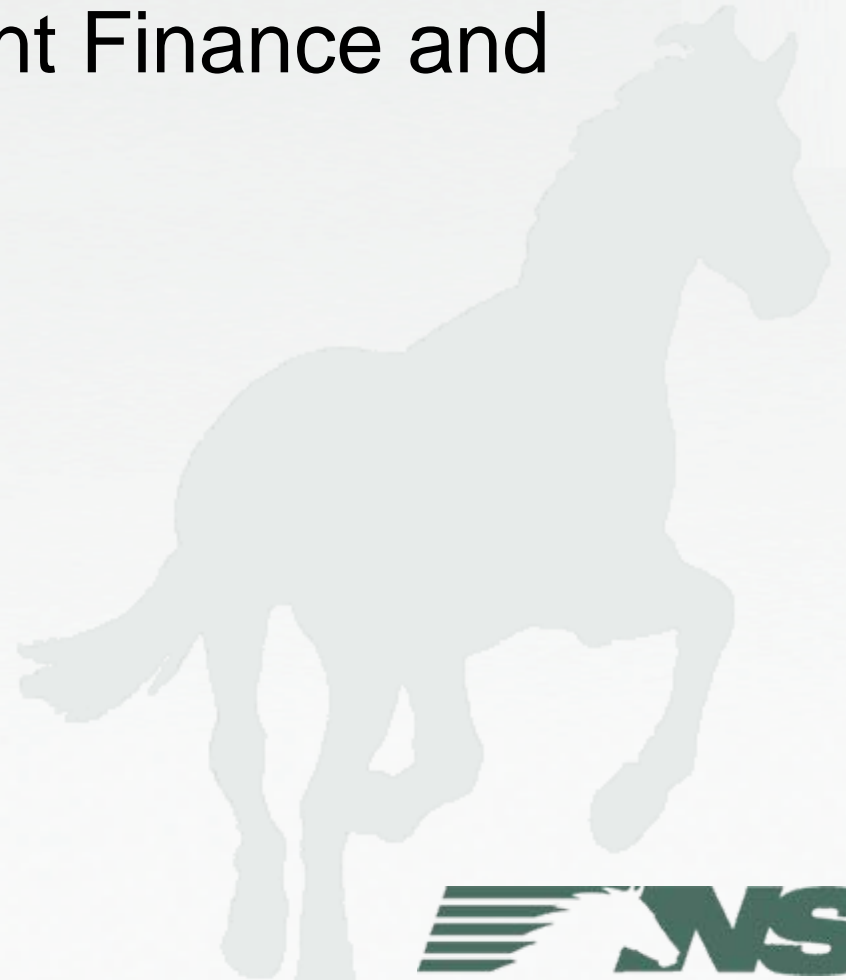


Second Quarter Results 2008

James A. Squires

Executive Vice President Finance and
Chief Financial Officer



Income From Railway Operations

Second Quarter 2008 vs. 2007

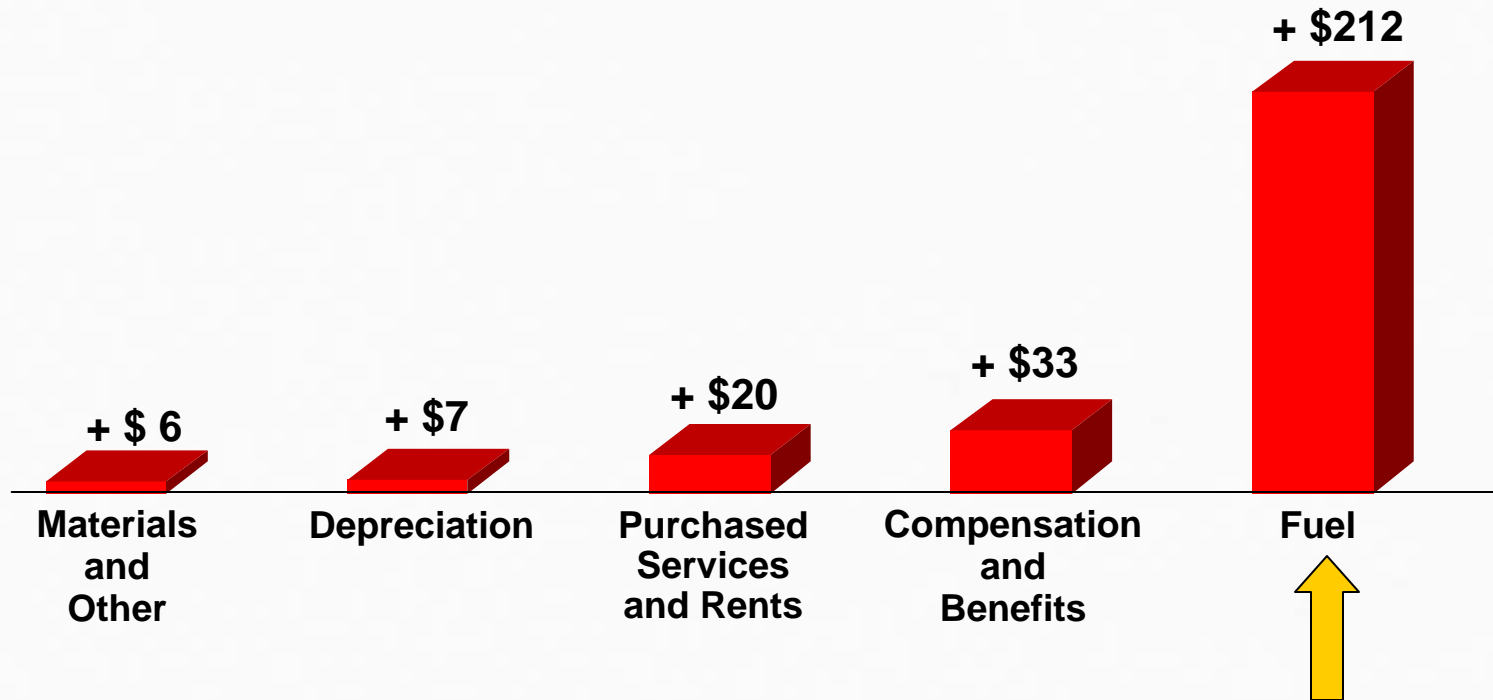
(\$ Millions)

	Second Qtr 2008	Second Qtr 2007	Favorable (Unfavorable)	
			\$	%
Railway Operating Revenues	\$ 2,765	\$ 2,378	\$ 387	16%
Railway Operating Expenses	1,966	1,688	(278)	(16%)
Income From Railway Operations	<u>\$ 799</u>	<u>\$ 690</u>	<u>\$ 109</u>	<u>16%</u>
Railway Operating Ratio	71.1	71.0	(0.1)	--

Railway Operating Expenses Analysis

Second Quarter 2008 vs. 2007

(\$ Millions)

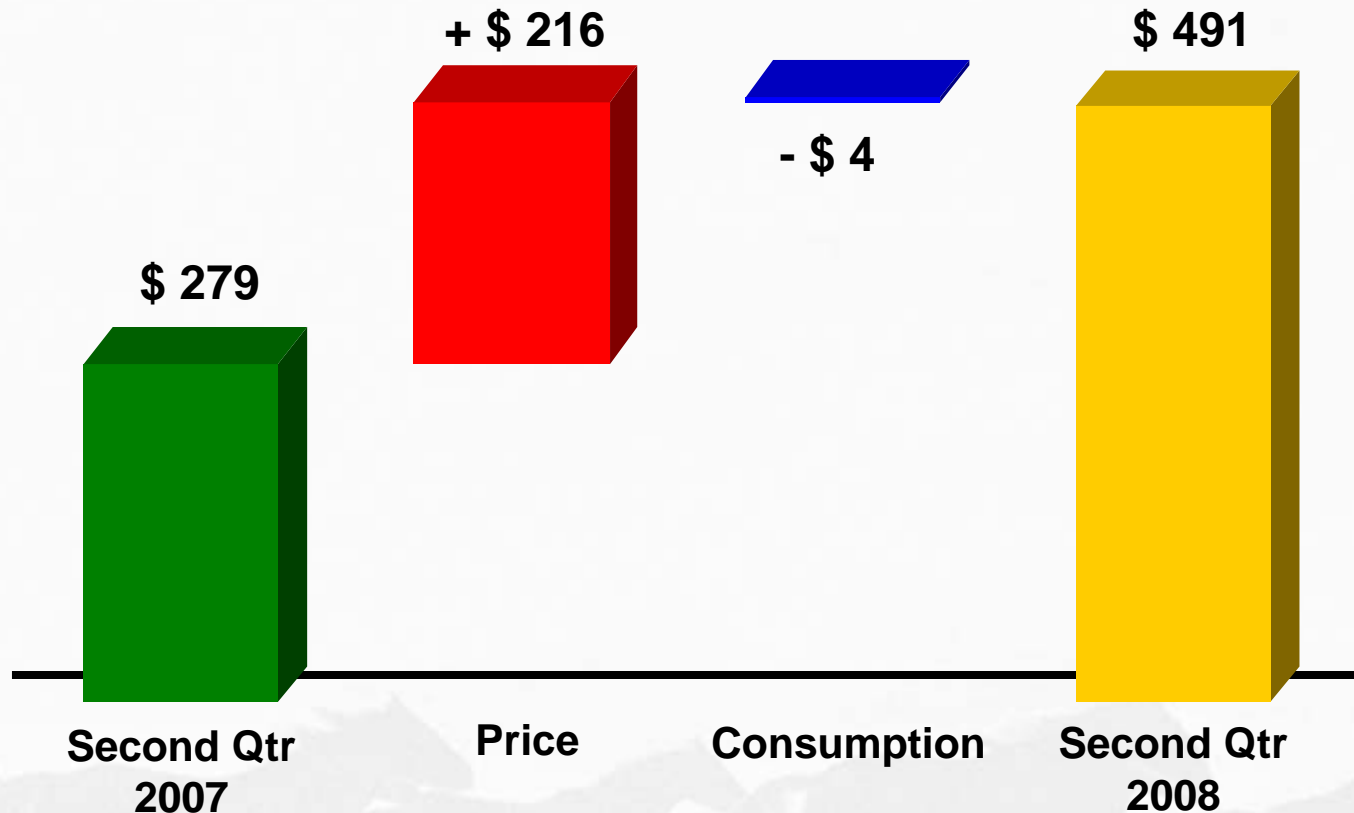


Total Increase \$ 278 Million / 16%

Fuel Expense Analysis

Second Quarter 2008 vs. 2007

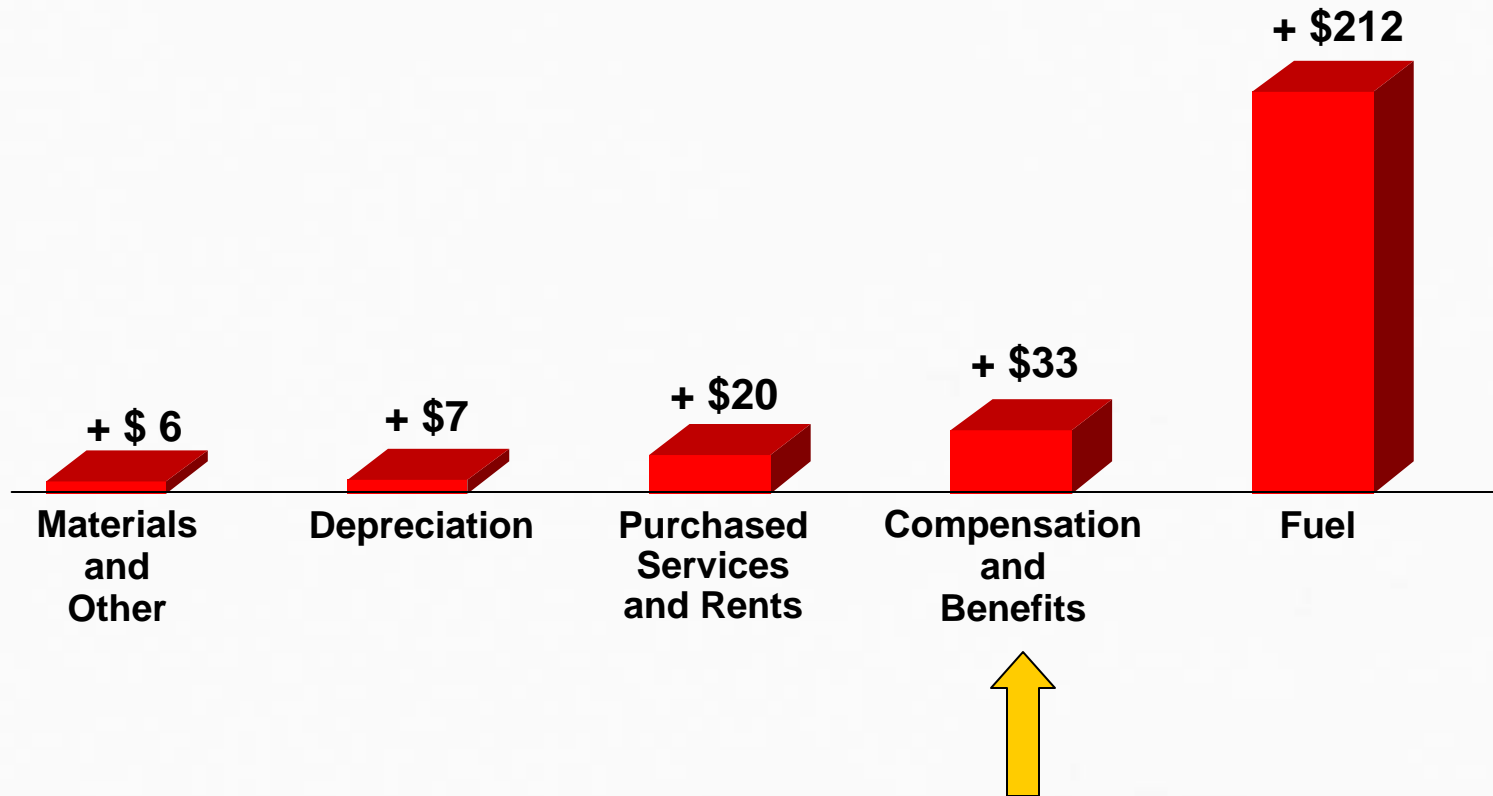
(\$ Millions)



Railway Operating Expenses Analysis

Second Quarter 2008 vs. 2007

(\$ Millions)



Total Increase \$ 278 Million / 16%

Compensation and Benefits Analysis

Second Quarter 2008 vs. 2007

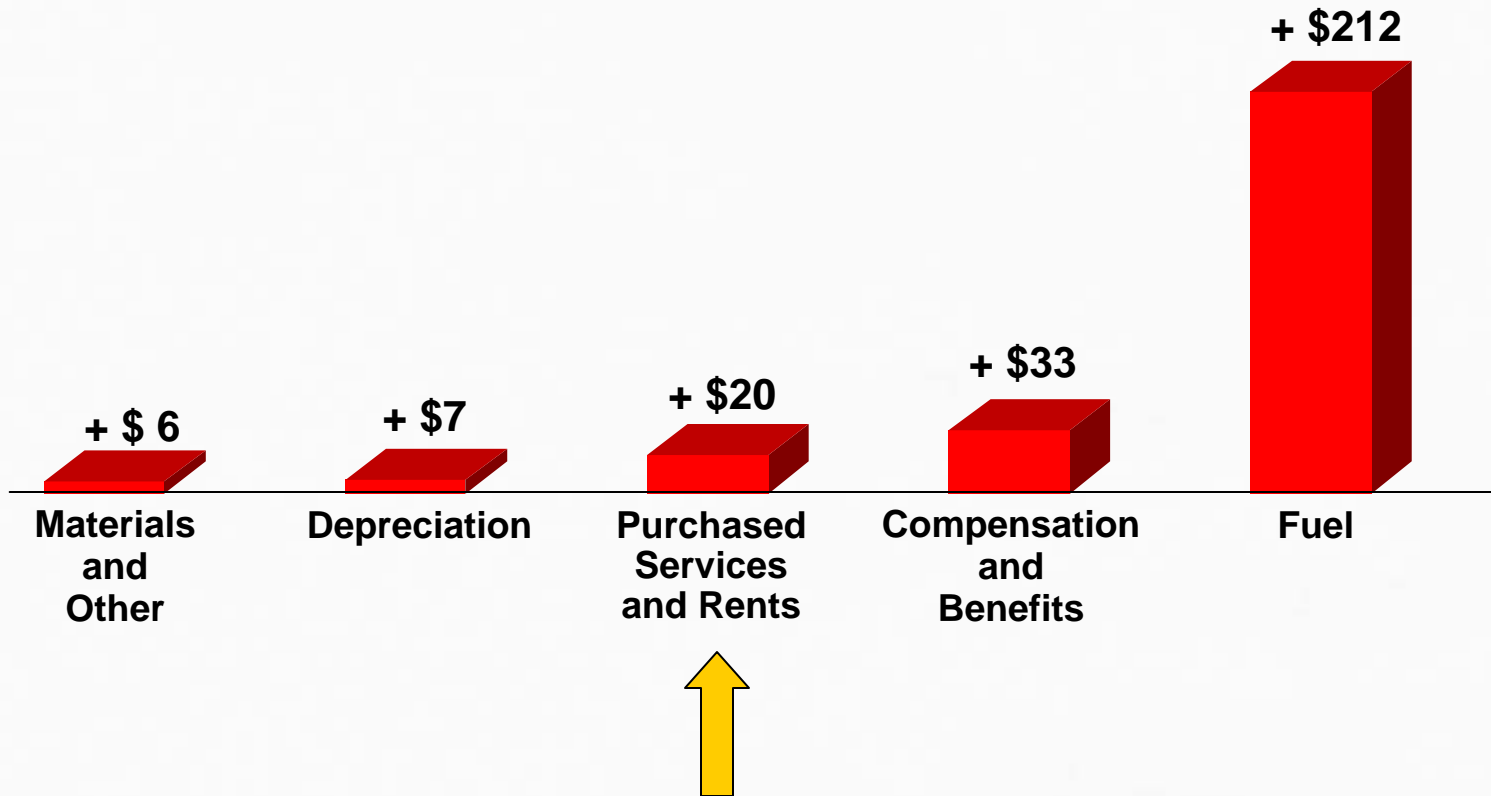
(\$ Millions)

	<u>Increase (Decrease)</u>
Incentive Compensation	\$ 19
Stock Based Compensation	13
Payroll Taxes	9
Other Items	(8)
	<hr/>
Total Variance	<u>\$ 33</u>

Railway Operating Expenses Analysis

Second Quarter 2008 vs. 2007

(\$ Millions)

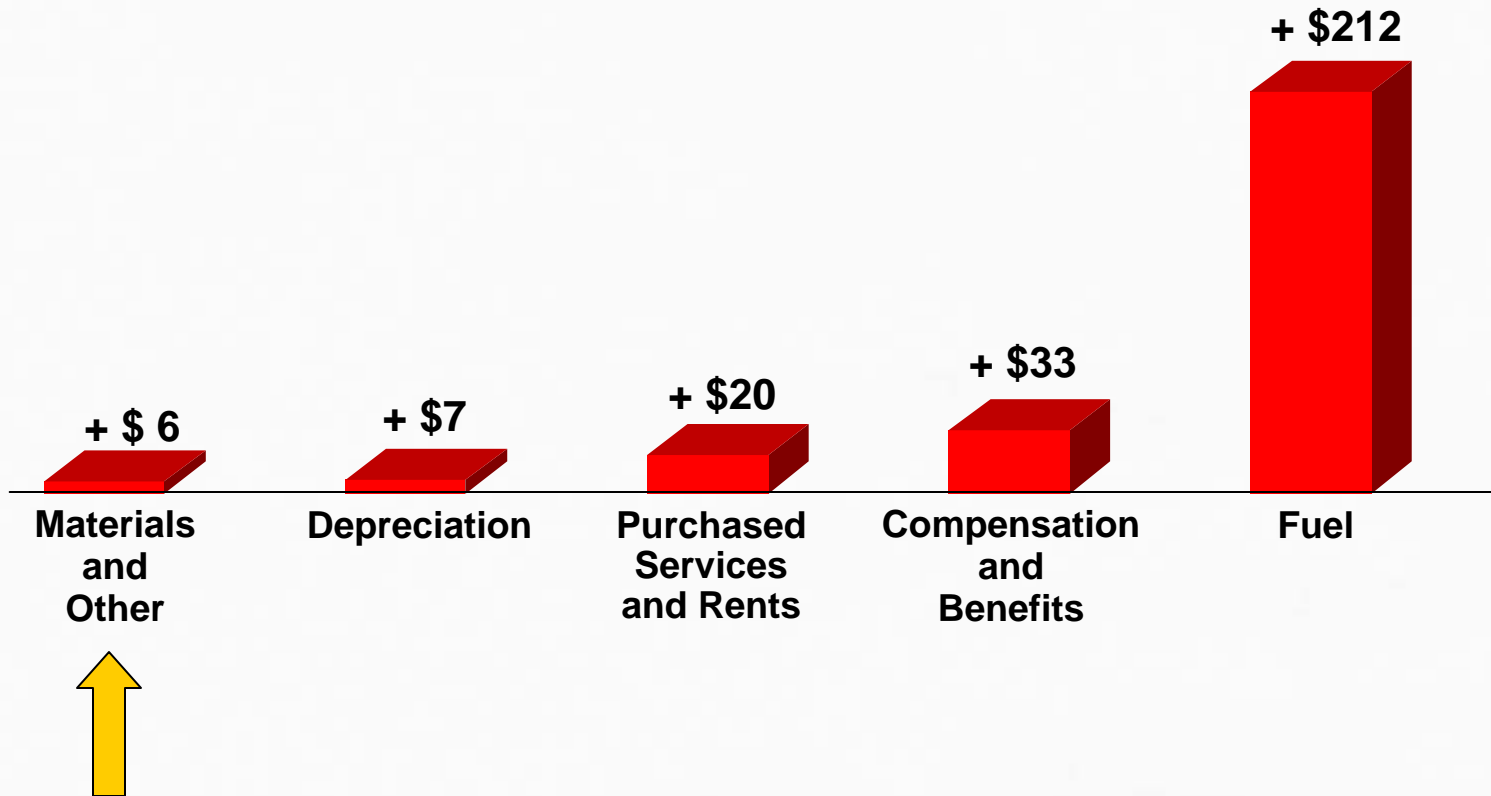


Total Increase \$ 278 Million / 16%

Railway Operating Expenses Analysis

Second Quarter 2008 vs. 2007

(\$ Millions)



Total Increase \$ 278 Million / 16%

Other Income – Net

Second Quarter 2008 vs. 2007

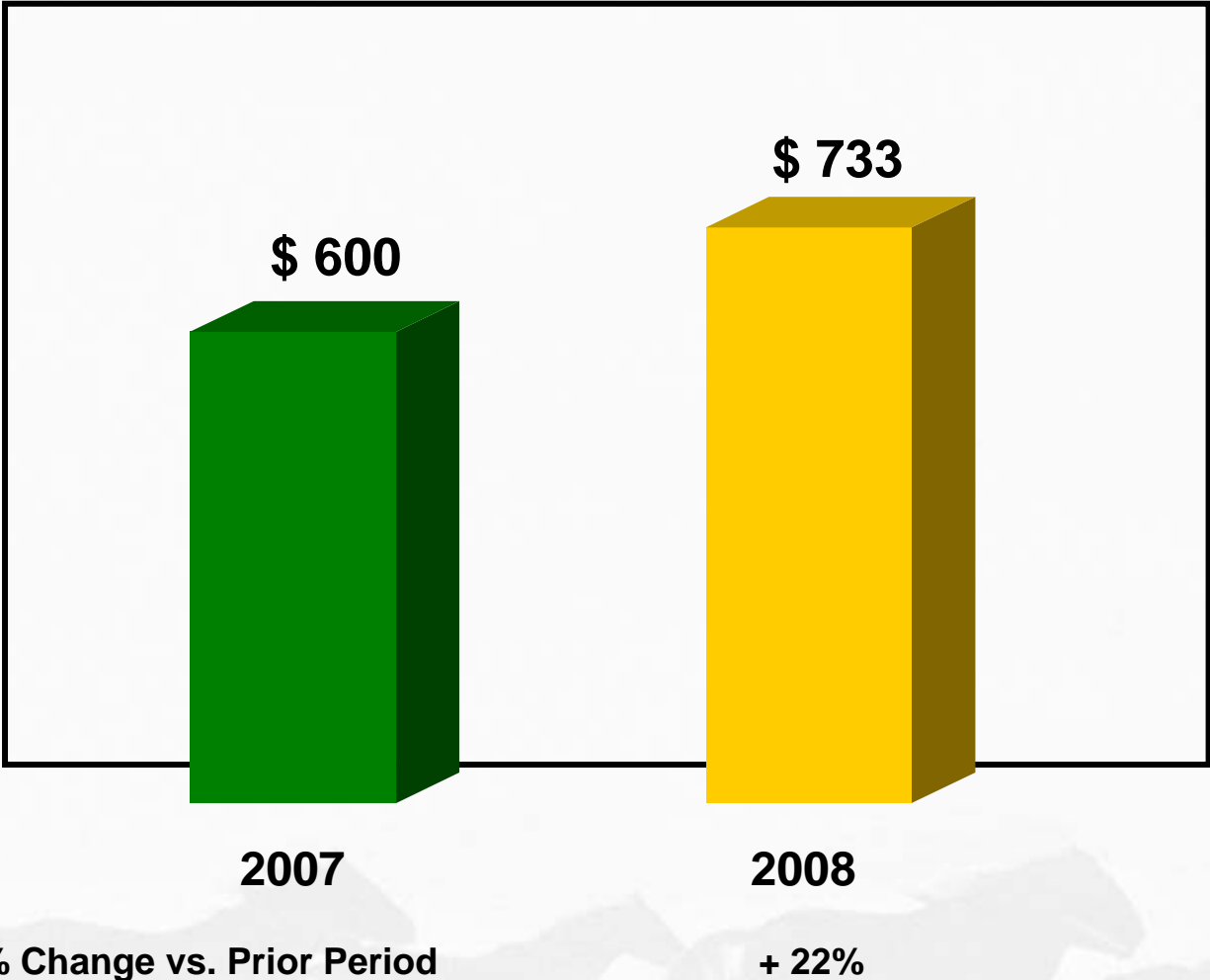
(\$ Millions)

	Second Qtr 2008	Second Qtr 2007	2008 vs. 2007 Favorable (Unfavorable)
Other Income – net:			
Expenses Related to Synthetic Fuel Investments	\$ 3	\$ (23)	26
Corporate-Owned Life Insurance	(6)	5	(11)
Interest on Tax Deficiencies	9	--	9
Interest Income	5	12	(7)
Gains on the Sales of Property	17	12	5
All Other	18	15	3
Other Income – net	<u>\$ 46</u>	<u>\$ 21</u>	<u>\$ 25</u>

Income Before Income Taxes

Second Quarter

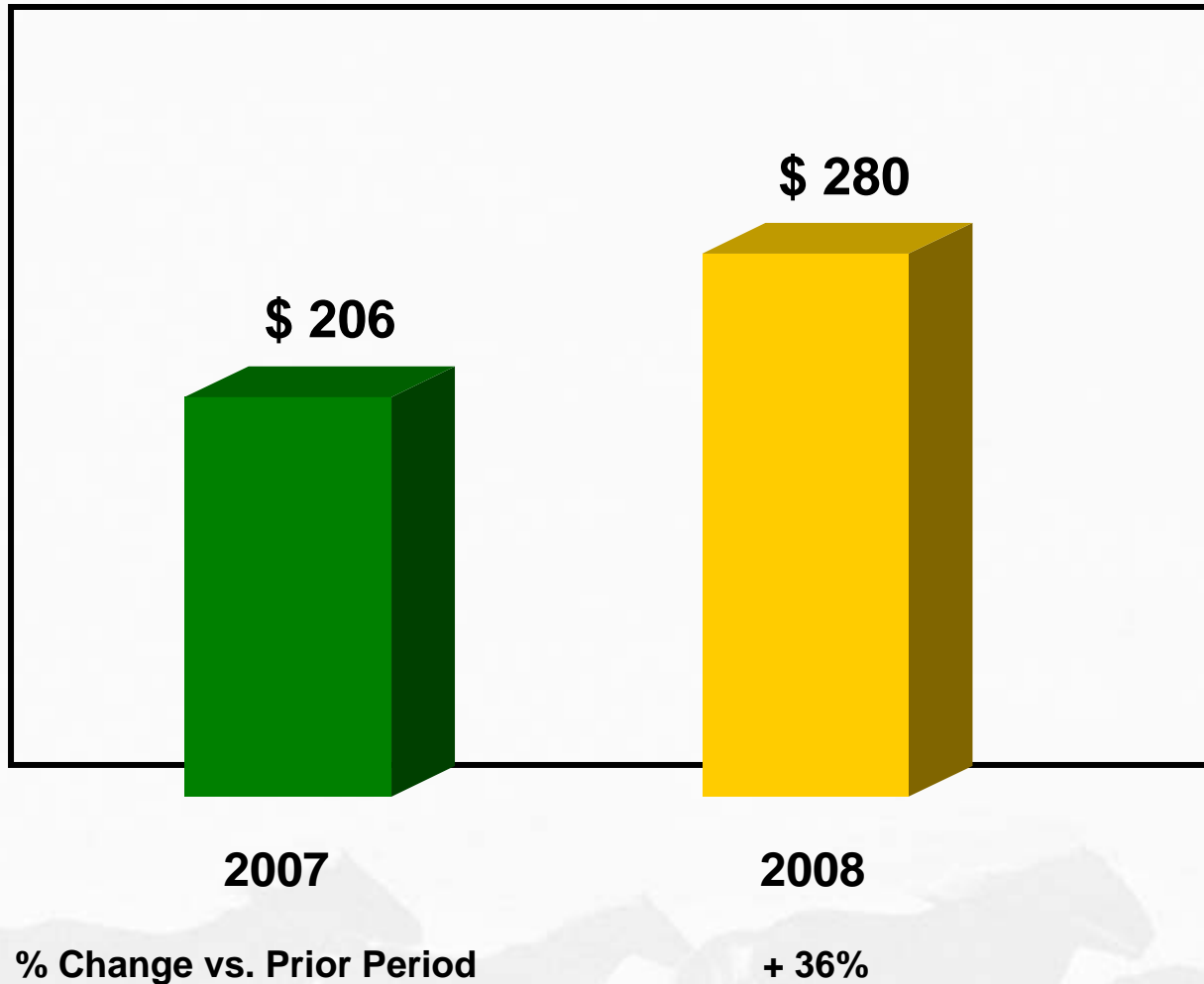
(\$ Millions)



Income Taxes

Second Quarter

(\$ Millions)

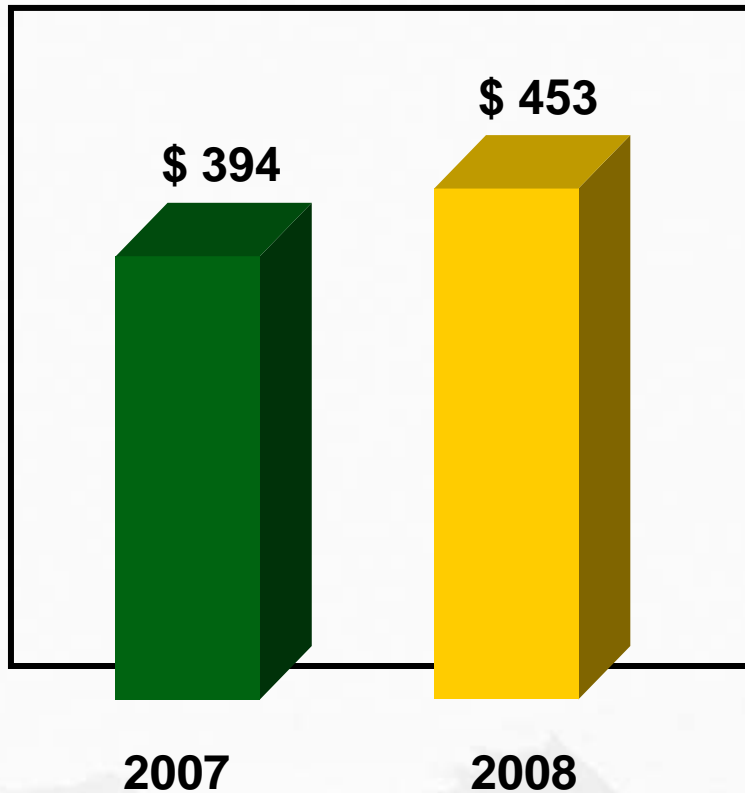


Net Income and Diluted Earnings per Share

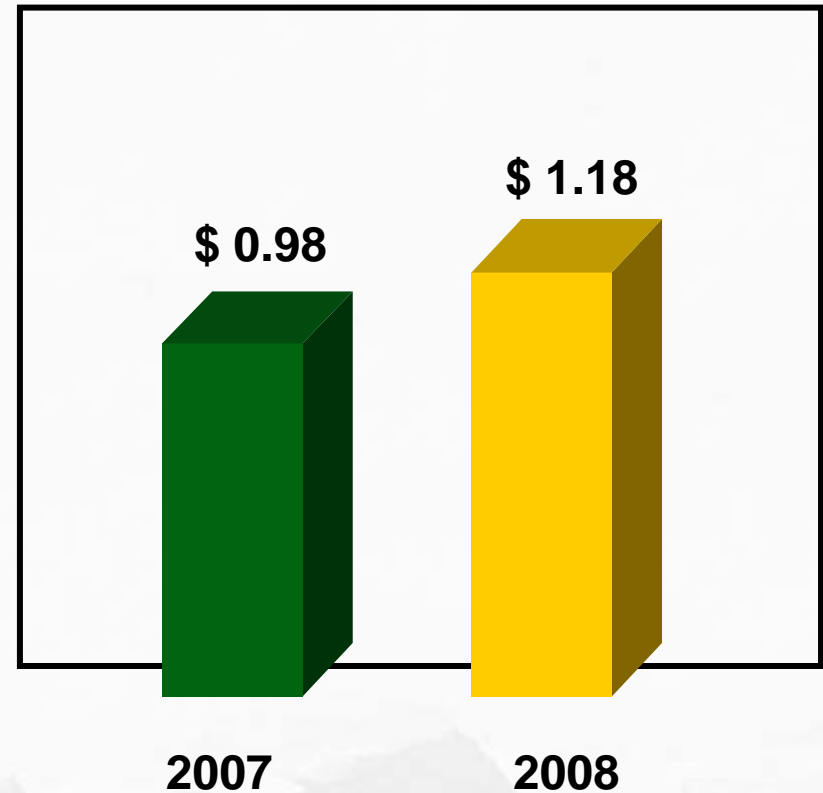
Second Quarter

(\$ Millions except per share)

Net Income



Diluted Earnings per Share



% Change vs. Prior Period + 15%

+ 20%

Cumulative Share Repurchases (\$ Billions)

