

## 2012 BAIRD'S INDUSTRIAL CONFERENCE

### 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, margins, 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 "will," "should," "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).

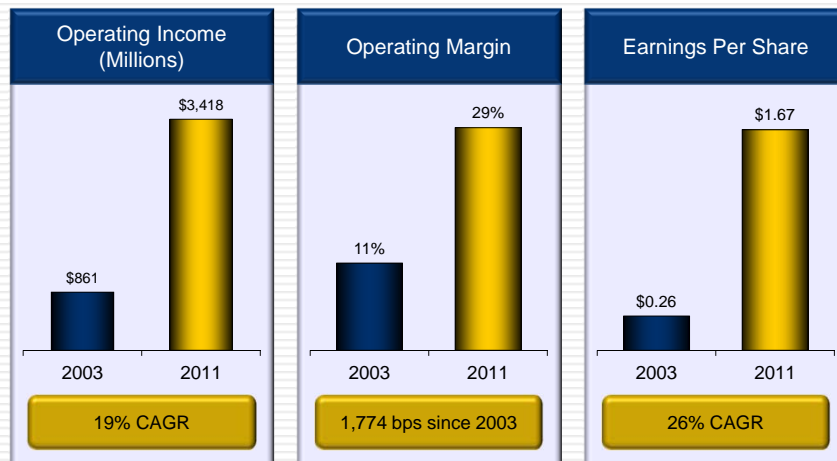
## Leading transportation company in North America

- Top-tier performance sustained since 2003
  - Earnings growth, margin expansion, distributions to investors and stock returns
- Economic environment in the U.S. has moderated
  - CSX has proven it can deliver superior results, even in challenging environments
- CSX has strong foundation to support long-term growth
  - Network access and service levels leverage market opportunities
- Macro-trends favor CSX and the railroad industry
  - Domestic and global growth drive longer-term potential

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## Delivered sustained superior financial performance

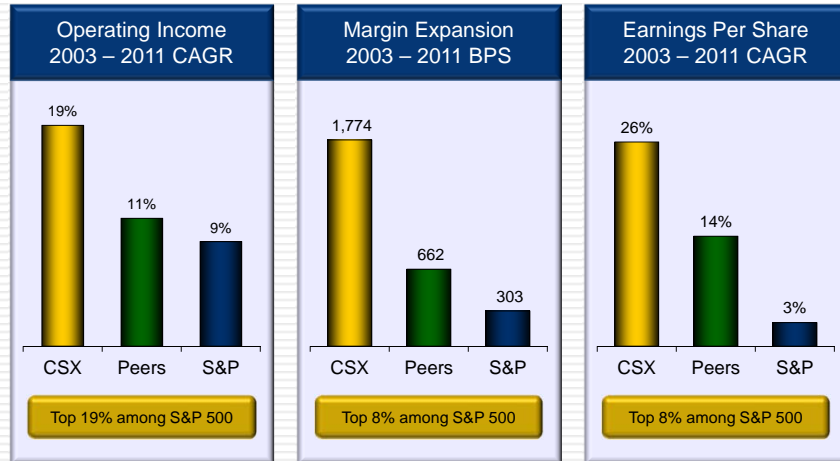


Note: See GAAP Reconciliation for 2003 in Appendix

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## Performance is top-tier among peers and S&P 500



Note: See GAAP Reconciliation for 2003 in Appendix

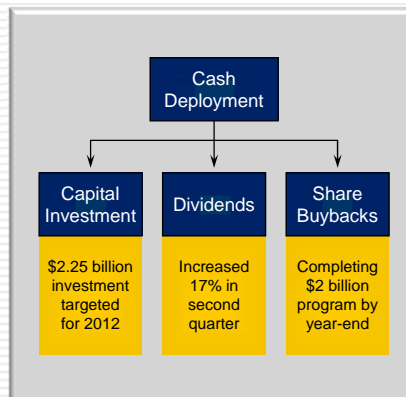
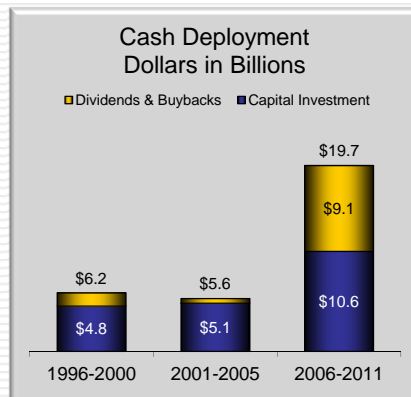
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## Performance supports strong cash deployment

CSX has pursued a balanced approach since 2005 . . .

. . . and recent actions underscore its focus



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## Framework for capital deployment through 2015

### Capital Investment

- Investment is the first priority of balanced approach
- Historical average investment has been 16% of revenue
- Trend reflects increasing investment in recent years
- Core capital investment to average 16-17% of revenue
- PTC investment is an overlay and expect to total \$1.7 billion

### Dividends

- Dividends are the second priority of balanced approach
- Quarterly dividend increased ten times since 2005
- Dividends to be 30% – 35% of TTM earnings per share
- Dividend increased 17% during the second quarter
- Expected increases to be announced annually in May

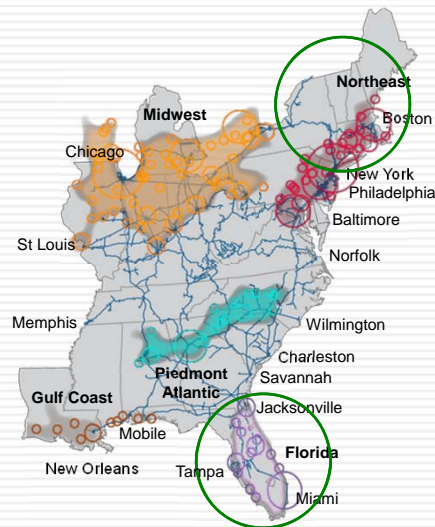
### Buybacks

- Buybacks are the third priority of balanced approach
- CSX has repurchased \$7.7 billion since 2005
- Current \$2 billion program to be completed by end of 2012
- Buybacks funded primarily through free cash flow
- New program expected to be announced upon completion

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## CSX's network provides competitive advantage



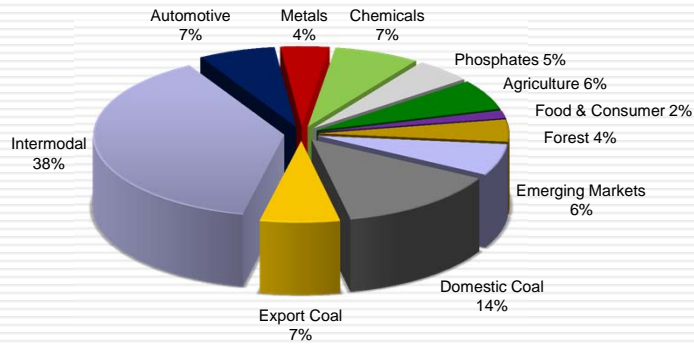
- CSX serves over two thirds of U.S. population
- Significant majority of U.S. consumption in the east
- Connects all mega-regions in the eastern U.S.
- Network positioned to compete for new businesses
- Superior market reach into Northeast and Florida

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## CSX's business base diverse across many markets

2012 Year-to-Date Volume  
5.4 million Units



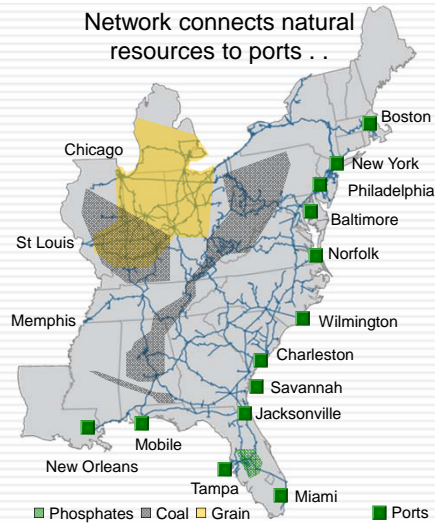
Note: Volume data is through week 43, ending October 26, 2012

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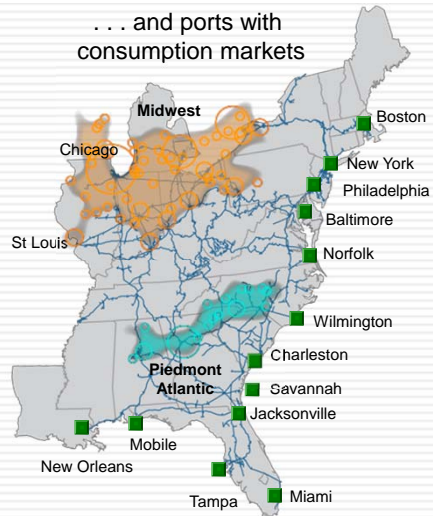
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## Network positioned for long-term profitable growth

Network connects natural resources to ports . . .



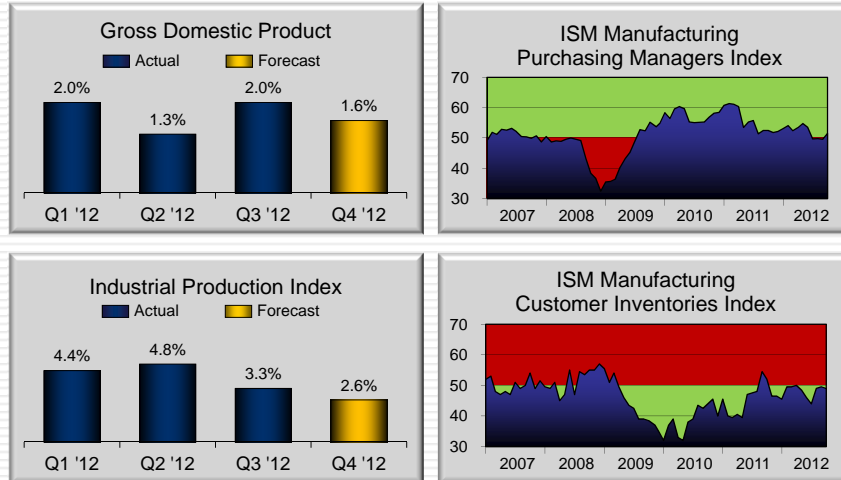
. . . and ports with consumption markets



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## Economic environment has moderated from first half

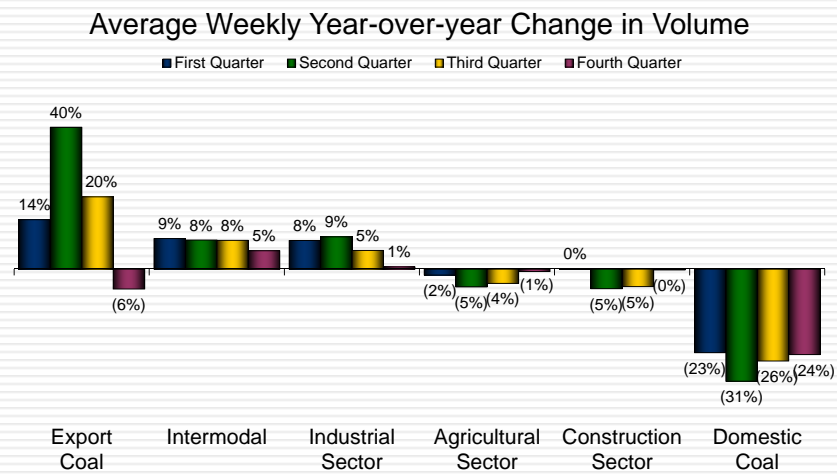


Source: Global Insight and ISM

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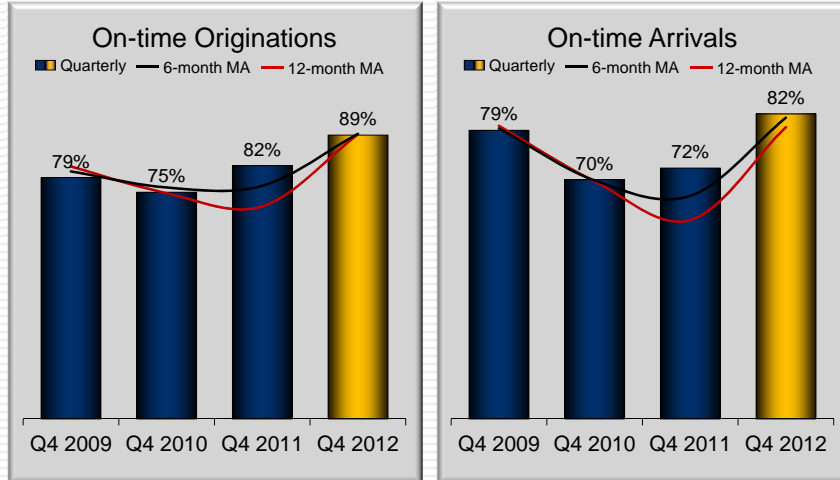
## Volume growth has been moderating across sectors



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## Strong service foundation for inflation-plus pricing

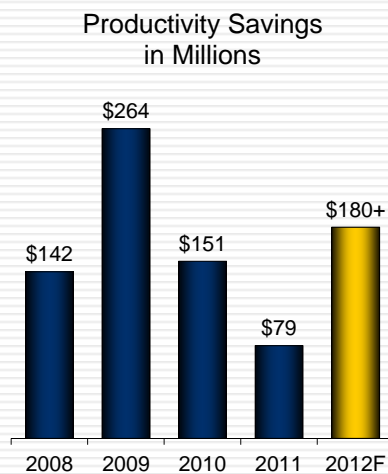


Note: Fourth Quarter 2012 performance is based on data through week 43, ending October 26, 2012

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## Service and operating efficiency drive productivity



- Productivity savings on track to exceed \$180 million

- High service levels improving asset utilization
- Reduced overtime across all operating departments
- Fuel efficiency increasing

- Continuing to adjust resources to match volume

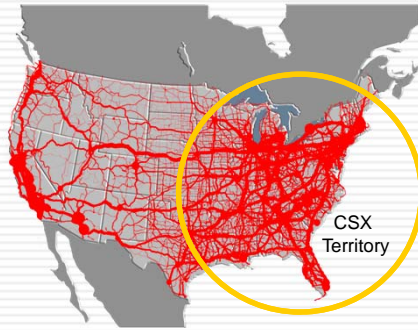
- In excess of 500 T&E employees on furlough or retention boards
- More than 300 locomotives currently in storage

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## Long-term trends in the U.S. are favorable for CSX

Eastern U.S. highway congestion favors rail transportation long-term



- Freight demand projected to grow significantly by 2040
- Highways already congested, especially in the eastern U.S.
- Recession amplified funding challenges for highways
- Solving trucking challenges through rail partnerships

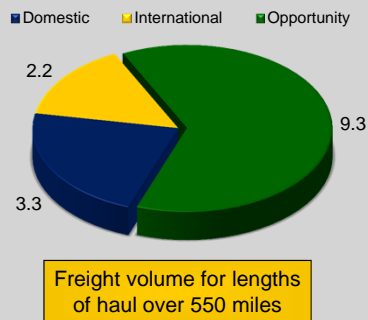
Source: USDOT FHWA Freight Analysis Framework

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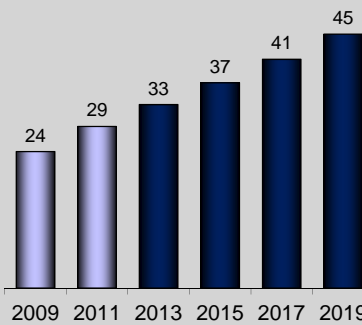
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## Intermodal growth opportunity is substantial

Domestic Eastern Opportunity  
Total Market: 15 Million Units



International Opportunity  
U.S. Container TEU's in Millions



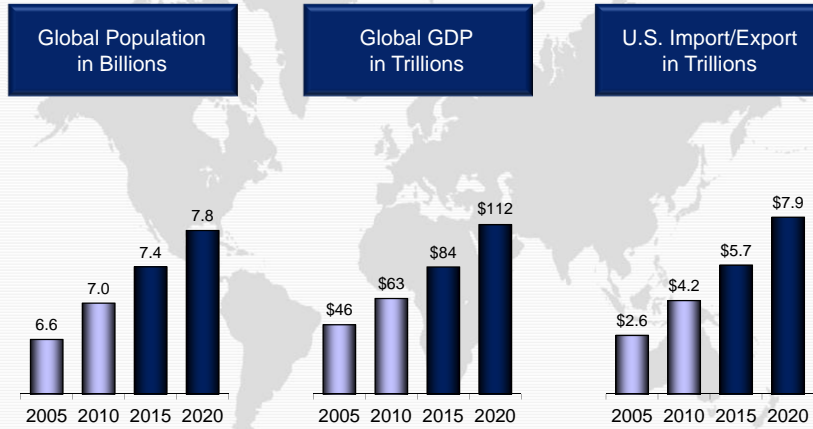
Sources: Global Insight's Transearch data, company reports, TTX, PIERS/JOC, TranSystems 2011

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## Rail demand also benefits from global trends

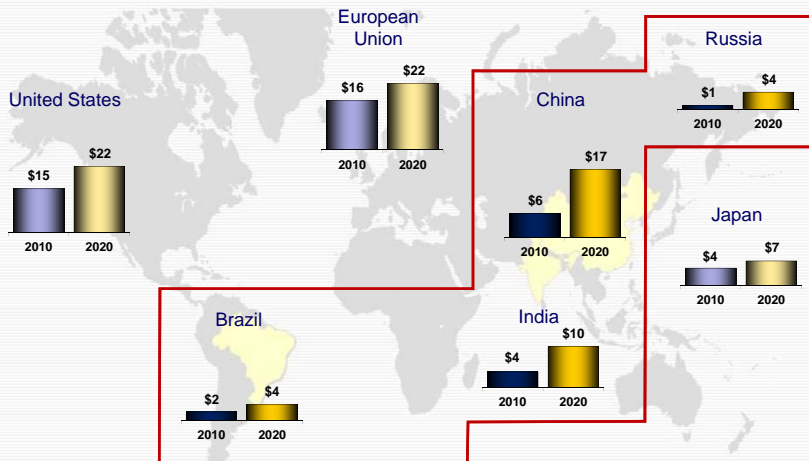


Source: UN, Department of Economic and Social Affairs, Population Division (2011), IMF, World Economic Outlook Database, April 2012, Global Insight, U.S. Economic Outlook, August 2012

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## Global GDP growth is led by developing nations



Note: GDP expressed in trillions. Source: International Monetary Fund, World Economic Outlook Database, April 2012

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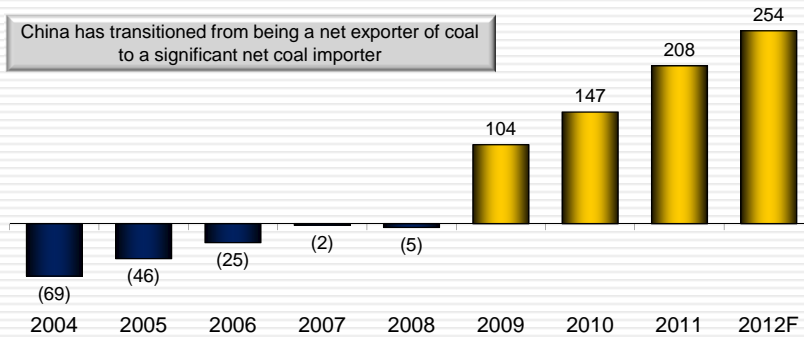
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## Change in China coal demand creates opportunity

China Coal Trade  
Metric Tons in Millions

■ Net Exports ■ Net Imports

China has transitioned from being a net exporter of coal to a significant net coal importer



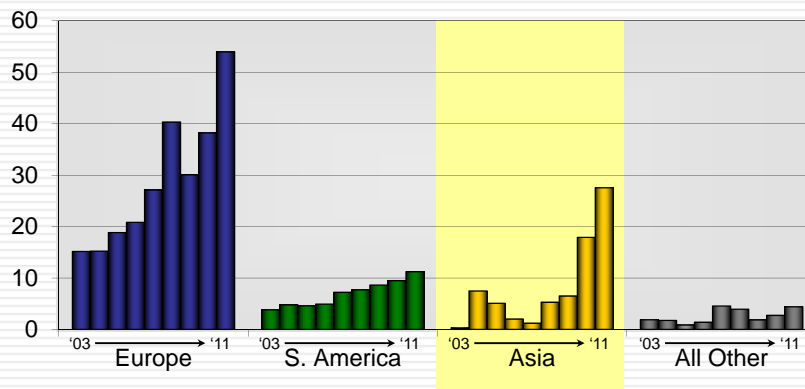
Sources: Energy Information Administration, Doyle Trading Consultants, & China Coal Resource

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## Seaborne demand for U.S. coal is increasing

Total U.S. Seaborne Coal Exports  
Net Tons in Millions



Source: Energy Information Administration

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## Wrap-up . . .

- Remain on-track for earnings growth in 2012
  - Reflects eighth year of improvement over last nine years
- Economic environment in the U.S. has moderated
  - Company will stay focused on pricing, productivity, resource alignment
- CSX has strong foundation to support long-term growth
  - Network access and service levels leverage market opportunities
- Continue to target a 65% operating ratio by 2015
  - Although the path forward is now more challenging

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## Appendix

## GAAP Reconciliation Disclosure

CSX reports its financial results in accordance with generally accepted accounting principles ("GAAP"). However, management believes that certain non-GAAP financial measures used to manage the company's business that fall within the meaning of Regulation G (Disclosure of Non-GAAP Financial Measures) by the SEC may provide users of the financial information with additional meaningful comparisons to prior reported results.

In press releases and presentation slides for stock analysts, CSX has provided financial information adjusted for certain items, which are non-GAAP financial measures. The company's management evaluates its business and makes certain operating decisions (e.g., budgeting, forecasting, employee compensation, asset management and resource allocation) using these adjusted numbers.

Likewise, this information facilitates comparisons to financial results that are directly associated with ongoing business operations as well as provides comparable historical information. Lastly, earnings forecasts prepared by stock analysts and other third parties generally exclude the effects of items that are difficult to predict or measure in advance and are not directly related to CSX's ongoing operations. A reconciliation between GAAP and the non-GAAP measure is provided. These non-GAAP measures should not be considered a substitute for GAAP measures.

## GAAP Reconciliation

### Full Year 2003 Results

Dollars in millions	2003
<b>Operating Income</b>	\$ 499
Casualty Reserve Adjustments	232
Legal Settlements	108
Restructuring Charge	22
<b>Comparable Operating Income</b>	<b>\$ 861</b>
<b>Operating Ratio</b>	93.4%
Casualty Reserve Adjustments	(3.1%)
Legal Settlements	(1.4%)
Restructuring Charge	(0.3%)
<b>Comparable Operating Ratio</b>	<b>88.6%</b>
<b>EPS from Continuing Operations</b>	\$ 0.09
Casualty Reserve Adjustments	0.11
Legal Settlements	0.05
Restructuring Charge	0.01
<b>Comparable EPS from Continuing Operations</b>	<b>\$ 0.26</b>


Note: Results have been adjusted for the retrospective change in accounting policy for rail grinding and stock split

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