



# Deutsche Bank Global Industrials & Basic Materials Conference

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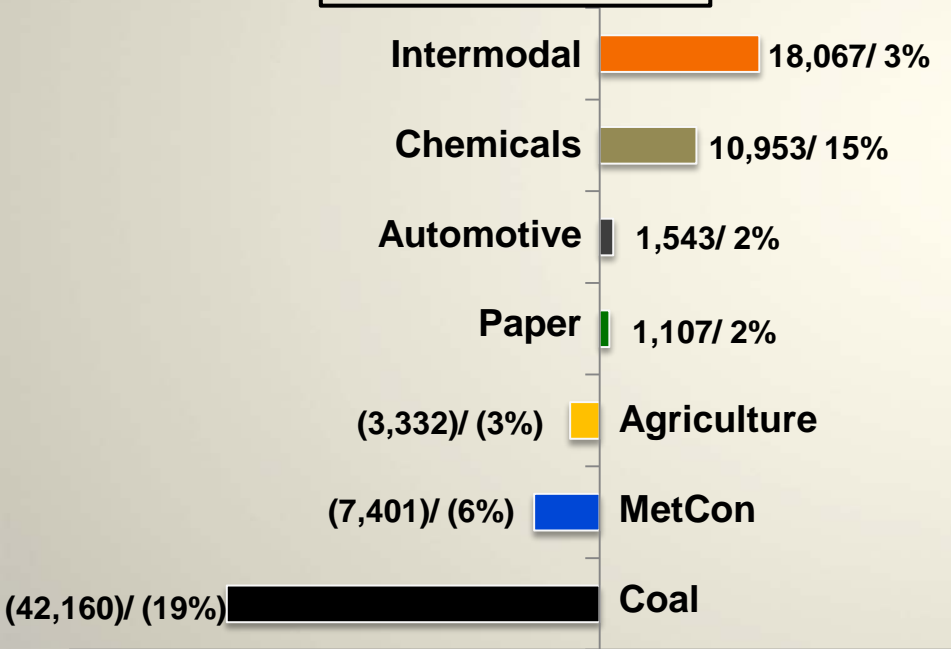


# Current Railway Volumes

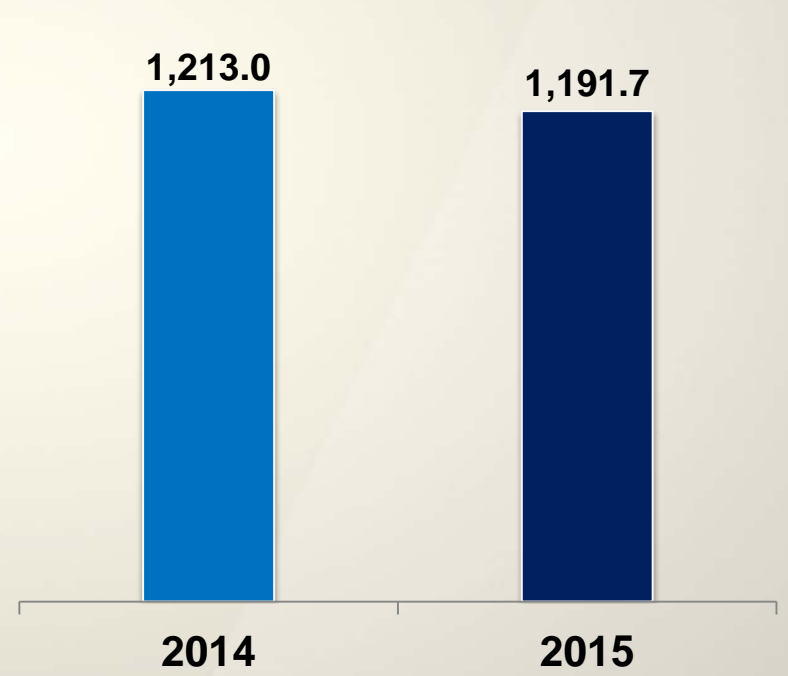
Second Quarter through Week 21 (May 30, 2015)



Change in Units  
2QTD 2015 vs. 2014



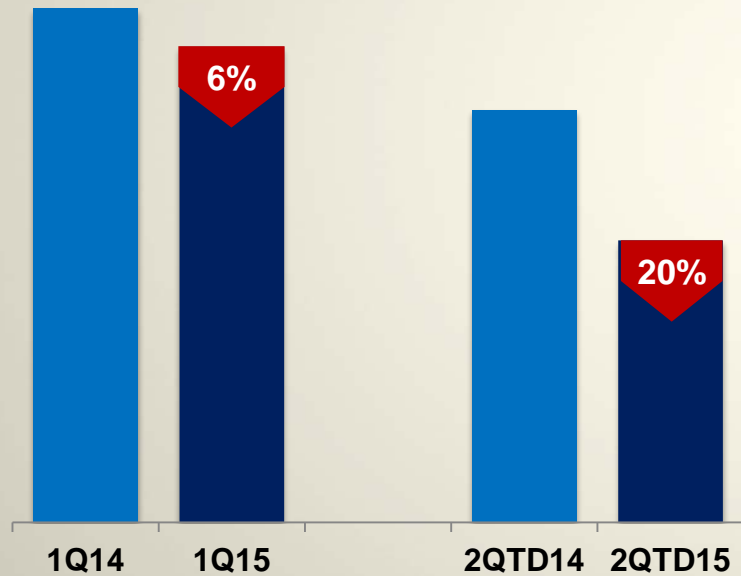
2<sup>nd</sup> Quarter Volume: Down 2%



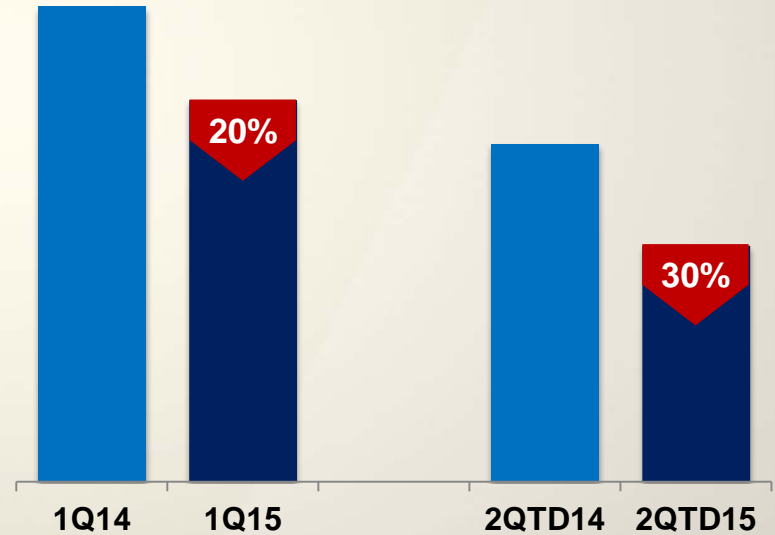
# Coal Volumes Through Week 21 (May 30, 2015)



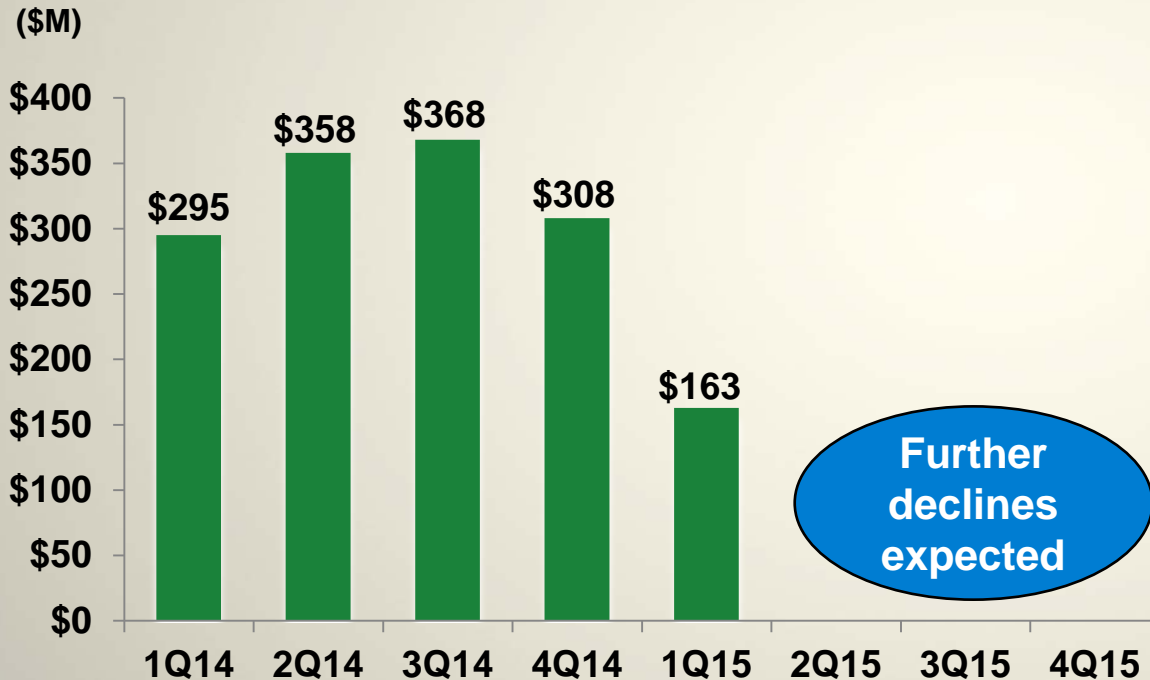
## Utility



## Export



# Fuel Surcharge Revenue



- WTI basis is down 50% in 2Q15 vs. 2Q14 (\$51 vs. \$101 per barrel)
- 1Q15 included favorable \$24M lag benefit
- 2Q15 unfavorable lag is expected

# Expense Headwinds



Service Recovery Costs

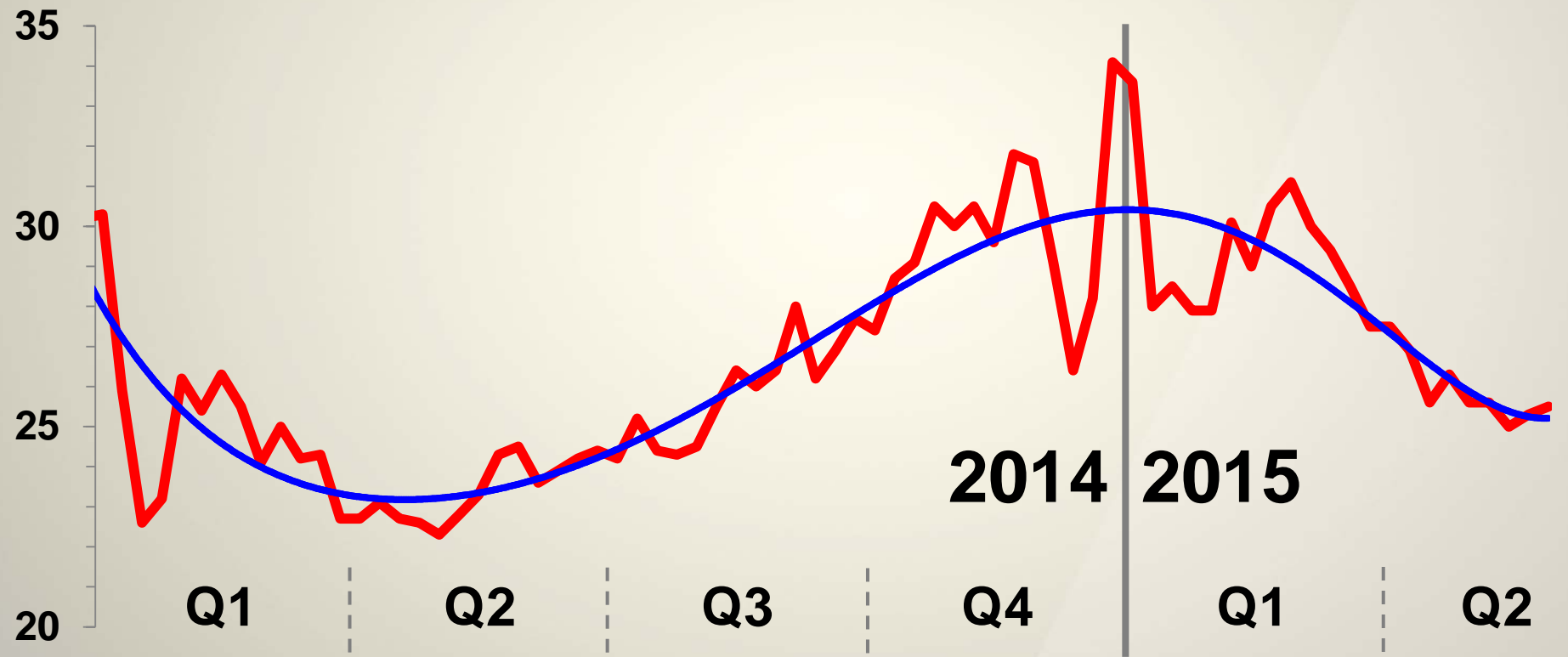
Wage and Payroll Tax Increases

Roanoke Relocation Expenses

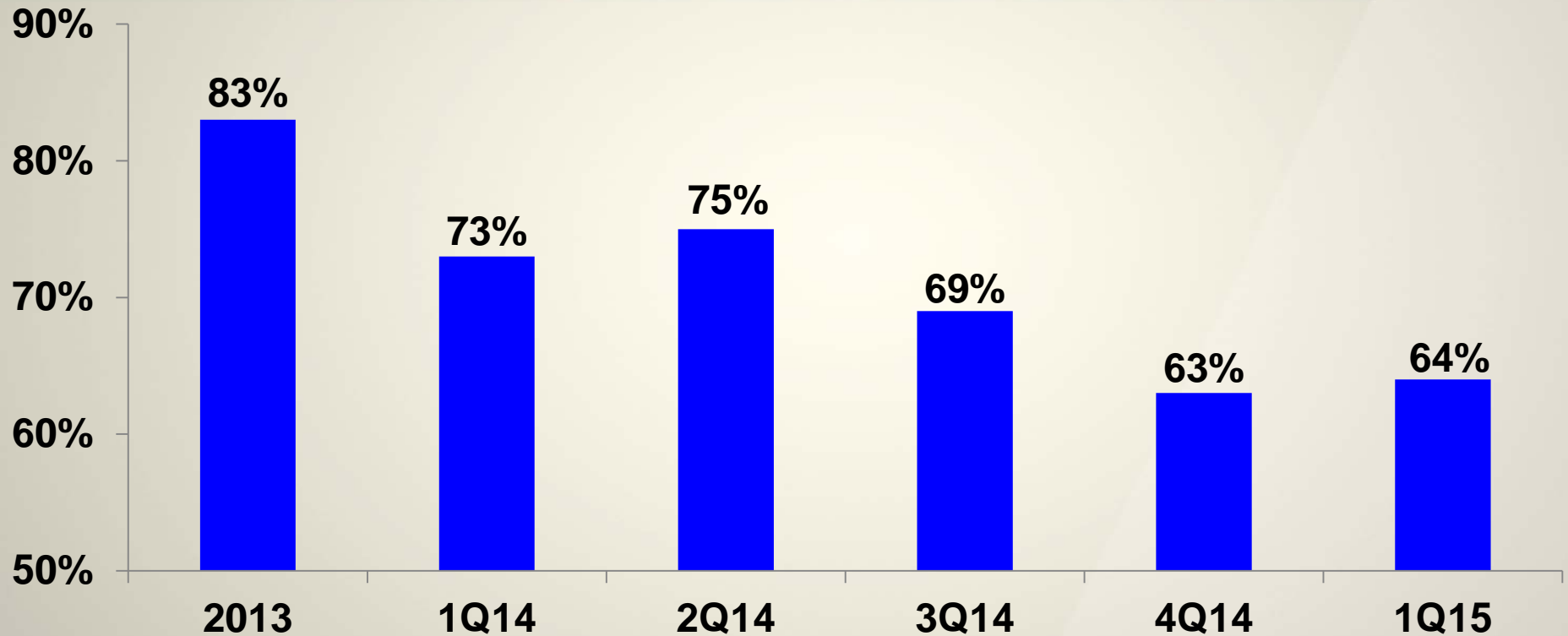
# Train Speed



# Terminal Dwell

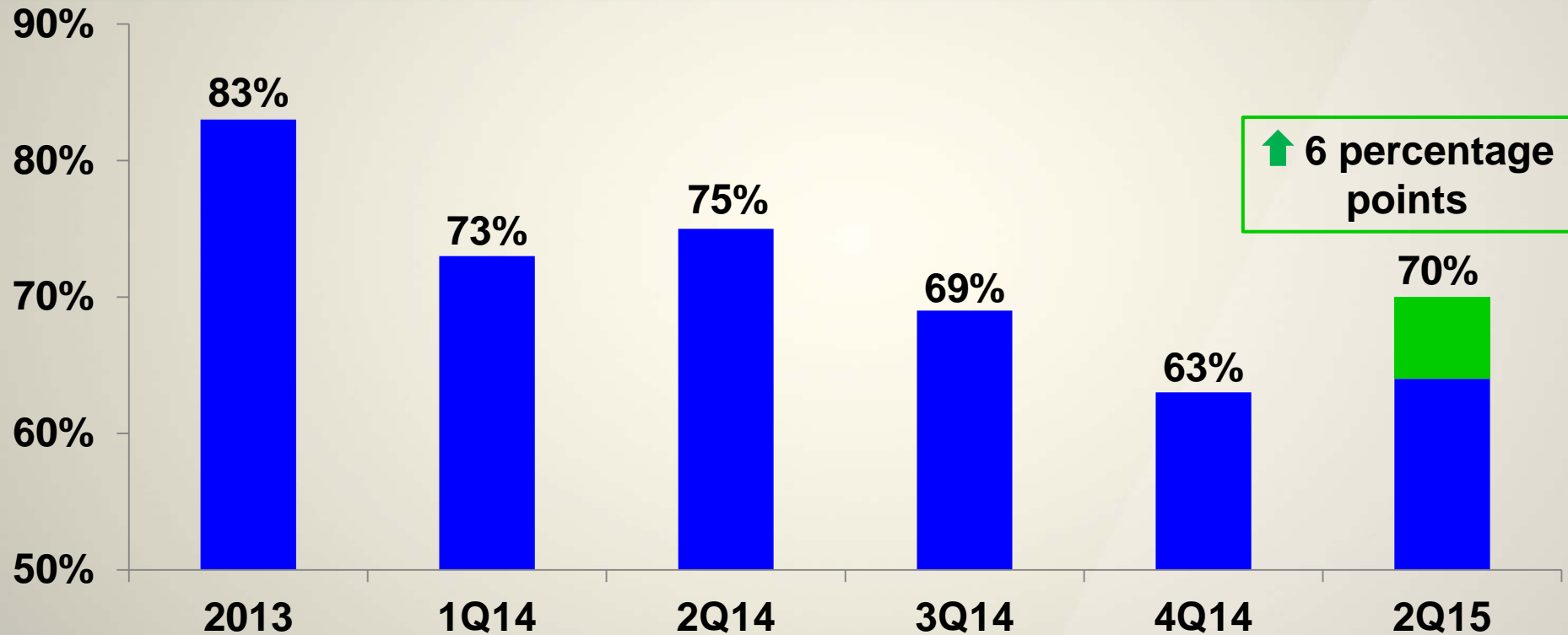


# Composite Service Performance





# Composite Service Performance

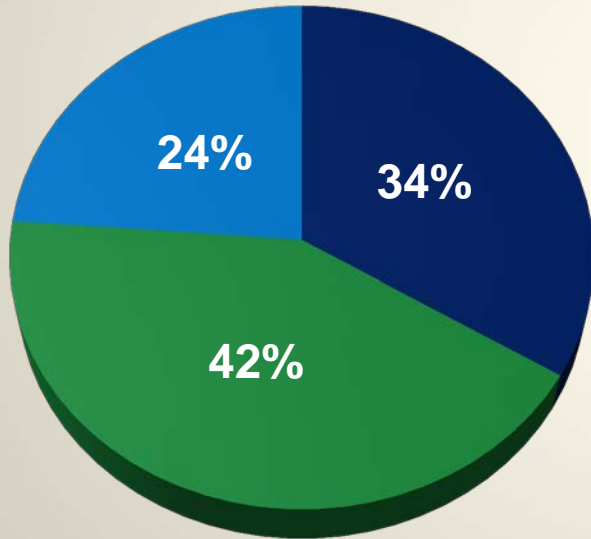


# Business Outlook

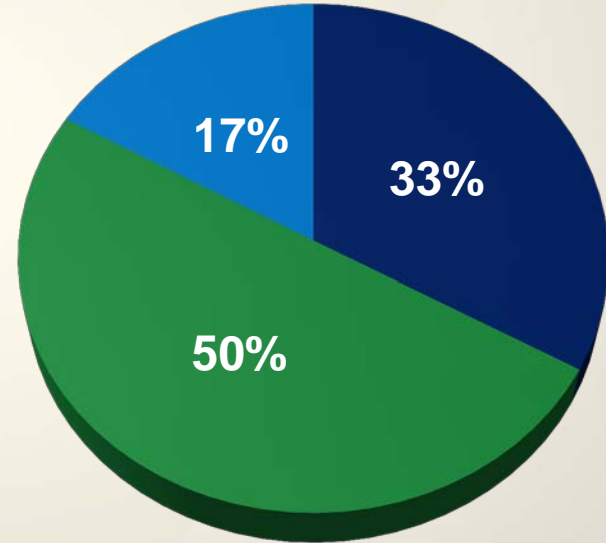
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- Opportunities for highway conversions
  - Growth with strategic corridor projects
  - West Coast port disruptions
  - Growth of natural gas liquids
  - Crude oil shipments to East Coast refiners
  - Increased consumer spending
  - Strength in automotive 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

# Managing Shifting Traffic Mix

## 2009 Volume



## 2014 Volume



# Opportunities for Growth

## Energy



- Oil and natural gas
- Coal continues in the mix

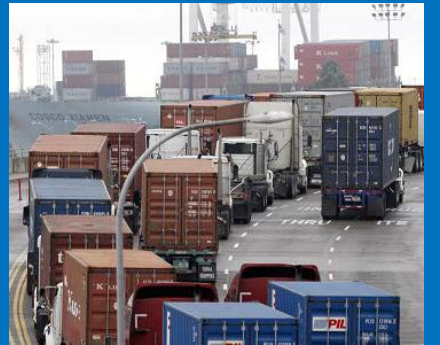
## Manufacturing

- Cost of US manufacturing
- FDI in the US



## Highway Conversions

- Road congestion
- Driver availability
- \$700B in US trucking revenues



# Guiding Principles

Deliver safe, reliable, efficient service

Maximize incremental margin

Reinvest in the core franchise

Return funds to shareholders

Advance shareholder interests



