



## Forward-Looking Statements

This information and other statements by the company may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to, among other items: projections and estimates of earnings, revenues, volumes, rates, cost-savings, expenses, taxes, liquidity, capital expenditures, dividends, share repurchases or other financial items, statements of management's plans, strategies and objectives for future operations, and management's expectations as to future performance and operations and the time by which objectives will be achieved, statements concerning proposed new services, and statements regarding future economic, industry or market conditions or performance. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "project," "estimate," "preliminary" and similar expressions. Forward-looking statements speak only as of the date they are made, and the company undertakes no obligation to update or revise any forward-looking statement. If the company updates any forward-looking statement, no inference should be drawn that the company will make additional updates with respect to that statement or any other forward-looking statements.

Forward-looking statements are subject to a number of risks and uncertainties, and actual performance or results could differ materially from that anticipated by any forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by any forward-looking statements include, among others; (i) the company's success in implementing its financial and operational initiatives; (ii) changes in domestic or international economic, political or business conditions, including those affecting the transportation industry (such as the impact of industry competition, conditions, performance and consolidation); (iii) legislative or regulatory changes; (iv) the inherent business risks associated with safety and security; (v) the outcome of claims and litigation involving or affecting the company; (vi) natural events such as severe weather conditions or pandemic health crises; and (vii) the inherent uncertainty associated with projecting economic and business conditions.

Other important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are specified in the company's SEC reports, accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) and the company's website at [www.csx.com](http://www.csx.com).

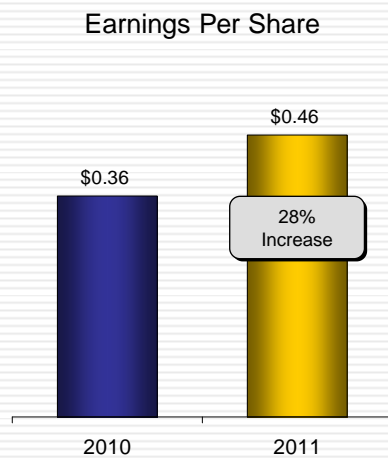
## Executive Summary

Michael Ward  
Chairman, President and  
Chief Executive Officer



## Second quarter performance . . .

Volume 1,646K    Revenue \$3,019M    Operating Income \$926M    Operating Ratio 69.3%    EPS \$0.46



### ■ Revenue growth

- Driven by volume growth, core pricing and fuel recovery

### ■ Operating performance

- Delivered strong safety results
- Service levels fluid and expecting further improvements

### ■ Record financial results

- Operating income increases 21% to \$926 million
- Operating ratio improves 190 bps to 69.3%

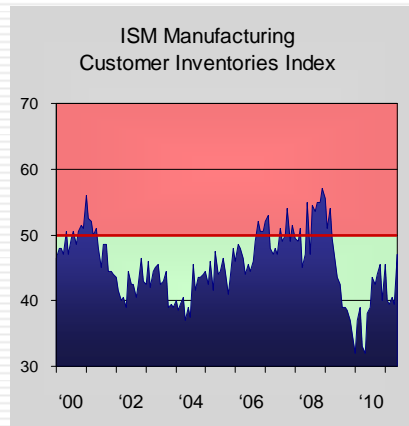
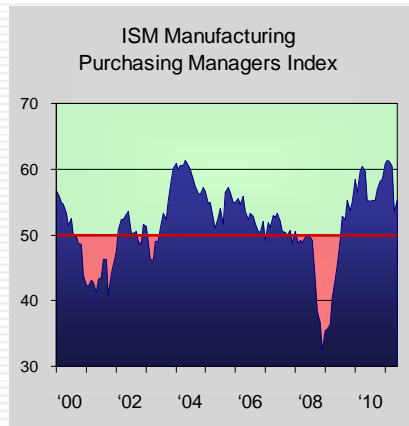


## Sales and Marketing Review

Clarence Gooden  
Executive Vice President  
Sales and Marketing

## Economy completing second year of expansion

Industrial economy expanding . . . . . and inventories remain low

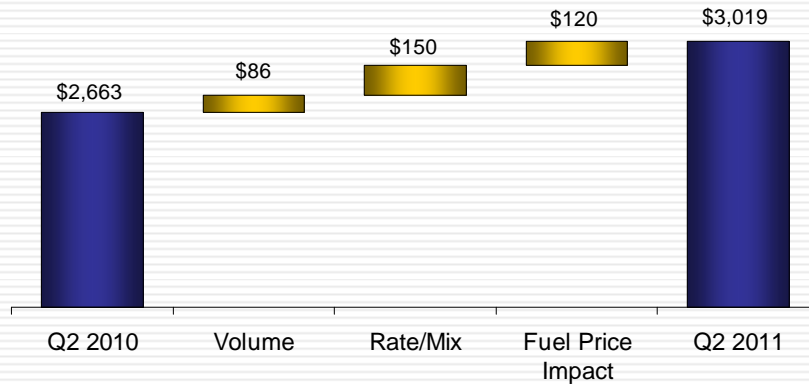


Source: Institute for Supply Management

## Revenue increases 13%

Revenue \$3,019M Volume 1,646K RPU \$1,834

### Revenue in Millions



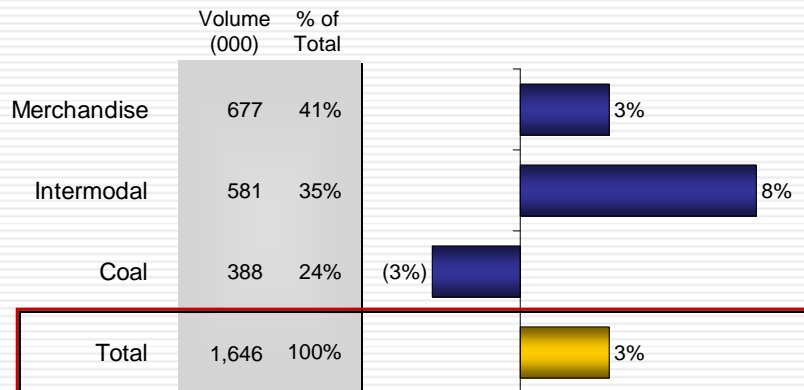
7

Now tomorrow more

## Total volume increases 3%

Revenue \$3,019M Volume 1,646K RPU \$1,834

### Year-Over-Year Change in Volume



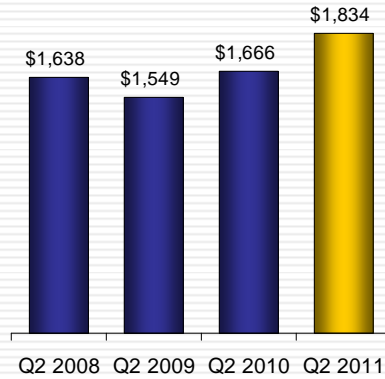
8

Now tomorrow more

## Revenue per unit increases 10%

Revenue \$3,019M Volume 1,646K RPU \$1,834

### Revenue Per Unit



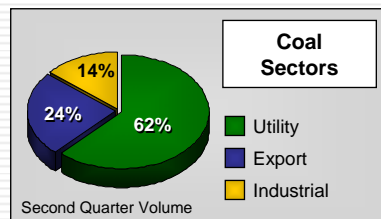
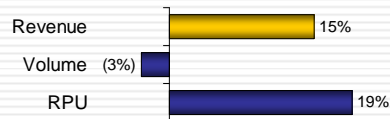
### Second quarter summary

- Same store sales pricing up 7.2% year-over-year
  - Full-year rail inflation is forecasted by Global Insight to be 4.6%
- Increased fuel recovery contributed to RPU growth
- Mix changes reflect strong growth in intermodal volume

## Coal revenue increases 15%

Revenue \$958M Volume 388K RPU \$2,469

### Second Quarter Year-Over-Year Change

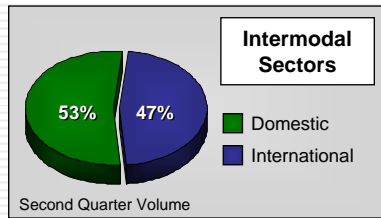
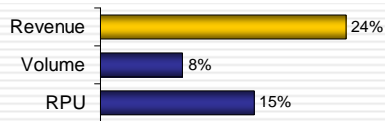


- Second quarter summary
  - Flat demand and low natural gas prices impact utility volume
  - Europe, Asia and South America drive increased export volume
- Ongoing drivers
  - Export volume now expected to be 42-45 million tons in 2011
  - Domestic utility softness is expected to continue
  - Overall coal volume expected to grow in the second half

## Intermodal revenue increases 24%

Revenue \$376M Volume 581K RPU \$647

### Second Quarter Year-Over-Year Change



### ■ Second quarter summary

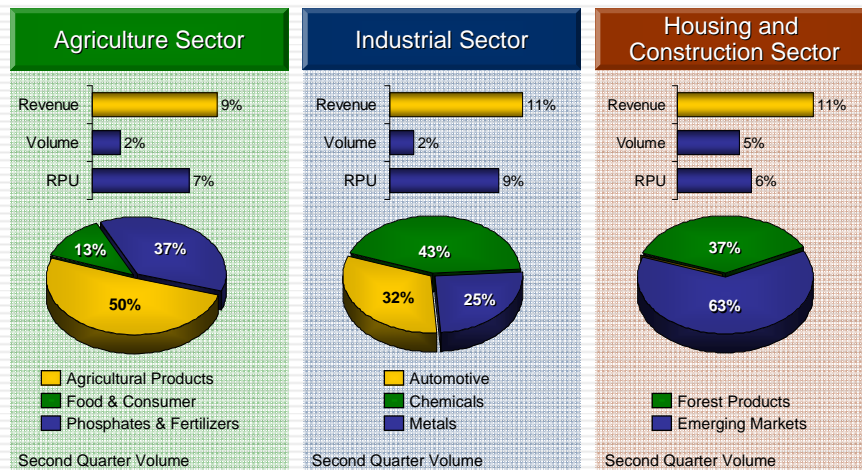
- International growth on solid economy and customer gains
- Domestic volume grew in a tightening truck market
- RPU increases on core pricing gains and fuel recovery

### ■ Ongoing drivers

- Growth driven by increasing imports and truck conversions
- Service offerings expanding through strategic investments

## Merchandise markets show solid revenue growth

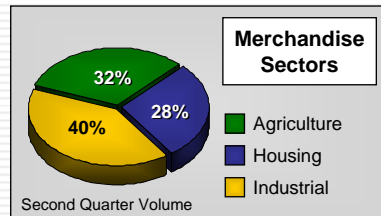
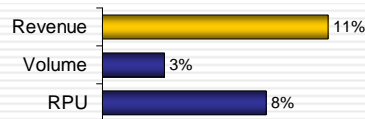
Revenue \$1,612M Volume 677K RPU \$2,381



## Merchandise revenue increases 11%

Revenue \$1,612M Volume 677K RPU \$2,381

### Second Quarter Year-Over-Year Change



### ■ Second quarter summary

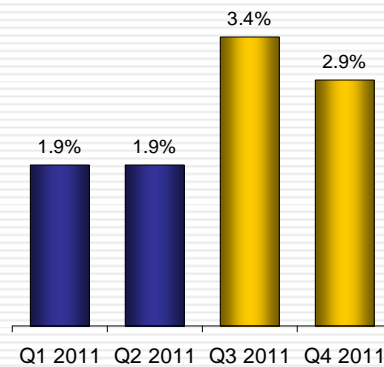
- Volume led by Forest Products, Emerging Markets and Metals
- RPU increases on higher yields and fuel recovery

### ■ Ongoing drivers

- Automotive volume to gradually improve as disruptions ease
- Continued industrial growth drives Metals and Chemicals
- Strength in pulp board offsets continued housing softness

## Sales and Marketing wrap-up . . .

### Gross Domestic Product



Source: Global Insight

### ■ CSX markets still favorable for 2011 and beyond

- Major economic indicators point to sustainable growth

### ■ CSX volume growth expected to exceed GDP and IDP

- Growth expected in Intermodal, Merchandise and Coal markets

### ■ Core pricing expected to exceed rail inflation

- Supports investment to meet long-term customer demand

## Operations Review

David Brown  
Executive Vice President  
Chief Operating Officer

## Building operating performance excellence

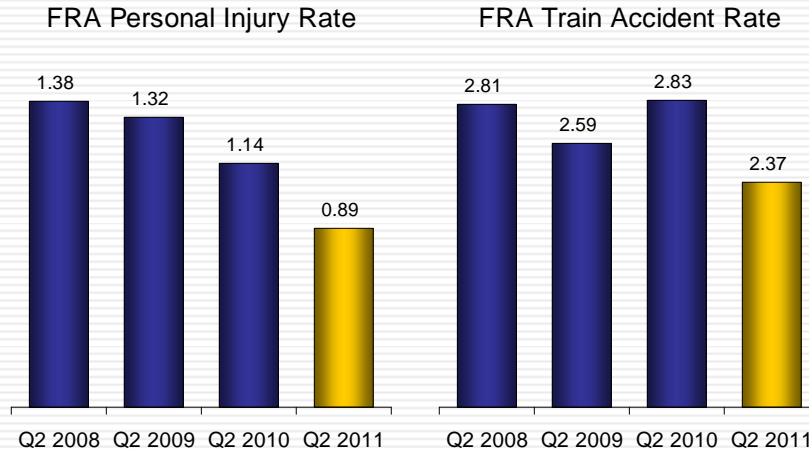
### ■ Culture of commitment focused on driving performance

- **Safety**  
*Safety measures remain strong*
- **Productivity**  
*Additional resources brought on-line*
- **Operations Reliability**  
*Network performance fluid and stable*
- **Customer Service**  
*Taking actions to improve service further*



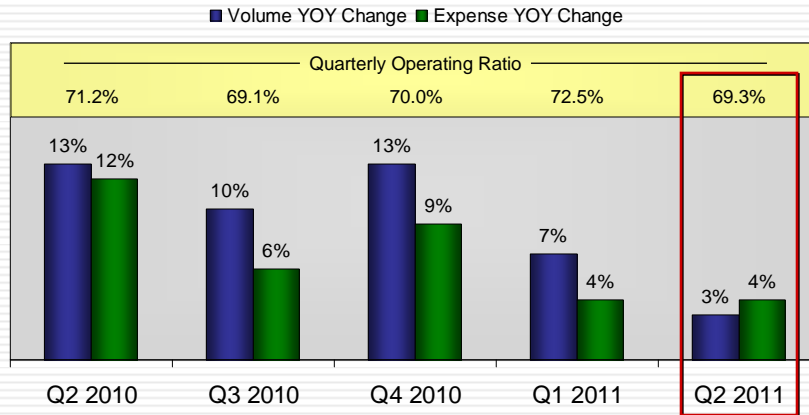


*CSX is a leader in one of Nation's safest industries*



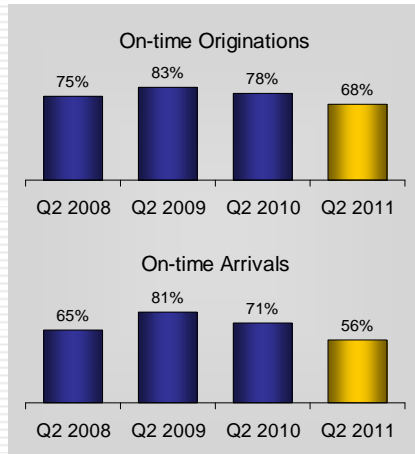
*Expense growth slightly exceeds volume growth*

Non-Fuel Operating Expense Versus Volume

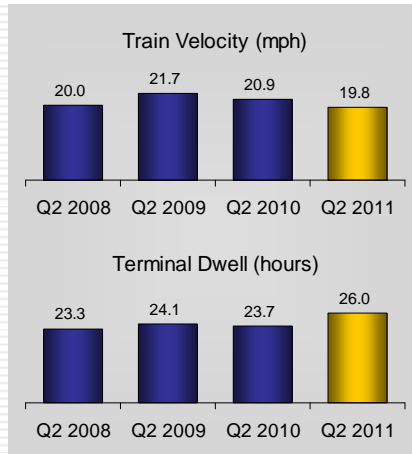


## Operations summary . . .

### Train Performance

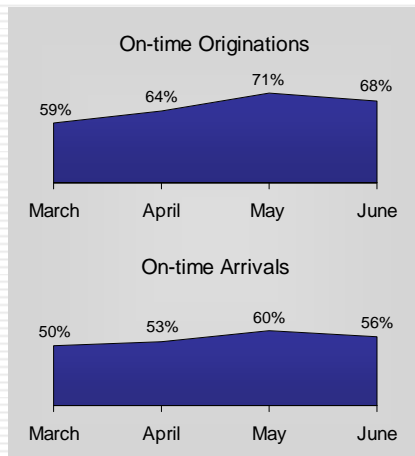


### System Performance

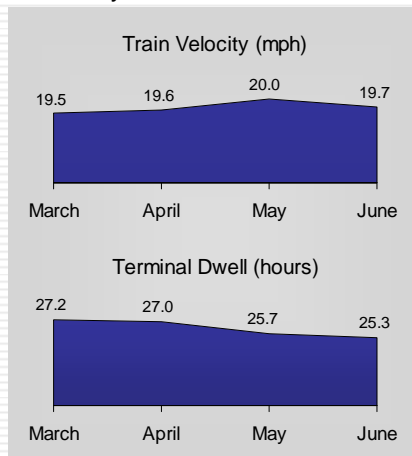


## All measures improve from March levels

### Train Performance



### System Performance



## Committed to further service improvements

- Crew hiring will accelerate in second half
  - T&E personnel will come online at a rate of 30-40 per week
- Locomotive additions will increase recoverability
  - Up to 250 locomotives will be added in the second half
- Car acquisitions will accommodate growth
  - Plans in place to purchase and lease about 3,800 freight cars

High-60's operating ratio still expected with disciplined approach to adding resources

## Operations wrap-up . . .

- Building on strong safety results
  - Sustaining leadership role in one of the nation's safest industries
- Service measures improve from March levels
  - Gains achieved in April and May, with performance stable in June
- Committed to further customer service enhancements
  - Focused deployment of resources expected to improve operations

## Financial Review

Oscar Munoz  
Executive Vice President  
Chief Financial Officer

## Second quarter summary . . .

### Top Line Results

- Driving profitable growth with a solid economic backdrop
- Pricing remains above rail inflation
- Volume growing at rates above the general economy

### Operational Actions

- Resource increase supported growth and service
- Committed to higher customer service levels and further growth
- Adding net 450 T&E employees, 250 locomotives and 3,800 cars

### Record Performance

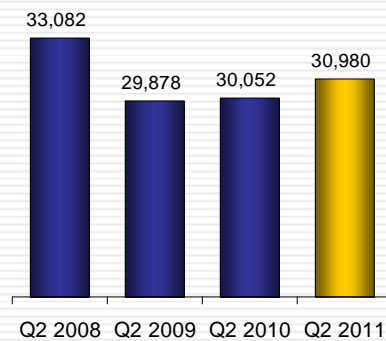
- Operating income of \$926 represents an all-time quarterly record
- Operating ratio of 69.3% is a second quarter record
- Remain on path towards high-60's full-year operating ratio

## Record second quarter financial results

| Second Quarter Results           |                |                |            |
|----------------------------------|----------------|----------------|------------|
| Dollars in millions, except EPS  | 2011           | 2010           | Variance   |
| Revenue                          | \$ 3,019       | \$ 2,663       | 13%        |
| Expense                          | 2,093          | 1,895          | (10%)      |
| <b>Operating Income</b>          | <b>\$ 926</b>  | <b>\$ 768</b>  | <b>21%</b> |
| Interest Expense                 | (134)          | (135)          |            |
| Other Income (net)               | -              | 9              |            |
| Income Taxes                     | (286)          | (228)          |            |
| <b>Net Earnings</b>              | <b>\$ 506</b>  | <b>\$ 414</b>  | <b>22%</b> |
| Fully Diluted Shares in Millions | 1,109          | 1,159          |            |
| <b>Earnings Per Share</b>        | <b>\$ 0.46</b> | <b>\$ 0.36</b> | <b>28%</b> |

## Labor and Fringe expense increases 6%

Employee Headcount



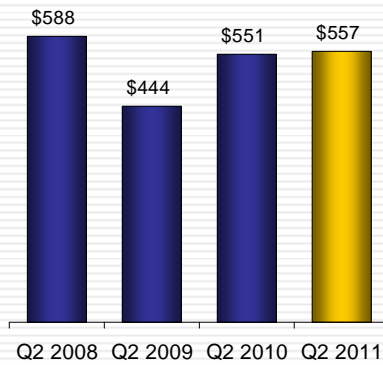
Note: Employee headcount data reflects the average for the quarter

Second Quarter Labor Analysis in Millions

|                           |                 |
|---------------------------|-----------------|
| 2010 Labor Expense        | \$ 721          |
|                           | <u>Variance</u> |
| Inflation                 | (27)            |
| Volume and Other          | (9)             |
| T&E Hiring and Training   | (7)             |
| <b>Subtotal</b>           | <b>(43)</b>     |
| <b>2011 Labor Expense</b> | <b>\$ 764</b>   |

## MS&O expense increases 1%

MS&O Expense  
Dollars in Millions

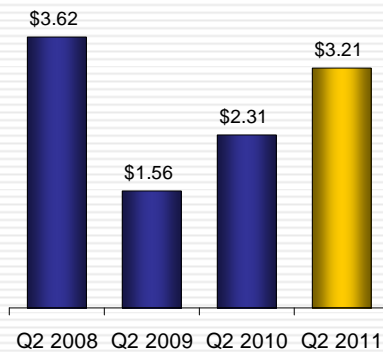


Second Quarter  
MS&O Analysis in Millions

|                              |                 |
|------------------------------|-----------------|
| 2010 MS&O Expense            | \$ 551          |
|                              | <u>Variance</u> |
| Inflation                    | (16)            |
| Piers and Terminals          | (8)             |
| Volume                       | (8)             |
| Other                        | (4)             |
| Prior Year Property Sale     | 30              |
| <b>Subtotal</b>              | <b>(6)</b>      |
| <b>2011 MS&amp;O Expense</b> | <b>\$ 557</b>   |

## Fuel expense increases 42%

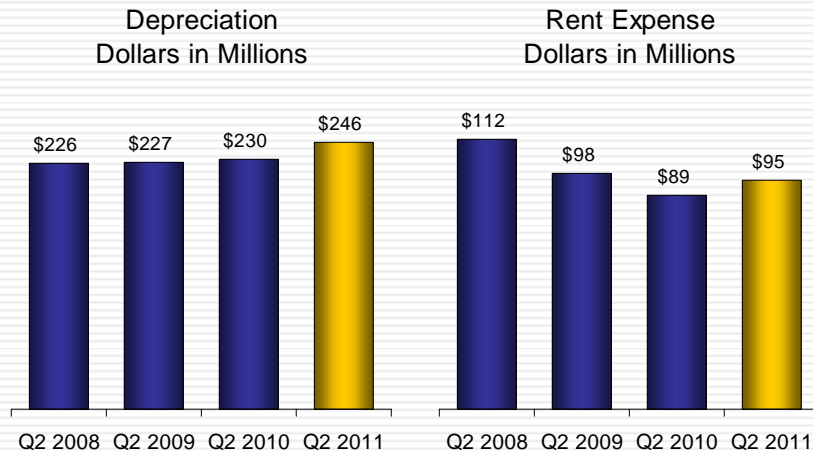
Locomotive Fuel Price  
Dollars per Gallon



Second Quarter  
Fuel Analysis in Millions

|                          |                 |
|--------------------------|-----------------|
| 2010 Fuel Expense        | \$ 304          |
|                          | <u>Variance</u> |
| Price                    | (112)           |
| Volume and Efficiency    | (8)             |
| Non-locomotive Fuel      | (7)             |
| <b>Subtotal</b>          | <b>(127)</b>    |
| <b>2011 Fuel Expense</b> | <b>\$ 431</b>   |

## Depreciation and rents each increase 7%



## Full-year outlook remains favorable

- Volume growth expected to exceed GDP and IDP
- Core pricing is expected to remain above rail inflation
- Investing \$2.2 billion to drive long-term value creation
- Export coal volume now expected to be 42-45 million tons
- On track towards high-60's full-year operating ratio

## Long-term earnings guidance through 2015 . . .



|                    | 2010<br>Base  | 2011 – 2015<br>Guidance |
|--------------------|---------------|-------------------------|
| Operating Ratio    | 71.1%         | 65% by 2015             |
| Operating Income   | \$3.1 billion | 12% – 14% CAGR          |
| Earnings Per Share | \$1.35        | 18% – 20% CAGR          |

31

How tomorrow moves

## . . . supports strong capital deployment

### Capital Investment

- Business investment is the first priority of balanced approach
- Increases to \$2.2 billion for 2011, primarily to acquire coal cars
- Still expect 2011 – 2015 investment to average 18% of revenue

### Dividends

- Dividends represent the second priority of balanced approach
- Increased the quarterly dividend 38% in May
- Payout between 30% – 35% of TTM earnings; reviewed annually

### Share Repurchase

- Repurchases represent the third priority of balanced approach
- Already repurchased \$228 million under new \$2.0 billion program
- Expect annual buybacks of \$1.0 billion thereafter through 2015

32

How tomorrow moves



*Concluding Remarks*

Michael Ward  
Chairman, President and  
Chief Executive Officer



*Relentless pursuit of excellence . . .*





**2011 SECOND QUARTER**  
EARNINGS CONFERENCE CALL