Credit Suisse
3rd Annual Industrials Conference

December 2, 2015

Alan H. Shaw
Executive Vice President
and Chief Marketing Officer
Guiding Principles Committed to Advancing Shareholder Interests

Advance shareholder interests through operating performance and financial strategy

- Deliver safe, reliable, efficient service
- Maximize incremental margin
- Reinvest in the core franchise
- Return capital to shareholders
Revenue Operating Revenue
First 9 Months 2015 vs. 2014

<table>
<thead>
<tr>
<th></th>
<th>Revenue in $ Millions</th>
<th>RPU</th>
<th>RPU Less Fuel</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$7,733</td>
<td>$1,408; down (8%)</td>
<td>$1,339; down (1%)</td>
<td>5,675,500 units; down (1%)</td>
</tr>
</tbody>
</table>

Revenue $ in Millions & y-o-y Percent Change

- Merchandise: $4,757 (5%)
- Coal: $1,390 (24%)
- Intermodal: $1,846 (4%)

Revenue Less Fuel *

- Revenue: $7,598
- Fuel Surcharge: ($135)

* Please see reconciliation to GAAP posted on our website.
Current Challenges Impacting Fourth Quarter

*Volume declines reduce revenue with lagged expense reduction*

- Low commodity prices impacting coal, steel, and grain
- Increased truck capacity
- Strength of the US dollar negatively impacting all export activity
  - Dollar up 13% versus November 2014
- Utility impacted by mild weather
- Steel production capacity utilization below 70%
- Inventory builds primarily impacting Intermodal
- Triple Crown restructuring
Class I Railway Volume
Fourth Quarter through Week 46  (November 21, 2015)

<table>
<thead>
<tr>
<th>Units (000’s) &amp; y-o-y % Change</th>
<th>NS</th>
<th>Other US Rails Combined*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>60 (3%)</td>
<td>303 (3%)</td>
</tr>
<tr>
<td>MetCon</td>
<td>91 (14%)</td>
<td>250 (16%)</td>
</tr>
<tr>
<td>Paper</td>
<td>35 (0%)</td>
<td>110 (4%)</td>
</tr>
<tr>
<td>Chemicals</td>
<td>86 (2%)</td>
<td>401 (8%)</td>
</tr>
<tr>
<td>Automotive</td>
<td>62 (9%)</td>
<td>167 (5%)</td>
</tr>
<tr>
<td>Merchandise</td>
<td>340 (3%)</td>
<td>1,290 (4%)</td>
</tr>
<tr>
<td>Intermodal</td>
<td>526 (3%)</td>
<td>1,618 (2%)</td>
</tr>
<tr>
<td>Coal</td>
<td>145 (10%)</td>
<td>656 (14%)</td>
</tr>
<tr>
<td>Total</td>
<td>1,011 (4%)</td>
<td>3,564 (5%)</td>
</tr>
</tbody>
</table>

*Includes CSXT, UP, and BNSF
# Expected Expense Headwinds for 4Q 2015

<table>
<thead>
<tr>
<th></th>
<th>Triple Crown Restructuring</th>
<th>Roanoke Closure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated depreciation</td>
<td>$36</td>
<td>--</td>
<td>$36</td>
</tr>
<tr>
<td>Moving and other costs</td>
<td>8</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td><strong>Effect on Operating Expenses</strong></td>
<td><strong>$44</strong></td>
<td><strong>6</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

Total:
- **Accelerated depreciation**: $36
- **Moving and other costs**: $14
- **Effect on Operating Expenses**: $50
Intermodal Growth Impacted by Triple Crown Restructuring; Accretive to the Bottom Line

- Allows focus on Triple Crown’s key business segment – auto parts
  - TCS annual revenues of $350 million

- Negative impact to Intermodal volume and revenue per unit
  - RPU over 100% higher than conventional RPU
  - Creates a $6 decrease in the average Intermodal RPU

- Accretive to bottom line once restructure is complete
Rapid Decline of Commodity Prices Since Late 2014; Projected Stabilization in 2016

Low commodity prices and strength of the US dollar impacting demand for:
- Utility Coal
- Export Coal
- Crude Oil
- Steel
- Export Grain
- International Intermodal

Expect stable commodity volumes due to less volatile price projections

Source: Bloomberg
Truck Capacity Presents Near-Term Challenges, Long-Term Opportunity

- **Short-term domestic intermodal challenges:**
  - Increased truck capacity limiting near term growth
  - Service impacting ability to convert truckload freight
  - TCS Restructure

- **Long-term opportunity:**
  - Tighter capacity due to driver shortages and increased regulation
  - Improved rail service
  - Increased truck rates
  - Truck conversion opportunities are greater in the East

Source: FTR, www.FTRintel.com
International Intermodal Growth Slower in 4Q; Return to Trend Projected for 2016

- “Weak Peak” with import volumes recently declining year-over-year
  - East Coast seeing deceleration of growth; West Coast declines

- Export volumes continue to be depressed by strong US Dollar, weak demand conditions

- Projected growth ahead
  - Sustained East Coast growth with projected increase in vessel capacity to serve East Coast ports
  - Carriers anticipate return to growth trend in US imports in 2016

*Ports included: NYNJ, Baltimore, Norfolk, Charleston, Savannah, LA/LGB, Oakland, Portland, Seattle, Tacoma
Opportunities:
- Consumer-driven markets
  • Automotive
  • Housing and Construction related commodities
  • Basic Chemicals
- International and domestic intermodal gains long-term

Strategies to Drive Growth:
- Continued focus on pricing improvement
- Improving productivity and efficiency
- Network reach
- Strategic structuring

Primary objective is contribution to the bottom line
Anticipated Growth in Consumer Driven Markets

- **Automotive:**
  - North American vehicle production projected to increase 2.7% in 2015; 2.0% in 2016
  - US vehicle sales up 5.9% through October

- **Ethanol:**
  - Production and consumption to increased versus 2014 levels

- **Basic Chemicals and Plastics:**
  - Increased demand for packaging, automotive, construction applications

- **Housing and Construction**
  - Improvement in fundamentals – household formations, reports of strengthening demand, low levels of completed inventory – point to continued gains

Source: WardsAuto; EIA
Expect Continued Improvements in Pricing with Mix Challenges

Third Quarter Revenue per Unit Less Fuel*

- **Coal**
  - 3Q14: $1,664
  - 3Q15: $1,666
  - Change: +0%

- **Intermodal**
  - 3Q14: $532
  - 3Q15: $544
  - Change: +2%

- **Merchandise**
  - 3Q14: $2,359
  - 3Q15: $2,420
  - Change: +3%

- **Total**
  - 3Q14: $1,326
  - 3Q15: $1,343
  - Change: +1%

- **Fuel Surcharges**

- Despite excess capacity in rail and truck, pricing continues to improve
- Solid price improvement offset by mix impacts:
  - Lower export coal volume
  - Increased international intermodal
  - Reduced steel and frac sand volumes
  - Triple Crown Restructure

* Please see reconciliation to GAAP posted on our website.
Fuel Surcharge Headwinds Will Be Lower in 2016

*Note: WTI $/barrel with 2 month lag*
Service Improvements Provide Revenue Opportunities

Better(↑)

Speed (mph)

23.8 mph

Better(↓)

Dwell (Hrs)

23.4 hrs

* Data through November 27, 2015
Drivers of Future Success

- Recent initiatives set the stage for better performance in 2016 and will produce long term results
- Service improvements distinguish our product
- Coal
  - No impact from environmental regulations in the near term in our Utility franchise
  - Less exposure in the Export Thermal market
- Intermodal
  - Robust Domestic franchise
  - International franchise better aligned with shipping lines adding capacity between Far East and East Coast
- Truck conversion opportunities are greater in the East
- Pricing improvement throughout the year
Strong Network Supports Future Growth
Our Focus

Committed to Driving Growth to the Bottom Line

- Asset Utilization and Resource Sizing
- Continued Service Initiatives
- Pricing
- Volume
Thank You