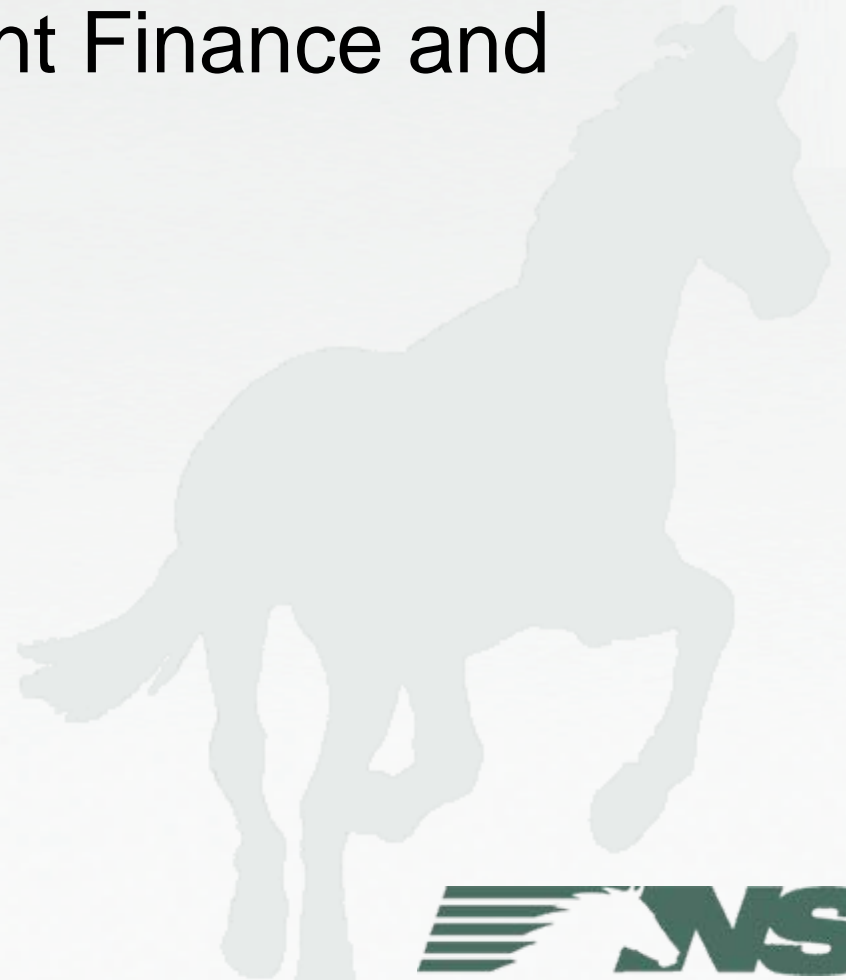


Third Quarter Results 2007

James A. Squires

Executive Vice President Finance and
Chief Financial Officer

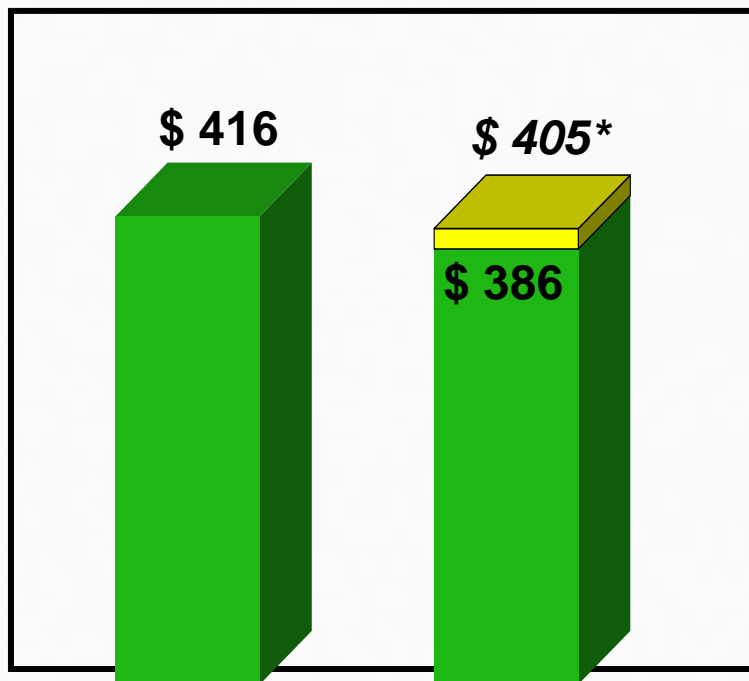


Net Income and Diluted Earnings per Share

Third Quarter

(\$ Millions except per share)

Net Income

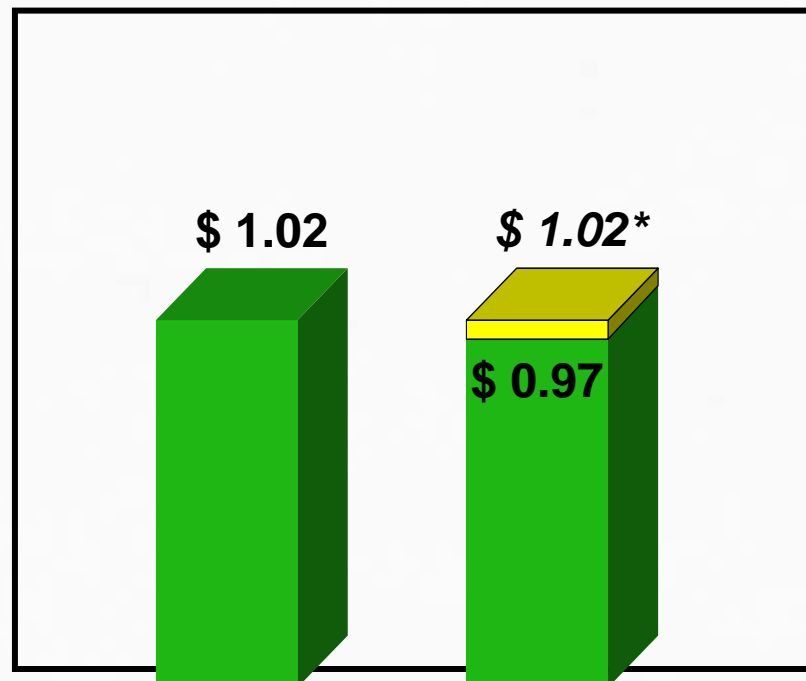


2006

2007

% Change vs. Prior Period - 7%

Diluted Earnings per Share



2006

2007

- 5%

* Excludes impact of Illinois tax legislation which reduced net income by \$19 million, or 5 cents per diluted share.

Income From Railway Operations

Third Quarter 2007 vs. 2006

(\$ Millions)

	Third Qtr 2007	Third Qtr 2006	Favorable (Unfavorable)	
			\$	%
Railway Operating Revenues	\$ 2,353	\$ 2,393	\$ (40)	(2%)
Railway Operating Expenses	1,672	1,678	6	--
Income From Railway Operations	<u>\$ 681</u>	<u>\$ 715</u>	<u>\$ (34)</u>	<u>(5%)</u>
Railway Operating Ratio	71.1	70.1	(1.0)	(1%)

Railway Operating Expenses

Short-Term Cost Control

Linked to Current Volume

- Train and Engine crews
- Fuel consumption
- Equipment rents

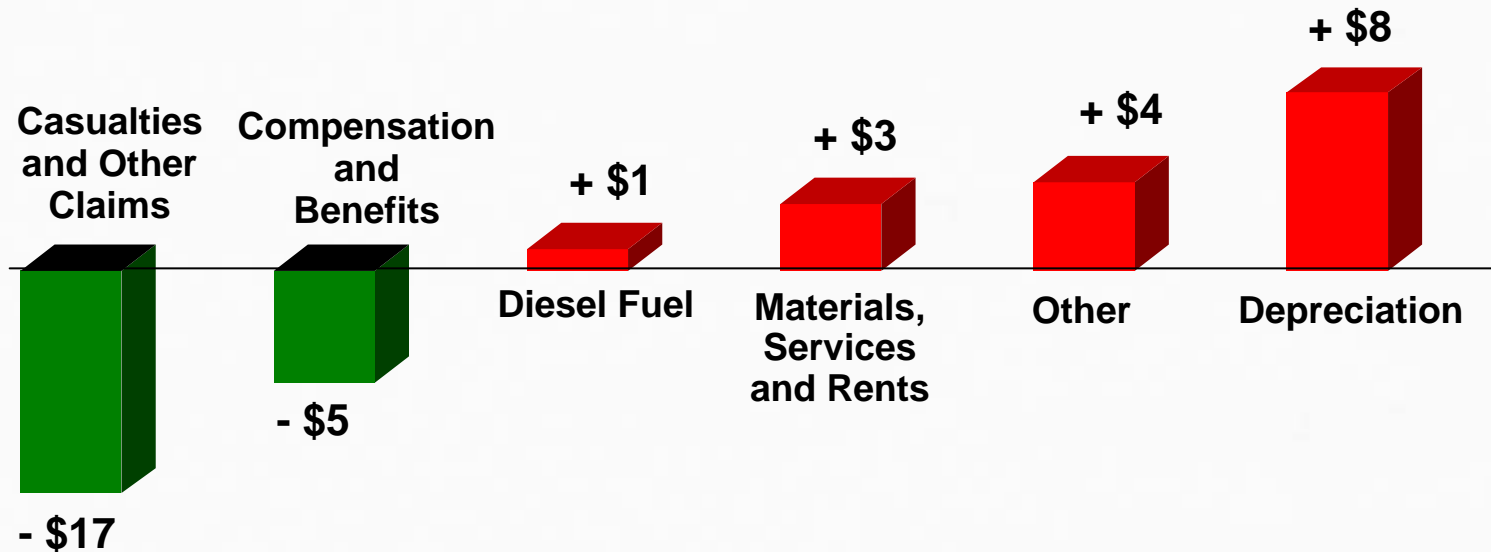
Linked to Future Business Opportunities

- Maintenance work
- Locomotive overhauls
- Equipment repairs

Railway Operating Expense Analysis

Third Quarter 2007 vs. 2006

(\$ Millions)

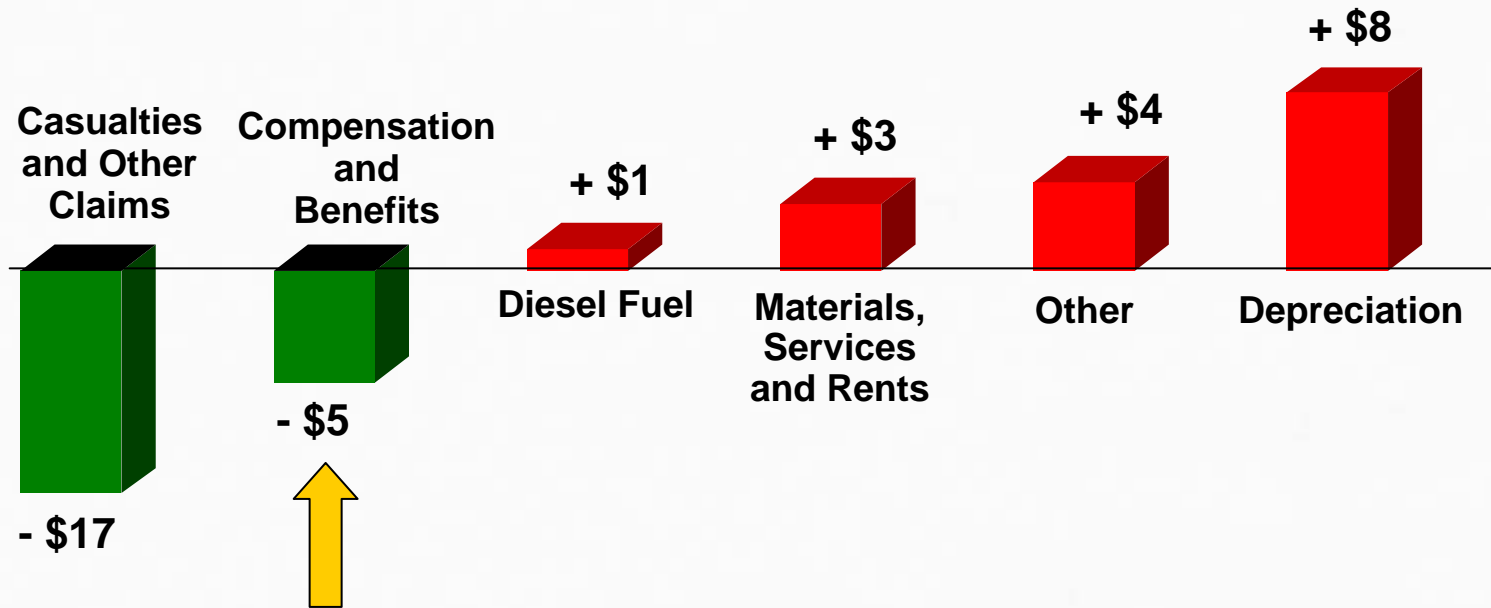


Net Decrease \$ 6 Million / --%

Railway Operating Expense Analysis

Third Quarter 2007 vs. 2006

(\$ Millions)



Net Decrease \$ 6 Million / --%

Compensation and Benefits Analysis

Third Quarter 2007 vs. 2006

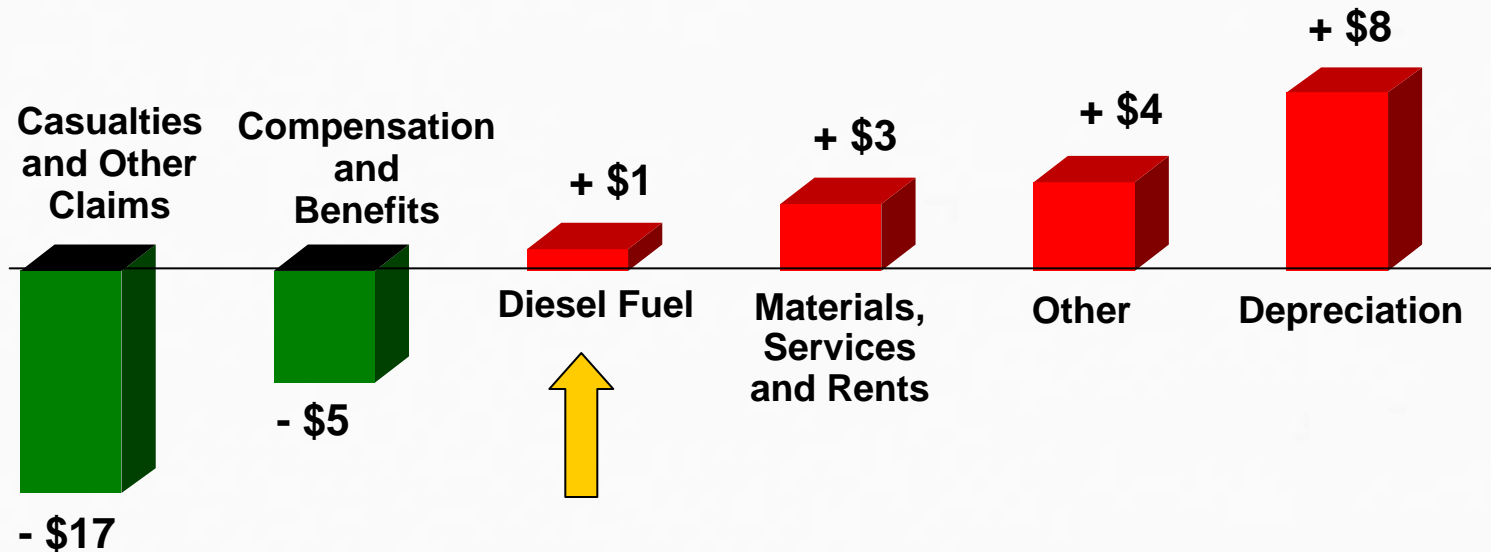
(\$ Millions)

	Increase (Decrease)
Stock Based Compensation	\$ 15
Incentive Compensation	(10)
Volume-Related Payroll	(10)
	<hr/>
Total Net Variance	\$ (5)

Railway Operating Expense Analysis

Third Quarter 2007 vs. 2006

(\$ Millions)



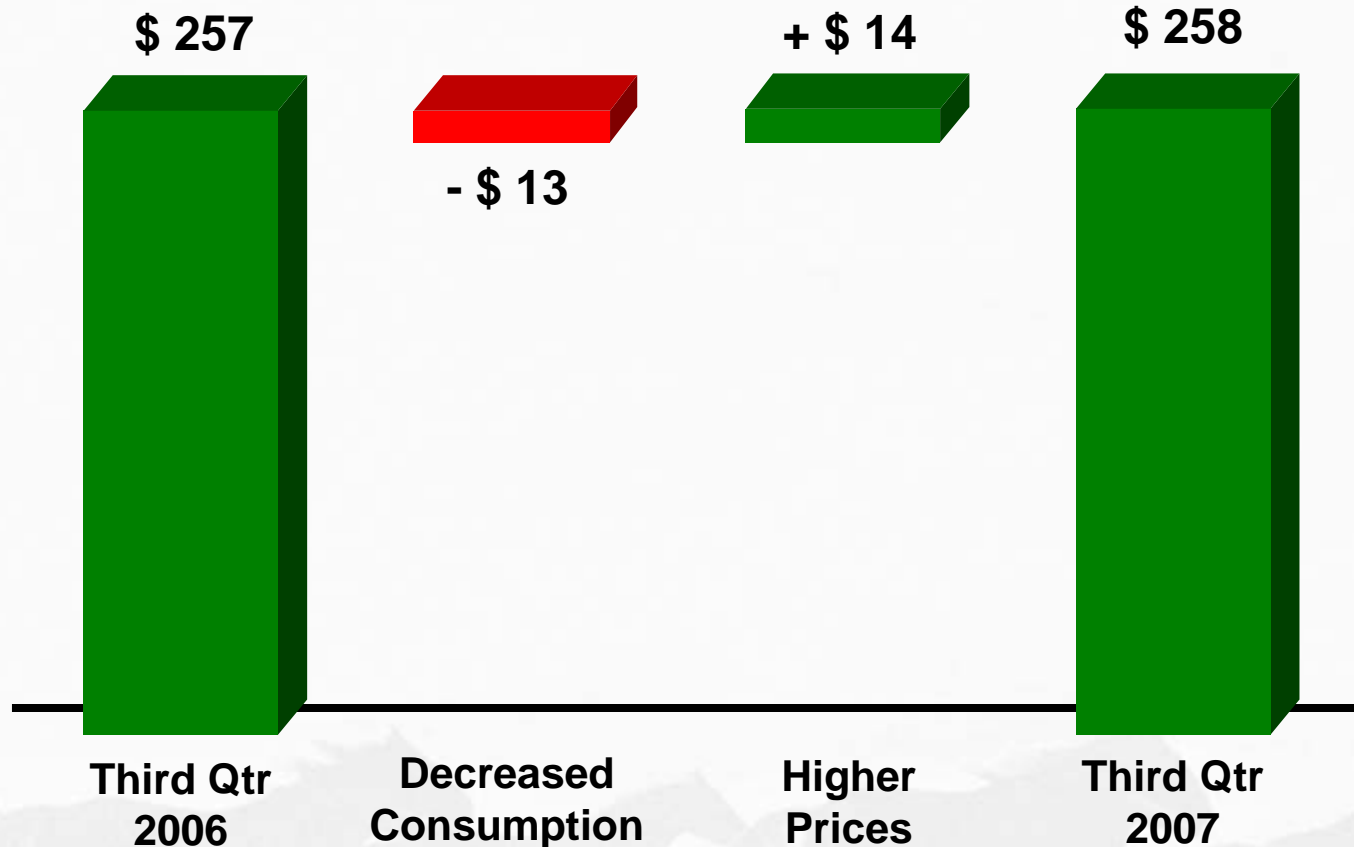
Net Decrease

\$ 6 Million / --%

Diesel Fuel Cost Analysis

Third Quarter 2007 vs. 2006

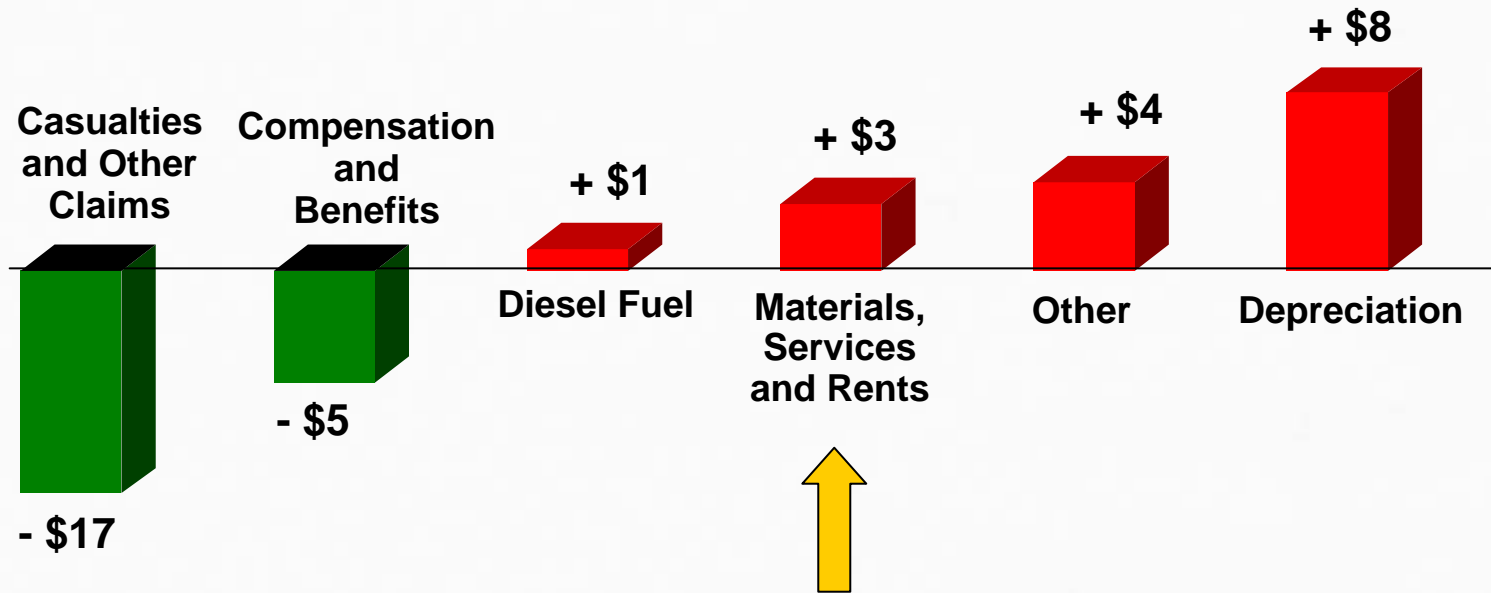
(\$ Millions)



Railway Operating Expense Analysis

Third Quarter 2007 vs. 2006

(\$ Millions)



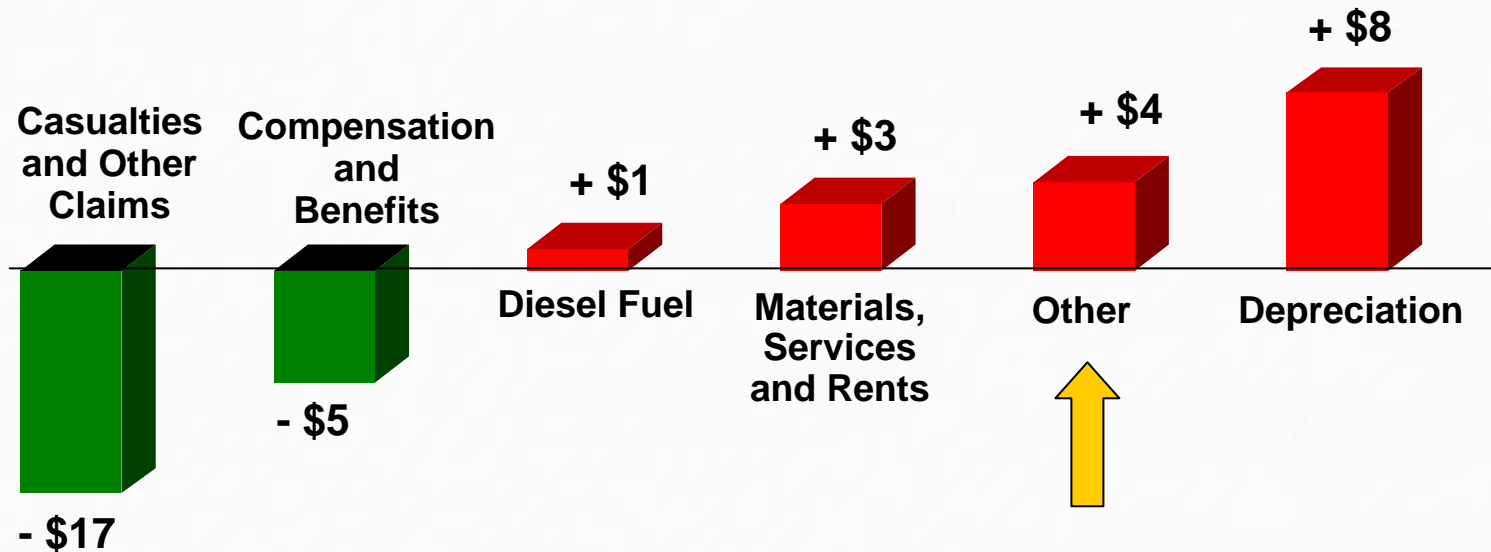
Net Decrease

\$ 6 Million / --%

Railway Operating Expense Analysis

Third Quarter 2007 vs. 2006

(\$ Millions)



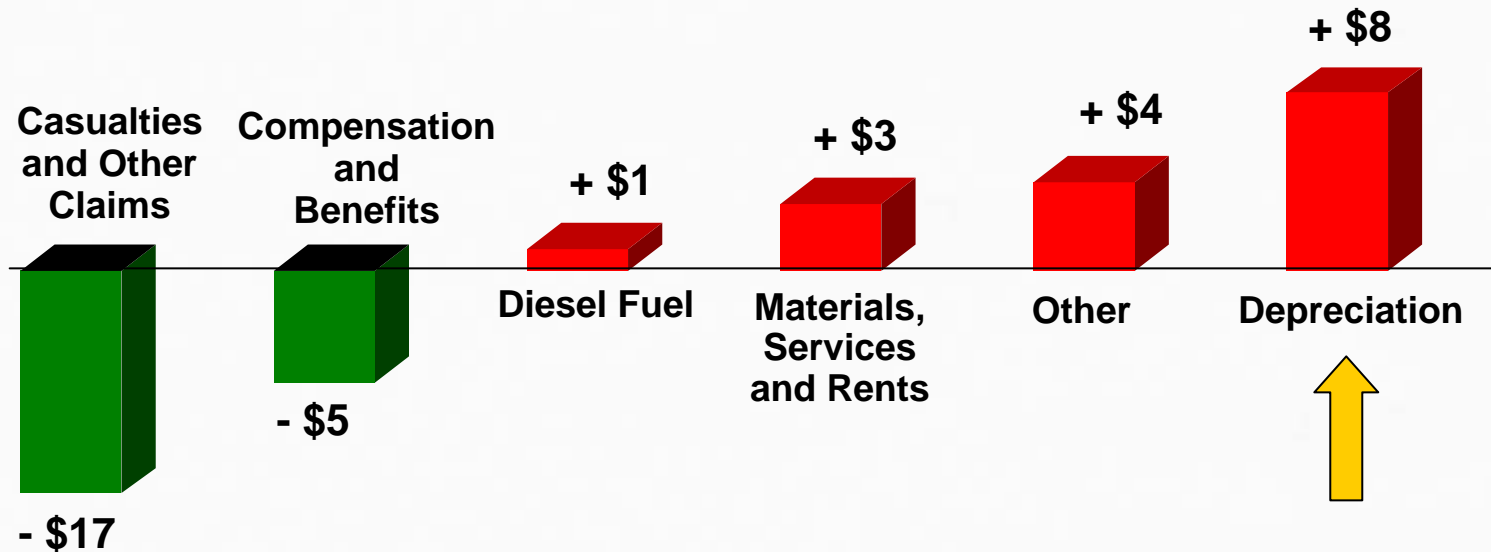
Net Decrease

\$ 6 Million / --%

Railway Operating Expense Analysis

Third Quarter 2007 vs. 2006

(\$ Millions)



Net Decrease

\$ 6 Million / --%

Non-operating Items

Third Quarter 2007 vs. 2006

(\$ Millions)

	Third Qtr 2007	Third Qtr 2006	Change 2007 vs. 2006 Favorable (Unfavorable)
Other Income – net:			
Gains on the Sale of Property and Investments	\$ 22	\$ 8	14
Interest Income	10	21	(11)
Corporate Owned Life Insurance	3	11	(8)
All Other	(4)	1	(5)
	<u>31</u>	<u>41</u>	<u>(10)</u>
Other Income - net	<u>\$ 31</u>	<u>\$ 41</u>	<u>\$ (10)</u>
Interest Expense on Debt	<u>\$ 107</u>	<u>\$ 120</u>	<u>\$ 13</u>

Synthetic Fuel Investments

Third Quarter 2007 vs. 2006

(\$ Millions)

	Third Qtr 2007	Third Qtr 2006	Change 2007 vs. 2006 Favorable (Unfavorable)
Effect in "Other income – net"	\$ 18	\$ 19	\$ 1
Effect in "Provision for income taxes"	<u>25</u>	<u>25</u>	--
Net benefit from synthetic fuel related investments	<u>\$ 7</u>	<u>\$ 6</u>	<u>\$ 1</u>

Expected Synthetic Fuel Effects

Fourth Quarter 2007

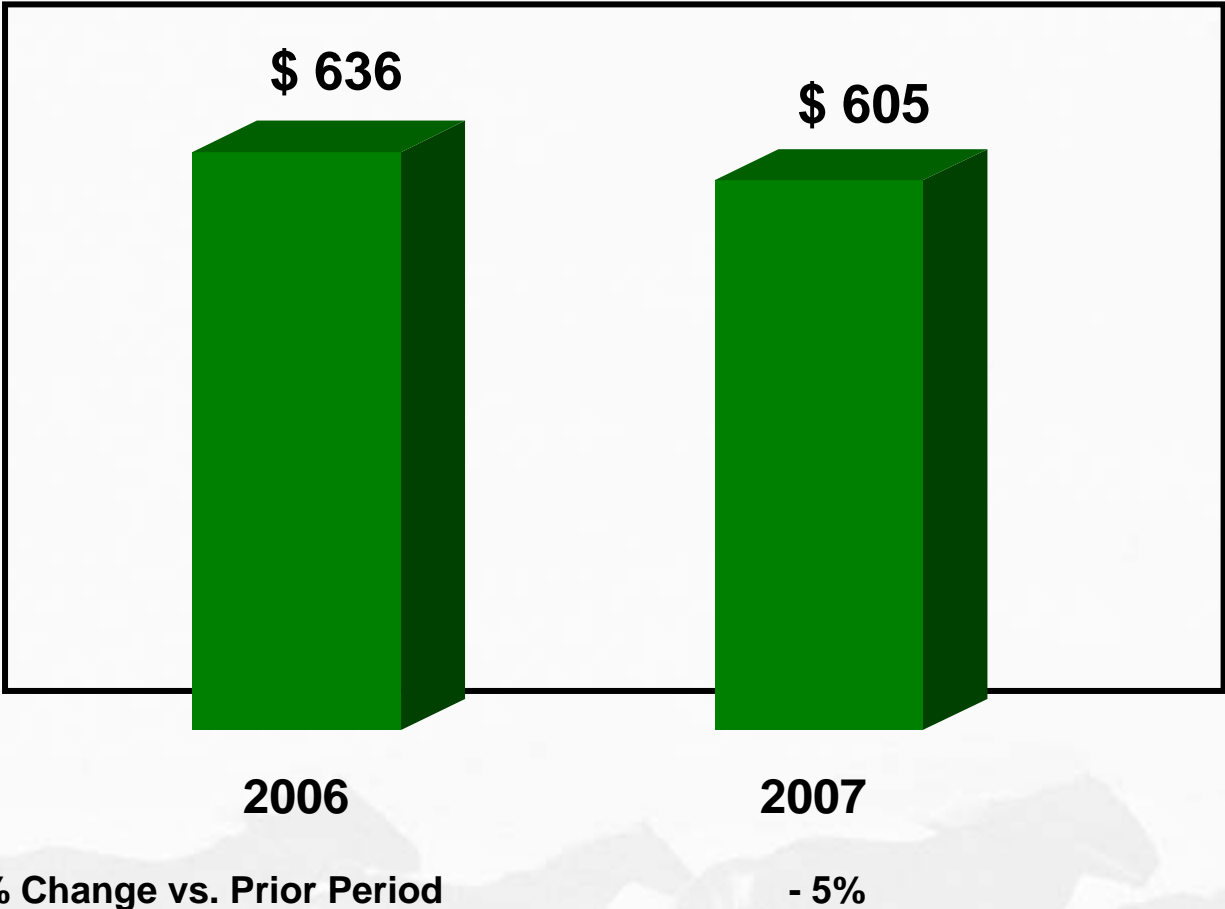
(\$ Millions)

	Fourth Qtr 2007 Est.	Fourth Qtr 2006 Act.	Change 2007 vs. 2006 Favorable (Unfavorable)
Effect in “Other income – net”	\$ 31	\$ 20	\$ (11)
Effect in “Provision for income taxes”	<u>47</u>	<u>27</u>	<u>20</u>
Net benefit from synthetic fuel related investments	<u>\$ 16</u>	<u>\$ 7</u>	<u>\$ 9</u>

Income Before Income Taxes

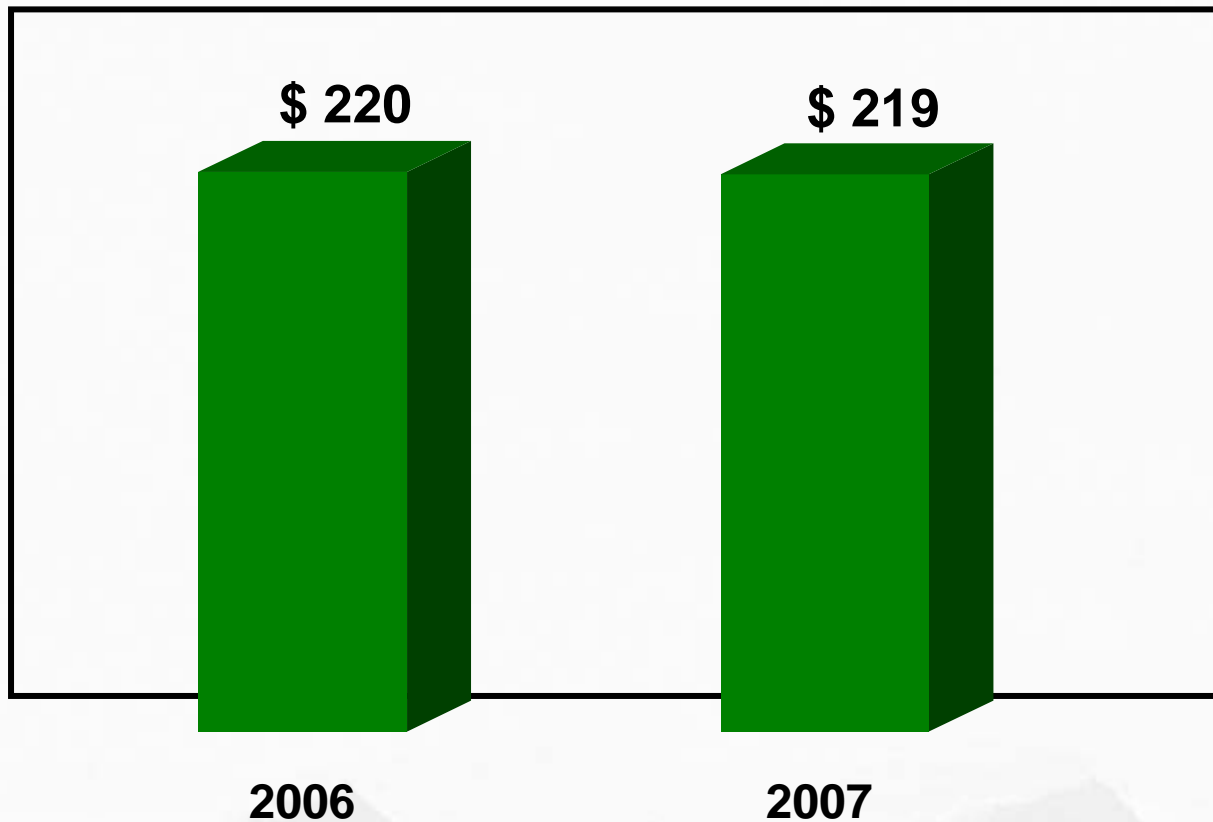
Third Quarter

(\$ Millions)



Income Taxes

Third Quarter
(\$ Millions)



% Change vs. Prior Period

- -%

Share Repurchase Program

Quarterly Activity

