



# *First Quarter 2015 Results*

*James A. Squires*  
*President*

# Railway Operating Revenue

First Quarter 2015 vs. 2014

**Fuel surcharge revenues decreased significantly.**

## Revenue

**\$2.6 Billion, down (5%)**

## RPU

**\$1,425, down (7%)**

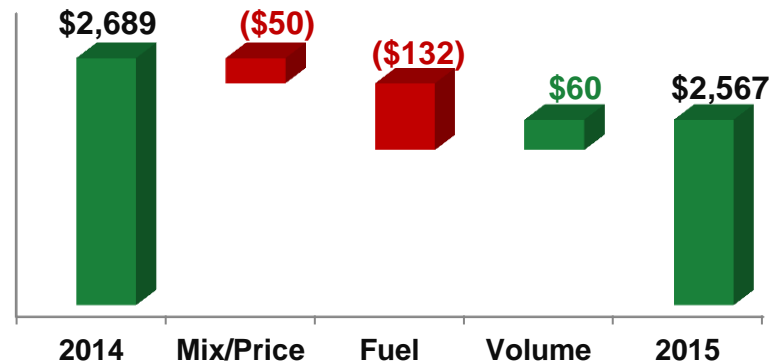
## RPU less fuel\*

**\$1,334, down (2%)**

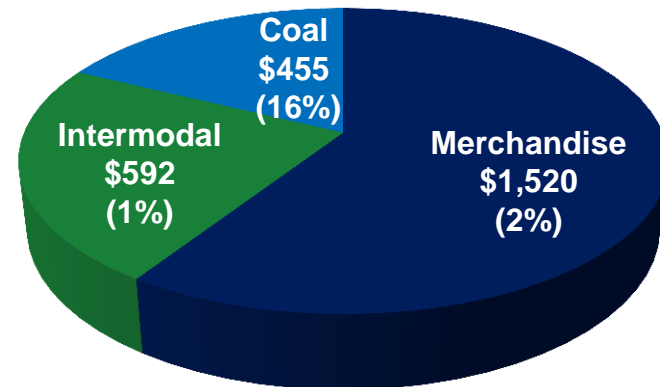
## Volume

**1,802,100 units, up 2%**

Components of Revenue Change \$ in Millions



1Q 2015 Revenue \$ in Millions & y-o-y Percent Change



\* Please see reconciliation to GAAP posted on our website.

# Railway Volume

First Quarter 2015 vs. 2014

Total volume up 2%.

## Coal down (7%)

Weak shipments across coal markets, with (6%) decline in Utility and (20%) decline in Export

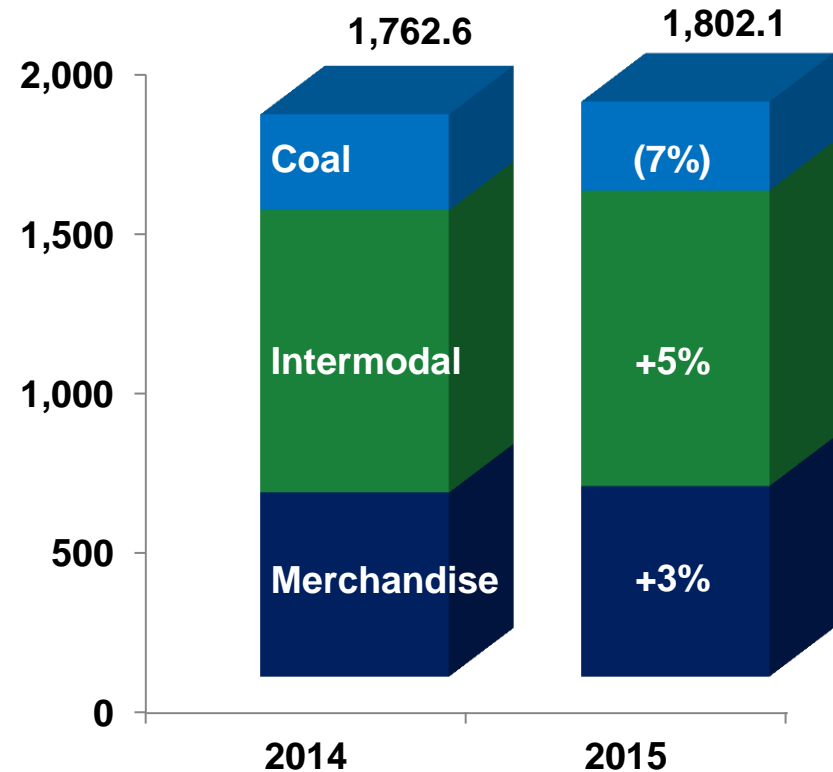
## Intermodal up 5%

Gains in Domestic and International markets

## Merchandise up 3%

Gains in all markets, with continued strength in Chemicals

## 1Q 2015 Volume (000's) & y-o-y Percent Change



# Coal Market

First Quarter 2015 vs. 2014

*Excess global supply and low natural gas prices.*

## Utility

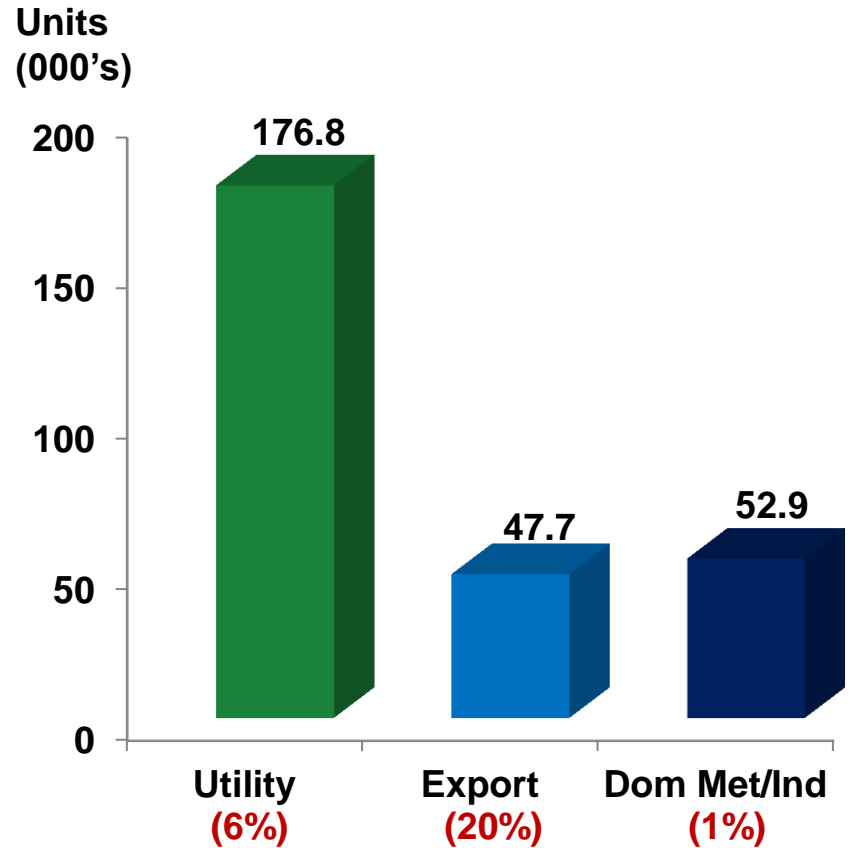
(9%) decline to Northern utilities and (2%) decline to Southern utilities

## Export

Reduced thermal and metallurgical export volumes

## Domestic Met / Industrial

Gains of coke shipments offsetting metallurgical decline and customer shifts to natural gas generation



Revenue: \$455 Million; down (16%) • Volume: 277,400; down (7%) • RPU: \$1,642; down (9%)

# Intermodal Market

First Quarter 2015 vs. 2014

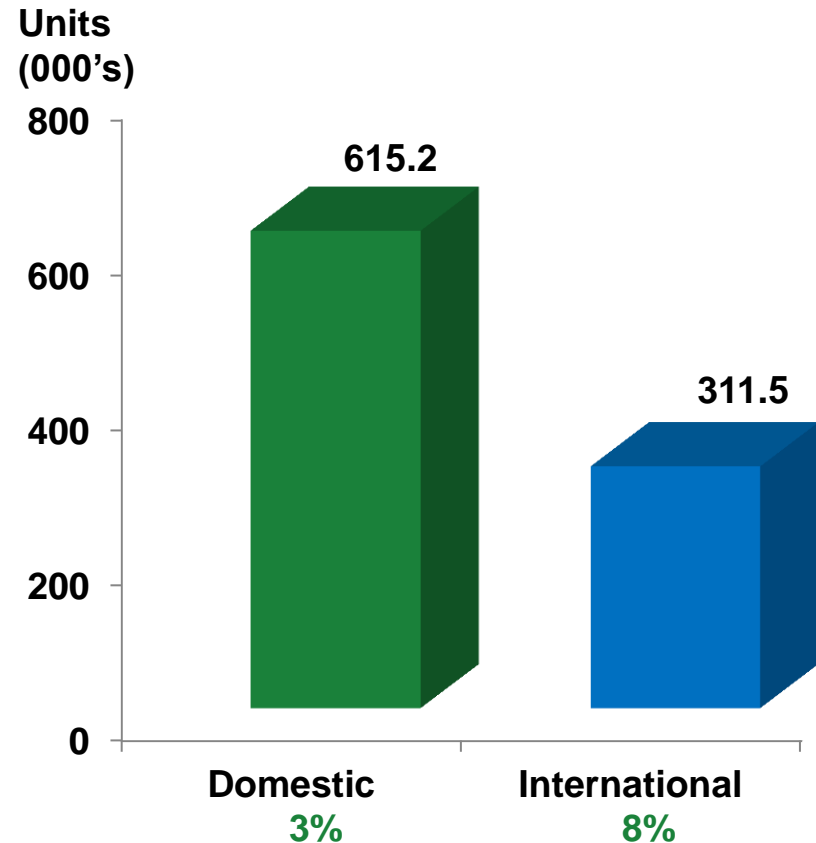
Volume growth of 5% offset by fuel and mix.

## Domestic

Continued focus on highway conversions and key customer growth

## International

Gains due to customer awards and organic growth



Revenue: \$592 Million; down (1%) • Volume: 926,700; up 5% • RPU: \$639; down (5%)

# Merchandise Market

First Quarter 2015 vs. 2014

*Growth across all business units.*

## MetCon

Gains of aggregates and frac sand;  
reduced steel pipe and coil

## Agriculture

Increased volumes of corn, feed, and  
fertilizers partially offset by reduced export  
soybean volumes

## Chemicals

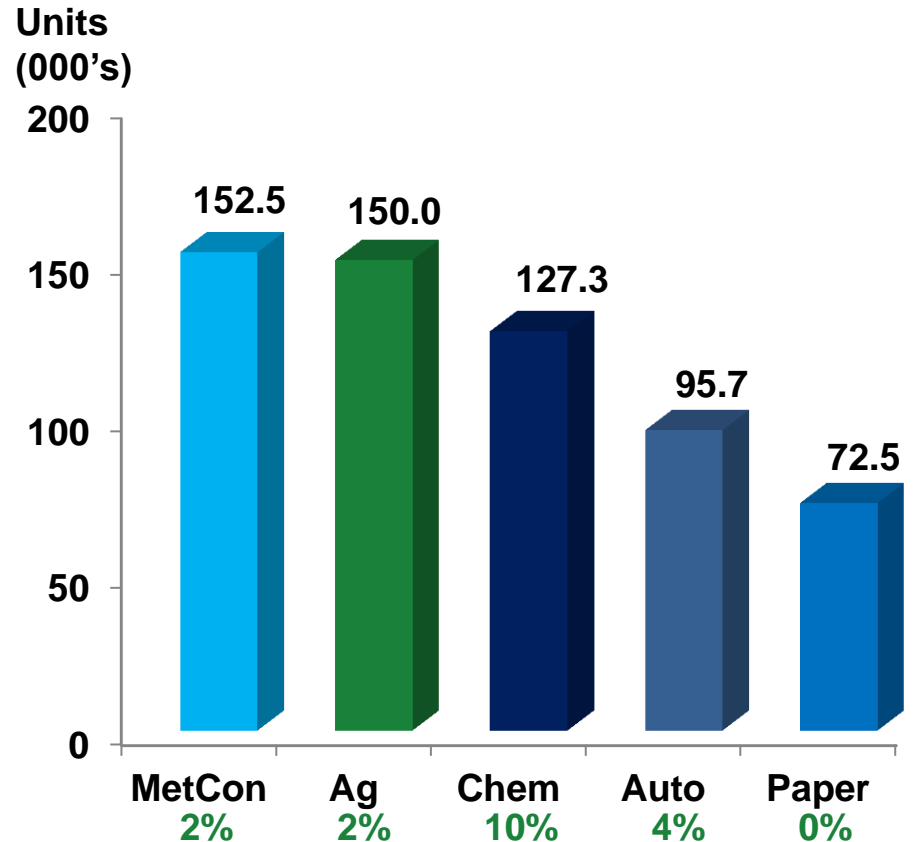
Gains of crude by rail and NGLs

## Automotive

Increased vehicle production levels at NS-  
served plants

## Paper

Strength in lumber; reduced wood chips  
and waste



Revenue: \$1,520 Million; down (2%) • Volume: 598,000; up 3% • RPU: \$2,541; down (5%)

# Business Outlook

## Volume

### *Growth in most markets.*

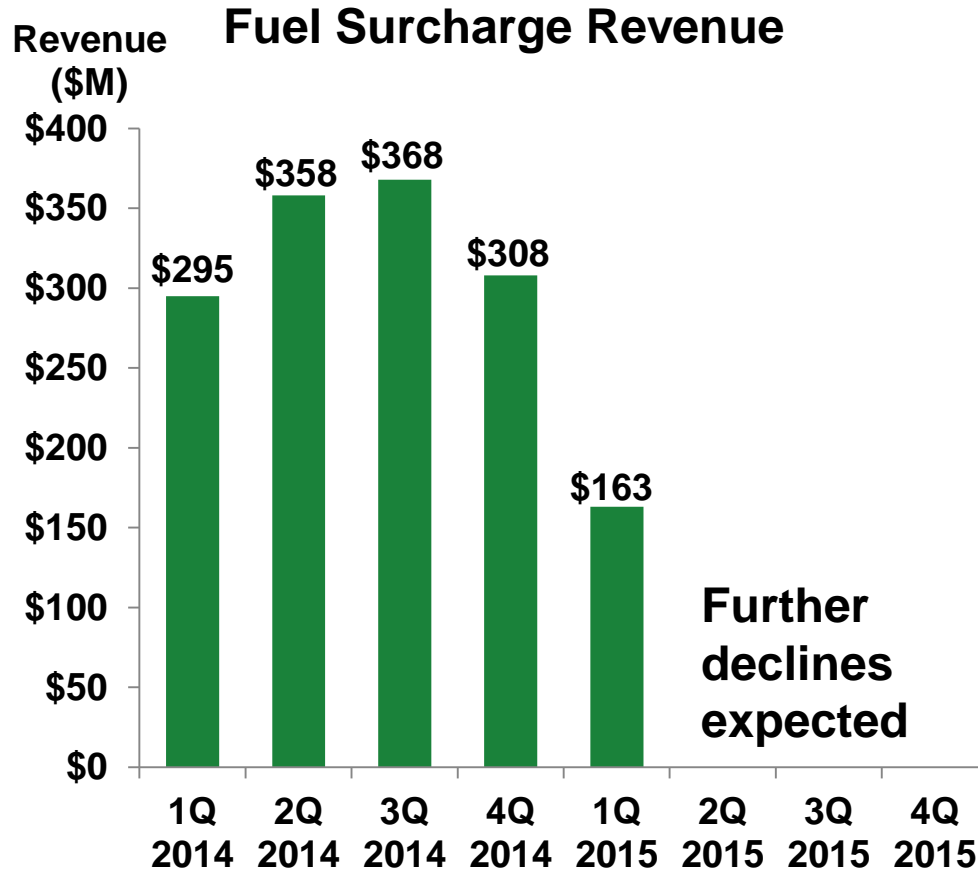


- Opportunities for highway conversions
- Growth with strategic corridor projects
- West Coast port disruptions
- Growth of natural gas liquids
- Crude oil shipments to East Coast refiners
- Increased consumer spending
- Strength in automotive production and sales
- Improved construction activity
- Growth in ethanol and soybean exports
  
- Softening steel production
- Coal burn rate impacted by lower natural gas prices
- High coal stockpiles
- Strong competition in global coal markets

# Business Outlook

## Revenue and RPU

*Declining fuel surcharges, positive pricing, negative mix.*



- Increased pricing
- Increased volume
- Growth in ethanol and soybean exports impacting RPU
- Decreases in Export and Utility Coal
- Increased volumes of Intermodal impacting RPU
- Impact of further declines in fuel surcharge revenue