

**2014 SECOND QUARTER**  
EARNINGS CONFERENCE CALL

## 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

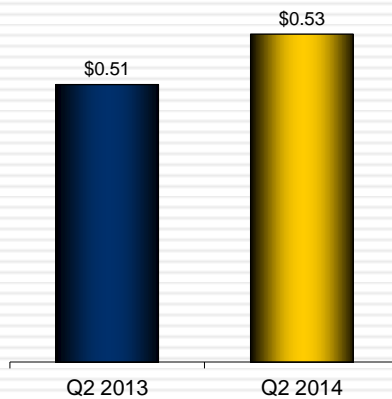
Michael Ward  
Chairman, President and  
Chief Executive Officer

How tomorrow moves 

## Second quarter performance . . .

Volume 1,781K    Revenue \$3,244M    Operating Income \$997M    Operating Ratio 69.3%    EPS \$0.53

### Earnings Per Share



- Revenue increases 7%
  - Driven by broad-based volume growth across most markets
- Operations stable
  - Network holds steady with volume up 8% year-over-year
  - Initiatives in place to propel service and growth
- Financial results
  - Operating income improves 6% to \$997 million
  - Operating ratio remained relatively stable at 69.3%

Note: Prior year results have been revised to reflect an immaterial revenue adjustment; see 2013 10-K for details

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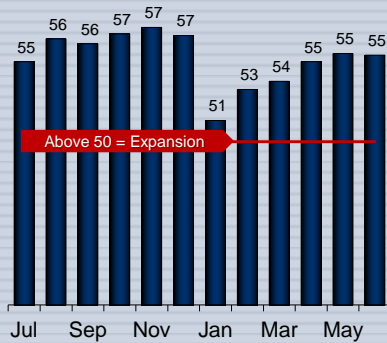
## Sales and Marketing Review

Clarence Gooden  
Executive Vice President  
Chief Sales and Marketing Officer

How tomorrow moves [CSX]

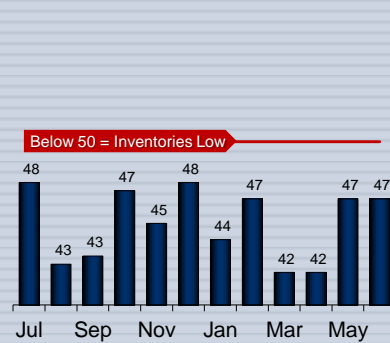
## Economy expands in second quarter

ISM Manufacturing  
Purchasing Managers Index



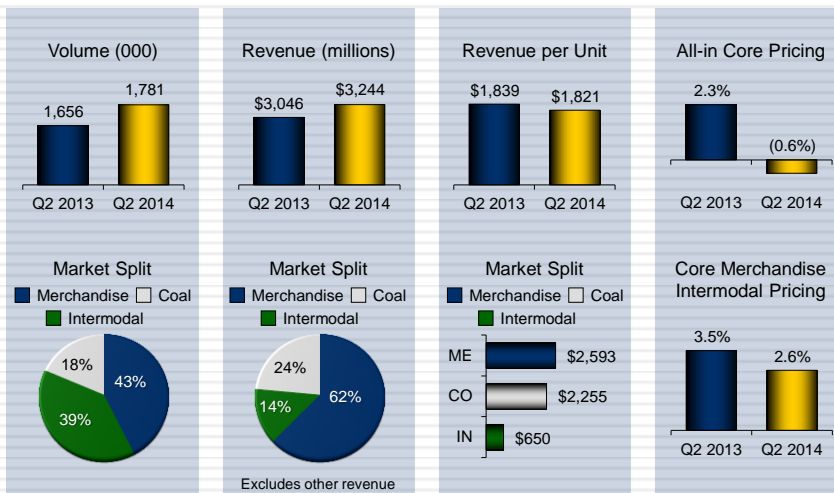
Source: July ISM

ISM Manufacturing  
Customer Inventory Index



How tomorrow moves [CSX]

## Sales and Marketing summary . . .



Note: Prior year results have been revised to reflect an immaterial revenue adjustment; see 2013 10-K for details

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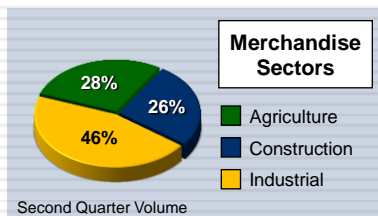
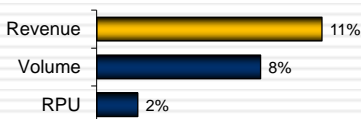
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## Merchandise revenue increases 11%

Revenue \$1,971M Volume 760K RPU \$2,593

### Second Quarter Year-Over-Year Change



### Second Quarter Summary

- Strong 2013 harvest continues to drive Agricultural Sector growth
  - Increased corn, soybean, ethanol and export grain shipments
- Growth in Construction Sector broad-based during quarter
  - Recovery in construction rebounded from first quarter delays
- Demand in Industrial Sector led by oil and gas related markets
  - Expect strong growth in crude, LPG and frac sand shipments to continue

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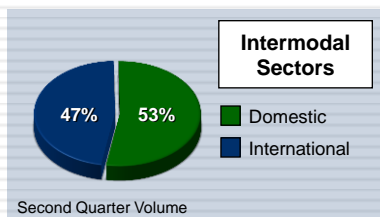
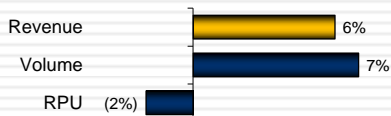
How tomorrow moves



## Intermodal revenue increases 6%

Revenue \$449M Volume 691K RPU \$650

### Second Quarter Year-Over-Year Change



### Second Quarter Summary

- Domestic and international growth drives all-time record
  - Highway-to-rail conversions and expanding economy driving growth
- Core pricing gains more than offset by negative mix
- Terminal and capacity investment driving sustainable growth

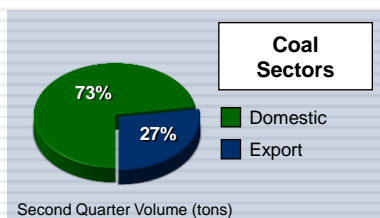
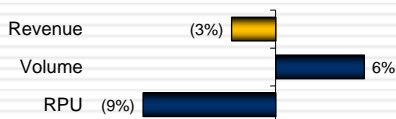


How tomorrow moves [CSX]

## Coal revenue decreases 3%

Revenue \$744M Volume 330K RPU \$2,255

### Second Quarter Year-Over-Year Change



### Second Quarter Summary

- Domestic volume increases 15% on strength of utility volumes
  - Includes competitive gain and stockpile replenishment
- Export volume declines 12%; reflects global oversupply of coal
  - Soft market conditions exist for both thermal and metallurgical coals
- Revenue per unit declines 9%
  - Lower export rates, impact of fixed-variable contracts and mix

How tomorrow moves [CSX]

## Overall outlook for the third quarter is favorable

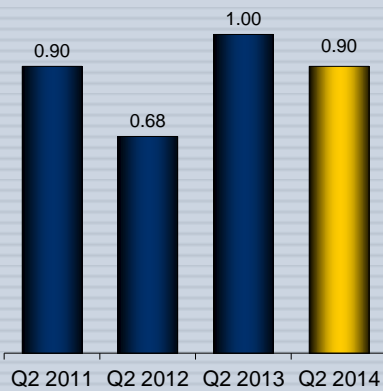
Outlook	Markets	Drivers
Favorable 84% of volume	<ul style="list-style-type: none"> <li>■ Agricultural Products</li> <li>■ Food &amp; Consumer</li> <li>■ Phosphate &amp; Fertilizer</li> <li>■ Chemicals</li> <li>■ Metals</li> <li>■ Automotive</li> <li>■ Intermodal</li> <li>■ Domestic Coal</li> </ul>	<ul style="list-style-type: none"> <li>■ Low corn prices support continued growth</li> <li>■ Increase in food and beverage shipments</li> <li>■ Increase in short-haul phosphate rock</li> <li>■ Strength in oil and gas related markets continues</li> <li>■ Steel production expected to increase</li> <li>■ Project growth for North American vehicle production</li> <li>■ H2R conversions and organic growth to continue</li> <li>■ Normalizing inventory levels increasing demand</li> </ul>
Neutral 4% of volume	<ul style="list-style-type: none"> <li>■ Forest Products</li> </ul>	<ul style="list-style-type: none"> <li>■ Building products offset by lower paper shipments</li> </ul>
Unfavorable 12% of volume	<ul style="list-style-type: none"> <li>■ Export Coal</li> <li>■ Waste &amp; Equipment</li> <li>■ Minerals</li> </ul>	<ul style="list-style-type: none"> <li>■ Decreased demand for thermal shipments</li> <li>■ Lower industrial waste shipments</li> <li>■ Service related losses in aggregates</li> </ul>

## Operations Review

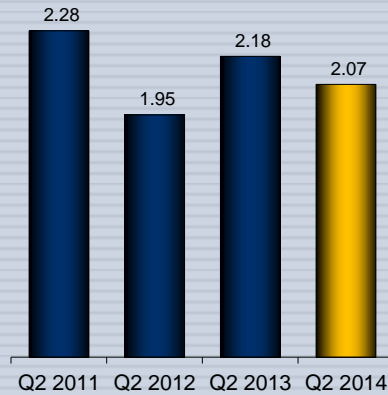
Oscar Munoz  
Executive Vice President  
Chief Operating Officer

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

### FRA Personal Injury Rate

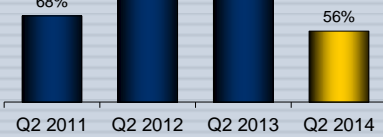


### FRA Train Accident Rate



## Network performance still below expectations . . .

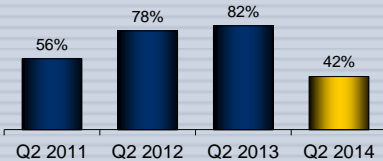
### On-time Originations



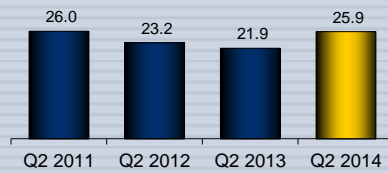
### Train Velocity (mph)



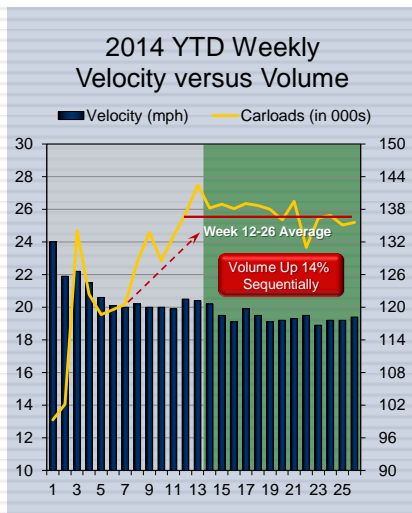
### On-time Arrivals



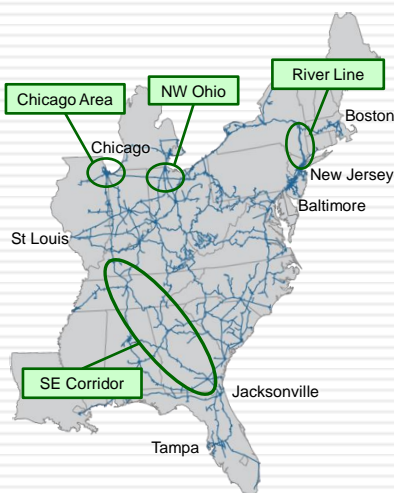
### Terminal Dwell (hours)



... but stable with significant sequential growth



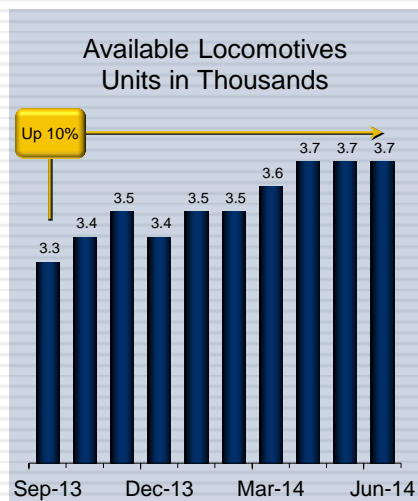
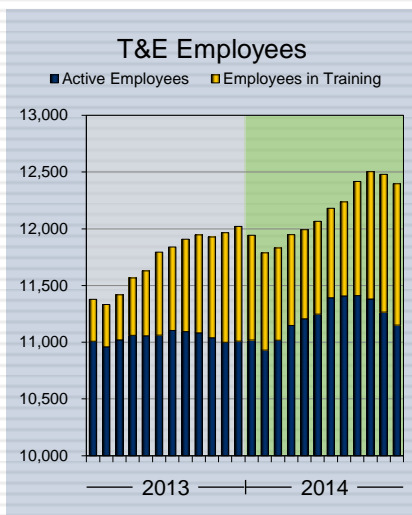
## Capacity additions underway across network



- |   |  |
|---|--|
| <b>Chicago Area Projects</b>              | <ul style="list-style-type: none"> <li>■ Elsdon Sub acquisition adds capacity and flexibility to the network</li> <li>■ New north-south connection helps expedite interchange traffic</li> </ul>           |
| <b>Northwest Ohio</b>                     | <ul style="list-style-type: none"> <li>■ Adding processing track and increasing lift capacity by 50%</li> <li>■ Project is scheduled to be completed by the end of 2014</li> </ul>                         |
| <b>River Line and Trenton Subdivision</b> | <ul style="list-style-type: none"> <li>■ Adds double track for efficient movement from Chicago to New York</li> <li>■ Supports broad-based volume growth across markets</li> </ul>                         |
| <b>Southeast Corridor</b>                 | <ul style="list-style-type: none"> <li>■ New investment will support increasing demand for Illinois Basin coal</li> <li>■ New sidings add capacity for long-term business growth across markets</li> </ul> |



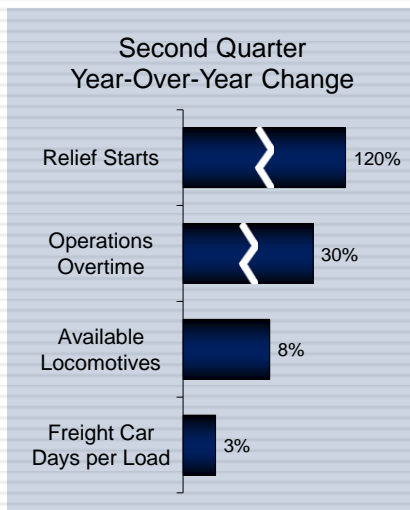
## Increasing resources to meet customer demand



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## Costs still above normal to handle growth



- Total network costs were \$32 million above normal
- Overtime and relief crews remain high across network
- Locomotive count and car days per load are both up
- Expect cost to subside as fluidity improves

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How tomorrow moves [CSX]

## Operations wrap-up . . .

- Network performance remains stable
  - *Handling additional volume, though service remains below normal levels*
- Northern tier has seen disproportionate volume gains
  - *Shifting resources to meet increased customer demand*
- Taking actions to restore service and support growth
  - *Focused on infrastructure, crews and locomotives*
- Continue to expect gradual improvement
  - *Multi-faceted approach will aid recovery to high service levels*

## Financial Review

Fredrik Eliasson  
Executive Vice President  
Chief Financial Officer

## Second quarter earnings summary . . .

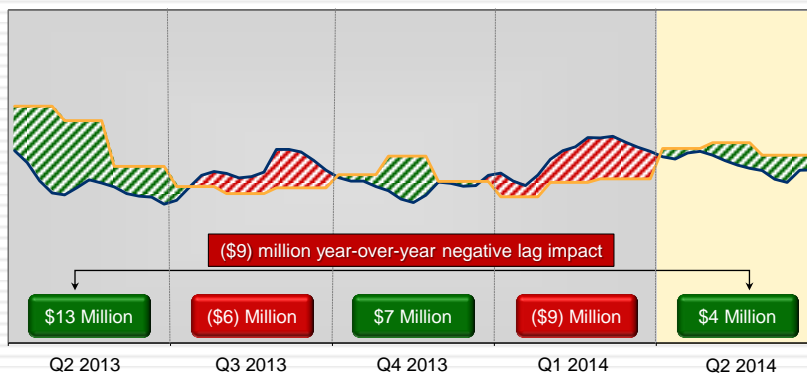
Second Quarter Results			
Dollars in millions, except EPS	2014	2013	Variance
Revenue	\$ 3,244	\$ 3,046	7%
Expense	2,247	2,106	(7%)
<b>Operating Income</b>	<b>\$ 997</b>	<b>\$ 940</b>	<b>6%</b>
Interest Expense	(135)	(140)	
Other Income (net)	(12)	9	
Income Taxes	(321)	(288)	
<b>Net Earnings</b>	<b>\$ 529</b>	<b>\$ 521</b>	<b>2%</b>
Fully Diluted Shares in Millions	1,003	1,023	
<b>Earnings Per Share</b>	<b>\$ 0.53</b>	<b>\$ 0.51</b>	<b>4%</b>

Note: Prior year results have been revised to reflect an immaterial revenue adjustment; see 2013 10-K for details

## Fuel lag headwind is \$9 million year-over-year

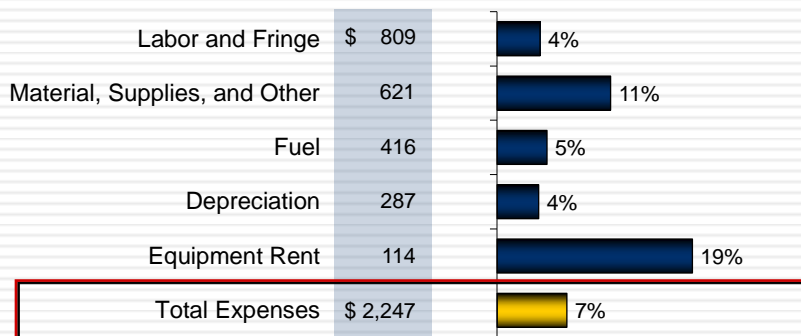
### Fuel Surcharge Lag Impact

— Weekly Highway Diesel — Monthly Highway Diesel (two-month lag) ■ Negative Impact ■ Positive Impact



## Total expense increases 7% overall

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



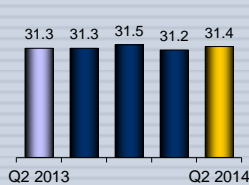
## Second quarter expense analysis . . .

### Labor Analysis in Millions

2013 Labor Expense	\$ 777
Volume	(25)
Network Performance	(14)
Inflation	(14)
Other	21
<b>Total Variance</b>	<b>(32)</b>

2014 Labor Expense \$ 809

### Headcount (000)

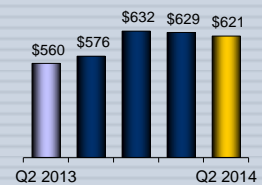


### MS&O Analysis in Millions

2013 MS&O Expense	\$ 560
Real Estate Gains	(36)
Volume	(19)
Inflation	(10)
Network Performance	(9)
Other	13
<b>Total Variance</b>	<b>(61)</b>

2014 MS&O Expense \$ 621

### MS&O in Millions

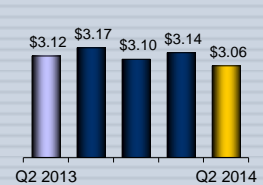


### Fuel Analysis in Millions

2013 Fuel Expense	\$ 397
Volume	(35)
Price	9
Efficiency and Other	7
<b>Total Variance</b>	<b>(19)</b>

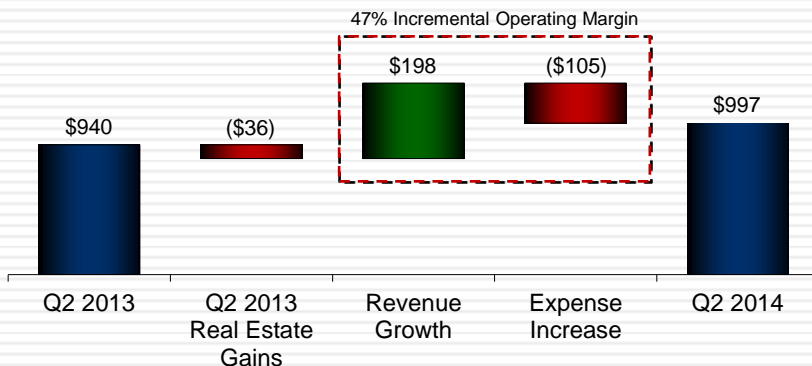
2014 Fuel Expense \$ 416

### Fuel Cost per Gallon



## Core earnings strength and margins more evident

### Operating Income and Drivers of Change Dollars in Millions



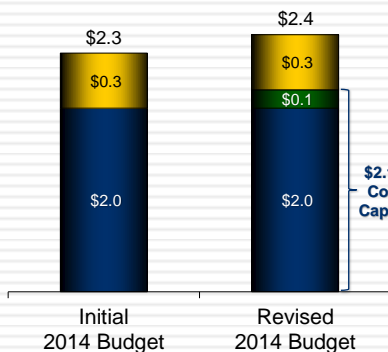
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## Capital investment increasing to \$2.4 billion

### 2014 Capital Investment Dollars in Billions

■ Core Capital ■ Incremental Capital ■ PTC Capital



- Economic environment driving incremental capital

— Business levels to remain strong across nearly all markets

- Additional investment supports long-term growth

— Infrastructure and freight cars drive the increase

- Core capital consistent with 16-17% of revenue guidance

— Revised core capital of \$2.1 billion; PTC remains \$300 million

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How tomorrow moves **CSX**

## *Financial wrap-up . . .*

- Core earnings improvement becoming more apparent
  - *Broad-based strength across nearly all markets will drive long-term growth*
  
- Still expect modest earnings growth for full-year 2014
  - *Building on second quarter momentum with continued strength in second half*
  
- Sustainable double-digit earnings growth starting in 2015
  - *Continue to target a mid-60s operating ratio longer-term*

## *Concluding Remarks*

Michael Ward  
Chairman, President and  
Chief Executive Officer

*Relentless pursuit of excellence . . .*



A collage of three images: a CSX freight train on a track next to a lake with mountains in the background; a white building with a dome reflected in water; and a white car. The bottom left of the collage contains the text "2014 SECOND QUARTER EARNINGS CONFERENCE CALL". The bottom right of the collage features the CSX logo and tagline "How tomorrow moves" on a blue background, with a yellow square below it.

**2014** SECOND QUARTER  
EARNINGS CONFERENCE CALL