


## *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.

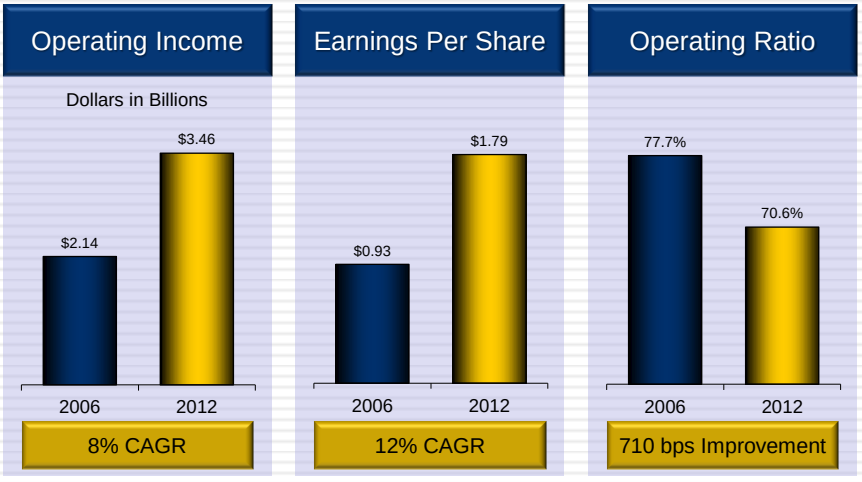
Other important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are specified in the company's SEC reports, accessible on the SEC's website at www.sec.gov and the company's website at www.csx.com.

## *Presentation overview . . .*

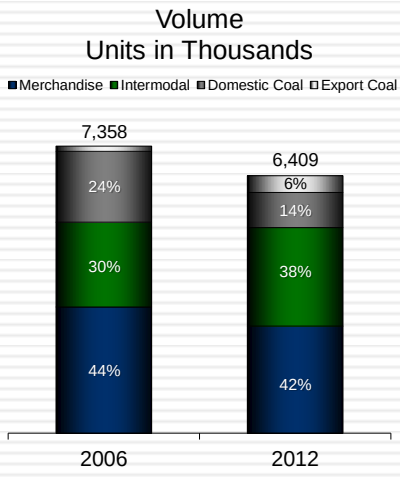
- CSX has a long-term proven track record of success
  - *Performance has been sustained even through challenging business conditions*
- Company's network reaches all major eastern markets
  - *Connects population centers, ports, manufacturing and natural resources*
- Business portfolio diversified across broad market base
  - *Merchandise and intermodal volume accounts for 80% of total business*
- Intermodal platform aligned for profitable growth
  - *Recent and future investments leverage domestic and international opportunity*



## *Performance strong since freight recession . . .*



## . . . despite significant volume decline and mix shift



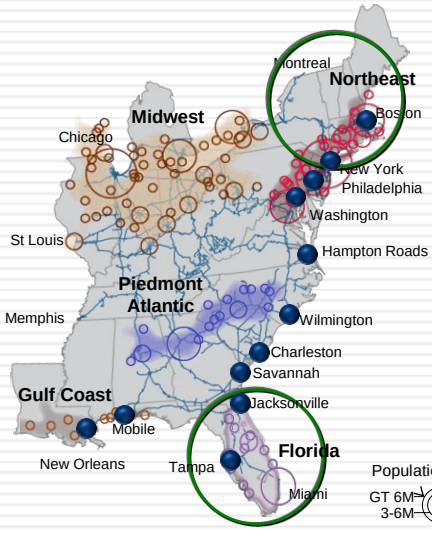

- Merchandise decline
  - *Industrial and housing economies have suppressed recovery*
- Intermodal growth
  - *Driven by highway conversions and new customers*
- Domestic coal decline
  - *Driven by natural gas substitution*
- Export coal growth
  - *Driven by secular long-term global trends*



## Going forward, earning power supports distributions

| | |
|---|---|
| EPS Growth | Project 10-15% CAGR through 2015 off 2013 base<br>— *Expect 2013 EPS to be flat to slightly down from 2012* |
| Operating Ratio | Targeting a high-60's operating ratio by 2015<br>— *Operating ratio in the mid-60's remains focus longer-term* |
| Investment | Remains unchanged for 2013 at $2.3 billion<br>— *Long-term investment remains 16-17% of revenue plus PTC* |
| Dividends | Quarterly dividend increases 7% to $0.15 per share<br>— *Reflects payout at high end of 30-35% of TTM EPS* |
| Share Buybacks | New program of $1.0 billion over two years<br>— *Supported primarily by excess cash and Free Cash Flow* |
| Credit Profile | Continue to target an improving credit profile<br>— *Balances flexibility and cost of capital through the cycle* |

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

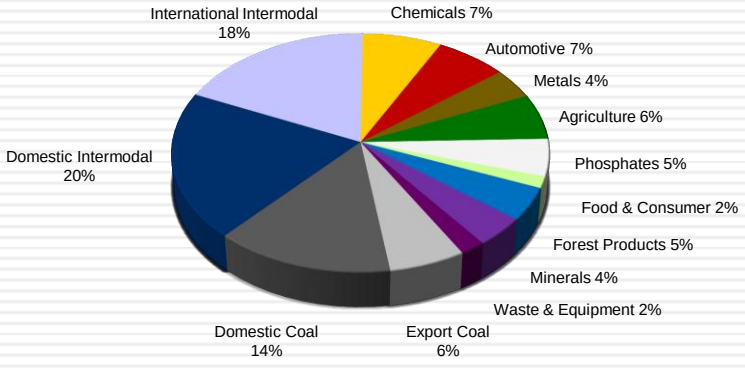



- Connects all five eastern mega-regions and ports
- Serves nearly two-thirds of the nation's population
- Ports connect U.S. resources and manufacturing globally
- Superior market reach into Northeast and Florida
- Network reach is foundation for business diversity

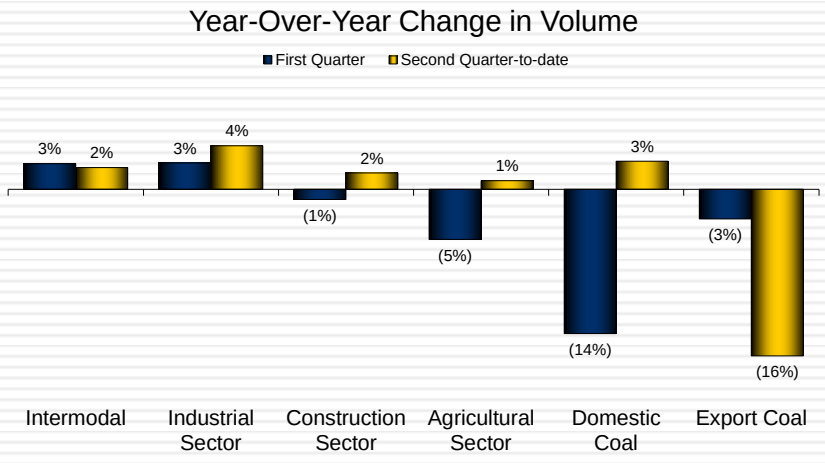


## *Business diversified across broad market base*

2012 Volume by Market
6.4 Million Units



# Year-over-year volume growth starting to improve



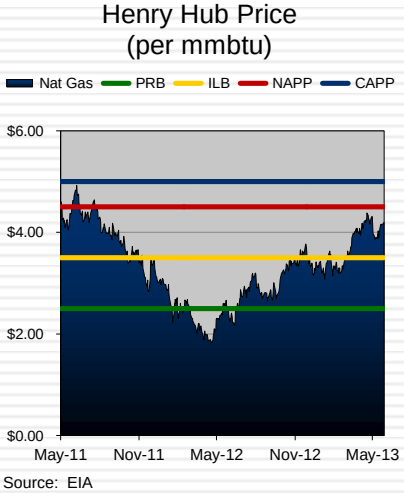

Note: Second quarter volume data is through the first nine weeks of the quarter ending May 31, 2013

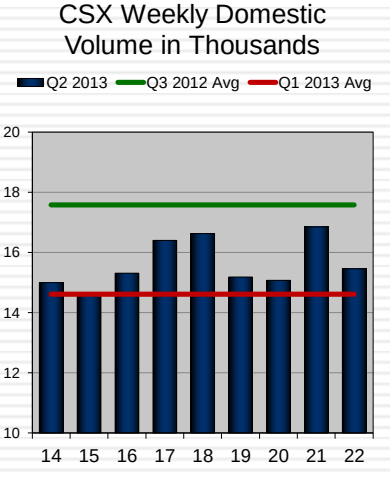




# Natural gas price higher; domestic run-rate stable

Domestic Coal



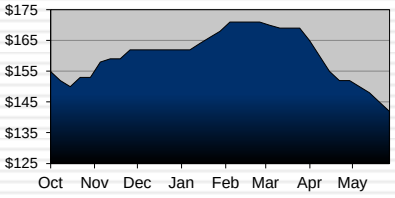




Source: EIA

# Lower coal prices drive lower export demand



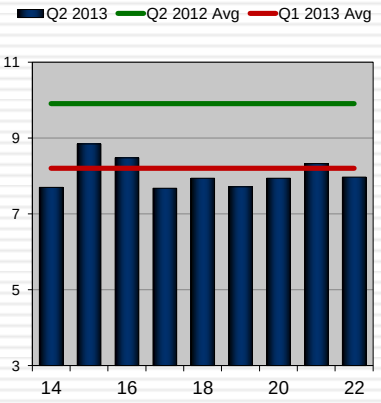
Queensland Index




API2 Index




CSX Weekly Export Volume in Thousands



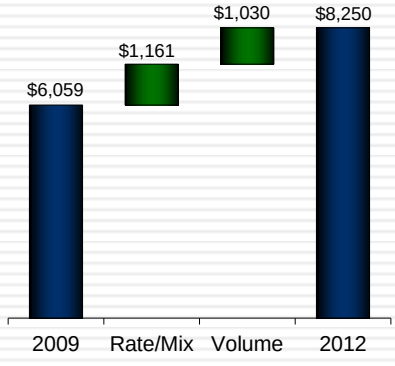

Source: ICAP Energy, Energy Publishing





# Merchandise/intermodal has grown $2.2 billion

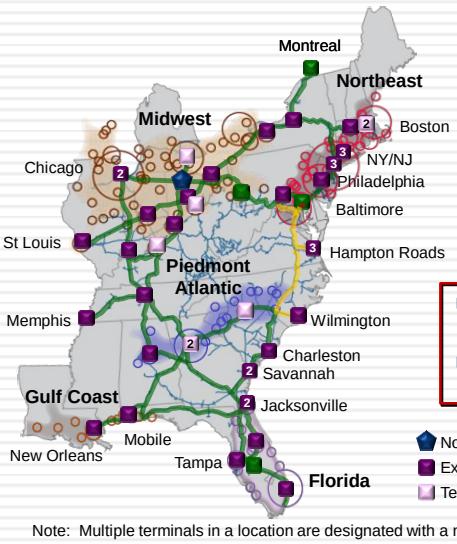
Merchandise/Intermodal Revenue in Millions

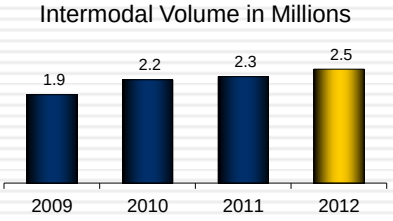



- Strong service is foundation for price and profitable growth
  - *Operating at record levels*
- Core pricing drives over $1 billion rate/mix increase
  - *Reflects inflation plus pricing*
- Volume has exceeded broader economic growth
  - *6% non-coal growth CAGR*
- Profitable growth is key long-term focus
  - *Driven by organic growth and inflation-plus pricing*

# Network positioned to leverage intermodal growth






- 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



# International demand driven by organic growth



## Top-10 International Customers



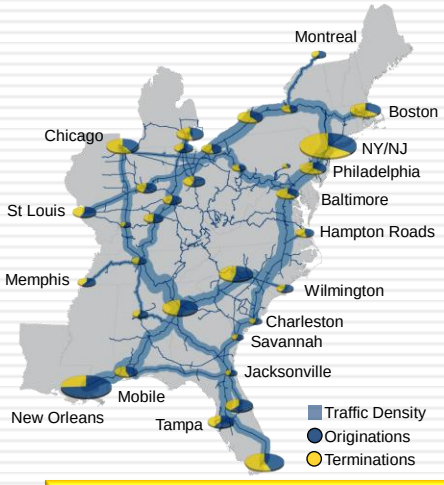

## U.S. International Trade Dollars in Billions




Source: Global Insight

## *Domestic opportunity aligned with CSX's network*

**Intermodal**




- Total eastern opportunity is about 9 million truck loads
  - *Reflects truckload moves greater than 550 miles*
- Significant majority overlays CSX's intermodal network
  - *H2R initiative designed to capture growth opportunity*
- Capital investment will be required over time
  - *Investment is scalable as volume increases*

Opportunity creates long runway for profitable organic growth



## *Wrap-up . . .*

- CSX has a long-term proven track record of success
  - *Guidance through 2015 extends performance; delivers value for shareholders*
- Merchandise/intermodal revenue up $2.2 billion
  - *Three-year revenue growth sustained financial success despite coal headwinds*
- Network well positioned for global growth opportunities
  - *Leverages long-term growth prospects from diverse business portfolio*
- CSX's intermodal business a key long-term profit driver
  - *Network leverages international and domestic growth opportunities*



CSX
How tomorrow moves

# 2013 DEUTSCHE BANK
GLOBAL INDUSTRIALS & BASIC MATERIALS CONFERENCE