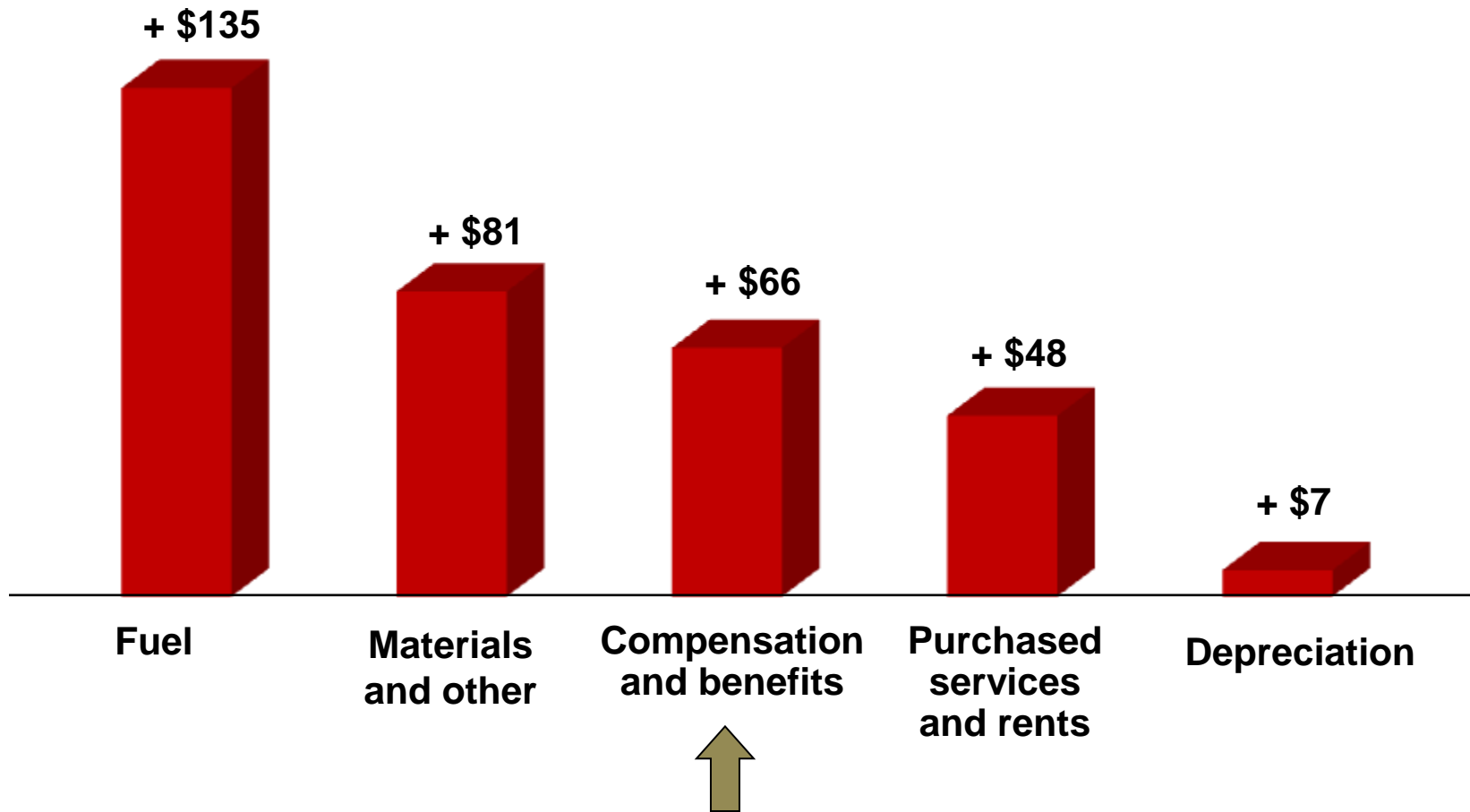
First Quarter 2011 vs. 2010 (\$ Millions)



Total Increase \$337 Million / 20%

Railway Operating Expense Analysis

First Quarter 2011 vs. 2010 (\$ Millions)



Total Increase \$337 Million / 20%

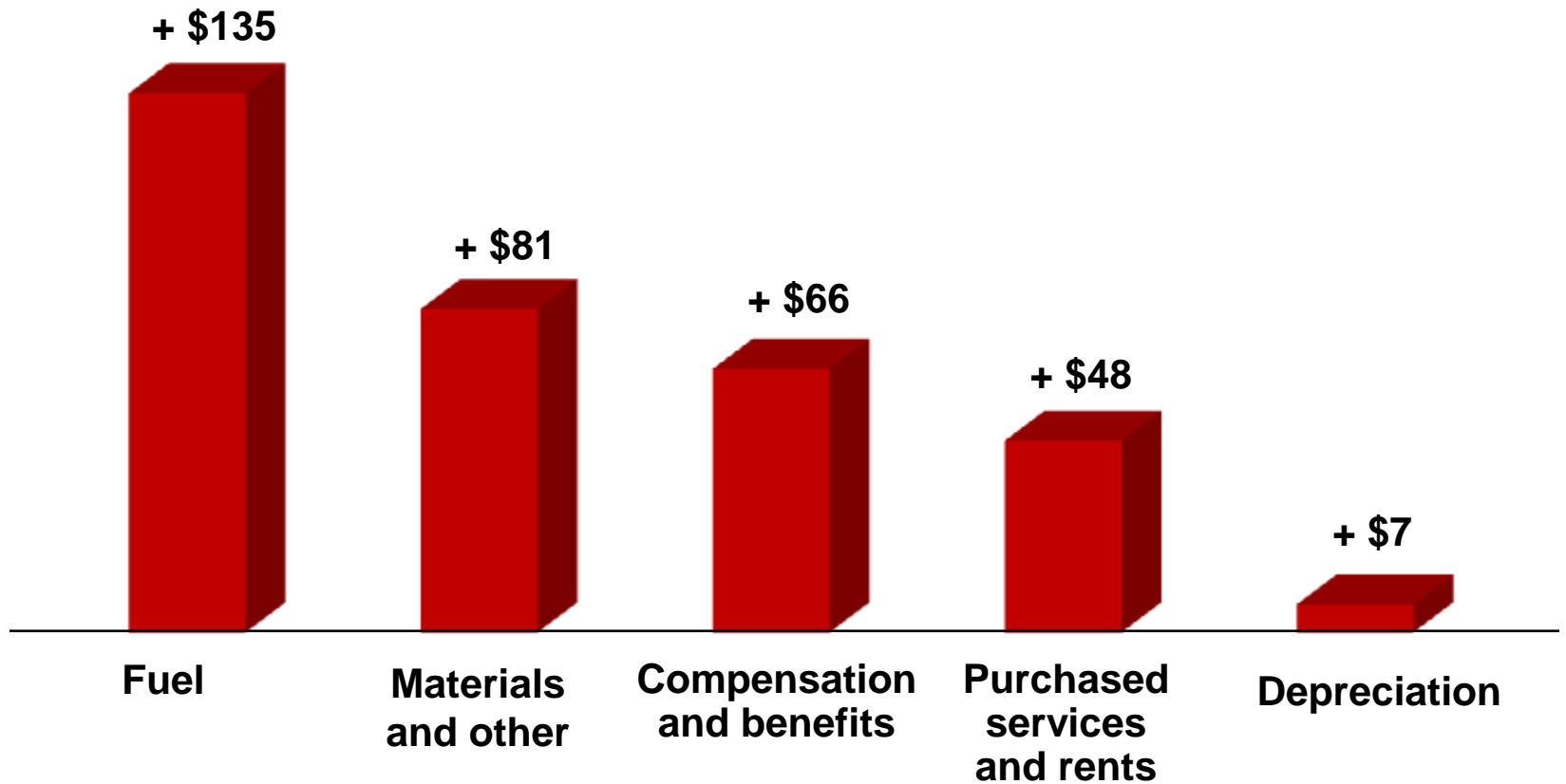
Compensation and Benefits Analysis

First Quarter 2011 vs. 2010 (\$ Millions)

		<u>(Increase)</u>
Volume-related payroll	\$	(20)
Payroll taxes		(12)
Medical benefits		(11)
Incentive and stock-based compensation		(5)
Pensions		(4)
Wage rates		(3)
Other		(11)
Total increase	\$	<u>(66)</u>

Railway Operating Expense Analysis

First Quarter 2011 vs. 2010 (\$ Millions)



Total Increase **\$337 Million / 20%**

Other Income - Net

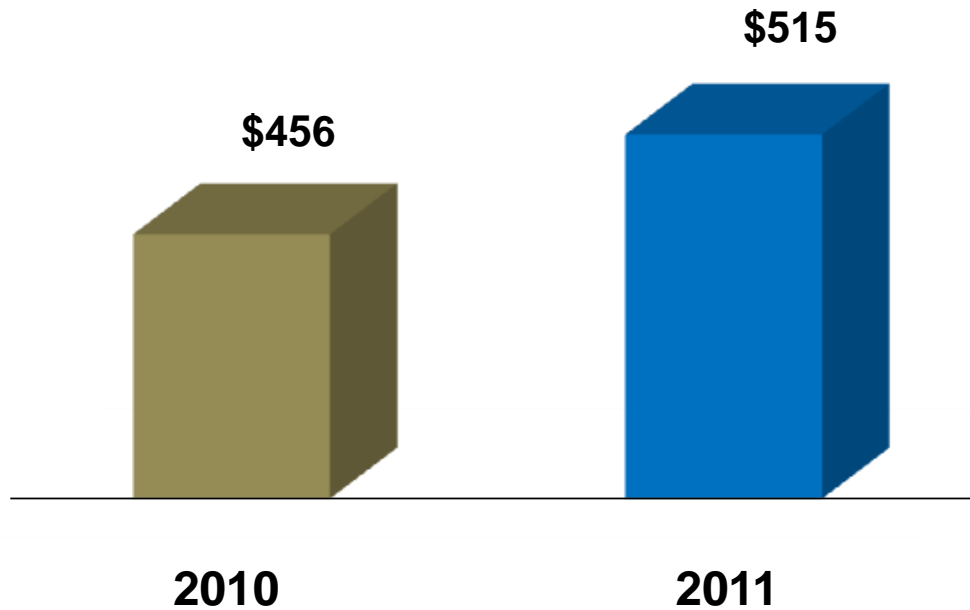
First Quarter 2011 vs. 2010 (\$ Millions)

	First Qtr 2011	First Qtr 2010	Favorable	
			\$	%
Coal royalties	\$ 19	\$ 15	\$ 4	27%
Interest on uncertain tax positions	2	(1)	3	--%
All other	6	6	--	--%
Other income - net	\$ 27	\$ 20	\$ 7	35%
Interest expense on debt	\$ 112	\$ 119	\$ 7	6%

Income Before Income Taxes

First Quarter (\$ Millions)

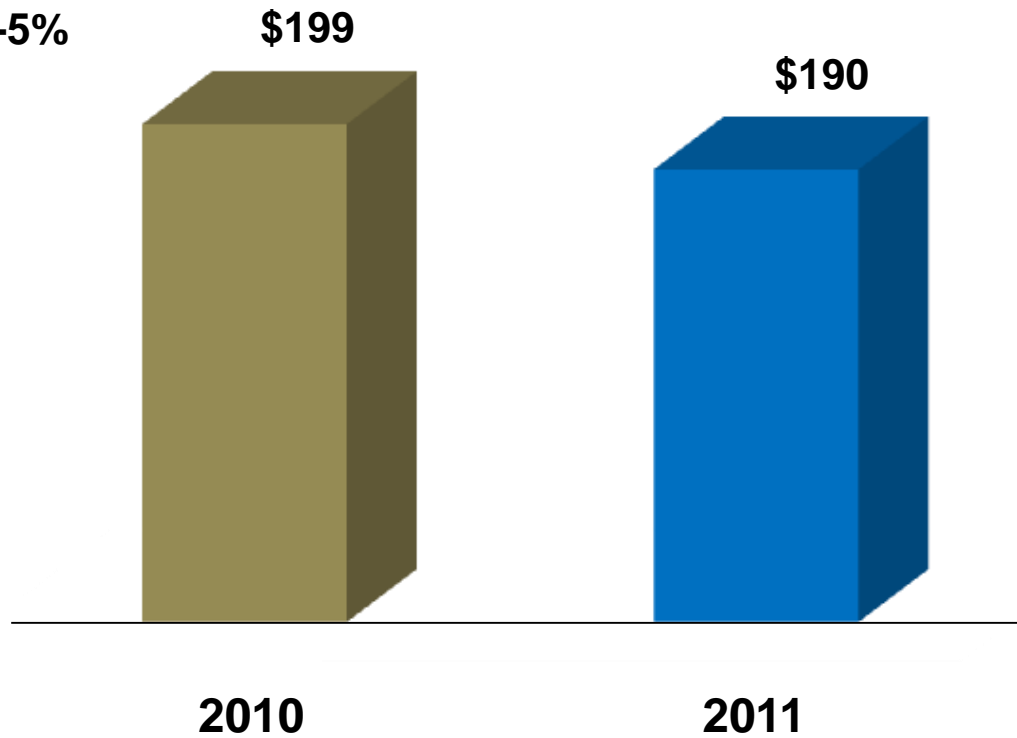
Change vs.
Prior Period: + 13%



Income Taxes

First Quarter (\$ Millions)

Change vs.
Prior Period: -5%

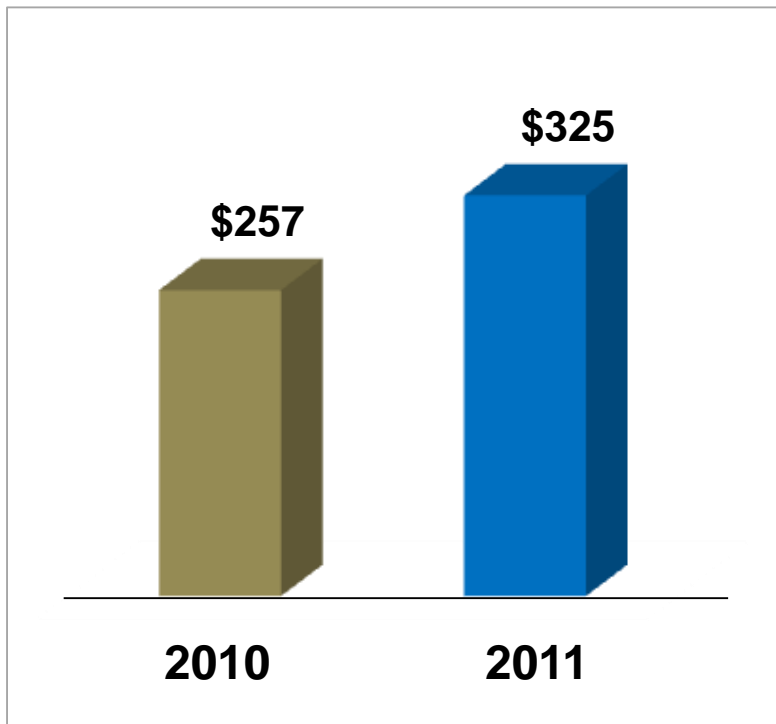


Net Income and Diluted Earnings per Share

First Quarter (\$ Millions except per share)

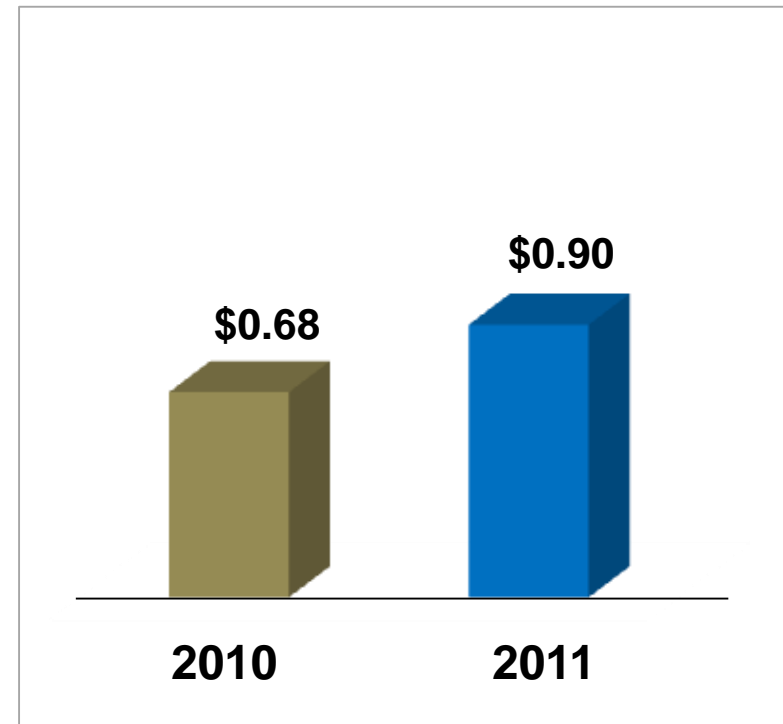
Net Income

Change vs. Prior Period: + 26%



Diluted Earnings per Share

Change vs. Prior Period: + 32%



Cash Flows

First Quarter 2011 vs. 2010 (\$ Millions)

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Cash from operating activities	\$ 652	\$ 758	\$ (106)
Capital expenditures	(423)	(256)	167
*Free cash flow	<u>\$ 229</u>	<u>\$ 502</u>	<u>\$ (273)</u>
Share repurchases	\$ 343	\$ --	\$ 343
Dividends	\$ 142	\$ 126	\$ 16
Cash and cash equivalents at March 31	\$ 236	\$ 1,161	\$ (925)

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