Fourth Quarter 2014 Results

Donald W. Seale
Executive Vice President
and Chief Marketing Officer

Railway Operating Revenue

Fourth Quarter 2014 vs. 2013

Revenue

$2.9 Billion, flat

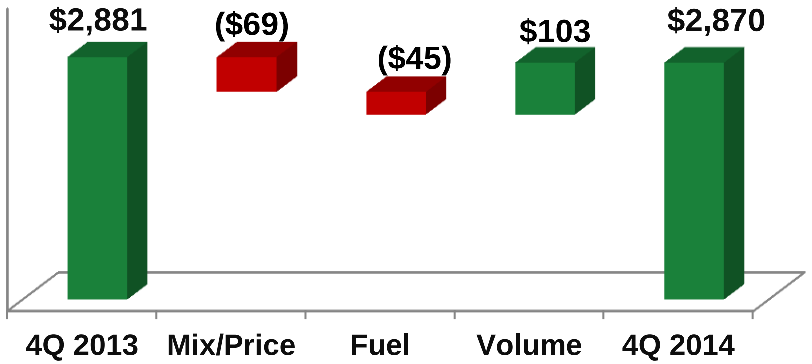
RPU

$1,489, down (4%)

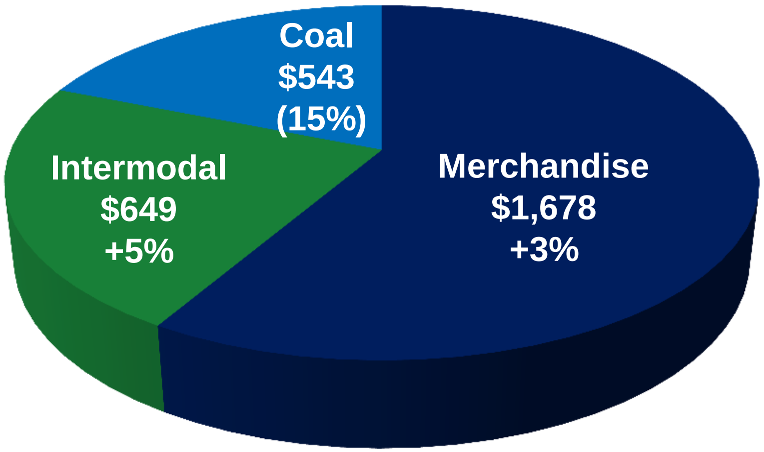
Volume

1,928,200 units, up 4%

Components of Revenue Change $ in Millions



4Q 2014 Revenue $ in Millions & y-o-y Percent Change



Railway Volume

Fourth Quarter 2014 vs. 2013

Total volume up 4%

Coal down (6%)

Weak shipments across most markets, with (6%) decline in Utility volume and (25%) decline in Export volume

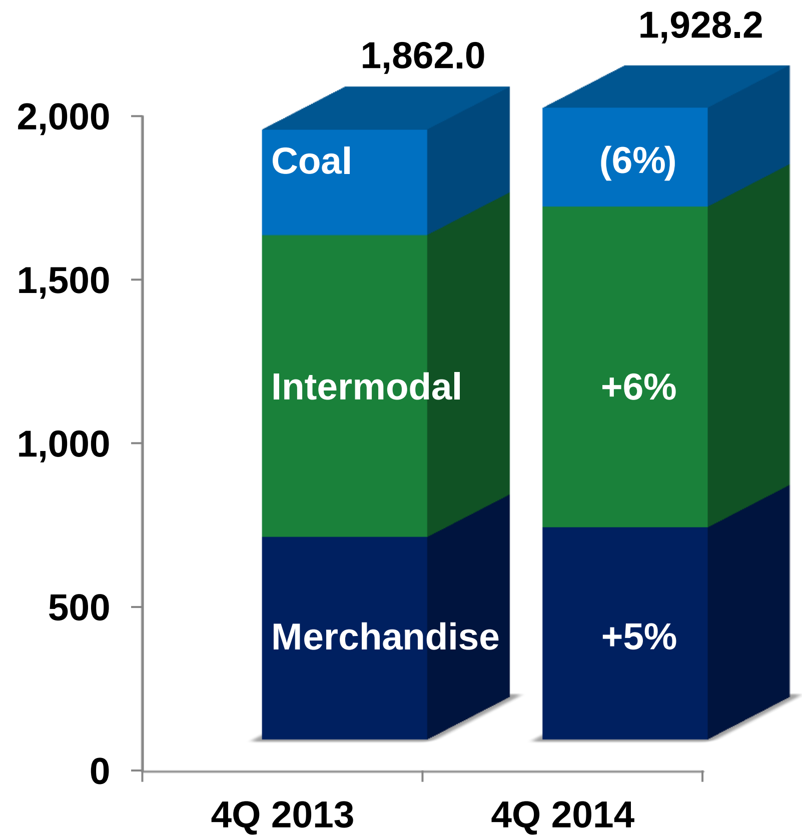
Intermodal up 6%

Gains in Domestic and International markets

Merchandise up 5%

Gains in Metals & Construction and Chemicals offsetting losses in Agriculture and Paper & Forest Products

4Q 2014 Volume (000's) & y-o-y Percent Change



Coal Market

Fourth Quarter 2014 vs. 2013

Revenue: $543 Million, down (15%)

RPU: $1,799, down (10%)

Drivers

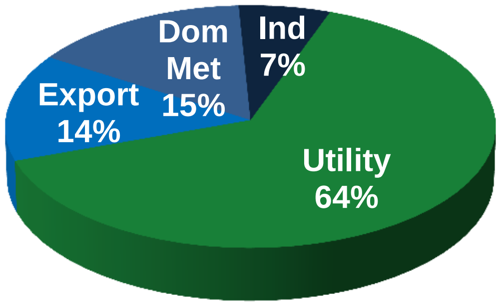
Utility
Lower natural gas prices and reduced coal plant burn

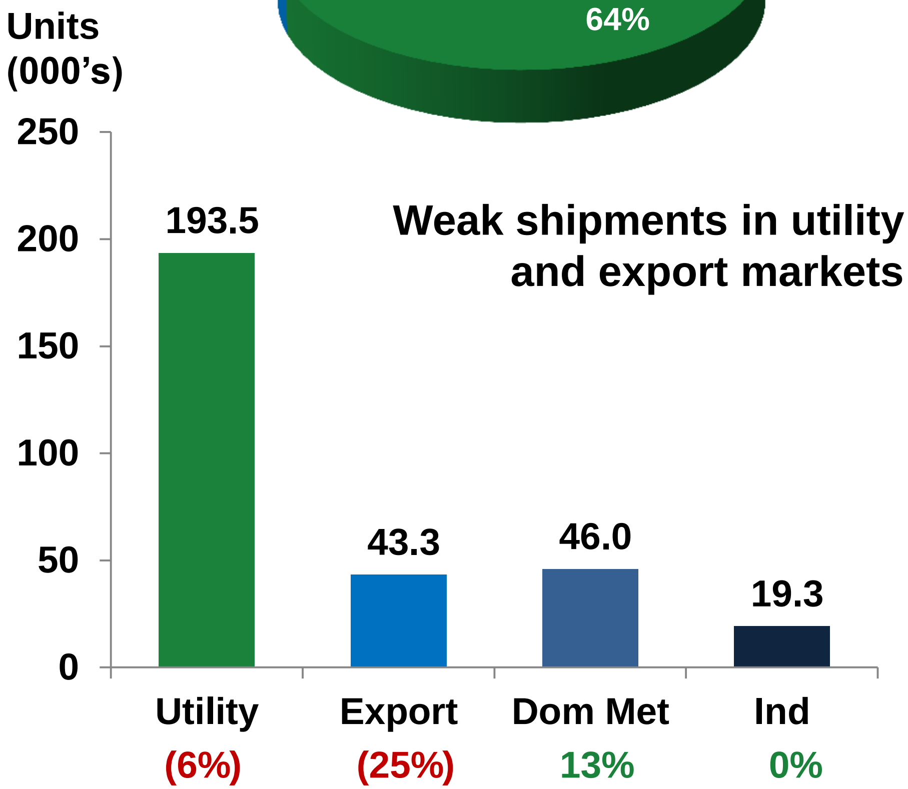
Export
Weakened demand in a well-supplied global marketplace, with continued weak seaborne coal prices and a weaker Australian dollar

Domestic Met
Customer-specific gains in coke volumes

Industrial
New business opportunities offset by declines of anthracite and petcoke

Percent of Total 4Q 2014 Volume





Intermodal Market
Fourth Quarter 2014 vs. 2013

Revenue: $649 Million, up 5%
RPU: $662, down (1%)

Drivers

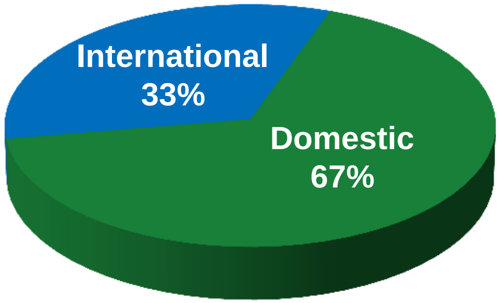
Domestic

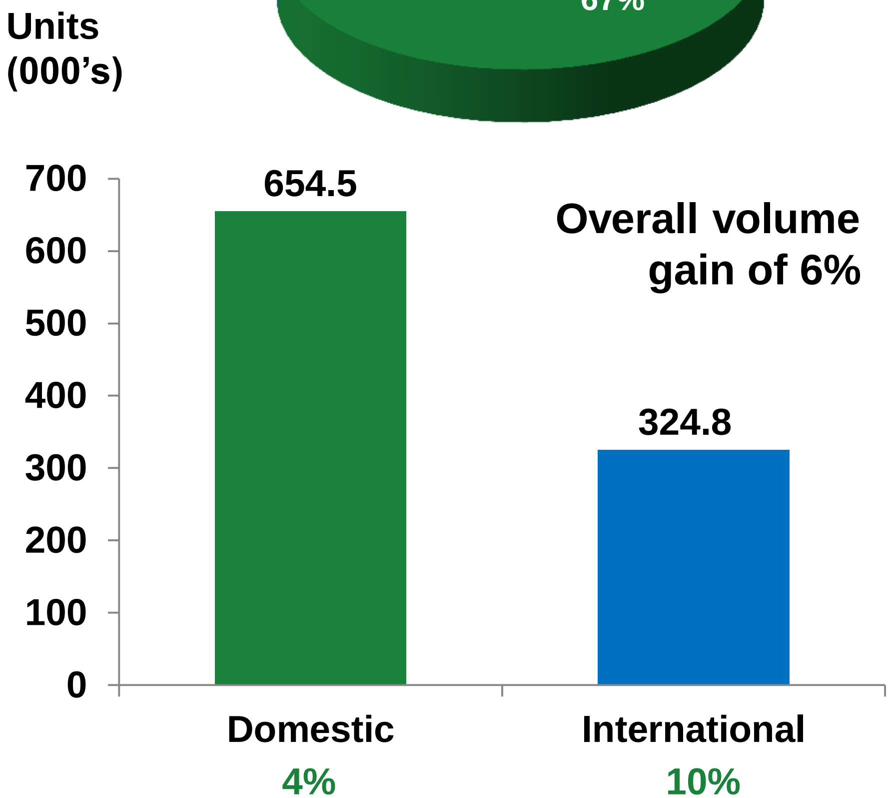
Gains due to highway conversions, strategic corridor projects, and growth in key accounts

International

Gains due to customer awards and new services

Percent of Total 4Q 2014 Volume





Merchandise Market

Fourth Quarter 2014 vs. 2013

Revenue: $1.7 Billion, up 3%

RPU: $2,594, down (1%)

Drivers

MetCon
Increased volumes of frac sand, iron and steel, and aggregates

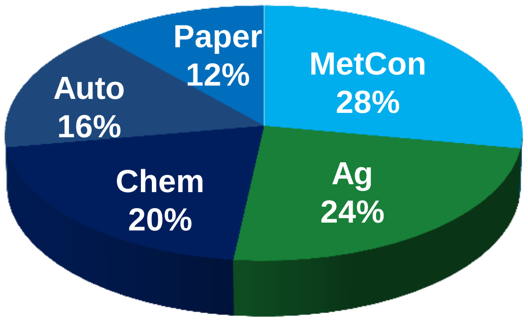
Agriculture
Soybean volumes constrained by network velocity, partially offset by increased corn shipments

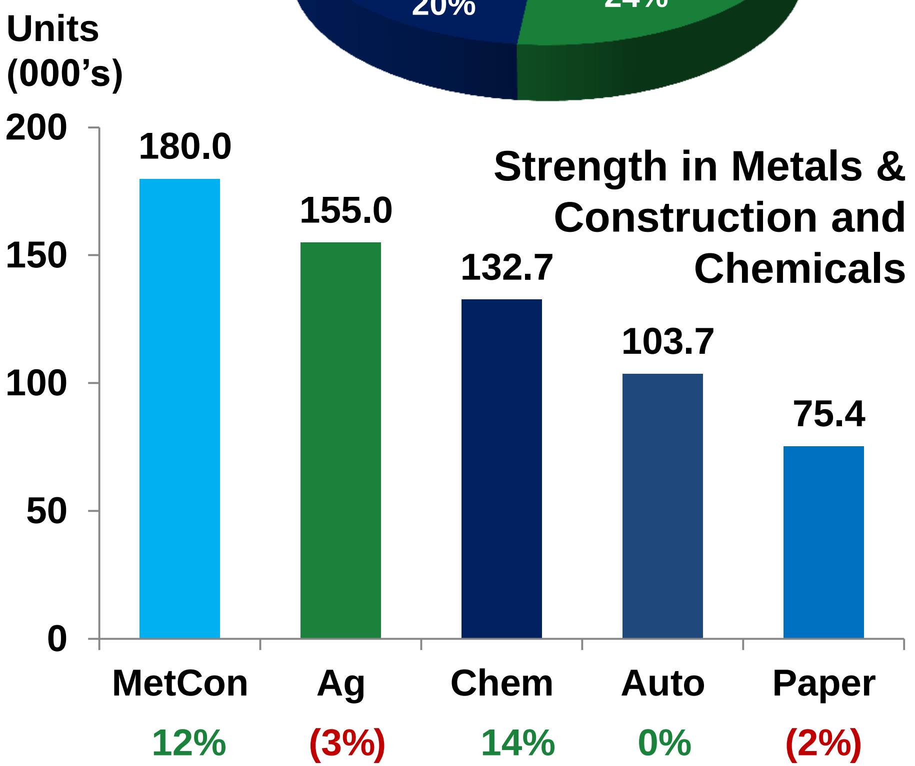
Chemicals
Growth in crude by rail and NGLs

Automotive
Downtime and model changeover at key NS-served plants

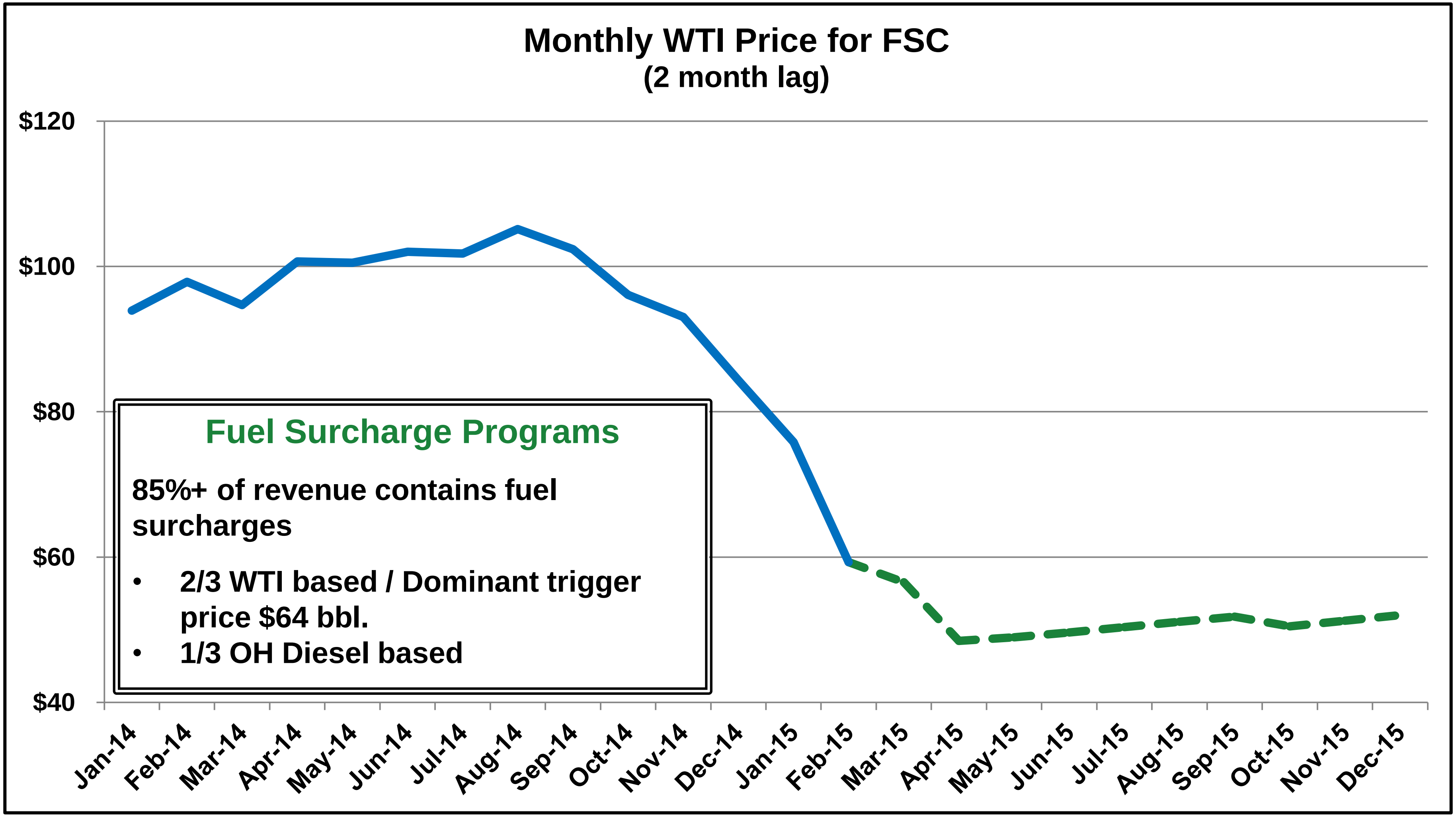
Paper
Gains of wood products offset by declines in graphic paper and municipal solid waste

Percent of Total 4Q 2014 Volume





Fuel Surcharge



Fuel Surcharge Programs

85%+ of revenue contains fuel surcharges

- **2/3 WTI based / Dominant trigger price $64 bbl.**
- **1/3 OH Diesel based**

Business Outlook

COAL

- Utility coal demand weakened by lower natural gas prices as well as MATS implementation
- Continued strong competition in the global metallurgical and thermal markets – strong US dollar
- Weaker domestic met volumes related to customer sourcing shifts
- Industrial coal volumes impacted by natural gas conversions

INTERMODAL

- Focus on opportunities for highway conversions
- Continued growth with strategic corridor projects
- Growth from International customer awards and new service lanes
- Increased consumer spending

MERCHANDISE

- Strength in crude oil shipments to East Coast refiners offset by negative impact of low oil prices
- Growth of NGLs along with drilling inputs such as frac sand
- Strength in automotive sector benefiting vehicles and steel
- Improved construction activity driving growth in aggregates, asphalt, lumber and steel
- Strong corn and soybean crops

Thank You