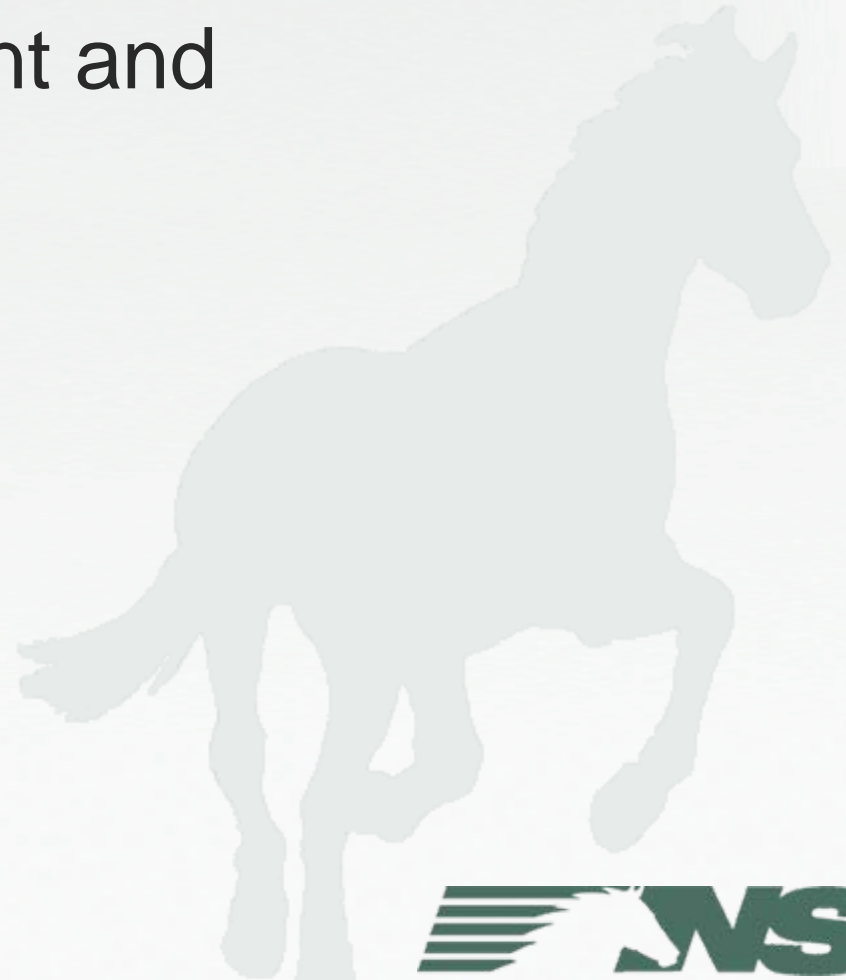


# Third Quarter Results 2008

Donald W. Seale

Executive Vice President and  
Chief Marketing Officer



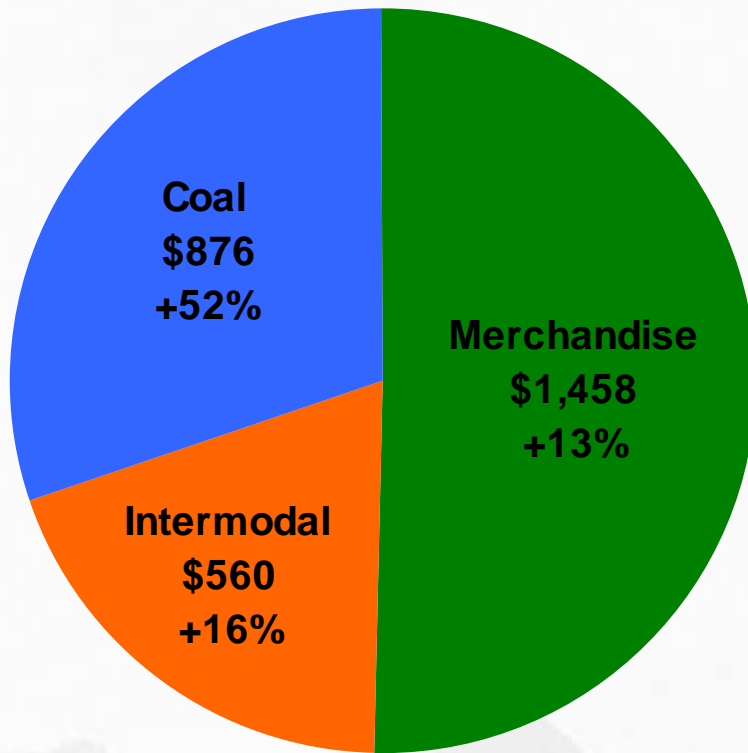
# Railway Operating Revenue

Third Quarter 2008 vs. 2007

## Revenue

Total - **\$2.9 Billion**

Up \$541 Million, 23% vs. 3Q 2007



- All time high quarterly revenue

- Improved pricing, higher fuel revenue and solid levels of service

Rev. \$Millions

# Revenue Per Unit

Third Quarter 2008 vs. 2007

	3Q 2008 Rev/Unit	vs. 3Q 2007	
		Abs.	% Chg.
Agriculture	\$2,136	\$389	22%
MetCon	\$1,752	\$319	22%
Paper	\$2,376	\$331	16%
Chemicals	\$3,275	\$527	19%
Automotive	\$2,125	\$341	19%
Merchandise	\$2,232	\$366	20%
Intermodal	\$708	\$96	16%
Coal	\$1,941	\$588	43%
Total	\$1,527	\$295	24%

- 6 consecutive years of RPU increases
- Record RPU for all groups
- 9.5% pricing yield
- 2.3% increase in RTMs

# NS Volume

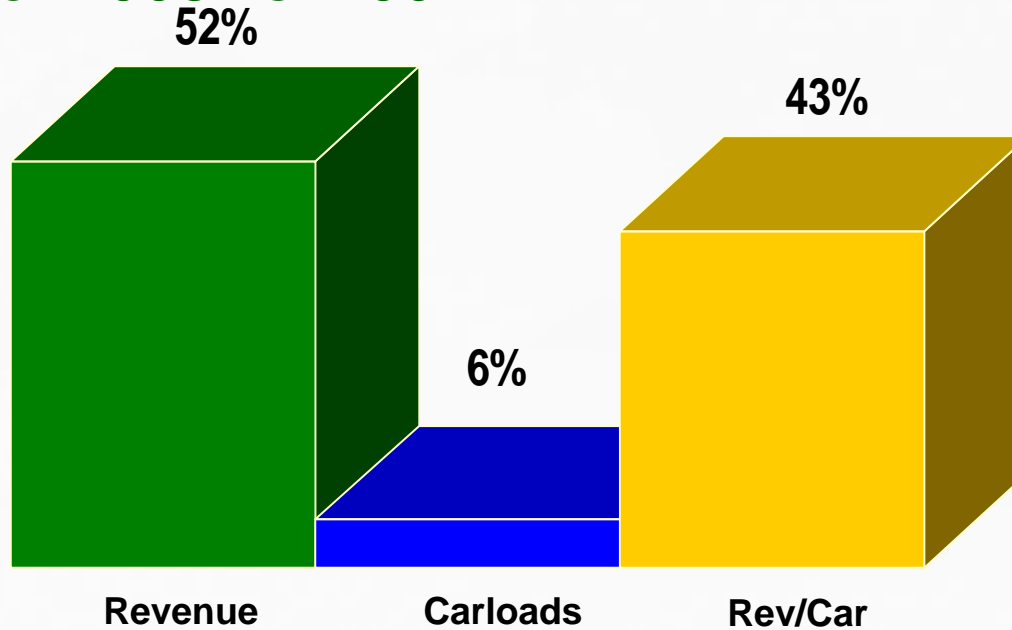
Third Quarter 2008 vs. 2007

	3Q 2008	vs. 3Q 2007	
	Units	Abs.	% Chg.
Coal	450,891	23,548	6%
Agriculture	158,527	7,111	5%
MetCon	203,797	3,519	2%
Intermodal	790,950	910	0%
Chemicals	103,022	(4,955)	(5%)
Paper	101,466	(7,009)	(6%)
Automotive	86,639	(36,866)	(30%)
Total	1,895,292	(13,742)	(1%)

- Record Agriculture shipments
- Record Coal tonnage
- Exports up 11%
- Imports down 13%

# Coal Variance Analysis

Third Quarter 2008 vs. 2007



	3Q 2008	3Q 2007	Change
Revenue (\$Millions)	\$876	\$578	\$298
Volume	450,891	427,343	23,548
Rev/Car	\$1,941	\$1,353	\$588

# Coal Volume

Third Quarter 2008 vs. 2007

## *Export*

- Australian production challenges
- Higher Chinese coke prices

↑53%

# Coal Volume

Third Quarter 2008 vs. 2007

## *Export*

↑ 53%

- Australian production challenges
- Higher Chinese coke prices

## *Utility*

0%

- New business
- Export competes for coal supply

## *Domestic Met, Coke & Iron Ore*

↑ 6%

- Coal sourcing changes
- New iron ore business

## *Industrial*

↓ 4%

- Export competes for coal supply

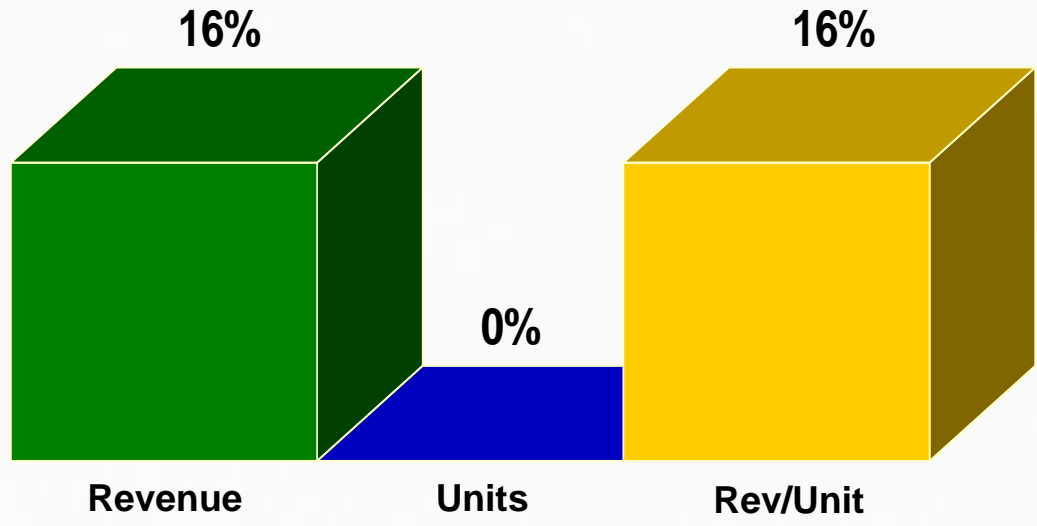
# Coal Transportation Productivity Improvements



- Record payload of 110.2 tons/car
- Use of distributed power
- ECP brakes
- 9% improvement in transit time year-to-date
- 23% improvement in transit time achieved in 2007

# Intermodal Variance Analysis

Third Quarter 2008 vs. 2007



	3Q 2008	3Q 2007	Change
Revenue (\$Millions)	\$560	\$484	\$76
Volume	790,950	790,040	910
Rev/Unit	\$708	\$612	\$96

# Intermodal Volume

Third Quarter 2008 vs. 2007

## *Domestic*

↑ 18%

- Truckload conversion of local Eastern traffic to Intermodal

## *Premium*

↓ 2%

- Softer parcel volumes

## *International*

↓ 9%

- Reduced import volumes
- Lower empty revenue container moves

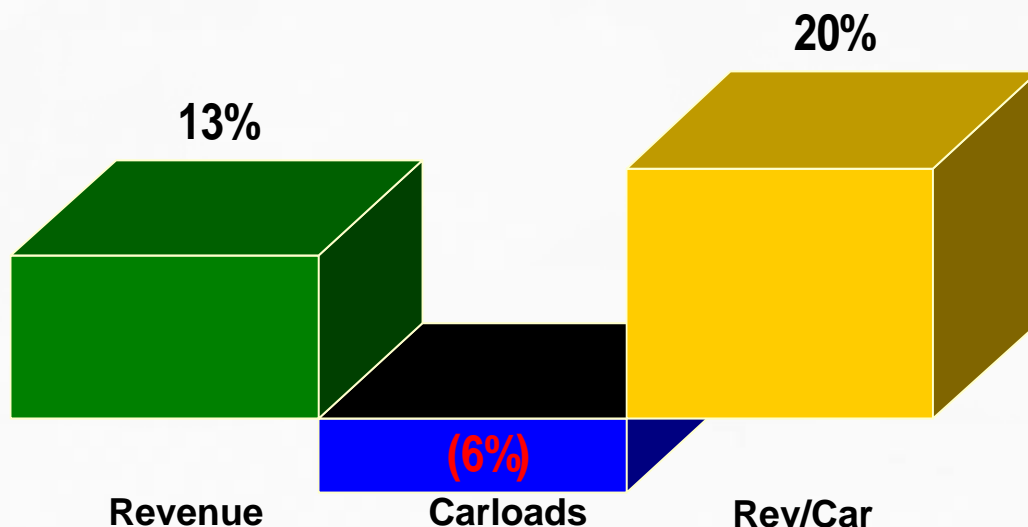
## *Triple Crown*

↓ 5%

- Decline in auto production

# Merchandise Variance Analysis

Third Quarter 2008 vs. 2007



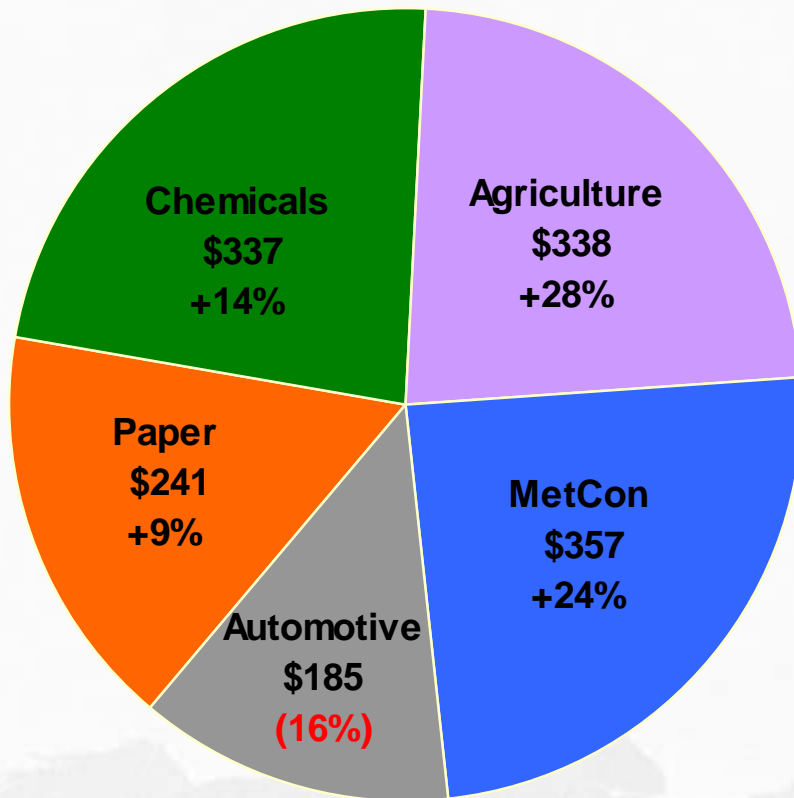
Revenue (\$Millions)	\$1,458	\$1,291	\$167
Volume	653,451	691,651	(38,200)
Rev/Car	\$2,232	\$1,866	\$366

# Merchandise Revenue & Volume

Third Quarter 2008 vs. 2007

**Total - \$1.46 Billion**

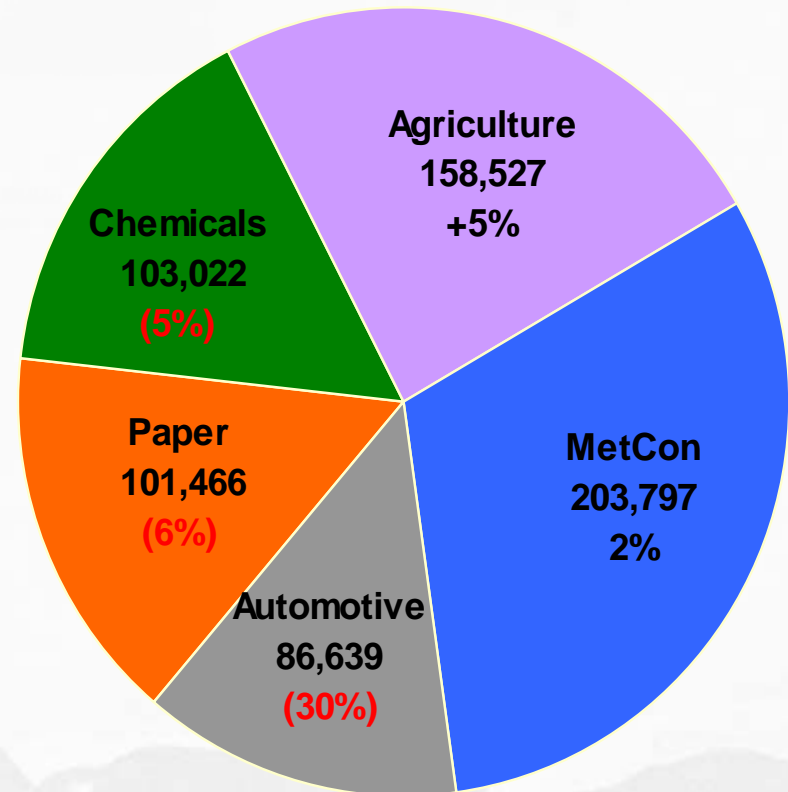
**Up \$167 Million, 13% vs. 3Q 2007**



Rev. \$Millions

**Total - 653,451 Units**

**Down 38,200 Units, 6% vs. 3Q 2007**



Volume

# Automotive Results

Third Quarter 2008 vs. 2007

- **Volume down 30%, Revenue down 16%**
- **Further assembly plant closures are expected in the 4<sup>th</sup> quarter and 2009**
- **New production ramping up with Toyota and Honda in the 1<sup>st</sup> quarter 2009**

# Looking Ahead

- **Merchandise**
  - Weakness in automotive & housing related commodities
  - Continued project growth
- **Intermodal**
  - Continued growth in domestic market
  - Ongoing weakness in imports
- **Coal**
  - Strong global demand
  - Strong domestic metallurgical volume
- **Continued pricing gains**