



Wells Fargo Industrial & Construction Conference

May 10, 2011

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Executive Vice President Finance
and Chief Financial Officer



Agenda

- ❑ **First Quarter Review**
- ❑ **Service Metric Update**
- ❑ **NS Business Outlook**

Operating Results

First Quarter 2011 vs. 2010 (\$ Millions)

	First Qtr 2011	First Qtr 2010	Favorable (Unfavorable)	
			\$	%
Railway operating revenues	\$ 2,620	\$ 2,238	\$ 382	17%

Operating Results

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Railway operating revenues	\$ 2,620	\$ 2,238	\$ 382	17%
Railway operating expenses	2,020	1,683	(337)	(20%)
Income from railway operations	\$ 600	\$ 555	\$ 45	8%
Railway operating ratio (OR)	77.1	75.2	(1.9)	(3%)
*OR excl. arbitration	74.9	75.2	0.3	--%
*OR excl. arbitration and fuel lag	73.8	75.0	1.2	2%

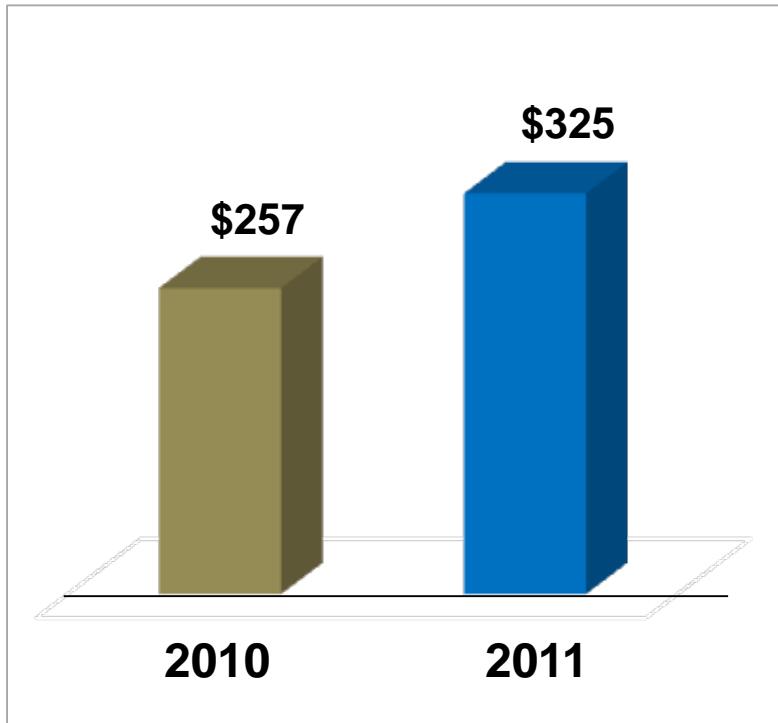
**Please see reconciliation to GAAP posted on our web site.*

Net Income and Diluted Earnings per Share

First Quarter (\$ Millions except per share)

Net Income

Change vs. Prior Period: + 26%



Diluted Earnings per Share

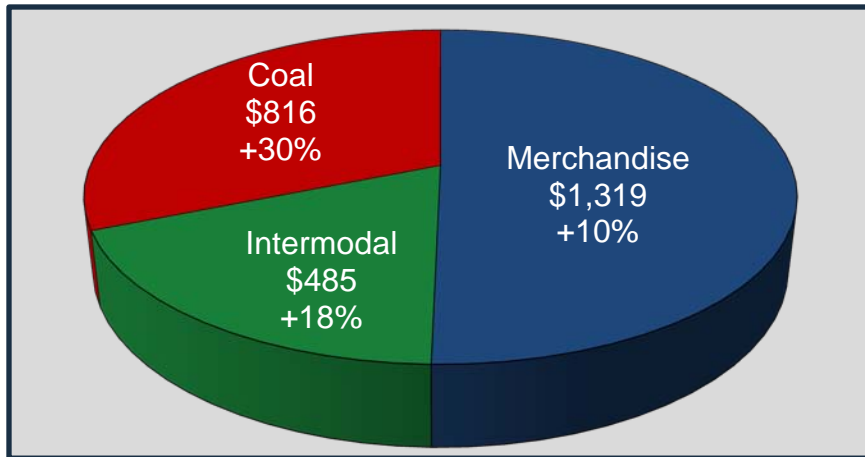
Change vs. Prior Period: + 32%



Railway Operating Revenue

First Quarter 2011 vs. 2010

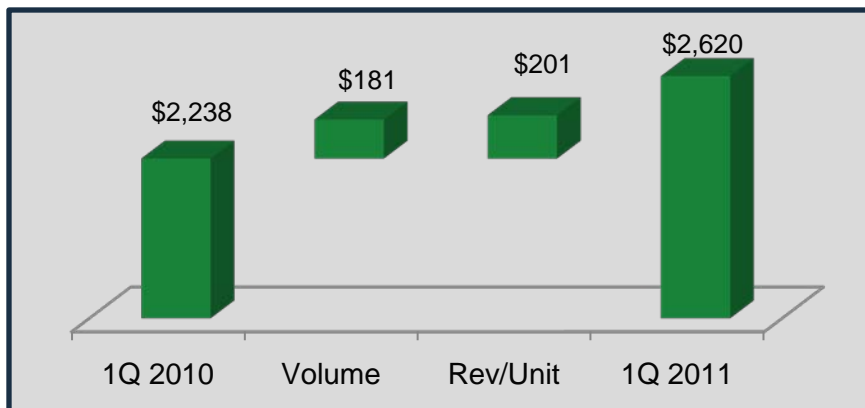
1Q 2011 Revenue in \$ Millions & y-o-y Percent Change



\$2.6 Billion in Railway Operating Revenue

- Increase of \$382 Million, or 17%
- Revenue Per Unit up 8%
- Volume up 8%

Components of Revenue Growth In \$ Millions



1Q 2010 – 1Q 2011 Revenue in \$ Millions



Revenue Per Unit

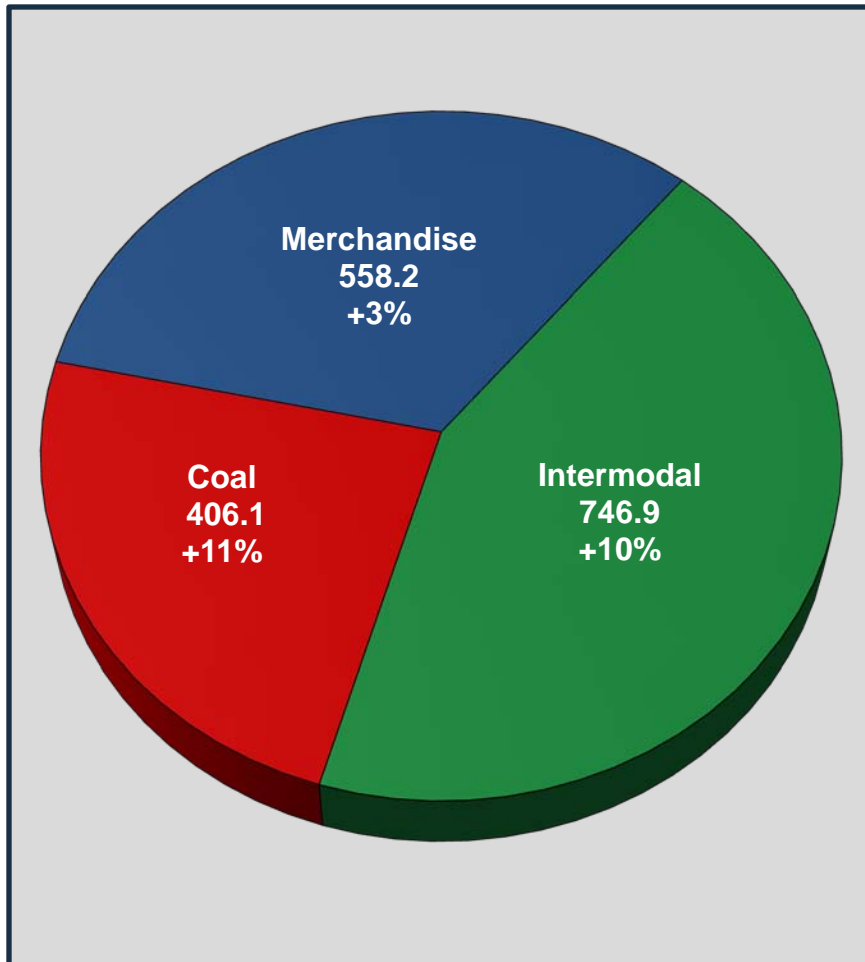
First Quarter 2011 vs. 2010

	1Q 2011 RPU	Vs. 1Q 2010	
		Abs.	% Chg.
Agriculture	\$2,257	\$203	10%
Chemicals	\$3,532	\$283	9%
Metals & Construction	\$1,810	\$130	8%
Paper	\$2,303	\$153	7%
Automotive	\$2,258	(\$8)	(0%)
Merchandise	\$2,364	\$151	7%
Intermodal	\$649	\$44	7%
Coal	\$2,009	\$283	16%
Total	\$1,531	\$117	8%

Railway Volume

First Quarter 2011 vs. 2010

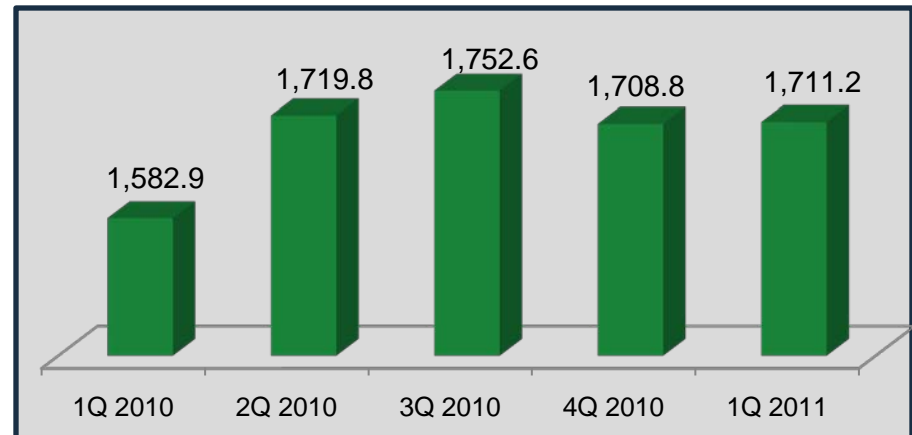
1Q 2011 Volume (000) & y-o-y Percent Change



Total Volume of 1,711,200 Units

- Increase of 128,300 units, or 8%
- 52-week high loadings for Paper, Automotive and total volume

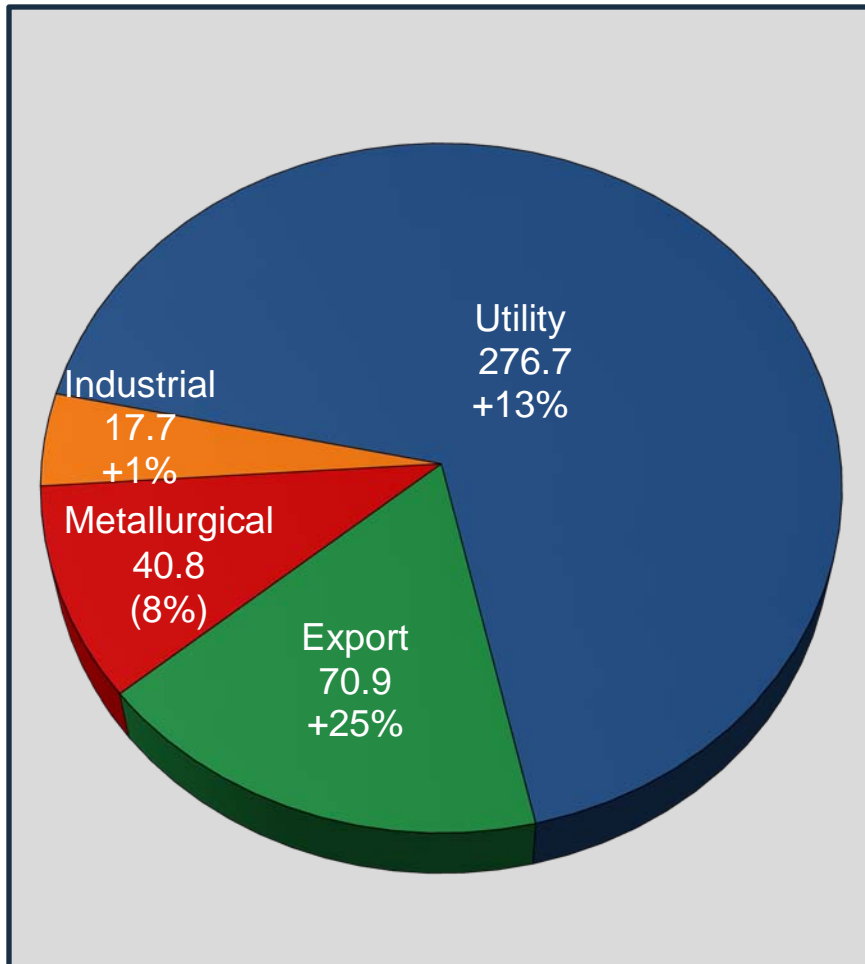
1Q 2010 – 1Q 2011 Volume in (000)



Coal Comparisons

First Quarter 2011 vs. 2010

1Q 2011 Volume (000) & y-o-y Percent Change



Total Coal revenue of \$816 million, up \$187 million, or 30%

- Second highest revenue quarter

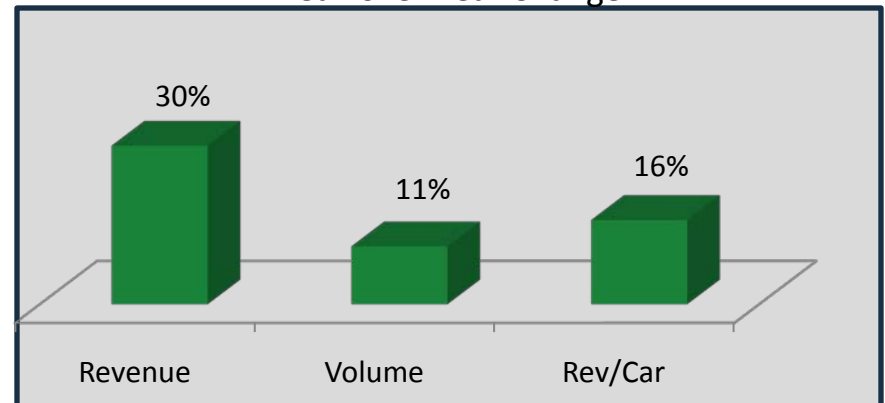
Total Coal volume of 406,100, up 41,800 or 11%

- Strong utility and export growth
- Metallurgical volume down due to product being drawn to export market

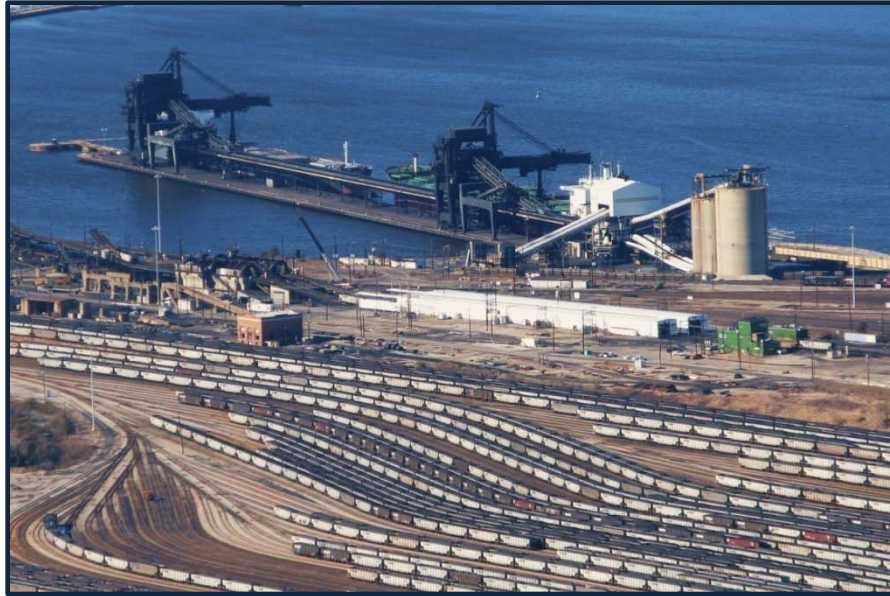
Network investment to improve service

- Addition of AC locomotives to fleet
- Production of 1,500 new coal cars

Year-over-Year Change



Export Coal Market



Total export volume of 70,900 carloads, up 14,000 or 25%

- Highest volume since Conrail acquisition
 - Lamberts Point – up 16%
 - Baltimore – up 49%
- Tightened global supply
- 10% increase in global steel production
- April 1 contract pricing increase

Export Carloads 1Q 2008 - 1Q 2011



Utility Coal Market



Total utility volume of 276,700 carloads, up 31,500 or 13%

- Utility North - up 2%
- Utility South - up 26%
- Stockpile replenishment
 - Inventories remain under target
- New business

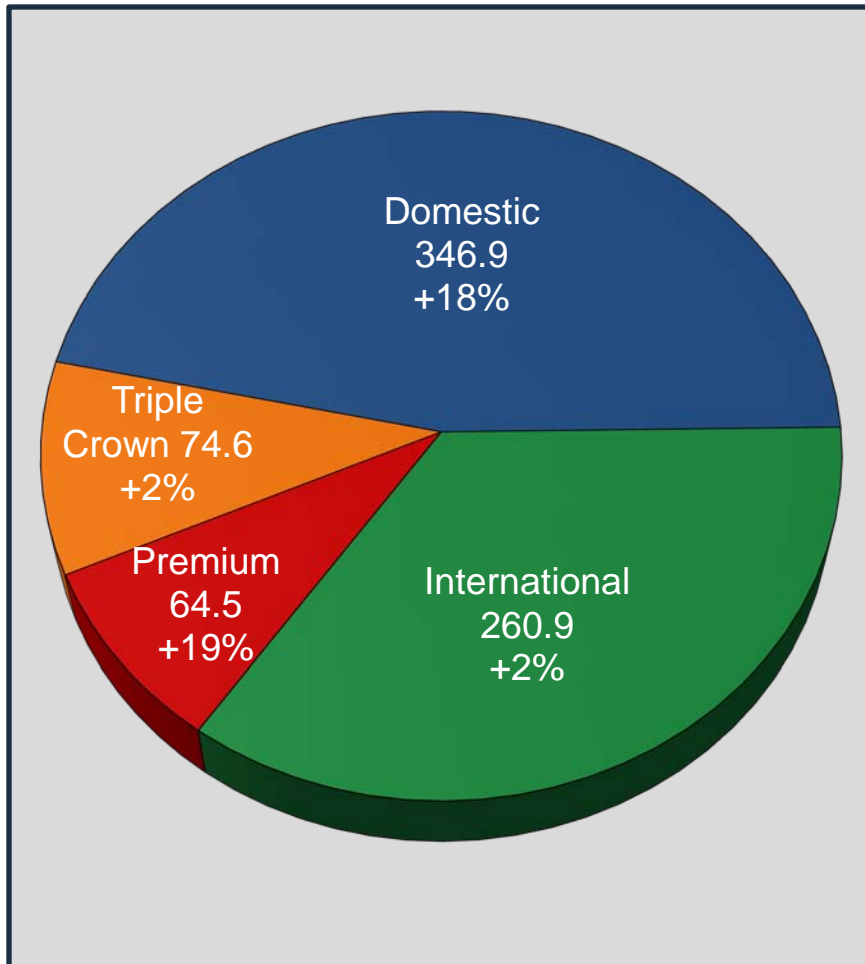
Utility Carloads 1Q 2008 - 1Q 2011



Intermodal Comparisons

First Quarter 2011 vs. 2010

1Q 2011 Volume (000) & y-o-y Percent Change

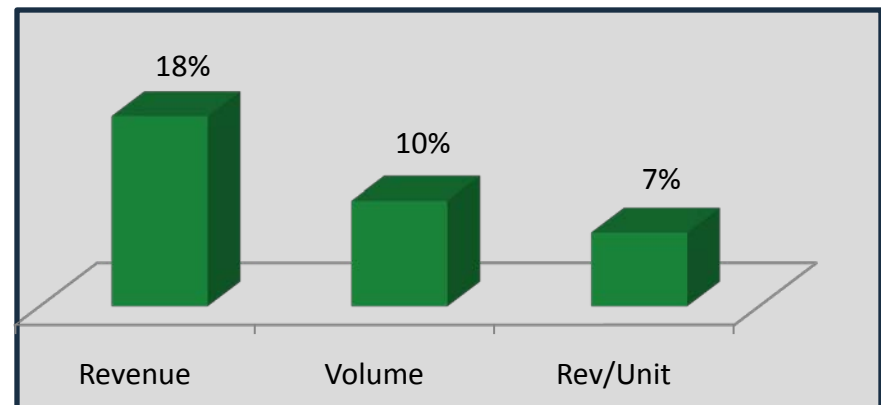


Total Intermodal revenue of \$485 million, up \$75 million or 18%

Total Intermodal volume of 746,900, up 70,300, or 10%

- Domestic volume up 18%, led by tightening truck capacity & recovering economy
- Premium volume up 19%, driven by gains in parcel and LTL markets and new business
- International volume up 2%, driven by improving global demand

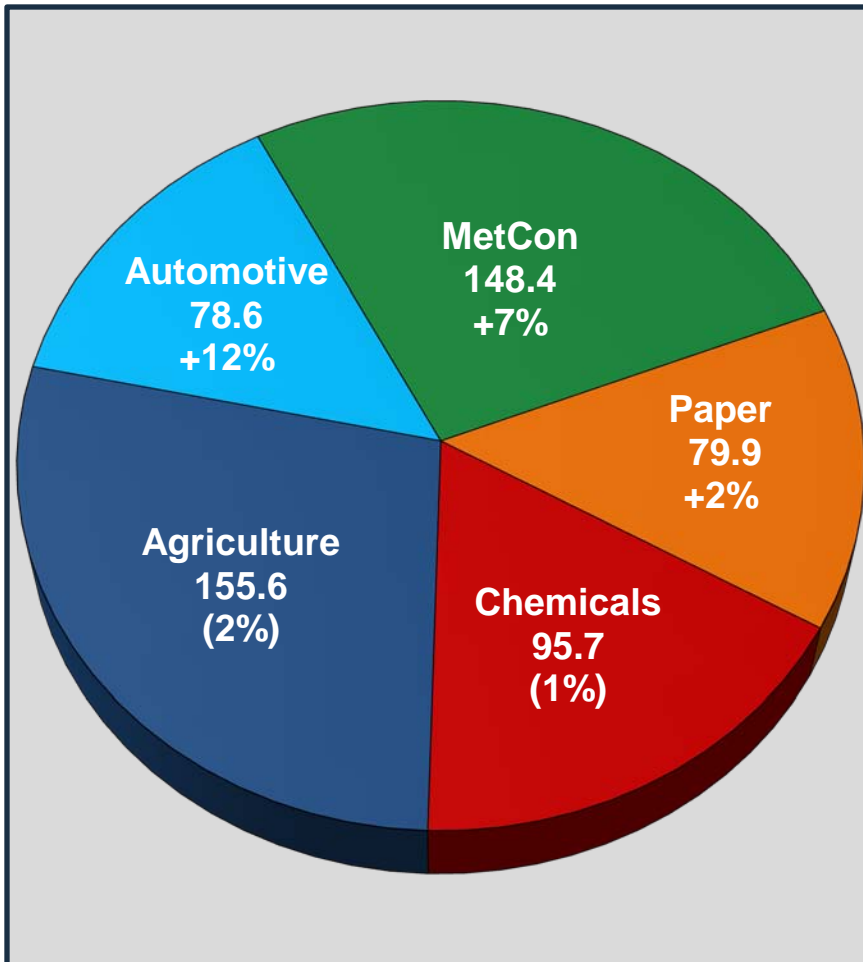
Year-over-Year Change



Merchandise Comparisons

First Quarter 2011 vs. 2010

1Q 2011 Volume (000) & y-o-y Percent Change



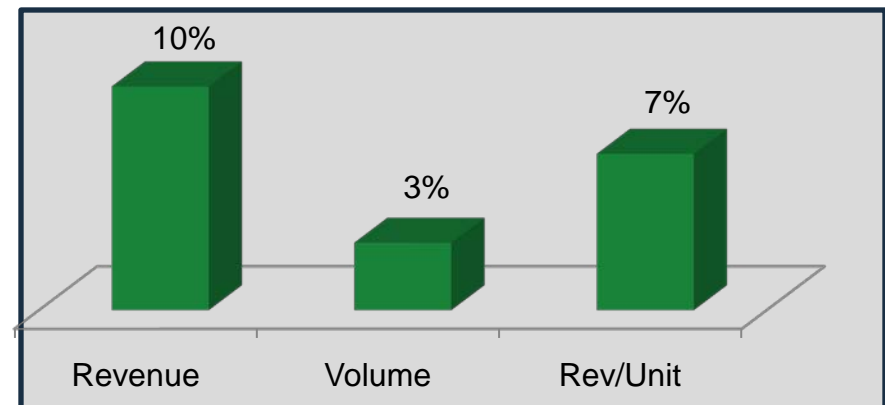
Total Merchandise revenue of \$1.3 billion, up \$120 million, or 10%

- Record Agriculture revenue

Total Merchandise volume of 558,200 carloads up 16,200, or 3%

- 3 of 5 business segments up year-over-year
- Strong comparisons in Agriculture and Chemicals from 1Q 2010

Merchandise Year-over-Year Change



Railway Volume

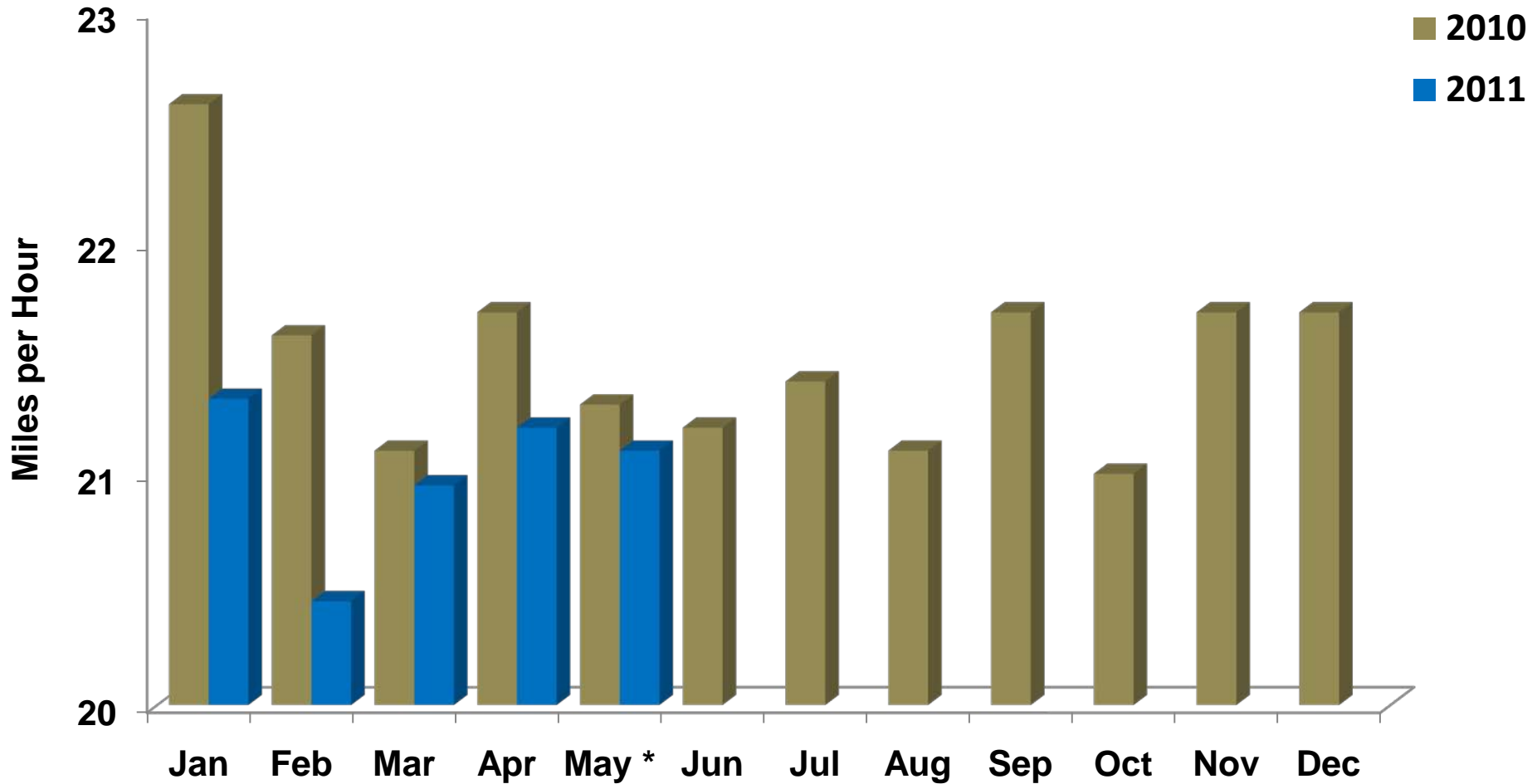
Second Quarter through Week 18 2011 vs. 2010

	2QTD 2011	vs. 2010	
	Units	Abs.	% Chg.
Agriculture	58,442	(2,338)	(4%)
Chemicals	37,228	(2,594)	(7%)
MetCon	66,522	(1,386)	(2%)
Paper	29,936	(2,990)	(9%)
Automotive	34,067	6,532	24%
Merchandise	226,195	(2,776)	(1%)
Intermodal	306,904	24,980	9%
Coal	154,919	(3,783)	(2%)
Total	688,018	18,421	3%

Source: AAR carloadings, which are reported weekly and may not equal NS' reported volumes.

Train Speed

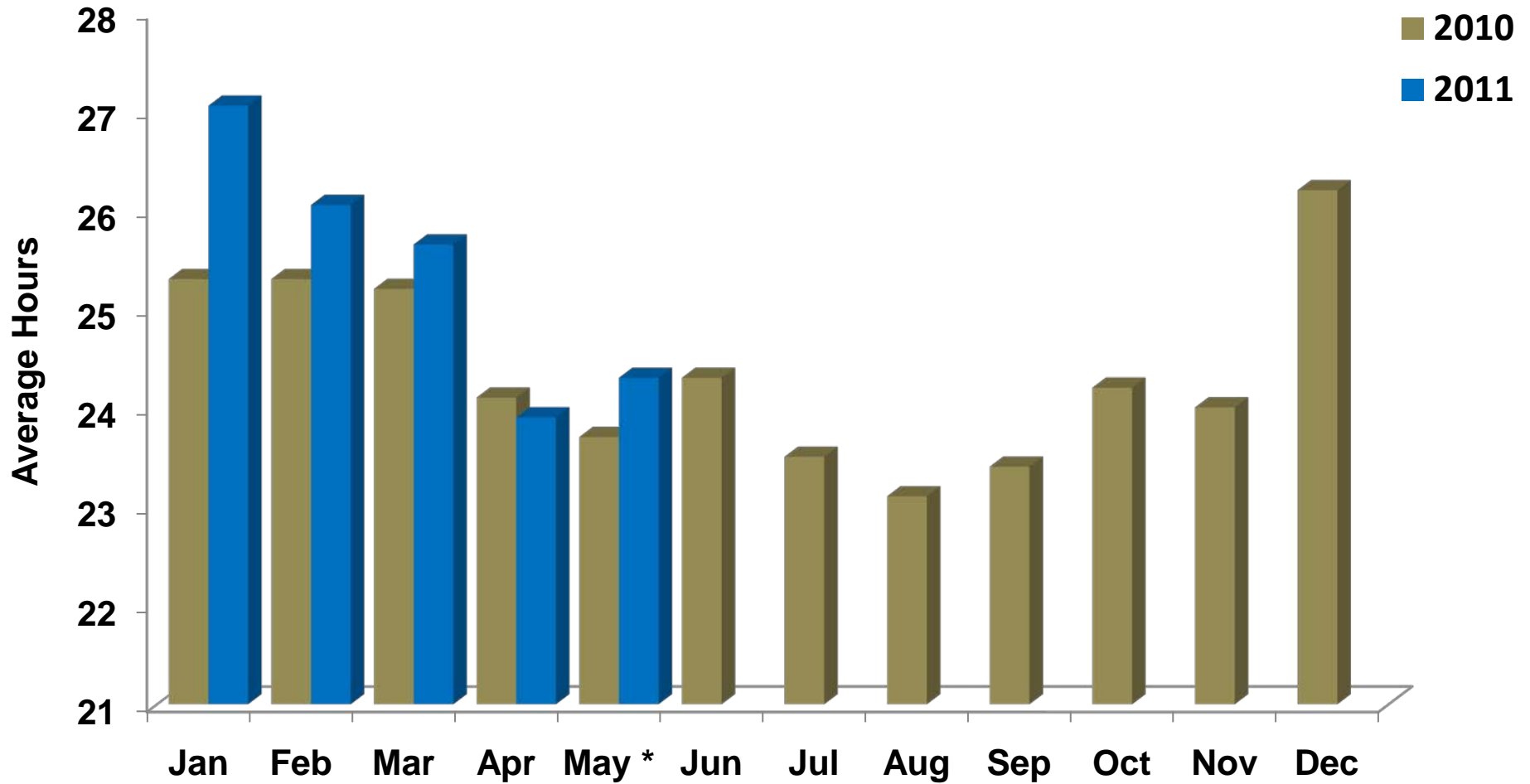
By Month 2010 - 2011



* May 2011 data through May 6

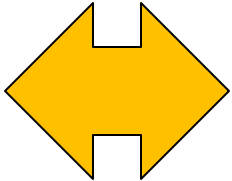
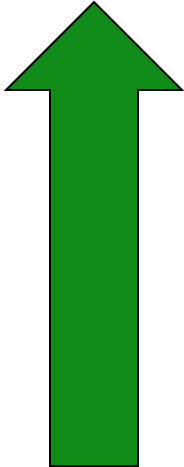
Terminal Dwell

By Month 2010 - 2011



* May 2011 data through May 6

Outlook – Business Portfolio



Automotive	<ul style="list-style-type: none">• New business, improved auto production and sales
Metals & Construction	<ul style="list-style-type: none">• Increased domestic steel production , increased highway spending & new business
Agriculture	<ul style="list-style-type: none">• Continued build-out of Agribusiness network
Chemicals	<ul style="list-style-type: none">• Improving manufacturing economy
Utility Coal	<ul style="list-style-type: none">• Falling stockpiles & increased electricity generation
Export Coal	<ul style="list-style-type: none">• Rising European and Asian demand
Domestic Metallurgical Coal	<ul style="list-style-type: none">• Increased domestic steel production
International Intermodal	<ul style="list-style-type: none">• Increasing imports/exports
Domestic & Premium Intermodal	<ul style="list-style-type: none">• Highway conversions
Paper & Forest Products	<ul style="list-style-type: none">• Continued uncertainty in housing & paper markets