Dr. Rob Martínez
Vice President Business Development
January 2015
$11.6 Billion in Revenue
Major Drivers of Our Business

- Energy
- Manufacturing
- Intermodal
- Agriculture
Shale Gas Production

Monthly dry shale gas production
billion cubic feet per day

- Marcellus (PA & WV)
- Haynesville (LA & TX)
- Eagle Ford (TX)
- Fayetteville (AR)
- Barnett (TX)
- Woodford (OK)
- Bakken (ND)
- Antrim (MI, IN, & OH)
- Utica (OH, PA & WV)
- Rest of US 'shale'

Sources: EIA derived from state administrative data collected by DrillingInfo Inc. Data are through December 2014 and represent EIA's official shale gas estimates, but are not survey data. State abbreviations indicate primary state(s).
U.S. Electricity Generation by Source

Source: EIA Annual Energy Outlook 2014
Petroleum and Coal Products Exports and Imports

*in Billions of Dollars*

2013 Trade Surplus: $28.5 Billion

Source: National Association of Manufacturers; Bureau of Economic Analysis
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under pressure</td>
<td>Traditionally low-cost countries whose deteriorating competitiveness is driven by a wide range of factors</td>
<td>Brazil, China, Czech Republic, Poland, Russia</td>
</tr>
<tr>
<td>Losing ground</td>
<td>Traditionally high-cost countries whose competitiveness continues to deteriorate, because of weak productivity gains and higher energy costs</td>
<td>Australia, Belgium, France, Italy, Sweden, Switzerland</td>
</tr>
<tr>
<td>Holding steady</td>
<td>Countries roughly maintaining their relative competitiveness versus global leaders</td>
<td>India, Indonesia, Netherlands, United Kingdom</td>
</tr>
<tr>
<td>Rising global stars</td>
<td>Improved competitiveness compared with the others, because of moderate wage growth, sustained productivity gains, stable exchange rates, and energy cost advantages</td>
<td>Mexico, United States</td>
</tr>
</tbody>
</table>

Source: BCG analysis.
EXHIBIT 3 | The Relative Cost Competitiveness of the Top 25 Export Economies Has Shifted Dramatically

Cost competitiveness
- Unchanged or improved
- Declined by 10 to 14 points
- Declined by 1 to 4 points
- Declined by 5 to 9 points
- Declined by 15 or more points
- Economies not among the top 25 exporters

Source: BCG analysis.
Labor Costs in the Manufacturing Sector

Indexed Unit Labor Costs in the Manufacturing Sector of Selected Countries, 2000–2012

Manufacturing Production

Source: National Association of Manufacturers; Federal Reserve Board
ISM Manufacturing Index

Source: Institute for Supply Management
Vehicle Production and Sales

- North American Light Vehicle Production expected to continue growing steadily to 18.1 million vehicles in 2017
- U.S. Light Vehicle Sales projected to grow to over 17.0 million vehicles by 2016

Source: WardsAuto, January 2015
U.S.-Manufactured Goods Exports, 2000-2013

Billions of Dollars, Seasonally Adjusted

Source: National Association of Manufacturers; U.S. Department of Commerce
Manufacturing Employment Growth

December 2007 = 100

Source: National Association of Manufacturers; Bureau of Labor Statistics
FDI in manufacturing grew by $399.1 billion from 2005 to 2012, increasing by nearly 80 percent.
U.S. Dollar Versus Major Currencies

Trade Weighted

Index March 1973 = 100

Source: Federal Reserve Bank of St Louis
Scratching the Surface

Significant opportunity for growth remains

Total US Truck and IM Moves Over 550 Miles

Drivers of highway conversion

- Highway congestion
- Driver wages
- Regulatory action
- Environmental
- Fuel cost

Source: TTX; IANA
Intermodal Volume: 2003 - 2014

Intermodal Volume

Business Segments: 2014

- Truckload: 46%
- Int'l: 33%
- Premium: 9%
- IMC: 12%

DOMESTIC INTERNATIONAL PREMIUM TRIPLE CROWN
Intermodal Market Drivers

- **For Ship Lines:**
  - Increased deployment of Suez services utilizing post-Panamax ships at East Coast ports.
  - Streamlined, efficient rail interchanges from West Coast gateways to heartland markets.

- **For Ports:**
  - Increasing use of rail inland distribution points to maximize capacity and efficiency of marine terminals.

- **For BCO shippers:**
  - Sustainable capacity and cost-savings vs. OTR in key short haul markets.

- **Risks:**
  - Global economic conditions
International Volume
2010 - 2014

Volume

Volume Distribution*

*Volume distribution for 1Q-3Q 2014 only
International Trade Characteristics

NS East Coast vs. West Coast Market Share

- 2006
- 2008
- 2010
- 2012
- 2014*

- East Coast
- West Coast

NS International Length of Haul

- Up to 600 Miles (965 km)
- 600-1200 Miles (966-1930 km)
- Over 1200 Miles (1930 km)

- Share growth in points from 2006 to 2014

Note: * 2014 through November
US Import/Export Container Volume Growth

January – October 2014 vs. 2013

Source: Port Websites; WC: LAX, LGB, OAK, PDX, SEA, TAC; EC: NYC, BAL, ORF, CHS, SAV
Global Changes Increase Opportunity
Where is the Opportunity?

With improvements in service and facilities, intermodal is becoming more competitive in shorter distances, absorbing more of the projected growth in freight.

Source: FRA’s National Rail Plan; Hub Group
Record Corn and Soybean Crops

Corn for Grain Production
United States

Soybean Production
United States

Source: USDA, National Agricultural Statistics Service
Agriculture is also a driver
Thank You