Business Overview

- Freight transportation
- “Franchise” system
- 20K miles of railroad
- 22 state presence
- East of Mississippi
- Competitive with CSX
- Operating agreements over other railroads including AMTK
A Network of Key Corridors and Port Access

- Chicago
- Burns Harbor
- Naples
- Granite City, IL
- Cincinnati
- Louisville
- Memphis
- New Orleans
- Mobile
- St. Bernard
- Philadelphia
- Camden / South Jersey
- Norfolk
- Portsmouth
- Morehead City
- NY / NJ
- Wilmington
- Charleston
- Savannah
- Brunswick
- Jacksonville
- Charleston
- Savannah
- Brunswick
- Jacksonville
- Burns Harbor
- Granite City, IL
- Jeffersonville, IN
- Cincinnati
- Pittsburgh
- Portsmouth, OH
- Cleveland
- Erie
- Ashtabula
- Toledo
- Detroit
- Chicago
- Erie
- Ashtabula
- Toledo
- Detroit
- River Ports: 8
- Lake Ports: 7
- Seaports: 16

NS Railway & Ports served by NS
NS Manufacturing Network Flows

% of NS Mfg. Revenue

- Auto: 18%
- Paper: 19%
- Chemicals: 35%
- MetCon: 28%
NS Agriculture Network Flows

% of NS Agriculture Revenue

- Corn: 18%
- Soybeans: 4%
- Ethanol: 16%
- Fertilizers: 10%
- Sweeteners: 12%
- Other: 40%

Corn: 18%
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Our Agriculture Network

Agriculture

- NS serves more than 330 shippers and receivers of corn and soybeans
- Extensive Ag network for domestic and export grain markets
- Extensive supply chain support for ethanol producers and distributors
- Projected rise in global demand

% of NS Agriculture Revenue

- Corn 18%
- Soybeans 4%
- Ethanol 16%
- Sweeteners 12%
- Fertilizers 10%
- Other 40%
Golden Triangle volume represents approx. 90% of total NS Intermodal volume.
Our Intermodal Network

Intermodal

- Extensive distribution network
- 97% of network cleared for doublestack
- Public/private partnerships
- Investment in key corridors and equipment
- Terminal network supports East Coast and West Coast flows

% of NS Intermodal Revenue

- Domestic: 42%
- International: 29%
- Triple Crown: 18%
- Premium: 11%
Revenue
$2.7 Billion, **down (7%)**

RPU
$1,509, **down (5%)**

Volume
1,785,000 units, **down (1%)**
Primary Negative Mix Drivers
Third Quarter 2012 vs. 2011

- Coal volume down (14%) or (57,000) units at an average revenue per unit of $2,000
- Intermodal volume up 5%, or 40,000 units, with average revenue per unit of $650
- Met/Con volume down (7%), or (13,000) with average RPU of $1,900
- Agriculture volume flat, but negative mix within due to increase in shorter haul business with lower than average RPU

As a share of the total volume in the quarter, Coal volume fell by 3% points from the third quarter 2011 while Intermodal share increased by 3% points.
Total volume down (1%)  
90% of decline in September

Coal down (14%)  
(15%) decline in Utility  
(7%) decline in Export  
(17%) decline in Domestic Met

Intermodal up 5%  
11% gain in Domestic more than offsets (1%) decline in International

Merchandise down (1%)  
Declines in MetCon and Paper partially offset by Automotive and Chemical gains
Coal Comparisons
Third Quarter 2012 vs. 2011

Revenue
Down 22%

Revenue per Unit
Down 9%

Volume
Down 14%
Coal Market
Third Quarter 2012 vs. 2011

Volume of 348,200 units, down (14%)

Utility
Continued competition from natural gas and reduced demand for electricity

Export
Baltimore down (15%)
Lamberts Point down (6%)

Domestic Met
Decelerating steel production and closure of RG Steel

3Q 2012 Volume (000’s) & y-o-y Percent Change

- Industrial: 16.2 (16%)
- Met: 49.2 (17%)
- Export: 57.7 (7%)
- Utility: 225.1 (15%)
Intermodal Comparisons
Third Quarter 2012 vs. 2011

Revenue
3% Increase

Revenue per Unit
2% Decrease

Volume
867,100 units, up 5%
Volume of 867,100 units, up 5%

**Domestic**
- Continued highway conversions
- Tightening truck capacity

**International**
- Negative comp partially offset by other gains across International customer base

**Triple Crown**
- Soft retail activity and retooling at automotive plants

**Premium**
- Increased volumes with key accounts

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**3Q 2012 Volume (000’s) & y-o-y Percent Change**

- **Domestic**
  - 434.9
  - +11%

- **International**
  - 292.2
  - (1%)

- **Premium**
  - 66.8
  - +3%

- **Triple Crown**
  - 73.2
  - (3%)
Crescent Corridor
Sets the Stage for up to 34 New Service Lanes in 2013
Merchandise Comparisons
Third Quarter 2012 vs. 2011

Revenue
$1.4 Billion, down (1%)

RPU
Up 1%

Volume
569,700 units, down (1%)
Volume of 569,700 units, down (1%)

**MetCon**
Lower iron & steel shipments driven by RG steel closure and weaker volumes of aggregates and frac sand

**Agriculture**
Higher shipments of soybeans and feed offset decline in ethanol and wheat

**Chemicals**
Growth in crude oil; currently shipping crude oil to six NS served refineries

**Automotive**
Increased light vehicle production tempered by retooling/model changes

**Paper**
Declines in pulp and waste partially offset by lumber gains

3Q 2012 Volume (000’s) & y-o-y Percent Change

- **Agriculture**: 142.6 (--)%
- **Automotive**: 85.8 (+7%)
- **Chemicals**: 99.0 (+4%)
- **Paper**: 76.7 (5%)
- **MetCon**: 165.6 (7%)
Drilling Activity in NS Service Region

27% Decline in Active Rig Counts

Active Rigs

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(27%)

Source: RigData
Third Quarter Automotive Volume Drivers

- Transfer of Ford Escape from Kansas City Assembly to Louisville Assembly
- Increased production of Ford F-150 at Kansas City
- Extended downtime for retooling at two NS served GM assembly plants
- Growth at other NS served plants
Crude Oil to East Coast, Gulf Coast and Midwest Refineries

- Efficient and direct routing to East Coast, Gulf Coast and Midwest refineries
- Unit train staging & delivery
Business Outlook

**Coal**
- Utility coal impacted by competition from natural gas and reduced demand for electricity
- Softer domestic metallurgical market to support steel production
- Weaker demand in European and Asian markets for both met and steam coal

**Intermodal**
- Continued opportunities for highway conversion
- New Intermodal service lanes ahead as new corridor terminals open
- Growth with international shipping partners excluding negative Maersk comp
- Expansion in premium market segment

**Merchandise**
- Project growth in crude oil
- Declining demand for sand and other materials for natural gas drilling
- Continued automotive growth but tougher comps
- Reduced U.S. corn and soybean crop
Still an active NS freight marshalling yard
NS designs in 2012
Cost constrained
Phasing necessary
AMTRAK proposed design
Maintains current passenger service
Thank You