



## 2010 Corporate Profile and Responsibility Report HIGHLIGHTS

How tomorrow moves





MESSAGE FROM THE CHAIRMAN

Every day, my 30,000 colleagues and I have the privilege of doing something that is vitally important to the nation — moving America's freight on steel wheels and steel rails.

What's gratifying about this business is not just that we've been doing it for more than 180 years—although that is pretty special. It's that right now, CSX is providing more transportation solutions and creating more value for customers and shareholders than at any time in our storied history.

Our transportation network plays a central role in the world's most productive, environmentally friendly and cost-effective freight rail system. CSX creates powerful competitive advantages for American business, moving products to build and power homes and businesses, grain to feed livestock and poultry, military equipment to protect our homeland and consumer goods that enhance the quality of American life. Today, we move goods on trains that can pull a ton of freight nearly 500 miles on a single gallon of fuel. Each train can carry the load of 280 trucks.

That's good for the environment. Good for travelers who want more space on the highways. Good for the economy, which we're stimulating with substantial job-producing infrastructure investments—\$8.3 billion in the past five years alone. We are bringing thousands of new employees onto the railroad to join a workforce that makes a tangible contribution to society through its volunteerism and community involvement and its effect on the economy.

Following is a summary of the CSX Corporate Profile and Responsibility Report. It's a transparent snapshot of who we are, what we do, where we do it and how we do it. You can view the full report at [www.csx.com](http://www.csx.com).

Thank you for taking the time to get to know us better.



Michael Ward  
Chairman, President and CEO



CSX provides rail, intermodal and rail-to-truck transload services to every major population center in 23 states east of the Mississippi River, the District of Columbia and the Canadian provinces of Ontario and Quebec.





**2010 HIGHLIGHTS**

FINANCIAL	SAFETY	ENVIRONMENTAL	SOCIAL
<p>As volume returned in 2010, CSX continued to deliver excellent customer service and strong financial performance.</p> <p>CSX's operating ratio improved to 71.1 percent, an all-time record. The company continued to control costs while generating an all-time record operating income of \$3.1 billion and record earnings per share from continuing operations of \$4.06.</p> <p>CSX had a significant positive economic effect in the communities it serves, supporting 130 new or expanded facilities located in 18 states.</p> <p>Five-year stock returns continued to significantly outpace those of the S&amp;P 500®.</p> <p>CSX invested \$1.8 billion in its network for both maintenance and growth.</p>	<p>CSX is a leader in one of the nation's safest industries.</p> <p>Over the past five years, CSX showed a 44 percent improvement in the FRA personal-injury-frequency index, at a rate of 1.01 (per 200,000 man-hours) in 2010, and a 40 percent improvement in the FRA train-accident rate, at a rate of 2.71.</p> <p>The industry recorded a 99.99 percent success rate for safe transport of hazardous materials during 2010.</p> <p>Over the past five years, CSX achieved a 37 percent reduction in the number of crossing collision incidents.</p>	<p>CSX received a score of 91 in the Carbon Disclosure Project's 2010 S&amp;P 500® report, the highest score for an industrial company. The company also received an A rating for its carbon performance score and was in the top five industrial companies to be included in the Global Carbon Performance Leadership Index.</p> <p>In 2010, CSX achieved its goal to reduce CO<sub>2</sub>-equivalent emissions intensity by 8 percent within five years (starting with the base year of 2006). The company reached its 8 percent reduction goal one year early.</p> <p>CSX continued its support for the National Gateway, an approximately \$850 million, multistate public-private infrastructure initiative launched in 2008 that will avoid 20 million tons of carbon dioxide (CO<sub>2</sub>) emissions.</p> <p>The 2010 Environmental Awards recognized 29 customers that together avoided more than 900,000 million tons of CO<sub>2</sub>-equivalent carbon emissions by using CSX.</p>	<p>In 2010, CSX continued to welcome different cultures and embrace diversity with the help of 44 inclusion groups and councils.</p> <p>The CSX Volunteer Program was launched; it rewards employees for volunteering their time by matching the volunteer time with monetary donations to the employee's 501(c)(3) charity of choice.</p> <p>CSX marked its 16th year as a CityYear Platinum Team Sponsor and continued its commitment as a CityYear National Lead Safety Partner.</p>



## ENVIRONMENTAL LEADERSHIP

CSX understands that what's good for the environment is good for customers, investors and the nation.

### CSX Achievements

- CSX continually looks to improve fuel efficiency. Our locomotives are now 90 percent more efficient than they were 30 years ago. We've also invested more than \$1.5 billion in the past decade to reduce greenhouse gas emissions, and our GenSet locomotives reduce nitrous oxide emissions by 77 percent.
- CSX was pleased to reach its 8 percent reduction goal one year early and is committed to continual improvement.
- Materials recycled annually include steel from old locomotives and rail cars, batteries, crossties, paper and electronic equipment as well as millions of gallons of oil.
- CSX received LEED certification from the U.S. Green Building Council for one of its newest office buildings in Florence, S.C. The company continues to pursue LEED certification on several buildings, including its headquarters in Jacksonville, Fla.
- CSX was awarded the highest score of all industrial companies in the Carbon Disclosure Project's 2010 S&P 500® report.

### Environmental Performance at a Glance

	2009 <sup>3</sup>	2010
Total normalized greenhouse gas emissions <sup>1</sup> (metric tons CO <sub>2</sub> -equivalent per million revenue ton-mile)	24.15	23.98
Total direct greenhouse gas emissions (metric tons CO <sub>2</sub> -equivalent)	4,772,785	5,214,545
Total indirect emissions (metric tons CO <sub>2</sub> -equivalent)	260,559	261,192
Percentage of total greenhouse gas emissions from locomotives/electricity/vehicles	90.9/5.1/2.2%	91.6/4.7/2.0%
Total annual fuel use <sup>2</sup> (diesel)	448,315,616 gal	490,049,749 gal
Fuel efficiency (by revenue ton-mile [RTM] per gallon diesel fuel consumed)	468 RTM/gal	468 RTM/gal
Used oil recycled (gallons)	2,272,740	2,161,982
Batteries recycled (lbs)	652,912	854,884
Hazardous waste disposal (lbs) <sup>4</sup>	284,913	276,060
Steel recycled (tons)	424,824	389,685
Crossties recycled	3,515,936	3,244,997

<sup>1</sup> For CSX operations, the list of greenhouse gas emissions includes CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFC. The global warming potentials for these greenhouse gases are used to convert the calculated emissions to a common unit of CO<sub>2</sub> equivalents.

<sup>2</sup> Annual locomotive diesel fuel consumption is reported in the Annual Report to the Surface Transportation Board.

<sup>3</sup> Some 2009 metrics are lower due to decreased freight volume.

<sup>4</sup> Excludes remediation projects unrelated to ongoing operations with hazardous waste total of 2008 – 56,738 lbs, 2009 – 503,138 lbs and 2010 – 20,834,145 lbs.



SAFETY IS A WAY OF LIFE

## GOAL: Achieve Zero Incidents and Zero Accidents

### CSX Achievements

- A recognized safety leader in an industry the U.S. Department of Labor ranks as one of the safest in the country
- A Network Operations Workstation (NOW) system to monitor, identify and respond to rail security issues
- The first railroad in the United States to adopt a systemwide crossing sign program
- More than \$1 billion spent annually on improving and maintaining track, bridges, signal systems, equipment and operations

### Safety Performance at a Glance

	2008	2009	2010
FRA train-accident rate <sup>1</sup>	3.01	2.94	2.71
FRA personal-injury-frequency index <sup>2</sup>	1.23	1.20	1.01
Number of emergency responders trained in communities	3,691	3,780	3,121

<sup>1</sup> FRA train-accident rate: number of FRA-reportable train accidents per million train-miles

<sup>2</sup> FRA personal-injury-frequency index: number of FRA-reportable injuries per 200,000 man-hours

### Education Classes for First Responders on Rail Safety

CLASS	NO. OF CLASSES	NO. OF PEOPLE TRAINED
Rail safety for emergency responders	47	1,210
Grade crossing collision investigation	24	502



PEOPLE MAKE THE DIFFERENCE

## Developing and Sustaining a Strong, Diverse Organization

### CSX Achievements

- CSX ensures that all employees benefit from an environment in which people feel respected, safe and valued, regardless of age, gender, race, tenure, physical challenges, sexual orientation, educational level or income.
- The enforcement of a code of ethics is fundamental to the company's human rights position and performance.
- For the past two years, CSX has ranked first among all railroads in the Human Rights Campaign Foundation's Corporate Equality Index.

### People Performance at a Glance

	2008	2009	2010
Total workforce—annual averages	34,363	30,088	29,916
Union employees	87%/28,671	86%/24,904	86%/25,515
Union employees covered by collective bargaining agreements	100%	100%	100%
Female employees	6%/2,109	7%/1,959	7%/1,956
Minority employees	15%/4,869	15%/4,227	15%/4,370
Management employees	13%/4,284	14%/4,174	14%/4,240
Female managers	22%/940	22%/922	22%/944
Minority managers	15%/ 641	15%/ 636	16%/ 699
Employee turnover rate %—management	9%	8%	9%
Employee turnover rate %—union	12%	11%	12%
% of managers receiving annual performance reviews	100%	100%	100%
Number of inclusion groups	41	44	44
<b>Employee training<sup>1</sup></b>			
Year-end number of employees trained	36,643	33,929	32,464
Average hours of training per employee	25.59	28.37	25.35

<sup>1</sup> All types of training, including safety, ethics, compliance, professional and personal development



COMMITMENT TO OUR COMMUNITIES

## Supporting the Communities Where CSX Employees Live and Work

### CSX Achievements

- Employees logged more than 13,000 community service hours in the CSX Dollars for Doers program.
- Since 2009, nearly 6,000 trees have been planted as part of the Trees for Tracks program.
- CSX is a Platinum Team Sponsor and National Lead Safety Partner for City Year, a national service organization.
- CSX sponsors National Safe Place, a youth outreach program that educates thousands of young people every year about the dangers of running away or trying to resolve difficult, threatening situations on their own.
- The Employee Disaster Relief Fund provides short-term financial assistance to employees and their dependents during times of dire financial need.

### Community Performance at a Glance

	2008	2009	2010
Corporate cash donations (dollars in thousands)	\$6,339	\$5,461	\$4,629
In-kind giving (dollars in thousands)	\$795	\$594	\$498
Number of CSX service days	8	9	14
Total number of CSX employee volunteer hours (incl. Dollars for Doers and service days)			\$16,678*

\*New in 2010



## CORPORATE GOVERNANCE

### The CSX Commitment

#### **Board of Directors**

CSX is supported by a strong and diverse board of directors with different viewpoints and experiences in different industries. The CSX Board of Directors holds at least five regularly scheduled meetings each year, with additional meetings scheduled when necessary. The board has five standing committees: Audit, Compensation, Finance, Governance and Operations and Public Affairs.

#### **Corporate Governance:**

CSX is committed to superior governance principles and practices designed to promote compliance with applicable regulatory requirements as well as the company's fiduciary duties to shareholders. These practices help CSX enhance long-term shareholder value.

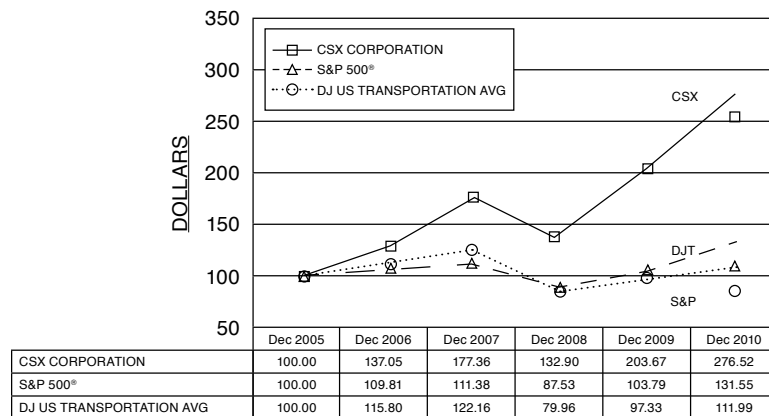
The company has adopted governance guidelines that reflect the high standards and core values that those who deal with the company—employees, investors, customers, vendors, communities and regulators—can expect from CSX. These guidelines can be found on [www.csx.com](http://www.csx.com).

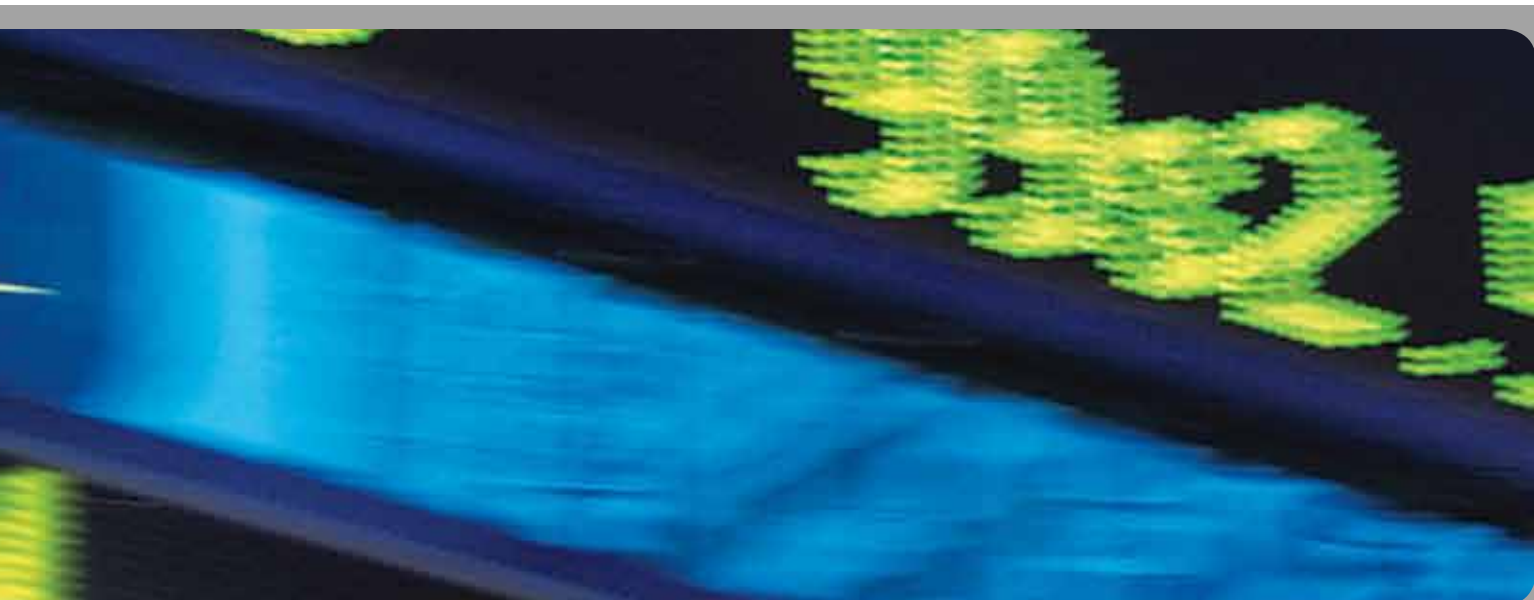
## FINANCIAL PERFORMANCE

### CSX Achievements

- Revenue increased 18 percent from the prior year, to \$10.6 billion, with gains across all of the company's markets and particular growth in automotive and metals.
- Overall gains were driven by a 10 percent increase in volume in an improving economy, continued pricing above rail inflation and higher fuel recovery associated with the increase in fuel prices.
- The company achieved pricing gains primarily due to improved service and the overall cost advantages that rail-based solutions provide to customers versus other modes of transportation.
- As volume increased, expenses increased by \$794 million, or only 12 percent, from the prior year. This increase was driven primarily by higher labor-related costs including inflation and incentive compensation, an increase in volume-related costs and higher fuel expense due to a rise in fuel prices.
- Although expenses increased year over year, CSX was able to achieve a record operating ratio of 71.1 percent due to the company's continued focus on cost control and productivity initiatives. Fiscal year 2010 results include an extra week of activity, as compared to fiscal year 2009. This activity did not have a material effect on the company's full-year results of operations.

As shown in this graph, CSX's five-year stock returns significantly outpaced those of the S&P 500®.





Financial Performance at a Glance		Fiscal Years		
(Dollars in Millions, Except Per Share Amounts)	2010	2009	2008	
<b>Financial Performance</b>				
Revenue	\$10,636	\$9,041	\$11,255	
Expense	\$7,565	\$6,771	\$8,504	
Operating Income	\$3,071	\$2,270	\$2,751	
Net Earnings from Continuing Operations	\$1,563	\$1,128	\$1,485	
<b>Earnings Per Share:</b>				
From Continuing Operations, Assuming Dilution	\$4.06	\$2.85	\$3.64	
Average Common Shares Outstanding, Assuming Dilution	384,509	395,686	408,620	
Operating Ratio	71.1%	74.9%	75.6%	
<b>Financial Position</b>				
Cash, Cash Equivalents and Short-Term Investments	\$1,346	\$1,090	\$745	
Total Assets	28,141	26,887	26,154	
Long-Term Debt	8,051	7,895	7,512	
Shareholders' Equity	8,700	8,768	7,985	
Dividend Per Share	\$0.98	\$0.88	\$0.77	
<b>Additional Data</b>				
Capital Expenditures (Dollars in Billions)	\$1.8	\$1.6	\$1.8	
Employees—Annual Averages	29,916	30,088	34,363	

Certain amounts have been adjusted for the retrospective change in accounting policy for rail grinding.

