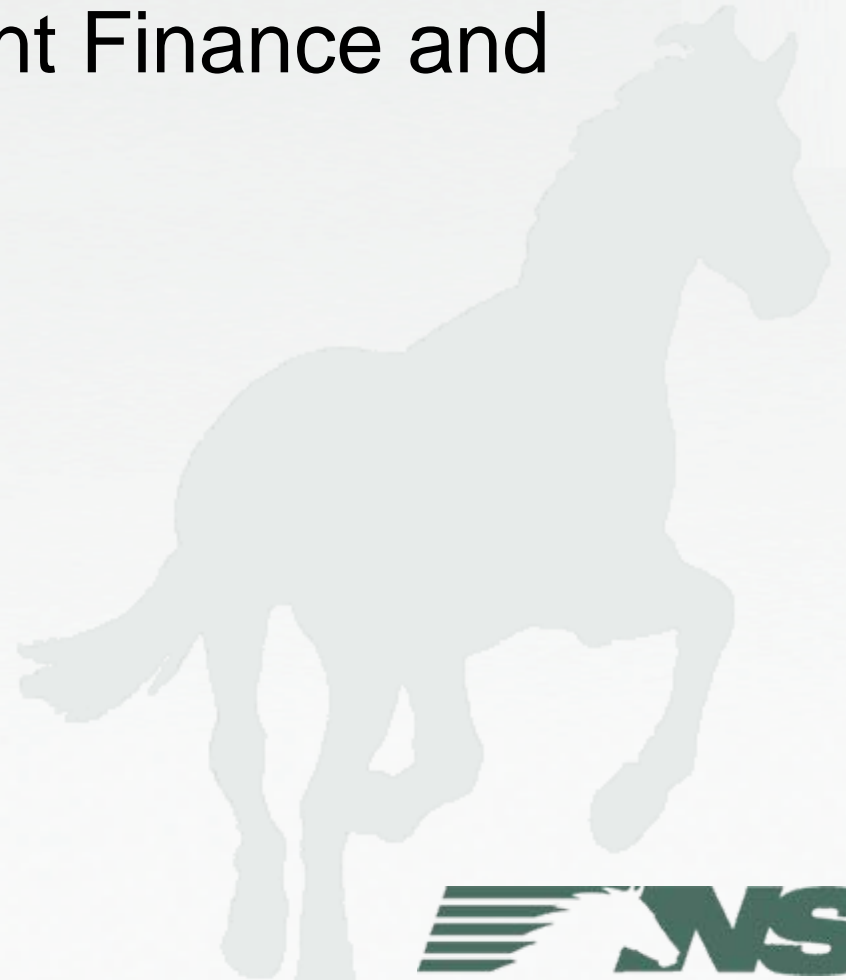


Fourth Quarter Results 2007

James A. Squires

Executive Vice President Finance and
Chief Financial Officer

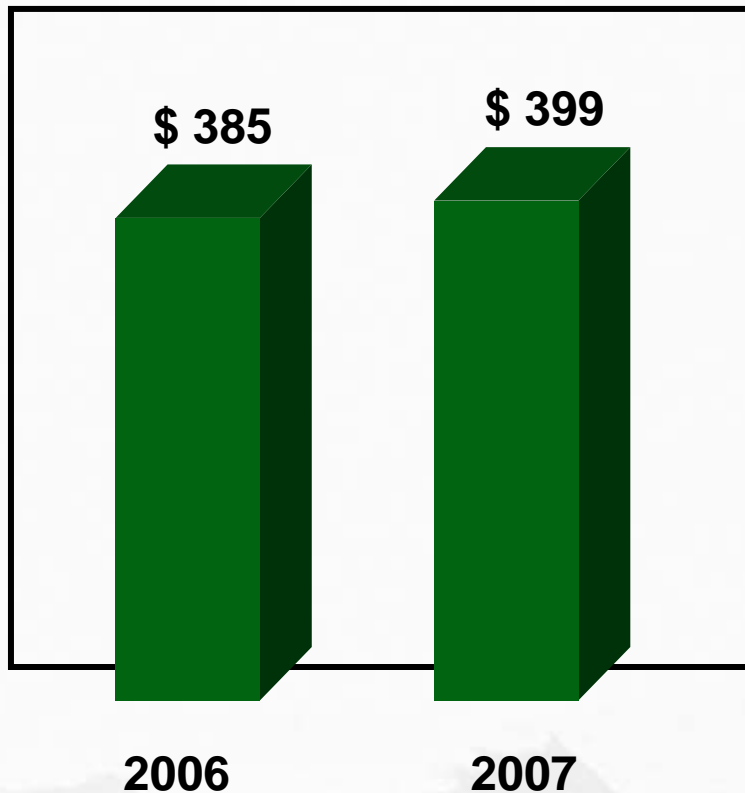


Net Income and Diluted Earnings per Share

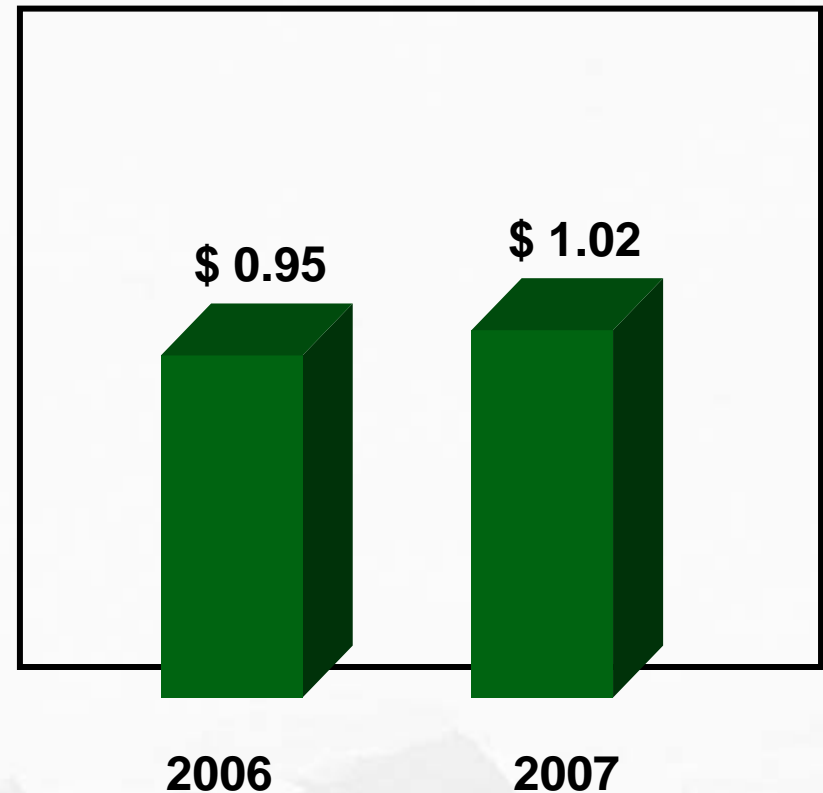
Fourth Quarter

(\$ Millions except per share)

Net Income



Diluted Earnings per Share



% Change vs. Prior Period + 4%

+ 7%

Income From Railway Operations

Fourth Quarter 2007 vs. 2006

(\$ Millions)

	Fourth Qtr 2007	Fourth Qtr 2006	Favorable (Unfavorable)	
			\$	%
Railway Operating Revenues	\$ 2,454	\$ 2,319	\$ 135	6%
Railway Operating Expenses	1,768	1,705	(63)	(4%)
Income From Railway Operations	<u>\$ 686</u>	<u>\$ 614</u>	<u>\$ 72</u>	<u>12%</u>
Railway Operating Ratio	72.0	73.5	1.5	2%

Railway Operating Expenses

Income Statement Line Items

Compensation and benefits

Purchased services and rents

Fuel

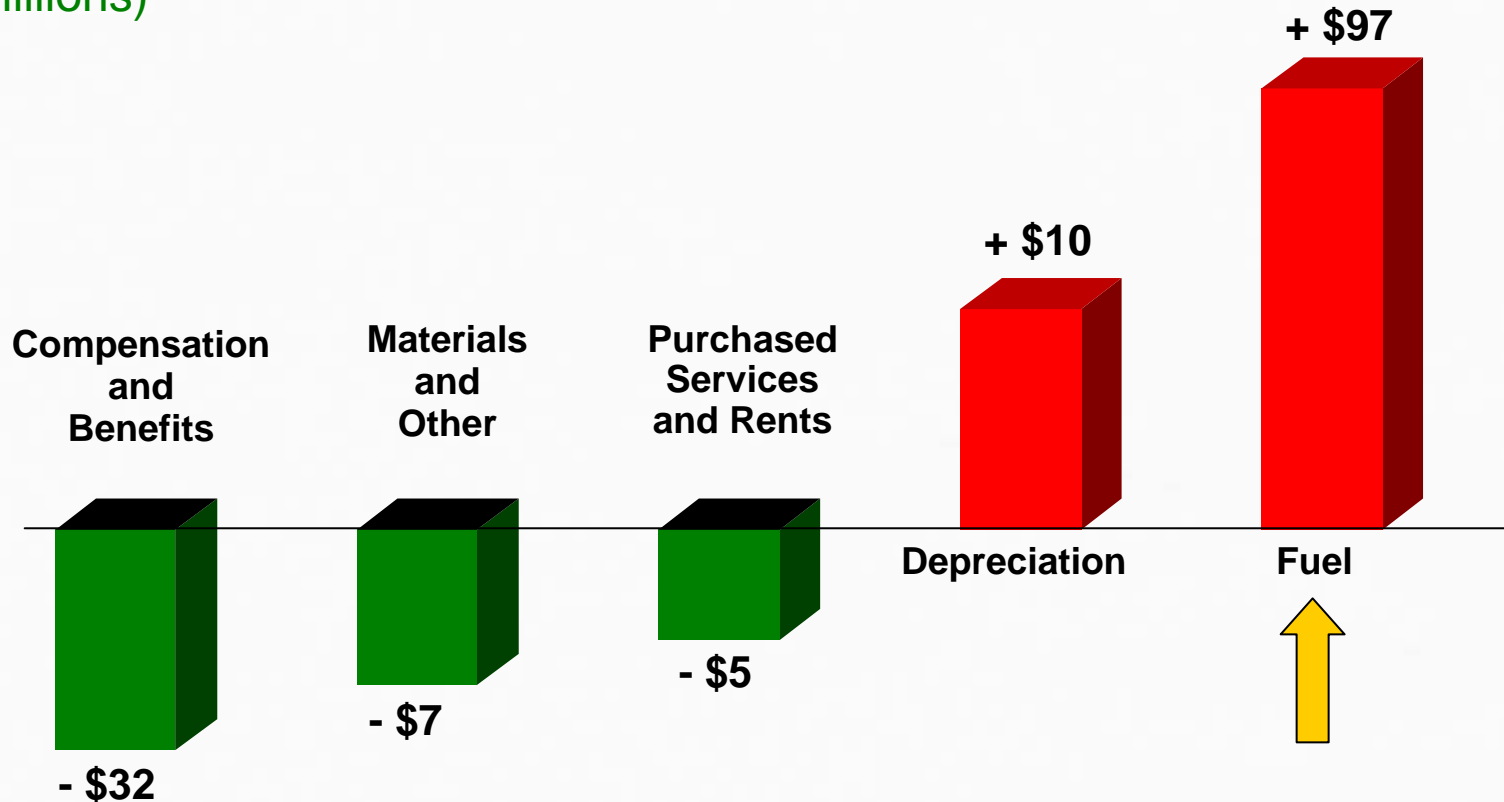
Depreciation

Materials and other

Railway Operating Expense Analysis

Fourth Quarter 2007 vs. 2006

(\$ Millions)

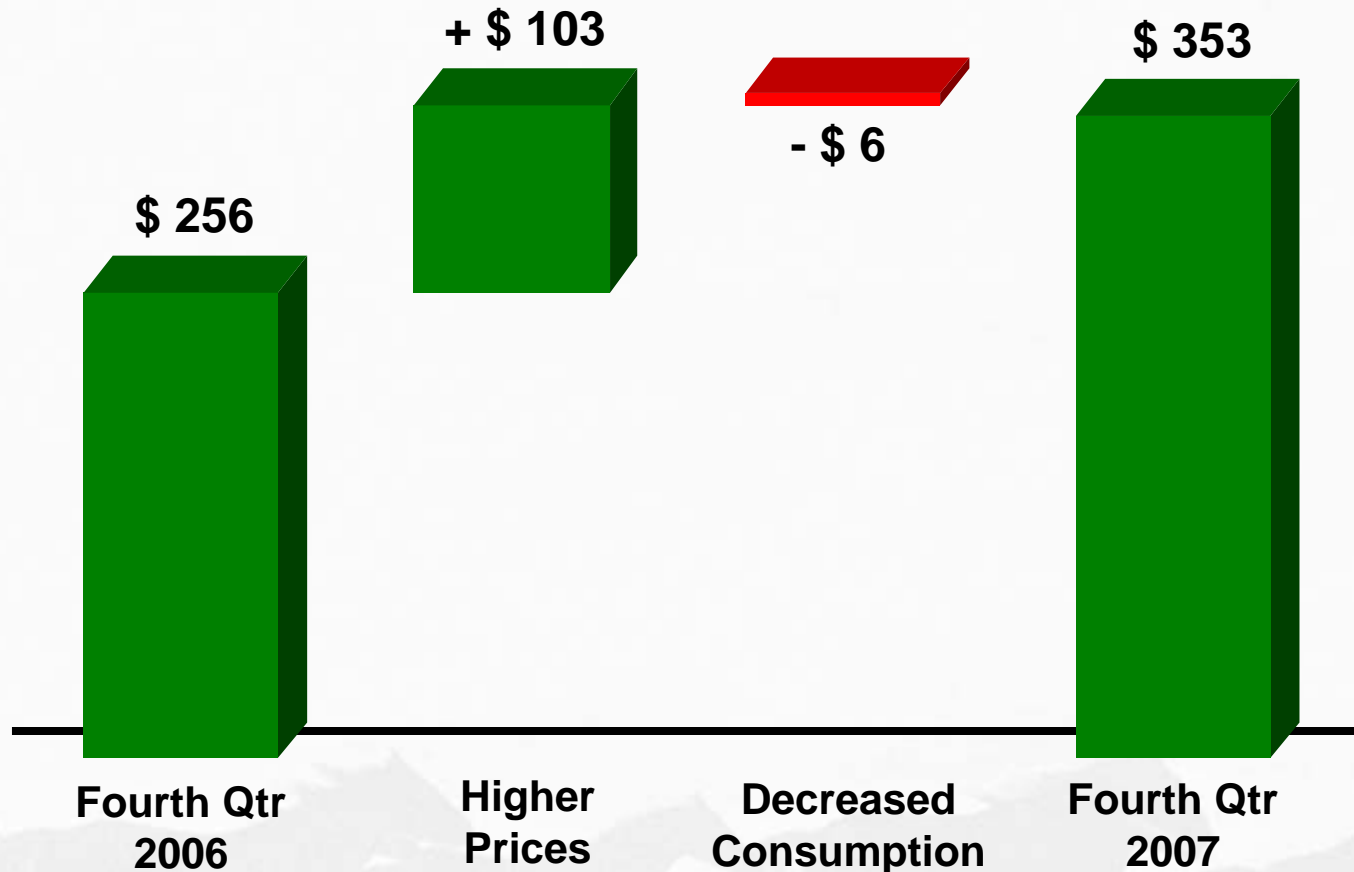


Net Increase \$ 63 Million / 4%

Fuel Cost Analysis

Fourth Quarter 2007 vs. 2006

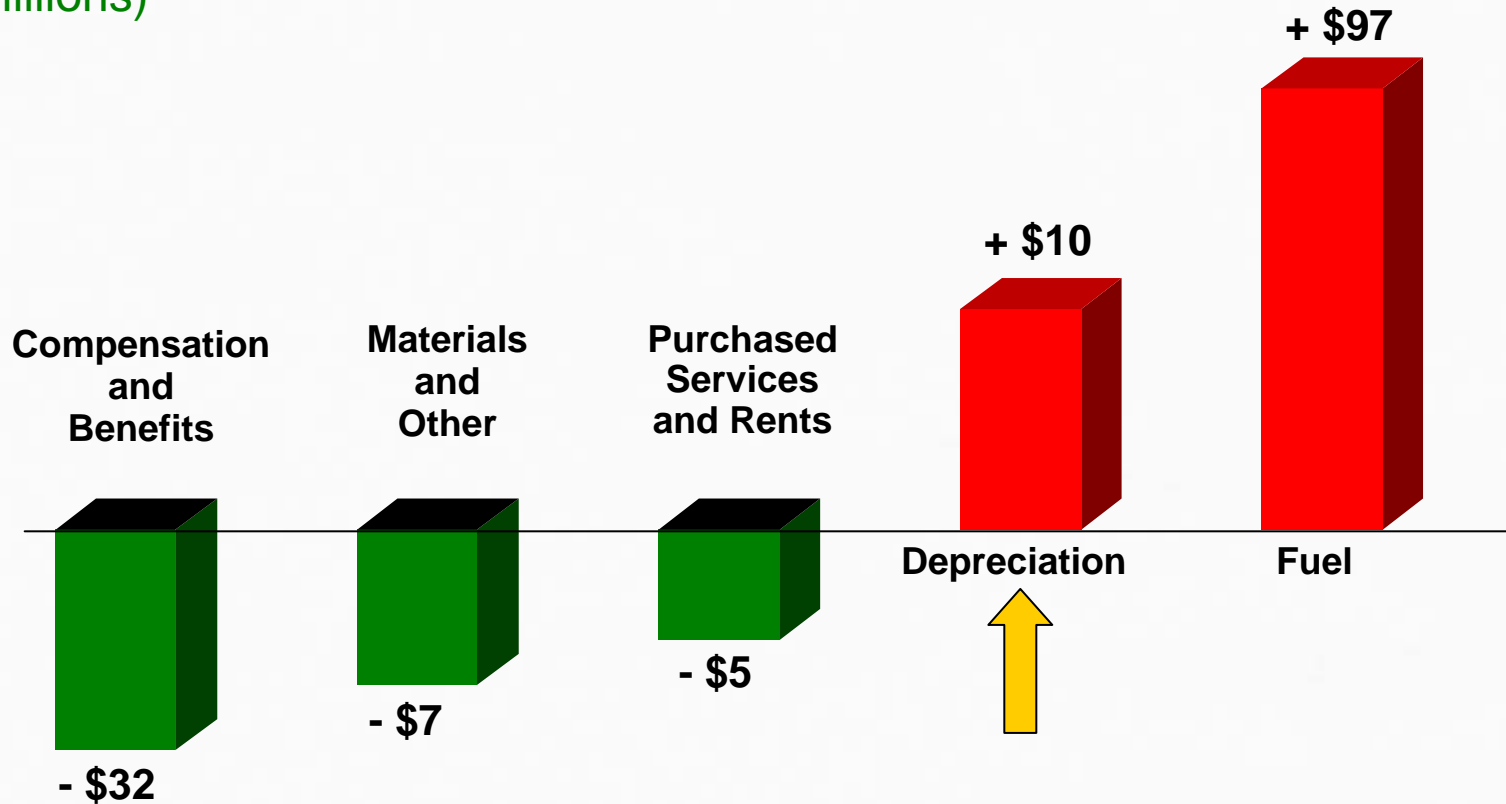
(\$ Millions)



Railway Operating Expense Analysis

Fourth Quarter 2007 vs. 2006

(\$ Millions)

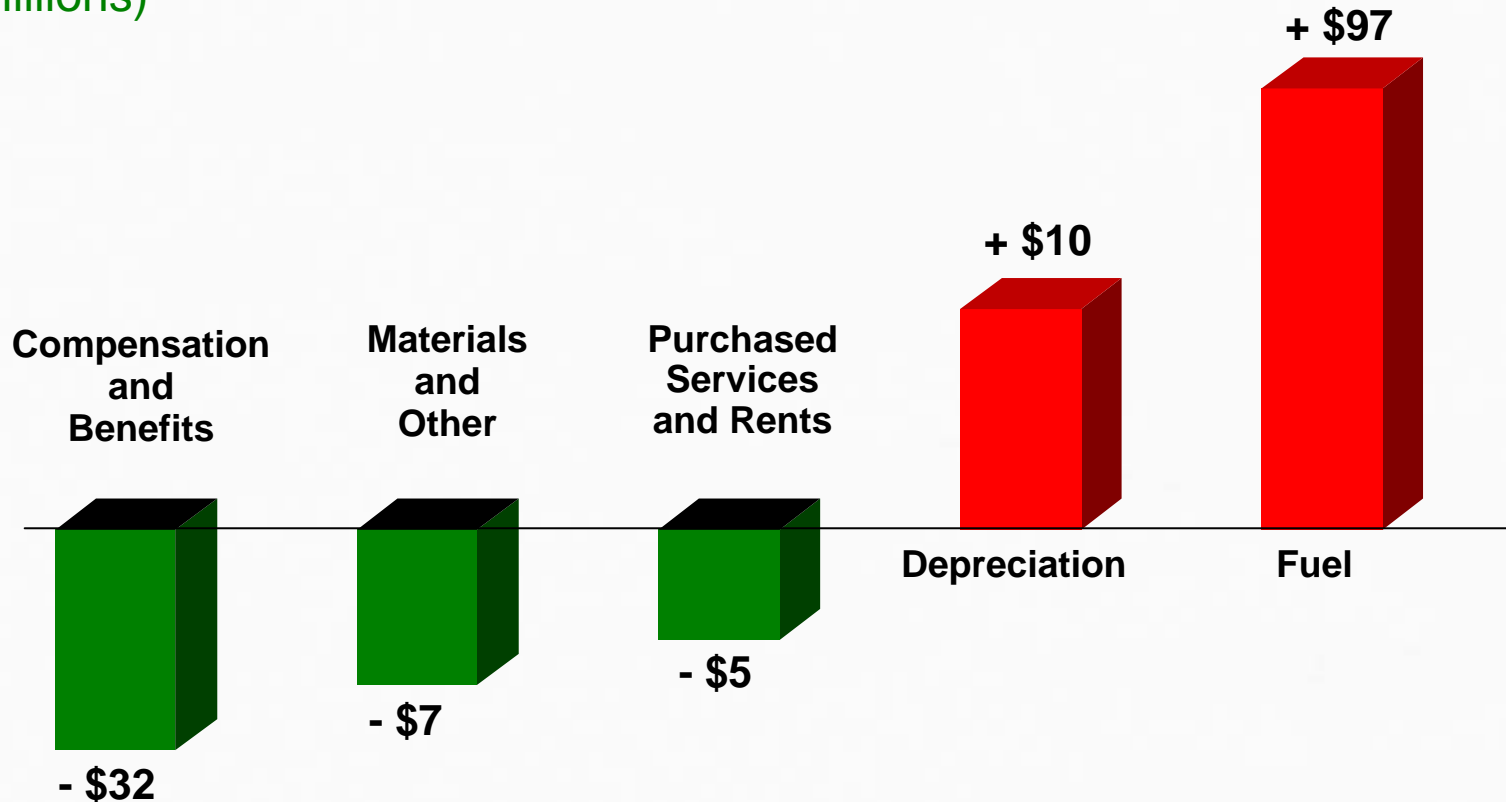


Net Increase \$ 63 Million / 4%

Railway Operating Expense Analysis

Fourth Quarter 2007 vs. 2006

(\$ Millions)



Net Increase \$ 63 Million / 4%

Compensation and Benefits Analysis

Fourth Quarter 2007 vs. 2006

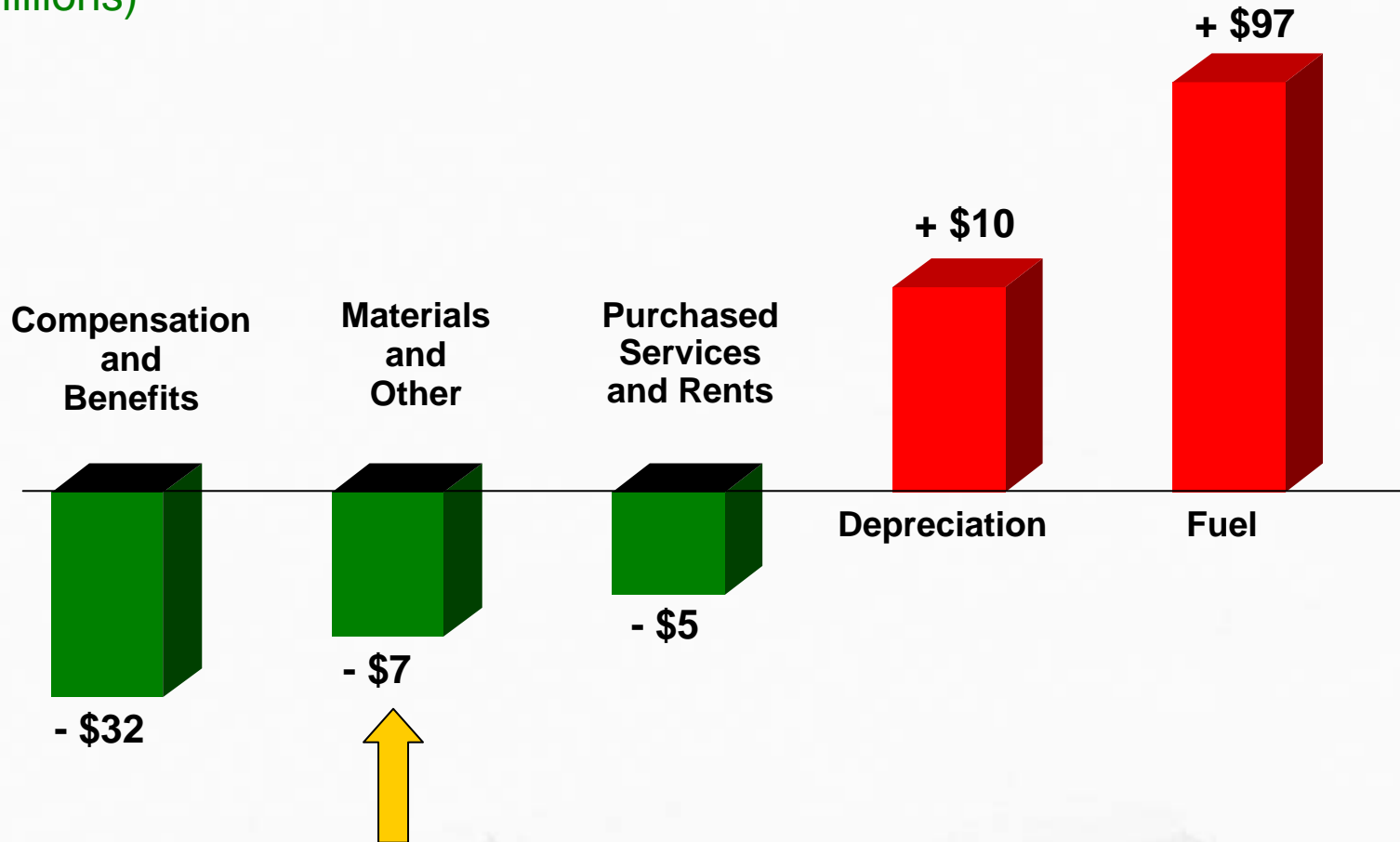
(\$ Millions)

	Increase (Decrease)
Stock Based Compensation	\$ (15)
Incentive Compensation	(13)
Other	(4)
	<hr/>
Total Net Variance	\$ (32)

Railway Operating Expense Analysis

Fourth Quarter 2007 vs. 2006

(\$ Millions)

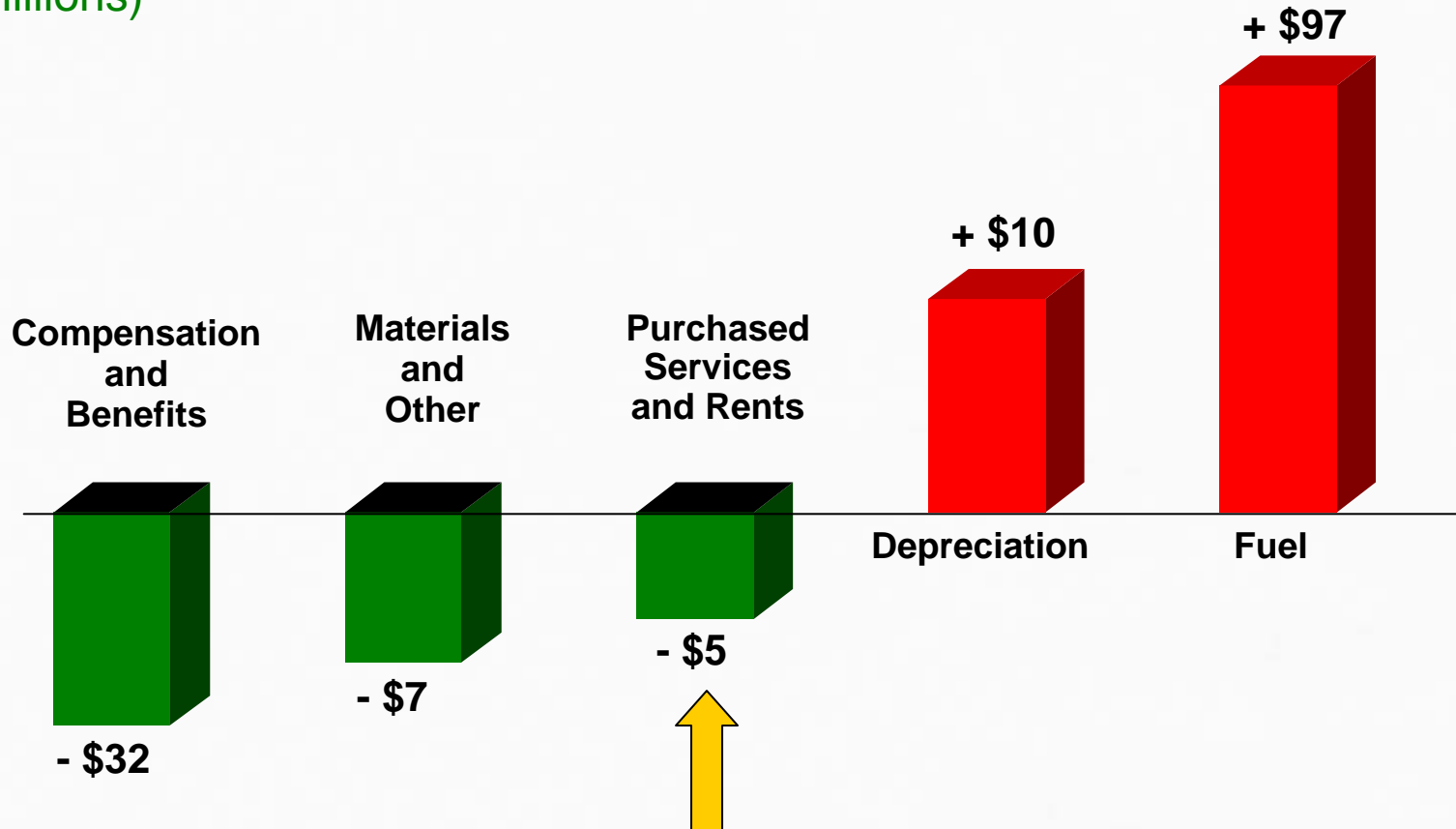


Net Increase \$ 63 Million / 4%

Railway Operating Expense Analysis

Fourth Quarter 2007 vs. 2006

(\$ Millions)



Net Increase \$ 63 Million / 4%

Non-operating Items

Fourth Quarter 2007 vs. 2006

(\$ Millions)

	Fourth Qtr 2007	Fourth Qtr 2006	Change 2007 vs. 2006 Favorable (Unfavorable)
Other Income – net:			
Equity in Conrail Earnings	\$ 25	\$ 5	20
Corporate Owned Life Insurance	(2)	12	(14)
Interest Income	8	16	(8)
All Other	3	7	(4)
	<u>34</u>	<u>40</u>	<u>(6)</u>
Other Income - net	\$ 34	\$ 40	\$ (6)
Interest Expense on Debt	\$ 108	\$ 115	\$ 7

Synthetic Fuel Investments

Fourth Quarter 2007 vs. 2006

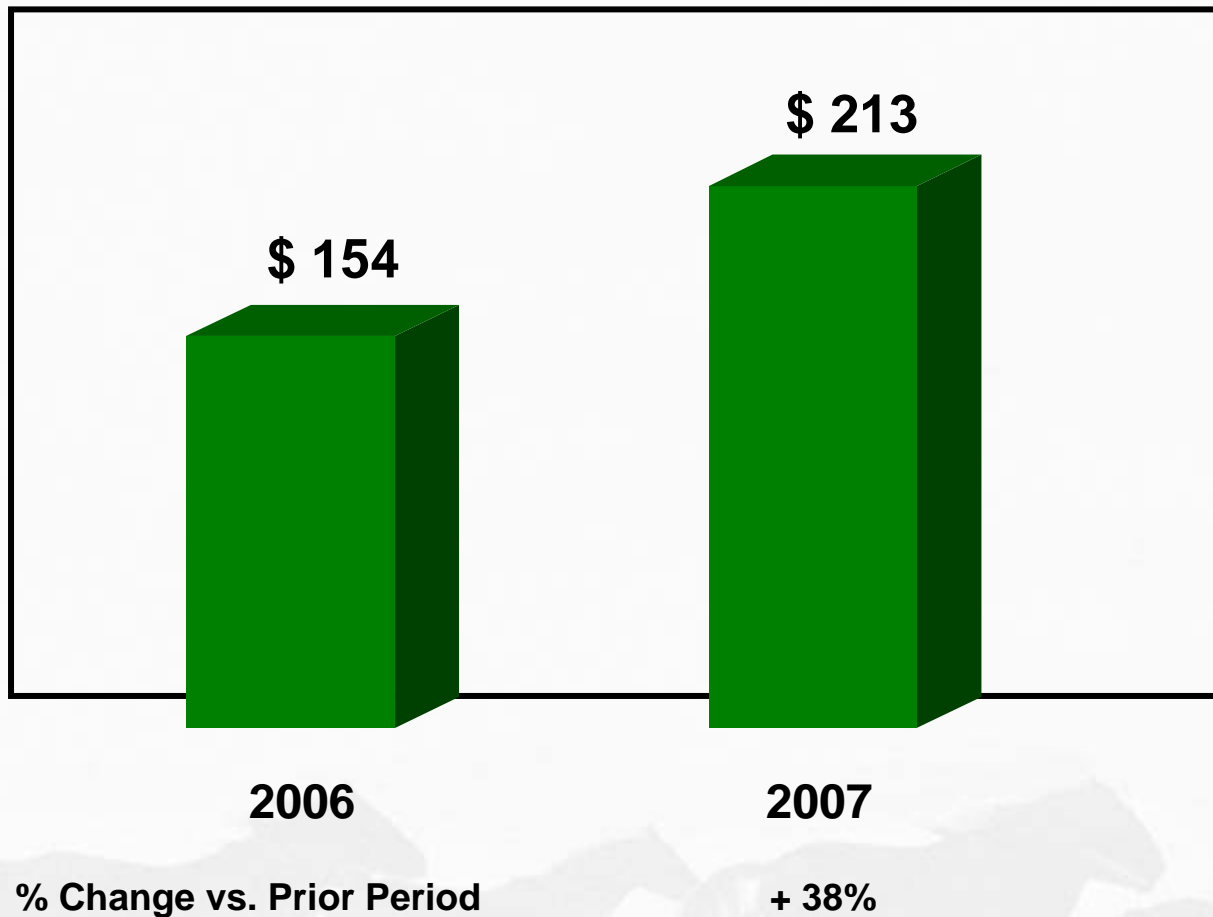
(\$ Millions)

	Fourth Qtr 2007	Fourth Qtr 2006	Change 2007 vs. 2006 Favorable (Unfavorable)
Effect in "Other income – net"	\$ 16	\$ 20	\$ 4
Effect in "Provision for income taxes"	9	27	(18)
Net benefit (expense) from synthetic fuel related investments	<u>\$ (7)</u>	<u>\$ 7</u>	<u>\$ (14)</u>

Income Taxes

Fourth Quarter

(\$ Millions)

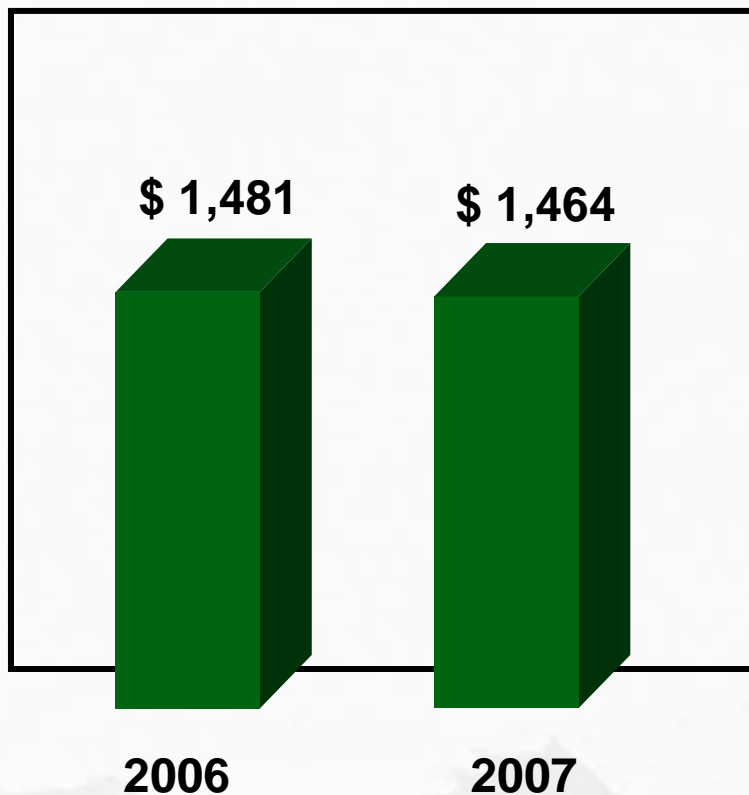


Net Income and Diluted Earnings per Share

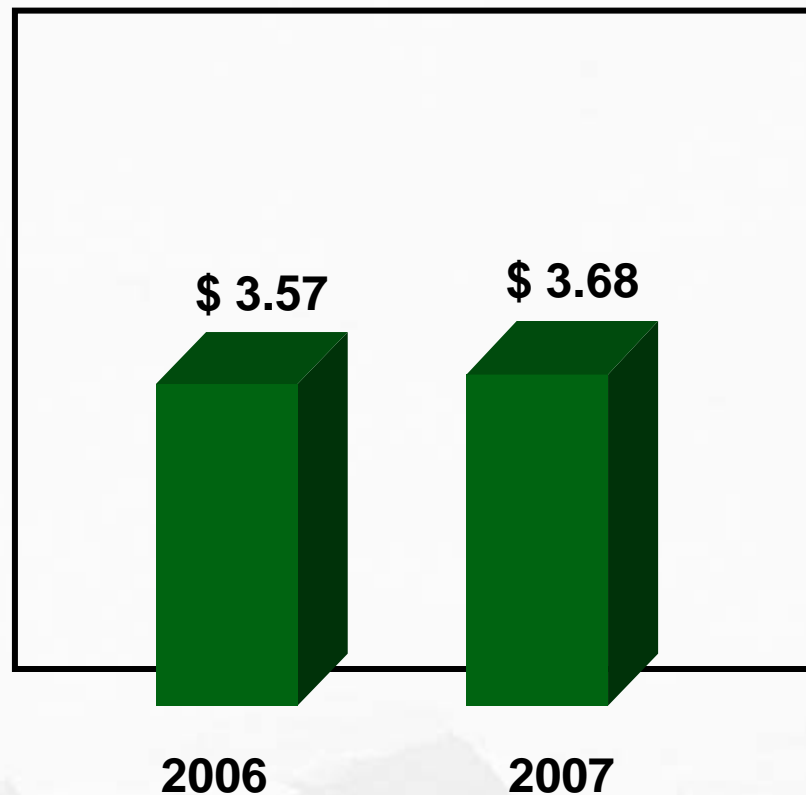
Year

(\$ Millions except per share)

Net Income



Diluted Earnings per Share



% Change vs. Prior Period -1%

+ 3%

Free Cash Flow

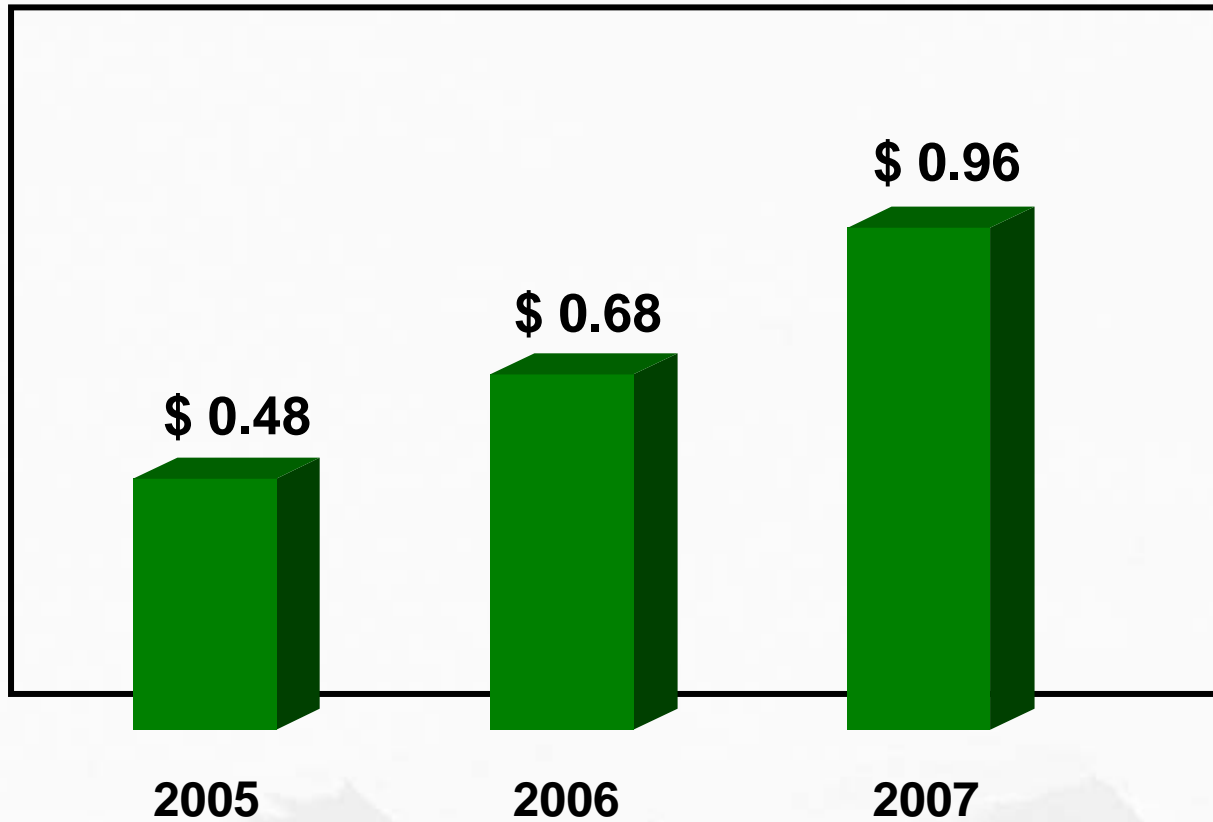
2005 - 2007

(\$ Millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Cash Provided by Operating Activities	\$ 2,105	\$ 2,206	\$ 2,333
Property Additions	<u>(1,025)</u>	<u>(1,178)</u>	<u>(1,341)</u>
Free Cash Flow	<u>\$ 1,080</u>	<u>\$ 1,028</u>	<u>\$ 992</u>

Dividends Paid

(\$ per share)



Share Repurchases

