



## 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).

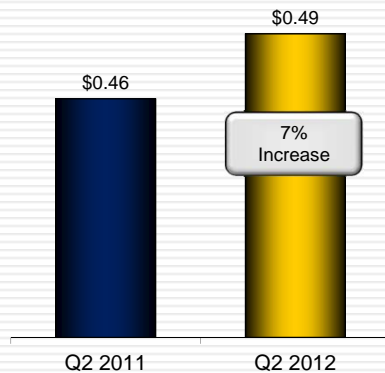
## Executive Summary

Michael Ward  
Chairman, President and  
Chief Executive Officer

## Second quarter performance . . .

Volume 1,640    Revenue \$3,012M    Operating Income \$943M    Operating Ratio 68.7%    EPS \$0.49

### Earnings Per Share



### ■ Volume and revenue

- Volume and revenue essentially flat, despite utility coal headwinds

### ■ Operational excellence

- Safety, service and productivity drive excellent results

### ■ Financial performance

- Operating income increases to \$943 million
- Operating ratio improves 60 bps to 68.7%

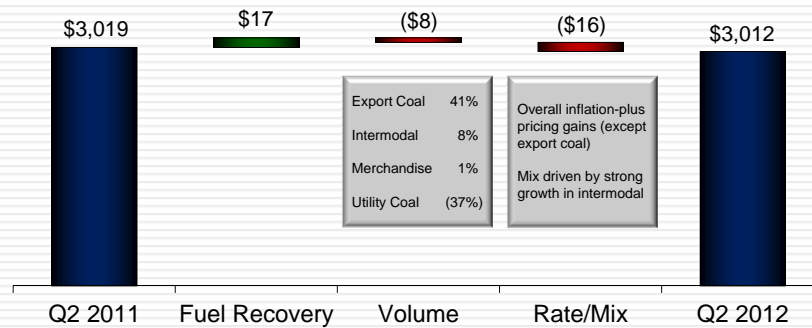
## Sales and Marketing Review

Clarence Gooden  
Executive Vice President  
Sales and Marketing

## Revenue essentially flat year-over-year

Revenue \$3,012M Volume 1,640K RPU \$1,837

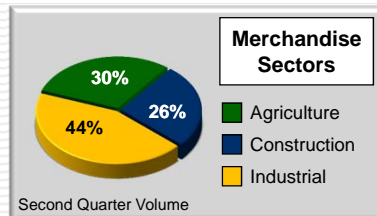
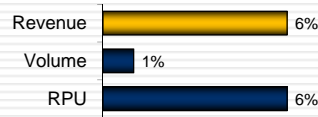
### Second Quarter Revenue Dollars in Millions



## Merchandise revenue increases 6%

Revenue \$1,711M Volume 680K RPU \$2,516

### Second Quarter Year-Over-Year Change



### ■ Second Quarter

- Industrial growth led by strong automotive demand
- Construction mixed with building products up and aggregates down
- Agricultural sector volume declines across all major markets

### ■ Ongoing Drivers

- Continued strength in automotive demand driving industrial growth
- Growth in housing starts offset by lower aggregate demand
- Ethanol declines and uncertain harvest impact agricultural sector

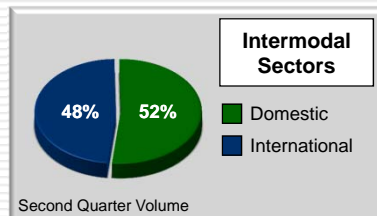
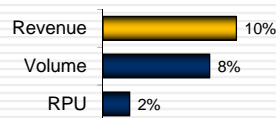
7

How tomorrow moves [CSX]

## Intermodal revenue increases 10%

Revenue \$408M Volume 629K RPU \$649

### Second Quarter Year-Over-Year Change



### ■ Second Quarter

- Continued truck conversion drives record domestic volume
- Strong international growth driven by new Maersk business
- RPU higher with favorable price and fuel recovery offset by mix

### ■ Ongoing Drivers

- Strategic investments enhance growth and network operations
- Highway conversions and high service levels driving growth

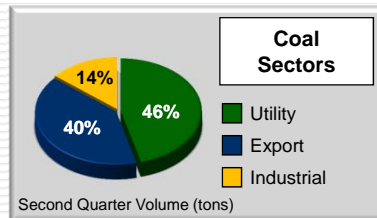
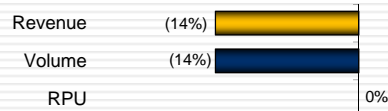
8

How tomorrow moves [CSX]

## Coal revenue decreases 14%

Revenue \$820M Volume 331K RPU \$2,477

### Second Quarter Year-Over-Year Change



### ■ Second Quarter

- High stockpiles and low natural gas prices impact utility volume
- Thermal coal demand drives increased export volume
- RPU flat with favorable mix offset by lower export price

### ■ Ongoing Drivers

- Export coal growth expected to moderate in second half
- Full-year expectation for export coal remains above 2011 levels
- Domestic utility coal headwinds expected to continue in 2012

## Overall outlook for third quarter is favorable

### Outlook Markets Drivers

Favorable 58% of volume	<ul style="list-style-type: none"> <li>■ Intermodal</li> <li>■ Export Coal</li> <li>■ Automotive</li> <li>■ Chemicals</li> </ul>	<ul style="list-style-type: none"> <li>■ Truck conversions and new customer gains</li> <li>■ Thermal exports offsetting met coal declines</li> <li>■ Growth in automobile production</li> <li>■ Solid industrial volume and energy market growth</li> </ul>
Neutral 21% of volume	<ul style="list-style-type: none"> <li>■ Metals</li> <li>■ Agricultural Products</li> <li>■ Food &amp; Consumer</li> <li>■ Phosphate &amp; Fertilizer</li> <li>■ Forest Products</li> </ul>	<ul style="list-style-type: none"> <li>■ Scrap demand offsets domestic production growth</li> <li>■ Uncertain fall harvest and lower ethanol demand</li> <li>■ Slow growth in food, lower manufactured products</li> <li>■ Increased application on high planted acreage</li> <li>■ Demand for building products recovering slowly</li> </ul>
Unfavorable 21% of volume	<ul style="list-style-type: none"> <li>■ Emerging Markets</li> <li>■ Utility &amp; Industrial Coal</li> </ul>	<ul style="list-style-type: none"> <li>■ Construction aggregates and waste volume lower</li> <li>■ Low natural gas prices driving low coal demand</li> </ul>

## Sales and Marketing wrap-up . . .

- Economic backdrop remains favorable for 2012
  - *Although growth is expected to be more moderate in the second half*
- Third quarter volume and revenue outlook favorable
  - *Volume environment stable to favorable across nearly 80% of CSX's business*
- Utility coal weakness expected to continue
  - *Although headwinds are expected to moderate in the back half of the year*
- CSX standing out as a compelling value for customers
  - *Providing high service levels and offering environmentally friendly solutions*

## Operations Review

Oscar Munoz  
Executive Vice President  
Chief Operating Officer

## Delivering performance excellence

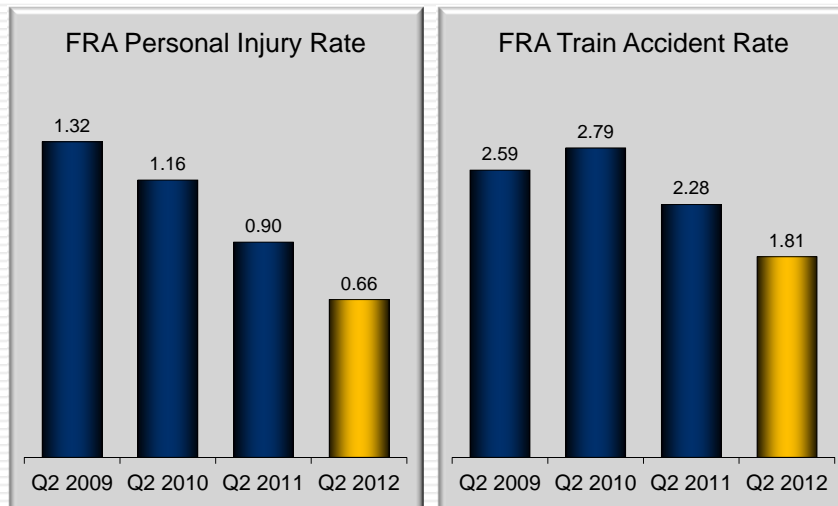
- **Safety**
  - Excellent results that are at or near all-time best levels
- **Service**
  - Core service measures remain at or near record levels
- **Productivity**
  - Strong operating efficiencies drive margin expansion
- **Strategy**
  - Adapting to changing conditions and building for the future



13

How tomorrow moves **CSX**

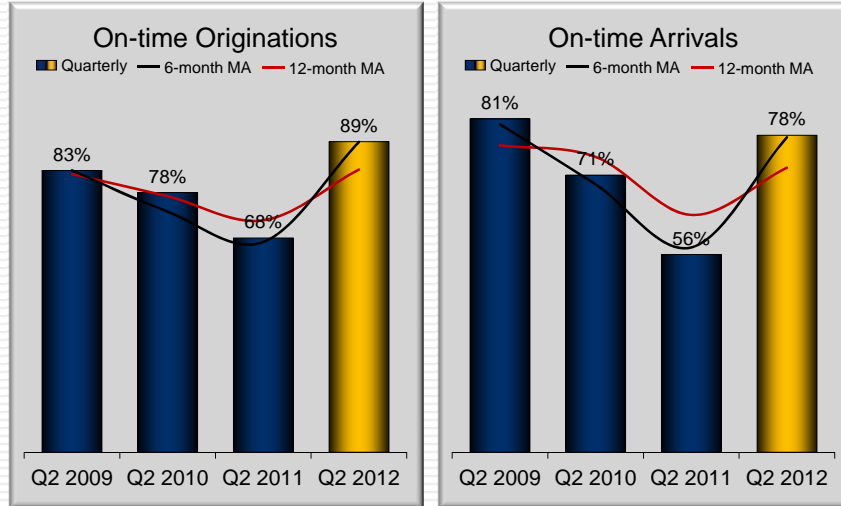
## CSX is a leader in one of nation's safest industries



14

How tomorrow moves **CSX**

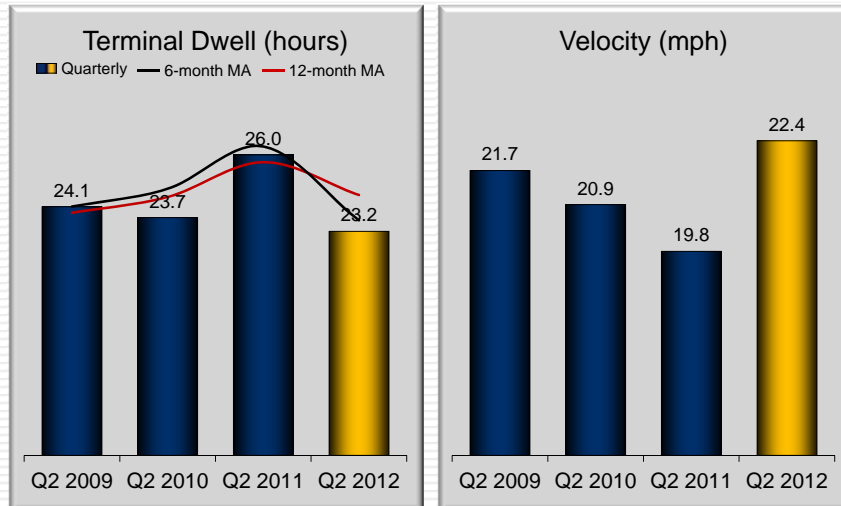
## On-time performance is at high levels



15

How tomorrow moves **CSX**

## System performance showing strong improvement

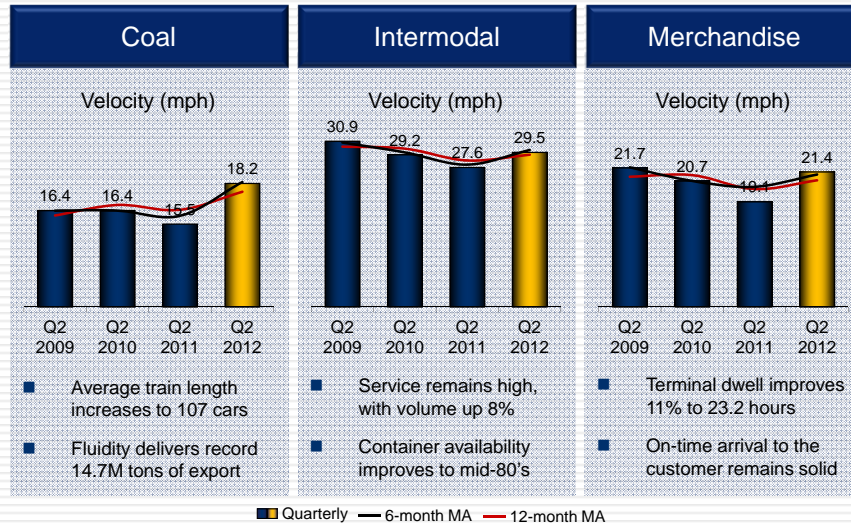


16

How tomorrow moves **CSX**



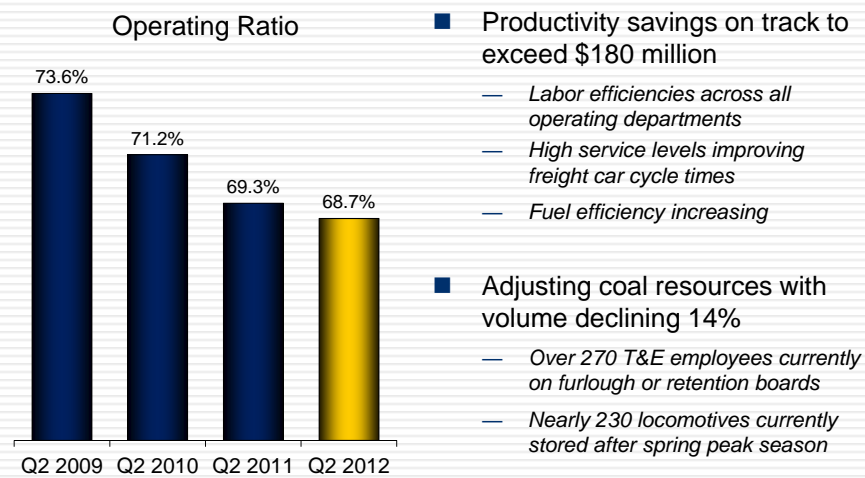
## Service at high levels across all three networks



17

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## Service and productivity drive margin expansion

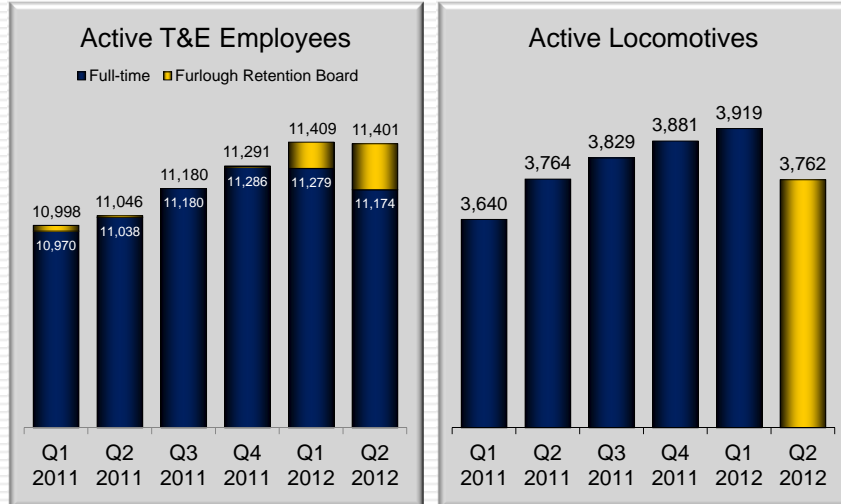


Note: Second quarter T&E employees on retention boards and locomotives stored averaged 227 and 178 respectively

18

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## Strong service also supports resource efficiency



19

How tomorrow moves [CSX]

## Operational strategy positions company long-term

- Strong safety results show significant improvement
  - Record employee safety results and significant improvement in train accidents
- Network operations and service remain at high levels
  - Maintaining high levels of customer service and improving network efficiency
- Expect to exceed \$180 million of productivity in 2012
  - Driving more efficient operations creates value for customers and shareholders

Delivering performance excellence

20

How tomorrow moves [CSX]

## Financial Review

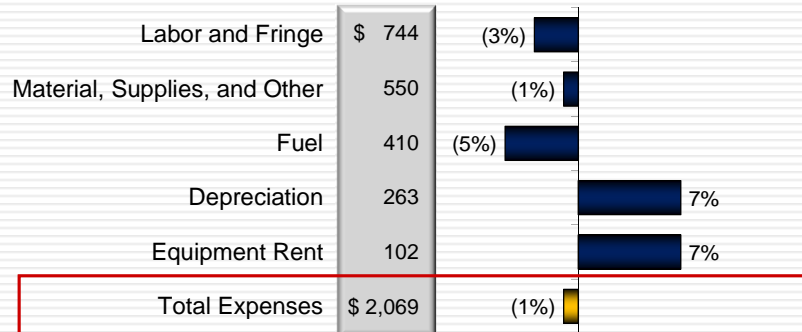
Fredrik Eliasson  
Executive Vice President  
Chief Financial Officer

## Second quarter earnings summary . . .

Second Quarter Results			
Dollars in millions, except EPS	2012	2011	Variance
Revenue	\$ 3,012	\$ 3,019	–
Expense	2,069	2,093	1%
Operating Income	\$ 943	\$ 926	2%
Interest Expense	(139)	(134)	
Other Income (net)	5	–	
Income Taxes	(297)	(286)	
Net Earnings	\$ 512	\$ 506	1%
Fully Diluted Shares in Millions	1,043	1,109	
Earnings Per Share	\$ 0.49	\$ 0.46	7%

## Expenses down 1% overall and flat excluding fuel

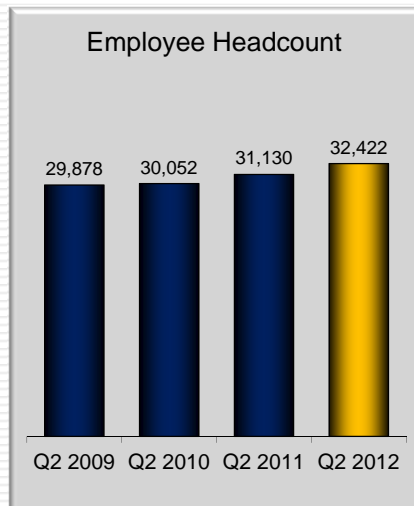
### Second Quarter 2012 Operating Expenses and Year-Over-Year Percentage Change



23

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## Labor and Fringe expense decreases 3%



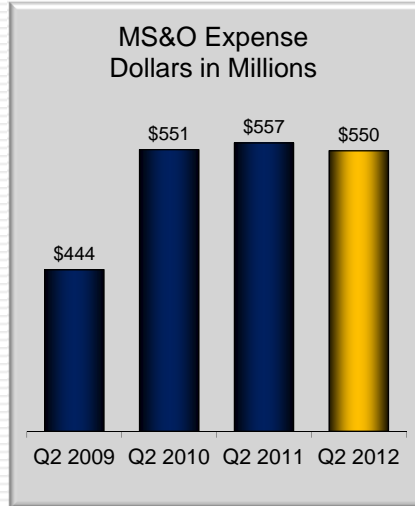
### Second Quarter Labor Analysis in Millions

2011 Labor Expense	\$ 764
	<u>Variance</u>
Hiring and Training	(8)
Inflation	—
Incentive Compensation	18
Volume and Other	10
<b>Subtotal</b>	<b>20</b>
<b>2012 Labor Expense</b>	<b>\$ 744</b>

24

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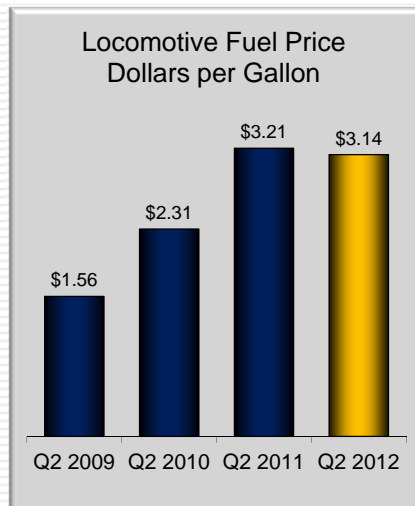
## MS&O expense decreases 1%



### Second Quarter MS&O Analysis in Millions

2011 MS&O Expense	\$ 557
	<u>Variance</u>
Inflation	(12)
Volume Related	(7)
SunRail Gain	20
Other	6
<b>Subtotal</b>	<b>7</b>
<b>2012 MS&amp;O Expense</b>	<b>\$ 550</b>

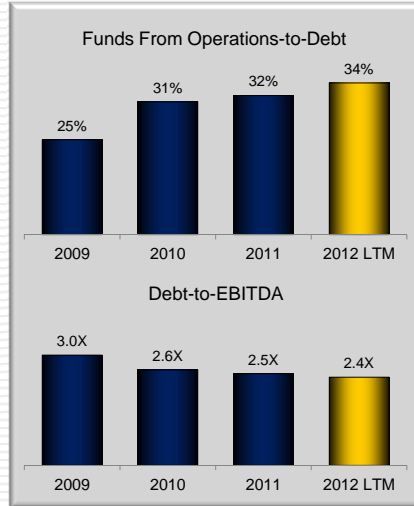
## Fuel expense decreases 5%



### Second Quarter Fuel Analysis in Millions

2011 Fuel Expense	\$ 431
	<u>Variance</u>
Volume	10
Price	8
Efficiency & Non-locomotive	3
<b>Subtotal</b>	<b>21</b>
<b>2012 Fuel Expense</b>	<b>\$ 410</b>

## CSX's credit profile supports balanced approach



- CSX is on target to invest \$2.25 billion in 2012
  - Forward investment to average 16-17% of revenue plus PTC
- Dividend payout targeted at 30-35% of TTM earnings
  - Dividend increased 17% and became effective in the quarter
- Current buyback program to be completed by year-end
  - Balance of \$434 million remains at end of second quarter

## Financial wrap-up . . .

- Earnings growth despite significant utility coal declines
  - Strong growth in intermodal, automotive and export coal
  - Safety and service at or near record levels, driving margin expansion
- Continue to expect earnings growth in 2012
  - Despite utility coal headwinds, EBIT, Net Income and EPS growth still expected
- Still targeting a 65% operating ratio by 2015
  - Expect stabilization in utility coal and continued strength in export coal
  - Committed to outstanding service to help drive price, growth and productivity
  - Improving earnings and credit profile support balanced cash deployment

## *Concluding Remarks*

Michael Ward  
Chairman, President and  
Chief Executive Officer

*How tomorrow moves* [CSX]

*Relentless pursuit of excellence . . .*





**2012** SECOND QUARTER  
EARNINGS CONFERENCE CALL

