


CSX 2013 CORPORATE SOCIAL RESPONSIBILITY REPORT



HOW TOMORROW MOVES



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AT THE TIME OF PUBLICATION THE G4-17 TO G4-27 DISCLOSURES WERE CORRECTLY LOCATED IN THIS G4 CONTENT INDEX AND FINAL REPORT.



Chairman's Message



Dear Stakeholders:

Welcome to CSX's 2013 Corporate Social Responsibility (CSR) report. This comprehensive review of the company's successes and challenges provides important insights on CSX's performance and our ability to meet and exceed the needs of our customers, employees, investors and the communities we serve.

From market overviews to diversity and inclusion efforts, and from governance standards to safety and the environment, the CSR report maintains transparency in critical areas and is a baseline on our path of continuous improvement. In this report, you'll find detailed information about our network's reach, infrastructure investments and expansion, and the economic and environmental benefits that are powering a North American Rail Renaissance.

CSX delivers transportation solutions that generate value via our 21,000-mile eastern network serving nearly two-thirds of American consumers. The combination of economic and environmental benefits has created growing demand for rail service, stimulating jobs and development and reducing highway congestion and exhaust emissions.

Just 50 years after U.S. independence, CSX's oldest predecessor, the Baltimore & Ohio Railroad, began its westward trek from its namesake city to the Ohio River. Expansion and improvement have been vital ever since, and CSX has invested nearly \$7 billion over the past three years to maintain and upgrade infrastructure and prepare for further growth opportunities.

We know that meeting America's increasing need for efficient, environmentally friendly rail transportation rests on effective collaboration with communities and public officials. When that happens, it can generate economic development and job creation: A total of 121 new or expanded facilities located on CSX or connecting short lines in 2013, representing \$3 billion in customer investments and more than 1,600 new job opportunities.

If that's not compelling enough, just think about the environmental benefit of moving a ton of freight more than 450 miles on a single gallon of fuel. That's the result of investing in new, fuel-efficient locomotives and technologies and progressing toward our goal of significantly reducing greenhouse gas emissions. Other work focuses on incorporating the latest innovations and environmentally friendly design into the construction of new terminals, other facilities and infrastructure.

Finally, we're proud to be part of the communities in which we operate but we also acknowledge the obligation to be active, contributing corporate citizens. That's why we donated more than \$16 million to various community needs in 2013, and supported strategic national partners including City Year, National FFA Organization (also known as Future Farmers of America), Dignity U Wear, National Safe Place and Alliance for Community Trees, among others. Underlying these efforts is the unwavering spirit of volunteerism among our 31,000 employees, which every day extends CSX's reach beyond our rails.

Going forward, we will continue our relentless focus on safety, service to our customers and financial performance that meets or exceeds expectations. In that way, we also meet the expectations of America everywhere. I hope you find this CSR report useful and enlightening, and a platform for future dialogue.

Sincerely,

Michael J. Ward

About This Report

This 2013 Corporate Social Responsibility (CSR) report provides an overview of how CSX operates sustainably across our 21,000-mile rail network and how we manage the business to address the interests of our key stakeholders. The report aligns with our core values and describes our sustainability commitments and associated performance.

This report was prepared in accordance with the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines, published in May 2013, which provide a generally accepted framework for reporting social, economic and environmental performance. In line with the G4 requirements, we completed a materiality assessment to identify and prioritize the issues most important to stakeholders – defined by G4 as “material issues” – that would influence them when making a judgment or decision about CSX.

We produce a CSR report every year, and this 2013 report is our fourth edition. Please see the GRI Index on page 98 for a list of all G4 disclosures and indicators referenced in this report. CSX received a GRI Materiality Matters check for this report, verifying that our materiality and stakeholder engagement processes are in line with the G4 guidelines.

All of the information contained in this report is fully representative of the company's principal operating subsidiary, CSX Transportation, as well as its other subsidiaries, including: CSX Intermodal Terminals, Inc. (CSX Intermodal Terminals); Total Distribution Services, Inc. (TDSI); Transflo Terminal Services, Inc. (TRANSFLO); and CSX Technology, Inc. (CSX Technology)¹. Information in this report covers 2011 through 2013, with a focus on activities during fiscal year 2013 (December 29, 2012, to December 27, 2013). In certain cases, we've addressed events that occurred during the first half of 2014 to ensure that the discussion of material issues is current as of the publication date of this report (June 2014). There are no significant changes in the boundary or scope of this report compared to the 2012 report².

Any restatements of data from prior years are noted throughout the report where appropriate. Units are metric except where noted otherwise. CSX's greenhouse gas (GHG) emissions were verified by a third party as part of the company's participation in the Carbon Disclosure Project (CDP).



1. G4-17
2. G4-23

Engaging with Stakeholders

It is critical to our business that we foster transparent communication with stakeholders at all levels – in the public, with the government and within our organization. Our engagement with stakeholders is much deeper than a single activity or channel; we tailor our approach to most

effectively engage each group. In this way, we ensure we have a thorough understanding of their specific interests. Our various stakeholders, and our methods used to engage them, are listed in the table below.³

Stakeholder Group ⁴	Engagement Approach ⁵	Topics ⁶
Communities	Corporate citizenship programs, which include community investments, engagement and volunteerism; public meetings; safety education campaigns; TellCSX helpline	Collaboration and partnerships; economic benefits in local communities; environment; network safety and security; public safety; transportation of hazardous materials
Customers	Customer events and trade shows; e-business tools; Voice of the Customer survey; website; CDP and DJSI responses; customer advisory councils	Customer service; environmental benefits of rail transport; safe handling of freight; service reliability; transportation of hazardous materials
Employees	Awareness campaigns; ethics helpline; intranet sites; leadership meetings; newsletters; town hall meetings; training; Voice of the Employee survey	Benefits; environment; safety and wellness; satisfaction surveys; service excellence; training; volunteer opportunities
Investors	Annual shareholder meeting; earnings conference calls and investor conferences; quarterly and annual SEC reports; CDP and DJSI responses	Capital investments; corporate governance; financial and operating results; safety; shareholder returns
Non-Governmental Organizations	Organizational and project-specific partnerships; Climate Corps Fellowship; CDP and DJSI responses	Collaboration and partnerships; energy efficiency; land management; economic development; carbon management
Public and Regulatory Officials	CSX Environmental Management System; CSX Police; public policy advocacy; training	Collaboration and partnerships; compliance with laws and regulations; environment; safety
Suppliers	CSX supplier web-portal; supplier diversity initiatives; supplier quality program	Contractor management; safety; supplier development; supplier diversity

3. G4-25

4. G4-24

5. G4-26

6. G4-27

Understanding Material Issues

MATERIALITY PROCESS

We carried out a materiality assessment, in accordance with G4 guidelines, to identify and prioritize the issues most important to each of the stakeholder groups. The content and balance of this report reflect the assessed materiality of these issues and provides an avenue for addressing them in a way that we believe is meaningful to stakeholders⁷.

As part of the assessment, we conducted in-depth interviews with internal and select external stakeholders, completed a media review and solicited feedback on the 2012 CSR report. In addition, we used investor questionnaires, sustainability ratings and rankings, GRI guidelines, industry trends, peer reports and customer

inquiries to further refine the issues critical to CSX's current and future success.

MATERIAL ISSUES

The list below presents the results of our materiality assessment. While all of the issues represented here are important, the topics in **bold** were identified as those that stakeholders currently consider most material, and we address them in depth in this report. We recognize that priorities can change over time and will continue to refine this materiality process to best capture the evolving concerns of diverse stakeholders.

Material Issues for CSX⁸

Governance

- Compliance
- Core Values
- Corporate Governance
- Executive Compensation
- External Stakeholder Engagement
- Government Engagement
- **Innovation**
- **Risk Management** (crisis preparedness, emergency response)
- **Shareholder Returns**
- Sustainability Integration
- **Transparency** (advertising, reporting and company communications)

Markets

- **Changing U.S. Energy Mix** (crude by rail, export coal)
- **Environmental Benefits of Rail Transport**

Value Chain: Customers and Suppliers

- Customer Service
- Supply Chain Management

Safety

- **Employee Safety**
- Infrastructure Protection
- **Network Safety**
- **Public Safety and Security**

Environment

- Air Quality
- Biodiversity and Land Management
- **Carbon Management and Climate Change**
- Waste
- Water

Workforce

- Benefits and Training
- Diversity
- Health and Wellness
- Human Rights
- Labor Management and Practices
- Workforce Management, Talent Acquisition and Retention

Communities

- **Community Engagement and Collaboration**
- **Local Economic Contributions**

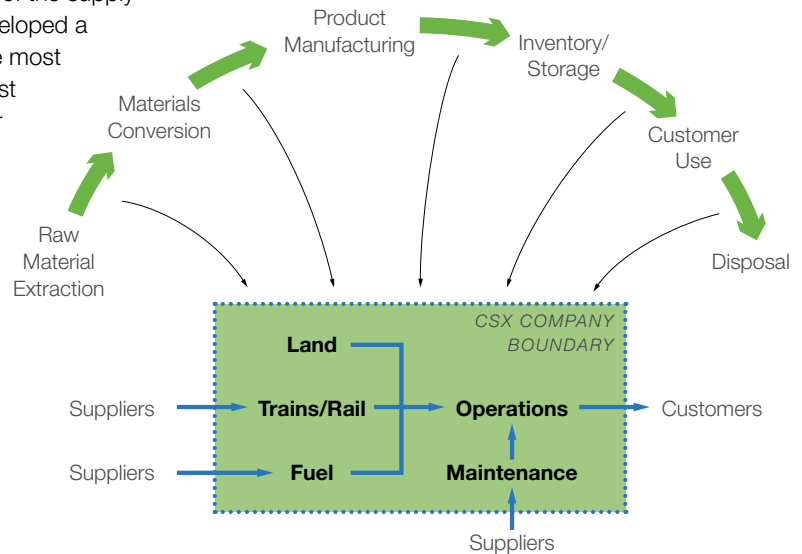
7. G4-18

8. G4-19

MATERIAL ISSUES ACROSS OUR SUPPLY CHAIN

As a transportation company, CSX is a critical part of the supply chain for American and global businesses. We developed a supply chain map in order to better understand the most material issues and where we need to focus to most effectively address the impacts associated with our business.

CSX's network is an important part of the value chain, which includes the land on which we operate, as well as our suppliers who provide us with the materials and equipment that make it possible for us to deliver our customers' goods to their final destination. The dotted line on the figure to the right represents the boundary of what we consider "inside" our company. Included in the table below is an indication of where material issues fall along our supply chain.



MANAGEMENT OF MATERIAL ISSUES

We are proactive in addressing all of the company's material issues. The table below provides an alphabetical listing of high-priority issues for 2013, and identifies the relevant section of the report where they are addressed.

Material Issue	Materiality Boundary		CSX Management of Issue
	Inside of CSX ⁹	Outside of CSX ¹⁰	
Carbon Management and Climate Change	●	●	Environment; Customers
Changing U.S. Energy Mix		●	Markets; Crude oil case study
Community Engagement and Collaboration		●	Communities; Safety
Employee Safety	●	●	Employee safety
Environmental Benefits of Rail Transport	●	●	Customers; Environment
Innovation	●		Customer service innovation; Safety innovation; Environmental innovation
Local Economic Contributions		●	Communities; Suppliers
Network Safety	●	●	Network safety
Public Safety and Security	●	●	Public safety
Risk Management	●		Governance; Suppliers; Environment; Safety
Shareholder Returns	●	●	Governance; Markets
Transparency	●	●	Annual CDP, DJSI and CSR reporting; CSX websites

9. G4-20

10. G4-21

Business Overview

CSX at a Glance

As one of the nation's leading transportation companies, CSX provides rail-based service in 23 states east of the Mississippi, the District of Columbia, and the Canadian provinces of Ontario and Quebec. We provide traditional rail service, as well as the transport of intermodal containers and trailers. Headquartered in Jacksonville, Fla., our network reaches more than 70 ocean, river and lake ports along the Atlantic and Gulf coasts, the Mississippi River, the Great Lakes and the St. Lawrence Seaway. CSX also connects thousands of production and distribution facilities through approximately 240 short-line and regional railroads.

CSX's 21,000-mile network and approximately 31,000 dedicated employees are essential to the continued growth of the American economy. We help efficiently transport a broad range of products for the nation's farmers and manufacturers, energy producers and users, ports, retailers, plants, mills and more. CSX's network is positioned to reach nearly two-thirds of the nation's consumers. We serve major markets east of the Mississippi, including New York, Philadelphia, Boston, Baltimore, Atlanta, Miami, New Orleans, St. Louis, Memphis and Chicago.

Sustainable and Responsible Operations

As a community member, business partner, employer, environmental steward and value-creator for shareholders, we have implemented a sustainability strategy, described in the statement on the previous page, to help us achieve maximum results with minimum impacts. Prioritizing sustainability and innovation is crucial for our ability to deliver the excellent customer service and strong financial results that will build future success. CSX is dedicated to improving transparency and accountability, and we review our sustainability strategy on a periodic basis. This CSR report exemplifies those efforts.

Business Strategy

CSX aspires to be the safest, most progressive North American railroad, relentless in the pursuit of customer and employee excellence. Our vision, purpose and core values guide our employees as they make decisions on a daily basis. Each of our core values serves as a reminder of what is most important to CSX:

- **It starts with the customer.**
- **People make the difference.**
- **Safety is a way of life.**
- **Fact-based.**
- **Right results, right way.**

When all employees are aligned with these core values, we can better serve our communities, customers and other stakeholders.



CSX Sustainability Statement

At CSX, sustainability is the way we manage and operate our business to best serve our customers, care for the environment, secure profits and drive long-term prosperity. Sustainability is a business method that ensures safety, efficiency and responsibility in a manner that protects CSX employees, communities, shareholders and the environment – now and in the future. Our daily operations align business performance with a commitment to environmental, social and community stewardship encompassing three elements:

Reduce the environmental footprint of our operations.

- Transport goods in a manner that minimizes community and environmental impacts.
- Reduce fuel, energy, water and other resources needed to move each ton-mile of freight.
- Increase recycling and reuse efforts through waste minimization.
- Strive to manage the CSX supply chain in consideration of environmental effects and good governance.

Engage openly on sustainability issues.

- Communicate regularly with customers, employees and external stakeholders on sustainability issues, goals and efforts.
- Provide opportunities to customers, suppliers, employees and communities to actively participate in sustainability programs.
- Increase transparency and disclosure of our sustainability performance through our annual CSR report and related sustainability disclosures.

Support sustainable development.

- Collaborate with customers and communities to grow sustainably while considering social, economic and environmental effects.
- Build innovative infrastructure to support operations and minimize resource use.



Spotlight: CSX and the American Railroad: More than 185 Years of Progress

Few industries have played as significant of a role in America's progress as the railroad industry. In good economic times and in bad, the railroad has adapted to the changing needs of American businesses. Our company and our industry have changed as dramatically as America has over more than 185 years, and CSX is proud to remain an important part of how this country runs and succeeds.

Today, CSX and the rail industry provide customers with access to an expansive and interconnected transportation network that fuels North American commerce and is critical to the economic success and global competitiveness of the United States. U.S. demand to move more goods by rail is expected to rise, and freight railroads are the most environmentally

efficient and economical means to meet this growing need. On average, trains are four times more fuel-efficient than trucks, and CSX can move a ton of freight about 450 miles on one gallon of diesel fuel. Rail transport also alleviates highway congestion, reduces air pollution and saves energy.

The railroad is a visible part of American life and communities all across the country. CSX collaborates with industry peers through groups like the Association of American Railroads (AAR) to ensure that America's freight railroads operate as safely, efficiently and responsibly as possible. We work diligently to address the concerns of our communities and make sure that tomorrow will be an even better day for all of us.

Financial Performance Highlights

In 2013, revenue was \$12.0 billion – an increase of \$263 million (2 percent) over 2012. Our expenses increased \$254 million (3 percent) while our operating income of \$3.5 billion remained flat. CSX achieved earnings per share of \$1.83 – an increase of \$0.04 (2 percent) over 2012.

The company's total revenue increase was driven by volume growth and pricing gains across most markets. The 2 percent volume increase was due to growth in merchandise and intermodal that more than offset lower coal volume. The increase in expenses was primarily due to inflation, higher incentive compensation expense and increased depreciation, as well as prior-year real estate gains not repeated in 2013.

KEY FINANCIALS

(PER FISCAL YEAR, DOLLARS IN MILLIONS)

	2011	2012	2013
Volume (thousands of units)	6,476	6,409	6,539
Revenue	\$11,795	\$11,763	\$12,026
Expense	\$8,325	\$8,299	\$8,553
Operating income	\$3,470	\$3,464	\$3,473
Operating ratio	70.6%	70.6%	71.1%

For additional information, refer to the Results of Operations section of CSX's 2013 Annual Report on Form 10-K.

Public-Private Partnerships

As invested members of our communities, CSX partners with government at all levels to support multiyear rail infrastructure projects, such as the National Gateway, that expand the capacity of U.S. rail networks. Such projects provide substantial economic and environmental benefits, including job creation, increased business activity at ports,

reduced highway congestion and lower air emissions. They also provide a foundation for volume growth, increased productivity, improved customer service, heightened market access and advanced operational reliability.



Spotlight: National Gateway Phase One Clearance Completion

The National Gateway is one of the nation's largest transportation projects. In September 2013, Phase One of this public-private partnership was completed. This project will help improve the flow of freight from Mid-Atlantic ports to points of consumption in the Midwest by double stack-clearing critical parts of our intermodal network.

The project provides a number of benefits:

Environmentally responsible operations. The National Gateway will create significant long-term environmental benefits

by converting more than 14 billion highway truck miles to freight rail. Not only will this reduce highway congestion, but it will also save nearly 2 billion gallons of fuel and prevent 20 million tons of CO₂ from entering the atmosphere.

Economic growth. Over a 30-year period, this project will create more than 50,000 jobs, half of which will be located in 14 economically disadvantaged areas as well as reduce highway maintenance and shipping costs.

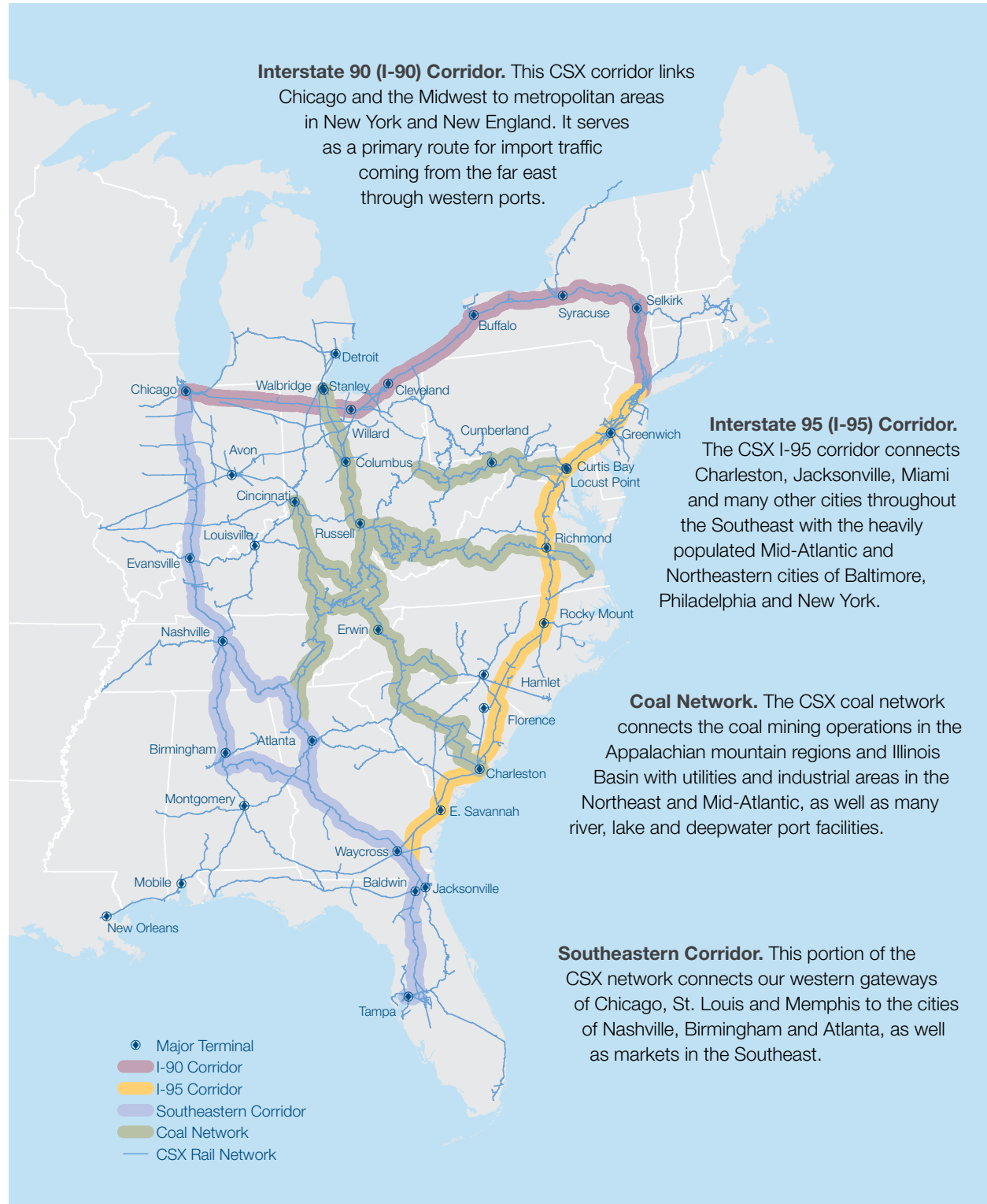
Enhanced safety. Facilities that will be built or expanded to

support the National Gateway will implement modern, high-technology operating methods to ensure safety. In addition, through increased railway efficiency, the project will help passenger and freight trains stay on schedule, enabling states to save up to \$251 million in safety costs.

The project is focusing next on Phase Two, which will enable CSX to use double-stack trains through the corridor between Chambersburg, Pa., and Mid-Atlantic ports in Baltimore and Virginia.

CSX Network Geography

With 21,000 miles of track, access to more than 70 ports and nationwide transloading and warehousing services, CSX serves America's transportation needs through the following major transportation networks:



Our Fleet

CSX operates an extensive fleet of locomotives and freight cars capable of meeting the growing customer demand for sustainable rail-based transportation. In addition, some customers own or lease their own railcars.




LOCOMOTIVES

A CSX locomotive has the power to pull freight cars in trains that stretch more than a mile long. We currently operate more than 4,000 locomotives; more than 97 percent are owned by the company and the rest are long-term leased. The fleet consists of 3,730 freight locomotives, 320 switching locomotives used in rail yards and 209 auxiliary units that are used to produce extra power for heavy trains in hilly terrain.









FREIGHT CAR FLEET

In 2013, CSX transported 6.5 million carloads and containers of products and raw materials to diverse customers across the country. More than half of the railcars on the CSX system are railcars owned by other railroads, shipper-furnished or private cars, or multilevel railcars shared among railroads to transport automobiles.

LOCOMOTIVES

		Number	Percent of Fleet
	Freight	3,730	87%
	Switching	320	8%
	Auxiliary units	209	5%
	Total locomotives	4,259	100%

FREIGHT CARS AND CONTAINERS

		Number	Percent of Fleet
	Gondolas	25,781	38%
	Open-top hoppers	12,077	18%
	Multilevel flat cars	11,246	16%
	Covered hoppers	10,014	15%
	Boxcars	7,912	12%
	Flat cars	735	1%
	Other	243	<1%
	Subtotal railcar	68,008	100%
	Containers	17,569	
	Total equipment	85,577	

Governance



Successes

- CSX revised our risk assessment process to better align with our business strategy and to identify emerging risks more quickly.
- CSX was named “Most Honored Company” by Institutional Investor Magazine as part of the annual All-America Executive Team survey, ranking first in the Airfreight and Surface Transportation sector.
- CSX was named to the North America Dow Jones Sustainability Index (DJSI) for the third consecutive year, and was the only U.S. railroad included in 2013.

Challenges

- Continuing to improve communication with our stakeholders on governance topics.
- Anticipating future regulations and making necessary changes to our strategy to adapt.
- Continuing to find new ways to implement sustainability into our strategic planning and governance decisions.

Setting the right example starts at the top. A management team that does the right things ensures that the company as a whole will do what's right for the business, the environment and its communities.

Management Approach and Plans Ahead

To realize our vision of being the safest, most progressive North American railroad, we must continually build upon our foundation of responsible corporate governance. At CSX, good governance means managing our business in a way that is transparent and accountable to our stakeholders. By proactively engaging and motivating our employees and exceeding our customers' expectations, we can continually evolve and succeed in a dynamic economy while reinforcing our core values.

Executive Leadership

EXECUTIVE TEAM

The CSX Executive Team has more than 150 years of combined industry experience. Team members have served in a variety of roles throughout their time at CSX. They work together in the pursuit of long-term business success, the creation of shareholder value and the engagement and achievement of thousands of dedicated CSX employees to continue our tradition of safety, innovation and service. More information about the Executive Team members is available on the [corporate governance page](#) of the company's website.



CSX Executive Team (from left to right): Lisa Mancini, Clarence Gooden, Michael Ward, Ellen Fitzsimmons, Fredrik Eliasson, Oscar Munoz



CSX's Board of Directors tours the recently expanded intermodal terminal in Worcester, Mass.

BOARD OF DIRECTORS

CSX's Board of Directors is composed of a diverse group of experienced individuals who ensure the company is making decisions that support long-term growth and success. CSX Directors are elected each year through a majority voting process, providing transparency and accountability to stakeholders.

With the exception of Michael J. Ward, Chairman of the Board, all of the company's Directors are independent. The CSX Board of Directors evaluates the independence and performance of each Director. In making the independence determination, the Board considers the New York Stock Exchange listing standards, as well as transactions or relationships, if any, between each Director, Director nominee or his or her immediate family and the company or its subsidiaries. The purpose of this review is to determine whether any such relationships or transactions are material, and could impair a nominee's or Director's actual or perceived independence.

The CSX Board of Directors holds at least six regularly scheduled meetings each year, with additional meetings scheduled on an as-needed basis. At every Board meeting, the non-management Directors meet alone in executive sessions chaired by the Presiding Director. In addition, the Board tours sites along the CSX network to gain further insight into our operations, our customers' businesses, current projects underway and growth opportunities for the company.

The Board periodically, but at least once every three years, reviews and sets the compensation for non-management directors based on the recommendation of the Governance Committee, which takes into account independent market assessments. Director compensation includes both cash and stock-based components and CSX maintains a set of guidelines for director stock-ownership. In recommending the amount and form of Director compensation, the Committee considers, among other factors, the level of compensation necessary to attract and retain qualified, independent Directors.

For more information about CSX's Directors, please see the [corporate governance page](#) of our website.

Leadership Structure

JOINT CHAIRMAN AND CEO

CSX combines the roles of Chairman and Chief Executive Officer (CEO) and appoints an independent Presiding Director. We believe that by combining the positions, we provide clarity of leadership to the company and shareholders. The Presiding Director is selected annually by the Governance Committee. Currently, Edward J. Kelly, III, serves as the Presiding Director.

BOARD COMMITTEES

CSX's Board of Directors has six standing committees, each of which is governed by a charter. Those committees meet at least six times per year, except for

the Executive Committee, which meets on an as-needed basis. Sustainability is addressed through a variety of committees' activities during the year.

Audit Committee. The Audit Committee is responsible for the oversight of CSX's financial statements, compliance with legal and regulatory requirements, the independent auditors' qualifications and independence, CSX's risk management processes, and the performance of the independent auditors and the company's internal audit function.

Compensation Committee. The Compensation Committee develops and oversees compensation philosophy, strategy and design. This Committee is responsible for regularly reviewing, approving and monitoring compensation policies and plans, along with associated financial impacts and risks to the business. It also conducts an annual CEO performance review, manages changes to the company employee benefit plans and is responsible for approving equity-based incentive awards. Each member must meet the independence requirements of the New York Stock Exchange.

Executive Committee. The Executive Committee acts on behalf of the full Board during periods between regular Board meetings. This Committee is composed of the Chairman of the Board, the Presiding Director and the chairpersons of each standing committee.

Finance Committee. The Finance Committee provides oversight and review of the company's financial matters, which include the monitoring of corporate debt, cash flow and the assets and liabilities maintained by CSX and our affiliates in connection with employee benefit plans, including monitoring the funding and investment policies and performances of the assets.

Governance Committee. The Governance Committee's primary functions are identifying qualified individuals for possible election to the Board of Directors; evaluating the Board's performance and management; and recommending potential changes in committee structure, governance policies and procedures. Each member must meet the independence requirements of the New York Stock Exchange.

Public Affairs Committee. The Public Affairs Committee assists the Board by addressing important and emerging public policy issues that could potentially affect CSX. The Committee oversees compliance with legal requirements and internal policies relating to equal employment, diversity in the workplace, employee safety and environmental protection. It also monitors how our activities and practices affect our reputation and reviews the annual CSR report.

Our Vision

To be the safest, most progressive North American railroad, relentless in the pursuit of customer and employee excellence.

Our Purpose

To capitalize on the efficiency of rail transportation to serve America.

Our Core Values

At CSX, we believe that living by a set of fundamental core values helps to define the true measure of a company. When all employees are aligned with fundamental guiding principles, companies consistently serve their customers and other stakeholders and deliver superior financial results that ensure long-term success. Our core values are:

It Starts With the Customer

- Reliable service is our key to growth.
- Grow by understanding and meeting needs.
- Become easier to do business with.
- Own their problems – win their business.

People Make the Difference

- Every employee engaged and adding value.
- Emphasis on professional and personal growth.
- Expect a lot – have fun – celebrate success.
- Treat each other with respect and dignity.

Safety is a Way of Life

- Live safely for your family.
- Take time to be safe.
- Look out for each other.
- Safety affects customers.

Fact-Based

- Use customer-based performance measures.
- Fix the problem, not its symptoms.
- Improve performance with facts.
- Validate – don't speculate.

Right Results, Right Way

- Reward our shareholders.
- Be a positive influence on communities and the environment.
- How you get there matters.
- Avoid fault-fixing.

SHAREHOLDER RELATIONS — COMMUNICATING WITH THE BOARD

We encourage active participation of our shareholders throughout the year. We also invite our shareholders to our Annual Meeting, either by attending and voting in person or by voting through the other acceptable methods described in the Proxy Statement.

Requests for communications with individual Directors or the Board are initially made through the Corporate Secretary. In addition, we always welcome shareholders to communicate with the Board of Directors at the address below. Shareholders may also request a free, printed copy of the CSX Corporate Governance Guidelines, the CSX Code of Ethics, the charters of each Board committee and Board policies at the address below or by visiting our website.

CSX Corporation
500 Water St., C160
Jacksonville, FL 32202

A cross-functional CSX team – including representatives from finance, sales and marketing, accounting, legal, and corporate communications – works throughout the year to support the important outreach to investors and analysts.

In 2013, our work with investors was recognized by Institutional Investor Magazine. CSX was named a “Most Honored Company” as part of the annual All-America Executive Team survey, ranking first in the Airfreight and Surface Transportation sector. The annual Institutional Investor rankings are based on votes from portfolio managers and analysts. Within the Airfreight and Surface Transportation sector, CSX received high marks in all categories, including the top awards for “Best Investor Relations,” “Best Investor Relations Professional,” and “Best CFO.”

In 2013, the investor relations team supported CSX participation at 16 investor conferences and meetings with nearly 700 investors in the Northeast, Midwest, West Coast, Mid-Atlantic and Canadian markets.

Governance Policies

We maintain a company-wide governance program that guides the coordination and implementation of and adherence to our core values, laws and regulations, as well as company policies and procedures. Our governance policies embody the high standards that employees, investors, customers, suppliers, communities and regulators expect. By ensuring we are doing the right things the right way, we can lay the groundwork for the success of the business, our stakeholders and our communities.

Size of Board, year-end 2013	13
Number of male Board members	11
Number of female Board members	2
Number of minority Board members	3
Number of independent directors on the Board	12
Board member term length	1 year
Separate Chairman of the Board and CEO	No
Lead independent director	Yes
Board member training/education provided annually	Yes
Annual Board member elections	Yes
Review of compensation for non-management directors	At least every 3 years
Director resignation policy	Yes
Annual review of Board independence	Yes
Annual evaluation of Board functioning/performance	Yes

Ethics. The CSX Code of Ethics lays out standards for the ethical behavior of all CSX employees, officers and Directors of the corporation and its subsidiaries. It covers such matters as conflicts of interest, insider trading, misuse of confidential information, compliance with laws and regulations, and proper use of corporate assets.

Each year, management employees complete at least four training courses on ethics and compliance-related topics. CSX union employees are provided the opportunity to take an ethics training course, though it is not mandatory. In 2013, 100 percent of our management employees completed the ethics course and approximately 69 percent of union employees voluntarily completed the ethics training course.

CSX encourages employees to voice concerns any time they suspect a violation of the Code of Ethics or are unsure about undertaking certain actions. To provide guidance, we maintain a 24-hour CSX Ethics Helpline. This Helpline, along with an associated website, allows employees to report suspected misconduct and raise questions without fear of retaliation. In 2013, we received 1,356 inquiries via the Helpline, website and letters. When violations are uncovered during the investigation process, the Ethics team ensures appropriate action is taken to resolve the issue, which may include dismissal, and evaluates how to prevent future occurrences. The majority of issues addressed were related to employee conduct. CSX management discusses Helpline call activity, including the nature of calls and substantiation percentages, with the Audit Committee at least once a year.

Antitrust and corrupt practices policies. CSX maintains strict antitrust and corrupt practices policies. We believe in free and fair competition and compliance with antitrust laws. In general, these laws prohibit any agreement or understanding between or among a company and its customers, suppliers or competitors that unreasonably limits competition. The company expects all employees to comply with all U.S. antitrust and competition laws. As a result, our Code of Ethics includes detailed responsibilities for each employee and third parties doing business on our behalf, particularly in dealings with government officials, customers, competitors and suppliers.

Risk management. Identification and management of compliance, external and strategic risks that could impede us from operating in the long term is central to continued business success. In 2013, we revised the risk assessment process to more closely align with our business strategy, ensuring that we are proactively identifying compliance, external and strategic risks in every aspect of our business. Risks within these three areas are routinely communicated to and reviewed by CSX's Board of Directors or a committee of the Board. The Audit Committee of the Board of Directors provides executive oversight to this enhanced risk management process. Going forward, CSX plans to further align risk management with the identification of material issues, particularly those that occur throughout our supply chain and are outside our internal operations.

Public Policy and Advocacy

CSX interacts with officials of federal, state and local governments and regulatory agencies on a daily basis in regard to many aspects of the business. We make responsibility and accountability the foundation of relationships with government. CSX complies with all laws and regulations when lobbying and making political contributions. In 2013, we developed guidelines for our employees regarding political activities and communications with government officials in an effort to ensure full compliance with federal, state and local rules. As a company, CSX issued a comprehensive corporate political giving policy that is publicly available on our Corporate Social Responsibility [website](#). The Center for Public Accountability ranked CSX among the top six of large American companies for our political disclosure and accountability policies.

Lobbying. CSX employs lobbyists to advocate on our behalf for issues of concern. Because of this, we are subject to federal and state laws governing lobbying contacts and the provision of gifts, entertainment and travel to public officials. We conduct annual training sessions for all our registered lobbyists and compliance is part of our overall ethics training for management employees.

Political support. Through our government relations programs, CSX directly and transparently engages with public policymakers at the federal, state and local levels about the potential implications and consequences of legislative and regulatory actions on our business and stakeholders. We use direct lobbying, written communication and executive and expert testimony to engage on topics relevant to the rail industry.

Political contributions. Our contributions to state and local candidates are based on criteria such as an elected official's location within CSX's service territory, committee membership, voting record and positions on issues of interest to the railroad industry, with a strong emphasis on economic development and job creation. Political contributions to state and local candidates are determined by the Vice President for State Government and Community Affairs, with input from the Regional Vice President responsible for the state in which the candidate resides. Contributions are subject to oversight by the Executive Vice President for Law and Public Affairs and the Board of Directors' Public Affairs Committee.

The CSX Good Government Fund (GGF) is an employee-funded, nonpartisan political action committee. In 2013, CSX contributions through the GGF were \$1,134,500 and \$192,650 to federal and state entities, respectively. CSX Corporation also contributed \$335,150 to non-federal candidates, for a total of \$1,662,300.

In addition, corporate political contributions are permitted under certain conditions in 12 of the 23 states in the CSX network: Alabama, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Mississippi, New Jersey, New York, South Carolina and Virginia.

Independent expenditures and ballot measures.

On a semiannual basis, CSX discloses expenditures, including independent expenditures and expenditures related to political advertising and other electioneering communications, made by the company and contributions made to third-party organizations such as public advocacy groups organized under Section 501(c)(4) of the Internal Revenue Code.

Trade associations. CSX belongs and pays membership dues to a number of trade associations that promote and further the company's business interests, from the railroads' economic regulatory framework to corporate tax reform to policy, with the potential to impact key customer segments. We periodically evaluate our participation and support of these trade associations to ensure continued alignment with our business goals. Any portion of those dues and other payments used for political purposes is nondeductible under Section 162(e)(1)(B) of the Internal Revenue Code.

Markets



CSX serves three primary lines of business:
Merchandise, Intermodal and Coal.

Our stakeholders in each market provide unique insight that we can leverage to ensure sustainable and responsible operations now and into the future.

The merchandise business includes nine markets in three sectors.

Agricultural Sector:

- Agricultural Products
- Phosphates and Fertilizers
- Food and Consumer

Industrial Sector:

- Chemicals
- Automotive
- Metals

Housing and Construction Sector:

- Forest Products
- Minerals
- Waste and Equipment

Agricultural Products Market

CSX moved a total of 390,000 carloads of agricultural products in 2013 for revenue of more than \$1 billion – a 1 percent increase from 2012.

Volume decreased due to reduced shipments of corn and ethanol. Corn shipments for animal feed declined as drought conditions in the Midwest impacted 2012 harvest levels and carried over for the first three quarters of 2013. Corn prices during this period were higher than normal and curtailed some of the ethanol and animal production during this time. Further contributing to the CSX decline, customers in the Southeast took advantage of lower-cost imported grains and a strong local crop, both of which are transported by truck. Ethanol shipments declined as a result of higher corn prices and reduced gasoline demand. The 2013 corn crop was a record 14 billion bushels and provided much-needed supply to the industry during the fourth quarter of 2013 and into 2014.

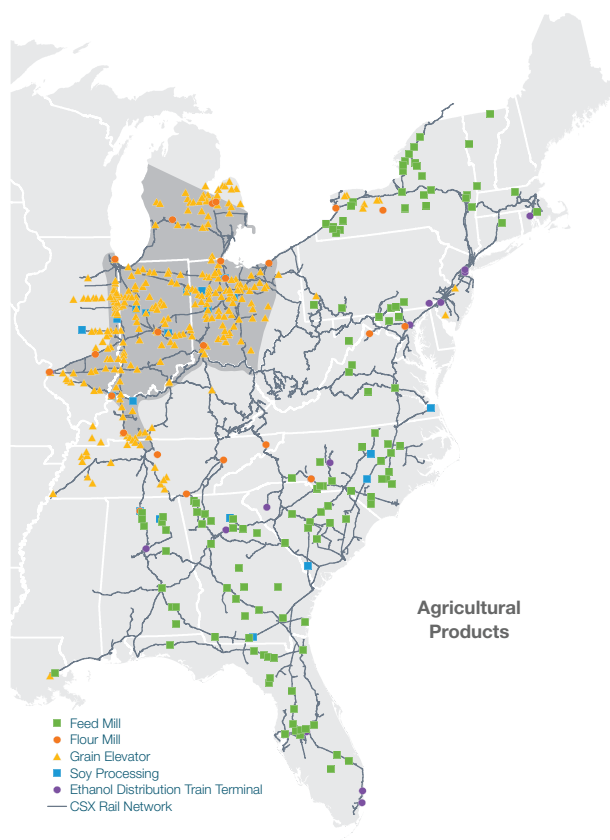
MARKET STRENGTHS

Our network is well-positioned to meet the growing needs and demands of the country's agricultural sector. We currently serve:

- More than 280 grain elevators across the greater Midwest, transporting 23 million tons of grain and feed ingredients annually
- 120 feed mills in the eastern United States, over 45 of which are unit-train-capable facilities
- Over 50 grain-processing facilities, as well as a number of bakeries and soft drink production facilities throughout the eastern United States
- Five export grain facilities to support a growing export environment
- 20 ethanol unit-train unloading stations throughout the eastern United States
- Five ports with capacity to handle import grain when necessary

We continue to focus on improving efficiency and maximizing asset utilization within the grain markets. During fourth quarter of 2013, 60 percent of our grain train business moved in our most efficient 90-car train product. CSX also continues to emphasize our Express Load and Unload program, which offers additional savings on trains that our customers load, or unload, within 15 hours.

In addition, CSX continues to improve the efficiency of our ethanol network, as 10 of our 20 unit-train ethanol facilities can unload directly into storage tanks, thereby improving the utilization of equipment and improving terminal efficiency.



Both of these improvements reflect a continued focus on asset utilization in addition to larger unit size and have helped CSX invest in new car and terminal capacity to improve customer efficiencies within the agricultural market of our business.

The majority of CSX's agricultural traffic is domestic shipments that fit into two distinct markets:

- Whole grain product market, consisting of corn, soybeans and wheat
- Processed grains, consisting of feed ingredients, flour, edible oils, corn sweeteners and ethanol

MOVING FORWARD

CSX continues to develop new and more efficient facilities to serve our customers, including feed mills, ethanol unit-train unloading stations and grain terminals. With global demand for food and grain continuing to grow and U.S. crop yields increasing each year, CSX expects the agricultural business to remain a consistent strength for the company.

Phosphates and Fertilizers Market

In 2013, CSX's phosphate and fertilizer business moved 327,000 carloads for revenues of \$527 million – a 3 percent increase over 2012.

Volume was up year over year. Fertilizer shipments were strong throughout most of the year, easing only in the last two periods as supply began to exceed demand in both the domestic and international markets. The spring planting season was strong right through the end of May, with more normal loadings during summer and early fall. Domestic producers responded to the end-of-year decline by taking certain plants and mines offline for maintenance and inventory control. This resulted in a short-term reduction in phosphate rock shipments at year end. Strong total carloads for 2013 were driven primarily by the resumption of cross-gulf phosphate rock moves through a CSX-served Tampa Bay port. These were shipped for processing in Louisiana following resolution of mine permitting issues in Florida in late 2012. New business from existing phosphoric acid customers, increased export phosphate fertilizer, sulfur and potash offset flat performance or declines in other markets.

With strategic access to one of the world's largest phosphate reserves, combined with valuable import and domestic nitrogen production facilities, CSX plays a vital role in meeting the world's fertilizer needs. CSX is the steady leader in nitrogen, phosphate and potash fertilizer transportation with unmatched access to key product resources.

MARKET STRENGTHS

A central asset in CSX's fertilizer market is the 1,977-square-mile "Bone Valley," located in central Florida's phosphate mining area. About 55 percent of the North American phosphate market and 10 percent of the global market is served from central Florida production. Shipments depart from Tampa Bay area terminals and arrive at global destinations like India, Pakistan, South America, China and Australia. We also dispatch shipments of processed phosphates and fertilizers to receivers on other railroads throughout the East, Midwest, far West and Canada. In total, CSX serves four phosphate mines and four processing plants in the Bone Valley, plus five port facilities. In addition, we have access to phosphate production facilities in North Carolina and Mississippi and nitrogen production plants in Georgia, Ohio, Virginia and Ontario. Key strengths include:

- Service to five Tampa Bay port facilities providing water access for exports and trans-gulf shipments, including CSX's Rockport Terminals facility at the Port of Tampa. With the August 2013 acquisition of Eastern Associated Terminals, Rockport Terminals now has 200,000 tons of covered storage capacity and in

excess of 50,000 tons of open storage. Rockport alone handled nearly 1.4 million tons of phosphate exports in 2013 and, combined with "Newport" (the former Eastern), handled over 2.3 million tons in 2013.

- Shuttle train operations that moved almost 19.4 million tons of phosphate rock and finished phosphate products within the Bone Valley, with much of the equipment in this service cycling within 36 hours.
- Domestic phosphate unit-train service that travels from the Bone Valley to the Midwest within four days and has the ability to handle four truckloads of dry or liquid fertilizer product with one railcar.
- Access to nearly 100 domestic fertilizer warehouses capable of handling unit-trains and five nitrogen production facilities with liquid and dry nitrogen for direct shipment.
- Access to 18 East Coast and Gulf Coast import terminals for handling foreign-produced liquid nitrogen fertilizer, dry nitrogen fertilizer, phosphate and potash.
- Excellent connections at western gateways, which allow us to deliver potash originating in Saskatchewan, New Mexico and Utah to fertilizer receivers in the Midwest, Northeast and Southeast via unit-train and carload service.
- Service to two deepwater nitrogen solution import terminals in Wilmington, N.C., and Theodore, Ala.

MOVING FORWARD

The medium- and long-term outlook for fertilizer is positive, thanks to an increase in global crop demand, rising commodity prices and the need to replenish nutrient levels of potash and phosphates in soil. Short-term fluctuations in the supply and demand for fertilizer and weather variabilities may impact shipments from time to time. Still, domestic and export phosphates will continue to grow as global demand increases for corn and grain consumption. In addition, low natural gas prices in the United States have resulted in a resurgence of interest in domestic nitrogen production. Several nitrogen production expansion projects have been announced in 2013, spurred by the shale gas boom. While in the early stages, the increase in production could contribute to significant growth opportunities for CSX. Going forward, this could also result in the United States becoming a net exporter of some nitrogen fertilizer commodities. Continued market fundamentals that support nitrogen and phosphate import opportunities, combined with new product offerings based on government regulations, will provide additional rail opportunities for urea-based solutions.

We will continue positioning the company for future growth by actively developing additional port and inland facilities in response to projected demand, efficiency and market expansion improvements. As a result, the overall market outlook for phosphate is moderately strong, with expected growth in the nitrogen, potash and phosphate markets.

Food and Consumer Market

CSX's food and consumer business moved a total of 96,000 carloads in 2013 for revenues of \$269 million – a 1 percent decrease from 2012.

The main ingredients of CSX's food and consumer market are:

- Dry grocery goods, which include alcoholic and non-alcoholic beverages, canned goods and dry packaged goods, accounting for half of consumer unit shipments
- Temperature-controlled products, including orange juice and produce, representing more than one-third of shipments
- Consumer products, including manufactured goods and appliances, making up the balance

Volume declined due to a reduction in shipments of refrigerated products and alcoholic beverages. The decline in refrigerated products volume was driven by lower potato shipments as a result of more normalized production levels compared to the above-average yields in the prior year, while the decline in alcoholic beverages was primarily driven by a consolidation within a customer's distribution network that resulted in fewer shipments for CSX.

MARKET STRENGTHS

CSX serves our customers through the reach and reliability of our network, as well as strategic partnerships with other transportation providers that help increase our speed of service and market reach. In addition, we offer:

- Direct lines to processing plants that produce food and beverage products, appliances and other consumer products.
- A large network of CSX-served warehouses that provide rail-to-truck transfers for non-rail-served receivers.
- Links to beverage producers and appliance manufacturers in Mexico via interline rail connections. While much of the company's food and consumer volume is domestic, a growing portion of consumer goods originates in Mexico.
- A state-of-the-art service that transports a wide variety of cargo, primarily fruits and vegetables, from producer markets in California and Washington to key consumer markets in the Northeast. CSX and Union Pacific partner with Railx, an innovative distribution platform, to provide five-day service from the West to East Coast. The refrigerated boxcars used for Railx service feature enhanced insulation, energy-efficient cooling systems and GPS monitoring to ensure that customer goods remain properly stored throughout their entire journey. This service is expanding to Southeast markets in 2014.

MOVING FORWARD

CSX's food and consumer network is well-positioned to serve the food, beverage and appliance industry's growing demand for rail service. Imports from Mexico are expected to increase in the appliance manufacturing sector through 2014. As our food network extends into the Southeast in 2014, we will also offer additional service lanes in key growth markets throughout 2015 and 2016. Overall, volume of the company's food and consumer shipments is steady, and is poised for long-term growth.

Chemicals Market

CSX moved a total of 532,000 carloads of chemicals and petroleum commodities in 2013 for revenues of nearly \$1.9 billion – a 13 percent increase over 2012.

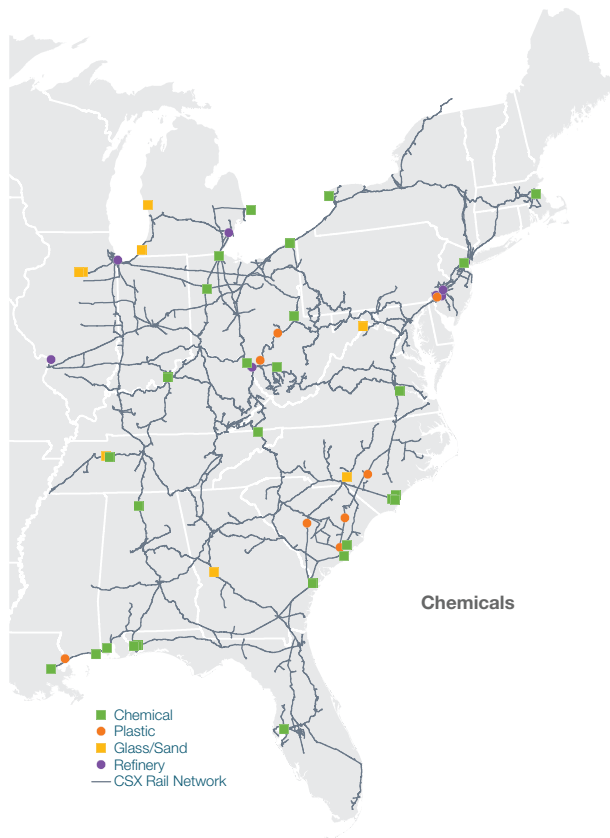
Volume growth was driven by a large increase in energy-related markets – including frac sand, liquid petroleum gas (LPG) and crude oil – that has been fueled by the nationwide increase in shale drilling activity. Beyond the energy markets, traditional chemical markets like plastics and other industrial chemicals grew at a moderate pace, consistent with the relatively slow growth displayed by the overall U.S. economy.

The strength of CSX's chemicals market lies in our ability to safely move thousands of carloads of chemicals each day over the breadth and location of the company's network. We serve hundreds of chemical consumers, plastics converters, glass manufacturing plants, chemical plants and refineries. In recent years, shale drilling has had a major positive impact on the market, and presented a significant growth opportunity for chemicals-related transportation at CSX, given our network access to the Marcellus-Utica shale region and to several East Coast refineries.

MARKET STRENGTHS

CSX is a major transportation service provider to the North American chemical and petroleum industries. The business is highly diversified, with dozens of customers shipping hundreds of different commodities.

Chemicals-related shipments primarily move in CSX's single-car merchandise network. A large portion of the traffic originates on western railroads, due to the significant concentration of chemical production located in the Gulf states, with CSX mainly serving the chemical receiver market in the eastern United States.



While many of the traditional chemical and petroleum markets that we serve have been growth-challenged over the last decade, several new emerging markets have developed over the last couple of years, driven by a surge in natural gas and oil drilling activity in the United States. The key commodities – crude oil, natural gas liquids and frac sand – present an opportunity for continued above-average growth over the next few years. And, over the long term, the improved energy supply outlook for the United States creates a host of benefits for the nation, including a sustainable competitive advantage for domestic chemical producers.

Shale drilling activity is driving a significant level of industrial development activity in the Marcellus-Utica shale region as customers seek strategic locations to handle drilling-related raw materials. In support of that activity, CSX's frac sand business has grown four-fold over the last five years. The beneficial impact of increased natural gas supply is also drawing gas processing plants and potential new chemical plants to the area for the first time in several decades.

CSX transports oil to eastern U.S. refineries from the Bakken shale region in the West. Historically, crude oil has been supplied to East Coast refineries via ship, but the abundance of low-cost oil in the Bakken region and the lack of pipeline infrastructure in the East

have changed that supply model. Rail service is now essential to quickly bridging the gap from oil field to refinery. CSX can move a unit-train of crude oil from the Chicago gateway to the Northeast market in less than 48 hours. Several crude-by-rail shipments started in 2013 and more are expected in 2014, as infrastructure projects are completed to handle these large-volume movements. This opportunity comes with a great responsibility to ensure the safety of the communities in which we operate. For more information, see the Transporting Crude Oil Safely case study on pages 50-51.

In addition to CSX's network strengths, we also provide the most comprehensive access to bulk rail-to-truck transloading sites in North America through our TRANSFLO subsidiary. TRANSFLO enables chemical shippers to leverage the economic and productivity benefits of bulk transloading to reach customers that are not directly served by rail or that lack the volume density to justify rail carloads.

MOVING FORWARD

Because of the shale gas boom, the proliferation of natural gas supply in the United States has pushed gas prices down to their lowest level in over a decade. Since natural gas is a primary basic component used in the production of a wide range of petrochemicals, the United States is now among the lowest-cost production regions in the world.

U.S. chemical companies are capitalizing on this newly improved competitive position by investing billions of dollars in domestic production capacity. For example, recent announcements suggest that U.S. ethylene capacity could increase by 30 percent or more over the next five years. Though U.S. demand for ethylene-derived petrochemicals is expected to grow at near-gross domestic product growth rates, the capacity additions that will take place over the next several years will far outstrip increases in U.S. demand. As a result, it is likely that U.S. exports of many of these petrochemicals, especially the plastic resin polyethylene, will see significant growth in the latter part of this decade.

Shale drilling activity is driving a significant level of industrial development activity in the Marcellus-Utica shale region as customers seek strategic locations to handle drilling-related raw materials.

All of this activity suggests that the transportation of chemicals and energy-related commodities presents a continuing growth opportunity for the company.

Automotive Market

CSX's automotive business generated 432,000 carloads in 2013 for revenues of \$1.2 billion – a 5 percent increase over 2012.

Volume grew with North American light vehicle (NALV) production, increasing 5 percent year over year. The average vehicle age in the United States reached a record high of 11.3 years, and currency exchange rates are contributing to increasing NALV production. Manufacturers are shifting light vehicle production to the markets in which their vehicles are sold, to minimize supply chain disruptions and mitigate oscillating currency exchange rates.

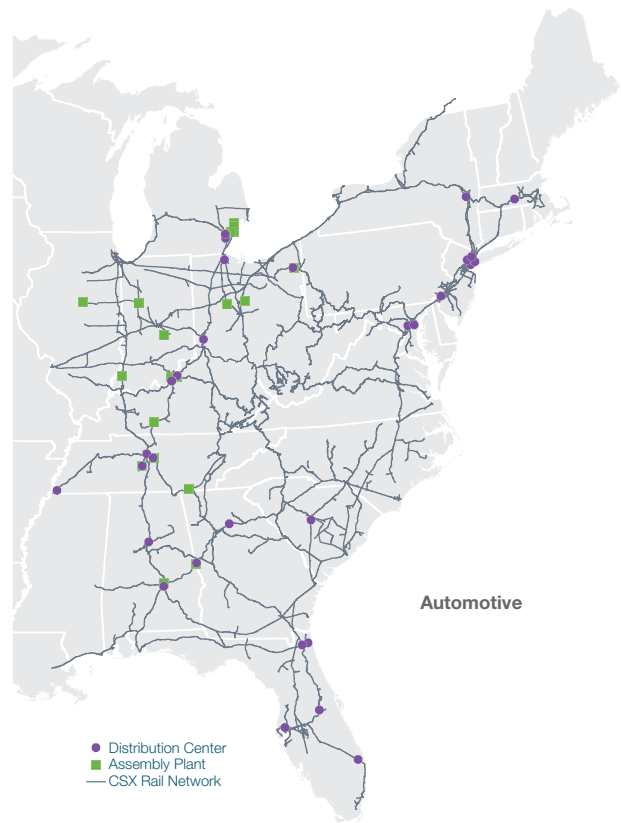
The general U.S. economic recovery and structural changes within the auto industry are accelerating to the revival of the domestic auto business, increasing demand for CSX services. The company's automotive market is benefiting from the industry's overall recovery, improved credit availability, low interest rates, new vehicle launches and plant expansions.

MARKET STRENGTHS

CSX serves automotive manufacturing plants and assembly centers in eight states, and provides a network of world-class vehicle distribution centers with cutting-edge inventory and facility management technology. CSX also serves major vehicle port processing locations integral to the finished vehicle supply chain. Total Distribution Services, Inc., a CSX subsidiary, manages vehicle distribution centers in 15 states. These attributes – in conjunction with industry-leading quality performance, operational excellence and ongoing investments in our multilevel fleet – distinguishes CSX and creates value by accelerating our customers' product to market. CSX has strong relationships with traditional domestic manufacturers General Motors, Ford and Chrysler, as well as "New Domestic" Honda, Nissan, Toyota, Kia, Hyundai and Volkswagen.

MOVING FORWARD

The automotive market outlook for 2014 and beyond remains bright for CSX. While sensitivities to fuel prices, employment, parts supply output and U.S. fiscal policy may moderate progress, U.S. auto sales are projected to grow 3 percent in 2014. Credit availability and low interest rates have led to the resurgence of both new vehicle sales and vehicle leasing, which will continue to positively impact production. This, in conjunction with the historically high average vehicle age in the United States, underscores our confidence in the forward-looking NALV production projections. Vibrant year-over-year growth projections are expected to result in NALV production surpassing the historic highs set in 2000 by calendar year 2015.



CSX partners with automotive manufacturers on various initiatives:

New Vehicle Lines

- **Ford.** Production levels catapulted with the new Ford Escape manufactured at the CSX-served Louisville, Ky., assembly center.
- **GM.** Reopened the CSX-served Spring Hill, Tenn., assembly center building the Chevrolet Equinox, where production levels continue to escalate.
- **Nissan.** New vehicle additions to Nissan's CSX-served assembly center in Smyrna, Tenn., resulted in significant volume additions.

Regional Production Growth

- **Detroit's Three.** Detroit-area assembly centers at peak capacity utilization levels feed vehicles through CSX's origin distribution center in New Boston, Mich., for outbound rail distribution.

Supporting the Auto Industry's U.S. Export Strategy

- **Honda, Volkswagen, Chrysler, General Motors, Ford and Nissan.** Vehicle exports destined to CSX-served ports at Blount Island, Fla.; Brunswick, Ga.; and Curtis Bay, Md., increased as a result of favorable currency valuations.

In addition, labor costs and favorable exchange rates are encouraging manufacturers to expand or move production back to the United States, resulting in increased exportation of U.S.-assembled vehicles. This “onshoring” of manufacturing extends to Mexico, where the three most recent North American assembly centers (Honda, Mazda and Nissan) commenced production in late 2013. Future assembly sites such as Audi de Mexico are planned for 2015, while other manufacturers contemplate additional greenfield assembly sites in North America. The CSX franchise – in conjunction with capital investments in multilevel equipment and vehicle distribution centers, as well as our commitment to quality, operational excellence and applied technology – constitutes a strong, long-term value proposition that differentiates us.

Metals Market

CSX’s metals business moved a total of 262,000 carloads in 2013 for revenues of \$644 million – a 1 percent increase over 2012.

In 2013, volume was flat as a reduction in steel sheet shipments was offset by growth in aluminum products and steel plates.

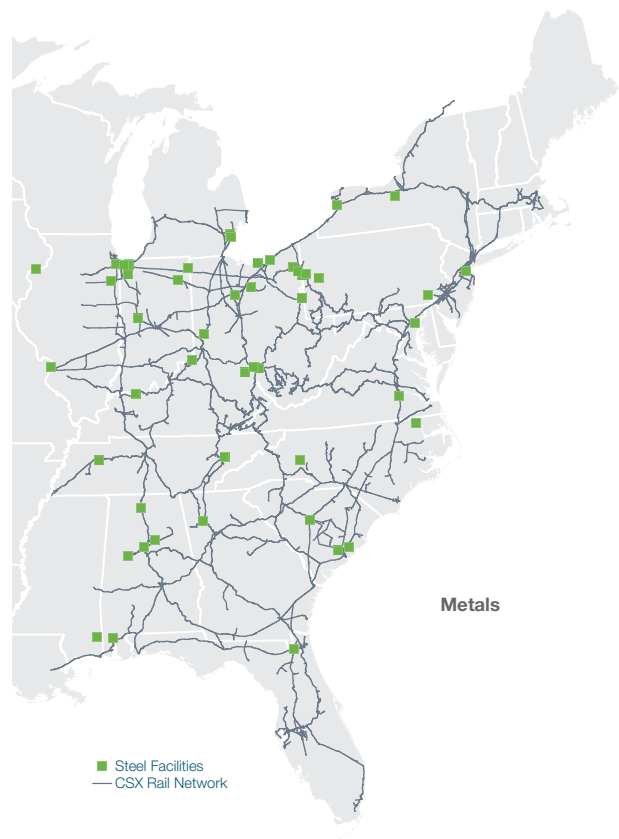
CSX’s metals market is closely tied to the performance of the steel industry. Since the 2009 recession, economic and fiscal uncertainty in the United States and abroad has limited the pace and scope of the steel industry’s recovery.

87 percent of U.S. steel is produced within the CSX network footprint.

MARKET STRENGTHS

Steel has long played a crucial role in the U.S. and global economies, so it is no surprise that the international steel marketplace has a direct impact on our domestic production, demand and transportation needs. Overall, CSX has more than 700 metals customers in its network and serves more metal-producing states east of the Mississippi than any other carrier. We transport:

- More ferrous scrap than any other North American railroad
- Sheet steel from every major producer to processing facilities and key end-use markets
- Millions of tons of bar, coiled rod and structural steel annually for the construction industry
- Hundreds of thousands of tons per year of alumina, ferroalloy and other raw materials to aluminum and steel producers



In fact, 87 percent of U.S. steel is produced within the footprint of CSX’s network. Our traffic is heaviest in the Indiana-Ohio region and along the East Coast, but the market is also expanding globally. Our service and competitive pricing help steel customers expand their market reach. CSX de Mexico, for example, has been a key part of both import and export solutions and growth opportunities for CSX customers. The CSX metals market also benefits customers who are not directly served by rail with MetalNet, a specialized logistics service that connects our customers with a system of metal warehouses and transloading facilities.

MOVING FORWARD

CSX’s metals franchise is strategically positioned for growth in the coming years as domestic steel production makes steady improvements, with automotive, energy and construction end-markets driving growth. With our valuable customer network, strength in U.S. steel production and position in the steel market, CSX expects to deliver sustainable growth, not only as the economic environment continues to improve, but also in the form of share gains from modal conversions and new product development.

Forest Products Market

CSX's Forest Products business unit moved a total of 298,000 carloads in 2013, generating revenues of \$775 million – a 7 percent increase over 2012 results.

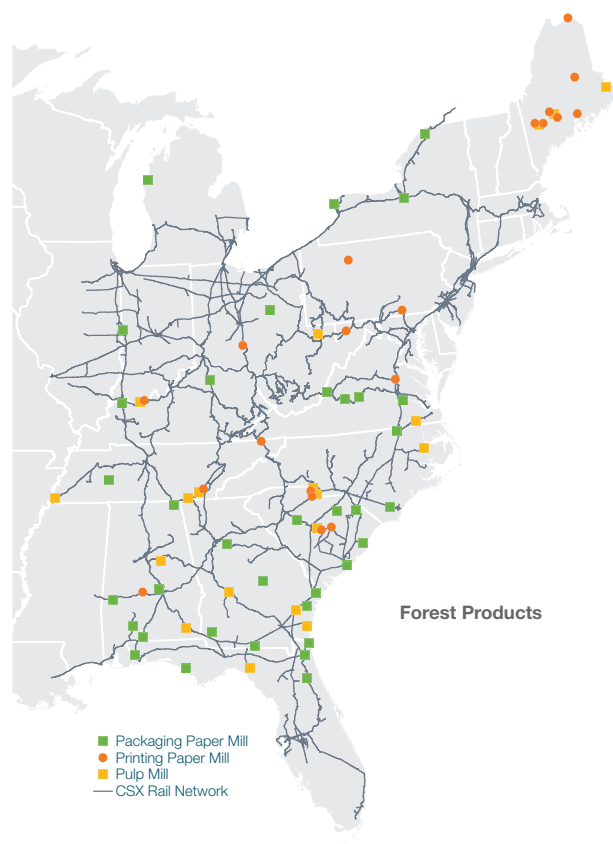
Steady improvement in the housing and associated markets bolstered both revenue and volume growth for the business unit during 2013. While demand for packaging paper was strong, and woodpulp remained stable, inroads made by electronic media are creating less demand for printing paper and related products. Despite these continuing market shifts, Forest Products remains an integral part of CSX's portfolio.

The forest products market includes both paper products and building products.

CSX plays a critical role in the entire North American Forest Products industry. We serve two distinct market segments, and dedicate our employees, capital resources and service packages accordingly:

PAPER PRODUCTS

Paper products consist of packaging products (containerboard, linerboard and corrugated medium),



printing paper, newsprint, magazine and catalog paper, woodpulp and scrap paper. CSX has access to 67 paper and woodpulp mills, along with numerous box plants and printing facilities throughout our partnering networks.

BUILDING PRODUCTS

Building products include lumber, panel, OSB, wallboard, bricks, roofing products and other materials related to the residential and commercial construction industries.

Other important commodities include biomass (wood pellets) as a sustainable fuel source, and woodchips, used as a feedstock for both paper and biomass production.

MOVING FORWARD

CSX is strategically focused to work with suppliers, receivers and distribution centers to meet their increasing needs as the residential and commercial construction markets regain strength. The paper industry, as it continues to evolve, will find CSX a significant part of their supply chain needs, offering both superior service and equipment. CSX also sees potential biomass growth in Europe, as regulations are demanding the increased consumption of renewable fuels.

Minerals Market

CSX's minerals business unit moved a total of 275,000 carloads in 2013 for revenues of \$432 million – an increase of 6 percent over 2012.

Volume growth was led by an increase in salt shipments due to modal conversions, new customer distribution terminals and inventory replenishment from more severe winter weather in early 2013 that resulted in more application of salt to roads.

Revenue increases were delivered across all eight lines of business, led by salt, aggregates and limestone.

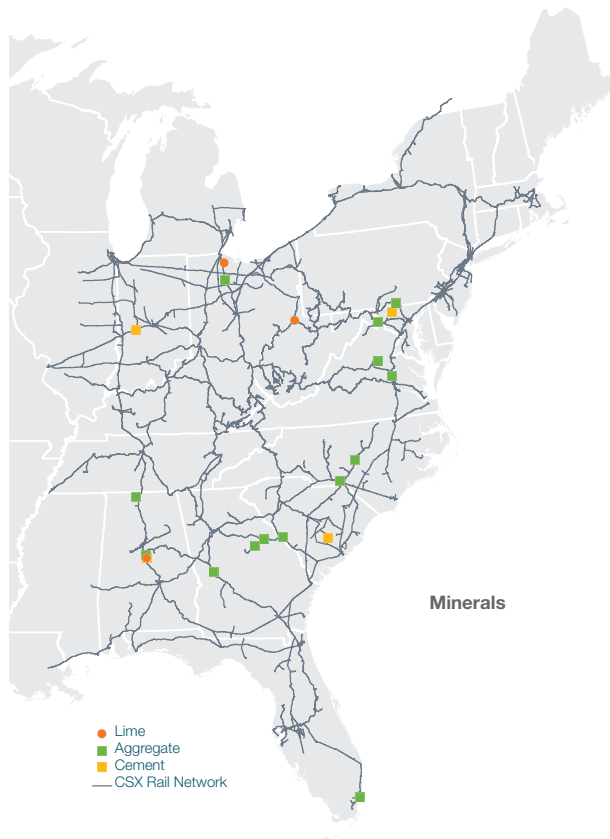
Aggregates are among the major minerals shipped over the CSX network and are used in producing asphalt and concrete for the construction of homes, retail and office buildings, and roads.

KEY DRIVERS

There were two key drivers to our minerals business unit growth in 2013:

- Salt volumes were strong in 2013, driven by weather conditions, depleted inventories and the introduction of new salt piles in more markets

- Scrubber limestone volumes strengthened in 2013, driven by additional trains running into various utilities across the network



MARKET STRENGTHS

Each of the businesses affords opportunities for CSX to work with our customers to identify new rail movements. There are many opportunities to grow rail volume for the major commodities within this portfolio, including aggregates, salt, limestone, cement, fly ash, slag, lime and clay.

- CSX has a number of quarries, distribution yards and lime kilns along our network that serve large power plants, steel mills and mining operations. Our presence in the Southeast, especially in Florida, puts us in a favorable position in one of the fastest-growing regions as the U.S. economy recovers.
- CSX is well-positioned to handle a surge in salt demand into many cities across the Mid-Atlantic and Midwestern portions of our network, with salt piles strategically placed.

MOVING FORWARD

Residential, commercial and public construction markets are gradually recovering. We are increasingly optimistic about greater highway construction spending and capital relinquishment in 2014. CSX is expected to benefit from

the demand for cement and aggregate materials. An increase in steel capacity utilization will aid lime volume growth. The sustained revival of the construction market will be a key growth driver, as will our continuing efforts to stimulate demand for our service by selling the value of rail and CSX's economically and environmentally friendly supply chain solution. The salt (de-icing) market should be a strength for us as new salt piles are being introduced. Also, a harsh winter weather pattern is expected to drive demand to a level not seen in some time.

Waste and Equipment Market

CSX's Waste and Equipment markets business moved a total of 150,000 carloads in 2013 for revenues of \$264 million – a 1 percent increase over 2012. Volume increased due to additional waste shipments. Movements for both industrial waste and municipal and construction waste markets were significantly higher. The increase in industrial waste shipments reflected strong volumes from remediation projects and, in particular, the GE Hudson River dredge project in New York. The municipal and construction waste market benefited from an improving economy and increased construction activity.

Overall, this business generated slightly increased revenues in 2013 on a moderate increase in volume. These markets represent industrial waste, municipal and construction waste, military equipment, machinery and transportation equipment, with some of these being critical bellwether industries in the U.S. economy.

KEY DRIVERS

Three key drivers in this business are waste, machinery and transportation equipment.

- The company saw a significant increase in municipal, construction and remediation waste shipments in 2013, driven by more construction activity and a generally improving economy. Industrial waste shipments increased approximately 40 percent; several new and existing remediation projects contributed to the large volume increase. Revenues were also up 17 percent versus 2012. There was a 10 percent increase in the municipal and construction waste market, driven by movements of municipal solid waste and construction debris. Revenues were also up 10 percent compared to prior year.
- With respect to the machinery market, shipments were down significantly, almost entirely due to fewer wind energy-related shipments. There was also some decrease in movements of farm and construction equipment. The decrease in wind energy shipments was attributed to the uncertainty as to whether Congress would extend a crucial industry production

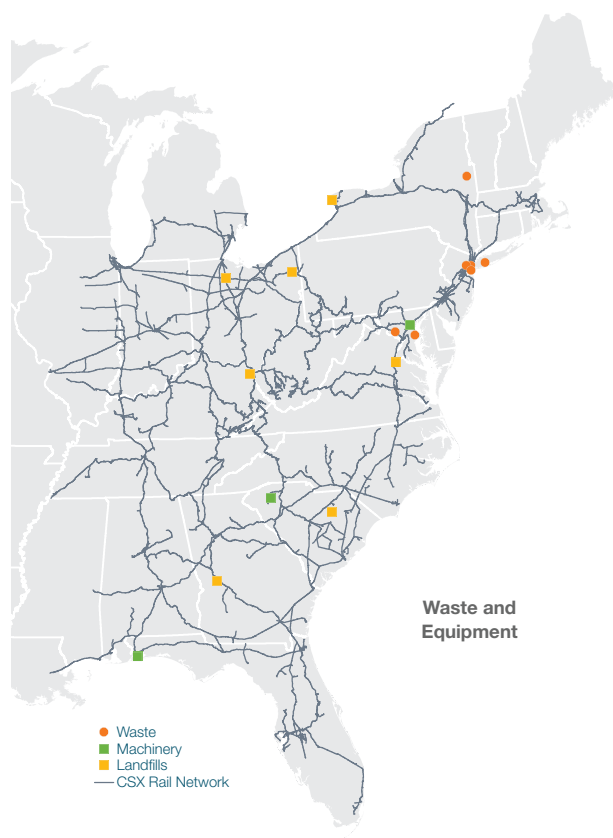
tax credit. The credit was eventually extended, but not before orders and production were negatively affected. Other segments of the market – including boilers, turbines, transformers and other project cargo – performed well. In total, however, the market saw significant decreases in carloads and revenue compared to 2012.

- The transportation equipment market includes the movement of empty rail cars, locomotives and railroad parts. In 2013, the volume was down 5 percent against 2012; however, revenue was even with prior year results.

- Machinery shipments typically consist of heavy agricultural, construction and power-generation equipment. CSX is a low-cost alternative to trucking, especially when moving domestic shipments and those headed for export through various ports along the Eastern seaboard.

In 2013:

- Industrial waste shipments increased approximately 40 percent
- Municipal and construction waste increased 10 percent



MARKET STRENGTHS

Each of the businesses affords opportunities for us to work with customers to identify new rail movements. There are many opportunities to grow rail volume for the major commodities within this portfolio, such as waste (industrial, municipal, remediation) and machinery (agricultural, construction, power generation).

- The CSX system makes it possible to move waste streams long distances to large regional landfills with more competitive pricing than local disposal facilities. We serve a diverse set of customers, including metal processing, steel, paper, chemicals and waste-hauling companies.

MOVING FORWARD

Residential and commercial construction markets are demonstrating a solid recovery. Additionally, an expected increase in commercial activity in the Northeast should result in more opportunities to handle construction and demolition debris shipments by rail. The sustained revival of the construction market will be a key growth driver, as will our continuing efforts to stimulate demand for our service by selling the value of rail and CSX's economically and environmentally friendly supply chain solutions.

In addition, we have many long-term opportunities in municipal solid waste disposal projects, as well as several major remediation ventures that will keep waste moving on our lines for many years to come. Power generation is also poised to rebound as major infrastructure replacement projects are developed in the future. The renewal of the wind energy production tax credit in early 2013 will support further development and provide additional transportation opportunities for CSX.

Intermodal Market

CSX's intermodal business delivered 2.6 million units in 2013 for revenues of \$1.7 billion – a 6 percent increase over 2012.

In 2013, intermodal volume increased due to growth in both domestic and international markets. Domestic shipment growth resulted from highway-to-rail conversions, increased demand from both new and existing customers, and service product enhancements, many enabled by the Northwest Ohio terminal. International growth was driven by steady import/export recovery, a solid intermodal service product and favorable comparables following disruptions caused by Hurricane Sandy in 2012.



Intermodal provides key benefits to shippers looking to optimize their transportation networks and supply chains:

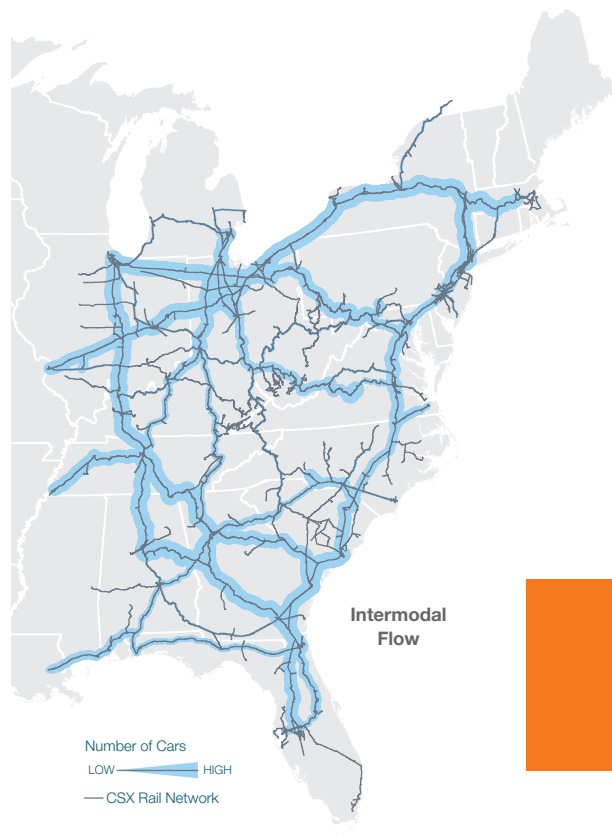
Scalable capacity. Intermodal solutions provide access to a large and growing fleet of both rail-owned and privately owned containers, easing shippers' capacity concerns year-round, including during peak seasons. Intermodal scales to meet shipping needs efficiently, with the ability to move a load of 280 trucks on one train.

Sustainable savings. Intermodal advantages, such as lower fuel consumption and freight density through the double-stacking of containers, produce cost savings for shippers and their customers. Additionally, the environmental favorability of intermodal provides a responsible growth engine for sustainable freight transport (see page 34).

Flexibility. With the most intermodal lanes in the eastern United States and nationwide connectivity, CSX meets the dynamic needs of today's freight flows.

PUBLIC-PRIVATE PARTNERSHIPS

Expanding capacity on U.S. rail networks provides substantial public benefits, including job creation, increased business activity at U.S. ports, reduced highway congestion and lower emissions. This is why CSX and our government partners are working jointly to invest in



multiyear rail infrastructure projects such as the National Gateway. Spanning multiple states, this approximately \$850 million public-private partnership will increase intermodal capacity and create substantial environmental and efficiency advantages by clearing key corridors between Mid-Atlantic ports and the Midwest for double-stack intermodal trains.

Top 10 Intermodal Customers (in alphabetical order)

- APL
- CMA CGM
- Hapag Lloyd
- Hyundai
- J.B. Hunt
- Maersk
- Mediterranean Shipping
- Pacer
- Schneider National
- UPS

The company's Northwest Ohio intermodal terminal, which became operational in 2011, is the cornerstone of the National Gateway and the company's long-term growth initiatives. This high-capacity terminal expands service offerings to customers, improves market access to and from East Coast ports and consumption centers, and enhances the fluidity of the network. In 2013, CSX completed the first phase of the National Gateway clearance effort, allowing double-stack trains to run between Chambersburg, Pa., and the Northwest Ohio facility.

Additionally, as part of the National Gateway initiative, CSX announced plans to build a Pittsburgh, Pa., terminal in McKees Rocks and we anticipate that we will begin construction of that facility in 2015. These projects further enhance CSX's intermodal offering and will support future growth and highway-to-rail conversion, as well as help to mitigate the impact of freight transportation on the highway system.

CSX provides intermodal service to major markets east of the Mississippi, scheduling more than 600 trains per week through the 48 terminals it serves.

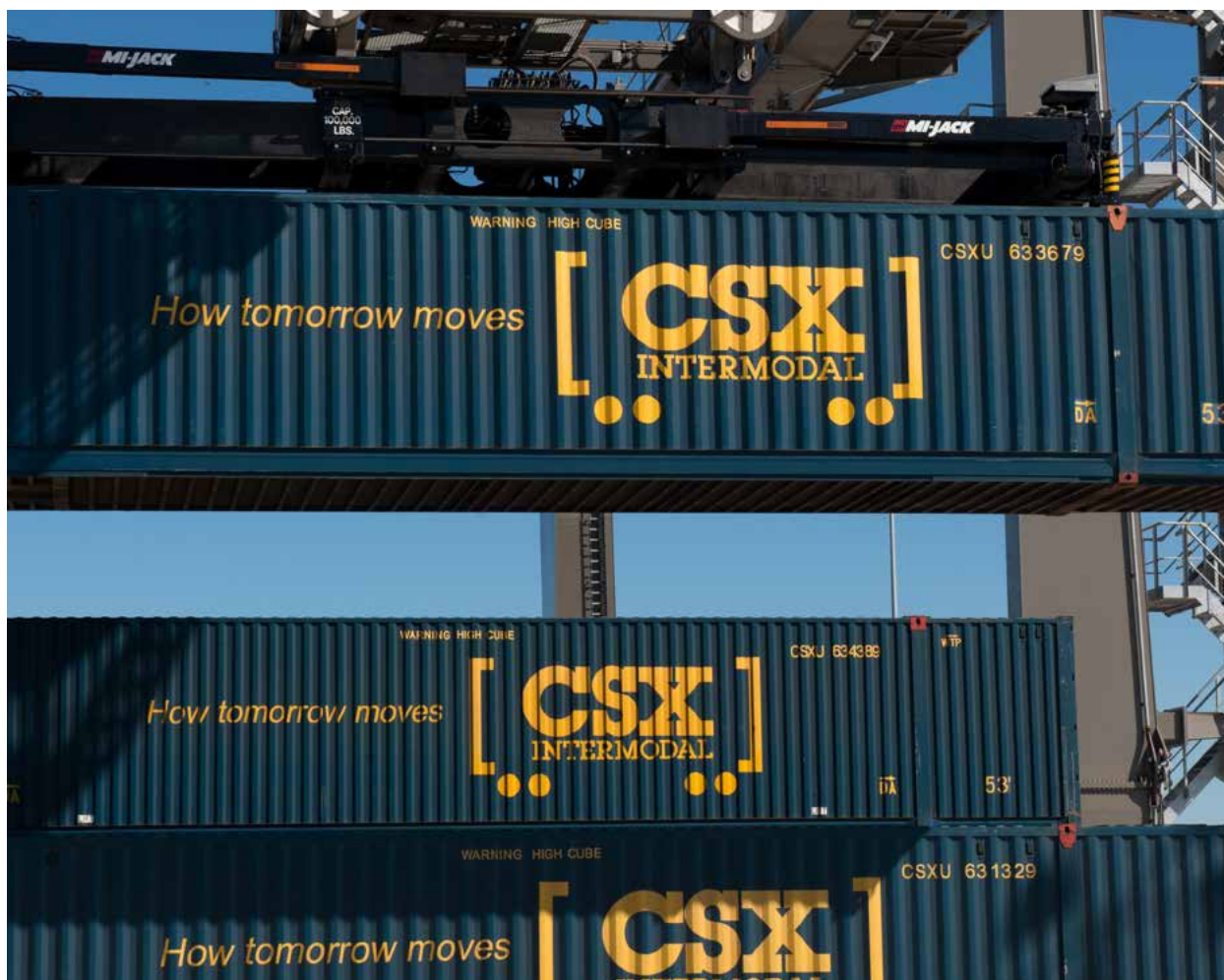
INTERMODAL TERMINALS

CSX directly serves 48 intermodal terminals on its network in 19 states and in one Canadian province. These terminals serve as transfer points between rail and trucks. Cities with more than one terminal are listed with a number.

(in alphabetical order by state/province)

- Bessemer, Ala.
- Mobile, Ala.
- Jacksonville, Fla. (2)
- Orlando, Fla./Winter Haven, Fla.*
- Tampa, Fla.
- Atlanta, Ga.
- Fairburn, Ga.
- Savannah, Ga. (2)
- Chicago, Ill. (2)
- East St. Louis, Ill.
- Evansville, Ind.
- Indianapolis, Ind.
- Louisville, Ky.
- New Orleans, La.
- Baltimore, Md.
- Springfield, Mass.
- Worcester, Mass. (2)
- Detroit, Mich.
- Kansas City, Mo.
- Kearny, N.J.
- North Bergen, N.J. (2)
- New York/New Jersey Port (3)
- Buffalo, N.Y.
- Syracuse, N.Y.
- Charlotte, N.C.
- Wilmington, N.C.
- Cincinnati, Ohio
- Cleveland, Ohio
- Columbus, Ohio
- Marion, Ohio
- Marysville, Ohio
- Northwest Ohio
- Chambersburg, Pa.
- Philadelphia, Pa.
- Montreal, Quebec
- Charleston, S.C.
- Memphis, Tenn.
- Nashville, Tenn.
- Portsmouth, Va. (3)

**Orlando, Fla. terminal transitioned to Winter Haven, Fla. terminal in April 2014.*



ADDITIONAL MARKET STRENGTHS

Intermodal continues to gain momentum as a go-to transportation mode for a variety of products across highly complex supply chains, including consumer goods, appliances, manufacturing, packaging products, electronics, food and beverage items, furniture, and more. The need for intermodal transportation in the United States is on the rise. At CSX, we are positioned to capitalize on that growing demand with:

- A strong presence in key population centers, including 48 directly served terminal locations predominantly east of the Mississippi River
- Access to all major ports on the Atlantic and Gulf coasts
- Seamless network interchange with other rail carriers to enable efficient intermodal solutions with truck-like service levels across the United States and into both Mexico and Canada
- Superior service connectivity between markets – not only in major freight corridors, but also in traditionally difficult to serve second- and third-tier markets due to CSX's network strategy, which includes point-to-point service in high-density lanes and hub-and-spoke capability to efficiently serve lower-density and smaller markets
- Cutting-edge technologies that increase operational and service efficiencies and promote sustainable supply chains, while enhancing safety and security
- Continued success stimulating Highway-to-Rail (H2R) conversions, due to increasingly competitive and reliable service, a focus on customer needs and efforts to educate the Beneficial Cargo Owners directly on the value of intermodal

MOVING FORWARD

The company expects steady intermodal growth, and international growth in this area will be guided by continuing economic recovery, expansion in international trade, a sustained intermodal service product and the strong relationships CSX has with the port and ocean carrier communities. CSX's domestic intermodal business has grown eight years in a row – a trend we expect to continue. CSX will pursue incremental growth opportunities through new market and service expansion and accelerated H2R conversion by working with shippers to realize supply chain optimization.

In addition, CSX continues to make capital investments in our terminal network beyond the scope of National Gateway efforts. During 2013, construction progressed on a new intermodal terminal in Valleyfield, Quebec, that will expand CSX's network reach into the Montreal market, set to open in late 2014. We also advanced our plans to begin serving the new Central Florida Intermodal Logistics

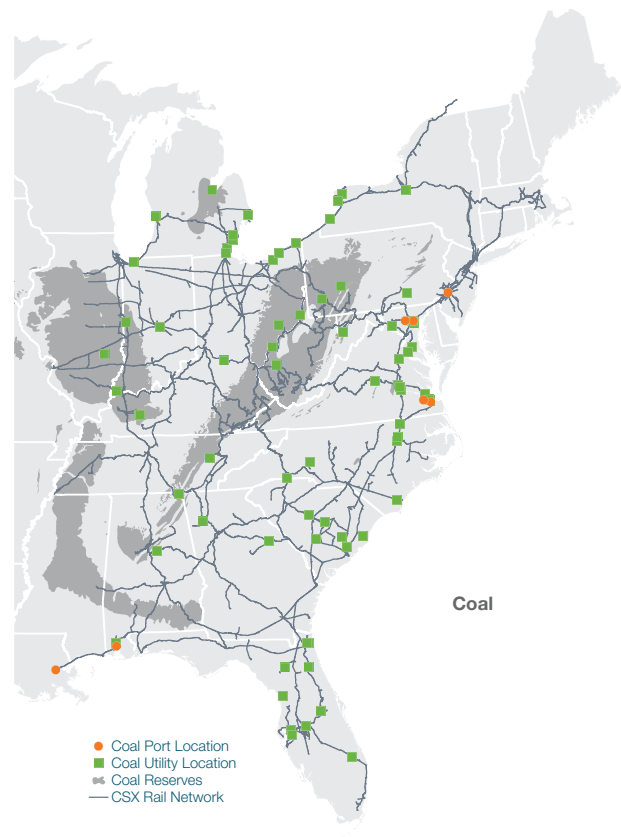
Center (CFILC) in Winter Haven, Fla., beginning in April 2014, in anticipation of an enhanced market position to serve Central and South Florida.

CSX's investments for growth are intended to facilitate rail solutions for the roughly 9 million addressable truckloads in the eastern freight market.

Coal Market

CSX's coal business moved 1.2 million carloads in 2013 for revenues of \$2.9 billion – a 9 percent decrease from 2012.

Utility coal burn increased in 2013 due to a colder winter than in 2012 and a rise in natural gas prices from the previous year. The increased burn was supplied from existing inventories, returning stockpiles in the north to more normalized levels while southern inventories remain above normal. Even with higher natural gas prices in 2013, Central Appalachian coal plants were still load-following generators. Export coal had a good year, with 44 million tons shipped. Export volume was down 8 percent from 2012, a record year, due to over-supply in the global market.



Responding to community concerns, a new 8200 Tariff provision was issued in 2013 to address fugitive coal dust originating from rail cars carrying metallurgical coal on

CSX's network. The tariff requires freight payers to ensure that CSX coal origins loading met coals are utilizing a load-out chute with a "bread loaf"-shaped profile and that an effective dust suppressant is applied to the surface of each railcar.

MARKET STRENGTHS

CSX serves approximately 110 active coal mining operations. We participate in the delivery of coal to nearly 130 different destinations. The vast majority of the coal we move originates in the Appalachian and Illinois Basin coal fields that lie within our 21,000-mile network. We take great care to ensure that the value of our network, as measured by our customers, continues to grow and evolve with their changing needs.

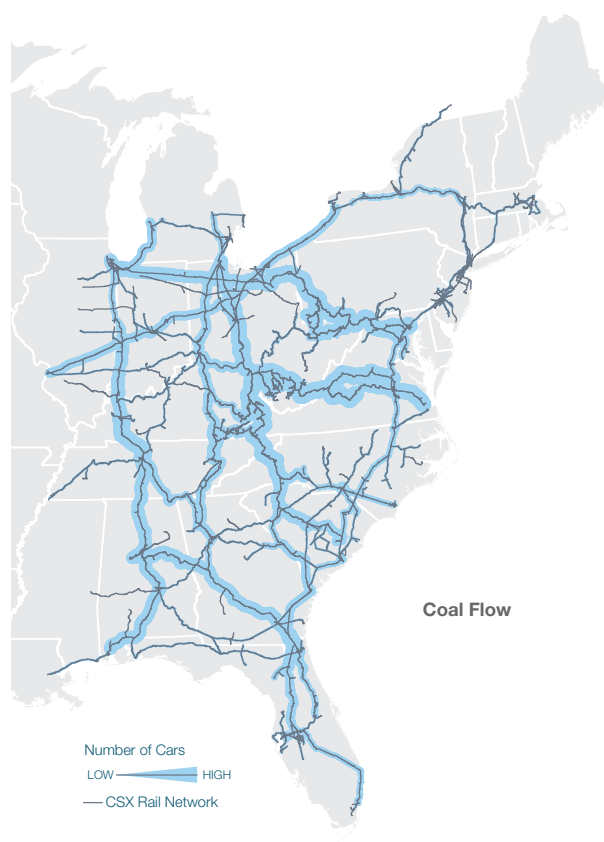
MOVING FORWARD

During 2014, coal-fired generation is expected to increase. The below-normal 2013-2014 winter temperatures significantly reduced natural gas inventory, causing natural gas prices to rise. Coal-fired generation will be required to enable natural gas inventories to build. In the longer term, CSX expects coal-fired generation to remain an integral source of electricity given its low cost and the utility industry's ability to adapt to regulatory changes. While the industrial markets will remain challenging, the integrated steel market for coal is forecasted to be stable to positive through 2018.

Export coal volumes in 2014 are expected to remain under pressure due to elevated international supply. Over the long term, CSX expects our export business to continue to grow, benefiting from increasing coal demand in Europe, Asia and South America. CSX is well-positioned to capitalize on international market growth through our access to large U.S. coal suppliers and multiple port facilities.

The CSX network:

- Runs through the heart of the Appalachian coal fields
- Serves the growing Illinois Basin coal fields and major interline connections to railroads originating Western coal
- Reaches major coal export terminals at Newport News, Va., Baltimore, Md., and Mobile, Ala.; as well as Great Lakes coal terminals at Ashtabula and Toledo, Ohio, and several terminals along the inland river system



Top 10 Coal Customers

Producers

- Alliance Resource Partners
- Alpha Natural Resources
- Arch Coal
- CONSOL Energy
- Eagle Industries
- James River Coal
- Patriot Coal
- TECO Coal
- Vectren Fuels
- Walter Energy, Inc.

Receivers

- AK Steel
- Alpha Coal Sales
- Consumers Energy
- Duke Energy Carolinas LLC
- Georgia Power
- Jim Walter Resources Inc.
- South Carolina Public Service Authority
- Tennessee Valley Authority
- United States Steel Corp.
- XCoal Energy & Resources

Value Chain: Customers and Suppliers



Customer Successes

- CSX received another record-high customer satisfaction score during 2013.
- CSX collaborated with customers to develop 121 new or expanded facilities on our rail network or its connecting short-line partners, representing \$3 billion in customer investments and more than 1,600 new job opportunities.
- CSX expanded our Service Excellence efforts across the company to continue building a culture of service through continuous training, communication and recognition.

Customer Challenges

- Balancing understandable community and key stakeholder concerns regarding potential local impacts with the need to build and expand our terminals and network to meet the growing needs of the markets and our customers in a timely, cost-effective way.
- Expanding our capacity to capture the estimated 9 million truckloads in the East that could be converted to rail or intermodal.
- Continually innovating our operations on pace with increasing customer demands.

We are setting new benchmarks for Service Excellence. Combined with innovative technology and company-wide dedication to enhancing the customer experience, CSX is poised to continue as the leading rail transportation provider in the country.

Management Approach and Plans Ahead

As a transportation company, we have a unique and important part to play in the business of America. We serve as the link to move essential products from point A to point B. In this role, we can leverage the environmental and economic benefits of rail transportation to provide value to the entire supply chain, from customer to consumer to community.

CSX interacts with customers and suppliers frequently to understand their needs and priorities. Through this process, we are able to identify and manage material issues across the supply chain early on, ensuring we provide quality service and grow our business sustainably.

At CSX, “it starts with the customer.” Our operational success is built on our employees’ focus on providing customer service at the highest levels. Our customer service ideals equate safety and service; we provide safe, efficient and reliable freight transportation solutions for customers while creating value for shareholders. Internal and third-party shipper surveys confirm that CSX customer service was at an all-time high in 2013.

Driving a Culture of Customer Service

Service Excellence. In 2013, CSX further enriched the customer experience by focusing on Service Excellence. Launched in early 2012 in the Chicago and Nashville divisions, and subsequently rolled out to all 10 operating divisions, Service Excellence expands on our core values “It Starts with the Customer” and “People Make the

Difference” by helping every employee recognize that what they do ultimately impacts the customer experience.

The initiative encourages employees to actively identify and resolve customer concerns, improving their experience and ultimately growing our business. This process engages all of our operational employees, as well as employees in sales and marketing, and, ultimately, our customers. Higher levels of customer service and satisfaction support CSX’s ability to profitably grow the business through increased customer retention, price sustainability and asset utilization.

CSX offers many cross-functional forums for our customers to share their ideas on topics such as railroad operations and electronic commerce. We also provide workshops to enhance our customer partnerships. In 2013, more than 20 customer workshops – around subjects like technological advancements, customer service, market trends and local service – were completed across all divisions, with an average participation of 20 customers per session.

Every month, each operating division also hosts a Service Excellence meeting. These meetings, attended by representatives from a variety of departments, allow the cross-functional group to work together to solve customer concerns and discuss growth opportunities. Through this increased communication, we can identify and resolve customer issues across the network quickly, improve the customer experience and grow our business.

CSX will continue to build this Service Excellence program going forward. For example, we will continue to engage with customers to understand their everyday business and decision-making, so we can anticipate and better serve their needs. In addition, instructor-led Service Excellence classes will be offered across the company's network in 2014. The Service Excellence 2014: Success in Partnerships interactive course demonstrates how a focus on customer service and collaboration has helped drive success at CSX.

ONE Plan. We use advanced network modeling analytics and network tools, collectively called the ONE Plan, to design and run our traffic networks. By using the ONE Plan, the company can identify the most efficient, cost-effective routes for customer traffic to provide timely service with the least handling and fewest car miles possible. These service improvements have enhanced our ability to deliver strong growth in the intermodal market.

Total Service Integration (TSI). TSI is intended to align operating capabilities with customers' needs to reduce loading and unloading times and create more capacity. TSI was first implemented on the unit train network, where it has successfully increased the average number of cars per train and improved asset utilization. CSX is now implementing TSI for the carload network, which focuses on improving the "first and last mile" service experience for carload customers, providing a more consistent and reliable service product. The carload network is connected to more than 5,000 customer facilities and has a high degree of variability each day. New tools and technology are allowing the company to more effectively communicate with customers, not only providing the service we have promised to deliver but proactively notifying the customer of service status. Applying TSI to the carload network will improve service consistency for each merchandise shipper.

Service STARs. Our Service STAR program is designed to reward employees who consistently embody our core value, "It Starts with the Customer." The Service STAR ("Service That Achieves Results") award is available to both contract and management employees whose day-to-day focus on Service Excellence has made a positive impact on the customer experience. More than 600 Service STARs were awarded in 2013. Nominations are based on direct customer feedback, primarily through third-party surveys. Award winners receive a plaque and monetary

prize, and are typically recognized by their peers in Service Excellence or team meetings.

Environmental Benefits of Rail

As a progressive railroad, we ensure we have the capacity to serve not only today's needs, but also the needs of tomorrow. A typical CSX freight train is, on average, four times more fuel-efficient than highway freight transportation, and can carry the cargo load of 280 trucks. As a result, we help our customers to avoid and/or reduce emissions that would otherwise be generated from more carbon-intensive modes of transportation. We recognize that, as environmental concerns continue to grow in significance, we must leverage the value our industry can bring to our customers.

Our intermodal business is a key driver of CSX growth, representing 40 percent of overall volume and expected to increase further, reflecting the attractive economic value of converting freight from highway to rail. In 2013, we had continued success stimulating highway-to-rail (H2R) conversions because of our focus on customer needs and efforts to help our customers understand the benefits of H2R through summits and other engagement activities. As a result, we helped our customers convert 53,000 loads from highway to rail.

We now connect more markets than ever before, increasing the use of cost-effective and environmentally friendly freight rail transportation. CSX employs a dual intermodal strategy that includes high-density corridors, as well as a hub-and-spoke philosophy that creates service density to open new small- and medium-sized markets. We believe this strategy makes us unique in the intermodal marketplace. The completion of the first phase of double-stack clearances in the National Gateway initiative will create a more efficient rail route to link Mid-Atlantic ports with Midwestern markets. When the National Gateway is complete in 2015, the percentage of our intermodal traffic moving in double-stack lanes will be in the mid-90s.

To prepare for long-term growth, we are building new terminals to expand our reach in markets such as central Florida, Pittsburgh and Montreal, and investing in existing terminals to further increase efficiency throughout our network. The new Central Florida Integrated Logistics Center in Winter Haven, Fla., will serve as a centralized hub for transportation, logistics and goods distribution, anchored by a new 318-acre intermodal terminal. Developed in 2013 and opening in 2014, the site has been revitalized from its previous uses as wastewater treatment spray field, overland flow area and sludge disposal area for the adjacent City of Winter Haven Wastewater Treatment Plant. The terminal is one of CSX's most progressive projects yet, and sustainability was an important part of the

Total Service Integration

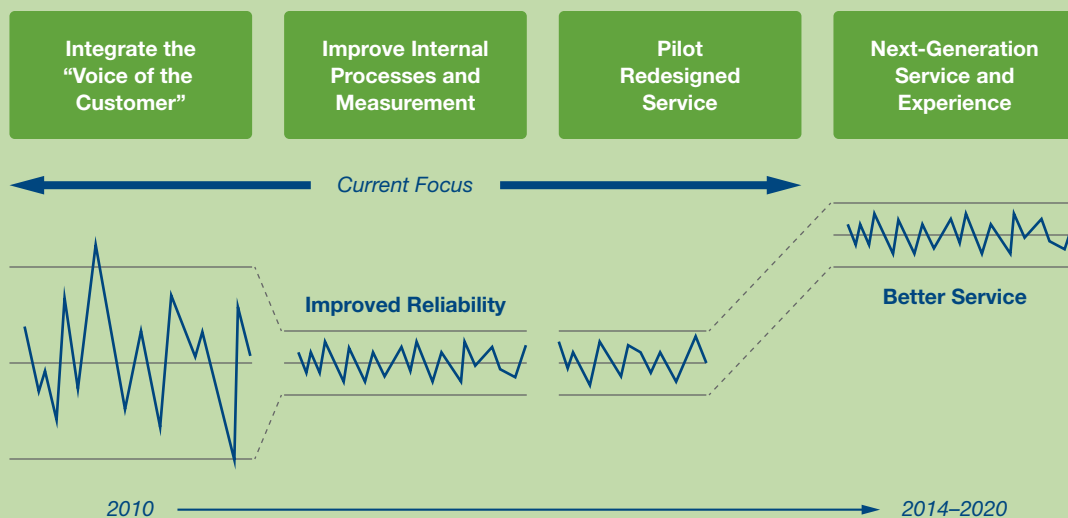
It started with the ONE Plan. The ONE Plan transformed CSX into a scheduled railroad, optimizing the network for service and efficiency. The TSI Vision is to deliver first and last mile service excellence to customers, enabling profitable carload growth.

Our customers have helped define our focus.

In Voice of the Customer surveys, customers across all industries told us four things:

1. Show up when you told us you would
2. If you can't, tell us in advance
3. Improve the customer service experience
4. CSX is an extension of our customers' company

The first phase of TSI carload is to reduce the amount of variability and inconsistency in the first and last mile service product for our customers. Ultimately, we plan to improve service reliability by improving our internal process and measurements and integrating the voice of the customer to create a culture focused on providing a better service product. The TSI carload journey is evolutionary and as service for our customers continues to improve, we will start to pilot and redesign our service offerings to produce a next generation service experience for our customers.



site development. Please see the environment section on page 58 for more details.

Customer Engagement and Collaboration

Customer Advisory Councils. Our Customer Advisory Councils enable intermodal and merchandise customers to provide insights to CSX regarding rail solutions and service improvements, especially in the first and last mile.

We invite 12 merchandise customers to serve a two-year term as advisors to our Commercial and Operations teams. To keep the voices on the Advisory Council fresh, we periodically rotate members so that we have a good representation of industry, company size and focus at the table. In 2013, CSX rotated in six new members to the Advisory Council. They meet with CSX twice a year to discuss what is working well and areas that need improvement. These sessions are a valuable opportunity

for CSX to listen to customers' perspectives and provide them with updates.

The Advisory Council has been an important partner in many of the new technology advances made over the past couple of years in our customer service, including ShipCSX tools that provide real-time information to customers about the status of their current service orders. See the ShipCSX spotlight on page 39 for more details.

Voice of the Customer survey. CSX launched a customer satisfaction assessment program in 2002, inviting customers to share their feedback and provide suggestions for improvement. We use an independent firm to survey customers on a wide range of factors that influence their sense of satisfaction. These factors include speed and consistency of service, problem resolution and ease of ordering.

This “Voice of the Customer” survey asks customers to evaluate CSX’s performance across three main areas:

- **Planning** – account management, rate inquiry and order management
- **Service** – shipping instructions, local service, order fulfillment and equipment quality
- **Customer Assistance** – damage prevention, tracking information, customer service and financial settlement

In 2013, CSX received our highest score ever from customers, highlighting our sustained operating success.

Collaborating with customers. Beyond our business relationships, we collaborate with customers to share investment in the economic growth of our communities. In 2013, CSX and our customers worked together to develop 121 new or expanded facilities on our rail network or connecting short-line partners. These facilities represent \$3 billion in customer investments and more than 1,600 new job opportunities.

The increasing development on the company’s network reflects steady expansion in the national economy. The transformation in the energy sector is driving opportunities for new facilities serving the chemical and manufacturing sectors across the network. This growth illustrates the value of capital investment to our communities, as well as the economic and environmental benefits that rail transportation provides to industry.

Voice of the Customer Survey Results

Overall Satisfaction Score, CSX Proprietary Survey (indexed to 2008)



To encourage sustainable rail-related industrial development, CSX’s Select Site program reviews potential manufacturing and distribution development sites along the network that could easily utilize freight rail service. This process confirms that standard land-use, utility and environmental concerns have been addressed and that the site is ready for development by businesses considering operations along the rail line. The Select Site program also helps local communities to identify sites that could bring new jobs to the area through capital investment. Customers considering a new or expanded location can learn more at the [CSX Select Site website](#).

Spotlight: “It’s not one customer, it’s an industry.”

In 2013, favorable weather led to a record crop year for grain, and CSX estimated the need for more than 90 trains to move the fall harvest. As a result of effective planning, industry collaboration and asset management, we were able to increase turn times so that only 84 trains were needed to get the job done. Multiple groups across CSX worked together, enabling the company to deliver value to customers and the entire supply chain under challenging circumstances.

Deciding to do things differently. During our initial asset calculations, we did not anticipate having enough trains to move the record harvest. Rather than lease more cars, CSX decided to maximize train velocity. We used our Service Excellence process to facilitate communication across the company and line up the appropriate resources for success.

The CSX Service Excellence process in action. Train masters talked directly to customers, explaining the need for quicker turn times. We made contact at the

facility, commercial and network operations levels, communicating efficiently and effectively to make the best decisions.

We put the tools in play. We surround our high-efficiency facilities with Geographic Information System (GIS) Geofences, which are location-based virtual perimeters that provide detailed information about the locations of our trains. The Geofences allow the company to gather data and metrics that aid decision-making and planning. Such technology, in conjunction with communication tools, enables more consistent and routine operations with fewer disruptions, and provides quick answers to problems that may arise.

Through flexibility, innovation and collaboration, we were able to exceed client expectations while delivering a record freight. This dedication to our core values is central to sustained success.

Spotlight: Helping America Grow through Our Northwest Ohio Intermodal Terminal

In 2011, CSX opened a state-of-the-art \$175 million intermodal rail facility in Wood County, Ohio. Situated on more than 500 acres, the Northwest Ohio Intermodal Terminal is a world-class, sustainable freight distribution hub for the Midwest and the nation. The terminal provides nearly 300 full-time, local jobs and spurs growth and economic opportunity by improving access to cost-effective, environmentally friendly intermodal freight rail transportation.

In 2013, U.S. Vice President Joe Biden and U.S. Secretary of Transportation Anthony Foxx visited the facility. They took part in a driving tour and training simulator demonstration and met employees and local residents. The Vice President, Secretary of Transportation and CSX executives discussed the importance of infrastructure investment in improving America's competitiveness, strengthening the middle class and growing the American economy.

Handling 30 trains per day and moving hundreds of thousands of containers per year, the terminal links East Coast seaports with vital points in the Midwest, such as the markets of Cincinnati, Columbus and Louisville. The terminal has created new routing possibilities and growth opportunities for inland locations and permits faster, more reliable transit from the West Coast, allowing shippers to bypass congested areas like Chicago.

The Northwest Ohio Intermodal Terminal is the center of CSX Transportation's intermodal network and the cornerstone of our double-stack freight initiative, the National Gateway.



Customer Service Innovation

We have designed our efficient shipping process around the way our customers do business, using innovative tools and services to help them manage their shipments at every step. For example, operating rules prevent train crews from using traditional forms of communication, such as mobile phones, while operating a train. However, conductors can now electronically update a customer with a more accurately estimated time of arrival by using electronic onboard work order devices. These devices, which are similar to tablets, have cell cards that allow them to communicate directly with Customer Service Center servers. Such technologies help us proactively respond to the needs of our customers, provide transparency and facilitate communication.

Over the past five years, our customers have invested more than **\$14 billion** in rail-served facilities, generating more than **14,000 jobs** at industrial plants, distribution centers and other facilities.

Our list of customer tools includes:

- ShipCSX.com.** This site uses the most up-to-date information available to save time and reduce errors that can cause shipment delays. ShipCSX helps the customer plan, ship, trace and pay for shipments quickly and efficiently with secure data that is specific to their company.
- Carbon Calculator.** Customers are able to choose from a number of variables – from the type and volume of goods transported to the length of the route – to estimate the average carbon emissions reduced by shipping via rail. The tool plays an important role in helping our customers optimize their supply chains as they bring goods to market more sustainably. CSX was the first Class I railroad to build a publicly available carbon calculator.
- Electronic Data Interchange (EDI).** EDI is the exchange of data between computer systems using standard document formats known as transaction sets. It benefits our customers by reducing costs for administration and materials and processing data more quickly and accurately.
- Interactive Voice Response (IVR) Plant Switch.** This secure telephone system allows customers to request placement of loaded or empty cars and release empty cars back to CSX using a telephone instead of a computer.
- Touch Trace.** This tool allows the customer to obtain tracking information over the phone, at any time and from any place, with Touch Trace Telephone Tracking.
- Junction Look-up.** This routing guide helps our customers find the most efficient junctions for exchanging traffic with our connecting carriers.
- Market Manager Look-up.** Customers can easily use search criteria to find a market manager for a commodity.





Spotlight: Excellence in Customer Experience with ShipCSX

ShipCSX provides online shipment management and tracking tools for customers to plan, ship, trace and pay for shipments quickly and efficiently. CSX customers can log onto the computer-based tool to access secure data that is specific to their shipments.

ShipCSX:

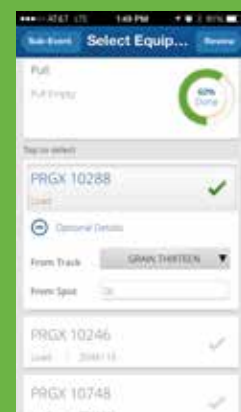
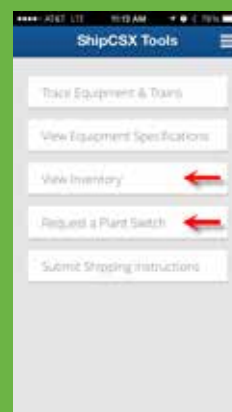
- Uses the most up-to-date information available.
- Saves time and eliminates costs associated with phoning and faxing.
- Reduces errors that can cause shipment delays.
- Returns real-time confirmation of transactions.
- Provides around-the-clock service for the customer's convenience.

The ShipCSX Unit Train Management tool allows customers full visibility en route to their destination. Through the secure ShipCSX online portal, customers can also easily place orders for new shipments, view a calendar of orders and review details. The Shipment Pipeline view shows scheduled orders sorted by estimated arrival time.

Customers can also use the Plant Switch functionality to release empty cars and send switch requests without having to pick up the phone or create a list. As a result, our customers can better manage their cars and save money through added efficiency.

Additional tools like My Work Order and Work Order Exception Notices provide further transparency to our customers, giving them real-time information about work to be performed on a given day, including how many cars will be placed and pulled, and notification of any delays or reschedules. Work Order Exception Notices are also sent to Customer Service, who monitors the work until it is completed to the customer's satisfaction.

We designed ShipCSX to ensure the customer experience is simple and convenient, and to provide them access to the entire life cycle of their shipment for peace of mind.





Supplier Successes

- CSX maintained strategic relationships with suppliers who provide commodities critical to supporting the infrastructure and operations of our railroad.
- CSX participated in the Carbon Disclosure Project's Supply Chain program for the first time, where 50 of our largest suppliers provided information about their carbon emissions attributable to CSX.
- CSX collaborated with the Province of Quebec and the City of Valleyfield to develop local supplier capacity in Canada in advance of the opening of our new intermodal terminal.

Supplier Challenges

- Ensuring supplier diversity when there are a limited number of railroad equipment suppliers due to the cost and sophistication of core rail equipment.
- Continuing diligent risk management of our suppliers, particularly those with whom we have high spending and those to whom we outsource operations.

Our suppliers are an extension of CSX. Because of this, we hold them to the highest standards for ethics, integrity, efficiency and safety to ensure mutual benefits across our supply chain.

Supplier Selection

CSX procures all materials, supplies and services through a centralized, competitive supplier selection process. We use a team-oriented and cross-functional approach that maximizes savings in total costs, including long-term maintenance and environmental costs.

At the start of the procurement process, which applies to purchases or contracts that are above a specified financial threshold, the CSX Procurement team establishes goals and a timeline for the project, conducts research and benchmarking, solicits supplier input, accepts supplier qualifications statements, and after careful evaluation, awards the contract.

CSX makes procurement decisions based on a variety of criteria such as prior industry experience, health and safety programs and performance, environmental performance, quality and logistics of materials and services, and labor policies and programs related to diversity and non-discrimination to ensure we meet the needs of customers.

Contract negotiations are not simply about cost. Our procurement process is an integrated process, and we work with internal and external stakeholders to secure the highest-quality equipment while looking at long-term sustainability. This, in turn, presents an opportunity for our suppliers to share innovative ideas.

It is very important that we keep pace with technological advancements in the rail industry. CSX procurement managers collaborate with suppliers and other partners to enhance our processes, consider total cost of ownership over cost of purchase, and identify technology that increases fuel efficiency.

Supplier Code of Conduct and Auditing

Our core value “Right results, right way” ensures we conduct business fairly, ethically and honestly, no matter the circumstances. We expect our business partners to share this core value, and have in place a set of guidelines and expectations for all suppliers. Last year, we distributed our updated Code of Ethics to our key suppliers to ensure they had the most current version. We communicate new policies or important changes in policy with suppliers as well. In addition, suppliers that spend more than six weeks a year on CSX sites must undergo annual rail safety training.

CSX’s contract language requires suppliers to uphold all laws and regulations, respect human rights and maintain corporate policies that support diversity and non-discrimination. A specially trained team of supplier quality auditors reviews supplier policies and procedures for both product and service quality to determine the extent to

which they reflect CSX values. We focus these audits on suppliers with product quality concerns or a new location or product line. Our auditors examine facilities to gauge safety, environmental and other quality factors. When instances of noncompliance are identified, we provide a five-step corrective action plan to the supplier.

Spotlight: Developing Local Supplier Capacity in Quebec, Canada

In spring 2013, CSX began construction on a new, \$107-million intermodal terminal in Salaberry-de-Valleyfield, Quebec. When fully operational in 2015, this new terminal is expected to handle up to 100,000 containers per year using high-capacity intermodal cranes and serviced by trains through our Northwest Ohio intermodal hub. This project is a public-private partnership, with both the Province of Quebec and the City of Valleyfield committing more than \$20 million in public funds.

We realize that this terminal has the potential to spur economic development in the area, and we are in the process of developing local supplier capacity to assist us in this expansion. CSX is committed to working with local companies and has partnered with the Beauharnois-Valleyfield Chamber of Commerce to promote job opportunities. This spring, our procurement team held a pre-bid meeting in Valleyfield that was open to numerous Canadian companies. We are also working with local stakeholders and hosted a supplier forum in 2013 to develop these companies in advance of the opening of the terminal. We look forward to ongoing discussions with these companies to build the supply base in this new area for CSX.

Business Continuity

The CSX Procurement Team plays a strategic role to ensure the company has the materials needed to run our operations. Any disruption to our service could result in significant impact on communities and businesses across the country if we are unable to transport goods for customers who provide essential services.

We rely on our suppliers to ensure we always have the materials necessary to operate and prevent service disruptions. While the railroad industry currently has a relatively small pool of suppliers that can meet ongoing demand for steel-based products, and with few new entrants into the market, we are working to develop new suppliers consistent with our expectations.

Wherever there is a sensitivity or supply risk, the Procurement Team actively works to mitigate that risk. Our supplier selection processes ensure potential suppliers have the proper management practices in place to consistently provide us with the goods and services we need. Partnering with the best suppliers ensures continuity for the business and uninterrupted service for our customers.

Considering Supplier Sustainability

As business trends towards more sustainable and transparent operations, we have evolved programs and processes to consider not only our environmental, social and economic impacts, but also the impacts of our suppliers. For example, our Supplier Performance Rating System tracks supplier performance through scorecard measurements. This allows CSX to communicate with suppliers about their performance related to quality, delivery and cost, and identify areas for potential process improvement and cost reduction.

In addition, to help the company better understand how suppliers are addressing sustainability issues, we developed a series of sustainability-related questions that were added to our annual supplier quality assessment. We review supplier responses as part of the supplier evaluation process. CSX is working to increase the number of new suppliers evaluated for sustainability.

We believe it is important to recognize suppliers that are fully embracing sustainability in their businesses. In 2013, CSX honored Eagle Paper, a long-time supplier of janitorial

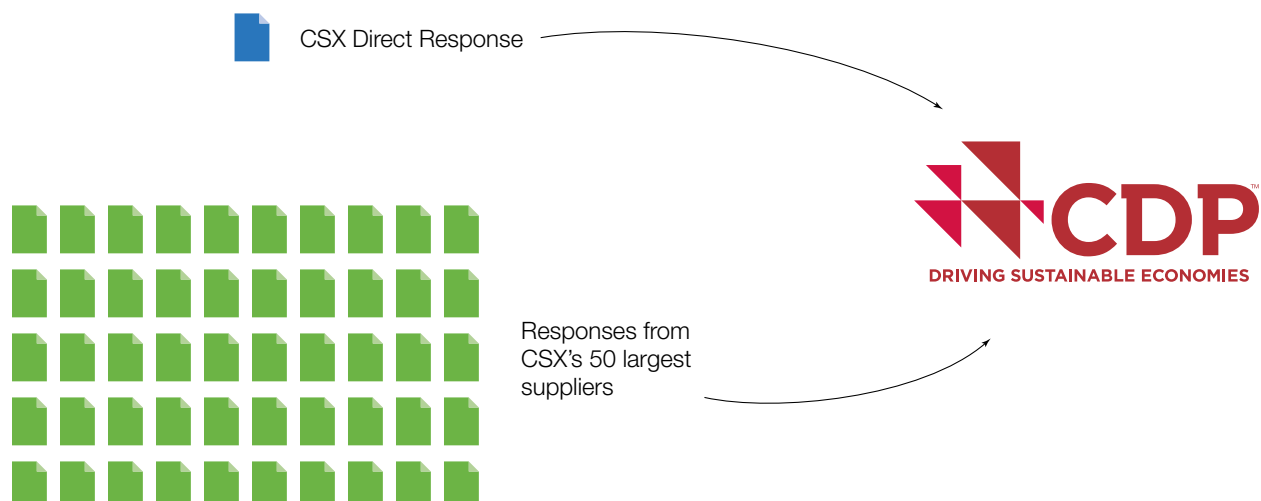
products to our locations system-wide, with our Corporate Social Responsibility Award. Eagle Paper employees partnered with the Arc of Jacksonville – an organization that provides work opportunities to adults with disabilities – to teach Arc participants about inventory and distribution management for a large customer. This program aligns with our core values, and we appreciate Eagle Paper's dedication to the local community.

Participating in Carbon Disclosure Project Supply Chain

CSX participated in CDP Supply Chain for the first time in 2013. CDP's supply chain program aims to drive action on climate change among both purchasing companies and their suppliers. The program provides a platform for CSX to collect business-critical climate change data from our suppliers. We asked 50 of our largest suppliers to identify the proportion of their GHG emissions that they can attribute to business with CSX. In 2014, we are extending this effort to a greater number of suppliers in alignment with our risk management strategies.

In addition, CSX is providing new opportunities for customers to understand the benefits of shipping their goods by rail. These customer forums allow companies to collaborate, work through logistical challenges that occur when changing shipping methods, and quantify the sustainable benefits provided by CSX. In 2013, CSX was assessed to have scored an A in performance and was included on the CDP Supplier Climate Performance Leadership Index, which recognizes companies that are measuring, verifying and managing their carbon footprint.

CDP Supply Chain provides additional transparency to customers



Supplier Diversity

To recognize the diverse makeup of the communities we serve, we work to develop business relationships with a wide range of suppliers. The company has implemented a procurement process that provides opportunities for all suppliers, regardless of any social or economic distinctions such as age, race, creed, color, sex, ancestry or national origin. While we cannot give minority suppliers a preference that would result in an unfair competitive advantage over other suppliers, we have initiated a Minority Supplier Purchasing Program through participation in various minority councils.

The CSX Supplier Diversity Program ensures that all business enterprises have an equal opportunity to supply required services and commodities. We also support and participate in the work of public and private organizations that promote purchases from diverse firms, as we believe this helps to foster economically sustainable communities. The company works with businesses that are certified as diverse through agencies such as the Women's Business Enterprise National Council (WBENC), National Minority Supplier Development Council (NMSDC) or state and federal certifying agencies. We serve as a corporate member of these councils, and representatives from our Procurement Team participate in national events for these organizations every year. In addition, CSX is aligned with other Class I Railroads in a Transportation Industry Group that is focused on aligning, advocating and developing diverse suppliers on best practices within the rail industry. We are looking for ways to collaborate with the airline industry, as well.



CSX maintains a relationship with a third-party firm that reviews and confirms the qualifications of diverse suppliers. In 2013, our diverse spend was over \$150 million. Women and veterans represent the largest demographic reported for this period. This spend includes transactions with over 200 businesses and represents about 15 percent of our supply base. The supplier diversity program not only supports our supply base but also our customers. We report diversity activities on a quarterly basis to nine strategic customers supporting over \$1 billion in revenue in industries such as automotive, chemicals and logistics.



Safety



Successes

- CSX led the rail industry in safety in 2013, with the lowest rate of personal injuries.
- CSX invested \$2.3 billion in 2013 to maintain, innovate and expand our network and ensure our operations are safe and efficient.
- CSX worked closely with communities, customers and government partners to safely and reliably move new energy products such as crude oil and liquefied petroleum gas.

Challenges

- Continuing to address public concerns about the safe transport of hazardous materials and crude oil by rail.
- Ensuring that communities, employees and the environment are provided a meaningful Standard of Care in incident response.
- Working to prevent fatalities at our work sites and along our tracks, further reduce our accident and injury rates, and achieve our ultimate goal of zero accidents or injuries to get every CSX employee home safely.
- Protecting 21,000 miles of unrestricted real estate from trespassing, theft, damage and other hazards.

Our commitment to safety defines who we are at CSX. The passion and training of every employee allows us to provide the most reliable rail service to our customers while keeping our communities safe above all else.

Management Approach and Plans Ahead

Safety is the foundation of CSX and we work diligently to protect those affected by our business, including the public, as well as our employees and network. Through community engagement, technological innovation, dynamic communication, effective training programs and collaboration with our peers and partners, we ensure we are operating thoughtfully, safely and responsibly.

Safe actions should be proactive and preventive, but we also place significant attention on our ability to respond to the unforeseen. CSX employs procedures that consider both aspects of truly safe behavior. And, though we led the industry in employee safety and train accident prevention in 2013, we are continually focused on ways we can improve our safety and accountability to customers and stakeholders going forward.

Public Safety

We recognize that our operations affect every community along our tracks and it is critical that we prioritize the safety and well-being of the public. We ensure every aspect of the business reflects our commitment to public safety. CSX has a long history of working with community emergency first responders on a variety of planning, preparation and response training programs. We believe in providing a meaningful Standard of Care that anticipates the needs of people and communities, focuses on their safety, restores their lives and protects the environment should an incident occur. In 2013, we established a new vision for a CSX Standard of Care and began to train and build awareness internally of our evolving view of public safety.

COMMUNITY AFFAIRS AND SAFETY

To engage and protect our communities, the company maintains a dedicated Community Affairs and Safety Team. This field-based group of men and women is strategically placed throughout the CSX network and works closely with communities, employees and industry partners. The team comprises an array of railroad experience, backgrounds and education, making it well-suited to handle the unique concerns and situations that arise when operating a freight rail company. At CSX, we strive to be good neighbors and emphasize community relations and public safety in all facets of the business, from planning and risk management to operations to emergency response.

In 2013, we saw a 7 percent increase in pedestrian fatalities and injuries on our network. We continually focus on increasing awareness around crossing safety and the dangers of trespassing on railroad property through the programs described below.

Play It Safe. In 2013, we expanded our Play It Safe campaign, which stresses the importance of safety around trains and tracks, by partnering with Front Row Motorsports and Sprint Cup driver David Ragan. Their #34 car featured an “I Brake for Trains” bumper sticker for each race, and we enjoyed three primary sponsorships throughout the season. These partnerships provide an effective way to communicate our message to the target age demographic most at risk – 18- to 34-year-old males.

CSX will continue these partnerships in 2014 and will serve as the primary sponsor at five races: Daytona International Speedway in February, Darlington Raceway in April, Michigan International Speedway in August, Richmond International Raceway in September and Charlotte Motor Speedway in October.

We have also paired our railroad safety message with thought-provoking billboards and public-service announcements, and we are currently in the process of tracking the effectiveness and reach of this campaign through social media, as well.

Operation Lifesaver. CSX has a longstanding partnership with Operation Lifesaver, a nonprofit organization whose purpose is to raise public awareness about rail safety. Operation Lifesaver’s mission is “to end collisions, deaths and injuries at highway-rail grade crossings and on rail property through a nationwide network of volunteers who work to educate people about rail safety.” In the past three years alone, CSX has contributed more than \$1.3 million to Operation Lifesaver in support of this mission.

CSX employees actively spread Operation Lifesaver’s message about rail safety by engaging with community members in the areas we serve. For example, in 2013, CSX employees provided 19 trainings to local law enforcement officers and 23 trainings to first responders across our network. In addition, CSX employees give safety presentations to schools, driver education classes, professional driver organizations, community groups and other audiences. In total, our volunteers reached 33,000 people through these presentations in 2013.

CROSSING SAFETY

Crossings, or intersections where a railway line crosses a road or path at the same level, can be very dangerous areas prone to car and pedestrian accidents. CSX conducts highly visible safety campaigns to provide information about the potential hazards of highway-rail grade crossings and protect the public from the dangers along our tracks.

Sign visibility is essential. We have a program in place to clear-cut trees and vegetation, giving motorists a better view of our tracks as they approach crossings. CSX was also the first railroad in the United States to adopt a system-wide highway-rail grade crossing emergency notification sign program. These signs provide a means by which the public can report malfunctioning warning signals, vehicles stalled on the tracks or any other emergency situation.

Alternate means of crossing. Both federal and state governments discourage new grade crossings and have adopted programs to eliminate them by constructing bridges or by diverting traffic to existing overhead, subgrade or at-grade crossings. We fully support these policies and programs, and are firmly opposed to the establishment of new grade crossings.



David Ragan, Front Row Motorsports driver

The safest crossing is a closed crossing.

Grade crossing incidents on CSX's network increased to 329 in 2013, up 2 percent from 2012. Through the initiatives outlined above, the company is continuing to focus our efforts to raise awareness about crossing safety and lower the number of grade crossing incidents on our network.

In addition to the crossings that intersect with public roads and highways, many crossings are located on private property. In these cases, CSX works with private land owners to identify alternate access routes to the property and remove crossings where feasible. In 2013, we operated an aggressive private road crossing program with a goal to close 45 crossings. In every case, the purpose for closing crossings is the same: to lessen the likelihood of a crossing accident and enhance public safety in our communities. By working with communities and direct users, we exceeded our goal, closing 52 private crossings. In total, CSX closed 257 crossings in 2013, increasing road safety and decreasing the risk of incidents.

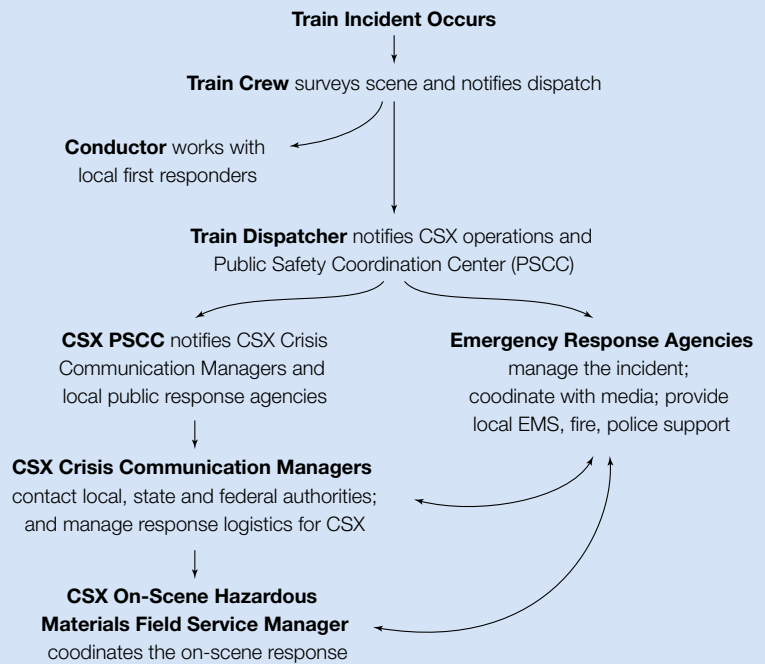
Moving forward. In 2013, there were 207 fatalities reported as a result of pedestrians walking on or crossing our tracks at undesignated locations. As playgrounds, schools, retail establishments and other public facilities are built closer to our tracks, it becomes even more challenging to prevent pedestrian fatalities and injuries. However, CSX is focused on identifying new and innovative ways to decrease the risk of incident through our programs and community engagement. We are also exploring ways to reach the public through traditional and social media, as well as other means, to convey the danger of trespassing on railroad property.

INCIDENT RESPONSE PROGRAMS AND DERAILMENTS

The prevention of derailments is a top priority in the railroad industry. We thoroughly consider all aspects of our operations to ensure appropriate safety equipment and processes are in place to avert these critical situations. However, we are also prepared to quickly and safely respond to derailments along the network when they occur. An important piece of our response is meaningful and frequent communication with the public or other affected parties.

Incident response training. Training of emergency first responders is integral to our public safety mission. And, although prevention is our most important goal, we also have a responsibility to work with emergency planners

CSX Incident Notification Process Overview



and community first responders to develop effective responses to rail-related emergencies. CSX operates a state-of-the-art hazardous materials training center at our system training site in Atlanta, Ga., and maintains a staff of experienced field-based hazardous materials specialists who collectively provide thousands of training hours annually to public first responders using a variety of formats. The staff conducts classroom training in firehouses throughout the system, as well as realistic crisis management tabletop exercises to help first responders more safely manage a rail emergency. CSX also uses several other training methods, including a computer-based training program and a self-study course. Given recent concerns over the transportation of crude oil by rail, we are providing additional oil-related emergency training during 2014.

Local emergency planners often want to know what hazardous materials move through their communities and, for over 20 years, CSX has provided this information on request. We regularly distribute our Community Awareness Emergency Planning Guide, which outlines information related to emergency planning and agency preparedness, and describes the company's responsibilities and response protocols. The Guide also provides a list of the top 25 hazardous materials we ship annually.

Additionally, we are part of a unique public-private partnership with state homeland security fusion and emergency operations centers to provide near-real-time information to trained agency personnel via the

SecureNOW system. The electronic transfer of information to local first responders allows these personnel to promptly identify the location, type, direction and contents of every rail car in the train – including all hazardous materials. This system is in place in 19 of the 23 states in which we operate, and is also used by the Transportation Security Administration, U.S. Department of Transportation (U.S. DOT) and CHEMTREC, the chemical industry emergency communication center.

Standard of Care. Established in 2013, the CSX Standard of Care program is designed to deliver prompt incident response that is:

- Developed through best practices and standards of service.
- Focused on the needs of people, families and communities during and after an incident.
- Empowered through communication and collaboration with responders and others invested in providing the Standard of Care.
- Conveyed through sincerity and empathy until our task is complete.

Through this program, we are prepared to meaningfully address the critical health care, business and communication needs of our communities and employees.

Our Standard of Care team also focuses on building our team and training our employees to ensure preparedness and continual improvement.



Derailment response. In November 2013, a four-car derailment in Willard, Ohio, caused a puncture in a railcar, which resulted in the leak of styrene monomer, a flammable liquid. An estimated 700 families were evacuated after the incident, and no injuries were reported.

CSX personnel worked with local police and firefighters to clean up the remnants of the spill and investigate the cause of the derailment. Crews diligently worked to vacuum all spilled liquid and remove the affected soil in the spill area. To protect residents, CSX and federal environmental officials conducted air monitoring, which showed that trace air emissions were well below dangerous levels. The company is still investigating the cause of the derailment, and will continue to prioritize the communities impacted by our operations under all circumstances. Please see our community engagement section on page 97 for more details.

PUBLIC SAFETY COORDINATION CENTER

The CSX Public Safety Coordination Center (PSCC) acts as our 911 call center. Its mission is to protect the public, CSX employees and CSX property by fielding calls on safety or security conditions. The PSCC is staffed 24 hours a day, 7 days a week, with 25 dedicated employees.

We encourage the public, government agencies, employees and customers to alert CSX of any potential emergencies, including crossing malfunctions, blocked tracks, crossing accidents, hazardous material releases, thefts and vandalism, trespassing, and unsafe employee driving. Each railroad crossing station contains signage indicating the emergency phone number.

When necessary, the PSCC dispatches police and other trained CSX safety and security personnel to respond to calls as quickly as possible.

SELECT PSCC METRICS

	2012	2013
Total Calls	278,652	264,990
Total Event Reports	25,999	38,852
Average Events per Day	71	106

Contacting CSX

Railroad emergency?
CSX Public Safety
Coordination Center
1-800-232-0144

TellCSX
1-877-835-5279

CSX Ethics Helpline
1-800-737-1663

CSXConnect
1-800-633-4045

TELLCSX SERVICE CENTER

To respond to questions and concerns from communities, we maintain a phone and internet hotline called TellCSX. Through this widely used hotline, we can effectively gather information to promptly address potential safety hazards or community concerns. Inquiries or concerns related to train horn noise, rough crossings, real estate, construction projects or other issues can be submitted to a live operator during normal business hours. CSX is the only Class I railroad to provide a

central hotline for the public to call about non-emergency issues. In 2013, TellCSX processed nearly 32,000 calls, generating more than 13,000 issues raised by members of communities along CSX's network. Call volume increased from the 30,000 calls received in 2012 that generated more than 14,000 issues raised.

When an issue is identified by the TellCSX team, it is elevated to the appropriate CSX department. Community relations representatives then engage with local communities and members of the public to resolve the concern. Our goal is to provide a quick, informative response to the community.

Network Safety and Security

The CSX network runs through thousands of communities across the country, each of which is affected by our operations. Operating safely in each of these communities includes taking appropriate measures to protect our infrastructure and our customers' cargo. We spend significant time and resources throughout the year to ensure the network is properly maintained, and we look at leading-edge technologies that will make the network even safer in the future.

We understand that members of our communities may be concerned about the types of materials we transport, including crude oil and hazardous materials. In collaboration with local, regional and federal governments and law enforcement agencies, CSX has established programs and training that allow us to operate safely with minimal disruption to our neighbors. The CSX Police Department and Infrastructure Protection team are further examples of our dedication to safety across our network.

INNOVATING FOR SAFETY

We believe that there is no 'status quo' for safety. Every moment and every action is an opportunity for improvement, refinement and innovation. CSX invests in cutting-edge technologies that allow the company to operate in measurably safer and more reliable ways. In total, we invested approximately \$2.3 billion in 2013 towards enhancing the network.

Unmanned aerial vehicle (UAV). The Value and Innovation Crew (VIC) is a cross-functional team that works to develop creative solutions for some of the company's greatest challenges. Throughout 2013, our eighth VIC class explored UAV, a new aerial drone technology that could improve our efficiency while keeping people out of harm's way.

These drones, equipped to stay airborne for approximately 45 minutes, could provide CSX employees a bird's eye view during bridge inspections, terminal surveillance, first responder assistance and other common operational activities. Using autonomous flight aircraft technology to navigate high-definition cameras around work sites, project operators will be able to view live streaming video of potentially dangerous and once hard-to-reach spaces – all while situated safely on the ground. We are excited to explore how this new technology can be implemented in the field in the future.

Enterprise asset management (EAM). EAM is a comprehensive approach for managing assets with an emphasis on improving reliability, utilization, unit cost and safety. The approach includes both process and technology improvements, with specific focus on lifecycle management of our locomotives, railcars, facilities and track-related infrastructure. Recent implementations include systems that streamline the track signal installation and testing process, an enterprise process for prioritizing facilities investments, and improvements to facilities and locomotive work management.

Asset health strategic initiative. In order to prevent potential accidents, CSX is partnering with the other Class I railroads to implement an asset health strategic initiative. Working with these railroads allows us to pool resources and share information and trends, ensuring more thorough results. CSX is using devices across our railroad network to assess the condition of our infrastructure and railcar assets. As of 2013, we are about a third of the way through the implementation process, and we will continue to collaborate across the industry to implement this important system.

Case Study: Transporting Crude Oil Safely

Changing Energy Mix in America

The development of the shale oil industry represents a tremendous opportunity for our nation to move closer to energy independence. In fact, the United States is expected to become the world's largest oil producer by 2020. Rail has a critical role in the safe and efficient transport of North American crude oil to refineries and terminals. As with all operations at CSX, that opportunity comes with a great responsibility to ensure the safety of the communities in which we operate.

Nationwide, the railroad industry transported approximately 430,000 carloads of crude oil in 2013, with one carload equaling approximately 700 barrels of oil. CSX's crude oil rail shipments rose from 9,000 carloads in 2012 to 46,000 carloads in 2013. In 2014, shipments could double. Most of the crude oil we ship originates in the Bakken oil field in North Dakota and is transported in 100-car unit trains.

While crude by rail is an area of significant growth, current volumes represent approximately 1 percent of the company's overall traffic, making crude by rail a very small part of the business.

Constant Focus on Safety

CSX and our industry peers are working very closely with communities, first responders, public officials, regulators, customers and suppliers to ensure that the most effective safety practices are rigorously applied to the transport of oil and other hazardous materials. In 2013, we adopted additional safety measures including making crude oil unit trains a part of the industry's definition of a "HazMat Key Train," the most closely monitored trains. This designation includes instituting a 50 mph speed restriction, stringent inspection requirements and taking certain precautions when meeting or passing another train. A train crew is always assigned to an oil train when outside of a rail yard except under extraordinary circumstances. In these cases, the train would be immobilized and locked down.

We have implemented or are well on our way to meeting additional requirements agreed upon by the Association of American Railroads and U.S.

Department of Transportation that will become effective July 1, 2014, including:

- Routing analysis for crude oil trains
- Further reducing crude train speeds in high threat urban areas
- Accident prevention through inspections and additional wayside technology
- Local emergency first responder training and tuition assistance
- Railroad emergency response resources and capabilities
- Enhanced train braking systems
- Continued outreach to local communities along key crude oil train routes

As part of our efforts to further coordinate with communities, we are significantly expanding our already extensive training programs for first responders. Beginning in May 2014, CSX's Safety Train, with rolling classrooms and specialized hands-on training, will travel over much of the company's primary crude oil service territory. This enhanced training offers fire fighters, police officers, emergency medical technicians and other first responders insights on how rail cars work and how to deal with rail incidents.

Additionally, the U.S. DOT issued an emergency order in May 2014 requiring railroads to notify State Emergency Response Commissions when moving crude oil trains meeting certain criteria through their states. CSX will continue to partner closely with state and local governments to meet these requirements as part of the company's commitment to public safety.

CSX continues to deploy special technology, called SecureNOW, to security and emergency management officials so that they can track oil and other hazardous materials shipments in virtually real time. SecureNOW is now used by 19 of the 23 states in which CSX operates. The technology provides law enforcement and other federal and state public safety officials with access to confidential data on the location of CSX trains.

Further, we are actively participating in the U.S. DOT's ongoing review and analysis of additional issues relating to the safe transport of crude oil – including

the strengthening of tank car standards and proper shipper classification of oil – and will continue to support a disciplined approach to addressing further safety enhancements.

For example, in 2013, the Association of American Railroads, joined by the American Shortline and Regional Railroad Association, called for the Pipeline and Hazardous Materials Safety Administration to require all existing general service tank cars used to transport flammable liquids to be retrofitted or phased out, and new cars to be built to more stringent standards.



To fully realize the benefits that these domestic energy resources provide, CSX and its partners must ensure that the safety of people, communities and the environment remains a top priority. The safe transport of these products is a business imperative for CSX and its customers that we approach with a sense of urgency and responsibility. We will continue to work with communities, first responders, regulators, legislators, energy producers, rail car owners and our customers to make the safe transportation of energy products even safer.

Ongoing Communication

To foster an open conversation with the public, we have launched a content-rich website to serve as a resource for interested community members and other stakeholders. We want to educate visitors about our services and perspective and encourage feedback.

Visit our website specifically dedicated to this topic at www.csxcrudebyrail.com.

Positive train control (PTC). The 2008 Rail Safety Improvement Act includes a provision requiring each Class I freight railroad and passenger railroad to develop and install a PTC system by December 31, 2015. When fully developed, PTC will be a multifaceted computer-based system designed to prevent train-to-train collisions, over-speed derailments, incursions into established work zone limits and train movements through switches left in incorrect positions. PTC must be installed on regularly used mainline commuter tracks and on mainline tracks over which certain hazardous materials are transported. In total, PTC will be installed on roughly 60,000 miles of the railroad industry's tracks.

To ensure successful implementation, we are strategically hiring the right employees; developing critical software; evaluating PTC technology and partners; enhancing our GIS capabilities and systems integration; retrofitting locomotives; and improving signals, switches and other equipment.

It is important for CSX not only to meet these new regulations, but also to advance the safety of the network. Though the cost and difficulty of integrating PTC will be significant, we are working with innovative partners to develop and deploy this new technology as soon as possible. CSX has assembled a cross-functional team well-versed in technology, operations and maintenance to implement the PTC system. Through 2013, the company invested \$875 million and has achieved significant advancements in our multiyear implementation of PTC across 3,600 locomotives, 10,300 wayside devices and 14,900 track miles.

MAINTAINING THE NETWORK

As a business accountable to the communities we serve, it is essential that we maintain our railroad infrastructure to prevent any accidents or injuries. Approximately 25 percent of CSX employees are dedicated solely to improving our 21,000 miles of track, signals and grade crossings. About 500 of those employees are dedicated to track inspection. We invest more than \$1.2 billion annually on improving and maintaining track, bridges, signal systems and other infrastructure. Annually, CSX installs more than 3 million crossties, lays more than 350 miles of new rail and refurbishes more than 130 bridges. We also work year-round to clear-cut trees and vegetation that would otherwise obstruct motorists' views as they approach tracks and warning signs at grade crossings.

Our employees take their roles as business and safety leaders seriously. In July 2013, they undertook an annual eight-day CSX Maintenance Jamboree, designed to complete work that would normally take 18 weeks, drastically reducing potential traffic delays or other disruptions to the public. This accelerated timeline was accomplished by temporarily re-routing traffic on the CSX mainline in portions of three southeastern states, to allow uninterrupted time for upgrades and repairs. The Jamboree also encouraged teamwork, camaraderie and ownership of CSX's commitment to our communities.

The Jamboree took place during the Fourth of July holiday week, to take advantage of a time when there are lighter rail volumes. In 2013, the work focused on key routes between Shelby, Ky., and Spartanburg, S.C., and from Bostic to Monroe, N.C. Nearly two-thirds of



CSX's network-wide system production teams – as well as division engineering teams, signal teams and bridge forces – participated in the Jamboree. Crews replaced or installed more than 64,000 crossties and 150,000 linear feet of rail, while smoothing and shaping the track roadbed and ballast over 40 track miles. Road crossings were upgraded, and, where necessary, we coordinated temporary closings and the re-routing of motor vehicles.

The Jamboree is part of CSX's efforts to help enhance the network to support increased demand for freight transportation services – estimated to more than double nationwide by 2040, according to the U.S. DOT. The Maintenance Jamboree is an example of the investment and effort we dedicate to ensuring that the nation's critical rail transportation network is ready to safely meet the country's growing needs while providing benefits to our environment and our economy.

TRANSPORTING HAZARDOUS MATERIALS SAFELY

As a common carrier, CSX is subject to significant federal safety regulations related to the transportation of hazardous materials. We take very seriously the responsibility that comes with transporting these materials and do everything we can to prevent harm to human health and the environment.

We have a long history of safely transporting hazardous materials and we have established the CSX Hazardous Materials Team to respond immediately to emergencies throughout the CSX network. We work in conjunction with state and federal emergency response organizations in order to ensure prompt and effective response to any hazardous materials emergency, ranging from chemical releases, diesel fuel spills and other material releases. We ensure our safety standards comply with all regulations established by federal law, the U.S. DOT and the U.S. Department of Homeland Security (DHS).

CSX partners with customers and local organizations to develop rigorous emergency response training materials. In 2013, we held 941 hours of training for 3,477 external participants and 1,305 CSX employees. Unique to this training program is the dedicated equipment used to prepare local response organizations. Safety Train, a partnership with The Firefighters Education and Training Foundation, provides realistic training scenarios for first responders. CSX provides 40-hour training events for emergency responders during which a derailment scenario is simulated. For organizations that cannot attend a face-to-face training session, CSX provides a variety of online training courses and printed materials to assist emergency responders. The preparation of these responders is essential to the safety and peace-of-mind of the communities along our tracks.

CSX maintains a comprehensive prequalification process for hazardous materials response contractors. The process assesses potential contractors on financial, operational, safety and training performance. A third-party review is also completed for each potential contractor to ensure they meet the strict CSX criteria for responding to hazardous materials emergencies. Only when these contractors pass the third-party review are they approved to work with CSX on incident response. CSX reviews each contractor periodically to ensure continued compliance with our hazardous materials requirements.

CSX POLICE DEPARTMENT

To further preserve the safety and efficiency of our railways, the CSX Police Department serves to protect CSX personnel, critical infrastructure, customer property and the public against criminal acts, including terrorism. Officers of the CSX Police Department are strategically deployed in 23 states across the network and frequently partner with municipal, county, state and federal law enforcement, and emergency response organizations. Relationships with these organizations enhance the company's ability to promptly and safely respond to any security threats along the network.

Threats to network security. The CSX Police Department regularly partners with Federal Bureau of Investigation (FBI) Joint Terrorism Task Force operations across the network. CSX receives continual updates on terrorism intelligence and homeland security issues, helping us to ensure employees, communities and physical infrastructure assets are safe and secure. We collaborate with all of the Class I railroads on this initiative, allowing us to share and receive the most current data and information. As part of an ongoing agreement with other law enforcement agencies, the CSX Police Department conducts sophisticated training for other police departments using specialized railroad training cars. Recent training was provided for 55 members of the FBI SWAT team in Springfield, Mass.

The Leadership, Education and Development (LEAD)

Program. CSX partnered with The Johns Hopkins University in developing a custom program for CSX Police designed to build a department of highly skilled police professionals who are forward-thinking, strategic and aligned with our vision. The first LEAD program comprised 11 agents that graduated in August 2013. During the course of the program, students were exposed to learning opportunities through real-life CSX scenarios, as well as interactions with CSX executives, leadership and esteemed guests. This program will serve CSX well with succession planning in light of the high number of anticipated retirements at the company.

The CSX Police Department also has highly specialized units that respond to specific threats to network security:

- **The Specialized Crime Unit (SCU)** focuses on prevention and investigation of crimes related to cargo theft and environmental issues.
- **The Rapid Response Team** is responsible for rail counterterrorism. They monitor and protect all rail infrastructure against terrorists.
- **The Trespass Abatement Program** works to make the CSX network footprint safe and secure for all employees, customers and local communities.

Operation Rail Safe. CSX Police participate in this program to ensure our nation's passenger trains, stations and platforms are secure for citizens traveling by rail. In 2013, CSX Special Agents visited and spoke with employees and passengers at Amtrak stations throughout Florida. They also conducted security inspections and patrols.

CSX Police response. In 2013, the CSX Police Department responded to a variety of incidents, including robbery, trespassing, vandalism, suspicious activity and many others. The Baltimore Division was recognized for their outstanding response in two major derailments involving hazardous materials and maintaining operations without interruption. In total, the CSX Police Department handled 1,113 arrests in 2013.



INFRASTRUCTURE PROTECTION

The CSX Infrastructure Protection (IP) team focuses on security of the CSX network by complementing the resources of the CSX Police Department and the CSX Hazardous Materials Systems team. IP works closely with local, state and federal agencies on improving the safety and security of communities, our employees and customers.

CSX believes that partnerships and close coordination to address security concerns are essential to enhancing public safety. As part of this effort, the IP team has established public-private partnerships to provide federal and state homeland security officials valuable, current information they can use to protect the communities they serve. These formalized partnerships allow CSX, state officials and first responders to effectively and seamlessly share information and work side by side protecting our communities and employees. In 2013, the IP team was recertified to Customs-Trade Partnership Against Terrorism (C-TPAT), a voluntary supply chain security program led by U.S. Customs and Border Protection (CBP), ensuring we conform with government guidelines.

CSX has developed and use a highly specialized Secure Network Operations Workstation (SecureNOW) system, which provides employees and trained state homeland security officials with a tool to promptly identify and track the location and status of CSX trains and railcars on the network. Access to SecureNOW also provides government officials with additional information about what we are transporting, allowing them to more efficiently allocate law enforcement resources, coordinate with CSX security officials and integrate rail security into ongoing law enforcement operations. CSX is the only Class I railroad that offers this solution to homeland security and emergency response centers.

We currently partner with a total of 19 states and two federal entities – the Transportation Security Administration's (TSA) Transportation Security Operation Center and the U.S. DOT's Crisis Management Center. CSX is in the process of expanding this program to achieve our ultimate goal of partnering with every state in our network.

CSX provides annual training to federal and state officials on the SecureNOW systems. The IP team also works directly with the U.S. DHS (e.g., TSA and U.S. Customs and Border Patrol), State Intelligence Fusion Centers and Transport Canada. The IP team regularly performs assessments on CSX infrastructure such as bridges, tunnels and major rail yards to determine the placement of both technology-based and physical security enhancements at certain critical assets. Site-specific security countermeasures are also determined.

Employee Safety

At CSX, we strive to ensure our employees are safe in everything they do. Nothing is more important than every employee going home safely at the end of every day. We believe that promoting our safety culture not only helps prevent and reduce accidents and injuries, but also enables our employees to perform their daily jobs in ways that foster public safety and the security of our network.

Our approach to employee safety is based on preventing accidents and injuries through the application of hazard identification and risk mitigation. CSX has established programs and training to ensure that we operate safely at our workplace, on our network and in our communities.

SAFETY PERFORMANCE

Personal injury. Tragically, in 2013, we lost four CSX employees in industrial accidents – the first fatalities in more than two years. A CSX track maintenance employee, while working to improve a public grade crossing, was murdered by a non-employee. A second CSX track maintenance worker died due to heat-related stress. Finally, two employees lost their lives in separate construction accidents. When accidents such as these, or any employee injury, occurs, we scour every detail to determine how we can avoid similar incidents from occurring in the future. There is nothing more important than the safety of our employees and our neighbors in the communities where we operate.

The company's FRA personal injury rate, which measures the number of FRA-reportable injuries per 200,000 man-hours, was 0.86 – up from 0.70 in 2012. As a result, we are refocusing our primary safety goal on the elimination of catastrophic employee incidents.

Train accidents. Our FRA train accident rate decreased 12 percent from 2012 to 2013, reaching 1.83. CSX is proud to have been among the leaders in train accident prevention in 2013, but our responsibility in this area is ongoing. We continue to utilize technology that monitors the performance of our locomotive engineers and provides feedback for improvement.

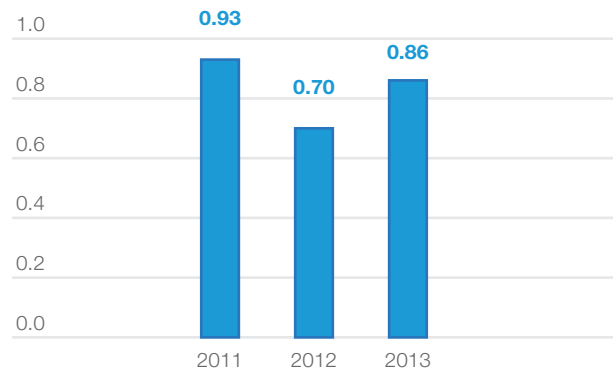
Despite our commitment to safety, incidents on the railroad are sometimes unavoidable. We work to understanding the root causes of these events and implement both corrective and preventive measures.

LIFE-CHANGING INDEX

While FRA rates are a good indicator of our total safety incidents, we sought a more comprehensive way to account for the potential severity of each incident. From minor

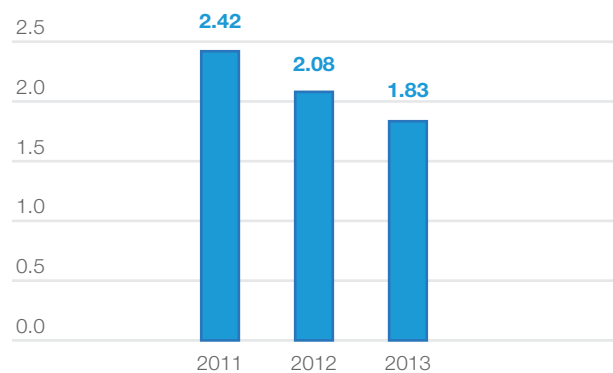
FRA Personal Injury Rate

(number of FRA-reportable injuries per 200,000 man-hours)



FRA Train Accident Rate

(number of FRA-reportable train accidents per million train-miles)



scrapes and bumps that provide temporary discomfort, to accidents with life-changing consequences, we are determined to better understand the complexities of safety.

In 2012, CSX developed an internal measure known as the Life-Changing Index (LCI). Each injury is measured on a scale from 0 to 2 that accounts for the potential risk exposure from specific railroad activities. This approach exposes behaviors that have the most impact on employee safety, allowing for more refined, predictive and precise preventive measures.

- **Level 0:** A non-reportable injury with no severity implications to the employee, such as an insect bite.
- **Level 0.5:** An injury with minor severity implications to the employee, such as a strain or sprain that occurred while dismounting equipment.
- **Level 1:** An injury with moderate implications, such as an employee being struck by a sliver of metal.
- **Level 1.5:** An injury with potentially severe injury implications, such as a fall from a stationary railcar.
- **Level 2:** An injury with potentially catastrophic or fatal implications to the employee, such as a fall from a moving railcar or a head-on collision in a motor vehicle.

The LCI provides managers with valuable information to identify root causes, further refine and tailor precise prevention actions that target behaviors, and allocate appropriate resources to address the greatest potential risks to our employees and communities.

SAFETY TRAINING

We place significant importance on education and training as part of our overall safety program. By encouraging our employees to be aware of their work environments, including potential hazards and ways to identify and minimize risk, we perpetuate a culture based on ownership – not only of their own safety, but also the safety of their co-workers and their communities.

New hire and employee training. The CSX Railroad Education & Development Institute (REDI) in Atlanta, Ga., is dedicated to training new employees around our commitment to safety; as a result, we have noticed particularly strong safety performance among employees that have been with the company for fewer than five years. CSX maintains consistency throughout the organization, in part, by ensuring that all new hires receive a four-week comprehensive training at the REDI. Employees receive a combination of classroom instruction and on-site training at our Tilford Yard, which is located next door to the REDI.

In 2013, 568 engineering hires, 1,656 transportation hires and 215 mechanical hires attended the training. CSX administers a competency test before and after the training. On average, attendees achieved a competency score of 65 percent on the pre-test and an average score of 88 percent on the post-test – a strong measure for the success of the program.

Ongoing employee training. CSX fosters a culture of safety by equipping employees with the most up-to-date safety information. We check in with employees regularly,

REDI TRAINING SUMMARY

Group	Employees Trained
Conductors	1,415
Locomotive Engineers	661
Car Department	202
Welding	166
Locomotive Department	472
Engineering–Track	507
Engineering–Bridge	87
Engineering–Signals	624
Engineering–Communications	117

reminding them of the specific measures that can keep themselves, their coworkers and our communities safe. We have several processes and procedures in place to ensure employee adherence to safety standards, including safe job procedures such as pre-shift safety briefings, peer safety programs led by full-time volunteer craft workers and safety overlap processes that ensure employees at all levels of the organization have access to the same information.

Additionally, employees receive ongoing safety training that includes annual job-based training on safety and operating rules, monthly training sessions led by local supervisors and supported by video tutorials, and regularly scheduled train accident prevention and safety skills training and continuing education.

Union safety coordinators. To help implement safety initiatives throughout our operations, the CSX Safety team employs two full-time union safety coordinators for each of our 10 divisions. These coordinators liaise between union employees and our management team, observing daily actions and facilitating safety meetings and trainings. The union safety coordinators also provide the CSX Safety team with ideas for potential training sessions and other valuable feedback. The ongoing communication between the coordinators and the CSX Safety team ensures focus on important safety issues and workplace improvements throughout the network.

Rail operation simulators. CSX Transportation has 12 rail operation simulators to reinforce the training of employees engaged in remote control operations at key division locations. These portable units can be easily set up in an office or conference room to simulate a realistic railroad yard environment. They teach and evaluate employee skills through a portable transmitter that sends commands to a remotely controlled locomotive. This equipment subjectively grades the employee upon completion of one of 14 switching exercises, and provides a scorecard on his or her compliance with CSX Transportation rules specific to yard and remote control operation switching.

Train Accident Prevention (TAP). In 2013, CSX's TAP System team conducted training classes focused on train accident prevention and proper investigation procedures for a total of more than 980 participants. Classes were held at 12 different field locations across our system, reaching approximately 400 transportation, engineering and mechanical managers from our operations teams. The TAP process is instrumental in encouraging cooperation between these teams, not only to prevent accidents but also to properly identify the causes of train accidents when they occur. In addition, the TAP System team trained 210 field officers from the CSX police force, 240 new hires and 125 managers from our partner short-line railroads.



INDUSTRIAL HYGIENE

CSX utilizes an Industrial Hygiene team to focus on anticipating, recognizing, evaluating and controlling occupational health hazards for employees. The Industrial Hygiene team monitors air quality and noise across company operations to ensure that work environments are safe and employees are utilizing proper protective equipment.

In 2013, we conducted 95 workplace exposure assessments that included the collection of 697 samples for 17 different occupational health hazards. The Industrial Hygiene team also responds to emergencies throughout the network. In the event of an incident, the team works with contractors to perform air monitoring after releases of hazardous materials. CSX ensures that community responders have the appropriate personal protective equipment and training necessary to safely and effectively respond to emergencies.

The Industrial Hygiene team has continued to improve the knowledge, skills and abilities of CSX employees, customers and community responders through our Health, Safety and Environmental University, after introducing the program in 2010. Our employees, as well as assorted subject matter experts, share our safety knowledge and expertise with University attendees through intensive courses designed to train safety managers that can successfully recognize workplace hazards and remove them before injuries occur.

WORKPLACE VIOLENCE PREVENTION

Employee safety starts in our work environments. According to the Bureau of Labor Statistics, assaults and violent acts are one of the leading causes of workplace

fatalities. CSX company policies are designed to ensure that every employee, contractor, customer and visitor is safe while on company property.

The goal is simple: we are dedicated to maintaining a workplace free from violence, threats of violence and other disruptive behavior. CSX defines workplace violence as “any words or actions that create a perception of intent to harm persons or property at the workplace or that actually bring about such harm.” Every employee plays an important role in maintaining a safe work environment.

In 2013, we promoted our “Recognize, Record, Report” approach to prevent workplace violence through training at CSX headquarters, as well as in field locations across the network. We were also the first freight rail company in the United States and Canada to formalize a workplace violence and protection program. In November, we sponsored and hosted the first workplace violence training event that included materials on both prevention and response, which was attended by all sectors of the rail industry.

Statistics show that women are at higher risk of experiencing violence at work than men. In fact, violence is the leading cause of death in the workplace for women, according to the latest data from the Bureau of Labor Statistics. In 2013, CSX partnered with the Hubbard House in Jacksonville, Fla., a nationally recognized and certified domestic violence center for women and children, to increase awareness about how violence at home can extend to the workplace. Using this local partnership as a foundation, we plan to expand our workplace violence awareness program system-wide, to include partnership with a national domestic violence hotline and training videos that will be rolled out in 2014.

Environment



Successes

- CSX achieved record-setting fuel efficiency in 2013, allowing us to move a ton of freight 470 miles on a single gallon of fuel.
- CSX reduced our GHG emissions intensity by 1.5 percent, making progress on our goal to reduce our GHG emissions intensity by 6 to 8 percent from 2011 levels by 2020, and reduced fuel consumption across our fleet to 488 million gallons, down from 490 million gallons in 2012.
- CSX continued to incorporate innovative design principles into our projects that comprehensively consider our environmental and community impacts.
- CSX recycled more than 4.2 million crossties in 2013 as a result of an extensive cleanup across our facilities.

Challenges

- Working to return our unused or retired sites to beneficial use, through remediation, redevelopment and other methods.
- Encouraging employees to look beyond just compliance, to identify opportunities to drive further performance improvement and empower them with new technologies to do so.
- Continuing to better understand the extent of our water footprint and identifying areas to reduce the company's water consumption.
- Advancing our strategic plans to improve our responsiveness to a changing climate and extreme weather conditions.

It is essential that we think about our network in a holistic way, considering how CSX operations affect the wider world. By building this mindset into our planning at all stages, we help our business, our customers, our communities and the environment, and enable sustainable success now and in the future.

Management Approach and Plans Ahead

As responsible stewards of the environment, we consider our potential impacts at every stage of our operations. Our policies and procedures are focused on managing our footprint and minimizing our effects on air, land and water. Every CSX employee, guided by our newly revised environmental policy and our environmental management system, takes our commitment to respectful and sustainable business practices seriously both today and tomorrow.

Our Environmental Policy

The CSX Environmental Policy provides a set of guiding principles for the company's decisions and actions. In 2013, we revised this policy to better reflect how we manage our environmental impacts today and how we want to manage them in the future. The policy focuses on the following:

- Developing a skilled workforce
- Improving fuel efficiency and supply chain management
- Managing and conserving water
- Recognizing and responding to potential impacts on the environment
- Exploring new ways to manage our environment

This policy is endorsed by all levels of the company and lays out our commitment to move beyond compliance with applicable regulations to focus on best management practices for tomorrow.

We encourage employees to embed sustainable behaviors into their everyday work performance and require them to identify, report and address environmental concerns. We include guiding principles from the CSX Environmental Policy into our Code of Ethics. We regularly review and update our Environmental Policy, which is readily available on [our website](#).

Environmental Management System

We back our environmental commitments with a variety of programs that promote, measure, track and improve sustainability across our operations.

Our Public Safety, Health & Environment (PSH&E) Management System incorporates major elements of ISO 14001 and is certified under the requirements of the American Chemistry Council (ACC) Responsible Care® management system. It also voluntarily incorporates the U.S. Environmental Protection Agency (U.S. EPA)

Progress Toward Goals

In 2013, CSX continued to work toward our long-term environmental goals to achieve by 2020.

Greenhouse Gas Emissions

Reduce GHG emissions intensity by 6 to 8 percent.

➤ **Reduced** GHG emissions by **1.5 percent**

Greenhouse Gas Emissions

Increase our energy blend to 10 percent renewable sources.

➤ **6 percent** renewable sources in our energy blend

Waste Disposal

Reduce hazardous waste generator status by 25 percent.

➤ **Reduced** hazardous waste generator status by **17%**

Waste Disposal

Decrease asphalt, concrete and brick to landfill to zero.

➤ Continued to find opportunities across the network to **reduce** construction products to landfill

Water Stewardship

Reduce quantity of water consumed.

➤ Continued to focus on our efforts to **reduce** the quantity of water consumed through better quantification of use

Water Stewardship

Improve the quality of effluent water.

➤ Continued to focus on **effluent quality**

Energy Efficiency

Continue to elevate sustainable standards of construction for new projects.

➤ Opened new facilities with **sustainable design** features

Supply Chain Management

Continue to raise expectations of suppliers' sustainability performance.

➤ Participated in **CDP Supply Chain**

Supply Chain Management

Increase eco-friendly procurement.

➤ Continued to add more **evaluation tools** to current purchasing guidelines

Engagement

Encourage employees to take sustainable actions in their everyday jobs.

➤ Evaluated technology to **help employees** track their sustainability actions on a daily basis and set goals

National Enforcement Investigations Center's Compliance-Focused Environmental Management System and other industry-specific standards. The PSH&E Management System is tailored to our operations and provides the framework to assure regulatory compliance and minimize the impact of our operations on the environment, our people and the communities in which we live and work. It establishes a consistent set of programs, processes and procedures for use across CSX operations.

Key components of the Management System include the identification of legal compliance requirements, risk assessment processes, the assignment of roles and responsibilities, and required and documented training. To facilitate consistent implementation across our network, the Management System contains approximately 300 instructional documents that provide clear guidance on environmental requirements and CSX best practices.

We perform a detailed annual review of process consistency and documentation through a formal verification program. Additionally, we conduct independent compliance and management system reviews to ensure that our environmental performance remains on track.

In 2013, we evaluated how to best improve our management systems and, in the fall, we went through a third-party review of our existing programs.



Spotlight: Partnering with GE on Innovative LNG Technology for Locomotives

We are always focused on tomorrow, with a longstanding commitment to providing clean and efficient energy to increase the country's security. With this in mind, CSX and GE Transportation, a division of GE, established a partnership in November 2013 to explore emissions-cutting and efficiency breakthroughs in liquefied natural gas (LNG) technology for locomotives. This partnership has helped us determine the right LNG solution for our locomotive fleet and better understand the safety, operational and economic feasibility of this potential fuel source.

A new era of energy sources. LNG is potentially one of the most significant developments in railroading since the transition from steam to diesel in the 1950s. Natural gas-fueled locomotives

can travel longer distances without refueling and provide other environmental and economic benefits. The adoption of natural gas-fueled locomotives will make freight rail an even more attractive transportation solution and furthers the industry's ability to absorb traffic from the nation's highways in an environmentally efficient way.

GE has been testing low-pressure natural gas technology since spring of 2013, and is working closely with CSX and other Class I partners. Field tests are expected to begin in 2015.

Balancing engine performance with efficiency and standards. GE's NextFuel™ kits allow railroads to use natural gas as a fuel source, reducing emissions and potentially reducing fuel costs without compromising performance.

An Evolution Series locomotive equipped with the NextFuel™ Natural Gas Retrofit Kit meets U.S. EPA Tier 3 emission standards.

CSX will be working over the coming years to develop a test plan and secure regulatory approvals concurrently. For CSX, GE Transportation will deploy its new NextFuel™ Natural Gas Retrofit Kits that enable existing Evolution Series locomotives to operate with dual fuel capabilities. CSX and GE will also collaborate on the continued development of LNG technology for other classes of locomotives to allow wider use across our fleet. We will work closely with key stakeholders and agencies across government to ensure the safety and environmental benefits of LNG deployment.

Environmental Performance Summary¹¹

	Unit	2011	2012	2013
Emissions				
Total Scope 1 ^(a)	metric tons CO ₂ e	5,400,086	5,268,905	5,251,734
Total Scope 2 ^(b)	metric tons CO ₂ e	295,354	300,170	313,226
Total Scope 3 ^(c)	metric tons CO ₂ e	145,362	177,381	259,368
Total Scope 1, 2 & 3	metric tons CO ₂ e	5,840,802	5,746,456	5,824,328
Emissions intensity, normalized Scope 1 & 2	metric tons CO ₂ e/million revenue ton-mile	24.94	24.68	24.55
NO _x emissions ^(d)	metric tons	97,316	81,039	80,693
SO _x emissions ^(d)	metric tons	1,398	946	953
Emissions by Kyoto Gas Type ^(e)				
CO ₂	metric tons	5,783,649	5,688,903	5,672,010
CH ₄	metric tons	640	629	613
N ₂ O	metric tons	141	143	139
HFCs	metric tons	0.030	0.067	0.048
Consumption				
Total direct consumption	million BTU	72,890,709	71,074,180	70,863,517
<i>Diesel ^(f)</i>	<i>million BTU</i>	<i>70,943,586</i>	<i>69,318,671</i>	<i>69,084,287</i>
<i>Gasoline</i>	<i>million BTU</i>	<i>1,141,326</i>	<i>1,130,979</i>	<i>1,126,930</i>
<i>Natural Gas</i>	<i>million BTU</i>	<i>480,951</i>	<i>303,272</i>	<i>355,929</i>
<i>Propane</i>	<i>million BTU</i>	<i>252,310</i>	<i>238,637</i>	<i>226,070</i>
<i>Jet Fuel</i>	<i>million BTU</i>	<i>38,842</i>	<i>36,002</i>	<i>34,310</i>
<i>Used Oil</i>	<i>million BTU</i>	<i>33,692</i>	<i>46,619</i>	<i>35,991</i>
Total indirect consumption – electricity	million BTU	1,839,899	1,838,100	1,925,369
Energy intensity	million BTU/million revenue ton-mile	327	323	321
Water consumed ^(g)	thousand gallons	1,412,637	1,127,001	1,458,090
Locomotive Fuel Efficiency				
Fuel Efficiency	(revenue ton-mile per gallon diesel consumed)	456	466	470
Waste				
Hazardous Waste from Ongoing Operations ^(h)	short tons	49.69	45.82	62.19
<i>Landfilled</i>	<i>short tons</i>	-	-	<i>17.42</i>
<i>Incinerated</i>	<i>short tons</i>	-	-	<i>30.16</i>
<i>Recycled</i>	<i>short tons</i>	-	-	<i>14.61</i>

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	Unit	2011	2012	2013
Waste (continued)				
Hazardous Waste from Remediation and Emergency Response Activities ^(h)	short tons	1,661.56	71.12	452.60
<i>Landfilled</i>	<i>short tons</i>	-	-	2.80
<i>Incinerated</i>	<i>short tons</i>	-	-	76.94
<i>Recycled</i>	<i>short tons</i>	-	-	372.86
Non-Hazardous Waste from Ongoing Operations ⁽ⁱ⁾	short tons	-	54,806	42,863
<i>Landfilled</i>	<i>short tons</i>	-	52,088	40,639
<i>Incinerated</i>	<i>short tons</i>	-	1,185	852
<i>Recycled</i>	<i>short tons</i>	-	1,533	1,372
Non-Hazardous Waste from Remediation and Emergency Response Activities ⁽ⁱ⁾	short tons	-	51,658	119,102
<i>Landfilled</i>	<i>short tons</i>	-	46,360	109,618
<i>Incinerated</i>	<i>short tons</i>	-	1,599	3,075
<i>Recycled</i>	<i>short tons</i>	-	3,699	6,409
Recycling				
Used Oil	million gallons	2.30	2.25	2.12
Batteries	short tons	354.7	337.1	356.8
Steel	short tons	348,388	245,087	200,227
Crossties	millions	2.9	2.4	4.2

(a) In 2011, CSX expanded its operational boundary to reflect inclusion of all major CSX subsidiaries – this includes CSX Transportation, Inc., CSX Intermodal Terminals, Inc., Total Distribution Services, Inc., CSX Technology, Inc., Transflo Terminal Services, Inc., and CSX Real Property, Inc.

(b) In 2012, CSX completed the expansion of its operational boundary to reflect inclusion of Canadian operations. Emission factors for purchased electricity were obtained from the U.S. Environmental Protection Agency's Emissions & Generation Resource Integrated Database (eGRID2012 Version 1.0) and used in the recalculation of both 2011 and 2012 Scope 2 emissions.

(c) The 2011 value includes emissions from employee business travel in personal and rented vehicles, as well as air travel and employee commuting. The 2012 and 2013 values include all above-mentioned sources and contracted taxi service.

(d) Reported emissions of NO_x and SO_x include direct (Scope 1) emissions.

(e) CSX does not generate PFC or SF₆ emissions.

(f) Annual locomotive diesel fuel consumption is reported in the Annual Report to the Surface Transportation Board.

(g) Water consumed (in thousands of gallons) is estimated from total cost of water and from actual water usage data when available at certain facilities.

(h) CSX is displaying hazardous waste data from ongoing operations and remediation and emergency response as two separate values to better reflect the distinction between fixed facility generation and waste that is generated from one-time cleanups.

(i) CSX continues to streamline and broaden its data-collection system for non-hazardous waste. Non-hazardous waste data is included starting in 2012 and is considered an estimated value.

Greenhouse Gas Emissions

Companies are beginning to look more carefully at the environmental impacts of their supply chains, particularly those related to product transport. As a railroad, we have a great opportunity to provide environmental benefit to our customers, as the typical CSX freight train is approximately four times more fuel-efficient than highway freight transportation and can carry the cargo load of up to 280 trucks. Through the switch from truck to rail, CSX enables customers to cut transport-related GHG emissions by approximately 60 to 80 percent, reducing their environmental footprints and costs.

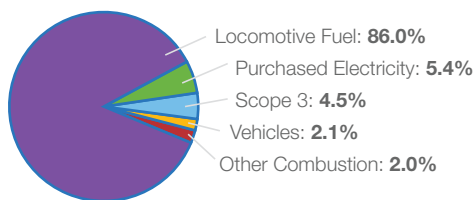
The majority of our own GHG emissions – approximately 86 percent in 2013 – are generated by our locomotive fleet. We are continually working to improve fleet fuel efficiency through locomotive upgrades, employee training and other technological advances. As a result, CSX has improved our efficiency by 100 percent since 1980. In 2012, we set a voluntary goal to reduce our GHG emissions intensity between 6 and 8 percent from 2011 levels by 2020. In 2013, CSX achieved a 1.5 percent reduction from 2011 levels, demonstrating further advancement toward this goal. In 2013, we consumed approximately 488 million gallons of diesel fuel. This was a decrease from the 490 million gallons consumed in 2012.

Fuel efficiency. We continually upgrade our fleet to increase fuel efficiency and, over the past decade, we have invested more than \$1.75 billion toward this goal. New locomotives such as the GE Evolution® Series save approximately 12,600 gallons of diesel fuel each year compared to older switching locomotives.

Due to these continued fleet enhancements and the technology advancements described below, our fuel efficiency improved by 1 percent from 2012 to 2013. This means that a CSX train can move a ton of freight 470 miles on a single gallon of fuel, up from 466 miles in 2012 – a record-setting performance. Our locomotive fuel savings initiatives are overseen by a cross-functional team called the Fuel Strategy team. These voluntary initiatives reduce the fuel consumption of our locomotives and, therefore, effectively drive down intensity emissions. Over the next year, we will invest around \$48 million in upgrades designed to improve emissions.

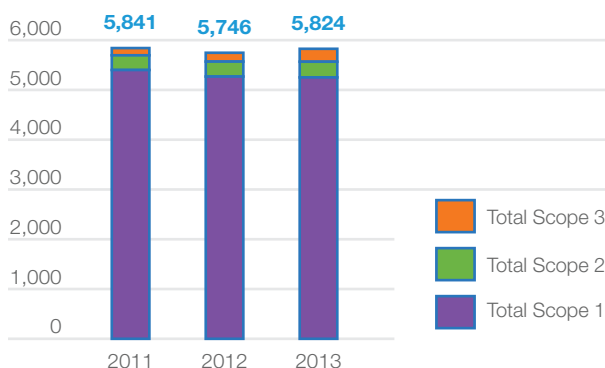
Employee training. We provide training, education and feedback to help our locomotive engineers operate safely and maximize fuel efficiency. In addition, Event Recorder Automated Download (ERAD) technology monitors and records train operations data and provides feedback to engineers on a number of parameters, including fuel efficiency. CSX engineers are also trained using locomotive simulators to develop best practices and increase their awareness of efficient train handling.

2013 Greenhouse Gas Emissions by Source*



*Includes scope 1, 2 and 3 GHG emissions.

GHG Emissions by Scope (thousand metric tons CO₂e)



Locomotive horsepower optimization and training.

We also improve fuel efficiency by limiting unnecessary idling. We have invested in two separate pieces of idle-reducing technology, auxiliary power units (APUs) and automated engine start/stop (AESS). As the name suggests, APUs provide auxiliary power to a locomotive, allowing the larger diesel engine to be shut down. AESS acts similarly by automatically shutting down the locomotive when not in use and automatically starting it when needed. In addition to these systems, CSX invests heavily in training our employees on proper locomotive shutdown rules to eliminate unnecessary idling.

We are also using trailing unit shutdown to optimize locomotive horsepower. This technology depowers non-lead locomotives when not in use, creating significant fuel savings without any effect on velocity or reliability. The company saved 1.8 million gallons of fuel implementing trailing unit shutdown in 2013.

Other air emissions. CSX actively reduces air emissions throughout our operations. As we improve the fuel efficiency of our locomotives, we also reduce other air emissions, such as particulate matter (PM), nitrogen oxide (NO_x) and sulfur dioxide (SO₂). For example, low-emission locomotives reduce GHG emissions by nearly 25 percent and NO_x and PM by more than 80 percent, benefiting both the climate and local air quality. Other air emissions sources at our operational sites include locomotive repair and



LEED Certified office building at the Central Florida Intermodal Logistics Center in Winter Haven, Florida

paint shops, locomotive service centers and dry material handling facilities. These locations are regulated either by an air permit or by federal, state and local air requirements. CSX also has a purchasing agreement in place to purchase low-emission vehicles for the company fleet.

RESPONDING TO A CHANGING CLIMATE

By improving our energy efficiency, providing clean and affordable domestic energy resources, and practicing responsible environmental stewardship, we can spur economic growth, improve quality of life and help address the complex global challenge of climate change.

CSX considers potential climate change impacts as part of our overall risk management process. We maintain strategic plans to maximize responsiveness to incidents resulting from extreme weather, changing weather patterns or shifting populations. The vast majority of our employees work outdoors and are susceptible to extreme weather conditions and changes; we prepare for such changes through business continuity plans that are adaptable across the 23-state network. CSX also maintains site-specific operating plans and invests heavily in track infrastructure, helping to protect assets from the impacts of extreme weather. For example, in 2013, we initiated a project to raise a portion of our track along the Gulf Coast in preparation for potential severe weather in the area.

By far, railroads are the most environmentally friendly and energy-efficient way to move goods over land. By using rail, customers reduce GHG emissions by approximately 60 to 80 percent, which promotes cleaner air and helps the country reduce its dependence on foreign energy sources. We are taking significant voluntary actions – going beyond our legal requirements – to reduce locomotive emissions (including GHGs) and fuel use.

For further details on our response to a changing climate, please see our latest CDP response.

Operational Efficiency

One of the key ways we can reduce our impacts on the environment is through investment in highly efficient building technologies. CSX's sustainable development efforts are focused on finding new ways to reduce the environmental footprint of the nearly 4,800 structures across our operations. When we upgrade the infrastructure and interiors of these buildings, we incorporate Leadership in Energy and Environmental Design (LEED) standards where feasible. As our network grows, particularly in the intermodal business, we are implementing a set of best practices for efficient, sustainable construction projects.

Spotlight: CSX Trip Optimizer

CSX uses an innovative control system called Trip Optimizer to reduce fuel use by approximately 10 percent while enhancing safety, simplifying train handling and improving efficiency.

This easy-to-use technology, developed in collaboration with GE, assists engineers in controlling the throttle. The system calculates maximum efficiency by considering factors such as train length, weight, grade, track conditions, weather and locomotive performance. Then, it assists the engineer via automatic adjustments that minimize end-of-train forces while cresting grades and controlling power output. Trip Optimizer not only reduces fuel use, but also reduces delays, coupler damage and train separation.

CSX trains incorporating Trip Optimizer reduce fuel consumption by 32,000 gallons per locomotive every year. In 2013, this resulted in tens of millions of gallons saved. Trip Optimizer also reduces emissions of particulates and noxious gases, on average yielding a 174,000-ton reduction in GHGs annually.

In 2013, we installed Trip Optimizer on 465 locomotives, bringing our total equipped fleet to nearly 1,500 units. Additionally, we certified new territories for Trip Optimizer use. These additions, combined with improved utilization by train crews across our network, generated a year-over-year savings of 2.5 million gallons of fuel, worth more than \$8 million. We are looking to increase our use of Trip Optimizer from 55 to 70 percent over the next few years.

Innovation for intermodal. Developed in 2013 and opening in 2014, the company's new Central Florida Integrated Logistics Center in Winter Haven, Fla., is one of our most environmentally progressive projects yet, and sustainability was an important part of the site development. Four new buildings on this 318-acre former industrial property are certified to LEED Silver, and solar panels were installed to provide renewable energy. Winter Haven also has the country's largest high-mast installation of exterior LED lighting, which reduces energy consumption and light pollution.

We designed the site around ongoing emissions reductions. We installed long lead tracks into the facility in both directions to allow the loading or unloading of complete trains, reducing switching operation air emissions. We use three sophisticated electric intermodal transfer cranes that recover energy on downward moves and reduce on-site air emissions. In addition, these cranes have underground supply lines to protect the native bird population.

Energy recovery unit (ERU). Our Value and Innovation Crew (described on page 49), explored ERU technology as a part of their efforts in 2013. When implemented, ERU will help us reduce our environmental footprint by transforming the heat produced during locomotive load box testing into usable electricity. We can use this energy to power local infrastructure and reduce our reliance on conventional grid-based power sources. Just one locomotive undergoing a four-hour maintenance test can produce enough kilowatt-hours to power 1,400 homes. We are currently exploring how CSX can best implement this type of technology to realize its significant environmental benefits and cost savings.

Collaborating on energy efficiency. For the fourth consecutive year, CSX participated in the Environmental Defense Fund Climate Corps Fellowship, an innovative program that pairs MBA student fellows with leading companies to design and support programs that drive energy efficiency and cost reduction. Our 2013 fellow, Hanyan Wu from the Mason School of Business at the College of William & Mary, focused on solar energy opportunities and high-efficiency lighting projects across the network. Hanyan also helped spearhead a project to bring some of the first electric vehicle charging stations to the city of Jacksonville, Fla.

These proposed energy initiatives would result in approximate savings of \$240,000, removing 300 passenger vehicles from the roads and powering 200 homes for one year.

Renewable energy and more. In addition to our efforts in Winter Haven, two new CSX buildings in Worcester, Mass., utilize solar thermal energy to heat water and photovoltaic energy to power to parts of the building. These facilities also utilize hybrid electric cranes that run primarily on rechargeable batteries, saving energy, improving local air quality and reducing noise. At the Jacksonville Intermodal Terminal, we installed energy-efficient LED fixtures on high-mast light poles, the administration building and the gate canopy, reducing energy consumption at the facility by nearly 25 percent.

CSX also joined the InVest Smart Business Energy Updates program at JEA, a community-owned utility company in Jacksonville, Fla. The program is designed to help businesses make cost-efficient transitions to more environmentally friendly energy options.



Spotlight: LEED Certification for CSX Headquarters in Jacksonville

In 2013, CSX obtained LEED certification from the U.S. Green Building Council (USGBC) for company headquarters in Jacksonville, Fla., as part of our ongoing commitment to sustainable operations.

History of hard work. First constructed in 1959, the 485,000-square-foot building now features more than 760 offices, 65 conference rooms and a state-of-the-art health and wellness center. Since 2006, we have invested several hundred thousand dollars to upgrade the facility with energy-efficient technologies and environmentally friendly operating practices.

Energy efficiency. We have retrofitted our corporate headquarters with HVAC optimization, efficient lighting upgrades and a white roof that reflects sunlight, minimizing heat gain and reducing the energy needed to cool the building. The facility's water use is 30 percent more efficient than the baseline expectation for similar buildings, an efficiency rating accomplished through water-conservation measures and high-efficiency plumbing fixtures such as touch-free, dual- or low-volume flush valves.

Renewable energy credits (RECs). We also recently purchased RECs, through Renewable Choice Energy, equivalent to 21 million pounds of CO₂. The RECs will offset emissions generated through electricity usage at our headquarters for two years. RECs are an industry standard that accounts for renewable energy products, where one REC is equivalent to 1,000 kilowatt-hours of clean energy. Our efforts to offset carbon emissions from our headquarters are equivalent to planting nearly 245,000 trees or removing more than 1,800 passenger cars from the road for one year.

Following the green footsteps. Our corporate headquarters was the first facility in the CSX network to gain certification under the USGBC's rigorous "LEED for Existing Buildings Operations and Maintenance" rating system. Along with our other LEED-certified facilities – including terminals in North Baltimore, Ohio; Worcester, Mass.; and Florence, S.C. – these projects serve as catalysts for change in how we approach facility design in the future.

Land Management and Biodiversity

As part of our environmental management approach, we are always looking for ways to limit impacts on land, whether through construction, operations or remediation. We work with state and federal regulatory agencies to remediate sites. In some cases, we must acquire real estate to complete remediation and network expansion projects, and we work with property owners to ensure fair and respectful transactions. CSX uses an inclusive approach to remediation that considers engagement of community, municipal and regulatory stakeholders.

Biodiversity considerations at Winter Haven. As a part of our comprehensive sustainability-focused design for our Winter Haven, Fla. intermodal terminal, we identified six protected wildlife and three protected plant species on site. We voluntarily relocated gopher tortoises to a protected habitat. In partnership with the Historic Bok Tower Sanctuary, seed specimens of threatened and/or endangered plant species were relocated prior to construction. Our stormwater ponds were designed to include a vegetated littoral shelf that provides nutrient uptake prior to water discharge to the receiving body.

The site is also a fully remediated former brownfield site and four newly constructed buildings are Silver LEED-certified.



Planting trees across our network. In 2013, we surpassed our five-year Trees for Tracks goal of planting 21,000 trees. This year alone, we planted 5,344 trees that will improve air quality, reduce stormwater runoff and provide shade. Our work tangibly improved the quality of life, today and for years to come, for residents in the 51 communities we reached through our Trees for Tracks program.

This year, our Trees for Tracks program expanded to include riparian tree plantings and tree giveaways. The riparian plantings will stabilize waterways and prevent flooding in community watersheds. The tree giveaways

educated residents about tree benefits and care, and enabled them to start growing greener communities in their own backyards.

CSX completed an i-Tree analysis to better understand the impact of these actions. i-Tree is a state-of-the-art, peer-reviewed software suite from the USDA Forest Service that provides urban forestry analysis and benefits assessment tools. In 2013, the ability to predict future benefits of trees was added to the i-Tree software. The 2,629 riparian and Service Day trees we planted will provide more than \$30,600 in benefits in 2013, including capturing nearly 120,000 gallons of stormwater, 28,000 pounds of CO₂ and 132 pounds of air pollutants. These benefits only increase as the trees mature. In 50 years, these trees will provide more than \$194,000 in annual benefits, capturing more than 15.9 million gallons of stormwater and 420,000 pounds of CO₂.

Recognition of brownfield redevelopment. CSX and its partners were awarded the annual Phoenix Award for sustainable brownfield redevelopment by the Phoenix Awards Institute in recognition of a successful two-year environmental remediation project that restored the ecosystem of a 24-acre former wood treatment site in Gautier, Miss. Located within a coastal community in the Pascagoula River Watershed, the Gautier site had been a brownfield for nearly two decades following the closure of a wood treatment facility that was operated for more than 100 years.

The Gautier project is a perfect example of our commitment to the environmental stewardship, wildlife management and economic development of our existing and inherited properties. An area that was once abandoned is now a vibrant ecosystem and community asset that will be enjoyed for years to come.

Moving ahead in 2014, we are focused on applying what we have learned at Gautier to our remediation of the Nocatee Hull Creosote Site, a Superfund Equivalent Site managed by CSX and overseen by the U.S. EPA. Railroad ties at the site were treated with creosote from 1912 through 1952. As part of our remediation efforts, we regularly reach out to the community to inform and work collaboratively with those invested in our projects.

As a company that has been operating for more than 185 years, our approach to business has evolved as our commitment to sustainability has grown. We are working diligently to address concerns resulting from previous operating practices and ensure that we operate responsibly now and going forward. To sustain success, we must think ahead of the curve and make it a priority to forecast trends and lead the industry with innovative thinking and technology.



Spotlight: Chesapeake Bay in Maryland and the Oyster Train

Our operations cover large geographical areas that often serve as habitat for a variety of animal and plant life. We are dedicated to protecting the sensitive species that live near our tracks and facilities, and partner with organizations such as the Wildlife Habitat Council and the National Fish and Wildlife Foundation (NFWF) to accomplish that goal. In 2013, CSX collaborated with the NFWF to improve water quality in the Chesapeake Bay watershed, supporting projects to restore fish and wildlife habitat, reduce water pollution and engage the public in environmental stewardship. In total, this partnership resulted in:

- 7.5 stream miles restored
- 310 acres of wetlands restored
- 64 acres of riparian buffers installed
- Two fish passage barriers removed
- 25,000 square feet of impervious surface removed
- 1,200 volunteers engaged
- 20,000 pounds of nitrogen, 1,400 pounds of phosphorous and 700,000 pounds of sediment prevented from entering the waterway annually

We also joined the NFWF and State of Maryland to implement the largest natural oyster reef restoration

project ever undertaken in the Chesapeake Bay. CSX will donate \$2.4 million in in-kind transport of approximately 50 unit trains, or 112,500 metric tons, of fossilized shell to Curtis Bay between December 2013 and September 2014. The shell will then be transported by barge to the Eastern Shore sanctuaries to complete planned reef restoration in Harris Creek and make major progress on similar efforts in the Little Choptank. These reefs will then be populated by juvenile oysters to establish flourishing populations.

We believe projects such as these can ultimately serve as a blueprint to expand large-scale oyster restoration efforts to other Bay tributaries.





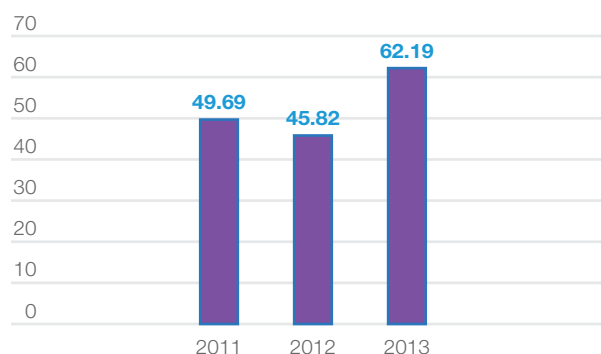
Waste Management

Though we cannot fully prevent waste, our goal is to reduce it to the extent possible while maximizing recycling. CSX generates both hazardous and non-hazardous waste, and we focus first on avoiding waste generation wherever possible, then on safely disposing of or recycling waste we do generate from ongoing operations, remediation and emergency response activities. Our efforts in 2013 allowed us to divert from landfill 72 percent of hazardous waste and 91 percent of non-hazardous waste from ongoing operations.

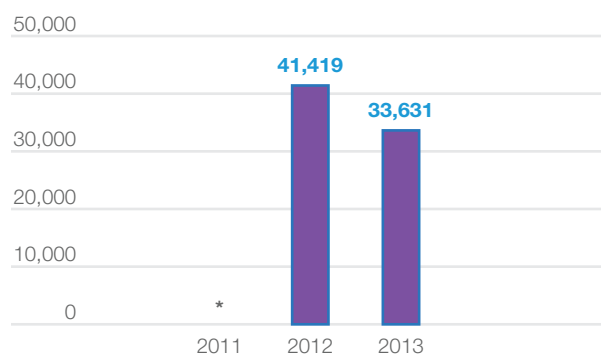
In 2012, we set a goal to reduce the U.S. EPA-designated hazardous waste generator status of 25 percent of our facilities by 2020. We are proud to report that we have already reduced the generator status of 17 percent of our facilities in just one year. Our focus on meeting this goal has allowed us to exceed regulatory requirements, reduce risks and improve safety and health for employees at our facilities. Despite these accomplishments, we continue to look for opportunities to reduce the amount of hazardous materials at our facilities. We also provided training on best management practices to our employees and contractors that handle waste.

In 2013, we undertook an extensive cleanup process across our network, recycling more than 4.2 million legacy crossties – ties that had been removed in the past but were still staged on our property. This includes the nearly 3 million ties that we replace each year. We will continue with our cleanup and recycling efforts throughout our network in the coming years.

Hazardous Waste from Ongoing Operations* (tons)



Non-Hazardous Waste from Ongoing Operations* (tons)



* Includes waste from fixed-facility waste generation (see data table on pages 62-63). Collection of non-hazardous waste from ongoing operations data began in 2012.

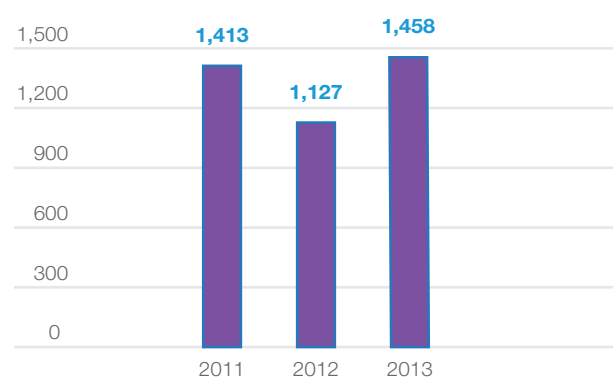
Water Use

We understand that water is a valuable and limited natural resource, and we strive to reduce our water consumption and identify recycling and reuse options throughout the network. In 2013, CSX consumed approximately 1.46 billion gallons of water, an increase from 2012. Of that total, approximately 23.7 million gallons were recycled, which includes collected rainwater.

To help our stakeholders better understand the company's progress, we submitted our initial CDP water survey in 2013. We chose 17 of our facilities to begin the process of water disclosure. These locations represent our largest water-consuming facilities, and the CDP survey is an important step toward full risk assessment and disclosure. Through this process, we identified four areas of the network with water vulnerability issues: Atlanta, Baltimore, Buffalo and Indianapolis. After identifying these higher-risk areas, the company will work on understanding water consumption patterns and identifying opportunities for improvements across our operations.

For example, CSX uses 23.7 million gallons of harvested rainwater per year in Baltimore, and is actively seeking ways to expand rainwater harvesting throughout the network. This process directly reduces the quantity of water purchased from municipalities. We continue to evaluate local conditions in Baltimore and identify additional mitigation opportunities beyond the rainwater harvesting we already conduct at this facility. CSX is also focused on improving the quality of wastewater discharge through enhanced treatment and water quality measures. In 2013, we completed the design for upgraded water

Water Consumed (million gallons)



storage basins at the Curtis Bay pier facility in Baltimore. In an effort to make the facility completely self-contained, CSX is revamping the entire water collection system there to result in near-zero discharge. Over the next few years, we will install the first of two main storage basin chambers, helping to increase volume and capacity at the water treatment plant. Collected water will be used in place of public water sources where appropriate.

After completing 12 facilities in 2013, CSX now has a total of 25 sites connected to our centralized system that allows for remote monitoring and control of our wastewater treatment facilities. In coming years, we have a goal to reach a total of 45 key facilities with this technology. This system automatically records data such as pH and flow rate and provides data trends. Through this system, we can accurately manage wastewater and ensure compliance with all appropriate regulations.



Excellence in Environmental Management: Matthew Adkins and Rick McNey

In 2013, the Association of American Railroads (AAR) recognized two CSX employees, Matthew Adkins and Rick McNey, for their dedication to environmental stewardship – a quality embodied by every CSX employee as part of their dedication to our communities.



Matthew Adkins, CSX manager of environmental remediation, received the 2013 North American Environmental Employee Excellence Award, the AAR's highest honor for environmental professionals. Adkins was one of seven industry professionals nominated for this annual award, and is the sixth CSX employee to win in the past 12 years.

Matt has successfully managed a number of complex remediation projects, demonstrating strong leadership, creativity and superior project management. He consistently collaborates with stakeholders, including local leaders and community organizations, to generate mutually beneficial results.

Matt is a longtime CSX employee who began his career as an environmental specialist in 1996. He recently led a team that successfully remediated the former Gautier Oil creosote treatment plant, which has been granted Wildlife at Work certification by the Wildlife Habitat Council. He spent nine years investigating, designing and executing a plan to restore and enhance the 24-acre coastal site, now part of a conservation easement. Matt is a strong proponent of continuing education opportunities and uses his time and talent to develop training courses and materials for CSX employees and other industry professionals. He was instrumental in the creation of the Direct to Locomotive Fuel Vendor Review protocol, which he continues to manage across our network. This successful program evaluates the work performance of our vendors and provides additional training and constructive feedback.



Rick McNey, CSX manager of maintenance, received the 2013 John H. Chafee Environmental Excellence Award for outstanding environmental awareness and responsibility.

Rick is manager of maintenance at the 150-acre Curtis Bay Piers facility in Baltimore, Md. He oversees all mobile and stationary equipment at the facility, which operates 24 hours a day receiving, processing and loading a variety of bulk products. Under his leadership, we have reduced emissions and energy consumption at the pier and implemented strict environmental stewardship practices to further safeguard the sensitive watershed near the facility.

Rick and the local team of more than 100 people are also responsible for developing numerous mechanical enhancements that improved environmental efficiency at the facility. He has led a variety of successful projects, including the installation of a state-of-the-art geothermal cooling system that reduced energy use by 40 percent, the reduction of water consumption by 40 percent using harvesting rainwater and snow melt, the use of energy-efficient LED bulbs, improvement of the facility's electrical network efficiency, and an upgrade of the pier's dust mitigation system.

Environmental Performance and Compliance

To ensure that our management systems are followed and our environmental goals are met, CSX has a dedicated team of environmental professionals who monitors environmental compliance activities and performs regulatory-required inspections of fueling systems, wastewater treatment facilities, hazardous waste storage areas, emergency generators and other facilities and equipment.

In 2013, we enhanced our traditional compliance system into a more holistic PSH&E Enterprise Compliance System. Our renewed approach helps us look beyond mainstream environmental compliance and focus on leading rather than lagging indicators. This upgraded technology also enhances our ability to maintain compliance. Using this new perspective, we are able to identify system gaps, as well as new measures to control them.

Compliance assurance reviews. CSX completes a series of assurance reviews to verify our compliance with environmental and hazardous materials regulations. These reviews include different tiers of evaluation, ranging from internal “peer” reviews to comprehensive external reviews performed by CSX employees alongside qualified environmental consultants. In 2013, we ramped up our compliance reviews at more than 200 sites

using this tiered evaluation structure. Using electronic data management systems, we accurately capture results and implement timely corrective actions for any nonconformances identified.

Each year, we conduct thousands of specific inspections to remain in compliance with all environmental regulations. When environmental incidents do occur, CSX personnel respond promptly to minimize impacts to the environment. In 2013, CSX received 11 notices of violation and paid \$105,940 in fines. As a company we strive for zero notices of violation. When a notice of violation is received, we conduct a root cause analysis to understand the problem and identify a solution. Resolution actions are not only implemented at the notice of violation location but also at other locations across the system where applicable, in an effort to continually improve performance and reduce impacts on the environment.

Training. CSX offers a wide range of training to our employees that addresses every element of our environmental management approach, from operational best practices to hazardous waste management and more. Annually, CSX provides both hazardous materials sentinel and environmental sentinel training programs at REDI in Atlanta, Ga. These state-of-the-art, in-depth trainings are intended to go beyond requirements and broaden the knowledge of operations personnel and equip them with the skills to serve as field-level experts or “sentinels.”

2013 Environmental Performance Recognition

- CSX was named to the North America Dow Jones Sustainability Index (DJSI) for the third consecutive year, and was again the only U.S. railroad included in 2013.
- CSX was recognized on the CDP S&P 500 Carbon Performance Leadership Index and was the only railroad recognized among the five industrial companies worldwide included in the CDP Global 500 Climate Performance Leadership Index.
- CSX achieved a position on the inaugural CDP Supplier Climate Performance Leadership Index for environmental stewardship. We were recognized for our efforts to help customers make informed transportation decisions that reduce carbon emissions and meet their sustainability goals.
- CSX was included as a member in RobecoSAM's Sustainability Yearbook 2014 for our 2013 sustainability performance, and was the only U.S. railroad included.
- CSX was one of just 34 companies from 10 countries named to the Natural Capital Leaders Index by Trucost. The Index is a new methodology for identifying companies that are growing their revenue while reducing their environmental impacts. To meet Trucost's criteria, companies must, among other things, increase revenue between 2008 and 2012, disclose GHG emissions and decrease their environmental impacts during the same period.

Workforce



Successes

- CSX advanced diversity within the company by successfully recruiting diverse employees, representing 27 percent, and military veterans, representing 30 percent of all new hires.
- CSX collaborated with union partners to reach new local agreements, including a landmark agreement with four unions at our locomotive shop in Huntington, W.Va.
- CSX ranked 19th in the International Data Group's "100 Best Places to Work in IT" via the Computerworld media group.

Challenges

- Providing an improved work-life balance for our employees while simultaneously meeting the needs of our customers.
- Refining the company's strategic workforce planning function to develop a pipeline of talent.
- Continuing to increase the diversity of employees in the field, specifically women, who represent only 6 percent of our total workforce.

This is an exciting time in the industry. CSX is responding to change in the business by recruiting diverse, high-caliber talent that can help us innovate and lead rail into the future.

Management Approach and Plans Ahead

We want to be a progressive workplace – a place that is safe, rewarding and exciting for our employees. The success of CSX depends upon our talented people, and we actively engage them to understand their needs and provide them with the tools and training necessary for their long-term success and happiness.

In order to grow and prepare for tomorrow, we must hire and develop new talent. We focus on initiatives that attract skilled candidates from diverse backgrounds to ensure a well-rounded and capable workforce to meet future challenges.

An important part of employee happiness is health. To encourage our people to be their best, we implement health and wellness programs that promote healthy choices and lifestyles.

Employee Engagement

CSX strives to be a place where people not only want to work, but are proud to work. We know that regular engagement and transparency with our employees is crucial to meeting this goal. We offer employees the opportunity to be part of a truly unique team that safeguards our operations and shares in the rewards they help sow. Our people make it possible for CSX to be a leader in rail transportation and we make sure we share the rewards.

Voice of the Employee. In 2011, CSX introduced the “Voice of the Employee” engagement survey, which was administered through a third-party vendor. In 2013, we

rolled out our online survey in April, collected data in June and began communicating results internally in July. This expedited timeline allowed action teams to start making engagement progress based on more timely and relevant data.

Roughly 17,000 individuals, representing every department and division across the company, responded to the survey – a 13 percent increase in participation since 2011. The growing response was due in part to targeted communication to employees during annual rules training.

CSX strives to achieve a company-wide “best employer” engagement score of 65 percent (as defined by the third-party vendor), and has made steady progress toward

this goal from 55 percent in 2011 to 58 percent in 2013. Qualitatively, the survey showed that we excel in the following categories:

- Organization reputation (employees are proud to work at CSX)
- Work processes (employees enjoy their work)
- Safety (employees feel that their safety is important to CSX)
- Career opportunities (employees see a long-term future with CSX)

Consistent with the 2011 engagement survey, our employees indicated that the following categories could use improvement:

- Recognition
- Communication
- Aligning expectations
- Acknowledgment from senior leadership

We used these survey results to formulate responsive, actionable plans for improvement. For example, in 2013, engagement teams facilitated more than 50 focus group sessions with Operations employees across the network to determine how to increase engagement in local field offices. The focus on localized feedback allows us to build more meaningful actions for employees.

Voice of the Employee in action. While some results of the “Voice of the Employee” point to broad topics, others help us identify more specific issues. Following the 2011 survey, the CSX VOE team visited with employees across the company and gathered perspectives on the accomplishments and opportunities of our diverse field staff. During those visits, several women expressed the need for safety gear designed to fit females more comfortably.

For more about how we use Voice of the Employee, see the **CSXConnect spotlight on page 83.**

In 2013, our Safety Department worked with our vendors to provide women in the field with better-fitted, and thus safer, personal protective equipment (PPE) such as jackets, vests, boots and gloves.

Training and Development

Investment in training and development is an essential component in building and retaining a talented workforce that will guarantee current and future success. We therefore put a great emphasis on professional and

personal growth and offer a variety of different training and development programs.

Development planning. Whether newly hired, recently promoted, or experienced, we provide opportunities for employees to learn the skills they need to move their career forward. Because jobs at CSX vary so widely and each employee is unique, development planning starts out by identifying at least one key development area or goal specific to their needs for their career. We encourage them to think about where they are now, where they want to go next and to identify the one skill or behavior they will need to get there. With this goal in mind, employees are asked to identify two possible development actions that support their key development goal.

Training. Through a mix of on-the-job experiences, formal training and education, and relationships with others, employees have a variety of options to choose from to help them achieve their development goals.

CSX offers a number of elective development opportunities that target each of our five leadership factors: Thought, People, Results, Self and Technical Leadership, which are delivered as both live and online programs via TrainingTrax, our platform that provides numerous programs and materials to help employees learn new skills.

Many new employees begin their careers at CSX with a full-time training program followed by a period of on-the-job training, depending on the craft. At the Railroad Education & Development Institute (REDI), a state-of-the-art facility located in Atlanta, new employees receive an overview orientation to CSX as well as comprehensive training in their craft.

The table on the following page includes examples of CSX departments and jobs, all of which receive training at the REDI. Transportation Department employees are responsible for the safe and efficient operation of trains and the movement of customer freight from one destination to another. Engineering employees provide quality maintenance to the track, train control (signals and communication) systems, bridges and buildings in a safe, cost-effective manner. The Mechanical Department inspects, repairs and maintains freight cars and locomotives.

Executive Development Program. In partnership with the Harvard Business School, we created a unique development experience to send 32 CSX leaders from departments across the company to Harvard for a full week of interaction with world-class experts on topics such as strategic thinking, innovation, leading change and customer focus. These employees were grouped into four

JOBS AT THE RAILROAD

The table below provides a few examples of jobs related to railroad operations at CSX. Employees occupying these roles, and many others, participate in specialized training programs at the REDI.

Department	Job Title	Description of Position
Transportation	Freight Conductor	Supervises train crews on a freight train and coordinates switch engine crews. Places cars to facilitate loading and unloading and the makeup and breakdown on trains in a rail yard, industrial plant or similar location.
Transportation	Locomotive Engineer	Operates a locomotive.
Transportation	Train Dispatcher	Directs and coordinates the safe movement of railroad traffic on a specified territory from a central and/or regional location.
Mechanical	Carman	Builds, inspects and repairs rail cars.
Engineering	Signal Worker	Assists in the installation, repair and maintenance of various railroad signals and grade crossing protection equipment.
Engineering	Track Worker	Works as a member of a crew to install new railroad track, maintain existing track and right-of-way.
Transportation	Yardmaster	Controls trains and engines operating within a yard.

teams to apply what they learned to strategic projects selected by our executive team, including the future of jointly owned companies, uses of natural gas, the needs of front-line supervisors and mobile device strategies. The objective of this program was to broaden perspectives about external forces affecting our company and enhance cross-functional collaboration across departments to address business issues. With the guidance from Harvard faculty, attendees continually refined their projects over a period of four months, culminating in a group discussion with the executive team about their proposed solutions.

Performance management. In addition to support from our talent management team, we emphasize open and ongoing communication between management and their employees to check in on their performance. To that end, CSX has developed programs to help front-line managers continuously improve their abilities to communicate job expectations, acknowledge good work and respond to employee feedback. Furthermore, all new hires receive face-to-face training on how to give positive recognition in the midst of day-to-day operations. This new program was the result of feedback from the “Voice of the Employee” survey. We have also added a new people-management goal to the evaluation of employees in management positions to encourage engagement and increase interaction between supervisors and employees.

Physical capabilities and physical abilities testing.

At CSX, we believe that a healthy employee is a safer employee. We recognize that employees in the field may have physically demanding jobs, and we ensure they are prepared to do their jobs through programs like our physical capabilities testing. We use an objective test battery that measures an employee’s ability to perform aerobic and muscular work. Our Health and Wellness group has the tools to assess aerobic and measure muscular performance and help assign workers to the appropriate job tasks. We also use a physical abilities testing to evaluate a worker’s physical strength, endurance, power and coordination. With their long-term ability to perform their job, we provide expertise in assessing, measuring and educating employees on the impacts of physical fitness on job performance.

Workforce of Tomorrow

With 40 percent of CSX employees approaching a well-deserved retirement within the next five years, we are increasing focus on establishing the next generation of leaders within the company. As our workforce changes, our talent strategy has evolved. We have developed a new vision for 2020. As we move into the future, shifting demographics driven primarily by the impending retirement wave will call for innovative talent strategies and focused workforce planning.

Case Study: Three Diverse Roads to CSX



Kennard Childs: Advancing Technology at CSX

Kennard Childs had an undergraduate education in computer engineering and a master's degree in information technology (IT) – just the type of person we wanted to support our technology needs. He came to CSX from a typical IT world: sitting in a data center fielding IT needs. When he began the CSX Technology Management Training Program in July 2012, he quickly realized that CSX would provide him with an array of challenging and unique opportunities.

Kennard's rotation through the program allowed him to establish and grow relationships with people across the company, as well as our clients. During the first week of the training program, the CSX executive leadership team met the new recruits personally. Since then, Kennard has had several opportunities to sit down with members of the executive team, such as breakfast with Oscar Munoz, executive vice president and chief operating officer. As Kennard puts it, such direct contact at that high level can open doors and put CSX employees in a position to learn and be heard.

Kennard now recruits new management trainees. He uses his personal experiences and perspective to reiterate why CSX is the highest-ranked transportation company at #19 on IDG's Computer-world's "100 Best Places to Work in IT." He emphasizes the fun and supportive environment that presents engaging real-world projects and endless opportunities for networking and advancement.

Kennard also serves as a leader for the CSX Professional Development Committee. He supports the African American Inclusion Group and works with Big Brothers Big Sisters to mentor students through United Way. He is also working to put together a professional development event with guest speaker Clarence Gooden, CSX executive vice president of sales and marketing and chief commercial officer.



Jamie Watkins: Contributing to CSX and American Progress

Jamie Watkins is a former U.S. Olympic diver who competed around the world. After retiring, she applied her discipline and dedication as a professional athlete to the railroad industry.

She began her career at CSX in 2006 as a trucking service representative via a temp agency. After more than two years of growing her network in that position, she was hired directly by CSX Intermodal Truck Operations. After serving as an operations supervisor and operations manager, she now leads the process of opening new terminals for CSX Intermodal.

Jamie enjoys collaboration across CSX departments and the challenges involved in opening a terminal. A critical component of this process is training, and Jamie appreciates the opportunity to interact with diverse groups and instill her knowledge, as well as the company's culture. She also enthusiastically engages our communities to share what we do and how we do it.

Jamie is great example of female leadership in our operations, which is an exciting yet challenging domain. It requires innovative thinking, collaboration and teamwork to envision an end result and make it happen. It requires the ability to identify problems and then build processes and structure to resolve them. People such as Jamie are the foundation of our network.



Raul Polance: From the Navy to the Railroad

Engineering was a natural career choice for Raul Polance, as his fascination with machinery began when he was a child. Raul studied industrial engineering in college and then joined the U.S. Navy, spending his military career in the Engineering Department. His skillset expanded as he served in a variety of positions, including gas turbine electrician, master training specialist, instrument calibration laboratory supervisor, readiness control officer and safety manager.

Raul transitioned into the railroad business, and specifically CSX, with the help of a good friend he served with in Hawaii, who is now a conductor. By applying the skills and qualifications he earned while serving, he is now a manager and custodian of multimillion-dollar assets. He supervises the maintenance and repair of railroad crossing gates, related electronics components and the main line of road signaling and control track circuit. He now leads the men and women who keep the public, customers, other employees and our trains safe.

Multiple generations in the workforce at one time presents both challenges and opportunities for CSX. For example, Millennials are becoming a larger share of the company's workforce and will influence the culture. By 2020, we expect that Millennials will make up 59 percent of the CSX workforce. Attracting Millennials means understanding what they are interested in, from the job they will do and the work-life balance they expect to our sustainability efforts and the culture of which they will be a member.

Employee expectations are evolving. In today's diverse professional landscape, collaboration is highly valued, lateral career moves are necessary and global assignments are expected. Between 2013 and 2020, we can expect to see similar patterns across both management and contract employees within the CSX workforce. Over time, the age profile has flattened, and we have seen more employees with diverse prior work experience. As a pattern, we are seeing greater diversity in crafts, which in turn helps the internal pipeline grow to a management level.

Workforce planning. In 2013, CSX enhanced its hiring approach by consolidating and streamlining the hiring team and improving communications. We introduced the "Inside Track" program to increase transparency and communications around our hiring process for internal candidates. More than 75 percent of management openings are filled internally, providing significant lateral and promotional career opportunities for employees. Furthermore, we have implemented a successful referral program; 32 percent of the company's new hires were recommended by employees.

In 2013, we formalized our internship program, which has been a key success for strategic workforce planning. As a result of the program, CSX hired 80 people, or 20 percent of our interns, during the pilot year. Not only does the

program reduce recruitment costs, but it helps potential employees understand what it is like to work at CSX.

Partnerships with organizations like Future Farmers of America (FFA) and City Year have been instrumental in the company's ability to attract young talent. Through these types of organizations, we have a chance to interact with Millennials and provide opportunities that interest them to learn more about CSX and consider us as a potential employer. For example, CSX has a longstanding relationship with FFA and participates in FFA career fairs at the local and national levels to engage students in rural areas within the CSX network. CSX's partnership with FFA includes a platinum level sponsorship of \$1.2 million to support the development of future leaders across the organization's chapters in the United States. CSX is also the largest team site sponsor of City Year Care Force members in 13 cities across the eastern United States. We participate in community activities such as mural painting, playground refurbishment, school renovations and tree plantings.

In addition to reaching out to students through these key organizations, college recruiting is an important aspect of developing and maintaining an evolving workforce. In 2013, CSX visited more than 30 college campuses, directing our recruiting efforts toward students majoring in science, technology, engineering and math.

Diversity and inclusion. Success – for CSX, our customers and the communities we serve each day – requires constant innovation and a deep understanding of changing customer needs. Every CSX employee serves an integral role in that effort, which is why we are committed to hiring the best and brightest employees from an array of backgrounds. We strive to attract and retain the most talented employees across the demographic spectrum, regardless of age, gender, race, tenure, physical challenges, sexual orientation, geographic location, education level, income or life experiences.

Our CSX Executive Inclusion Council is an advisory committee that helps ensure alignment between the organizational strategy and the diversity, inclusion and engagement strategy. A member of the senior management team serves as the Council's advisor. Additionally, the Global Inclusion Council, comprised of inclusion council chairs at various levels of the organization, meets monthly to chart and discuss various initiatives and manage progress.

Inclusion Groups and Councils offer CSX employees opportunities to connect and build a sense of community through common demographics such as race, ethnicity or gender, or through geographic location. The primary purpose of these groups is to support the company's diversity, inclusion and engagement strategy and business





objectives. Every inclusion organization must be open to all CSX employees.

In 2013, groups like the African-American Inclusion Group, Women's Network, Hispanic Inclusion Group, ABLE Inclusion Group and Military Affinity Group drove diversity across the company through volunteer work, fundraising, educational opportunities such as lunch and learns, presentations and other community initiatives aimed at learning about and celebrating their shared heritages. These groups also provide avenues for employees to enhance their skills and leadership to further their careers at CSX.

Military inclusion. We make concerted efforts to employ skilled veterans and current enlistees in armed services, and we have been widely recognized as a top employer for service men and women.

In alignment with our continuous support of military veterans, 30 percent of the company's new hires in 2013 were military veterans, up 6 percent from 2012. About 7,200 of our 31,000 employees have military experience – about one in every five employees. Also, approximately 700 current employees are active National Guard or Military Reserve members.

CSX continued our internship program with the Wounded Warrior Project, where we train wounded vets to contribute in a number of different roles at the company. Thus far, we have helped train 12 Wounded Warriors and have several working in our Public Safety Coordination Center.

Recognition

CSX ranked 19th in the International Data Group's "100 Best Places to Work in IT" via the Computerworld media group. We were highly ranked for our dedication to creating a challenging and supportive work environment for IT employees, and highlighted the "Thanks!" program, which provides a channel for recognizing employee excellence. The top 100 list is compiled based on a comprehensive questionnaire highlighting company performance in categories such as benefits, diversity, career development training and retention.

In 2013, we were named to DiversityInc's 25 Noteworthy Companies list, and ranked number one on the list of Top 10 Companies for Veterans. DiversityInc recognizes companies with demonstrated commitments to diverse hiring and business practices. The publication has recognized CSX several times in the past.

We have been honored as a GI JOBS Magazine Top 10 Military Friendly Employer for six consecutive years; CSX is ranked fourth for 2014, out of more than 5,000 companies who applied nationally. CSX partners with national programs like First Lady Michelle Obama's "Joining Forces" initiative and the JP Morgan Chase "100,000 military hires" initiative. We were named to Civilianjobs.com's Most Valuable Military Employer List for the sixth straight year.

In recent years, CSX has also received other honors from Diversity MBA Magazine, Black MBA Magazine, the Association of Diversity Councils, CollegeGrad.com, Hispanic Business and Disability Matters. Additionally, CSX is a charter member of GettingHired.com, an organization

for employers and job applicants designed to help the millions of Americans living with disabilities secure sustainable employment and flourish in their careers.

Workforce Composition

We employ more than 30,000 people in a variety of management and non-management, office and field, union and non-union roles. We are committed to fairness and equal opportunity and adhere to all labor and employment laws wherever we operate.

CSX keeps a thorough record of our employee base, including composition and annual turnover statistics. Historically, the rail industry, especially field positions, has



WORKFORCE DEMOGRAPHICS

	2011	2012	2013
Overall Statistics			
Total Workforce	31,838	30,399	31,015
Contract/Temporary Employees	3,707	4,060	5,258
Union Statistics			
Union Employees – Total	27,242	25,657	26,236
Union Employees – Percent	86%	84%	85%
Union Employees Covered by Collective Bargaining Agreements	100%	100%	100%
Employee Turnover Rate – Union	11%	9%	10%
Management Statistics			
Management Employees – Total	4,596	4,742	4,779
Management Employees – Percent	14%	16%	15%
Minority Managers – Total	811	882	936
Minority Managers – Percent	18%	19%	20%
Female Managers – Total	1,031	1,087	1,092
Female Managers – Percent	22%	23%	23%
Employee Turnover Rate – Management	6%	6%	7%
Managers Receiving Annual Performance Reviews	100%	100%	100%
Diversity Statistics			
Female Employees – Total	2,035	2,061	2,015
Female Employees – Percent	6%	7%	6%
Minority Employees – Total	4,701	4,607	4,759
Minority Employees – Percent	15%	15%	15%

For more detailed workforce information, see page 106.

been dominated by Caucasian males. Through increased communication with the public via advertising, community outreach and recruiting, we are working to attract greater diversity to sustain our workforce in the long term. Of 2,338 new hires in 2013, 118 were women and 560 were minorities.

Employee Compensation and Benefits

CSX always uses fair market analysis to determine equitable and competitive compensation for our employees. We conduct in-depth compensation assessments through which we benchmark against external sources. The assessments include pay equity between men and women to ensure that we are in line with industry standards and fairly compensating employees regardless of gender.

FULL-TIME / PART-TIME BENEFIT ELIGIBILITY COMPARISON

Full-Time Employees (40 hours per week)	Part-Time Employees* (20–39 hours per week)
All Medical and Dental Plans	CDHP (no HSA) / No Dental
Basic Life Insurance (2x salary)	\$10,000.00
Basic AD&D (2x salary)	Not Eligible
Bereavement Leave	Bereavement Leave
COBRA	COBRA
CSXtra (401(k))	CSXtra (401(k))
Flexible Spending Account	Flexible Spending Account
Holidays	Holidays
Medical LOA, STD, LTD	Not Eligible
Military Leave	Military Leave
Optional AD&D	Optional AD&D
Optional Life Insurance	Not Eligible
Pension	Pension
Prepaid Legal Plan	Prepaid Legal Plan
Service Award Program	Service Award Program
Severance Pay Plan	Not Eligible
Thanks! Employee Recognition	Thanks! Employee Recognition
Travel Accident Insurance	Not Eligible
Tuition Reimbursement	Not Eligible
Vacation	Vacation
Vision Plan	Vision Plan

* Part-time employees that work less than 20 hours per week are not eligible for the benefits listed in this table.

Spotlight: CSXConnect

Based on feedback from the 2011 Voice of the Employee (VOE) Survey, we instituted CSXConnect, an employee service center that provides a call-in resource for employees with benefits-related and other types of questions. Employees indicated that they wanted better communication surrounding company information and more timely answers to their questions about the resources, programs and benefits available to them.

CSXConnect was launched in September 2012 and fully implemented in March 2013.

Employees can contact the service center via phone, email, fax or through the CSXConnect website. From March through December 2013, CSXConnect was contacted 17,000 times. Approximately half of these calls came from employees who work in the field across our network. Many of these questions related to our policies, such as tuition reimbursement, or came from new hires about benefits. CSXConnect is staffed with CSX employees who know how to find the right answers to employee questions related to a wide variety of topics such as employee policies, career opportunities,

training classes, benefits, compensation, leaves of absence and more. If an employee's issue is more complex or personal, the CSXConnect team will connect them with the appropriate resource.

One of the ways we gauge our effectiveness in addressing employee questions is by offering a survey to those who have contacted the center. Survey results showed a satisfaction rating of 4.35 on a 5-point scale as of year-end 2013. We use the feedback from these surveys to continually improve CSXConnect and make it more useful for our employees.

CSX has been a leader in providing benefits to domestic partners of the same sex. In light of recent changes to the Defense of Marriage Act, we now extend benefits to married same-sex employees on the same pre-tax basis as we do for our married opposite-sex employees.

Employee Policies

CSX does not tolerate discrimination or retaliation. We widely distribute and reinforce our policies through continuing and comprehensive training programs, mailings to each employee's home, postings throughout workplaces, postings on the CSX employee intranet and periodic company-wide emails. Discrimination of any type is prohibited and violates company policy. We strictly prohibit retaliation against an individual who brings a complaint of harassment or discrimination, or against

an individual who participates in the investigation of a complaint of harassment or discrimination.

We maintain and promote a 24-hour confidential hotline and website where employees can anonymously submit complaints or concerns about the company or fellow employees. The CSX Code of Ethics also includes specific whistle-blowing provisions. All complaints and reports remain confidential and are thoroughly investigated.

Labor Relations

Over 80 percent of our employees are union members. The CSX Labor Relations team maintains fair and equitable treatment of our union employees through the negotiation, implementation and interpretation of labor agreements.

Spotlight: CSX and Unions Reach Landmark Agreement at Huntington Shop

On October 23, 2013, we signed an innovative agreement with four labor unions that covers a variety of work, including locomotive rebuilds, at our locomotive shop in Huntington, W.Va.

The agreement between CSX and its union-represented employees at the Huntington facility provides the right incentives for increased worker flexibility and will drive significant improvements in quality, production and efficiency. These new standards will demonstrate that railroad unions, even

at higher rates of pay with superior benefits, can compete with outside contractors.

Under the agreement, members of all four unions may perform all assigned work without regard to craft or union affiliation. Covered employees will receive a \$500 signing bonus, a \$1 hourly efficiency differential and guaranteed employment for the duration of the four-year agreement. In addition, the agreement preserves the current ratio of members of each union currently working at the Huntington Locomotive Shop.

We negotiate and administer our collective bargaining agreements together with the country's other Class I railroads. In addition, we have 13 labor organizations within CSX that work collaboratively to set policy through organization-specific collective bargaining agreements. These agreements are enforceable by law and establish individual as well as collective rights. The agreements cover virtually all aspects of the employment relationship, except where terms and conditions are covered by federal law. This includes wages, hours and all terms and conditions of employment; pension, disability and unemployment are covered by the Railroad Retirement Board.

In response to the Voice of the Employee survey, we established an interactive way for union and management employees to submit questions directly to our Labor Relations team regarding agreements, negotiations, performance-based incentives and more called ASK LR. Questions are routed to a Labor Relations manager or other departments, as appropriate. ASK LR is another tool to help us transparently engage our employees around important topics.

Health and Wellness

We believe that the physical and mental health of our employees is essential to their ability to perform their jobs safely and effectively. To achieve this, our senior management and a staff of dedicated health and wellness professionals are committed to providing employees the appropriate tools and facilities to support healthy lifestyles. We established the CSX Health & Wellness Program with a mission to promote health and improve quality of life through the development and implementation of scientifically based disease prevention and behavioral modification programs. We monitor utilization rates, biometric data and satisfaction surveys to ensure the Health & Wellness Program is being used and meets the needs of our employees.

More than 700 employees competed in the Healthy Living Challenge in 2013, incorporating nutrition and physical activities into their daily lives.

Programs. We have more than 25 voluntary health and wellness programs that range from biometric screening to one-on-one health coaching. These programs provide a varied approach to maintaining physical and mental health. Popular behavior-based programs like the "Drop and Give Them 10" campaign, a national fundraiser for Wounded Warrior Project®, provide a supportive, collaborative environment for healthier lifestyles, while awareness programs like the Heart Health Screening and Health Risk Appraisal give employees access to

Spotlight: Bruce Stevens

On a plane one day in 2008, Bart Edgar, a CSX Wellness Center coordinator, struck up a conversation with Bruce Stevens, a CSX e-business coordinator with Type 2 diabetes, and invited him to visit the CSX Wellness Center. Nearly six months later, Bart gave a presentation to Bruce's group about health and wellness, and Bruce finally decided to make a change.

His energy levels were low, he was overweight and had stopped exercising years ago. When he first stepped onto the treadmill, he was unable to run for five minutes without getting winded. Bart and Bruce worked together to set small, attainable goals. Over the course of three years, Bruce has completely transformed his body and his life.

Since Bruce joined the Wellness Center in August 2008, he has lost 22 pounds, decreased his body fat by 11 percent and lowered his blood sugar levels (hemoglobin A1c) by 1.8. Bruce's doctors were able to take him off several prescription medications. In addition, his cholesterol numbers are now under control. He is healthier than he has been in 15 years. Using the education and tools provided by the Wellness Center, Bruce achieved a healthy lifestyle after years of steady dedication.

specialized information important for preventive health care. Of the employees who completed health screenings, 17 percent improved their health risk status in 2013.

The Healthy Living Challenge and the Small Steps Program were two of our other popular wellness programs in 2013. The Healthy Living Challenge was designed to help employees incorporate nutrition and physical activity into their daily routines. Employees could team up with co-workers or compete as individuals to accumulate points for participating in healthy behaviors. Each participant chose a health goal to focus on each month and earned points for meeting these goals. More than 730 employees competed in the Healthy Living Challenge in 2013 and more than half completed the program. The Small Steps Program focused on the physical activity component of healthy living. This program encouraged employees to improve their cardiovascular health by increasing the amount of steps they take on a daily basis. Participants wore pedometers and tracked their daily steps, with a goal of reaching 10,000 steps per day.

Results. CSX partnered with Pfizer, a pharmaceutical company, to analyze data collected from employee engagement and wellness program results for the past seven years. Through this partnership, we were able to observe year-to-year trends, obtain an overview of our health and wellness profile and identify gaps in the data collection and feedback process. Furthermore, the data contain more granular information at the site level, which we hope to use to provide targeted resources to individual facilities.

Wellness Centers. In 2013, CSX celebrated the opening of our 40th on-site wellness center at the Newport News Car Shop site in Virginia. We plan to open four more in the upcoming year. As CSX continues to provide the space and equipment for active lifestyles, employees are responding in encouraging numbers. In 2013, there were about 10,000 fitness center members across the company – approximately a third of our workforce. Going forward, we have started considering the footprint of our wellness centers during the planning phases of projects.

Incentives. In 2013, the health and wellness team partnered with the human resources department to create financial incentives via employee health insurance. For example, non-smokers are financially rewarded through reduced health care costs.

Employee Assistance Program

CSX's Employee Assistance Program (EAP) staff supports our employees and their family members beyond basic health and wellness. Our counselors are trained professionals who provide assessment, counseling, guidance, information and referral services to assist with personal issues such as relationship problems, alcohol or drug abuse, depression or anxiety, the management of work-life balance or any other emotional challenges. As of 2013, our EAP is administered completely in house. Managing this program internally allows us to more effectively address the needs of our unique workforce and tailor programs to best benefit our employees. For example, counselors are trained to support employees experiencing distress from derailments or crossing-related incidents. Our EAP is supported by a staff of 26, including two physicians, seven EAP personnel, medical assistance personnel and medical health professionals.

Mental health. The EAP goes above and beyond regulatory requirements to help employees identify and address mental illness. For example, because military veterans comprise a significant portion of our workforce, the EAP focuses attention on specific mental illnesses like post-traumatic stress disorder. Through this program, CSX supports nearly 7 percent of the workforce in some way. Across the nation, the average EAP supports just 3 to 4 percent of a company's workforce, indicating that the company is a leader in providing comprehensive wellness support to employees.



Community



Successes

- CSX increased its financial support to charitable organizations to more than \$16 million, and built a new national partnership with Action For Healthy Kids.
- CSX fulfilled our Trees for Tracks program pledge to plant 21,000 trees, by planting 5,344 trees in 2013 for a total of 22,553 in the past five years.
- CSX volunteers logged more than 25,000 hours of community service, leading to a 48 percent increase in CSX Foundation contributions through our Dollars for Doers program.

Challenges

- Working with the many communities across our 21,000-mile network to better understand and effectively address their needs despite limited resources – especially when incidents occur.
- Managing community concerns regarding local impacts and potential disruption associated with construction needed to serve growing markets.
- Engaging geographically-disbursed employees who have limited access to electronic communication in our community programs.
- Reaching a corporate giving level equal to 1 percent of pre-tax net earnings.

Now, more than ever, it is absolutely essential for industry to work with communities towards common goals. Sustainable economic development is only possible through cooperation with all stakeholders, including the public. Together we can address the challenges of the modern world.

Management Approach and Plans Ahead

Our responsibility to the communities we serve is much greater than simply connecting people, products and places. CSX is committed to contributing to the social, economic and institutional development of our communities. Establishing and maintaining our license to operate throughout our service area begins with successful community engagement and collaboration. Our “Beyond Our Rails” program continues to be a crucial platform in this regard.

Our national and local partnerships continue to provide opportunities to remain active and give back to communities in far more locations than we would otherwise reach on our own. Our volunteering opportunities and unique community engagement events are how we personally connect with these communities.

Beyond Our Rails

As part of CSX’s core values and business strategy, and in accord with our Standard of Care, we invest in the betterment of employees and communities through the Beyond Our Rails program (beyondourrails.org). The program provides an avenue for the company and our people to help on both the local and national levels through volunteer service, wellness education programs, financial contributions, and in-kind donations both of free rail transportation to nonprofits and materials. The Beyond Our Rails website describes our efforts outside of the office or yard toward our charitable goals.

Approach to Charitable Giving

CSX is committed to providing support across the network to achieve our community goals, and contributes financially through both national partnerships and regional grants. We partner with several national organizations

that distribute funds to programs in communities throughout the eastern United States. However, local support of smaller organizations is vital to encouraging community leadership, building and maintaining relationships, and engaging employees spread across many terminals and yards.

To support at the local level, the Beyond Our Rails program provides a platform for nonprofits to review the guidelines for our giving program and request financial assistance from CSX through grants and sponsorship, employee volunteers, and in-kind donations of transportation or materials. In addition, employees of nonprofit organizations can use the website to learn about our focus areas and see our current charitable initiatives. The online form allows CSX to qualify organizations through an automated vetting process and collect needed information to review and process the requests. The online application is then routed, based on the region the nonprofit serves, to a regional council

led by the Vice President of State Government and Community Affairs in each region. The regional councils, made up of local employees, meet regularly to review and evaluate requests. We then send notifications of approval or decline to the nonprofit organization. Approved nonprofits are asked to complete a follow-up impact report, using an online form, within one year of the grant.

In 2013, we set and exceeded a goal to invest \$15 million in our communities, donating more than \$16 million in cash and in-kind support to nonprofit organizations throughout the year. The company's overall aim is to strengthen and serve our communities by providing resources in our four community focus areas (Safety, Environment, Community and Wellness).

Community Engagement Focus Areas

CSX's community engagement programs are focused on developing strong, healthy employees who will be company and civic leaders in the future; fostering communities that are safe places for employees to live and work; and stewarding sustainable resources and the environment for global benefit. We have aligned the company's community investments to support the following four focus areas.

Safety

Safety is more than just one of our core values – it is a way of life. We are committed to ensuring the safety of employees, customers and communities through education, training, advocacy and strategic community investments aimed at:

- Providing railroad transportation safety education to all citizens
- Providing safety, cardiopulmonary resuscitation (CPR) and disaster-response training
- Keeping communities safe and providing safe havens for children and young adults to avoid dangers and abuse
- Donating equipment and other resources to first responders

NATIONAL SAFETY PROGRAMS

Operation Lifesaver Inc. (OLI). OLI is an organization dedicated to providing education and support to decrease the number of fatalities and accidents at rail crossings and railroad tracks throughout the United States. This mission is also at the heart of our safety efforts. We have many employees that serve on local boards, such as Terry Ludban, Director of Community Affairs and Safety,



who serves on OLI's national board of directors. CSX provides more than \$500,000 in direct grants annually to the organization and also assists with many educational programs to promote safety around rails to more than 1.2 million people.

National Safe Place. National Safe Place is a youth outreach program that educates hundreds of young people each year about the dangers of running away and teaches conflict resolution through a network of youth-friendly businesses, schools, fire stations and libraries, as well as other appropriate public buildings that display the yellow-and-black "Safe Place" signage. As a sponsor and safety advocate of National Safe Place, we provide volunteers, funding and leadership support. Last year, with CSX's help, more than 5,300 children and young adults were admitted to a Safe Place site. In addition, educational programs in schools reached more than 729,000 individuals to provide information on where to find a Safe Place if they are in danger.



The American Red Cross. The American Red Cross is a global leader in emergency response, disaster preparation, disease prevention and humanitarianism. After more than 25 years of partnership, CSX increased company support of the American Red Cross to more than \$500,000 in 2013. We support the Red Cross' annual disaster giving program by "pre-investing" in disaster readiness and response. Our early support allows the Red Cross to provide immediate support and humanitarian relief across the United States. This investment is in addition to in-kind and CSX employee-driven donations provided throughout the year. Each year, more than 9 million people receive emergency training through Red Cross programs, including CPR and AED training. We are proud to support these initiatives.



In addition, CSX continues to offer dollar-for-dollar matching programs to the Red Cross to encourage employee giving in the aftermath of natural disasters and crises. This past year, we matched more than \$38,000 in response to Typhoon Haiyan and tornadoes in the Midwest.

LOCAL SAFETY INITIATIVES

Our commitment to safety is also reflected in our support of regional grants that serve our local communities. In 2013, CSX provided a grant to the University of South Florida, located in Tampa, to provide AED units for police cars. These life-saving devices would now be available to first responders, who often arrive in advance of fire or rescue crews during emergencies at or near the University. In Cayuga, Ind., CSX provided a grant to the Cayuga Volunteer Fire Department to help fund a new hazmat truck and hazardous materials training. In Jacksonville, Fla., we were the title sponsor for the first-annual Emergency Preparedness Conference for Persons with Disabilities, hosted by the Independent Living Resource

Center (ILRC). Dr. Craig Heligman, CSX's Associate Chief Medical Officer, attended the event and reflected, "The ILRC supports the ability of the disabled population to continue living independently, and safety at home for this population is not something I think other groups address in such a public forum as this. It was very well-attended and provided good information and education to the target population."

Environment

We recognize our responsibility to protect and restore the environment in our areas of operation. We use a holistic approach to environmental stewardship, providing support in the following areas:

- Teaching environmental stewardship
- Planting trees and improving local habitats
- Promoting energy-efficiency and carbon reduction
- Recycling and minimizing waste
- Leading and supporting environmental cleanups

NATIONAL ENVIRONMENT PROGRAMS

The Nature Conservancy. In October 2013, CSX partnered with the Nature Conservancy to bring the Nature Works Everywhere program to Curtis Bay, giving kids from urban schools a hands-on chance to learn about the environment by building and working in a local garden.



With CSX support, the Nature Conservancy brought together children throughout the school year to build 12 gardens in the Baltimore area. Not only does this educational workday immerse urban children in nature and provide them with valuable experiences, it encourages neighbors to come together to benefit the community. Learn more about the garden program at natureworkseverywhere.org.



Alliance for Community Trees.

In November 2013, CSX and our employees, together with ACTrees and other community organizations, fulfilled the company's Trees for Tracks pledge of planting 21,000 trees, one for each mile of track along the 23-state network. Over 5,000 trees were planted in 2013, benefiting more than 50 communities. These environmental investments will capture nearly 120,000 gallons of stormwater, 28,000 pounds of carbon dioxide and 132 pounds of air pollutants in the first year alone. CSX support also made it possible for Boys and Girls Clubs of America to organize educational events for youth focused on tree-related stewardship, leadership and advocacy.

**LOCAL ENVIRONMENT INITIATIVES**

Using both national partners and local grants, CSX reached thousands of K-12 students in 2013 through environmental stewardship education across the network. These programs encourage children and young adults to learn about their environment and take care of natural resources. By promoting sustainable, green projects, we can provide our future leaders with a base understanding of the important balance between our natural environment, our own health and our economic sustainability. A few of these education programs include:

ACTrees & Boys and Girls Clubs Keystone Program, providing information on urban forests and advocacy around environmental issues to youth in 10 cities.

FFA Environmental Grants, encouraging 2,700 FFA members in 72 chapters to lead new environmental sustainable projects in their schools and communities.

The Nature Conservancy, engaging 32 schools in three cities to build and care for pollinator gardens, alongside an environmental sustainability curriculum.

Anacostia Watershed Society, Inc., helping 750 students engaged in the Rice Rangers Program to learn about the importance of regional wetlands.



St. Johns Riverkeeper, providing supplies and curriculum to schools across Northeast Florida for environmental stewardship education reaching 2,500 students.

Community

Our community engagement approach is collaborative and respectful. We determine the particular concerns of each community and provide support where it is needed most, including:

- Spearheading youth leadership education
- Helping to reduce school dropout rates
- Promoting community service
- Supporting programs identified by community leaders as vital for the community's success
- Recognizing civic and charitable employee service
- Celebrating and rewarding leadership and service





NATIONAL COMMUNITY PROGRAMS

City Year. City Year is an education-focused nonprofit organization that places young people from all backgrounds in full-time service for a year, to keep students in school and on track to graduate. This organization aligns with our community goals three-fold, promoting community service through the support of recruiting efforts for Corps members, supporting and celebrating youth leadership in education by placing these Corps members in leadership and mentor roles in schools throughout the country, and by reducing the school drop-out rate. Last year, through CSX's support, applications from young college graduates increased 5 percent.

City Year also has programs to support company-led service events called Care Force. Through this partnership, more than 2,000 CSX employees have volunteered with City Year, painting murals, refurbishing playgrounds, renovating schools and planting trees across 22 states and the District of Columbia.

Future Farmers of America (FFA) Foundation. The National FFA is the largest youth service organization in the country, serving more than 570,000 members and providing leadership and community service through agricultural education.

We sponsor FFA Chapter Leadership programs in 23 states, help develop curriculum and offer leadership scholarships in each of its 10 divisions. CSX employees

invest hundreds of hours in community service and leadership and career training, as well as job interview preparation, to FFA and its members.

In 2013, we sponsored the National FFA's national convention in Louisville, Ky., and the FFA's Leadership Conference in Washington, D.C. The Leadership Conference was attended by 1,794 students.





LOCAL COMMUNITY INITIATIVES

Each of the communities throughout the cities and towns along our tracks has specific needs. Our regional grants support a variety of causes, from literacy in a rural area to beautification projects in an urban area, or celebrations of significant historical events. A few examples of our community project support in 2013 include:

- Providing funds for the Wellington Community Auditorium in Elyria, Ohio, to help build a place where people can come together for many events throughout the year
- Providing support for local Boys & Girls Clubs; the northeast Florida chapter was able to report that 94 percent of the children actively involved in their program remained in school and were promoted to the next grade, reducing the risk of dropouts
- Sponsoring the Comité des Fêtes du 150^e anniversaire de Beauharnois in recognition of the 150th anniversary of the Beauharnois community in Quebec, Canada

Wellness

The health of our workforce is crucial to continued business success, but CSX's commitment to wellness extends beyond our employees and into our communities. CSX works to improve the health and well-being of communities by:

- Driving wellness and preventive health education
- Supporting physical activity programs for children to decrease childhood obesity
- Encouraging healthy lifestyles
- Promoting disease prevention

NATIONAL WELLNESS PROGRAMS

Action for Healthy Kids (AFHK). Since it was created in 2002 in response to the U.S. Surgeon General's call to action against the national epidemic of childhood obesity, AFHK has become a leader in this movement, working at the federal and state levels and in school districts

nationwide. This four-star national charity is headquartered in Chicago and has state chapters throughout the country. It has several programs based on the ages and needs of the schools: Fuel UP to Play 60, of which the NFL is a major sponsor; Game On; and Students Taking Charge.

In 2013, CSX built a national partnership with the organization through a financial commitment of \$750,000 to provide a mini-grant program to 200 K-12 schools across our network, with the goal of increasing the physical activity of 75,000 students. AFHK's How Tomorrow Moves campaign will teach about the importance of physical activity and increase the number of children physically active at school. In the first six months of the partnership, more than 110,000 students have participated in the program, and 70 percent of the schools have already increased physical activity for students during school hours.

One mini-grant, which has helped institute physical "brain breaks," received very positive feedback from both students and teachers. "The brain breaks have helped my children be more attentive during whole group instruction,"

Spotlight: CSX Employees Join Together to Bike for Multiple Sclerosis

A team of 77 CSX employees, led by Team Captain Rob Burkett, participated in the Bike MS: Bike-to-the-Bay 2013 event in Toledo, Ohio, on June 29 and 30, 2013. Cyclists had the option of participating in a one- or two-day ride. The one-day route was 35 miles, while the two-day route allowed riders to choose distances of 50, 75 or 100 miles each day. Ours was the largest team participating and the second-largest fundraising team, with more than \$35,000 raised to date.

Bike MS is a series of 100 cycling events that take place across the country. The first Bike MS event was held in 1980 in Minnesota. Five years later, the National Multiple Sclerosis Society adopted the ride as an "official" event to be held in every chapter. Today, there is at least one ride offered in every state. The funds raised go toward multiple sclerosis research and other services supported by the National MS Society.

The Toledo ride is one of two well-established MS bike events supported by CSX employees and the CSX Health & Wellness team. The northeast Florida "Bike to the Shore" event attracted over 130 CSX riders to the two-day event.



said kindergarten teacher Carla Jones. “Now, their minds are clear, wiggles are out, and they are ready to learn.”

As many schools and districts continue to cut physical education and recess programs, it is essential that we and other companies provide the necessary funding to expand these programs and encourage wellness and health at a young age.

Dignity U Wear. This organization is dedicated to providing clean, new clothing to children, veterans, women and girls out of crisis situations. The clothing helps provide encouragement and self-confidence for those pursuing new job opportunities or attending school, and is given out to needy communities in response to crises. CSX has a unique capability to serve this organization by transporting new clothing, donated by companies across the country, to those in need. In 2013, we helped Dignity U Wear distribute brand new clothing to 130 Crisis Centers from Miami, Fla., to Anchorage, Alaska, through a joint-service project with National Safe Place, FFA and City Year.

LOCAL WELLNESS INITIATIVES

We provide regional grants to achieve our wellness goals, such as a grant to St. Vincent's Healthcare Foundation, supporting the Healthy Teacher program. This program provided access to a new wellness curriculum for K-12 teachers throughout northeast Florida and reached more than 200,000 students in 2013, helping educate them on healthy lifestyle choices. The Healthy Teacher program has had a direct impact, with 89 percent of teachers reporting

that their students' health behaviors have improved as a result.

CSX also supported the Girls in the Game program in Chicago, Ill. Our 2013 grant to this program provided the opportunity for 3,500 girls to participate in new sports and encouraged active, healthy lifestyles.

In addition to grants, CSX provides sponsorships for many walks and runs and encourages employee participation to bring attention and awareness to different healthy causes.

Employee Volunteerism

“People Make the Difference.” This is one of our core values, a value every employee takes to heart and demonstrates through their generous donations of time and skill as part of our Dollars for Doers program. In 2013, CSX volunteers logged more than 25,000 hours of community service. For every hour that an employee volunteers at an eligible nonprofit of the employee's choice, we donate \$10 (up to \$400 per year) to that organization.

In 2013, 1,511 employees participated in the Dollars for Doers program, which was an increase from 1,179 in 2012. More than 200 organizations benefited from this program, with more than \$116,000 allocated. As the program grows each year, more employees are realizing the benefits of participation.

To date, more than 3,500 volunteers participated in service events, helping to deliver on our promise to

Spotlight: Volunteerism in Action

Working beyond our rails is a key part of our culture, and employee Arthur Adams is a great example of that, having one of the highest numbers of volunteer hours in 2013.

Arthur began volunteering through CSX five years ago and has since worked with organizations such as United Way and Family Foundations, where he serves as Board Chairman and leads projects helping people throughout Jacksonville. During Family Foundations' Wi\$e Money Week, Arthur coordinates and advocates for participation in the annual event, which educates consumers about ways they can improve their financial stability.

Arthur believes CSX fosters in our employees a responsibility to be community ambassadors and better leaders. His volunteerism helps him stay in tune with the community so, as a leader, he can anticipate and understand their challenges and make a positive impact.



provide a greater number of employees the opportunity to participate in our National Partner Service Days and other CSX-coordinated volunteer service projects.

NATIONAL INITIATIVES

Meeting basic needs. In 2013, we united with food banks across the country to provide resources year-round. But assistance is often needed most during the holidays. We collaborated with the Maryland Food Bank to distribute holiday meals to 1,000 individuals in need. We also sent holiday cards to 85 major food banks near our terminals, donating \$5,000 to each of those organizations.

When our local team learned in December that food supplies were running low in Albany, N.Y., employees of CSX Railroad in Selkirk delivered 2,700 pounds of food, as well as a \$20,000 dollar donation. Our Albany Division manager challenged his team to fill an empty CSX intermodal container with food. The team positioned clean containers throughout the Selkirk Terminal and spread word to their local suppliers. Several contributed box-loads of food, while others donated cash toward food purchases. Food bank staff came to the yard regularly to weigh, wrap and then deliver the food to the area pantries.

LOCAL PARTNERSHIPS

In addition to our work with national organizations, we also partner at the local level to enable employees to build relationships within their local communities.

One of the more creative opportunities in which CSX was involved was the 50th anniversary celebration of the Civil Rights Movement. We joined the community of Birmingham, Ala., to create a mosaic mural standing 22 feet tall and 36 feet wide. The mural was unveiled in November 2013 during a commemorative celebration in the city's well-known Railroad Park. CSX partnered with Birmingham on the 50 Years Forward observance, both as a show of support for commemorating this local piece of history and to help provide an outlet through which diverse members of the community could join in saluting progress and promoting the right results, the right way.

In December 2013, we donated thousands of coats, jeans, socks and other clothing items to elementary, middle school and high school students in the Sto-Rox School District in Pittsburgh, Pa. We took an intermodal trailer filled with winter clothing to each of the three schools, and every student took home new garments. CSX employees volunteered their time to help load and unload the trailers.

We rolled out a similar initiative in Baltimore, Md., donating 38 boxes of new winter clothes and accessories. More than 2,800 pieces of clothing were delivered to local families through the Preston Mitchum Jr. Foundation's 13th Annual Holiday Drive.

National Partner Service Days

CSX's overarching community mission provides opportunities for employees to collaborate with our partnering organizations around the country and engage the communities where we live and work. Each service day is planned in an area where CSX has significant train operations and community impact.

Our 2013 schedule took us to 12 states across the network:

Locations	Event Type	Number of Events	Number of Volunteers	Key Accomplishments
Atlanta, Ga.; Huntington, W.Va.	Safe Play	2	242	Restored baseball fields, refreshed the playground and added safe wood chips.
Waycross, Ga.; Willard, Ohio; Albany, N.Y.; Pittsburgh, Pa.; Nashville, Tenn.; Baltimore, Md.	Trees For Tracks	6	306	Planted more than 5,000 trees.
Hamlet, N.C.; Newark, N.J.; Jacksonville, Fla.; Dulles, D.C.; Fort Meade, Fla.; Louisville, Ky.; Baltimore, Md.	Service Day	10	2,723	Beautified a city park, repaired and repainted local community features, refreshed community centers and buildings, completed murals, built garden beds, sorted and packed clothes, built and sponsored a computer room.
Bladensburg, Md.; Norfolk, Va.	Clean Up	2	236	Cleaned up a local watershed and shoreline.
Total Number of Volunteers			3,507	



Spotlight: The Power of Partnerships

In 2013, we leveraged a number of partnerships to strengthen our community projects. We worked with various groups – including nonprofits, other railroads and business contractors – in service collaboration towards the betterment of our communities and our employees.

National Days of Service

Bringing together four of our national partners, CSX and FFA volunteers took part in their National Days of Service event to help provide new clothing to thousands of young people in the United States seeking shelter from off the streets. Dignity U Wear provided nearly 80,000 items of new clothing and shoes, which CSX delivered to Louisville, Ky., the site of FFA's 2013 national convention. City Year's Care Force helped organize and coordinate the two-day service event, during which more than 300 volunteers, mostly FFA students, sorted and packed the clothing based on a list provided by National Safe Place. The clothes were individually packed and delivered to 130 Safe Place shelters and centers from Miami to Anchorage. CSX Intermodal services provided in-kind transportation assistance to the delivery effort. One of the recipient organizations, the Tumbleweed Center for Youth Development, said of the donation, "The kids were so excited when they saw the boxes of clothes. Many of them were in need and were particularly happy the clothes were new and items they would have picked out for themselves."

Rail Service

Working with City Year and our fellow rail company, Conrail, CSX initiated a community service day during which 80 volunteers from the two companies came together to refurbish the Ironbound Recreational Center in Newark, N.J. The Center reaches 3,500 members of the community each month through its programs that include exercise classes, recreational sports, family movies and a computer lab. The service day included wall and mural painting, and construction of picnic tables, benches and garden boxes, as well as an outdoor classroom. Deputy Mayor Margarita Muniz commented that volunteers "... are part of our efforts to expand recreation in the City so our children can grow healthy minds and bodies. We extend our thanks to CSX, City Year and Conrail for their time and hard work to better our community."

Contractor Service

Over 160 volunteers joined together in Atlanta, Ga., at the Gus Barksdale Boys and Girls Club to renovate and landscape their facility. The renovations included painting the basketball court and adding murals, benches, planters, shelving and picnic tables. More than half of the volunteers were CSX contractors who work alongside CSX employees and were in the city as part of a three-day Public Safety and Environment Conference. These employees and contractors come together each year for training to support best safety practices, ethical conduct and teamwork. "This is truly a blessing with perfect timing," said Terrence Artis, the Club's Executive Director. "They accomplished in six hours what it would take us a year or more to complete," added Carol Wyre, the Club's Program Director. "They definitely made a difference."

Leadership Service

In the summer of 2013, close to 2,000 student leaders visited Washington, D.C., over a six-week period for the FFA's Washington Leadership Conference. The purpose of the annual conference is to help these outstanding students develop leadership and advocacy skills and demonstrate their motto of "Living to Serve." The conference is made possible as a part of CSX's platinum-level sponsorship through the FFA Foundation, and we took an active role in the conference's community service events. Each week, CSX and City Year's Care Force joined the conference to work with FFA volunteers to create back-to-school packages for underserved public schools in the D.C. area. The packages included posters, cards and student cinch sacks with school supplies and tips on nutrition. They also included trunks that were assembled to provide teachers with the materials and supplies that they may not be able to secure through the school. To promote physical education, the FFA volunteers also created and assembled games and activities that the students could participate in during recess. Over the span of the six weeks, these service events generated 4,400 student cinch sacks and 180 teacher trunks for schools in the area.

As the 2013-2014 school year began in the District of Columbia, CSX sponsored City Year corps members to help unload and distribute the school packages that were assembled by the FFA students. These deliveries were conducted at 12 schools across the District.

Community Engagement

Ensuring the continuity of our operations and meeting the needs of growing markets throughout our service area depends upon successful community engagement throughout the entire life cycle of our sites – from the earliest development stages, throughout operations and after the useful life of a site has passed.

Project development. Expanding our rail network to serve growing markets and increased demand sometimes requires investing in new or improved infrastructure. These infrastructure projects can have major impacts, both positive and negative, on local communities. We work proactively with community leaders and local government officials to understand and alleviate local concerns. These engagement efforts are integral to reaching common understanding and setting and achieving shared goals.

By communicating early in the development process, and communicating often, we can remove obstacles towards responsible, sustainable growth that will benefit all stakeholders. Addressing local concerns is important, but the processes to do so can sometimes delay service improvements our customers need and even jeopardize our ability to make important investments. Even successful projects sometimes face these kinds of delays.

Community engagement was central to the development of our state-of-the-art intermodal terminal in Winter Haven, Fla. Beginning in 2008, we worked to relocate and replace our Orlando Terminal to make way for the SunRail commuter rail system being built by the State of Florida on 61 miles of track formerly owned by CSX. Although the project would provide needed employment in the area, local residents were understandably concerned about the noise, light and other potential disruptions associated with development.

We used local consultants for environmental studies and throughout the permitting process, leveraging their considerable expertise when determining risks and mitigations related to sensitive species, wetlands and other environmental resources. In addition, we engaged with local schools through community events and held an outreach fair, attended by more than 700 people, to discuss the project with affected communities.

We officially broke ground in November 2012 and completed the project throughout 2013. The terminal opened in April 2014, around three years after the original target date, setting the stage for future growth in

the region. Without the support of Winter Haven, state officials and, ultimately, the communities they serve, this development would not have been possible.

Incident response. Community engagement can be very challenging, though especially important, when incidents occur. CSX puts a high priority on preventing incidents that can create safety risks, but they can still occur. When they do, our top priority is ensuring the safety of all those involved, especially local community members. In November 2013, just a few days before Thanksgiving, a derailment in Willard, Ohio, resulted in a punctured railcar that leaked styrene monomer, a flammable liquid. Local officials and CSX rushed to notify about 400 nearby households, urging them to evacuate the area in the early morning hours immediately following the spill.

We worked to ensure that community members received the best possible Standard of Care during the incident. Residents were provided with rooms at local hotels and food from local restaurants. Household pets were taken to local shelters and veterinarians. CSX worked with affected residents to take care of additional costs incurred because of the leak. We also sponsored a Thanksgiving community dinner at the local high school for more than 250 evacuees.

Once the leak had been contained, CSX employees and safety teams escorted the evacuees back to their homes. We offered residents in the evacuation zone a way to monitor the air in their homes if they had any ongoing concerns about their safety. In addition, we encouraged residents to call 1-877-TELL-CSX, or stop by the local Community Outreach Center, to voice concerns about the incident.



CSX 2013 GRI INDEX

Please download our 2013 Corporate Social Responsibility report at www.csxcsr.com.
CSX received a GRI Materiality Matters check for this report, verifying that our materiality and stakeholder engagement processes are in line with the G4 guidelines.

General Standard Disclosures

Disclosure	Indicator Description	Where Reported	External Assurance
Strategy and Analysis			
G4-1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	Page 1, Chairman's Message	—
G4-2	Description of key impacts, risks and opportunities.	Page 1, Chairman's Message	—
Organizational Profile			
G4-3	Name of the organization.	Page 6, CSX at a Glance	—
G4-4	Primary brands, products and services.	Page 6, CSX at a Glance	—
G4-5	Location of organization's headquarters.	Page 6, CSX at a Glance	—
G4-6	Number of countries where the organization operates.	Page 10, CSX Network Geography	—
G4-7	Nature of ownership and legal form.	CSX 2013 Form 10-K	—
G4-8	Markets served.	Pages 18–31, Markets	—
G4-9	Scale of the reporting organization.	Page 8, Key Financials; Page 81, Workforce Composition	—
G4-10	Total workforce by employment type, employment contract, and region, broken down by gender.	Page 81, Workforce Composition; Page 106, Appendix	—
G4-11	Percentage of employees covered by collective bargaining agreements.	Page 81, Workforce Demographics; Page 83, Labor Relations	—
G4-12	Description of the organization's supply chain.	Pages 4–5, Understanding Material Issues	—
G4-13	Significant changes during the reporting period regarding size, structure, ownership or supply chain.	Page 2, About This Report	—
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Page 2, About This Report; CSX 2013 Form 10-K	—
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes.	Page 59, Environmental Management System	—
G4-16	Memberships in associations and advocacy organizations.	Page 55, Employee Safety	—

(✓) indicates CSX received third-party assurance on the indicator; (—) indicates no third-party assurance

Disclosure	Indicator Description	Where Reported	External Assurance
Identified Material Aspects and Boundaries			
G4-17	Operational structure of the organization.	Page 2, About This Report; Pages 3–4, CSX 2013 Form 10-K	–
G4-18	Process for defining report content.	Pages 4–5, Understanding Material Issues	–
G4-19	Material aspects identified in the process for defining report content.	Pages 4–5, Understanding Material Issues	–
G4-20	Aspect boundary within the organization for each material aspect.	Page 5, Management of Material Issues	–
G4-21	Aspect boundary outside the organization for each material aspect.	Page 5, Management of Material Issues	–
G4-22	Explanation of any restatements of information provided in earlier reports, and the reasons for such restatements.	Pages 62–63, Environmental Performance Summary	–
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	Page 2, About This Report	–
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by organization.	Page 3, Engaging with Stakeholders	–
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Page 3, Engaging with Stakeholders	–
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and group.	Page 3, Engaging with Stakeholders Frequency of engagement as noted in the table on page 3 ranges by activity and stakeholder from every day to once a year.	–
G4-27	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded.	Page 3, Engaging with Stakeholders	–
Report Profile			
G4-28	Reporting period.	Page 2, About This Report	–
G4-29	Date of most recent previous report.	Page 2, About This Report	–
G4-30	Reporting cycle.	Page 2, About This Report	–
G4-31	Contact point for questions regarding the report.	Back Cover	–
G4-32	Table identifying the location of standard disclosures in the report.	Pages 98–105, GRI Index	–

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Disclosure	Indicator Description	Where Reported	External Assurance
G4-33	External assurance.	Page 2, About This Report	–
Governance			
G4-34	Governance structure of the organization.	Pages 12–17, Executive Leadership, Board of Directors, Leadership Structure	–
Ethics and Integrity			
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Page 7, CSX Sustainability Statement, Pages 16–17, Governance Policies, Page 59, Our Environmental Policy	–
G4-57	Internal and external mechanisms for seeking advice on ethics and lawful behavior, and matters related to organization integrity.	Pages 16–17, Governance Policies	–
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity.	Pages 16–17, Governance Policies	–

Specific Standard Disclosures

Material Aspects	DMA and Indicators	Where Reported	Omissions	External Assurance
Performance Indicators: Economic Performance				
G4-DMA EC	All DMA EC	The CSX executive leadership team has ultimate organizational responsibility, overseen by the Board of Directors. We monitor performance and develop action plans in situations where we want to improve performance.		–
G4-DMA	DMA Economic Performance	Page 8, Financial Performance Highlights		–
G4-EC1	Direct economic value generated and distributed.	Page 8, Financial Performance Highlights; CSX 2013 Form 10-K (Income Statement on Page 53, Balance Sheet on Page 55)		–
G4-DMA	DMA Indirect Economic Impacts	Pages 86–97, Community		–
G4-EC7	Development and impact of infrastructure investments and services supported.	Pages 87–88, Approach to Charitable Giving, Page 97, Community Engagement		–

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Material Aspects	DMA and Indicators	Where Reported	Omissions	External Assurance
Performance Indicators: Environmental				
G4-DMA EN	All DMA EN	The CSX executive leadership team has ultimate organizational responsibility, overseen by the Board of Directors. We monitor performance and develop action plans in situations where we want to improve performance.		–
G4-DMA	DMA Energy	Pages 58–73, Environment		–
G4-EN3	Energy consumption within the organization.	Page 62, Environmental Performance Summary		–
G4-EN4	Energy consumption outside the organization.	Pages 65–67, Operational Efficiency		–
G4-EN5	Energy intensity.	Page 62, Environmental Performance Summary		–
G4-EN6	Reduction of energy consumption.	Page 64, Fuel Efficiency; Pages 65–67, Operational Efficiency		–
G4-EN7	Reduction in energy requirements of products and services.	Pages 64–65, Greenhouse Gas Emissions		–
G4-DMA	DMA Water	Pages 58–73, Environment		–
G4-EN8	Total water withdrawal by source.	Page 71, Water Use. Sources of water include surface water, collected rainwater and, at certain sites, well water.		–
G4-EN10	Percentage and total volume of water recycled and reused.	Page 71, Water Use		–
G4-DMA	DMA Biodiversity	Pages 58–73, Environment		–
G4-EN13	Habitats protected or restored.	Pages 68–69, Land Management and Biodiversity		–
G4-DMA	DMA Emissions	Pages 58–73, Environment		–
G4-EN15	Direct GHG emissions (Scope 1).	Page 62, Environmental Performance Summary		✓
G4-EN16	Energy indirect GHG emissions (Scope 2).	Page 62, Environmental Performance Summary		✓
G4-EN17	Other indirect GHG emissions (Scope 3).	Page 62, Environmental Performance Summary		✓
G4-EN18	GHG emissions intensity.	Page 62, Environmental Performance Summary		✓
G4-EN19	Reduction of GHG emissions.	Pages 64–65, Greenhouse Gas Emissions		✓

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Material Aspects	DMA and Indicators	Where Reported	Omissions	External Assurance
G4-EN21	NOx, SOx, and other significant air emissions.	Page 62, Environmental Performance Summary. NOx and SOx emissions are the only types of significant emissions generated by CSX.		✓
G4-DMA	Effluents and Waste	Pages 58–73, Environment		–
G4-EN23	Total weight of waste by type and disposal method.	Pages 62–63, Environmental Performance Summary		–
G4-DMA	Products and Services	Pages 58–73, Environment; Pages 32–43, Value Chain		–
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	Page 64, Fuel Efficiency; Pages 68–69, Land Management and Biodiversity		–
G4-DMA	Compliance	Pages 58–73, Environment		–
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Page 73, Environmental Performance and Compliance		–
G4-DMA	Supplier Environmental Assessment	Pages 32–43, Value Chain		–
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Page 42, Considering Supplier Sustainability		–
Performance Indicators: Labor Practices and Decent Work				
G4-DMA LA	All DMA LA	The CSX executive leadership team has ultimate organizational responsibility, overseen by the Board of Directors. We monitor performance and develop action plans in situations where we want to improve performance.		–
G4-DMA	Employment	Pages 74–85, Workforce		–
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Page 81, Workforce Composition; Pages 106–108, Appendix		–
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	Pages 82–83, Employee Compensation and Benefits		–
G4-DMA	Labor/Management Relations	Pages 74–85, Workforce		–

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Material Aspects	DMA and Indicators	Where Reported	Omissions	External Assurance
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Pages 83–84, Labor Relations		–
G4-DMA	Occupational Health and Safety	Pages 44–57, Safety		–
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Pages 55–57, Employee Safety		–
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	Pages 55–57, Employee Safety		–
G4-DMA	Training and Education	Pages 74–85, Workforce		–
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Pages 76–77, Training and Development		–
G4-DMA	Diversity and Equal Opportunity	Pages 74–85, Workforce		–
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	Pages 14–15, Board of Directors; Pages 77–80, Workforce of Tomorrow		–
G4-DMA	Labor Practices Grievance Mechanisms	Pages 74–85, Workforce		–
G4-LA16	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms.	Page 83, Employee Policies		–
Performance Indicators: Human Rights				
G4-DMA HR	All DMA HR	The CSX executive leadership team has ultimate organizational responsibility, overseen by the Board of Directors. We monitor performance and develop action plans in situations where we want to improve performance.		–
G4-DMA	Freedom of Association and Collective Bargaining	Pages 74–85, Workforce		–

(✓) indicates CSX received third-party assurance on the indicator; (–) indicates no third-party assurance

Material Aspects	DMA and Indicators	Where Reported	Omissions	External Assurance
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	CSX does not have operations in locations where the right to exercise freedom of association may be violated. 100 percent of our union workforce is covered by collective bargaining agreements. CSX does not have any knowledge of significant suppliers whose right to exercise freedom of association and collective bargaining may be violated or at significant risk. As part of our procurement process, we evaluate our suppliers in several performance areas, including those related to labor practices. Where risks are identified, we work with our suppliers to correct these issues, and we monitor continued performance through our annual supplier quality assessment program.		–
Performance Indicators: Society				
G4-DMA SO	All DMA SO	The CSX executive leadership team has ultimate organizational responsibility, overseen by the Board of Directors. We monitor performance and develop action plans in situations where we want to improve performance.		–
G4-DMA	Local Communities	Pages 86–97, Community		–
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs.	Page 97, Community Engagement		–
G4-DMA	Anti-Corruption	Pages 12–17, Governance		–
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Pages 16–17, Governance Policies; Pages 6–11, CSX 2013 Form 10-K (Risk Factors)		–
G4-SO4	Communication and training on anti-corruption policies and procedures.	Pages 16–17, Governance Policies		–
G4-DMA	Public Policy	Pages 12–17, Governance		–
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	Page 17, Public Policy and Advocacy		–

(✓) indicates CSX received third-party assurance on the indicator; (–) indicates no third-party assurance

Material Aspects	DMA and Indicators	Where Reported	Omissions	External Assurance
G4-DMA	Grievance Mechanisms for Impacts on Society	Pages 45–49, Public Safety		–
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	Pages 48–49, Public Safety Coordination Center and TellCSX Service Center		–
Performance Indicators: Product Responsibility				
G4-DMA PR	All DMA PR	The CSX executive leadership team has ultimate organizational responsibility, overseen by the Board of Directors. We monitor performance and develop action plans in situations where we want to improve performance.		–
G4-DMA	Customer Health and Safety	Pages 32–43, Value Chain		–
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Pages 33–39, Customers		–



APPENDIX

Headcount Data

Gender	Contract	Non-Contract	Total
Female	923	1,092	2,015
Male	25,313	3,687	29,000
TOTAL	26,236	4,779	31,015
Gender	Contract	Non-Contract	Total
Female	4%	23%	6%
Male	96%	77%	94%
TOTAL	100%	100%	100%
Ethnicity	Contract	Non-Contract	Total
Minority	3,823	936	4,759
Non-Minority	22,413	3,843	26,256
TOTAL	26,236	4,779	31,015
Ethnicity	Contract	Non-Contract	Total
Minority	15%	20%	15%
Non-Minority	85%	80%	85%
TOTAL	100%	100%	100%
United States	Contract	Non-Contract	Total
Floating	4,012	1	4,013
AL	1,103	83	1,186
AR	-	1	1
CA	-	5	5
CT	7	1	8
DC	34	16	50
DE	35	5	40
FL	2,027	2,675	4,702
GA	2,415	318	2,733
IL	834	133	967

IN	1,389	105	1,494
KY	1,814	183	1,997
LA	132	8	140
MA	234	17	251
MD	1,320	151	1,471
ME	-	1	1
MI	368	44	412
MO	-	1	1
MS	35	1	36
NC	881	80	961
NJ	143	60	203
NM	-	1	1
NY	1,801	165	1,966
OH	2,653	224	2,877
PA	780	63	843
SC	742	75	817
TN	1,290	136	1,426
TX	-	8	8
VA	939	77	1,016
WA	1	5	6
WI	-	1	1
WV	1,206	133	1,339
TOTAL	26,195	4,777	30,972
Canada	Contract	Non-Contract	Total
Floating	30	-	30
NY	1	-	1
ON	-	1	1
QC	10	1	11
Mexico	Contract	Non-Contract	Total
	-	7	7
TOTAL	41	2	43

Hiring Data

Gender	Management	Union	Total
Female	70	48	118
Male	168	2,052	2,220
TOTAL	238	2,100	2,338

Ethnicity	Management	Union	Total
Minority	74	468	560
Non-Minority	164	1,614	1,778
TOTAL	238	2,100	2,338

Age	Management	Union	Total
19 – 29	94	914	1,008
30 – 39	74	731	805
40 – 49	48	392	440
50 – 59	16	63	79
60+	6	-	6
TOTAL	238	2,100	2,338

United States	Management	Union	Total
AL	-	174	147
DC	2	2	4
DE	-	1	1
FL	194	229	423
GA	4	266	270
IL	5	114	119
IN	2	166	168
KY	3	84	87
LA	-	27	27
MA	-	37	37
MD	2	140	142
MI	0	27	27
NC	0	78	78
NJ	2	13	15
NY	5	166	171
OH	3	222	225
PA	3	100	103
QC	1	6	7
SC	1	61	62
TN	3	91	94
VA	3	59	62
WV	4	62	66
	1	2	33
TOTAL	238	2,100	2,338

Turnover Data

Gender	Management	Union	Total
Female	82	75	157
Male	239	1,723	1,962
TOTAL	321	1,798	2,119

Ethnicity	Management	Union	Total
Minority	57	339	396
Non-Minority	264	1,459	1,723
TOTAL	321	1,798	2,119

United States	Management	Union	Total
Floating	1	237	238
AL	7	98	105
CO	1	-	1
DC	2	2	4
DE	-	3	3
FL	195	154	349
GA	11	163	174
IL	3	63	69
IN	6	93	99
KY	7	100	107
LA	3	20	23
MA	2	31	33
MD	14	108	122
MI	4	39	43
MS	-	1	1
NC	4	52	56
NJ	4	14	18
NY	12	133	145
OH	17	151	168
PA	5	3	8
QC	-	67	67
RI	-	2	2
SC	4	43	46
TN	8	74	82
VA	7	61	68
WV	4	86	90
TOTAL	321	1,798	2,119

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Thank you for your interest in CSX. Please use the following index to direct your inquiries and comments.

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Stock Listing

CSX's common stock is listed on the New York Stock Exchange. The official trading symbol is "CSX."

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CSX Direct Stock Purchase Plan. CSX Corporation offers a Direct Stock Purchase Plan for investors to purchase or sell CSX Corporation Common Stock. This plan is sponsored and administered by Broadridge, the Company's transfer agent, and is available to both current shareholders of record as well as to individual investors who wish to make an initial purchase of CSX Corporation Common Stock. The CSX Direct Stock Purchase Plan is a convenient and flexible way for you to invest in the common stock of CSX Corporation.

Independent Auditors

Ernst & Young LLP
Jacksonville, FL