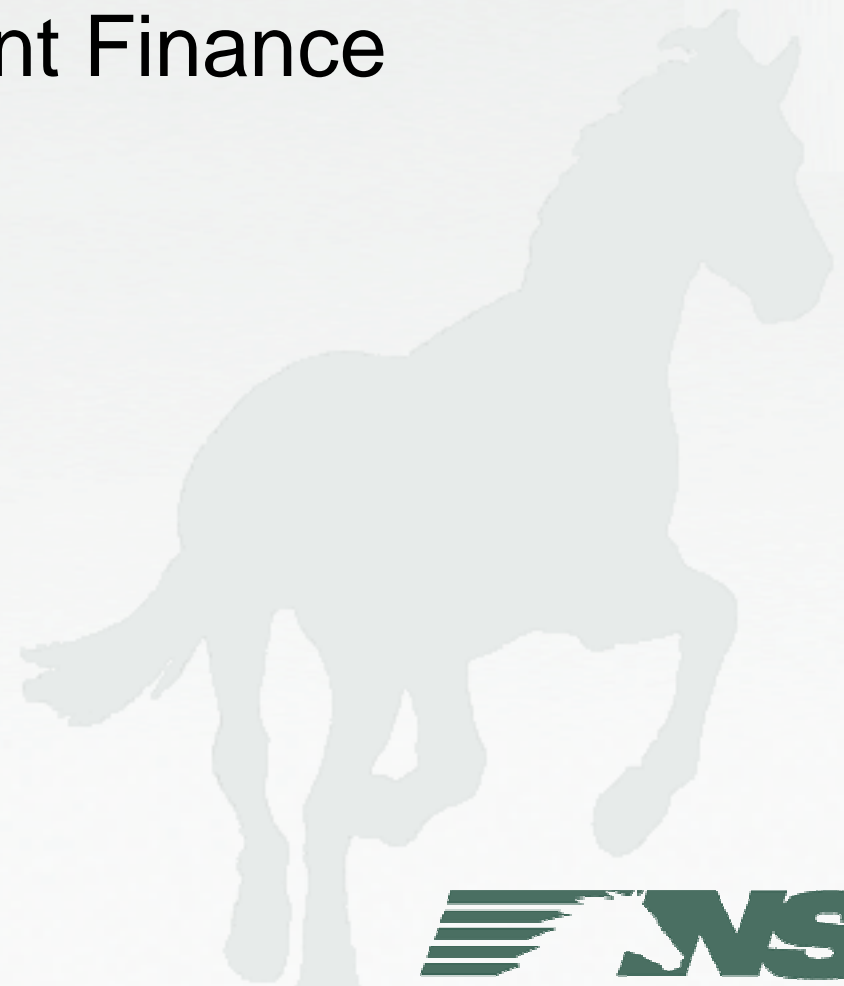


First Quarter Results 2007

James A. Squires

Executive Vice President Finance

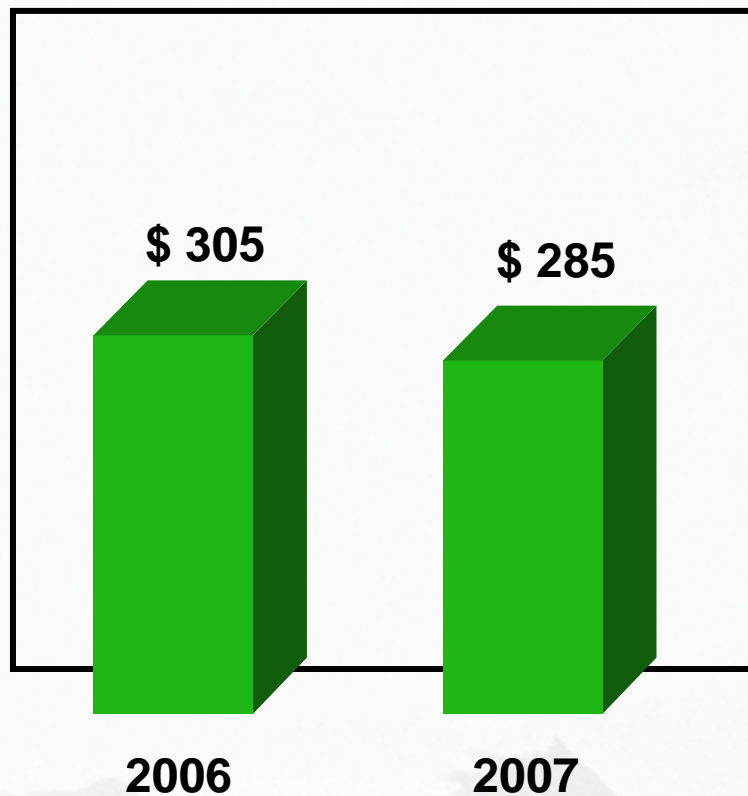


Net Income and Diluted Earnings per Share

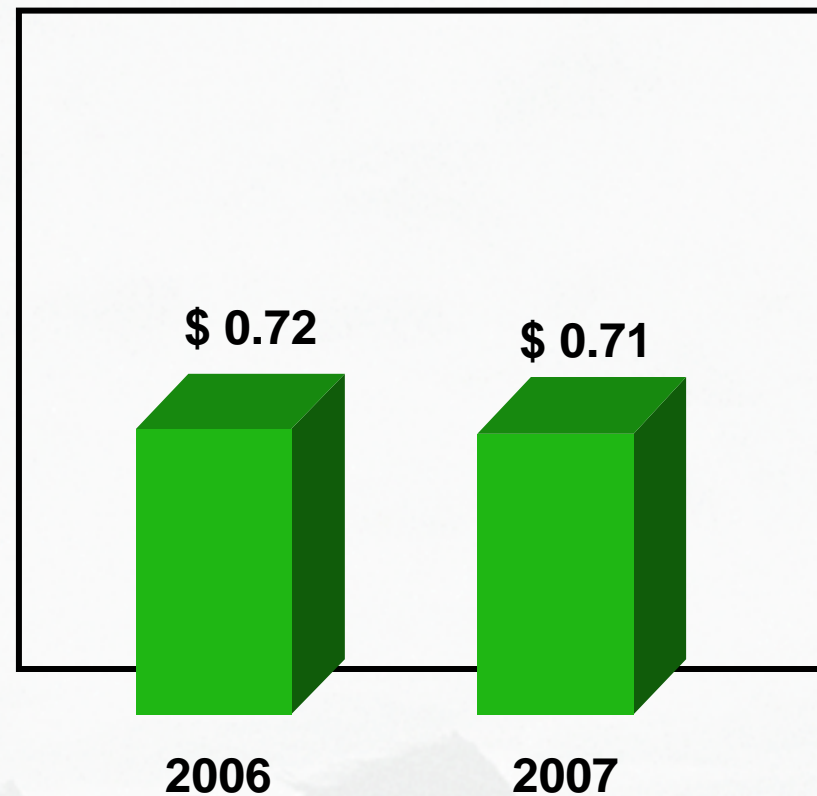
First Quarter

(\$ Millions except per share)

Net Income



Diluted Earnings per Share



% Change vs. Prior Period - 7%

- 1%

Income From Railway Operations

First Quarter 2007 vs. 2006

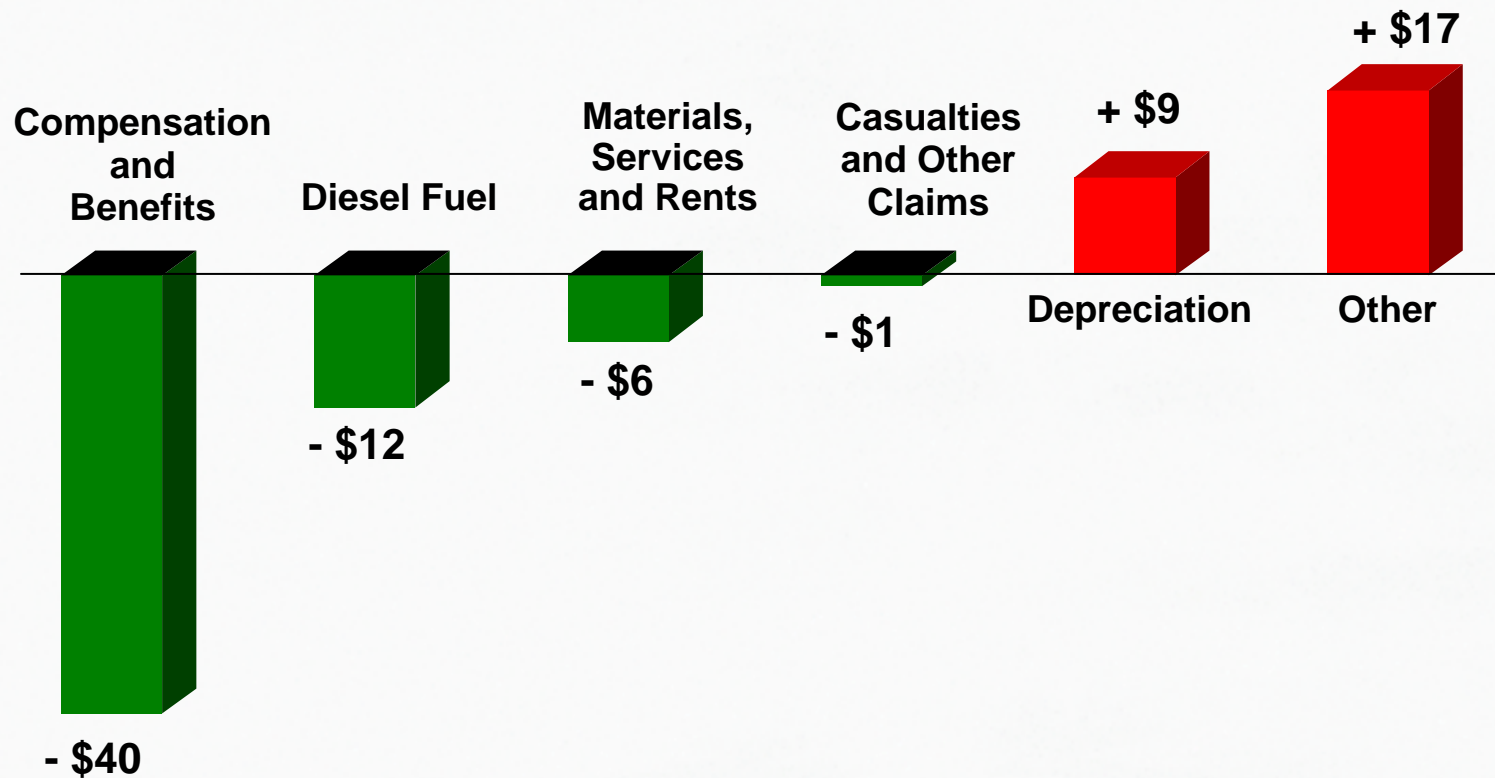
(\$ Millions)

	First Qtr 2007	First Qtr 2006	Favorable (Unfavorable)	
			\$	%
Railway Operating Revenues	\$ 2,247	\$ 2,303	\$ (56)	(2%)
Railway Operating Expenses	1,719	1,752	33	2
Income From Railway Operations	\$ 528	\$ 551	\$ (23)	(4%)
Railway Operating Ratio	76.5	76.1	(0.4)	(1%)

Railway Operating Expense Analysis

First Quarter 2007 vs. 2006

(\$ Millions)



Net Decrease

\$ 33 Million / 2%

Compensation and Benefits Analysis

First Quarter 2007 vs. 2006

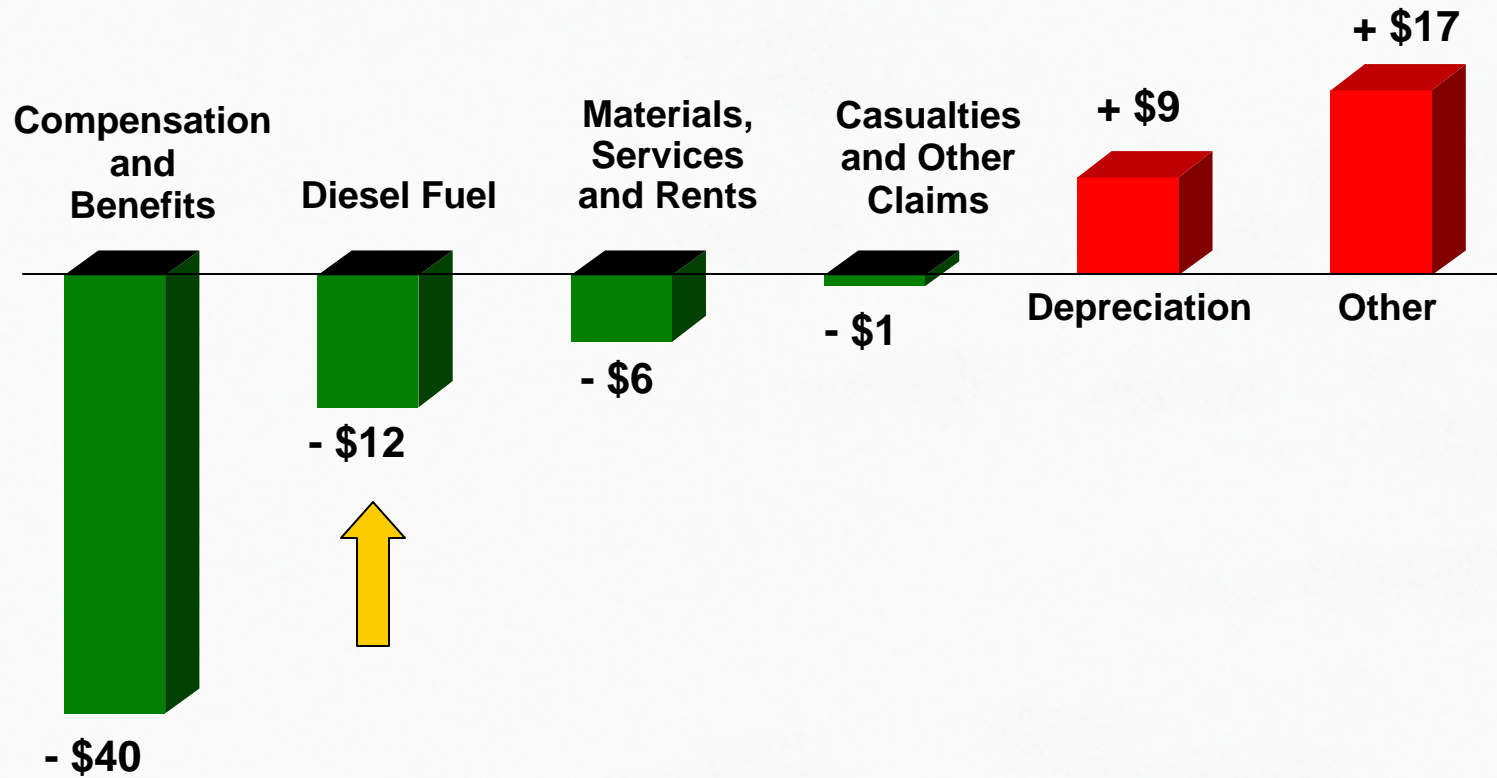
(\$ Millions)

	<u>Increase (Decrease)</u>
Retirement and Waiver Agreements and Stock Grants to Former CEO and CMO	\$ (24)
Performance Based Compensation	(17)
Stock Price	(14)
Medical Benefits (Active and Retiree)	10
Wage Rates	4
Other Items	1
Total Net Variance	\$ (40)

Railway Operating Expense Analysis

First Quarter 2007 vs. 2006

(\$ Millions)



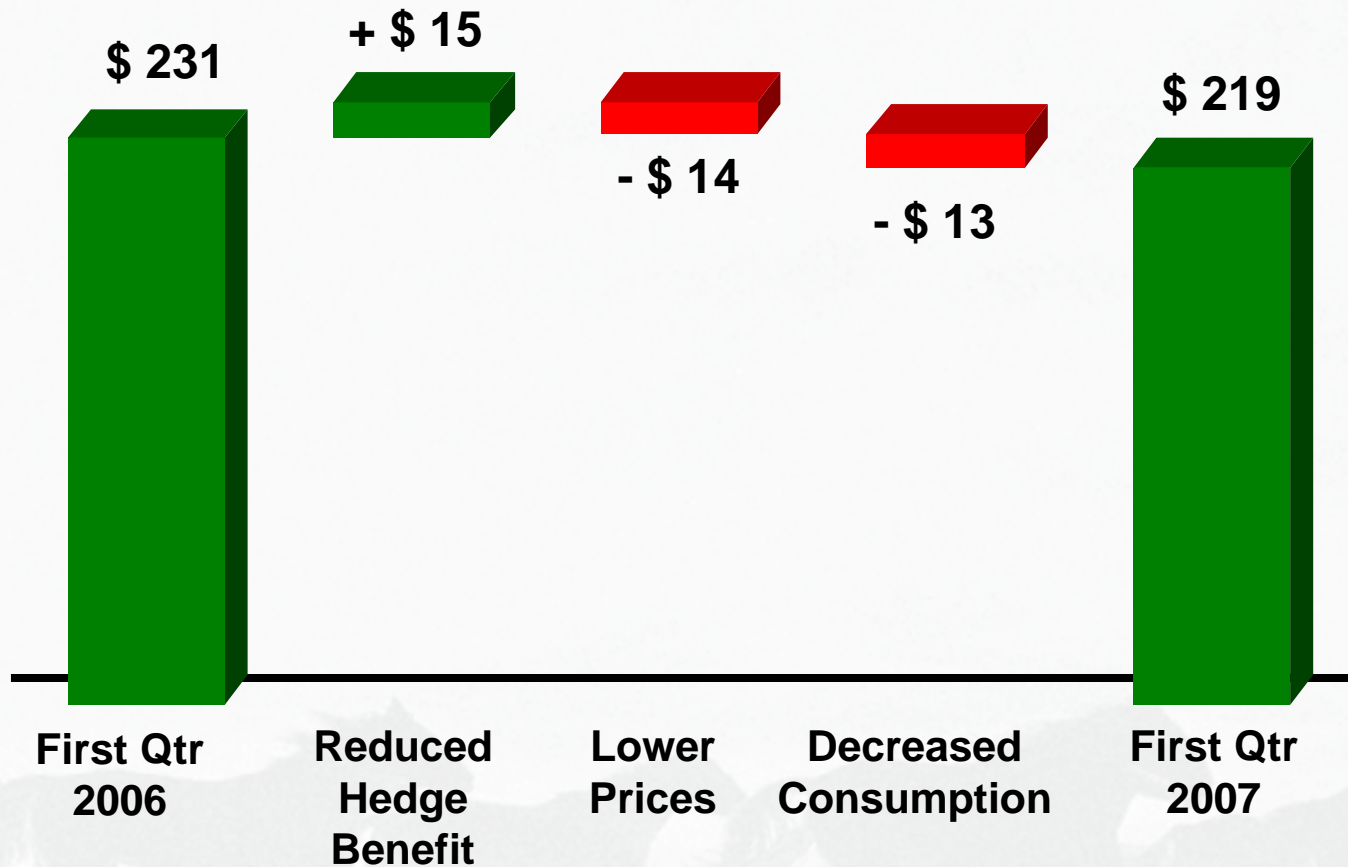
Net Decrease

\$ 33 Million / 2%

Diesel Fuel Cost Analysis

First Quarter 2007 vs. 2006

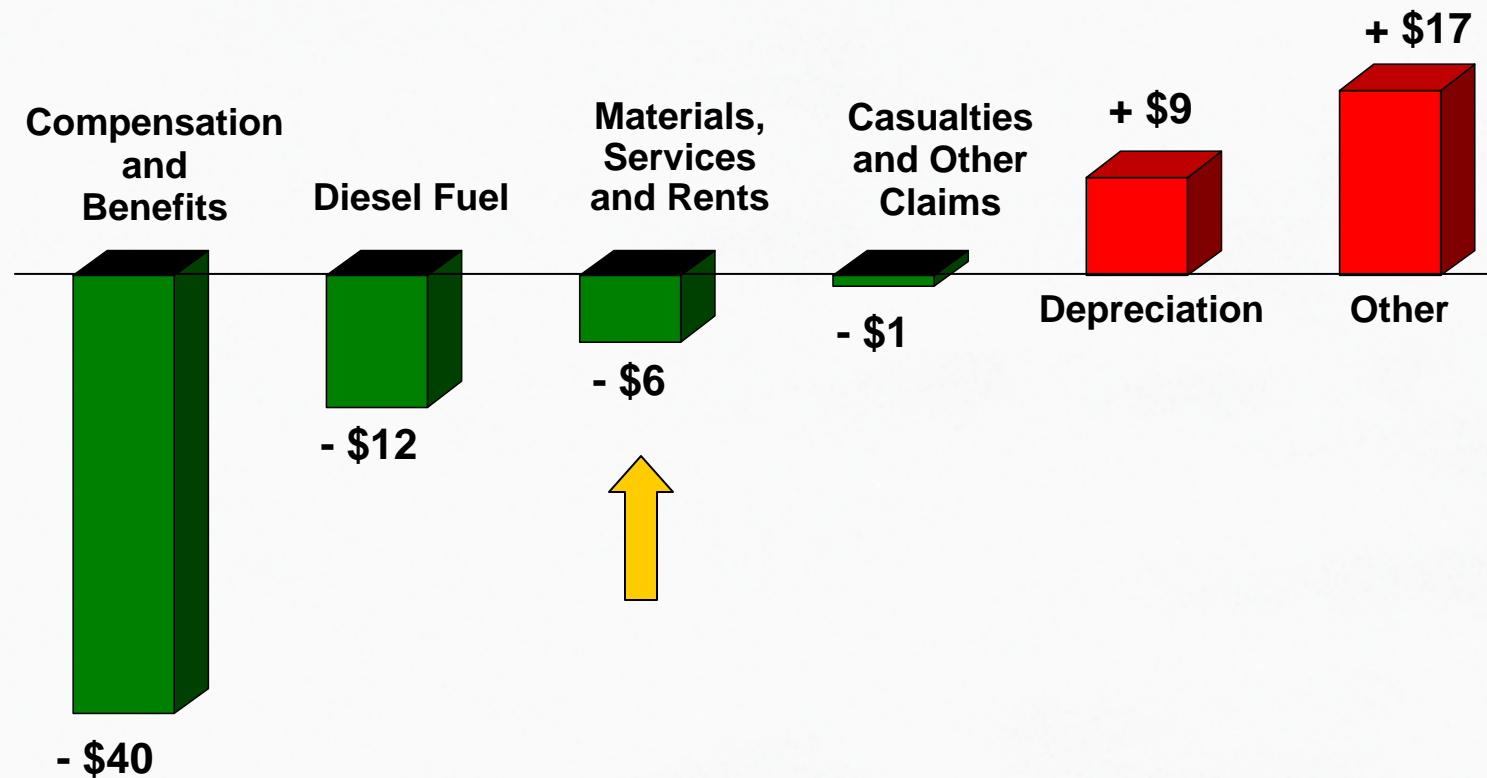
(\$ Millions)



Railway Operating Expense Analysis

First Quarter 2007 vs. 2006

(\$ Millions)



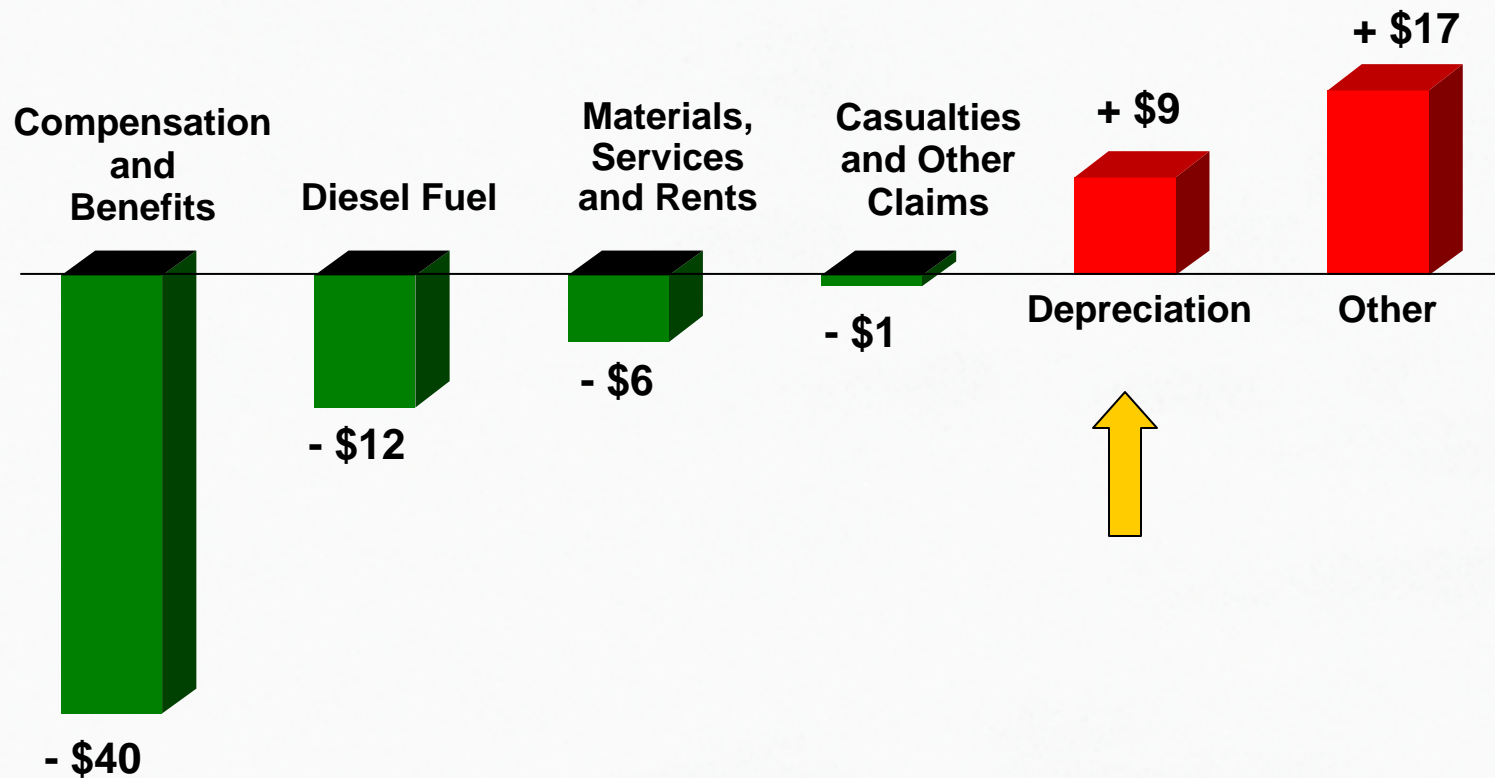
Net Decrease

\$ 33 Million / 2%

Railway Operating Expense Analysis

First Quarter 2007 vs. 2006

(\$ Millions)



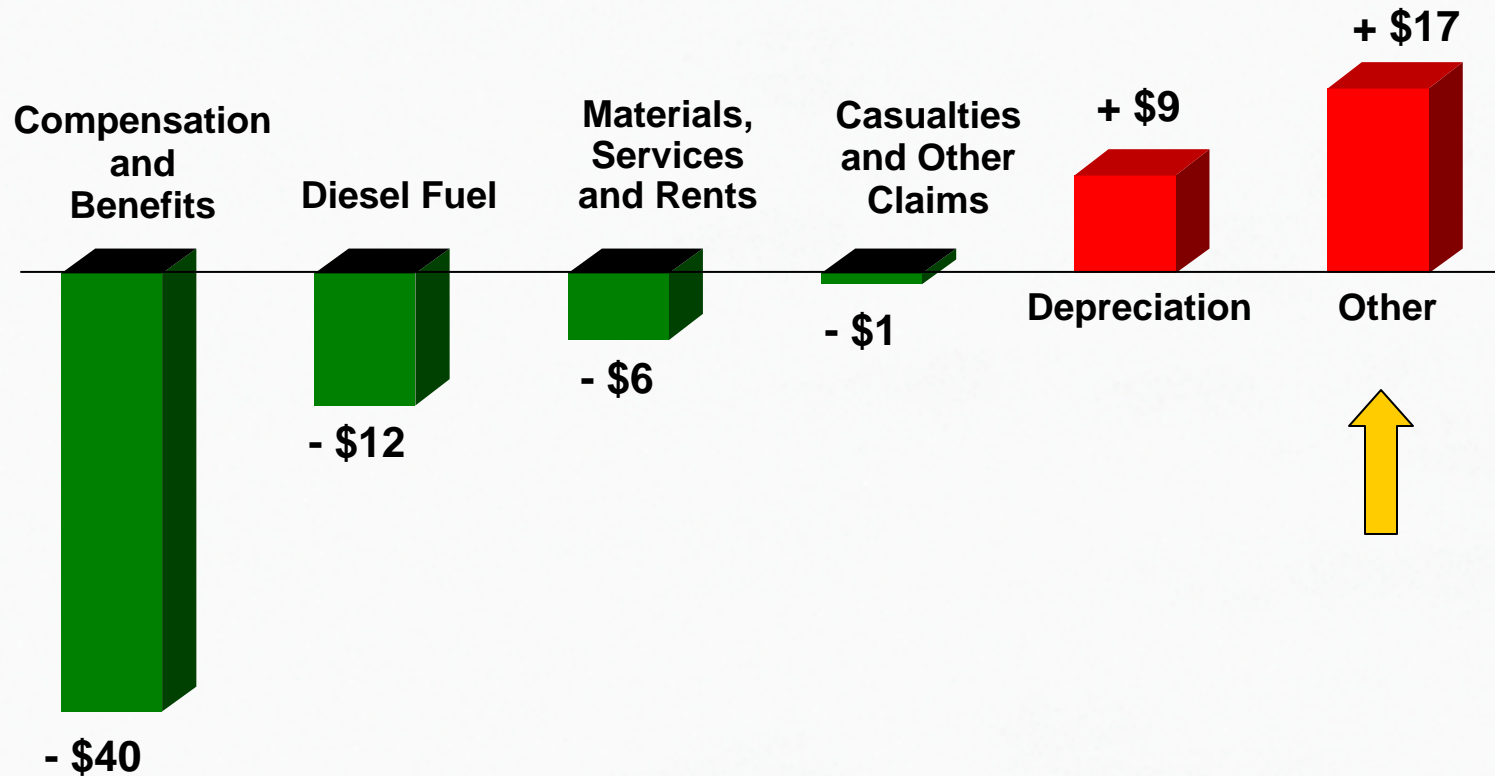
Net Decrease

\$ 33 Million / 2%

Railway Operating Expense Analysis

First Quarter 2007 vs. 2006

(\$ Millions)



Net Decrease

\$ 33 Million / 2%

Nonoperating Items

First Quarter 2007 vs. 2006

(\$ Millions)

	First Qtr 2007	First Qtr 2006	Change 2007 vs. 2006 Favorable (Unfavorable)
Other Income – net:			
Gain on Sale of Property and Investments	\$ 2	\$ 19	\$ (17)
Expenses Related to Synthetic Fuel Investments	(20)	(14)	(6)
All Other	25	30	(5)
	<u>7</u>	<u>35</u>	<u>(28)</u>
Other Income - net	\$ 7	\$ 35	\$ (28)
	<u>7</u>	<u>35</u>	<u>(28)</u>
Interest Expense on Debt	\$ 115	\$ 120	\$ 5
	<u>115</u>	<u>120</u>	<u>5</u>

Synthetic Fuel Investments

First Quarter 2007 vs. 2006

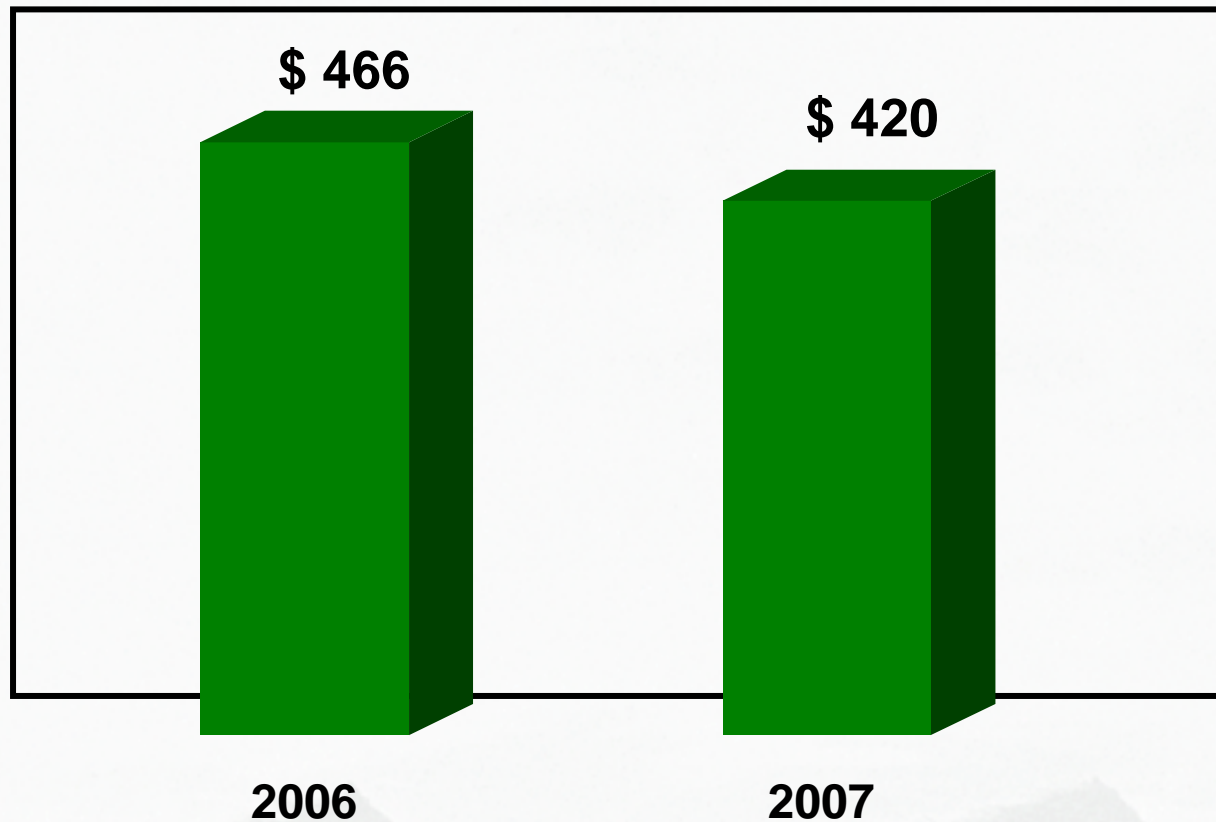
(\$ Millions)

	First Qtr 2007	First Qtr 2006	Change 2007 vs. 2006 Favorable (Unfavorable)
Effect in "Other income – net"	\$ 20	\$ 14	\$ (6)
Effect in "Provision for income taxes"	<u>27</u>	<u>19</u>	<u>8</u>
Net benefit from synthetic fuel related investments	<u>\$ 7</u>	<u>\$ 5</u>	<u>\$ 2</u>

Income Before Income Taxes

First Quarter

(\$ Millions)

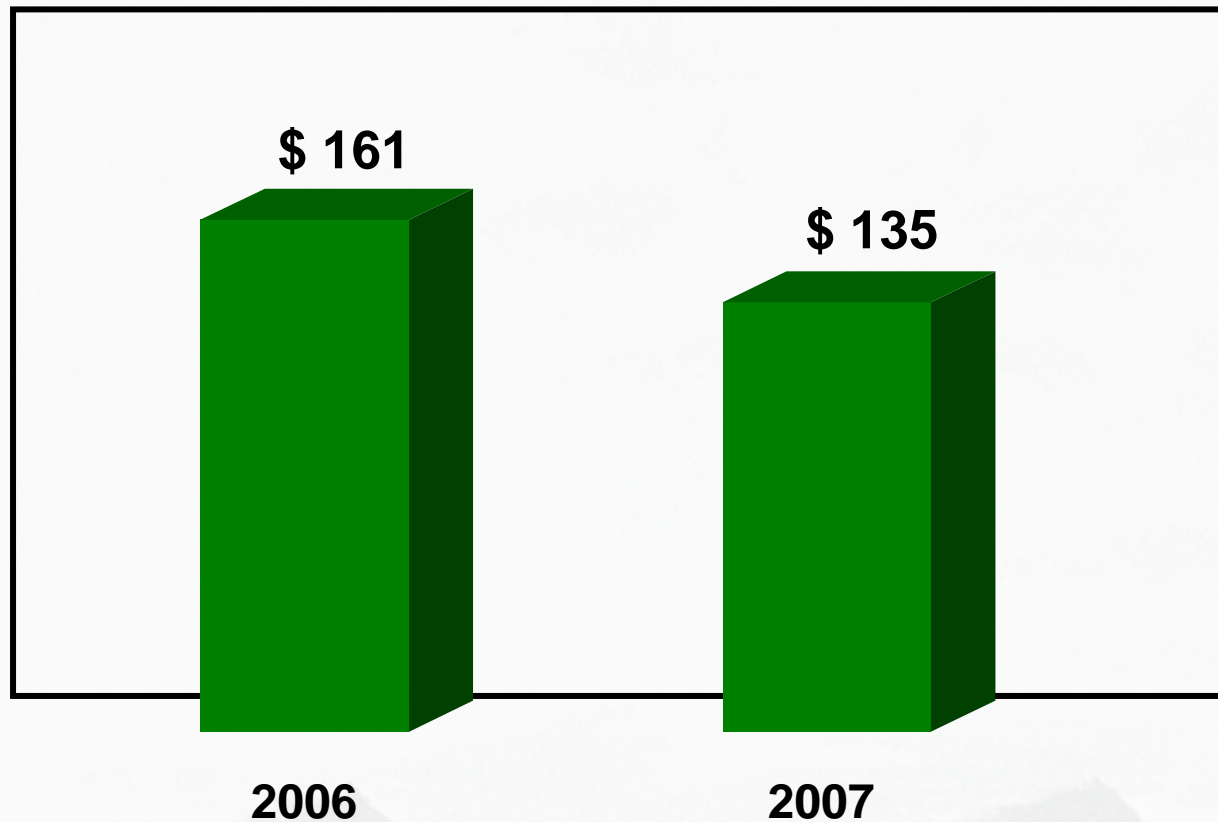


% Change vs. Prior Period

- 10%

Provision for Income Taxes

First Quarter
(\$ Millions)



% Change vs. Prior Period

- 16%

