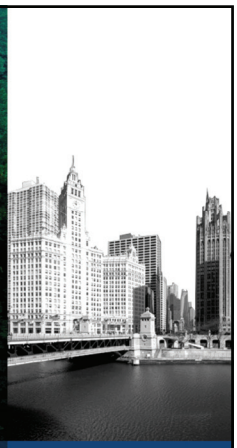


CSX How tomorrow moves

2009 FOURTH QUARTER EARNINGS CONFERENCE CALL

Forward-Looking Disclosure

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, cost-savings, expenses, or other financial items; statements of management's plans, strategies and objectives for future operation, and management's expectations as to future performance and operations and the time by which objectives will be achieved; statements concerning proposed new products and 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 does update 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 or business conditions, including those affecting the rail 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; and (vi) natural events such as severe weather conditions or pandemic health crises.

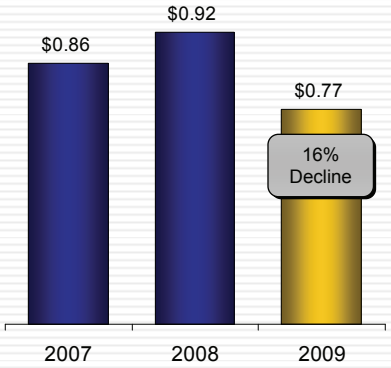
Other important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are specified in the company's SEC reports, accessible on the SEC's website at www.sec.gov and the company's website at www.csx.com.

Executive Summary

Michael Ward
Chairman, President and
Chief Executive Officer

Fourth quarter performance . . .

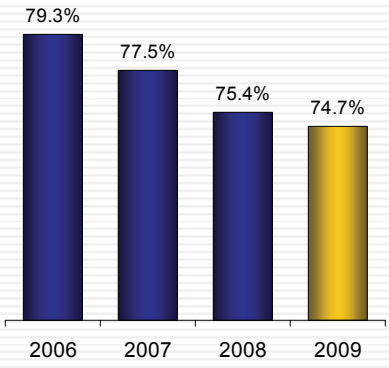
Earnings Per Share From Continuing Operations



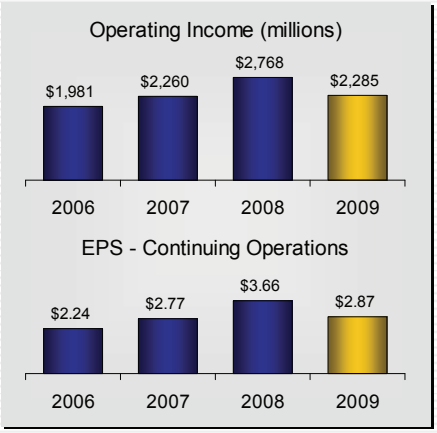
- Macro-economy recovering
  - *Year-over-year comparisons stabilized post-Thanksgiving*
- Revenue declines 13%
  - *Lower volume and FSC more than offset core price increases*
- Operating ratio at 74.9%
  - *Safety and service performance remains strong*
  - *Productivity efforts continue to support improving margins*

Full-year performance . . .

Record operating ratio . . .



. . . Strong core earning power



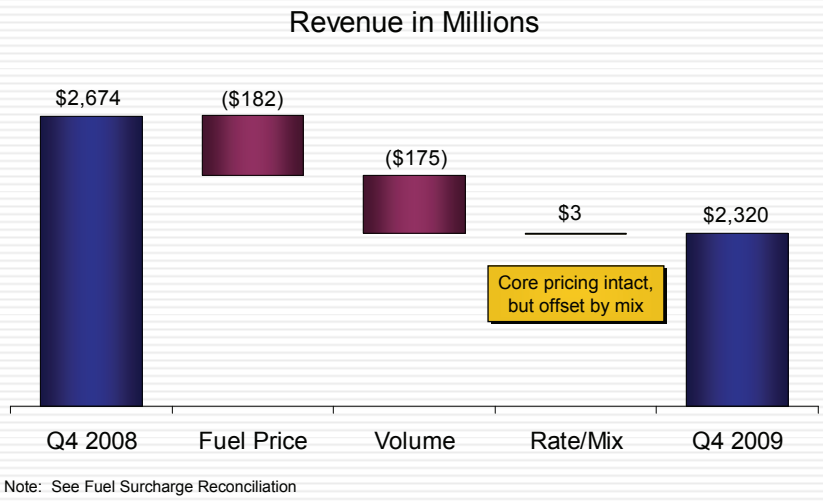
Note: Data for 2006 excludes certain items for comparison purposes. See GAAP Reconciliation

Sales and Marketing Review

Clarence Gooden
Executive Vice President
Sales and Marketing

Revenue declines 13% to $2.3 billion

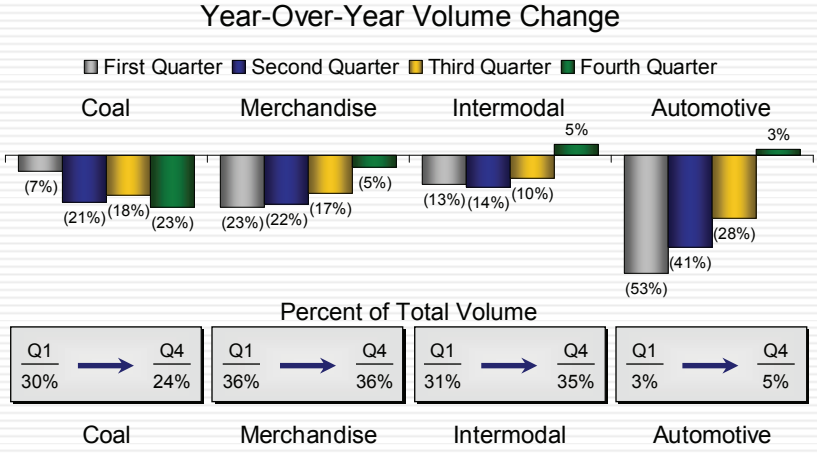
Revenue $2,320M Volume 1,498K RPU $1,549



Note: See Fuel Surcharge Reconciliation

Economic environment drives 7% volume decline

Revenue $2,320M **Volume 1,498K** RPU $1,549

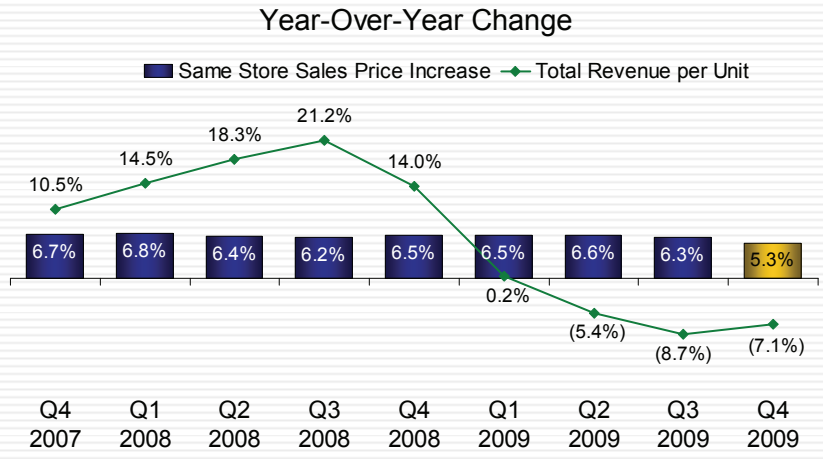


Percent of Total Volume

Coal	Merchandise	Intermodal	Automotive
Q1 30% → Q4 24%	Q1 36% → Q4 36%	Q1 31% → Q4 35%	Q1 3% → Q4 5%

Core pricing stable; RPU lower on fuel surcharge

Revenue $2,320M Volume 1,498K **RPU $1,549**

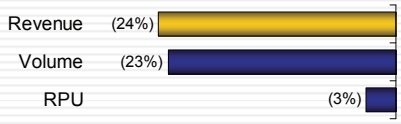


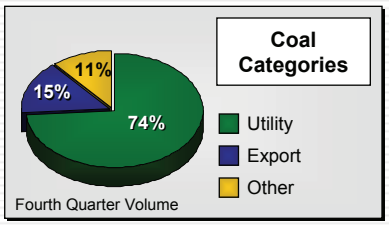
Note: "Same Store Sales" price increases exclude impacts from fuel surcharge and mix

Coal revenue declines 24%

Revenue $641M Volume 365K RPU $1,756

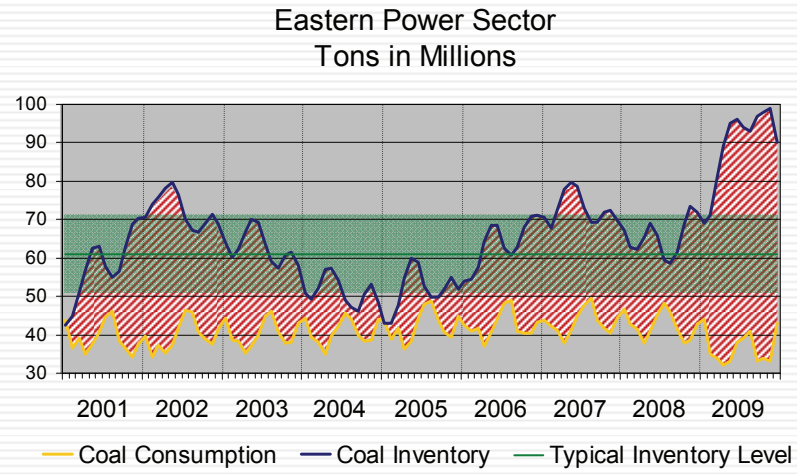
Fourth Quarter
Year-Over-Year Change





- Fourth quarter summary
  - *Domestic shipments down on low demand and high stockpiles*
  - *Export shipments decline on lower global demand*
  - *Natural gas substitution remained high during the quarter*
- Ongoing drivers
  - *Export market strengthening*
  - *Natural gas substitution easing*
  - *Domestic demand and inventory levels expected to be a headwind*

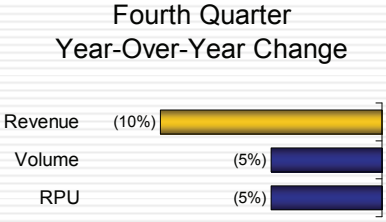
Utility inventory levels a headwind well into 2010

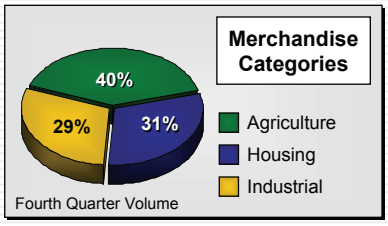


Source: Coal consumption and inventory numbers from PIRA Energy Group

Merchandise revenue declines 10%

Revenue $1,112M Volume 531K RPU $2,094



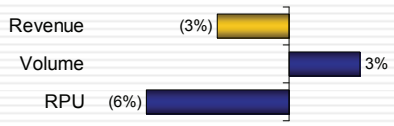


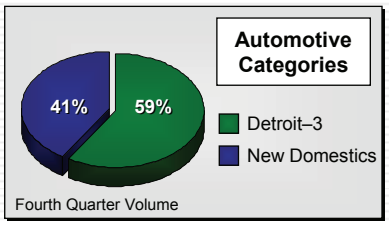
- Fourth quarter summary
  - *Housing starts and overall construction remain slow*
  - *Metals weakness continues on reduced steel production*
  - *Phosphates and Agricultural strength on multiple drivers*
- Ongoing drivers
  - *Ongoing economic recovery driving moderate growth*
  - *All markets to see volume growth led by Phosphates and Metals*

Automotive revenue declines 3%

Revenue $176M Volume 78K RPU $2,256

Fourth Quarter
Year-Over-Year Change



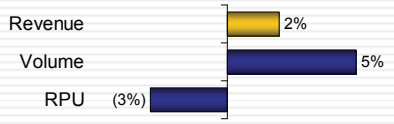


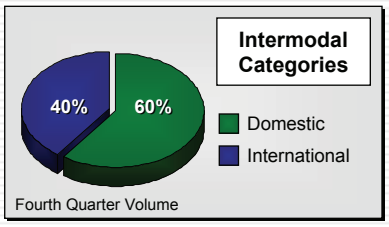
- Fourth quarter summary
  - *Volume strength due to inventory replenishment*
  - *Volume also improved slightly due to higher vehicle sales*
- Ongoing drivers
  - *Inventories at normal levels*
  - *Double-digit increases in light vehicle production expected*
  - *Adapting to continuing industry production changes*

Intermodal revenue increases 2%

Revenue $340M Volume 524K RPU $649

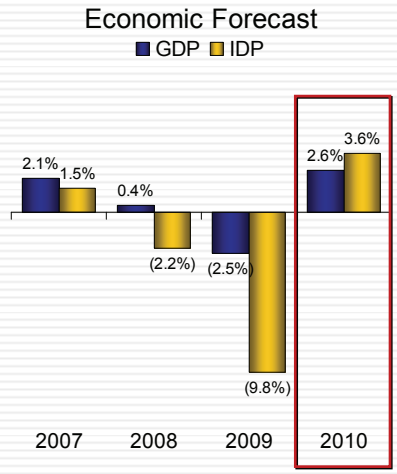
Fourth Quarter
Year-Over-Year Change





- Fourth quarter summary
  - *RPU lower due to fuel recovery and competitive truck prices*
  - *International weakness eased, producing sequential gains*
  - *Domestic up on truck conversions and new service offerings*
- Ongoing drivers
  - *Better consumer demand and global trade drives international*
  - *Highly competitive truck market remains a challenge for domestic*

Sales and Marketing wrap-up . . .



Source: Global Insight

- Macro-economic environment is now recovering
  - *Forecasts reflect moderate growth*
- Linehaul revenue growth expected in first quarter
  - *Nine of ten markets are favorable; coal remains a headwind*
- Maintaining reliable service product for our customers
  - *Continue to sell the value of rail transportation*
  - *Core pricing expected to be above inflation long-term*

Operations Review

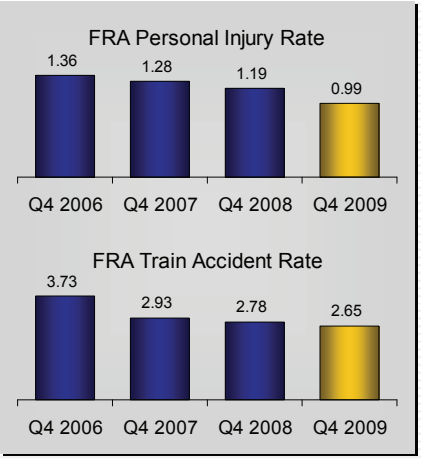
David Brown
Executive Vice President
Chief Operating Officer

Delivering under challenging business conditions

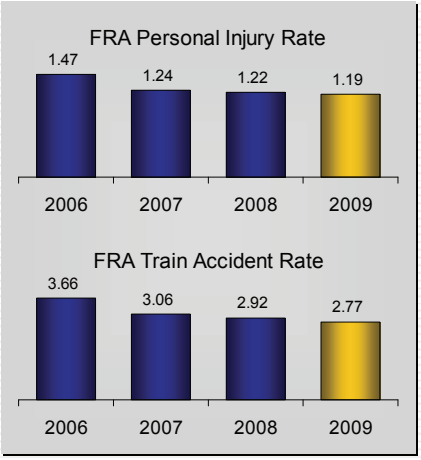
- Culture of leadership, discipline and execution continues to produce strong results
  - ***Leadership***: *Safety performance remained strong in the fourth quarter*
  - ***Discipline***: *Cost control and productivity are helping to improve operating margins*
  - ***Execution***: *Network operations fluid and reliable for customers*

Helping to lead one of the Nation's safest industries

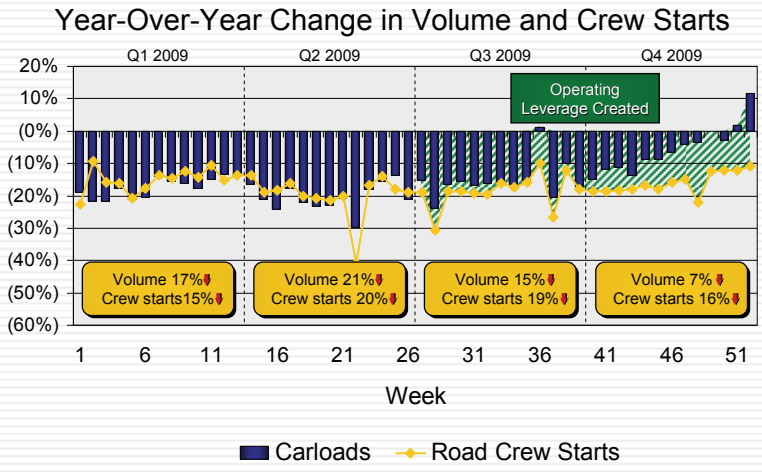
Fourth Quarter



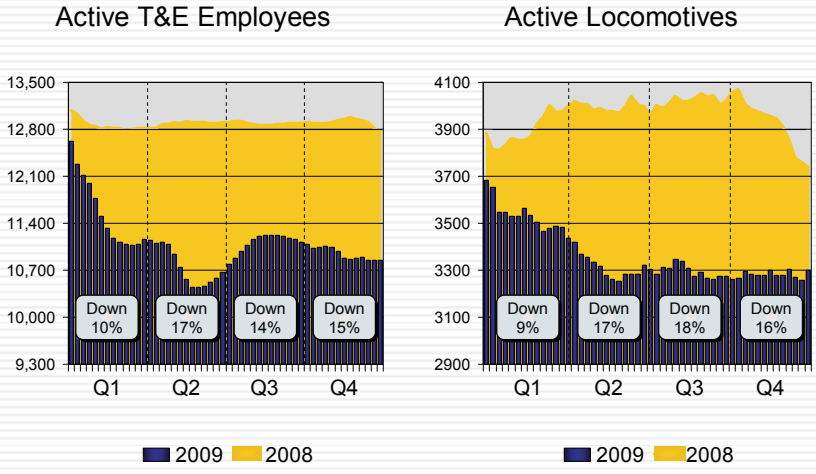
Full Year



Train network stable as volume increases . . .

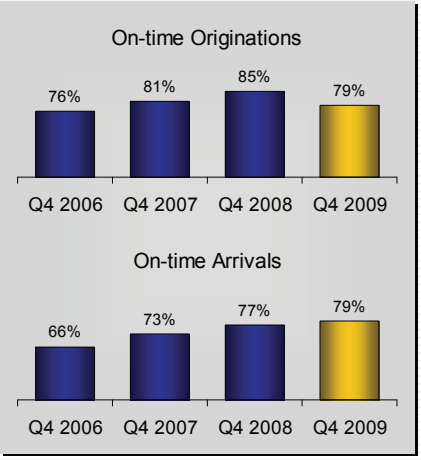


. . . with key resources stable at lower levels

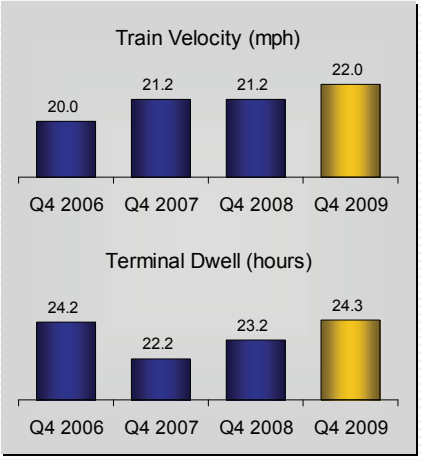


Service levels strong on stable network operations

Service Reliability

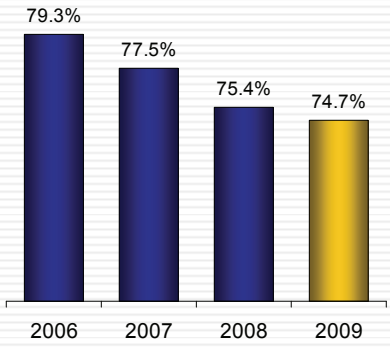


Network Performance



Productivity helping to improve full year earnings

Operating Ratio



- Adjusting the ONE Plan for increased efficiency
- Managing resources levels to business conditions
  - *Creating operating leverage*
- Driving productivity to help offset the impact of inflation
  - *Process improvement teams*
  - *Increased train productivity*

Note: Data for 2006 excludes certain items for comparison purposes. See GAAP Reconciliation

CSX is well prepared as volume builds

Resources Available	
T&E Employees furloughed	1,882
Percent of total	*18%*
Locomotives stored	564
Percent of total	*14%*
Freight cars stored	23,602
Percent of total	*30%*

Note: Data as of January 11, 2010

- Furloughed employees
  - *Generally available within a few weeks*
- Newly-hired employees
  - *Training of new employees takes four to six months*
- Stored rolling stock
  - *Locomotives and cars can be brought online within a week*

As volume builds, resources will return less than 1-for-1

Operations wrap-up . . .

- Maintaining strong safety performance
  - *Helping to lead one of America's safest industries*
- Continuing to drive productivity and cost control
  - *Working aggressively to manage resources as volume returns*
- Providing a high level of customer service
  - *Network operations remain strong at lower resource levels*

Leadership, Discipline and Execution

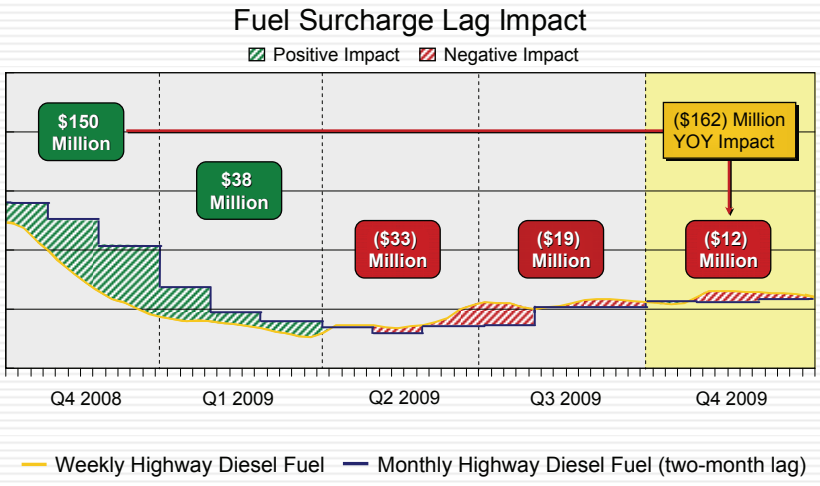
Financial Review

Oscar Munoz
Executive Vice President
Chief Financial Officer

Fourth quarter earnings summary . . .

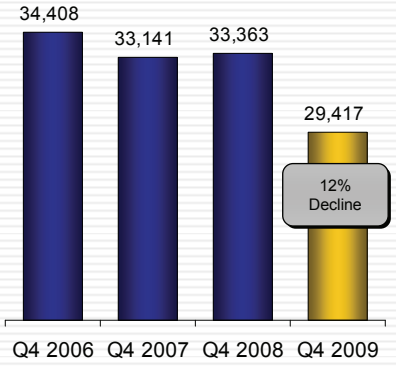
	Fourth Quarter Results		
Dollars in millions, except EPS	**2009**	**2008**	**Variance**
Revenue	$ 2,320	$ 2,674	(13%)
Expense	1,737	1,982	12%
Operating Income	$ 583	$ 692	(16%)
Interest Expense	(138)	(136)	
Other Income (net)	15	6	
Income Taxes	(155)	(201)	
Earnings from Continuing Operations	$ 305	$ 361	(16%)
Fully Diluted Shares in Millions	396.9	395.7	
EPS from Continuing Operations	$ 0.77	$ 0.92	(16%)

Cycling significant fuel surcharge benefit in 2008



Labor and Fringe expense declines 9%

Employee Headcount

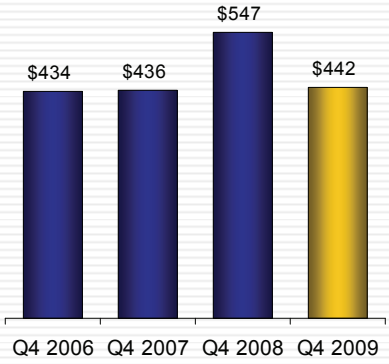


Fourth Quarter
Labor Analysis in Millions

2008 Labor Expense	$ 723
	Variance
Labor Reduction	103
Inflation	(18)
Other	(22)
Subtotal	63
2009 Labor Expense	$ 660

MS&O expense declines 19%

MS&O Expense
Dollars in Millions

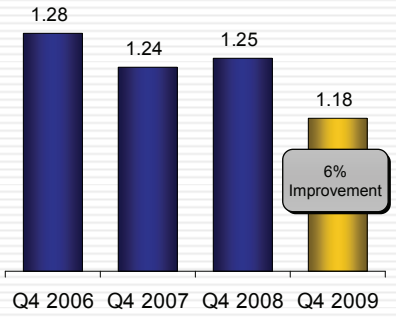


Fourth Quarter
MS&O Analysis in Millions

2008 MS&O Expense	$ 547
	Variance
Volume	47
Net Reserve Adjustment	25
Bad Debt	10
Other	23
Subtotal	105
2009 MS&O Expense	$ 442

Fuel expense declines 24%

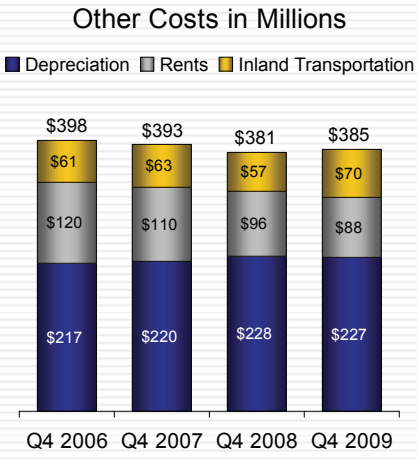
Gallons Per Thousand
Gross Ton Miles



Fourth Quarter
Fuel Analysis in Millions

2008 Fuel Expense	$ 331
	Variance
Volume	31
Price	20
Efficiency	17
Non-Locomotive	13
Subtotal	81
2009 Fuel Expense	$ 250

Other expenses collectively increase 1%



- Inland Transportation up on off-core volume increase
- Rents decrease on better utilization and volume decline
- Life study adjustment offsets increase in depreciable base

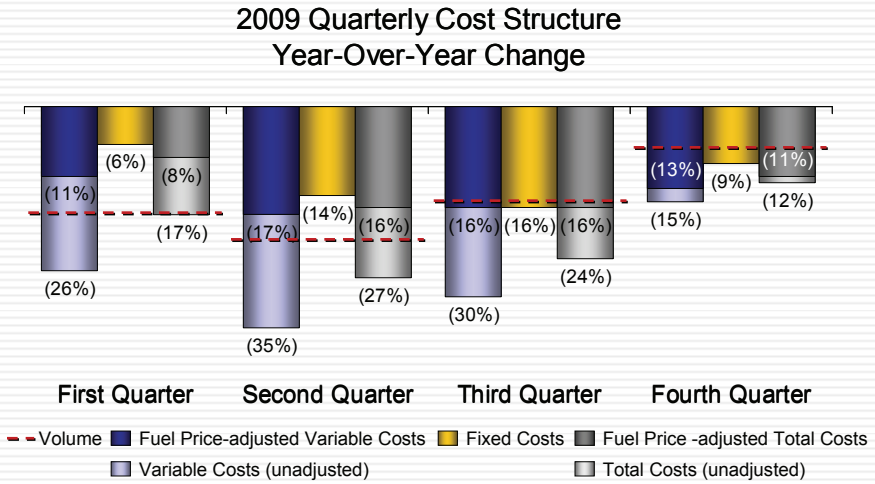
Productivity and rightsizing driving costs lower

Fourth Quarter Cost Structure in Millions

		2009	2008	% Change
Volume		1,498	1,603	(7%)
Short-term Variable Costs	■ Fuel ■ Car Hire ■ Unit Train Crews ■ Third Party Services	$ 477	$ 558	(15%)
Long-term Variable Costs	■ Terminal Operations ■ Scheduled Network Crews ■ Yard and Local Crews ■ Locomotives and Freight Cars	475	564	(16%)
Fixed and Indirect Costs	■ Depreciation ■ Track Maintenance ■ Pension and Property Taxes ■ General and Administrative ■ Technology and Other	785	860	(9%)
Total Operating Expenses		$ 1,737	$ 1,982	(12%)

Note: Normalizing for the fuel price impact, total operating expenses declined 11%

Sustained cost focus yields sequential improvement

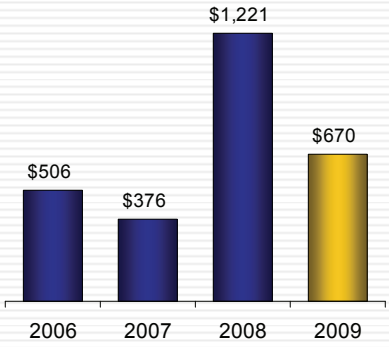


Full-year results strong in challenging environment

	Full Year Results		
Dollars in millions, except EPS	**2009**	**2008**	**Variance**
Revenue	$ 9,041	$ 11,255	(20%)
Expense	6,756	8,487	20%
Operating Income	$ 2,285	$ 2,768	(17%)
Operating Ratio	74.7%	75.4%	70 bps
Earnings from Continuing Operations	$ 1,137	$ 1,495	(24%)
Fully Diluted Shares in Millions	395.7	408.6	
EPS from Continuing Operations	$ 2.87	$ 3.66	(22%)

Cash flow remains positive with strong investment

Free Cash Flow Before Dividends in Millions

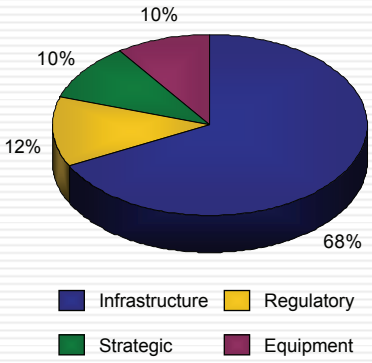


- 2009 free cash flow resilient versus historic norms
- Strong liquidity supports investment grade rating
- Commitment to balanced capital deployment continues

Note: See GAAP Reconciliation; 2008 and 2009 data excludes seller-based financing of $54M and $160M, respectively

Strong investment will continue in 2010

2010 Capital Spending Plan
$1.7 Billion



- Nearly 70% targeted to maintain strong infrastructure
- Strategic capital largely driven by National Gateway
- Equipment capital maintains capacity and gains efficiency
- Regulatory totals $200 million with PTC at $170 million
  - — *Total PTC expected to exceed $750 million through 2015*

Looking ahead . . .

- Drivers of success in 2010 remain the same
  - *Yield management, safety, service, and productivity will produce positive results*
- Economic recovery will drive overall volume growth
  - *Although coal inventory levels will represent a headwind for much of 2010*
- Focused on offsetting margin pressure from mix impact
  - *Strong service product will continue to drive yield management efforts*
  - *Productivity will enhance operating leverage in non-coal markets*
- CSX emerging from recession a stronger company
  - *Operating leverage will drive continued financial strength as volume builds*

Concluding Remarks

Michael Ward
Chairman, President and
Chief Executive Officer

Relentless pursuit of excellence . . .

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 Results			
Dollars in millions	2006	2007	2008	2009
Operating Income	$ 2,149	$ 2,260	$ 2,768	$ 2,285
Gain on Insurance Recoveries	(168)	-	-	-
Comparable Operating Income	$ 1,981	$ 2,260	$ 2,768	$ 2,285
Operating Ratio	77.5%	77.5%	75.4%	74.7%
Gain on Insurance Recoveries	1.8%	-	-	-
Comparable Operating Ratio	79.3%	77.5%	75.4%	74.7%
EPS from Continuing Operations	$ 2.84	$ 2.77	$ 3.66	$ 2.87
Gain on Insurance Recoveries	(0.22)	-	-	-
Income Tax Benefits	(0.32)	-	-	-
Gain on Conrail Property After-tax	(0.06)	-	-	-
Comparable EPS from Continuing Operations	$ 2.24	$ 2.77	$ 3.66	$ 2.87

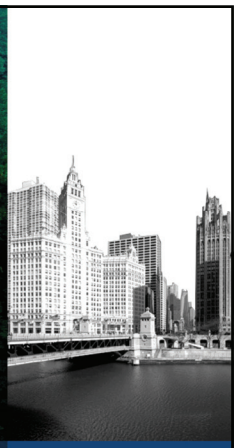
GAAP Reconciliation *(continued)*

Dollars in millions	Full-year Results 2006	2007	2008	2009
Net Cash Provided by Operating Activities	$ 2,058	$ 2,184	$ 2,914	$2,060
Property Additions	(1,639)	(1,773)	(1,740)	(1,447)
Other Investing Activities	151	(41)	36	54
Other Deposits and Conrail Free Cash Flow	(64)	6	11	3
Free Cash Flow	$ 506	$ 376	$ 1,221	$ 670

Fuel Surcharge Reconciliation

Dollars in millions	Fourth Quarter 2009	2008	Variance
Total Rail and Intermodal Fuel Surcharge Recovery	$ 130	$ 332	$ (202)
Portion of year-over-year variance that is volume-related			$ (20)
Portion of year-over-year variance that is fuel price-related			$ (182)

Since total fuel surcharge revenue includes both rail and intermodal, it is different from the report filed with the Surface Transportation Board, which excludes CSX Intermodal fuel surcharge revenue.



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2009 FOURTH QUARTER EARNINGS CONFERENCE CALL