



**2013 WELLS FARGO SECURITIES**  
INDUSTRIAL & CONSTRUCTION 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).

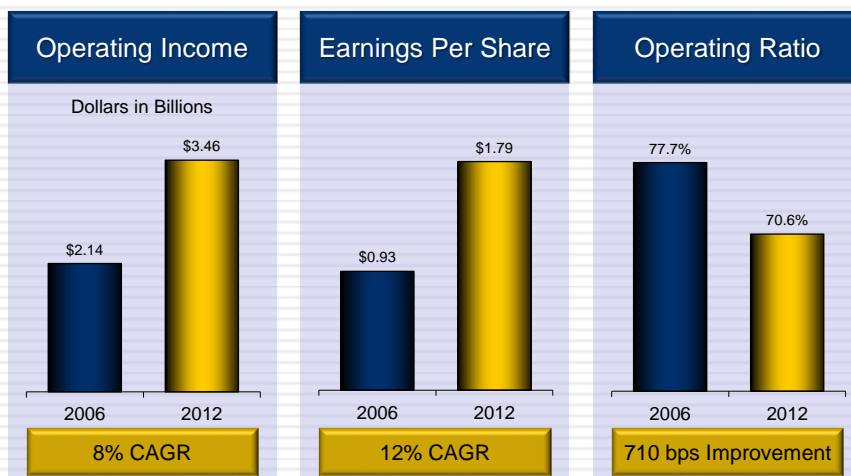
## Presentation overview . . .

- CSX has a long-term proven track record of success
  - Performance has been sustained even through challenging business conditions
- Company's network reaches all major eastern markets
  - Connects population centers, ports, manufacturing and natural resources
- Business portfolio diversified across broad market base
  - Merchandise and intermodal volume accounts for 80% of total business
- Long-term guidance builds on strong foundation
  - Shareholder distributions reinforce management's confidence in CSX's future

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How tomorrow moves [CSX]

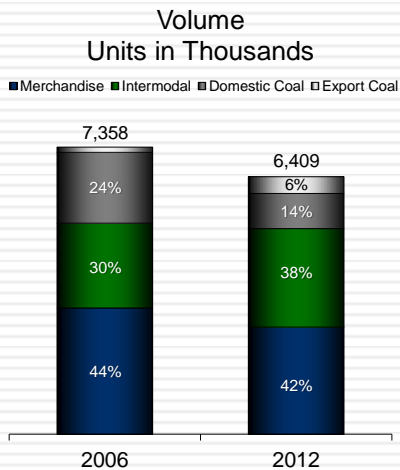
## Financial performance strong since freight recession



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How tomorrow moves [CSX]

## Volume decline and mix shift has been significant



- Merchandise decline
  - Industrial and housing economies have suppressed recovery
- Intermodal growth
  - Driven by highway conversions and new customers
- Domestic coal decline
  - Driven by natural gas substitution
- Export coal growth
  - Driven by secular long-term global trends

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How tomorrow moves **CSX**

## First quarter performance sustains track record

### First Quarter Performance

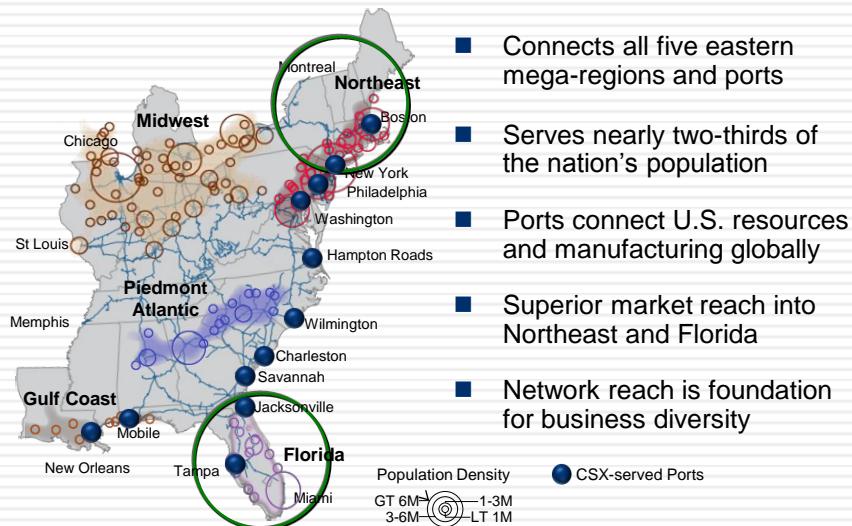
Dollars in millions	2013	Variance
Revenue	\$2,958	—%
Expense	2,083	1%
Operating Income	875	2%
Operating Ratio	70.4%	70 bps
Net Earnings	\$ 459	2%
EPS	\$0.45	5%

- Revenue
  - Coal headwinds offset by gains in merchandise and intermodal
- Expense
  - Safety and service levels drive strong performance
  - Efficiency savings on track to exceed \$150 million in 2013
- Unique Items
  - Liquidated damages, deferred gains and lower tax rate

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## Network well positioned for eastern U.S. growth

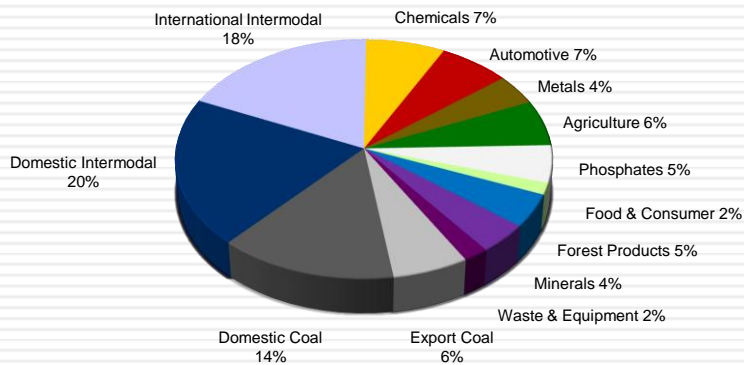


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How tomorrow moves **CSX**

## Business diversified across broad market base

2012 Volume by Market  
6.4 Million Units



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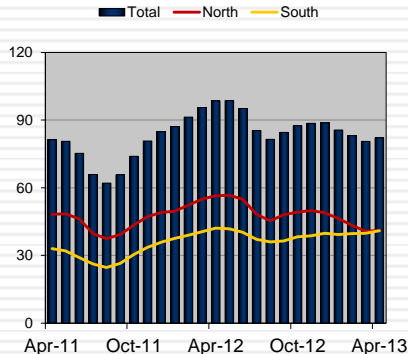
# Gas prices have risen, but inventories remain high

Domestic Coal

### Henry Hub Natural Gas Price (per mmbtu)



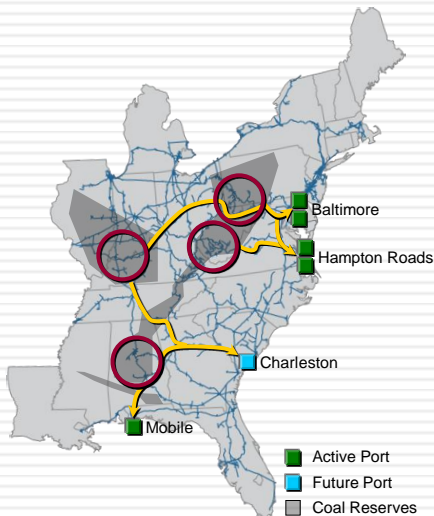
### Utility Stockpiles Millions of Short Tons



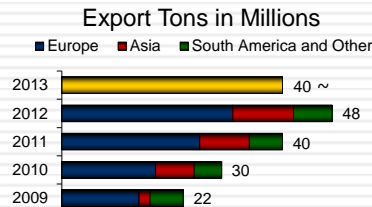
Source: EIA, Doyle Trading Consultants and PIRA

# Network positioned for long-term export coal growth

Export Coal



Export Tons by Port	
Tons in millions	2012
Hampton Roads Ports	30
Baltimore Ports	12
Gulf Ports	6
<b>Total Tons Exported</b>	<b>48</b>



# H2R, global consumption drive long-term growth

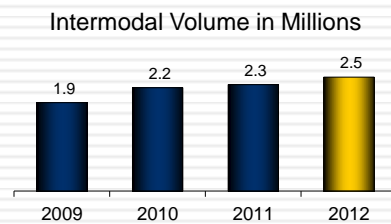
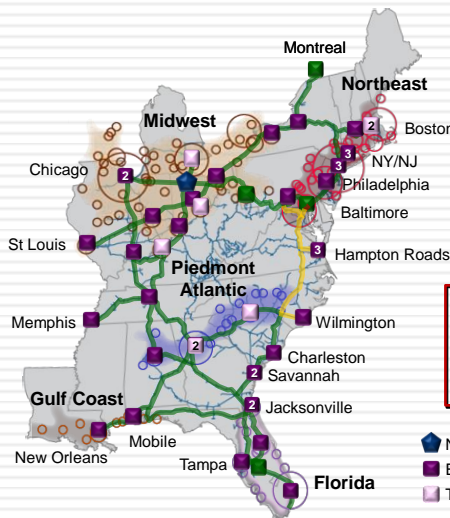
Intermodal



Source: AAR CS54 data and Global Insight's Transearch data

# Network positioned to leverage intermodal growth

Intermodal



■ Intermodal traffic operating in double-stack lanes accounts for 90% of volume today

■ With National Gateway completion in 2015, 93% of traffic will be double-stacked

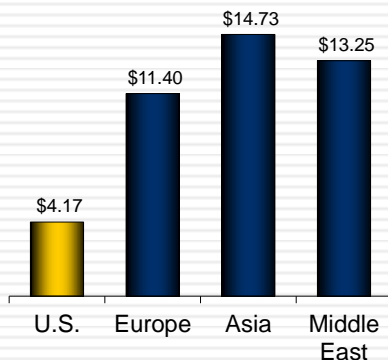
- Northwest Ohio Terminal
- Existing Terminals Served
- Terminals being Expanded
- Double Stack Cleared
- Double Stack in Process
- New Terminal Development

Note: Multiple terminals in a location are designated with a number

## Industrial sector driven by energy renaissance

Industrial Sector

Natural Gas  
Price in U.S. Dollars



Source: Platts, on April 25, 2013

- Advances in drilling technology unlock cheap U.S. shale gas
  - Crude demand growing; frac sand and other inputs also increasing
- U.S. energy cost advantage is spurring new investment
  - Fractionators to separate liquids
  - Crackers to produce chemicals from gas-based feedstocks
- Improves U.S. cost advantage on a sustainable basis
  - Drives exports across industries
  - Complements shifting global supply chains

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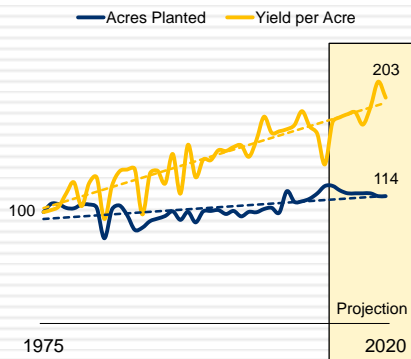
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## Agriculture outlook dependent on 2013 crop

Agricultural Sector

U.S. Corn Production  
Index: 1975=100



Source: USDA and ProExporter

- Grain volume challenged until late in the third quarter
  - The 2012 drought is impacting first half grain inventory levels
- USDA expecting record corn acres to be planted in 2013
  - Strong first quarter fertilizer shipments support expectations
- Expect corn crop yields to return to normalized levels
  - Estimate 156 bushels per acre in 2013 versus 123 bushels in 2012

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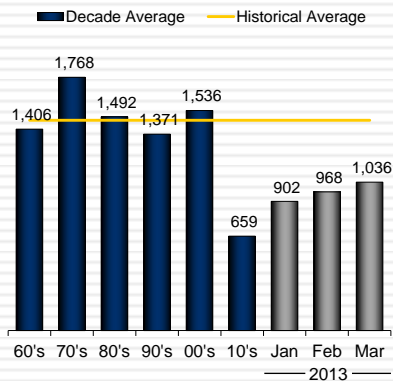
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## Housing market continues improving off low base

Construction Sector

### U.S. Housing Starts in Thousands



Source: Global Insights, U.S. Census Bureau

- Housing starts beginning to accelerate in 2013
  - 42% growth from March run rate required to reach historical average
- Housing starts drive about 6% of CSX business
  - Lumber and building products
  - Aggregates and waste
  - Metals and plastics
  - Intermodal
  - Appliances

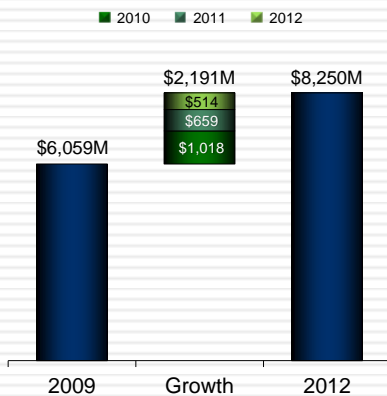
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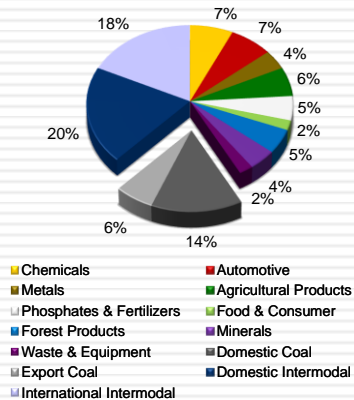


## Merchandise and Intermodal growth remains strong

Merchandise and intermodal revenue has grown \$2.2B . . .



. . . and now represents 80% of CSX's total volume



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## Long-term earning power supports distributions

<b>EPS Growth</b>	<ul style="list-style-type: none"><li>■ Project 10-15% CAGR through 2015 off 2013 base<ul style="list-style-type: none"><li>— Expect 2013 EPS to be flat to slightly down from 2012</li></ul></li></ul>
<b>Operating Ratio</b>	<ul style="list-style-type: none"><li>■ Targeting a high-60's operating ratio by 2015<ul style="list-style-type: none"><li>— Operating ratio in the mid-60's remains focus longer-term</li></ul></li></ul>
<b>Investment</b>	<ul style="list-style-type: none"><li>■ Remains unchanged for 2013 at \$2.3 billion<ul style="list-style-type: none"><li>— Long-term investment remains 16-17% of revenue plus PTC</li></ul></li></ul>
<b>Dividends</b>	<ul style="list-style-type: none"><li>■ Quarterly dividend increases 7% to \$0.15 per share<ul style="list-style-type: none"><li>— Reflects payout at high end of 30-35% of TTM EPS</li></ul></li></ul>
<b>Share Buybacks</b>	<ul style="list-style-type: none"><li>■ New program of \$1.0 billion over two years<ul style="list-style-type: none"><li>— Supported primarily by excess cash and Free Cash Flow</li></ul></li></ul>
<b>Credit Profile</b>	<ul style="list-style-type: none"><li>■ Continue to target an improving credit profile<ul style="list-style-type: none"><li>— Balances flexibility and cost of capital through the cycle</li></ul></li></ul>

## Wrap-up . . .

- CSX has a long-term proven track record of success
  - First quarter results demonstrate resiliency in face of continued coal headwinds
- Network well positioned for global growth opportunities
  - Leverages long-term growth prospects from diverse business portfolio
- Non-coal business accounts for over 80% of the portfolio
  - Merchandise/intermodal to grow above GDP; coal normalizes by year-end
- Long-term guidance builds on strong foundation
  - Shareholder distributions reinforce management's confidence in CSX's future



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