



Second Quarter 2015 Results

*Alan H. Shaw
Executive Vice President
and Chief Marketing Officer*

Committed to Strengthening NS and Driving Growth Across the Organization

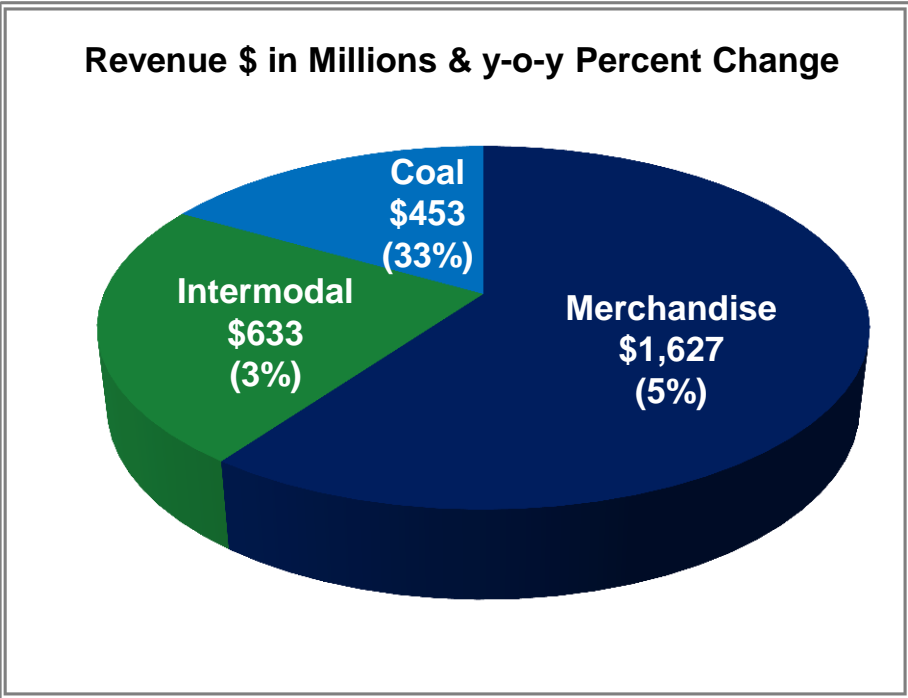
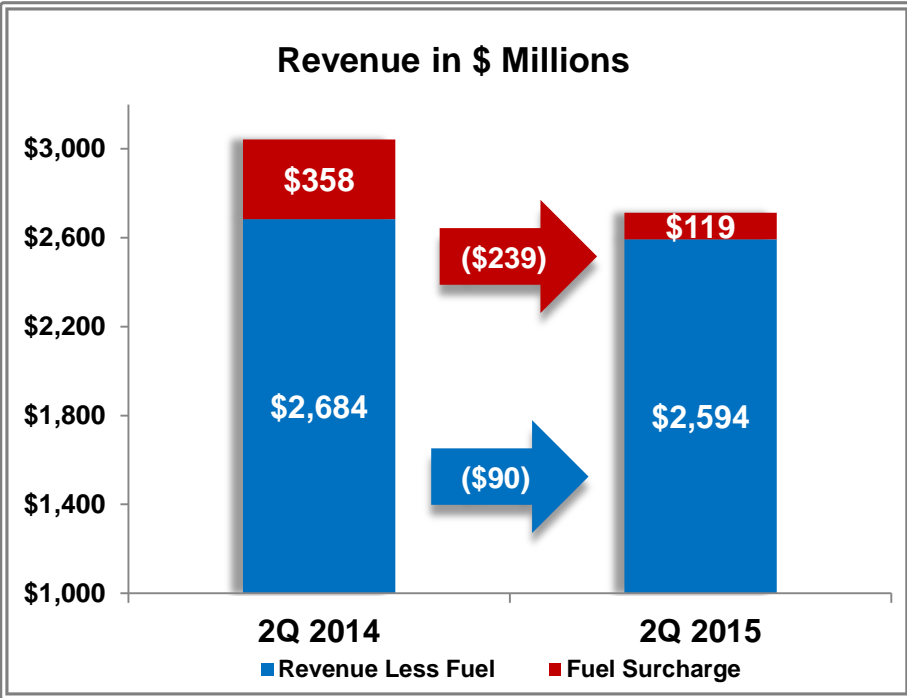
- **Well-positioned to capitalize on structural changes in the U.S. economy**
 - Intermodal
 - Energy
 - Manufacturing
 - Housing

- **Target revenue growth through pricing and volume gains**
 - Capacity and service
 - Pricing: Market-based and above rail inflation
 - Fuel surcharge programs
 - Near-term headwinds associated with fuel surcharge and coal

Railway Operating Revenue

Second Quarter 2015 vs. 2014

Revenue	RPU	RPU Less Fuel*	Volume
\$2.7 Billion; down (11%)	\$1,401; down (9%)	\$1,339; down (1%)	1,937,100 units; down (2%)



* Please see reconciliation to GAAP posted on our website.

Railway Volume

Second Quarter 2015 vs. 2014

Total volume down (2%) versus a strong 2Q 2014

Coal down (21%)

Weak shipments across coal markets, with (23%) decline in Utility and (38%) decline in Export

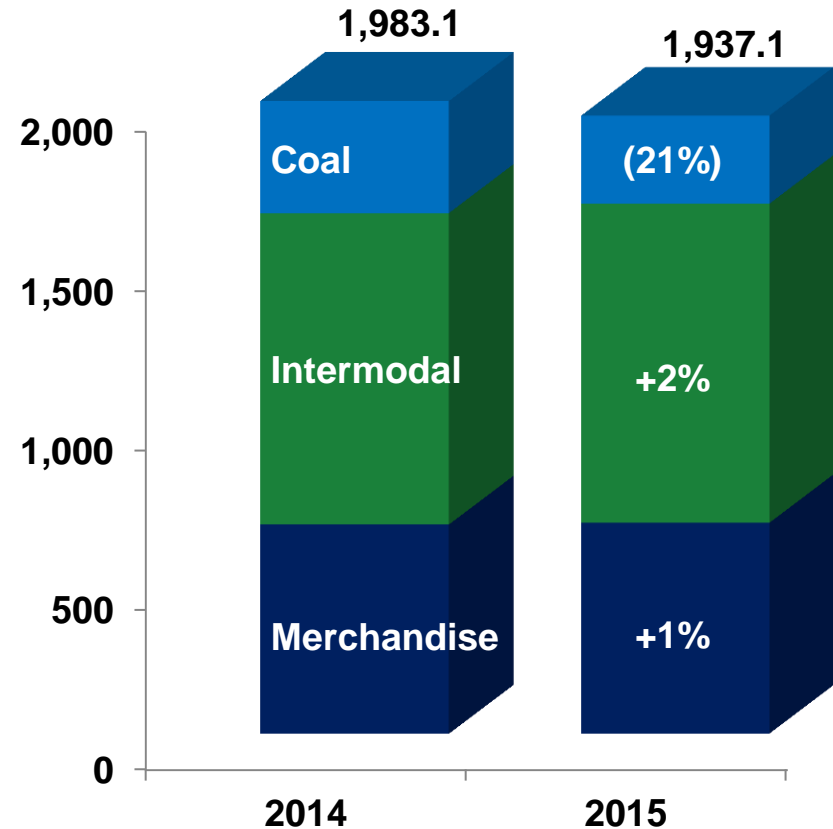
Intermodal up 2%

Gains in International markets

Merchandise up 1%

Strength in Chemicals markets offset by weakness in Metals

2Q 2015 Volume (000's) & y-o-y Percent Change



Coal Market

Second Quarter 2015 vs. 2014

Low natural gas prices, strong U.S. dollar, and a weak global market

Utility

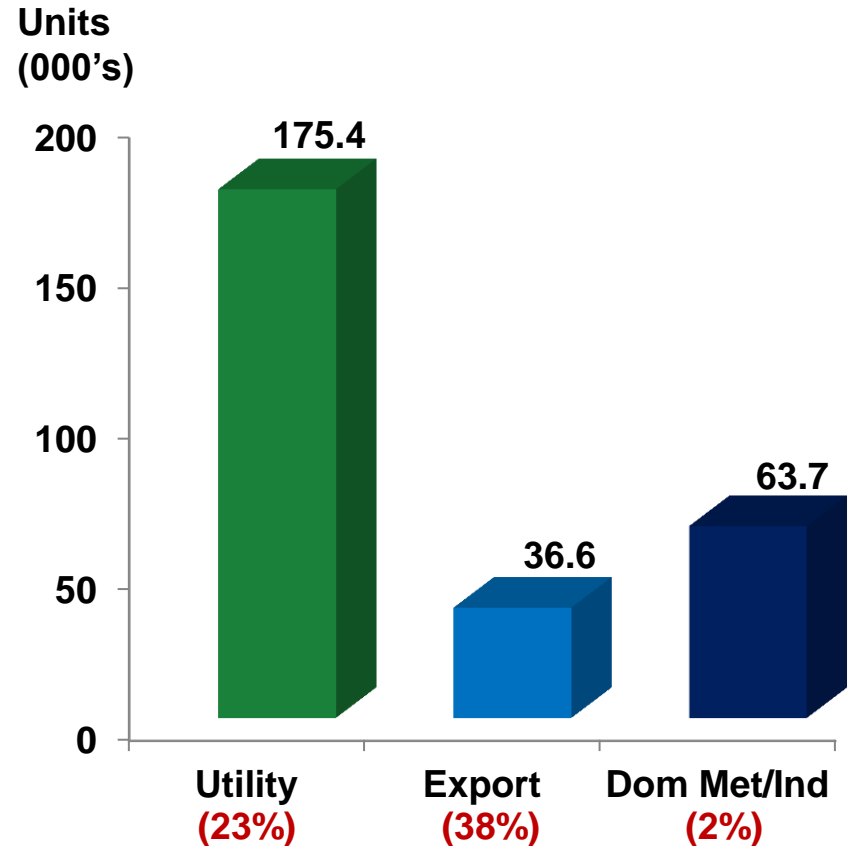
Declines in Northern and Southern utilities due to strong comps and low natural gas prices

Export

Reduced thermal and metallurgical exports due to oversupply and strong U.S. dollar

Domestic Met / Industrial

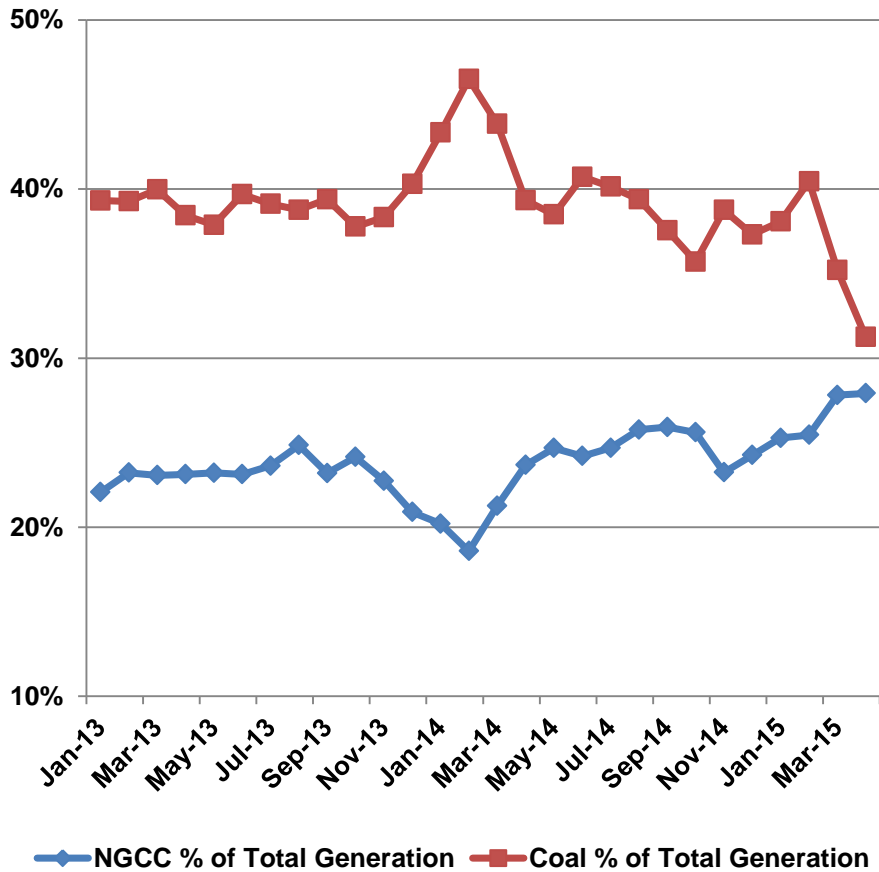
Reduced metallurgical and industrial demand, partially offset by gains of coke volume



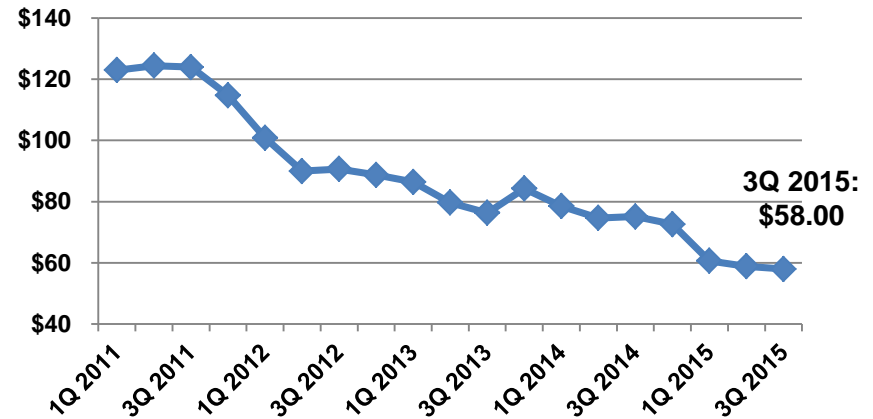
Revenue: \$453 Million; down (33%) • Volume: 275,700; down (21%) • RPU: \$1,644; down (14%)

Challenging Coal Market Conditions

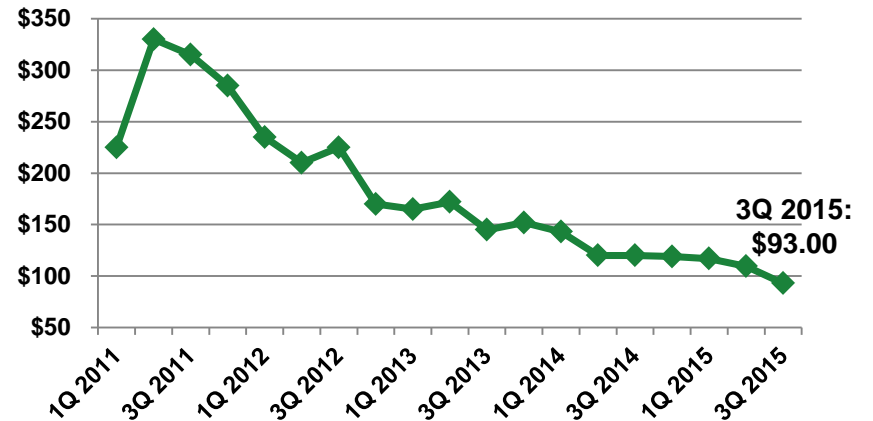
Proportion of Total Power Generation – Eastern Region



API 2



Queensland Coking Coal



Intermodal Market

Second Quarter 2015 vs. 2014

Volume growth of 2% offset by fuel surcharge declines

Domestic

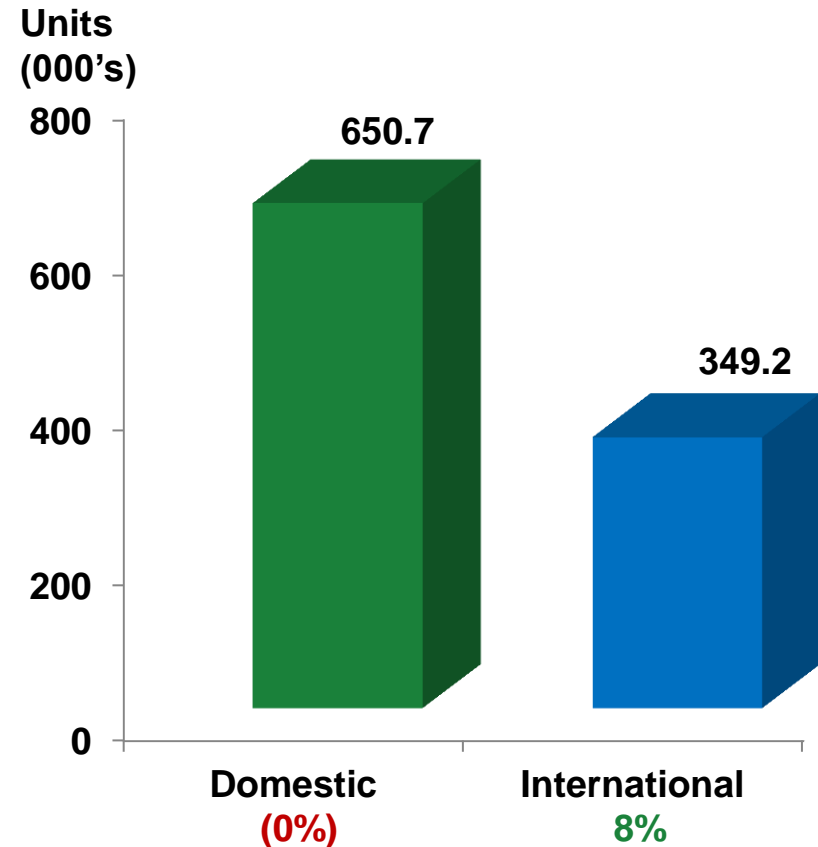
Temporary headwinds related to:

- West Coast port issues
- Truck capacity
- Service

International

Gains due to:

- West Coast port issues
- Organic growth



Revenue: \$633 Million; down (3%) • Volume: 999,900; up 2% • RPU: \$633; down (5%)

Merchandise Market

Second Quarter 2015 vs. 2014

Growth in crude and NGLs offsetting weaker steel volume

MetCon

Softer steel production partially offset by gains of aggregates

Agriculture

Decreased volumes of fertilizer and wheat offset by increased feed and ethanol

Chemicals

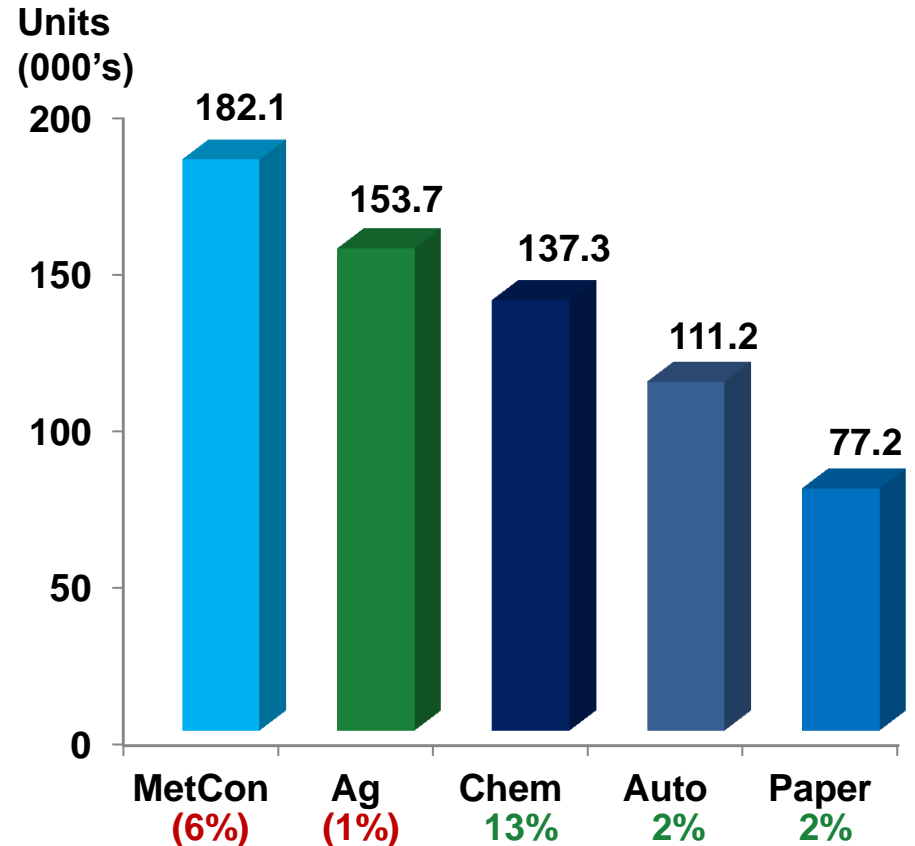
Gains in crude by rail and NGLs

Automotive

Increased vehicle production

Paper

Strength in pulpboard and lumber



Revenue: \$1,627 Million; down (5%) • Volume: 661,500; up 1% • RPU: \$2,459; down (6%)

Business Outlook

- **Near-term headwinds**
- **Opportunities this year and beyond**
 - Intermodal
 - Energy
 - Manufacturing
 - Housing