



# *Second Quarter 2014 Results*

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# Railway Operating Revenue

Second Quarter 2014 vs. 2013

## Revenue

\$3.0 Billion, up 9%

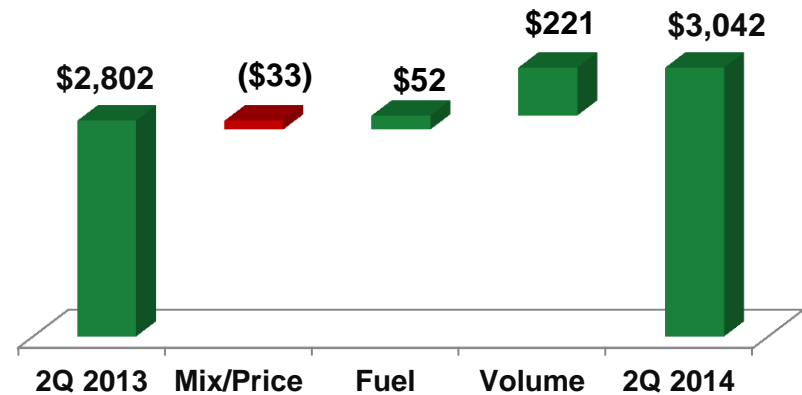
## RPU

\$1,534, up 1%

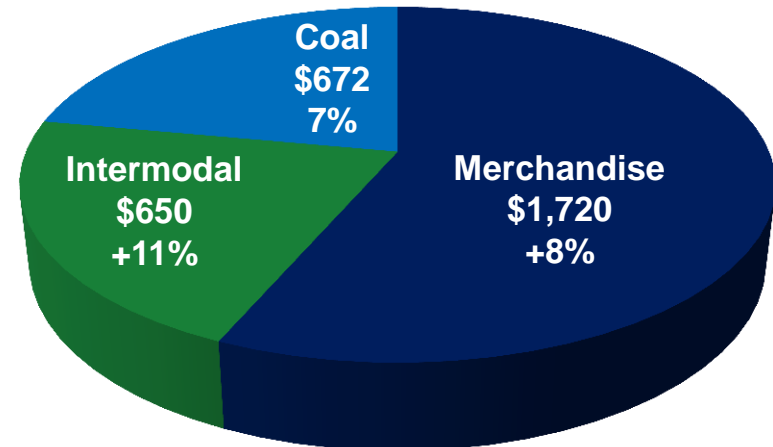
## Volume

1,983,100 units, up 8%

Components of Revenue Change \$ in Millions

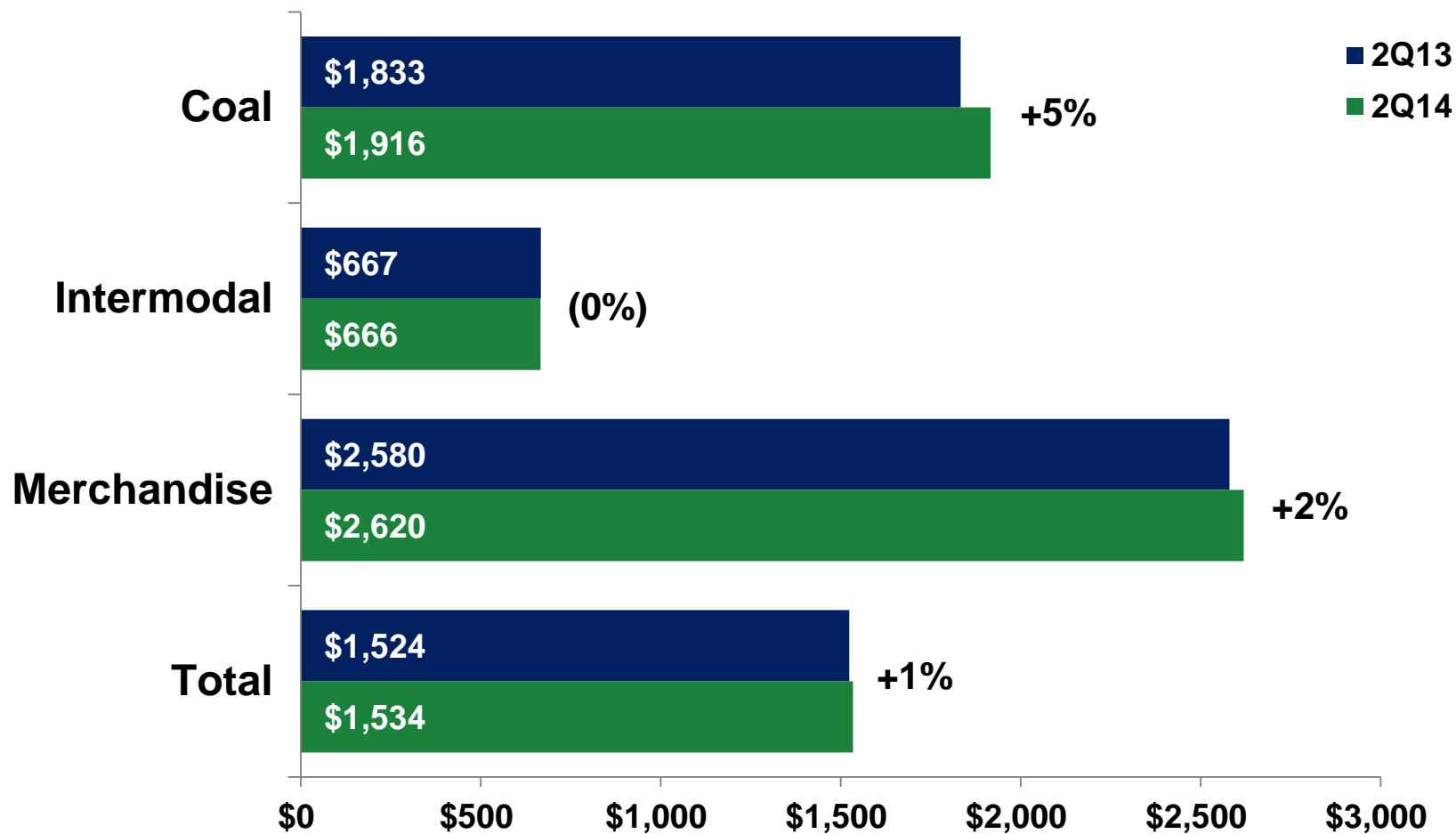


2Q 2014 Revenue \$ in Millions & y-o-y Percent Change



# Revenue Per Unit

## Second Quarter 2014 vs. 2013



# Railway Volume

Second Quarter 2014 vs. 2013

**Total volume up 8%**

**Coal up 3%**

Increases in Utility offset  
decreases in Export

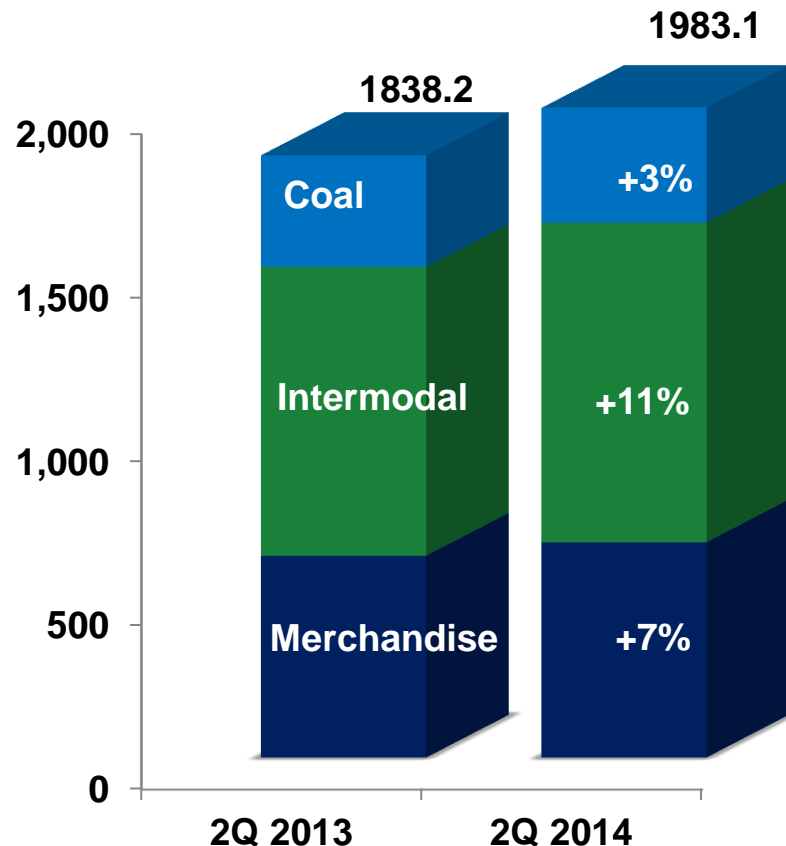
**Intermodal up 11%**

8% gain in Domestic and 16%  
increase in International

**Merchandise up 7%**

Strength in Metals &  
Construction, Chemicals,  
Agriculture and Automotive offset  
declines in Paper

**2Q 2014 Volume (000's)  
& y-o-y Percent Change**



# Coal Market

Second Quarter 2014 vs. 2013

Revenue: \$672 Million, up 7%

RPU: \$1,916, up 5%

## Drivers

### Utility

Utility South increases due to higher natural gas prices and normalizing inventories

### Export

Reduced thermal and metallurgical export volumes through Baltimore and Lamberts Point as US coals faced strong competition in a well-supplied global market

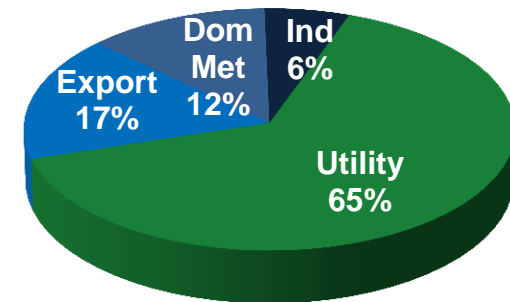
### Domestic Met

Weakened customer demand

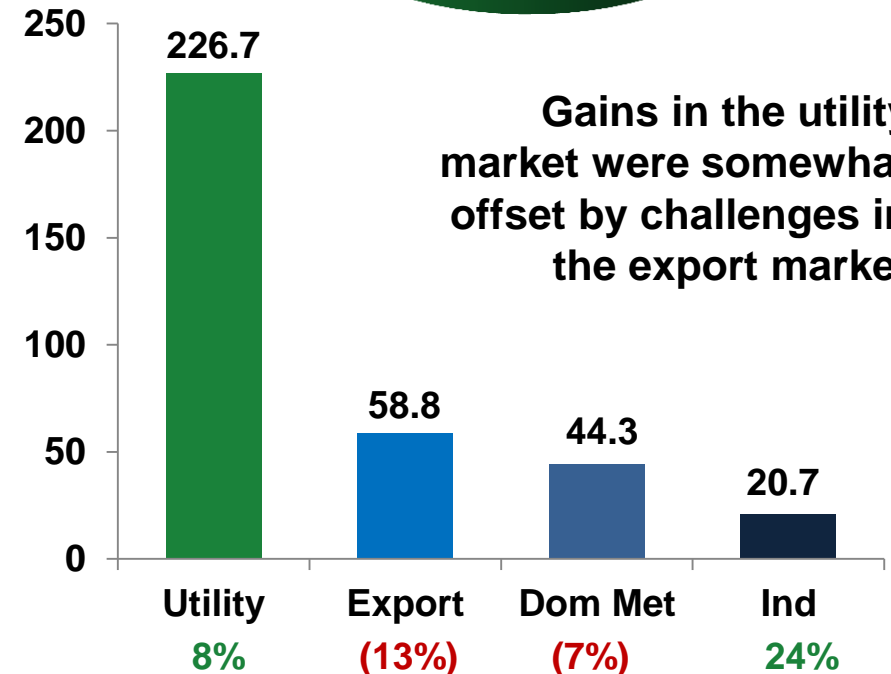
### Industrial

New business gains

Percent of Total 2Q 2014 Volume



Units  
(000's)



# Intermodal Market

## Second Quarter 2014 vs. 2013

Revenue: \$650 Million, up 11%  
RPU: \$666, flat

### Drivers

#### Domestic

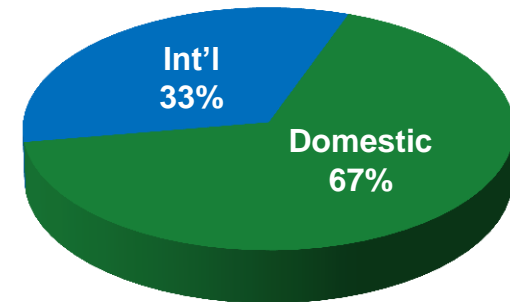
Continued highway conversions and customer-specific growth

#### International

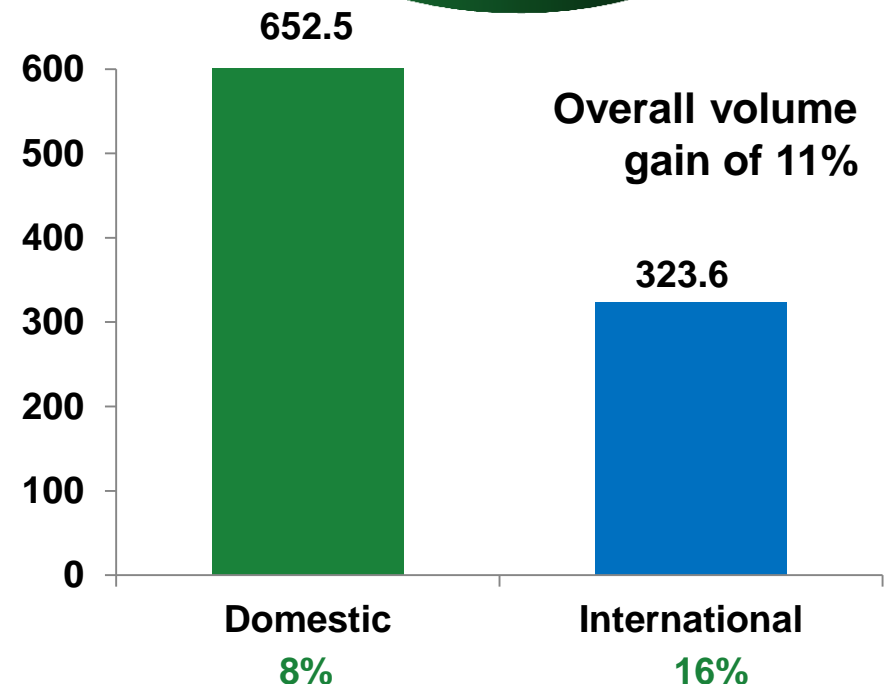
Organic growth across existing accounts and new business

Advanced shipments related to potential ILWU disruption

Percent of Total 2Q 2014 Volume



Units  
(000's)



# Merchandise Market

Second Quarter 2014 vs. 2013

Revenue: \$1.7 Billion, up 8%

RPU: \$2,620, up 2%

## Drivers

### MetCon

Higher frac sand shipments, growth in import slabs and coil steel

### Agriculture

Increased volumes of corn, soybeans and wheat

### Chemicals

Strong growth in crude by rail business and NGL shipments

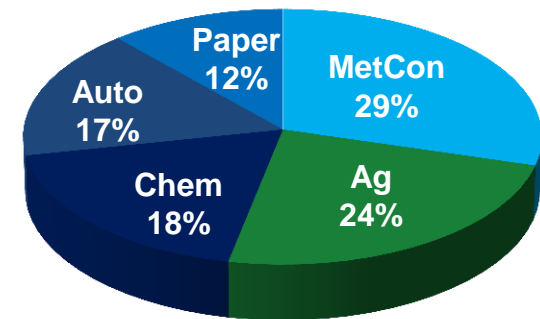
### Automotive

Empty car supply issues related to reduced velocity across US rail network

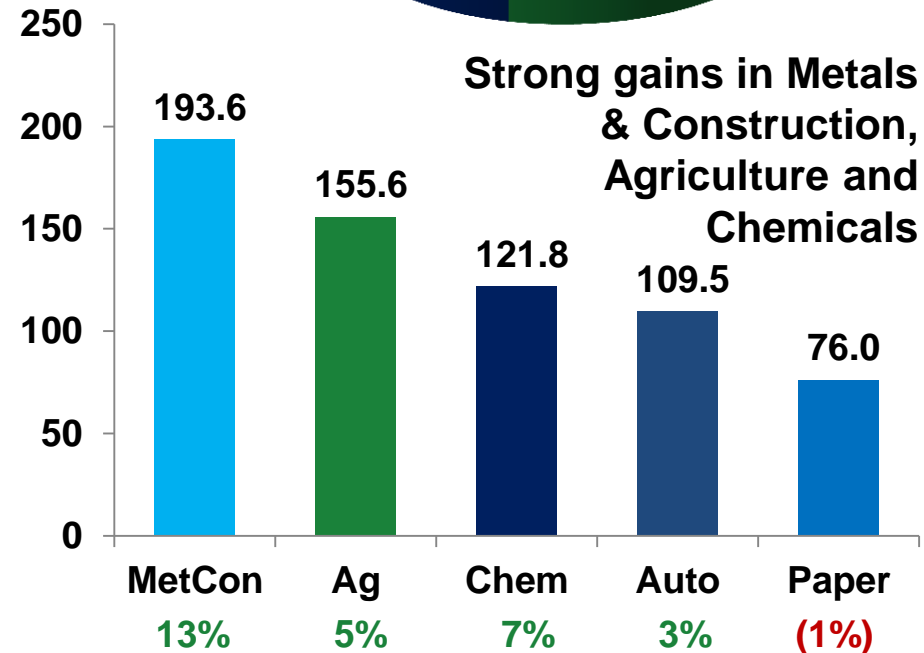
### Paper

Reduced export pulp and a paper mill closure partially offset by wood products

Percent of Total 2Q 2014 Volume



Units (000's)



# Business Outlook



## COAL

- ↑ Improved demand for utility coal due to weather and stockpile replenishment
- ↓ Strong competition in the Atlantic metallurgical and thermal markets
- ↓ Reduced domestic met volumes related to plant closures and sourcing shifts



## INTERMODAL

- Continued opportunities for highway conversion
- Continued growth in Crescent Corridor services
- Growth with International shipping partners
- Continued growth from new facilities
- Price increase on rail owned domestic container shipments



## MERCHANDISE

- Projected growth in crude oil, increased volume for shale-related liquid petroleum gases and asphalt
- Gains in steel, frac sand
- Continued automotive growth
- Normalized corn and soybean shipments
- Improved housing & related construction materials market



# Thank You

